

**COUNCIL ACTION FORM**

**SUBJECT: URBAN REVITALIZATION TAX EXEMPTION FOR PROPERTY  
LOCATED AT 127 STANTON AVENUE (THE RESORT)**

**BACKGROUND:**

On February 12, 2013, City Council considered the application from the owner of property at 127 Stanton Avenue to forward to the City Assessor approval of tax abatement. (See Attachment A – Location Map.) The City Council also considered the attached Agreement for Maintenance and Management of safety and security elements required for this property to qualify for tax exemption. The property is located within the Campustown Urban Revitalization Area, for which Council has established an Urban Revitalization Plan. As reported by staff on February 12<sup>th</sup>, improvements have been completed consistent with the requirements of that Plan except for screens that were to be installed on all balconies of the adjacent building at 119 Stanton that overlook the property at 127 Stanton.

The property owner estimates that installation of the screens will be completed by March 31, 2013. However, the owner requests that City Council forward approval of tax abatement to the City Assessor before March 1, 2013, so that tax abatement can commence for the current levy year. City Council directed staff to prepare an agreement whereby the property owner would agree to repay to the City any tax abatement received if the screens are not completed by March 31, 2013. Council directed that the agreement be presented to it at its February 26<sup>th</sup> meeting, at which time City Council would consider whether to forward approval of the tax abatement to the City Assessor. This Supplemental Agreement is attached.

The Supplemental Agreement provides that if all of the screens are not installed by March 31, 2013, the owner of the property at 127 Stanton will forfeit and repay the tax exemption allowed against property taxes levied on that property. The owner applied for tax exemption under the 10-year schedule that is part of the Campustown Urban Revitalization Plan, under which the exemption is calculated on a sliding scale of the percentage of the increased property value caused by the improvements made (See Attachment B). Therefore, the amount of the tax exemption that the owner would forfeit and repay under this agreement would be 80% of the increase in property tax. This amount would be repaid in two equal installments made no later than September 1, 2013 and March 31, 2014. If the installation of the screens is not yet complete in subsequent years, then the owner would forfeit and repay the amount based upon the 10-year exemption schedule. Under the Supplemental Agreement, the City Council would agree to approve and forward the property owner's application for urban revitalization tax exemption to the City Assessor before March 1, 2013.

Staff has confirmed that the screens have been fabricated and are on-site. The Inspections Division has issued a building permit for the installation, and that work is now underway. Attached is a photograph of an installed screen.

**ALTERNATIVES:**

1. The City Council can:
  - a. Approve the attached Supplemental Agreement for Urban Revitalization Tax Exemption,
  - b. Approve the attached Agreement for Maintenance and Management, and
  - c. Approve tax exemption for 127 Stanton Avenue and forward it to the City Assessor.
  
2. The City Council can:
  - a. Approve the attached Supplemental Agreement for Urban Revitalization Tax Exemption, with modifications,
  - b. Approve the attached Agreement for Maintenance and Management, and
  - c. Approve tax exemption for 127 Stanton Avenue and forward it to the City Assessor.
  
3. The City Council can:
  - a. Deny the request for approval of tax exemption for 127 Stanton Avenue and not forward it to the City Assessor,
  - b. Not take action on the attached Agreement for Maintenance and Management, and
  - c. Not take action on the attached Supplemental Agreement

**MANAGER'S RECOMMENDED ACTION:**

City Council gave prior approval to tax exemption for 127 Stanton Avenue with the understanding that features would be included such that the facility meets the safety challenges of its location and does not increase the demand for City services. Most of these features have been completed. As the final feature, the balcony screens are now being installed, and this work is expected to be completed by March 31, 2013.

Campus Investors have signed and returned the Agreement for Maintenance and Management, as required by the City Council. When signed by the Mayor and recorded, the Agreement will help ensure ongoing effectiveness of the safety and security features that have been included in the project.

In order to commence tax exemption this year, the Council must forward its approval to the Assessor before March 1<sup>st</sup>. In accordance with the Council's direction and by approving the attached Supplemental Agreement, Campus Investors has agreed to forfeit and repay the tax exemption if the screens are not completely installed by March 31, 2013.


Therefore it is the recommendation of the City Manager that the City Council accept Alternative #1 as outlined above.

Attachment A

**LOCATION MAP**



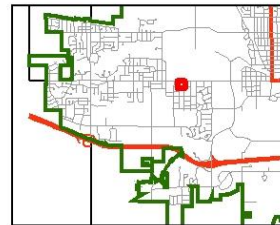
**Location Map**  
**127 Stanton Ave.**

 Subject Property



80 40 0 80  
Feet

Prepared by Planning & Housing Department  
Map Prepared: 5/17/12



# Urban Revitalization Program

## *Tax Exemption Schedule*

All qualified real estate located in the designated Campustown revitalization area is eligible to receive a partial exemption from taxation on the Actual Value added by the improvements as specified by the schedules below. Any qualified real estate may elect one of the three schedules.

**The exemption period for ten (10) years.** The amount of the partial exemption is equal to a percent of the Actual Value added by the improvements, determined as follows:

For the first year,	80%
second	70%
third	60%
fourth	50%
fifth	40%
sixth	40%
seventh	30%
eighth	30%
ninth	20%
tenth	20%

**The exemption period for five (5) years.**

For the first year,	100%
second	80%
third	60%
fourth	40%
fifth	20%

**The exemption period for three (3) years.** All qualified real estate is eligible to receive a 100% exemption on the Actual Value added by the improvements for each of the three years.

**Carefully examine the exemption schedules before making a selection. Once the selection of the schedule is made and the exemption is granted the owner is not permitted to change the method of exemption.**

**SUPPLEMENTAL AGREEMENT  
FOR  
URBAN REVITALIZATION TAX EXEMPTION**

**THIS IS A SUPPLEMENTAL AGREEMENT** for urban revitalization tax exemption made by and between Owner and City upon the following terms and conditions:

**1 DEFINITIONS.** When used in this Agreement, unless otherwise required by the context:

1.1 "City" means the City of Ames, Iowa.

1.2 "Owner" means Campus Investors, IS LLC.

1.3 "The Resort" means the land and building located at 127 Stanton Avenue.

1.4 "Legacy Tower" means the land and building located at 119 Stanton Avenue.

1.5 "Covenant" means the Covenant for Maintenance and Management of Safety and Security Improvements at 119 and 127 Stanton Avenue, Ames, Iowa by and between Owner and City.

1.6 "Agreement" means this instrument in its entirety as signed by the parties hereto.

**2 PURPOSE.** This Agreement is made for the purpose supplementing the Covenant, agreements, and understandings of Owner and City concerning the nature and extent of the requirements of one of the "equivalent criteria" required by City as a condition of the City's approving the Owner's application for an urban revitalization tax exemption for The Resort. The Resort is in the Campustown Urban Revitalization Area. City gave preliminary approval in Resolution 12-272 of Owner's application subject to two conditions. The two conditions were that The Resort project be constructed in compliance with an approved minor site development plan and that an agreement regarding certain operational and maintenance issues be executed and presented to the City Council prior to applying for tax abatement. Owner has constructed The Resort project in compliance with the approved minor site development plan; therefore, all of the improvements to be valued for property tax and exemption purposes have been installed. Owner has submitted the fully executed Covenant, which is the agreement provided by the City for operational and maintenance issues. In the Covenant, City and Owner have agreed that Owner will install screens on all of the balconies on the south façade of Legacy Tower designed to prevent throwing any object more than four inches in diameter down to the pool area of The Resort. A deadline is not expressed in the Covenant. Owner has provided City with plans and specifications, and Owner has ordered materials and labor for the required screens. City has approved a building permit for the installation of the screens. The parties acknowledge that the installation cannot be completed by March 1, 2013. In order to allow the City to approve Owner's urban revitalization tax exemption application and to forward before March 1, 2013, the application to the assessor in fulfillment of the requirements of chapter 404 of the Code of Iowa, City and Owner agree that the separate "equivalent criteria" applicable to Legacy Tower shall be installed as provided in this Agreement.

**3 SCREEN INSTALLATION.** Owner shall cause the initial installation of screens as provided in the Covenant on or before March 31, 2013, as provided in the plans and specifications provided to City in Owner's building permit application.

**4 CITY REMEDIES.** The City's remedy for a failure by Owner to make the initial installation of the screens as provided in the plans and specifications provided for the building permit is a forfeiture by Owner of and the repayment of the exemption allowed against real property taxes levied on The Resort. Real property taxes are levied annually upon the Real Property by public authorities for each fiscal year ended June 30 (the "levy year") and are payable during the subsequent fiscal year (the "collection year") if paid in two equal installments on or before September 30 and March 31 of the collection year. If Owner fails to complete the initial installation of all of the screens by the date required by this Agreement, Owner shall repay to City an amount equal to the amount of the urban revitalization tax exemption allowed pursuant to the schedule of exemption for the first levy year, that is, 80 percent of the value added. Payment shall be made in two equal installments to City in the first collection year (not later than September 30, 2013 and March 31, 2014). For so long as Owner fails to complete the initial installation of all of the screens after the date required by this Agreement and into a subsequent levy year, Owner shall repay to City an amount equal to the amount of the urban revitalization tax exemption allowed pursuant to the schedule of exemption for such levy year prorated to the date of final installation, that is, that percent of the value added and actually allowed under the schedule of exemption for such levy year. Owner shall make payment of the amount of the exemption actually allowed in two equal installments to City

not later than September 30 and March 31 of each corresponding collection year in which such exemption has been allowed and would otherwise have been paid. Following the initial installation of the screens as described in this Agreement, the City's exclusive remedies shall be enforcement of the Covenant. Nothing herein shall limit the remedies otherwise provided by the Covenant.

5 **ABATEMENT APPROVAL.** In consideration of Owner's agreements herein, City will approve and forward Owner's application for urban revitalization tax exemption for The Resort to the assessor before March 1, 2013.

6 **TIMELINESS.** Time is the essence of this Agreement.

7 **ENTIRE AGREEMENT.** Except as modified by this Agreement, the Covenant is reaffirmed in all respects. This instrument constitutes the entire agreement between the parties with respect to the subject matter thereof and supersedes all prior statements, representations, promises and agreements, oral or written. No addition to or change in the terms of this Agreement shall be binding upon the parties unless it is expressed in a writing signed by the parties.

8 **INTERPRETATION.** Words and phrases used in this Agreement shall be construed as in the single or plural number, and as masculine, feminine, or neuter gender, according to the context. This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Iowa. The paragraph headings in this Agreement are for convenience only and in no way define or limit the scope or intent of any provisions of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument. Any counterpart of this Agreement may be executed by facsimile signatures on the part of one or more of the parties hereto provided that each signature page containing a facsimile signature on behalf of any one party also contains an original signature on behalf of at least one other party.

**IN WITNESS OF THIS AGREEMENT** Owner has executed this instrument under date of February \_\_\_\_\_, 2013.

**CAMPUS INVESTORS, IS LLC, Owner**

By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IN WITNESS OF THIS AGREEMENT** City has executed this instrument under date of February \_\_\_\_\_, 2013.

**CITY OF AMES, IOWA, City**

By: \_\_\_\_\_  
**Ann H. Campbell, Mayor**

By: \_\_\_\_\_  
**Diane R. Voss, City Clerk**

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DO NOT WRITE IN THE SPACE ABOVE THIS LINE; RESERVED FOR RECORDER  
Prepared by: Douglas R. Marek, City of Ames Legal Department, 515 Clark Ave., Ames, IA 50010; Phone: 515-239-5146  
Return recorded document to: Ames City Clerk, 515 Clark Ave., Ames, IA 50010

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**COVENANT FOR MAINTENANCE AND MANAGEMENT  
OF SAFETY AND SECURITY IMPROVEMENTS AT  
119 AND 127 STANTON AVENUE, AMES, IOWA**

**THIS COVENANT AND AGREEMENT** is made effective the 13 day of August, 2013 by and between Campus Investors, IS LLC (hereinafter called "Owner"), their successors and assigns, and THE CITY OF AMES, IOWA (hereinafter called "City").

**WITNESSETH THAT:**

The parties hereto have agreed and do agree as follows:

1. This Agreement is made for the purpose of demonstrating that certain real property located at 127 Stanton Avenue, Ames, Iowa, satisfies the qualifying criteria of the Campustown Urban Revitalization Area.
2. The covenants, agreements, promises and representations herein by Owner are made in connection with an application to the City for approval of eligibility for Urban Revitalization Tax Exemption for improvements (hereinafter "facility") to be constructed at 127 Stanton Avenue, Ames, Iowa.
3. Owner covenants, agrees, promises and represents to do as follows:
  - a. Install, supervise, operate and maintain a key fob access control system that limits access to interior and exterior doors of the amenity areas of the facility and the elevator at the facility to renters in properties owned by Owner, and further to limit access to the entire facility, after regular operating hours, to residents of 127 Stanton.

- b. Maintain in proper working order and provide monitoring and supervision of an infrared detection system for the exterior amenity area of the facility at 127 Stanton Avenue, so that Owners detect and take action to remove unauthorized persons from the secure exterior area after hours.
- c. Install and maintain security lighting and install, maintain and monitor a camera system at the facility located at 127 Stanton to detect activities that endanger residents, damage property and violate lease conditions, and take appropriate action in response to any such activities detected.
- d. Install and maintain in good condition at the facility structures designed to prevent entry from neighboring properties and to prevent objects being thrown into the property from neighboring areas.
- e. Install and maintain in good condition screens on all balconies on the south-facing façade of the building at 119 Stanton Avenue, said screens being sufficient to prevent people jumping or falling from the balconies and to prevent objects larger than 4 inches in diameter from falling or being thrown, dropped, or ejected from balconies.

4. The foregoing provisions encumber the real property located at 127 and 119 Stanton Avenue, described more particularly as follows and referred to collectively herein as "the Real Estate":

Parcel W of the south 60 feet of the north 407 feet of Lot 1, Parker's Addition to Ames, Iowa, as shown on the Plat of Survey filed on November 1, 2002, as Instrument No. 02-17298; and

Parcel X, the South 60 feet of the North 347 feet and the South 66 feet of the North 287 feet, all in Lot One (1), Parker's Addition; and the East 12 feet of the South 40 feet, of Lot Three (3), Block One (1), Beardshear's Addition; all in the City of Ames, Story County, Iowa; more particularly described as follows:

Commencing at the Northeast (NE) corner of Lot One (1), Parker's Addition, in the City of Ames, Story County, Iowa; thence S 00°02'59" W, 221.00 feet along the east line of said Lot 1 and the west line of Stanton Avenue, to the Point of Beginning; thence continuing S 00°02'59" W, 126.00 feet along said line; thence N 89°49'49"W, 189.88 feet along the south line of the North 347 feet of Lot 1; thence N 00°01'03" E, 45.85 feet along the west line of Lot 1, to the Southeast (SE) corner of Lot Three (3), Block One (1), Beardshear's Addition; thence N 89°27'27" W, 12.00 feet along the south line of said Lot 3; thence N 00°01'03" E, 40.00 feet along the west line of the East 12 feet of Lot 3; thence S 89°27'27" E, 12.00 feet along the north line of the South 40 feet of Lot 3; thence N 00°01'03" E, 41.40 feet along the west line of Lot 1; thence S 89°27'14" E, 189.96 feet along the north line of the South 66 feet of the North 287 feet of Lot 1, to the Point of Beginning.



5. This covenant and agreement shall be filed for record in the office of the Story County Recorder and all covenants, agreements, promises and representations hereby stated shall be deemed to be covenants running with the Real Estate and shall endure and be binding on the parties hereto, their mortgagees, lienholders, successors and assigns, for a period of twenty-one (21) years from the date of the recording of these documents, unless claims to continue any interest in the covenants are filed as provide by law. The City shall have the right to file a claim to continue its interest in these covenants.

6. Invalidation of any of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

Executed by the respective signatories effective the date first above written.

CAMPUS INVESTORS IS, LLC

By: *Jonathan Graf*  
VICE PRESIDENT

By: \_\_\_\_\_

CITY OF AMES, IOWA

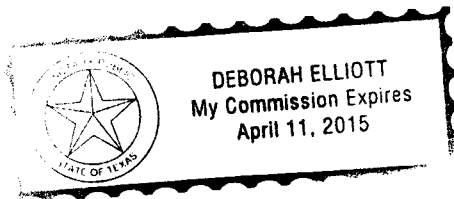
By: Ann H. Campbell, Mayor

Attest by Diane R. Voss, City Clerk

STATE OF Texas, Travis COUNTY ss:

This instrument was acknowledged before me on this 15<sup>th</sup> day of January, 2013, by Jonathan Graf, as Vice President of said corporation.

Deborah Elliott  
Notary Public in and for State of TEXAS



STATE OF IOWA, COUNTY OF STORY ss:

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, a Notary Public in and for the State of Iowa, personally appeared Ann H. Campbell and Diane R. Voss, to me personally known, and, who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Ames, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation by authority of its City Council, as contained in Resolution No. \_\_\_\_\_ adopted by the City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and that Ann H. Campbell and Diane R. Voss acknowledged the execution of the instrument to be their voluntary act and deed of said corporation by it voluntarily executed.

\_\_\_\_\_  
Notary Public in and for State of Iowa

## **MORTGAGEE'S SUBORDINATION**

**KNOW ALL PERSONS BY THIS INSTRUMENT THAT:**

**WELLS FARGO BANK, N.A., AS TRUSTEE FOR THE REGISTERED HOLDERS OF CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP., COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2006-C4 ("Mortgagee"),** is the present owner of that certain Mortgage and Security Agreement given by **CAMPUS INVESTORS IS, LLC**, an Illinois limited liability company, to **COLUMN FINANCIAL, INC.**, a Delaware corporation, filed in the office of the Recorder of Story County, Iowa on the 29<sup>th</sup> day of August, 2006, and recorded as Instrument No. 06-10827.

**NOW, THEREFORE,** the Mortgagee, for good and valuable consideration, agrees that the aforesaid real estate mortgage shall be subordinate to the rights of the City of Ames, Iowa under this instrument.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES TO FOLLOW]**

LENDER:

WELLS FARGO BANK, N.A., AS TRUSTEE FOR THE REGISTERED HOLDERS OF CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORP., COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2006-C4

By: KeyCorp Real Estate Capital Markets, Inc., as Authorized Agent

By: Sherri Watson  
Name: SHERRI WATSON  
Title: VICE PRESIDENT

STATE OF KANSAS )  
 )ss.  
COUNTY OF JOHNSON )

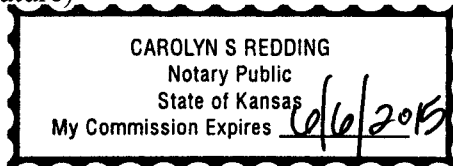
In the State of Kansas, County of Johnson, on this 18th day of January, 2013, before me, the undersigned, a notary public in and for said County and State, personally appeared Sherri Watson (individual's name) to me known to be the person described in and who executed the foregoing instrument, and acknowledged that Sherri Watson (individual's name) executed the same as free act and deed as Vice President, (title) of KeyCorp Real Estate Capital Markets, Inc., an Ohio corporation, as the authorized agent for Wells Fargo Bank, N.A., as trustee for the registered holders of Credit Suisse First Boston Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-C4, on behalf of the corporation in its capacity as authorized agent.

Witness my hand and Notarial Seal subscribed and affixed in said County and State the day and year in this certificate above written.

[Signature]  
Notary Public in and for Said County and State

(Type, print or stamp the Notary's name below his or her signature)

My Commission Expires:



[SEAL]

