

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-376

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

AGENDA:

JULY 8, 2002

SYNOPSIS -

On April 12, 2002, by Roll Call No. 02-952, the Council approved a Development Agreement with Vine Street Limited Partnership (George Sherman, 233 Park Avenue South, Suite 201, Minneapolis, Minnesota) for the construction of Vine Street Lofts. Vine Street Limited Partnership is now prepared to close on the first mortgage with Glaser Financial. In order to close the financing, the City must execute a Subordination Agreement and Estoppel Certificate and Master Disbursement Agreement.

SUBJECT:

SUBORDINATION
AGREEMENT AND
ESTOPPEL
CERTIFICATE AND
MASTER
DISBURSEMENT
AGREEMENT FOR
VINE STREET
LOFTS

FISCAL IMPACT -

The City's Loan to Vine Street Limited Partnership as established by the Development Agreement is \$950,000. The Subordination Agreement and Estoppel Certificate and the Master Disbursement Agreement are consistent with the Development Agreement. The City's security position and repayment schedule remain the same.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approve the Vine Street Lofts Master Subordination Agreement and Estoppel Certificate and the Vine Street Lofts Master Disbursement Agreement.

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

BACKGROUND -

On April 12, 2002, by Roll Call No. 02-952, the Council approved the Development Agreement with Vine Street Limited Partnership for the construction of Vine Street Lofts. The developer is now ready to close on the first mortgage with Glaser Financial. The Council must approve the Master Subordination Agreement, Estoppel Certificate, and the Master Disbursement Agreement, and authorize the Mayor to sign these documents for the closing to occur.

The Subordination Agreement sets forth the priority of the mortgage loans consistent with the prior agreement subject to the U.S. Department of Housing and Urban Development (HUD) loan. The Disbursement Agreement also mirrors the language of the Development Agreement already approved by Council.
