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Date June 12, 2017.....

**APPROVING AMENDMENT, ASSUMPTION, AND SUBORDINATION OF NEIGHBORHOOD STABILIZATION PROGRAM AGREEMENT WITH NEIGHBORHOOD DEVELOPMENT CORPORATION FOR 1938 SE 6TH STREET (SEVASTOPOL STATION)**

**WHEREAS**, on June 8, 2009, by Roll Call No. 09-996, the City Council of the City of Des Moines approved a contract with the Iowa Department of Economic Development (IDED, now known as the Iowa Economic Development Authority or IEDA) for the implementation of the Neighborhood Stabilization Program (NSP), created by Section 2301 of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289), and for the allocation of \$3.9 million to the City to assist local housing agencies in the acquisition and development of foreclosed and abandoned properties; and

**WHEREAS**, on June 8, 2009, by Roll Call No. 09-997, the City entered into a Memorandum of Understanding with Neighborhood Development Corporation, which agreed to work with the City to further the goals of the NSP in Des Moines; and

**WHEREAS**, pursuant to the NSP and the Memorandum of Understanding, Neighborhood Development Corporation constructed Sevastopol Station, a mixed-use development at 1938 SE 6<sup>th</sup> Street consisting of rental housing and commercial space; and

**WHEREAS**, Neighborhood Development Corporation has proposed to sell Sevastopol Station to Sevastopol Property, LLC (Officer: Xinhui Xiao), subject to financing by University of Iowa Credit Union; and

**WHEREAS**, City Community Development staff support the proposed sale, subject to an amendment to the Agreement and Property Lien associated therewith and assumption thereof by Sevastopol Property, LLC to confirm that Sevastopol Station will continue to be maintained in good condition subject to capital reserves for the commercial and residential units in the building going forward; and

**WHEREAS**, lender University of Iowa Credit Union is further requiring that the City subordinate the above-referenced Agreement and Property Lien to the primary mortgage for Sevastopol Station and release a Restrictive Covenant on the property, which subordination and release are also supported by City staff.

**NOW THEREFORE, BE IT RESOLVED**, by the City Council of the City of Des Moines, Iowa, as follows:

1. That an amendment to the NSP Agreement and Property Lien for Sevastopol Station, 1938 SE 6<sup>th</sup> Street, assumption thereof by Sevastopol Property, LLC, and subordination thereof to the primary mortgage to be held by University of Iowa Credit Union, are all hereby approved, and that the Community Development Director is authorized and directed to execute and record said amendments, and any related assumption and subordination documents if applicable, following approval as to form by the Legal Department.
2. That a release of the Restrictive Covenant for Sevastopol Station, 1938 SE 6<sup>th</sup> Street, is hereby approved, and the Community Development Director is authorized and directed to execute and record said release following approval as to form by the Legal Department.

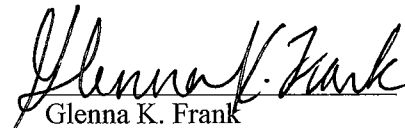
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3. The Community Development Director or his designee is hereby authorized and directed to coordinate and finalize negotiations with the Sevastopol Property, LLC and to sign any additional applicable document(s) on behalf of the City of Des Moines, following approval as to form by the City's Legal Department.

(Council Communication No. 17-462)

MOVED BY \_\_\_\_\_ TO ADOPT.

FORM APPROVED:

  
 Glenna K. Frank  
 Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MOORE				
WESTERGAARD				
TOTAL				

MOTION CARRIED APPROVED

**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.

\_\_\_\_\_  
 Mayor

\_\_\_\_\_  
 City Clerk