

**CITY COUNCIL  
COMMUNICATION:**

**03-228**

**AGENDA:**

MAY 19, 2003

**SUBJECT:**

AMENDMENT TO  
DEVELOPMENT  
AGREEMENT WITH  
TEACHOUT  
PROPERTIES, LLC

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

RICHARD CLARK  
DEPUTY CITY  
MANAGER

**ITEM \_\_\_\_\_**

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

**SYNOPSIS —**

On the May 19, 2003 Council agenda is a resolution approving an amendment to the loan repayment terms contained in the development agreement with Teachout Properties, LLC (Kirk V, Blunck, President).

On April 5, 1999, Council approved a development agreement with Teachout Properties, LLC for the rehabilitation of the Teachout Building located at 500 East Locust. The development agreement provided for a loan to Teachout Properties for \$300,000 at zero interest rate, to be repaid in annual installments of \$30,000 in years four through nine, with a balloon balance of \$120,000 due and payable on December 1, 2010.

The first annual installment is now due and payable. The Developer has requested that to better match the cash flow generated by the project that the annual installment be amended to reflect a one-time payment of \$15,000 with an on-going monthly amortization in the amount of \$2,500, beginning June 2003 and continuing through the original maturity of the development loan. All other terms and conditions of the development agreement and development loan remain the same.

**FISCAL IMPACT —**

The development loan in the amount of \$300,000 was funded one-half by the City out of tax increment funds and one-half by the Des Moines Development Corporation, with the full repayment coming to the City. The proposed amendment does not change the total amount repaid to the City or the balloon balance that will be due on December 1, 2010.

**RECOMMENDATION —**

**Approval.**

