

COUNCIL ACTION FORM

SUBJECT: IOWANS HELPING IOWANS GRANT AGREEMENT WITH IOWA FINANCE AUTHORITY

BACKGROUND:

On August 23, 2010, Governor Culver announced the creation of the Iowans Helping Iowans (IHI) flood program as part of the State's flood recovery efforts. This new housing and small business assistance plan is designed to help bridge the gap between the immediate needs of Iowans and assistance being made available through FEMA. Iowans Helping Iowans for "residential units" (owner-occupied only) is being administered through the Iowa Finance Authority (IFA). For "small businesses" it is being administered through the Iowa Department of Economic Development (IDED).

Under the residential assistance program, the IFA will grant funds to local government participants such as cities and Councils of Governments. The local government participants, in turn, will loan the funds to eligible residents under the conditions specified. Loans will be made available for the following purposes:

- To assist homeowners in purchasing homes generally comparable to those they lived in prior to the occurrence of the natural disaster of 2010;
- To assist homeowners with the cost of repairing or rehabilitating disaster-affected homes; and
- To assist residents in making mortgage payments and paying for other eligible property carrying costs while they await a property acquisition of their disaster-affected homes.

The funds provided under this program are restricted to owner-occupied primary residences. They come in the form of loans that will be forgiven over a 5-year period at a rate of 20 percent per year, as long as the home owner remains in the home. If the homeowner sells the home before the end of the five year retention period, the homeowner must repay the remaining loan balance upon the sale of the home.

To be eligible, homeowners must have registered with FEMA and been awarded some form of FEMA housing assistance. Homes located in the 100-year flood plain are not eligible for Down Payment Assistance, but may be eligible for Housing Repair and Rehabilitation Assistance, provided that the home meets local flood plain management standards. Assistance provided under the program must be in compliance with all applicable local and state rules and ordinances, including but not limited to those relating to building codes, zoning, flood plain ordinances, lead-safe renovators and work practices, and asbestos inspection and removal.

Some highlights of the proposed agreement include the following;

- The grant award to the City is up to \$500,000, depending on the number of applicants that meet the program eligibility guidelines.
- The grant provides administrative reimbursement of up to 5% of the amount of grant funds committed to homeowners, plus reasonable inspection fees.
- Administrative funds cannot be draw down until funds have been committed to homeowners.
- The duration of the agreement is through December 31, 2011.

It is uncertain how many Ames home owners may qualify for assistance under this IFA program. The administrative expense reimbursement provisions of the agreement create the possibility that staff may spend a considerable amount of time administering the program, but may ultimately receive little or no reimbursement for those expenses if grant funds cannot be committed to eligible homeowners. Should that occur, the City would be forced to draw down other fund balances to cover those administrative costs. Given that possibility, staff would recommend that the Housing Assistance fund balance be used as a back-up funding source. That uncommitted fund balance is approximately \$200,000.

Attached is a copy of the proposed agreement.

ALTERNATIVES:

1. The City Council can approve the attached grant agreement between the City of Ames and the Iowa Finance Authority.
2. The City Council can direct that modifications to the attached grant agreement be negotiated with the Iowa Finance Authority.
3. The City Council can choose to not participate in the IFA residential housing grant program.

MANAGER'S RECOMMENDED ACTION:

Although the number of qualifying Ames home owners is unknown, the lowans Helping lowans residential loan program could provide important benefits to any who qualify for assistance. The City's risk is that staff time and administrative costs will be incurred with no guarantee of reimbursement from the state. On balance, it seems appropriate to enter into this agreement in order to insure that these state benefits are available to our citizens. Funding to offset any unreimbursed administrative costs can from the Housing Assistance fund balance.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1, thereby approving the attached grant agreement between the City of Ames and the Iowa Finance Authority.

IHI #: 10-01
Grantee Name: City of Ames

**IOWANS HELPING IOWANS HOUSING ASSISTANCE
PROGRAM**

IOWA FINANCE AUTHORITY



GRANT AGREEMENT

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EXHIBIT A	Grant Data
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This GRANT AGREEMENT, dated as of the date indicated in Exhibit A attached hereto, which by this reference is made a part hereof, between the Iowa Finance Authority (the "Authority"), whose address is 2015 Grand Avenue, Des Moines, Iowa 50312 and the City of Ames (hereinafter the "Grantee"), whose address is as set forth on Exhibit A.

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 protection, preservation, creation, and improvement of access to safe and affordable housing; and

WHEREAS, the Iowans Helping Iowans Housing Assistance Program (the "Program") has been created within the Authority in accordance with Iowa Code section 16.40 and rules promulgated by the Authority and set forth in the Iowa Administrative Code Section 265, Chapter 40 (the "Rules") to provide financial assistance for the purpose of providing financial assistance for housing for victims of the natural disasters of 2010; and

WHEREAS, the Grantee desires to receive monies from which to award financial assistance to eligible residents pursuant to the Program in order to facilitate the purposes of the Program as set forth in the Rules.

NOW THEREFORE, for and in consideration of the premises and the respective covenants, agreements and representations hereinafter contained, the Grantee and the Authority hereby agree as follows:

**ARTICLE I
AMOUNT AND TERMS OF THE GRANT**

SECTION 1.01. The Grant

The Authority agrees, upon the terms and conditions hereinafter set forth, to make a Grant to the Grantee under the Program (the "Grant") in an amount not to exceed the amount shown in Exhibit A hereto in order to finance the costs of the Program. Upon fulfillment of the applicable conditions set forth in Article II, the Authority will make the Grant available to the Grantee from time to time, subject to the provisions of Section 1.02.

SECTION 1.02. Disbursement and Use of Proceeds.

(a) Disbursements of grant proceeds to the Grantee shall be made by the Authority following the receipt and approval by the Authority, in its sole discretion, of written payment requests from Grantee, following compliance by the Grantee with all conditions of this Agreement, including any Special Conditions as set forth in Exhibit A, required to be satisfied prior to disbursement of Grant proceeds. Such payment requests shall be submitted by Grantee for amounts tentatively committed by Grantee to eligible residents.

(b) The Grantee shall submit to the Authority such supporting evidence as may be reasonably requested by the Authority to substantiate all payments which are to be made out of any requisition and/or to substantiate all payments then made with respect to the Project.

(c) Disbursements to the Grantee under this agreement shall be made by electronic funds transfer ("EFT"). The Authority shall make the Electronic Funds Transfer Authorization Form ("EFT Form"), attached hereto as Exhibit B, available to Grantee in electronic format. Unless it already has a valid EFT Authorization Form on file with the Authority, Grantee shall, prior to the first EFT, complete the EFT Form, print it, cause an authorized person to sign it, and return to IFA either an electronically scanned copy of the completed and signed EFT Form via e-mail or FAX or the original completed and signed EFT Form via U.S. mail, as directed on Exhibit B.

SECTION 1.03. Obligation to Repay Grant Upon Certain Events of Default.

Upon the occurrence of an Event of Default under paragraphs (a) or (b) of Section 4.01 hereof, the Authority may demand repayment of all or a portion of Grant proceeds disbursed hereunder. Grantee understands and agrees that the Grant is made in consideration of Grantee's covenants and warranties with respect to the Project and for the purpose of providing housing benefits for persons affected by the natural disasters of 2010, and that upon violation of such covenants or warranties, Grantee is obligated to immediately repay such amounts as are determined by the Authority to have been received by Grantee without fulfillment of Grantee's obligations with respect to such proceeds, up to the full amount of Grant proceeds which have been disbursed hereunder. Grantee agrees to pay to the Authority the amount specified in a written demand for repayment from the Authority, with interest on such amount at ten percent (10%) from the date of such written demand until paid.

ARTICLE II

CONDITIONS OF THE GRANT

SECTION 2.01. Conditions Precedent to the Grant.

The obligation and agreement of the Authority to make the Grant is subject to the conditions precedent that the Authority shall have received on or before the date of the Grant evidence that the Grantee has complied with any and all Special Conditions as set forth in Exhibit A required to be satisfied prior to Grant closing.

ARTICLE III

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 3.01. Representations and Warranties of the Grantee.

The Grantee represents and warrants as follows:

(a) All necessary authorizations or approvals or other actions by, or filings with, any governmental authority or regulatory body that may be required for the due execution, delivery and performance by the Grantee of this Agreement and other documents and agreements required to be delivered by the Grantee pursuant to this Agreement, have been obtained by the Grantee;

(b) This Agreement and other documents and agreements required by this Agreement when delivered hereunder are and will be, legal, valid and binding obligations of the Grantee enforceable against the Grantee in accordance with their respective terms;

(c) To the extent the Grantee will be acting jointly or in cooperation with other local government participants, Grantee has received all permissions or authorizations, and has entered into all necessary agreements, for the Grantee to so act, and the Grantee is authorized to act on behalf of the other local government participants with whom it will be acting jointly or in cooperation.

SECTION 3.02. Covenants of the Grantee.

The Grantee covenants as follows:

(a) Grantee will award financial assistance to eligible residents consistent with this Agreement and the Rules, in accordance with the allocation set forth in Exhibit A, as said allocation may be modified from time to time, in the discretion of the Authority, pursuant to the Rules.

(c) Grantee will comply with all Special Conditions as set forth in Exhibit A.

(d) Grantee shall not discriminate against any eligible resident or applicant for financial assistance under the Program employment because of race, color, religion, creed, sex, sexual orientation, gender identity, national origin, age or disability.

(e) The Grantee will comply in all material respects with all applicable laws, rules, ordinances, regulations and orders.

SECTION 3.03. Accounts, Records and Reports.

Grantee covenants to comply with the following accounting, recordkeeping, and reporting requirements:

(a) The Grantee shall maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred and revenues received under this Agreement to the extent and in such detail as will properly reflect all costs, direct and indirect, of labor, materials, equipment, supplies, services, and other costs and expenses of whatever nature, for which payment is requisitioned under this Agreement.

(b) At any time during normal business hours and as frequently as is deemed necessary, the Grantee shall make available to the Authority, its auditor or the State Auditor, for their examination, all of its records pertaining to all matters covered by this agreement and

permit these parties to audit, examine, make excerpts or transcripts from such records, contract, invoices, payrolls, personnel records, conditions of employment, and all other matters in connection with the Grant made under this Agreement.

- (c) If requested in writing by the Authority, the Grantee is required to have an audit of the Project conducted, to include all income and expenditures of Grant proceeds. This audit may be part of the next regular audit following the written request. If required, the audit report shall be submitted to the Authority within thirty (30) days after audit completion. Audits shall be performed in accordance with applicable provisions of law and tax codes.
- (d) All records pertaining to this Agreement and the Grant shall be retained for a period of three (3) years beginning with the date upon which the final disbursement under this Agreement is made. All records shall be retained beyond the three-year period if audit findings have not been resolved within that period.

ARTICLE IV

EVENTS OF DEFAULT

SECTION 4.01. Events of Default

The following events each constitute an Event of Default:

(a) Any representation or warranty made by the Grantee under or in connection with this Agreement shall prove to have been incorrect in any material respect when made and shall not be made good within thirty (30) days after notice thereof to the Grantee by the Authority; or

(b) The Grantee 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 Grantee by the Authority; or

(c) The Grantee 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 Grantee's property, (ii) admit in writing the Grantee's inability, or be generally unable, to pay the Grantee's debts as they become due, (iii) make a general assignment for the benefit of the Grantee'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 Grantee in an involuntary case under such bankruptcy laws, or (vii) take any action for the purpose of effecting any of the foregoing; or

(d) A case or other proceeding shall be commenced, without the application or consent of the Grantee, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, winding up, or composition or readjustment of debts, of the Grantee, the appointment of a trustee, receiver, custodian, liquidator or the like of the Grantee or of all or any substantial part of its assets,

or any similar action with respect to the Grantee 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 Grantee shall be entered.

SECTION 4.02. Remedies After an Event of Default.

(a) Upon any occurrence of an Event of Default, the Authority or its agent may:

- (1) make no further disbursements under the Grant; and
- (2) take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Grantee under this Agreement.

(b) Upon an occurrence of an Event of Default under paragraph (a) or (b) of Section 4.01, the Authority may:

- (1) by written notice to the Grantee, demand repayment from the Grantee, in accordance with Section 1.03 hereof, of all or a portion of amounts previously disbursed under the Grant, whereupon such amounts shall become due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Grantee; and
- (2) take whatever action at law or in equity may appear necessary or desirable to enforce Grantee's obligation under Section 1.03 to repay all or a portion of the Grant proceeds and to recover Grant proceeds.

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 Grantee 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. 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 5.03. Binding Effect; Governing Law.

This Agreement shall be binding upon and inure to the benefit of the Grantee and the Authority and their respective successors and assigns, except that the Grantee 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.

SECTION 5.04 Assignments.

This Agreement may not be assigned by the Grantee 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.

Except as expressly provided herein, 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 designee, is the authorized representative of the Authority. The Authorized Representative of the Grantee 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 until December 31, 2011.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date indicated in Exhibit A hereto.

CITY OF AMES

By: _____

Title:

(SEAL, if any)

IOWA FINANCE AUTHORITY

By: _____

Joseph O'Hern, Executive Director

(SEAL)

EXHIBIT A

GRANT DATA

Date of Grant Agreement: August 24, 2010

Name and address of Grantee: City of Ames

515 Clark Street

Ames, IA 50010

Authorized Representative of Grantee: Ann H. Campbell, Mayor

Initial allocation of grant funds: Up to \$500,000.00, subject to Iowa Administrative Code, 265 --- 40.3(4). Grant funds beyond the initial allocation shall be allocated based on demonstrated need.

Other Local Government Participants represented by Grantee (if any):

None

General Obligations. The Grantee shall administer the Program within its jurisdiction by processing applications for financial assistance under the Program and awarding financial assistance as appropriate. Grantee shall comply with the program rules and all other reasonable directives or requests of the Authority related to the Program. Grantee shall utilize forms, online applications, and similar materials provided by the Authority and shall keep all computer and other records up to date and current. No financial assistance shall be provided that is not documented by means of the appropriate forms or software.

Special Conditions:

Grantee shall cause its relevant personnel to participate in training provided by the Authority.

Grantee shall use its best efforts to disburse 30% of its initial allocation within 30 days of the execution of this Agreement and shall begin disbursing financial assistance to eligible residents as soon as possible.

Grantee shall cooperate with other local government participants and with the Authority in developing and using an outreach plan to inform potential applicants of the Program.

All awards of financial assistance shall be acknowledged as being part of the Iowans Helping Iowans Housing Assistance Program.

The Grantee shall be entitled to an administrative fee in an amount equal to five percent (5%) of the program funds loaned to eligible residents by Grantee plus reasonable inspection fees that have been pre-approved in writing by the Authority.

Grantee shall make available all forms of financial assistance authorized by rule 265 — 40.5, Iowa Administrative Code.

Exhibit B

Electronic Funds Transfer Authorization

Grant Recipient Name: _____

Grant Recipient 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 payment of amounts due from IFA for goods and services rendered to IFA.

Authorized Signature: _____

Print Name: _____

Title: _____

Date: _____

Please return this form to:

Iowa Finance Authority
Attn: Terri Rosonke
2015 Grand Avenue
Des Moines IA, 50312

e-mail: terri.rosonke@iowa.gov
FAX: (515) 725-4901