

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

RESOLUTION No. 3-2018

ADOPTED February 27, 2018

**APPROVING AN APPLICATION FROM THE PROPER FOOD GROUP, LLC AND
MACODO, LLC REQUESTING CRIZ FINANCIAL ASSISTANCE TO ACQUIRE
BUSINESS ASSETS AND OPEN A NEW RESTAURANT TO BE KNOWN AS MAX'S
DINER**

WHEREAS, the Proper Food Group, LLC and Macodo, LLC have submitted an application to the City of Lancaster City Revitalization and Improvement Zone (CRIZ) Authority seeking CRIZ financial assistance to finance the acquisition of the business assets, make leasehold improvements and open a new restaurant to be known as Max's Diner; and

WHEREAS, the Applicant submitted a complete application for consideration and appeared before the Project Review Committee at a meeting of the Committee on February 13, 2018 to present the application for consideration by the Committee; and

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

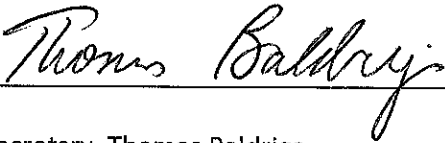
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the City of Lancaster Revitalization and Improvement Zone (CRIZ) Authority to approve providing CRIZ financial assistance to Macodo, LLC to acquire business assets, undertake lease-hold improvements and subsequently open a new restaurant within the Central Business CRIZ District to be known as Max's Diner, 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 February 27, 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 27th day of February 2018.



Secretary, Thomas Baldrige

CONFIDENTIAL

MEMORANDUM

TO: CRIZ BOARD OF DIRECTORS
FROM: PROJECT REVIEW COMMITTEE
SUBJECT: PROPER FOOD GROUP, LLC/MACODO, LLC MAX'S DINER CRIZ APPLICATION
DATE: FEBRUARY 13, 2018
CC: RANDY S. PATTERSON

On February 13, 2018, the Project Review Committee met with Mr. Douglas Bernard representing the Proper Food Group, LLC and Macodo, LLC to review their application for CRIZ financial assistance. The application requests CRIZ financial assistance to acquire the business assets of an existing restaurant and create a new restaurant to be known as Max's Diner.

The existing restaurant whose assets are being acquired and the new restaurant will be located at 38 West King Street within the Central Business CRIZ District. The restaurant will operate as a 125-person modern diner. It will be open year-round and expect to be open 70 hours each week. The new restaurant is expecting to create 8- 10 net new jobs.

The total cost of the project is approximately \$1,029,130. The applicants are seeking CRIZ financial assistance from the increment to be created by the new restaurant to pay debt service on an approximately \$815,000.00 loan expected to be provided by M&T Bank. The restaurant space will be leased space. CRIZ assistance is not being requested to cover operating costs.

The applicant is asking the CRIZ Authority to provide 80% of the annual CRIZ increment certified by the Commonwealth of Pennsylvania to pay debt service on the M&T loan. The current term sheet provides a 10-year term with a 10-year amortization of the loan. At the present time the loan will cover construction costs which will require that prevailing wage rates be paid to all eligible construction workers.

Included with this memo are the following documents:

1. Application from Proper Food Group, LLC and Macodo, LLC which includes:
 - a. Project description
 - b. Statement of Job creation
 - c. Sources and Uses Statement
 - d. Proforma Financials
 - e. CRIZ Revenue modeling for a 10-year period.

Following the interview with Mr. Bernard 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 annual CRIZ revenue generated by the business to be known as Max's Diner. 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 through December 31, 2029 to pay debt service on the financing provided by M&T Bank.
3. The CRIZ financial assistance commitment will provide 80% of the certified CRIZ revenue generated by the restaurant during the 10-year period, but not to exceed 80% of the annual CRIZ 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 the annual certified CRIZ revenue generated, or 80% of the modeled CRIZ revenue, the applicant may use the balance that remains after paying annual debt service to make a lump sum principal reduction payment, if permitted by the M&T Bank.
5. If the annual debt service payment on the CRIZ-supported loan is greater than the what is made available in No. 4 above, and if the applicant generates annual certified CRIZ revenue that exceeds the CRIZ revenue modeled by FourScore, LLC, an amount not to exceed 70% of this additional certified annual CRIZ revenue generated by the restaurant would be available to the applicant to pay the annual debt service on the loan.
6. The availability of the 70% amount referenced in No. 5 above is subordinate to 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 a firm financial commitment from M&T Bank, or another lender, required to enable the project to proceed to completion must be presented to the CRIZ Authority.
8. An executed Asset Purchase Agreement between Aussie and the Fox, LLC and Macodo, LLC must be presented to the CRIZ Authority.

9. An executed Lease between landlord of property located at 38 West King Street and Macodo, LLC.
10. Documentation that the PA Liquor Control Board has approved the transfer of the liquor license to Macodo, LLC.
11. Macodo, LLC will agree to a hiring preference for Lancaster City residents for all new jobs to be created by the project, and when replacing existing employees with an expectation that 75% of all jobs provided are held by City Lancaster City residents.
12. Macodo, LLC provides either an equity investment that would provide a \$1.00 to \$5.00 match to CRIZ revenues to be provided over the term of the loan or make a minimum payment equal to 1/6 of each annual debt service payment.
13. Items No. 7 through No.10 must be presented and approved prior to a CRIZ Grant Contract being issued.

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.