

RESOLUTION NO. FWHFC-2022-14

FORT WORTH HOUSING FINANCE CORPORATION

***APPROVING A SUBORDINATE LOAN TO PALLADIUM OAK GROVE, LTD.
FOR THE DEVELOPMENT OF THE PALLADIUM OAK GROVE APARTMENTS,
AN AFFORDABLE HOUSING DEVELOPMENT
LOCATED AT 840 AND 1000 OAK GROVE ROAD***

WHEREAS, the City Council of the City of Fort Worth (“**City**”) has adopted development and revitalization of the City’s neighborhoods and affordable housing stock as a strategic goal, and City residents and the City Council have determined that quality accessible affordable housing is needed for moderate, low and very low-income residents;

WHEREAS, the City Council created the Fort Worth Housing Finance Corporation (the “**Corporation**”) in 1979 pursuant to the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code, to facilitate neighborhood revitalization and housing initiatives in the City, including but not limited to issuing tax exempt bonds, developing, rehabilitating and promoting housing, and assisting low to moderate income City residents in acquiring quality, accessible, affordable housing through lending and construction activities;

WHEREAS, Palladium USA, Inc. (“**Palladium**”), a Delaware corporation, is a developer of affordable housing and has developed over 25 affordable and mixed-income multifamily properties in Texas;

WHEREAS, the Board of the Corporation has approved an agreement with Palladium to develop the Palladium Oak Grove Apartments, an affordable, approximately **240**-unit multifamily housing development to be located at 840 and 1000 Oak Grove Road (the “**Project**”);

WHEREAS, the Corporation has agreed to participate in the Project by ratifying the formation of and entering PFW Oak Grove GP, LLC, a Texas limited liability company (the “**GP**”), a single purpose entity to serve as general partner of Palladium Oak Grove, Ltd., a Texas limited partnership (the “**Developer**”), that will own the Project;

WHEREAS, the Corporation has also approved various actions relating to the creation and operation of the GP, the Partnership, and other actions necessary for the development of the Project;

WHEREAS, Palladium requested and the Corporation agreed to serve as the Project’s General Contractor in order to take advantage of the state sales tax exemption available to the Corporation during construction in order to assist the Project (FWHFC-2022-05);

WHEREAS, the 240 apartments will be rented to households with a mix of income levels consistent with the City of Fort Worth Housing Tax Credit Policy, including 24 units set

aside for tenant households earning at or below 30% of Area Median Income (AMI) (“**Deeply Affordable Units**”);

WHEREAS, the Project will contain amenities such as a business center, fitness center, clubhouse, kids’ playroom and playground, and pool;

WHEREAS, the Project was awarded 4% tax credits by the Texas Department of Housing and Community Affairs in October 2022;

WHEREAS, the total development cost expected for this development is \$26,842,555.00, and despite the award of tax credits, there remains a financial gap of approximately \$4,500,000.00;

WHEREAS, Developer has requested a \$4,500,000.00 subordinate, forgivable loan with a forty year term and deferred payments payable at the earlier of the Maturity Date or at the time of refinance, sale or transfer of the Project if sufficient funds are available after all other debt and obligations have been paid;

WHEREAS, Developer will agree to additional loan conditions such as paying all closing costs, provision of a lender’s title policy, acceptable Phase I ESA or environmental mediation; approval of zoning, approval of site plan, approval of final construction plans, acceptable survey, acceptable appraisal, P&P Bond or Letter of Credit, receipt of all required governmental approvals, approval of current financial statements, approval of final project budget, and a borrower’s counsel opinion in the form and content satisfactory to the FWHFC;

WHEREAS, Corporation staff has reviewed the development proforma and conducted underwriting on the development financials using HUD underwriting criteria as a guide, and finds that the project does meet the criteria for affordable housing, including project operations, sources and uses, ownership structure, developer financial strength;

WHEREAS, Corporation staff determined that based on the underwriting criteria and a review of previous lending practices of the Corporation, the Project qualified for \$50,000 per Deeply Affordable Unit provided; and

WHEREAS, the Board desires to approve and authorize execution of a loan agreement and all necessary related documents with Developer for a subordinate loan of **\$1,200,000.00**, subject to availability of funds, to develop the Palladium Oak Grove Apartments, a new, affordable, multifamily rental housing development.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FORT WORTH HOUSING FINANCE CORPORATION:

1. THAT the Board authorizes the execution and delivery of a loan agreement (the “**Loan Agreement**”) and all other necessary loan documents (“**Loan Documents**”) on the terms listed in Attachment A by and between the Corporation and **Palladium Oak Grove, Ltd.** for a subordinate forgivable loan in the amount of **\$1,200,000.00**, subject to availability

of funds, to construct the Palladium Oak Grove Apartments, a new **240**-unit multifamily rental housing development located at 840 and 1000 Oak Grove Road, Fort Worth TX 76115 (the "**Loan**") on the terms set forth on **Attachment A**.

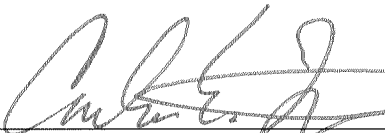
2. THAT Fernando Costa, General Manager of the Corporation, or Victor Turner, Assistant General Manager of the Corporation, or their duly appointed successors, are each authorized to execute and deliver the Loan Agreement and Loan Documents for and on behalf of the Corporation along with any related documents or agreements necessary to implement the Loan Agreement or the Loan, and each is authorized to extend, modify and amend the Loan Agreement, Loan Documents, the terms of the Loan, or the terms of any related documents or agreements, provided any such extensions, modifications and amendments are within the scope of the project, and in conformance with the goals and purposes of the Corporation, as may be amended from time to time.
3. THAT this Resolution takes effect from the date of its adoption.

AND IT IS SO RESOLVED.

Adopted November 29, 2022

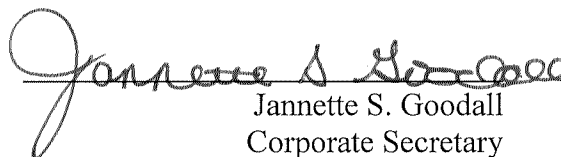
FORT WORTH HOUSING FINANCE CORPORATION

By:



Carlos Flores
President

Attest:



Jannette S. Goodall
Corporate Secretary