

Date June 8, 2020

RECEIVING COMMUNICATION REGARDING DEVELOPMENT PROPOSAL AND DIRECTING CITY MANAGER TO NEGOTIATE WITH MACERICH SOUTHRIDGE MALL LLC, SOUTHRIDGE ADJACENT, LLC, AND GENESIS HEALTH CLUB SPORTS COMPLEX S.E. LLC, FOR SOUTHRIDGE MALL TO INCLUDE A GENESIS HEALTH CLUB AND MULTI-SPORTS FACILITY

WHEREAS, on August 10, 2015, by Roll Call No. 15-1389, the City Council approved an Amended and Restated Urban Renewal Development Agreement (“Agreement”) with Macerich Southridge Mall LLC and Southridge Adjacent, LLC, a related company, collectively "Macerich" and represented by Scott McMurray, whereby Macerich has undertaken to redevelop and improve the Southridge Mall and the adjoining frontage lots in conformance with an approved Conceptual Development Plan and minimum development standards, in consideration of a separate economic development grant for each phase of the improvements to be paid in installments from the project-generated tax-increment financing (TIF) from that phase; and

WHEREAS, in August 2016, the Sears department store at Southridge Mall vacated its big-box retail store space and accompanying auto center, which have remained vacant since; and

WHEREAS, Genesis Health Club Sports Complex S.E. LLC (“Genesis”), represented by Rodney Steven II, President, proposes to acquire from Macerich approximately 10 acres of the Southridge Mall property and renovate the 105,000 square-foot former Sears Building for an athletic club and multi-sports facility, with an estimated project cost of \$13,500,000.00 and improvements including approximately 38,000 square feet for gym weights and cardio equipment, approximately 36,000 square feet for basketball courts, and approximately 31,000 square feet of additional space that could be used for soccer, athletic training and/or swimming pool space, with potential partnership opportunities with Iowa Elite for basketball programming at the facility; and

WHEREAS, the Office of Economic Development has negotiated preliminary terms of agreement with Macerich and Genesis including an estimated \$7,400,000.00 tax increment financing assistance to serve as the core mechanism for responding to a financing gap presented by the development team, as follows:

- 19-year schedule of one-hundred percent (100%) of project-generated tax increment financing (TIF) in the amount of approximately \$5,400,000.00 (net present value (NPV) at a 4.5 percent discount rate) to be paid by assignment from the City to Genesis;
- 10 annual payments of non-project generated tax increment financing (TIF) in the amount of \$264,150.00 per year in years 1-10 after project completion, for a total of \$2,000,000.00 (NPV at a 4.5 percent discount rate), to be paid by assignment from the City to Genesis from the Southside Tax Increment Financing District;
- Up to fifty percent of actual cost, not to exceed \$500,000.00, for roof replacement or other agreed-upon improvements at 1111 E. Army Post Road completed by

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- September 1, 2021, to be paid as an economic development grant to Macerich; and
- Anticipated negotiated opportunities for access, benefits, and programming for disadvantaged youth in the area; and

WHEREAS, an Amendment to the Agreement with Macerich and an Assignment and Assumption Agreement with Macerich and Genesis, or similar agreement(s), and an Amendment to the Conceptual Development Plan are anticipated to be required and to be negotiated in order to achieve the financial assistance described above.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the development proposal and preliminary terms of agreement, as described above and in the accompanying Council Communication, are hereby received and filed, and the City Manager is hereby directed to proceed with negotiation of the necessary agreements and amendments to the existing Agreement and Conceptual Development Plan with Macerich and Genesis consistent with said preliminary terms for consideration of approval by the City Council.

(Council Comm. No. 20- 247)

MOVED by _____ to adopt.

FORM APPROVED:

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

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

MOTION CARRIED APPROVED

_____ 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.

_____ City Clerk