

Date September 11, 2006

**RESOLUTION APPROVING MORTGAGE SUBORDINATION
AGREEMENT BETWEEN THE CITY OF DES MOINES, IOWA
AND THE COMMUNITY BANK OF BOONE REGARDING
REDEVELOPMENT OF THE SHOPS AT EASTGAGE**

WHEREAS, on May 8, 2006 by Roll Call No. 06-945, the City Council authorized the City of Des Moines to enter into a \$350,000 loan agreement with Eastgate Plaza, LLC to assist in redeveloping the Shops at Eastgate. The loan is secured by a mortgage on the Shops at Eastgate real estate, recorded on June 8, 2006 in the Polk County Recorders Office in Book 11693, Page 35; and

WHEREAS, Bank of the West, f/k/a Commercial Federal Bank, currently holds mortgage and assignments of rent senior to the City's mortgage position that secure construction and other loans in the principal amount of \$12,080,000.00; and

WHEREAS, the Community Bank of Boone has agreed to loan Eastgate Plaza, LLC \$3,750,000.00 to be secured by a mortgage and security agreement on the Shops at Eastgate real estate and has requested that the City's mortgage be subordinated to this new mortgage; and

WHEREAS, under the proposed subordination agreement the mortgages and assignments of rent in favor of Bank of the West will be released and satisfied at the time the Community Bank of Boone makes the new loan. As a consequence the City will remain in the same position with regard to security on its \$350,000 loan as if the Community Bank of Boone's new loan, mortgage and subordination agreement had never existed; and

WHEREAS, the Subordination Agreement attached hereto is consistent with the primary purpose of the City's loan and mortgage, which is to encourage redevelopment of the Shops at Eastgate; and

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


1. The Mortgage Subordination Agreement between the Community Bank of Boone and the City of Des Moines, Iowa, a true copy of which is attached hereto, is hereby approved.

Date September 11, 2006

2. The Mayor is authorized and directed to sign the Mortgage Subordination Agreement on behalf of the City of Des Moines and the City Clerk is authorized and directed to attest to the Mayor's signature and to release a signed copy of the Mortgage Subordination Agreement to the Office of Economic Development.

(Council Communication No. 06- 586)

APPROVED AS TO FORM:



 Michael F. Kelley
 Assistant City Attorney

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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
VLISSIS				
TOTAL				

MOTION CARRIED APPROVED

 Mayor

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.

 City Clerk