

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 25, 2017
	Agenda Item No.	34
	Roll Call No.	<u>17-1659</u>
	Communication No.	<u>17-699</u>
	Submitted by:	Erin Olson-Douglas, Economic Development Director

AGENDA HEADING:

Approval of loan documents for a City Loan in the amount of \$100,000 from the Des Moines Action Loan Fund (DMALF) to Port of Des Moines, LLC.

SYNOPSIS:

On August 28, 2017, by Roll Call No. 17-1478, City Council gave preliminary approval to a City loan of \$100,000 from the DMALF to assist the Port of Des Moines, LLC, Michael La Valle, President, 435 49th Street, Des Moines, in developing a new “post-industrial” themed event space in leased space at 320 Martin Luther King, Jr. Parkway to be known as The River Center. This resolution presents the loan documents for final approval.

FISCAL IMPACT:

Amount: \$100,000

Funding Source: Des Moines Action Loan Fund is funded from the CDBG Economic Development Financial Assistance Fund. The loan will bear an interest rate of 3%, to be paid on a 10-year amortization with a 6-year maturity that corresponds to the initial lease term. If the lease is extended under its two (2) 5-year options, the loan would be renewed and fully amortized over the remaining four (4) years. The loan will be secured by a lien in the restaurant, furniture, fixtures and equipment, and personal guarantee of the principal.

ADDITIONAL INFORMATION:

- Port of Des Moines, LLC, Michael La Valle, President, 435 49th Street, Des Moines, is developing a new “post-industrial” themed event space in leased space at 320 Martin Luther King, Jr. Parkway to be known as The River Center. The River Center will provide a 6,000-square-foot event space, including a 2,000-square-foot mezzanine, with a total capacity of up to 700 people with a full commercial kitchen and administrative offices in the basement.
- Total new investment into The River Center is estimated at \$1,070,000. The proposed Des Moines Action Loan Fund loan of \$100,000 will be used to purchase furniture, fixtures and equipment and will leverage private equity investment of \$350,000, bank financing of \$620,000. The River Center anticipates the creation of at least 20 new full-time equivalent positions at wage rates between \$15 and \$22 per hour.

- The Port of Des Moines, LLC currently operates out of several locations. The River Center will provide space in the basement for new administrative offices for the Port of Des Moines, and related entities, J.A. White Riverboat and Embassy China, LLC. The new commercial kitchen will serve the event space and provide additional kitchen capacity for the Port of Des Moines growing catering services and its concession/management agreements with establishments such as the Riverwalk Hub and Trellis Café and Catering at the Greater Des Moines Botanical Center.

PREVIOUS COUNCIL ACTION(S):

Date: August 28, 2017

Roll Call Number: [17-1478](#)

Action: [Preliminary](#) approval of a City Loan from the Des Moines Action Loan Fund to Port of Des Moines, LLC, \$100,000. ([Council Communication No. 17-610](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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