


COUNCIL COMMUNICATION

	Number:	23-405	Meeting:	September 11, 2023
	Agenda Item:	35	Roll Call:	23-1259
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution Approving First Amendment to Minimum Assessment Agreement By and Between City of Des Moines, Iowa; Merle Hay Anchors, LLC; and Polk County Assessor for Polk County Iowa.

SYNOPSIS:

Merle Hay Anchors, LLC (Elizabeth Holland, CEO/General Counsel, Abbell Credit Corporation, LLC, 30 North LaSalle Street, Suite 2120, Chicago, IL 60602-2509), the City, and the Polk County Assessor entered into a Minimum Assessment Agreement (MAA), as authorized by the Des Moines City Council on May 9, 2022, by Roll Call No. 22-0704, which identified a total minimum actual value of \$6.7 million for a portion of the former Sears site. The Minimum Assessment Agreement allocated the \$6.7 million between two (2) parcels. This proposed Amendment changes that allocation between the two (2) parcels but does not change the existing minimum actual value of \$6.7 million.

FISCAL IMPACT: NONE

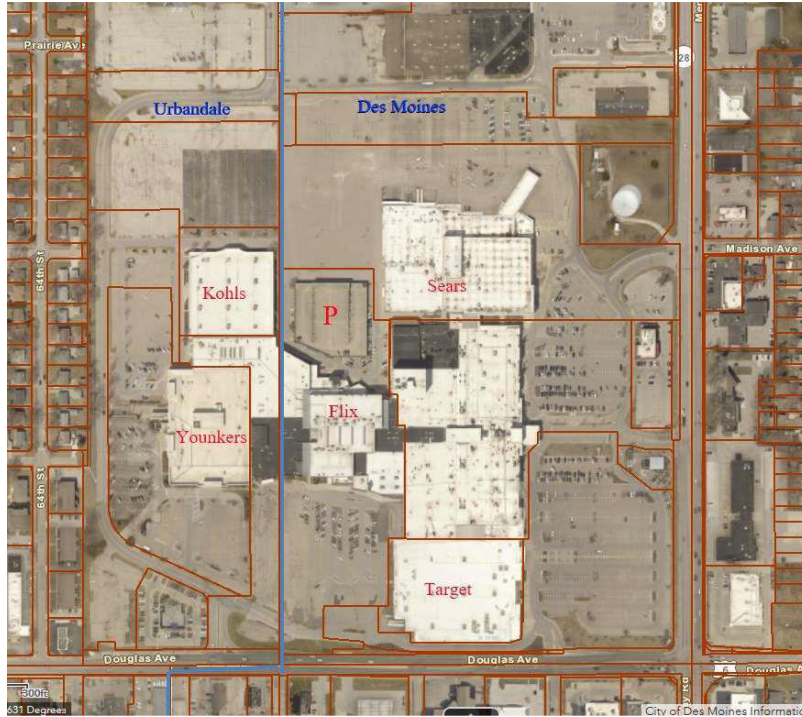
ADDITIONAL INFORMATION:

- Merle Hay Mall opened in 1959, and after more than 59 years of continuous operation, Sears and Youngers closed within 45 days of each other. The owner of Merle Hay Mall eventually purchased both properties in an effort to redevelop the parcels in conjunction with the mall.
- As part of redevelopment efforts, the former Sears parcel has been replatted into three (3) separate lots. Lot 2 has been sold to Mississippi Valley Credit Union for future construction of a credit union and is not party to the MAA. Lot 1 has been redeveloped with a new Kohl's store. Lot 3 remains vacant.
- The following table lists the values within the original MAA; the current assessed value of the two (2) lots; and the recommended values for the MAA.

	Values		
	Original MAA	Current Assessment	Recommended MAA
Lot 1 (Kohl's)	\$2,101,328	\$5,240,000	\$4,600,000
Lot 3 (Vacant)	\$4,598,672	\$4,598,700	\$2,100,000

As demonstrated above, the assessed value of a property can be higher than the values indicated in the Minimum Assessment Agreement.

- The property owner has requested this change in value allocation to more properly reflect the existing development on the two (2) lots.
- Map of Property at time of original development agreement in 2019, showing the Sears parcel intact.



- Map of current platting of former Sears parcel.



PREVIOUS COUNCIL ACTION(S):

Date: May 9, 2022

Roll Call Number: [22-0704](#)

Action: [Third](#) Amendment to Urban Renewal Development Agreement with Merle Hay Investors, LLC for rehabilitation of existing Merle Hay Mall property and repurposing the Sears site. ([Council Communication No. 22-216](#)) Moved by Boesen to approve. Second by Gatto. Motion Carried 6-1. Absent: Cownie.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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