


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	24-495	Meeting:	December 9, 2024
	Agenda Item:	28	Roll Call:	24-1644
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Approving Termination Agreement with Wells Fargo Financial regarding the Minimum Assessment Agreement (MAA) for the property at 801 Walnut Street.

SYNOPSIS:

The City of Des Moines and Wells Fargo Financial entered into a Development Agreement on December 22, 2003, for the construction of the office building located at 801 Walnut Street. On December 23, 2005, the City of Des Moines, Wells Fargo Financial, and the County Assessor for Polk County, Iowa, entered into a MAA, as required by the Development Agreement, for the 801 Walnut Street property for a total of 20 years at a minimum value of \$36,692,600, which commenced the January 1, 2007, assessment date. The MAA is set to expire on December 31, 2026.

In early 2023, Wells Fargo Financial listed four (4) of their Downtown Des Moines office buildings and a parking ramp for sale. The entire campus that was listed for sale is now under contract with a single buyer, who as part of their due diligence has requested termination of the existing MAA two years early as a condition of their purchase.

The Office of Economic Development recommends approval of the Termination Agreement, contingent on the buyer's purchase of the campus, to support the sale of the properties. The Office of Economic Development will work with the buyer to find solutions for reoccupying the office buildings and assess the feasibility of potentially converting two (2) of the four (4) office buildings to other uses.

FISCAL IMPACT:

No immediate fiscal impact, however, future assessment years are likely to decline below the value of the existing MAA due to office market values and the vacancy in the building.

ADDITIONAL INFORMATION:

- The five (5) Wells Fargo Financial properties that the buyer has under contract include:
 - 801 Walnut Street: a 10-story, 298,882-square-foot office building with approximately 80 underground parking stalls, constructed in 2005. The current assessment is \$36,692,600.

- 800 Walnut Street: locally known as the Skyview Building, a nine (9)-story, 328,495-square-foot office building with 50 underground parking stalls, constructed in 2002. The current property assessment is \$38,000,000.
 - 207 9th Street: locally known as the Founders Building, a three (3)-story, 53,868-square-foot office building, constructed in 1910, and remodeled in 1986. The current property assessment is \$2,520,000.
 - 206 8th Street: locally known as the Tower Building, an 11-story, 188,769-square-foot office building, constructed in 1984. The current property assessment is \$12,700,000.
 - 800 Mulberry Street: an eight (8)-story, 1,625-stall parking garage, constructed in 2002. The current property assessment is \$10,200,000.
- The buyer's acquisition of the five (5) properties listed above is expected to close in early January 2025.
 - Wells Fargo Financial, Inc. and the City of Des Moines have previously agreed to allow the Development Agreement and Restrictive Covenants to expire on their own terms and have released each other from any obligation or further performance thereunder.

PREVIOUS COUNCIL ACTION(S):

Date: December 22, 2003

Roll Call Number: 03-2898

Action: Development Agreement with Wells Fargo Financial for new office building in downtown Des Moines. ([Council Communication No. 03-629](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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