

RESOLUTION NO. 150-2018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, AUTHORIZING DEBT AGREEMENT WITH THE NATIONAL DEVELOPMENT COUNCIL

WHEREAS, in 1993, the National Development Council, a New York 501(c)(3) nonprofit corporation (“NDC”) had a contract with the City of Abilene (City) to facilitate economic development in the City of Abilene, and in connection with such contract, the City asked NDC to develop/rehabilitate a vacant building in the middle of the downtown central business district known as the Windsor Hotel in hopes of spurring other economic development activities in downtown;

WHEREAS, in connection therewith, NDC formed 401 Pine Associates, Ltd, a Texas limited partnership (the “Owner”), and then applied for and received a 1993 allocation of Low-Income Housing Tax Credits (“Tax Credits”) from the Texas Department of Housing and Community Affairs for the rehabilitation of the Windsor Hotel;

WHEREAS, to finance the redevelopment of the Windsor Hotel, the Owner entered into an agreement with the Texas Housing Opportunity Fund to purchase the Tax Credits and borrowed funds from First National Bank of Abilene which is now known as First Financial Bank (the loan has a current unpaid principal balance as of September 4, 2018 of \$62,067 (“Bank Loan”));

WHEREAS, the City desired to close the financing gap needed to make the historic rehabilitation improvements to the Windsor Hotel and utilized federal funds which would have been granted to the project except the Tax Credit rules did not allow for grants to support the Tax Credits;

WHEREAS, accordingly, on or about February 4, 1994 and thereafter, the City made multiple loans to the Project utilizing HUD 108, HOME and TIF funds in the aggregate principal amount of \$1,900,152 (the “City Loans”), which City Loans were expected to become grants to the Project after the 15-year Tax Credit compliance period to support both the Windsor Hotel and the NDC in its development of this project in the center of downtown;

WHEREAS, twenty-five years later, the redevelopment of the Windsor Hotel has facilitated substantial economic activity in downtown Abilene and now the City has been requested to forgive the City Loans to the Owner (which is owned by NDC affiliates) so that the project can be sold and other improvements can be made to the project;

WHEREAS, in connection with the sale of the project, the Owner is expected to receive \$1,800,000 (less the Bank Loan and any costs of sale), and the City will forgive the City Loans and release any liens securing such loans in exchange for receiving Fifty Five Percent (55%) of the net sales proceeds, which is estimated to be approximately \$950,000; and

WHEREAS, the forgiveness of the City Loans and release of any liens securing such loans will serve a predominantly public purpose of allowing the sale of the Windsor Hotel to generate more improvement to the property and facilitate more economic activity in downtown Abilene; and

WHEREAS, the City will retain sufficient control to ensure that the public purpose is carried out, and the City will receive return benefit.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, THAT:

1. In exchange for receiving Fifty Five Percent (55%) of the net sales proceeds reflected on the HUD closing statement the City agrees to forgive all principal and accrued interest which is due and payable on the City Loans and to release all collateral securing such City Loans.
2. The City agrees that Forty Five Percent (45%) of the net sales proceeds shall be distributed to NDC-Housing & Economic Development Corporation (HEDC) as the 99% partner of the Owner of the Project.
3. The City Council authorizes the City Manager to execute any documents necessary to evidence the intent of the Debt Agreement, including without limitation, all lien releases and other documents reasonably requested in connection with the sale of the Windsor Hotel.
4. The forgiveness of the debt associated with the sale of the Windsor Hotel will serve a predominantly public purpose of the City, the City will retain sufficient control to ensure the public purpose is carried out, and the City will receive return benefit.
5. This Resolution takes effect immediately upon its passage.

PASSED AND APPROVED THIS THE 13TH DAY OF SEPTEMBER 2018.

ATTEST:



CITY SECRETARY



MAYOR

APPROVED:



CITY ATTORNEY