

Date March 21, 2016

RESOLUTION CLOSING HEARING ON THE PROPOSED FIRST AMENDMENT
TO THE ECHO VALLEY URBAN RENEWAL PLAN, AND ADOPTING SAME

WHEREAS, on September 14, 2015, by Roll Call No. 15-1564, the City Council approved an Urban Renewal Plan (the "Plan") for the Echo Valley Urban Renewal Area (the "Area") which seeks to encourage private development of the Area for high quality commercial and residential use through provision of additional public infrastructure and economic development financial assistance that will be funded in part with tax increment financing revenues generated by the proposed urban renewal area; and,

WHEREAS, the Echo Valley Urban Renewal Area encompasses an irregularly shaped area extending west from Fleur Drive and south from the line between Warren and Polk Counties and contains approximately 230 acres; and,

WHEREAS, on November 23, 2015, by Roll Call No. 15-1977, the City Council approved an Urban Renewal Development Agreement (the "Agreement") with United Properties Investment Company, L.C., and Echo Valley Investment Company, L.C. (collectively the "Developers"), both represented by Mike Coppola, Manager, whereby the Developers have undertaken to develop the Echo Valley Urban Renewal Area with a mix of high quality commercial and housing development in conformance with the approved Preliminary Plan, and in consideration of the Developers' undertaking to construct the planned commercial development, the City has undertaken to provide an economic development grant payable in 40 semi-annual installments from a portion of the project generated tax increment revenues; and,

WHEREAS, the Agreement is contingent upon, and of no force or effect, until the City has amended the Plan to incorporate the Agreement as an urban renewal undertaking under authority of that Plan; and,

WHEREAS, the purpose of the proposed First Amendment to the Plan, which is on file and available for public inspection in the office of the City Clerk, is to incorporate the Agreement as an urban renewal undertaking under authority of the Plan; and,

WHEREAS, on February 22, 2016, by Roll Call No. 16-0280, the City Council resolved that a public hearing on the proposed First Amendment to the Plan be held on March 21, 2016, in the City Council Chambers; and,

WHEREAS, notice of this public hearing in the form attached hereto as Exhibit "B" was published in the Des Moines Register on March 3, 2016, which notice sets forth the information required by Section 403.5(3) of the Iowa Code; and,

WHEREAS, notice was given by ordinary mail to the Norwalk Community School District, Des Moines Area Community College, and Warren County of a consultation meeting in the Kofu Conference Room, at City Hall, at 3:00 p.m., on March 3, 2016; and,

WHEREAS, the City has received no requests from the Norwalk Community School District, Des Moines Area Community College, or Warren County for any modification of the

Date March 21, 2016

proposed division of revenue from the tax increment of the Echo Valley Urban Renewal Project Area; and,

WHEREAS, the Urban Design Renewal Board revU:\Rog Docs\Eco Dev\Echo V\UR Area - 1st Amend\RC Hrg.doc viewed the proposed First Amendment to the Plan at its meeting on March 15, 2016, and recommended approval of the First Amendment; and,

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

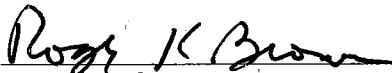
BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The public hearing on the proposed *First Amendment to the Echo Valley Urban Renewal Plan* 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 First 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 proposed *First Amendment to the Urban Renewal Plan for the Echo Valley Urban Renewal Area* is hereby approved and adopted, and shall hereafter be in full force and effect.
4. The City Clerk is hereby authorized and directed to file a certified copy of the First Amendment and of this Resolution in the office of the Warren County Recorder.

MOVED by _____ to adopt.

(Council Communication No. 16- 149)

FORM APPROVED:


 Roger K. Brown, Assistant City Attorney
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Exhibits: _____
 A – Map of Echo Valley Urban Renewal Area
 B – Notice of Hearing
 C – First Amendment

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATIO				
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.

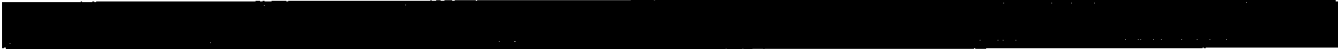
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED APPROVED

 Mayor

 City Clerk

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



First Amendment

to the **Urban Renewal Plan for the
Echo Valley Urban Renewal Area**

Urban Design Review Board Action:	3-15-2016
Taxing Entities Consultation:	3-3-2016
City Council Approval:	3-21-2016

HISTORY

The Urban Renewal Plan for the Echo Valley Urban Renewal Project was adopted on September 14, 2015, by Resolution (Roll Call No. 15-1564)

The Echo Valley Urban Renewal Plan has 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	15-1564	9-14-2015	7960	23

PURPOSE

The general purpose of this First Amendment is to:

- Approve the provision of financial assistance from tax increment revenues in the Echo Valley Urban Renewal Area for the redevelopment and/or improvement of the Echo Valley development project, consisting of approximately 229.68 acres of land, and to include this new project in a new Appendix 2 -Approved Economic Development and Redevelopment Activities.
- Update the Financial Condition Report to reflect the new project.

First Amendment to the Echo Valley Urban Renewal Plan

1. Amend Appendix 1: Financial Condition Report – Echo Valley Urban Renewal Project:

Delete: Financial Condition Report – Echo Valley Urban Renewal Project

Replace With: Financial Condition Report – Echo Valley Urban Renewal Project (1st Amendment)

2. Create Appendix 2: Approved Economic Development and Redevelopment Activities and approve the proposed Echo Valley development project for provision of financial assistance from tax increment revenues in the Echo Valley Urban Renewal Area.

Financial Condition Report – Echo Valley Urban Renewal Project (1st Amendment)

Shading indicates new and/or amended text

I. Urban Renewal History

Urban renewal was created by the federal government in the 1950s to assist cities in renewing their older central areas by providing for the removal of slum and blight conditions. It proved to be a vital tool for redeveloping areas of cities where private sector interest had not responded, and where intervention was needed to appropriately plan and facilitate investment in new housing, businesses, and public infrastructure. Public and private partnerships have been achieved through the use of urban renewal, resulting in substantial increases in taxable valuation, employment, services and amenities that would have otherwise not occurred. With the evolution of cities in the last 50 years, urban renewal has been able to help local government respond to the need to broaden economic reinvestment in all sectors.

On September 14, 2015, the City adopted an Urban Renewal Plan for the Echo Valley Area with the following purposes:

- Guide and facilitate the development of the Echo Valley area with high quality business parks, highway and neighborhood commercial and residential uses and public infrastructure enhancements.
- Provide the ability to maximize past investments in transportation systems and public infrastructure.
- Activate new economic investment leading to increased taxable valuation.

A tax increment finance district, necessary for utilizing the revenue in the plan area, has been created for the Echo Valley Urban Renewal Area to facilitate the objectives of the plan.

II. Tax Increment Financing

Tax increment financing (TIF) is an economic development tool available only in designated urban renewal areas. A tax increment is basically the property tax revenue generated by the cumulative general ad valorem tax levy on the difference between the taxable value of all property in the TIF district at the base valuation date, and the taxable value of the properties in any subsequent year. The base valuation date is January 1 of the calendar year immediately preceding the calendar year that the municipality first certifies an indebtedness to be paid by the tax increment revenue.

The municipality may use the tax revenue created by the tax increment for financing the objectives and projects identified in the urban renewal plan, such as land acquisition and the provision of new infrastructure improvements.

Utilization of TIF is best in areas where development and creation of new increment will occur after the designation of the district. TIF can only be used for activities or items in the urban renewal plan. An example of an activity would be where the municipality issues TIF bonds to up front the costs of constructing needed infrastructure. The proceeds of the district are then used to pay off the bonds. This could also be accomplished through a development agreement where a private entity provided the infrastructure and then had all or a portion of the costs rebated back to them through the new valuation that was added from their investment. If the revenues are not utilized for any of these eligible costs, the increment is returned to general revenues.

This financial condition report provides general description of how the anticipated growth in revenues will occur in the Echo Valley Urban Renewal Area under a City Council approved development agreement that provides specific parameters for the usage of project generated tax increment in the area. Actual tax increment usage will be calculated from developer investment and resulting new taxable valuation. All proposed usage will be reported in subsequent amendments prior to the certification of the base for the TIF District.

III. Indebtedness and Bonding

No bonds have been issued for this area to date, and none are currently anticipated. The condition of existing infrastructure in the area has been assessed, and work will be undertaken by the private sector to facilitate extension of services that will allow more of the urban renewal area to be opened up for development. The approved methodology in the development agreement referenced in this First Amendment is to have the private sector up front all improvements, and receive the rebate of such costs or a portion of such costs through the increment created when additional value is added to the property. The future revenues of the district were originally projected very conservatively, using only the anticipated growth of the existing tax base within in the plan boundary. Under the approved development agreement that is being reported in this First Amendment, the developer will report all costs of improvements that are constructed to the City. The City will utilize this information, and the resulting increase in taxable valuation identified by the Warren County Assessor, for the purposes of calculating eligible TIF rebates according to the terms and percentages approved in the development agreement.

Overall, the City of Des Moines has about \$418 million in general obligation debt. Of this debt, approximately \$91 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 \$543 million. Currently, the Echo Valley Urban Renewal Area has no outstanding debt to repay.

IV. Property Tax Assessments and Revenue

The City anticipates taking the necessary action to designate a base valuation date for the Echo Valley Urban Renewal Area once developer upfront investment has been certified by the City. Any increase in the property tax assessment over the existing assessment on the base valuation date may be captured for use in the Echo Valley area by the City per the terms of the development agreement.

The total Echo Valley property tax assessment base is approximately \$1.5M. The actual frozen base will be determined and certified by Warren County.

V. Future Financial Condition

It is anticipated that the property values will increase in this urban renewal area, primarily due to anticipated economic development activity. Development financial assistance through TIF has been warranted and negotiated through the City Manager and the Office of Economic Development. A development agreement has been reviewed and approved by the City Council. The terms of the agreement were constructed to maximize the ability to successfully implement the objectives of the Plan, provide for quality building construction and site development, the construction of public

improvements necessary for the development of commercial and residential uses and the creation of jobs. Performance standards and objectives incorporated into the agreement must be satisfied before any use of public revenues. All use of tax increment financing will be subject to annual cashflow from the district.

Estimating property valuations and revenues for the next twenty years (the length of the urban renewal plan) will be based on the following assumptions, at such time that the City certifies the developer submitted improvement costs and the base of the TIF District, verifies a resulting increase in taxable valuation identified by the Warren County Assessor, and calculates the eligible TIF rebates according to the terms and percentages approved in the development agreement.

- 1.5% annual growth rate in the area's land and building assessments for years 2016-2017 after any current tax abatements are taken into account.
- 2.0% annual growth rate in the area's land and building assessments for years 2017-2018 to 2035-2036, based on the anticipated investment of the project developer in grading and golf course work in 2016-2017 to 2017-2018, and anticipated infrastructure investment in 2018-2019
- A \$40/1000 levy rate, after the protected certified debt service levy is subtracted from the overall tax rate
- Follow Council policy adopted 3-24-97 that allows the City to expend up to 75% of the annual aggregated tax increment revenues from all TIF areas generated after January 1, 1996.
- The base value of the area.
- The plan boundary includes a substantial amount of vacant land; new valuation added to these areas would alter the projected TIF revenues, which have were conservatively estimated using the current base valuation.

The actual expenditure of tax increment for undertakings pursuant to the approved plan and development agreement will be subject to economic conditions and the rate new development occurs.

**Appendix 2: Approved Economic Development and Redevelopment
Activities (1st Amendment)**

[Shading indicates projects added or updated by this amendment]

The following 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.

Echo Valley Development Area

A mixed use development with high quality housing and commercial development on approximately 229.68 acres of land. The Urban Renewal Development Agreement with United Properties Investment Company, LC and Echo Valley Investment Company, LC was approved by the City Council on November 23, 2015 by Roll Call. No 15-1977 The agreement provides for the following annual economic development grant payments:

100% of the increment generated by office development, 100% of the increment generated by hotel development, and 85% of the increment generated by retail development. Office, hotel and retail development increment will be applied in payment of the economic development grant for 20 years. 75% of the increment generated by apartment development shall be so applied for 15 years. 75% of the increment generated for residential development shall be so applied for five (5) years followed by 50% of such increment being so applied for an additional five (5) years. The total City incentives shall not exceed the documented eligible costs for site preparation, infrastructure and vertical construction to prepare that portion of the project site to be devoted to commercial and other non-residential uses, and none of the project generated tax increment will be used for residential development or public infrastructure to support residential development.