

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 14, 2014
	Agenda Item No. 41 Roll Call No. <u>14-1066</u> Communication No. <u>14-346</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

There are two (2) items on the July 14, 2014 agenda relating to the 350 E. Locust Street development:

- a. Approve Second Amendment to Urban Renewal Agreement for Sale of Land to East Village Growth Partners, LLC, and Approval of Partial Transfer and Partial Encumbrance Disposition Parcel No. 02-1A/Metro Center Urban Renewal Area (350 East Locust Street).
- b. Authorize Community Development Director to sign a Subordination, Non-Disturbance and Attornment Agreement with East Village Partners, LLC, First American Bank and JSC Trust and JSC Properties, Inc. for an additional loan to finance the fifth floor build-out.

SYNOPSIS:

Recommend approval of:

- a. The second amendment to the urban renewal agreement with East Village Growth Partners LLC (Tim Rypma, Manager, 2404 Forest Drive, Des Moines, Iowa) which allows for non-residential use of the fifth (top) floor and the proposed long-term lease and mortgage for the fifth floor improvements.
- b. The Subordination, Non-Disturbance and Attornment Agreement which permits East Village Growth Partners to secure an additional loan to be used to complete the fifth floor improvements, subject to being in third position on the mortgage.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

In late September 2013, City-owned property at 350 East Locust Street was sold to East Village Growth Partners (Tim Rypma, Representative) for the construction of a five-story, mixed-use building with first and fifth floor commercial uses and second, third, and fourth floors for residential.

The development is governed by the development agreement between the City and East Village Growth Partners and the Community Development Block Grant Disaster Recovery Loan and Contract Documents between the City, the State of Iowa (which awarded \$3 million to the residential component of the project) and the developer.

Amendments to both documents are required for the non-residential use of the fifth floor and the proposed long-term lease and mortgage to finance the fifth floor improvements. Approval of these

documents does not change the developer's obligations under the CDBG-DR5 Agreement or the City's position on the mortgage.

First American Bank and the City (through the state award of \$3 million CDBG-DR5 funding) have provided financing for the East Village Growth Partners project at 350 E. Locust Street. First American Bank has a first priority mortgage with an assignment of rents and the City has a second priority mortgage on the property. JSC Trust and JSC Properties, Inc. (James Cownie) will loan \$4 million for completion of the fifth floor which will be used as offices by James Cownie; these loans will be secured by a mortgage in third position, a long-term lease and option to purchase the fifth floor.

PREVIOUS COUNCIL ACTION(S):

Date: March 10, 2014

Roll Call Number: [14-0382](#)

Action: [Changes](#) to Conceptual Development Plan for East Village Growth Partners, LLC development of Disposition Parcel No. 02-1A (350 E. Locust Street) in the Metro Center Urban Renewal Area. ([Council Communication No. 14-103](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: October 7, 2013

Roll Call Number: [13-1587](#)

Action: [On](#) vacation and conveyance of easement for use of air space over the north four feet of East Locust Street adjoining 350 E. Locust Street to East Village Growth Partners, LLC, \$1,000 and to continue to October 21, 2013. ([Council Communication No. 13-497](#)) Moved by Meyer to adopt. Motion Carried 7-0.

Date: September 23, 2013

Roll Call Number: [13-1473](#), [13-1474](#), [13-1475](#) and [13-1476](#)

Action: [On](#) vacation and conveyance of easements for use of air space over the north four feet of East Locust Street adjoining 350 East Locust Street to East Village Growth Partners, LLC, \$1,000, (10-7-13). Moved by Meyer to adopt. Motion Carried 6-1.

- (A) [Recommendation](#) from City Plan & Zoning Commission. Moved by Meyer to receive and file and refer to the Engineering Department, Real Estate Division. Motion Carried 6-1.
- (B) [Approving](#) Conceptual Development Plan, Evidence of Financing and Execution of Special Warranty Deed to East Village Growth Partners, LLC for Disposition Parcel No. 02-1A in the Metro Center Urban Renewal Project. Moved by Meyer to adopt. Motion Carried 6-1.
- (C) [Approving](#) Community Development Block Grant Disaster Recovery Loan and Contract Documents with East Village Growth Partners, LLC for development of Locust House at 350 East Locust (Tim Rypma, Manager), \$3,000,000. ([Council Communication No. 13-489](#)) Moved by Meyer to adopt. Motion Carried 6-1.

Date: July 29, 2013

Roll Call Number: [13-1205](#)

Action: [First](#) Amendment to Urban Renewal Agreement for Sale of Land for Private Redevelopment with East Village Growth Partners, LLC – Development of Disposition Parcel No. 02-1A in Metro Center Urban Renewal Area (350 East Locust Street) to extend the time period for closing on the sale of the property. ([Council Communication No. 13-392](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: March 11, 2013

Roll Call Number: [13-0421](#)

Action: [On](#) Urban Renewal Agreement for the sale of land for private redevelopment with East Village Growth Partners, LLC to develop Disposition Parcel No. 02-1A in the Metro Center Urban Renewal Area, (north of East Locust and west of East 4th Street). ([Council Communication No. 13-120](#)) Moved by Meyer to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: March 4, 2014

Resolution Number: NA

Action: Recommended approval of developer-requested changes.

Board: Plan and Zoning Commission

Date: September 19, 2013

Resolution Number: 11-2013-1.15

Action: Recommend approval of a request from East Village Growth Partners, LLC (purchaser) represented by Tim Rypma (officer), the City of Des Moines (owner) for vacation of air rights over north four (4) feet of East Locust Street adjoining and to the south of the subject property located at 350 East Locust Street, subject to (1) any balcony constructed shall generally be in accordance with the submitted building elevations and site sketch, and (2) any balcony constructed shall have a rounded top railing and/or no ledge.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.