

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-215

SYNOPSIS -

AGENDA:

MAY 15, 2000

On April 19, 1999, by Roll Call No. 99-1190, the City entered into a Memorandum of Understanding (MOU) with the Des Moines Development Corporation (DMDC) in respect to the Gateway Project. As the project has been implemented, it has become necessary to amend the MOU. Following is a summary of the necessary amendments.

SUBJECT:

AMENDMENT TO
THE
MEMORANDUM OF
UNDERSTANDING
FOR THE GATEWAY
PROJECT AND
DMDC
EXPENDITURE
STATUS

Amendments to the MOU:

1. Paragraph 1(A)(2) of the MOU will be amended to delete reference to specific DMDC contributions. Exhibit B, which is the DMDC Expenditure Listing for Eastern Gateway Project, will be deleted. Staff will keep a ledger of DMDC contributions to the Eastern Gateway Project, thereby eliminating the need to include these items in the MOU.
2. Paragraph 1(B) of the MOU will be amended to delete reference to specific DMDC contributions. Exhibit C, which is the DMDC Reimbursable Expenditures for Eastern Gateway Project, will be deleted. Again, staff will keep a ledger of the DMDC loan to the Eastern Gateway.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

NOTE: The deletion of Exhibits B and C does not reduce DMDC's total funding commitment to the Eastern Gateway. DMDC has committed \$1 million in grant funds and \$1 million in loan funds to the Eastern Gateway as described in the MOU. Because these exhibits are dated, it is now appropriate to account for the DMDC expenditures in a ledger rather than as a component of the MOU.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

3. Paragraph 5(B) of the MOU will be amended to allow Contribution Credits for the reasonable interest and financing costs incurred by Neighborhood Improvement

Corporation (NIC) or by DMDC on behalf of NIC in the event that DMDC and the City agree on the purchase of property within the Western Gateway Project by NIC.

In the MOU, DMDC committed \$4 million in grant funds to the Western Gateway, \$1 million in grant funds to the Eastern Gateway, and \$1 million in loan funds to the Eastern Gateway. As of April 10, 2000, DMDC has made contributions to the Gateway Project as follows:

Western Gateway Grant:	\$3,055,566.62
Eastern Gateway Grant:	\$376,446.00
Eastern Gateway Loan:	\$0.00

FISCAL IMPACT -

The MOU states that DMDC will:

- Contribute \$5 million in cash or property to the Gateway Project.
- Provide \$1 million to be repaid from the sale of property resulting from redevelopment along the Gateway. This \$1 million "loan" is expressly not a general obligation of the City.
- Use its best efforts to identify additional funding sources for the Gateway project of \$1 million per year for five years (\$5 million total).

The MOU states that the City intends to:

- Issue \$16.2 million in bonds over the next four years to finance the Gateway Project.

RECOMMENDATION -

Approval of Amendment 1 to the MOU between the City and DMDC in respect to the Gateway Project.

BACKGROUND -

On April 19, 1999, the City Council adopted Roll Call No. 99-1190, which approved an MOU with DMDC. As this MOU was implemented, it became necessary to revise the document. The purpose of this resolution is to amend the MOU and to summarize DMDC's project contributions to date.

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