

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	October 10, 2016
	Agenda Item No.	31
	Roll Call No.	<u>16-1723</u>
	Communication No.	<u>16-593</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approval of First Amendment to Neighborhood Commercial Revitalization (NCR) Loan Agreement between City and Norris Partners, LLC and Subordination Agreement between City, Norris Partners, LLC and Central State Bank for refinancing of 210 Court, Des Moines, Iowa.

SYNOPSIS:

Norris Partners, LLC, the Developer, represented by Tim Rypma, Manager, 100 Court Avenue, Suite 204, has requested the City subordinate its junior collateral mortgage on 210 Court Avenue to allow Central State Bank to increase its existing senior mortgage to \$843,471.11 and provide the Developer new funds of about \$150,000. The Developer intends to use the new funds to pay soft costs associated with the purchase and potential historical renovations of a vacant and blighted building located at 212 East Third Street, Des Moines. In consideration of the subordination request, the Developer has agreed to use the new funds only for soft costs in determining the feasibility in renovating the vacant building at 212 East Third Street, and to amend the City’s NCR Loan Agreement by waiving the remaining three (3) years of deferred payments at zero (0) percent interest and begin repaying the \$185,000 Neighborhood Commercial Revitalization (NCR) Loan at 2% interest beginning December 1, 2016. Office of Economic Development (OED) staff recommend approval of the First Amendment to the NCR Loan Agreement and the Subordination Agreement as presented.

FISCAL IMPACT:

Amount: No new funds will be advanced as part of this subordination request. The existing \$185,000 NCR Loan will be repaid with 2% interest beginning November 1, 2016 and 240 monthly payments of \$935.88 beginning December 1, 2016 with a maturity of November 1, 2036.

Funding Source: The NCR Program is a Community Development Block Grant (CDBG)-funded program administered by the City’s Office of Economic Development. The loan was originally funded under the Fiscal Year (FY) 2013-2014 Recommended Operating Budget, NCR Program. The loan payments will be credit to the NCR CDBG Program Income – Loan Repayments Account.

ADDITIONAL INFORMATION:

In 2013 and 2014, the Developer, Norris Partners, LLC (Tim Rypma, Manager, 100 Court Avenue, Suite. 204, Des Moines) completed a \$1.1 million historical renovation of the then vacant building at 210 Court Avenue. The 2-story building, constructed in 1904, was the original home to the Walter Boyt Saddlery Company. It is listed on the National Register of Historic Places and is a contributing building to the City’s Court Avenue Historical District. The renovations were completed in

compliance with approved design plans and regulations of the State of Iowa Historical Preservation Office (SHPO) and the US Department of the Interior, National Park Service.

As part of the original project financing Central States Bank provided first mortgage financing in the amount of \$694,000. The City provided a NCR Loan of \$185,000 and a NCR Façade Grant of \$15,000. The NCR Loan was approved with a term of 26 years, during years one (1) through six (6) payments are deferred at 0% rate of interest. The original loan terms called for payments based on a 20 year amortization to begin in year seven (7) with an increase in the interest rate to 2%. That interest rate increase and amortization will now occur three (3) years earlier.

PREVIOUS COUNCIL ACTION(S):

Date: November 4, 2013

Roll Call Number: [13-1725](#)

Action: [Neighborhood](#) Commercial Revitalization (NCR) Program Loan for \$185,000 and a Façade Grant for \$15,000 to Norris Partners, LLC for renovations and expansion of the commercial building at 210 Court Avenue. ([Council Communication No. 13-539](#)) Moved by Coleman to adopt. Motion Carried 6-0.

BOARD/COMMISSION ACTION(S):

Board: Zoning Board of Adjustment

Date: September 25, 2013

Resolution Number: ZON 2013-00154

Action: Granted a Conditional Use Permit for a business selling wine, liquor, or beer subject to conditions of which include, historical renovation of the building in accordance with Secretary of the Interior's Standards for Rehabilitation, shall operate with a full menu for food service, outdoor patio comply with the City's Sidewalk Café Lease, shall operate in accordance to City Code Section 134-953(c).

Board: Urban Design Review Board

Date: August 20, 2013

Resolution Number: N/A

Action: A consensus of the members present indicated approval of the project plans as presented.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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