



Roll Call Number

16-0631

Agenda Item Number

664

Date April 11, 2016

RESOLUTION CLOSING HEARING ON *URBAN RENEWAL AGREEMENT FOR SALE OF LAND FOR PRIVATE REDEVELOPMENT* WITH GRAND 7 PARTNERS, LLC, FOR THE SALE AND REDEVELOPMENT OF THE PARCEL EAST OF 7TH STREET BETWEEN GRAND AVENUE AND HIGH STREET, AND APPROVING SAME

WHEREAS, on June 8, 2015, by Roll Call No. 15-0977, the City Council selected Nelson Development as the preferred developer for a luxury apartment development to be constructed in the air space above the future City parking garage then planned to be constructed upon the former YWCA and Seventh and Grand Parking Garage sites in the block bounded by Grand Avenue and High, 7th and 8th Streets (the "West Block"); and,

WHEREAS, on January 11, 2016, by Roll Call No. 16-0079, the City Council received and approved preliminary terms of agreement on a more compelling set of proposals from Principal Financial Group, Inc., and Nelson Development as follows:

- Principal Financial Group would purchase the West Block, and would finance, construct, and own a six level parking garage thereon; and,
- Nelson Development would purchase the half-block of City-owned land immediately east of the West Block (designated as the "East Half Block"), and would construct a mixed-use building thereon having street level commercial space, and at least 7 stories of luxury apartments or office space; and,

WHEREAS, by said Roll Call No. 16-0079, the City Council also directed the City Manager to proceed with negotiation of formal agreements with Principal Financial Group and Nelson Development consistent with the terms set forth in Council Communication No. 16-021; and,

WHEREAS, Grand 7 Partners, LLC (hereinafter "7 Partners"), was created by Nelson Development to serve as the development entity for the redevelopment of the East Half Block; and,

WHEREAS, the City Manager has negotiated an *Urban Renewal Agreement for Sale of Land for Private Redevelopment* (the "Agreement") with 7 Partners which is on file and available for inspection in the office of the City Clerk; and,

WHEREAS, pursuant to the Agreement, 7 Partners has undertaken to purchase the East Half Block for a purchase price of \$1.1 million and redevelop the East Half Block with a building with street level commercial space and at least 7 stories of luxury apartments or office space (hereinafter collectively referred to as the "Improvements"), in consideration of the following economic incentives:

1. A Forgivable Economic Development Loan in the amount of \$1 million to be advanced by City within ten business days of execution of the Agreement, and forgiven upon City

(continued)

★ Roll Call Number

16-0631

Agenda Item Number

66V

Date April 11, 2016

-2-

approval of a Conceptual Development Plan for the redevelopment of the East Half Block; and,

2. An Economic Development Grant to be provided by City in two installments, with the first installment in the amount of \$1.1 to be paid at Closing on the purchase of the East Half Block by 7 Partners, and the second installment in the amount of \$2 million to be paid within 10 business days after issuance of the Certificate of Completion for the redevelopment of the East Half Block,
- all as more specifically described in the Agreement; and,

WHEREAS, on February 22, 2016, by Roll Call No. 16-0308, the City Council accepted the Agreement and authorized publication of notice of intent to enter into the Agreement at a public hearing on April 11, 2016, if no competing proposals were received by the City by March 29, 2016; and,

WHEREAS, notice of the public hearing was published in the Des Moines Register on February 25, 2016; and

WHEREAS, the City has not received any competing proposals for the purchase and redevelopment of the East Half Block.

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

1. Upon due consideration of the facts and statements of interested persons, the objections to the sale and conveyance of the East Half Block to the Developer as set forth in the Agreement are hereby overruled and the hearing is hereby closed.
2. The City Council hereby makes the following findings regarding the proposed sale and conveyance of the East Half Block pursuant to the Agreement:
 - a) The obligations of 7 Partners under the Agreement 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 within the Urban Renewal Project Area, to increase employment opportunities, to encourage the development of a range of affordable and market-rate housing options in attractive settings to serve employees and other people who would like to live in the downtown area, and to encourage intensive and coordinated commercial and residential mixed-use development.
 - b) The economic development incentives provided to 7 Partners under the terms of the Agreement will be provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and the obligations of 7 Partners under the Agreement will



Roll Call Number

16-0631

Agenda Item Number

66V

Date April 11, 2016

-3-

generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the East Half Block and surrounding area in accordance with the Urban Renewal Plan; (ii) it will advance the goal of providing 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; (iii) it will encourage further private investment and will attract and retain residents and businesses in the Project Area to reverse the pattern of disinvestment; and, (iv) it will further the City's efforts to create and retain job opportunities within the Project Area which might otherwise be lost.

- c) The undertaking by 7 Partners under the Agreement is a speculative venture and will not occur without the economic incentives provided by the Agreement.
 - d) The fair market value of the East Half Block, subject to the terms, conditions, restrictions, requirements, limitations and covenants placed on 7 Partners pursuant to the terms of the Agreement is \$1.1 million; and
 - e) The redevelopment of the East Half Block 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..
3. The *Urban Renewal Agreement for Sale of Land for Private Redevelopment* between the City and Grand 7 Partners, LLC, is hereby approved.
 4. The sale and conveyance of the East Half Block, more specifically described as follows:

All of Lot 6 of Block E, Grimmell's Addition to Fort Des Moines, an Official Plat; and except the South 7.0 feet, Lots 1 and 2 of the Official Plat of Lots 4 and 5 Block E Grimmell's Addition, an Official Plat, all now included in and forming a part of the City of Des Moines, Polk County, Iowa.

to 7 Partners by *Special Warranty Deed* in the form of Exhibit "1" to the Agreement, is hereby approved.

5. The Mayor is hereby authorized and directed to execute the *Urban Renewal Agreement for Sale of Land for Private Redevelopment*, and the *Special Warranty Deed*, in the form described above, on behalf of the City and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on each such document.

★ Roll Call Number

16-0631

Agenda Item Number

66 IV

Date April 11, 2016

-4-

- 6. The City Clerk shall forward a duplicate original of the Agreement and all exhibits thereto to the Office of Economic Development for release to 7 Partners. The City Clerk shall forward the original signed deed to the Legal Department for release to 7 Partners at closing on the purchase of the East Half Block.
- 7. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Forgivable Economic Development Loan and Economic Development Grant pursuant to Article 4 of the Agreement.
- 8. The City Manager or his designees are hereby authorized and directed to administer the Agreement on behalf of the City and to monitor compliance by 7 Partners with the terms and conditions of the Agreement. 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 the Agreement.

(Council Communication No. 16- 180)

MOVED by Hensley to adopt.

FORM APPROVED:

Roger K. Brown

Roger K. Brown, Assistant City Attorney

U:\Rog Docs\Eco Dev\7th & Grand\Nelson\RC Select Nelson & Approve Agr.doc

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

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.

T. M. Franklin Mayor

Diane Rauh City Clerk