



Roll Call Number

17-2180

Agenda Item Number

54A

Date December 18, 2017

**RESOLUTION APPROVING MASTER SUBORDINATION AGREEMENT AND
ESTOPPEL CERTIFICATE FOR REFINANCING OF THE
WOODLAND AVENUE BRICKSTONES AT 1501 WOODLAND AVENUE**

WHEREAS, on August 19, 2002, by Roll Call No. 02-2077, the City Council of the City of Des Moines approved a Development Agreement with Woodland Avenue Partners, L.P. (“Developer”) and U.S. Bancorp Community Development Corporation (“U.S. Bancorp CDC”) as limited partner, whereby the Developer agreed to construct a 56-unit apartment building and associated surface parking at 1501 Woodland Avenue and the City agreed to certain financial incentives for the project including an Economic Development Grant for \$183,757; and

WHEREAS, on August 19, 2002 by Roll Call No. 02-2078, the City Council of the City of Des Moines approved a HOME Agreement between the City of Des Moines and Woodland Avenue Partners, L.P. for a loan of \$200,000 set at the applicable federal rate; and

WHEREAS, on October 7, 2002, by Roll Call No. 02-2472, the City Council approved a First Amendment to the Development Agreement revising the agreement to remove U.S. Bancorp CDC as a separate party to the Development Agreement, and approving 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 14, 2003, by Roll Call No. 03-1619, the City Council approved a First Amendment to the HOME Agreement which increased the loan an additional \$42,110 to cover cost overruns used to complete the affordability requirements of the project; and

WHEREAS, on September 8, 2003, by Roll Call No. 03-2099, the City Council approved a request by Woodland Avenue Partners, L.P. for the first amendment to the Master Subordination Agreement to increase the maximum first mortgage amount to \$3,275,000; and

WHEREAS, on April 27, 2004, by Roll Call No. 04-823, the City Council issued a Certificate of Completion for successful completion of the Woodland Avenue Brickstones project; and

WHEREAS, Developer has requested that the City approve a new Woodland Avenue Brickstones Master Subordination Agreement and Estoppel Certificate (hereinafter the “updated Master Subordination Agreement”) addressing the priority of the liens and interests of all the parties providing funding for the project, to permit the refinancing of the first mortgage lien on the Woodland Avenue Brickstones; and



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WHEREAS, the proposed updated Master Subordination Agreement does not subordinate any of the HOME program covenants and the project has been inspected annually under the HOME program guidelines to ensure compliance; and

WHEREAS, a copy of the proposed updated 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 as follows:

- 1. The proposed Woodland Avenue Brickstones Master Subordination Agreement and Estoppel Certificate among the City, Developer, and the other lenders to the project is hereby approved.
2. The Mayor is hereby authorized and directed to sign the updated Master Subordination Agreement on behalf of the City of Des Moines, and the City Clerk is hereby authorized and directed to attest to the Mayor's signature on the document.

(Council Communication No. 17-846)

MOVED BY Hensley TO ADOPT.

FORM APPROVED:

Glenna K. Frank
Assistant City Attorney

Table with 5 columns: COUNCIL ACTION, YEAS, NAYS, PASS, ABSENT. Rows include COWNIE, COLEMAN, GATTO, GRAY, HENSLEY, MOORE, WESTERGAARD, and TOTAL.

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.

Y. McFranklin Council Mayor

Diane Rauh City Clerk