


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	24-242	Meeting:	June 3, 2024
	Agenda Item:	40	Roll Call:	24-0833
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution approving terms of an Urban Renewal Development Agreement and Parking License Agreement with American Equity Investment Life Insurance Company for the relocation of 650 employees, a 10-year lease for 131,900 square-feet of office space at 1100 Locust Street, and a minimum of 120 parking spaces located at 1200 Mulberry or 9th and Locust parking ramps.

SYNOPSIS:

American Equity Investment Life Insurance Company (Jeff Lorenzen, Chief Executive Officer, 6000 Westown Parkway, West Des Moines, IA 50266) is proposing to relocate and consolidate two (2) office locations with approximately 650 total employees into one (1) location at 1100 Locust Street in downtown Des Moines. The company will enter into a 10-year+ lease for a minimum of 131,900 total square-feet and a capital investment of approximately \$9.1 million in relocation expenses, at least \$4 million of which will be spent on construction costs (exclusive of furniture, IT expenses, and consulting costs) at 1100 Locust Street to ready the space for the move. The Company will occupy the western wing of the building on portions of floors one (1) and two (2), and the western wing of floors five (5), six (6), and seven (7).

The Office of Economic Development has negotiated final terms of an urban renewal development agreement, which provides \$50 per each full-time position employed primarily at their downtown Des Moines office location per year for up to 10 years as an economic development grant to be paid in annual installments of approximately \$32,500, based on current employment of approximately 650 full time employees that will relocate to the 1100 Locust Street office location. The terms of the grant will be based on the Company's commitment to maintaining a minimum of 600 jobs that primarily office from their Downtown Des Moines office location, averaging three (3) or more days per work week, with the top 500 paid positions at or above an average salary of \$95,055, and a minimum capital investment in construction improvements to the building of \$4 million. The terms also include a parking license agreement with the Company to accommodate a minimum of 120 parking spaces in the City's 1200 Mulberry ramp or 9th and Locust ramp at the discounted parking rates identified below, as an additional 120 parking spaces are needed beyond what the private parking ramp for 1100 Locust Street can accommodate.

FISCAL IMPACT:

Amount: \$50 per full-time job per year, for up to 10 years. Approximately \$32,500 per year based on current employment counts. The Parking License Agreement will increase parking revenues to the

parking system by \$1.3 million over 10-years, and provides for discounted parking for a minimum of 120 parking spaces as follows:

Rate Per Space:	Year:	Discounted Rate:	Full Rate:	Incentive/Discount:
\$ 60	1	\$ 86,400	\$ 172,800	(\$ 86,400)
\$ 65	2	\$ 93,600	\$ 172,800	(\$ 79,200)
\$ 70	3	\$ 100,800	\$ 172,800	(\$ 72,000)
\$ 80	4	\$ 115,200	\$ 172,800	(\$ 57,600)
\$ 90	5	\$ 129,600	\$ 172,800	(\$ 43,200)
\$100	6	\$ 144,000	\$ 172,800	(\$ 28,800)
\$105	7	\$ 151,200	\$ 172,800	(\$ 21,600)
\$110	8	\$ 158,400	\$ 172,800	(\$ 14,400)
\$115	9	\$ 165,600	\$ 172,800	(\$ 7,200)
\$120	10	\$ 172,800	\$ 172,800	\$ 0
market	11+	TBD	TBD	\$ 0
	Total:	\$1,317,600	\$1,728,000	(\$410,400)

Funding Source: Metro Center Urban Renewal Area (expense) and Parking Enterprise Fund (revenue)

ADDITIONAL INFORMATION:

- American Equity Investment Life Insurance Company specializes in the sale of fixed index and fixed rate annuities. The Company was founded in 1995 with the simple promise of providing sound annuities for retirement while offering superior customer service.
- On July 5, 2023, American Equity Investment Life Insurance Company announced that they had entered into a definitive agreement with Brookfield Reinsurance whereby Brookfield will acquire all of the outstanding shares of the Company's stock it does not already own. Brookfield's acquisition of American Equity Investment Life Insurance Company was completed on May 3, 2024, at which point Brookfield announced plans to maintain American Equity Investment Life Insurance Company's headquarters in Des Moines and has indicated that over time they expect the Company's Des Moines based jobs to continue increasing.
- Plans for the 1100 Locust Street space will be designed to accommodate 650 employees with options to accommodate future growth of the Company that will allow the space to accommodate over 800 employees.
- Improvements to the building include building modifications to allow for multiple tenants, new paint, new carpet, new offices, and lighting and conference space enhancements throughout.
- As part of the Agreement, American Equity Life Insurance Company has agreed to participate in the DART Unlimited Access Program for all of their Downtown employees.
- Timing for American Equity Life Insurance Company to relocate their employees to the 1100 Locust Street office location is scheduled to occur on or before March 31, 2026. The City is scheduled to close on the purchase of the 1200 Mulberry parking ramp prior to December 31, 2024.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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