



Agenda Item:

42

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 4/19/04
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Communication No.

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Richard Clark, Deputy City Manager

SUBJECT—

Approval of interim construction financing and mortgage for Science Center of Iowa (401 MLK Parkway, Mary Sellers, Executive Director)

SYNOPSIS—

The Science Center of Iowa (SCI) has requested, as required by its urban renewal contract with the City, approval of a 2½ year bond-financed loan and mortgage for interim construction financing with the Bank of America as the lead bank. This \$17 million loan provides a cash-flow “bridge” between the construction loan and receipt of the multi-years pledges and VISION Iowa funds for the new Science Center currently under construction at 401 MLK Parkway.

FISCAL IMPACT—

None

RECOMMENDATION—

Approve the bond-financed short-term mortgage as proposed by the Science Center of Iowa.

BACKGROUND—

In 2002, the City entered into an urban renewal contract with the Science Center of Iowa for the sale and development of a new Science Center on the City-owned property located between SW 3rd and SW 5th Streets immediately north of MLK Parkway. This contract requires the Science Center to obtain City approval for any interim construction mortgage financing.

The Science Center has obtained bond financing for \$17 million issued by the Cities of Johnston and Norwalk that has been purchased by the Bank of America as the lead bank with participation from US Bank, West Bank and First America Bank. Collateral for the bond financing includes a pledge of all SCI revenues and a mortgage on the SCI property. The proceeds from this note will be used as interim construction financing for the project with repayment backed by payment of long-term pledges and the Vision Iowa grant. The mortgage note is payable in full on or by December 31, 2006. The mortgage shall be subject to all the urban renewal development restrictions and covenants contained in the urban renewal contract.

The Science Center is scheduled for opening in spring 2005. Most of the structural steel is in place and the second floor electrical being installed at this time.