


COUNCIL COMMUNICATION

	Number:	20-447	Meeting:	October 19, 2020
	Agenda Item:	25	Roll Call:	20-1662
	Submitted by:	Erin Olson-Douglas, Development Services Department Director		

AGENDA HEADING:

Resolution approving Second Amendment to Urban Renewal Development Agreement with Merle Hay Investors, LLC.

SYNOPSIS:

The existing Merle Hay Mall Phase 3 development agreement between the City and Merle Hay Investors, LLC (Elizabeth Holland, CEO/General Counsel, Abbell Credit Corporation, LLC, 30 North LaSalle Street, Suite 2120, Chicago, IL, 60602-2509) allows for tax increment finance (TIF) dollars to be used for redevelopment of the existing mall and the Sears site. It does not expressly allow the money to be used for acquisition of property. As Merle Hay Investors continues to negotiate with Sears on the purchase of the site, they have requested that \$400,000 of the TIF dollars be allowed to be used for acquisition of the site. The total amount of TIF described in the existing development agreement (\$4.6 million) would not change.

In October of 2018, the Polk County Board of Supervisors agreed to loan Merle Hay Mall Partners, LLC \$2.5 million to be used to acquire the Younkens and Sears properties. In February of 2019, the Board agreed to increase that amount to \$3.5 million based on the negotiations with Younkens. The Board has now agreed to increase the loan by another \$400,000 for Sears if the City would allow \$400,000 of the TIF in the existing development agreement to be used for acquisition.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- Merle Hay Mall is an approximately 975,000-square-foot enclosed mall, sitting on 75-acres in the northwest area of Des Moines. The mall is located at the intersection of Merle Hay Road and Douglas Avenue, which is one (1) of the busiest intersections in Iowa at 47,000 vehicles per day. It is a regional asset and is one (1) of two (2) designated regional nodes in Plan DSM, the City's Comprehensive Plan. The mall opened in 1959, and after more than 59 years of continuous operation, Sears and Younkens closed within 45 days of each other.
- Jurisdiction of mall property – the mall property is in both Urbandale and Des Moines (see map below). Sears, Target, Younkens, and Kohl's are currently under separate ownership. Younkens and Kohl's are in Urbandale, and Sears, Target, and the remainder of the mall are within the City of Des Moines.



PREVIOUS COUNCIL ACTION(S):

Date: August 17, 2020

Roll Call Number: [20-1332](#)

Action: [First](#) Amendment to Urban Renewal Development Agreement with Merle Hay Investors, LLC for rehabilitation of existing Merle Hay Mall property and repurposing the Sears site. ([Council Communication No. 20-354](#)) Moved by Gatto to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Should mall ownership be successful in buying the Sears site:

- Approval of Master Plan – Urban Design Review Board and City Council
- Approval of Conceptual Development Plan – Urban Design Review Board and City Council
- Approval of Minimum Assessment Agreement

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