

Date December 21, 2009

RESOLUTION APPROVING THE CITY MANAGER'S RECOMMENDATION REGARDING THE REDEVELOPMENT OF 801 UNIVERSITY AVENUE

WHEREAS, the City of Des Moines is the owner of the building and site at 801 University Avenue (formerly occupied by Top Value Foods) (collectively the "Property"), subject to a Contract for a Section 108 Loan Guarantee Assistance and Note with the U.S. Department of Housing and Urban Development ("HUD"); and,

WHEREAS, the City desires to have the Property redeveloped in a manner that most closely aligns with the City's economic and neighborhood revitalization goals; and,

WHEREAS, the City has received Letters of Intent to Redevelop Property from two of parties interested in redeveloping the Property; and,

WHEREAS, the City Manager recommends that the City select the group comprised of the Community Foundation Greater Des Moines, Des Moines Area Community College and Save Stores, LLC as the Preferred Redeveloper of the Property, and authorize the City Manager or his designee to negotiate with the Preferred Redeveloper on a contract for the disposition and redevelopment of the Property in substantial compliance with the terms submitted in the Letter of Intent To Redevelop Property and recommended in the accompanying Council Communication.

MOVED by _____ to receive and file, and to direct the City Manager to proceed with the negotiation of a contract with the Preferred Redeveloper for the disposition and redevelopment of the Property upon terms consistent with the Letter of Intent To Redevelop Property and the recommendation set forth in the accompanying Council Communication.

FORM APPROVED:

Roger K. Brown
 Roger K. Brown, Assistant City Attorney
 C:\Rog\Eco Dev\SNAG\Sale\RC 09-12-21.doc

(Council Communication No. 09- 890)

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

MOTION CARRIED APPROVED

Mayor

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.

City Clerk

City of Des Moines Economic and Neighborhood Revitalization Goals
For Redevelopment of Property located at 801 University Avenue, Des Moines, IA

Goal: To provide general uses and activities of a retail and personal service character consistent with the uses allowed in the "C-1" Neighborhood Retail Commercial District. The property is zoned "PUD" Planned Unit Development District and the approved PUD Conceptual and Development Plans are available for public inspection in the City's Community Development Department.

Goal: To provide employment opportunities to the community. The redevelopment project shall not engage in any illegal discriminatory practices in violation of Chapter 62 of the Des Moines Municipal Code.

Goal: To obtain full and immediate payment of the City's obligations under an outstanding HUD Guaranteed Section 108 Loan. The property is presently encumbered with a US Department of Housing and Urban Development Guaranteed Section 108 Loan used to finance the structure and site improvements. The Section 108 Loan presently has an outstanding balance of \$1,540,000.00, and the deposit required for full and immediate payment of the loan is estimated to be \$1,780,957.00.

Goal: To return the property to the tax rolls; or, if the proposed ownership or use would cause the property to be tax exempt, to enter into an agreement for a \$46,300.00 payment per year in lieu of property taxes.



EXHIBIT B

Board of Directors

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H. Lynn Horak

Fred S. Hubbell

Linda Koehn

Mary Middleron

Mary O'Keefe

Mark Oman

Thomas E. Press

Suku Radia

Kurt Rasmussen

Doug Reichardt

Stanley J. Reynolds

Robert G. Riley, Jr.

Janis Ruan

Mark Rupprecht

Dawn Taylor

Ted Townsend

Emeritus

Charles H. Betts

Teree Caldwell-Johnson

Monroe J. Colston

Ann Cownie

Johnny Danos

Robert A. Dee

William Friedman, Jr.

James W. Hubbell, Jr.

Ted M. Hutchison

William Knapp

Donald F. Lamberti

James E. Luhrs

J. Edward Power

December 14, 2009

Mr. Richard A. Clark
City Manager
City of Des Moines
400 Robert D. Ray Drive
Des Moines, IA 50309

Re: Solicitation of Letter of Intent to Redevelop Property at 801 University Avenue owned by the City of Des Moines, IA

Dear Mr. Clark:

We are pleased to present you with our joint proposal resulting in a positive community solution to re-develop the property located at 801 University Avenue. Our project has been in development for quite some time, however the last 90 days have proven to be the most exciting and progressive in our planning effort.

The Evelyn Davis Project, Associated Leasing of Iowa and Save Store, LLC. have combined to develop an outstanding project for your consideration. By working together, we have created a plan that will bring grocery/retail services as well as a workforce center offering on-the job training, skill development training and education re-engagement to the heart of Des Moines.

The effort we have organized is a model that does not exist anywhere else in the nation. Central Iowa and the City of Des Moines are positioned to lead the country in establishing a unique best practices model. We have already garnered significant interest in this concept at both a state and federal level. Now we need the right location to make it happen. We are more than ready to recognize the City for its support and contributions in getting this project established and for your investments to date.

We believe our proposal exceeds every goal and expectation you have outlined in the Solicitation of Letter of Intent documents. We continue to work with the community and members of the neighborhoods to truly understand their needs. With your support we will be able to provide them with the services and





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products they have helped to identify resulting in long term stability of the project.

Our project will comply with the terms and conditions as requested and we anticipate closing on the purchase of the property within 60 – 90 days of your determination. We are open to accepting your feedback and hope you will share insight from your city leadership experience.

We are available to respond to any additional questions you may have. Thank you for your consideration.

Sincerely,

J. Barry Griswell
President
Community Foundation of
Greater Des Moines
515-883-2409
griswell@desmoinesfoundation.org

Rob Denson
President
Des Moines Area
Community College
515-964-6638
rjdenson@dmacc.edu

Harold Lovelady
President
Associated Leasing of
Iowa Corporation
515-243-3664
harold@associatedleasingofiowa.com

Ray Brown
Co-Owner
Save Store, LLC. and
Save-A-Lot
515-991-7749
raymay2@aol.com

EXHIBIT C
Letter of Intent to Redevelop Property

Outline Proposed Redevelopment Project:

The Evelyn Davis Project and Harold Lovelady, President of Associated Leasing of Iowa have entered into agreement to co-develop the property located at 801 University Avenue. Each partner intends to purchase a portion of the building. Current plans call for two-thirds building to be utilized for commercial/retail activities and one-third of the building will be used for the workforce center. The developed parking area and remaining green space.

This project will serve to provide solutions to three critical needs identified by the community and adjacent neighborhoods: grocery and other retail services, workforce training and employment opportunities.

First, Save Store, LLC., led by Harold Lovelady and Associated Leasing of Iowa has organized the redevelopment of a grocery store facility through the extension of the Save-A-Lot food store chain. The Save-A-Lot food store chain prides itself on being consumer centric and offering extreme value with its products. To date, it has nearly 1200 stores nationwide (spanning 39 states including one location in Des Moines, Iowa) in all types of neighborhoods — urban, rural and suburban. By sticking to the vision: “We help our customers to live richer, fuller lives by saving them money and time through a compelling, convenient shopping experience featuring great food, great prices and great people every day,” Save-A-Lot is able to offer a variety of products at a savings of up to 40% compared to conventional grocery stores.

Save-A-Lot food stores offer products of their own brands, many national brands, plus USDA-inspected beef, pork and poultry, farm-fresh fruits and vegetables and non-food items. Their highly efficient supply chain enables them to sell at prices well below other retailers. They strive to provide a positive shopping experience in stores that are clean, well-stocked, fresh and staffed by friendly, helpful and respectful associates.

Save-A-Lot is a wholly owned subsidiary of SUPERVALU INC., a Fortune 100 company and one of the largest companies in the United States grocery channel.

Save Store, LLC. further desires to open a retail store to be named Dollar Plus Store. The company is working with Dollar Store Services to supply the merchandise for the store. Dollar Store Services has assisted over 1,500 individuals open stores throughout the United States, Canada and worldwide. Dollar Store Services owns a large wholesale company which provides over 18,000 products to consumers and a network of over 70 suppliers. Development of this component will require an expansion of the building and new construction to accommodate.

Second, the Evelyn Davis Project will mitigate unemployment and underemployment, assess and improve skill sets, and provide educational opportunities matched with on-the-job training by creating a one-stop workforce center delivering enhanced services and supplemental wrap-around support. Visitors to the center will receive integrated delivery of workforce services, direct placement assistance, wrap-around support services, training and access to education providers all in one visit. Advisors will be present to walk each client through the intake process and make sure clients are enrolling in all of the benefits they are eligible for. A work pod model will allow an employer to hire a candidate, provide on-the-job training and manage a probationary employment

period all housed within the workforce center facility. The Evelyn Davis Project has built in a re-engagement-to-education component to provide clients an entry point to complete their education or obtain new skills. Three main services include a Workforce Center, Education Re-engagement Center and connections to job opportunities.

As a result of the success of the ventures described above, nearly 30-50 new jobs will be created within the inner city. In a down economy, facing record unemployment numbers, the impact of these jobs will be significant because these opportunities will target those facing barriers to gaining and retaining employment.

Does the proposed uses(s) in the redevelopment project comply with the existing approved site plan and zoning regulations? If not, then what adjustments will be required to accommodate the proposed uses(s)?

The proposed uses (grocery store, workforce center, other retail) should comply with the existing approved site plan and zoning regulations. No adjustments should be required.

Will the proposed uses(s) in the redevelopment project provide for the retail sales of goods and services to the community? If yes, please outline the proposed retail use(s) and comment on the type and level of the commitment from the proposed retail user(s).

The primary retail sale of goods will come in the form of the re-establishment of a grocery Store and the addition of a retail Dollar Plus Store. As described above, the grocery facility will offer fresh meats, breads, dairy, frozen, fruits and vegetables as well as a variety of non-food items. These items will be high quality and fresh retailing at a value driven market price. The Dollar Plus Store will offer a wide variety of products including: items for the kitchen, baby supplies, health and beauty, housewares, office and school supplies and many, many more.

Through a series of community meetings hosted to date, it appears the community has learned valuable lessons from past projects and has more interest than ever to ensure project success and help identify what types of services they would like to see available within the community. Here are just a few comments submitted by participants at the conclusion of our community meetings:

- Excellent opportunity to revitalize the community – like jobs, grocery store and retail development.
- I think that this is a wonderful idea for the community.
- Great concept and use of space.
- This is needed and I think has leadership and vision necessary.
- (I am most excited about) education/workforce piece as well as for the opportunity for other businesses to occupy some of the space.

Potential does exist to expand the property by up to 5,000 more square feet. This expansion may be needed for the ultimate configuration of the workforce center operation. Additional construction would not be completed until a future phase of the project.

Will the proposed redevelopment of the project be a source of employment opportunities to the community? If yes, please outline the anticipated number of employment opportunities and quality (i.e. wage levels, benefits, etc.) of the employment opportunities that will be available to the community.

Absolutely! The employment opportunities of our project come from three different pools:

With the establishment of a new grocery facility, there will be up to 30 new jobs created. These jobs will include 10 full time positions that will pay a wage range of \$22,500.00 – \$44,500.00 annually and provide benefits including health insurance, dental insurance and other fringe benefits. The remaining positions will be part time and will provide an hourly wage range of \$8.00 - \$12.00 per hour.

The Workforce Center created by the Evelyn Davis Project will employ an Executive Director. This position will be scaled as a DMACC employee and provide an annual salary of approximately \$60,000.00-75,000.00 and include the standard DMACC benefit package equaling an additional investment of \$15,000.00 - \$23,000.00.

Finally, the operation of the Employer Work Pods within the Workforce Center will create up to an additional 20 jobs on site. These positions will be full time positions (anticipating wages upwards of 150% of the minimum wage) and a minimum of medical/health benefits. These positions will be part of the traditional staff of each of our employer partners receiving on-the-job training, building skills and becoming re-acquainted with the workplace prior to being immersed into main stream employment. It is anticipated that a candidate selected for one of these positions will work on site at the Workforce Center for up to six months before being transferred to the employer's primary site of business. Once the candidate transfers from the Workforce Center to traditional employment with the employer partner, we will seek new candidates to fill the Employer Pod positions at the Workforce Center keeping a constant cycle of new employment opportunities within the neighborhood.

Will the proposed uses within the redevelopment project commit to not engage in illegal discriminatory practices in violation of Chapter 62 of the Des Moines Municipal Code?

The Evelyn Davis Project and Save Store, LLC. both agree to comply with all standards and provisions regulated by Chapter 62 of the Des Moines Municipal Code. Further, any additional tenants, services, or partners who participate with the project will be expected to comply with the provisions. We will ensure commitment to this item is articulated in all formal agreements as we move forward.

Will the property be returned to the property tax rolls? If no, is the redeveloper willing to negotiate a \$16, 000.00 payment in lieu of property tax agreement with the City of Des Moines?

With the current partnership structure, all commercial/retail space could be subject to property tax payments. This item should be negotiated with each appropriate partner.

With regard to the space in the facility occupied by the Evelyn Davis Project, because this organization will be functioning as a non-profit organization, it is not subject to payment of

property tax. Given the nature of the benefits that will be provided to the whole community by the Workforce Center, the operation should not be burdened with the budget implications related to tax payments.

In the unlikely event a non-profit organization becomes the sole owner of the property, the city could certainly discuss payment in lieu of property taxes at that time.

What is your financial capacity to implement your project and continue operations for the foreseeable future? What financial commitments are you able to make within the 60 day negotiation period?

Save Store, LLC., based on the review done by Save-A-Lot Company and Dollar Store Services Inc. were projected to have an excess of approximately 15% of the working capital needed to operate the store for 3 years. Save-A-Lot Company will provide accounting, payroll, business and personal tax, and other services to support the grocery store.

The Evelyn Davis Project has a significant amount of both financial and community support. Des Moines Area Community College (DMACC) has graciously stepped forward to provide both infrastructure to the facility to accommodate technology needs in addition to funding utility costs, janitorial and maintenance services. The close proximity of this location to DMACC's Urban Campus is what makes this project contribution possible. Other partners co-located within the facility will provide their own staff and equipment as required. The Evelyn Davis Project intends to operate in a revenue neutral fashion incurring minimal costs likely covered by grant and in-kind contributions.

Each commercial/retail partner will be required to maintain their space, at their own expense, to quality standards in compliance with all applicable federal, state and local regulations.

In the event proposed retail/commercial ventures are not successful, DMACC has expressed its interest to purchase any vacant space that may come available. DMACC commits to make every attempt seek out and occupy the space with new commercial/retail partners.

It is anticipated within 60 - 90 days of the acceptance of the proposal that each partner will be prepared to purchase its portion of the property. Currently, the Evelyn Davis Project has more than 50% of not only the purchase price, but renovation and construction budget dollars secured. It is the goal of the Evelyn Davis Project to finance its portion of the project without entering into any short or long term financing obligations.

The Evelyn Davis Project and Save Store, LLC. may be able to further narrow the window for purchase of the property to less than 60 days if the city would have an interest in discussing this option.

Does the redevelopment project propose to provide full and immediate payment of the City of Des Moines obligation under the HUD Guaranteed Section 108 Loan? If yes, comment on the anticipated time frame to close on the payment of the HUD Guaranteed Section 108 Loan. If no, comment on the financial arrangements being proposed to service the existing City obligation under the HUD Guaranteed Section 108 Loan and anticipated time frame to close on those financial arrangements.

The Evelyn Davis Project in partnership Save Store, LLC will provide full and immediate payment for the HUD Guaranteed Section 108 loan. The anticipated time frame to close on the payment will be no less than 60 and no more than 90 days from the date the proposal is approved by the City Council. The payment expected to be made will be approximately \$1.8M.

Other information relating to redevelopment project that you would like the City to consider.

Save Store, LLC

Ray Brown, co-owner and manager of the Save-A-Lot and Dollar Plus Store has approximately 20 years of experience in the management and operations in the grocery and retail business. Ray has held several meetings with the neighborhood associations. The following support the grocery and dollar store to be opened:

Riverbend President: Jeanne Johnson
King Irving President: Joan Muldoon
Mondamin President: Valarie Allen
Forest Avenue Library Director: Linda Roe
John R. Grubb YMCA Executive Director: Jamal Crawford
Mercy Medical Center Sr. VP: Joseph LeValley
Cheatom Park: Joe and Nina Kroger

Evelyn Davis Project

This proposal represents a unique opportunity to the city of Des Moines. If the proposal is approved, a significant outreach effort will be launched to continue to educate the community and neighborhoods about the project as well as to receive their insights, fully understand their needs, and to accept suggestions and feedback on how to make the project a success. Our ultimate concern is for those who are in great need for these services and stand to change their lives simply by walking through the door.

Please refer to the attached Evelyn Davis Project Workforce/Re-engagement Center Concept Paper for a detailed explanation of how all pieces of this project will work together.

Questions regarding this project should be directed to:

Barry Griswell
President
Community Foundation of Great Des Moines
(515) 883-2409
griswell@desmoinesfoundation.org
(Evelyn Davis Project Aspects, General Partnership Questions)

Rob Denson
President
Des Moines Area Community College
(515) 964-6638
rjdenson@dmacc.edu
(Evelyn Davis Project Aspects, General Partnership Questions)

Harold Lovelady
President
Associated Leasing of Iowa
515-243-3664
harold@associatedleasingofiowa.com
(Save-A-Lot/Grocery Operation, Dollar Plus Store Operation, General Partnership Questions)

Ray Brown
Co-Owner
Save Store, LLC. and Save-A-Lot
515-991-7749
raymay2@aol.com
(Save-A-Lot/Grocery Operation, Dollar Plus Store Operation, General Partnership Questions)

THE EVELYN DAVIS PROJECT

Workforce/Re-engagement Center Concept Paper

From Education through Training to Employment

**CONFIDENTIAL
DRAFT**

*Prepared by:
Cassandra Halls
Project Manager*

(515) 473-4980
c.halls@mchsi.com

Presented September 21, 2009
Updated: September 30, 2009
Updated: October 6, 2009
Updated: December 10, 2009

Overview

Evelyn Davis believed in possibilities and that every person has potential. Her passion in life was centered on improving the lives of those less fortunate by matching that potential with opportunity. Ms. Davis had one project in particular, a workforce initiative, in which she shared her vision of establishing a workforce center focused on helping people achieve employment by building skills through on-the-job training programs supported by employers. What is unique about this concept is matching the training opportunity with support services to ensure all aspects of life, both personal and professional, are addressed. While Ms. Davis is not here today to see this concept come to life, the work behind her idea has continued, the scope has expanded and is now coming to fruition.

Purpose

Agencies within the inner city of Des Moines have struggled to provide all of the education, training and social services needed by the extremely diverse and rapidly changing populations of these neighborhoods. The inner city is plagued with the highest crime and dropout rates in the city as well as serving as a transitional area for ex-offenders and those who are homeless. This area continues to represent a melting pot of cultures, further requiring special attention and services beyond the traditional workforce.

As an example, data has shown residents of the inner city neighborhoods change at an extremely rapid pace. More than half of the neighborhood residents have lived in the area less than three years and are often in unstable family environments supported by various types of subsidies. This is a difficult population to engage because services are not well coordinated to address all of the universal challenges residents of these neighborhoods face.

For nearly 10 years the Annie E. Casey Foundation has funded research to help understand the trends within the inner city. They studied the people, economic factors and evaluated other project successes and failures. Because we have invested the time to compile and understand this data, the Evelyn Davis Project is a well-balanced solution addressing both social and workforce issues with an end result of economic and family stability.

While the issues of the inner city were the foundation for this project, we recognize the need for the services provided by this project are much broader. While individuals and families take small steps to improve their lives they may move from one area to another. However, their need for access to ongoing services will be important no matter their location within Central Iowa.

The development of the Evelyn Davis Project represents the strong magnitude of collaboration and support that has been assembled. Key leaders from the community and education and social services fields have jointly pursued the project. The core partners participating in the planning effort include:

- Community Foundation of Greater Des Moines
- Des Moines Area Community College
- Des Moines Public School System
- Greater Des Moines Partnership
- Iowans for Social and Economic Development/Annie E. Casey Foundation
- Iowa Employment Solutions
- Iowa Workforce Development
- United Way of Central Iowa

Many other neighborhood associations, non-profit organizations, businesses and industries have helped shape this concept and will continue to have an active role in bringing this project to reality. It is anticipated as the project continues to progress that the state of Iowa, city of Des Moines and Polk County will also be part of this collaboration.

Project Description

The concept proposed by the Evelyn Davis Project is to mitigate unemployment, assess and improve skill sets, and provide educational opportunities matched with on-the-job training by creating a one-stop workforce center delivering enhanced services and supplemental wrap-around support. Clients of the center will receive integrated delivery of services from Iowa Workforce Development, direct placement assistance, wrap-around support services, training and access to education providers all in one visit. Advisors will be present to walk each client through the intake process and make sure they are enrolling in all of the benefits they are eligible for. This concept is especially critical in the inner city due to transportation issues.

The first step to be eligible for most employment opportunities is to have a solid foundation built on education. Education can come in many forms whether it is a basic literacy program or earning a GED, high school diploma, post secondary or other specialized credential programs. The Evelyn Davis Project has built in a re-engagement-to-education component as part of the center to cast a broad net to Central Iowans and develop an entry point back to education. By including the Re-engagement Center in this concept, we are providing easy access to all kinds of educational systems.

The Evelyn Davis Project will establish a bridge to employment by hosting corporate funded work pods. The work pod model will allow an employer to hire a candidate, provide on-the-job training and manage a probationary employment period all within the workforce center facility. Building skills and confidence of clients prior to placement in the regular work environment dramatically increases their rate of success in the workplace and likelihood of maintaining long-term, gainful employment.

Economic development is a top priority for the project location neighborhood. The neighborhood associations and local businesses have worked tirelessly to improve the housing stock, retain commercial business and redesign the major thoroughfares. It is the right time to be able to build on their investment. With their support the Evelyn Davis Project will be a great asset.

Targeted Location and Demographics

Location: Former Top Value Foods Location
 801 University Avenue, Des Moines, IA
 Total Square Footage of the Building Available: 35,000 sq. ft.

The former Top Value Foods location has been identified by project planners with multiple concepts in mind. It was important the selected site be able to accommodate the space requirements of the workforce center as well as the employer work pods. The next consideration to be made was to locate the facility within a widely utilized traffic pattern for private vehicles, public transportation and pedestrian travelers.

The former Top Value Foods location has been vacant for quite some time and has become an eyesore for the community. It is rapidly turning into a public nuisance for the police force because the building is an easy target for the homeless to loiter. Through our communication with the neighborhood associations, we understand their commercial development desires and have taken their suggestions seriously. This location provides us the space required for the workforce center needs and allows the opportunity to partner with the neighborhood for additional commercial/retail expansion.

This location provides ease of access being positioned directly off of Interstate 235 and University Avenue. We anticipate most visitors will come from neighborhoods within the inner city, however, having direct access to the interstate will expand our outreach to communities within the tri-county area including: West Des Moines, Johnston, Windsor Heights, Altoona, Pleasant Hill, Clive, Urbandale and many others.

Demographics to be served:

The profile of the workforce center client is very broad. The goal of the center is to provide services, both on-site and referral, to a host of personalities, cultures, demographics and generations that all face significant barriers to employment. We have identified 15 primary targets of the population to assist in providing education, training and connection to jobs. These populations include but are not limited to:

- Adults (Age 24 and above)
- Young Adults (Age 18 – 24)
- Minority Populations
- Homeless Individuals
- Retirees/Mature Workers
- Veterans
- Disabled Workers
- Unemployed
- Immigrant Workers
- Refugees
- Low-skilled Workers
- Underemployed Individuals
- Formerly Incarcerated
- Displaced Workers
- Those needing a pathway to education

Visitors will choose this workforce/re-engagement center due to the combination of the support services matched with on-the-job training opportunities. The most significant differentiator with this project compared to other workforce initiatives is the direct connection to employment.

Many other centers hope the end result for their clients will be employment; however the Evelyn Davis Project service providers will be held to achieving measurable outcomes. Further, with the employment work pods and the commercial aspects of the projects, the workforce center will offer onsite employment opportunities with identified career paths. This type of workforce employment model has been successful within Central Iowa in the past; however, it required greater diversity of partners and services to survive. We have learned from the past models and feel we have assembled the right partners to make the project sustainable.

For some, this center may serve as their last chance toward gaining employment and building a career. These individuals will require special attention and opportunity that today's traditional service centers cannot offer.

Goals and Objectives

The vision of the Evelyn Davis Project is:

“To create a multi-agency public and private re-engagement and workforce education, training and employment center located in the inner city of Des Moines serving the citizens of Central Iowa.”

Support Services Provided:

TRAINING-TO-EMPLOYMENT CENTER

- Workforce Intake and Assessment Center
- Traditional Iowa Workforce Development Services
- Client Case Management
- Placement Assistance
- Financial Literacy and Education
- Re-engagement with Education
- ESL
- Housing/Transportation
- Entrepreneurial Training
- DMACC Division of Community Outreach
- Small Business Incubator
- General Adult Literacy

Referrals will be made to other community-based organizations and support services not located at the workforce the center including: day care services, refugee services, immigrants, general relief, substance abuse, health and social services.

Methodology

The Evelyn Davis Project intends to invite service and training providers to participate by offering their assistance from this satellite location. Utilizing the proven Center for Working Families Model pioneered by the Annie E. Casey Foundation, we will co-locate multiple services, training providers and other programs together, developing new solutions to address gaps in services and programming as well as improve outreach efforts and access to clients.

This framework provides the foundation for connecting people to as many services as possible in a single location to ensure their needs are met and they achieve self sufficiency.

In addition to the support services, the Evelyn Davis Project will connect clients to the opportunity of employment through on-site, on-the-job training. There will be jobs hosted at the workforce center in the form of satellite work locations through employer partners. The employment offerings may range from welding, retail and general office to call center training. This training will allow people to build their skills and abilities while adjusting to being in the workforce. As they make this transition back into the world of work, the support services that helped place them there will only be a few steps away. This will provide an ability to monitor not only their professional success but their personal success so they are able to manage all of the changes happening in their lives. Providing on-site employment opportunities will strengthen the connection to education and training as the learning and working will happen simultaneously.

It is critical to understand we will not be duplicating services offered by the agencies. Through the Evelyn Davis Project we will be inviting providers to participate and offer their services from an additional location to their existing operations. By creating an atmosphere of cooperation, we will be able to utilize the staff provided by each of the agencies within the center, containing and sharing operational costs. The end result produced for the center will be an ability to build and increase capacity, create consistency in programming, and strengthen agency partnerships and collaboration.

Neighborhood Connection (Retail/Commercial Space)

***Everything contained in this section outlines the potential for developing retail/commercial amenities in space within the building not utilized by the workforce center. This portion of the building would remain taxable property and would be owned and managed by Harold Lovelady and Associated Leasing of Iowa. There are connections to employment that can be made with the employers who occupy the retail/commercial space and these opportunities need to be considered ancillary to the workforce center initiatives.*

The Evelyn Davis Project Planning Committee has worked closely with the neighborhood not only to address employment and training needs but also to understand what other broader issues exist within the inner city. The square footage of the building at the former Top Value location provides more than enough space for the workforce center, leaving a great deal of space that would remain unoccupied. Discussions ensued with neighborhood and community leaders to determine how the remaining space could be occupied to best enhance the area. With their input, the neighborhood has initially identified pursuing the establishment of a small grocery/market (deli, fresh produce and meat counter) along with a financial/banking services institution. These are priority services currently missing from the neighborhood.

Harold Lovelady and Associated Leasing of Iowa has organized the redevelopment of a grocery store facility through the extension of the Sav-A-Lot food store chain. The Save-A-Lot food store chain prides itself on being consumer centric and offering extreme value

with its products. To date, it has nearly 1200 stores nationwide in all types of neighborhoods — urban, rural and suburban. By sticking to the vision: “We help our customers to live richer, fuller lives by saving them money and time through a compelling, convenient shopping experience featuring great food, great prices and great people every day,” Sav-A-Lot is able to offer a variety of products at a savings of up to 40% compared to conventional grocery stores.

Sav-A-Lot food stores offer products of their own brands, many national brands, plus USDA-inspected beef, pork and poultry, farm-fresh fruits and vegetables and non-food items. Their highly efficient supply chain enables them to sell at prices well below other retailers (“great prices.”) They strive to provide a positive shopping experience in stores that are clean, well-stocked, fresh and staffed by friendly, helpful and respectful associates (“great people”).

Sav-A-Lot is a wholly owned subsidiary of SUPERVALU INC., a Fortune 100 company and one of the largest companies in the United States grocery channel.

With the potential establishment of the grocery/market we anticipate the creation of 25 new positions improving the economy of the neighborhood and the vitality of the corridor. These positions would be in addition to employment opportunities that arise from the work pods located in the workforce center.

Another innovative opportunity arising from coupling the retail/commercial operation in the same location as the workforce center is we have the ability to create partnerships with the new businesses to become a provider of on-the-job training for entry-level positions. This may be the first chance some of the clients have to re-enter the workforce and begin rebuilding their lives.

Central Iowa Works Connection

Central Iowa Works (CIW) is a public/private partnership designed to strengthen and expand industry-specific, sector workforce development efforts in Central Iowa with a dual customer focus aimed at employers and workers. CIW is governed by a board comprising of community leaders, employers, state agencies and others.

Employers, educators, community-based organizations, unions and economic developers have been meeting since fall 2007 to determine the specific skill sets required for success at each career level within their industries. Current Sector Boards are: Information Technology, Financial Services, Construction, Advanced Manufacturing, Health Care and Energy. These industry sectors were identified due to their high growth, high demand and high economic impact on the region.

In addition to career pathways maps, business leaders on each Sector Board along with representatives from education and community-based organizations are developing strategies to identify untapped labor pools, better align training programs with business needs, and establish a Career Readiness Certificate to facilitate hiring.

Key partners contributing to the efforts of Central Iowa Works include Des Moines Area Community College, the Greater Des Moines Partnership, Community Foundation of Greater Des Moines, Iowa Employment Solutions, National Fund for Workforce Solutions, United Way of Central Iowa and the Annie E. Casey Foundation.

In 2008, the Central Iowa Works Funding Collaborative (CIW/FC) was launched as a response to an investment in Central Iowa by the National Fund for Workforce Solutions. The CIW/FC addresses the increasingly wide skill gap that leaves employers unable to meet their workforce needs and dislocated and unskilled workers unable to secure family-sustaining employment. The CIW/FC is addressing the needs of these dual customers by aligning and leveraging public and philanthropic funds for strategic investments to improve the workforce training system in Central Iowa. Their goal is to stimulate greater regional planning and cooperation among employers, workforce agencies, nonprofit employment and training providers, community colleges, labor and other stakeholders in the region.

The CIW/FC, working as part of an initiative of the Central Iowa Works Board, seeks to create a regional workforce system that increases economic security and career advancement opportunities for low-income, low-skilled individuals and low-wage workers while meeting the workforce needs of key industry sectors in the region. The CIW/FC invests in efforts which promote the development and sustainability of career pathways that lead from entry level positions to progressively more skilled occupations which provide a family-sustaining wage.

The initiatives of Central Iowa Works directly align with the outcomes anticipated by the Evelyn Davis Project. Central Iowa Works will be a key partner moving forward, and it is intended their operation will be housed within the facility. This partnership will promote greater support by the community-based organizations as well as provide a unique connection to the employer community that understands the challenges associated with hiring those from disadvantaged situations.

Anticipated Timeline

The following major events of the project timeline are listed below. The project is contingent on the funding being secured by March 2010.

February 2008 to September 2009
Concept development, research and initial design.

October 2009
Planning continues, identify community stakeholders and convene meetings for input

October 2009 to March 2010
Secure project funding

October 2009
Negotiate purchase plan for the building

November 2009

Develop design for renovation, identify service providers and business partners

December 2009

Establish formal governance structure, finalize business plan and 5-year plan, develop programming and client flow patterns

April 2010

Building renovation begins

Late Summer 2010

Building renovation complete, identify and hire facility manager, move into building

Fall 2010

Grand Opening

Benefits/Anticipated Outcomes

- Benefits/Outcomes for the Clients

For the clients of the workforce center, the goal is very simple. We want to develop an entry portal to employment for everyone interested in becoming employed, or improving their employment opportunities. We want to be the resource which Central Iowa relies upon to provide quality training, genuine support and direction to help overcome personal and professional barriers.

Poverty is a vicious cycle for many of the residents of the inner city that in the end always comes back to employment. Our goal is to break that chain by providing people a controlled and stable environment in which they can build their success one step at a time.

Most people learn the hard way and usually in times with a depressed economy, the importance of education. Identifying a pathway to education leading to a certificate, GED, diploma, credentials as well as other types of training will provide clients with a true quality outcome. While jobs and careers may change their education will last forever.

Once the clients gain employment, our intent is to continue to track and follow their progress to make sure they continue to be connected with proper resources. Through regular phone calls, ongoing appointments and communication with referral services, we will maintain contact with the client to guarantee they remain motivated for success. This additional effort will ensure retention with their position and prevent them from falling into old habits. Providing the ongoing support is a substantial task for any single organization, however our partnership approach will make this aspect manageable and provide much more insight for the client.

Our approach is holistic. The clients of the workforce center will again become proud, productive, self-supporting, contributing members of the community.

- **Benefits/Outcomes for the Businesses**

There are many benefits and outcomes we hope to achieve for business and industry as a result of this project. Primarily, we will be working to introduce them to skilled employees who are willing to work very hard to meet the demands of their operations. Further, we are very excited about assisting business and industry to maximize the advantages of utilizing a diverse workforce. We will be developing a talented, available, workforce pipeline that will be on demand for the employers with a simple phone call or email.

There are several potential savings to the employers from the aspect of tax credits through federal programs, reduction in amount of time a vacancy on their team will exist, and on-the-job training provided in advance. This will reduce the amount of time employees need to be productive in their positions.

- **Benefits/Outcomes for the Inner City**

The Evelyn Davis Project has the potential to change the entire dynamic of the inner city. By developing the workforce center in this location and offering the opportunity for employment and crucial support services in one stop, we anticipate an instant and tremendous response from those in the immediate area.

A direct outcome will be a reduction to the crime rates and other incidences. This will increase the positive spirit of the neighborhood and bring more people to the center as they will feel safe. Rebuilding these relationships will strengthen neighborhood bonds and shift the inner city from being a transitional, temporary residence, to a vibrant, long-term home.

- **Benefits/Outcomes for Central Iowa**

The central location, right off Interstate 235 and University Avenue in Des Moines, Iowa, places the Evelyn Davis Project in the heart of Des Moines. This easy, simple access connects the workforce center to all major thoroughfares. Even those outside of Des Moines will have access to the workforce center. Central Iowa only wins when everyone who wants an opportunity has access to the resources to help them achieve their goals.

More importantly, the workforce center will represent hope and opportunity for those who feel they have been abandoned by society. We will provide them with new ideas and resources to help them earn a solid education and pursue employment solutions.

Support Needed and Costs

Project Cost

Building Acquisition:	\$1,540,000
Anticipated Renovation:	\$2,000,000
Programming/Operation Costs Yr. 1	<u>\$1,000,000</u>
	\$4,540,000

Funding Sources Confirmed:

Des Moines Area Community College: (Pending approval of the DMACC Board. To be applied to renovation only.)	\$1,000,000	**Des Moines Area Community College will hold the title to the property.
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Community Foundation of Greater Des Moines	\$ 500,000
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Balance Remaining: \$3,040,000

Pending Requests:

Prairie Meadows Legacy Grant Submitted By Des Moines Area Community College	\$ 750,000	(Must be applied to renovation costs.)
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Other Identified Potential Funders:

State of Iowa, City of Des Moines, Polk County and other Private Funders

Sustainability:

The operation of the workforce center is intended to be revenue neutral. Ongoing operational costs will be covered in combination through federal programs, grant support, partner contributions and by Des Moines Area Community College.

Retail/Commercial operations will be responsible for their space and associated costs (utilities, renovations, property taxes, etc.).

Exhibit A

Fictitious Case Study for Client Participation

To truly understand all of the moving pieces of the Evelyn Davis Project, the following case study has been provided to depict the vision of how a client would be developed while working with services provided at the workforce center.

Imagine Joe Smith has spent the last 13 years working in a low-skilled position in a factory. Joe is 31 years old, married and supporting a family including two children (ages 12 and 10.) Joe always struggled in school and as a result dropped out during his junior year of high school.

Joe is a hard worker and very dedicated to his employer. He was devastated when he heard the news the factory was closing their doors and eliminating all of the staff. Joe believed his employment was secure and had not invested any time into enhancing his skill set, nor had he given any thought to returning to school.

At a job fair sponsored by his employer, Joe made contact with a company in the advanced manufacturing industry. In talking about opportunities at this new company, Joe mentioned his concerns about being qualified for a position. The employer directed him to the workforce center and talked about a satellite operation they have developed to help build skill sets.

Immediately following the job fair, Joe headed to the workforce center and met with a workforce advisor. The workforce advisor completed an intake application that gathered a great deal of information during their meeting. As part of the assessment process, the workforce advisor was able to identify one of the primary issues that led to Joe dropping out from school was because of his limited ability to read. Joe was quickly introduced to representatives who specialize in addressing adult literacy issues and the Central Iowa Re-engagement Center to begin the process of achieving his GED.

Because of his layoff, Joe was forced to sell one of his vehicles. His wife needed their other vehicle as transportation to her job, which was located 30 miles from their home. Because the workforce center was centrally located and part of the metro bus route, Joe was able to visit the center as required to complete his programs.

Once Joe's interests were identified, the workforce center connected him with the grocery store located adjacent to the workforce center. The grocery store offered him a position assisting with stocking shelves and job shadowing the purchasing/inventory processes.

After Joe obtained his GED, he applied for a position with the Advanced Manufacturing employer work pod. Combining his educational achievements with his experience at the grocery store, Joe was accepted and began work as part of the on-site, on-the-job training program.

Today, Joe has been promoted to a full-time position at the primary Advanced Manufacturing site and has enrolled in a community college to earn his associate's degree. He was able to develop a budget to manage his personal finances with assistance from the financial literacy program offered by the center.

EXHIBIT C

Letter of Intent to Redevelop Property

Outline Proposed Redevelopment Project:

CDT Investment, LLC is an Iowa company started to pursue a mid-size international grocery store in the Des Moines area. It is spearheaded by Simon Cotran, a Quad City businessman and leader in his area Asian-American community. It brings together the knowledge, experience and talents of those that own and operate three Illinois grocery stores (formerly Eagle Food Stores in Rock Island, Aledo and Rock Falls) and who have options on two more Quad City stores (formerly Aldi Food Stores) and management personnel who have previously managed six international grocery stores in the Los Angeles area.

CDT Investment LLC plans to redevelop the vacated former Top Value Foods building into a new international supermarket-style grocery store. The grocery store will consist of many departments, such as a deli, bakery, meat department (with service counter), fresh produce department, non-perishable goods, significant authentic multi-ethnic cuisines, and general household items. The multi-ethnic cuisines will be designed to offer both the neighborhood residents and the diverse populations of Des Moines their desired food products. Particular attention will be provided for Hispanic, African and Asian cuisines.

The deli shall be an instrumental part of the redevelopment. It will be marketed to appeal to the area employees, including the hospital, other businesses and schools. The intent is to have a variety of foods ranging from cold cut meats, prepared sandwiches, soups, pizza and in-store roasted meats. It is also intended to provide catering services.

To assist in the profitability of this site, Simon Cotran also intends to move his Des Moines area jewelry business into approximately 1000 square feet. It has been servicing the Des Moines area for over six years.

The intended space usage is:

Grocery Store Sales Floor:	28,000 sq. feet
Warehouse and Storage:	4500 sq. feet
Deli/Bakery:	1,000 sq. feet

Indoor Seating:	600 sq. feet (40 person capacity)
Restroom Space:	600 sq ft
Jewelry Retail:	1,000 sq. ft.
Total Indoor:	35,618sq ft

It is intended that the grocery store will be operated under the name River Bend Country Market. Its' intended hours will be from Monday through Sunday, form 7:00 am to 9:00pm

Does the proposed use(s) in the redevelopment project comply with the existing approved site plan and zoning regulations? If not, then what adjustments will be required to accommodate the proposed use(s)?

The proposed use of the redevelopment project complies with the existing approved site plan and zoning regulation. This site was originally developed with the idea of providing the surrounding residents easy access to a grocery store. The redevelopment intends to use the site for a truly international supermarket-style grocery store – one that can serve the local area and be a magnet to all Des Moines residents.

The additional jewelry store component is a low traffic, low impact commercial use that doesn't affect the primary operations.

Will the proposed use(s) in the redevelopment project provide for the retail sales of goods and services to the community? If yes, please outline the proposed retail use(s) and comment on the type and level of commitment from the proposed retail user(s).

Yes, the proposed uses are primarily for the retail sales of goods and services to the area residents and the Des Moines area. (Please see previous description of the redevelopment for more details.)

Current projections would be that the retail sales of goods and services will account for over 96% of the property's income. The jewelry store does have a wholesale component (which serves other businesses, such as Brodkeys, Diamond Center, Fred Meyers, Greenberg's, Helzberg's, JC Penney's, Rogers Jewelers, Sears, Younkers, Zales and others) which should generate approximately 4% of the sales.

The search for an appropriate site for this Des Moines area international supermarket has been underway for over a year. The buyer has been close to purchasing another property in a neighboring community, but this site came to their attention and appears to be a better location for this type of store.

The businesses are ready to begin the project as soon as possible. As previously stated, the grocery store business will be operated by owners of other on-going grocery stores in other markets. The specific management personnel have been arranged and they have vast experience in operating international grocery stores.

Will the proposed redevelopment project be a source of employment opportunities to the community? If yes, please outline the anticipated number of employment opportunities and quality (i.e., wage levels, benefits, etc.) of the employment opportunities that will be available to the community.

The redevelopment project will be a moderate source of employment opportunities to the community. To make our business successful we planned for a minimum of Forty-Five employees at this location. The following chart shows Estimated Base Amounts for Salary and Wages before benefits and bonuses.

<u>Job Types</u>	<u>Quantity</u>	<u>Wage Type</u>	<u>Amount/Person/Year</u>
Managerial	6	Salary	\$35,000
Full Time (grocery)	15	Wages	\$21,000
Part Time (grocery)	15	Wages	\$ 9,600
Full Time (jewelry)	4	Wages	\$26,000
Jewelers (jewelry)	5	Wages	\$39,000

Total Employees: 45

Total Estimated Base Employee Expense Per Year: \$968,000.00

Department heads will likely receive bonus incentives for their department's performance.

We intend to have Healthcare, Retirement, Vacation, and other benefits options available for our employees.

Will the proposed uses within the redevelopment project commit to not engage in illegal discriminatory practices in violation of Chapter 62 of the Des Moines Municipal Code?

The intended business owners include members of American minority populations.

The on-going business operations do not engage in illegal discriminatory practices. The business owners commit to continue their practices and shall not engage in illegal discriminatory practices in violation of Des Moines Municipal Code, as well as state and federal laws.

Will the property be returned to the property tax rolls? If no, is the redeveloper willing to negotiate a \$16,000.00 payment in lieu of property tax agreement with the City of Des Moines?

The redevelopment will return the property to commercial usages and be subject to property tax.

The proposal uses a lease with an option to buy. During the terms of the lease, the business owners would prefer negotiation as to property tax responsibility.

Further, as this is a start-up business for the grocery store component, CDT Investment LLC would appreciate any property tax relief the City is willing to negotiate, and would welcome the payment of a \$16,000 payment in lieu of property tax. The details of any property tax relief will depend on future agreements.

What is your financial capacity to implement your project and continue operations for the foreseeable future? What financial commitments are you able to make within the 60-day negotiation period?

CDT Investment, LLC, has previously delivered a Letter of Intent to the City. This questionnaire form was requested by the City in lieu of that Letter of Intent.

CDT Investment, LLC proposes to Lease the premises for a maximum of 5 years with an Option to Buy the premises. This is to permit the stores to become established and profitable. It will also help the financing.

The proposed Lease payments would be \$224,000.00 per year with lease payments commencing 150 days from possession or the first day the stores are open for business, whichever is first.

CDT Investment, LLC is willing to negotiate a deposit amount as a sign of good faith towards the lease agreement.

To return the premises to an active grocery store, it is intended that the buyers will have to purchase approximately \$450,000.00 in equipment, machinery and remodeling. To stock the store will be another approximately \$450,000.00.

Currently, the buyers are in negotiation for the equipment purchase. That amount should be established within the near future. It is hoped that bids for remodeling would be obtained during the 60 day negotiation period.

Further financial commitments could be negotiated as soon as possible.

Does the redevelopment project propose to provide full and immediate payment of the City of Des Moines obligation under the HUD Guaranteed Section 108 Loan? If yes, comment on the anticipated time frame to close on the payment of the HUD Guaranteed Section 108 Loan. If no, comment on the financial arrangements being proposed to service the existing City obligation under the HUD Guaranteed Section 108 Loan and anticipated time frame to close on those financial arrangements.

Propose:

Although the proposal does not provide immediate payment of the City's obligation, the proposal is intended to provide full payment of the obligation.

In essence, the buyers propose to lease the premises for \$224,000.00 per year. The City would deliver the property in an "as is" condition. It is proposed that the City be responsible for the roof, walls and foundation during the term of the lease. The buyers would do the remodeling and be responsible for repair and maintenance. If possible, buyers would like to limit their exposure for the HVAC repair during the term of the lease to \$1,000.00 per year.

Further, the proposal is that the buyers have an option to buy the property for \$1,540,000.00 within five years. The purchase of the building would provide full payment of the City's obligation within the five year period.

The proposal would be that 100% of the lease payments be applied to the purchase price. This, and the successful operation of the businesses, should permit the buyers to exercise their option within the five year period.

The buyers would be responsible for insurance, utilities and general upkeep from the date of the agreement.

Other information relating to the redevelopment project that you would like the City to consider

CDT Investments, LLC wants to return this property to the use that the City originally intended, when it was first established the property as a grocery store. That purpose serves the area residents and their unique characteristics. It also clearly fits into the general uses and activities envisioned by the City and its planners.

CDT Investments, LLC wants to improve on the original grocery store concepts to make this store a magnet for the international residents that live in the Des Moines area and those that want to experience an authentic international cuisine. Further, the project serves to offer additional services and products to those who work in the area. This redevelopment is envisioned to be an asset to the entire Des Moines area community.

There are also significant employment opportunities envisioned by this redevelopment, by businesses with track records and a history of business successes.

The lease with the option to buy arrangement offers the City full payment of its obligations within a relatively short time, while permitting the buyers to prove success and provide the necessary financing for this type of project.

To assist in your review, I attach the previously delivered Letter of Intent.

LETTER OF INTENT TO LEASE

November 27th, 2009

CDT Investment LLC
3113 Lindsey Court
Bettendorf, IA 52722

Owner: City of Des Moines
Address: 400 Robert D. Ray Drive
Des Moines, IA 50309

Re: Top Value Foods Building
801 W. University Ave
Des Moines Iowa, 50314

The purpose of this letter is to set forth the mutual intent regarding the lease terms and conditions of a proposed lease between City of Des Moines, Iowa as Landlord, and CDT Investment LLC, or its assigns as Tenant.

The terms and conditions of the proposed lease are as follows:

1. **DEMISED AREA:** 35,522 square feet located 801 W University Avenue, Des Moines, Polk County, Iowa 50314.
2. **TERM:** Five (5) years.
3. **RENT:** The rent shall be \$160,500 per year. The rent is due and payable on the first day of every month during the term of the lease.
4. **OPTIONS TO RENEW:** Tenant shall have the right to renew this lease for 2 periods of five (5) years. Rent for the option periods shall be at 102.5% of the previous term net rental rate. Tenant shall notify Landlord of its intent to exercise its option no later than 90 days prior to expiration of the primary term or any extensions thereof.
5. **PURCHASE OPTION:** So long as Tenant is not in default of any terms and conditions of the Lease, then Tenant shall have the right, at the end of each lease year, to purchase the Premises from Landlord. Tenant shall inform Landlord of its intention to exercise this right no later than one hundred and twenty (120) days prior to the end of the current lease year.

- 6. PURCHASE PRICE:** The total purchase price of the Property will be One Million Five Hundred and Forty Thousand and No/100 Dollars (\$1,540,000), which shall be payable as cash at closing, less credit for deposits and adjustments and prorations made pursuant to the Agreement.
- In the event of selling/purchasing the said property, one hundred percent (100%) of the accumulated paid lease amounts shall apply as credit towards the purchase price.
- 6. TENANT USE:** The Tenant shall use the premises as a grocery store, a jewelry store and such other business items as may be necessary or incidental thereto or any lawful use.
- 7. POSSESSION:** Tenant shall have possession of the demised area at lease execution for the purposes of making its tenant improvements.
- 8. RENT COMMENCEMENT:** One Hundred Fifty (150) days from possession or first day open for business whichever occurs first.
- 9. LANDLORD IMPROVEMENTS:** Landlord shall deliver the demised premises in its "as-is" condition. Any proposed Tenant improvements to the space shall have the prior written consent of the Landlord, which consent shall not be unreasonably withheld.
- 10. INSURANCE:** Tenant shall be responsible for building insurance. Tenant agrees to carry liability insurance in an adequate amount.
- 11. MAINTENANCE:** Landlord shall maintain the roof, walls, and foundation of the demised area. Tenant shall be responsible for items of maintenance within the demised area.
- 12. COMMON AREA**

MAINTENANCE:

Tenant shall provide for all items of Common Area Maintenance with Tenant paying all the Common Area Maintenance charges. C.A.M. does not include capital expenditures.

13. UTILITIES:

Tenant shall be responsible for payment of all utility charges to the demised area, including heat, electrical, water, sewer use, air conditioning and telephone.

14. HVAC:

Maintenance: Tenant, not to exceed \$1000 per year.

Repair: Tenant, not to exceed \$1000 per year.

Replacement: Landlord

15. SIGNAGE:

Tenant shall have the right to install a sign on the existing pylon and above the front entrance door. The sign must have prior approval of the Landlord.

This Agreement is expressly subject to Landlord's and Tenant's approval of the final lease document. If said approval is not forthcoming by either party, then this Agreement shall become null and void without liability to either party.

This letter of intent will expire if not executed by both parties by December 16th, 2009.

Accepted this 11 day of December, 2009

TENANT: CDT Investment LLC, or its assigns

By: Simon Cotran
Simon Cotran, LLC Manager

Accepted this _____ day of _____, 2009

LANDLORD: City of Des Moines, Iowa

By: _____
City of Des Moines, Iowa

December 17, 2009

Mr. Terrence N. Vorbrich
Economic Development Coordinator
City of Des Moines
400 Robert D. Ray Drive
Des Moines, IA 50309

Re: Proposal of CDT Investment, LLC
Clarification of Proposal/Exhibit C

Dear Mr. Vorbrich:

It has come to our attention that certain parts of the proposal by CDT Investment, LLC were ambiguous and the possible interpretation of the proposal is not what CDT Investment, LLC intended. This letter is to clarify the proposal.

In answer to the question regarding: "Does the redevelopment project propose to provide full and immediate payment of the City of Des Moines obligation under the HUD Guaranteed Section 108 Loan", CDT Investment, LLC stated:

"Although the proposal does not provide immediate payment of the City's obligation, the proposal is intended to provide full payment of the obligation."

Unfortunately, later the answer described the lease with an option to buy in an ambiguous manner. It stated that 100% of the lease payments were to be applied to the purchase price (\$1,540,000.00). That caused some different interpretations as to what was the purchase price at the time the option to buy was exercised. One interpretation was applying 100% to the purchase price (the principal due) would mean the City was losing the interest payments made on the obligation. This was not CDT Investment, LLC's intent.

The intent of the proposal remains to cover the City of Des Moines obligation by the lease payments being 100% applied to the obligation. Those lease payments would be the applied to the principal and interest portions of the obligation and be made in a timely fashion.

The intent was when CDT Investment, LLC exercises the option to buy the property, CDT would receive the benefit of those timely payments. CDT Investment, LLC would pay the remaining amount due on the obligation (after all the lease payments were made). That price would be calculated as the principal amount still due and any periodic interest due since the last payment on the obligation. It would be whatever the obligation required at the time of exercise. CDT Investment LLC was using the amortization table of your current obligation as an indicator of the principal that would still be due and the approximate price.

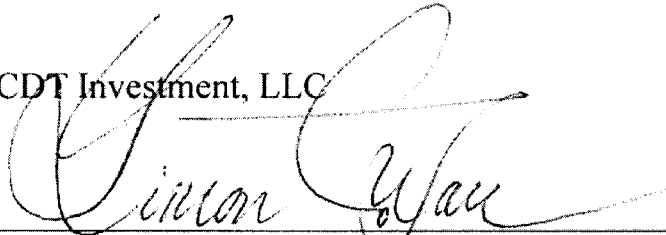
For example, if CDT would exercise its option in September 2014, the purchase price would be the principal remaining on the obligation at that time with some accrued interest from the last payment. The chart seems to suggest the remaining unpaid principal at that time would be \$965,000.00, but whatever the balance is on the obligation - with 100% of the lease payments going towards the principal and interest – would be the amount CDT Investments would owe at the time of exercising the option. And, of course, that remaining balance would reflect timely and complete payments by the City of Des Moines.

As I said, it was not the intention for the City to lose interest payments. It was merely that the obligation would be reduced with the lease payments being 100% applied to the obligation.

Hopefully, this is clearer.

Thank you for the opportunity to clarify this.

CDT Investment, LLC

A handwritten signature in cursive script, appearing to read "Simon Cotran", written over a horizontal line.

By: Simon Cotran, Its Manager