

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

01-250

SYNOPSIS -

AGENDA:

MAY 18, 2001

SUBJECT:

BEDI APPLICATION
FOR COURT
AVENUE
ENTERTAINMENT
CENTER PROJECT

On the May 18, 2001 Council agenda is a roll call approving submittal of an application to the U. S. Department of Housing and Urban Development (HUD) for a \$2 million grant from the Brownfields Economic Development Initiative (BEDI) program. The BEDI will be used by the City to assist in financing the Court Avenue Entertainment Center project. One of the major objectives of the BEDI program is to provide funding for projects that have not proceeded because of actual and/or perceived environmental problems; the many railroad tracks that previously crossed this site, as well as former uses on this site, have certainly contributed to the lack of development interest in this site.

The application is due Tuesday, May 22, 2001 in Washington, D.C.; the City received the required forms on May 7, 2001.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

BEDI regulations require the City to submit a Section 108 loan application within 60 days after the BEDI is awarded. If the City is not successful in receiving the BEDI, the City will have the option of not applying for the proposed \$15 million Section 108 loan. Council previously preliminarily approved submission of the 108 loan application for the Entertainment Center project.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

FISCAL IMPACT -

The \$2 million BEDI grant will be used by the City, subject to receipt of the Section 108 loan, as an equity investment to provide long-term financing in the project.

The City's use of the BEDI funding as equity in the project allows some additional flexibility to the developer in obtaining other financing. The City will receive a preferred rate of return as an equity partner; the language on how this will be determined is to be negotiated as part of the final developer contract. If the development is sold, the City will participate in any residual profits as well as return of its equity.

RECOMMENDATION -

Approval

BACKGROUND -

The Council previously approved a framework of the terms and conditions it would like to have met in order to proceed with the Court Avenue project at its January 22, 2001 meeting by Roll Call No. 01-281. The Community Capital Group of Newport, Rhode Island and Washington, D.C. was hired to assist in drafting the BEDI application at the Council's March 26, 2001 meeting by Roll Call No. 01-849. HUD did not release the BEDI application forms until early May; as a result, staff and the consultant are still in the process of preparing the application.
