

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: August 7, 2017
	Agenda Item No. 3 Roll Call No. <u>17-1311</u> Communication No. <u>17-568</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving Put Agreement with Hubbell Terminal Corporation (HTC) to purchase real estate at 101 Locust Street if exercised by May 31, 2018 subject to a 90-day extension by the seller.

SYNOPSIS:

HTC (Rick Tollakson, President and CEO, 6900 Westown Parkway West Des Moines, Iowa 50266) is the current owner of the property located at 101 Locust Street (the Property). HTC is pursuing redevelopment options for the Property, but is willing to sell to the City of Des Moines for \$5,200,000 in the event that redevelopment efforts have not been successful by May 31, 2018.

The City will work with HTC on redevelopment opportunities for the Property and agree to negotiate terms of an urban renewal development agreement for up to 100% of project generated Tax Increment Financing (TIF), inclusive of full assessment of the land and an amount equal to protected levies. Actual amount will be determined by identification of a formal project and corresponding financing gap for that project.

FISCAL IMPACT:

Amount: Not to exceed \$5.2 million for the land purchase. The City source is intended to function as a backstop only and will not be put in motion unless the Put Agreement is exercised by HTC on or before May 31, 2018.

Should HTC elect to not exercise the Put Agreement, project TIF assistance which includes 100% of project generated TIF, inclusive of full assessment of the land and an amount equal to protected levies will be formally identified through a development agreement approved by City Council.

Funding Source: The \$5.2 million land purchase will be funded by an Interfund Loan from City Sanitary Sewer Enterprise Account to be repaid from tax increment in the Metro Center Urban Renewal Area.

Should HTC elect to pursue redevelopment and not exercise the Put Agreement, the funding source negotiated through an urban renewal development agreement will be project generated TIF in the Metro Center Urban Renewal Area as outlined in the Synopsis.

ADDITIONAL INFORMATION:

- The combination of the Put Agreement and the ability to negotiate terms with HTC over the next 8-12 months offer the City the maximum ability to guide and manage development of a premier riverfront site.
- The combination of the Put Agreement and the ability to negotiate terms with the City for TIF assistance provides HTC with the maximum ability to attract a substantial, high quality urban project to the site, while also offering the City purchase backstop in the event that these efforts are not successful.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Presentation of Preliminary Terms of Agreement to City Council.
- Required Board and Commission reviews.

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