

**CITY COUNCIL
COMMUNICATION:**

02-635

AGENDA:

DECEMBER 16, 2002

SUBJECT:

CERTIFICATE OF
COMPLETION –
ALLIED GATEWAY
CAMPUS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM 45

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

On the December 16, 2002, Council agenda is a roll call certifying the substantial completion of the Allied Gateway Campus Project. Nationwide Insurance has requested this action under the terms of the Amended and Restated Contract for Sale of Land for Private Redevelopment.

The Certificate of Completion evidences the compliance by Nationwide of the construction obligations under the development agreement. This determination is independent of any required determination by the City regarding the issuance of an Occupancy Permit pursuant to the City's Building Code. Approval of the Certificate of Completion establishes the date for (1) taxation under the Minimum Assessment Agreement, and (2) calculation of the Economic Development Grant and the Supplemental Economic Development Grant under the Development Agreement.

The issuance of the Certificate of Completion also sets the interest rate on the installments of the economic development grants. The Contract fixes the rate at 200 basis points less than the Prime Rate published in the Wall Street Journal on the date the Certificate is issued. The Prime Rate as of Thursday, December 12th was 4.25%, and thus the effective rate applicable to the City's economic development grants for the Allied project would be 2.25%. The Prime Rate as of Monday, December 16th, will be inserted into the roll call prior to the City Council meeting that evening. This interest rate is substantially lower than the interest rate when the contract was signed in 2000, and will result in a substantial savings to the City.

FISCAL IMPACT —

The Minimum Assessment Agreement will take effect January 1, 2003 for Parcels A (building and land) of at least \$50,000,000 and on Parcel B (parking garage and land) of at least \$16,000,000. These valuations reflect an increase in taxable value of \$59,261,300 over pre-project assessments and represent an annual incremental increase in tax revenues of approximately \$2.6 million.

The Economic Development Grant is set at \$14.9 million, less 25% of any cost savings if the cost of the garage is less than \$12,000 per parking space, to be paid to Nationwide in 20 annual installments beginning November 1, 2004. The Supplemental Economic Development Grant is to be paid in 10 annual installments beginning December 1, 2004, in the amount of \$700,000 less the value of tax abatement on the garage in each fiscal year. All payments under the Economic Development Grants are subject to receiving annual certification by Nationwide that they are in continued compliance with the covenants specified in the Development Agreement, including but not limited to, that the project site is the principal place of employment for not less than 1,650 full-time equivalent employees of Nationwide and related businesses.

	RECOMMENDATION — Approval.
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