

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 25, 2017
	Agenda Item No.	31
	Roll Call No.	<u>17-1656</u>
	Communication No.	<u>17-686</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Approve First Amendment to HOME Agreement with Ingersoll Square Phase III Associates, L.P. to reflect changes in ownership and control of that entity.

SYNOPSIS:

On November 18, 2013, by Roll Call No. 13-1898, City Council approved a HOME Agreement for \$350,000 with Ingersoll Square Phase III, L.P. (Frank Levy, 3409 Woodland Avenue Suite 504 West Des Moines, Iowa 50266) for construction of an \$8.2 million mixed-use project at the corner of Martin Luther King, Jr. Parkway and Ingersoll Avenue. The project was completed in August of 2015.

Mr. Levy holds a controlling interest in the Limited Partnership as the Managing Member of Ingersoll Square III, GP, LLC, which is the General Partner of Ingersoll Square Phase III, L.P. He and the limited partners of the L.P. are proposing a sale of their interests in the L.P. that would result in all three (3) phases of Ingersoll Square under companies owned and controlled Craig Mettille (380 Companies, 4607 4th Street Ct. SW, Cedar Rapids, IA 52404). This will result in common management and amenities available to all residents.

FISCAL IMPACT:

Amount: N/A

Funding Source: The change in ownership will have no impact on the HOME Loan terms, interest rate or repayment.

ADDITIONAL INFORMATION:

- In 2013, the HOME loan for Ingersoll Square III was negotiated for a 20-year term at 1% interest with interest only payments due annually with a balloon payment of principal at the end of the term.
- The project is current with its payments and there have been no problems with affordability or affirmative marketing during the annual compliance monitoring.

- The First Amendment to the HOME agreement removes as Frank Levy the person able to act on and behalf or receive notice for any communications with the limited partnership and adds Craig Mettille to those roles.
- City staff has reviewed the Settlement and Equity Purchase Agreement for the project as well as Craig Mettille's personal financial statement. The change in ownership of the limited partnership should not weaken the project or endanger the repayment of the City HOME loan.
- The City is not subordinating to any additional loans due to the change in ownership of the limited partnership.
- City staff has met with and reviewed the experience of the principal partners and local staff of the new management company, PMI Property Management of Central Iowa, 2521 128th Street, Urbandale, IA 50323. They will be able to work within the guidelines of the HOME program, and manage the market rate units. Such change will not create a problem for the terms of affordability outlined in the HOME agreement.

PREVIOUS COUNCIL ACTION(S):

Date: July 24, 2017

Roll Call Number: [17-1257](#)

Action: [Agreement](#) with Ingersoll Square Phase III Associates, LP to treat the sale of ownership and control of that entity as a sale of the Ingersoll Square Phase III property owned by that entity for purpose of the Urban Renewal Development Agreement. ([Council Communication No. 17-566](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Neighborhood Revitalization Board

Date: October 2, 2014

Resolution Number: NA

Action: Recommend approval of Home Loan for 2005 Ingersoll Avenue.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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