



Roll Call Number

20-0554

Agenda Item Number

45

Date March 23, 2020

RESOLUTION APPROVING PRELIMINARY TERMS FOR AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH LAWMARK, LP, FOR RENOVATION OF THE FINANCIAL CENTER BUILDING LOCATED AT 207 7th STREET CONVERTING FLOORS 1-13 TO A FULL SERVICE, 190-ROOM HOTEL.

WHEREAS, Lawmark, LP (Mark Buleziuk, 666 Walnut Street, Suite 1540, Des Moines, IA 50309) (the "Developer") is proposing to renovate the Financial Center Building located at 207 7th Street. The \$59.3 million project will convert floors one through thirteen of the building to a full-service, upscale hotel with approximately 190-rooms; and,

WHEREAS, The Developer proposes to include an upscale restaurant, coffee shop and a market on the first floor, plus a fitness room, meeting rooms, business center and skywalk access on second and third floors. Additionally, Developer will add a rooftop bar and a pool and lounge on the lower level roof. Floors 14-25 will continue as office space. Hotel amenities will be made available to office tenants, which increase the value of the existing office space; and,

WHEREAS, the project is anticipated to cost approximately \$59.3 million and would begin construction in Summer 2020; and,

WHEREAS, the Developer will participate in Mid-American Energy's Commercial New Construction Energy Efficiency Program so that the renovated floors will be at least 5% above energy code, including Conversion to high efficiency lighting on all floors and the garage, occupancy sensor lighting controls on the hotel floors, building mechanical system upgrades, and elevator equipment and motor upgrades. Consideration will be given to hotel room occupancy controls to setback temperatures and shut down lighting and equipment upon key-card removal. The final agreement will determine the percentage of energy performance above the energy code that is feasible for the project; and,

WHEREAS, the Developer seeks reimbursement from the taxable building valuations (exclusive of land) in years 1-15, starting at 90% in years 1-5, 85% in years 6-10, and 75% in years 11-15, capped at a maximum of \$7.5 million net present value. The assistance is estimated at 12.7% of total project costs. The project is anticipated to contribute approximately \$9.8 million in hotel/motel taxes over the duration of the assistance.

WHEREAS, the Developer has provided the Office of Economic Development with a financial analysis of the project, indicating a gap between actual project costs and the project appraisal and seeks this financial assistance package to be provided from project generated tax increment as more specifically described in the accompanying Council Communication.



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

- 1. The City Council hereby approves the preliminary terms of agreement as set forth in the accompanying Council Communication; and,
2. Directs the City Manager or his designee to negotiate final terms of agreement for future consideration by the City Council.

MOVED by Gatto to adopt.

(Council Communication No. 20- 153)

FORM APPROVED:

Thomas G. Fisher Jr. signature and name

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, GATTO, GRAY, MANDELBAUM, VOSS, WESTERGAARD, and TOTAL (7).

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.

J. M. Frankel, Mayor signature and name

P. Kay Cmelik signature and name, City Clerk

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