

Date May 7, 2012

APPROVING AGREEMENT WITH MACERICH SOUTHRIDGE MALL LLC
AND SOUTHRIDGE ADJACENT LLC FOR THE REDEVELOPMENT AND
REPURPOSING OF SOUTHRIDGE MALL AT SE 14TH STREET AND E. ARMY
POST ROAD

WHEREAS, Macerich Southridge Mall LLC, represented by Eric Salo, Executive Vice President, and Southridge Adjacent, LLC, a related company (collectively "Macerich"), are the owners of the Project Area south of E. Army Post Road between SE 5th and SE 14th Streets containing the Southridge Mall, which is within the larger Superblock Area and Southside Economic Development District Urban Renewal Area (the "Urban Renewal Area"); and,

WHEREAS, on March 12, 2012 by Roll Call No. 12-0423, the City Council approved preliminary terms of agreement with Macerich as identified in Council Communication No. 12-127 for economic development financial assistance for the redevelopment and repurposing of the Project Area containing the Southridge Mall, and directed the City Manager and the Office of Economic Development to negotiate an Urban Renewal Development Agreement consistent with those terms; and,

WHEREAS, the City Manager and Office of Economic Development have negotiated an Urban Renewal Development Agreement with Macerich which provides that Macerich shall substantially complete the following improvements (the "Phase 1 Improvements") by December 31, 2012:

- 1) Demolition of a portion of the mall between the existing Sears and Target stores that contains the existing food court thereby providing new outside store fronts in affected areas to the existing major tenants (Younkers and Sears) and providing new outside store fronts to approximately 100,000 square feet of other currently internal retail space;
- 2) Development of a new outside pedestrian plaza adjoining the new outside store fronts;
- 3) Installation of a new pylon and wayfinding signage to the Project Area;
- 4) The construction of a corridor to provide direct pedestrian access between the proposed recreational and educational facilities in the western half of the mall and the redeveloped retail space in the eastern half of the mall; and,
- 5) The construction of a new parking lot in place of the demolished mall shops and renovation of a portion of the existing parking lot in the Phase 1 Area as shown by the approved Conceptual Development Plan, to provide convenient vehicular access to, and parking for, the redeveloped space in the eastern half of the mall,

in exchange for economic development financial assistance from the City to be paid over 15 years, with the installments in years 1 through 10 to be equal to 100% of the incremental taxes generated by the Project Area, and in years 11 through 15 to be equal to 75% of the such incremental taxes, subject to the limitation that the annual installments shall be limited to the incremental taxes generated by the Urban Renewal Area, all as more specifically described in the accompanying Council Communication; and,

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WHEREAS, the redevelopment of the Southridge Mall building by the construction of the Phase 1 Improvements is part of a larger project proposed by Macerich which includes the potential redevelopment of the entire Project Area for a mixed use development including additional commercial retail and service uses, high-density residential uses and public uses; and,

WHEREAS, Macerich has agreed that any redevelopment and reuse of the Project Area shall be in conformance with the approved Conceptual Development Plan to assure that such redevelopment and use are in conformance with the Urban Renewal Plan and for uses supportive of the planned redevelopment of the Southridge Mall area; and,

WHEREAS, Macerich has reserved the right to remove certain parcels (the "Exempted Parcels") from the use and design requirements imposed through the Conceptual Development Plan, but: i) the use of the Exempted Parcels will remain subject to a restrictive covenant that prohibits certain uses that might be detrimental to the planned redevelopment of the Southridge Mall area; and, ii) any incremental valuation created by the redevelopment of the Exempted Parcels will not be considered in the calculation of the Economic Development Grant installments payable to Macerich; and,

WHEREAS, the construction of the Phase 1 Improvements and the redevelopment of the Project Area in the manner provided by the Agreement furthers the purpose of the Urban Renewal Plan to retain and create quality permanent employment opportunities for residents and to expand the property tax base of the Urban Renewal Area and thereby contribute to the economic betterment of the entire City of Des Moines by encouraging and facilitating high quality commercial, office, retail, residential, educational and recreational development within the Urban Renewal Area; prioritizing the attraction of new uses to the area market that encourage diversity of use and new investment for the City of Des Moines; encouraging where feasible the use of low impact development and on-site stormwater management best practices in the Urban Renewal Area; coordinating the proactive evaluation and assessment of natural resources; and encouraging where feasible the incorporation of long term sustainability into site development and building construction, particularly the efficient use of energy in lighting, heating, ventilation and cooling system design; and

WHEREAS, the economic development incentives provided by the City to Developer under the Agreement are provided pursuant to the authority granted by the Urban Renewal Law and Chapter 15A of the Code of Iowa and are intended to assist in the redevelopment of the Project Area for commercial, office, retail, residential, educational and recreational uses by the construction of the Phase 1 Improvements and the redevelopment and use of the Project Area in conformance with the Agreement and the Conceptual Development Plan; and,

WHEREAS, the amount of the economic development incentives provided by the City to Developer under this Agreement is based on the public benefit from the construction of the

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Phase 1 Improvements and the redevelopment and use of the Project Area in conformance this Agreement and the Conceptual Development Plan; and,

WHEREAS, the construction of the Phase 1 Improvements and the redevelopment and use of the Project Area in conformance with the Agreement and the Conceptual Development Plan will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the Urban Renewal Area in accordance with the Urban Renewal Plan; (ii) it will encourage further private investment and will attract and retain businesses and residents in the Urban Renewal Area and the surrounding neighborhoods to reverse the pattern of disinvestment and declining commercial occupancy and resident population; and, (iii) it will further the City's efforts to create and retain job opportunities within the Urban Renewal Area which might otherwise be lost; and,

WHEREAS, the undertakings by Macerich pursuant to the Agreement are a speculative venture and will not occur without the economic incentives provided by the Agreement; and,

WHEREAS, City believes that the construction of the Phase 1 Improvements, the redevelopment and use of the Project Area in conformance the Agreement and the Conceptual Development Plan, and the fulfillment generally of this Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in this Agreement; and,

WHEREAS, the Urban Design Review Board has recommended approval of the proposed Conceptual Development Plan submitted by Macerich for the Phase 1 Improvements.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The Urban Renewal Development Agreement between the City and Macerich described above, which is on file and available for inspection by the public in the office of the City Clerk, is hereby approved.
2. The Conceptual Development Plan for the Phase 1 Improvements submitted by Macerich, which is on file and available for public inspection in the office of the City Clerk, is hereby approved pursuant to Article 3 of the Development Agreement.
3. The Mayor and City Clerk are hereby authorized and directed to execute the Development Agreement on behalf of the City of Des Moines.

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4. Upon issuance of the Certificate of Completion for the Phase 1 Improvements and requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the semi-annual installments on the Economic Development Grant pursuant to Article 5 of the Development Agreement.
5. The City Clerk is hereby further directed to cause the executed Urban Renewal Development Agreement to be recorded in the land records in the office of the Polk County Recorder.

(Council Communication No. 12- **233**)

MOVED by _____ to

FORM APPROVED:

Roger K. Brown

Roger K. Brown

Assistant City Attorney

C:\Rog\Eco Dev\Southridge\Roll Calls\RC 12-05-07 Approve Agr.doc

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

_____ Mayor

_____ City Clerk