

Date June 13, 2022

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH HOA EVMF LLC (HEART OF AMERICA – CHUCK ULLRICH) FOR CONSTRUCTION OF A MIXED-USE PROJECT LOCATED AT 317 E. 6TH STREET

WHEREAS, HOA EVMF LLC ("Developer"), represented by Chuck Ullrich, Vice President and Chief Financial Officer, proposes to undertake improvements to the property locally known as 317 E. 6th Street at the intersection of East 6th and East Walnut Streets, including demolition of the existing structure and construction of a new 7-story mixed-use building containing approximately 110 residential units and at least 4,000 square feet of commercial space ("Improvements") in the Metro Center Urban Renewal Area, at an estimated total project cost of \$21,000,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, Developer's undertaking of the Improvements is anticipated to commence in spring 2022, with completion in late 2023; and

WHEREAS, pursuant to Roll Call No. 21-1925, approved on December 20, 2021, the City Council directed the City Manager to proceed with negotiation of an Urban Renewal Development Agreement with the Developer for the project; and

WHEREAS, the City's Economic Development Division has negotiated an Urban Renewal Development Agreement (the "Development Agreement") with the Developer, whereby the Developer has agreed to construct the Improvements, in accordance with the Conceptual Development Plan, which proposed Development Agreement and Conceptual Development Plan related thereto are on file in the office of the City Clerk; and

WHEREAS, the proposed Development Agreement provides that in consideration of the Developer's commencement and completion of the Improvements, the City will provide an economic development grant upon project completion of up to \$2,300,000.00 (net present value basis at 4.5% discount rate) in project-generated tax increment financing (TIF) in a declining percentage schedule in project years 9-20; and

WHEREAS, said Agreement further provides that Developer will incorporate the following elements into the construction and operation of the Improvements:

- 11 residential units at affordable rates, to be capped at the sixty-five percent HOME rent limits and restricted to households earning eighty percent or less of the area median income;
- Participation in and compliance with MidAmerican Energy's Commercial New Construction Energy Efficiency Program, with the Improvements to exceed applicable Energy Code requirements by a minimum of fifteen percent (15%);
- Installation of electric heat equipment in the residential portion of the Improvements, or documentation explaining Developer's decision not to install said equipment, in form required by, and to the satisfaction of, the City's Development Services Director;

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- Installation of a minimum of two electric vehicle charging stations serving at least four parking spaces; and
- Replacement of the existing traffic signal at the northeast corner of the intersection of East 6th and East Walnut with a new traffic signal with upgraded black pole and mast arm, and replacement of any galvanized streetlights on the Property with black poles and LED light fixtures, per MidAmerican Energy's Specifications; and

WHEREAS, at its meeting on January 18, 2022, the Urban Design Review Board voted 8-0 to recommend approval of final design of the Improvements as proposed by the Developer and set forth in the Conceptual Development Plan incorporated in the Development Agreement, and for approval of financial assistance as set forth above and in said Agreement.

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

- 1. The City Council hereby makes the following findings in support of the proposed Development Agreement with HOA EVMF LLC ("Developer"):
 - a. Developer's obligations under the Development Agreement to redevelop the Property for commercial and residential uses furthers 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, to encourage the development 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, work and retain employment in the downtown area, to encourage intensive and coordinated commercial and residential mixed-use development, and to maintain and expand taxable values and employment opportunities within the Metro Center Urban Renewal Project Area.
 - b. The economic development incentives for the development of the Project are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under this Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the East Village and Project Area in accordance with the Metro Center Urban Renewal Plan; (ii) it will establish conditions which attract further new investments and prevent the recurrence of blight and blighting conditions; (iii) it will provide a range of affordable and market-rate housing in decent, safe and sanitary conditions in an attractive setting to serve employees and other people who would like to live in the downtown area; (iv) it will encourage further private investment and will attract and retain residents and businesses in the East Village area of the Project Area to reverse the pattern of disinvestment and declining resident population; and (v) it will further the City's efforts to create and retain job opportunities within the Project Area which might otherwise be lost.
 - c. The construction of the Project is a speculative venture and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.

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- d. The redevelopment of the Property pursuant to the Development 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.
- The Urban Renewal Development Agreement between the City and Developer, and the 2. Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and attest to, respectively, the Agreement on behalf of the City of Des Moines.
- 3. The Development Services Director or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.
- Upon requisition by the Office of Economic Development, the Finance Department shall 4. advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.
- The Department Services Director or designee(s) are hereby authorized and directed to 5. administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The Department Services Director 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	22.275
MOVED BY	TO ADOPT
SECOND BY	·
APPROVED AS TO FORM:	
/s/ <i>Glenna K. Frank</i> Glenna K. Frank, Assistant City Attorney	

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
COWNIE				
GATTO				
GRAY				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				
MOTION CARRIED	•		API	PROVED

Mayor

CERTIFICATE

I, LAURA BAUMGARTNER, Acting 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.

A	0.,	01 1
Acting	(itv	Clerk

Prepared by:

Glenna K. Frank, Assistant City Attorney, 400 Robert D. Ray Drive, Des Moines, IA

50309 515/283-4530

Return Address:

City Clerk - City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309

Taxpayer:

HOA EVMF LLC

Title of Document: Urban Renewal Development Agreement

Grantor's Name:

HOA EVMF LLC

Grantee's Name:

City of Des Moines, Iowa

Legal Description:

The Property located at 317 E. 6th Street, Des Moines, Iowa, more specifically

described in Exhibit "A" at page 20.

URBAN RENEWAL DEVELOPMENT AGREEMENT

METRO CENTER URBAN RENEWAL PROJECT

By and Between

CITY OF DES MOINES, IOWA

and

HOA EVMF LLC

Approved by City Cou	ncil:
Date:	, 2022
Roll Call No. 22	

Exhibits:

"A" – Legal Description of Property

"B" – Declaration of Covenants (Recorded separately)

"C" – Conceptual Development Plan (On file in office of City Clerk)

RECORDING NOTE: Only Exhibit "A" is intended to be recorded with this Agreement. This Agreement and all Exhibits will be on file and available for public viewing in the office of the City Clerk.

This Urban Renewal Development Agreement, including Exhibits, each of which is attached hereto and by this reference made a part hereof (hereinafter collectively referred to as the "Agreement"), is made on or as of _______, 2022, by and between the CITY OF DES MOINES, IOWA, a municipal corporation (the "City"), acting pursuant to Chapter 403 of the Code of Iowa, (the "Urban Renewal Law"), and HOA EVMF LLC, an Iowa limited liability company (the "Developer").

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Law, City has undertaken a program for the clearance and reconstruction or rehabilitation of slum and blighted areas in the City, specifically to stimulate economic revitalization of the downtown area; to make use of underutilized areas of the City of Des Moines; to remove conditions which have prevented normal development of the land by private enterprise; and to avoid stagnant and unproductive conditions of land which is potentially useful and viable for contributing to the public health, safety and welfare and in this connection is engaged in carrying out an urban renewal project known as the Metro Center Urban Renewal Project (hereinafter called the Project") in the Metro Center Urban Renewal Area (hereinafter called the "Project Area") located in the City of Des Moines; and

WHEREAS, as of the date of this Agreement there has been prepared and approved by City a plan for the Project, consisting of the Urban Renewal Plan and amendments thereto indicated in the following table, all of which have been recorded among the land records in the Office of the Recorder for Polk County, Iowa, as indicated in the following table:

Action	Date Adopted	Roll Call	Book-Page
Plan Adopted	03/20/00	00-0788 &	8491-645
		00-0789	8491-721
1st Amendment	06/26/00	00-1927	8534-168
2nd Amendment	11/06/00	00-4270	8637-725
3rd Amendment	12/04/00	00-4536	8659-119
4th Amendment	12/20/00	00-4679	8670-933
5th Amendment	10/22/01	01-3224	9055-830
6th Amendment	06/17/02	02-1596	9200-189
7th Amendment			
& Restatement	07/28/03	03-1800	10072-230
8th Amendment	05/21/07	07-1015	12221-129
9th Amendment	12/22/08	08-2228	12871-414
10th Amendment	04/11/11	11-0628	13829-278
11th Amendment	12/17/12	12-1970	14592-565
12th Amendment	02/11/13	13-0239	14661-548
13th Amendment	06/24/13	13-1028	14856-232
14th Amendment	03/10/14	14-0437	15147-467
15th Amendment	08/25/14	14-1320	15328-362
16th Amendment	07/13/15	15-1173	15754-335
17th Amendment	11/23/15	15-1996	15827-665
18th Amendment	03/21/16	16-0514	15941-052
19th Amendment	01/23/17	17-0151	16365-602
20th Amendment	04/03/17	17-0620	16441-077

21st Amendment	10/09/17	17-1786	16690-332
22nd Amendment	04/09/18	18-0628	16887-787
23rd Amendment	10/22/18	18-1802	17172-041
24th Amendment	05/06/19	19-0752	17327-329
25th Amendment	11/04/19	19-1772	17585-235
26th Amendment	04/20/20	20-0655	17808-054
27th Amendment	12/21/20	20-2147	18298-719
28th Amendment	06/28/21	21-1029	18629-876
29th Amendment	11/01/21	21-1676	18850-701-753

(which plan, as so amended is hereinafter called the "Urban Renewal Plan"); and

WHEREAS, the Developer owns real property located at 315-317 E. 6th Street, Des Moines, Iowa, more specifically described in Exhibit "A" hereto and hereinafter referred to as the "Property"; and

WHEREAS, the Property is located in that part of the Project Area known as the East Village, and the City believes that redevelopment of the underutilized Property will contribute to the character of the East Village Neighborhood and extend the commercial vitality of the East Village; and

WHEREAS, Developer has agreed to redevelop the Property by demolition of the existing building and construction of a new 7-story mixed-use building containing at least 4,000 square feet of ground-floor commercial space and at least 110 market-rate and affordable housing units, as more fully described in Section 1.1 and collectively the "Improvements", with an estimated total project cost of approximately \$21,000,000.00, subject to receipt of the City economic development assistance described in this Agreement; and

WHEREAS, the Developer's obligations under this Agreement to construct the Improvements for commercial and residential uses furthers 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, to encourage the development of market-rate and affordable 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, to encourage intensive and coordinated commercial and residential mixed-use development, and to maintain and expand taxable values and employment opportunities within the Urban Renewal Project Area; and

WHEREAS, the economic development incentives for the development of the Improvements are provided by the City to Developer pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under this Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the East Village and Project Area, in accordance with the Urban Renewal Plan; (ii) it will establish conditions which attract further new investments and prevent the recurrence of blight and blighting conditions; (iii) it will provide 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; (iv) it will encourage further private investment and will attract and retain residents and businesses in the East Village area of the Project Area to reverse the pattern of disinvestment; and (v) it will

further the City's efforts to create and retain job opportunities within the Project Area which might otherwise be lost; and

WHEREAS, the undertaking by Developer to use and maintain the Property as provided in this Agreement will not occur without the financial assistance to be provided by City pursuant to this Agreement; and

WHEREAS, City believes that the redevelopment of the Property pursuant to this Agreement, and the fulfillment generally of this 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 this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE 1. CONSTRUCTION OF IMPROVEMENTS

Sec. 1.1. <u>Duty to Construct Improvements.</u> A. Developer agrees, subject to the terms of this Agreement, to undertake the following improvements (collectively the "Improvements") to the Property:

1. Demolition of the existing underutilized building on the Property.

- 2. Construction of a seven (7)-story, 123,535 square foot mixed-use building, containing at least 4,000 square feet of ground-floor commercial space primarily along East 6th Street, and at least 110 residential studio, one-bedroom and two-bedroom apartment units on floors 1-7, of which a minimum of 11 units shall be rented at the sixty-five percent (65%) HOME¹ rent limits and restricted to households earning eighty percent (80%) or less of the area median income for the duration of the affordability period described in Section 3.4.
- 3. Amenities including elevated pool and outdoor amenities above the ground floor, fitness center, community gathering spaces, dog park, and outdoor kitchen.
- 4. The Improvements shall be constructed of durable construction materials including steel and concrete, with proposed exterior materials to include a mix of brick, architectural metal panel, stucco, simulated wood siding panels, and large spans of window glazing.
- 5. Site improvements, stormwater management facilities, landscaping, and streetscape elements in form required by City-approved site plan.
- 6. Participation in Mid-American Energy's Commercial New Construction program, including energy audit for the Improvements to be completed by MidAmerican Energy or other non-affiliated third-party, with the Improvements to exceed applicable Energy Code requirements by a minimum of fifteen percent (15%).
- 7. Installation of electric heat equipment in the residential portion of the Improvements, or documentation explaining Developer's decision not to install said equipment, in

¹ For purposes of this Agreement and its Exhibits, "HOME rent limits" means the federal rent limits published by the U.S. Department of Housing and Urban Development (HUD) for the Home Investment Partnerships (HOME) Program under HOME Program Rents for Des Moines-West Des Moines, IA MSA.

- form required by, and to the satisfaction of, the City's Development Services Director.
- 8. Installation of a minimum of two electric vehicle charging stations, providing service to a minimum of four parking spaces, on the Property.
- 9. Replacement of the existing traffic signal at the northeast corner of the intersection of East 6th Street and East Walnut Street with a new traffic signal with upgraded black pole and mast arm, and replacement of any galvanized streetlights on the Property with black poles and LED light fixtures, per MidAmerican Energy's Specifications.
- B. The Improvements shall be constructed in substantial compliance with the approved Conceptual Development Plan attached hereto as Exhibit "C" and with such future amendments thereto as may be approved by City as provided in Article 2. The Improvements shall also comply with the terms of this Agreement; with all applicable State and local laws and regulations, including but not limited to site plan review and City-approved site plan, and all applicable zoning, planning and design, and building codes; and with the following:
- 1. The qualifications for eligibility set forth in Article H of the Fourth Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area.²
- Sec. 1.2. <u>Time for Completion of Improvements</u>. Subject to Section 5.4 of this Agreement, Developer shall cause construction of the Improvements to be commenced by July 1, 2022, and shall cause such construction to be diligently pursued to completion. Subject to Sections 5.2 and 5.4 of this Agreement, the Improvements shall be substantially completed by December 31, 2023³, so as to qualify for the issuance of the Certificate of Completion under Section 2.4 of this Agreement.
- Sec. 1.3. <u>Progress Reports</u>. From commencement of construction until construction of the Improvements has been substantially completed, Developer shall make reports, in such detail and at such times as may reasonably be requested by City, as to the actual progress of Developer with respect to such construction.
- Sec. 1.4. <u>Access to Property</u>. During construction of any of the Improvements and prior to expiration of the Declaration of Covenants, Developer shall permit City's representatives access to the Improvements at all reasonable times which City reasonably deems necessary for the purposes of this Agreement. No compensation shall be payable nor shall any charge be made in any form by any party for the access provided for in this section.

ARTICLE 2. CONCEPTUAL DEVELOPMENT PLAN

Sec. 2.1. <u>Site Plan Review Pre-Application Conference</u>. The Developer will undertake a pre-application conference for the Improvements pursuant to the Site Plan Review process as required by City of Des Moines Municipal Code Chapter 135, Article 9. The review required by

² Compliance with the qualifications for eligibility set forth in Article H is required for the receipt of tax abatement for the Improvements under the Fourth Restated City-wide Urban Revitalization Plan. A copy of the Plan containing qualifications for eligibility set forth in Article H is available for inspection in the office of the City Clerk at City Hall, and is filed with Roll Call No. 21-1749 passed November 15, 2021.

³ See Section 5.2 for special remedy for a delay in timely qualifying for issuance of the Certificate of Completion.

the Planning and Design Ordinance, Des Moines Municipal Code Chapter 135, is a separate review process from the review of the Conceptual Development Plan provided for in this Agreement. Approval of a plan or an amendment thereto pursuant to one does not constitute approval for purposes of the other.

- Sec. 2.2. <u>Conceptual Development Plan</u>. A. The approved Conceptual Development Plan is attached hereto as Exhibit "C". Any amendment to the Conceptual Development Plan by Developer is subject to approval by the City as described in this Section.
- B. All changes to the approved Conceptual Development Plan must be submitted by Developer to City and are subject to City approval, which approval shall not be unreasonably withheld or delayed. City shall endeavor to promptly review the Conceptual Development Plan and any amendments thereto within the applicable limits of the agenda deadlines and public notice requirements. If City rejects an amendment to the Conceptual Development Plan, in whole or in part, it will set forth in writing the reasons for such rejection. Any proposed change which is determined by the City Manager of City to be a minor or unsubstantial change may be administratively approved in writing by the City Manager or by the Economic Development Administrator.
- C. The Conceptual Development Plan as originally approved and as amended, shall include a conceptual site plan, detailed building elevations for each building face, a landscape and streetscape plan for the Property, and a signage plan, and will otherwise satisfy the following criteria:
 - 1. The Conceptual Development Plan must comply with the requirements of this Agreement and must satisfy the land use requirements of the Metro Center Urban Renewal Plan.
 - 2. The Improvements must comply with the City-approved site plan, and all applicable zoning, planning and design, building, and similar local codes.
 - 3. The durability, appearance and quality of the exterior materials for the Improvements must be substantially equivalent to, or better than, that provided by the original Conceptual Development Plan attached hereto as Exhibit "C".
 - 4. The Conceptual Development Plan must be reviewed by the Urban Design Review Board, and must comply with the recommendations of the Urban Design Review Board as adopted or amended by the Economic Development Administrator, unless such recommendations are waived or amended by City Council resolution.
 - 5. The Conceptual Development Plan must contain sufficient detail to demonstrate that the improvements to the Property comply with the qualifications for eligibility set forth in Article H of the Fourth Restated Urban Revitalization Plan for the City-wide Urban Revitalization Area.⁴
- Sec. 2.3. <u>Building Permits/Construction Permits</u>. All construction and construction plans submitted by Developer must comply with City zoning, site plan, and building code requirements. In addition, Developer is responsible for assuring that both the construction and the construction plans are in substantial compliance with the approved Conceptual Development Plan and amendments thereto. City may withhold approval of building permits if the construction plans do not substantially comply with the approved Conceptual Development Plan and

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⁴ See footnote (2) above for citation to Plan.

amendments thereto. However, approval or issuance of building permit is not an acknowledgment that the construction and construction plans are in substantial compliance of the obligations of this Agreement and the approved Conceptual Development Plan and amendments thereto⁵. If there is any reason to question whether the construction or the construction plans substantially conform with the Conceptual Development Plan, Developer shall immediately contact the City of Des Moines Office of Economic Development.

- Sec. 2.4. <u>Certificate of Completion</u>. A. Developer shall request a Certificate of Completion for the Improvements by notifying City in writing that it has completed the Improvements in substantial compliance with the approved Conceptual Development Plan and Construction Plans, and furnishing City with an architect's certificate or reasonable equivalent to that effect.
- B. Promptly upon receipt of Developer's notification of completion of the Improvements, City shall inspect the Improvements. If City determines that Developer has completed the Improvements in substantial compliance with the provisions of this Agreement and the approved Conceptual Development Plan and construction plans, City shall issue a Certificate of Completion so certifying. Issuance of the Certificate of Completion shall not be unreasonably withheld or delayed by City. If City determines that Developer has not completed the Improvements in substantial compliance with the provisions of this Agreement and the approved Conceptual Development Plan and construction plans, City shall, within thirty (30) days of receiving Developer's notification of completion, provide Developer with a written statement of the basis for City's determination which specifies the actions to be performed by Developer in order to obtain the certification.
- C. The City may withhold issuance of the applicable Certificate of Completion until Developer has satisfied the following conditions precedent, and is otherwise in compliance with the terms of this Agreement:
 - 1. Developer has executed and has had recorded a Declaration of Covenants in the form attached hereto as Exhibit "B".
 - 2. Developer has supplied to City a title opinion from an independent attorney based upon an abstract which identifies that the Declaration of Covenants has been properly executed and recorded in the land records in the Polk County Recorder, and has priority over all other liens and encumbrances as if such document had been filed prior in time, unless otherwise subordinated due to recording date and/or pursuant to City Council resolution or City Manager approval as applicable.
 - 3. Developer has provided a final program verification report from MidAmerican Energy or other non-affiliated third-party showing full compliance of the Improvements with the applicable Energy Code requirements and Mid-American Energy's Commercial New Construction program.⁶
 - 4. Developer has demonstrated installation of electric heat equipment in the residential portion of the Improvements, or documentation explaining Developer's decision not to install said equipment, in form required by, and to the satisfaction of, the City's Development Services Director.

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⁵ The Permit & Development Staff responsible for the administration of building permits are NOT responsible for verifying that an application for a building permit conforms with the requirements of this Agreement.

⁶ See Section 1.1(6) above.

- D. The determination by City regarding completion of the Improvements is independent of any determination by City regarding the issuance of an Occupancy Permit pursuant to the Building Code of City. The issuance of an Occupancy Permit for any portion of the Property shall not serve as a substitute for the Certificate of Completion referenced in this Section.
- Sec. 2.5. <u>Effect of Issuance</u>. A. Upon issuance of the Certificate of Completion for the Improvements, the obligations and covenants contained in this Agreement with respect to the construction of the Improvements and the dates for the beginning and completion thereof, shall be satisfied and terminated. However, all other obligations and covenants contained in this Agreement shall remain in full force for the remaining term of this Agreement, including but not limited to the affordability restrictions set forth herein and in the Declaration of Covenants which shall remain enforceable for the duration of the Affordability Period (described below). Developer may utilize the Certificate of Completion only as evidence of compliance with or satisfaction of Developer's <u>construction</u> obligations under this Agreement.
- B. The Certificate of Completion shall be in recordable form to allow filing among the land records of the Polk County Recorder's Office.

ARTICLE 3. URBAN RENEWAL COVENANTS

Sec. 3.1. <u>Duration</u>. The Urban Renewal Covenants imposed pursuant to this Article shall apply to the Property and shall run with the land upon which the Property is located for a term commencing upon the date of recording of the Declaration of Covenants and continuing until May 1, 2045⁷, unless earlier terminated in accordance with, or otherwise limited by, this Agreement.

Sec. 3.2. Representations as to Redevelopment. Developer recognizes and acknowledges:

- 1. The importance of the redevelopment of the Property to the general welfare of the community as a whole;
- 2. The substantial public aid that has been made available by City for the purpose of making such redevelopment possible; and
- 3. The qualifications and identity of Developer are of particular concern to the community and City and are an important element in City's decision to enter into this Agreement.
- Sec. 3.3. <u>Legal Status / Authorization to Sign.</u> The officers signing this agreement on behalf of Developer represent and warrant that they have the authorization of Developer to enter into this Agreement.
- Sec. 3.4. <u>Affordability Duration and Requirements.</u> A. Developer agrees to meet the affordability requirements set forth in this Agreement and in the Declaration of Covenants, to be recorded separately by City as a lien and encumbrance against the Property. The duration of affordability requirements (also referred to as "Affordability Period") will begin upon execution of

⁷ Section 4.2 provides that the final installment of the Economic Development Assistance is estimated to be due on May 1, 2045.

this Agreement by the City, and shall remain enforceable for the duration of the Economic Development Grant.

- B. The Project will contain a minimum of 11 apartment units with affordability requirements as follows: 11 units shall be rented at no more than sixty-five percent (65%) HOME rent limits and restricted to households earning eighty percent (80%) or less of the area median income. This number of units constitute the "affordability requirements" as referenced in this Agreement. As determined by the City, the Developer must maintain the affordability requirements if tenant income changes based on the annual reports obtained by Developer from the tenant. Tenant income requirements shall be reviewed by the Developer at least annually based on the current income of the tenant.
- Sec. 3.5. <u>Declaration of Covenants</u>. Upon or immediately following the effective date of this Agreement, Developer shall execute and City shall record, at Developer's cost, a Declaration of Covenants in the form of Exhibit "B" attached hereto.

ARTICLE 4. ECONOMIC DEVELOPMENT ASSISTANCE

- Sec. 4.1. <u>Consideration for Agreement</u>. In consideration of Developer's obligation to construct the Improvements in accordance with this Agreement and in consideration of the economic development and employment opportunities that are anticipated to be retained and created in and around the Project Area as a result of such undertaking, City shall cause to be provided the economic incentives identified in this Article ("Economic Development Grant").
- Sec. 4.2. <u>Economic Development Grant</u>. A. Subject to Sections 4.3, 4.4, 4.5 and 4.6 of this Agreement, City shall pay to Developer an Economic Development Grant for the Improvements payable:
 - 1. in up to twenty-four (24) semi-annual installments of Project TIF (as defined below) generated by the Improvements, pursuant to the following schedule:

Project TIF Schedule:

Years 9-10: One-hundred percent (100%) of Project TIF (50% per semi-annual installment)

Years 11-14: Ninety percent (90%) of Project TIF (45% per semi-annual installment) Years 15-17: Eighty-five percent (85%) of Project TIF (42.5% per semi-annual installment)

Years 18-20: Seventy-five percent (75%) of Project TIF (37.5% per semi-annual installment);

2. each November 1st and May 1st, or the first business day thereafter, commencing November 1st of the calendar year the special fund referred to in Section 4.5 is fully credited⁸; and

CY2023

Improvements completed.

1-1-2024

Improvements first assessed at completed value.

FY2024/25

Taxes first accrue on completed value of Improvements.

⁸ The expected timing of the installments on the Economic Development Grant is based upon the following estimated schedules:

3. until the earlier to occur of (i) the date of payment of the twenty-fourth (24th) semi-annual installment, or (ii) the amount of Two Million Three-Hundred Thousand and no/100 U.S. Dollars (\$2,300,000.00), net present value basis at a 4.5 percent (%) discount rate, has been paid by City to Developer for the Economic Development Grant.

Regardless of schedule or of number of installments remaining, the Economic Development Grant paid by City to Developer shall not exceed \$2,300,000.00, net present value at 4.5% discount rate, and shall terminate, and the City shall not be obligated to make any further grant payments to Developer, upon payment of said amount. In the event that the Economic Development Grant and grant payments thereof do not total \$2,300,000.00, net present value at 4.5% discount rate, and twenty-four (24) semi-annual installments of the Economic Development Grant have been paid by City to Developer, then City shall not be obligated to make, and shall not make, any further payment to Developer to provide the funding difference between the actual amount paid and the anticipated \$2,300,000.00 [NPV]).

- B. For the purpose of calculating the semi-annual installments on the Economic Development Grant, the "Project TIF" means the amount of taxes collected by the Polk County Treasurer in the then-current fiscal year which are attributable to the property tax levies subject to allocation into the special fund pursuant to I.C. §403.19(2) as amended from time to time. Accordingly, the Project TIF shall be calculated as the taxes paid by Developer on the incremental taxable value of the then-completed Improvements (excluding the assessed value of the land) in the applicable fiscal year, in excess of the base taxable valuation of \$1,391,300.00 existing on January 1, 2022. Any debt-protected tax levy and taxes generated by a self-supported municipal improvement district shall be disregarded in the calculation of the Project TIF. The proceeds of the Downtown Des Moines Self-Supported Municipal Improvement District tax levies are committed to funding the undertakings of such district and are not available for inclusion in the calculation of the Project TIF.
- Sec. 4.3. <u>Conditions Precedent</u>. City shall have no obligation to advance the first installment or any future installment on the Economic Development Grant, unless Developer has then satisfied each of the following conditions precedent:
 - 1. Developer has substantially completed the Improvements and has qualified for issuance of the applicable Certificate of Completion pursuant to Section 2.4.
 - 2. Developer is not delinquent in the payment of any property taxes levied upon the Property and Improvements.
 - 3. Developer is not in breach of any of the Urban Renewal Covenants or any of the provisions of this Agreement, and any default has been cured within the period allowed by Sections 5.1 and/or 5.2.
 - 4. Developer demonstrates compliance with the affordability requirements set forth in this Agreement in accordance with Section 4.4(2).

FY2025/26	Taxes first payable on completed value of Improvements.
FY2033/34	First year of Economic Development Grant (Project Year 9).
FY2044/45	Twelfth and final year of Economic Development Grant (Project Year 20), subject to
	payment cap described in Section 4.2(A).

- Sec. 4.4. <u>Reporting</u>. Commencing on October 1, 2033, and continuing on each October 1st thereafter until all installments on the Economic Development Grant have been paid, Developer shall cause an Annual Report to be prepared and delivered to the City containing the following:
 - 1. Conditions precedent. Written confirmation of compliance with the conditions precedent stated above in Section 4.3 for the duration of the applicable Economic Development Grant installment period.
 - 2. Affordability requirements. Written records indicating (i) the annual income of each tenant within the affordable units; (ii) a report detailing rent charged to the affordable unit tenants, which must not exceed the affordability requirements; and (iii) identification of any unit substitution and filling of vacancies to ensure compliance with the required affordable unit minimum.
 - 3. Amount of taxes due. A statement identifying the total amount of property taxes due and payable in that fiscal year upon the Property, and the portion thereof attributable to levies subject to allocation to the special fund pursuant to Iowa Code §403.19(2), as amended from time to time.
 - 4. Calculation of installment. The calculation of the amount of the semi-annual advancements on the Economic Development Grant due from City to Developer in the current calendar year pursuant to this Article.
 - 5. Verification. A statement signed by the President, Chief Executive Officer, Treasurer, Secretary, Managing Member, or Chairman of the Board of Directors of the reporting business, verifying that the information contained in the Annual Report is true and accurate.
- Sec. 4.5. <u>Source of Funding</u>. A. The Economic Development Grant shall be paid by City solely from the special fund financed by the division of revenue pursuant to Iowa Code §403.19(2) from taxes levied on the Project Area. The obligations of City under this Agreement shall not constitute a general obligation of the City.
- B. The City represents, warrants and agrees that for so long as Developer is not in default under this Agreement and the City is obligated to pay future installments on the Economic Development Grant in accordance with the terms of this Agreement:
 - 1. City shall not repeal the designation of the Property or any part thereof as being within an urban renewal area pursuant to Iowa Code §403.5.
 - 2. City shall not repeal or amend any ordinance in any manner that impairs the City's ability to pay the installments on the Economic Development Grant as contemplated by this Agreement.
 - 3. Subject to Section 4.6, the City will timely certify to Polk County the estimated amount of each installment on the Economic Development Grant for payment from the special fund for the Metro Center Urban Renewal Project in accordance with Iowa Code §403.19.
- Sec. 4.6. <u>Non-appropriation</u>. A. Notwithstanding anything in this Agreement to the contrary, the obligation of the City to pay any installment of the Economic Development Grant shall be an obligation limited to currently budgeted funds, and not a general obligation or other indebtedness of the City or a pledge of its full faith and credit under the meaning of any constitutional or statutory debt limitation, and shall be subject in all respects to the right of non-appropriation reserved by the City Council as provided in this section. City may exercise its

right of non-appropriation as to the amount of the installment to be paid during any fiscal year during the term of this Agreement without causing a termination of this Agreement. The right of non-appropriation shall be exercised only by resolution affirmatively declaring the City's election to non-appropriate funds otherwise required to be paid to Developer in the next fiscal year under this Agreement.

- B. In the event the City Council of City elects to not appropriate sufficient funds in the budget for any future fiscal year for the payment in full of the installment on the Economic Development Grant due and payable in that fiscal year, then the City shall have no further obligation to Developer for the payment of any portion of the installment due in that fiscal year which cannot be paid with the funds then appropriated for that purpose.
- C. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to pay future installments on the Economic Development Grant shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction to create, cause, or result in the creation of, such a legal indebtedness of the City, the application and enforcement of any such provision(s) shall be deemed suspended as of the date of such determination, and the Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no event of default shall be deemed to have occurred as a result of the suspension of any such provision(s). If any provision of this Agreement which can be given effect without the suspended provision. To this end the provisions of this Agreement are severable.
- D. The covenants in the Declaration of Covenants filed pursuant to this Agreement shall not be applicable to conduct by the Developer and its successors and assigns in ownership or possession of the Property during or subsequent to any fiscal year in which the annual installment on the Economic Development Grant will not be paid in full due to the City's exercise of the right of non-appropriation under this article. However, any conduct in violation of the Urban Renewal Covenants shall be promptly remedied in any subsequent fiscal year in which the City appropriates sufficient funds to fully pay the estimated amount of the annual installment on the Economic Development Grant due in that fiscal year.
- Sec. 4.7. <u>Limitation on Use of Funds.</u> The Economic Development Grant may be used solely for construction of privately-owned Improvements. Developer agrees and acknowledges that Developer may not fund any public portion of the Improvements from any or all proceeds of such Grant, and that such usage may violate public bidding requirements as well as constitute a breach of this Agreement.

ARTICLE 5. REMEDIES

Sec. 5.1. <u>In General</u>. A. Except as otherwise specifically provided in this Agreement, in the event of a default by either party under this Agreement, the aggrieved party shall, by written Notice of Default to the party in default, demand that it proceed immediately to cure or remedy such default, and, in any event, complete such cure or remedy within forty-five (45) days (or

such other time as may be specifically provided herein) after receipt of such notice. Any default on an obligation to pay money shall be cured within twenty (20) business days after receipt of such notice. Notwithstanding the foregoing, if any non-monetary default reasonably requires more than forty-five (45) days to cure, such default shall not constitute a breach of this Agreement if the defaulting party commences to cure the default promptly upon receipt of the notice of the default and with due diligence thereafter continuously prosecutes such cure to completion, which completion shall occur no more than 100 days after receipt of such notice.

- B. In the event that a Notice of Default is given as provided above and action to cure or remedy the default is not promptly taken or not diligently pursued, or the default is not cured or remedied within the time allowed, then the party in default may be declared to be in breach of this Agreement by the aggrieved party. In the event of a breach of this Agreement, in addition to such other rights as the aggrieved party may have hereunder, the aggrieved party may institute proceedings for damages for breach of contract. In any claim, action or civil proceeding wherein damages are sought for breach of this Agreement, City shall have the same rights and liabilities as a private non-governmental party for any breach of this Agreement.
- Sec. 5.2. Special Remedies. A. Delay in the Completion of the Improvements. Developer acknowledges and agrees that if the Improvements are not timely constructed it will cause the City to incur damages resulting from the delay in the generation of incremental property tax revenues and in the generation of the economic development and employment opportunities that are expected to be retained and created. This Section is intended to establish appropriate remedies for delays in the construction of the Improvements.
 - 1) Minor Delay in the Completion of the Improvements to the Property. If construction of Improvements is not substantially completed so as to qualify for issuance of the applicable Certificate of Completion by the deadline set forth in Section 1.2, and such nonconformity with the requirements of this Agreement is remedied within six months after such applicable deadline, then such delay in completing the Improvements shall not be considered a default under this Agreement.
 - 2) Major Delay in Completion of the Improvements to the Property. If construction of the Improvements is not substantially completed so as to qualify for issuance of the applicable Certificate of Completion by the date set forth in Section 1.2, and such nonconformity with the requirements of this Agreement is not remedied within six months after such applicable deadline, then it shall be considered a major default of this Agreement and City may elect to give Notice of Default pursuant to Section 5.1. In the event such default is not remedied as allowed by Section 5.1, City may elect to terminate this Agreement, in which event:
 - i) The City shall have no obligation under Article 4 of this Agreement to pay the Economic Development Grant;
 - ii) Developer shall have no obligation under this Agreement to construct or maintain Improvements to the Property; and
 - iii) The City shall file a Termination Certificate as provided in Section 6.7.
- B. Future Use of Improvements. Developer acknowledges and agrees that the affordability requirements and provision of affordable multi-household residential units, for the duration of the Affordability Period, were major factors in the City's financial assistance to Developer for redevelopment of the Property, and that any failure by Developer to cause said

Improvements to be constructed and thereafter continually operated as such will constitute a significant and substantial default under this Agreement. City shall have no obligation to pay any installment on the Economic Development Grant until such default is remedied. If such default is not remedied after notice and opportunity to cure as identified in Section 5.1, City may elect to declare Developer in breach of this Agreement whereupon the City shall have no obligation to pay any further installments on the Economic Development Grant, may pursue any and all legal remedies available to the City, and/or may record a Termination Certificate for default pursuant to Section 6.7.

- Sec. 5.3. Other Rights and Remedies, No Waiver by Delay. City and Developer shall have the right to institute such actions or proceedings as each may deem desirable for effectuating the purposes of this Article. Provided, that any delay by City or Developer in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights shall not operate as a waiver of such rights or to deprive either City or Developer of or limit such rights in any way; it being the intent of this provision that City and Developer should not be constrained to exercise such remedies at a time when such party may still hope otherwise to resolve the problems created by the default involved so as to avoid the risk of being deprived of or limited in the exercise of such remedies because of concepts of waiver, laches, or otherwise. No waiver in fact made by City or Developer with respect to any specific default by the other party shall be considered or treated as a waiver of the rights of City or Developer with respect to any other defaults by the other party or with respect to the particular default, as the case may be, except to the extent specifically waived in writing by City or Developer.
- Sec. 5.4. Enforced Delay in Performance. Except for an obligation to pay money to the other pursuant to this Agreement, neither City nor Developer shall be considered in breach of, or in default of, its obligations with respect to this Agreement, or any portion thereof, including redevelopment, or the beginning and completion of construction of the Improvements, in the event of an enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, temporary injunctions, acts of God, acts of the public enemy, war or terrorism, acts of government (provided City may not rely upon its own acts as reason for delay), acts of the other party, fires, floods, epidemics, pandemics, quarantine restrictions, strikes or other labor disruptions, freight embargoes, and unusually severe weather or delays of subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of City or of Developer, as the case may be, shall be extended for the period of the enforced delay: Provided, that the party seeking the benefit of the provisions of this article shall: i) within twenty (20) days after the beginning of any such enforced delay, have notified the other party thereof in writing, and of the cause or causes thereof, and setting forth the anticipated extension required as a result of the enforced delay; and, ii) exercise reasonable diligence to mitigate the event and the impact thereof.
- Sec. 5.5. <u>Rights and Remedies Cumulative</u>. The rights and remedies of the parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative, and the exercise by either party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach or of any of its remedies for any default or breach by the other party. No waiver made by either party shall be deemed a waiver in any respect in regard to any other rights of the party making the waiver or of any other obligations of the other party.

ARTICLE 6. MISCELLANEOUS

- Sec. 6.1. <u>Representatives Not Individually Liable</u>. No member, official, or employee of City or Developer shall be personally liable in the event of any default or breach by either party under this Agreement, or for any amount which may become due or on any obligations under the terms of this Agreement.
- Sec. 6.2. <u>City Not a Guarantor, Surety or Partner</u>. City is not a guarantor or surety for the redevelopment nor for any indebtedness incurred by Developer. It is mutually understood that nothing in this Agreement is intended or shall be construed as in any way creating or establishing the relationship of copartners between the parties hereto, or as constituting Developer as a contractor, agent or representative of City for any purpose or in any manner whatsoever.
- Sec. 6.3. <u>Interpretation of Contract</u>. A. *Documents to be Considered Together*. The approved Conceptual Development Plan and any approved changes or modifications thereto shall be incorporated into this Agreement effective as of the date of such approvals. Any interpretation of the provisions of this Agreement shall be made by construing this Agreement and all Exhibits hereto together with the approved Conceptual Development Plan and any approved amendments thereto. Copies of all such documents shall be placed on permanent file in the Office of the City Clerk, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa.
- B. Choice of Laws. This Agreement shall be construed in accordance with the laws of the State of Iowa.
 - C. Timing. Time is of the essence in the performance of this Agreement.
- D. *Non-working Days*. In the event the last date for performing any act required by this Agreement falls upon a weekend day or holiday, then the time for performing such act shall be extended to the next following working day.
- E. *Counterparts*. This Agreement may be executed in multiple counterparts, each of which shall constitute one and the same instrument.
- F. Agreement Binding on Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon successors and assigns of the parties.
- G. Construction. Headings are included for convenience only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement. All section references, unless otherwise clearly indicated, are to sections in this Agreement. Words and phrases shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to context. This Agreement is not to be construed more strictly against a party hereto merely because it may have been drafted or prepared by such party or its counsel, this Agreement being the product of negotiation.

Sec. 6.4. WAIVER OF JURY TRIAL. THE CITY AND DEVELOPER EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY

ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OBLIGATIONS OF THE CITY, ANY RELATED DOCUMENTS, THE OBLIGATIONS THEREUNDER OR ANY TRANSACTIONS ARISING THEREFROM OR FROM ANY AMENDMENTS THERETO. THIS WAIVER IS MADE ON BEHALF OF AND APPLIES TO ALL EMPLOYEES, OFFICERS, OWNERS, PRINCIPALS AND AGENTS OF BOTH THE CITY AND THE DEVELOPER. THIS WAIVER APPLIES TO ALL CLAIMS WHETHER MADE AT LAW OR EQUITY AND WHETHER BASED IN CONTRACT OR TORT THAT ARE MADE BY ANYONE IN RELATIONSHIP TO THE AGREEMENT OR IN RELATIONSHIP TO ANY ASPECT OF THE PROJECT OR CONSTRUCTION OF OR OPERATION OF THE IMPROVEMENTS. THE DEVELOPER AND THE CITY EACH REPRESENT TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

Sec. 6.5. <u>Notices</u>. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested; delivered personally; or sent by overnight courier service, as follows:

(a) in the case of Developer, addressed to:

HOA EVMF, LLC c/o Chuck Ullrich, Heart of America Group 1501 River Drive Moline, IL 61265

With copy to: HOA EVMF, LLC c/o Jennifer Drake Vice President and Chief Legal Officer 515 E. Locust, Ste. 100 Des Moines, IA 50309

(b) in the case of City, addressed to:

Attn: City Manager c/o Office of Economic Development City of Des Moines 400 Robert D. Ray Drive Des Moines, Iowa, 50309

or to such other address, Department, or individual as either may, from time to time, designate in writing and forward to the other as provided in this Section.

Sec. 6.6. <u>Recordation</u>. City shall cause this Agreement (exclusive of Exhibit "C") and Exhibits "A" and "B" hereto to be promptly recorded at the Developer's expense with the Polk County Recorder. Exhibit "B" hereto shall be recorded separately by City at Developer's expense with the Polk County Recorder. A copy of this Agreement, including all the Exhibits, shall be maintained and available for public inspection in the office of the City Clerk of City.

- Sec. 6.7. <u>Termination Certificate</u>. Upon the termination of this Agreement as provided herein or upon satisfaction by the parties of all their obligations under this Agreement, and request by Developer, City shall issue to Developer a Termination Certificate certifying that Developer has satisfied all its obligations under this Agreement. Such Termination Certificate shall be in recordable form to permit it to be recorded in the records of the Polk County Recorder. Developer may utilize the Termination Certificate as evidence of its compliance with and satisfaction of all its obligations under this Agreement. In the event that a Termination Certificate is filed due to default and failure to cure under Article 5 of this Agreement, the City may record a Termination Certificate which shall not be used to demonstrate or certify that the defaulting party's obligations hereunder have been fulfilled.
- Sec. 6.8. <u>Amendment</u>. No amendment of this Agreement is binding unless set forth in writing, duly signed by the parties hereto.
- Sec. 6.9. <u>Urban Renewal Amendment</u>. City shall diligently proceed with all necessary actions to promptly consider adoption, in conformance with applicable law, of an amendment to the Urban Renewal Plan for the Project Area to include the construction of the Improvements as an urban renewal project under Iowa Code Section 403.5(5)(b). Notwithstanding anything in this Agreement to the contrary, this Agreement, and Developer's obligations hereunder, shall be of no force or effect unless and until the City adopts such an amendment. If for any reason the City has not adopted such an amendment by July 1, 2022, Developer may, any time thereafter and prior to adoption of such an amendment, and notwithstanding any cure period provided under this Agreement, unilaterally and upon notice to City terminate this Agreement, with each party hereto thereafter relieved of further obligation or liability that does not expressly survive termination of this Agreement.

(Signature pages to follow.)

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on or as of the Effective Date.

HOA EVMF LLC,

an Iowa limited liability company

Jennifer Drake, Vice President and Chief Legal Officer

STATE OF IOWA)	
)	SS
COUNTY OF POLK)	

This instrument was acknowledged before me on Mey 31st, 2022, by Jennifer Drake as Vice President and Chief Legal Officer of HOA EVMF, LLC, an Iowa limited liability company, on behalf of whom the instrument was executed.

Notary Public in the State of Iowa
My commission expires: Crygust 23,2023

CITY OF DES MOINES, IOWA

ATTEST:	.
By:	By: T.M. Franklin Cownie, Mayor
City Clerk	
APPROVED AS TO FORM:	
/s/ Glenna K. Frank Glenna K. Frank Assistant City Attorney	
STATE OF IOWA) ss: COUNTY OF POLK)	
in the State of Iowa, personally apperatus that they are the Mayor and City Cle municipal corporation; that the seal at the corporation; that the instrument vauthority of its City Council, as cont Call No. 22 of City Council, and of City Council and	, 2022, before me, the undersigned, a Notary Public Fared T.M. FRANKLIN COWNIE and onally known, and who, being by me duly sworn did state ork, respectively, of CITY OF DES MOINES, IOWA, a affixed to the foregoing instrument is the corporate seal of was signed on behalf of City of Des Moines, Iowa, by ained in the Resolution adopted by City Council under Roll ouncil on the day of, 2022, and that acknowledged the execution of the did deed of City of Des Moines, Iowa, by it and by them
	Notary Public in the State of Iowa

Exhibit "A"

To Urban Renewal Development Agreement

Legal Description of Property:

Parcel 2022-21 of that certain Plat of Survey filed in the Office of the Recorder of Polk County, Iowa on May 5, 2022 and recorded in Book 19095, Page 731, now included in and forming a part of the City of Des Moines, Polk County, Iowa, and being further described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in SARAH J. GRIFFITH'S SUBDIVISION of Lots 5 and 6 in Block "E" Griffith's Addition (except 10 feet off North side of Lot 5), an Official Plat; and also the 10 foot alley North of and adjoining said Lots 1 through 7, all now included in and forming a part of the City of Des Moines, Polk County, Iowa; and The South 2.63 feet of Lot 3, all of Lot 4 and the North 10 feet of Lot 5 in Block "E" in GRIFFITH'S ADDITION TO EAST FORT DES MOINES, an Official Plat, now included in and forming a part of the City of Des Moines, Polk County, Iowa.

Exhibit B To Development Agreement

Prepared by: Glenna K Frank, Assistant City Attorney, 400 Robert D. Ray Dr., Des Moines, IA

50309 Phone: 515/283-4130

Return Address: City Clerk - City Hall, 400 Robert D. Ray Drive, Des Moines, IA 50309

Taxpayer: HOA EVMF LLC

Title of Document: Declaration of Covenants

Grantor's Name: HOA EVMF LLC
Grantee's Name: City of Des Moines

Grantee's Name: City of Des Moines, Iowa Legal Description: The Property located at 317 E. 6th Street, Des Moines, Iowa, more specifically

described as on Exhibit A hereto on page 8.

(Herein "Property")

DECLARATION OF COVENANTS

HOA EVMF LLC, an Iowa limited liability company (hereinafter "Developer"), in consideration of the mutual obligations undertaken by Developer and the City of Des Moines, Iowa, a municipal corporation (hereinafter "City"), in the Development Agreement dated as of _________, 2022 (hereinafter the "Agreement"), does hereby CONVEY unto the said City the beneficiary interest of the covenants set forth below, in and to the real estate in the City of Des Moines, Polk County, Iowa, identified as the Property in said Agreement, and more specifically described above.

Sec. 1. <u>Agreement / Conceptual Development Plan.</u> The Agreement is recorded in Book _______, Page ______ in the office of the Polk County Recorder and available for public inspection in the office of the City Clerk, at City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa. This Declaration of Covenants is executed and filed by Developer in performance of its obligations under Article 3 of the Agreement. All references herein to the approved Conceptual Development Plan are intended to refer to the Conceptual Development Plan attached as Exhibit "C" to the Agreement as the same may be amended from time to time by Developer in accordance with the terms of the Agreement.

Sec. 2. <u>Duration</u>. The Property shall be subject to the covenants set forth herein for a term (the "Restricted Term" or "Affordability Period") commencing upon the recording of this Declaration of Covenants and continuing until the earlier of May 1, 2045, or the recording of a Termination Certificate by City which certifies that Developer has satisfied all of its obligations under the Agreement or that the Agreement has otherwise terminated. <u>However</u>, such obligations

and covenants shall be binding on the Developer itself, each successor in interest to the Property and any improvements thereon, and every part thereof, and each party in possession or occupancy, respectively, only for such period as such successor or party shall have title to, or an interest in, or possession or occupancy of, the Property or any improvements thereon or part thereof.

- Sec. 3. <u>Covenants</u>. During the Restricted Term, the Property and each portion thereof shall be subject to the following covenants, limitations and restrictions regarding its future use and development (herein referred to as the "Covenants"):
- 1. <u>Development</u>. Developer shall undertake the development of the Property by constructing the Improvements thereon in accordance with the terms of the Agreement, including the approved Conceptual Development Plan, and any City-approved Site Plan, and all applicable State and City permits, laws and regulations.
- 2. <u>Property Use and Residential Affordability Requirements</u>. The Improvements shall be devoted, maintained and used for commercial and multi-household residential use, in conformity with the approved Conceptual Development Plan. Such use includes the following requirements:
 - (a) A minimum of 4,000 square feet of ground-floor commercial space primarily along East 6th Street.
 - (b) A minimum of 11 apartment units as follows with affordability requirements rented at no more than sixty-five percent (65%) HOME¹ rent limits and restricted to households earning eighty percent (80%) or less of the area median income (herein collectively "affordability requirements"). The affordable units may be floating throughout the Property.
 - (c) As determined by the City, the Developer must maintain the affordability requirements throughout the duration of these Covenants ("Affordability Period"), and restore compliance with said requirements if tenant income changes based on the annual reports obtained by the Developer at least annually from the tenant. Tenant income requirements shall be reviewed by the Developer at least annually on the basis of the current income of the tenant.
- 3. Prohibition Against Discrimination in Sale or Leasing. Developer, its successors and assigns shall not, in violation of any applicable law, discriminate against or segregate any person or group of persons on account of age, race, religion, creed, color, sex, sexual orientation, gender identity, national origin, ancestry, disability, familial status, or source of income in the sale, leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Property or the Improvements erected thereon, and not establish or permit any such practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, sub-tenants or vendees in the Property or the Improvements erected thereon, in violation of any applicable law.²

2 Source of income as defined in Section 62-1 of the Des Moines Municipal Code means money, funds, income, and support, payable directly or indirectly to or on behalf of a renter or buyer of housing, derived from any pension, annuity, child support, or alimony, or any tax supported Federal, State or local funds, including but not limited to, social security, supplemental security income, temporary assistance for needy families, family investment program,

2

¹As defined in the Agreement.

- 4. <u>Prohibition Against Discrimination in Employment.</u> In the employment of persons upon the Property, Developer, its successors and assigns shall comply with all federal, State of Iowa and local laws prohibiting discrimination.
- 5. <u>Maintenance.</u> The Improvements constructed upon the Property pursuant to the Agreement shall be maintained in good condition and repair in substantial conformance with the approved Conceptual Development Plan and construction plans. In the event of fire or other casualty loss to the Improvements, repairs to restore the Improvements to their former condition in substantial conformance with the approved Conceptual Development Plan and construction plans shall be commenced within one hundred eighty (180) days and diligently pursued to completion, subject, however, to Section 5.4 of the Agreement.
- 6. Prohibition Against Transfer. A. Prior to issuance of the Certificate of Completion for the Improvements pursuant to Article 2 of the Agreement, Developer shall not without the prior written approval of City, make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer of the Property, or any part thereof or any interest therein, or any agreement to do any of the same, except leases made in the ordinary course of business, and easements or other encumbrances necessary for the Improvements.
 - B. City shall be entitled to require as a condition to any such approval that:
 - (1) Any proposed transferee shall have the qualifications and financial responsibility, as determined by City, necessary and adequate to fulfill the obligations undertaken in the Agreement by Developer (or, in the event the transfer is of or relates to part of the Property, such obligations to the extent that they relate to such part);
 - (2) Any proposed transferee, by an instrument in writing satisfactory to City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of City, expressly assume all of the obligations of Developer under the Agreement and agree to be subject to all the conditions and restrictions to which Developer is subject (or, in the event the transfer is of or relates to part of the Property, such obligations, conditions, and restrictions to the extent that they relate to such part); and
 - (3) All instruments and other legal documents involved in effecting transfer be submitted to City for review prior to the transfer.
 - C. In the absence of specific written agreement by City to the contrary, no such approved transfer by City shall be deemed to relieve Developer, or any other party bound in any way by the Agreement or otherwise with respect to the construction of the Improvements, from any of its obligations with respect thereto.

general relief, food stamps, unemployment compensation, housing choice voucher rent subsidies, and similar rent subsidy programs.

D. Following issuance of Certificate of Completion pursuant to Article 2 of the Agreement, Developer may transfer the Property without consent of the City, except Developer agrees to provide City with written notice in the event of any transfer of the Property, of rights thereto.

7. <u>Limitation Upon Encumbrance of Property</u>.

- A. Prior to issuance of the Certificate of Completion pursuant to Article 2 of the Agreement, Developer shall not engage in any transaction imposing any encumbrance or lien upon the Property, or any part thereof, whether by express agreement or operation of law, or suffer any encumbrance or lien to attach to the Property, except as permitted under paragraph B, below.
- B. Liens and encumbrances may be imposed upon the Property, and any part thereof, only for the purpose of (i) constructing the Improvements and obtaining funds to complete the same; and (ii) the payment of installments of property taxes and special assessments that are due, but not delinquent. Developer shall use its best efforts to cause to be included in any mortgage on the Property a provision requiring that whenever the mortgagee shall deliver any notice or demand to Developer with respect to any breach or default by Developer in its obligations under such mortgage, the mortgagee shall at the same time forward a copy of such notice or demand to City at the address shown in Article 6 of the Agreement.
- C. Developer shall not be required to remove any encumbrance or lien required to be removed under paragraph A, above, so long as Developer shall contest, in good faith and at its own cost and expense, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the encumbrance or lien so contested, and the sale, forfeiture, or loss of the Property or any part thereof to satisfy the same. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of Developer to settle any such contest), and Developer shall, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be determined to be payable therein, together with all penalties, interest, costs and expenses thereon or in connection therewith. Developer shall give City prompt written notice of any such contest and of the final outcome thereof.
- 8. <u>Situs for Taxation</u>. Developer shall pay when due all taxes and assessments, general or special, levied upon or assessed against any part of the Property. Developer, its successors and assigns, and every successor in interest to the Property and the Improvements thereon, or any part thereof, shall not cause or voluntarily permit any part of the Property and the Improvements thereon to be owned by a telephone utility or any other entity of a type where the assessed value of taxable property of such entity is not treated as located within the City of Des Moines in its entirety, or apply for a deferral of property tax on the Property pursuant to any present or future statute or ordinance other than tax abatement pursuant to the City's urban revitalization plan as applicable.
- Sec. 4. <u>Required Terms in any Conveyance</u>. During the Restricted Term, Developer shall endeavor to include in every deed, lease, sublease and other instrument conveying all or any part

of Developer's interest in any portion of the Property, a provision identifying the terms, conditions, restrictions and requirements of this Declaration and acknowledging that the City may enforce the terms, conditions, restrictions and requirements of this Declaration against Developer's successors and assigns to the same extent as against Developer. Developer shall cooperate in good faith in the City's enforcement of the requirements of this Declaration of Covenants against Developer's successors and assigns to any interest in the Property.

- Sec. 5. Covenants; Binding Upon Successors in Interest. It is intended that the terms of this Declaration of Covenants shall be covenants running with the land and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in the Agreement, be binding, only to the extent permitted by law and equity, for the benefit and in favor of, and enforceable by, the City, its successors and assigns, against Developer, its successors and assigns and every successor in interest to any portion of the Property and the Improvements erected thereon, or any part thereof or any interest therein, and any party in possession or occupancy of any of such Property, or any part thereof.
- Sec. 6. City's Rights to Enforce. In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the City and its successors and assigns shall be deemed beneficiaries of the agreements and covenants provided in this Declaration, both for and in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Such agreements and covenants shall run in favor of the City without regard to whether the City has at any time been, remains, or is an owner of any land or interest therein to or in favor of which such agreements and covenants relate. The City shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled.
- Sec. 7. <u>Warranty of Title.</u> Developer does hereby covenant with City that Developer holds legal and equitable title to the Property.

SIGNED this 3154 day of May, 2022. **HOA EVMF LLC** Jennifer Drake, Vice President and Chief Legal Officer

STATE OF IOWA

ss:

COUNTY OF POLK

This instrument was acknowledged before me on May 315t, 2022, by Jennifer Drake as Vice President and Chief Legal Officer of HOA EVMF LLC, an Iowa limited liability company, on behalf of whom the instrument was executed.

My Commission Expires

MANAGE 123, 2023

Notary Public in the State of Iowa
My commission expires: Original 23,2023

ACCEPTANCE:	
I,, Ci	ty Clerk of the City of Des Moines, Iowa, do hereby
,	on of Covenants was duly approved and accepted by
the City Council of said City of Des Moines	by Resolution and Roll Call No. 22,
passed on the day of	, 2022, and this certificate is made pursuant to
authority contained in said Resolution.	
Signed this day of	, 2022.
	_
G' G' I OI G' GD M'	
City Clerk of the City of Des Moines, Iowa	

Exhibit "A"

Legal Description of Property:

Parcel 2022-21 of that certain Plat of Survey filed in the Office of the Recorder of Polk County, Iowa on May 5, 2022 and recorded in Book 19095, Page 731, now included in and forming a part of the City of Des Moines, Polk County, Iowa, and being further described as follows:

Lots 1, 2, 3, 4, 5, 6 and 7 in SARAH J. GRIFFITH'S SUBDIVISION of Lots 5 and 6 in Block "E" Griffith's Addition (except 10 feet off North side of Lot 5), an Official Plat; and also the 10 foot alley North of and adjoining said Lots 1 through 7, all now included in and forming a part of the City of Des Moines, Polk County, Iowa; and The South 2.63 feet of Lot 3, all of Lot 4 and the North 10 feet of Lot 5 in Block "E" in GRIFFITH'S ADDITION TO EAST FORT DES MOINES, an Official Plat, now included in and forming a part of the City of Des Moines, Polk County, Iowa.

Exhibit "C" to Urban Renewal Development Agreement

Conceptual Development Plan

(Attach the Conceptual Development Plan)



DES MOINES, IOWA

OWNER/APPLICANT

HOA HOTELS LLC 1501 RIVER DRIVE MOLINE, ILLINOIS 61265 CONTACT: JOHN SCHULZ EMAIL: JSCHULZ GHOARI.COM PH: (309) 743-3334

ENGINEER/ SURVEYOR

CIVIL DESIGN ADVANTAGE
3405 SE CROSSROADS DRIVE, SUITE G
GRIMES, IOWA 50111
CONTACT: JOSH TRYGSTAD
EMAIL: JOSHTGCDA-ENG.COM
PH. (515) 369-4400
FX. (515) 369-4410

ARCHITECT

HEART OF AMERICA GROUP 1501 RIVER DRIVE 1501 RIVER DRIVE MOLINE, IL 61265 CONTACT: CRAIG SHANNON EMAIL: CRAIGSHANNON©HOARI.COM

DATE OF SURVEY

MARCH 22, 2021

BENCHMARKS

BRASS PLUG AT THE SOUTHEAST CORNER OF SIGNAL BASE AT THE NORTHWEST CORNER OF E. GRAND AVE. AND E. 6TH STREET. ELEVATION=43.25

ZONING

DX2-DOWNTOWN DISTRICT

CONSTRUCTION SCHEDULE

ANTICIPATED START DATE = SPRING 2022 ANTICIPATED FINISH DATE = SPRING 2023

SUBMITTAL DATES

FIRST SUBMITTAL: SECOND SUBMITTAL: THIRD SUBMITTAL: FOURTH SUBMITTAL:

LEGAL DESCRIPTION

LOTS 1, 2, 3, 4, 5, 6 AND 7 IN SARAH J. GRIFFITH'S SUBDIVISION OF LOTS 5 AND 6 IN BLOCK "E" GRIFFITH'S ADDITION (EXCEPT 10 FEET OF RORTH SIDE OF LOT 5), AN OFFICIAL PLAT: AND ALSO THE 10 FOOT ALLEY NORTH OF ADDITIONIS AND LOTS 1 THROUGH 7, ALL NOW INCLIDED IN AND FORMING A PART OF THE CITY OF DES MOINES, POLK COUNTY, FOWE

AREA:

LOTS 3 AND 4 AND THE NORTH 10 FEET OF LOT 5 IN BLOCK "E" IN GRIFFITH'S ADDITION TO EAST FORT DES MOINES, AN OFFICIAL PLAT, NOW INCLUDED IN AND FORMING A PART OF THE CITY OF DES MOINES, POLK COUNTY, IOWA.

PROJECT SITE ADDRESS

317 EAST 6TH STREET

EXISTING/ PROPOSED USE

COMMERCIAL BUILDING PROPOSED LAND USE: 7 STORY APARTMENT BUILDING

DEVELOPMENT SUMMARY

0.62 ACRES (27,184 SF)

PRIMARY FRONTAGE COVERAGE:

E 6TH STREET

LOT FRONTAGE:
BUILDING FRONTAGE:
COVERAGE:
E WALNUT STREET 179.8 LOT FRONTAGE: BUILDING FRONTAGE: COVERAGE:

24.466 SF (90.0%)

IMPERVIOUS AREA REQUIRED MAX: EXISTING PAVING: BUILDING: PROVIDED
BUILDING:
SIDEWALK:
PAVING: 822 SF 24,321 SF (89,5%)

PARKING MAXIMUM DX DISTRICTS: 6 SPACES

PARKING PROVIDED 5 SPACES *ADDITIONAL PARKING WILL BE SHARED WITH PARKING STRUCTURE CONNECTED WITH 322 E 6TH STREET.

BIKE_REQUIRED RESIDENTIAL (1 PER 15 HOUSEHOLD UNITS): 8 SPACES RIKE PROVIDED: 8 SPACES

BUILDING TYPE

SUSTAINABILITY CRITERIA

- PERMEABLE PAVEMENT FOR A MINIMUM OF 30% OF THE PAVED AREA.
- AREA.
 PRIMARY ENTRY WITHIN 1/4 MILE OF A D.A.R.T. TRANSIT STOP,
 REDEVELOPMENT OF A PREVIOUSLY-DEVELOPED SITE.
 PROVISION OF AN ELECTRICAL VEHICLE CHARGING STATION ON
 SITE.

SITE PLAN APPROVAL:

□ APPROVED WITH CONDITIONS ~ SEE EXHIBIT "A"

IN ACCORDANCE WITH SECTION 135-9, 2019 DES MOINES MUNICIPAL CODE, AS AMENDED.

NO CHANGES TO THIS PLAN UNLESS APPROVED IN WRITING FROM THE DEVELOPMENT SERVICES DIRECTOR.

DEVELOPMENT SERVICES DIRECTOR:

317 EAST 6TH STREET DES MOINES. IOWA

INDEX OF SHEETS

NO. DESCRIPTION

CO.0 COVER SHEET

C1.1 TOPOGRAPHIC SURVEY/DEMOLITION PLAN

C2.1

STRIPING AND SIGNAGE PLAN

C3.1

EROSION AND SEDIMENT CONTROL PLAN

C4.1

C4.2 STORM WATER FACILITIES MANAGEMENT PLAN

C5.1-5.5 CIVIL DETAILS

TREE MITIGATION PLAN AND LANDSCAPE PLAN

LANDSCAPE DETAILS



UTILITY WARNING

ANY UTILITIES SHOWN HAVE BEEN LOCATED FROM FIELD SURVEY AND RECORDS OBTAINED BY THIS SURVEYOR. THE SURVEYOR MAKES NO GUARANTEE THAT THE UTILITIES SHOWN COMPRISE ALL THE UTILITIES IN THE AREA, DITHER IN SERVICE OR ADMONBEA. THE SURVEYOR FURTHER DOES NOT WARRANT THAT THE UTILITIES SHOWN ARE IN THE EXACT LOCATION SHOWN.



CIVIL DESIGN ADVANTAGE

3405 SE CROSSROADS DR. SUITE G, GRIMES, IOWA 50111 PH: (515) 369-4400 Fax: (515) 369-4410 PROJECT NO. 2102.112

GENERAL LEGEND

PROPOSED PROPERTY BOUNDARY SECTION LINE CENTER LINE RIGHT OF WAY BUILDING SETBACK

(170)

a

(111111)

ST

ST

1

ST

H

(3)

— в"w -

___w__w__

(UAC)

PERMANENT EASEMENT TEMPORARY EASEMENT TYPE SW-501 STORM INTAKE TYPE SW-502 STORM INTAKE

TYPE SW-503 STORM INTAKE TYPE SW-505 STORM INTAKE

TYPE SW-506 STORM INTAKE TYPE SW-512 STORM INTAKE TYPE SW-513 STORM INTAKE

TYPE SW-401 STORM MANHOLE TYPE SW-402 STORM MANHOLE

FLARED FND SECTION

TYPE SW-301 SANITARY MANHOLE STORM/SANITARY CLEANOUT WATER VALVE

FIRE HYDRANT ASSEMBLY DETECTABLE WARNING PANEL WATER CURB STOP

SANITARY SEWER SANITARY SERVICE STORM SEWER STORM SERVICE WATERMAIN WITH SIZE

WATER SERVICE SAWCUT (FULL DEPTH) SILT FENCE

USE AS CONSTRUCTED

EXISTING SANITARY MANHOLE

WATER VALVE BOX FIRE HYDRANT KBU WATER CURB STOP WELL STORM SEWER MANHOLE 60 STORM SEWER SINGLE INTAKE STORM SEWER DOUBLE INTAKE 0×08 FLARED FND SECTION DECIDUOUS TREE CONIFEROUS TREE DECIDUOUS SHRUB ELECTRIC POWER POLE GUY ANCHOR STREET LIGHT -POWER POLE W/ TRANSFORMER UTILITY POLE W/ LIGHT ELECTRIC BOX ELECTRIC TRANSFORMER ELECTRIC MANHOLE OR VAULT (E) TRAFFIC SIGN TELEPHONE JUNCTION BOX TELEPHONE MANHOLE/VAULT (T) TELEPHONE POLE GAS VALVE BOX CABLE TV JUNCTION BOX (8) CABLE TV MANHOLE/VAULT MAIL BOX BENCHMARK

-s--s--s-SOIL BORING UNDERGROUND TV CABLE ___ st ___ st ___

GAS MAIN FIRER OPTIC UNDERGROUND TELEPHONE OVERHEAD ELECTRIC UNDERGROUND ELECTRIC

SANITARY SEWER W/ SIZE STORM SEWER W/ SIZE

---r--___ _ ____ ----———a"s——— — — 15"ST — — — -----

— — FO— — —

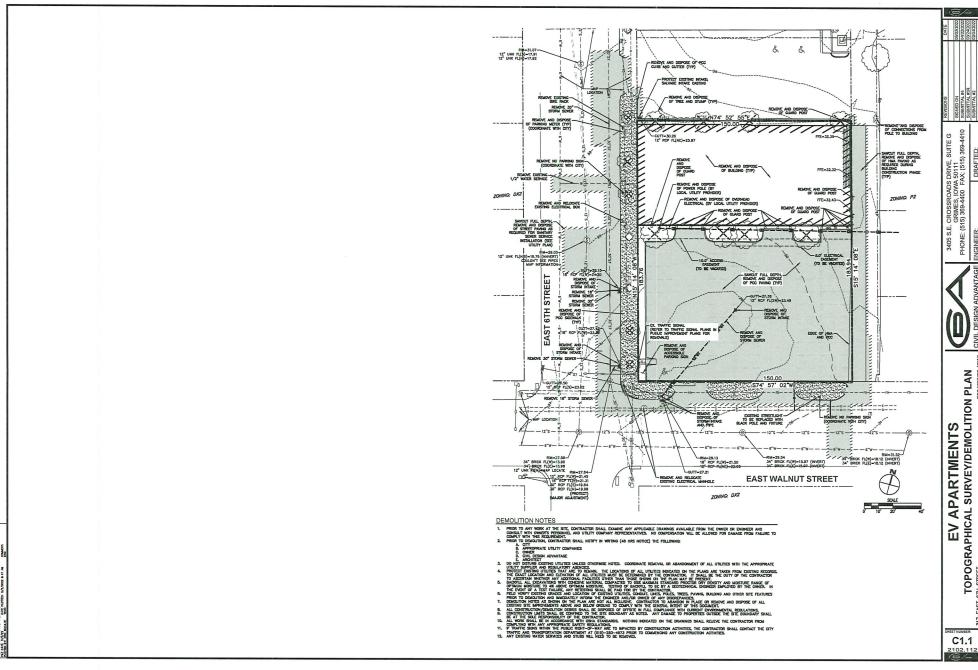
THE 2022 EDITION OF THE SUDAS STANDARD SPECIFICATIONS, THE PUBLIC RIGHTS—OF—WAY ACCESSIBILITY GUIDELINES (PROWAG) AND ALL CITY SUPPLEMENTALS, IF APPLICABLE, SHALL APPLY TO ALL WORK ON THIS PROJECT

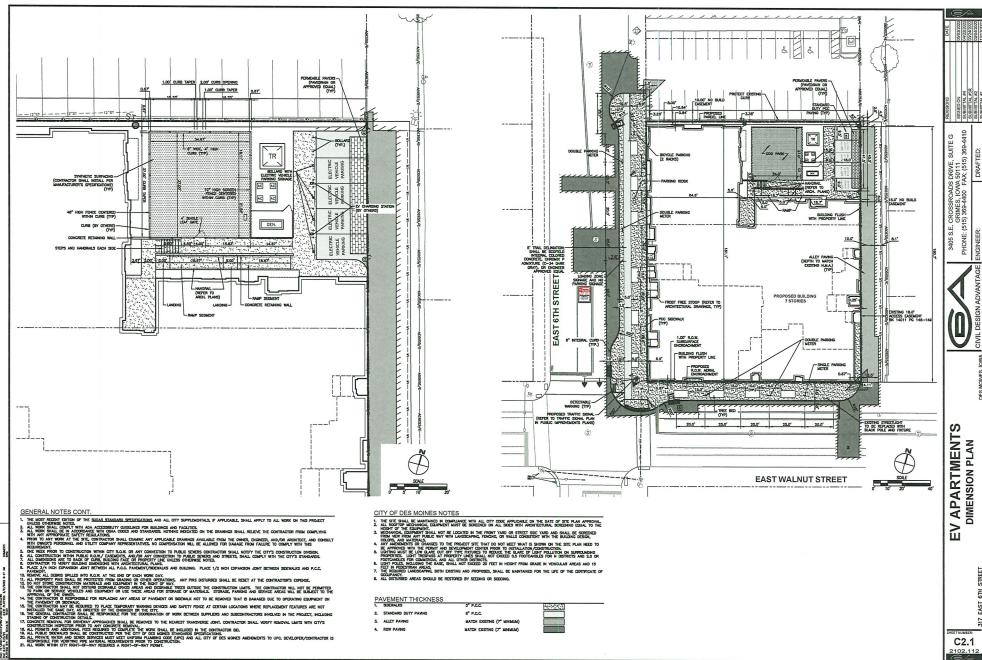


5/2/2022

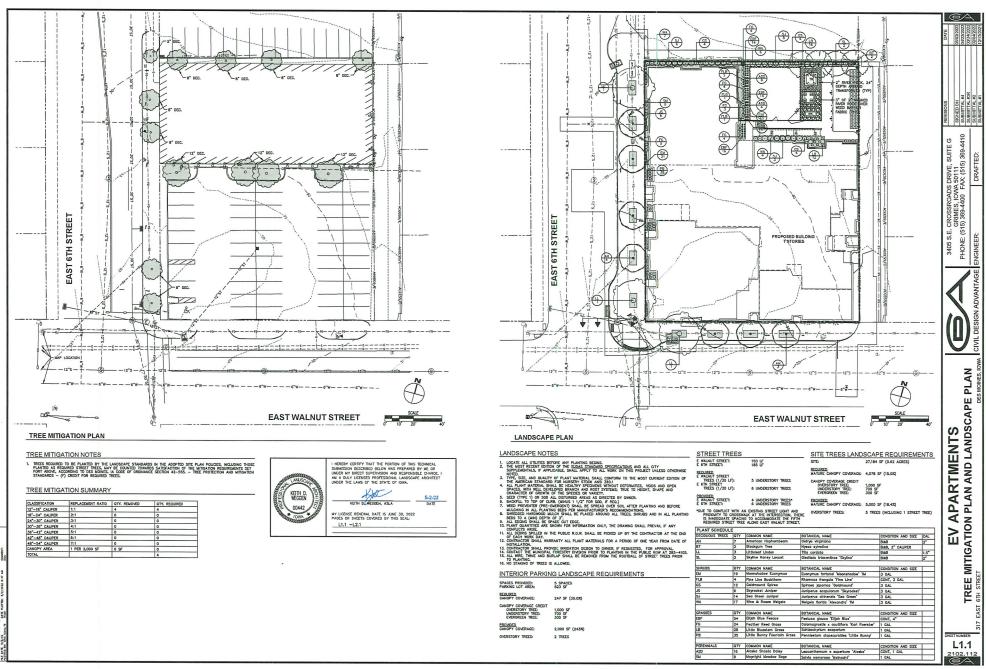
Idua a. Taygota LICENSE NUMBER 19228
MY LICENSE RENEWAL DATE IS DECEMBER 31, 2022
PAGES OR SHEETS COVERED BY THIS SEAL:

C0.0-C5.5





VIORITY OFF VIOLET PROPERTY



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