

Date August 14, 2017

RESOLUTION APPROVING AMENDED AND RESTATED URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT WITH GRAND 7 PARTNERS, LLC

WHEREAS, on April 11, 2016, by Roll Call No. 16-0631, the City Council approved an *URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT* with Grand 7 Partners, LLC (the "Developer"), represented by Mike Nelson, which was amended by the First Amendment approved by the City Council on September 12, 2016, by Roll Call No. 16-1531, and further amended by the Second Amendment approved by the City Council on October 10, 2016, by Roll Call No. 16-1758 (collectively the "Original Agreement"); and,

WHEREAS, pursuant to the Original Agreement, the Developer purchased the City-owned property east of 7th Street between Grand Avenue and High Street for redevelopment with a 12-story building to be known as the Miesblock Building, with street level commercial space and with at least eight (8) stories of luxury market-rate apartments, all to be in conformance with the approved Conceptual Development Plan as more specifically described in Council Communication No. 16-596; and,

WHEREAS, Developer has been unable to obtain financing for the 12-story building as proposed in the Original Agreement; and,

WHEREAS, the Office of Economic Development has negotiated an *Amended and Restated Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Restated Amendment") whereby the Developer has agreed to redevelop the property in three phases as follows, in consideration of the economic incentives to be provided by the City:

- Phase 1 to include the construction of a building (the "Skywalk Node") to be constructed at the northeast corner of the intersection of Grand Avenue and High Street to support the north end of the existing Skywalk Bridge over Grant Avenue and to support a future Skywalk Bridge over 7th Street, with construction to be completed by April 1, 2018.
- Phase 2 to include the construction of a 3-story commercial building fronting on Grand Avenue east of the Skywalk Node, with a building area of at least 18,000 square feet, and with a restaurant on the ground floor and offices on the 2nd and 3rd floors, with construction to be completed by September 1, 2019.
- Phase 3 to include the construction of an apartment building fronting on 7th and High Streets, with at least six stories and a minimum of 75 dwelling units, with construction to be completed by April 1, 2021.

Whereas, the proposed Restated Agreement requires the City to provide the following economic incentives in consideration of the Developer's agreement to redevelop the property:

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- \$1,000,000 economic development forgivable loan advanced under the Original Agreement on April 20, 2016.
- \$3,320,605 economic development grant to be advanced in five installments as follows:
 - 1) \$1,100,000 advanced under the Original Agreement upon Developer's purchase of the property.
 - 2) \$220,605 advanced under the Original Agreement upon Developer's purchase of the adjoining vacated alley.
 - 3) \$500,000 to be advanced upon completion of the Skywalk Node and commencement of above-grade construction of the commercial building.
 - 4) \$750,00 to be advanced upon completion of the commercial building.
 - 5) \$750,000 to be advanced upon completion of the apartment building.
- Rebate of the following percentages of Project TIF generated by the commercial building:

Fiscal Years	Project TIF Rebate
1 through 10	100%
11 through 20	80%

- Rebate of the following percentages of Project TIF generated by the apartment building:

Fiscal Years	Project TIF Rebate	Tax Abatement Schedule
1 through 8	0%	100%
9	100%	60%
10	100%	40%
11 & 12	90%	0%
13 through 16	80%	0%
17 through 20	70%	0%

WHEREAS, the proposed Restated Amendment is on file and available for inspection in the office of the City Clerk.

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

1. The City Council hereby makes the following findings of fact regarding the proposed Restated Agreement:
 - a) The obligations of Developer under the Restated Agreement further the objectives of the Metro Center 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 Area, to increase employment opportunities, to



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- 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.
- b) The economic development incentives for the Developer's undertakings under the Restated Agreement are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and the obligations of Developer under the Restated Agreement will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the property and surrounding area in accordance with the Metro Center 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 Urban Renewal Area to reverse the pattern of disinvestment; and, (iv) it will further the City's efforts to create and retain job opportunities within the Urban Renewal Area which might otherwise be lost.
 - c) The proposed redevelopment of the property is a speculative venture and will not occur without the economic incentives provided by the Restated Agreement; and,
 - d) The City believes that the redevelopment of the property pursuant to the Restated Agreement, and the fulfillment generally of the Restated 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 Restated Agreement.
2. The proposed *Amended and Restated Urban Renewal Agreement for Sale of Land for Private Redevelopment* between the City and Grand 7 Partners, LLC, is hereby approved.
 3. The Mayor is hereby authorized and directed to execute the Restated Amendment 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.
 4. The City Clerk shall forward a duplicate original or certified copy of the Restated Amendment and all exhibits thereto to the Office of Economic Development for release to Grand 7 Partners.
 5. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grants pursuant to Article 4 of the Restated Agreement.

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6. 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 further City Council review and approval in accordance with the Agreement.

(Council Communication No. 17- **602**)

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