

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> August 27, 2012
	<b>Agenda Item No.</b> Extra 1 <b>Roll Call No.</b> <u>12-1389</u> <b>Communication No.</b> <u>12-470</u> <b>Submitted by:</b> Terrance N. Vorbrich, Acting Economic Development Administrator

**AGENDA HEADING:**

Resolution Approving Assignment of First Amendment Urban Renewal Development Agreement between the City of Des Moines and Liberty Development dated April 12, 2010.

**SYNOPSIS:**

On April 12, 2010, by Roll Call No. 10-558, City Council approved the First Amendment to Urban Renewal Development Agreement with the Liberty Building Development Group, LLC (Michael K. Nelson, Managing Member, 1045 76<sup>th</sup> Street, Suite 2000, Des Moines, IA 50266) dated April 6, 2005. The First Amendment provided for economic development financial assistance directed to a \$15.5 million renovation of five floors of the Liberty Building for a 95 room Hyatt Place Hotel. The First Amendment to the Development Agreement contains a provision that allows the Developer to assign the economic development assistance contained therein to a third party with prior City approval. The Developer is requesting the City approve the assignment of any future assistance to be received under the First Amendment to the Development Agreement to 418 Hospitality, LLC, (Michael K. Nelson, Managing Member, 1045 76<sup>th</sup> Street, Suite 2000, Des Moines, IA 50266), a related entity that is the tenant operating the Hyatt Place Hotel property. City OED and Legal staffs have reviewed the request and recommend approval.

**FISCAL IMPACT: NONE**

**ADDITIONAL INFORMATION:**

On April 6, 2005, by Roll Call No. 05-814, the City Council approved a development agreement to assist with construction of a private parking ramp to facilitate redevelopment of the Liberty and Equitable Buildings. The parking garage was completed in 2006 and improvements made to the Liberty Building exceed the values required per the Minimum Assessment Agreement. The original development agreement was a three party agreement that also included the owner of the Equitable Building, Equitable, L.P. Equitable L.P. has not followed through on development of that project and the building has been foreclosed on by its lender. No direct financial incentives were provided to Equitable, L.P. The First Amendment to the Urban Renewal Development Agreement with Liberty Building Development Group LLC Development incorporates the new hotel development and removed Equitable L.P. from the agreement.

**PREVIOUS COUNCIL ACTION(S):**

Date: April 12, 2010

Roll Call Number: [10-558](#)

Action: First Amendment to Urban Renewal Development Agreement with Liberty Building Development Group LLC for a \$15 million renovation of five floors of the Liberty Building for a 95 room Hyatt Place Hotel. ([Council Communication No. 10-174](#)). Moved by Hensley to adopt. Motion Carried 7-0.

Date: December 21, 2009

Roll Call Number: [09-2322](#)

Action: Preliminary Terms of Agreement with Liberty Building Development Group LLC for a \$15 million renovation of 5 floors of the Liberty Building for a 95 room Hyatt Place Hotel. ([Council Communication No. 09-873](#)). Moved by Hensley to receive, file and approve preliminary terms of agreement set forth in the Council Communication and to direct the City Manager to proceed with negotiations of formal agreements with Liberty Building Development Group LLC consistent with the terms set forth in the Council Communication. The City Manager will communicate with existing hotel operators in Des Moines to give information regarding any Economic Development assistance that is available. Motion Carried 4-3. Nays: Kiernan, Mahaffey and Vlassis.

Date: April 6, 2005

Roll Call Number: 05-814

Action: Approving Urban Renewal Development Agreement with K.C. Holding VI, L.L.C., (Mike Nelson, Managing Member, Urbandale, IA) and Equitable, L.P., (Bob Knapp, Managing Member, WDSM, IA) for redevelopment of Liberty and Equitable Buildings and construction of privately owned parking ramp. ([Council Communication No. 05-178](#)). Moved by Hensley to adopt. Motion Carried 4-1-2. Nays: Vlassis.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: February 2, 2010

Resolution Number: N/A

Action: Recommendation to City Council for approval of project design and financial assistance as presented.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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