

Date December 23, 2013.....

RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT
WITH PRINCIPAL LIFE INSURANCE COMPANY FOR RENOVATION OF ITS
CORPORATE OFFICES AT 600 7th STREET, 801 GRAND AVENUE AND 711
HIGH STREET, AND APPROVING PROPOSED CONCEPTUAL PLAN

WHEREAS, on February 11, 2013, by Roll Call No. 13-0255, the City Council approved a conceptual assistance package with Principal Financial Group, Inc., represented by Larry Zimpleman, its CEO, whereby Principal Financial Group proposed to make significant renovations to the buildings on its properties at 600 7th Street, 711 High Street, and 801 Grand Avenue (the "Properties") with the goals of improving campus integration, increased focus on energy efficiency, and improving Principal's employee retention and recruitment abilities moving forward, at an estimated project cost of \$238.5 million; and,

WHEREAS, Principal Life Insurance Company (hereinafter "Principal") is owned by Principal Financial Group and is the operating entity which owns the Properties; and,

WHEREAS, Principal and related companies currently employ approximately 13,000 people worldwide and 6,000 in Des Moines, with an increasing percentage of the workforce being "knowledge based" functions such as IT, actuarial, accounting, asset management, and legal, which require a different physical environment than the "transaction based" functions which previously dominated their workforce; and,

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement with Principal whereby Principal has agreed to make significant renovations to the Properties and to the adjoining streetscape in conformance with the proposed Conceptual 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 30 semi-annual installments commencing on December 1, 2016, with each semi-annual installment to be in an amount equal to 50% of the TIF generated in that year by the completed Improvements to the properties at 600 7th Street, 711 High Street, and 801 Grand Avenue.
- A Sustainability Incentive Grant to be paid in 10 annual installments commencing on December 1, 2016, with each annual installment to be equal to \$25,000 for each of the three properties at 600 7th Street, 711 High Street, and 801 Grand Avenue which have received LEED Certification by the U.S. Green Buildings Council, Green Globe Building Certification by the Green Buildings Initiative, or other equivalent certification by a third-party green-building ratings system approved by the City (for a maximum annual installment of \$75,000).

Date December 23, 2013

-2-

WHEREAS, the proposed Agreement and Conceptual Plan are on file and available for inspection in the office of the City Clerk; and,

WHEREAS, on July 4, 2013, the Urban Design Review Board reviewed the proposed Conceptual Plan for the Principal Corporate Campus as set forth in the document titled *Principal Financing Group, Corporate Project, Presentation to City of Des Moines, June 4, 2013*, and the City's proposed financial assistance package as identified above, and although a quorum was not present at the meeting, the consensus of the members present was to recommend approval of the proposed plan and the financial package.

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 Agreement and the planned Improvements to the Properties at 600 7th Street, 711 High Street, and 801 Grand Avenue:
 - a. The planned Improvements to the Properties further the objectives of the Urban Renewal Plan for the Metro Center Urban Renewal Project to maintain taxable values and employment opportunities within the Metro Center Urban Renewal Area, and to preserve and create an environment which will protect the health, safety and general welfare of City residents.
 - b. The economic development incentives proposed to be provided by the City for the renovation of the Properties shall be provided by the City to Principal pursuant to the Iowa Urban Renewal Law and Chapter 15A of the Code of Iowa, and Principal's obligations under the Agreement to renovate the Properties will generate the following public gains and benefits: (i) it will further the City's efforts to retain and create job opportunities within the downtown area and the Metro Center Urban Renewal Area which might otherwise be lost; (ii) it will advance the improvement and redevelopment of the downtown area in accordance with the Urban Renewal Plan for the Metro Center Urban Renewal Project; and, (iii) it will encourage further private investment and will attract and retain other businesses in the downtown.
 - c. The renovation of the Properties is a speculative venture and the completion of the Improvements and the resulting employment and redevelopment opportunities will not occur without the economic incentives provided by the Agreement.
 - d. The renovation of the Properties and investment by Principal in the renovation of its corporate campus 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 this Agreement.

(continued)

★ Roll Call Number

13-2019

Agenda Item Number

55

Date December 23, 2013

-3-

2. The Conceptual Plan for the project, which is Exhibit "C" to the Development Agreement, is hereby approved.
3. The Urban Renewal Development Agreement between the City and Principal Life Insurance Company is hereby approved.
4. The Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
5. 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 Sustainability Grant pursuant to Article 3 of the Development Agreement.

(Council Communication No. 13- 605)

MOVED by Hensley to adopt.

FORM APPROVED:

Roger K Brown

Roger K. Brown

Assistant City Attorney

G:\USERS\RKBrown\Rog Docs\Eco Dev\Principal\RC Approve Dev Agr V2.doc

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
VOSS	✓			
MOORE	✓			
TOTAL	7			

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