

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 14, 2010
	Agenda Item No. 47 Roll Call No. [Roll Call] Communication No. <u>10-333</u> Submitted by: Matthew Anderson, Economic Development Administrator

AGENDA HEADING:

Approval of 28E Agreement and Professional Services Agreement between the City of Des Moines and The Corporation For Economic Development in Des Moines.

SYNOPSIS:

The 28E Agreement designates The Corporation for Economic Development in Des Moines (CED) as the administrative body for the City’s Revolving Loan Fund (RLF), Loan Injection Program (LIP), and MircoLoan Program, which are funded with CDBG funds with the City providing space, clerical and administrative support. The Professional Services Agreement identifies the City’s Office of Economic Development as a Contractor providing services to the CED for loan originations, loan packaging, loan servicing, marketing activities and management services for the US Small Business Administration (SBA) 504 Loan Program and the CDBG Programs. The 28E Agreement and Professional Services Agreement are for a period of one year and written to automatically renew for consecutive terms of one year unless notice is given by either party to terminate the agreement at least 60 days prior to the end of the current year. The agreement has an effective date of July 1, 2009. The agreements have been approved by the US Small Business Administration and the CED Board of Directors.

FISCAL IMPACT:

Amount: \$72,000

Funding Source: Fee revenues to the City generated under the Professional Services Agreement from the 504-loan program.

Amount: \$20,000

Funding Source: Fee revenues to the City generated by the 504-loan program to pay for clerical services under the 28E Agreement.

Amount: \$10,000 (estimate)

Funding Source: Fee revenues to the City generated by the 504-loan program to cover facility expenses related to services provided.

ADDITIONAL INFORMATION:

Beginning in 1982, The Corporation for Economic Development in Des Moines and the City has operated in a public-private partnership to support small business development in the City of Des Moines. The 28E Agreement and Professional Services Agreement approved by Roll Call No. 05-1276 dated May 23, 2005, need to be updated to comply with new regulations implemented by the US Small Business Administration.

Assistance to small business expansion is a key effort in the City's overall economic development strategy. The public-private partnership between the City and the CED compliments the implementation of this strategy by providing direct financial assistance to growing businesses in the City of Des Moines. It provides the City's Office of Economic Development an entry to small businesses looking to expand and the opportunity to retain that expansion within the City of Des Moines.

The Corporation for Economic Development in Des Moines (CED) was incorporated on June 9, 1981 as a 501.C4 local, non-profit corporation. On January 25, 1982, the CED was designated as a Certified Development Corporation under the U.S. Small Business Investment Act of 1958, as amended and is certified to originate and service loans under the SBA 504 Loan program. An 18 member Board of Directors comprised of local community, financial and business representatives governs the CED.

Since its certification by the SBA, the CED has assisted 125 small businesses by approving \$35,732,000 million in funding through the SBA 504 Loan program. The assisted businesses projects have invested approximately \$86.7 million dollars in real estate, building and machinery, with the creation of 1,675 jobs.

PREVIOUS COUNCIL ACTION(S):

Date: May 23, 2005

Roll Call Number: 05-1276

Action: Approval of 28E Agreement and Professional Services Agreement between the City of Des Moines and The Corporation for Economic Development in Des Moines

Date: September 9, 2002

Roll Call Number: 02-2172

Action: Approval of 28E Agreement between the City of Des Moines and The Corporation for Economic Development in Des Moines

Date: June 1, 1998

Roll Call Number: 98-1778

Action: Approval of 28E Agreement between the City of Des Moines and The Corporation for Economic Development in Des Moines

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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