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|  <h1 style="text-align: center;">Council Communication</h1> <p style="text-align: center;">Office of the City Manager</p> | Date: June 23, 2014 |
| | Agenda Item No. 40 Roll Call No. <u>14-0968</u> Communication No. <u>14-308</u> Submitted by: Matthew A. Anderson, Assistant City Manager |

AGENDA HEADING:

Resolution Approving First Amendment to Grant Agreement with Life Care Companies, LLC and LCS Real Estate, LLC for continued retention and expansion of its home office facilities and operations within the City of Des Moines.

SYNOPSIS:

By Roll Call No. 11-1795, dated October 24, 2011, City Council approved a financial assistance package for Life Care Companies, LLC, and LCS Real Estate, LLC (hereinafter collectively referred to as “LCS”) to retain and expand its corporate home offices at 400 Locust, Suite 800. LCS currently employs 187 full-time equivalent employees at its corporate offices in Capital Square, an increase of 41 full-time positions since 2012. LCS has outgrown its current leased space and is evaluating its future employment and facility needs. To assist LCS in retaining its corporate office and its present and future employment downtown, the Office of Economic Development staff are proposing an amendment to the existing Grant Agreement dated October 24, 2011. The First Amendment reduces the amount of the previously approved grant by \$50,000, and provides for a longer term parking solution to facilitate LCS’s continued growth. The proposed amendments are more fully explained below in the Additional Information section of the council communication. LCS has agreed to maintain its corporate office and employment downtown, amend its lease to include an additional 14,089 square feet on the 7th floor of Capital Square and extend the term to June 30, 2024, with approval of the proposed First Amendment to the Grant Agreement.

FISCAL IMPACT:

Amount: Reduction of \$50,000 in maximum forgivable loan from \$196,000 to \$146,000

Funding Source: FY2014-2015 Recommended Operating Budget, Economic Development Enterprise Fund

ADDITIONAL INFORMATION:

LCS founded in 1971, is the nation's leading developer and manager of senior living communities. Each LCS community provides a complete range of lifestyle choices, locally tailored, comprehensive programs and amenities that is decidedly unique as well as health and nursing options. LCS owns and operates communities in 28 states. Additionally, the company brings into downtown Des Moines many out of state visitors for training and rents between 900 and 1,100 downtown hotel rooms per year.

The Grant Agreement approved by Roll Call No. 11-1795, dated October 24, 2011 provided: LCS will maintain its corporate offices in 56,650 square feet on the 8th floor of Capital Square, and retain its

employment of 146 employees at an average annual compensation of \$80,000 plus benefits for a period of five-years. LCS will purchase a minimum of 122 monthly floater parking passes at market rate. The City will provide an economic development grant of up to \$146,000 to be funded in annual increments over the five-year term of the lease. Additionally, for every new job LCS creates at the Capital Square location and maintains through the term of the five-year lease, the City will increase the economic development grant by \$1,000 up to a maximum of \$50,000. The increase in the grant will be payable in March 2017. The City provided LCS 13 convenience parking passes at no additional charge. The convenience cards are provided to LCS with the expectation that they will be used in lieu of transferring purchased passes between multiple users who do not use the parking garage on a regular basis.

Terms of First Amendment to Grant Agreement

To retain and assist in the continued growth of LCS's corporate office downtown, the following amendments to the Grant Agreement are proposed:

- 1) The new job creation grant of up to \$50,000 to be paid in March 2017 and the 13 convenience parking passes are eliminated;
- 2) The economic development retention grant of \$146,000 payable over five-years (\$58,400 has been paid to LCS to date with \$87,600 remaining to be earned by LCS) remains under the original terms and conditions;
- 3) City agrees to provide up to 275 monthly floater parking passes at the 4th and Grand Parking Garage at a monthly rate of \$85 per parking pass. This represents a 15% reduction from the current monthly floater parking pass rate;
- 4) LCS agrees to enter into an amended lease that covers an additional 14,089 square feet of space on the 7th floor and 56,650 square feet of space on the 8th floor of Capital Square with a term to June 30, 2024.
- 5) LCS agrees to maintain its home office employment of at least 146 employees at an average annual compensation package of at least \$80,000 per year and agrees to certify annually to March 2024 that its employment and annual compensation meets or exceeds these requirements.

LCS has agreed to maintain its corporate office and employment downtown with approval of the proposed terms of the First Amendment to the Grant Agreement.

PREVIOUS COUNCIL ACTION(S):

Date: October 24, 2011

Roll Call Number: [11-1795](#)

Action: [Agreement](#) for Economic Development Forgivable Loan to Life Care Companies, LLC and LCS Real Estate, Inc. to retain and expand its home office in Des Moines, \$196,000. ([Council Communication No. 11-667](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: August 29, 2011

Roll Call Number: [11-1461](#)

Action: [Preliminary](#) terms of agreement for Economic Development Forgivable Loan to Life Care Services, LLC. ([Council Communication No. 11-571](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: February 4, 2002

Roll Call Number: 02-358

Action: Economic Development Forgivable Loan and Agreements with Polk County for Life Care Services, L.L.C., Alliance Technologies L.L.C. and LCS Real Estate, Inc. the real estate management company for Life Care Services, L.L.C. ([Council Communication No. 02-065](#)) Moved by Brooks to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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