★ **Roll Call Number**
19-2019

Agenda Item Number
34

Date December 16, 2019

RESOLUTION APPROVING SECOND AMENDMENT TO URBAN RENEWAL DEVELOPMENT AGREEMENT WITH KRAUSE GROUP, LTD. F/K/A KRAUSE HOLDINGS, INC. AND LINDEN STREET INVESTMENTS, L.L.C., AND SECOND AMENDMENT TO ECONOMIC DEVELOPMENT ASSISTANCE CONTRACT (NO. 16-TC-016) WITH IOWA ECONOMIC DEVELOPMENT AUTHORITY, RELATED TO THE REDEVELOPMENT OF PROPERTY AT 1459 GRAND AVENUE

WHEREAS, on October 12, 2015, by Roll Call No. 15-1741, the City Council approved an Urban Renewal Development Agreement with Krause Group Ltd. formerly known as (f/k/a) Krause Holdings, Inc. ("Developer") and Linden Street Investments, L.L.C. ("Title Holder"), represented by Chad Rasmussen, whereby Developer agreed to redevelop real property owned by Title Holder located between Grand and Ingersoll Avenues and 14th and 15th Streets ("Property") for relocation of the Kum and Go corporate headquarters, also known as the Krause Gateway Center, which total project cost was estimated at $92,000,000, in exchange for economic development assistance in the form of tax increment financing as described in the Agreement; and

WHEREAS, on August 14, 2017, by Roll Call No. 17-1376, the City Council approved the First Amendment to the Urban Renewal Development Agreement delaying the deadline for completion of the project improvements from July 1, 2018 to November 1, 2018; and

WHEREAS, in addition to the Urban Renewal Development Agreement, the project received approval from the Iowa Economic Development Authority's (IEDA's) "High Quality Jobs Program" for an $18,590,000 tax credit award, with required local match in the form of the assistance from the City as approved by Roll Call No. 15-1741; and

WHEREAS, on October 12, 2015, by Roll Call No. 15-1741, the City Council also approved an Economic Development Assistance Contract (No. 16-TC-016) ("IEDA Contract") between IEDA, Developer, and the City, setting forth Developer's obligations under the High Quality Jobs Program and the City's obligations in regard to the local match requirement; and

WHEREAS, on November 5, 2018, by Roll Call No. 18-1844, the City Council approved the First Amendment to the IEDA Contract to revise the project completion date to August 31, 2020, and maintenance period completion date to August 31, 2022, with no changes to the City's obligations under the IEDA Contract or under the Urban Renewal Development Agreement; and

WHEREAS, Developer has requested to further amend the Agreement to allow for a reduction in the employment requirement from 300 jobs to 275 jobs due to routine turnover and vacancies in employment, and to amend the Minimum Assessment Agreement for the Property, as recorded on October 22, 2015 in Book 15780, Page 865 in the office of the Polk County Recorder, by increasing the established Minimum Assessment Agreement from $15,900,000.00 to $42,000,000.00, with no changes to the City's economic development assistance as set forth in the Agreement, which Second Amendment to the Agreement and Amended Minimum Assessment Agreement are on file and available for inspection in the office of the City Clerk; and

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WHEREAS, Developer and IEDA have also request to further amend the IEDA Contract to allow for correction of a scrivener's error in the number of jobs to be created by the Project, which number was presented accurately in the original IEDA Contract but incorrectly in the First Amendment thereto, which Contract Amendment is on file and available for inspection in the office of the City Clerk.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the Second Amendment to the Urban Renewal Development Agreement and the Amended Minimum Assessment Agreement are hereby approved, subject to approval of the Amended Minimum Assessment Agreement by the Polk County Assessor; the Mayor is authorized and directed to execute said documents on behalf of the City of Des Moines and the City Clerk to attest to his signature; the City Manager or his designee(s) are authorized and directed to monitor compliance by the Developer with said Agreement as amended and to submit the Minimum Assessment Agreement to the Polk County Assessor; and the City Manager is authorized and directed to execute any additional minor amendments to the Agreement and to return any substantive amendments to the Agreement to the City Council for consideration and approval.

BE IT FURTHER RESOLVED by the City Council of the City of Des Moines, Iowa, that the second Contract Amendment to Economic Development Assistance Contract (No. 16-TC-016) is hereby approved; the Mayor is authorized and directed to execute said second Amendment on behalf of the City of Des Moines; the City Manager or his designee(s) are authorized and directed to monitor compliance by the Developer with said Contract as amended; and the City Manager is authorized and directed to execute any additional minor amendments to the Contract and to return any substantive amendments to the Contract to the City Council for consideration and approval.

(Council Communication No. 19-534) MOVED BY Gatto TO ADOPT.

APPROVED AS TO FORM:

Glenna K. Frank

Glenna K. Frank, Assistant City Attorney

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

MOTION CARRIED APPROVED

T. M. Franklin Cownie Mayor

CERTIFICATE

I, P. KAY CMELIK, 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.

P. Kay Cmelik City Clerk