

★ Roll Call Number
19-1347

Agenda Item Number
46

Date August 19, 2019

RESOLUTION APPROVING DEVELOPMENT AGREEMENT WITH SWAPS CASH, LLC (LINCOLN AND LISA MCILRAVY) FOR THE CONSTRUCTION OF A NEW 6-STORY, 112 ROOM ELEMENT HOTEL PROJECT LOCATED AT 304 EAST WALNUT STREET, AND APPROVING PROPOSED CONCEPTUAL DEVELOPMENT PLAN

WHEREAS, on April 8, 2019, by Roll Call No. 19-0557, the City Council approved preliminary terms of agreement with Swaps Cash, LLC, represented by Lincoln and Lisa McIlravy, Members, (“Developer”), for construction of a new 6-story, 112 room Element Hotel on a vacant half block site at 304 E. Walnut Street, also known as 333 East 3rd Street, which is expected to include at least 2,000 square feet of ground level commercial retail space for lease on East Walnut Street and approximately 63 parking stalls within a second floor covered ramp and the use of at least 32 leased stalls within the existing parking ramp located at 240 East Walnut Street (collectively the “Improvements” or “Project”), at an estimated total project cost of \$21,500,000, subject to receipt of the financial assistance identified below; and

WHEREAS, pursuant to Roll Call No. 19-0557, the City Council directed the City Manager to proceed with negotiation of a development agreement with Developer for said Project; and

WHEREAS, the City Manager has negotiated an Urban Renewal Development Agreement (the “Development Agreement”) with the Developer, whereby the Developer has agreed to construct the Project, in accordance with a City-approved site plan and the Conceptual Development Plan, and subject to terms including restrictions on hours of construction such that any construction work exceeding minimum City sound ordinance requirements shall end at 7:30 p.m. on weekdays and at 9:00 p.m. on weekends, and a construction commencement date no earlier than September 23, 2019; and

WHEREAS, the proposed Development Agreement and the Conceptual Development Plan related thereto are on file and available for inspection in the office of the City Clerk; and

WHEREAS, the proposed Development Agreement provides that in consideration of the undertakings by Developer, the City shall provide economic development assistance for redevelopment of the Property in the form of an Economic Development Grant to be paid in installments over 10 years after completion of the Improvements, with the installment(s) due in fiscal years 1-5 being in an amount equal to eighty-five percent (85%) of the tax increment revenue generated by the Improvements in that fiscal year exclusive of the land, and the installment(s) due in fiscal years 6-10 being in an amount equal to eighty percent (80%) of the tax increment revenue generated by the Improvements in that fiscal year exclusive of the land, and excluding tax levy and taxes generated by the Downtown Des Moines Self-Supported Municipal Improvement District, with the total amount of all installments to be capped at \$2,000,000; and

WHEREAS, at its meeting on July 2, 2019, a consensus of the members present of the Urban Design Review Board voted in support to recommend approval of final design as proposed by the Developer and set forth in the Conceptual Development Plan attached to the Development Agreement, and approval of financial assistance as set forth above and in said Agreement.



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

1. The City Council hereby makes the following findings in support of the proposed Development Agreement with Swaps Cash, LLC:
 - a. Developer's obligations under the Development Agreement to construct the Project furthers the objectives of the Metro Center Urban Renewal Plan to preserve and create an environment which will protect the health, safety and general welfare of City residents, and to maintain and expand taxable values and employment opportunities within the Urban Renewal Project Area.
 - b. The economic development incentives for the development of the Project are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under the Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will advance the improvement and redevelopment of the Urban Renewal Project Area in accordance with the Urban Renewal Plan; (ii) it will establish conditions which attract further new investments and prevent the recurrence of blight and blighting conditions; and (iii) it will further the City's efforts to retain and create job opportunities within the Project Area which might otherwise be lost.
 - c. The construction of the Project is a speculative venture and the construction and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.
 - d. The redevelopment of the Property pursuant to the Development 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.
2. The Urban Renewal Development Agreement between the City and Swaps Cash, LLC, and the Conceptual Development Plan attached thereto, both as on file in the office of the City Clerk, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the Agreement on behalf of the City of Des Moines.
3. The Economic Development Director or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.
4. Upon requisition by the City Manager or the City Manager's designee, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement.
5. The City Manager or his designees are hereby authorized and directed to administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the



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46

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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 Comm. No. 19-377)

MOVED BY Gatto TO ADOPT; and to add electric vehicle readiness to the parking lot.

APPROVED AS TO FORM:

Glenna K. Frank
Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN	✓			
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
MANDELBAUM	✓			
WESTERGAARD	✓			
TOTAL	7			3

MOTION CARRIED APPROVED

J. M. Frank 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