CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Acceptance of Workforce Housing Loan Program Loan Agreement for Phenix Elementary **DATE:** October 31, 2016

FINANCIAL IMPACT: With this loan agreement, the City of West Des Moines will be borrowing from the Iowa Finance Authority; $625,000 loan at 1% for 20 years. The repayment of the loan will be passed on to Community Housing Initiatives. The City guarantees the loan and is ultimately responsible for the loan.

The City has already committed $855,000 to the development of Phenix Elementary; $535,000 for the purchase and $320,000 to the rehabilitation of the building.

BACKGROUND: The City of West Des Moines submitted an application to Iowa Finance Authority for the Workforce Housing Loan Program March 25, 2016. The City was approved for the loan by the Iowa Finance Authority Board of Directors on September 7, 2016.

The City of West Des Moines has purchased Phenix Elementary. The City has received the Request for Release of Funds from Iowa Economic Development Authority. The City is ready to proceed with the next steps of the redevelopment of Phenix and the surrounding site; platting, zoning, removal of playground equipment, and the sale of property to Community Housing Initiatives, Inc.

The Workforce Housing Loan Program is a brand new funding source for affordable housing. Workforce housing units will not be age restricted and will be limited to tenant households earning 140 percent or less of the statewide median income. For a household of one that the maximum annual gross income is $73,500 and a household of two is $84,000.

The Workforce Housing Loan from the Iowa Finance Authority replaces the standard loan CHI would have received from the bank. The terms of that loan were $625,000 at 5.5% for 15 years. The Workforce Housing Loan saves CHI money on interest and that money is put back into the Phenix project and provides for additional cash flow on the pro forma.

CHI proposes to develop Phenix Elementary School at 415 7th Street into 17 units. The application proposes 3 one-bedroom units, 12 two-bedroom units, and 2 three-bedroom units. It will be a mixed income development with 4 market rate apartments that have no income restrictions. The City will sell the property with the exception of five existing lots on 6th Street to CHI for $1 and other valuable considerations. City staff will work with the City Council on the future disposition of those lots for development.

CHI has chosen not to take their typical 16% developer fee ($764,800 in this case) in order for this project to cash flow and will be contributing $300,000 in cash to the project. The total cost of this development is $4,780,000.

Community Housing Initiative, Inc. (CHI) was created in 1993 by a Northwest Iowa Community Action Agency, Upper Des Moines Opportunity. CHI is a 501(c) (3) non-profit organization and has been designated a Community Housing Development Organization (CHDO) for the entire State of Iowa. CHI, Inc. has constructed or rehabilitated over 1,000 affordable housing units and has 153 additional units that they have constructed in West Des Moines including the recently completed Crestview Acres and Valley Station.

OUTSTANDING ISSUES (if any): The land is currently zoned Single-Family Valley Junction Residential. The Comprehensive Plan and Zoning will be changed as part of the Historic West Des Moines plan now underway.

RECOMMENDATION: Staff recommends City Council authorize the Mayor to sign the Workforce Housing Loan Program Loan Agreement

ATTACHMENTS:

Exhibit I	-	Resolution – Accepting the Loan
Exhibit II	-	Workforce Housing Loan Program Loan Agreement

Lead Staff Member: **Christine Gordon, Housing Planner** CAG

STAFF REVIEWS

Department Director	Clyde E. Evans CEE
Appropriations/Finance	Tim Stiles
Legal	RJS
Agenda Acceptance	RTJ

PUBLICATION(S) (if applicable)

Published In	NA
Dates(s) Published	NA

SUBCOMMITTEE REVIEW (if applicable)

Committee	F&A		
Date Reviewed	March 9, 2016		
Recommendation	XX Yes	No	Split

EXHIBIT I

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, ACCEPTING THE WORKFORCE HOUSING LOAN PROGRAM AND AUTHORIZING THE MAYOR TO SIGN THE LOAN AGREEMENT WITH THE IOWA FINANCE AUTHORITY

WHEREAS, Community Housing Initiatives, Inc. proposes the rehabilitation of Phenix Elementary at 415 7th Street into 17 units utilizing Iowa Finance Authority's Workforce Housing Loan Program as a financing mechanism;

WHEREAS, the City of West Des Moines filed a Workforce Housing Loan Program application to the Iowa Finance Authority on behalf of Community Housing Initiatives, Inc.;

WHEREAS, the City of West Des Moines supports Community Housing Initiatives, Inc.'s proposed development and is contributing $855,000 toward the acquisition and development of the property;

WHEREAS, the City of West Des Moines was approved for a $625,000 loan at 1% for 20 years from the Iowa Finance Authority through the Workforce Housing Loan Program;

WHEREAS, the City of West Des Moines accepts the loan and authorizes the Mayor to sign the Workforce Housing Loan Program Loan Agreement with the Iowa Finance Authority;

THEREFORE, BE IT RESOLVED that the Council of the City of West Des Moines, Iowa hereby authorizes the Mayor to sign the Workforce Housing Loan Program Loan Agreement.

PASSED AND ADOPTED on October 31, 2016

Steven K. Gaer
Mayor

ATTEST:

Ryan T. Jacobson
City Clerk

S:_Housing\Phenix Elementary\Workforce Housing Loan Program\Resolution for Workforce Housing loan Program Loan Agreement 10-31-16.doc

EXHIBIT II

IOWA FINANCE AUTHORITY
WORKFORCE HOUSING
LOAN PROGRAM

LOAN AGREEMENT

between

IOWA FINANCE AUTHORITY

and

CITY OF WEST DES MOINES, IOWA

Dated as of _____, 2016

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This LOAN AGREEMENT is dated as of the _____ day of _____, 2016, between the IOWA FINANCE AUTHORITY (the "Authority") and the CITY OF WEST DES MOINES, IOWA (the "Borrower").

WITNESSETH:

"WHEREAS, the Authority is a public instrumentality and agency of the State of Iowa authorized and empowered by the provisions of Chapter 16 of the Code of Iowa, as amended (the "Act"), to assist in the financing and development of decent, safe, and affordable housing; and

WHEREAS, the Workforce Housing Loan Program (the "Program") has been created by the Authority to provide a flexible program of financial assistance in the form of low-interest loans to provide workforce housing in needed areas; and

WHEREAS, the Borrower desires to borrow monies from the Authority in order to finance a portion of the costs of the Project described in Exhibit A attached hereto (the "Project"); and

WHEREAS, the Borrower has applied for and, pursuant to a Resolution adopted by the Board of the Authority on September 7, 2016, received approval from the Authority for funding of the Project through the Program.

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained, the Borrower and the Authority hereby covenant and agree as follows:

ARTICLE I

AMOUNT AND TERMS OF THE LOAN

SECTION 1.01. <u>The Loan</u>.

The Authority agrees, upon the terms and conditions hereinafter set forth, to make a Loan to the Borrower under the Program in an amount not to exceed the Principal Amount shown in Exhibit A in order to finance a portion of the costs of the Project (the "Loan"). The obligation of the Borrower hereunder to repay the Loan shall be evidenced by a promissory note of the Borrower to the Authority, in the form attached as Exhibit B (the "Note"), which Note is by this reference incorporated herein as though set out in full. The Borrower's obligation to repay the Loan and interest thereon shall constitute a general obligation of the Borrower.

SECTION 1.02. Making the Loan.

Upon fulfillment of the applicable conditions set forth in Article II, the Authority will make the Loan available to the Borrower. Disbursements of loan proceeds may be made by the Authority to the Borrower, upon the receipt and approval by the Authority, in its sole discretion, of a written payment request from the Borrower, in the form set out in Exhibit D attached. Loan disbursements shall be made via Automated Clearinghouse Transfer ("ACH"), as authorized and described on Exhibit F, attached.

SECTION 1.03. Loan Repayment Installments.

(a) Until the principal of and interest on the Note shall have been fully paid the Borrower shall pay directly to the Authority, as a repayment installment of the Loan, a sum equal to the principal (whether at maturity or upon acceleration) and interest due on the Note, as provided in the Note.

(b) In the event the Borrower should fail to make any of the payments required hereunder, beyond any applicable notice and cure periods, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and such amount shall bear interest at the Default Rate (as defined in the Note).

SECTION 1.04. Prepayments.

The outstanding principal of the Loan may be prepaid at any time without penalty. Any prepayment shall be applied against the installments due under the Note, and, unless otherwise provided for in the Note, in inverse order of principal maturity with no abatement or reduction in the amount of installments otherwise required to be paid under the Note.

SECTION 1.05. Time and Place of Payments.

Each payment under this Agreement and the Note shall be made not later than the day when due in immediately available funds consisting of lawful money of the United States of America to the Authority via ACH, as authorized and described on Exhibit G, attached.

SECTION 1.06. Payment on Non-Business Days.

Whenever any payment to be made hereunder or under the Note shall be stated to be due on a Saturday, Sunday or a public holiday or the equivalent for banks generally under the laws of the State of Iowa (any other day being a "Business Day"), such payment may be made on the next succeeding Business Day together with interest in

respect of such extension.

SECTION 1.07. Use of Loan.

Borrower shall use the Loan proceeds for the construction of the Project, as set forth in Exhibit A. If applicable, Borrower may establish repayment terms and collateral and security requirements for the loan(s) to be made by Borrower with the Loan proceeds to the developer(s) of the Project ("Subloans"), as Borrower determines to be appropriate.

ARTICLE II

CONDITIONS OF LENDING

SECTION 2.01. Conditions Precedent to the Loan.

The obligation and agreement of the Authority to make the Loan is subject to the following conditions precedent. The Authority shall have received on or before the date of the Loan the following, in form and substance satisfactory to the Authority:

(a) The Note executed by the Borrower;

(b) Evidence that the Borrower has complied with any and all Special Conditions set forth in Exhibit A required to be satisfied prior to Loan closing;

(c) A legal opinion of counsel to the Borrower to the effect that: (i) the Borrower is duly created and validly existing as a body corporate and political subdivision of the State of Iowa with the corporate power to adopt and perform the resolution authorizing this Agreement and the Note; (ii) this Agreement and the Note have been duly authorized, executed and delivered by the Borrower and constitute valid and binding general obligations of Borrower, enforceable in accordance with their terms, subject to customary exceptions relating to bankruptcy and similar laws affecting creditors' rights and the exercise of judicial discretion or general principles of equity; and

(d) Such other certificates, opinions, documents, and instruments which the Authority may reasonably request.

SECTION 2.02. Further Conditions Precedent to the Loan.

The obligation of the Authority to make the Loan shall be subject to the further conditions precedent that on the date of the Loan the following statements shall be true

and the Authority shall have received a certificate signed by the Borrower, dated the date of the Loan, stating, among other things, that:

(a) The representations and warranties contained in Section 3.01 of this Agreement, the covenants contained in Section 3.02 of this Agreement, and all representations and certifications contained in the Application are correct on and as of the date of the Loan as though made on and as of such date; and

(b) No event has occurred and is continuing, or would result from the Loan, which constitutes an Event of Default but for the requirement that notice be given or time elapse, or both.

SECTION 2.03. Condition Subsequent to the Loan.

The parties hereby agree that if Borrower has not drawn at least ten percent of the Project's approved development budget within six (6) months of the date hereof the Authority may, in its sole discretion, terminate this Agreement upon written notice to Borrower.

ARTICLE III

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 3.01. Representations and Warranties of the Borrower.

The Borrower represents and warrants as follows:

(a) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement and the Note and other documents and agreements required to be delivered by the Borrower pursuant to this Agreement;

(b) This Agreement and the Note (which evidences the obligation of the Borrower hereunder) and other documents and agreements required by this Agreement when delivered hereunder are and will be legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance laws or other laws affecting the rights of creditors generally, and to general principles of equity;

(c) Neither the execution, delivery or performance of this Agreement or the Note, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement conflicts with or results in a

breach of any of the terms, conditions or provisions of any restriction in any organizational document or any agreement or instrument to which the Borrower is now a party or by which the Borrower is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any instrument or agreement, other than as may be created or imposed to secure the Borrower's repayment of the Loan as provided in this Agreement;

(d) The obligation of the Borrower hereunder, as evidenced by the Note, when delivered hereunder is and will be a legal, valid and binding general obligation of the Borrower under Iowa law.

(e) There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened against the Borrower affecting in any manner whatsoever the right of the Borrower to execute this Agreement or the other agreements required to be executed by the Borrower under this Agreement, or the ability of the Borrower to make the payments required hereunder and under the Note or to otherwise comply with Borrower's obligations contained herein or therein;

(f) The Borrower agrees that the Authority shall have no responsibility nor incur any expense for maintenance or preservation of the Project or for the payment of any taxes, assessments or other governmental charges assessed or levied with respect to the Project;

(g) The certifications and representations of the Borrower and other information contained in the Application were true and correct as of the date made and are true and correct on the date hereof, except as information in the Application may have been amended with the written approval of the Authority;

(h) There has been no adverse change since the date of the Application in the financial condition, organization, operation, business prospects, fixed assets, or key personnel of the Borrower;

(i) No portion of the Loan proceeds shall be used for any political activity or to further the election or defeat of any candidate for public office;

(j) No payment of any bonus or commission has been made by the Borrower for the purpose of obtaining approval of the Application, or has or will be made for the purpose of obtaining approval of applications for additional assistance, or any other approval or concurrence of the Authority required under this Agreement; and

(k) No officer, member, or employee of the Authority and no members of its board, and no other public official of the governing body of the locality or localities in

which the Project is situated who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of this Project, has participated in any decisions relating to this Agreement which affect his or her personal interest or the interest of any corporation, partnership, or association in which he or she is directly or indirectly interested or has any personal or financial interest, direct or indirect, in this Agreement or the proceeds of the Loan.

SECTION 3.02. Covenants of the Borrower

The Borrower hereby covenants that during the term of the Loan, it shall:

(a) Provide the Authority with its annual audited financial statements no more than 210 days after fiscal year end; and

(b) Inform the Authority of all changes in the Borrower's credit rating within ten (10) business days of the Borrower becoming aware of such change.

SECTION 3.03. Further Covenants of the Borrower.

The Borrower hereby covenants that:

(a) Until the later of (a) the date that is five years after the date of this Agreement or (b) Borrower's repayment in full of the Loan, the rental units of the Project shall be leased only to tenants whose gross annual household income at the commencement of the lease is at or below one hundred forty percent (140%) of the statewide median income as published annually by HUD;

(b) Borrower shall establish appropriate reporting and compliance measures to ensure compliance with this covenant. Borrower shall report to the Authority annually on July 1 of each year as to the Project, including the total number of units developed and the number of units that are leased to tenants whose gross annual household income at the commencement of the lease is at or below one hundred forty percent (140%) of the statewide median income as published annually by HUD; and

(c) Borrower shall not contract with any third-party owner, developer, or manager with respect to the Project unless such third-party owner, developer, or manager agrees in writing to be bound by the covenants of this section 3.03.

ARTICLE IV

EVENTS OF DEFAULT

SECTION 4.01. Events of Default.

Any of the following events shall constitute an "Event of Default" hereunder:

(a) Any representation or warranty made by the Borrower under or in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(b) The Borrower shall fail to pay any installment of principal of the Loan under this Agreement and the Note within thirty (30) days after it is due; or

(c) The Borrower shall fail to pay any installment of interest on the Loan under this Agreement and the Note within thirty (30) days after it is due; or

(d) The Borrower shall fail to perform or observe any other term, covenant, or agreement contained in this Agreement and any such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Borrower by the Authority, or such longer period of time specified in such written notice as the Authority reasonably determines necessary to correct such default; or

(e) The Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of all or a substantial part of the Borrower's property, (ii) admit in writing the Borrower's inability, or be generally unable, to pay the Borrower's debts as they become due, (iii) make a general assignment for the benefit of the Borrower's creditors, (iv) commence a voluntary case under the Federal Bankruptcy Laws (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (vi) acquiesce in writing to, or fail to controvert in a timely or appropriate manner, any petition filed against the Borrower in an involuntary case under such bankruptcy laws, or (vii) take any action for the purpose of effecting any of the foregoing;

(f) A case or other proceeding shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, winding up, or composition or readjustment of debts, of the Borrower, the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or any substantial part of its assets, or any similar action with respect to the Borrower under any laws relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding (other

than an involuntary case under the Federal Bankruptcy Laws) shall continue undismissed, or unstayed and in effect, for a period of sixty (60) days, or in an involuntary case under the Federal Bankruptcy Laws (as now or hereinafter in effect) an order for relief against the Borrower shall be entered.

(g) Borrower's credit rating is downgraded to below BBB- or Borrower's ratings are withdrawn; or

(h) Borrower defaults on an outstanding bond or other obligation.

SECTION 4.02. Remedies of the Authority.

If any Event of Default referred to above has occurred, the Authority or its agent may:

(a) By notice to the Borrower declare the Loan, all interest thereon and all other amounts payable under the Note and this Agreement to be forthwith due and payable, whereupon the Loan, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower;

(b) Make no further Advances under this Agreement and the Note; and

(c) Take whatever action necessary to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement.

No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Upon the occurrence of an Event of Default and at any time thereafter, the Authority or its agent may, at its option, exercise any and all of the rights and remedies available to it.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Waivers, Consents.

No waiver by the Authority of any default hereunder, nor consent to any departure by the Borrower from the provisions of this Agreement, shall in any event be effective unless the same shall be in writing and signed by the Authority and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for

which given, and shall not operate as a waiver or consent with respect to any other default or departure or the same default or departure on a future occasion.

SECTION 5.02. Notices, Etc.

All notices and other communications provided for hereunder shall be in writing and emailed, mailed or delivered to the persons and addresses set forth in Exhibit C hereto, or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall, when emailed or mailed, be effective when emailed or deposited in the mail.

SECTION 5.03. No Waiver; Remedies.

No failure on the part of the Authority to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided at equity or by law.

SECTION 5.04. Indemnity, Fees and Expenses.

(a) The Borrower will indemnify and save harmless the Authority and its officers and employees from and against any and all losses, by it or them while it or they are acting in good faith to carry out the transactions contemplated by this Agreement or to safeguard its or their interests or ascertain, determine or carry out its or their obligations under this Agreement, or any law or contract applicable to said transaction.

(b) The Borrower will upon demand pay to the Authority the amount of any and all reasonable expenses, including the reasonable fees and expenses of the Authority's attorneys and of any experts and agents, which the Authority may incur in connection with (i) the exercise or enforcement of any of the rights of the Authority hereunder or under the Note, (ii) the failure by the Borrower to perform or observe any of the provisions hereof, (iii) the collection of payments due under this Agreement and the Note, and (iv) any other reasonable expenses of the Authority related to the Project or this financing (including reasonable attorneys' fees) which are not otherwise expressly required to be paid by the Borrower under the terms of this Agreement.

(c) The Borrower agrees to pay all appraisal fees, survey fees, recording fees, license and permit fees, insurance premiums, taxes, charges, and assessments in connection with the Project.

It is the intention of the parties that the Authority shall not incur pecuniary liability by reason of (i) the terms of this Agreement, (ii) the undertakings required of the

Authority hereunder, (iii) the performance of any act required of it by this Agreement or (iv) the performance of any act requested of it by the Borrower. Accordingly, if the Authority (including any person at any time employed by or serving as an officer or a member of the Authority, such persons hereinafter included in all references to the Authority in this Section) should incur any such pecuniary liability, then in such event the Borrower shall indemnify and hold harmless the Authority against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon. The Borrower releases the Authority from, agrees that the Authority shall not be liable for, and agrees to indemnify and hold the Authority harmless from, (i) any liability for any loss or damage to property or any injury to, or death of, any person that may be occasioned by any cause whatsoever pertaining to the Project, or (ii) any liabilities, losses or damages, or claims therefore, arising out of the failure, or claimed failure of the Borrower to comply with its covenants contained in this Agreement, including, in each such case, any attorneys' fees. The Borrower agrees to indemnify and hold the Authority harmless to the fullest extent permitted by law from any losses, costs, charges, expenses (including attorneys' fees), judgments and liabilities incurred by it or them, as the case may be, in connection with any action, suit or proceeding instituted or threatened in connection with the transaction contemplated by this Agreement. The obligation of the Borrower under this Section shall survive the termination of this Agreement.

SECTION 5.05. Binding Effect; Governing Law; Venue.

This Agreement shall be binding upon and inure to the benefit of the Borrower and the Authority and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Authority. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Iowa. Any action arising out of, or related to, this Agreement shall be filed and maintained in the Iowa District Court for Polk County.

SECTION 5.06. Assignments.

This Agreement may not be assigned by the Borrower without the prior written consent of the Authority.

SECTION 5.07. Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, and such counterparts shall together constitute one and the same instrument.

SECTION 5.08. Severability.

If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

SECTION 5.09. Amendments, Changes and Modifications.

This Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the authorized representatives of the parties hereto. The Executive Director of the Authority, or his designee, is the authorized representative of the Authority. The Authorized Representative of the Borrower is as specified in Exhibit A.

SECTION 5.10. Term of the Agreement.

This Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as the Note is outstanding and unpaid.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF WEST DES MOINES IOWA

By: _____
Name: Steven K. Gaer
Title: Mayor

Attest:

By: _____
Name:
Title:

IOWA FINANCE AUTHORITY

(SEAL)

By. _____

Name:

Title:

EXHIBIT A

LOAN DATA

Project Number and Name: Loan No. WF-16-003;

Name of Borrower: City of West Des Moines, Iowa

Date of Authority's Approval of Application: September 7, 2016

Date of Loan Agreement: _____, 2016

Interest Rate: 1.00%

Loan Term: expiring June 1, 2036

Principal Amount of Note and Loan: $625,000

Authorized Representative of Borrower: Steven K. Gaer

Description of Project:

Adaptive reuse of the Phenix School into 17 apartments, including 13 workforce housing rental units.

EXHIBIT B

Loan No. WF-16-003
Dated: _____, 2016
Fixed Interest Rate: 1.00%
Maturity Date: June 1,, 2036
Principal Amount: $625,000

PROMISSORY NOTE

FOR VALUE RECEIVED the undersigned, City of West Des Moines, Iowa, whose address is 4200 Mills Civic Parkway, West Des Moines, Iowa, 50265 (the "Borrower") unconditionally promises to pay to the order of the Iowa Finance Authority (the "Authority"), or its assigns, at its principal place of business, located at 2015 Grand Avenue, Des Moines, Iowa 50312, or at such other place as may be designated in writing from time to time by the holder of this Note, the principal sum of six hundred twenty-five thousand dollars ($625,000), or so much thereof as has been advanced to the Borrower, together with interest to maturity at the rate of one percent (1%) per annum on the balance remaining from time to time unpaid; and, after either maturity or default, and beyond any applicable notice and cure periods set forth herein or in the Loan Agreement (described below) at the rate of ten percent (10%) per annum (the "Default Rate"); said principal and interest to be paid as follows:

Semi-annual payments of interest only on amounts outstanding under this Note, such interest payments due on June 1, 2017, and continuing on the first day of the months of June and December thereafter until such time as the last advance has been drawn down by the Borrower under this Note, (but in no event later than _____ 1, 20__); and then

Equal semi-annual installments of principal and interest, based on a twenty (20) year amortization, beginning the first day of the next succeeding June or December (as the case may be) after such final draw, and continuing on the first day of each succeeding June and December thereafter, with one final payment including all remaining principal and interest due June 1, 2036, each such payment to be applied first in payment of interest due on the unpaid principal and the remainder in reduction of the principal.

Interest on this Note shall be calculated on the basis of a 360-day year with twelve 30-day months.

This Promissory Note is the Note referred to in, and is entitled to the benefits and subject to the provisions of, and is evidence of the obligation of the Borrower to make payments under the Loan Agreement dated _____, 2016 (the "Loan Agreement"), between the Borrower and the Authority. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated Events of Default and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

The Borrower shall have the right to prepay the debt evidenced by this Note without penalty and without the prior written approval of IFA.

If default be made in the payment of any sums due under this Note or (ii) Borrower is dissolved or there is a transfer of any ownership interest in the Borrower without first obtaining the written consent of the holder, then holder may, at its option, without further notice or demand, except as may otherwise be specifically provided for in the Loan Agreement or by the Laws of the State of Iowa, declare the unpaid principal and accrued interest on this Note at once due and payable, foreclose all liens securing payment of this Note, pursue any and all other rights, remedies, and recourses available to holder under this Note, the Loan Agreement or pursue any combination of the foregoing, all such remedies under this Note and under the Loan Agreement being cumulative. Holder shall have the right, if holder so elects, to rescind any acceleration in payment of this Note for default, in which event this Note shall be construed, interpreted and enforced in the same manner as if holder had never elected to declare the unpaid principal balance and accrued interest of this Note at once due and payable.

The Borrower shall pay all costs of collection and the expense(s) of holder for having to invoke such remedial action(s) as may be necessary to enforce the terms of this Note, including a reasonable attorney's fee, whether or not any action shall be instituted to collect or enforce this Note. **Time is of the essence of this Note.**

Failure to exercise any of the foregoing options upon the happening of one or more of the events of default provided in this Note or in the Loan Agreement shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect to the same or any other event, and no single or partial exercise of any right or remedy shall preclude other or further exercise of the same or any other right or

remedy. The holder of this Note shall have no duty to exercise any or all of the rights and remedies provided for, or contemplated in, this Note. The acceptance by holder of any payment under this Note that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing options at that time or at any subsequent time, or nullify any prior exercise of any such option without the express written consent of the holder.

Borrower and any endorsers or guarantors of this Note, severally waive presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest or notice of protest, and non-payment, bringing to suit and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the right and properties securing payment of this Note, and consent to any and all renewals, extensions or modifications which might be made by the holder hereof as to the time of payment of this Note from time to time, and further agree that the security for this Note or any portion hereof may from time to time be modified or released in whole or in part without affecting the liability of any party liable for the payment of this Note.

This Note is to be construed according to the laws of the State of Iowa.

Should any provision or term hereof be or become in violation of any law, rule or regulation, whether local, state or federal, such provision shall be deemed automatically amended to conform, to the extent possible without total waiver of such provision, to such law, and all other provisions hereof shall remain in full force and effect. As used herein, the terms Borrower and Authority shall be deemed to include their respective grantees, heirs, legal representative, successors and assigns, whether voluntary by action of the parties or involuntary by operation of law, and the term holder shall be deemed to include the Authority as well as any future holder or holders of this Note.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.

Signed as of the_____ day of _____, 2016, pursuant to due authority.

CITY OFWEST DES MOINES, IOWA

By: _____
Name: Steven K. Gaer
Title: Mayor

ATTEST:

By: _____
Name:
Title:

EXHIBIT C

ADDRESSES FOR NOTICES AND DEMANDS

Authority:	Iowa Finance Authority Attn.: Workforce Housing Loan Program 2015 Grand Avenue Des Moines, Iowa 50312 WHLP@iowa.gov
Borrower:	City of West Des Moines 4200 Mills Civic Parkway West Des Moines, IA 50265 515-273-0770 clyde.evans@wdm.iowa.gov

EXHIBIT D

PAYMENT REQUEST FORM

Borrower Name: City of West Des Moines

Attn: Workforce Housing Loan Program

For Property Address: _____

Pursuant to, and in accordance with, the provisions of the Loan Agreement dated _____, 2016 (the "Agreement"), between the Iowa Finance Authority (the "Authority"), and City of West Des Moines, Iowa (the "Borrower"), the Authority is hereby requested to pay to the Borrower the sum of $_____which amount is to be used as set forth in Exhibit A hereto.

IT IS HEREBY CERTIFIED THAT:

(a) None of the items for which disbursement is requested has formed the basis for any disbursement heretofore made under the Agreement;

(b) The obligation with respect to which this disbursement is being requested has been properly incurred in accordance with the Agreement with respect to the Project (as defined in the Agreement) and is a proper charge under the Agreement;

(c) The Borrower has no notice of, and is not otherwise aware of, any mechanics', materialmen's, laborers', suppliers', vendors' or other liens or rights in respect thereof which should, in accordance with the Agreement, be satisfied or discharged before this disbursement is made;

(d) This disbursement does not include any amount which the Borrower is entitled to retain pursuant to any contract or agreement providing for the retention by the Borrower of a portion of the price paid thereunder;

(e) No Event of Default is continuing under the Agreement; and

(f) Attached hereto are, as applicable, copies of invoices, lien waivers, and other necessary documents in connection with this Payment Request Form,

AUTHORIZED BORROWER REPRESENTATIVE

Date: _____ _____

EXHIBIT E

CLOSING CERTIFICATE OF BORROWER

The undersigned, City of West Des Moines, Iowa (the "Borrower"), in connection with a loan to the Borrower in the amount of $_____ (the "Loan") by the Iowa Finance Authority (the "Authority") under the Authority's _Workforce Housing Loan Program (the "Program") hereby certifies as follows:

1. All defined terms used herein shall have the respective meanings contained in the Loan Agreement dated as of _____, 2016 (the "Loan Agreement"), between the Borrower and the Authority pursuant to which the Loan to the Borrower is to be made.

2. The Borrower is duly organized, legally existing and in good standing under the laws of the State of Iowa; is duly licensed or qualified in the State of Iowa and in all other states and jurisdictions wherein the nature of the business transacted by the Borrower or the nature of the property owned or leased by it makes such licensing or qualification necessary; and has full right, power and authority to conduct the business in which it is now engaged and to enter into the Loan Agreement, the Loan made pursuant thereto, and to execute such other documents and take such other action necessary for the consummation of the transactions contemplated thereby.

3. All of the proceeds of the Loan will be used for the purpose of financing a portion of the costs of the Project as set forth in Exhibit A to the Loan Agreement.

4. The execution and delivery by the Borrower of the Loan Agreement and the Borrower's Promissory Note described therein (the "Note" and, together with the Loan Agreement, the "Loan Documents") will not result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Borrower pursuant to any indenture, loan agreement, or other instrument to which the Borrower is a party or by which the Borrower may be bound, nor will such action result in any violation of the provisions of the partnership agreement of the Borrower.

5. The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money, and to the best knowledge of the undersigned, is not in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued, and, to the best knowledge of the undersigned, no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

6. All financial statements of the Borrower heretofore presented to the Authority, if any, are correct and complete and fairly present the financial condition of the Borrower as of the dates indicated and the results of the operations of the Borrower for the periods specified. There has been no material change in the condition of the Borrower, financial or otherwise, from that set forth in the aforesaid financial statements since the dates thereof.

7. There are no actions, suits or proceedings pending or to the knowledge of the Borrower threatened against or affecting the Borrower at law or in equity or before any federal, state or local governmental authority or agency challenging the validity of any of the Loan Documents, seeking to enjoin the performance of the obligations of the Borrower thereunder or challenging the acquisition, construction, improving and equipping or operation of the Project, or which, if adversely determined, would result in any material adverse change in the business, properties or assets or in the condition, financial or otherwise, of the Borrower that have not been disclosed to the Authority.

8. No event has occurred and is continuing, or would result from the transaction contemplated by the Loan Documents, which constitutes an Event of Default under the Loan Agreement or which would constitute such an Event of Default but for the requirement that notice be given or time elapse or both.

9. The representations, certifications and warranties on the part of the Borrower appearing on the Application were correct on the date of the Application's submission to the Authority and the description of the Project set forth in the Application, the Loan Agreement and exhibits to the Loan Agreement, including the listing of all components and equipment which comprise the Project and their costs and purposes, and the representations, certifications, warranties and covenants on the part of the Borrower contained in the Loan Agreement are correct on and as of the date hereof as though made on this date,

10. The Borrower has satisfied all conditions precedent to the Loan as set forth in Section 2.01 of the Loan Agreement.

11. The undersigned, on behalf of the Borrower, have examined executed counterparts of the Loan Agreement and all other Loan Documents, and the Borrower agrees to pay all sums owing under the Note and the Loan Agreement in accordance with the provisions of the Note and the Loan Agreement.

12. The Mayor and City Clerk of the City of West Des Moines, whose signatures appear below have on the date or dates of the execution of the Loan Documents, and are on the date hereof, the duly qualified Mayor and City Clerk of the City of West Des Moines, and the signatures appearing below and on the Loan Documents are the genuine signature of such Mayor and City Clerk.

The Mayor and City Clerk of the City of West Des Moines, whose signatures appear below have heretofore been empowered to act on behalf of the Borrower in the execution of the Loan Agreement and the Note or to execute any other instrument or take any other action necessary for the consummation of the transaction contemplated in the Loan Agreement.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his official signature this _____ day of _____, 2016.

(Seal, if any)

CITY OF WEST DES MOINES, IOWA

By: _____
Name: Steven K. Gaer
Title: Mayor

Attest:

By: _____
Name:
Title:

EXHIBIT F

Iowa Finance Authority
Automated Clearinghouse (ACH) Transfer
Authorization for Loan Proceeds Disbursement

It is understood that each loan disbursement credit will be made only upon receipt of the necessary disbursement request form and corresponding invoices.

To begin receiving your payments via EFT, please complete and return this form:

Borrower Name: _____

Borrower Address: _____

City: _____ State: _____ Zip: _____

Federal Identification Number: _____

Remittance Contact Name: _____

Remittance Contact's E-Mail address: _____

Phone number: _____ Fax number: _____

Bank Name: _____

Bank Address: _____

City: _____ State: _____ Zip: _____

Bank Routing Number (ABA#): _____

Account Number : _____ *Up to 17 digits only*

☐ Checking ☐ Savings *Check Account Type*

Authorization

I hereby authorize the Iowa Finance Authority (IFA) to credit the bank account listed above for disbursement of loan proceeds pursuant to that certain Workforce Housing Loan Program Loan Agreement dated _____.

Authorized Signature: _____

Print Name: _____

Title: _____

Date: _____

Please return this form to:
Iowa Finance Authority
Attn: Workforce Housing Loan Program
2015 Grand Avenue
Des Moines, IA 50312
800-432-7230

Exhibit G

Iowa Finance Authority
Workforce Housing Loan Program
Automated Clearinghouse (ACH) Transfer Authorization
for Loan Repayment

Borrower name: _____

I hereby authorize and direct the Iowa Finance Authority (IFA) to debit the bank account designated below monthly to collect principal and interest amounts due as required by that certain Workforce Housing Loan Program Loan Agreement and Promissory Note dated _____. **There is no charge for an ACH transfer.**

Borrower's Bank Name:_____

Address:_____

City:_____ State:_____ Zip Code:_____

Bank Account Number:_____ Checking Savings (Circle one)

Local Bank Routing Number (ABA#) _____

Account Name: _____

Authorization

Borrower name: _____ Loan Number: _____

Federal Identification Number:_____

Address:_____ Email Address_____

City:_____ State:_____ Zip Code:_____

Phone:_____ FAX:_____

Authorized Signatory's Name:_____

Signature:_____ Date:_____

Title:_____

This authorization shall remain in full force and effect until Iowa Finance Authority has received written notice of its termination or modification.

Please return this form to:
Iowa Finance Authority
Attention: Workforce Housing Loan Program
2015 Grand Avenue
Des Moines, IA 50312
800-432-7230