

# CITY OF LANCASTER REVITALIZATION AND IMPROVEMENT ZONE AUTHORITY

## Guidelines to Access CRIZ Revenues Generated to Finance Projects in the City of Lancaster's City Revitalization and Improvement Zone (CRIZ)

### Purposes of These Guidelines

These guidelines are related to proposed projects seeking to utilize the CRIZ revenues generated by the project, or a one-time grant exceeding \$25,000 for a proposed project. Those seeking assistance through the CRIZ Small Business Financial Assistance Loan and Grant Program for grants up to \$25,000 or loans up to \$100,000 should refer to the guidelines for that Program.

These Guidelines provide information for businesses, developers and other entities (collectively, "Applicants") seeking financial assistance from the City of Lancaster Revitalization and Improvement Zone CRIZ Authority (the "CRIZ Authority") for qualified projects within the City Revitalization and Improvement Zone ("CRIZ") within the City of Lancaster (the "City"). Applicants are encouraged to improve and develop properties within the CRIZ by utilizing financial assistance available pursuant to the CRIZ Act (described below).

Included in these Guidelines is background on the creation of the CRIZ, the requirements of the CRIZ Act, criteria Applicants should consider when seeking financial assistance for a project within the CRIZ ("Project") through the CRIZ Authority, and procedures for applying for financial assistance. As further described herein, the financial assistance process includes the following four stages of review and approval by the CRIZ Authority:

1. **Qualification Stage.** An initial, non-binding confirmation of interest by the CRIZ Authority to an Applicant. In this stage, a review of a proposed Project is completed by staff to determine if the project meets the preliminary criteria and requirements to receive CRIZ financial assistance. If staff establishes that the project does meet the preliminary criteria and requirements the Project will be submitted to the CRIZ Authority's Project Review Committee ("PC") to determine if a full application will be requested. Once the Qualification Stage is completed, the Applicant can proceed to the Application Phase.
2. **Application Stage.** A formal application for CRIZ financial assistance is prepared and submitted by the Applicant for CRIZ Authority approval for a specific Project or initial phase(s) of a multi-phased Project.
3. **Review and Approval Stage.** Once approved by the CRIZ Authority, A formal review and approval must be completed by the Pennsylvania Department of Community and Economic Development ("PA DCED"), the PA Department of Revenue and the PA Office of Budget under applicable law.
4. **Funding Stage.** Once approved by the Commonwealth of Pennsylvania agencies this stage includes preparation of a formal Grant Contract between the Applicant and the CRIZ Authority outlining the responsibilities of both parties and how CRIZ revenues will be

distributed in future years and the mechanism for fund transfers from the CRIZ Authority to the Applicant on an annual basis to assist in paying annual debt service on financing obtained by the Applicant to fund the project.. A template of the Grant Contract is attached as Exhibit I. This template is subject to change based on the specifics of each approved project.

### **Creation and Purpose of the CRIZ; Use of Qualified Tax Revenues; Statutory Background**

The CRIZ consists of approximately 130 acres located in five geographic areas of the City. A map showing the boundaries of the CRIZ can be found on the CRIZ web page:

<https://cityoflanasterpa.com/investment-incentives-tax-credits-and-financing/criz/> .

The CRIZ was established for the purpose of revitalizing and further developing specific geographic areas in the City. The focus of the Lancaster CRIZ Program is on the development of vacant and underutilized properties and buildings within the City. It is also intended to aid in the expansion and improvement of existing businesses in the City. The CRIZ Act provides that qualified state and local tax revenues may be used for payment of debt service on bonds or loans issued for the acquisition, improvement and development of qualified capital improvements within the CRIZ.

Qualified Tax Revenues generated by new businesses starting up or moving into the CRIZ, within property owned or controlled by Applicants, will be made available to pay debt service on bonds the Applicant may issue to finance projects; pay debt service on loans secured by the Applicants to finance a project, pay debt service on bonds where the CRIZ Authority may serve as a conduit bond issuer, or to pass through to the Applicant's debt holder to replenish debt service reserve funds, pay a portion of annual debt service on a loan or make principal prepayments on loans obtained to finance the project.. In addition, in certain cases, increased Qualified Tax Revenues resulting from an existing business expansion may also be available to secure new financing for expansion or capital improvements to an eligible property.

### **Disclaimers**

These Guidelines are intended for informational purposes only. They are not meant to constitute any contractual offer or financial obligation by the CRIZ Authority. These Guidelines shall not be construed to limit in any way the discretion of the CRIZ Authority in making decisions on the use of CRIZ Qualified Tax Revenues. To the extent of any inconsistency between these Guidelines and the provisions of the Municipal Authorities Act and the CRIZ Act as they may be amended or interpreted, the provisions of such laws shall control. These Guidelines are effective as of their date and while the CRIZ Authority intends to update them as appropriate, Applicants should rely upon the advice of their own advisors with respect to matters of law, tax implications and business judgment in any way relevant hereto.

### **Questions and Requests for Additional Information**

Should you have any questions regarding these Guidelines, the CRIZ, available financial assistance through the CRIZ Authority or otherwise, please contact Jeremy Young, CRIZ Authority Staff, at 717-696-6200 or by email at [jyoung@teamlanc.org](mailto:jyoung@teamlanc.org).

Common questions may be addressed in future CRIZ Authority Guidelines and as the Commonwealth updates governing regulations, program requirements or guidelines.

## **Projects Eligible for CRIZ Financial Assistance by the CRIZ Authority**

The following is a summary of significant guidelines and requirements for new development projects, as well as the redevelopment of existing buildings and expansion of existing businesses. These are solely for discussion purposes by the CRIZ Authority. These Guidelines do not prohibit the CRIZ Authority from imposing additional requirements, requiring additional information to be submitted or waiving requirements in special circumstances.

### **Eligible Applicants**

Applicants may include both for-profit and not-for-profit entities, as well as individuals.

The CRIZ Authority will consider applications from joint ventures. When submitting joint proposals, all parties must provide all applicable application documents.

### **Eligible Projects**

In order to be eligible for CRIZ financial assistance through the CRIZ Authority, all projects must be located within the designated CRIZ boundaries. All projects must be in compliance with the City's zoning ordinance (which may be accessed on the City's website at [www.cityoflanasterpa.com](http://www.cityoflanasterpa.com)), the City's Comprehensive Plan and the City's current and future development plans for the CRIZ. Further, the project must be approved by the Lancaster City Zoning Hearing Board and Planning Commission, when required, before construction can begin. City-required Building Permits must also be in-hand before construction may begin. Failure to comply with the above may be cause for denial of CRIZ financial assistance.

The following types of projects are eligible for financial assistance:

1. Acquisition, development, construction, including related infrastructure and site preparation, reconstruction, renovation of all or a part of a facility.
2. Payment of debt service on financing obtained for activities in Paragraph 1 above.
3. Replenishment of amounts in debt service reserve funds established to pay debt service.
4. Costs associated with engineering services, architectural, landscaping or surveying services associated with the Applicant's project.

### **Timelines for Completion of Projects**

All projects generally must be completed within 24 months of receipt of approval for financial assistance from the Commonwealth of Pennsylvania. Applicants should reflect this in their project timeline. However, the CRIZ Authority may approve a different timeline depending on the size and scope of the Project, or if the project is to be completed in phases over more than two years.

## **Fees and Costs**

At the time of submitting the Application (not the initial preliminary application) a fee of \$250.00 is payable with the submission of the Application. Review of the Application will not begin until the fee has been received.

A non-refundable fee of \$2,500, to be used by the CRIZ Authority as an offset to the out of pocket costs incurred by the CRIZ Authority related to the Project review and approval process is due at the time the CRIZ Authority approves the Application. If the CRIZ Authority does not approve the Application to receive financial assistance no fee is required to be paid.

The Applicant shall also reimburse the CRIZ Authority for reasonable attorney fees and third-party reviewers, such as the CRIZ Authority's consultant that creates a modeling of possible Qualified CRIZ Revenues for a project required prior to the CRIZ Authority's approval of the Application.

The non-refundable fee and the reimbursement for attorney fees and third-party reviewers must be received prior to the CRIZ Authority submitting the Application to the Commonwealth for its approval.

If the CRIZ Authority is to serve as a conduit bond/note issuer for a project, the Applicant shall pay all bond/note issuance costs, including but not limited to, attorney fees, financial advisor fees, and processing fees. In addition to these costs, the Applicant shall pay a fee to the CRIZ Authority of 25 basis points on the amount to be financed, with a minimum \$5,000 fee applicable to all financing. This CRIZ Authority fee is payable whether the bond closes or not. If the bond closes, it can be paid at time of closing.

If the CRIZ Authority issues a bond to finance a project, for the life of the bond, the Applicant shall also pay a fee to the CRIZ Authority for ongoing administrative costs incurred by the CRIZ Authority, including Trustee costs. A fee structure will be utilized to cover such costs that are consistent with similar CRIZ Authority fee structures in the Commonwealth. Presently the annual fee is 15 basis points of the original principal amount of the loan. This fee is to be paid annually and due on the first day of each year following closing.

***The Applicant, not the CRIZ Authority, is responsible for its own expenses related to the Application and financing.***

## **Criteria that the CRIZ Authority Will Consider in Approving Projects for Financial Assistance**

The CRIZ Authority will consider the following criteria when reviewing an application for CRIZ financial assistance:

1. *Financial Strength of Applicant; Ability to Maintain Working Capital and to Operate Project in Start-up Period; Completion Risk/Risk of Obtaining Any Funding Necessary for Additional Phases of the Project.* In reviewing an application, the CRIZ Authority will consider the Applicant's history developing similar projects and the Applicant's financial history, as well as any issues specific to the proposed Project that may pose a risk to completion of the Project or maintaining working capital to operate the Project in a start-up period. Based on the Applicant's financial history, the CRIZ Authority will also consider whether the Applicant would be able to secure additional funding for the Project should there be cost overruns, or if additional phases of the Project are contemplated.
2. *Ability to Undertake the Project.* The CRIZ Authority will review and consider the experience of the Applicant and their team to complete projects of similar size and complexity.
3. *Job Creation.* The CRIZ Authority will take into consideration the number and types of jobs the Project is expected to generate within the CRIZ and the City, and the degree to which the Applicant will hire workers living in the City of Lancaster. The CRIZ Authority will also consider the wage scales being paid to employees.
4. *Occupancy Levels.* The Applicant should demonstrate that constructed or redeveloped facilities will reach a minimum 50% percent occupancy within one year of the issuance of a Certificate of Occupancy.
5. *Project's Demand Upon Municipal Services.* The Applicant should provide information detailing how it will offset the increased demand for municipal services such as public safety, and public works required for its Project.
6. *Certified Minority or Women Business Enterprise (MBE/WBE) Participation.* Preference will be given to Applicants that are MBE/WBE certified in the Commonwealth or use MBE/WBE certified subcontractors from the City of Lancaster in the construction of the Project.
7. *Locally or Domestically Sourced Materials.* Preference will be given to Applicants whose Project plans involve the use of local (including Lancaster County or Commonwealth of Pennsylvania) or domestically sourced materials.
8. *Commercial Goods and Services.* Projects are encouraged to utilize local businesses, particularly City of Lancaster businesses, when seeking to fulfill supply chain needs for the business or businesses owning or leasing space in a project.
9. *City of Lancaster support.* The project must have the City of Lancaster's support to move forward with the project.
10. *Creation of Local and State Tax Revenues.* The project is expected to generate new local employment and/or property tax revenues and increased or new State tax revenues over time.

## **Ineligible Projects**

Projects must be in compliance with the CRIZ Act. Projects will not be approved if they are not in compliance with all applicable federal, state or local laws.

The following types of projects will be ineligible for CRIZ financial assistance:

1. financing acquisition of a property in excess of the property's current fair market value established by an independent appraisal;
2. projects not consistent with the City's future or amended Comprehensive Plan and economic development strategy;
3. any project not located within the CRIZ;
4. projects that are not acquisition, development, redevelopment, construction, acquisition of new equipment;
5. capital improvements to a facility required due to deferred maintenance, defined as maintenance;
6. maintenance or replacement of equipment;
7. projects seeking assistance for working capital; and
8. repayment or refinancing of existing debt unrelated to a new project.

## **Ineligible Project Costs**

The following project costs are ineligible for CRIZ financial assistance:

1. Pre-development soft costs.
2. Replacement of furniture, fixtures & equipment (unless part of a facility owned and operated by a Public Authority as defined by the CRIZ Act).
3. Working capital.
4. Rolling stock.
5. Inventory/receivable financing.
6. Relocation costs for a business or its employees moving into the CRIZ.
7. Repayment/refinancing of existing debt.

## **8. Permissible Parameters for CRIZ Authority Financial Assistance**

1. *CRIZ Authority financial assistance may be taxable for Federal Income Tax Purposes (Tax- Exempt for Certain Commonwealth or 501(c)(3) Purposes):* Certain projects may qualify for tax exempt financing if they are owned by a 501(c)(3) organization or a governmental entity and there is no private business use. The CRIZ Authority does not provide guidance on whether a project may qualify for tax-exempt financing. Applicants should consult with their legal counsel or tax professional.
2. *Prepayment Provisions:* Subject to the requirements of any lender, the CRIZ Authority imposes no pre-payment penalty and will support the use of CRIZ-generated increment to be used to pre-pay principal on loans obtained for the project.
3. *Mortgages, Security Interests—Lien Position:* Permitted subject to CRIZ Authority approval where the CRIZ Authority is acting as a conduit bond issuer for a project.

## Insurance Requirements

The CRIZ Authority may impose insurance requirements with respect to the Project, including but not limited to general liability and Performance and Payment bonds with the CRIZ Authority named as an additional insured. If insurance is required by Applicant's lender, the CRIZ Authority may accept that coverage if the CRIZ Authority is named as an additional insured. The CRIZ Authority may also require general liability insurance coverage as additional insureds for the City of Lancaster and the Commonwealth of Pennsylvania.

## **Process to Apply for CRIZ Authority Financial Assistance for a Project Located in the CRIZ**

### **Stage 1: The Qualification Stage**

The key components of the Qualification Stage are as follows:

The CRIZ Authority Project Review Committee (PRC) will receive project summaries from interested Applicants at a meeting open to the public only after staff have reviewed and determined the completeness of the summaries. The summaries should not be more than ten (10) pages in length, plus a one-page spreadsheet providing preliminary estimates of the eligible CRIZ tax revenues the project is expected to generate over a 5-year period.

In addition to providing a summary of the proposed project, the Qualification Stage summary must address the Criteria presented on pages 5 of these Guidelines.

Following a review of the summaries by the PRC, an initial non-binding confirmation of interest (or noninterest) by the PRC shall be provided to the Applicant. The initial review will verify the following criteria are met:

1. The property to be developed is located within the CRIZ.
2. The Applicant has shown actual or equitable ownership or has a binding option to purchase such property of adequate duration to acquire title by the time private financing is approved. The Applicant will be asked to provide appraisals for property to be acquired or deeds for property it owns.
3. The Project will be developed in a manner consistent with the criteria used by the CRIZ Authority in approving financial assistance and in a manner consistent with the definition of "Facility" in the CRIZ Act. "Facility" is defined to comprise a development or complex of residential, commercial, exhibition, hospitality, conference, retail and community uses.

Following a favorable initial determination by the CRIZ Authority's PRC during the Qualification Stage, the Applicant will be allowed to proceed to the Application Stage.

### **Stage 2: The Application Stage**

The key components of the Application Stage are as follows:

- A. A formal application for CRIZ financial assistance will be prepared and submitted by the Applicant to the CRIZ Authority. In addition to the Application cover sheets (Exhibit III), the Applicant must provide detailed information in an indexed three-ring binder with a Tab for each of the following items:
  - i. The Applicant must provide a complete description of the project, including a description of the property and its ownership interest and a complete list of the proposed uses and the square footage for each use in the project., and the number

- and types of jobs to be created by the project.
- ii. The Applicant must provide a project timeline indicating major milestones and any possible financing or timing concerns.
  - iii. The Applicant must provide a listing of any committed (or anticipated) leases for businesses to occupy improved space and the timeline for occupancy, including Letters of Intent if available.
  - iv. The Applicant must provide a description of the ownership and management of the Applicant; resumes for key personnel of the Applicant indicating their qualifications; background on the Applicant, including a company history and profile; a list of subcontractors and their qualifications; and any other information requested by the CRIZ Authority. The Applicant shall submit company financial information and allow a third-party background check to be conducted and credit report to be obtained, if requested.
  - v. The Applicant must provide an initial project budget including all sources of financing and expenditures and confirming the overall financial viability of the Project (not just the Applicant). A term sheet from all lenders (primary or secondary) must be submitted.
  - vi. The Applicant must provide projected income and cash flow statements and balance sheets for the present fiscal year and three years forward. Start-up businesses should provide a monthly cash flow statement for the first year or until the business is projected to reach a break-even point. List all material assumptions included in the projections.
  - vii. Applicant must provide three years of audited or compiled financial statements and Federal and State tax returns and all supporting schedules. Interim financial statements, including balance sheet and income statement dated within 90 days of the Application are also required.
  - viii. The Applicant must demonstrate experience and capacity to develop a project of the scale and size that they propose. The Applicant must provide a list of related projects in progress or completed within the last five years and details of those projects including budgets and a description of any significant delays or cost over runs experienced in the construction of such projects.
  - ix. The CRIZ Authority may require the Applicant to cause its lender(s) and/or investors to submit underwriting information and analysis to demonstrate overall project feasibility and the financial capability of the Applicant to complete the project.
  - x. The Applicant must demonstrate the plan's compliance with the City's zoning ordinance and consistency with all applicable existing City ordinances, i.e. Planning Commission review, Historical Commission or Historic Architecture Review Board reviews.
  - xi. The Applicant must provide conceptual drawings of the proposed Project. Artist and/or renderings of each building façade and spatial representation of each type of space to be included, i.e. offices, apartments, retail space and other commercial uses. The CRIZ Authority reserves the right to comment upon all design and engineering.
  - xii. The Applicant must submit a reasonably detailed feasibility analysis, including market research and financial analysis for review, demonstrating long term viability of the proposed development.
  - xiii. Applicant shall detail the long term impact of tax generation within the CRIZ both for private and public project purposes and must provide an estimate of the projected incremental new CRIZ revenue that will be generated by the Project to be used to pay debt service on the Applicant's Project or reinvested in the CRIZ. The

CRIZ Authority will require the Applicant to use the CRIZ Authority's third-party firm to generate this CRIZ revenue model.

- xiv. Applicant shall detail the demand on Municipal services including the impact on the Lancaster School District, if any.
- xv. If required, and with the assistance of the CRIZ Authority, the Applicant must complete an application to the PA Department of Community and Economic Development ("PA DCED") if it must approve the CRIZ Authority's financial assistance.

B. Depending upon the nature of the project and financial assistance sought by an Applicant, the CRIZ Authority may request or require certain additional information related to, among other things, how the Project may be integrated with or impact existing uses within the CRIZ. Following are examples of additional information which may be requested:

- i. Phase I/Phase II or other environmental impact reports or assessments;
- ii. parking/traffic impact studies; and/or
- iii. approvals required by other City, County or State agencies.

Upon the recommendation of the PRC, the CRIZ Authority will be asked to adopt a resolution approving the Project and the financial assistance to be provided.

Following CRIZ Authority approval, a signed commitment letter from all lenders providing financing for the Project will be required before submitting the Application to the Commonwealth for its approval.

### **Stage 3: The Funding Stage**

The key components of the Funding Stage are as follows:

- A. Since the project will be funded by a lender other than the CRIZ Authority, the Applicant shall secure financing for its project and provide all necessary collateral, guarantees and credit enhancement that the lender may require. The CRIZ Authority shall not be the Borrower under any circumstances and shall have no financial obligation to the Borrower (except for distributing the annual CRIZ revenues generated by the Project to the Lender. The CRIZ Authority has no financial obligation to the Lender(s).
- B. Applicants should authorize lenders to release loan documentation to the CRIZ Authority for review prior to finalizing terms and conditions of the loan to insure there is nothing that would conflict with the CRIZ Act. However, the CRIZ Authority will not be involved in negotiation of business terms between the lender and Applicant.
- C. The Applicant shall indemnify the CRIZ Authority from and against any and all claims, losses, damages or liabilities relating to the loan(s) or the Applicant's project. Among other things, such indemnifications shall extend to environmental claims and proceedings.
- D. The revenues available for debt service on the Applicant's obligations shall be limited to the qualified tax revenues under the CRIZ Act paid by qualified businesses in the Applicant's Project that have moved into the CRIZ after January 1, 2014. Twenty percent (20%) of qualified tax revenues from businesses moving into the Applicant's Project shall be retained by the CRIZ Authority (the "CRIZ Authority Retention") for uses to be determined by the CRIZ Authority. The CRIZ Authority may vary the CRIZ

Authority Retention based on circumstances of specific projects. The CRIZ Authority reserves the right to use the CRIZ Authority Retention for any permitted purposes under the Act, including pledging it to other obligations of the CRIZ Authority or other projects approved by the CRIZ Authority. The exact amount of CRIZ qualified tax revenues retained by the CRIZ Authority will be delineated in the Grant Contract.

- E. The Applicant and the CRIZ Authority will enter into a Grant Contract (Exhibit I as a template) for the project outlining requirements related to the development of the financed project (the "Grant Contract"). The Applicant shall provide the CRIZ Authority with a detailed project budget as well as other documentation the CRIZ Authority may require, including, but not limited to, a schedule of project milestones and related timelines, in order to review, inspect and fund the project. The Applicant will be required to provide loan amortization schedules for each loan to be included in the Grant Contract. The Grant Contract shall be governed under Pennsylvania law and subject to the CRIZ Authority and City's standard policies related to, among other matters, sub-contractors, procurement, forum selection, jury trial, indemnification and liquidated damages.
- F. If an Applicant utilizes funding provided under the CRIZ Act to purchase properties (including long-term leasehold interests), the CRIZ Authority may require repayment of any CRIZ financial assistance provided, up to the date of the sale, from the proceeds of the sale. The conditions for repayment will be delineated in the Grant Contract.
- G. As set forth in the Grant Contract, if the Applicant abandons or intends to transfer the Project to another party, the CRIZ Authority reserves the right to withdraw any CRIZ financial assistance committed in the Grant Contract. The new party may submit an amended Application to the CRIZ Authority for consideration, but the CRIZ Authority is not obligated to approve providing CRIZ qualified tax revenues to be generated by the project under the new party.
- H. Upon execution of the Grant Contract, the Applicant must provide the following:
  - i. a current good standing certificate from the Commonwealth;
  - ii. certification that the Applicant is:
    - a) qualified to do business in Pennsylvania;
    - b) current in payment of all federal, state and local taxes;
    - c) in compliance with all applicable federal, state and local laws and regulations;
    - d) not in bankruptcy, in default on any loans or other extensions of credit, and has no unsatisfied judgments against it; and
    - e) in compliance with all other provisions under the CRIZ Act and other applicable law, including the City's zoning, planning and building code ordinances;
  - iii. a summary of any outstanding litigation against the Applicant;
  - iv. certification that all property subject to development/redevelopment in the CRIZ is in compliance with environmental regulations.
- I. Transfers of approved project funds from the CRIZ Authority to the Applicant will occur annually between November and April 15 of the following year. The CRIZ Authority or its representative will review and approve all cost documentation submitted by the Applicant as needed, prior to transferring CRIZ qualified tax revenues to the lenders for payment of debt service. The CRIZ Authority may request cost documentation certified

by an CRIZ Authority approved third-party inspecting engineer prior to the transfer of assistance.

- J. The Applicant shall pay a fee to the CRIZ Authority upon closing of the financing. For information about fees, please see "*Projects Eligible for CRIZ Financial Assistance by the CRIZ Authority - Fees and Costs*".
- J. Applicants should consult with their own legal and tax advisors regarding the federal and state tax implications of the receipt of CRIZ Authority financial assistance.
- K. After Execution of the Grant Contract:
  - i. The applicant will be required to annually file the State and Local reports by the date due in accordance with and required under the CRIZ Act and submit copies thereof to the CRIZ Authority within 30 (30) days of the filing. With respect to any tenant, occupant or licensee within the Project, and with regard to any party performing services, professional or otherwise, construction or capital improvements to the Project ("Third Parties"), Applicants covenant that they will include in all contractual arrangements with such Third Parties the requirement that they, too, annually file the State and Local reports in accordance with and required under the CRIZ Act by the date due and submit copies thereof to the CRIZ Authority within 30 (30) days of the filing. Further, Applicant, hereby, and, inclusive within each contractual arrangement with Third Parties, the Third Parties, shall consent to the CRIZ Authority disclosing and discussing the report filed with the Commonwealth of Pennsylvania, Department of Revenue, The City of Lancaster Department of Administrative Services, and any other regulatory or administrative body requesting such documentation to review and approve financial assistance of the CRIZ Authority, with the understanding that in all other respects the reports are confidential to the party filing. Failure of compliance as set forth herein shall be deemed a material breach of Grant Contract and can result in all CRIZ financial assistance being terminated since failing to file the required reports, or filing them after the deadline, will result in a loss of CRIZ qualified tax revenues provided to the CRIZ Authority.
  - ii. If the Applicant creates additional qualified tax revenues after occupancy that could be dedicated to existing debt service for the project, the Applicant can request that additional qualified tax revenues be available for debt service as a payment on outstanding principal or as a prepayment on principal if permitted by the lenders. The CRIZ Authority will retain up to 30% of this excess qualified tax revenue as its CRIZ Authority Retention for obligations of the CRIZ Authority. The CRIZ Authority reserves the right to vary the CRIZ Authority Retention based on circumstances of specific projects. The CRIZ Authority reserves the right to use the CRIZ Authority Retention for any purpose permitted under the CRIZ Act, including pledging it to any obligation of the CRIZ Authority or to another Project in the CRIZ District.

The CRIZ Authority has the right to review construction inspection reports being prepared for the applicant's financial institution. If a qualified party is not hired the CRIZ Authority has the ability to hire a third party to review construction inspection reports. The Applicant will be responsible for payment of these costs.

EXHIBIT I  
GRANT CONTRACT TEMPLATE

