

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: February 12, 2014
COUNCIL DISTRICT(S): 1, 2, 3, 4, 5, 6, 7, 8
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 33 34 35 36 37 38 42 43 44 45 46 47 48 49 51 52 53 54 55 56
57 58 59 61 62 63 64 65 66 67 68 69 70 71 73 74 75 76

SUBJECT

Authorize an amendment to increase funding for a contract that commenced October 1, 2009, between the Dallas Housing Acquisition and Development Corporation (the "Land Bank") and Consolidated Consulting Group, LLC to provide environmental land analysis including a transaction screen analysis and other environmental services, as needed, on lots scheduled to be purchased by the Land Bank in each of the two remaining subsequent renewals – Not to exceed \$287,500 - Financing: 2003 Bond Funds (\$58,721) and General Obligation Commercial Paper Funds (\$228,779)

BACKGROUND

On December 9, 2009, the City Council authorized the Land Bank to: (1) enter into a one-year contract beginning October 1, 2009, with Consolidated Consulting Group, LLC (CCG) to provide environmental land analysis including a transaction screen analysis and other environmental services, if needed, on lots scheduled to be purchased by the Land Bank, (2) exercise five one-year renewal options to extend the contract, and (3) expend an amount not to exceed \$287,500 under the contract both during the original term and the subsequent renewal terms.

The Land Bank has expended an average of \$70,000 each year during the original term and first three renewals of the contract.

This action will authorize an amendment to increase funding for the Land Bank contract with CCG for the two remaining renewal terms in the amount not to exceed \$287,500. CCG has been providing these services to the Land Bank since 2005.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 9, 2009, by Resolution No. 09-2770, the City Council approved a contract for environmental land analysis between the Land Bank and CCG.

FISCAL INFORMATION

2003 Bond Funds - \$ 58,720.61

2006 Bond Program (General Obligation Commercial Paper Funds) - \$228,779.39

ETHNIC COMPOSITION

Consolidated Consulting Group, LLC

| | | | |
|-------------------------|---|-----------------------|---|
| Hispanic Female | 0 | Hispanic Male | 1 |
| African-American Female | 1 | African-American Male | 0 |
| Other Female | 1 | Other Male | 1 |
| White Female | 2 | White Male | 4 |

OWNER(S)

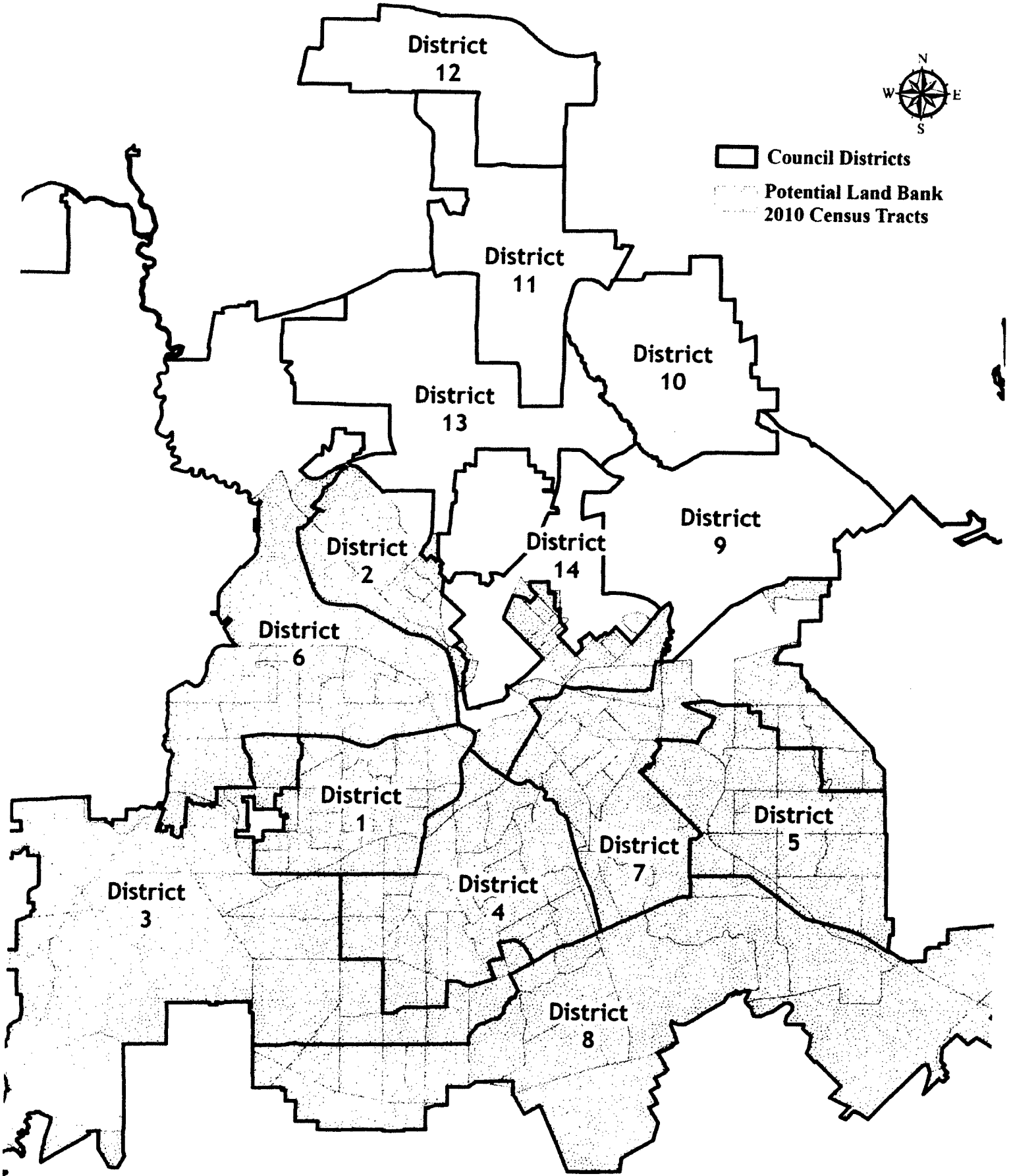
Consolidated Consulting Group, LLC

Tonya Golden, President

MAP

Attached

Potential Land Bank Census Tracts 2013-2014



February 12, 2014

WHEREAS, on November 9, 2009, by Resolution No. 09-2770, the City Council authorized the Land Bank to: (1) enter into a one-year contract beginning October 1, 2009, with Consolidated Consulting Group, LLC (CCG) to provide environmental land analysis including a transaction screen analysis and other environmental services, if needed, on lots scheduled to be purchased by the Land Bank, (2) exercise five one-year renewal options to extend the contract, and (3) expend an amount not to exceed \$287,500 under the contract both during the original term and the subsequent renewal terms; and

WHEREAS, the Land Bank has expended an average of \$70,000 each year during the original term and first three renewals of the contract;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the Land Bank is hereby authorized to amend the contract that commenced October 1, 2009 between the Dallas Housing Acquisition and Development Corporation (the "Land Bank") and Consolidated Consulting Group, LLC (CCG) to provide environmental land analysis including a transaction screen analysis and other environmental services, as needed, on lots scheduled to be purchased by the Land Bank in each of the two remaining subsequent renewals to increase funding in an amount not to exceed \$287,500 during the two remaining renewal terms in accordance with the terms of the contract.

SECTION 2. That the City Controller is hereby authorized to disburse funds in accordance with the terms and conditions of the contract:

Consolidated Consulting Group, LLC Vendor # 517375

Fund 4R10, Dept. HOU Unit R930, Obj 3099, CT HOUR930C070 in an amount not to exceed \$58,720.61

Fund 2T10, Dept. HOU Unit T802, Obj 3099, CT HOUT802C071 in an amount not to exceed \$228,779.39

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: February 12, 2014
COUNCIL DISTRICT(S): 1, 2, 3, 4, 5, 6, 7, 8
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 33 34 35 36 37 38 42 43 44 45 46 47 48 49 51 52 53 54 55 56
57 58 59 61 62 63 64 65 66 67 68 69 70 71 73 74 75 76

SUBJECT

Authorize **(1)** the expenditure of up to \$500,000 in 2006 General Obligation Bond proceeds for the acquisition of property by the Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank) from the Dallas County Sheriff's tax foreclosure sales for affordable housing development; and **(2)** the expenditure of up to \$500,000 in 2006 General Obligation Bond proceeds for administrative fees related to the Land Bank's acquisition of property - Total not to exceed \$1,000,000 - Financing: 2006 Bond Funds (\$150,000) and General Obligation Commercial Paper Funds (\$850,000)

BACKGROUND

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing developments. The City Council then established the Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank) as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C on January 28, 2004, by Resolution No. 04-0458.

On September 16, 2013, the Housing Committee received a briefing regarding the Urban Land Bank Demonstration Program which outlined the process and status of the program.

BACKGROUND (continued)

In November 2006, Dallas voters approved approximately \$1.5 million in General Obligation Bonds for land acquisition for affordable housing and related expenses. On August 2010, the Dallas City Council authorized an ongoing contract with the DHADC to provide land bank services. The primary source of property for land bank acquisition is the tax-foreclosure process. Under the Code and City of Dallas Resolution No. 04-0458, the DHADC is authorized to purchase qualified tax-foreclosed property directly from the Dallas County Sheriff without a public bid.

The DHADC will purchase the property for an amount equal to the reasonable and customary court costs and costs of sale. The funding source for acquisition by direct Sheriff's sale to DHADC is proceeds from the sale of the General Obligation Bonds for the purpose of land acquisition for development of affordable housing.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On January 28, 2004, the City Council authorized the establishment of the DHADC as its land bank, authorized amendments to the Articles of Incorporation and By-Laws of the DHADC, and authorized an interlocal contract with the affected taxing jurisdictions for participation in the Dallas Urban Land Bank Demonstration Program by Resolution No. 04-0458.

On May 26, 2004, the City Council authorized a contract with DHADC for the provision of land bank services as set forth in the amended Program Statement for the Dallas Urban Land Bank Demonstration Program previously approved by City Council on January 28, 2004, by Resolution No. 04-1726.

On August 11, 2010, the City Council authorized a new contract with DHADC for the provision of land bank services by Resolution No. 10-1952.

FISCAL INFORMATION

2006 Bond Funds - \$150,000

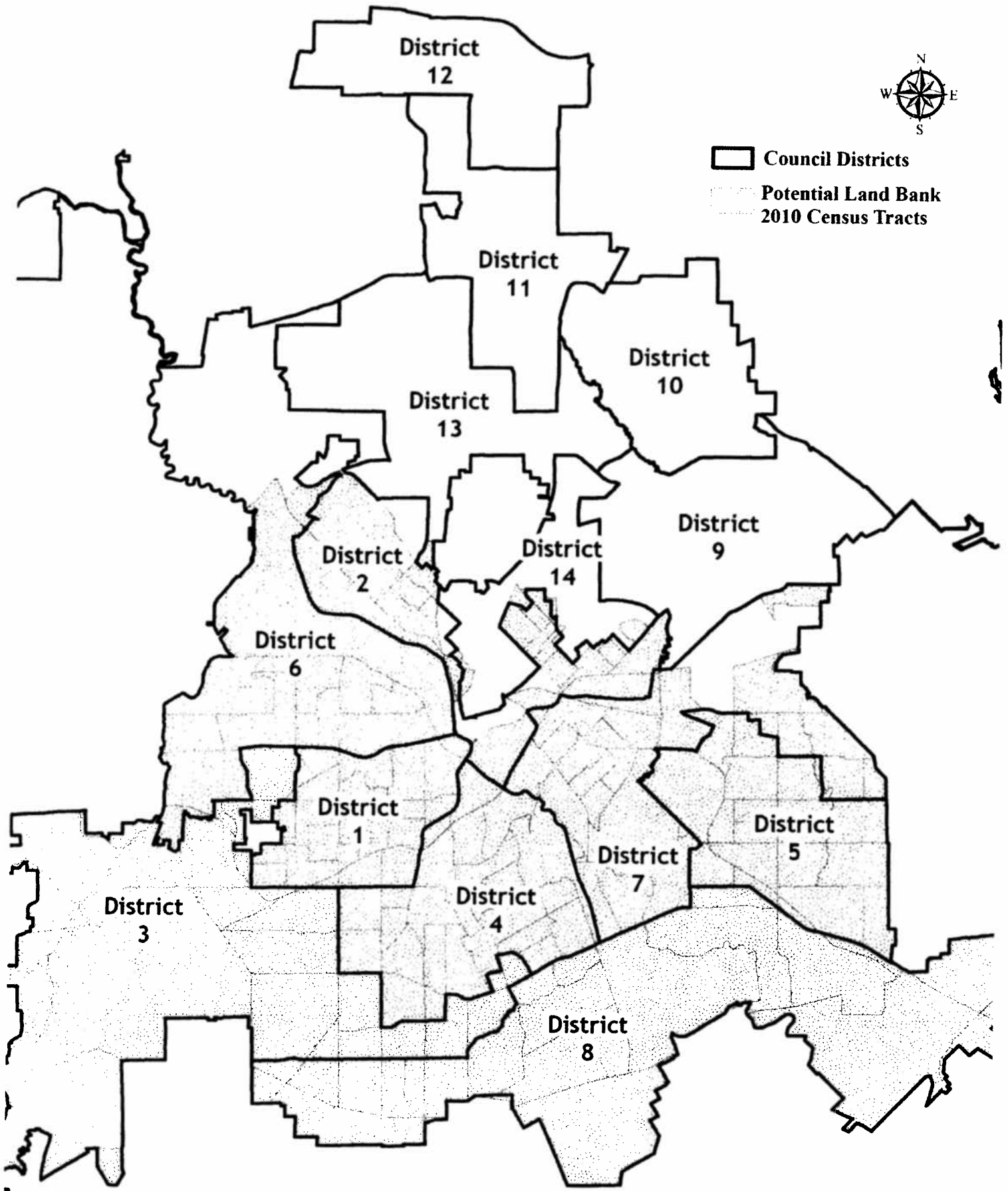
2006 Bond Program (General Obligation Commercial Paper Funds) - \$850,000

| | |
|--------------------|-----------|
| Council District 1 | \$125,000 |
| Council District 2 | \$125,000 |
| Council District 3 | \$125,000 |
| Council District 4 | \$125,000 |
| Council District 5 | \$125,000 |
| Council District 6 | \$125,000 |
| Council District 7 | \$125,000 |
| Council District 8 | \$125,000 |

MAP

Attached

Potential Land Bank Census Tracts 2013-2014



February 12, 2014

WHEREAS, on January 28, 2004, by Resolution No. 04-0458, the City Council: 1) approved the City of Dallas Urban Land Bank Demonstration Program Plan; 2) approved the Program Statement for the Dallas Urban Land Bank Demonstration Program; 3) authorized amendments to the Articles of Incorporation and By-Laws of the Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank); and 4) authorized an interlocal contract with the affected taxing jurisdictions for participation in the Dallas Urban Land Bank Demonstration Program; and

WHEREAS, on May 26, 2004, the City Council authorized a contract with the DHADC for the provision of land bank services as set forth in the Program Statement for the Dallas Urban Land Bank Demonstration Program approved by the City Council on January 28, 2004, by Resolution No. 04-0458; and

WHEREAS, on August 11, 2010, the Dallas City Council authorized a new contract with the DHADC by Resolution No. 10-1952; and

WHEREAS, the City Council desires to provide funding from the 2006 General Obligation Bond Program to acquire property under the Dallas Urban Land Bank Demonstration Program; and

WHEREAS, the City Council desires to provide funding from the 2006 General Obligation Bond Program for administrative fees related to acquisition of property under the Dallas Urban Land Bank Demonstration Program;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY OF THE CITY OF DALLAS:

SECTION 1. That, upon request of the DHADC, the City Controller be and is hereby authorized to encumber and disburse proceeds from the sale of 2006 General Obligation Bond Funds up to \$500,000 for the acquisition of property by the DHADC from Dallas County Sheriff's tax foreclosure sales for affordable housing development as follows:

Fund 1T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C072, Vendor # MVHOU001- \$75,000

Fund 2T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C073, Vendor # MVHOU001- \$425,000

February 12, 2014

SECTION 2. That the City Controller be and is hereby authorized to encumber and disburse proceeds from the sale of 2006 General Obligation Bond Funds up to \$500,000 to DHADC for administrative fees related to DHADC's acquisition of property as follows:

Fund 1T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C074, Vendor # MVHOU001- \$75,000

Fund 2T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C075, Vendor # MVHOU001- \$425,000

SECTION 3. That this resolution shall take effect immediately from and after its passage, in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: February 12, 2014
COUNCIL DISTRICT(S): 10
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 27P

SUBJECT

Authorize **(1)** the acceptance of \$13,350,000 of Community Development Block Grant Section 108 Guarantee Loan Program Funds (Section 108 Loan Funds) from the U.S. Department of Housing and Urban Development (HUD) for Lake Highlands Town Center Phase I commercial development project; **(2)** a loan agreement with PC LH Land Partners LP (the Section 108 Borrower), its affiliates or assigns in the amount of \$13,350,000 of Section 108 Loan Funds for development of the Lake Highlands Town Center Phase I project (the Section 108 Borrower Loan) including construction of commercial buildings with approximately 145,000 square feet of space and parking structure with approximately 1,069 parking spaces, sitework, loan interest reserve, and financing costs for public offering for the transit-oriented development located in the 7140 to 7160 blocks of Skillman Street; **(3)** the City Manager to enter into all necessary agreements with HUD including a Funding Approval/Agreement, a Fiscal Agency Agreement, a Promissory Note, up to two letters of agreement for establishment of a custodial account, documents relating to additional security if required by HUD, and a letter requesting advance funds for interim financing; **(4)** the City Manager to establish appropriations for Section 108 Loan Funds for a commercial development loan; and **(5)** the City Controller to deposit and disburse funds from an identified account for Section 108 Loan Funds - Not to exceed \$13,350,000 - Financing: Community Development Block Grant Section 108 Guarantee Loan Funds

BACKGROUND

In January 2009, the City Council adopted the Community Development Block Grant Section 108 Guarantee Loan Fund Program to provide up to a total of all Section 108 projects of \$75,000,000, primarily to increase the amount of funding available for economic development through making of loans that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, and by promoting local economic development to stimulate business and commercial activity in the City of Dallas leading to creation of permanent jobs and provision of goods and services to project areas.

BACKGROUND (continued)

The City seeks to fund projects that increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations, to the extent reasonably possible. The City applied to HUD for five years of interest reserve to cover the interest payments on the Section 108 Borrower Loan during the construction and lease-up period and through stabilization of the project. Lake Highlands Town Center Phase I (Lake Highlands) project is in a transit-oriented development area in the Skillman Corridor Tax Increment Financing (TIF) District, and an estimated \$17,500,000 in future TIF funds available to the project will be used to repay the Section 108 Borrower Loan for the project.

The City received a proposal from PC LH Land Partners, LP for a loan in the amount of \$13,350,000 in Community Development Block Grant Section 108 Guarantee Loan funds for eligible activities which may include construction of commercial buildings and parking structure, sitework, loan interest reserve, and financing costs for public offering to assist with development of Lake Highlands Town Center Phase I project. The project is a commercial development including construction of approximately 145,000 square feet of commercial space containing seven buildings that will be occupied by a grocery anchor, retail, office, restaurant, and service-oriented businesses and a structured multi-level parking deck with approximately 1,069 parking spaces located in the 7140 to 7160 blocks of Skillman Street. The project will create an estimated 475 permanent jobs including an estimated 394 jobs held by individuals with incomes at 80% or less of Area Median Family Income as established by HUD.

Phase I is part of a multi-phase Lake Highlands Town Center development, which at full completion will include 1.9 million square feet of mixed-use commercial space for office, restaurant, and service-oriented businesses, and approximately 1,200 units comprised of multi-family rental units and for-sale units for mixed-income households with 20% of the units reserved for affordable housing. The project is in a transit-oriented development area located in the Skillman Corridor TIF District. 100% of the infrastructure on the site has been completed and the development is "shovel ready" to start Phase I of the vertical commercial development, which will be funded with Section 108 loan funds. None of the Section 108 loan funds will be used for any aspect of the construction of residential units.

The project is part of a public/private partnership in which proposed funding will be provided from Tax Increment Financing (TIF) District funding and City funding. The City Council approved a TIF development agreement with PC LH Land Partners, LP to provide TIF funds for development of the Lake Highlands Town Center project on June 13, 2007, for funding not to exceed \$23,000,000.

BACKGROUND (continued)

The Economic Development Committee was briefed on a proposed amendment to the TIF development agreement to increase the TIF funding and voted favorably to recommend the funding increase on June 20, 2011. The City Council approved the amendment to the TIF development agreement with PC LH Land Partners, LP to increase funding for development of the multi-phase Lake Highlands Town Center development from \$23,000,000 to \$40,000,000 on June 22, 2011.

Total project costs to develop the commercial portion of Phase I of the development including construction of commercial buildings with approximately 145,000 square feet of space for a grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space structured parking garage is approximately \$46.2M with the City contributing 28.9%. Funding for the project will come from the \$13.35M Section 108 Loan funds and from a first lien note of \$25.9M and owner/developer equity of \$6.9M.

The Economic Development Committee was briefed on the Community Development Block Grant Section 108 Guarantee Loan proposed application for submission to HUD for development of Lake Highlands Town Center Phase I project on December 5, 2011. The Committee gave favorable recommendation for the City to apply for Section 108 Guarantee Loan funds for the project. The City held a neighborhood public hearing at the Audelia Road Library Branch at 10045 Audelia Road on January 12, 2012, and received favorable comments on the application to be submitted to HUD for the Lake Highlands project. On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, which complies with HUD regulations and the City's Citizen Participation Plan of 30 days comment period from date of call for public hearing.

After the City Council public hearing held on January 25, 2012, the City Council approved submission of the Section 108 Loan funds application to HUD for the Lake Highlands project, and the City submitted the application to HUD on February 2, 2012. The City submitted an amended application to HUD on March 23, 2012, in conformance with revisions required by HUD following its preliminary review of the application. HUD approved an award of \$13,350,000 in Section 108 funds for the Lake Highlands project on July 17, 2012.

The Section 108 loan application requested \$13,350,000 for Lake Highlands Town Center Phase I project. The loan term will be for twenty (20) years with interest only payments for the first five (5) years and principal and interest payments due for years six (6) through twenty (20). The Section 108 Borrower will repay principal and pay interest on the City's Section 108 Lake Highlands Loan with a pledge of future TIF reimbursements beginning in 2015.

BACKGROUND (continued)

The interest rate for the City's Section 108 loan from HUD will be determined by the 3 month London Interbank Offered Rate (LIBOR) plus twenty (20) basis points before the loan is required by HUD to be sold at public offering. HUD public offerings are usually held in the fall of every year, at which time the full balance of the loan will be advanced by HUD at a permanent interest rate determined by yields on U.S. Treasury obligations of similar maturity plus a small additional basis point spread.

Interest will be paid by Prescott Realty Group, Inc., the developer, through a combination of interest reserve built into the construction loan, and a pledge of partnership distributions until the TIF reimbursements start in 2015. The interest rate on the loan to the developer will be .50% higher than the Section 108 Loan from HUD and both loans will have matching amortization. The pledge of an income stream and/or a guaranty by the borrower may be pledged as a backstop guaranty, if required, for the loan repayment. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

The Section 108 Loan funds will be used to fund construction of approximately 145,000 square feet of commercial space that will be occupied by a grocery anchor, retail, office, restaurant, and service-oriented businesses and a 1,069-space structured parking structure and to fund sitework, loan interest reserve, and financing costs related to public offering. The commercial development of the project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of employment opportunities by creating approximately 394 jobs that will be held by low to moderate-income employees. The job creation also meets a HUD National Objective of providing jobs to low- to moderate-income persons.

This action item requests authorization for the City Manager to execute the documents necessary to enter into a \$13,350,000 Section 108 loan agreement with HUD; to appropriate the Section 108 loan funds to the proper account; to execute a loan agreement with the Section 108 Borrower in the amount of \$13,350,000 of Section 108 loan funds for Lake Highlands Town Center Phase I project including construction of commercial buildings with approximately 145,000 square feet of space and a 1,069-space parking structure, sitework, loan interest reserve, and financing costs for public offering.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 13, 2007, the City Council approved a TIF development agreement with PC LH Land Partners, LP to provide TIF funds for development of the Lake Highlands Town Center project for funding in an amount not to exceed \$23,000,000 by Resolution Nos. 07-1739 and 07-1740.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (continued)

On November 17, 2008, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On June 20, 2011, the Economic Development Committee was briefed on a proposed amendment to the TIF development agreement with PC LH Land Partners, LP for development of the Lake Highlands Town Center project to increase TIF funding from \$23,000,000 to \$40,000,000 and voted favorably to recommend the increase in funding.

On June 22, 2011, the City Council approved an amendment to the TIF development agreement with PC LH Land Partners, LP to increase funding for development of the Lake Highlands Town Center project from \$23,000,000 to an amount not to exceed \$40,000,000 by Resolutions Nos. 11-1744 and 11-1745.

On December 5, 2011, the Economic Development Committee was briefed on the Community Development Block Grant Section 108 Guaranteed loan application to HUD for development of the Lake Highlands Town Center project and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project.

On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$13,350,000 for the Lake Highlands Town Center project by Resolution No. 11-3306.

On January 25, 2012, the City Council held a public hearing and following the public hearing authorized submission of a Section 108 Guarantee Loan Funds application to HUD for a Community Development Block Grant Section 108 loan in the amount of \$13,350,000 by Resolution No. 12-0337.

On June 26, 2013, this item was deferred by Councilmember Allen.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (continued)

On November 12, 2013, this item was deferred by Councilmember Allen.

FISCAL INFORMATION

Community Development Block Grant Section 108 Guarantee Loan Funds -
\$13,350,000

OWNER

PC LH Land Partners, LP

Judson L. Pankey, Manager
& Co-General Partner

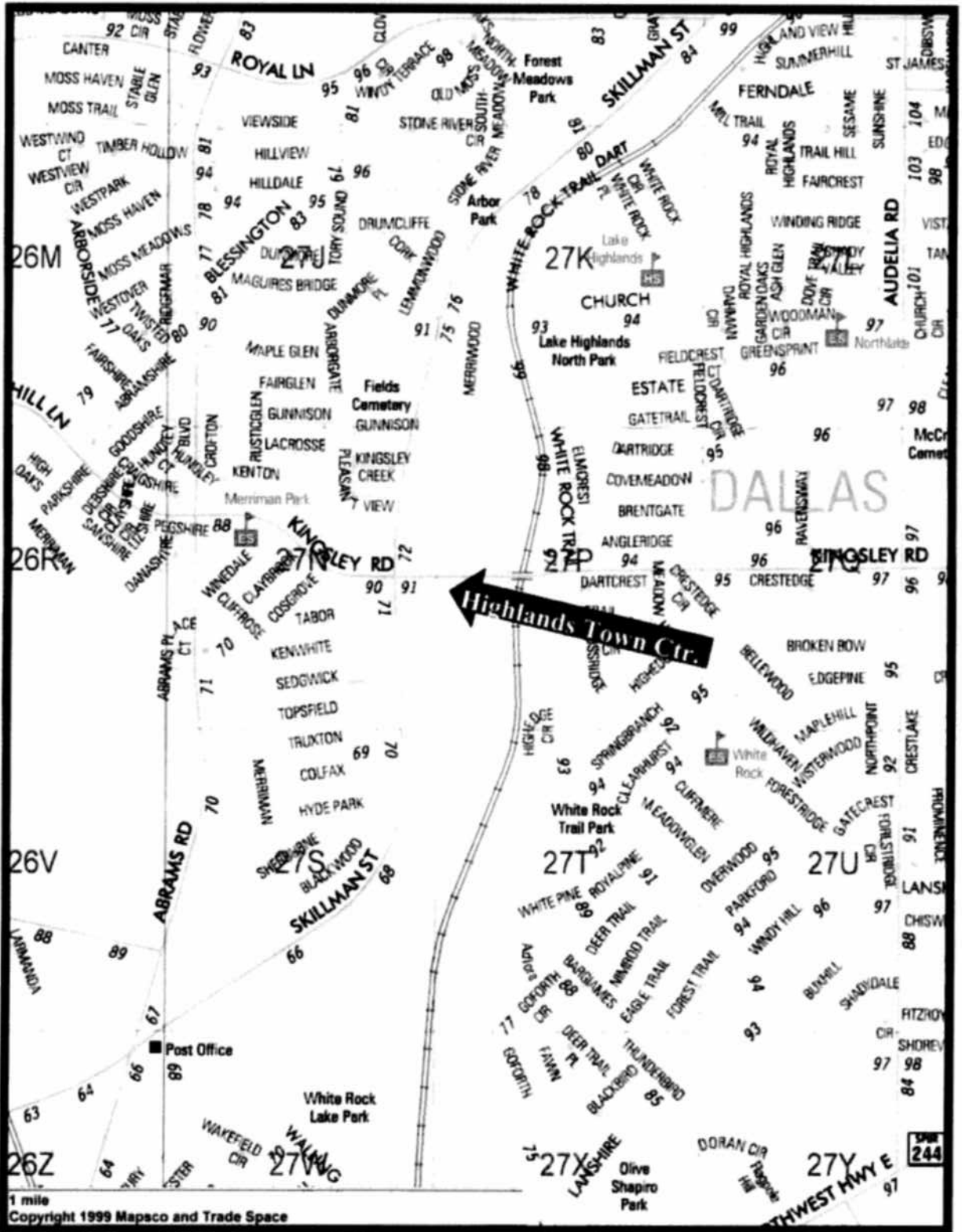
DEVELOPER

Prescott Realty Group, Inc.

Judson L. Pankey, Chief Executive Officer

MAP

Attached



MAPSCO 27P

February 12, 2014

WHEREAS, the City of Dallas seeks to increase the amount of funding available for economic development through making loans that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, by promoting local economic development to stimulate business and commercial activity in the City of Dallas leading to creation of permanent jobs and provision of goods and services to project areas, and by providing for elimination of specific conditions of blight, physical decay, or environmental contamination to protect the health and safety of the public; and

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on June 13, 2007, the City Council authorized a development agreement with PC LH Land Partners, LP ("PC LH") to provide TIF funding not to exceed \$23,000,000 related to the development of the Lake Highlands Town Center by Resolution Nos. 07-1739 and 07-1740; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on June 20, 2011, the Economic Development Committee was briefed and gave favorable approval on a proposed amendment to the TIF development agreement with PC LH Land Partners, LP for development of the Lake Highlands Town Center project to increase TIF funding from \$23,000,000 to \$40,000,000; and

February 12, 2014

WHEREAS, on June 22, 2011, the City Council authorized an amendment to the TIF development agreement with PC LH Land Partners, LP ("PC LH") to provide an increase in funding related to the development of the Lake Highlands Town Center project from \$23,000,000, not to exceed \$40,000,000 by Resolutions Nos. 11-1744 and 11-1745; and

WHEREAS, Prescott Realty Group, Inc., the developer, submitted a proposal to the City for CDBG Section 108 Guarantee Loan Program funds (Section 108 Loan funds) for eligible economic development activities related to the development of Lake Highlands Town Center Phase I project; and

WHEREAS, on December 5, 2011, the Economic Development Committee was briefed on the developer's request for Section 108 Loan funds in the amount of \$13,350,000 for development of Lake Highlands Town Center Phase I project and voted to favorably recommend that the City apply for Section 108 Loan funds for the project; and

WHEREAS, On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Loan funds loan not to exceed \$13,350,000 for Lake Highlands Town Center Phase I project by Resolution No. 11-3306; and

WHEREAS, on January 25, 2012, the City Council held a public hearing and following the public hearing authorized submission of an application to HUD for a CDBG Section 108 Guarantee Loan Funds loan in an amount not to exceed of \$13,350,000 for development of Lake Highlands Town Center Phase I project by Resolution No. 12-0337; and

WHEREAS, on February 2, 2012, the City of Dallas applied to HUD for a CDBG Section 108 Loan funds loan for PC LH Land Partners, LP, its affiliates or assigns, for a commercial development project in the 7140 to 7160 blocks of Skillman Street including construction of approximately 145,000 square feet of commercial space and 1,069-space parking structure, sitework, loan interest reserve, and financing costs for public offering for development of Lake Highlands Town Center Phase I project; and

WHEREAS, on July 17, 2012, HUD approved an award of \$13,350,000 for a CDBG Section 108 Guarantee Loan Funds loan for development of Lake Highlands Town Center Phase I project; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

February 12, 2014

SECTION 1. That the City Manager, upon the U.S. Department of Housing and Urban Development's (HUD's) approval of Lake Highlands Town Center Phase I project and the use of Community Development Block Grant Section 108 Guarantee Loan funds (Section 108 Loan funds) for the project, and upon approval as to form by the City Attorney, is hereby authorized to accept \$13,350,000 in Section 108 funds for Lake Highlands Town Center Phase I project located in the 7140 to 7160 blocks of Skillman Street in the Skillman Tax Increment Financing (TIF) District to fund construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and to fund sitework, loan interest reserve, and financing costs for public offering.

SECTION 2. that the City Manager, subject to approval as to form by the City Attorney, is authorized to enter into a Fiscal Agency Agreement with the local fiscal agent selected by HUD, a Contract for Loan Guarantee Assistance with HUD, a Promissory Note for either interim or permanent financing, two letters of agreement with a custodian and establishment of custodial accounts at a financial institution, other documents relating to additional security which are required by HUD when the term of the loan is ten years or more, and if funds are needed immediately, a letter requesting advance funds for interim financing.

SECTION 3. That, in connection with this Section 108 Loan, the City Manager is further authorized to execute any other necessary documents, upon approval as to form by the City Attorney, including, but not limited to, a Funding Approval/Agreement, assignment of lien to HUD, blank endorsement of note to HUD, Co-lenders agreement, a request for project funding, and Community Development Block Grant Contract.

SECTION 4. That the City Manager is authorized to enter into loan agreements and execute, subject to approval as to form by the City Attorney, all necessary loan documents with PC LH Land Partners LP, its affiliates or assigns for development of Lake Highlands Town Center Phase I project in the 7140 to 7160 blocks of Skillman Street in the Skillman Corridor Tax Increment Financing (TIF) District to fund construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and to fund sitework, loan interest reserve, and financing costs for public offering.

February 12, 2014

SECTION 5. That the terms of the loan documents for the \$13,350,000 Section 108 Borrower Loan fund loan include:

- a. The Borrower must execute a Note payable to the City of Dallas for no more than \$13,350,000 for the economic development loan for Lake Highlands Town Center Phase I project and will execute a Deed of Trust for the period of HUD's Section 108 loan with the City and Use Restrictions on the property for a period of fifteen (15) years from the closing date of the loan. The interest payments for the first five years of the loan will be funded out of five years of interest reserve and Tax Increment Financing District (TIF) reimbursements to be used to make City Loan payments of principal and interest due for years 6 through 20 until the City Loan is paid in full. Both the Section 108 Loan from HUD and the City Loan to the Borrower will have matching amortization and maturity dates, and the Section 108 Lake Highlands Town Center Phase I Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. Based on projections, all loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.
- b. The Section 108 Borrower must use Section 108 Borrower Loan funds to complete construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and fund sitework, loan interest reserve, and financing costs for public offering for Lake Highlands Town Center project located at 7140 to 7160 Skillman Street.
- c. The grocery anchor, retail, office, restaurant, and service-oriented businesses in the commercial space must produce a minimum of 394 jobs held by low/moderate income individuals.
- d. Borrower will begin construction no later than twelve (12) months from contract execution and obtain Certificate of Occupancy no later than three (3) years of the closing of Section 108 Borrower Loan and will expend all of the funds for approved construction line items, except interest reserve funds, within three (3) years of the closing of the Section 108 Borrower Loan and will expend all of the funds except those necessary to meet debt service requirements.
- e. Borrower will document and report ongoing occupancy requirements on a monthly basis for the commercial tenants and will report on the incomes of low- and moderate-income persons occupying jobs created by the project. Borrower will also document job creation as necessary to meet the HUD requirements for public benefit and the National Objectives of the Section 108 Program.
- f. Borrower must provide source documentation for all other sources of funds necessary to complete Lake Highlands Town Center Phase I commercial development project.

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SECTION 6. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute loan agreements, co-funding agreements, subordination of lien, intercreditor agreements, HUD regulatory agreement and any other documents necessary to document the Section 108 Borrower Loan.

SECTION 7. That the City Manager, upon approval as to form by the City Attorney is authorized to execute releases of liens on the property and other collateral upon compliance with the terms of the loans.

SECTION 8. That the City Manager is authorized to establish appropriations in the amount of \$13,350,000 in Fund 0J54, Unit 0J5D, Obj 3090 for project costs and those necessary to make repayments to HUD.

SECTION 9. That the City Controller is authorized to accept and deposit Section 108 loan funds in the amount of \$13,350,000 in Fund 0J54, Unit 0J5D, Revenue Source 8461, for project costs and those necessary to make repayments to HUD.

SECTION 10. That the City Controller is hereby authorized to encumber and disburse funds in accordance with the terms and conditions of the loan documents authorized in Section 5 as follows:

PC LH Land Partners, LP C/O Prescott Realty Group Vendor # VS0000021277

Fund 0J54, Dept HOU, Unit 0J5D, Obj 3075, Program # LKHighland
HOU0J5DH123 – in an amount not to exceed \$13,350,000

SECTION 11. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and deferred revenue (088M) in Fund 0J54 for the amount of the Section 108 Borrower loan.

SECTION 12. That the City Controller is authorized to accept and deposit TIF reimbursements into Fund 0J54 necessary to make HUD repayments. Principal amounts to be deposited into Revenue Source 8503 and interest amounts of the loan to be deposited into Revenue Source 8556.

SECTION 13. That the City Controller is authorized to accept and deposit repayments from the Section 108 Borrower into Fund 0J54 necessary to make HUD repayments. Principal amounts to be deposited into Revenue Source 8503 and interest amounts to be deposited into Revenue Source 8556.

SECTION 14. That the City Controller is hereby authorized to reverse the receivable balance sheet account (033F) and deferred revenue (088M) in Fund 0J54 for repayments of all principal amounts of loans.

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SECTION 15. That the City Controller is authorized to encumber and disburse loan payments to HUD in accordance with the terms and conditions of the loan documents authorized in Section 2 from Fund 0J54 - Vendor # 263304. Principal amounts to be disbursed from Object Code 3077 and interest amounts to be disbursed from Object Code 3076.

SECTION 16. That nothing in this resolution shall be construed as a binding contract or agreement upon the City; that it is subject to HUD approval of the Lake Highlands Phase I project, compliance with all HUD regulations and requirements, and available HUD funding; approval of the final loan terms and loan documents by the City Manager and City Attorney; and there will be no liability or obligation on the City until the final contract documents are approved, executed, and final closing completed.

SECTION 17. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.