



Roll Call Number

14-0061

Agenda Item Number

37

Date January 13, 2014

**RESOLUTION APPROVING SUBORDINATION AGREEMENT BETWEEN IOWA STATE BANK, 420 EAST LOCUST, LTD AND THE CITY OF DES MOINES**

WHEREAS, on December 20, 2004 by Roll Call No. 04-2705, the City Council approved a City loan for \$200,000.00 to 420 East Locust, LTD, Stephen Logsdon, President (hereinafter collectively referred to as "Developer") for renovation of the commercial building located at 420 East Locust Street; and

WHEREAS, the \$644,000 renovation project included financing by Iowa State Bank in the approximate amount of \$432,000 that was secured by a first mortgage on the property, and the City loan was secured by a second mortgage on the property located at 420 East Locust Street; and

WHEREAS, Developer is requesting that the City subordinate its existing collateral position on the real estate to facilitate the refinance of the existing first real estate mortgage with a balance of approximately \$411,000, plus \$200,000 in new funds for a new loan of \$611,000 from Iowa State Bank with the new funds to be used in the renovation of the second level of the property located at 420 East Locust Street; and

WHEREAS, the subordination agreement, attached hereto, has been approved by the City Legal Department.

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

1. The subordination agreement which subordinates the City's mortgage from 420 East Locust, LTD given to secure the City Des Moines Loan to a new loan from Iowa State Bank in the amounts of \$611,000 on 420 East Locust Street, is hereby approved and the Mayor is authorized and directed to execute such document on behalf of the City 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 agreement, 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 Developer and Bank and to thereafter take all actions necessary to protect the security interests of the City.

(Council Communication No. 14-011 )

Moved by Hensley to adopt.

APPROVED AS TO FORM:

Lawrence McDowell
Deputy City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, COLEMAN, GRAY, HENSLEY, MAHAFFEY, MOORE, VOSS, and TOTAL (7).

MOTION CARRIED

APPROVED

T. M. Franklin Council 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