



Roll Call Number

21-0983

Agenda Item Number

33

Date June 28, 2021

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH ILEX GROUP, INC. AND JE NORTHRIDGE 2021, LLC (BEN SCHULTES) FOR THE CONSTRUCTION OF WAREHOUSE BUILDINGS LOCATED IN THE VICINITY OF 4600 NE 14TH STREET

WHEREAS, the City and Northridge Limited Partnership, an Iowa limited partnership and predecessor in ownership to current property owner ILEX Group, Inc., represented by Ben Schultes, were parties to a Development Agreement approved by the Des Moines City Council and recorded on January 23, 1987, in Book 5677, Page 157 in the office of the Polk County Recorder, whereby Northridge Limited Partnership agreed to undertake stormwater, sanitary sewer, and right-of-way improvements in connection with a proposed development of a regional shopping center on real property on the west side of Northeast 14th Street north of Broadway Avenue and south of Interstate 35/80 in Polk County, Iowa, in the vicinity of 4600 NE 14th Street (“Property”), as part of an annexation of the Property into the City of Des Moines, which Development Agreement was assigned to ILEX Group, Inc.; and

WHEREAS, the proposed Northridge shopping center development did not occur and City Engineering staff determined that the original obligations relating to stormwater, sanitary sewer and right-of-way/traffic improvements as set forth in the prior Development Agreement were no longer necessary; and

WHEREAS, on July 13, 2020, by Roll Call No. 20-1129, the City Council approved a termination agreement with ILEX Group, Inc. to terminate the prior Development Agreement and allow the current owner to pursue a proposed warehouse development on the Property; and

WHEREAS, ILEX Group, Inc. as property owner, and related entity JE Northridge 2021, LLC as developer and anticipated assignee of ILEX Group, Inc. (collectively “Developer”), are now proposing to construct two speculative warehouse buildings, identified as Buildings B and C on the Developer’s Planned Unit Development (PUD) Conceptual Plan, on the Property within the Northeast Gateway 1 Urban Renewal Area, which buildings are expected to contain 164,026 and 186,350 square feet, respectively, of warehouse space (collectively “Improvements”), at an estimated total project cost of \$29,000,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, the Improvements constitute a portion of the overall potential, proposed development of five speculative warehouse buildings on the Property; and

WHEREAS, construction of the Improvements is anticipated to commence in late 2021/early 2022 with completion in fall 2022; and

WHEREAS, the City’s Office of Economic Development has negotiated an Urban Renewal Development Agreement (the “Development Agreement”), whereby the Developer has agreed to construct the Improvements, in accordance with the Conceptual Development Plan, which proposed



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Development Agreement and Conceptual Development Plan related thereto are on file in the office of the City Clerk; and

WHEREAS, the proposed Development Agreement provides that in consideration of the Developer's commencement and completion of the Improvements, the City will provide an economic development grant in up to ten semi-annual installments of one-hundred percent (100%) of the tax increment generated by the Improvements, in an amount not to exceed \$3,100,000.00 net present value basis at a 4.5% discount rate (\$4,300,997.00), following anticipated tax abatement pursuant to Schedule 2, Declining Commercial and Industrial, on a sliding scale for a ten-year period; and

WHEREAS, at its meeting on May 18, 2021, the Urban Design Review Board voted 9-0 to recommend approval of final design of the Improvements as proposed by the Developer and set forth in the Conceptual Development Plan incorporated in the Development Agreement, and for approval of financial assistance as set forth above and in said Agreement.

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

1. The City Council hereby makes the following findings in support of the proposed Development Agreement with ILEX Group, Inc. and JE Northridge 2021, LLC (collectively "Developer"):
 - a. Developer's obligations under the Development Agreement to redevelop the Property for commercial warehouse uses, and thereby eliminate blight and promote commercial vitality in the Northeast Gateway 1 Urban Renewal Area, furthers the objectives of the Northeast Gateway 1 Urban Renewal Plan to strengthen and revitalize the local economy by providing for planned and unified development of high quality projects including commercial and industrial uses and the physical and economic enhancement of the Plan Area; creation of quality permanent employment opportunities for residents; and expansion of the property tax base of the Northeast Gateway 1 Area, and subsequently contributing to the economic betterment of the entire City of Des Moines.
 - b. The economic development incentives for the development of the Project are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under this Agreement to construct the Improvements will generate the above-stated public gains and benefits.
 - c. The construction of the Project is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.
 - d. The redevelopment of the Property pursuant to the Development Agreement, and the fulfillment generally of the 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 the Agreement.



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2. The Urban Renewal Development Agreement between the City and Developer, and the Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and attest to, respectively, the Agreement on behalf of the City of Des Moines.
3. The Development Services Director or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.
4. Upon requisition by the Office of Economic Development, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.
5. The Department Services Director or designee(s) are hereby authorized and directed to administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The Department Services Director is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Comm. No. 21-290)

MOVED BY Gatto TO ADOPT.

APPROVED AS TO FORM:

/s/ Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN	✓			
COWNIE	✓			
GATTO	✓			
GRAY	✓			
MANDELBAUM	✓			
VOSS	✓			
WESTERGAARD	✓			
TOTAL	7			

MOTION CARRIED 7-0-0 APPROVED
G. M. Frank Mayor

CERTIFICATE

I, P. KAY CMELIK, 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.

P. Kay Cmelik City Clerk