



# Council Communication

Office of the City Manager

Date

January 8, 2006

Agenda Item No. 31

Roll Call No. 07-

Communication No. 07-024

Submitted by: Richard A. Clark, City Manager

## AGENDA HEADING:

Resolution Approving Mortgage Loan Addendum between Court Center, LLC, the City of Des Moines, and Court Center Leasing, LLC.

## SYNOPSIS:

Recommend approval of addendum to City mortgage to facilitate the sale of historic tax credits for renovations to 216 Court Avenue. The loan agreement between the City and Court Center, LLC (Principals: Russ K. McCullough, 200 Stanton Avenue, Suite 101, Ames, IA 50014; David A. Keller, 200 Stanton Avenue, Suite 101, Ames, IA 50014; and Mark Rodgers, 7029 Rocklyn Circle, Urbandale, IA 50322) contemplated the sale of historic tax credits as a necessary component of project financing. Staff has reviewed the addendum and recommends approval.

## FISCAL IMPACT:

No costs to the City are associated with this addendum. The City's financial participation in the project is outlined under "Additional Information."

## ADDITIONAL INFORMATION:

On December 19, 2005, Council approved a development agreement between the City and Court Center, LLC (Developer) to renovate 216 Court Avenue (formerly referred to as the Nacho Mamas Building). The Developer has entered into an agreement to sell its historic tax credits, which are an integral portion of the project financing and contemplated within the loan agreement. The tax credit purchaser has requested an addendum to the City mortgage securing the Neighborhood Commercial Revitalization Loan to allow for notifications, removal of certain managing members or general partners, default cure rights, permissible uses of casualty insurance and condemnation proceeds, and other provisions that provide adequate security to both the historic tax credit investor and the City as a lender.

City participation in this redevelopment project is \$400,000 in two loans:

- Neighborhood Commercial Revitalization Loan (NCR) for \$200,000 to be repaid over a 20-year term;
- Economic Development Bridge Loan for \$200,000 to be repaid upon completion of the project's improvements from the syndication of federal and state historic tax credits.

The funding sources for City participation are:

- 2006-07 Operating Budget, pg. 309, CDBG Repayments Account, SP023 CMO980503, Economic Development Financial Assistance Programs – Community Development Block Grant Funding

- 2006-07 Operating Budget, pg. 310, Economic Development Enterprise Account, SP743 CMO980717 (carry over from FY '06)

**PREVIOUS COUNCIL ACTION(S):**

Date: 9-25-06

Roll Call Number: 06-1881

Action: Approval of First Amendment to Development Agreement between City and Court Center, LLC for renovations to 216 Court Avenue, Des Moines, IA. ([Council Communication No. 06-611](#)) Moved by Vlassis to approve. Motion Carried 6-0.

Date: 12-19-2005

Roll Call Number: 05-2995

Action: Development Agreement with Court Center, LLC for renovations to 216 Court Avenue. ([Council Communication No. 05-731](#)) Moved by Hensley to approve. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Date: 10-04-2005

Roll Call Number: N/A

Action: Approval of Preliminary Concept Plan and Design by Urban Design Review Board

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**