

Staff Report

The Linc Mixed-Use Project Development Agreement Terms

October 11, 2022

BACKGROUND:

The City of Ames has identified the area along Lincoln Way between Clark and Kellogg (300 and 400 Blocks) as a priority area for redevelopment as part of the Downtown Gateway Focus Area within the Lincoln Way Corridor Plan. Over the past three years many of the properties on the north side of Lincoln Way have been acquired and assembled for the purpose of redevelopment in accordance with the Downtown Gateway Zoning district. (Site Location Map Attachment A). **This site is now known as The Linc mixed-use project by the developer.**

The Linc project was included as part of the City's final Downtown Reinvestment District application that was submitted to the state in February 2022. The Linc project includes a hotel and conference center, plaza, structured parking, commercial uses on the ground level of mixed-use buildings, office uses, and apartments. The plan is designed to be developed in two phases. If the project is built, it would generate sales and hotel motel tax receipts rebated by the state to the City of Ames, up to \$10 million over 20 years as part of the Reinvestment District.

City Council reviewed an initial concept of the project at their November 23, 2021, meeting. City Council gave general direction in November to continue to work with the developer to refine the project within the scale and intensity presented to the City Council, to include the project concept within the 2022 Reinvestment District Application, and to negotiate a development agreement with a tax increment financing (TIF) developer rebate for the project. Council also asked staff to investigate with the developer sustainability measures and affordable housing.

Staff and the development team have reached an agreement on a set of terms for development of the site and use of the TIF rebate. The draft terms are included as Attachment B. In addition to a development agreement, the project site will require subsequent formal approval of Major Site Development Plans, among other permits and approvals, by the City.

Development Agreement Terms

The preliminary terms are divided into developer obligations by phases and City obligations. The agreement describes generally the type and intensity of development by phase and will rely on exhibits to the agreement for conceptual design and site plan layout. The terms include performance deadlines for initiating and completing construction of buildings within the development. The timing for Phase 1 is tied to the

City's Reinvestment District application and identifies initiating construction by January 1, 2024 and completing construction by October 1, 2025. Phase 2 is to be initiated by June 1, 2026 and completed by July 1 2028.

The general layout (Attachment C) is the same concept used with the Reinvestment District Application. The minimum development levels in the agreement are as follows, additional details are included in Attachment B:

PHASE 1 (On Site):

- **Boutique Hotel** - 100+ rooms, a boutique or uniquely brand limited to full-service hotel with a 15,000 square foot conference center – Minimum Assessment=\$23,700,000
- **Hotel Restaurant** - unique 4,000 square foot restaurant located on the upper floor of the hotel
- **Parking Structure South** - developer constructed, owned, and maintained (400+ parking spaces, actual total parking to be determined) – Minimum Assessment=\$4,500,000
- **Plaza (commercial area open space)** at the center of the project - developer owned and maintained
- **Kellogg Mixed Use Building** (Building A) - commercial square footage of 14,400 sq. ft. and 100-130 apartment units – Minimum Assessment=\$31,100,000
- **Frontage and Utility Improvements** as needed (includes Lincoln Way parking)
- **Abandonment of City Well** on Gilchrist
- **Vacation of Public Alley** right-of-way adjacent to Kellogg

PHASE 2 (On-Site):

- **Office Building** (Building C) - at least 85,100 square feet of office and 31,600 square feet of retail uses, may include apartments on upper floors – Minimum Assessment=\$24,649,000.
- **Plaza** (commercial area for outdoor use) - an extension of plaza constructed in Phase 1.
- **Clark Mixed Use Residential Building** (Building B) – 100 to 130 apartment units, may include additional commercial area on ground floor – Minimum Assessment=\$30,628,749.
- **Additional Parking** – Parking in addition to the South Parking Ramp may be needed when Phase 2 is constructed. The amount of additional needed parking will be determined with the Major Site Plan Development review.
- **Frontage and Utility Improvements** as needed

PHASE 2 (Off-Site)

- **North Parking Ramp** - approximately 200 parking space parking deck in City CBD Parking Lot. The ramp is to be constructed by the City of Ames with TIF revenues generated from both Phase 1 and Phase 2.
- **Pedestrian Bridge** from development site south of the railroad tracks to North Parking Ramp to be constructed by the developer. The Bridge will be owned and maintained by the developer. Overhead electric line relocation for bridge, paid for by developer.

SALES TAX GENERATING USES:

The draft terms address the City's interest of securing \$10 million of Reinvestment District funds from the State that are generated by the hotel and sales taxes. The \$10 million is earmarked to reduce the debt service levy payments for City's Indoor Aquatic Center facility. **To ensure we reach projected sales tax levels, the agreement includes a requirement that 70% of the commercial square footage be sales tax generating uses. Performance of this requirement is necessary to continue to receive the requested TIF incentive.**

The timelines described in the terms are important to match the Reinvestment District standards. **The construction of the hotel conference center will establish the commencement date (October 1, 2025) for generating hotel/motel and sales tax receipts that will be returned to the City from the State. The 20-year time limit to receive the Reinvestment District funds begins with the completion of the hotel, regardless of whatever other construction is completed for the project.**

The following table is comparison of projected Reinvestment District Receipts based upon the February 2022 final application. Our final application is pending with the State while the City finalizes details with the development agreement.

Reinvestment District Final Application Phase 1	Units	Projected Receipts* (millions)	Proposed Development Terms Phase 1	Units	Projected Receipts** (millions)
Hotel Rooms	142 rooms	\$7.32	Hotel	100 rooms	\$5.15
Hotel Restaurant	6,800 sq. ft.	\$2.12	Hotel Restaurant	4,000 sq. ft.	\$1.25
Retail	14,200 sq. ft.	\$5.98	Retail (70% sales tax generating uses)	14,400 sq. ft.	\$4.19
Total		\$15.42			\$10.59
Reinvestment District Final Application Phase 2			Proposed Development Terms Phase 2		
Hotel Rooms	None		Hotel Rooms	None	
Restaurant	13,400 sq. ft.	\$4.52			
Retail	18,200 sq. ft.	\$6.68	Rest. & Retail Combined (70% sales tax generating uses)	31,600	\$5.88
Total		\$11.2	Total		\$5.88
Other					
Indoor Aquatic		\$0.739	Indoor Aquatic		\$0.739
Grand Total		\$27.35			\$17.2

* Projected receipts were for full operations of 20 years for uses listed. The 20-year clock will start at the time of competition of the hotel, whether the other uses are operational or not.

** Based upon proportional totals of the Reinvestment District application with adjustments for timing and uses in the Development Agreement terms, Phase 2 75% of projections due to delay in starting Phase 2. Capped at 10 million or 20 years, whichever occurs first.

TAX INCREMENT FINANCING (TIF):

The subject site is part of the Downtown Reinvestment District Urban Renewal Area adopted in August 2021 that includes a plan that allows for the use of TIF. The uses of TIF and the amount of TIF that can be collected are part of the Urban Renewal Plan.

TIF is based upon the incremental property value increase between existing conditions and improved conditions resulting from the development of the site. Property taxes are collected from property owners in a TIF area. A portion of the taxes from all taxing entities are collected and used by the City for purposes outlined within the Urban Renewal Plan. The debt service portion of property taxes continue to go to all taxing entities.

The developer’s proposal and the terms of the draft agreement identify two uses for TIF for the project. The first TIF request is for a developer rebate as an incentive to move forward with the project. **The developer requests approximately \$42 million over 20**

years. The final agreement will stipulate that the rebate would be solely based upon TIF generated by the project, and TIF payments would end at either 20 years from the first rebate payment or at \$42 million, whichever occurs first.

The current proposal also includes construction of the North Parking Ramp as a public improvement financed with TIF at an estimated cost of \$10.2 million. The agreement will specify that the City's need for TIF will supersede the developer rebate. The annual amount of TIF needed to pay for debt service on the Ramp will come off the top first, before the remaining TIF is allocated to the developer as a rebate annually. **Furthermore, before proceeding with the issuance of City debt for the North Parking Ramp in Phase 2, Staff recommends that the necessary value must be in place to assure that the City's annual debt service obligation can be paid from the TIF proceeds from both Phases 1 and 2.**

At the time the Urban Renewal Plan was adopted in 2021, although TIF is identified in the Plan, it caps the total amount that could be collected to \$32,000,000. This estimate was prior to the developer's current proposal utilized with the final Reinvestment District application in February 2022.

The developer estimated in May 2022 that the value of the project (all phases together) would generate incremental taxes of up to \$52.4 million over 20 years. **If City Council proceeds with the development agreement, an amendment to the Urban Renewal Plan would be needed to increase the TIF allowance to cover all of the identified uses of TIF. If City Council is not willing to consider amending the maximum amount of TIF for the Urban Renewal Area the agreement as proposed will not work.**

NORTH PARKING RAMP:

The North Parking Ramp is the most substantial change from earlier discussions about the project. The original concept for the ramp was for the developer to construct the ramp and a pedestrian bridge connecting the ramp to the development. The ramp and bridge would be part of Phase 2. The cost of construction would be borne by the developer and the facility would be turned over to the City to operate and maintain.

However, after further scrutiny of the concept under public bidding laws it became apparent that the construction of the ramp as originally conceived as part of a development agreement with specifications and use of TIF to fund it, makes it a public improvement subject to statutory bidding requirements.

This change in approach has two major effects on the project.

- 1. The North Garage is now estimated to have fewer total spaces and to have a higher cost due to typical outcomes of public bidding projects compared to efficiencies of developer constructed projects.**

Based upon available TIF generated from the project and higher costs for City construction, staff proposes that the City size a parking deck to match available

TIF increment. Staff estimates approximately 200 spaces total for the ground level and one elevated level of a deck. The structure would be designed to support two additional levels in order to expand capacity to 400+ parking spaces. Staff estimates a need of about \$10.2 million of TIF increment to finance the 200 space parking deck. Staff projects a construction cost of approximately \$7 million with an additional cost of \$3 million in interest.

This size deck would provide approximately a 66% increase (80 spaces) in comparison to the number of surface parking spaces within the footprint of the proposed parking deck. Although the initial gains are not substantial due to the design inefficiencies at the ground level of a parking structure, the investment makes future additional levels feasible. Under this scenario, all of the 200 spaces will be available to the general public and not reserved for the Linc tenants' use.

The developer has indicated that if additional levels were built for the garage, they would have an interest in leasing spaces for the Phase 2 office building. The agreement does not address if the City would lease future spaces to the developer.

2. The construction of the ramp cannot be guaranteed by a development agreement due to approvals needed from future City Councils and the issuance of debt for the City to construct the ramp will count against the City's debt limit.

Construction of the North Ramp can be approved by the City Council and funded through General Obligation (GO) Bonds, subject to a referendum, as an Urban Renewal Project. The current Urban Renewal Plan allows for the City to follow this procedure under state law, which would be the same procedure used to approve GO Bonds for the Indoor Aquatic Center. To do so would count the project towards the City's debt limit, but the actual repayment of the debt would come from TIF, unlike the Indoor Aquatics Center.

Notably, the overall process to approve and construct the ramp would occur over multiple years. Phase 2 is not planned to begin for two years. During that time the City could move forward with initiating steps of authorizing GO bonds and design the ramp, but not build the project until Phase 2 has begun and the TIF for repayment is certain.

As mentioned above, the current City Council cannot commit to the developer that it will bind a future City Council to constructing the ramp due to the number of related, but independent steps, needed to construct it. While the developer desires for the ramp to be built, there can only be a statement of intent to do so in the final agreement. The final agreement may include parameters outlining when a decision must be made for constructing a garage and how it could affect the progress towards developing Phase 2.

PERFORMANCE GUARANTEE:

The draft terms for each phase include a performance requirement related to the timing of development and conformance to the terms of the agreement. The language states if there is a breach of the agreement, the City may seek all available remedies, including withholding permits, certificates of occupancy, and proportional TIF rebate payments.

MISCELLANEOUS:

Housing Affordability:

City Council identified housing affordability and sustainability as two issues to further explore with the developer. Staff has investigated both issues with the developer and included draft terms for the agreement

The developer initially proposed to set aside 10% of the units for households earning 80% or less of the average median income (AMI). Staff believes that the 80% AMI threshold is very nearly equal to fair market rent values and provide limited value as affordable housing supply. City affordable housing efforts are focused on 60% AMI or lower household incomes to fill needs that the market does not typically address. Although the applicant would consider these lower income levels, the current pro forma estimates for the apartment units do not financially support 60% AMI without additional TIF. **At this time there is no additional TIF available to further subsidize rents to the 60% AMI level based upon the other priorities identified for the project.**

The developer has agreed to include a provision for a 10% set aside serving 70% AMI households. This is not a commonly used income limit and would be classified as a moderate income household, not a low income household. At 70% of AMI, the rents would be somewhat lower than fair market value, but not to the levels of low income limits.

Sustainability:

Staff has proposed a number of sustainability initiatives for the project to implement City Council direction to include sustainability measures with the project. The most significant standards relate to energy efficiency and green building measures. Staff has created two options for the developer to choose. The first is to design all buildings in Phase 1 at 20% more efficient than the current energy code and Phase 2 at 25% more efficient.

The Developer could choose as an alternative to design the Hotel building in Phase 1 to a LEED Gold level and the Office Building in Phase 2 to a LEED Gold Level. LEED is a nationally recognized sustainable building program administered by the US Green Building Council that is a whole systems approach to reducing environmental impacts related to energy, water, materials, etc. The developer has agreed to design buildings to meet these standards and perform commissioning of the completed buildings for verification, but they will not be formally registered with the USGBC.

Additionally, City staff proposes to limit the use of natural gas in an effort to support a Net Zero Ready building design. The developer supports use of electric in residential units, but has not fully committed to no natural gas in relation to heating and cooling as they

evaluate the feasibility to do so. The developer notes the feasibility of geothermal is unknown due to the project's location above the aquifer and their experience of an electric only service for buildings of this size.

Billboard Relocation:

A third concern for development of the project is the removal of the billboards on the site. The current billboards are nonconforming, but there is also a lease in place that extends for a number of years. To develop the project the billboards must be removed. The operator of the billboards, Lamar Advertising, has indicated that if a suitable location and allowance for a digital billboard were available in the City, it would consent to early termination of the lease on this site. Provided the City Council wants to move forward with the Linc Project, there will be a separate proposal in relation to Lamar to site a new digital billboard in the Highway 30 corridor, potentially with a lease of City property.

Pedestrian Bridge:

The proposed pedestrian bridge is included as a developer obligation to connect the south development to a City built north parking garage. The bridge is contingent upon their being an available path to extend the bridge via publicly owned land or through an easement. At this time neither the developer nor City have acquired access rights over property north of Gilchrist that is needed to extend a bridge across the railroad. Note that if access rights are not acquired in the future, the bridge may not be built, but the developer could proceed with Phase 2.

STAFF COMMENTS:

The Linc developers are proposing a project totaling approximately \$150,000,000 with a TIF incentive request of \$42,000,000 for the two phases of their project. An additional, \$10,000,000 would be available to provide structure parking in the CDB lot for all customers in the Downtown with the capability to expand the ramp in the future.

The draft terms for a final agreement address many of the City priorities for the development of the site in terms of uses and timing. The question of financing parking as a public improvement is the most significant outstanding question. Although, there is great uncertainty about moving forward with a North Parking Ramp due to the delay in timing for Phase 2 and the projected costs compared to TIF revenues, staff believes the concept as outlined in the agreement is workable.

Therefore, staff believes it is worthwhile to continue to work with the developer to fashion a final agreement that is consistent with the priorities described in this report and Corridor Plan. If the Council ultimately agrees that the final concept results in a catalyst project, it would seem appropriate to move forward to develop a final agreement and concurrent amendments to the Urban Renewal Plan for the use of TIF as described in this report. Additionally, staff would work with Lamar Advertising on addressing billboard relocation options as they relate to current zoning standards. Staff would present options for billboard text amendments separate from a development agreement.

Because of the complexity of this project and the fact that neither the City Council nor the public has had sufficient time to review the proposed terms for a final agreement, the City Council is not being asked to give direction to the staff at this meeting. This direction will be sought by the staff at the October 25, 2022 meeting.

If the direction at that time is given to move ahead, the staff will work with outside legal counsel to prepare a final developer agreement that will be brought before you for formal approval.

**Attachment A
Site Location Map**



Attachment B

SUMMARY OF PROPOSED LINC AGREEMENT TERMS

Article I-The Project (Note description based on prior understanding of the project from December 2021, and updated pro forma from Oct. 6th 2022)

- A. Exhibit to Agreement -Concept Drawing of Site and Architectural Rendering
 - a. Development to substantially comply, regular permitting subsequent to agreement approval
 - b. Development to occur in two phase

- B. Phase 1- Begin construction no later than January 1, 2024 and completed by October 1, 2025



- 1. A boutique or other uniquely branded limited to full-service hotel and conference center (BUILDING F)
 - a. Hotel minimum development must consist of 100+ visitor rooms, a 4,000+ square foot roof-top restaurant, and a convention/meeting space of 15,000 square feet.
 - b. Minimum assessed Value of \$23,700,000.
 - c. Operational for guests, visitors, and patrons by October 1, 2025
- 2. Parking Structure-South
 - a. Privately owned and operated with a minimum number of parking stalls to meet current city code.
 - b. Minimum assessed value \$4,500,000
- 3. Plaza-

- a. Designed as a plaza that is the heart of the commercial area of the project as a destination and attraction to the project.
 - a. The plaza shall be designed to support outdoor commercial and entertainment uses with a mix of hardscape and landscaped areas.
 - b. Overall plaza design shall be a primary gateway or connection point for pedestrian access from the north.
 - b. Plaza design includes connections to uses in Phase 1 and Phase 2 with a design that can be logically implemented in two parts, one with each phase.
 - c. Phase 1 plaza components will be as indicated in the concept plan, including at a minimum elements needed to support the hotel and parking garage.
4. Mixed Use building along Kellogg (BUILDING A)
- a. Ground floor minimum of 14,400 sq. ft. retail/office/food and beverage
 - b. Tenant leases to sales tax generating uses for categories above:
 - i. By July 1, 2027: 70% of the square footage shall be leased to sales tax generating uses and maintain 70% of the sales tax generating uses for the life of the TIF reimbursement.
 - c. Minimum assessed value of \$31,100,000
 - d. Residential units must be located above the ground floor. The building will include a mix of studio, one, two, three or four bedroom units and provide a total of 100 to 130 units.
 - i. No more than 10 percent of the dwelling units shall be three and four bedroom units.
5. Phasing Performance- If the required improvements are not constructed within the agreed upon timeline (October 1, 2025), or if the performance requirements of this agreement are not met it will be a breach of the contract. However, a six month extension for the completion of required improvements will be granted if each building within Phase I is at least 90 percent complete by October 1, 2025 as determined by the Planning Director.

If there is a breach of contract, the City may seek all available remedies, including withhold issuance of permits, certificates of occupancy, and reimbursement of TIF payments proportional to any building that is not in compliance.

Additionally, if Phase 1 is in breach of the agreement, the Phase 2 Incentive identified in this agreement is void and of no value without express City Council approval by resolution to then award the incentive to projects in Phase 2 that have not yet begun. (Note: Nothing in this section is intended to require sequential phasing.)

- C. Phase 2- Begin construction no later than June 1, 2026 and completed by July 1, 2028



1. Construction of Office BUILDING C with no less than 85,100 square feet of office uses, no less than 31,600 square feet of retail uses, including food and drink uses.
 - a. Minimum assessed value of \$24,649,000 for all commercial classifications.
 - b. The ground floor and second floor space abutting the plaza shall be retail or food and drink uses.
 - c. Tenant leases to sales tax generating uses:
By July 1, 2029, 70% of the square footage shall be leased to sales tax generating uses and maintain 70% of the sales tax generating uses for the life of the TIF reimbursement.

- d. The building may have residential units only located above the second floor. The building will include a mix of studio, one, two, three, or four bedroom units. Follow zoning standards for mix of units limitations.

2. Plaza-

- a. The plaza will be the second half of the overall design described with Phase 1 with hardscaped and landscaped areas.
- b. The Phase 2 plaza includes connections to and construction of the multi-level open air connection to the pedestrian bridge intended to connect to the north. This includes the terraced outdoor space represented in the concept drawing.
- c. The ground level design shall allow for abutting commercial uses to spill out into outdoor space for food and drink uses as well as a general gathering area. The plaza can be designed for programming of the space as an attraction for activities by the general public and daily use of commercial patrons.
- d. Phase 2 plaza components will be as indicated in the concept plan, including at a minimum elements needed to support the hotel and parking garage.

3. Building B Residential Use

- a. All living units in Building B will include in a mix of studio, one, two, three or four bedrooms units and provide 100 to 130 total units.
 - i. No more than 10 percent of the dwelling units shall be three and four bedroom units.
- b. Approximately 80 surface parking spaces
- c. Minimum assessed value of \$30,628,749

4. North Parking Ramp

The North Parking Ramp is a public improvement to be constructed, owned, and operated by the City of Ames. The City intends to construct the Ramp concurrent with development of Phase 2, subject to future City Council approvals. The cost of construction will be paid from TIF revenues generated by the proposed project. Principal and interest payments for the

North Parking Ramp will precede annual developer rebate payments. (see further discussion under City Obligations related to TIF).

- a. Designed as a two-level garage with approximately 200 parking spaces, final design to be determined by the City
- b. Designed to have future pedestrian bridge connection extending to the south.
- c. Designed and constructed to allow for an additional two levels of parking in the future.

5. Pedestrian Bridge

- a. The Developer must construct a covered pedestrian bridge connecting the North Parking Ramp to Phase I South Parking Ramp or Phase II Building C for public access to the project. The bridge is only required if the City constructs the North Parking Garage and it can be completed within or over city owned land or easements (excluding the Union Pacific Railroad land).
- b. Bridge designed by developer, subject to City review and approval.
- c. Developer shall secure permits and construct the bridge at their cost.
- d. The Developer shall be responsible for owning and maintaining the bridge and will be responsible for day-to-day operations and maintenance, i.e. ice and snow removal, trash pick-up, etc.

6. If the required improvements are not completed within the stated timeline, unless extended by the City Council, or other performance requirements of this agreement are not met it will be a breach of the contract. However, a six month extension for the completion of required improvements will be granted if each building within Phase2 is at least 90 percent complete by July 1, 2028 as determined by the Planning Director.(Same language as Phase 1)

If there is a breach of contract, the City may seek all available remedies, including withhold issuance of permits, certificates of occupancy, and reimbursement of TIF payments proportional to any building that is not in compliance.

Note- if Phase 1 is in breach of the agreement, the Phase 2 Incentive identified in this agreement is void and of no value without express City Council approval by

resolution to then award the incentive to projects in Phase 2 that have not yet begun. Note: nothing in this section is intended to require sequential phasing.

Article II-Developer Obligations

- A. Developer shall obtain all required approvals and permits needed to construct the improvements identified within this agreement.
- B. Construction of all site improvements and features identified as part of the Project (Article I) within this agreement.
- C. Developer/Owners operate and maintain the project consistent with the performance requirements of the Project (Article I).
- D. Developer shall enter into minimum assessment agreements for improvements described in the agreement, the Assessor may assign higher valuations and the owner may challenge so long as the final value is not below that of the minimum assessment.
- E. Developer agrees to not seek or receive other property tax abatements during the time period the owner receives a TIF rebate incentive.
- F. The Developer shall remove all outdoor advertising signs (billboards) by July 1, 2025.
- G. Public Improvements and Frontage Improvements:
 - I. Dedication of right-of-way of ten (10) feet along Clark Avenue.
 - II. Developer shall construct on-street parking and sidewalk along Lincoln Way.
 - III. Construction of all public improvements, relocation of infrastructure (excepting as noted below), frontage improvements, and other related project infrastructure, as required by City.
 - IV. Other adjustments to Gilchrist for management of traffic circulation may be required based upon the traffic study.
 - V. Note DOT approval still required for work along Lincoln Way.
- H. Well Abandonment-
 - I. The Developer shall reimburse the City for the cost of abandoning the water well, demolishing the well building, and acquisition of vacated alley right-of-way as specified in Article IIIe. The total amount is \$840,000 payable to the City within one year of the date the City has abandoned the well(amount inclusive of other benefits in Article III).

- II. The Developer shall provide the City 180 days of notice prior to initiating construction in Phase I, in order to complete the abandonment of the well.
- III. The Developer, as part of the notice under Article IIh, shall provide details related to excavation and construction within 200 feet of the well site in order to allow for the City to design and place the well cap appropriately.
- I. The Developer shall reimburse Ames Electric for all expenses related to relocation or underground of transmission lines along Gilchrist. High voltage lines are not being relocated or undergrounded for the project. Reimbursement subject to standards Ames Electric policies and are not part of the \$840,000 identified within Article IIH. Reimbursement will be per standard Ames Electric policies for work completed in support of a development project.

Article III-City Obligations

- A. Based upon the Developer's projections and minimum valuations of this agreement that over 20 years up to \$52.4 million of TIF will be generated between Phase 1 and Phase 2, depending on the timing of the construction of Phase 2. The \$52.4 million TIF is contemplated to be used by the City for construction of a North Parking garage and remainder of funds rebated to the developer as an economic development grant for the construction of the Phase 1 and Phase 2 projects.
- B. Subject to satisfactory performance according to the agreement, the City shall provide a developer "TIF rebate" based upon the difference of current values and future improved value of up to \$42,000,000 in total for both Phase 1 and Phase 2, or for up to 20 years whichever occurs first. *(Actual agreement will be more specific with date based upon state law).*
 - a. *The City is authorized to utilize annual TIF revenue from either or both Phase 1 and Phase 2 for any and all costs related to the construction of the North Parking Garage and land or easement acquisition. Any TIF that is not used by the City annually, shall be paid to the developer per the terms of this agreement.*
 - b. *The Final Agreement will include estimated City TIF allocations needed to support the construction of a 200 space North Parking Garage and developer allocations.*

- C. The TIF Rebate shall be subject to an annual appropriation clause by the City Council in order that the value of the incentive is not a general obligation debt for the City.
- D. Undertake and pay for the abandonment of well and removal of well building.
- E. Transfer ownership of the well property to the Developer.
- F. Upon the City Council's approval of the alley vacation located between Gilchrist and Lincoln Way, the City will transfer ownership to the Developer subject to limitations of Iowa Code.

Article IV-Miscellaneous

- A. Developer shall incorporate sustainability features into the project:
 - I. All buildings in Phase 1 shall be designed to be 20% more energy efficient than the 2012 Energy Code.
 - II. Building B and Building C of Phase 2 shall be designed to be 25% more efficient than the 2012 Energy Code
 - III. Alternative to Section a.I. and a.II. , use LEED 4.1 "gold" design levels for Hotel Building Phase 1 and Office Building C in Phase II, with commissioning of each building. Actual USGBC certification not required, but a report by an independent evaluator shall verify consistency. *(Staff Note: Selected these as the premier buildings and most public buildings for showcasing high sustainability commitment)*
 - IV. All residential units shall have electric appliances. No natural gas shall be used within the residential units.
 - V. All buildings shall consider use of alternative heating and cooling methods to natural gas and implement feasible measures of electric service or geothermal methods of heating and cooling.
 - VI. All buildings will be net zero ready.
 - VII. **Further discussion to be held** - Geothermal will be considered for the project but given site constraints, it may not be feasible to fully heat and cool the buildings with only geothermal and solar or electric.
- B. Housing Affordability
 - a. Provide 10% of units at rents affordable to low/moderate income households not to exceed at 70% of AMI.

SITE PLAN



LEGEND

