

Date April 11, 2016

RESOLUTION CLOSING HEARING ON *URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT* WITH 7&GRAND RAMP DEVELOPER, LLC, FOR THE SALE AND REDEVELOPMENT OF THE BLOCK BOUNDED BY GRAND AVENUE AND HIGH, 7TH AND 8TH STREETS, AND APPROVING SAME

WHEREAS, on June 8, 2015, by Roll Call No. 15-0977, the City Council selected Nelson Development as the preferred developer for a luxury apartment development to be constructed in the air space above the future City parking garage then planned to be constructed upon the former YWCA and Seventh and Grand Parking Garage sites in the block bounded by Grand Avenue and High, 7th and 8th Streets (the "West Block"); and,

WHEREAS, on January 11, 2016, by Roll Call No. 16-0079, the City Council received and approved preliminary terms of agreement on a more compelling set of proposals from Principal Financial Group, Inc., and Nelson Development as follows:

- Principal Financial Group would purchase the West Block, and would finance, construct, and own a six level parking garage thereon; and,
- Nelson Development would purchase the half-block of City-owned land immediately east of the West Block (designated as the "East Half Block"), and would construct a mixed-use building thereon having street level commercial space, and at least 7 stories of luxury apartments or office space; and,

WHEREAS, by said Roll Call No. 16-0079, the City Council also directed the City Manager to proceed with negotiation of formal agreements with Principal Financial Group and Nelson Development consistent with the terms set forth in Council Communication No. 16-021; and,

WHEREAS, 7&Grand Ramp Developer, LLC (hereinafter "7&Grand"), was created by Principal Financial Group to serve as the development entity for the redevelopment of the West Block; and,

WHEREAS, the City Manager has negotiated an *Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Agreement") with 7&Grand which is on file and available for inspection in the office of the City Clerk; and,

WHEREAS, pursuant to the Agreement, 7&Grand has undertaken to purchase the West Block and the easement areas more specifically described below, for a purchase price of \$2.4 million and to redevelop the West Block with a 6 level concrete parking garage with at least 2,500 square feet on the ground level devoted to commercial retail use, and a Skywalk Corridor to replace to the Skywalk Corridor formerly existing within the City garage between 7th and 8th Streets, and with a private pedestrian bridge over High Street to 711 High (hereinafter collectively referred to as the "Improvements"), in consideration of the following economic incentives:

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1. An economic development grant to be provided by City in six semi-annual installments of between 50% and 100% of the TIF generated by the taxable value of the parking garage, depending upon the actual amount of ground level commercial space constructed in the parking garage; and,
 2. A commitment by the City to undertake in good faith the necessary procedures to consider leasing 100 parking spaces in the parking garage for a term of 25 years at an initial monthly rate of \$135 per parking space,
- all as more specifically described in the Agreement; and,

WHEREAS, on February 22, 2016, by Roll Call No. 16-0308, the City Council accepted the Agreement and authorized publication of notice of intent to enter into the Agreement at a public hearing on April 11, 2016, if no competing proposals were received by the City by March 29, 2016; and,

WHEREAS, by the said Roll Call No. 16-0308, the City Council also resolved to consider the vacation and conveyance to 7&Grand of the easements areas described below at the public hearing on April 11, 2016; and,

WHEREAS, notice of the public hearing was published in the Des Moines Register on February 25, 2016; and

WHEREAS, the City has not received any competing proposals for the purchase and redevelopment of the West Block.

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

1. Upon due consideration of the facts and statements of interested persons, the objections to the sale and conveyance of the West Block and the easement areas to the Developer as set forth in the Agreement are hereby overruled and the hearing is hereby closed.
2. The City Council hereby makes the following findings regarding the proposed sale and conveyance of the West Block and easement areas pursuant to the Agreement:
 - a) The obligations of 7&Grand under the Agreement further the objectives of the Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents and maintain taxable values within the Urban Renewal Project Area, to increase employment opportunities, to encourage the development of a range of affordable and market-rate housing options in attractive settings to serve employees and other people who would like to live in the downtown area, and to encourage intensive and coordinated commercial and residential mixed-use development.

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- b) The economic development incentives provided to 7&Grand under the terms of the Agreement will be provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and the obligations of 7&Grand under the Agreement will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the West Block and surrounding area in accordance with the Urban Renewal Plan; (ii) it will advance the goal of providing a range of affordable and market-rate housing in decent, safe and sanitary conditions in attractive settings to serve employees and other people who would like to live in the downtown area; (iii) it will encourage further private investment and will attract and retain residents and businesses in the Project Area to reverse the pattern of disinvestment; and, (iv) it will further the City's efforts to create and retain job opportunities within the Project Area which might otherwise be lost.
 - c) The undertaking by 7&Grand under the Agreement is a speculative venture and will not occur without the economic incentives provided by the Agreement.
 - d) The fair market value of the West Block and easements, subject to the terms, conditions, restrictions, requirements, limitations and covenants placed on the West Block and Developer pursuant to the terms of the Agreement is \$2.4 million.
 - e) The redevelopment of the West Block pursuant to the Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.
3. The *Urban Renewal Agreement for Sale of Land for Private Redevelopment* between the City and 7&Grand, and the Conceptual Development Plan attached to the Agreement as Exhibit "5, are hereby approved.
4. The sale and conveyance of the West Block, more specifically described as follows:
Except the South 7.0 feet, all of Block F, Grimmell's Addition to Fort Des Moines, an Official Plat, all now included in and forming a part of the City of Des Moines, Polk County, Iowa,
to 7&Grand by *Special Warranty Deed* in the form of Exhibit "1" to the Agreement, is hereby approved.
5. The vacation and conveyance to 7&Grand of an *Easement for Private Pedestrian Bridge* in the form of Exhibit "2" to the Agreement, for the Air Rights Easement Area described as follows, is hereby approved, subject to final passage of an ordinance vacating the Air Rights Easement Area:

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Air Rights Easement Area

A part of High Street right-of-way lying adjacent to the northerly line of Block F and lying adjacent to the southerly line of Block G, all of Grimmel's Addition to the Town of Fort Des Moines, an Official Plat, now included in and forming a part of the City of Des Moines, Polk County, Iowa and described as follows:

Commencing at the northeast corner of Lot 1 of said Block F, Grimmel's Addition to the Town of Fort Des Moines; thence South 74°02'12" West along said northerly line, 126.48 feet to the Point of Beginning; thence continuing South 74°02'12" West along said northerly line, 25.00 feet; thence North 15°24'53" West, 66.00 feet to said southerly line of Block G; thence North 74°02'12" East along said southerly line, 25.00 feet; thence South 15°24'53" East, 66.00 feet to the Point of Beginning, which is below a plane elevation of 103.0 feet City Datum and which is above a plane elevation of 86.0 feet City Datum, current ground elevation at centerline of High Street 47.4 feet (containing 0.04 acres (1650 s.f.) more or less).

6. The vacation and conveyance to 7&Grand of an *Easement for Building Encroachments* in the form attached as Exhibit "3" to the Agreement, for the Subsurface Easement Area described as follows, is hereby approved, subject to final passage of an ordinance vacating the Subsurface Easement Area:

Subsurface Easement Area

A part of Grand Avenue and 7th Street right-of-way lying adjacent to the southerly and easterly line of Block F, of Grimmel's Addition to the Town of Fort Des Moines, an Official Plat, now included in and forming a part of the City of Des Moines, Polk County, Iowa and described as follows:

Commencing at the northeast corner of said Block F, Grimmel's Addition to the Town of Fort Des Moines; thence South 15°20'36" East along the East line of said Block F, 189.00 feet to the Point of Beginning; thence North 74°39'24" East, 9.33 feet; thence South 15°20'36" East, 7.14 feet; thence South 74°11'36" West, 173.83 feet; thence North 15°44'14" West, 5.00 feet to the North line of the South 7.0 feet of Lot 4 of said Block F, thence North 74°11'36" East along said North line of the South 7.0 feet of said Lot 4, a distance of 164.53 feet to said East line of Block F; thence North 15°20'36" West along said East line, 2.22 feet to the Point of Beginning (containing 0.02 acres (890 s.f.) more or less).

AND, the West 9.33 feet of the 7th Street right-of-way lying East of and adjoining Block F, of Grimmel's Addition to the Town of Fort Des Moines, an Official Plat, now included in and forming a part of the City of Des Moines, Polk County, Iowa.

7. Subject to final passage of an ordinance vacating the Air Rights Easement Area and the Subsurface Easement Area described above, the Mayor is hereby authorized and directed to

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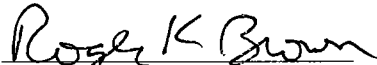
execute the *Urban Renewal Agreement for Sale of Land for Private Redevelopment*, the *Special Warranty Deed*, the *Easement for Private Pedestrian Bridge* and the *Easement for Building Encroachments*, all in the form described above, on behalf of the City and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on each such document.

8. The City Clerk shall forward a duplicate original or certified copy of the Agreement and all exhibits thereto to the Office of Economic Development for release to 7&Grand. The City Clerk shall forward the original signed deed and easements to the Legal Department for release to 7&Grand at closing on the purchase of the West Block.
9. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grant pursuant to Article 4 of the Agreement.
10. The City Manager or his designees are hereby authorized and directed to administer the Agreement on behalf of the City and to monitor compliance by 7&Grand with the terms and conditions of the Agreement. The City Manager is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.

(Council Communication No. 16- **180**)

MOVED by _____ to adopt.

FORM APPROVED:



Roger K. Brown, Assistant City Attorney

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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