

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	March 6, 2017
	<b>Agenda Item No.</b>	<b>43</b>
	<b>Roll Call No.</b>	<b><u>17-0395</u></b>
	<b>Communication No.</b>	<b><u>17-280</u></b>
	<b>Submitted by:</b>	<b>Matthew A. Anderson, Assistant City Manager</b>

**AGENDA HEADING:**

Resolution approving preliminary terms of an Urban Renewal Development Agreement for Federal Home Loan Bank’s expansion and purchase of 909 Locust Street.

**SYNOPSIS:**

Federal Home Loan Bank (represented by Aaron Lee, Senior Vice President, 801 Walnut Street, #200, Des Moines, Iowa 50309) is proposing to expand its operations in downtown Des Moines. To accommodate this expansion, they are planning to move out of leased space in downtown and purchase the office building at 909 Locust Street. The company evaluated a number of other sites in Des Moines and surrounding communities and has requested economic assistance for purchase of 909 Locust and a parking discount in the adjoining 9<sup>th</sup> and Locust Parking Garage.

**FISCAL IMPACT:**

Amount: Exact amount to be determined based on the proposed terms described in the “Additional Information” section of this communication and including an Economic Development Grant and a discount off the market rate for parking in the 9<sup>th</sup> and Locust Parking Garage.

Funding Source: Economic Development Grant will be funded through project-generated tax increment. Metro Center TIF will service the short-fall to parking enterprise due to the discount extended as a part of this incentive.

**ADDITIONAL INFORMATION:**

The Federal Home Loan Bank (FHLB) of Des Moines is a member-owned cooperative that provides funding solutions to over 1,400 member banks to support mortgage lending, economic development and affordable housing to communities in Iowa and across the Midwest and Western United States. FHLB Des Moines is one (1) of 11 regional Banks in the Federal Home Loan Bank System. Established by Congress in 1932 to support mortgage lending, the Federal Home Loan Banks provide funding for approximately 7,400 federally insured depository institutions of all sizes and types. Regulated by the Federal Housing Finance Agency, the Federal Home Loan Banks are cooperatively owned by their members, operate independently with their own boards of directors and are registered with the Securities and Exchange Commission.

The Bank’s operations have been located in 801 Walnut Street since 2007. With their 44% growth over the past two (2) years, they have outgrown this space. The 225,000-square-foot office building at 909 Locust Street was built in 1996 and will serve FHLB’s existing 260 Des Moines employees and its

planned expansion to 280 employees. They anticipate utilizing approximately half of the building; the remainder will be leased to other office tenant(s). FHLB intends to invest \$20-\$25 million to renovate and update the building.

The proposed financial assistance package includes:

1. Economic Development Grant of 50% of the new tax increment (minus the Self-Supported Municipal Improvement District {SSMID} and debt-protected levies) created due to improvements made at the 909 Locust Street office building.
  - a. Base date for the increment calculation will be January 1, 2017.
  - b. First payment of grant installment will correspond with the first property tax installment based on new valuation of the improved building after occupied by FHLB.
  - c. This incentive will be offered for a total of 30 semi-annual installments.
2. A discount of parking rates in the 9<sup>th</sup> and Locust Parking Garage.
  - a. 20% discount off the market rate, as determined by City Ordinance.
  - b. Up to 425 parking stalls.
  - c. Discount will be applicable to 10 years of the 15 year license.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approval of final development agreement.

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 Administration Building, 400 E. Court Avenue Ste.116. 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](mailto:cityclerk@dmgov.org).