

★ Roll Call Number

15-0826

Agenda Item Number

37

Date May 18, 2015

RESOLUTION APPROVING MASTER SUBORDINATION AGREEMENT
AND ESTOPPEL CERTIFICATE FOR REFINANCING OF THE EAST
VILLAGE SQUARE APARTMENTS AT 333 E GRAND AVENUE

WHEREAS, on December 6, 2004, by Roll Call No. 04-2661, the City Council approved an Urban Renewal Development Agreement with East Village Square Apartments, L.P. (the "Developer"), represented by Jack Porter, as President of Neighborhood Investment Corporation, its general partner, whereby the Developer agreed to construct the East Village Square Apartments consisting of a 109 unit apartment building and associated surface parking at the southwest corner of E. 4th Street and E. Grand Avenue, and the City agreed to provide certain financial incentives for the project, including a deferred repayment Economic Development Loan in the amount of \$2,555,795.00, and a deferred repayment HOME Program Loan in the amount of \$1,050,000.00; and,

WHEREAS, on July 18, 2005, by Roll Call No. 05-1684, the City Council approved a First Amendment to the Development Agreement amending the conditions for release of the loan proceeds from the City, and a Master Subordination Agreement establishing the priorities of the various liens and covenants held by the City and other parties involved in financing the project; and,

WHEREAS, on July 10, 2006, by Roll Call No. 06-1348, the City Council approved a Second Amendment to the Development Agreement which increased the number of designated HOME units and increased the HOME Program Loan by \$50,000 to a new total of \$1,100,000; and,

WHEREAS, the East Village Apartments were successfully completed and on December 4, 2006, by Roll Call No. 06-2381, the City Council issued a Certificate of Completion for the apartments; and,

WHEREAS, Developer has requested the City enter into the proposed East Village Square Apartments Master Subordination Agreement and Estoppel Certificate (hereinafter the "Master Subordination Agreement") addressing the priority of the liens and interests of all the various parties providing funding for the project, to permit the refinancing of the first mortgage lien on the East Village Apartments; and,

WHEREAS, a copy of the proposed Master Subordination Agreement is on file and available for public inspection in the office of the City Clerk; NOW THEREFORE,

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

(continued)

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1. The proposed East Village Square Apartments Master Subordination Agreement and Estoppel Certificate between the City, Developer, and the other lenders to the project is hereby approved.
2. The Mayor is hereby authorized and directed to sign the Master Subordination Agreement on behalf of the City of Des Moines, with such minor changes as may be required by the first mortgage lender and approved by the Legal Department as having no detrimental impact upon the City's interest, and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on the document.

(Council Communication No. 15- 251)

MOVED by Hensley to adopt.

FORM APPROVED:

Roger K. Brown
 Roger K. Brown, Assistant City Attorney
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COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN	✓			
GATTO	✓			
GRAY	✓			
HENSLEY	✓			
MAHAFFEY	✓			
MOORE	✓			
TOTAL	7			

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.

T. M. Franklin
 Mayor

Diane Rauh
 City Clerk