

★ Roll Call Number
11-0438

Agenda Item Number
23

Date March 14, 2011

RESOLUTION APPROVING SUBORDINATION AND ESTOPPEL AGREEMENT
FOR THE REFINANCING OF THE VINE STREET LOFTS
AT 101 2ND AVENUE

WHEREAS, on April 12, 2002, by Roll Call No. 02-952, the City Council approved a Development Agreement with Vine Street Limited Partnership (the "Developer") whereby the Developer agreed to construct the Vine Street Lofts, an apartment building at 101 – 2nd Avenue containing 109 dwelling units and associated below-grade parking facilities, and the City agreed to provide an Economic Development Loan in the amount of \$950,000.⁰⁰; and,

WHEREAS, the Developer has requested that the City sign an *Amended and Restated Master Subordination Agreement and Estoppel Certificate* to permit the refinancing of the Vine Street Lofts at a lower interest rate, with all proceeds of the refinancing to be used exclusively to pay off the existing first mortgage, to pay down the second mortgage held by Neighborhood Finance Corporation, and to pay the refinancing costs; and,

WHEREAS, the proposed refinancing will improve the collateral position of the subordinated mortgage securing the City's Economic Development Loan; and,

WHEREAS, the City is one of five parties to the *Amended and Restated Master Subordination Agreement and Estoppel Certificate* and the final form of the document is subject to further review and approval by the department of Housing and Urban Development ("HUD") and the lender for the HUD guaranteed first mortgage loan; NOW THEREFORE,

BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, as follows:

1. The *Amended and Restated Master Subordination Agreement and Estoppel Certificate* with Vine Street Limited Partnership described above, which is on file in the office of the City Clerk, is hereby approved, subject to such minor changes as may be approved by the City Manager and the Legal Department as not being detrimental to the City's interests.

(continued)

11-0438

23

Date March 14, 2011

- The Mayor is hereby authorized and directed to sign the *Amended and Restated Master Subordination Agreement and Estoppel Certificate* with Vine Street Limited Partnership as described above. The City Clerk is hereby authorized and directed to attest to the mayor's signature on such document.

(Council Communication No. 11- 159)

MOVED by Hensley to adopt.

FORM APPROVED:

Roger K. Brown

Roger K. Brown

Assistant City Attorney

C:\Rog\Eco Dev\Vine Lofts\Refinancing\RC VSL 2011-03-14.doc

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GRIESS	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MEYER	✓			
MOORE	✓			
TOTAL	7			
MOTION CARRIED			APPROVED	

T. M. Franklin 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.

Diane Rauh City Clerk