



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-234

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:
JUNE 1, 1998

SYNOPSIS –

SUBJECT:
APPROVAL OF
199828E
AGREEMENT
BETWEEN THE
CITY AND THE
CORPORATION FOR
ECONOMIC
DEVELOPMENT
INDES MOINES

On the June 1, 1998 City Council agenda is a resolution approving a 28E Agreement between the City and The Corporation for Economic Development in Des Moines (CEDDM). Under the 28E Agreement, the CEDDM will administer the City’ s Revolving Loan Fund (RLF) and Loan Injection Program (LIP), which are funded from Community Development Block Grant (CDBG) funds, and the City’ s Office of Economic Development will provide staffing for loan packaging and loan servicing activities. In the past, the 28E Agreement has been approved by City Council annually. The new 28E Agreement is for a period of one year and has been written to automatically renew for consecutive terms of one year unless notice is given by either party to terminate the agreement at least 60 days prior to the end of the current year.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT –

SUBMITTED BY:
RICHARD CLARK
DEPUTY CITY
MANAGER

The City’ s Office of Economic Development provides staffing to the CEDDM, and the fee revenues generated by the SBA loan program are split equally between the City and the CEDDM. The City’ s share of the fee revenue generated for 1997 is \$53,431.

RECOMMENDATION –

Approval.

BACKGROUND –

The CEDDM was incorporated in 1981 as a 501.C3 local, non-profit corporation. The CEDDM is governed by a Board of Directors comprised of local community and business representatives. It is a Certified Development Corporation

under the U.S. Small Business Investment Act of 1958, as amended. As such, it is certified to originate loans under the SBA 504 Loan program within the City of Des Moines.

Since its inception in 1981, the CEDDM has assisted 76 small businesses by approving \$16,978,000 in funding through the SBA 504 Loan program. The assisted businesses projects have invested approximately \$41.2 million dollars in building and machinery, and the creation or retention of 740 jobs within the City of Des Moines. As of April 30, 1998, the CEDDM's 504 Loan portfolio consisted of 51 loans with outstanding balances totaling \$10.2 million and three loans totaling \$627,000 that have been approved, but not yet funded.

Through the RLF program, CEDDM has assisted another 47 small businesses with their start-up and expansion needs. The RLF program has made total loans of \$1,024,090 that resulted in total investments by the businesses of approximately \$5.8 million and the creation or retention of 233 jobs. As of April 30, 1998, the RLF Loan portfolio consisted of 17 loans with outstanding balances of totaling \$180,807.