

**CITY OF LANCASTER REVITALIZATION AND IMPROVEMENT ZONE  
AUTHORITY**

**RESOLUTION No. 6-2018**

**ADOPTED June 26, 2018**

**APPROVING THE CREATION OF A CITY REVITALIZATION AND IMPROVEMENT  
ZONE SMALL BUSINESS FINANCIAL ASSISTANCE PROGRAM AND AUTHORIZING  
ALL ACTIONS REQUIRED TO PREPARE TO ISSUE A \$5,000,000 TAXABLE REVENUE  
BOND TO CAPITALIZE THE LOAN FUND**

**WHEREAS**, the City Revitalization and Improvement Zone (CRIZ) Authority established a Task force in 2018 to consider how the CRIZ Program could assist small businesses within the CRIZ that are seeking to open a new business, expand an existing business or make other improvements to the property; and

**WHEREAS**, the Task Force has presented a recommendation to the CRIZ Authority establishing a CRIZ financial assistance program for small businesses currently operating in the CRIZ, or planning to locate in the CRIZ or already but would not generate annual CRIZ revenues sufficient to pay debt service on conventional financing; and

**WHEREAS**, the CRIZ Authority has the legal authority under Section 1806-C of the act of March 4, 1971 (P.L. 6, No. 2), as amended, to provide or borrow money for development or improvement within the CRIZ; and under Section 1813-C to use CRIZ revenues to pay debt service on bonds issued for the acquisition, development, construction, reconstruction, or renovation of a facility in the CRIZ and to improve or develop all or part of the CRIZ; and

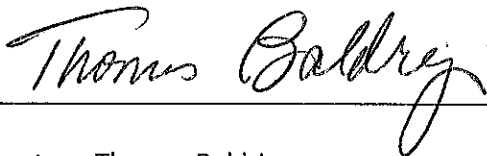
**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the City of Lancaster Revitalization and Improvement Zone (CRIZ) Authority to approve the creation of a CRIZ Small Business Financial Assistance Program that will provide small grants up to \$25,000 and loans up to \$100,000 to small businesses located in, or locating in, the existing CRIZ District as outlined in the Task Force report attached hereto as Exhibit A.

**BE IT FURTHER RESOLVED** that the establishment of said program is subject to the approval of the Commonwealth of Pennsylvania.

**BE IT FURTHER RESOLVED** that upon approval of said program by the Commonwealth of Pennsylvania the CRIZ Acting Executive Director is authorized to engage the services of Concord Public Financial Advisors, Inc. to take all steps necessary to present a \$5,000,000 taxable revenue bond proposal to the CRIZ Authority for approval to create and capitalize a loan fund.

CERTIFICATE OF SECRETARY

I hereby certify that the foregoing is a true and correct copy of a Resolution duly adopted by the Board of Directors of the City of Lancaster Revitalization and Improvement Zone Authority at a regular meeting of said Board duly called and held on June 26, 2018; that public notice of said meeting was given as required by law; that said Resolution has been duly recorded upon the minutes of said Board; and that said Resolution has not been amended, repealed or superseded and is in full force and effect this 26<sup>th</sup> day of June, 2018.

  
\_\_\_\_\_

Secretary, Thomas Baldrige

City Revitalization and Improvement Zone (CRIZ)  
Small Business Loan Program-Guidelines

Purpose of these Guidelines:

These Guidelines provide information for existing small businesses or new businesses that are in the CRIZ district, and are seeking financing to develop, expand or improve their businesses.

ELIGIBLE APPLICANTS:

Businesses that are owner operated and are engaged in commercial, retail, or mixed use will be considered; including

- Existing businesses that have filed annual reports but are not receiving any direct CRIZ benefit to the business.
- New businesses moving in to the CRIZ district focusing on vacant, underutilized or undeveloped properties.

MAXIMUM LOAN AMOUNT:

The maximum loan is \$100,000. The loan amount must be matched \$1.00 of private funding to \$5.00 of CRIZ financing.

ELIGIBLE COSTS:

- Acquisition, demolition, construction, renovation of a property, including leasehold improvements.
- New equipment related to expansion of an existing business.
- Façade improvement if the property is owned by the business, or the property owner agrees to the façade improvement.
- Activities that would assist in removing impediments to the development of a property (ex. environmental remediation).
- Acquisition of existing equipment when buying the assets of an existing business to continue operations under new ownership.

The CRIZ Authority reserves the right to determine the loan amount based on the intended use of the proceeds and the financial and capital assets of the applicant.

LOAN CONDITIONS:

- Project site must be in the CRIZ district and meet all other State CRIZ requirements.
- Prevailing wages are applicable for projects exceeding \$25,000, if used for anything other than acquisition only.
- Must demonstrate the ability to repay the debt.
- Provide all documentation requested on the Application including the creation/retention of jobs and demonstrate livable wages.
- An expectation that the business will create a reasonable amount of annual CRIZ tax revenue.

TERMS OF THE LOAN:

The terms will be determined by the needs of the project and the economic life of the asset being financed. The CRIZ Authority will make the final decision, but it will not exceed the term of private sector financing or 15 years for fixed assets, whichever is less. For machinery and equipment, the term shall equal to the anticipated useful life of the equipment or five years, whichever is less.

**INTEREST RATE:**

The interest rate will be determined by the project need but normally the rate will match the current PA Department of Community and Economic Development (DCED) interest rates for their small business financing programs. While this will establish the minimum rate, the final rate will be dependent on the cost of the bond financing acquired by the CRIZ Authority to finance the loans. For the most current interest rate, refer to the website under the PIDA & First Industries Rate, <http://edcfinancecorp.com/>.

**EQUITY REQUIREMENTS:**

Owner must provide a minimum of 10% of the total financing required or the loan must be matched by \$1 of private financing to \$5 of CRIZ financing.

**COLLATERAL:**

Access to collateral equal to the loan amount is expected.

**LOAN FEES:**

The non-refundable loan processing fee will be \$150. The borrower shall also pay all closing costs including the CRIZ legal fees. The exact fee shall be provided prior to closing, and can be included in the amount financed.

**DEFAULT:**

If there is material default of the loan, the City may at its discretion establish a new interest rate on the outstanding balance of the loan from the date of occurrence, to the Commercial Prime plus 2%.

**LOAN APPROVALS:**

The Loan application and all information must be submitted to Lancaster CRIZ Staff. The information will then be reviewed by the CRIZ Project Review or Finance Committee. A recommendation to approve the loan will be presented to the CRIZ Authority for approval. Applicants are required to attend the committee and Board meetings.

**DOCUMENTATION REQUIREMENTS:**

To be considered for the Program, please submit everything on the application checklist.

Send all information in paper format or on a flash drive to:

CRIZ Authority of Lancaster  
Attention: Marisol Torres  
120 North Duke Street  
Lancaster, PA 17602  
(717)291-4708  
martorres@cityoflancasterpa.com

City Revitalization and Improvement Zone (CRIZ)  
Small Business Loan Program-Application Checklist

The following information must be submitted to be considered for the CRIZ Small Business Loan Program, unless waived by the CRIZ Authority.

- \_\_\_ 1. Completed Application.
- \_\_\_ 2. Business Plan. The business plan should include the information requested in the "Business Plan Outline".
- \_\_\_ 3. Detailed Description of Project. Include a summary of financing needs and the anticipated benefit of the loan.
- \_\_\_ 4. Business Financial Statements. Include balance sheets and income statements for the last 3 years if available.
- \_\_\_ 5. Business Tax Returns (for the last 3 years, if available).
- \_\_\_ 6. Projected Cash Flow Statements (the next 12 months) including estimated CRIZ revenue to be generated annually.
- \_\_\_ 7. Personal Financial Statements. Owner, and (Guarantors) must complete and sign.
- \_\_\_ 8. Personal Signed Tax Returns for All Owners (for the last 3 years).
- \_\_\_ 9. Personal Budget Statement if not an existing business.
- \_\_\_ 10. Resumes of all owners.
- \_\_\_ 11. Describe the collateral available to secure the loan including dollar value and how the valuation was determined.
- \_\_\_ 12. For all equipment purchases and/or minor building renovations, provide estimates and/or suppliers price quotations
- \_\_\_ 13. If you are planning to purchase real estate, submit a copy of the Agreement of Sale. If you lease, provide a copy of the lease. If you own the property to be renovated submit a copy of the lease to the business.
- \_\_\_ 14. Commitment letters for any additional funds required.
- \_\_\_ 15. Application fee of \$150.

## Business Plan Outline

As part of the information requested in the Loan Application Checklist, all businesses should include a Business Plan in the Loan Application Package. This business plan should include, at a minimum, information related to the areas listed below:

a. Purpose of Your Business

- What product or service are you selling?
- What is unique about your business?
- What are your company's strengths and weaknesses?
- What is the nature of this industry?

b. Description of Market

- Who are your target customers?
- How large is the target market for your product?
- Is the market growing?
- What are your marketing and advertising strategies?
- What is your company's pricing strategy?
- What contracts or purchase orders do you currently have?

c. Description of Competition

- Who are your competitors?
- What are your competitor's strengths and weaknesses?
- What has been the failure rate of your competitors in the last few years, and why have they failed?

d. Description of Management Capacity

- What is your experience in this industry?
- What is your management background?
- Who will manage the business?
- Do you have a lawyer, accountant, or consultant to assist management?
- Who are the other key management people within your company?

e. Description of Legal Status

- How are you legally organized? (sole proprietor, partnership, corporation-C or S, nonprofit, cooperative, etc.) When was the business formed? Include a copy of the legal documents proving your organization's status.

Please note that these questions are only a guide to some of the topics you may need to address. Not all of them will apply to all businesses, and just answering this list will not adequately describe every business. Please include information that you believe will be helpful to the committee and CRIZ Authority to best understand your business.

City Revitalization and Improvement Zone (CRIZ)  
Small Business Grant Program-Guidelines

**Purpose of these Guidelines:**

These Guidelines provide information for existing small businesses or new businesses that are in the CRIZ district, and are seeking financing to develop, expand or improve their businesses. Please refer to the information and map on the CRIZ webpage for more details on the CRIZ.

<http://cityoflancasterpa.com/business/criz> .

**ELIGIBLE APPLICANTS:**

Businesses that are owner operated and are engaged in commercial, retail, or mixed use will be considered; including

- Existing businesses that have filed annual CRIZ reports but are not receiving any direct CRIZ benefit to the business.
- New businesses moving in to the CRIZ district focusing on vacant, underutilized or undeveloped properties.

**MAXIMUM GRANT AMOUNT:**

The maximum grant amount will be up to \$25,000.

**ELIGIBLE COSTS:**

- Acquisition, demolition, construction, renovation of a property, including leasehold improvements.
- New equipment related to expansion of an existing business.
- Façade improvement if the property is owned by the business, or the property owner agrees to the façade improvement.
- Activities that would assist in removing impediments to the development of a property (ex. environmental remediation).
- Acquisition of existing equipment when buying the assets of an existing business to continue operations under new ownership.

The CRIZ Authority reserves the right to determine the grant amount based on the intended use of the proceeds and the financial and capital assets of the applicant.

**GRANT CONDITIONS:**

- Project site must be in the CRIZ district and meet all other State CRIZ requirements.
- Should demonstrate that the business can create a reasonable amount of annual CRIZ tax revenue.
- Provide all documentation requested on the Application.
- The applicant must agree to create or retain an agreed upon number of Full Time Equivalent positions. In addition, businesses receiving grants should try to have 75% of the jobs

created/retained made available to or held by persons from low to moderate income households that live in the City of Lancaster.

- Preference will be given when jobs created/retained pay livable wages for the Lancaster City area.
- The CRIZ Authority will make the final decision on any other terms that may be included.

**EQUITY REQUIREMENTS:**

The specific form of owner equity may be negotiated prior to approval.

**MATCH:**

\$1.00 for every \$5.00 grant

**FEES:**

The non-refundable application fee will be \$100. The borrower shall also pay all closing costs including the CRIZ legal fees. The exact fee shall be provided prior to closing, and can be included in the grant amount.

**GRANT APPROVAL:**

The application and all information must be submitted to Lancaster CRIZ Staff. The information will then be reviewed by the CRIZ Project Review or the Finance Committee. A recommendation to approve the grant will be presented to the CRIZ Authority for approval. Applicants are required to attend the meetings as requested.

**DOCUMENTATION REQUIREMENTS:**

To be considered for the Program, please submit everything on the application checklist.



City Revitalization and Improvement Zone (CRIZ)  
Small Business Grant Program-Application Checklist

The following information must be submitted to be considered for the CRIZ Small Business Grant Program, unless waived by the CRIZ Authority.

- \_\_\_ 1. Completed Application.
- \_\_\_ 2. Business Plan. The business plan should include the information requested in the "Business Plan Outline".
- \_\_\_ 3. Detailed Description of Project. Include a summary of financing needs and the anticipated benefit of the grant.
- \_\_\_ 4. Business Financial Statements. Include balance sheets and income statements for the last 3 years if available.
- \_\_\_ 5. Business Tax Returns (for last 3 years, if available).
- \_\_\_ 6. Projected Cash Flow Statements (the next 12 months), plus an estimate of annual CRIZ revenue.
- \_\_\_ 7. Personal Financial Statements. Owner, and (Guarantors if applicable) must complete and sign.
- \_\_\_ 8. Personal Signed Tax Returns for All Owners (for the last 3 years).
- \_\_\_ 9. Personal Budget Statement if not an existing business.
- \_\_\_ 10. Resumes of all owners.
- \_\_\_ 11. Commitment letters for any additional funds required.
- \_\_\_ 12. Application fee of \$100.

Send all information in paper format or on a flash drive to:

CRIZ Authority of Lancaster  
Attention: Marisol Torres  
120 North Duke Street  
Lancaster, PA 17602  
(717)291-4708  
martorres@cityoflancasterpa.com

## Business Plan Outline

As part of the information requested in the Grant Application Checklist, all businesses should include a Business Plan in the Application Package. This business plan should include, at a minimum, information related to the areas listed below:

a. Purpose of Your Business

- What product or service are you selling?
- What is unique about your business?
- What are your company's strengths and weaknesses?
- What is the nature of this industry?

b. Description of Market

- Who are your target customers?
- How large is the target market for your product?
- Is the market growing?
- What are your marketing and advertising strategies?
- What is your company's pricing strategy?
- What contracts or purchase orders do you currently have?

c. Description of Competition

- Who are your competitors?
- What are your competitor's strengths and weaknesses?
- What has been the failure rate of your competitors in the last few years, and why have they failed?

d. Description of Management Capacity

- What is your experience in this industry?
- What is your management background?
- Who will manage the business?
- Do you have a lawyer, accountant, or consultant to assist management?
- Who are the other key management people within your company?

e. Description of Legal Status

- How are you legally organized? (sole proprietor, partnership, corporation-C or S, nonprofit, cooperative, etc.) When was the business formed? Include a copy of the legal documents proving your organization's status.

Please note that these questions are only a guide to some of the topics you may need to address. Not all of them will apply to all businesses, and just answering this list will not adequately describe every business. Please include information that you believe will be helpful to the committee and CRIZ Authority to best understand your business.

# CRIZ Application

## I. APPLICATION INFORMATION

Name of Applicant: \_\_\_\_\_  
Address of Applicant: \_\_\_\_\_  
Contact Phone Number: \_\_\_\_\_  
Contact Email: \_\_\_\_\_  
Type of CRIZ financing:  Loan  Grant  
Grant/Loan Amount Requested: \$ \_\_\_\_\_  
Guarantors of Credit: \_\_\_\_\_

## II. COMPANY INFORMATION

Name of Business: \_\_\_\_\_  
Type of Business: \_\_\_\_\_  
Federal Tax I.D.: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Date Business Established: \_\_\_\_\_ How Long Owned: \_\_\_\_\_

## III. OWNERSHIP & MANAGEMENT STRUCTURE

Business Organizational Structure:

Sole Proprietorship \_\_\_\_\_ Corporation \_\_\_\_\_ Partnership \_\_\_\_\_  
LLC \_\_\_\_\_ Limited Partnership \_\_\_\_\_

*List all owners, partners, and/or stockholders with at least 20% ownership in the business:*

Name and Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Percent Ownership: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Name and Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Percent Ownership: \_\_\_\_\_ Phone Number: \_\_\_\_\_

## IV. BANKING RELATIONSHIP DATA

Name of Bank: \_\_\_\_\_  
Address: \_\_\_\_\_  
Account Type(s): \_\_\_\_\_  
Contact Info: \_\_\_\_\_

**V. PROJECT BUDGET & FINANCIAL INFORMATION**

<u>Scope of Project</u>	<u>Estimated Project Cost</u>
<input type="checkbox"/> Real Property Acquisition	\$ _____
<input type="checkbox"/> Building Renovations/Leasehold Improvements	\$ _____
<input type="checkbox"/> Infrastructure Improvements	\$ _____
<input type="checkbox"/> Purchase of Machinery/Equipment	\$ _____
<input type="checkbox"/> Working Capital	\$ _____
<input type="checkbox"/> Inventory	\$ _____
<input type="checkbox"/> Other-Please Specify	\$ _____
<b>TOTAL PROJECT COST</b>	<b>\$ _____</b>

Have any cost estimates for this project been obtained?                      Yes \_\_\_\_\_ No \_\_\_\_\_  
 Cost estimates must be attached to the application.

**VI. SOURCE(S) OF PROJECT FUNDS**

Owner Equity:	\$ _____	% of Total Project	_____
Bank Loan:	\$ _____	% of Total Project	_____
CRIZ Financing:	\$ _____	% of Total Project	_____
Private Financing:	\$ _____	% of Total Project	_____
Other _____	\$ _____	% of Total Project	_____

**VII. COLLATERAL INFORMATION – BUSINESS & PERSONAL**

<u>Type</u>	<u>Existing Lien?</u> <u>(Secured/Unsecured)</u>	<u>Estimated Fair Market Value</u>
<input type="checkbox"/> Real Estate/Business	\$ _____	\$ _____
<input type="checkbox"/> Equipment/Fixtures	\$ _____	\$ _____
<input type="checkbox"/> Real Estate/Personal	\$ _____	\$ _____
<input type="checkbox"/> Personal Property	\$ _____	\$ _____
<input type="checkbox"/> Other (Specify)	\$ _____	\$ _____



**X. CREDIT RELEASE AUTHORIZATION**

I/we hereby request and authorize you to release to the City of Lancaster for verification purposes, personal and corporate credit reports, and information concerning the company/corporation/partnership and/or the officers and individuals listed below. That information may include but is not limited to:

- Employment history dates, title, income, hours worked, etc.
- Banking (checking & savings) accounts of record.
- Mortgage loan rating (opening date, high credit, payment amount, loan balance, and payment)
- Any information deemed necessary in connection with a consumer credit report for my loan application.

**This information is for the confidential use of the City of Lancaster in compiling a loan credit report related to the CRIZ Loan Program.**

A photographic or carbon copy of this authorization (being a photographic or carbon copy of the signature(s) of the undersigned), may be deemed to be the equivalent of the original and may be used as a duplicate original.

The City of Lancaster will impose an additional charge for each personal credit report and for each business credit report ordered.

(Please print or type)

---

Name of Business: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Date: \_\_\_\_\_

Name of Officer/Owner: \_\_\_\_\_  
Address for last two years: \_\_\_\_\_  
Social Security #: \_\_\_\_\_  
Signature: \_\_\_\_\_

Name of Officer/Owner: \_\_\_\_\_  
Address for last two years: \_\_\_\_\_  
Social Security #: \_\_\_\_\_  
Signature: \_\_\_\_\_

**XI. EMPLOYMENT AND JOB CREATION INFORMATION**

Number of Current Employees:

Full Time:

Part Time:

Seasonal:

Number of Employees Projected in Three Years:

Full Time:

Part Time:

Seasonal:

Please indicate position type(s):

Management:

Administrative:

Support:

Skilled:

Unskilled:

Other:

Total Number of Jobs Created with Grant/Loan Proceeds: \_\_\_\_\_

Total Number of Jobs \_\_\_\_\_

**XII. BORROWER CERTIFICATION STATEMENT AND SIGN-OFF**

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

POSITION: \_\_\_\_\_

If you should have any questions regarding the application process, please contact:

Marisol M. Torres

(717)291-4708

martorres@cityoflancasterpa.com