

★ Roll Call Number

13-1809

Agenda Item Number

31 ✓

Date November 18, 2013.....

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT WITH INGERSOLL SQUARE PHASE III ASSOCIATES, L.P., FOR A MIXED USE DEVELOPMENT AT THE NORTHEAST CORNER OF MARTIN LUTHER KING JR. PARKWAY AND INGERSOLL AVENUE, APPROVING PROPOSED CONCEPTUAL DEVELOPMENT PLAN, AND APPROVING HOME DOCUMENTS FOR A \$350,000 BELOW MARKET INTEREST RATE LOAN

WHEREAS, on May 20, 2013, by Roll Call No. 13-0804, the City Council approved preliminary terms of agreement with Ingersoll Square Phase III Associates, L.P., therein referred to as Ingersoll Square III Investments, L.L.C., and hereinafter referred to "Ingersoll Square"), represented by Frank Levy, Officer, whereby Ingersoll Square proposed to construct a four story mixed-use building upon property at the northeast corner of Martin Luther King Jr. Parkway and Ingersoll Avenue; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement and a separate Home Investment Partnerships Program Agreement ("HOME Agreement") with Ingersoll Square at variance with the preliminary terms of agreement, whereby Ingersoll Square has agreed to construct a four story mixed-use building upon the property containing 5,500 square feet of retail space on the first floor, including 4,000 square feet to be occupied by Veridian Credit Union, 47 residential units on the upper floors, and surface parking in conformance with the proposed Conceptual Development Plan (hereinafter collectively the "Improvements"), in consideration of an undertaking by the City to provide the following financial incentives, all as more specifically described in the accompanying Council Communication:

- An Economic Development Grant to be paid in installments for a term of 10 years commencing after expiration of the 10-year tax abatement, with the installments in each year to be in an amount equal to 58% of the TIF generated in that year by the residential component of the Improvements;
- A Supplemental Grant to be paid in advance of construction in the amount of \$430,000, with such grant subject to repayment upon any default by Ingersoll Square under the Agreement, and also subject to possible repayment from available project cash flows as described in the Agreement; and,
- A HOME Agreement loan of \$350,000.

WHEREAS, the proposed Urban Renewal Development Agreement, Conceptual Development Plan, and HOME Agreement, and the attachments and exhibits thereto, are on file and available for inspection in the office of the City Clerk; and,

WHEREAS, on November 13, 2013, the members of the Urban Design Review Board present at a special meeting called specifically to review this project, expressed their support for

(continued)

Date November 18, 2013

-2-

the proposed Conceptual Development Plan for the Improvements and for the City financial incentives to be provided for the project.

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

1. The City Council hereby makes the following findings in support of the proposed Development Agreement with Ingersoll Square Phase III Associates, L.P.,:
 - a) The property is located in a part of the Urban Renewal historically characterized by underutilized and vacant land and a pattern of disinvestment and declining employment.
 - b) Ingersoll Square's obligations under the Development Agreement to construct the Improvements 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 and maintain taxable values and employment opportunities within the Urban Renewal Area.
 - c) The economic development incentives for the development of the Improvements are to be provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa and Ingersoll Square's obligations under the Development Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the Urban Renewal Area in accordance with the Urban Renewal Plan; (ii) it will encourage further private investment to retain and expand existing property values in the Urban Renewal Area; (iii) it will attract and retain other businesses in the Urban Renewal Area to reverse the pattern of disinvestment and declining employment in the area; 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.
 - d) The construction of the Improvements is a speculative venture and the construction and resulting employment and redevelopment opportunities will not occur without the economic incentives provided by the Development Agreement.
 - e) The construction of the Improvements pursuant to this Agreement, is in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the Metro Center Urban Renewal Project has been undertaken, and warrant the provision of the economic assistance set forth in the Development Agreement.
2. The Conceptual Development Plan for the project, which is Exhibit "C" to the Development Agreement, is hereby approved,

(continued)

Date November 18, 2013

-3-

3. The Urban Renewal Development Agreement and the HOME Agreement between the City and Ingersoll Square Phase III Associates, L.P., are hereby approved, **subject to such changes required for Ingersoll Squire to finalize the project financing and determined by the City Legal Department to have no material detrimental impact upon the City's interests.**
4. The Mayor and City Clerk are hereby authorized and directed to execute the Development Agreement on behalf of the City of Des Moines.
5. The Community Development Director of the City of Des Moines is authorized and directed to execute and administer all the HOME Agreement documents on behalf of the City upon completion of all environmental reviews.
6. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Grant and the Supplemental Economic Development Grant pursuant to Article 3 of the Development Agreement.

(Council Communication No. 13-573)

MOVED by Coleman to adopt.

FORM APPROVED:

Roger K. Brown

Roger K. Brown
Assistant City Attorney

G:\USERS\RKBrown\Rog Docs\Eco Dev\Ingersoll Sq\RC Approve Dev Agr.doc

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|----------------|------|------|------|--------|
| COWNIE | ✓ | | | |
| COLEMAN | ✓ | | | |
| GRIESS | ✓ | | | |
| HENSLEY | ✓ | | | |
| MAHAFFEY | ✓ | | | |
| MOORE | ✓ | | | |
| TOTAL | 6 | | | |

MOTION CARRIED APPROVED
T. M. Franklin 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.

Diane Rauh City Clerk