



TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Resolution Setting Public Hearing on Development Agreement by and among City of Dubuque, Roshek Property, LLC, Cottingham & Butler, Inc. and Heartland Financial USA, Inc., including providing for the Issuance of Urban Renewal Tax Increment Revenue Grant Obligations Pursuant to the Development Agreement

DATE: November 26, 2019

Economic Development Director Jill Connors recommends the City Council set a public hearing for December 16, 2019, on a proposed Development Agreement by and among the City of Dubuque, Roshek Property, LLC, Cottingham & Butler, Inc., and Heartland Financial, including providing for the issuance of Urban Renewal Tax Increment Revenue Grant Obligations.

Both Heartland Financial USA and Cottingham & Butler are continuing to grow rapidly, and the two companies are intent on adding a significant number of full-time positions in Dubuque over the coming years. They collectively plan to hire at least 32 full time employees over the next three years. As the two companies have outgrown their existing spaces, they have proposed a plan that would accommodate the growth of each through the collective acquisition of the Roshek Building by a partnership entity – Roshek Property, LLC.

This project is the culmination of the work of so many and is the perfect example of why economic development works in Dubuque (one of just a few cities in the United States with an unemployment rate under 2%) better than most places in the country.

This all started over 10 years ago when a private not-for-profit, Dubuque Initiatives, stepped up to rehabilitate a dilapidated structure in the downtown, the Roshek Building, to support economic development, downtown revitalization and job creation. This nine-story almost 300,000 square foot office building, the largest office building in downtown Dubuque, was in a state of decline. The risks were high, but the potential benefits were great. Dubuque Initiatives and their general contractor, Gronen Restoration, created a fully refurbished building that is Platinum LEED Certified and on the National Historic Register, going from a blighting influence on the downtown to become one of the jewels in the crown of downtown Dubuque.

All of that work has culminated into what is being proposed today. Two companies, Heartland Financial USA and Cottingham & Butler, have been committed to downtown since their inception as two of the oldest companies in Dubuque. Now they have become two of the largest companies in Dubuque and they are two of the fastest growing companies in Dubuque.

Cottingham & Butler was founded in Dubuque in 1887 and is the 25th largest insurance broker in the United States and a recognized leader in offering innovative property and casualty and employee benefit insurance solutions. The company is headquartered in Dubuque and employs over 1,000 employees across the United States.

Heartland Financial USA was founded in 1981 from a community bank, Dubuque Bank and Trust, and their success story started in 1935, long before Heartland existed. They are now a diversified financial services company based in Dubuque. Their family of 11 community banks are in the Midwest and Western United States, with 114 banking centers serving 91 communities.

All this good news does not come without challenges. As these companies grow, they need a place to expand. They both want that growth to occur in Dubuque, but wherever it happens, the growth will occur.

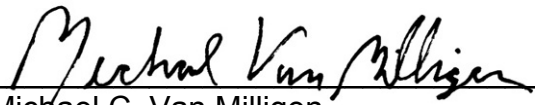
These two companies are willing to commit millions of dollars to downtown Dubuque and are asking for very little support to help minimize the risk they are taking.

In order to incentivize their continued downtown investment and job creation, City staff have negotiated a Development Agreement with Roshek Property, LLC, Heartland Financial USA and Cottingham & Butler. The Agreement proposes the following:

1. The companies will make a collective capital investment in building improvements in tenant spaces and common areas of at least \$2,850,000 by December 31, 2021.
2. They will collectively create at least 32 full time positions by December 31, 2022, to be maintained through June 1, 2030.
3. Roshek Property, LLC will purchase the Roshek Building from Dubuque Initiatives.
4. The City will provide the remaining tax increment rebates committed to Dubuque Initiatives in the 2009 Development Agreement to Roshek Property, LLC, for a total of 19 semi-annual payments (9-½ years).
5. The City will identify a location acceptable to all parties for a 500-space parking structure to accommodate the influx of employees in the downtown area. Design and construction will be completed by December 31, 2022.
6. The City will install lighting and call boxes at appropriate intervals between the Roshek Building and the parking structure before the opening of the parking structure.
7. The City will support Heartland's and Cottingham and Butler's applications to the Iowa Economic Development Authority for business incentives. The

Development Agreement with the City is contingent upon Heartland and Cottingham & Butler receiving the IEDA incentives.

I concur with the recommendation and respectfully request Mayor and City Council approval.


Michael C. Van Milligen

MCVM:jh

Attachment

cc: Crenna Brumwell, City Attorney
Teri Goodmann, Assistant City Manager
Cori Burbach, Assistant City Manager
Jill M. Connors, Economic Development Director