

★ Roll Call Number

14-0151

✓
Agenda Item Number

33

Date January 27, 2014

RESOLUTION APPROVING FIRST AMENDMENT TO THE DEVELOPMENT AGREEMENT
WITH RE PROPERTIES 1, LLC AND SUBORDINATION AGREEMENT WITH
RE PROPERTIES 1, LLC, CENTRAL STATE BANK AND CITY OF DES MOINES

WHEREAS, by Roll Call No. 11-1794 dated October 24, 2011, the City Council approved a Development Agreement and City Bridge Loan in the amount of \$135,000 to RE Properties 1, LLC (hereinafter referred to as "Developer") to assist renovations to the commercial building located at 424 East Locust; and

WHEREAS, the Developer has reduced the balance of the bridge loan to \$67,500 from the sale of State of Iowa Brownfield/Grayfield Tax Credits, and has made arrangements with Central State Bank to borrow an additional \$40,000 with such proceeds to further reduce the City bridge loan to a balance of \$27,500; and

WHEREAS, the Developer is requesting that the City approve a mortgage subordination agreement with Central State Bank to facilitate the additional bank loan of \$40,000 and that the City amend its Development Agreement to allow for the repayment of the remaining bridge loan balance of \$27,500 over a term of five years with two percent (2%) interest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, to approve the Developer's request and amend the Development Agreement and approve the Subordination Agreement, as follows:

1. The First Amendment to the Development Agreement in the form on file in the Office of the City Clerk to revise the terms for repayment of the City bridge loan balance is hereby approved with such revisions as may be approved by the Legal Department.
2. The Subordination Agreement on file in the Office of the City Clerk which subordinates the City's mortgage on 424 East Locust to new loan proceeds of \$40,000 from Central State Bank is hereby approved.
3. The Mayor is authorized and directed to sign the approved documents and the City Clerk is directed to attest to the Mayor's signature and to obtain proper acknowledgment.

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4. The City Clerk is authorized and directed to deliver the original executed documents to the City's Office of Economic Development, and the Office of Economic Development is authorized to deliver appropriate documents to the Developer, and to thereafter perform all City obligations under the original and this amended Development Agreement and take all actions necessary to protect the interests of the City by filing or otherwise.

(Council Communication Number 14- 018)

Moved by Mahaffey to adopt.

APPROVED AS TO FORM:


Lawrence R. McDowell
Deputy City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
COLEMAN				✓
GRAY	✓			
HENSLEY				✓
MAHAFFEY	✓			
MOORE	✓			
VOSS	✓			
TOTAL	5			2

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