

October 23, 2019

**WHEREAS**, on August 30, 2018, the City issued a Notice of Funding Availability in accordance with the Policy and Palladium Redbird, Ltd., submitted an application for gap financing, and received a fundable score for Palladium Redbird; and

**WHEREAS**, the proposed development is part of the overall renovation and redevelopment of a shopping mall located at 3662 West Camp Wisdom Road known as Red Mall which received City incentives; and

**WHEREAS**, on January 25, 2019, the City of Dallas Housing Finance Corporation Board of Directors at its Board meeting approved entering into an agreement to purchase and own the land; enter into a long-term ground lease, and taking an ownership interest in Palladium Redbird, Ltd.; and

**WHEREAS**, the proposed development is located in the Red Bird Redevelopment target area, one of the 15 approved Reinvestment Strategy Areas in the Policy, and the proposed development is a mixed-income multifamily residential development providing 90 market rate and 210 units to households earning 60 percent or below of Area Median Income and provides future residents with access to opportunities such as transit, park, community center, and retail; and

**WHEREAS**, on February 27, 2019, City Council authorized (1) a development loan agreement with Palladium Redbird, Ltd. or an affiliate thereof in an amount not to exceed \$6,271,576.00 (comprised of \$3,575,276.00 in HOME Investment Partnerships Program Funds and \$2,696,300.00 of Community Development Block Grant Funds); (2) a conditional grant agreement with Palladium Redbird, Ltd. or an affiliate thereof for the development of a multifamily residential development to be located at the intersection of West Camp Wisdom Road and South Westmoreland Road, in an amount not to exceed \$2,028,424.00 in 2012 General Obligation Bond Funds; and (3) the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with Palladium Redbird, Ltd., and take an ownership interest in Palladium Redbird, Ltd. by Resolution No. 19-0385; and

**WHEREAS**, on June 12, 2019, City Council authorized the first amendment to Resolution No.19-0385 to: (1) amend the development loan amount with Palladium Redbird, Ltd. or an affiliate to only include an amount not to exceed \$5,000,000.00 in HOME Investment Partnership Program ("HOME") funds for construction, (2) authorize a development loan agreement with Palladium Redbird, Ltd. or the City of Dallas Housing Finance Corporation ("DHFC") for acquisition of land and construction, subject to DHFC Board of Directors' approval, in an amount not to exceed \$1,271,576.00 in Community Development Block Grant ("CDBG") funds, (3) allow the closing of the Palladium Redbird, Ltd. and DHFC grant/loan to occur prior to closing on the equity and all other financing for the development, (4) allow Palladium Redbird, Ltd. and DHFC to be reimbursed for costs associated to acquisition at closing, but must meet all other requirements under the agreement to be reimbursed the remaining loan and grant amounts, and (5) allow the City to maintain no less than 3rd lien position; and

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**WHEREAS**, on September 25, 2019, City Council authorized the second amendment to Resolution No. 19-0385, previously approved on February 27, 2019, as amended, for a mixed-income multifamily residential development to be located at 7202 South Westmoreland Road (Development) to: (1) remove the permanent repayment guaranty requirement of Palladium USA, Inc.; (2) add to the requirement that the City only be added as an additional obligee on the payment and performance bonds furnished by Palladium Redbird, Ltd. to its senior construction lender, if allowed by the permanent lender; (3) add a minimum investment requirement for Palladium Redbird, Ltd. of \$30,000,000.00 to construct the improvements for the Development as additional consideration; (4) clarify that the nonprofit entity may assign certain obligations under conditional grant agreement to Palladium Redbird, Ltd.; and (5) allow the City's deed restrictions to be subordinate to the U.S. Department of Housing and Urban Development ("HUD") covenants and restrictions, to the extent that they don't conflict; and

**WHEREAS**, it was the intent of City staff to seek authorization from City Council on September 25, 2019, to limit the City's remedies upon default to foreclosure only and to clarify that the loan to Palladium Redbird, Ltd is a nonrecourse loan; and

**WHEREAS**, the City desires to move forward with the Palladium Redbird development to complete the project; and

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is authorized to sign an amendment to the loan agreement with Palladium Redbird, Ltd. (Borrower) for the Palladium Redbird development, approved as to form by the City Attorney, to include the following changes:

1. That the loan shall be a nonrecourse loan; and
2. In the event of an uncured default by the Borrower, the City's remedies shall be limited to foreclosure only. In such an instance, the City cannot sue Borrower for repayment of the loan and will not be entitled to damages and/or deficiency judgments.

**SECTION 2.** That with the exception of the section above, all other requirements of Resolution Nos. 19-0385, 19-0944, and 19-1508, shall remain in full force and effect.

**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.