

DATE: March 17, 2015

ITEM#: 9.B.

RE: CONSIDERATION AND ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING A GRANT OF \$100,000 AND A LOAN OF \$200,000 TO THE GREATER SALT LAKE DEVELOPMENT CORPORATION LOAN FUND.

PROJECT AREA: All

PREPARED BY: Justin Belliveau

EXECUTIVE SUMMARY: In October 2014, the Board of Directors approved the RDA's contribution of \$300,000 to the Greater Salt Lake Development Corporation Loan Fund ("Loan Fund"), established by the National Development Council ("NDC") to fund community and economic development projects in the Salt Lake City metropolitan area, including RDA project areas. The RDA's contribution was initially slated to consist of a \$100,000 cash contribution, plus a \$200,000 loan loss reserve. Legal counsel for the RDA advises us to restructure this contribution in the form of a \$100,000 grant and a \$200,000 loan to the Loan Fund as, under Utah law, a public entity such as the RDA cannot guarantee the obligations of a private entity. The Board of Directors is therefore asked to consider approval of the attached resolution authorizing the RDA's participation in the Loan Fund through the combination of a grant and a loan.

FUNDING: \$300,000 allocated from the Agency's Revolving Loan Fund.

ALTERNATIVES:

1. Adopt the resolution.
2. Do not adopt the resolution.

ANALYSIS AND ISSUES: The RDA's participation will enable it to tap the Loan Fund's resources of \$10 million provided by other participating lenders. The maximum loan size under the program will be \$2 million, and RDA staff will market this program to developers seeking funding for construction in its project areas. The RDA's contribution will be deposited into a restricted account with the Loan Fund, and portions will be released for use by the Loan Fund on the condition that it is financing one or more building improvement activities equaling twice the amount of RDA loan funds in one of its project areas.

Upon issuance of such a loan, the first \$100,000 will be deemed paid in full by the Loan Fund, (and hence treated as a grant, with no repayment owed to the RDA), and the remaining \$200,000 will be payable as a loan from the RDA to the Loan Fund. The

RDA's loan will not accrue interest, but will be cycled by the Loan Fund to other eligible development projects throughout the course of the Loan Fund's existence. This \$200,000 share of the RDA's contribution will be repaid by the Loan Fund upon the earlier of 29 years following the execution of the attached Loan Agreement, or the Loan Fund's receipt of repayment on all outstanding loans under the program.

An advantage of participating in this program is that it will enable the RDA to leverage \$300,000 of its resources to provide a multiple of this amount in financing for development in its project areas. We will market the Loan Fund by informing the development community that it is available as a supplement to, or in lieu of, other RDA loan funds. Participation in the Loan Fund will enable the RDA to serve on its Investment Committee, and will provide staff the opportunity to interface directly with representatives from the other participating banks.

The following information was included in the memorandum to the Board of Directors on October 14, 2014, and is provided here for background information about the Loan Fund:

The loan fund will operate under the name "Greater Salt Lake Development Corporation" ("GSLDC"), and the GSLDC will make the following four types of loans:

- Commercial and housing real estate loans to projects secured by senior liens on the assets financed.
- New Markets Tax Credit loans to commercial projects and community facilities.
- Loans to, or the purchase of loans from, the Grow America Fund, an affiliate of NDC, who will use the proceeds to make loans to eligible and credit-worthy operating small businesses.
- Small business loans to entities that are not eligible for the SBA guarantee.

ATTACHMENTS:

- 1) Resolution
- 2) Draft Loan Agreement

RESOLUTION NO. 755.____

March 17, 2015

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING A GRANT OF \$100,000 AND A LOAN OF \$200,000 TO THE GREATER SALT LAKE DEVELOPMENT CORPORATION LOAN FUND.

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act (the “Act”); and

WHEREAS, the RDA has established a revolving loan fund to provide loans in its project areas; and

WHEREAS, the National Development Council (“NDC”), in conjunction with Morgan Stanley, GE Capital, Synchrony Bank, and Zions Bank have formed the Greater Salt Lake Development Corporation (“GSLDC”) for the purpose of providing loans to support community and economic development projects in the Salt Lake City metropolitan area; and

WHEREAS, the Board of Directors adopted Resolution 750.02 approving the RDA’s contribution of \$300,000 in the form of a \$100,000 allocation and \$200,000 pledge of a loan loss reserve to support the formation and deployment of the GSLDC.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby authorize the Chief Administrative Officer and the Executive Director to allocate \$300,000 from the revolving loan fund to provide a grant of \$100,000 and a loan of \$200,000 to the GSLDC, and to execute such agreements as may be required related to the RDA’s participation in the GSLDC.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, Utah this 17th day of March, 2015.

Stan Penfold, Chair RDA Board of Directors

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on _____. The Chief Administrative Officer

_____ does not request reconsideration
_____ requests reconsideration

at the next regular Agency meeting.

Ralph Becker, Chief Administrative Officer

ATTEST:

D.J. Baxter, Executive Director

Approved as to form: _____
Damon Georgelas

LOAN AGREEMENT

THIS LOAN AGREEMENT (“**Agreement**”) is made and entered into as of March ____, 2015 (“**Effective Date**”) between the Redevelopment Agency of Salt Lake City, a public agency (“**Lender**”), and Greater Salt Lake Development Corporation, a Delaware not-for-profit corporation (“**Borrower**”). Borrower and the Lender are collectively referred to herein as the “**Parties**” or individually, a “**Party**”.

RECITALS

WHEREAS, Lender was created to transact the business and exercise the powers provided for in the Limited Purpose Local Government Entities - Community Development and Renewal Agencies Act (*i.e.*, Utah Code Ann. §17c-1-101, *et. seq.*) for various purposes, including, without limitation, to revitalize and rehabilitate real property situated in certain geographical areas targeted by Lender (each such geographical area, a “**Project Area**”) through new development, construction and/or renovation projects on real property within such Project Areas;

WHEREAS, the National Development Council (“**NDC**”) was established in 1969 to generate investment in underserved communities across the United States with the purpose of enhancing the lives of low and moderate-income individuals by assisting in community development projects that both create jobs and revitalize and rehabilitate distressed urban and rural communities in which such individuals reside;

WHEREAS, Borrower is a not-for-profit corporation that was organized by NDC in 2013 for various purposes, which include, without limitation, the furtherance of the NDC’s objectives in the greater Salt Lake City metropolitan area by providing, among other things, a broad array of financial services to stimulate economic and community development throughout such area;

WHEREAS, Borrower intends to provide such financial services by making three different types of loans to businesses and developers in the greater Salt Lake City metropolitan area, including commercial and residential real estate loans meeting the underwriting criteria set forth in **Exhibit C** attached hereto (“**Project Loans**”);

WHEREAS, Borrower intends to make the Project Loans in accordance with policies, procedures, terms and conditions to be established by an investment committee (“**Investment Committee**”), the members of which shall be appointed in accordance with Borrower’s Articles of Incorporation and Bylaws;

WHEREAS, in order to obtain a portion of the capital required to fund the Project Loans, Borrower has entered into that certain Loan Agreement, dated and signed as of October 18, 2013 (as amended by that certain First Amendment to Loan Agreement dated August 1, 2014, the “**Master Loan Agreement**”), pursuant to which Morgan Stanley Senior Funding, Inc., a Delaware corporation, and the other financial institutions that are parties to the Master Loan Agreement (collectively, the “**Senior Lenders**”) have agreed, subject to the terms and conditions

set forth in the Master Loan Agreement, to collectively loan up to Ten Million and No/100ths Dollars (\$10,000,000) to Borrower;

WHEREAS, Borrower desires to raise additional capital to fund the Project Loans by obtaining a loan from Lender in the amount of Three Hundred Thousand and No/100ths Dollars (\$300,000) (the “**Loan**”);

WHEREAS, Lender has determined that, to the extent one or more of the Project Loan(s) made by Borrower will both (i) finance development, construction and/or rehabilitation on real property located in a Project Area and (ii) create new jobs (each such Project Loan, an “**RDA Eligible Loan**”), each such Project Loan is consistent with and will facilitate the furtherance of Lender’s purposes and objectives; and

WHEREAS, Lender desires to make the Loan to Borrower to be used by Borrower to fund one or more RDA Eligible Loans, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements and covenants contained herein, Borrower and Lender agree to the following:

AGREEMENT

1. **Recitals.** The Recitals set forth above are hereby incorporated into this Agreement and the matters therein are acknowledged by the Parties hereto to be true and correct in all material respects.

2. **Loan.** Subject to the terms and conditions contained herein, Lender hereby agrees to make a loan to Borrower in the amount of THREE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$300,000) (“**Loan**”).

3. **Promissory Note.** The Loan shall be evidenced by that certain Promissory Note in the face amount of the Loan (“**Note**”), executed by Borrower, as “Maker”, payable to Lender, as “Holder”, and signed and dated of even date herewith.

4. **Borrower’s Account.**

(a) Within three (3) business days of the Effective Date, Lender shall make a cash deposit in the maximum amount of the Loan (*i.e.*, \$300,000) into Account No. [insert account number] with [insert name of bank] (“**Borrower’s Bank**”), which account is and shall at all times for so long as any amount remains owing to Lender under the Note held solely in the name of Borrower and from which account Borrower alone may withdraw or otherwise direct disbursement of the funds held therein (“**Borrower’s Account**”).

(b) Borrower hereby covenants and agrees not to make any withdrawal, direct any disbursement, or otherwise make use of the proceeds of the Loan deposited into and held in the Borrower’s Account (such proceeds of the Loan, once deposited into the Borrower’s Account, are hereinafter referred to as the “**Restricted Funds**”), except as permitted hereunder.

(c) As collateral to secure repayment of the Loan, Borrower hereby grants to Lender a security interest in and to the Borrower's Account and the Restricted Funds for so long as they remain in the Borrower's Account. Borrower hereby covenants and agrees for so long as any portion of the Loan remains unpaid and outstanding not to permit any third party to obtain, whether by operation of law, contractual agreement or otherwise, a security interest, lien or other rights in and to the Restricted Funds held in the Borrower's Account.

(d) To the extent any Restricted Funds remain in the Borrower's Account as of the third (3rd) anniversary of the Effective Date (all such funds, if any, the "**Unused Loan Proceeds**"), Borrower shall promptly direct Borrower's Bank to disburse such Unused Loan Proceeds to Lender in accordance with Lender's written instructions and Lender shall reduce the outstanding principal balance of the Loan in a corresponding amount.

5. Conditions to Use of Restricted Funds. Subject to Borrower's receipt of written confirmation from Lender that each of the following conditions precedent has been satisfied, as determined by Lender in its sole discretion, Borrower shall be permitted to authorize one or more withdrawal(s) and/or disbursement(s) of the Restricted Funds from the Borrower's Account as necessary to fund one or more RDA Eligible Loan(s):

(a) Borrower shall have submitted to Lender a written request for disbursement signed by an authorized representative of Borrower and in substantially the form of **Exhibit B** attached hereto, showing that the amount requested is at least \$100,000 (each such written request, a "**Request for Disbursement**");

(b) Borrower shall have furnished evidence satisfactory to Lender that each of the "Conditions of Lending" set forth in Article 4 of the Master Loan Agreement has been satisfied;

(c) No "Event of Default" (as hereinafter defined) shall have occurred and be continuing; and

(d) Borrower shall have furnished evidence satisfactory to Lender that (i) the Restricted Funds Borrower is requesting to be disbursed shall be used for the sole and exclusive purpose of funding one or more RDA Eligible Loans, and (ii) such Restricted Funds would comprise no more than fifty percent (50%) of the aggregate amount of any particular RDA Eligible Loan (by way of example, if Borrower intended to make an RDA Eligible Loan in the amount of \$500,000, then Borrower would not be permitted to use more than \$250,000 of the Restricted Funds to fund such loan).

6. Borrower Covenants. Borrower hereby makes each of the following covenants to and for the benefit of Lender:

(a) Borrower hereby covenants and agrees that at least one (1) of the members of Borrower's Investment Committee shall have been appointed by Lender at all times during which any portion of the Loan remains outstanding.

(b) Borrower shall not use the Restricted Funds for any purpose other than funding one or more RDA Eligible Loans and the Restricted Funds shall not be used to fund more than fifty percent (50%) of the aggregate amount of any particular RDA Eligible Loan.

(c) Annually, within one hundred twenty (120) days of each fiscal year end of Borrower, Borrower shall furnish to Lender such reports and/or financial and operating statements as Lender may reasonably request regarding the progress, status and results of Borrower's operations, including, in particular, the use (or non-use) of the Restricted Funds.

(d) Borrower hereby covenants to comply with each of the covenants made by Borrower in Article 5 of the Master Loan Agreement at all times during which any portion of the Loan remains outstanding.

(e) Borrower will act in good faith and exercise commercially reasonable efforts to use all of the Restricted Funds in accordance with the terms, conditions and provisions set forth herein, such that, as of the third (3rd) anniversary of the Effective Date, there shall not be any Unused Loan Proceeds.

7. **Events of Default.** Borrower shall be in default under this Agreement following the occurrence and during the continuation of any one or more of the following events (each, and "**Event of Default**"):

(a) Borrower shall fail to timely repay the indebtedness evidenced by the Note in accordance with the terms set forth in **Section 9** hereof; or

(b) Borrower shall use the Restricted Funds for a purpose other than to fund one or more RDA Eligible Loan(s) or shall use the Restricted Funds to fund more than fifty percent (50%) of the aggregate amount of a particular RDA Eligible Loan; or

(c) Borrower shall fail to cause any Representation or Warranty (as defined in **Section 10** hereof) to be true and correct in all material respects at the time such representation is made to Lender (or is deemed to have been made to Lender, as contemplated by **Section 10** hereof) and the continuation of such failure for more than ten (10) days after written notice to Borrower from Lender requesting that Borrower cure such failure; or

(d) Borrower shall fail to comply with any one or more of Borrower's other obligations hereunder and such failure shall continue uncured for a period of fifteen (15) days after the date on which Borrower shall become aware of such failure; provided, however, if such failure is not capable of being cured during such fifteen-day period, then, so long as Borrower commences to cure the same within such 15-day period and thereafter diligently continues to cure the same, Borrower shall be permitted a reasonable amount of time to cure such failure, in no case, however, shall Borrower be allowed more than sixty (60) days to effect a cure; or

(e) (i) Borrower shall file a petition for relief under the Bankruptcy Code (defined below), or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; (ii) a third party shall file against Borrower an involuntary proceeding under the Bankruptcy Code or other debtor relief law and Borrower shall fail to effect a full dismissal of such proceeding within thirty (30) days after the date of filing such proceeding; (iii) Borrower shall make a general assignment for the benefit of its creditors; or (iv) Borrower or a third party shall apply for, or cause the appointment of, a receiver, trustee, custodian or liquidator of Borrower or any of its property. As used herein, the "**Bankruptcy**

Code” means the Bankruptcy Reform Act of 1978 (11 USC § 101-1330) as now or hereafter amended or recodified.

8. **Remedies.** In the event the Borrower fails to comply with the terms of this Agreement, the Lender reserves the right to terminate this Agreement and/or seek repayment in full of any or all amounts owing under the Note (plus reasonable attorneys’ fees incurred by Lender in seeking such repayment) by exercising any and all rights and remedies (legal and equitable) available to Lender. Borrower hereby recognizes and agrees that the foregoing remedies available to Lender are cumulative and may be exercised at any time (whether concurrently or successively).

9. **Repayment of Principal; Payment of Interest; Maturity Date; Prepayment.**

(a) Repayment of Principal. Lender agrees that immediately following the funding of the first RDA Eligible Loan as provided herein, a portion of the Loan equal to \$100,000 shall immediately be deemed paid in full without any further payment hereunder or under the Note or any other action by Borrower. At the request of Borrower, Lender agrees to provide a written confirmation that Borrower no longer owes any principal or interest with respect to such \$100,000, but such confirmation is not required for such agreement by Lender to be effective. The entire remaining outstanding principal balance of the Loan (*i.e.*, \$200,000) shall become due and payable on the Maturity Date (as defined in **Section 9(c)** below).

(b) Payment of Interest. Provided the entire principal amount of the Loan is repaid in full on or before the Maturity Date, no interest shall accrue or be payable to Lender on the Loan, it being the intent of Lender to provide interest-free financing to Borrower for the purposes specified herein. Notwithstanding the foregoing, in the event Borrower shall fail to timely pay to Lender the entire outstanding amount of the Loan on or before the Maturity Date, then, commencing as of the Maturity Date and continuing thereafter (until all amounts owing to Lender have been paid in full) interest shall accrue on the unpaid amount of the Loan at a rate of fourteen percent (14%) per annum, calculated on the basis of a 360-day year, actual days elapsed.

(c) Maturity Date. As used herein, the “**Maturity Date**” shall mean the earliest to occur of (a) the date that is twenty-nine (29) years from the Effective Date; (b) the date on which Borrower shall have collected full repayment of each of all of the End Borrower Loans (as such term is defined in the Master Loan Agreement); (c) the date of Borrower’s dissolution, winding up or any other termination of Borrower’s existence; and (d) the date on which an Event of Default under **Section 7(e)** hereof shall occur.

(d) Prepayment. Borrower shall have the right to prepay the outstanding balance of the Loan in full or in part at any time prior to the Maturity Date without penalty, fee, charge, or premium.

(e) Subordination. Lender agrees that in if, on the Maturity Date, Borrower does not have sufficient assets to repay in full both (i) the Senior Lenders under the Master Loan Agreement and (ii) Lender under this Agreement or the Note, Borrower shall repay the Senior Lenders in full before making any payment to Lender hereunder or under the Note. After the Senior Lenders have been paid in full, then Borrower agrees that Borrower shall remain

obligated to pay Lender the amount then outstanding hereunder and under the Note. The subordination by Lender shall be binding upon Lender whether or not Borrower files for protection under bankruptcy laws.

10. **Representations and Warranties.** Borrower incorporates herein by reference thereto each of the representations and warranties set forth in Article 3 of the Master Loan Agreement (collectively, the “**Representations and Warranties**”), such that all such Representations and Warranties (unless clearly inapplicable) are hereby made by Borrower to Lender as of the date hereof. In addition, Borrower hereby acknowledges and agrees that, by its very act of submitting any Request for Disbursement to Lender as contemplated under Section 5(a) hereof, Borrower shall be deemed to have made each of the Representation and Warranties to Lender as of the date such Request for Disbursement is submitted to Lender.

11. **Indemnification.** The Borrower agrees to at all times protect, indemnify, defend and save harmless the Lender, and its employees, officers, directors and agents, from and against any and all claims, mechanics liens, demands, judgments, costs, expenses, charges, actions, liabilities and damages of every kind and nature for death, personal injury, property damage or other liabilities, in any manner arising from or growing out of the Loan.

12. **Notices.** Notices made or given by the Parties must be in writing and served personally or by depositing the same in the United States mail, postage prepaid, or by another commercially recognized means of delivery (such as Federal Express), addressed as follows:

To the Lender: REDEVELOPMENT AGENCY OF SALT LAKE CITY
451 South State Street, Room 418
P.O. Box 145518
Salt Lake City, Utah 84114-5518
Attn: Executive Director

To the Borrower: NATIONAL DEVELOPMENT COUNCIL
708 Third Ave., Suite 710
New York, NY 10017
Attn: Robert W. Davenport

Notices shall be deemed effective upon the receipt thereof.

13. **Attorneys' Fees; Specific Performance.** In the event a Party commences a legal proceeding to enforce any of the terms of this Agreement, the prevailing Party in such action shall have the right to recover reasonable attorneys' fees and costs from the other Party to be fixed by the court in the same action. The term "legal proceedings" as used above shall be deemed to include appeals from a lower court judgment and it shall include proceedings in the Federal Bankruptcy Court, whether or not they are adversary proceedings or contested matters. The term "prevailing Party" as used above in reference to proceedings in the Federal Bankruptcy Court shall be deemed to mean the prevailing Party in any adversary proceeding or contested matter, or any other actions taken by the non-bankrupt Party which are reasonably necessary to protect its rights under the terms of this Agreement.

14. Representation Regarding Ethical Standards for City Officers and Employees and Former City Officers and Employees. The Borrower represents that it has not (a) provided an illegal gift or payoff to an Lender or a Salt Lake City officer or employee or former Lender or Salt Lake City officer or employee, or his or her relative or business entity; (b) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (c) knowingly breached any of the ethical standards set forth in Salt Lake City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (d) knowingly influenced, and hereby promises that it will not knowingly influence, an Lender or a Salt Lake City officer or employee or former Lender or Salt Lake City officer or employee to breach any of the ethical standards set forth in Salt Lake City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code.

15. Governing Law. The Parties hereto hereby acknowledge and agree the validity, construction and operational effect of this Agreement shall be governed by the laws of the State of Utah without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

16. Assignability. Borrower shall not assign this Agreement, any rights in the Loan, the Loan proceeds, or any part of any advance to be made hereunder, the same being personal to Borrower. The rights of Lender under this Agreement are assignable in part or wholly, and any assignee of Lender shall succeed to and be possessed of the rights of Lender hereunder to the extent of the assignment made, including the right to make advances to Borrower.

17. Headings. All descriptive headings of sections and paragraphs in this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof.

18. Exhibits. All exhibits attached hereto are incorporated herein by this reference thereto.

19. Severability; Time of the Essence. The inapplicability and/or unenforceability of any provision of this Agreement shall not limit or impair the operation or validity of any other provision of this Agreement or the Note. Time is of the essence hereof.

19. No Agency Relationship. Borrower understands and agrees that Lender, by making this commitment or taking any action hereunder, will not be deemed to be a partner or joint venturer with Borrower, and Borrower will, and does hereby, indemnify, hold harmless, and shall forever defend the Lender from any and all damages arising out of any claim that this commitment of loan constitutes a partnership or joint venture between Borrower and Lender and that the sole relationship between Lender and Borrower is that of creditor and debtor.

20. UTAH STATUTE OF FRAUDS – NOTICE TO BORROWER. PURSUANT TO UTAH CODE. ANN. §25-5-4, BORROWER IS HEREBY NOTIFIED THAT THE WRITTEN LOAN DOCUMENTS (i.e., THIS AGREEMENT AND THE NOTE) REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED PRIOR, CONTEMPORANEOUS

OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Signature Page to Follow]

IN WITNESS WHEREOF, this Loan Agreement has been duly executed as of the date first above written.

LENDER:

REDEVELOPMENT AGENCY OF SALT LAKE CITY

By: _____
Name:
Title:

By: _____
Name:
Title:

Approved as to Legal Form:
Jones, Waldo, Holbrook & McDonough, P.C.

By: _____

BORROWER:

GREATER SALT LAKE DEVELOPMENT CORPORATION

By: _____
Name:
Title:

EXHIBIT A

PROMISSORY NOTE

\$300,000

Dated as of March ____, 2015

FOR VALUE RECEIVED, the undersigned, **GREATER SALT LAKE DEVELOPMENT CORPORATION**, a Delaware not-for-profit corporation (“**Maker**”), promises to pay to the order of **REDEVELOPMENT AGENCY OF SALT LAKE CITY**, a public entity, with an address of 451 South State Street, Room 418, PO Box 145518, Salt Lake City, Utah 84114-5518 (together with its successors and assigns, “**Holder**”), in lawful money of the United States of America, the principal sum of THREE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$300,000.00), as and when specified in that certain Loan Agreement (“**Loan Agreement**”) entered into by Maker, as “Borrower” and Holder, as “Lender”, dated and signed as of even date herewith.

This Promissory Note (the “**Note**”) is the Note referred to in, and is issued pursuant to, the Loan Agreement and is entitled to all of the benefits of the Loan Agreement. All of the terms, covenants, and conditions of the Loan Agreement and all other instruments (if any) evidencing the indebtedness hereunder, including, without limitation, the terms of **Section 9** in the Loan Agreement as to repayment, are hereby made a part of this Note by this reference thereto, as if such terms, covenants and conditions were fully set forth herein.

Maker hereby waives all presentment and demand for payment, protest, notice of protest and nonpayment, dishonor and notice of dishonor, bringing of suit, lack of diligence, or delays in collection or enforcement of this Note and notice of the intention to accelerate, the release of any other liable party, and any other indulgence or forbearance, and is and shall be directly and primarily liable for the amount of all sums owing and to be owed hereon, and agrees that this Note, and any or all payments coming due hereunder, may be extended or renewed from time to time without in any way affecting or diminishing Maker’s liability hereunder.

The validity, construction and operational effect of this Note shall be governed by the laws of the State of Utah without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

Maker will pay to Holder reasonable attorneys’ fees and other costs and expenses incurred by Holder in the enforcement of this Note if Holder takes action to enforce this Note without commencing a legal action. If any lawsuit or arbitration is commenced which arises out of or relates to this Note, the Loan Agreement or the Loan, the prevailing party shall be entitled to recover from the other party such sums as the court or arbitrator may adjudge to be reasonable attorneys’ fees in the action or arbitration, in addition to costs and expenses otherwise allowed by law, including, without limitation, legal expenses in connection with bankruptcy, appeals, and post-judgment collection services.

IN WITNESS WHEREOF, Maker has executed and delivered this Note to Holder as of the date first above written.

MAKER:

GREATER SALT LAKE DEVELOPMENT CORPORATION

By: _____

Name:

Title:

EXHIBIT B

REQUEST FOR DISBURSEMENT

DATE

Greater Salt Lake Development Corporation, a Delaware not-for-profit corporation (“**Borrower**”), hereby submits to Redevelopment Agency of Salt Lake City, a public agency (“**Lender**”) this Request for Disbursement of Restricted Funds in the amount of \$_____ [*insert amount which is at least \$100,000*] (the “**Disbursement Amount**”) in accordance with **Section 5(a)** of that certain Loan Agreement dated March __, 2015 (the “**Loan Agreement**”), entered into by Borrower and Lender. Capitalized terms used and not otherwise defined herein shall be given the meanings set forth in the Loan Agreement.

Borrower hereby certifies that no Event of Default under the Loan Agreement has occurred and is continuing and that all of the Representations and Warranties are true and correct in all material respects as of the date hereof. Borrower further certifies to Lender that (i) it has satisfied (and, as of the date hereof, continues to satisfy) each of the conditions precedent set forth in **Section 5** of the Loan Agreement; (ii) as of the date hereof, Borrower is in compliance with the covenants set forth in **Section 6** of the Loan Agreement; and (iii) if the Restricted Funds are disbursed, as requested herein, the use thereof shall comply in all respects with the terms, conditions and limitations set forth in the Loan Agreement.

This Request for Disbursement is executed this ___ day of _____, 20__ by the undersigned Borrower.

BORROWER:

GREATER SALT LAKE DEVELOPMENT CORPORATION

By: _____
Name:
Title:

EXHIBIT C

CRITERIA TO QUALIFY AS A “PROJECT LOAN”

PROJECT LOAN TERMS (“PROJECT LOANS”)

GSLDC Project Loans for conventional real estate must meet the following terms and conditions:

Maximum Project

Loan: 20% of \$10 million (\$2 million)

Loan to Value:

Project Loan will not exceed the lesser of 75% LTV or 75% LTC. LTV will be calculated on an as-completed basis for construction/rehabilitation projects and on an as-is basis for acquisition loans.

DCR on Project Loan: Minimum 1.25:1 coverage of “must pay” senior debt on stabilized rent.

Pre-leasing requirements for

Non-housing leased properties:

Greater of 50% economic occupancy or DCR of at least 1:1 for the preleased portion and the DSCR shall be derived from no more than 50% of the total leasable space with a lease term that is beyond the maturity of the Project Loan so that refinancing is feasible.

Borrower Type:

Developers, both for-profit and nonprofit developers, cooperatives and local governments, who either:

- Develop/rehab, own and rent housing units that are affordable to families or individuals who earn 80% or less of AMI for rental homes and up to 120% AMI on for-sale product or
- Develop and own commercial leasable space to tenants
- Acquire land for transit oriented development sites

Amount:

Loan not to exceed \$2 million per project

Use of Proceeds:

GSLDC will make mortgage loans for capital expenditures including real estate acquisition, construction, renovation, leasehold improvements, tenant improvements, machinery and equipment; all proceeds will relate to housing that is affordable to low- and moderate-income families and/or for community and economic development in low- and moderate-income neighborhoods or that benefits low- and moderate-income families.

Rate:

The rate to the borrower will be approximately 200 bps over GSLDC’s cost of funds.

Maturity dates:

Project Loans will have a maximum tenor of five years

Amortization:

Project Loans will be structured as mini-perms and pay interest only for up to two years and amortize thereafter on an appropriate amortization schedule.

Collateral:

GSLDC will take a first mortgage in real estate assets and M&E financed; additional collateral and guarantees as appropriate.

Guarantees:

Developers will provide operating deficit guarantees.

Compliance with

Policies & Procedures: Project Loans will comply with the HEDC Policies and Procedures manual.

Repayment Sources:

- 1) Rents collected after the property is placed in service
- 2) Operating revenues of the borrower
- 3) Project reserves such as construction interest reserves, lease-up reserves, and operating reserves
- 4) Refinance

SBA GUARANTEED LOANS (“GAF LOANS”)

Introduction: GSLDC will make loans to/purchase loans from GAF who will use the proceeds to make loans to eligible operating small businesses. Such loans will be 75%-85% guaranteed by the SBA. Before GSLDC advances funds to GAF, it will receive certification that the loan has been/is being closed in accordance with SBA regulations and that the guarantee is/will be in effect.

- Borrower Type:** In accordance with SBA regulations, any eligible operating small business. Borrower must demonstrate the experience and capacity to succeed in the Project.
- Amount:** In accordance with SBA regulations, an SBA guaranteed loan may not exceed \$5 million. GSLDC will finance only the guaranteed portion of the SBA loan.
- Use of Proceeds:** Any eligible business purpose including working capital, fixed assets, and real estate including acquisition, construction, renovation, leasehold improvements.
- Rate:** Rate to the borrower will not exceed 250bps over GSLDC’s cost of funds; the underlying loans may be structured with either a variable or a fixed rate
- Maturity dates:** In accordance with SBA regulations, SBA loans may have a term up to 25 years. However, the loan from GSLDC to GAF for each SBA 7a loan will mature 7 years from origination/purchase; as such, an exit strategy and an available take-out source for any SBA 7a loan will be underwritten. Take out sources include:
- Sale of the loan in the secondary market;
 - Place with another lender based in Utah. The SBA licensed lenders in the pool would get first right of refusal
 - Place with another national SBA lender
 - GAF
- Amortization:** SBA loans must fully amortize over their term, up to 25 years. The term will be based on the life of the assets being financed
- Collateral:** GAF will receive a lien on the assets purchased with the loan proceeds. In addition, as needed and in accordance with SBA regulations, GAF may take a blanket UCC lien on business assets and/or personal assets of the entrepreneur.
- Guarantees:** Unlimited personal guarantees of any small business principal owning a 20% or greater interest in the business.
- Credit Enhancements:** Each underlying loan GAF makes will be secured by a 75%-85% SBA guarantee. Additional funds will be raised to provide the unguaranteed portion of each loan, normally 10%-25% of the loan.
- Repurchase Agreement:** In the event a Project Loan originated by Grow America Fund (“GAF”), financed under an SBA Advance to GSLDC, incurs an uncured payment default for 90 days, GAF will immediately replace the related GSLDC loan with a performing loan; or in some circumstances GAF will prepay the related GSLDC loan, such proceeds will then be applied to the related SBA Advance under the Facility.
- Compliance with Policies & Procedures:** GAF Loans will comply with the SBA and GAF Policies and Procedures.
- Repayment Sources:**
- 1) Operating revenues of the business
 - 2) Liquidation of collateral
 - 3) SBA purchase of the guaranteed portion of the loan
 - 4) Sale of a loan into the secondary market
 - 5) Funding to GAF by another lender

SMALL BUSINESS LOANS – OUTSIDE OF THE SBA PRODUCT (“MUCL LOANS”)

Introduction: GSLDC will make loans to small businesses that are not eligible for the SBA guarantee based on NDC-affiliate MUCL criteria. These small business loans will follow the GAF Policies and Procedures with the only exception being that GSLDC will not request the SBA guarantee. All collateral for MUCL Loans will be held by GSLDC.

- Borrower Type:** Any eligible operating small business. Borrower must demonstrate the experience and capacity to succeed in the Project.
- Amount:** Up to \$1.0 million.
- Use of Proceeds:** Any eligible business purpose including working capital, fixed assets, and real estate including acquisition, construction, renovation, leasehold improvements.
- Rate:** Rate to the borrower will not exceed 250 bps over GSLDC’s cost of funds.
- Maturity dates:** Maximum tenor of five years.
- Amortization:** Loans will amortize based on the useful life of the assets being financed.
- Collateral:** GSLDC will receive a lien on the assets purchased with the loan proceeds. In addition, as needed, GSLDC may take a blanket UCC lien on business assets and/or personal assets of the entrepreneur.
- Guarantees:** Unlimited personal guarantees of any small business principal owning a 20% or greater interest in the business.

Compliance with

Policies & Procedures: MUCL Loans will comply with GAF Policies and Procedures.