



Roll Call Number

18-0629

Agenda Item Number

61

Date April 9, 2018

**PUBLIC HEARING TO DISCUSS 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, 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 terminate the Lease Agreement early 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 is on file in the Office of the City Clerk; and

WHEREAS, the First Amendment to Lease 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, in accordance with Section 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 First Amendment to Lease prior to a public hearing on the proposal to take action to enter into the First Amendment to Lease subject to the right to petition for election; and

WHEREAS, notice of the public hearing to discuss entering into the First Amendment to Lease has been published in accordance with the requirements of Section 364.4(4) of the Iowa Code; and



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WHEREAS, the public hearing to discuss entering into the First Amendment to Lease has now been opened and all persons, residents or property owners of the City desiring to be heard regarding the First Amendment to Lease have been given the opportunity to be heard and all oral or written comments or objections from any persons, residents or property owners of the City regarding entering into the First Amendment to Lease have been received and filed.

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

1. The public hearing to discuss entering into the First Amendment to Lease is hereby closed and all oral or written comments or objections received and filed and all discussion by members of the City Council on the merits to the First Amendment to Lease have been fully considered.
2. The City Council hereby expresses its intent to enter into the First Amendment to Lease and the City Council hereby confirms that the public hearing of the Council for the purpose of the proposal to take action to enter into the First Amendment to Lease shall be set for 5:00 p.m. on the 21st day of May, 2018 in the Council Chambers, City Hall, 400 Robert D. Ray Drive, Des Moines, Iowa.

(Council Communication No. 18-182) Moved by Gatto to adopt.

APPROVED AS TO FORM:

Lisa A. Wieland
Assistant City Attorney

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