

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:

ITEM _____

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

01-211

SYNOPSIS -

AGENDA:

APRIL 23, 2001

On August 17, 1998, City Council approved loan documents for a \$115,000 loan to Keystone Electrical Manufacturing Co. Keystone also received a \$115,000 Community Economic Betterment Account (CEBA) from the State of Iowa. The company is presently located at 122 S.W. 16th Street and is owned by Frederick V. Buie.

SUBJECT:

APPROVE AMENDED
PROMISSORY NOTE
WITH KEYSTONE
ELECTRICAL
MANUFACTURING
CO.

Due to the Martin Luther King, Jr. Parkway (MLK) project, the company needs to relocate. Mr. Buie is negotiating the purchase of 2511 Bell Avenue. The company's debt will be significantly greater due to this relocation. Mr. Buie is requesting that the State of Iowa and City restructure their loans for a two-year period to allow cashflow to grow to accommodate the new debt load.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

A roll call amending the Promissory Note has been prepared for Council review. The restructured repayment would include interest only payments for a two-year period beginning June 2001. Principal payments would resume June 2003. The loan term would be extended from September 2003 to September 2005. This action would save the company approximately \$25,000 for each of the two years, and the company is also asking the State of Iowa to reduce the annual repayment amount on its loan.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

The company has made payments on the City loan as agreed and is current. The City loan balance is \$65,792.94. The company pledged to retain 35 employees and add six new jobs. Currently, Keystone has 58 full-time employees.

FISCAL IMPACT -

The City will defer principal payments for two years.

RECOMMENDATION -

Approval.

BACKGROUND -

Keystone Electrical Manufacturing Co. is a designer and manufacturer of custom electrical and relaying equipment, medium voltage switchgear, and complimentary products. The company's primary customers are utilities and rural cooperatives. The company was founded in 1965. City and state funding helped Mr. Buie purchase the company.
