

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

RESOLUTION No. 8-2018

ADOPTED September 25, 2018

**APPROVING AN APPLICATION FROM 29 E KING STREET, LLC REQUESTING CRIZ
FINANCIAL ASSISTANCE TO FINANCE THE RENOVATION OF THE FAÇADE AND
ENTRANCES OF 29 EAST KING STREET**

WHEREAS, the 29 E King Street, LLC (hereinafter referred to as the "Applicant") have submitted an application to the City of Lancaster City Revitalization and Improvement Zone (CRIZ) Authority seeking CRIZ financial assistance to finance the renovation of the façade and entrances to the commercial office building at 29 East King Street, Lancaster, PA; and

WHEREAS, the Applicant submitted a complete application for consideration and appeared before the Project Review Committee at a meeting of the Committee on September 18, 2018 to present the application for consideration by the Committee; and

WHEREAS, The Applicant has secured a lease commitment from Woodstream Corporation of Lititz, PA to relocate its corporate headquarters, and approximately 180 corporate headquarters employees, to the property as the principal tenant of the building, with a condition that the façade and entrances of the building are renovated; and

WHEREAS, the Project Review Committee has recommended approval of the application, with conditions.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the City of Lancaster Revitalization and Improvement Zone (CRIZ) Authority to approve providing CRIZ financial assistance to the Applicant to cover debt service associated with financing to renovate the façade and entrances to 29 East King Street, Lancaster, PA within the Central Business CRIZ District as outlined in the Applicant's application, and as stipulated in the Project Review Committee recommendation, attached hereto as Exhibit A.

BE IT FURTHER RESOLVED that this commitment of CRIZ financial assistance is also conditioned upon the approval of the project by the Pennsylvania Department of Community and Economic Development, the Pennsylvania Department of Revenue and the Pennsylvania Office of Budget.

BE IT FURTHER RESOLVED that upon receipt of the required approvals of the Commonwealth of Pennsylvania agencies, the Acting Executive Director and Chair are authorized to prepare and execute, with the assistance of legal counsel, the CRIZ Grant Agreement and all other legal documents required to provide the CRIZ financial assistance to the Applicant.

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 September 25, 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 25th day of September 2018.

A handwritten signature in cursive script, reading "Thomas Baldrige", is written over a horizontal line.

Secretary, Thomas Baldrige

CONFIDENTIAL

MEMORANDUM

TO: CRIZ BOARD OF DIRECTORS
FROM: PROJECT REVIEW COMMITTEE
SUBJECT: 29 EAST KING STREET, LLC; 29 EAST KING STREET FACADE APPLICATION
DATE: SEPTEMBER 18, 2018
CC: RANDY S. PATTERSON

On September 11 and September 18, 2018, the Project Review Committee met with to discuss the 29 East King Street, LLC application for CRIZ financial assistance. The application is requesting CRIZ financial assistance to cover the debt service associated with a loan to renovate the façade and entries to 29 East King Street.

While CRIZ assistance is limited to the façade and entrance renovation project, 29 East King Street is being renovated after much of the interior space was vacated by the Commonwealth of Pennsylvania. The principal tenant of the renovated building will be Woodstream Corporation. Woodstream is proposing to move their corporate headquarters from Lititz to 29 East King Street. 29 East King Street, LLC also plans to create a restaurant/bar space on the ground floor of the building along East King Street. Woodstream will be relocating 180+ employees to the building and expects to grow employment over the next several years by 45 jobs. One of the expectations of the new tenant is that the façade and entrances to 29 East King Street would be updated.

The total cost of the façade and entrance project is approximately \$1,350,000. The applicants are seeking CRIZ financial assistance from the increment created by the new restaurant/bar and the incremental increase in CRIZ revenues to be generated by Woodstream's growth to pay debt service on a \$1,350,000 loan expected to be provided by Peoples Bank. The restaurant space will be leased space and will be occupied after the current tenant's lease ends and renovations completed. CRIZ assistance is not being requested to cover any expenses related to contracted renovation work within the property. The façade and entrance work will be done under a separate construction contract and prevailing wage rates will be paid for the façade and entrance work.

The request reviewed by the Project Review Committee was to extend CRIZ financial assistance for a 10-year period, tied to the term of the People's Bank financing.

The applicant is requesting the full use of 80% of the actual CRIZ increment generated by the tenants of the building to pay the approximately \$180,000 annual principal and interest payments. The applicant is also requesting access to 70% of the increment created over the modeled increment to make additional principal reduction payments to pay off the loan more quickly.

Included with this memo are the following documents:

1. Current Project Executive Summary of the 29 East King Street project
2. Scope of work from D. Ott Construction
3. Source of Funds for the project
4. Summary of projected CRIZ Revenues to be generated (detailed information cannot be given due to the confidential nature of Woodstream's information).

Following the interview with Mr. Kauffman and Mr. Gotwalt, principals in 29 East King Street, LLC, and additional deliberations, the Project Review Committee submits the following recommendation to the CRIZ Authority Board:

1. The CRIZ Authority will act as a pass through of incremental CRIZ revenue generated by the tenants of 29 East King Street. The CRIZ Authority will not be a lender, a borrower or a guarantor of any debt.
2. The CRIZ Authority agrees to provide a 10-year financing commitment from the date of closing to pay debt service on the financing provided to finance the façade and entranceway renovation.
3. The financing commitment will provide 80% of the actual incremental CRIZ revenue to be generated by the tenants of 29 East King Street during the 10-year period, not to exceed 80% of the revenue modeled by the applicant and FourScore LLC.
4. If the annual debt service payment on the CRIZ-supported loan is less than 80% of actual CRIZ revenue generated, or 80% of the modeled revenue, the applicant may use the remaining balance after paying annual debt service to make a principal reduction payment agreed to by the Lender.
5. If the applicant exceeds the incremental CRIZ-revenue modeled projections provided, an amount not to exceed 70% of the additional annual CRIZ revenue generated by the tenants of 29 East King Street would be available to the applicant to make additional principal reduction payments on the CRIZ-supported loan, upon an annual request from 29 East King Street, LLC and approval of the CRIZ Authority.
6. The use of the 70% amount referenced in No. 5 above is subordinate to the any existing CRIZ Authority annual debt service payments on bond debt issued by the Authority and other financial obligations of the Authority.

7. Prior to issuing a Grant Agreement for the CRIZ financial assistance from incremental CRIZ revenues to be generated by tenants of 29 East King Street, the applicant must provide a revised 10-year pro-forma of the project showing current financing and adjusted expense and revenues. The Project Review Committee will determine if the submitted information is sufficient.
8. Prior to issuing a Grant Agreement a financial commitment letter from People's Bank, or another institution, required to enable the façade renovation project to proceed to completion must be presented to the CRIZ Authority.
9. Prior to issuing a Grant Agreement the Commonwealth of Pennsylvania must approve the use of CRIZ revenues to pay debt service on the façade renovation loan.
10. Prior to issuing a Grant Agreement a Construction Contract with D. Ott Construction of another contractor must be submitted to the CRIZ Authority.
11. Prior to issuing a Grant Agreement the Commonwealth of Pennsylvania Department of Labor Prevailing Wage Rate decision must be submitted to the CRIZ Authority.

The above recommendation was unanimously approved by the Project Review Committee. The Project Review Committee recommends the CRIZ Authority Board approve the recommendation as presented.