



# City Council

**Date:** November 4, 2019  
**To:** City Council  
**Through:** Christopher J. Brady, City Manager  
**From:** Jeff McVay, Manager of Downtown Transformation

**Subject:** Third Amendment to the Amended and Restated Development Agreement for the second phase of the Encore project (Residences on Macdonald) at the southeast corner of West 1<sup>st</sup> Avenue. **(District 4)**

## Purpose and Recommendation

Consider the proposed Third Amendment to the Amended and Restated Development Agreement between the City of Mesa and MHA III, LLC. The proposed Agreement extends the Compliance Date for completion of construction from June 30, 2020 to December 31, 2021.

## Background

The Mesa City Council originally approved the Development Agreement on December 19, 2016 for the Encore development, a residential project, generally located at the southeast corner of West 1<sup>st</sup> Avenue and Macdonald. The City Council recently approved (August 2019) a Second Amendment to the Amended and Restated Development Agreement to allow the Developer to enter into a Government Property Improvement Lease (GPLET) that includes an eight-year abatement of property taxes.

The Second Amendment approved development of a three building, 72-unit, market-rate project, with a completion date of June 30, 2020. Under the previous Development Agreement, the Developer had the right to phase construction of each of the three new buildings with full project completion by December 2022. The proposed Third Amendment extends the Compliance Date for completion of the full project to December 31, 2021.

## Discussion

The approved Second Amendment incorrectly established the project completion date as June 30, 2020, which date provides only 10 months for preparation and approval of construction documents and construction of the full project. The proposed Third Amendment extends the date for completion of the project to December 31, 2021, which more appropriately provides two years for preparation and approval of construction documents and construction of the full project. The extended project completion date is one year earlier than the phased completion allowed by the original Development Agreement.

## Fiscal Impact

No fiscal impact.