

WHEREAS, the City recognizes the importance of its role in local economic development; and

WHEREAS, the City seeks to stimulate redevelopment of certain areas in the southern sector, including the Lancaster Corridor Neighborhood Investment Program Area, to foster the public purpose of economic development; and

WHEREAS, on August 9, 2006, the City Council authorized an ordinance ordering a bond election to be held in the City of Dallas on November 7, 2006 for the purpose of submitting propositions for the issuance of general obligation bonds for funding permanent public improvements; and

WHEREAS, On November 7, 2006, the voters of Dallas approved a \$1.35 billion General Obligation Bond Program of which \$45,495,000 was set aside for the purpose of providing funds for promoting economic development in the Southern area of the city, and promoting economic development in other areas of the city in connection with transit-oriented development; and

WHEREAS, on December 12, 2007, the City Council approved an amendment to the Public/Private Partnership Program to include a special category for an Economic Development General Obligation Bond Program for Southern Dallas; and

WHEREAS, On April 22, 2009, the City Council authorized a Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC for development and related cost including the acquisition of improved and unimproved properties along the Lancaster Corridor Neighborhood Investment Program (NIP) area, including associated closing costs, relocation, environmental remediation, or demolition costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment in accordance with the Economic Development Master Plan for the area; and

WHEREAS, on May 12, 2010, the City Council authorized an increase to the economic development loan for a total of \$2,700,000; and

WHEREAS, on October 26, 2010, the City Council authorized an increase to the economic development loan for a total of \$4,000,000; and

WHEREAS, Sapphire Road Development, LLC proposes to continue to work with the City of Dallas for the Lancaster Corridor Neighborhood Investment Program Area project; **NOW, THEREFORE**,

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

June 22, 2011

Section 1. That the City Manager or designee, upon approval as to form by the City Attorney, is hereby authorized to increase the loan amount by \$300,000 on an existing Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC for the acquisition of improved and unimproved properties, located along the Lancaster Corridor Neighborhood Investment Program Area, including associated closing costs, relocation, environmental remediation, demolition and/or predevelopment costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment as part of the Economic Development Plan for the area

Section 2. That the other terms of the loan documents shall include:

- a. Borrowers notes payable to the City of Dallas will have a maturity date of 7 years; provided however, if the Borrower fails to commence redevelopment of the acquired properties within 5 years from the date of initial advance under the Loan Agreements, commence demolition if necessary within 1 year or complete construction evidenced by a certificate of occupancy having been obtained from the City of Dallas within 7 years from the date of initial advance under the Loan Agreements, the entire amount of each loan becomes due and payable.
- b. If Borrower fails to timely comply with requirements in Section 2 (a) hereof, the City of Dallas has the option to require Borrower to convey to the City of Dallas fee simple title to the properties acquired with funds under the loan from the City of Dallas, free of any liens or encumbrances not acceptable to the City.
- c. Borrower shall execute a first lien deed of trust on each property acquired for which acquisition, closing costs, demolition, and predevelopment costs have been expended from loan proceeds.
- d. For Borrower to receive approval from the City to purchase a property or expend funds for other allowable costs, borrower must provide a property survey, title commitment, environmental assessment, and appraisal performed by an independent fee appraiser, acceptable to the City in the City's sole discretion. The City retains the right to conduct a review of the appraisal of the property for which approval is sought, and in no event will the City loan in excess of the appraised value of the property as determined by the City.
- e. No approval by the City of the expenditure of any loan funds shall bind or obligate the City to approve any zoning or re-plat change that Borrower may request for the properties.

June 22, 2011

- f. Borrower shall obtain approval from the City for permitted uses of the properties. "Permitted uses" includes those uses that are permitted under the Dallas Development Code on the property, but in no event may they include any use that requires a sexually oriented business license under Chapter 41A of the Dallas City Code, or a liquor store, a pawn shop, a body piercing studio, or a tattoo studio as those terms are defined by the Dallas Development Code.
- g. As a certificate of occupancy has been obtained for a constructed structure or project on a property, Borrower will be released from the indebtedness on the note for the corresponding loan proceeds advanced.
- h. Deed Restrictions to prevent property sale or transfer of ownership without consent and approval of the City.
- i. Intermediate benchmarks for progress acceptable to the City of Dallas may be established in the loan documents.

Section 3. That the loan(s) (secured by liens on the real property) will provide for 0% annual interest and repayment in 7 years from the date of the initial advance under each Loan Agreement, each portion forgivable if development of sites purchased is commenced within 5 years of the date of the initial advance under each Loan Agreement and demolition is completed within 1 year of the initial advance under each Loan Agreement and all development is complete with certificates of occupancy issued within 7 years from the date of the initial advance under the Loan Agreement unless the time is extended by the Director of the City of Dallas Housing/Community Services Department.

Section 4. That the City Controller is hereby authorized to encumber and disburse funds from Fund 9T52, Department HOU, Unit T808, Object 3015, Activity HOIN, Encumbrance No. HOUT808C560, Vendor No. VS0000054745, in an amount not to exceed \$300,000

Section 5. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund 9T52 for the amount of the loan.

Section 6. That nothing in this resolution shall be construed as a binding contract or agreement upon the City and there will be no liability or obligation on the City until final contract documents are approved and executed.

Section 7. 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.

APPROVED BY
CITY COUNCIL

JUN 22 2011


City Secretary