

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-556

SYNOPSIS -

AGENDA:

DECEMBER 20, 1999

Daryl J. Metzger and Robert A. Smith are partners at Architects Smith Metzger. The firm presently leases its space at 304 ½ Eighth Street. It is considering purchase of 2111 Grand Avenue and requests preliminary loan approval. Purchase and renovation will cost \$595,000. The City loan will lower occupancy costs more nearly to the level of suburban properties.

SUBJECT:

PRELIMINARY
LOAN APPROVAL
FOR A \$70,000 CITY
LOAN TO
ARCHITECTS SMITH
METZGER

FISCAL IMPACT -

The City loan will be funded from the Economic Development Enterprise Account. The loan will be \$70,000 at zero percent interest rate. The loan will be amortized over a 20-year period with a balloon payment at the end of year ten. The loan will be secured by a second mortgage on the project real estate and by personal guaranties from the principals.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approve the resolution for preliminary loan approval.

SUBMITTED BY:

RICHARD A. CLARK
DEPUTY CITY
MANAGER

BACKGROUND -

Smith & Metzger formed Architects Smith Metzger in 1998. Prior to that, Daryl Metzger and Robert Smith had both been partners and principals in other local architectural firms. The firm has a variety of institutional, commercial and residential clients. The proposed project will provide a larger facility for the company, enhance the company's professional image, and increase its ability to retain and attract staff. The Grand Avenue facility will also provide on site parking.

First Bank will loan \$500,000 and the principals will provide

\$25,000. The \$70,000 City loan will more nearly equalize the cost of the Des Moines location when compared to suburban locations. The City loan will be interest free and repaid over a 20-year term. Ten jobs will be retained and four new jobs will be created.