

November 20, 2006

Date

RESOLUTION APPROVING A LOAN AGREEMENT WITH POLK COUNTY, AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH NELSON DEVELOPMENT 14, L.L.C., AND A CONCEPTUAL DEVELOPMENT PLAN FOR THE RENOVATION OF 215 WATSON POWELL JR. WAY AS AN ENTERTAINMENT CENTER

WHEREAS, Nelson Development 14, L.L.C. (the "Nelson Development"), represented by Mike Nelson and Michael Green as Co-Managers, has agreed to improve the former General Growth Building at 215 Watson Powell Jr. Way (the "Property") by rehabilitating and expanding the existing building for a mix of entertainment, restaurant, general retail and office uses (the "Improvements"), with a minimum assessed value of \$6 million, and having inPlay Franchise Services, L.L.C., as the principal tenant, subject to receipt of the financial assistance provided below; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the "Development Agreement") with Nelson Development, whereby the City is to provide an Economic Development Grant in the amount of \$1,875,000, to be advanced in three installments as follows:

- \$1,000,000 immediately to be deposited with the construction lender;
- \$437,500 on the first anniversary of the issuance of the Certificate of Completion; and,
- \$437,500 on the second anniversary of the issuance of the Certificate of Completion.

WHEREAS, the City Manager has further negotiated a Loan Agreement with Polk County whereby Polk County has agreed to loan the City the funds necessary to pay the installments on the Economic Development Grant to Nelson Development, with such loan to be repaid without interest in ten equal annual installments from the future incremental taxes generated by the improvements to the Property; and,

WHEREAS, the Nelson Development's obligations under the Development Agreement to construct the Improvements identified above, furthers the objectives of the Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents, create and retain job opportunities and maintain taxable values and encourage reinvestment in the Urban Renewal Project Area; and

WHEREAS, the Economic Development Grant shall be provided by the City to Nelson Development pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Nelson Development's obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the Property and the surrounding area in conformance with the Urban Renewal Plan; (ii) it will further the City's efforts to create and retain job opportunities within the Urban Renewal Project Area which might otherwise be lost; (iii) it will maintain and enhance property

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October 9, 2006

Date.....

-2-

values and the tax base within the Project Area; and (iv) it will encourage further private investment and will attract and retain residents and businesses in the Project Area to reverse the pattern of disinvestment and declining resident population; and,

WHEREAS, the construction of the Improvements is a speculative venture and the construction and resulting employment opportunities and tax base will not occur without the economic incentives provided by the Agreement; and,

WHEREAS, City believes that the redevelopment of the Property pursuant to the Development Agreement, and the fulfillment generally of the Development Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Development Agreement.

WHEREAS, on October 3, 2006, the Urban Design Review Board considered the proposed Conceptual Development Plan for the Improvements, and in the absence of a quorum, it was the consensus of the members present that the project qualifies for funding from tax increment revenues, and that the Conceptual Development Plan should be approved; NOW THEREFORE,

BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The Urban Renewal Development Agreement between the City and Nelson Development 14, L.L.C., which provides for the rehabilitation and expansion of the former General Growth Building at 215 Watson Powell Jr. Way, and the advancement of a tax increment funded Economic Development Grant in the amount of \$1,875,000 by the City, is hereby approved.
2. The Minimum Assessment Agreement between the City, Nelson Development, and the Polk County Assessor, which establishes the minimum taxable value of the Property upon completion of the Improvements at \$6 million, is hereby approved.
3. The Loan Agreement between the City and Polk County, whereby Polk County has agreed to loan the City the funds necessary to pay the installments on the Economic Development Grant to Nelson Development, is hereby approved.
4. The Mayor is hereby authorized and directed to sign the Urban Renewal Development Agreement, the Minimum Assessment Agreement, and the Loan Agreement on behalf of the City of Des Moines, and the City Clerk is hereby authorized and directed to attest to the

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Date.....

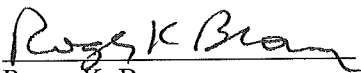
Mayor's signature on the documents. The City Clerk is hereby further authorized and directed to certify to the City's acceptance of the Declaration of Covenants to be provided by Nelson Development pursuant to the Development Agreement.

5. The Conceptual Development Plan for the Improvements to the Property submitted by Nelson Development, which is on file and available for public inspection in the office of the City Clerk, is hereby approved pursuant to Article 2 of the Development Agreement.
6. Upon request by the City Manager, the Finance Director is hereby authorized and directed to procure the advancements from, and pay the annual installments to, Polk County pursuant to the Loan Agreement, and to pay the advancements on the Economic Development Grant to Nelson Development pursuant to the Development Agreement. Upon receipt of any payment of Percentage Rents from Nelson Development pursuant to Article 4 of the Development Agreement, the Finance Director is further authorized and directed to forward one-half of the amount of such payment to Polk County pursuant to Section 7 of the Loan Agreement.

(Council Communication No. 06- 726)

MOVED by _____ to adopt.

FORM APPROVED:



Roger K. Brown

Assistant City Attorney

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
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