



Roll Call Number

19-0073

Agenda Item Number

48C

Date January 14, 2019

RESOLUTION APPROVING THIRD AMENDED AND RESTATED  
URBAN RENEWAL DEVELOPMENT AGREEMENT WITH  
RIVER POINT WEST LLC FOR THE GRAY'S LANDING PROJECT

WHEREAS, on July 9, 2007, by Roll Call No. 07-1341, the City Council approved an Urban Renewal Development (the "Original Agreement") with River Point West LLC (the "Developer"), represented by George Sherman, Manager, whereby the Developer has undertaken the acquisition, clearance, installation of public infrastructure, and the preparation and sale of 'pad-ready' sites within an area (the "Original Area") generally bounded on the north by Martin Luther King, Jr. Parkway, on the east by SW 9th Street, on the west by the Mid-American Energy electrical substation, and on the south by Tuttle Street and the western extension of Tuttle Street west of SW 11th Street, and by Murphy Street east of SW 11th Street in consideration of financial incentives provided by the City; and,

WHEREAS, on July 23, 2007, by Roll Call No. 07-1456, the City Council approved a Contract for Loan Guarantee Assistance with the U.S. Department of Housing and Urban Development ("HUD") whereby the City obtained a loan (the "Section 108 Loan") of \$8.5 million that was used to fund an Economic Development Loan (the "City Loan") of the same amount to Developer to assist in funding the Developer's acquisition, clearance, installation of public infrastructure, and the preparation of 'pad-ready' sites within the "Original Area"; and,

WHEREAS, the Original Agreement has been amended and restated as follows:

Date	Roll Call No.	Amendment Approved
10-08-2007	07-1991	Amended and Restated Urban Renewal Development Agreement
09-22-2014	14-1521	First Amendment to Amended and Restated Urban Renewal Development Agreement
05-18-2015	15-0822	Second Amendment to Amended and Restated Urban Renewal Development Agreement
08-24-2015	15-1463	Second Amended and Restated Urban Renewal Development Agreement

WHEREAS, the Developer is obligated to repay the City Loan on the same amortization schedule as the City is obligated to repay the Section 108 Loan, and both loans currently have an outstanding principal balance of \$8,326,000; and,

( continued )



Roll Call Number

19-0073

Agenda Item Number

48C

-2-

Date January 14, 2019

WHEREAS, the Developer has acquired most of the land within the Original Area and an additional crescent shaped parcel located west of and adjoining SW 11th Street between Tuttle Street and DART Way (all such parcels acquired by the Developer are hereinafter referred to as the "Existing Redevelopment Area"); and,

WHEREAS, the City desires that Developer continue to clear and prepare the Existing Redevelopment Area for redevelopment by creating "pad-ready" redevelopment parcels and selling those parcels for redevelopment with commercial and/or residential buildings and associated improvements; and,

WHEREAS, the Existing Redevelopment Area has been branded as "Gray's Landing", and portions of the Area have been sold for redevelopment with the Holiday Inn Express hotel, the Nexus and Edge apartments, and the New Horizon Academy daycare; and,

WHEREAS, Developer has obtained City approval to sell a fifth parcel for redevelopment with 3-story office building, and has presented preliminary plans for a second hotel and two additional apartment buildings; and,

WHEREAS, the Office of Economic Development has negotiated a proposed Third Amended and Restated Urban Renewal Agreement (the "Third Amended Agreement") with the Developer to provide for continued redevelopment of the Existing Redevelopment Area with approximately \$70 million in additional development projects; and,

WHEREAS, the Third Amended Agreement provides for the following economic development grants to be paid by the City from up to 100% of the tax increment revenue generated by the Existing Redevelopment Area through FY2039/40:

**Parcel Development Grants** be provided for the future redevelopment of the remaining "pad-ready" redevelopment parcels (exclusive of those parcels occupied, or to be occupied by the Holiday Inn Express hotel, the Nexus and Edge apartments, and the New Horizon Academy day care). The aggregate amount of all Parcel Development Grants shall not exceed \$2.8 million. The installments on the Parcel Development Grant for each redevelopment parcel are also limited to 50% of the annual project generated increment from that parcel, and all installment end upon payment of the installments due in FY2035/36.

**Economic Development Grant (Part A)** in semi-annual installments equal to the lesser of:

- 1) The total amount of the corresponding installment on the Section 108 Loan; or,



Roll Call Number

19-0073

Agenda Item Number

48C

-3-

Date January 14, 2019

2) An amount equal to one-half of the amount by which the annual project TIF generated by the Existing Redevelopment Area in the current fiscal year exceeds the amount of all installments due in that year on the Parcel Development Grants. Each installment on the Economic Development Grant (Part A) is applied for the benefit of the Developer as a credit against the amount then owned by the Developer on the City Loan.

**Economic Development Grant (Part B)** in semi-annual installments equal to the lesser of:

- 1) The total unreimbursed amount of any advances made by the Developer's owners to pay that portion of the prior installments on the City Loan that could not be paid from the installments then due on the Economic Development Grant (Part A), with interest thereon at the rate of 5.0% per annum; or
- 2) An amount equal to one-half of the amount by which the annual project TIF generated by the Existing Redevelopment Area in the current fiscal year exceeds the amount of all installments due in that year on the Parcel Development Grants and the Economic Development Grant (Part A).

Each installment on the Economic Development Grant (Part B) is applied to reimburse the Developer's owners for advancing that portion of the installments on the City Loan that cannot be paid from the annual project TIF generated by the Existing Redevelopment Area.

WHEREAS, the Urban Design Review Board reviewed the new proposed Conceptual Development Plan at its meeting on July 11, 2017, and the three members present were by consensus supportive of approval of the Plan, and the Board reviewed the financial terms of the proposed Third Amended Agreement at its meeting on November 14, 2017, and the members voted 5-0 with one abstention, to recommend approval of the financial terms; and,

WHEREAS, the Contract for Loan Guarantee Assistance with HUD requires the City obtain HUD's prior written approval of any amendment to the Original Agreement; and,

WHEREAS, the ongoing shutdown of the federal government has prevented the City staff from contacting the appropriate officials at HUD to obtain HUD's prior written approval of the Third Amended Agreement.

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

1. The proposed *Third Amended and Restated Urban Renewal Development Agreement* with River Point West LLC, and the proposed Conceptual Development Plan incorporated therein as Exhibit "K", are hereby approved, subject to receipt of written approval of such agreement by HUD.



Roll Call Number

19-0073

Agenda Item Number

48c

-4-

Date January 14, 2019

2. Upon receipt of HUD's written approval of the Third Amended Agreement, the Mayor and City Clerk are hereby authorized and directed to execute the Third Amended Agreement, and the following documents ancillary to the Third Amended Agreement on behalf of the City:

- The Amended Conditional Guarantee and the assignment thereof to HUD, as the benefitted party.
- The Amended and Restated Loan Agreement, as the "Lender".

3. The Finance Department is hereby authorized and directed to pay the installments on the City Grants as provided by the Third Amended Agreement, upon requisition by the Office of Economic Development confirming that Developer has qualified for the payment of each such installment.

4. The City Manager or the City Manager's designee are hereby authorized and directed to administer the Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The City Manager is further authorized to grant or withhold consent to any actions under the Agreement that require the City's approval. The City Manager is further directed to forward to City Council all other matters and documents that require City Council review and approval in accordance with the agreements.

( Council Communication No. 19- 022 )MOVED by Mandelbaum to adopt.

FORM APPROVED:

By: Roger K Brown  
Roger K. Brown, 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

J. M. Frankhu Cownie  
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