



Roll Call Number

16-0079

Agenda Item Number

45

Date January 11, 2016

APPROVING PRELIMINARY TERMS OF AGREEMENT WITH PRINCIPAL FINANCIAL GROUP AND NELSON DEVELOPMENT FOR A JOINT DEVELOPMENT PROPOSAL FOR THE FORMER YWCA AND 7th & GRAND PARKING GARAGE SITES

WHEREAS, on June 8, 2015, by Roll Call No. 15-0977, the City Council selected Nelson Development as the preferred developer for a luxury multifamily housing development in the air space above the proposed City-owned parking garage then planned to be constructed upon the former YWCA and 7th & Grand parking garage sites in the block bounded by Grand Avenue, and High, 7th, and 8th Streets; and,

WHEREAS, a more compelling proposal for the use of the site has emerged from a joint Principal/Nelson team, the primary points of which are as follows:

- Principal Financial Group will purchase the block bounded by Grand Avenue, and High, 7th, and 8th Streets, and will redevelop the site with a private parking garage with spaces available for surrounding office tenants, residents, hotel guests, and other transient parkers, in general conformance with the design prepared for the proposed City-owned garage.
Nelson Development will purchase the west half of the block bound by Grand Avenue, High Street, 6th Avenue, and 7th Street, and will redevelop the site with an 8-12 story mixed-use project featuring parking, street level commercial space, luxury apartments, and potentially office space; and,

WHEREAS, the Office of Economic Development has negotiated preliminary terms of agreement with the Principal/Nelson team, whereby:

- Both sites will be sold at fair market value of \$52 per square foot, less \$500,000 for the Principal site in recognition of Principal's prior contribution to the YWCA relocation;
Principal will purchase the City's architectural work to date at an estimated cost of \$1 million;
The City will provide economic development assistance for the Nelson site including a \$1 million forgivable predevelopment loan for architectural and engineering services, a grant equal to the land purchase price, and a supplemental grant of \$2 million at certificate of occupancy. It is anticipated that additional project-generated TIF assistance will be negotiated once the project design is completed and prior to closing on the land sale;

all as more specifically described in the accompanying Council Communication.

(Council Communication No. 16- 021)

(continued)



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MOVED by Hensley to receive, file and approve the preliminary terms of agreement as set forth in the accompanying Council Communication, and to direct the City Manager to proceed with negotiation of a formal agreement with the Principal/Nelson team, consistent with the terms set forth in the accompanying Council Communication.

FORM APPROVED:

Roger K. Brown

Roger K. Brown

Assistant City Attorney

U:\Rog Docs\Eco Dev\7th & Grand\RC Approve Prelim Terms.docx

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

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.

7. M. Franklin Council Mayor

Diane Rauh City Clerk