



Date June 11, 2018

RESOLUTION SETTING DATE OF PUBLIC HEARING TO DISCUSS ENTERING INTO AND THE PROPOSAL TO TAKE ACTION ON ENTERING INTO A PARKING LEASE AGREEMENT BETWEEN THE CITY OF DES MOINES AND NELSON DEVELOPMENT 1, LLC FOR THE USE OF PARKING RAMP TO BE LOCATED AT 418 EAST GRAND AVENUE

WHEREAS, on March 19, 2018, by Roll Call No. 18-0478, the City Council authorized the City Manager to negotiate an urban renewal development agreement based on preliminary terms of agreement with Nelson Development 1, LLC, represented by Michael Nelson (President) (“Developer”), for sale of City-owned property located at the intersections of East 4th Street and East Grand Avenue, locally known as 418 E. Grand Avenue (Polk County Assessor District/Parcel Nos. 040/01839-002-001 and 040/01839-002-002) (collectively “Property”) and located in the East Village, for development in two phases consisting of a three-level parking structure with approximately 402 total parking spaces in Phase 1, and a 5-story mixed use building in Phase 2 with approximately 36,000 square feet of commercial, retail and office space on the ground floor and second story, and 105 residential apartment units on the upper three stories; and

WHEREAS, the Developer and City staff have negotiated Urban Renewal Agreements for the Phase 1 and Phase 2 Improvements, and exhibits thereto including Special Warranty Deeds, mortgages, promissory notes and Declarations of Covenants, and a Parking Lease Agreement for City use of a portion of the Phase 1 Improvements (all collectively “Development Agreement”), for Developer to purchase and develop the Property, which Development Agreement is in substantially the form on file in the office of the City Clerk; and

WHEREAS, in accordance with Sections 364.4(4) and 384.83 of the Iowa Code, it is necessary for the City Council to hold a public hearing to discuss entering into said proposed Parking Lease Agreement; and

WHEREAS, the substantive terms of a proposed Parking Lease Agreement have been negotiated by and between the City and Nelson Development 1, LLC, pursuant to which the City would lease 133 ground-level parking spaces in the parking structure constructed by Nelson Development 1, LLC as part of the Phase 1 Improvements on property in the vicinity of 418 E. Grand Avenue (Polk County Assessor District/Parcel No. 040/01839-002-002), and are set forth as follows:

1. An initial term of twenty years, commencing on the first day of the month following issuance of a Certificate of Occupancy for the parking garage, with an option to extend the duration of the Agreement for four additional consecutive terms of five years each.
2. The City shall pay \$135.00 U.S. Dollars per leased parking space per month, totaling \$215,460 annually, subject to annual adjustment as set forth in the proposed Parking Lease Agreement on file in the office of the City Clerk.
3. The estimated total amount of payment to be made by the City pursuant to the Parking Lease Agreement, not including annual adjustment, is \$4,309,200 during the twenty year initial term, and is \$1,077,300 during each five year optional additional term; and

WHEREAS, a copy of the proposed Parking Lease Agreement is on file in the Office of the City Clerk; and



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WHEREAS, the Parking Lease Agreement shall be payable solely out of the City's Parking Enterprise Fund; and

WHEREAS, the pledge of parking revenues for payment of the Parking Lease Agreement is subordinate to all outstanding parking revenue obligations, and any future parking revenue obligations issued on a parity basis with the outstanding obligations.

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

- 1. That the public hearing of the Council is hereby set for 5:00 p.m., on the 23rd day of July, 2018 in the Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, for the purpose of discussing the matter of entering into a Parking Lease Agreement between the City of Des Moines, Iowa, and Nelson Development 1, LLC for the use of 133 ground-level parking spaces in the parking garage to be constructed in the vicinity of 418 E. Grand Avenue, to be used for City and public parking purposes, said Agreement to provide for an initial term of 20 years with the option for the City to extend the Agreement for 4 additional consecutive terms of 5 years each, with payments by the City in the estimated total amount, not including annual adjustments, of \$4,309,200 during the initial lease term and an estimated total amount, not including annual adjustments, of \$1,077,300 during each the optional additional renewal term, if exercised.
2. That the City Clerk is hereby authorized and directed to cause notice of said proposal in the accompanying form to be given by publication once, not less than four (4) days and not more than twenty (20) days before the date of hearing, all as specified in Section 362.3 of the Iowa Code.

Moved by _____ to adopt.

APPROVED AS TO FORM:

Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, COLEMAN, GATTO, GRAY, MANDELBAUM, WESTERGAARD, and TOTAL.

MOTION CARRIED APPROVED

Mayor

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.

City Clerk