

RESOLUTION NO. 1425

RESOLUTION TERMINATING THE REVOLVING LOAN FUND AGREEMENT WITH MAIN STREET WEST BRANCH.

WHEREAS, the City of West Branch entered into a Revolving Loan Fund Agreement with Main Street West Branch on June 20, 2011; and

WHEREAS, prior to this time, the fund was being administered by the Cedar County Economic Development Commission (CCEDCO); and

WHEREAS, the State Auditor's Office included a finding in the FY2014 Annual Audit which identified a material amount of City funds were being held by an outside organization; and

WHEREAS, the City Council attempted to address this issue by adopting Resolution 1291 on April 20, 2015 amending the Revolving Loan Fund Agreement; and

WHEREAS, the State Auditor's Office again raised this issue during the FY2015 Annual Audit process; and

WHEREAS, in order to ensure transparency of these funds, the City of West Branch finds that the best course of action is to terminate the Revolving Loan Fund Agreement and create a new fund where these funds can be properly tracked through the City's accounting records; and

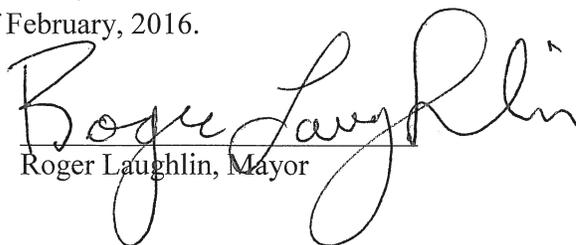
WHEREAS, Section 8 of the Revolving Loan Fund Agreement allows the City of West Branch to terminate the agreement by written notice at any time; and

WHEREAS, it is now necessary to approve said termination.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of West Branch, Iowa directs the City Administrator to provide a copy of this resolution to Main Street West Branch as written notice of termination of the Revolving Loan Fund Agreement.

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Passed and approved this 12th day of February, 2016.


Roger Laughlin, Mayor

ATTEST:


Matt Muckler, City Administrator/Clerk

REVOLVING LOAN FUND AGREEMENT

This Revolving Loan Fund (RLF) Agreement (Agreement) dated this 20th day of June, 2011, by and between the City of West Branch, Iowa (City) and Main Street West Branch.

WHEREAS, the City has by previous actions created a RLF for the purpose of providing loans to promote economic development in West Branch; and

WHEREAS, Main Street West Branch and the City mutually desire to continue the RLF with the creation of an administrative agreement in order to foster economic development within the West Branch area; and

WHEREAS, Main Street West Branch has been charged with the administration of the RLF on behalf of the City; and

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. MAIN STREET WEST BRANCH will receive and review all applications for the RLF and the Main Street West Branch Board of Directors will approve or deny all such loan applications. In determining whether a loan should be granted or denied and before a loan is extended, Main Street West Branch shall:

- A. Determine that the loan provides a benefit to the community of West Branch and its citizens to the extent that a public, and not a purely private, purpose is served by the loan; and
- B. Shall follow the approved local plan of intended use; and
- C. Bring back to the city council any amendments to the approved plan for city council action; and
- D. Will prepare an annual report delivered to the City Administrator within 30 days following the end of the fiscal year; and
- E. Consider any and all of the factors set forth in §15A.1 (2) of the Iowa Code.

2. Main Street West Branch is authorized to advance loans or loan guarantees from the RLF with provision for payment by the recipient of no or below-market interest, but it shall not make a grant or a loan for which any portion of the principal balance is forgiven.

The RLF shall be segregated and administered separately from all other Main Street West Branch funds. All records associated with the RLF shall similarly be segregated and maintained separately from all other Main Street West Branch documentation.

3. Main Street West Branch shall maintain a separate file for each loan application, and for each loan approved by Main Street West Branch, the file shall include the pertinent Board minutes documenting the Board's determination of facts as required by paragraph 1, setting forth the factual basis for such determination, and granting approval of the loan.

4. At no time shall loans be granted by Main Street West Branch in excess of funds on deposit in the RLF fund.

Main Street West Branch shall be responsible to prepare all loan documentation in accordance with reasonable lending practices, and shall to the extent possible, but consistent with the goals of economic development, seek to obtain available security, guarantees or subordinations in order to secure repayment of the loans.

5. All loan files shall remain in the office of Main Street West Branch and be made available for inspection at any time by the City.

6. No portion of the money in the RLF fund may be used for purposes other than loans or loan guarantees, except only that interest generated by loans may be used to pay those expenses reasonably associated with the administration of the fund. On request of the City, Main Street West Branch shall account to the City for all expenses incurred in administration of the fund.

7. Main Street West Branch shall advise the City of all defaults of loans and shall assume responsibility for collection of all loans. No settlement shall be made with a borrower except upon prior approval by the City Council. Further, the City reserves the right to demand assignment of any one or more loans for the purpose of collection, at which time Main Street West Branch shall be released from further responsibility for administration of the assigned loan/s.

8. The City or Main Street West Branch may, at any time, and upon written notice, terminate this Agreement, at which time Main Street West Branch shall immediately deliver all money on deposit in the RLF fund to the City and assign all existing loans to the City. Main Street West Branch agrees to execute any documents required by the City in order to affect this transfer.

If not terminated in this manner, this Agreement will otherwise terminate ten (10) years from the date of this Agreement, at which time Main Street West Branch shall immediately deliver all money on deposit in the RLF fund to the City and assign all existing loans to the City.

9. Main Street West Branch will act in accordance with all state and federal laws which would apply to its activities in administering and lending public funds for economic development.

IN WITNESS WHEREOF, the City has caused this Agreement to be executed in its name and on behalf of its Mayor and Main Street West Branch has caused the Agreement to be duly executed by its President as of the date first written.

CITY OF WEST BRANCH, IOWA

WEST BRANCH MAIN STREET

By:


Mayor

By:

President,
Main Street West Branch

By:


City Administrator