

Date December 4, 2023

RESOLUTION APPROVING FOURTH AMENDMENT TO URBAN RENEWAL AGREEMENT WITH NELSON DEVELOPMENT 1, LLC TO PURCHASE AND DEVELOP CITY-OWNED PROPERTY AT 418 EAST GRAND AVENUE IN THE METRO CENTER URBAN RENEWAL AREA

WHEREAS, on July 23, 2018, by Roll Call No. 18-1295, the City Council approved an Urban Renewal Agreement for Sale of Land for Private Redevelopment (“Development Agreement”) with Nelson Development 1, LLC, represented by Michael Nelson (President) (“Developer”), for sale of City-owned property located at the intersections of East 4th Street and East Grand Avenue, locally known as 418 E. Grand Avenue (Polk County Assessor District/Parcel Nos. 040/01839-002-001 and 040/01839-002-002)(collectively “Property”) and located in the East Village, for development in two phases consisting of a three-level parking structure with approximately 402 total parking spaces in Phase 1, and a 5-story mixed use building in Phase 2 with approximately 36,000 square feet of commercial, retail and office space on the ground floor and second story, and 105 residential apartment units on the upper three stories, in exchange for economic development assistance in the form of a forgivable loan toward purchase of the Phase 2 property as well as tax increment financing as described in the Agreement; and

WHEREAS, on January 13, 2020, by Roll Call No. 20-0073, the City Council approved the First Amendment to the Development Agreement extending the closing deadline for Developer’s acquisition of the Phase 2 property from November 1, 2019, to March 1, 2020, and incorporating a Minimum Assessment Agreement as Exhibit “G” to the Development Agreement; and

WHEREAS, on October 19, 2020, by Roll Call No. 20-1661, the City Council approved the Second Amendment to the Development Agreement; and

WHEREAS, on April 8, 2021, the City Manager administratively approved the Third Amendment to the Development Agreement; and

WHEREAS, the Developer has been not closed on the acquisition of the Phase 2 property in accordance with the Development Agreement, as amended, and has asked for a further extension of said deadline, which also requires a delay to completion of construction of the Improvements and provision of economic development (TIF) assistance; and

WHEREAS, the Developer has further requested additional economic development (TIF) assistance to meet the Developer’s growing financial gap to construct the Project; and

WHEREAS, City Economic Development staff and the Developer have negotiated terms of a Fourth Amendment to the Development Agreement, on file in the office of the City Clerk, extending the deadlines for Developer to acquire the Phase 2 property from July 1, 2021 to April 15, 2024, extending the deadline for completion of the Improvements from November 1, 2022 to March 1, 2026, extending the duration of the agreement to December 1, 2047, extending the reporting dates, adding special remedies, revising certain covenants (Exhibit B), and revising the Deferred Grant, including both the commercial and residential incentives to the following schedule:



Roll Call Number

23-1692

Agenda Item Number

18

Date December 4, 2023

- Commercial: 100% TIF for years 1-16, 95% TIF for years 17-18, and 90% TIF for years 19-20.
- Multi-Residential: 100% TIF for years 9-16, 95% TIF for years 17-18, and 90% TIF for years 19-20.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the Fourth Amendment to the Urban Renewal Agreement is hereby approved; the Mayor is authorized and directed to execute said document on behalf of the City of Des Moines and the City Clerk to attest to his signature; the City Manager or his designee(s) are authorized and directed to monitor compliance by the Developer with said Agreement as amended; and the City Manager is authorized and directed to execute any additional minor amendments to the Agreement and to return any substantive amendments to the Agreement to the City Council for consideration and approval.

(Council Communication No. 23-548)

MOVED BY

Gatto

to adopt. SECOND by

Voss

FORM APPROVED:

/s/ Lisa A. Wieland

Lisa A. Wieland, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
BOESEN	✓			
GATTO	✓			
MANDELBAUM		↓		
COLEMAN	✓			
VOSS	✓			
WESTERGAARD	✓			
TOTAL	6	1		

MOTION CARRIED

APPROVED

Connie Boeser

Mayor
pro tem

CERTIFICATE

I, LAURA BAUMGARTNER, 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.

Laura Baumgartner

Laura Baumgartner, City Clerk