



Date April 11, 2016

RESOLUTION APPROVING *URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT* WITH 101 EAST GRAND PARKING, LLC, FOR THE SALE AND REDEVELOPMENT OF A PORTION OF THE CITY OWNED PARKING LOTS EAST OF CITY HALL

WHEREAS, the City of Des Moines owns the surface parking lots east of City Hall, bordered by East Grand Avenue, East Locust Street, and East Second Street, and currently used for City employee parking and leased to Embassy Suites for parking purposes; and

WHEREAS, on December 21, 2015, by Roll Call No. 15-2184, the City Council approved preliminary terms of agreement with 219 East Grand, LLC (Jake Christensen and Tim Rypma, officers, and Jim Cownie, principal investor), for the purchase and redevelopment of portions of the City-owned parking lots with three phases of development as follows:

- Phase 1 to be the construction of a parking garage containing approximately 535 parking spaces fronting on E. 2nd Street midway between E. Grand Avenue and E. Locust Street, to be acquired by the City for public use pursuant to a separate Lease Purchase Agreement; and,
- Phases 2 and 3 to be the construction of two buildings along Grand Avenue and Locust Street, each having a minimum floorplate of 14,000 square feet, a minimum height of 4 stories, with at least 75% of the 1st floor used for retail or restaurant uses, with residential or commercial uses above, and having a combined total of at least 28,000 square feet of office use;

all to be designed and constructed in conformance with a City approved Conceptual Development Plan as more specifically described in Council Communication No. 15-668.

WHEREAS, the development team of Jake Christensen and Tim Rypma have established 101 East Grand Parking, LLC (hereinafter the "Developer"), as the development entity for the purchase and redevelopment of the City-owned parking lots; and,

WHEREAS, the City Manager has negotiated final terms of agreement with the Developer whereby the Developer would undertake to purchase portions of the City-owned parking lots more specifically described below (the "Property") for a purchase price of \$48 per square foot, and to redevelop the Property with a 6-story parking garage and the two buildings identified above, and the City would undertake to provide the following incentives for each of the Phase 2 and 3 improvements:

- An Initial Economic Development Grant equal to the amount of the sales price of the development parcel;
- A Deferred Economic Development Grant to be paid in semi-annual installments equal to 70% of project generated tax increment in years 1-8, 60% of project generated tax increment in years 9-10, and 50% of project generated tax increment in years 11-15 or residential tax abatement as provided by the City-wide Urban Revitalization Plan; and,



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- If the City does not maintain and extend the existing urban revitalization tax abatement schedules, the City shall provide a further economic development grant in installments equal to the incremental taxes paid on the taxable value of the improvements assessed as residential or multiresidential property resulting from the loss of the anticipated tax abatement.

all as more specifically described in the *Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Agreement") which is on file and available for inspection in the office of the City Clerk; and,

WHEREAS, the Property referenced in this resolution is more specifically described as follows:

2016-20, 2016-21 and 2016-22, as shown by the Plat of Survey recorded on March 24, 2016, in Book 15934, at Page 39, being a part of Block 3, East Fort Des Moines, an Official Plat, all now included in and forming a part of the City of Des Moines, Polk County, Iowa.

WHEREAS, on March 7, 2016, by Roll Call No. 16-0413, 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 April 8, 2016; and,

WHEREAS, notice of the public hearing was published in the Des Moines Register on March 9, 2016; and,

WHEREAS, the City received no competing proposals for the purchase and redevelopment of the Property.

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 Property 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 Property pursuant to the Agreement:
 - a) It is anticipated that the use of the ground floor for retail and restaurant uses in the two buildings to be constructed by the Developer upon the Property, and the use of at least 28,000 square feet in the buildings for office space will create a substantial number of new jobs in the Metro Center Urban Renewal Area.
 - b) The Developer's obligations under the Agreement to complete the planned improvements to the Property furthers the objectives of the Metro Center Urban Renewal Plan to



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preserve and create an environment which will protect the health, safety and general welfare of City residents and maintain taxable values within the Metro Center Urban Renewal Area, to increase employment opportunities, to encourage the development of a range of housing options in decent, safe and sanitary conditions 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.

- c) The economic development incentives for the planned improvements to the Property shall be provided by the City to Developer pursuant to the Iowa Urban Renewal Law and Chapter 15A of the Code of Iowa and Developer's obligations under the Agreement to construct such improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the East Village in accordance with the Urban Renewal Plan, the Downtown Plan titled "What's Next, Downtown?" and the Eastern Gateway District Area 1 Design Standards; (ii) it will advance the goal of providing a range of housing options 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 East Village area; and, (iv) it will further the City's efforts to create and retain job opportunities within the Metro Center Urban Renewal Area which might otherwise be lost.
 - d) The construction of the planned improvements to the Property is a speculative venture and the construction and resulting employment, housing and redevelopment opportunities would not occur without the economic incentives and other covenants to be provided by the City pursuant to the Agreement.
 - e) The fair market value of the Property subject to the terms, conditions, restrictions, requirements, limitations and covenants placed on the use of the Property pursuant to the terms of the Agreement, is Forty-Eight Dollars (\$48.00) per square foot.
 - f) The redevelopment of the Property 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 Metro Center Urban Renewal 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 101 East Grand Parking, LLC, is hereby approved.
 4. The Mayor is hereby authorized and directed to execute the Agreement on behalf of the City and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on the Agreement.



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- 5. Upon request by the City Legal Department, the Mayor is hereby further authorized and directed to execute the Special Warranty Deed on behalf of the City for conveyance of the Property to the Developer, and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on the Deed. The City Clerk is further directed to forward the signed Deed to the Legal Department for release to the Developer at Closing as provided in the Agreement.
- 6. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Initial and Deferred Economic Development Grants pursuant to Article 4 of the Agreement.
- 7. 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 the Developer 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. 16-188)

MOVED by _____ to adopt.

FORM APPROVED:

Roger K. Brown

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