



Roll Call Number

18-0463

Agenda Item Number

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Date March 19, 2018

**RESOLUTION SETTING DATES OF PUBLIC HEARINGS TO DISCUSS ENTERING INTO AND THE PROPOSAL TO TAKE ACTION ON ENTERING INTO AN AMENDMENT TO LEASE BETWEEN THE CITY OF DES MOINES AND CAPITOL CENTER 2, LLC FOR THE RENTAL OF OFFICE SPACE AT 400 EAST COURT AVENUE SUITES 114, 116, 118 AND 200**

WHEREAS, on December 7, 2015, by Roll Call No. 15-2086, the City Council approved form and authorized execution of a Lease Agreement and related documents between the City of Des Moines, Iowa, and Capitol Center 2, LLC for the rental of office space at 400 East Court Avenue Suites 114, 116, 118 and 200 ("Lease"), which lease is set to terminate on November 30, 2018; and

WHEREAS, the City of Des Moines ("City") would like to amend the lease to allow for the temporary relocation of City employees and functions from the Armory Building; and

WHEREAS, in accordance with Sections 364.4(4) of the Iowa Code it is necessary for the City Council to hold a public hearing to discuss entering into said proposed lease amendment and to hold a subsequent public hearing on the proposal to take action to enter into the lease amendment; and

WHEREAS, the substantive terms of a proposed First Amendment to Lease have been negotiated by and between the City and Capitol Center 2, LLC, pursuant to which the City would continue leasing the real estate identified above, and are set forth as follows:

1. A first renewal term of five (5) years, commencing on December 1, 2018, with an option to renew for an additional renewal term of five (5) years.
2. The premises contain a total of 23,089 square feet between Suites 114, 116, 118 and 200, which reflects the same space that is currently rented under the Lease.
3. The City shall pay an estimated total of \$2,114,350 in rent payments (principal) during the first renewal term of five (5) years, and an estimated total of \$2,380,686 in rent payments (principal) during the optional additional renewal term of five (5) years, if exercised.
4. If the optional additional renewal term is exercised, the City shall have the right to early terminate the Lease Agreement effective May 31, 2026 by giving 12 months advance written notice and payment of a termination fee equivalent to three (3) months of rent; and

WHEREAS, a copy of the proposed First Amendment to Lease Agreement is on file in the Office of the City Clerk; and



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WHEREAS, the First Amendment to Lease Agreement shall be payable solely out of the City's general fund and will not cause the total annual lease payments due from the general fund in any single future fiscal year for all leases currently in force to exceed ten percent of the last certified general fund budget amount; and

WHEREAS, at least ten (10) days prior to the public hearing to discuss entering into the First Amendment to Lease, the City is required, pursuant to Section 364.4(4) of the Iowa Code, to publish notice of the dates and times of the public hearing at which the City Council of the City of Des Moines, Iowa, proposes to discuss entering into the lease amendment and of the planned subsequent public hearing on the proposal to take action to enter into the lease amendment, which notice shall include a statement of the principal amount and purpose of the lease amendment and the right to petition for an election.

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

Section 1. That the public hearing of the Council is hereby set for 5:00 p.m., on the 9<sup>th</sup> day of April, 2018 in the Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa, for the purpose of discussing the matter of entering into a First Amendment to Lease between the City of Des Moines, Iowa, and Capitol Center 2, LLC for the rental of 400 East Court Avenue, Suites 114, 116, 118 and 200, to be used for the temporary relocation of City employees and functions from the Armory Building, said lease amendment to provide for a first renewal term of five (5) years, with an option to renew for an additional renewal term of five (5) years, and said lease amendment calls for an estimated amount of \$2,114,350 in rent payments (principal) during the first renewal term and an estimated total of \$2,380,686 in rent payments (principal) during the optional additional renewal term, if exercised.

Section 2. That the planned subsequent public hearing of the Council is hereby set for 5:00 p.m., on the 21<sup>st</sup> day of May, 2018 in the Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa for the purpose of the proposal to take action to enter into the First Amendment to Lease.

Section 3. That the Clerk is hereby directed to cause at least one publication to be made of the notice of said public hearings in the attached form, in the Des Moines Register, a newspaper of general circulation in the City of Des Moines, said publication to be not less than ten (10) days prior to the date of the public hearing to discuss entering into said First Amendment to Lease, and said notice shall include a statement of the principal amount and purpose of the First Amendment to Lease and the right to petition for an election.



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Moved by Gatto to adopt.

APPROVED AS TO FORM:

*Lisa A. Wieland*

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Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
BOESEN	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
MANDELBAUM	✓			
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.

MOTION CARRIED

APPROVED

*T. M. Franklin*

Mayor

*Diane Rauh*

City Clerk