



Roll Call Number

16-0687

Agenda Item Number

37

Date April 25, 2016

RESOLUTION APPROVING PRELIMINARY TERMS OF AN URBAN RENEWAL AGREEMENT WITH MANDELBAUM PROPERTIES FOR THE SALE AND REDEVELOPMENT OF THE CITY OWNED PROPERTY AT 5TH AND WALNUT

WHEREAS, Mandelbaum Properties LLC, represented by John Mandelbaum, Officer, has proposed to purchase and demolish the 5th and Grand Garage and to redevelop the site with a 32-story mixed use tower with approximately 221,800-square-foot planned for 200 market rate residential units, lobbies, common area and amenities; approximately 78,000-square-foot in commercial space for an upscale urban movie theater, an indoor rock climbing facility, a restaurant, jazz club, office space and a daycare; and a parking garage with approximately 568 parking spaces, all at an estimated project cost of \$106.7 million; and,

WHEREAS, the Office of Economic Development has negotiated preliminary terms of an Urban Renewal Development Agreement with Mandelbaum Properties for a financial assistance package consisting of the following components, all as more specifically described in the accompanying Council Communication:

- An Economic Development Forgivable Loan in an amount equal to the purchase price for the land (estimated at \$4 million), to be forgiven after 20 years if there is no default under the Agreement.
- An Economic Development Grant payable in annual installments for 20 years, each equal to 100% of the Project generated tax increment (estimated total net present value of \$10.4 million).
- A Supplemental Economic Development Loan (the "Supplemental Loan) payable in installments over 20 years, with the installments due in each year to be equal to the difference between the net parking revenues available to pay the first mortgage loan on the parking garage, and the amount due on the first mortgage loan on the parking garage. The Supplemental Loan shall draw interest at 1% per annum and be subject to repayment from 80% of the annual cash from the net operating income of the garage (after reserves/repairs) beginning in year 21. The maximum amount of the Supplemental Loan is estimated at \$32 million. Approximately \$10.4 million of the Supplemental Loan will be forgiven after 20 years if there is no default under the Agreement. It is estimated that the net operating income from the parking garage can repay the Supplemental Loan in twenty-five (25) years beginning in year 21.

( Council Communication No. 16- 220 )



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-2-

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MOVED by Hensley to receive, file and approve the preliminary terms of agreement as set forth in the accompanying Council Communication, and to direct the Office of Economic Development to proceed with negotiation of a formal agreement with Mandelbaum Properties consistent with the terms set forth in the accompanying Council Communication.

FORM APPROVED:

Roger K Brown

Roger K. Brown

Assistant City Attorney

U:\Rog Docs\Eco Dev\5th & Walnut\RC Preliminary Terms.docx

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.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MOORE	✓			
WESTERGAARD	✓			
TOTAL	7			

MOTION CARRIED

APPROVED

T. M. Franklin Council Mayor

Diane Rauh

City Clerk