★ **Roll Call Number**
20-0147

Agenda Item Number
22

Date January 27, 2020

APPROVAL OF SUBORDINATION AGREEMENT FOR MORTGAGE SECURING REHABILITATION OF PROPERTY AT 1345 7th STREET UNDER THE BLIGHTED PROPERTY REHABILITATION PROGRAM

WHEREAS, on January 8, 2018, by Roll Call No. 18-0075, the City Council approved the Blighted Property Rehabilitation (BPR) Program and Program Policy to provide financial assistance to investors, non-profit organizations, and other qualified developers for projects involving the acquisition, demolition and/or rehabilitation of vacant, abandoned and/or blighted residential properties in the City of Des Moines, and directed the Community Development Department to administer the Program; and

WHEREAS, on December 4, 2018, the City of Des Moines approved a Development Agreement ("Agreement") with Indigo Dawn, L.L.C. ("Developer") under the Blighted Property Rehabilitation program, whereby Indigo Dawn, L.L.C., agreed to undertake rehabilitation of a property at 1345 7th Street, Des Moines, Iowa, ("Property"), in consideration for which the City provided to Indigo Dawn, L.L.C., a forgivable loan in the amount of not more than $35,000.00, which loan was secured by a mortgage on the Property, whose legal description is

LOT 22, GRAND PARK, AN OFFICIAL PLAT, NOW INCLUDED IN AND FORMING A PART OF THE CITY OF DES MOINES, POLK COUNTY, IOWA.

all based on terms and conditions outlined in the Agreement;

WHEREAS, the City's mortgage herein was recorded on January 8, 2019, in Book 17205 at Page 612, of the office of Polk County Recorder; and

WHEREAS, on December 9, 2019, the City of Des Moines approved Amendment and Assignment of said Agreement transferring all rights, obligations, and interests from Indigo Dawn, L.L.C. to Astilbe Morning, L.L.C. ("Assignee") as authorized under both the BPR Program Policy and Agreement; and

WHEREAS, the Assignee and its lender, GreenState Credit Union, have requested that the City subordinate the City's mortgage recorded on January 8, 2019, in Book 17205 at Page 612, of the office of Polk County Recorder, pursuant to the Subordination Agreement in form on file with the Community Development Department; and

WHEREAS, the City of Des Moines is willing to subordinate its mortgage to induce GreenState Credit Union to provide such new financing, having determined that it is in the City's interest to facilitate this refinancing, and that the subordination will be without material impact on the

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City's security interest in Property for proper and timely performance of the rehabilitation obligations owed to the City, as the rehabilitation is very near completion;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Des Moines, Iowa, that the Subordination Agreement by and between the City of Des Moines, Astilbe Morning, L.L.C., and GreenState Credit Union is hereby approved; the Mayor is authorized and directed to sign the Agreement; and the Community Development Department is directed to administer said Agreement.

MOVED BY Gatto TO ADOPT.

FORM APPROVED:
Judy K. Parks-Kruse
Judy K. Parks-Kruse, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE	✓			
BOESEN	✓			
GATTO	✓			
GRAY	✓			
MANDELBAUM	✓			
VOSS	✓			
WESTERGAARD	✓			
TOTAL	7			

MOTION CARRIED APPROVED

J. M. Franklin Cownie Mayor

CERTIFICATE

I, P. Kay Cmelik, 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.

P. Kay Cmelik City Clerk