



Roll Call Number

18-2029

Agenda Item Number

5-I

Date December 10, 2018

RESOLUTION AUTHORIZING THE CITY MANAGER TO GIVE NOTICE OF THE CITY'S INTENT TO PREPAY THE \$8.5 MILLION LOAN INCURRED BY THE CITY AND GUARANTEED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") IN 2007 AND USED TO FUND A CITY LOAN TO RIVER POINT WEST LLC TO INITIATE THE GRAY'S LANDING PROJECT, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE WITH HUD ON THE REFINANCING OF THE DEBT

WHEREAS, in 2007, the City of Des Moines entered into a Contract for Loan Guarantee Assistance with the U.S. Department of Housing and Urban Development ("HUD") whereby the City obtained a loan of \$8.5 million (the "Section 108 Loan") that was used by the City to fund an economic development loan (the "Development Loan") for the benefit of River Point West LLC, that was used to initiate the urban renewal project now known as Gray's Landing; and,

WHEREAS, the City has been given a narrow window of opportunity to refinance that loan at a lower interest rate with a substantial savings to the City; and,

WHEREAS, to take advantage of this opportunity, the City must give notice to HUD by 5:00 p.m. EST, on Tuesday, December 11th, that the City intends to redeem (prepay) the existing Section 108 Loan on February 1, 2019, and the City must thereafter negotiate new loan documents with HUD for the refinancing.

NOW THEREFOR, BE IT RESOLVED, by the City Council of the City of Des Moines, Iowa, as follows:

1. The City Manager is hereby authorized and directed to give notice to HUD of the City's intent to redeem the Section 108 Loan on February 1, 2019, if the City Manager is able to negotiate a refinancing of that loan upon terms acceptable to the City Council.
2. The City Manager is hereby further authorized and directed to cause an application to HUD for a new Contract for Loan Guarantee Assistance to be prepared, and to sign such application and any related documents on behalf of the City, subject to approval of the form of the document by the City Legal Department and Finance Department.
3. The City Manager is hereby further authorized and directed to negotiate with HUD on a new Contract for Loan Guarantee Assistance for the purpose of refinancing of the Section 108 Loan, with such new Contract to be subject to approval by the City Council at a future meeting.

(continued)



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MOVED by Mandelbaum to adopt.

FORM APPROVED:

By: Roger K Brown
Roger K. Brown, Assistant City Attorney

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Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, BOESEN, COLEMAN, GATTO, GRAY, MANDELBAUM, WESTERGAARD, and TOTAL.

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

J. M. Frankin Cownie Mayor

Diane Rauh City Clerk