

Ordinance No. 118915

Council Bill No. 112066

AN ORDINANCE relating to community and economic development; authorizing modification of security for a Section 108 loan and Urban Development Action Grant loan in order to facilitate refinancing of the Promenade 23 Shopping Center; accepting a deed for street purposes, and authorizing related agreements, amendments, and actions.



CF No. _____

Date Introduced: FEB 17 1998	
Date 1st Referred: FEB 17 1998	To: (committee) Business, Economic & Community Development Committee
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of Final Passage: 2-23-98	Full Council Vote: 9-0
Date Presented to Mayor: 2-23-98	Date Approved: FEB 27 1998
Date Returned to City Clerk: FEB 27 1998	Date Published: <i>SPR</i> T.O. <input checked="" type="checkbox"/> F.T. <input type="checkbox"/>
Date Voted by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

Law Department
The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: _____

Committee Action:

BECD Do pass 4-0

This file is complete and ready for presentation to Full Council. Comm

Law Dept. Review

OMP
Review

City Clerk
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ORDINANCE 118915

AN ORDINANCE relating to community and economic development; authorizing modification of security for a Section 108 loan and Urban Development Action Grant loan in order to facilitate refinancing of the Promenade 23 Shopping Center; accepting a deed for street purposes, and authorizing related agreements, amendments, and actions.

WHEREAS, the Central Area Action Plan, adopted by the Seattle City Council through Resolution No. 28815 on January 3, 1994, recognized the Promenade 23 Shopping Center ("Center") as a critical neighborhood revitalization project; and

WHEREAS, Ordinance 117877 authorized The City of Seattle to issue \$2.4 million in non-recourse notes guaranteed by the Secretary of the Department of Housing and Urban Development ("HUD") under the Section 108 program to finance a loan ("Section 108 Loan") for expansion of the Center on the north side of Jackson St. in order to assist community and economic development in the Central Area;

WHEREAS, the Section 108 Loan is secured by a first lien deed of trust on the property developed with that loan ("North Tract 1"), as specified by Section 4 of Ordinance 117877;

WHEREAS, the City also holds a loan made from federal Urban Development Action Grant ("UDAG") funds for the development of the Center on the south side of Jackson St. (the "UDAG Loan");

WHEREAS, under the terms of the UDAG loan as modified pursuant to Ordinance 115904, the City receives payments based on the net cash flow from the south portion of the Center after payment of debt service on a first mortgage from a private lender;

WHEREAS, the owner of the Center ("Developer") has successfully completed the development financed by the Section 108 Loan;

WHEREAS, the Developer has proposed a plan to refinance the private debt on the Center in order to reduce total debt service, improve cash flow and obtain a long-term fixed rate;

WHEREAS, the Developer also intends to develop the remaining portion of the Center on the north side of Jackson St. ("North Tract 2") with private financing;

1
2 WHEREAS, the UDAG loan modification agreement approved by Ordinance 115904 provided
3 that the deed of trust to the City as beneficiary on the property north of Jackson Street
4 would be released when the Developer proceeded with development of the entire north
side property, and Developer has now agreed that such deed of trust shall not now be
released;

5 WHEREAS, the Director of the Office of Economic Development ("OED Director") has
6 determined that refinancing as contemplated by the Developer's proposal will be in the
7 best interests of the City, subject to certain conditions imposed by the Director, to
8 negotiation of final terms, to review of appraisals and to necessary HUD approvals;
NOW, THEREFORE,

9 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

10 Section 1. The Mayor or OED Director, or his or her designee, is authorized, for and on
11 behalf of The City of Seattle, to negotiate and implement a plan to refinance the Promenade 23
12 Shopping Center ("Plan"). The Plan may include the subordination of the deed of trust and
13 assignment of leases securing the Section 108 Loan to a new first deed of trust securing a loan
14 from a private lender, provided that the City shall obtain a second lien deed of trust on the
15 portion of the Center south of Jackson Street (the "South Tract") as additional security for the
16 Section 108 Loan. The Plan may also include subordination of the UDAG deeds of trust on the
17 North Tract 1, and the South Tract to a third lien position and of the UDAG deed of trust on the
18 North Tract 2 to a second lien position, provided that the City's security for the UDAG Loan on
19 North Tract 1 and North Tract 2 shall not be released until such time as a sale or refinancing of
20 North Tract 2 occurs on terms that will satisfy all obligations to the City or that are otherwise
21 acceptable to the OED Director.
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Section 2. The authority to implement the Plan authorized in Section 1 is subject to the OED Director's satisfaction with new appraisals on the security property and the terms of final document, and to the receipt of any necessary approvals from HUD.

Section 3. In connection with the Plan the Mayor or OED Director, or his or her designee, is authorized, for and on behalf of the City, to negotiate, execute and implement one or more amendments to the terms of the UDAG Loan and related documents as she shall deem to be in the best interests of the City. In connection with any future sale or refinancing of any of the property held as security for the UDAG Loan and the Section 108 Loan, the Mayor or OED Director is authorized, for and on behalf of the City, and subject to receipt of any necessary HUD approvals, to release security in return for such payments and/or substitute security as he or she shall deem to be in the best interests of the City.

Section 4. The Mayor, OED Director and Director of Housing and Human Services are authorized, for and on behalf of the City, to make such submissions to HUD and to execute, deliver, record, modify and administer such additional documents as may be necessary or appropriate to implement the authority granted by this Ordinance.

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2 Section 5. The Council authorizes the acceptance of a deed to be executed by Promenade
3 23 Associates, L.P., in the form attached to this Ordinance as Exhibit A, conveying to the City of
4 Seattle for street purposes the following described property in Seattle, King County, Washington:

5 That portion of Block 6, Jackson Street Addition to the City of Seattle, per plat recorded
6 in Volume 2 of Plats, page 24, records of King County, Washington, being more
7 particularly described as follows:

8 Beginning at the northwest corner of Lot 14, said Block 6, thence along the north line
9 thereof south 89°59'18" east 10.33 feet, thence along a line parallel with the west line of
10 said block (east margin of 23rd Avenue South), south 00°11'50" west 300.73 feet, thence
11 south 44°55'26" east 21.66 feet to a point on the south line of said Block 6 (north margin
12 of South Jackson Street); thence along said south line south 89°49'19" west 25.68 feet to
the southwest corner of said block; thence along said west line of Block 6 (east margin of
23rd Avenue South), north 00°11'50" east 316.15 feet to the point of beginning,
containing 3,384 square feet more or less;

13 and the real property conveyed by such deed shall be placed under the jurisdiction of the Director
14 of Seattle Transportation. The Director of Seattle Transportation is authorized to execute and
15 deliver any documents, and to take any actions, necessary for execution of the deed or to
16 effectuate the conveyance to the City authorized by this section.

17
18 Section 6. The Mayor or OED Director is authorized, for and on behalf of the City, to
19 grant a partial release of the Section 108 and UDAG deed of trust on North Tract 1 and North
20 Tract 2 to conform the descriptions in those deeds of trust to Lot Boundary Adjustment no.
21 99702259 that has transferred a small strip from North Tract 1 to North Tract 2, and the transfer
22 to the City for street purposes authorized in Section 5 of this Ordinance.
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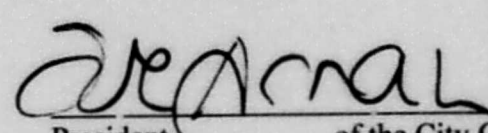
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Section 7. The authority granted herein is in addition to, and not in substitution for, authority previously granted in Ordinance 117887 and other ordinances.

Section 8. Any actions authorized by this Ordinance and carried out before its passage or effective date, including without limitation submitting information or requests for approval to HUD, are hereby ratified and confirmed.

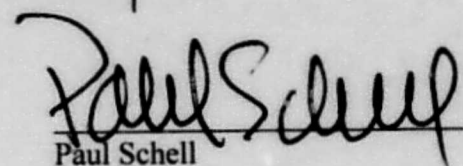
Section 9. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor; but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 23 day of January 1998, and signed by me in open session in authentication of its passage this 23 day of January, 1998.



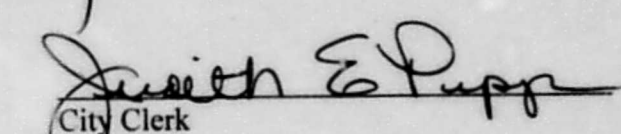
President _____ of the City Council

Approved by me this 26th day of February, 1998.



Paul Schell
Mayor

Filed by me this 27th day of February, 1998.



City Clerk

(Seal
Exhibit A: Deed

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EXHIBIT A

After recording return to:

**SPECIAL WARRANTY DEED
FOR STREET PURPOSES**

Reference numbers of related documents:
NOT APPLICABLE

Grantor:

1. Promenade 23 Associates, L.P., a Washington limited partnership

Grantee:

1. City of Seattle, a Washington municipal corporation

Legal Description:

1. Abbreviated form:

A portion of Block 6, Jackson Street Addition to the City of Seattle, per plat recorded in Volume 2 of Plats, page 24, records of King County, Washington.

2. Additional legal description is on page 5 of document.

Assessor's Property Tax Parcel Account Number (s): _____

Promenade 23 Associates, L.P., a Washington limited partnership ("Grantor"), in consideration of dedication for public use for street purposes, does hereby convey to the City of Seattle ("Grantee") for street purposes the real property located in King County, Washington, legally described on Exhibit A (attached hereto and made a part hereof by this reference) together with any interest therein that Grantor may hereafter acquire by any means except a conveyance to Grantor from Grantee or a street vacation.

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Grantor, for itself and for its successors in interest, expressly limits the covenants of this Deed to those expressed herein and excludes all covenants arising by statutory or other implication. Grantor does hereby covenant with Grantee that, except as listed below herein, the above described real estate is free from encumbrances done or suffered from Grantor;

1. Reservations stated in City of Seattle Ordinance 108469 - recorded under King County Recording No. 7908270855.

2. Covenants and conditions imposed by the City of Seattle as shown in documents under King County, Washington Recorder's Nos. 7910050547 and 8509050835.

3. Lot Boundary Adjustment Recorded Under King County, Washington Recorder's No. 9603141360.

4. Lot Boundary Adjustment Recorded Under King County, Washington Recorder's No. 9707149010.

Dated this _____ day of _____, 1997.

PROMENADE 23 ASSOCIATES, L.P., a Washington
limited partnership

By: _____
Jimmie Sumler, General Partner

PROMENADE MANAGEMENT, INC., a General
Partner

By: _____
Jimmie Sumler, President

By: _____
David A. Best, Secretary

Exhibit A page - 2 -

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that JIMMIE SUMLER is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as General Partner on behalf of PROMENADE 23 ASSOCIATES L.P., a Washington Limited Partnership pursuant to the provision of the Limited partnership agreement of said limited partnership and acknowledged said instrument to be the free and voluntary act of said limited partnership of for the uses and purposes mentioned in said instrument.

Dated _____

NAME: _____
(Print Name)

Notary Public in and for the State of
Washington.

Commission Expires: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that JIMMIE SUMLER is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as the President of PROMENADE MANAGEMENT, INC., a General Partner to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated _____

NAME: _____
(Print Name)

Notary Public in and for the State of
Washington.

Commission Expires: _____

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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that DAVID A. BEST is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as Secretary of PROMENADE MANAGEMENT, INC., General partner to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated _____

NAME: _____
(Print Name)

Notary Public in and for the State of
Washington.
Commission Expires: _____

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**EXHIBIT A
TO SPECIAL WARRANTY DEED
FOR STREET PURPOSES**

THAT PORTION OF BLOCK 6, JACKSON STREET ADDITION TO THE CITY OF SEATTLE, PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 24, RECORDS OF KING COUNTY, WASHINGTON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 14, SAID BLOCK 6; THENCE ALONG THE NORTH LINE THEREOF SOUTH 89°59'18" EAST 10.33 FEET; THENCE ALONG A LINE PARALLEL WITH THE WEST LINE OF SAID BLOCK (EAST MARGIN OF 23RD AVE. S.), SOUTH 00°11'50" WEST 300.73 FEET; THENCE SOUTH 44°55'26" EAST 21.65 FEET TO A POINT ON THE SOUTH LINE OF SAID BLOCK 6 (NORTH MARGIN OF S. JACKSON ST.), THENCE ALONG SAID SOUTH LINE SOUTH 89°49'19" WEST 25.68 FEET OT THE SOUTHWEST CORNER OF SAID BLOCK, THENCE ALONG SAID WEST LINE OF BLOCK 6 (EAST MARGIN OF 23RD AVE. S.), NORTH 00°11'50" EAST 316.15 FEET TO THE POINT OF BEGINNING.

CONTAINING 3,384 SQ. FT. MORE OR LESS.

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City of Seattle

Paul Schell, Mayor

Executive Department - Office of Economic Development

Mary Jean Ryan, Director

MEMORANDUM

To: Honorable Sue Donaldson, President, City Council

Via: Ann Fiske-Zuniga, Budget Director
Office of Management and Planning **MSR**

From: Mary Jean Ryan, Director

RE: Proposed Ordinance authorizing a modification of security for a Section 108 loan and Urban Development Action Grant loan in order to facilitate refinancing of the Promenade 23 Shopping Center.

Attached for your consideration is an ordinance which authorizes the Director of the Office of Economic Development to negotiate and implement a refinancing plan for the Promenade 23 Shopping Center in the Central Area. Specifically, the ordinance allows the Director to negotiate a subordination of the deed of trust securing the current federal Section 108 loan on the north portion of the project to new private financing in exchange for additional security provided by the south portion of the project. The ordinance also allows the Director to renegotiate the existing terms of the City's Urban Development Action Grant (UDAG) loan for the south portion of the project to be consistent with the refinancing.

Promenade 23 represents the largest retail center in Seattle's Central Area. In 1981, the City provided a UDAG loan to assist the initial construction of the south portion of the center and in 1995 provided a Section 108 loan to assist the construction of the north portion of the center. This has been referred to as the Walgreens project. The 1995 ordinance (117877) required that the Office of Economic Development receive a first lien deed of trust as security for the loan. The application which was approved by the Federal Department of Housing and Urban Development (HUD) allowed the City more flexibility in securing at least a second position lien position based on minimum appraised values and HUD's approval. Recently the owners of the project have been working to refinance the project to provide lower cost, long-term private financing to complement the Section 108 loan. To accommodate this financing they are requesting that the City seek HUD approval for reducing our lien to a second position. We have requested that they provide certified appraisals to confirm current values for the shopping center per HUD's guidelines as part of our consideration.

The attached ordinance allows the Director to negotiate further with the owners and HUD to facilitate private financing; potentially lower the lien position of the Section 108 loan; and amend current agreements to accommodate the final approved financing structure. It is our belief that the private financing will provide greater financial security to the project by providing fixed rate, lower term financing and will not create more financial risk for the City's financial position.

If you have any questions about the ordinance, please feel free to contact Chuck Depew at 684-0208.

Seattle Municipal Building, 600 Fourth Avenue, Suite 205, Seattle, WA 98104-1826
Tel: (206) 684-8090, TDD: (206) 684-8118, Fax: (206) 684-0379

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TIME ☐ DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

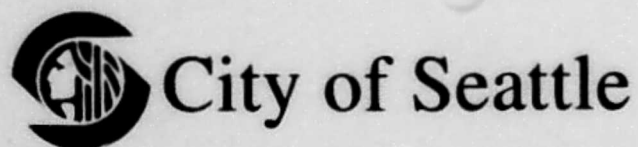
Lee Drago

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO: _____

PRESIDENT'S SIGNATURE

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Executive Department - Office of Management and Planning

February 9, 1998

The Honorable Mark Sidran
City Attorney
City of Seattle

Dear Mr. Sidran:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING
DEPARTMENT: Office of Economic Development

SUBJECT AN ORDINANCE relating to community and economic development; authorizing modification of security for a Section 108 loan and Urban Development Action Grant loan in order to facilitate refinancing of the Promenade 23 Shopping Center; accepting a deed for street purposes, and authorizing related agreements, amendments, and actions.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation to your office for review and drafting.

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMP. Any specific questions regarding the legislation can be directed to Pascal St. Gerard at 684-8085.

Sincerely,

Paul Schell
Mayor

by

ANNE FISKE-ZUNIGA
Director

h:\legis\lawltr\gerard31

Enclosure

Seattle Municipal Building, 600 Fourth Avenue, Seattle, WA 98104-1826
Tel: (206) 684-8080, TDD (206) 684-8118, FAX: (206) 233-0085

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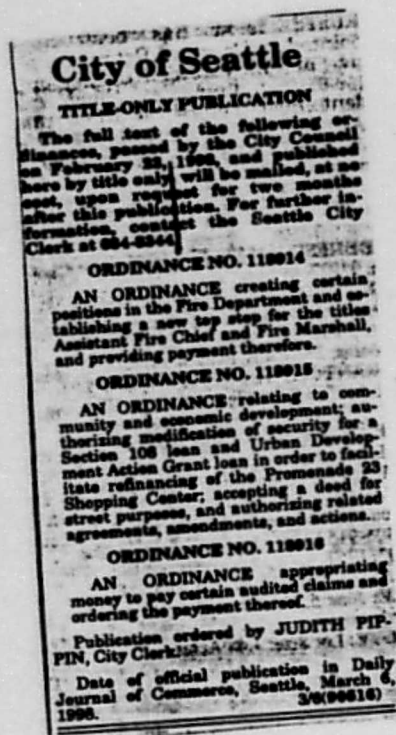
STATE OF WASHINGTON - KING COUNTY

90516
City of Seattle, City Clerk

-ss.

No. ORDINANCE TI

Affidavit of Publication



The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CTOT: 118914-118916

was published on

03/06/98

The amount of the fee charged for the foregoing publication is the sum of \$, which amount has been paid in full.

Subscribed and sworn to before me on

03/06/98

Notary Public for the State of Washington,
residing in Seattle

Affidavit of Publication

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