

RESOLUTION

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF HIGH POINT, APPROVING AND PROVIDING SECURITY FOR THAT CERTAIN HUD SECTION 108 LOAN IN THE AMOUNT OF \$2,000,000.00, AND THE EXPENDITURE OF SAID FUNDS FOR THE DEVELOPMENT OF A LOW INCOME TAX CREDIT DEVELOPMENT KNOWN AS KIRKWOOD CROSSING

Whereas, the City receives an annual allocation of Community Development Block Grant (CDBG) funding from the U. S. Department of Housing and Urban Development (HUD) to use for a variety of eligible projects defined through federal regulations, and as a participant in this program, the City is eligible to apply for Section 108 Loan Guarantee funding; and

Whereas, Section 108 is a part of HUD's Community Development Block Grant (CDBG) program and provides communities with a source of financing for activities such as economic development projects and public improvements, making it an important public investment tool offered by HUD to local governments; and

Whereas, the City seeks to amend its Section 108 Loan Authorization to use \$2,000,000.00 to enable the City to acquire property located on Kirkwood Street and described as Lot X, Plat Book 86, Page 87, Guilford County Registry, and to provide for the construction of public improvements thereon that will facilitate the development of a Low Income Housing Tax Credit development known as Kirkwood Crossing, which improvements will be constructed by Kirkwood Crossing, LLC and Wynnefield Properties, Inc.; and

Whereas, the City will repay the loan to HUD over a period of twenty (20) years, making payments as required by HUD, with a balloon payment of all unpaid principal in the 20th year; and

Whereas, pursuant to statutory and regulatory requirements, the City must pledge by Resolution its current and future Community Development Block Grant Funds as security for repayment of said Loan.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of High Point, North Carolina, as follows:

That pursuant to 24 CFR 570.705(b)(2) the City does pledge its current and future Community Development Block Grant Funds for repayment of the Section 108 loan in the amount of \$2,000,000.00.

That the Section 108 loan in the amount of \$2,000,000.00 may be used to enable the City to acquire property located on 2208 Kirkwood Street and described as Lot X,

Plat Book 86, Page 87, Guilford County Registry, for the sum of \$850,000.00 and to provide for the construction of public improvements that will facilitate the development thereon of a Low Income Housing Tax Credit development known as Kirkwood Crossing, which will be constructed by Kirkwood Crossing LLC and Wynnefield Properties, Inc.

That for the construction of the improvements, the City will enter into a ground lease with Kirkwood Crossing, LLC for the sum of \$1.00, and Kirkwood Crossing, LLC will grant a Promissory Note and Leasehold Deed of Trust to the City for 1,150,000.00 to finance the improvements.

That Kirkwood Crossing, LLC will have an option to purchase the Property, which when exercised, shall be for a purchase price equal to its appraised value, which purchase price will be paid through a Purchase Money Note and Deed of Trust in favor of the City in the amount of said purchase price plus the amount of the payoff on the \$1,150,000.00 improvement loan.

That the terms of said purchase money financing shall be for a twenty year term with interest at 2% per annum and nineteen (19) payments of interest only on the unpaid principal balance. All unpaid principal and any unpaid accrued interest shall be due and payable in a balloon payment at the end of the term.

That the City will utilize the payments received from Kirkwood Crossing, LLC under said Promissory Note to offset the amounts of the payments made by the City to HUD on the Section 108 loan.

That the City Manager and his appropriate designee(s) are hereby authorized and directed to execute any and all documents on behalf of the City as may be necessary to effectuate the completion of the loan process, including, but not limited to, the Ground Lease with Kirkwood Crossing, LLC, and the deed to Kirkwood Crossing, LLC, upon exercise of the Option.

Witness my hand and official seal, this 13 day of April, 2015.



Willie S. Benning
Mayor, City of High Point

WITNESS:

Thomas V. Smith
Deputy Clerk of the City of High Point