



Agenda Item:

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COUNCIL COMMUNICATION
City Manager's Office

GENERAL INFORMATION

Agenda Date: 07/26/2004
04-378

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Richard Clark, Deputy City Manager, Office of Economic Development

SUBJECT—

Resolution approving execution of a subordination agreement with Iowa State Bank for Five T, Inc. d.b.a. Tursi's Latin King Restaurant, 2200 Hubbell, Des Moines, IA

SYNOPSIS—

This action approves a subordination of the City's lien position for the Des Moines Action Loan Fund Loan to Tursi's Latin King Restaurant. The subordination is to facilitate a refinance of the senior project financing by Iowa State Bank so the restaurant may benefit from lower rates of interest. The City loan balance is \$70,002 and will remain secured by a second mortgage on the Latin King restaurant, but junior to the Iowa State Bank refinanced loan of \$411,408.

FISCAL IMPACT—

None. The repayment terms and conditions of the exiting Des Moines Action Loan Fund (DMALF) loan are unchanged. All payments on the City DMALF loan have been made as agreed.

RECOMMENDATION—

Approval

BACKGROUND—

By Roll Call No. 95-1914 dated May 15, 1995, the City Council approved a \$105,000 Des Moines Action Loan Fund Loan to Five T, Inc. d.b.a. Tursi's Latin King Restaurant, as part of a \$1,460,000 dollar renovation and expansion of the restaurant located at 2200 Hubbell Avenue, Des Moines. The City DMALF loan was originally secured by a third mortgage on the property and was subordinate to \$800,000 of other project financing. Robert Tursi, owner, has arranged refinancing of the outstanding balance of the project's senior debt in the amount of \$411,408 with Iowa State Bank. Iowa State Bank is requiring that the City's collateral position remain subordinate to the Bank's collateral position and has requested the City execute a mortgage subordination agreement. The Polk County Assessor has assessed the property at \$898,400.00