



Date January 11, 2016

APPROVING PRELIMINARY TERMS OF AGREEMENT WITH PRINCIPAL FINANCIAL GROUP AND NELSON DEVELOPMENT FOR A JOINT DEVELOPMENT PROPOSAL FOR THE FORMER YWCA AND 7th & GRAND PARKING GARAGE SITES

WHEREAS, on June 8, 2015, by Roll Call No. 15-0977, the City Council selected Nelson Development as the preferred developer for a luxury multifamily housing development in the air space above the proposed City-owned parking garage then planned to be constructed upon the former YWCA and 7th & Grand parking garage sites in the block bounded by Grand Avenue, and High, 7th, and 8th Streets; and,

WHEREAS, a more compelling proposal for the use of the site has emerged from a joint Principal/Nelson team, the primary points of which are as follows:

- Principal Financial Group will purchase the block bounded by Grand Avenue, and High, 7th, and 8th Streets, and will redevelop the site with a private parking garage with spaces available for surrounding office tenants, residents, hotel guests, and other transient parkers, in general conformance with the design prepared for the proposed City-owned garage.
Nelson Development will purchase the west half of the block bound by Grand Avenue, High Street, 6th Avenue, and 7th Street, and will redevelop the site with an 8-12 story mixed-use project featuring parking, street level commercial space, luxury apartments, and potentially office space; and,

WHEREAS, the Office of Economic Development has negotiated preliminary terms of agreement with the Principal/Nelson team, whereby:

- Both sites will be sold at fair market value of \$52 per square foot, less \$500,000 for the Principal site in recognition of Principal's prior contribution to the YWCA relocation;
Principal will purchase the City's architectural work to date at an estimated cost of \$1 million;
The City will provide economic development assistance for the Nelson site including a \$1 million forgivable predevelopment loan for architectural and engineering services, a grant equal to the land purchase price, and a supplemental grant of \$2 million at certificate of occupancy. It is anticipated that additional project-generated TIF assistance will be negotiated once the project design is completed and prior to closing on the land sale;

all as more specifically described in the accompanying Council Communication.

(Council Communication No. 16- 021)



Roll Call Number

Agenda Item Number

45

Date January 11, 2016

MOVED by _____ to receive, file and approve the preliminary terms of agreement as set forth in the accompanying Council Communication, and to direct the City Manager to proceed with negotiation of a formal agreement with the Principal/Nelson team, consistent with the terms set forth in the accompanying Council Communication.

FORM APPROVED:

Roger K. Brown

Roger K. Brown
Assistant City Attorney

U:\Rog Docs\Eco Dev\7th & Grand\RC Approve Prelim Terms.docx

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MOORE				
WESTERGAARD				
TOTAL				

CERTIFICATE

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

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

MOTION CARRIED APPROVED

Mayor

City Clerk