

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-419

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

SYNOPSIS -

AUGUST 6, 2001

On the August 6, 2001 Council agenda is a roll call approving the form of a subordination agreement between the City; HMG Parking Co., LLC; and Great Western Bank.

SUBJECT:

HMG PARKING CO.,
LLC
SUBORDINATION
AGREEMENT

By Roll Call No. 00-1142, dated April 17, 2000, City Council approved a development agreement and a City economic development loan for \$500,000 to HMG Parking Co., LLC for the repair and improvements to the Greater Des Moines Partnership Building (formerly know as the Locust Street Mall) located at 700 Locust Street. The City's financial assistance is secured by a real estate mortgage on the property. The development agreement anticipated the refinancing of the building as part of the project financing for building renovations and stipulates that the City will subordinate to project financing. Approval of the agreement and authorizing the Mayor to execute the subordination agreement implements the development agreement.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

HMG Parking Co., LLC has completed repair, renovation, and improvement of the Greater Des Moines Partnership Building at a cost of \$2.3 million. The building prior to the renovation was 72 percent vacant and had experienced a 35 percent decline in assessed valuations. Subsequent to the project, the building is now basically 100 percent occupied and has sustained an increase in assessed valuation of \$1.8 million or 41 percent.

FISCAL IMPACT -

The subordination agreement does not materially alter the City's or the developer's obligations under the approved development agreement.

RECOMMENDATION -

Approval of the roll call approving as to form and authorizing

the Mayor to execute the subordination agreement between the City; HMG Parking Co., LLC; and Great Western Bank.
