

Date October 12, 2015

**RESOLUTION APPROVING URBAN RENEWAL DEVELOPMENT AGREEMENT
WITH KRAUSE HOLDINGS, INC. AND LINDEN STREET INVESTMENTS, L.L.C.,
AND APPROVING ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT
WITH KRAUSE HOLDINGS, INC. AND THE IOWA ECONOMIC
DEVELOPMENT AUTHORITY, FOR THE REDEVELOPMENT OF
PROPERTY AT 1459 GRAND AVENUE**

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the "Agreement") with Krause Holdings, Inc. ("Developer") and Linden Street Investments, L.L.C. ("Title Holder"), represented by Chad Rasmussen, whereby Developer has agreed to redevelop real property owned by Title Holder located between Grand and Ingersoll Avenues and 14th and 15th Streets ("Property") for relocation of the Kum and Go corporate headquarters, to be known as the Krause Gateway Center, which total project cost is estimated at \$92,000,000, and to undertake the following Improvements in conformance with the proposed Conceptual Development Plan:

- Construction of a 159,000 square feet, five-story building with sixth-floor pavilion, to include a two- to three-story lobby space along 15th Street, main public entrances along Grand Avenue and Ingersoll Avenue at 15th Street, building amenities and conference space, and office space; a two-story below-grade parking ramp underneath said building with approximately 225 parking stalls; and associated sidewalks, driveways and site landscaping; with said Improvements to be designed and constructed for Leadership in Energy and Environmental Design (LEED) Certification; and

WHEREAS, the proposed Agreement further provides that in consideration of the undertakings by Developer, the City shall provide economic development assistance in the form of an economic development grant payable in 20 annual installments commencing on December 1, 2020, with each installment to be in a percentage established in the Agreement, starting at 90% (years 1-5) and decreasing over the duration of the Agreement to 50% (years 18-20), of the incremental taxes generated by the redevelopment of the Property, excluding tax levy and taxes generated by the Downtown Des Moines Self-Supported Municipal Improvement District; and

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

WHEREAS, at its meeting on September 22, 2015, the members of the Urban Design Review Board voted 7-0-1 in support of a motion to recommend approval of the level of financial assistance as proposed and 7-0-1 in support of a motion to recommend approval of the final project design as presented with updates to the signage and landscape plans as they are finalized; and

WHEREAS, in addition to the proposed City of Des Moines assistance, the project has received approval from the Iowa Economic Development Authority's (IEDA's) "High Quality Jobs Program" for a \$18,590,000 tax credit award, with required local match in the form of the above-stated assistance from the City; and

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WHEREAS, City staff have negotiated the Economic Development Assistance Contract (No. 16-TC-016) between IEDA, Developer, and the City, in substantially the form on file in the office of the City Clerk, setting forth Developer's obligations under the High Quality Jobs Program and the City's obligations in regard to the local match requirement.

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 Agreement with Krause Holdings, Inc. ("Developer") and Linden Street Investments, L.L.C. ("Title Holder"):
 - a. Developer's obligations under the Agreement to construct the Improvements 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, and maintain taxable values and employment opportunities within the Urban Renewal Project Area.
 - b. The economic development incentives for the development of the Improvements are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under the 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 Project Area in accordance with the Urban Renewal Plan; (ii) it will encourage further private investment to reverse the pattern of disinvestment and declining property values in the surrounding area; and (iii) it will further the City's efforts to retain and create job opportunities within the Project Area which might otherwise be lost.
 - c. The construction of the Improvements is a speculative venture and the construction and resulting employment and redevelopment opportunities would not occur without the economic incentives provided by this Agreement.
 - d. The development of the Property pursuant to the 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.
2. The Urban Renewal Development Agreement between the City, Linden Street Investments, L.L.C., and Krause Holdings, Inc., and the Conceptual Development Plan attached hereto, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
3. The Economic Development Assistance Contract (16-TC-016) by Krause Holdings, Inc., the City of Des Moines, and the Iowa Economic Development Authority, is hereby approved in the form on file in the office of the City Clerk, and the Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines following receipt thereof from IEDA.



Roll Call Number

15-1741

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- 4. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Urban Renewal Development Agreement.
- 5. The City Manager or his designees are hereby authorized and directed to administer the Urban Renewal Development Agreement and Economic Development Assistance Contract (No. 16-TC-016) on behalf of the City and to monitor compliance by the Developer and City with the terms and conditions of said Agreements. The City Manager is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with said Agreements.

(Council Communication No. 15-547)

Moved by Hensley to adopt.

APPROVED AS TO FORM:

Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MOORE	✓			
TOTAL	7			

T. M. Franklin Council 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