

Eagle Mountain City, Utah

RESOLUTION NO. R-11-2012

**A RESOLUTION OF THE CITY COUNCIL OF EAGLE MOUNTAIN CITY, UTAH,
CONSENTING TO THE PROVISIONS OF THE RURAL ECONOMIC DEVELOPMENT
LOAN AND GRANT PROGRAM**

WHEREAS, the United States Department of Agriculture Rural Development Rural Business & Cooperative Service (USDA-RD-RBCS), through the Rural Economic Development Loan and Grant Program (the "REDLG"), has available an economic development program of financial assistance to rural utility providers (the "Intermediary") in the form of zero-interest (0%) loans to assist in business and community development and provides loans of up to one million dollars (\$1,000,000) (the "Loan" or "REDL") to eligible organizations (the "Ultimate Recipient"); and

WHEREAS, the USDA-RD-RBCS through the REDLG Program, has available an economic development program of financial assistance to Intermediaries in the form of grants to establish revolving loan funds (the "Grant" or "REDG") of up to three-hundred thousand dollars (\$300,000) that can be used to fund economic development initiatives with eligible Ultimate Recipients; and

WHEREAS, the City of Eagle Mountain (the "City") has been actively involved in economic development in order to improve the economic well-being of its membership as well as that of the Utah County area as a whole; and

WHEREAS, the City's Public Power Department desires to participate in economic development as an Intermediary of the REDLG Program; and

WHEREAS, the USDA-RD-RBCS requires a Resolution from the Board of Directors of the Intermediary that is certified by the Secretary of the Board, which Resolution is required as part of the REDLG application; and

WHEREAS, the City's Public Power Department, which is the designated Intermediary for the REDLG programs, is an Enterprise Fund of the City and not a legal entity separate from the City, and whereas the City Council (the "Council") has heretofore acted in a capacity equivalent to a Board of Directors for said Intermediary and the City Recorder has heretofore acted in a capacity equivalent to a Secretary of the Board; and

WHEREAS, Star West Eagle Mountain Properties, LLC has proposed the construction of a twelve thousand (12,000) square foot office building in the Eagle Mountain Business Campus (the "Project") and desires to be an Ultimate Recipient of the REDLG Program; and

WHEREAS, the total Project cost is estimated to be one million five-hundred and sixty thousand dollars (\$1,560,000) and the Ultimate Recipient is in need of one million three hundred and sixty thousand dollars (\$1,360,000) to fund the project; and

WHEREAS, the Project is in compliance with 7 CFR 4280 subpart A and specifically the Project is for eligible purposes and is not restricted (7 CFR 4280.27 and 7 CFR 4280.3); and the Council resolves to carry out the Project with Ultimate Recipient according to 7 CFR 4280; and

WHEREAS, the Council agrees to the provisions of the regulation 4280-A, the 4280-5 loan agreement, and the 4280-3 grant agreement; and

WHEREAS, the Council has endorsed the Project as described in the application and will commit 20% of the total grant funds approved which complies with 7 CFR 4280.23, Requirements for Lending from Revolving Loan Fund and 7 CFR 4280.29, Supplemental Financing Required for the Ultimate Recipient project; and

NOW THEREFORE, IT IS HEREBY RESOLVED by the Council as follows:

Section A. The Council hereby authorizes its City Manager to submit an application to the USDA-RD-RBCS for a one million dollar (\$1,000,000) REDL that will be provided to the City Power Department, as Intermediary, and re-loaned to Star West Eagle Mountain Properties, LLC as the Ultimate Recipient to fund the Project. The Ultimate Recipient will provide a Letter of Credit before the release of any funds and will be equal to the outstanding principal amount of the debt, which is to be issued to USDA-RD-RBCS.

Section B. The Council hereby authorizes its City Administrator to request a two (2) year deferment period for the one million dollar (\$1,000,000) REDL, should the Project be determined eligible for such deferment period. In the event the Project is ineligible for the two (2) year deferment period, the Council hereby authorizes its City Administrator to request a one (1) year deferment period. The deferred loan will be paid back in equal monthly installments so that the loan is fully repaid upon the tenth (10th) anniversary of the loan closing date.

Section C. The Council hereby authorizes its City Administrator to request from the USDA-RD-RBCS a three hundred thousand (\$300,000) REDG that will be loaned at zero-percent interest (0%) to the Ultimate Recipient to fund the Project, in accordance with the lending stipulations set forth in the REDG regulations.

Section D. Be it further resolved, that the Council authorizes its City Administrator to compile, complete, and execute the information and forms necessary to support this application including Form AD-1049, regarding a Drug-free Workplace Program as Required in 7 CFR 4280 Subpart A. Furthermore, the Council authorizes its City Administrator to requisition the zero-interest loan funds.

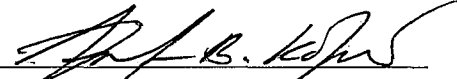
Section E. The Council hereby commits a matching cash contribution (the "Match") that will provide no less than twenty percent (20%) of the amount of REDG funds received by the Intermediary from the USDA-RD-RBCS. Such Match is to be used in accordance with the provisions of the revolving

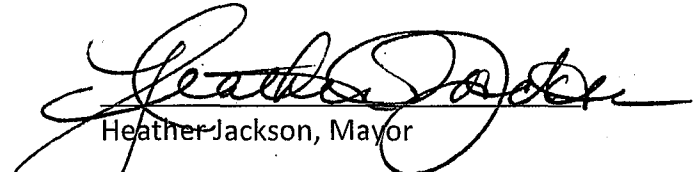
loan fund program and will not exceed sixty thousand dollars (\$60,000), or twenty percent (20%) of the maximum REDG amount of three hundred thousand dollars (\$300,000) available under the REDLG program. The Council hereby consents to maintain such Match in the revolving loan fund. This Match will be provided to the Ultimate Recipient for the Project at the prevailing interest rate established in the Revolving Loan Fund Plan.

ADOPTED by the City Council of Eagle Mountain City, Utah, this 18th day of September, 2012.

EAGLE MOUNTAIN CITY, UTAH

ATTEST:


Fionnuala B. Kofoed, CMC
City Recorder


Heather Jackson, Mayor

CERTIFICATION

The above ordinance was adopted by the City Council of Eagle Mountain City on the 18 day of September, 2012.

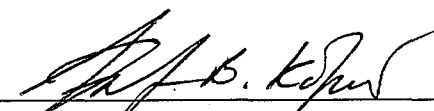
Those voting aye:

- Donna Burnham
- Ryan Ireland
- Nathan Ochsenhirt
- John Painter
- Richard Steinkopf

Those voting nay:

- Donna Burnham
- Ryan Ireland
- Nathan Ochsenhirt
- John Painter
- Richard Steinkopf




Fionnuala B. Kofoed, CMC
City Recorder