



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/23/05
05-122

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Amendment to Economic Development Loan Agreement between the City of Des Moines and Thanh V. le and Ailien Nguyen D.B.A. A Dong Restaurant.

SYNOPSIS—

On July 22, 2002, by Roll Call No. 02-1887, City Council approved a Loan Agreement and related documents for a city Economic Development Loan to A-Dong Restaurant, 1511 High Street, Des Moines, Iowa. Part of the City's collateral is a second real estate mortgage lien on the personal residence of Thanh Le and Ailien Nguyen, owners. They have entered into an agreement to sell the home and are asking the City to release the mortgage. In consideration of the mortgage release, the net proceeds of \$64,461.64 will be placed in a bank certificate of deposit and assigned as collateral to the City loan.

FISCAL IMPACT—

The \$112,000 City loan was funded from the Economic Development Enterprise Account. Repayment of the loan will begin when the restaurant meets minimum levels of profitability or July 1, 2007, whichever occurs first. Annual interest payments are being made while the loan payments are deferred. Once loan payments begin, the loan will be amortized in monthly installments over 10 years at 2% interest.

RECOMMENDATION—

Approval

BACKGROUND—

A Dong Restaurant was forced to relocate as part of the improvements to I-235. The City acquired their previous building located at 1905 Cottage Grove Ave. on behalf of the Iowa Department of Transportation.

Thanh Le and Ailien Nguyen purchased on contract for the building located at 1511 High Street for \$465,000. Improvements to the building to convert it from a former pre-press printing facility to a commercial restaurant and retail space exceeded \$224,000. The City loan will finance 50% of the building improvements.