

Date May 18, 2009

**RESOLUTION APPROVING SUBORDINATION AND
PAYMENT EXTENSION DOCUMENTS RELATED TO A NEIGHBORHOOD
COMMERCIAL REVITALIZATION LOAN TO
KUNG FU TEA, LLC FOR 414 EAST SIXTH STREET, DES MOINES**

WHEREAS, by Roll Call No. 04-389, City Council approved a Neighborhood Commercial Revitalization (NCR) Program Loan to Kung Fu Tea, LLC DBA Gong Fu Tea, hereinafter referred to as "Developer," to make site improvements to the property located at 414 East Sixth Street, Des Moines; and

WHEREAS, the City's NCR loan in the original amount of \$50,000 at a rate of three percent interest amortized over 20 years has matured with a balance of \$42,414.44, and the Developer has requested the repayment terms be extended for an additional five years; and

WHEREAS, the Developer has obtained additional first mortgage funding from Iowa State Bank in the amount of \$20,000 to make repairs to the building at 414 East Sixth Street; and

WHEREAS, Iowa State Bank requires that to fund the Developer's new loan request that the City of Des Moines subordinate its second mortgage securing the NCR loan to the senior lien of Iowa State Bank in the amount of \$194,490.26; and

WHEREAS, the Developer has executed the attached Extension Agreement and the City Council finds the form of the attached documents to be acceptable; and

WHEREAS, the City Legal has prepared the attached subordination agreement for execution and the City Council finds the form of the attached documents to be acceptable.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa:

1. The NCR Loan Extension Agreement and the Subordination Agreement are hereby approved, the Mayor is authorized and directed to sign the attached documents and the City Clerk is authorized to attest to the Mayor's signature and to obtain proper acknowledgment.

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2. Upon full execution of the documents, the City Clerk is authorized and directed to deliver original copies to the Office of Economic Development and staff is authorized to deliver appropriate documents to the Company and to Iowa State Bank and to thereafter take all steps necessary to protect the interests of the City.

(Council Letter No. **09-321** Attached)

APPROVED AS TO FORM:

Moved by _____ to adopt.



 Michael F. Kelley
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VCLASSIS				
TOTAL				
MOTION CARRIED			APPROVED	

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

 Mayor

 City Clerk