

Legislation Text

File #: 20-5036, **Version:** 1

Authorize the City Manager to finalize and execute an Acknowledgment and Consent between the City, Vanston Park Investments, LP (the “Developer”) and COMMUNITYBANK of Texas, N.A. (the “Bank”): (i) consenting to a \$1,900,000.00 increase (the “Additional Advance”) in the loan dated September 12, 2014, by the Bank to the Developer in the current unpaid principal balance of approximately \$6,593,079.46 (the “Bank Loan”) in connection with the development of the 155 unit housing project with related commercial space (Villas at Vanston Park) located at 4520 Gus Thomasson Road, Mesquite, Texas (the “Project”); and (ii) acknowledging that the economic development loan dated September 12, 2014, by the City of Mesquite to the Developer in the current unpaid principal balance of approximately \$804,559.59 in connection with the Project is subordinate to the Bank Loan as increased by the Additional Advance.

(This item was postponed at the September 21, 2020, City Council meeting.)

In September of 2014, Vanston Park Investments, LP, (the “Developer”) obtained: (i) a loan from COMMUNITYBANK of Texas, N.A. (the “Bank”) in the amount of up to \$16,000,000.00 (the “Bank Loan”); and (ii) an economic development loan from the City of Mesquite (“City”) in the amount of up to \$1,127,400.00 (the “City Loan”) in connection with the development of the 155-unit housing project (Villas at Vanston Park) located at 4520 Gus Thomasson Road, Mesquite, Texas. At the time of the original transaction, the Developer, the Bank and the City executed a Subordination Agreement (the “Subordination Agreement”). Pursuant to the Subordination Agreement: (i) the City Loan is subordinate to the Bank Loan; and (ii) except for limited circumstances not applicable here, increases in the Bank Loan require the consent of the City. The Developer is seeking an additional advance of \$1,900,000.00 on the Bank Loan (the “Additional Advance”). The Developer and the Bank are requesting the City to consent to the Additional Advance and to acknowledge the City Loan is subordinate to the Bank Loan, as increased by the Additional Advance. The unpaid principal balance of the Bank Loan is approximately \$6,593,079.46 and the unpaid principal balance of the City Loan is approximately \$804,559.59. The payments on the City Loan are current. The request of the Developer will not increase the amount of the City Loan.

Attachment(s)

Acknowledgment and Consent

Questions and Answers from the Applicant

Original Subordination Agreement

Drafter

Jeff Armstrong

Head of Department

Jeff Armstrong