

Date..... December 17, 2012

CLOSING PUBLIC HEARING ON THE PROPOSED ELEVENTH AMENDMENT
TO THE METRO CENTER URBAN RENEWAL PLAN AND APPROVING SAME

WHEREAS, on March 20, 2000, by Roll Call Nos. 00-788 and 00-789, the City Council adopted the Urban Renewal Plan for the Metro Center Urban Renewal Project, and such Plan has been amended ten times (the urban renewal plan as so amended is herein referred to as the "Plan"); and,

WHEREAS, the Metro Center Urban Renewal Project Area encompasses an irregularly shaped area that includes the downtown core and the areas surrounding the downtown core; and,

WHEREAS, on November 19, 2012, by Roll Call No. 12-1767, the City Council resolved that a public hearing on the proposed Eleventh Amendment to the Plan be held on December 17, 2012, at 5:00 p.m., in the City Council Chamber; and,

WHEREAS, the purpose of the proposed Eleventh Amendment to the Plan, attached hereto as Exhibit "A", is to: (a) revise qualifications for construction period tax abatement to limit eligibility to construction of new commercially assessed buildings within the block bounded by Second Avenue and Vine, Water and Market Streets; (b) incorporate a description of approved economic development and redevelopment activities within the Project Area; (c) supplement text relating to planning, administration, and oversight and to parking; and (d) update the Financial Condition Report; and,

WHEREAS, the Urban Design Review Board reviewed the proposed amendment at its regular meeting on December 4, 2012, and has submitted its report and recommendation to the City Council; and,

WHEREAS, notice of this public hearing in the form attached hereto as Exhibit "B" was published in the Des Moines Register on December 6, 2012, which notice sets forth the information required by Section 403.5(3) of the Iowa Code; and,

WHEREAS, a copy of the Eleventh Amendment and public notice were sent by ordinary mail to the Des Moines Independent Community School District, Des Moines Area Community College, and Polk County, and representatives of such taxing entities were also invited to a consultation meeting held in City Hall on November 28, 2012; and,

WHEREAS, the City has received no requests from the Des Moines Independent Community School District, Des Moines Area Community College, or Polk County for any modification of the proposed division of revenue from the tax increment of the Urban Renewal Project Area; and,

Date.....December 17, 2012.

-2-

WHEREAS, the public hearing has now been opened and all persons and organizations desiring to be heard regarding the proposed Eleventh Amendment to the Plan have been given the opportunity to be heard; NOW THEREFORE,

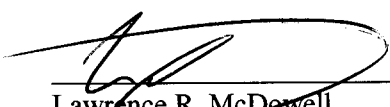
BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The public hearing on the proposed Eleventh Amendment to the Urban Renewal Plan for the Metro Center Urban Renewal Project is hereby closed.
2. Upon consideration of the recommendations of the Urban Design Review Board, and all other recommendations and statements from all other interested parties and organizations, the City Council finds that the Eleventh Amendment conforms to the Des Moines 2020 Community Character Land Use Plan, as amended, for the development of the City as a whole.
3. The Urban Renewal Plan for the Metro Center Urban Renewal Project is hereby amended as set forth in the Eleventh Amendment attached hereto as Exhibit "A". The Urban Renewal Plan for the Metro Center Urban Renewal Project, as amended by the Eleventh Amendment thereto, is hereafter in full force and effect.
4. The City Clerk is directed to cause the Eleventh Amendment and a certified copy of this resolution to be recorded in the land records of the Polk County Recorder.

MOVED by _____ to adopt.

FORM APPROVED:

(Council Communication No. 12-616)


Lawrence R. McDowell
Deputy City Attorney

Exhibits:
A - Eleventh Amendment
B - Notice

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

users\rdlampki\LARRY\RC\Metro Center - 11th Amendment - Close Hearing.doc
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

After Recording Return To:
City of Des Moines
Office of Economic Development
400 Robert D. Ray Drive
Des Moines, Iowa 50309

Prepared by: Andrea Hauer, Economic Development – City of Des Moines 515-237-1350



Eleventh Amendment

to the Urban Renewal Plan

Metro Center Urban Renewal Area

Urban Renewal Board Action:	12/4/2012
Taxing Entities Consultation:	11/28/2012
City Council Approval:	12/17/2012

HISTORY

The Metro Center Urban Renewal Project was created by the consolidation of the Riverpoint Capitol-Center Development Area Urban Renewal Project and the Capitol-Center Development Area Urban Renewal Project.

The Urban Renewal Plan for the Metro Center Urban Renewal Project was adopted on March 20, 2000, by Resolution (Roll Call No. 00-788 as the Ninth Amendment to the Riverpoint Capitol-Center Development Area Urban Renewal Plan and Roll Call No. 00-789 as the Thirty-Third Amendment to the Capitol-Center Development Area Urban Renewal Plan).

The Metro Center Urban Renewal Plan and its subsequent amendments have been recorded in the land records of the Polk County Recorder as follows:

<i>Amendment</i>	<i>Roll Call No.</i>	<i>Adopted Date</i>	<i>Book</i>	<i>Beginning at Page</i>
Urban Renewal Plan	00-788	03-20-00	8491	645
	00-789	03-20-00	8491	704
First Amendment	00-1927	6/25/00	8534	168
Second Amendment	00-4270	11/06/00	8637	725
Third Amendment	00-4536	12/4/00	8659	119
Fourth Amendment	00-4679	12/18/00	8670	933
Fifth Amendment	01-3224	10/22/01	9055	830
Sixth Amendment	02-1596	6/17/02	9200	189
Seventh Amendment	03-1800	7/28/03	10072	230
Eighth Amendment	07-1015	5/21/07	12221	129
Ninth Amendment	08-2228	12/22/08	12871	414
Tenth Amendment	11-0628	4/11/11	13829	278

PURPOSE

The purpose of this Eleventh Amendment is to:

- Amend the provisions relating to tax abatement during construction with deletion of the current language and addition of specific terms and conditions permitting tax abatement during construction only for development occurring on the block located between Water Street and 2nd Avenue from Vine to Market Streets.
- Add "Appendix C - Approved Economic Development and Redevelopment Activities" which provides a summary of projects receiving economic development assistance from the tax increment revenues from the Metro Center Urban Renewal Area.
- Supplement text relating to planning, administration and oversight and to parking.
- Update the Financial Condition Report.

Eleventh Amendment to the Metro Center Urban Renewal Plan

1. Amend text contained in Chapter V. PROJECT PROPOSALS, Section A for the following text revisions:

<i>Chapter V. Section A Item #</i>	<i>Action</i>	<i>Plan Language to be Adopted by this Amendment</i> (underlined text is newly added text)
1	Supplement text relating to continuing planning, oversight and administration of Metro Center Urban Renewal Project.	<p>1. <u>Continuing planning, oversight and administration.</u> The City, through assigned City staff and other available resources, shall provide ongoing planning, oversight and administration of the Metro Center Urban Renewal Project to achieve the Plan objectives for elimination of slum and blighted conditions, economic development, land use, traffic and circulation and historic preservation. The City shall continue planning to assess and respond to the problems, needs and opportunities of the project area through additional technical studies, through the preparation of more detailed plans, through discussions with property owners, prospective developers, citizens, and public officials, and through various engineering, economic, design, and related studies. This effort may result in the publication, from time to time, of additional reports, regulations and guidelines, project plans, or other documents that aid in defining the objectives of this Plan.</p> <p>The City will also participate in planning efforts with other public and private interests where these will further help to accomplish the objectives of this Plan. The City will be responsible for reviewing planning proposals and for coordinating such proposals so as to implement the objectives of this Plan. The City will take the initiative to bring zoning and other regulations and plans for public facilities into conformance with this Plan.</p> <p>The ongoing planning, oversight and administration of the Project to be provided by assigned City staff and other available resources further includes, but it not limited to, preparing land for a redevelopment, soliciting development proposals and negotiating with prospective developers, supporting efforts to rehabilitate structures, establishing and enforcing land use requirements for redevelopers, planning and programming to assure the provision of adequate parking, assisting the provision, maintenance, improvement and repair of public improvements and the soliciting, packaging and administering of economic development proposals.</p>

<p>14</p>	<p>Supplement text relating to plan and program for parking.</p>	<p>14. <u>Parking</u>. A plan and program will be prepared to assure the provision of adequate parking in the various parts of the project area, to replace parking which may be absorbed through land development and provide for maintenance, capital repairs and improvements to parking facilities. The plan and program will prescribe ways in which major quantities of affordable parking may be provided to meet the long-term needs of development in these areas and in adjacent areas. Specific public improvements including off-street structured parking and the Des Moines Intermodal Transportation Facility. This program should include:</p> <ul style="list-style-type: none"> a. The designation of land areas to be acquired to be used for surface parking and/or to be eventually used for the construction of parking structures or to be incorporated into a joint development project. b. The development of funding techniques, ways of allocating parking costs between various users, and budgets for the provision of parking and related activities such as maintenance, capital repairs and improvements to parking facilities. c. The development of preliminary plans for areas in which the City will seek to provide parking as part of a joint development. d. The development of criteria to guide the decisions about additional public investments in the construction of parking garages and intermodal transportation facilities. e. It is the intent of this Plan that the City assist in the construction of private multi-level parking structures in areas where there is a need for additional parking or where the relocation or consolidation of surface parking to a multi-level parking structure is needed to achieve the revitalization of an areas or to make a specific project possible. <p>In accordance with the plan and program for parking, the City in 2012 issued general obligation bonds for the purpose of paying costs of aiding in the planning, undertaking and carrying out of Metro Center Urban Renewal Project activities under the authority of this Plan and Chapter 403 of the Iowa Code, including those costs</p>
-----------	--	--

		<p>associated with the repair, reconstruction and improvement of City parking ramps, including but not limited to those ramps located generally at 3rd and Court Avenue and 9th and Locust Street, and the refunding and refinancing of outstanding tax-exempt parking system revenue bonds issued for such purposes to facilitate the use of committed private parking arrangements in connection with future downtown development projects. The City may, as part of its actions to carry out this Plan, make payments on the debt service of such bonds and the costs and expenses of the City's parking system.</p>
<p>16</p>	<p>Revise text to provide for tax abatement during construction (strike-out line indicates removed text ; the stricken text will not appear in any compended and/or updated plan).</p>	<p>16. <u>Construction Period Tax Abatement</u> (as authorized by Section 403.6(18) of the Code of Iowa). Qualified development or redevelopment projects shall be eligible for the exclusion from taxation of the value added to real estate during the process of construction, subject to the following conditions:</p> <p>a. <u>Minimum Building Standards.</u> To qualify for such exclusion, the project must involve the construction of a new building or an addition to an existing building which satisfies the following requirements:</p> <p>1. The new building or the addition to an existing building must be at least 4 stories tall and contain at least 275,000 square feet of new interior space to be devoted to office space or a mix of office and retail space with the retail space not to exceed 25% of the total.</p> <p>2. The owner(s) of the project must make a binding commitment with the City not to seek tax abatement under Iowa Code Chapter 404 (Urban Revitalization Tax Exemption) for the project.</p> <p>a. <u>Scope of Exclusion.</u> To qualify for such exclusion the project must satisfy the following requirements:</p> <p>1. The project must consist of the construction of a new building or buildings assessed as commercial property;</p> <p>2. The project must be located within the block bounded by 2nd Avenue and Vine, Water and Market Streets;</p> <p>3. The project must conform with the land use plan set forth in Section IV. Proposed Land Use Plan; and,</p> <p>4. The value subject to such exclusion must have been added by January 1, 2013.</p> <p>b. <u>Application Procedure.</u> An application shall be filed by the owner of the property with the City for each new</p>

		<p>project for which an exclusion is claimed. A separate The application shall be filed between January 1 and February 1, 2013. inclusive, of each assessment year for which value added during the process of construction is first assessed for taxation. Each application shall contain sufficient information to enable the City Council to determine compliance with the eligibility requirements and limitations of this Plan.</p> <p>The City Council by resolution shall approve the application if the project and exclusion claimed are in conformance with this Plan. The City Council shall forward the application to the City Polk County Assessor by March 1, 2013 of the year in which the application is filed, or as soon thereafter as is feasible for implementation. The City Assessor thereafter shall act upon the application and shall grant the exclusion if it is in conformance with all applicable legal requirements.</p>
18	Description of approved economic development and redevelopment activities.	<p><u>Activities under Chapter 15A:</u> The City may, as part of its actions to carry out this Plan, engage in economic development activities within the Metro Center Urban Renewal Area pursuant to Iowa Code Chapter 15A for the creation of new jobs and income, and for the retention of existing jobs and income that would otherwise be lost, when such economic development activities are found by the City Council to further the objectives of this Plan. The economic development activities may include financial assistance to property owners to enable lease of office space to business tenants. The City may provide financial assistance as approved by the City Council for economic development and/or redevelopment activities anywhere in this Plan where the desired level of redevelopment has not occurred. The City may solicit and/or package such economic development activity proposals. The description of economic development and redevelopment activities approved by the City Council for provision of financial assistance is set out in Appendix C.</p>

2. Incorporate Appendix C – Description of economic development and redevelopment activities approved by the City Council for provision of financial assistance.

3. Financial Condition Report

Delete: Financial Condition Report – Tenth Amendment dated 2/11
Replace With: Financial Condition Report – Eleventh Amendment dated 11/12 (attached herein on following page)

Financial Condition Report - Metro Center Urban Renewal Project (11th Amendment)

I. Introduction

The Code of Iowa, Chapter 403-Urban Renewal, requires cities to undertake a consultation with other governmental entities receiving property tax revenues from an urban renewal area that utilizes tax increment financing when the urban renewal plan is created or amended. This report has been prepared for use in the consultation process with Polk County, the Des Moines Independent School District and Des Moines Area Community College representatives for the proposed amendment to Metro Center Urban Renewal Plan.

II. General Background

Urban renewal was created by the federal government in the 1950s to assist cities in “renewing” their older central areas by removing slum and blight. In many cases, the federal government provided significant financial assistance with the costs associated with acquisition, demolition, and construction of new streets and utility lines. In 1959, Des Moines created the River Hills Urban Renewal Area, the first in Iowa. Since that date, additional urban renewal areas have been created in the downtown, neighborhood and industrial areas.

The concept of urban renewal has changed over time. It started as urban ‘removal’ in which everything in a large area was demolished with the sale of the property to one developer. Today, it is urban ‘revitalization’ in which projects are done on a selective basis over time with a number of developers. The federal assistance has disappeared with cities now responsible for costs.

Urban renewal is one of the few ways an Iowa municipality can undertake and financially assist community revitalization and economic development. In Des Moines, especially in the older areas with very limited redevelopment opportunities, urban renewal is an important way to connect the public and private sectors.

An urban renewal area must be designated by the city council. As part of the designation, the city council adopts an urban renewal plan. The plan includes a legal description and map of the area; a description of existing land uses and conditions; the actions the city proposes to undertake in the area such as public improvements, public services, and the sale or purchase of property; and other conditions the city may want to impose on the development projects.

If the city wants to undertake an action not specified in the urban renewal plan, it must adopt the proposed change by an amendment. Before it can be adopted by the city council, a notice of a public hearing on the amendment must be published in the newspaper. In addition, if the urban renewal area uses tax increment financing, a consultation and comment period with other taxing entities is offered prior to the public hearing.

III. Metro Center Area Urban Renewal Project

Since 1973, the City has adopted various urban renewal areas for the downtown:

In 1973, the **Capitol-Center Development Area Urban Renewal Project** was created for redevelopment projects in the east and central sections of downtown Des Moines. Major projects undertaken in this area include the initial skywalk system, the Capitol Center office development, Civic Center Apartments, the Plaza, Nollen Plaza and Embassy Suites Hotel.

In 1983, the **Capitol-Center Development Area II Urban Renewal Project** was created for projects located on the north and west sides of downtown Des Moines. Major projects undertaken in this area include the various Principal Life Insurance Corporate Campus expansions. The **Riverpoint Urban Renewal Project** was created in 1988. This project area extended from Fleur Drive on the west to East 14th Street along the Raccoon River. Major projects include the Norwest Mortgage financial offices in the Riverpoint Office Park Area and the construction of Sec Taylor Stadium.

In 1993, the City created the **Riverpoint Capitol-Center Development Area Urban Renewal Project** which combined the Capitol Center Development Area II and the Riverpoint areas. There were a number of projects that overlapped such as the roadway systems, riverfront development and the Court Avenue/south of Court Avenue Area. An additional area was also added to this overall project area known as Capitol-Center III which encompass

portions of the far west downtown. Major projects include the Meredith Corporation and Employer's Mutual Insurance expansions.

In March 2000, the City combined the two downtown urban renewal project plans—Riverpoint Capitol-Center Development Area and the Capitol Center Development Area Urban Renewal Projects – creating a single comprehensive urban renewal project plan known as the **Metro Center Urban Renewal Area**.

In 2011, an additional subarea, known as **River Hills 2011**, was added. This subarea is bounded by the Metro Center Urban Renewal Area on its west and south boundaries and contains the east bank of the Des Moines River from East University Ave. southward to Des Moines Street, The Des Moines Botanical Center, River Hills Business Park and several older housing developments are located within this subarea.

IV. Tax Increment Financing

At the time each of these areas was created as an urban renewal area, it was also designated as a Tax Increment Financing district (TIF). Because additional areas have since been added into the initial urban renewal areas; there are a number of sub-areas for TIF purposes: Riverpoint Areas A, B and C, Capitol-Center II Areas A, B, C and D, Capitol-Center III, Sixth Avenue, Capitol-Center and River Hills 2011.

Tax increment funding is *only* available in designated urban renewal areas. It is the difference between the property assessment at the time the TIF District is created and today's assessment. The City can use the tax revenue created by the tax increment for financing the projects identified in the urban renewal plan such as acquisition of land, cleanup of pollution contamination and new infrastructure. TIF works best in areas where development will occur after the TIF designation. Tax increment bonds have been issued in each of these urban renewal areas since their creation. The indebtedness is backed by the property tax increment proceeds received from the urban renewal area.

TIF *has* to be used for the activities or items in the urban renewal plan; for example, the city can issue TIF bonds to “front-end” the costs of constructing needed infrastructure. The TIF funds are then used to pay off the bonds. If the city does not use the revenue for paying off TIF bonds or for other eligible expenses incurred in the urban renewal area, the increment is released back to general revenues. On March 24, 1997, the City Council adopted a policy that the City may expend up to 75% of the annual aggregated tax increment revenues generated after January 1, 1996; the unexpended increment revenues will be available for distribution to the various property taxing entities.

This financial condition report summarizes bonds issued to date, outstanding and contracted-for indebtedness and the bond retirement periods for the Metro Center Urban Renewal Area.

V. Current TIF Bonding and Outstanding Indebtedness

Overall, the City of Des Moines has about \$394 million in general obligation debt. Of this debt, approximately \$110 million is being serviced with tax increment revenues for specific urban renewal areas. The State of Iowa Constitutional debt-ceiling limit for general debt obligations by the City of Des Moines is about \$542 million. Currently the Metro Center Urban Renewal Area has \$117 million of outstanding debt to repay.

VI. Property Tax Assessments and Revenues

When each urban renewal area was created, it was also designated as a Tax Increment Financing (TIF) district. At that time of designation, the property tax assessments were “frozen”. Any additional increase in the property tax assessment may be “captured” for use in the TIF district by the City. The Metro Center Urban Renewal Area total “frozen” property tax assessment base, adjusted annually for the mandated State of Iowa equalization rollbacks, is about \$366 million for the entire urban renewal area. The total 2012 tax year property tax assessment value is about \$1.324 billion, providing an increment of about \$956 million.

VII. Future Financial Condition

Shown below is a table that projects estimated property tax revenues and expenditures from the Metro Center Urban Renewal Area. In this Financial Condition Report, the estimated property tax revenues are based on a property tax levy rate of \$40 /\$1,000. This levy rate reflects the tax levy rate after subtracting payment of the ‘protected debt

levy' (various mandated debt expenses collected as part of the property tax levy.)

The revenue projections shown are based on anticipated decreases in property tax revenue resulting from:

Overall decrease in taxable values due to current economic conditions: Preliminary information from the Des Moines Assessor's Office indicates a general 15-30% decrease in many downtown office building assessments in the 2009-2011 period.

Accordingly, the projected total TIF valuations and resulting revenues shown for 2010-2012 will be decreased by 10% for each year from the 2008-09 valuation. Starting in 2013-14, an annual 1% increase is projected as the real estate market recovers from the overall economic recession that started in 2008.

Change in valuation method for rental housing:

A recent court ruling on the classification and the resulting decreased property tax rate for rental housing has resulted in numerous rental housing developments converting to a co-op or condominium regime and realizing a 50% reduction in property taxes. In 2010, almost \$14 million in commercial assessments in the Metro Center Urban Renewal Area converted resulting in a taxable valuation drop to about \$7 million. It is anticipated this trend will continue, resulting in an additional \$10-20 million decrease in taxable valuations in the next 3 years.

This projection does not factor any potential changes by the State of Iowa Legislature that could alter how commercial real estate is valued for property tax purposes.

The projected expenditures shown in the table below reflect previously approved projects by the Des Moines City Council and the estimated expenditures discussed in the 10th Amendment; the projects and actual expenditures for the proposed projects must specifically be approved by the City Council before disbursement can occur. This table and graph (below) show the *projected* aggregate net annual payments on outstanding debt (including TIF-backed bonds and other contractual debt) of this urban renewal area, including an *estimate* of the obligations proposed to be incurred as part of this urban renewal plan, including any actions authorized by this urban renewal plan.

Metro Center Projected Tax Increment Revenues and Expenditures
(All amounts in \$)

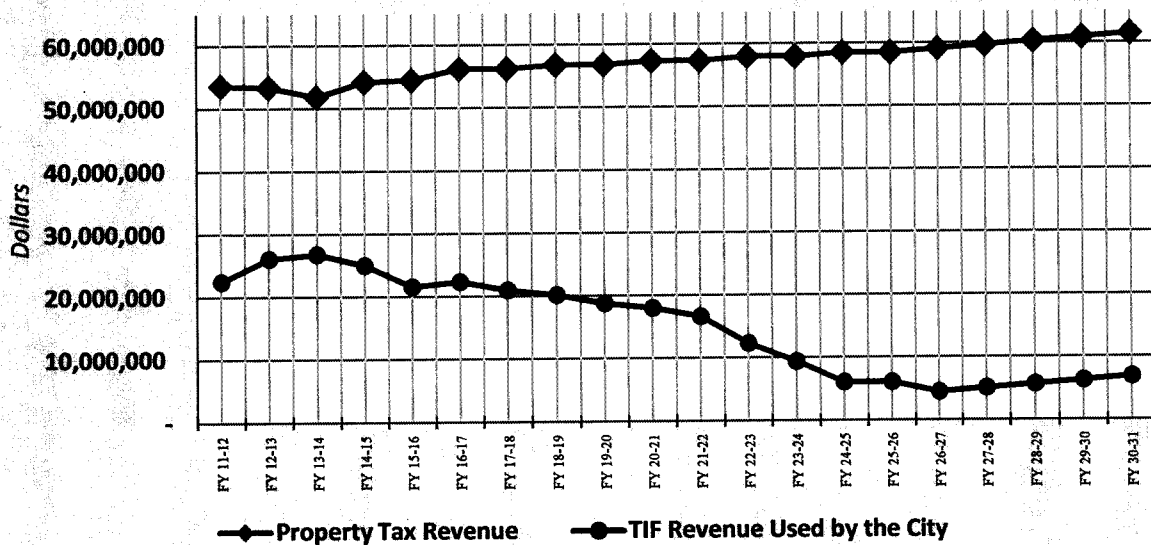
<i>Tax Yr.</i>	<i>Total TIF Valuation</i>	<i>"Frozen" Base Valuation</i>	<i>TIF Valuation Used</i>	<i>Property Tax Revenue from Area</i>	<i>TIF Revenue Used by City</i>	<i>TIF Valuation Returned</i>
FY 11-12	1,323,410,000	\$367,895,440	559,600,000	53,595,313	22,461,854	763,810,000
FY 12-13	1,309,631,670	366,295,450	644,093,000	53,351,827	26,085,008	665,538,670
FY 13-14	1,325,631,670	366,295,450	685,000,000	51,845,070	26,790,151	640,631,670
FY 14-15	1,385,887,987	366,295,450	639,592,537	54,201,677	25,014,279	746,295,450
FY 15-16	1,392,887,987	366,295,450	551,592,537	54,475,445	21,572,624	841,295,450
FY 16-17	1,437,816,867	366,295,450	571,521,417	56,232,601	22,352,037	866,295,450
FY 17-18	1,437,816,867	366,295,450	536,521,417	56,232,601	20,983,197	901,295,450
FY 18-19	1,452,195,035	366,295,450	515,899,585	56,794,927	20,176,683	936,295,450
FY 19-20	1,452,195,035	366,295,450	480,899,585	56,794,927	18,807,843	971,295,450
FY 20-21	1,466,716,986	366,295,450	460,421,536	57,362,876	18,006,953	1,006,295,450
FY 21-22	1,466,716,986	366,295,450	425,421,536	57,362,876	16,638,113	1,041,295,450
FY 22-23	1,481,384,155	366,295,450	315,088,705	57,936,505	12,323,028	1,166,295,450
FY 23-24	1,481,384,155	366,295,450	240,088,705	57,936,505	9,389,800	1,241,295,450
FY 24-25	1,496,197,997	366,295,450	154,902,547	58,515,870	6,058,194	1,341,295,450

FY 25-26	1,496,197,997	366,295,450	154,902,547	58,515,870	6,058,194	1,341,295,450
FY26-27	1,511,159,977	366,295,450	114,864,527	59,101,028	4,492,318	1,396,295,450
FY 27-28	1,526,271,577	366,295,450	129,976,127	59,692,039	5,083,329	1,396,295,450
FY 28-29	1,541,534,293	366,295,450	145,238,843	60,288,959	5,680,249	1,396,295,450
FY 29-30	1,556,949,635	366,295,450	160,654,185	60,891,849	6,283,139	1,396,295,450
FY 30-31	1,572,519,132	366,295,450	176,233,682	61,500,767	6,892,057	1,396,295,450

Shaded area is projected

This graph shows the projected property tax revenues and expenditures detailed in the table above.

Metro Center Urban Renewal Area TIF Projected Revenues and Expenditures



The actual disbursement of the estimated expenditures may occur at a later date than is shown in this table, subject to the progress of the individual project which can be impacted by weather, construction and other factors. Future projects are subject to the urban renewal amendment process with individual review of each amendment and projects by the City Council and other authorities as directed by the Code of Iowa.

IX. New or Expanded Urban Renewal Plan Activities

This updated Financial Report does not provide for any new expenditures. The previously designated Plan activities will most likely be provided from one or more of the following sources: available TIF revenues, TIF backed general obligation bonds, TIF-backed loan from Polk County, advances to be repaid with TIF and/or other sources of funding.

Appendix C: Approved Economic Development and Redevelopment

The following alphabetical listing provides a summary of projects approved by the Des Moines City Council for receipt of tax increment funding in accordance with the terms and conditions contained in the specific project development agreement.

AP Lofts (previously known as Hawkeye Transfer Lofts) – 328 SW 5th Street.

Renovation of a former industrial building into seventy market-rate residential units with associated parking in accordance with the development agreement with ND25 SW5th LLC approved by the City Council on May 18, 2009 by Roll Call 09-0863. The Development Agreement provides for an economic development grant of \$161,788.20 to be paid annually for 10 years starting in 2010.

Aviva / 215 Tenth St.

Lease and renovation of 50,000 square feet of finished space in the Davis Brown Tower at 215 Tenth Street in accordance with an Urban Renewal Development Agreement between the City and Aviva Investors North America, Inc. approved by the City Council on May 10, 2010 by Roll Call No. 10-759. The Development Agreement provides, in part, an Economic Development Grant to be paid in 14 semi-annual installments equal to the total cost for parking in the Davis Brown Tower up to an annual maximum of \$183,000, and the total cost to park in City-owned garages and commencing March 15, 2011.

Botanical Center / 909 Robert D. Ray Drive

Enhanced operation, management and maintenance of the Botanical Center on Robert D. Ray Drive in accordance with an Urban Renewal Development Agreement between the City and the Greater Des Moines Botanical Garden approved by the City Council on May 9, 2011 by Roll Call No. 11-0825. The Development Agreement provides for an economic development grant in the total amount of \$2,000,000 to be paid in ten equal annual installments of \$200,000 to commence upon completion of the Botanical Center improvements in accordance with the terms of a Lease between the City and the Greater Des Moines Botanical Garden.

Chamberlain Building / 1408 Locust Street

Rehabilitation and renovation of an historical building for commercial office and retail use at 1408 Locust Street in accordance with an Urban Renewal Development Agreement between the City and Westgate Partnership, L.L.C. approved by the City Council on December 19, 2011 by Roll Call No. 11-2132. The Development Agreement provides an Economic Development Grant in the total amount of \$250,000 to be paid in ten annual installments of \$25,000 each commencing on December 1, 2013.

Civic Center of Greater Des Moines Improvements / 221 Walnut St.

Renovation, refurbishment and construction of improvements to the Civic Center in accordance with an Urban Renewal Development Agreement between the City and Civic Center of Greater Des Moines approved by the City Council on December 22, 2008 by Roll Call No. 08-2230. The Development Agreement provides, in part, an economic development grant in the total amount of \$500,000 to be paid in five equal annual installments of \$100,000 with final payment to be paid December 30, 2012.

Commercial Building / 1717 Ingersoll Avenue

Rehabilitation and renovation of a building for commercial and retail uses at 1717 Ingersoll in accordance with an Urban Development Agreement between the City and 1717 Ingersoll, L.L.C., P.W. Waterbury, L.C. and Opomodo, L.L.C. approved by the City Council on June 23, 2008 by Roll Call No. 08-1106. The Development Agreement provides an Economic Development Grant to be paid in ten annual installments not to exceed \$55,000 commencing on December 15, 2011.

Court Avenue Partners II / 410 Court Avenue

Construction of mixed-use buildings for apartments, condominiums, commercial retail space and structured/underground parking in accordance with an Urban Renewal Agreement for Sale of Land for

Private Redevelopment between the City and Court Avenue Partners II, LLLP, Court Avenue Ventures, L.L.P. and Court Avenue Investors, Inc. approved by the City Council on November 8, 2004 by Roll Call No. 04-2446, as amended by a First Amendment approved by the City Council on November 7, 2005 by Roll Call No. 05-2679, as amended by a Second Amendment approved by the City Council on March 20, 2006 by Roll Call No. 06-537, as amended by a Third Amendment approved by the City Council on December 18, 2006 by Roll Call No. 06-2475.

The Agreement, as amended, provided:

- a. First Economic Development Grant in the total amount of \$2,974,306 to be paid within one year of the completion of the building improvements.
- b. Second Economic Development Grant in the total amount of \$976,046.84 to be paid in 34 equal semi-annual installments of \$28,707.26 commencing on November 1, 2010.

Davis Brown Tower / 215 Tenth St.

Construction of a retail, office space and structured parking mixed-use building at 215 Tenth Street in accordance with an Urban Renewal Development Agreement between the City and LB Properties X, L.L.C. approved by the City Council on June 21, 2006 by Roll Call No. 06-1274. The Development Agreement provides for an Economic Development Grant to be paid in 30 semi-annual installments commencing on November 1, 2010 (first 20 installments equal to total ad-valorem taxes paid in the preceding six months on the incremental taxable value of the property above the base taxable value of the property established January 1, 2006; last 10 installments equal to 50% of the total ad-valorem taxes paid in the preceding six months on the incremental taxable value of the property above the base taxable value of the property established January 1, 2006).

Downtown SSMID

In accordance with the petition to continue the Downtown Des Moines Self-Supported Municipal Improvement District (SSMID) approved by the City Council on December 8, 2008 by Roll Call No. 08-2149 and the SSMID Operating Agreement between the City and Downtown Des Moines Self-Supported Municipal Improvement District a/k/a Operation Downtown approved by the City Council on October 12, 2009 by Roll Call No. 09-1859, the City shall allocate to Downtown Des Moines Self-Supported Municipal Improvement District a portion of the tax increment financing revenues attributable to the annual SSMID Operation Tax levy on properties in the Downtown SSMID District for the services, improvements, and activities of the SSMID District which further the objectives of the Metro Center Urban Renewal Project and assist in the creation of new jobs and income in the City and retention existing jobs and income in the City that would otherwise be lost.

E5W / 309 East 5th Street

Construction of a commercial and residential mixed-use building in the vicinity of East Fifth and Walnut Streets in accordance with an Urban Renewal Development Agreement between the City and ST Investments, L.L.C. approved by the City Council on June 4, 2007 by Roll Call No. 07-1105 and as amended by a First Amendment approved by the City Council on April 7, 2008 by Roll Call No. 08-583. The amended Development Agreement provides an economic development grant in the total amount of \$914,505 to be paid in seven installments starting December 1, 2011 and ending December 1, 2020.

EMC Hub Tower Renovation / 600 Walnut Street

Renovation and rehabilitation of the Hub Tower building and location of home office facilities and operations of EMC National Life Company in accordance with a Preliminary Terms of Agreement between the City and Employers Mutual Casualty Company approved by the City Council on December 6, 2010 by Roll Call No. 10-2023 and a proposed Urban Renewal Development Agreement between the City and Employers Mutual Casualty Company and EMC National Life Company. The Preliminary Terms of Agreement and proposed Development Agreement contemplate, in part, an Economic Development Grant in the amount of \$50,000 to Employers Mutual Casualty Company upon approval of the Development Agreement. The Preliminary Terms of Agreement and proposed Development Agreement also contemplate, in part, an Economic Development

Forgivable Loan to EMC National Life Company in a maximum amount of \$303,000 with the initial installment to be paid upon completion of the required employment report and certification and a subsequent installment to be paid in 2015.

Fleming Building / 604 Walnut Street

Rehabilitation and renovation of the historical building for apartment units and lower floor retail and commercial use in accordance with an Urban Renewal Development Agreement between the City and ND 22 Fleming, L.L.C. approved by the City Council September 26, 2011 by Roll Call No. 11-1640.

The Development Agreement provides:

- a. Economic Development Grant One in the total amount of \$800,000 to be paid in five equal annual installments of \$160,000 commencing in 2013.
- b. Economic Development Grant Three in the total amount not to exceed \$1,175,000 to be paid in five equal annual installments not to exceed \$235,000 annually, starting on November 15, 2024.

Gateway East Office Building (Ia. State Bank) - 601 East Locust Street

Construction of a new office and retail mixed-use building at 601 East Locust Street in accordance with an Urban Renewal Development Agreement between the City and Iowa State Bank Holding Company approved by the City Council on January 22, 2001 by Roll Call No. 01-282. The Development Agreement provides, in part, an Economic Development Grant to be paid in ten annual installments equal to 75% of the total amount of all ad-valorem taxes levied upon the taxable value of the building improvements (exclusive of the value of underlying land) for the fiscal year and commencing December 15, 2005

InPlay / 215 Watson Powell Jr. Way

Redevelopment, rehabilitation and expansion of the building at 215 Watson Powell Jr. Way for an entertainment, restaurant, general retail and office mixed-use development in accordance with an Urban Renewal Development Agreement between the City and Nelson Development 14, L.L.C. approved by the City Council on November 20, 2006 by Roll Call No. 06-2311. The Development Agreement provides an Economic Development Grant in the total amount of \$1,875,000 to be paid in 3 installments with final payment paid in 2009. The Economic Development Grant was funded by a loan from Polk County pursuant to a Loan Agreement between the City and Polk County approved by the City Council on November 20, 2006 by Roll Call No. 06-2311. The Loan Agreement provides for repayment of the loan to Polk County in 10 equal installments of \$187,500 commencing on January 10, 2010.

Liberty Building/Hyatt Place Hotel / 410 – 418 Sixth Avenue

Rehabilitation and renovation of the historic Liberty Building to provide for residential condominium units, commercial office, retail space and a hotel and the construction of a new six-story off-street structured parking garage at 518 Grand Avenue in accordance with an Urban Renewal Development Agreement between the City and Liberty Building Development Group, L.L.C. approved by the City Council on April 6, 2005 by Roll Call No. 05-814, as amended by a First Amendment approved by the City Council on April 12, 2010 by Roll Call No. 10-558.

The Development Agreement, as amended, provides:

- a. Reduced Economic Development Grant in the total amount of \$3,676,305 to be paid by an initial installment of \$226,000 on December 31, 2008 and 14 subsequent annual installments (installments 1-5 - \$182,165, installments 6-8 - \$482,165, installments 9-14 - \$182,165).
- b. Additional Economic Development Grant in the total amount of \$2,400,000 to be paid in 10 installments of \$240,000 commencing July 1, 2011 with projected final payment on November 1, 2020.

Life Care Services / 400 Locust Street

Lease of office space within the Capital Square Office Building for the home office facilities and operations of Life Care Services and a subsidiary company in accordance with an Urban Renewal Grant Agreement between the City and Life Care Companies, L.L.C. and LCS Real Estate, L.L.C. approved by the City Council on October 24, 2011 by Roll Call No. 11-1795. The Agreement provides for an Economic Development Grant/Forgivable Loan in the total amount of up to \$196,000 to be paid in five annual installments commencing in 2013 (installments one-four - \$29,200, installment five - \$29,200 to \$79,200 depending on sustained increased employment).

Nationwide Insurance Home Office Facility 1100 Locust Street

Construction of an office building at 1100 Locust Street and construction of a structured parking garage at 1100 Walnut Street for Nationwide Mutual Insurance Company’s home office facility in accordance with an Amended and Restated Urban Renewal Contract for Sale of Land for Private Redevelopment between the City and Nationwide Mutual Insurance Company approved by the City Council on November 20, 2000 by Roll Call No. 00-4421.

The Contract provides for:

- a. Economic Development Grant totaling of \$17,150,469.20 to be paid in 20 equal annual installments of \$857,523.46 commencing November 1, 2004.
- b. Supplemental Economic Development Grant to be paid in 10 annual installments equal to \$700,000 minus the value of the Iowa Code Chapter 404, Urban Revitalization Tax Exemption on the property taxes levied upon the parking garage property for the fiscal year and commencing on December 1, 2005; in 2011, this payment was \$411,780.97.

Nationwide Insurance Facility Expansion / 1200 Locust Street

Construction of an addition to the office building at 1100 Locust Street, construction of an office building at 1200 Locust Street and construction of a structured parking garage at 1200 Mulberry Street for Nationwide Mutual Insurance Company’s expanded home office facility in accordance with an Urban Renewal Development Agreement between the City and Nationwide Mutual Insurance Company approved by the City Council on May 8, 2006 by Roll Call No. 06-950.

The Development Agreement provides for:

- a. First Economic Development Grant in the total amount of \$3,000,000 to be paid in 20 equal annual installments of \$150,000 starting on November 1, 2009.
- b. Second Economic Development Grant in the total amount of \$4,000,000 to be paid in 20 equal annual installments of \$200,00 commencing on November 1, 2010.
- c. Third Economic Development Grant in the total amount of \$20,900,000 to be paid in 20 equal annual installments of \$1,045,000 commencing November 1, 2011.

Riverpoint West

Construction of approximately 740,000 square feet of commercial building space and associated private parking and amenities within an area located south of Martin Luther King Jr. Parkway and west of SW 9th in accordance with an Amended and Restated Urban Renewal Development Agreement between the City and River Point West LLC approved by the City Council on October 8, 2007, by Roll Call No. 07-1991.

The Agreement provides, in part, for an Economic Development Loan in the amount of \$8,500,000 that was advanced by the City to River Point West, LLC. The unpaid balance of the loan is to be repaid by River Point West LLC to the City in semi-annual installments in amounts equal to the installments to be paid by the City to the U.S. Department of Housing and Urban Development pursuant to the Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974 referenced below. The Agreement further provides for an Economic Development Grant to be paid by the City to River Point West LLC in semi-annual installments in the following amounts:

<i>Payment Date</i>	<i>Payment Amount</i>	<i>Notes</i>
---------------------	-----------------------	--------------

02/01/2013	\$219,874.45	Paid from FY12/13 Supplemental Advance of up to \$772,660
08/01/2013	\$243,874.45	Paid from FY13/14 Supplemental Advance of up to \$812,660
02/01/2014	\$219,394.45	
08/01/2014	\$246,394.45	Paid from FY14/15 Supplemental Advance of up to \$596,660
02/01/2015	\$218,835.55	
08/01/2015	\$179,995 plus 75% of "Project TIF" up to a total maximum of \$247,835.55	Paid from FY15/16 Supplemental Advance of up to \$179,995 plus 75% of "Project TIF"
Each February 1st and August 1st from 2016 2027	75% of "Project TIF" up to the amount of the payment due on that date under the Section 108 Loan Payment Schedule shown below in the Riverpoint West Section 108 Loan Repayment.	

"Project TIF" as used above and in the Agreement is defined as 75% of the incremental tax revenues subject to allocation to the TIF fund from the taxes levied upon the property within the Project Area acquired by Developer, above the taxable value of that property on January 1, 2007.

Riverpoint West Section 108 Loan Repayment

To fund the Economic Development Loan to River Point West LLC, the City borrowed \$8,500,000 in accordance with the Contract for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 between the City and the U.S. Department of Housing and Urban Development approved by the City Council on July 23, 2007, by Roll Call No. 07-1456.

The remaining unpaid balance of the loan is to be repaid in semi-annual installments as set forth in the table below. It is anticipated that the installments on the loan will be repaid with the proceeds of the installments due on the Economic Development Loan to River Point West, LLC, identified above.

<i>PAYMENT DATE</i>	<i>TOTAL P & I</i>	<i>PAYMENT DATE</i>	<i>TOTAL P & I</i>
2/1/2009	\$279,729.16	8/1/2018	\$250,851.30
8/1/2009	\$219,874.45	2/1/2019	\$216,065.90
2/1/2010	\$219,874.45	8/1/2019	\$932,065.90
8/1/2010	\$219,874.45	2/1/2020	\$198,631.30
2/1/2011	\$219,874.45	8/1/2020	\$956,631.30
8/1/2011	\$219,874.45	2/1/2021	\$179,832.90
2/1/2012	\$219,874.45	8/1/2021	\$983,832.90
8/1/2012	\$219,874.45	2/1/2022	\$159,531.90
2/1/2013	\$219,874.45	8/1/2022	\$1,011,531.90
8/1/2013	\$243,874.45	2/1/2023	\$137,678.10
2/1/2014	\$219,394.45	8/1/2023	\$1,040,678.10
8/1/2014	\$246,394.45	2/1/2024	\$114,245.25
2/1/2015	\$218,835.55	8/1/2024	\$1,067,245.25
8/1/2015	\$247,835.55	2/1/2025	\$89,229.00
2/1/2016	\$218,207.70	8/1/2025	\$1,097,229.00
8/1/2016	\$247,207.70	2/1/2026	\$62,517.00
2/1/2017	\$217,558.10	8/1/2026	\$1,131,517.00

8/1/2017	\$248,558.10	2/1/2027	\$33,974.70
2/1/2018	\$216,851.30	8/1/2027	\$1,296,974.70
		<i>TOTAL</i>	\$15,323,705.51

Simpson Law Firm / 604 Locust Street

Lease of office space within the Equitable Building for the home office and corporate headquarters of the Simpson Law Firm in accordance with a Loan Agreement between the City and Simpson, Jensen, Abels, Fischer and Bouslog, P.C. approved by the City Council June 27, 2011 by Roll Call No. 11-1112. The Loan Agreement provides a Forgivable Loan in the total amount of \$27,000 to be paid in ten equal annual installments of \$2,700 each commencing upon execution of the Loan Agreement.

Soho / 400-419 East Locust Street

Construction of a new commercial and residential mixed-use building in accordance with an Urban Renewal Development Agreement between the City and East Village Partners, L.L.C. approved by the City Council on April 5, 2004 by Roll Call No. 04-720. The Development Agreement provides for an Economic Development Grant in the total amount of \$1,618,780 to be paid with a first installment of \$495,000 upon the start of construction and 18 subsequent semi-annual installments starting on November 10, 2009 (semi-annual installments 2-5 for \$34,195 and then, semi-annual installments 6-19 for \$78,500).

Spaghetti Works / 302-310 Court Avenue

Rehabilitation of the upper three floors of the historic building located at 302-310 Court Avenue into residential units and upgrade the exterior appearance of the building in accordance with an Urban Renewal Development Agreement between the City and Court Avenue Partners, I, L.P. and Court Avenue Investors, Inc. approved by the City Council on November 8, 2004 by Roll Call No. 04-2448, as amended by a First Amendment approved by the City Council on August 8, 2005 by Roll Call No. 05-1971, as amended by a Second Amendment approved by the City Council on November 7, 2005 by Roll Call No. 05-2680.

The Development Agreement, as amended, provides:

- a. First Economic Development Grant in the total amount of \$1,146,951 to be paid in full within one year of the completion of the improvements.
- b. Second Economic Development Grant in the total amount of \$1,066,075.78 to be paid in 34 equal semi-annual installments of \$31,355.17 starting on November 1, 2009.

Studio Block Building / 506-524 East Grand Avenue

Restoration and renovation of five adjoining historic buildings including building façades and renovated apartment units, street and basement level space in the vicinity of 506-524 East Grand Avenue in accordance with an Urban Renewal Development Agreement between the City and R.E. Properties, L.L.C. approved by the City Council on September 22, 2008 by Roll Call No. 08-1661. The Development Agreement provides, in part, an Economic Development Grant to be paid in ten semi-annual installments equal to 75% of the ad-valorem taxes required to be paid in the preceding six months on the incremental taxable value of the property above a base value equal to the taxable value of the property established January 1, 2007 and commencing November 1, 2011.

SW7th St. Office Park – Tuttle and SW 7th Streets

Construction of four or more buildings at 501, 535 and 555 SW 7th Street containing about 125,000 square feet for commercial office use in accordance with an Urban Renewal Development Agreement with Hubbell Realty Company approved by the City Council on March 26, 2001 by Roll Call No. 01-913. The Agreement provides an Economic Development Grant to be paid in twelve annual installments commencing on January 15, 2004, in an amount equal to 75% of the total ad-valorem taxes levied on the incremental taxable value of the building improvements (exclusive of the value of the underlying land) and collected in that fiscal year.

Temple for Performing Arts – 1101 Locust Street

Restoration, rehabilitation and renovation of former Masonic Temple building in the vicinity of Tenth and Locust Streets in accordance with an Urban Renewal Development Agreement between the City and B.H. Temple, Inc., Downtown Preservation Partners, L.L.C. and Temple Partners, L.P. approved by the City Council on January 28, 2002 by Roll Call No. 02-291, as amended by a First Amendment approved by the City Council on September 9, 2002 by Roll Call No. 02-2200. The Development Agreement, as amended, provides, in part, a supplemental economic development grant to be paid in 20 equal annual installments of \$31,000 starting on December 15, 2004.

Village Place / 521 East Locust Street

Construction of a commercial and residential mixed-use building, a commercial and residential mixed-use building, and a structured parking garage in the vicinity of East Fifth and East Locust Streets in accordance with an Urban Renewal Development Agreement between the City and Village Place, LLC approved by the City Council on June 19, 2006 by Roll Call No. 06-1259. The Development Agreement provides an Economic Development Grant in the total amount of \$2,045,000 to be paid in 20 annual installments commencing on December 15, 2009 with the first installment payment of \$50,000 with subsequent installment payments of \$105,000.

Waterfront Lodging / 200 Water Street

Construction of two hotels and a structured parking garage in the block bounded by Second Avenue, Vine, Water and Market Streets in accordance with an Urban Renewal Development Agreement between the City and Waterfront Lodging, Inc. approved by the City Council on January 23, 2012 by Roll Call No. 12-0121.

The Development Agreement provides for:

- a. Economic Development Grant of \$1,100,000 to be paid following issuance of the building permit for construction of the parking garage.
- b. Supplemental Economic Development Grant to be paid in 30 semi-annual installments equal to one-half of 75% of the tax revenues generated in that fiscal year by levies subject to division and allocation into the TIF fund imposed upon the incremental taxable value of the parcels containing the first hotel above a base value equivalent to \$17.768 per square foot for the total area of those parcels with payment to commence on December 10 in the second calendar year following the calendar year in which the first hotel, structured parking garage and related improvements are completed.
- c. Second Supplemental Economic Development Grant to be paid in 30 semi-annual installments equal to one-half of 75% of the tax revenues generated in that fiscal year by levies subject to division and allocation in the TIF fund imposed upon the incremental taxable value of the parcel containing the second hotel above a base value equivalent to \$17.768 per square foot for the total area of that parcel with payment to commence on December 10 in the second calendar year following the calendar year in which the second hotel is completed.

Wells Fargo Financial Home Office Facility / 800 Walnut Street

Construction of a new office building at 800 Walnut Street and a structured parking garage at 800 Mulberry Street for Wells Fargo Financial Inc.'s home office facility in accordance with an Urban Renewal Contract for Sale of Land for Private Redevelopment between the City and Wells Fargo Financial, Inc. approved by the City Council on November 20, 2000 by Roll Call No. 00-4401.

The Contract provides for:

- a. Economic Development Grant in the total amount of \$15,000,000 to be paid in 40 equal semi-annual installments of \$375,000 commencing on November 1, 2004.

b. Supplemental Economic Development Grant to be paid in 10 annual installments equal to the total amount of all ad-valorem taxes levied upon the taxable value of the parking garage for the fiscal year and commencing December 1, 2004.

Wells Fargo Financial Home Office Facility Expansion / 801 Walnut Street

Construction of a new office building at 801 Walnut Street for Wells Fargo Financial Inc.'s expanded home office facility in accordance with an Urban Renewal Redevelopment Agreement between the City and Wells Fargo Financial, Inc. approved by the City Council on December 22, 2003 by Roll Call No. 03-2898. The Redevelopment Agreement provides for an Economic Development Grant to be paid in 20 equal annual installments of \$481,842 commencing on November 1, 2008.

Wellmark Corporate Campus / 1111- 1331 Grand Avenue

Construction of the Wellmark Corporate Campus consisting of a new office building (containing at least 500,000 square feet of floor area and 450 underground parking spaces) and a structured parking facility, day care and wellness facility (containing at least 1,100 structured parking spaces with approximately 30,000 square feet of finished interior floor area) in accordance with an Urban Renewal Development Agreement between Wellmark, Inc., and Wellmark Holdings, Inc., (collectively "Wellmark") approved by the City Council on April 21, 2008, by Roll Call No. 08-715.

The Agreement for the payment of three separate grants by the City to Wellmark: Supplemental Grant, Initial Grant and Deferred Grant.

The Supplemental Grant in the amount of \$600,000 was paid to Wellmark in 2008 which was established at 50% of the purchase price owed by Wellmark to the City for the purchase of certain vacated City rights-of-way after offsetting the purchase price of certain other land Wellmark sold to the City.

The Initial Grant in the amount of \$800,000 was paid to Wellmark in 2008 in reimbursement of a portion of the documented costs for demolition, asbestos testing and abatement, environmental testing and remediation and professional fees related to the preparation of the land to be redeveloped as the new Wellmark Corporate Campus.

A portion of the Deferred Grant in the amount of \$238,194.10 was advanced from the incremental taxes on the value added during the construction of the office building. The balance of the Deferred Grant is to be paid in 20 semi-annual installments to be advanced each February 1st and May 1st commencing on February 1, 2013. The ten installments of the Deferred Grant due each February 1st are equal to the total of the Employment Incentive Component, the LEED Incentive Component, the Environmental Component, the Real Estate Component, the Garage/Multi-Use Building Component, and the Tax Abatement Component as defined below. The ten installments of the Deferred Grant due each May 1st are equal to the Garage/Multi-Use Building Component as provided below.

1. The *Employment Incentive Component* of the installments due each February 1st is equal to the sum of the following employment incentives, reduced by \$23,819.41 (being 10% of the portion of the Deferred Grant advanced from the incremental taxes on the value added during the construction of the office building). In no event shall the amount of the Employment Incentive Component for any future annual installment exceed \$914,680.59:

\$500 per Full-Time Equivalent ("FTE") Job for the first 1,577 FTE Jobs held by employees having their primary place of employment upon the Property during the preceding calendar year; and,

\$1,000 per FTE Job for the next 150 FTE Jobs held by employees having their primary place of employment upon the Property during the preceding calendar year.

2. The *LEED Incentive Component* due each February 1st is equal to \$150,000 and is based upon the new office building having obtained "Platinum" level of LEED certification.

3. The *Environmental Component* of the installments due each February 1st is equal to \$21,932.20 and is based upon 5% of the total eligible costs for demolition, asbestos testing, asbestos abatement, the Phase II environmental testing and environmental remediation, and professional fees related to such matters, for the preparation of the site for the Wellmark Corporate Campus (exclusive of the parcel at 1220 High Street) in excess of \$1.4 million.

4. The *Real Estate Component* of the installments due each February 1st is equal to \$83,971.29¹ (which over the course of the 10 installments will equal the total eligible costs to relocate or remove the tenant formerly at 1220 High Street and to extinguish that tenant's leasehold interest, with interest at the rate of 6.0 % per annum.

5. The *Garage/Multi-Use Building Component* of the installments due each February 1st and May 1st is equal to one-half of that portion of the property taxes to be paid in the then current fiscal year attributable to the taxable value of the structured parking facility, day care and wellness facility in the block bounded by Grand Avenue and 11th, 12th and High Streets (exclusive of the land value).

6. The *Tax Abatement Component* of the installments due each February 1st shall be equal to a credit (a negative amount) of \$61,392.33 which over the course of the 10 installments will equal the amount by which the value of the construction period tax abatement actually allowed pursuant to Iowa Code 403.6(18) for the construction of the office building exceeded the expected value of \$1.4 million for such abatement.
