



Memo

City Manager's Office

ITEM #34

TO: Mayor and City Council

FROM: Steven L. Schainker, City Manager

DATE: May 21, 2010

SUBJECT: Master Developer Agreement

On April 27, 2010, the City Council selected Lane 4 Property Group, Inc., to be the Master Developer for the Campustown Redevelopment Project. At that time, I informed the Council that the next step would be to approve a Master Developer Agreement with Lane 4. This interim step is justified because Lane 4 will be expending a considerable amount of time and money to determine the feasibility of a redevelopment project. As a result of this effort, Lane 4 needs some assurance that the City and the University will not work with any other development group for an agreed upon period of time. In this case the exclusivity term is set at 180 days for this agreement.

Paragraph 4 of the attached Agreement outlines the obligations of the City for the next 180 days to: 1) not deal with any other entity hoping to develop in the Focus Area (from Lincoln Way to Chamberlain and from Hayward to Stanton), 2) not transfer any interest in City land in the Focus Area (parking lot and Fire Station #2), and 3) consider development, including Tax Increment Financing for the properties that are redeveloped.

Along with the obligations of the University reflected in Paragraph 5, the agreement requires the Master Developer in Paragraph 6 to: 1) share with the City staff the pro forma and financial analysis that is created by the Developer for the project, 2) present to the City Council the development concept halfway through the term of the agreement, 3) conduct public input sessions prior to creating a design concept, and 4) limit requests for incentives based on gap financing needs.

This agreement acknowledges that any, or all, of the parties to the agreement can choose not to proceed with a project once the term of this agreement ends. However, should the parties agree that a viable project exists after this "due diligence" phase is completed, it is anticipated that a Memorandum Of Understanding (MOU) will follow that outlines the specific responsibilities of the parties.

The proposed Master Developer Agreement is between Lane 4 and the City of Ames. However, it should be noted that if we proceed to an MOU, it is contemplated that the City will contract with a limited liability corporation, Campustown Investors, LLC, to complete this project.

MASTER DEVELOPER AGREEMENT

THIS MASTER DEVELOPER AGREEMENT (this "**Agreement**") is entered into as of the ___ day of May, 2010 (the "**Effective Date**"), between the City of Ames, Iowa, a municipal corporation of the State of Iowa (the "**City**"), the Iowa State University of Science and Technology, a state land-grant university (the "**University**"), and Lane 4 Property Group, Inc. ("**Developer**"). The City, University, and Developer are hereby collectively referred to as the "**Parties**".

RECITALS

WHEREAS, the City and the University each have an interest in the redevelopment of certain property within the City commonly known as "**Campustown**", which Campustown area is generally depicted on Exhibit A, attached hereto;

WHEREAS, the initial phase of the redevelopment within the Campustown area is to be focused on certain portions therein located generally South of Lincoln Way and between Hayward Ave (to the West) and Stanton Avenue (to the East), and such property is generally depicted on Exhibit B, attached hereto (the "**Focus Area**");

WHEREAS, the City owns certain property within the Focus Area, which property is depicted on Exhibit C, attached hereto (the "**City Property**");

WHEREAS, the City and the University wish to engage a real estate development entity for the purposes of conducting general promotional and real estate development activities in relation to Campustown ("**Master Developer**");

WHEREAS, Developer is a company qualified to engage in general promotional and real estate development activities such as those the City and the University seek for the Master Developer of Campustown;

WHEREAS, the Parties wish to enter into an agreement whereby Developer will act on the City's and the University's behalf as Master Developer of Campustown for the purpose of conducting general promotional and real estate development activities in relation to Campustown, generally, and specifically the Focus Area, as are more particularly described in this Agreement; and

WHEREAS, the undersigned representatives of the City, the University, and Developer each represent and warrant that they have the requisite authority to enter this Agreement on behalf of the represented entities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby warrant, covenant, and agree as follows:

1. Term. The term of this Agreement shall be one hundred eighty (180) days from the Effective Date, or until such earlier time as the Parties enter into an MOU, as described below (the "**Term**").

2. Rights of Developer and Developer Work. Throughout the Term, Developer shall have the exclusive right to serve as Master Developer for Campustown. The designation of Developer as Master Developer for Campustown shall grant to Developer the rights to carry out the following with respect to the proposed redevelopment of Campustown generally, and specifically the Focus Area: (i) negotiation of purchase agreements for the purchase and assemblage of properties; (ii) estimation of costs and feasibility and preparation of related financial analyses and proformas in connection with the proposed redevelopment; (iii) general promotional and real estate development duties, focusing primarily on ongoing conceptual planning and design services related generally to Campustown, and specifically to the Focus Area; (iv) promotion and advertising, including the generation of tenant interest, negotiation with prospective tenants, and review and negotiation of prospective leases with prospective tenants; (v) performance of preliminary civil engineering and conceptual site planning and design in relation to the redevelopment; (vi) review of planning and zoning, subdivision, and building code requirements in connection with the proposed redevelopment; (vii) determination of necessary public incentives and financing required for the purposes of establishing profitability in connection with the proposed redevelopment; and (viii) negotiation with local governmental entities in connection with public development incentives and financing with respect to the proposed redevelopment.

3. Memorandum of Understanding. No later than the expiration of the Term, Developer and Owner shall enter into a memorandum of understanding (the "MOU") for the purposes of specifically stating the intent and obligations of the Parties in connection with the redevelopment of Campustown, including, but not limited to: (i) a conceptual design plan for the total proposed project that includes the location, square footages and building elevations for all proposed retail commercial, entertainment and office spaces, (ii) rental amount of office space to be located within the Focus Area and to be leased by the University upon the completion of the construction of such office space, (iii) the specific types and amounts of any and all public incentives and financing to be provided by the City in connection with the redevelopment of the Focus Area, including the specific terms of any and all credit enhancements and bond issuances in connection therewith, and (iv) proof of financing including equity contribution for the proposed project. Notwithstanding anything herein to the contrary, the parties agree and acknowledge that Lane4 Property Group, Inc. shall not be a party to the MOU, and Developer will be a party to the MOU only through the special purpose entity Campustown Investors, LLC, a Missouri limited liability company, and any reference herein to the MOU as it relates to Developer shall refer to Campustown Investors, LLC as a party thereto. Pursuant to the MOU, Developer shall commence development of the Focus Area, the duties of which may include, but shall not be limited to, obtaining all planning and zoning entitlements and public incentives and financing for the Focus Area, final selection of contractors, commencement of construction, leasing of real property within the Focus Area (including to the University, as described above), and general development management. The Parties hereby agree that they shall each use good faith efforts to negotiate the MOU on or prior to the expiration of the Term. In the event that such MOU is not executed by the expiration of the Term, the Parties agree to negotiate reasonable extensions to this Agreement for purposes of facilitating the finalization and execution of the MOU. However, it is understood and agreed that nothing in this agreement requires any Party to enter into a MOU upon expiration of the Term. The Parties further acknowledge and understand that the University's lease of office space or other real property and

execution of the MOU may be subject to the approval of the Board of Regents, State of Iowa depending on the terms of the lease(s) and MOU.

4. Obligations of City. (a) As a material inducement to the performance by Developer of the matters set forth in Section 2 above, and acknowledging that the Developer will expend considerable time and funds in connection with such matter, the City agrees that it shall not engage any other persons or entities to perform real estate development duties, including without limitation, promotion, planning, leasing, construction management, design, or advertising, in relation to the Focus Area during the Term without the prior written consent of Developer.

(b) The City shall not, during the Term, negotiate for the sale, lease, or any other transfer of any interest in and to the City Property within the Focus Area, except to Developer, without the prior written consent of Developer.

(c) During the Term, the City agrees that it shall use good faith efforts to discuss and consider potential public development incentives with Developer in connection with the development of the Focus Area, including but not limited to the prospective classification of the portion of the Focus Area that is redeveloped as an urban renewal area qualifying for tax increment financing pursuant to Iowa Code § 403, et al.

5. Obligations of University. (a) As a material inducement to the performance by Developer of the matters set forth in Section 2 above, and acknowledging that the Developer will expend considerable time and funds in connection with such matter, the University agrees that it shall not engage any other persons or entities to perform real estate development duties, including without limitation, promotion, planning, leasing, construction management, design, or advertising, in relation to the Focus Area during the Term without the prior written consent of Developer. Nothing in the foregoing shall prohibit the University from negotiating and entering into a lease of the Varsity Theater located at 2410-2412 Lincoln Way, Ames, Iowa or for any construction, repairs or improvements to the Varsity Theater in connection with such lease.

(b) The University acknowledges that it is the intent of the University to lease certain office space within the completed Focus Area, and that the leasing of such office space is an inducement for Developer to enter into this Agreement. The University agrees that, during the term of this Agreement, it shall not enter into any new agreements for the leasing of off-campus office space within the City of Ames, Iowa, except any office space in the Varsity Theater or at the Iowa State University Research Park. The University may also enter into an agreement for the lease of off-campus office space within the City of Ames, Iowa if the term of such lease is less than one year.

6. Obligations of the Developer. (a) The Developer will share with the City the pro forma and financial analysis that has been prepared for the proposed development along with the anticipated profit margin, development fees, and any other remuneration it will receive for the development.

(b) No later than halfway through the term of this agreement, the Developer will make a presentation to the City Council revealing the proposed development concept.

(c) As a prelude to finalizing the concept for development, the Developer will conduct public sessions to solicit input from property owners in the Focus Area, the tenants in the Focus Area, ISU students, and the public at-large.

(d) Requests for City incentives should be based on "gap" financing needs reflected in the pro forma and financial analysis as performed in Paragraph 2 above.

7. Severability. If any provision, covenant, agreement, or portion of this Agreement is held invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provision or provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable. In no such event shall the validity or enforceability of the remaining valid portions hereof be affected.

8. Iowa Law. This Agreement shall be construed in accordance with the laws of the State of Iowa.

9. Amendment. This Agreement may be amended only by the mutual consent of the parties and by the execution of said amendment by the parties to this Agreement or their successors in interest.

10. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Parties hereby execute this Agreement as of the date first written above.

CITY:

City of Ames, Iowa

By: _____

Name: _____

Title: _____

Attested to by:

UNIVERSITY:

**Iowa State University of Science and
Technology**

By: _____
Name: _____
Title: _____

DEVELOPER:

Lane 4 Property Group, Inc.

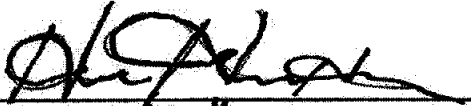
By: 
Name: HUNTER HARRIS
Title: Director of Development

EXHIBIT A

Campustown Area



EXHIBIT B

Depiction of the Focus Area

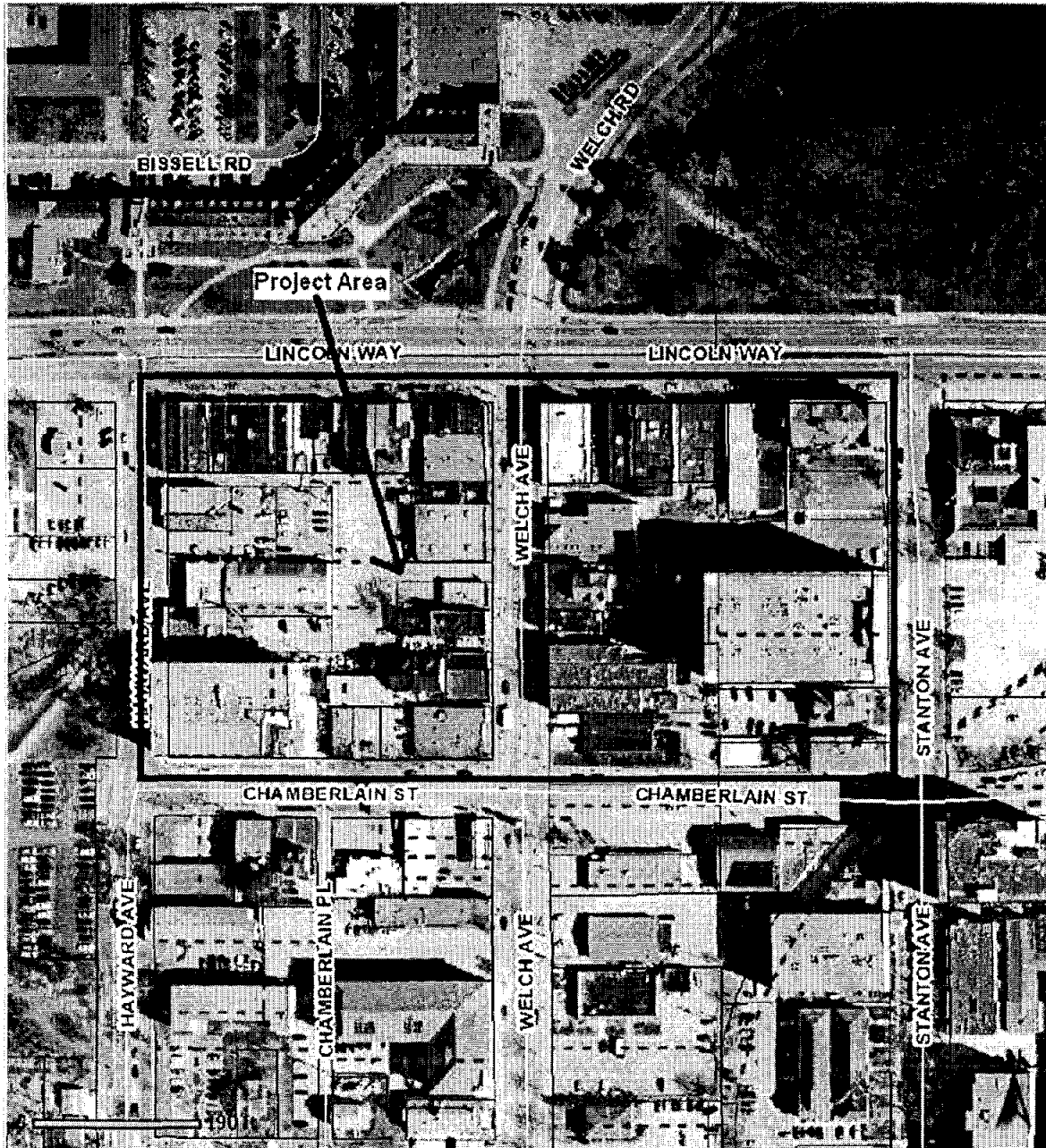


EXHIBIT C

Depiction of City Property EXHIBIT C

City Owned Property in Focus Area

