

★ Roll Call Number

Agenda Item Number

41

Date August 7, 2006

Communication from the Quality Group regarding Conceptual Approval to Transfer Interest in Building and Land at 2001 DeWolf Street in the Guthrie Avenue Business Park.

(Council Communication No. 06-486)

Moved by _____ to receive and file.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BROOKS				
COLEMAN				
HENSLEY				
MAHAFFEY				
KIERNAN				
VLASSIS				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

.....Mayor

..... City Clerk

The Quality Group

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QUALITY WINE & SPIRITS COMPANY
www.qwaco.com
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Toll Free (800) 552-8711
Fax (952) 851-0501

Address:
7900 Chicago Avenue South
Bloomington, MN 55420

Mailing Address:
P.O. Box 1145
Minneapolis, MN 55440

July 19, 2006

The Honorable Mayor and Members of the City Council
City Hall
400 Robert D. Ray Drive
Des Moines, IA 50309

RE: APPROVAL TO TRANSFER INTEREST IN BUILDING AND LAND AT 2001 DEWOLF STREET IN THE GUTHRIE AVENUE BUSINESS PARK (QUALITY WINE COMPANY/2001 PARTNERSHIP)

Honorable Mayor and Members of the City Council:

I regret to inform you that on June 30, 2006, we relinquished all of our Iowa business by closing our office/warehouse distribution facility at 2001 DeWolf Street in the Guthrie Avenue Business Park. Johnson Brothers acquired our inventory and some of our fixed assets. In addition, they hired approximately 22 of our 39 employees.

The Quality Wine Company has operated in only two states—Minnesota (headquarters) and Iowa. We have been in Des Moines for nearly 20 years. We demonstrated our commitment to the Iowa market by investing \$2.1 million and completing construction of a 45,000 square foot facility at 2001 DeWolf Street in March 1997, for which we received a Certificate of Partial Completion. We have been successful here. Unfortunately, due to consolidation in the wine distribution business nationally, we lost our major supplier that represented 18% of our volume. We could not sustain the impact.

The City of Des Moines sold us 5.9 acres in the Park. We met all of our requirements for the Stage I development. We were to construct an additional 20,000 square feet on the lot but were unable to do so because our business did not warrant it. For several years, we attempted to market the remaining two acres. We had interested parties, but none committed to developing the site.

The Agreement to Purchase Land for Private Redevelopment requires that we revest title in the City to about two acres, which represents the vacant parcel to the north of the building, because we have not completed the additional 20,000 square feet of development. By September 1, 2006, we intend to convey the property at no cost to the City by quit claim deed, subject to any easements, and will remove the lien of any mortgage on it. In addition, we waive any rights we may have or might have in the future regarding the potential resale of reacquired property and the disposition of proceeds from that resale, as noted in Section 17 (e) on Page 16 of the Agreement. Furthermore, the Agreement precludes the assignment and transfer of any total or partial sale of the property or any part thereof without obtaining the City's written approval. We intend to request the City's permission to accept the buyer after we have identified this firm. We understand that all instruments and other legal documents involved in effecting transfer must be submitted to the City for review prior to the transfer.

Thank you for working with us.

Sincerely,


Paul Curley
Chief Financial Officer

C.C. Richard Clark, City Manager
Elly Walkowiak, Economic Development