



LUZERNE COUNTY'S BUSINESS DEVELOPMENT LOAN PROGRAM

OBJECTIVE: The goal of the Luzerne County Business Development Loan Program is to attract new business to the area, as well as strengthen existing businesses, thereby creating new employment opportunities, generating additional tax revenues and stimulating the overall area economy. The Business Development Loan Program addresses these goals by providing low interest loans to eligible businesses.

ELIGIBILITY: In order to receive a loan under this program, the business/IDC must demonstrate a positive direct impact on the community in which it is located, on residents of that community, or on the local and/or regional economy. The applicant must demonstrate a need for assistance through the program, and commit to creating 1 permanent, full time equivalent job for every \$35,000 borrowed from the County. A majority (51% or more) of the jobs must be taken by or made available to persons from low/moderate income families. Should the Recipient fail to meet job creation requirements within a three year period following preliminary approval, a penalty may be imposed.

ELIGIBLE ACTIVITIES: Funding will be provided for land and/or building acquisition; construction/renovation activities; purchase of machinery and equipment which is an integral structural fixture of the business; and professional and financial fees. Funding may also be obtained for working capital by manufacturing firms.

PROGRAM FINANCING: Loan funds are available for eligible businesses at an interest rate of 1½% for terms of 7 or 15 years. The County may finance up to 50% of the eligible project costs, with a minimum loan amount of \$50,000 and a maximum loan amount of \$500,000. Loans under \$100,000 will be for a maximum 7 year term. Monthly repayments of principal and interest will be required for the term of the loan. County funds must be secured by a letter of credit from a financial institution.

FINANCING FOR IDC'S/NON-PROFITS: Non-profit organizations, including Industrial Development Corporation's are eligible to participate under the County's loan program. Funding requests will be considered for eligible projects that have a funding gap. For land acquisition deals, the County will consider financing up to 75% of the eligible project costs. Loan packaging must be utilized on all projects and County funds should serve as the final source of funds to complete a project. Loan funds are available for eligible projects at an interest rate of 1½% for a term of 20 years.

PROGRAM MECHANICS: The applicant submits the completed application to the County and all supporting documentation. **Evidence of the ability to secure a letter of credit from a lending institution in the amount requested must be submitted with the loan application.** There will be a minimum of 30 days for the Office of Community Development to determine if the project is eligible, to ensure availability of funds, and to hold a public meeting. The loan will then be submitted to the Luzerne County Council for consideration. Contingent upon approval at a public meeting, a preliminary approval letter will be issued to the applicant, which must be executed and returned to the County. A

loan agreement will then be prepared; however, **a loan closing will not be scheduled until the environmental review process is completed. Prior to the release of funds evidence of actual expenses incurred for eligible activities (i.e. invoices, bills of sale, cancelled checks, payroll registers, etc.) must be submitted to this Office. All expenses submitted must be incurred after the date of preliminary approval.** County funds will not be made available until a loan closing has been held.

All projects utilizing County funds for construction activities must comply with Federal Labor Standards, including the Davis-Bacon Act. Projects utilizing County funds for acquisition activities will require compliance with County acquisition procedures. Specifics of these requirements will be made available by the County's BDLP Loan Counselor.

FEES: A processing fee of 0.5% of the total County funding (not to exceed \$1,000) will be required from the applicant. Of this amount, \$150 is due at the time of execution of the preliminary approval letter, with the balance due at the loan closing. This fee will be waived for non-profit applicants, upon request.

MBE/WBE: It is the policy of the Luzerne County Office of Community Development to encourage applications from minority and women owned businesses. All businesses receiving funding through the Luzerne County Office of Community Development are encouraged to utilize the services of minority and/or women owned businesses.

EQUAL EMPLOYMENT OPPORTUNITY: No business receiving funding through the Luzerne County Office of Community Development shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

FOR FURTHER INFORMATION CONTACT:

Luzerne County Office of Community Development
54 W Union St., Wilkes-Barre, PA 18701
Wilkes-Barre – (570) 824-7214
Hazleton – (570) 459-1814
Pittston – (570) 693-3800

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Robert C. Lawton, County Manager



LUZERNE COUNTY'S BUSINESS DEVELOPMENT REVOLVING LINE OF CREDIT PROGRAM

OBJECTIVE: The goal of the Business Development Revolving Line of Credit (“BUDLOC”) is to assist in the growth and development of small business, including start-up and expansion of these businesses while strengthening existing jobs and creating new employment opportunities. The program is offered by the Luzerne County Council through the Office of Community Development (“OCD”) and the Industrial Development Authority (“Authority”). The OCD will facilitate application processing and loan closings, with ultimate approval/disapproval and loan guarantee being the responsibility of the Authority.

BUDLOC provides a small business with financial resources for use during the asset conversion cycle of the business. The small business is not burdened with the monthly principal and interest costs of a working capital term loan.

The small business can manage the use of the BUDLOC thus enabling it to minimize the interest expense necessary to operate. By empowering the small business to manage the BUDLOC, net income improves and the business strengthens the opportunity to improve profits, secure and expand jobs, and purchase good and services from the local economy.

ELIGIBILITY: To participate in the BUDLOC program, a Lender must first execute a BUDLOC Lender’s Agreement with the Authority. Only one agreement is initially required to be a participant. The Lender must apply for BUDLOC funding on behalf of the business. The lenders will utilize its credit underwriting standards in reviewing a line of credit. Security and collateral for the loan must be consistent with the Lender’s loan policy. The BUDLOC is eligible only for those loans that would not be approved for the amount or term without the BUDLOC credit enhancement.

PROGRAM FINANCING: The BUDLOC program provides a small business, through a participating lending institution (“Lender”), the ability to be approved for a secured revolving line of credit utilizing a guarantee that would cover 50% of the non-recoverable portion of a loan, up to a maximum of \$50,000 for a total loan amount of \$100,000. The term of the BUDLOC is typically one year but cannot exceed three years. The Lenders interest rate and fee to the small business should reflect the nature of the business, risk factors, market conditions and the BUDLOC credit enhancement.

PROGRAM MECHANICS: An application is completed by the Lender on behalf of the small business and submitted to the OCD. Applications can be submitted at any time. The submission will be reviewed to determine if the program parameters are met in the Authority’s sole discretion, and the Lender will be notified of the approval/disapproval with or without explanation. An approved submission will receive, along with the notification of approval, a Borrower and Lender Certification and Loan Guarantee. The Lender will provide an explanation of the need for the guarantee and that “but for” the BUDLOC guarantee, the business would not qualify for the amount and term of the loan.

The Lender will provide a copy of the loan write-up and supporting documentation. The Lender certifies to this requirement, upon its request for BUDLOC for the Small Business.

Upon receipt of the executed BUDLOC documents and exhibits and Lender notification of loan closing date, the Guarantee will be executed and delivered to the Lender reflecting the closing date. The Lender has 90 days from the date of approval to close on the guarantee. The Lender will service the entire loan and will remain the secured party of record. The entire loan will be secured by the same security and equal priority for the guaranteed and unguaranteed portions of the loan.

Upon successful performance by the small business, the Guarantee shall expire. If the Lender is not able to collect full repayment, the Authority will be responsible under the terms of the guarantee and agreement for funding 50% of the principal balance of the line of credit, that was not recovered utilizing loan workout standards of the Lender. The Lender shall comply with the all conditions of the agreement with the Authority.

FEES: The BUDLOC application fee is \$250.00

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LUZERNE COUNTY'S EMPLOYMENT INCENTIVE LOAN PROGRAM

OBJECTIVE: The goal of the Luzerne County's Employment Incentive Loan Program is to create improved employment opportunities while strengthening our labor market through job training opportunities. The program is designed to attract new business to the area, as well as strengthen existing businesses, that will lead to the creation of quality employment opportunities that will lead to higher earning opportunities and enable lesser skilled members of the work force to successfully benefit from these employment opportunities through job training.

ELIGIBILITY: In order to receive a loan under this program, the business must demonstrate a positive direct impact on the community in which it is located, on residents of that community, or on the local and/or regional economy. The applicant must demonstrate a need for assistance through the program, and commit to creating employment opportunities that meet the job creation incentives listed below.

JOB CREATION INCENTIVES: To be eligible for this financing, the business must meet all of the following criteria:

- One (1) permanent, full time equivalent job must be created for every \$35,000 borrowed from the County. A majority (51% or more) of the jobs must be taken by or made available to persons from low/moderate income families. Note: Each unskilled person hired and trained to qualify as a skilled person will count as a low/mod job.
- Total job creation must provide at least 50 jobs that will be made available locally. Jobs filled by employees transferring here from other company locations will not be counted as job creation. The 50 job minimum for small businesses having less than 50 employees may be waived, contingent upon the business meeting all other program criteria. Such waivers will be considered on a case-by-case basis based upon the merit of the project with regard to benefit to Luzerne County and its residents.
- Employer must evidence the intent to utilize a training program linked with any local workforce development program that will train employees to the skill level needed to advance to the job incentive wage level within a reasonably defined time frame following conclusion of the training period. Employer based training programs will be considered contingent upon their providing ample opportunity for lesser skilled/unskilled workers to participate.
- Entry level salaries for employees entering into the training program must not be less than \$9.00 per hour. Said entry level salary must be upgraded to not less than the job incentive wage level upon completion of job training or within the time frame proposed by the company during the application process and approved by the County. Job incentive wage level is defined as 2 ½ times the Pennsylvania minimum wage. Entry level salaries for employees not requiring training shall not be less than the job incentive wage level. All wage scale standards are exclusive of employee benefits.

- Failure to meet the job creation requirements within a 3 year period following preliminary approval, or to comply with the job incentive wage requirements, may result in a penalty.

ELIGIBLE ACTIVITIES: Funding will be provided for land and/or building acquisition; construction/renovation activities; purchase of machinery and equipment which is an integral structural fixture of the business; and professional and financial fees. Funding may also be obtained for working capital by manufacturing firms.

PROGRAM FINANCING: Loan funds are available for eligible businesses at an interest rate of 0% for terms of 7 or 15 years. The County can potentially finance up to 50% of the eligible project costs. Monthly repayments of principal will be required for the term of the loan. County funds will be secured by a letter of credit from a financial institution.

PROGRAM MECHANICS: The applicant submits the completed application to the County with evidence of matching funds. **Also, evidence of the ability to secure a letter of credit from a lending institution in the amount requested must be submitted with the loan application.** There will be a minimum of 30 days for the Office of Community Development to determine if the project is eligible, to ensure availability of funds, and to hold a public meeting. The loan will then be submitted to the Luzerne County Council for consideration. Contingent upon approval by the County Council at a public meeting, a preliminary approval letter will be issued to the applicant, which must be executed and returned to the County. A loan agreement will then be prepared; however, **a loan closing will not be scheduled until the environmental review process is completed. Prior to the release of funds evidence of actual expenses incurred for eligible activities (i.e. invoices, bills of sale, cancelled checks, payroll registers, etc.) must be submitted to this Office. All expenses submitted must be incurred after the date of preliminary approval.** County funds will not be made available until a loan closing has been held.

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FEES: A processing fee of 0.5% of the total County funding (not to exceed \$1,000) will be required from the applicant. Of this amount, \$150 is due at the time of execution of the preliminary approval letter, with the balance due at the loan closing.

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EQUAL EMPLOYMENT OPPORTUNITY: No business receiving funding through the Luzerne County Office of Community Development shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

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LUZERNE COUNTY'S NON-PROFIT TAX-EXEMPT FINANCING PROGRAM

The Non-Profit Tax Exempt Financing Program is offered by the Luzerne County Council, through a cooperative effort between the Office of Community Development and the Industrial Development Authority.

The following guidelines are intended to give an overview of the Non-Profit Tax-Exempt Financing Program ("Program") under the Internal Revenue Code ("IRC") and the Economic Development Law of Pennsylvania. Luzerne County, through the Office of Community Development and Industrial Development Authority administers the Program.

The Program assists in the financing or refinancing of eligible activities to be used by Non-Profit 501 (c)(3) of the IRC ("Non-Profit") for tax-exempt purposes from the Internal Revenue Service through the tax-exempt bond financing.

Under the Program an applicant can finance eligible activities either through the Capital Market or depending on the size utilizing a conventional bank. Since the interest that is paid on the bonds is exempt from federal and state income tax, the interest rate is reduced. The interest rate on the bonds is dependent on the financial strength of the Non-Profit, the marketability of the assets that securing the issue or credit enhancements. The term of the bonds is tied to the life of the asset being financed.

The IRC permits the tax-exempt financing of certain eligible costs. Some of the provisions include:

ELIGIBLE COSTS: Almost all capital expenditures can be financed. These primarily include land, new and existing buildings, new and used machinery and equipment. These include computer systems, telephone, communication systems and vehicles if related to the Non Profit purpose.

TERM OF BONDS: The length or term depends upon the use of bond proceeds and the expected average economic life of the assets and the project. Amortization up to 20 years on land and building is typical. Amortization on machinery and equipment is dependent upon a number of factors including type of machinery, useful life and marketability. The weighted average maturity of the bonds may not exceed 120% of the average reasonably expected economic life of the assets financed with bond proceeds.

REFINANCING OF EXISTING TAXABLE DEBT: It may be possible to refinance on a tax-exempt basis certain existing taxable conventional debt (i.e. bank loans).

INTEREST RATES: Rates are negotiable and can be variable or are fixed.

- Variable rates are normally calculated at rates lower than prime.
- Fixed rates are normally calculated as a spread above an index such as U.S. Treasury Securities.

COLLATERAL: Tax-exempt bonds are underwritten and collateralized just as any conventional loan for the same period. In a “Bank Qualified” issuance the bank approval process does not differ from conventional financing.

REIMBURSEMENT OF EXPENDITURES: Generally speaking, expenditures relating to a project made not more than 60 days prior to the approval of a resolution of the Non-Profit declaring the intent of the Non-Profit to incur tax-exempt debt for the project are eligible for reimbursement from the bond proceeds, provided that the bonds are actually issued within a certain period of time. In addition, certain “*de minimis*” and preliminary expenditures are reimbursable from bond proceeds.

COST OF ISSUANCE: Total costs of issuance financed from bond proceeds cannot exceed 2% of the bonds. Costs in excess of this limit (if any) must be paid out of other funds.

The Program prohibits funding to religious facilities. If the Non-Profit has a religious affiliation, verification that none of the funding will be used to finance religious facilities and that the facility will not be limited to use by, or preference given to persons of a certain religious affiliation.

An application for a project must be completed and submitted to the Authority. The application contains a description of the project and will be used to determine eligibility. Once eligibility has been assured and a commitment by a bank is obtained the project will be submitted to the Authority and County for approval of the bond issuance. The entire process can be finalized within 45 to 60 days after the application is received and the bank has approved the purchase of the bonds.

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LUZERNE COUNTY'S PRIVATE ACTIVITY BOND PROGRAM

The Private Activity Bond Program is offered by the Luzerne County Council, through a cooperative effort between the Office of Community Development and the Industrial Development Authority.

Private Activity Bonds ("PAB") are a category of bond that can be tax-exempt if they meet the Internal Revenue Code ("Code") requirements of one of the qualified PAB categories of bonds. The tax-exempt bonds that are typically issued by the Luzerne County Industrial Development Authority ("Authority") are Small Issue Bonds and 501 (C) (3) Bonds.

Small Issue Bonds for manufacturing facilities are one category of qualified private activity bond (commonly known as Industrial Development Bonds ("IDBs") or Industrial Revenue Bonds ("IRBs")). The Tax Reform Act of 1986 is legislation that significantly redefined tax exempt bonds and created two broad categories of tax-exempt bonds – Governmental and Private Activity Bonds. While the Tax Reform Act authorized qualified Private Activity bonds, it also placed several limitations on their use, and reduced pre-1986 demand as a financing tool.

IDBs are typically exempt from both federal and state tax for the purchaser allowing for the borrower to benefit from lower interest rates. IDBs offer savings in contrast to "Prime" based commercial loans or the corporate bond market. Savings can be in the 200 basis point range depending on the credit worthiness of the applicant.

IDBs are structured and sold as "conduit" issues under which bond payments are secured by the corporation and any credit enhancement, provided through bond insurance or a bank letter of credit. Investors have no recourse to the Authority as issuer if bonds are not repaid.

Small Issue Bonds are subject to the volume ceiling or cap on private activity bonds. The annual "cap" for each state that is being phased in to reach \$225 million per year or \$75 per-capita by 2007 (from \$50).

The Code defines a "manufacturing facility" to include facilities "directly related and ancillary to a manufacturing facility" if not more that 25% of the net proceeds of the issue are used to provide such facilities. The use of IDBs is limited to a "manufacturing facility, defined as any facility that is used in manufacturing or production of tangible personal property, including processing resulting in a change in the condition of such property.

Capital Expenditures by users of IDBs cannot exceed \$20 million in the related municipality during a six-year period beginning 3 years before the date of issue to 3 years after the date of issue. The total outstanding principal nationwide cannot exceed \$40 million.

Not-For-Profit (“NFP”) organizations, known as 501 (C)(3) entities are generally eligible for tax-exempt financing when they meet the requirements of the Code relating to Qualified 501 (C)(3) bonds. These NFP bonds can be issued as “bank qualified”. Bank qualified issued bonds allow certain financial institutions, particularly commercial banks to deduct 80% of the interest associated with purchase of bank-qualified issues.

The Authority as bond issuer cannot issue more than \$10 million of governmental to NFPs organizations in a calendar year. IDBs do not qualify for “bank qualified” treatment. The majority of IDBs were transacted in this manner prior to the Tax Reform Act of 1986. Bank qualified bonds are transacted with lower issuance fees. NFP bonds are exempt for the volume cap.

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EQUAL EMPLOYMENT OPPORTUNITY: No business receiving funding through the Luzerne County Office of Community Development shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

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Small Issue Bonds are subject to the volume ceiling or cap on private activity bonds. The annual "cap" for each state that is being phased in to reach \$225 million per year or \$75 per-capita by 2007 (from \$50).

The Code defines a "manufacturing facility" to include facilities "directly related and ancillary to a manufacturing facility" if not more than 25% of the net proceeds of the issue are used to provide such facilities. The use of IDBs is limited to a "manufacturing facility, defined as any facility that is used in manufacturing or production of tangible personal property, including processing resulting in a change in the condition of such property.

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LUZERNE COUNTY INDUSTRIAL/BUSINESS PARK INCENTIVE PROGRAM

OBJECTIVE: The goal of the Industrial/Business Park Incentive Program is to create new quality employment opportunities, while promoting the sale of land in County industrial/business parks. The program is designed to offer financial incentives to attract businesses creating quality employment opportunities to eligible Luzerne County industrial/business park sites owned by an Industrial Development Corporation (IDC). To be eligible for this incentive, both the business and the IDC must meet the criteria established below:

PROGRAM FINANCING: The business will be eligible to receive a \$1,000 grant for every job meeting the Job Creation Requirements listed below, up to \$200,000. Said funding will be derived from the County, through the IDC in the form of a reduction in the purchase price of the land for the eligible grant amount.

BUSINESS QUALIFICATIONS/CONDITIONS:

- The business must be locating or expanding within a County industrial business park that is owned by the IDC and carries a lien from an existing Business Development Loan from the County.
- The business must purchase the site from the IDC or commit to a lease of at least 10 years with a developer who purchases the site from the IDC.
- The business must meet the job creation requirements listed below.
- The business must commit to remaining in the area for a minimum of **10** years and to achieve job creation goals within 3 years.
- Participation in this program does not preclude a business from seeking other County economic development financing programs as long as job creation requirements are satisfied.

JOB CREATION REQUIREMENTS: To be eligible for this financing, the business must meet all of the following criteria:

- Total job creation must provide at least 50 jobs that will be made available locally. Jobs filled by employees transferring here from other company locations will not be counted as job creation. (The 50 job minimum for small businesses having less than 50 employees may be waived, contingent upon the business meeting all other program criteria. Such waivers will be considered on a case-by-case basis based upon the merit of the project with regard to benefit to Luzerne County and its residents.)
- At least 90% of the jobs being created must meet the County's quality job definition of 2½ times the Pennsylvania minimum wage. (Exclusive of employee benefits.)
- If 90% of the jobs being created do not meet the quality job standard immediately, the employer has 18 months from approval to train employees to the skill level needed to advance to the

quality job wage level. As part of the agreement with the County the employer must evidence the intent to utilize a training program linked with a local workforce development program. Employer based training programs will be considered contingent upon their providing ample opportunity for lesser skilled/unskilled workers to participate. Entry level salaries for employees entering into the training program must not be less than \$9.00 per hour.

- Employer must agree to provide the IDC with all required documentation to demonstrate compliance with the above.
- Employer is required to demonstrate proof that 100% of the grant is invested in the site or to offset business expenses associated with the project.

IDC REQUIREMENTS/CONDITIONS:

- The County will forgive repayment of the Business Development Loan securing the project site for an amount equal to the eligible grant to the business. IDC will reduce sales price of land to the business for an amount equal to the County's forgiveness.
- The applicable per acre repayment will not be required at the time of sale of land. The outstanding loan balance will be reduced by 50% of the grant amount upon sale of the land. One-tenth of the remaining grant amount will be deducted from the loan balance for each subsequent year for the next 10 years. Said forgiveness is contingent upon the business' continuing to operate within the park over the 10 year term, and compliance with all job creation requirements stipulated above. If the business ceases operation prior to the termination of the 10 year commitment, no further forgiveness will occur. The IDC may, at its discretion, require security from the company to guarantee repayment for failure to comply with the 5 year requirement.
- If the employer is acquiring the site through a "turn key" development via a private developer, the developer will be required to reduce the turn key purchase price by the amount of the grant. Copies of settlement statements will be required to document the transaction.
- If the job creation requirements associated with the original loan to the IDC have not been satisfied, the standard BDLP job creation language must be included in the sales agreement and job creation efforts will be applied toward the loan goal. Monitoring of job creation efforts by the County will occur. In the event job creation efforts have previously been satisfied, it will be the responsibility of the IDC to certify to the County that job creation requirements were satisfied.
- IDC forgiveness will also be conditioned upon the following:
 - Submission of appropriate documentation to enable the County to determine qualification of the project for this incentive funding
 - Forgiveness will not violate HUD mandated sanctions in the loan agreement
 - No other terms or conditions of the loan agreement will be violated
 - In the event the business ceases operation within the park before the 10 year term expires, the IDC may petition the County for forgiveness of the balance of the loan if they feel extenuating circumstances lead to the failure of the business to fulfill the commitment. Said requests will be considered by the Council on a case-by-case basis.

REQUIRED PRE-APPROVAL DOCUMENTATION: The following documentation must be submitted by the IDC for review by the Luzerne County Council to determine eligibility of project for this funding incentive:

- Letter requesting release of mortgage on project site and waiver of applicable per acre repayment. Letter must include the following:
 - Statement of Need for Request
 - Description of project, Job titles/salaries (it is understood that much of this information is confidential; data submitted to the state for funding consideration will be sufficient and

held in confidence. The name of the company, if not yet released, may be omitted, however, it will be required prior to actual release of mortgage. The County must be apprised of restrictions regarding public disclosure of the project.

- OCD Loan Number(s) linked to project site
 - Acreage to be sold, lot #, etc.
 - Evidence of standard sale price for acreage/and proposed new selling price (actual final sales agreement will be required upon execution)
 - List prior requests for County forgiveness within park/remaining sellable acres
 - A copy of the mortgage release must be attached.
- The County may, under the advice of legal counsel, request a note from the IDC for the grant amount, in accordance with the forgiveness terms contained herein, at the time of release of mortgage.

OCD REVIEW PROCESS: Within 5 business days of receipt of information, the OCD will review the request for compliance with the above requirements, and advise the Council of their findings. If the request is determined to meet the requirements of the policy the OCD will request that it be placed on the agenda for approval at a public Council meeting. The OCD and the Luzerne County Council will utilize as much discretion as possible in the public meeting process to apprise citizens of the nature of the request without divulging confidential information that could be detrimental to finalizing the sale of land.

COUNCIL APPROVAL: If approved by the Luzerne County Council, a letter of commitment will be provided to the IDC/business. The actual release of mortgage will be executed at the time of the sale of the land by the IDC to the business and upon receipt of the required note from the IDC.

MBE/WBE: It is the policy of the Luzerne County Office of Community Development to encourage applications from minority and women owned businesses. All businesses receiving funding through the Luzerne County Office of Community Development are encouraged to utilize the services of minority and/or women owned businesses.

EQUAL EMPLOYMENT OPPORTUNITY: No business receiving funding through the Luzerne County Office of Community Development shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

FOR FURTHER INFORMATION CONTACT:

Luzerne County Office of Community Development
54 W Union St., Wilkes-Barre, PA 18701
Wilkes-Barre – (570) 824-7214
Hazleton – (570) 459-1814
Pittston – (570) 693-3800

SPONSORED BY THE LUZERNE COUNTY COUNCIL

Robert C. Lawton, County Manager



LUZERNE COUNTY'S INNOVATION PROGRAM

Luzerne County has established the Innovation Program in accordance with the goals and objectives outlined herein. The Program, which will be administered by the Office of Community Development, will be capitalized using funds from the Community Development Revolving Loan Fund.

DEFINITION AND PURPOSE

Luzerne County has established the Innovation Program utilizing Community Development Block Grant (CDBG) funds and program income generated by loan repayments. The purpose of the program is to provide below-market rate loans to new businesses locating in the County, having five or fewer employees, one or more of whom owns the business. Loans will be made to stimulate business growth, provide assistance to low-moderate persons, create low-moderate and other job opportunities and to enhance the County's tax base.

PUBLIC ASSISTANCE

The County will provide loans only where the applicant can certify that the proposed project would not go forth without (but for) public financial assistance. Appropriate evidence to support this statement must be provided.

Furthermore, the amount of public assistance provided must be necessary or appropriate, taking into account the actual needs of the business and the income status of the proposed owner or the extent of public benefit expected to be derived from the microenterprise project.

PROGRAM REQUIREMENTS

Business Eligibility: The business must be a new venture that will consist of 5 or fewer employees, one or more of whom owns the business. The business must be working with one of the two established incubator facilities in Luzerne County:

Greater Hazleton CAN BE
103 Rotary Drive
West Hazleton, PA 18202
570 455-8334

Innovation Center @ Wilkes-Barre
7 South Main
Wilkes-Barre, PA 18701
570 270-4769

Business Development/Mentoring Assistance:

The role of the incubators is to provide mentoring and professional guidance in such areas as business plan development, marketing, legal and financial issues key to development of a new business. All loans will be processed through these facilities, contingent upon the business meeting the requirements of the Luzerne County Innovation Program and having successfully fulfilled all requirements of the incubator business development process. Loan applications must receive preliminary approval from the incubator review board in order to be considered for County funding. Final loan approval lies solely with the Luzerne County Council. A loan agreement will then be prepared; however, **a loan closing will not be scheduled until the environmental review process is completed. Prior to the release of funds evidence of actual expenses incurred for eligible activities (i.e. invoices, bills of sale, cancelled checks, payroll registers, etc.) must be submitted to this Office. All expenses submitted must be incurred after the date of preliminary approval.**

Employment Requirement: A minimum of one full-time job shall be created for each \$35,000.00 or portion thereof, borrowed from the County. Furthermore, 51% of all jobs created for the individual microenterprise assisted, must be made available to, low and moderate income persons. In the event the owner qualifies as a low-moderate income person, all jobs will be viewed as meeting the low-moderate income criteria and there will be no need to determine the income qualifications of the remaining employees. The total job commitment numbers, however, must be met.

Loan Amount and Use of Funds: Fixed asset financing for land, building, working capital, and machinery & equipment only up to 49% of the total financing needed, not to exceed \$50,000.00. The Luzerne County Council may consider a higher percentage of County participation based on the unique nature of the business.

Loan Terms: For land and building acquisition, working capital, and building construction or renovation the term shall be equal to, but shall not exceed, the term of private sector financing or 15 years, whichever is less. For machinery and equipment, the term shall be equal to the anticipated useful life of the equipment or 7 years, whichever is less. Exceptions to the equipment term may be made to meet the terms of State or Federal business financing programs such as the U.S. Small Business Administration.

Interest Rate: The rate shall be 1 % for loans to low-moderate owners or 3% to owners creating low-moderate income jobs for 51% of the employees of the business.

Letters of Commitment: A Letter(s) of Commitment (subject to County funding) from all financial institutions and other sources of private financing stating the amount, term, and rate associated with the financing, must be submitted to the County with the Full Application. Loans provided by the County may be subordinated to private sector financing that equals or exceeds the County's loan participation level.

Collateral: Adequate collateral to secure the loan should be available. Personal guarantees shall be required of principals (and when necessary their spouses) and all individuals owning or controlling more than 25% of the business entity with an active role in daily business operations. Under certain circumstances, other methods of security may be required.

Loan Frequency: No application by a business for additional financing shall be considered until any outstanding loan provided by the County has been paid in full. Exceptions may be made for an individual wishing to purchase another business. However, under no circumstances shall financing exceed the \$50,000 maximum under the County Innovation Program. Businesses could potentially be eligible for consideration under other County economic development programs. In exceptional cases, it may be necessary to refinance an existing loan. Refinancing is restricted to restructuring the term and/or rate of the existing loan. Additional financing shall not be provided as part of a refinancing arrangement.

Credit History: Loans shall not be made to those businesses/individuals in any phase of bankruptcy, or in default on any debt, including other private or public sources, as determined by the County's Agents, in consultation with County Staff. A letter stating permission to pull credit report with a copy of driver's license is also required.

Default: If there is material default of the loan, the County may, at its discretion, establish a new interest rate of 4 points above the current rate on the outstanding balance of the loan from the date of occurrence, plus protective advances and reasonable costs and attorney fees as allowed by statute. In the event the borrower relocates the business outside the geographical boundaries of Luzerne County, the entire unpaid balance of the loan, together with interest thereon shall become due and payable as of the date of the relocation.

Appeal Process: Businesses who have been denied preliminary approval by the incubator review board may, at their request, appeal the decision to the Luzerne County Council. At said appeal the business owner must provide written notification as to why the loan was denied and offer evidence to demonstrate the merits of further review of the decision.

MBE/WBE: All non-profit agencies receiving funding through the Luzerne County Office of Community Development are encouraged to utilize the services of minority and/or women owned businesses.

EQUAL EMPLOYMENT OPPORTUNITY: No entities receiving funding through the Luzerne County Office of Community Development shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

Luzerne County Office of Community Development
54 W Union St., Wilkes-Barre, PA 18701
Wilkes-Barre – (570) 824-7214
Hazleton – (570) 459-1814
Pittston – (570) 693-3800

SPONSORED BY THE LUZERNE COUNTY COUNCIL

Robert C. Lawton, County Manager



LUZERNE COUNTY'S SBA 504 LOAN PROGRAM

Luzerne County's SBA 504 Loan Program is offered by the Luzerne County Council, through a cooperative effort between the Office of Community Development, the Industrial Development Authority, the South Eastern Economic Development Company of PA, and the local lending community.

OBJECTIVE: The goal of the SBA 504 Loan Program is to stimulate private sector investment by creating job opportunities, increasing productivity, and increasing the local tax base. The program is offered by the Luzerne County Council through the Office of Community Development ("OCD") and the Industrial Development Authority ("Authority"). The OCD will facilitate application processing with the South Eastern Economic Development Company of PA.

The 504 loan program is a fixed asset financing program for expanding businesses. It is the first federal financing tool to recognize the importance of small businesses in the job creation/retention process through their physical plant expansion. The "504" is the Economic Development Program of the U.S. Small Business Administration.

ELIGIBILITY: In order to receive a loan under this program, the existing business must have less than 500 employees, its net worth must not exceed \$6 million and its average income after taxes for the preceding 2 years must not exceed \$2 million. The business must be a for-profit corporation, partnership or proprietorship with a "sound business" purpose. For every \$50,000 of SBA 504 funds borrowed, 1 full-time permanent job must be created or retained within 3 years.

ELIGIBLE ACTIVITIES: The proceeds from an SBA 504 loan may be used only for fixed asset financing: plant acquisition, construction, renovation, or expansion, including the acquisition of the land. Proceeds may also be used for land and site improvements (e.g. grading, streets, parking lots, utilities, or landscaping); the acquisition and installation of machinery and equipment; and the interest on interim financing. Additionally, project costs may include professional fees directly attributable and essential to the project (e.g. surveying, engineering, architectural or legal). The minimum total project cost is \$200,000.

PROGRAM FINANCING: For an existing company, a maximum of 40% of the project cost can be obtained through SBA 504 or \$1,500,000, whichever is less. In special cases the maximum can be up to \$2,000,000. For a manufacturing company the maximum loan amount is \$4,000,000. SBA 504 will fund 35% of a start-up company's eligible project cost or special use facility. Projects involving the purchase of an existing company by new management are considered a start-up operation by the SBA.

The SBA 504 interest rate is fixed at the time of the debenture sale. Terms are 20 years for real estate and 10 years for equipment, and are typically secured by a second lien.

Typically, 50% of the project costs come from private financial institutions. This is a conventional bank loan secured by a first lien on the assets. The bank provides interim financing to the applicant from the date of settlement until the SBA 504 debenture is sold.

A minimum of 10% comes from equity. In the case of a start-up company or a special use building, a minimum equity contribution of 15% is required. Additional equity participation will be required

All loans must be secured to ensure repayment. Personal guarantees from individuals with 20% or more ownership in the company is required. Other collateral generally includes: a mortgage on the land and the building being financed; liens on machinery, equipment and fixtures; and lease assignments.

Interim financing will be needed for all projects. Normally the first mortgage lender provides the needed capital at project start and is repaid from the SBA debenture proceeds.

Substantial penalties will result if loan is pre-paid prior to maturity.

PROGRAM MECHANICS: The applicant will submit a completed application to the County and all supporting documentation for processing. The specifics and timing of the application review process will be made available by the County's Deputy of Business Development.

FEES: The County's Deputy of Business Development will provide the applicant with detailed information regarding the required loan program fees prior to the submission of an application.

MBE/WBE: It is the policy of the Luzerne County Office of Community Development to encourage applications from minority and women owned businesses. All businesses receiving funding through the Luzerne County Office of Community Development are encouraged to utilize the services of minority and/or women owned businesses.

EQUAL EMPLOYMENT OPPORTUNITY: No business receiving funding through the Luzerne County Office of Community Development shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

FOR FURTHER INFORMATION CONTACT:

Joseph C. Zeller
Luzerne County Office of Community Development
54 W Union St., Wilkes-Barre, PA 18701
Wilkes-Barre – (570) 824-7214
Hazleton – (570) 459-1814
Pittston – (570) 693-3800

SPONSORED BY THE LUZERNE COUNTY COUNCIL

Robert C. Lawton, County Manager

*Luzerne County Office
Of Community Development*



**BUSINESS DEVELOPMENT
APPLICATION**

LUZERNE COUNTY OFFICE OF COMMUNITY DEVELOPMENT

BUSINESS DEVELOPMENT LOAN PROGRAM APPLICATION INSTRUCTIONS

Please type or print application and supportive documentation. All sections should be completed in their entirety, inserting "N/A" in any section that is not applicable to your project.

Applications will be accepted by the Luzerne County Office of Community Development on a continuing basis. There is a minimum of 30 days for review prior to administrative approval by the Office of Community Development. Upon administrative approval, the loan will be submitted to the Luzerne County Council for formal approval at a public meeting. Contingent upon approval by the Luzerne County Council, a preliminary approval letter will be issued to the applicant, which must be executed and returned to the County. A loan agreement will be prepared; however, **a closing will not be scheduled until the environmental review process is completed. Prior to the release of funds evidence of actual expenses incurred for eligible activities (i.e. invoices, bills of sale, cancelled checks, payroll registers, etc.) must be submitted to this Office. All expenses submitted must be incurred after the date of preliminary approval.** County funds will not be released until a loan closing has been held.

Applications must contain the following information in order to be considered complete:

- Original application
- Project narrative
- Commitment from a financial institution for a letter of credit
- Projected cash flow, and income and expenses statements for 3 years
- Balance sheets for 3 years

All applications should be submitted to:

Luzerne County Office of Community Development
54 West Union Street
Wilkes-Barre, PA 18701

**Luzerne County makes every effort to keep all applications confidential; however a public meeting is required prior to application approval, at which time the application becomes public information. Financial information remains confidential throughout the entire process.

LUZERNE COUNTY OFFICE OF COMMUNITY DEVELOPMENT

BUSINESS DEVELOPMENT PROGRAM APPLICATION

PART 1 – GENERAL INFORMATION

Applicant: _____

Address: _____

Business Name: _____
(If different from above)

Address: _____
(If different from above)

Number of years in business: _____

Business CEO: _____

Contact Person: _____

Phone: _____ **Fax:** _____ **Email:** _____

Legal Counsel: _____

Address: _____

Phone: _____ **Fax:** _____ **Email:** _____

Business Specifics

Type of Business Organization (please check one):

- Sole Proprietorship Partnership Corporation of the State of _____

Specify DUNS # : _____

(**A DUNS number is now a requirement for any business that receives Federal assistance. If a business does not have one, it should call the DUNS number request line at 1.866.705.5711 to obtain a number. The process is free and takes about ten minutes. More information can be found at http://www.whitehouse.gov/omb/grants/duns_num_guide.pdf.)

Please provide a brief description of the current business operations: _____

Current facility size: _____ sq. feet Is facility Owned Leased

If facility is leased, please provide the name of the lessor: _____

Principal Owners: (Please list all individuals/entities with a 10% or more ownership interest and the percentage:

<u>Individual/Entity</u>	<u>%</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Have any of the owners, partners, officers, directors, or shareholders of the business ever been convicted of a crime? Yes No (If yes, please provide a detailed explanation on a separate sheet.)

Part II – PROPOSED PROJECT

A. PROJECT NARRATIVE

On a separate sheet, provide a typewritten narrative that provides a detailed, comprehensive description of the project. The narrative must also address the positive direct impact the project will create on the community in which it is located, the residents of that community, or on the local and/or regional economy. The narrative should also provide an explanation demonstrating the need for County Business Development Loan Funds. Bids or quotes should be attached for projects that include new construction, renovations, and machinery/equipment.

1. Identify the project location by providing the physical address and/or legal description and provide location on a municipal map.

2. Facility at the project site is or will be Owned Leased

If facility is leased, please provide the name of the lessor: _____

3. Is the project located in the 100 yr. floodplain? Yes No (If yes, please attach evidence of flood insurance.)

B. NEW CONSTRUCTION/RENOVATION (Please complete if the project involves the construction of a new facility or the expansion of an existing facility.)

- 1. Type of building: _____
- 2. Size of proposed construction: _____ sq. ft.

C. ACQUISITION (Please complete if the project involves acquisition.)

- 1. Indicate the present zoning and land use of the project site: _____

- 2. Will the project result in a change in use of the property? Yes No
- 3. Please provide the name of the current owner of the property: _____
- 4. Please provide the estimated fair-market value of the property: \$ _____
(Copies of appraisal must be provided.)
- 5. Is relocation of existing occupant anticipated? Yes No

PART III – PROGRAM FINANCING

A. LOAN TERMS

- 1. Please indicate the amount of County loan funds requested: \$ _____
(*The County can potentially finance up to 50% of the eligible project costs, not to exceed a total of \$500,000.00. Loans under \$100,000 will be for maximum 7 year term. The minimum loan amount is \$50,000.)
- 2. Please indicate the term requested: 7 Years 15 Years 20 Years (IDC's Only)

B. LETTER OF CREDIT

Please provide contact information for the financial institution where the letter of credit is secured:

Bank: _____

Contact Person: _____

Phone: _____

Fax: _____

Email: _____

PART IV – PROJECT BUDGET

A. PROPOSED SOURCES & USES OF FUNDS

Identify all sources and amounts in the chart below:

SOURCES OF NON-COUNTY FINANCING

Eligible BDLP Activity	BDLP FUNDS	DEVELOPER'S EQUITY	OTHER SOURCE	OTHER SOURCE	OTHER SOURCE	TOTAL
A.1 Land and/or Building Acquisition						
A.2 Construction Cost to Contractor						
A. 3 Professional/ Financial Fees						
A. 4 Machinery/ Equipment						
A. 5 Working Capital						
TOTAL PROJECTS COSTS						

B. PROPOSED PROJECT PERFORMANCE SCHEDULE

<u>Activity</u>	<u>Commence Work</u>	<u>Complete Work</u>
Land/Building Acquisition		
Construction		
Professional/Financial Fees		
Machinery & Equipment		
Working Capital		

PART V – EMPLOYMENT SUMMARY

A. JOB CREATION PROVISIONS

All applicants must commit to create 1 permanent, full-time equivalent job at the project site, for every \$35,000 borrowed from the County. A majority (51% or more) of the above referenced jobs must be taken by or made available to persons from low/moderate income families. Low/moderate income family is defined as a family whose income does not exceed 80% of the median family income for the area. Low/moderate income guidelines are as follows: Family of 1-\$33,000; 2-\$37,700; 3-\$42,400; 4-\$47,100; 5-\$50,900; 6-\$54,650; 7-\$58,450; 8-\$62,200.

Specific job description (check appropriate box)	Current # of employees	Projected New Employment			Projected New Employee Hourly Rate	Projected Weekly Hours Per New Employee	Required Employee Qualifications (Please check appropriate box)			
		1 st Year Only	2 nd Year Only	3 rd Year Only			# of jobs with employer sponsored health care benefits	Unskilled	Unskilled trained to semi-skilled	Skilled
Officials and Managers <input type="checkbox"/>										
Professional <input type="checkbox"/>										
Technicians <input type="checkbox"/>										
Sales <input type="checkbox"/>										
Office and Clerical <input type="checkbox"/>										
Craft Workers (skilled) <input type="checkbox"/>										
Operatives (semi-skilled) <input type="checkbox"/>										
Laborers (unskilled) <input type="checkbox"/>										
Service Workers <input type="checkbox"/>										
TOTALS										

PROJECTED **TOTAL** NUMBER OF LOW-MOD EMPLOYEES: _____

*If a position requires less than 1 year of training, education, or work experience, beyond high school, or employer agrees to hire unskilled person and provide training. (Examples of these positions would be cashiers, keypunch apprentice, laborer, assembler trainee, etc.)

ASSURANCES

The Applicant hereby assures and certifies that:

1. The undersigned has been duly authorized by the officers of the applicant and hereby certify that the filing of this application was authorized by its Board of Directors (if applicable); that the statements made in the foregoing application and in all exhibits and documents submitted in connection herewith are true and correct to the best information and belief of the undersigned, and are submitted as a basis of the loan.
2. The applicant obligates itself to use all powers available to enforce the creation and retention of jobs which are specified in the employment and budget section of this application.
3. This application and all exhibits and documents submitted in connected herewith, comply; and all activities contemplated hereunder comply with:
 - a. Title VI of the Civil Rights Act of 1964 (P.L. 88-352), and the regulations issued pursuant thereto (24 CFR, Part I), which provides that no person in the United States shall on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives funding under the Business Development Loan Program;
 - b. Title VIII of the Civil Rights Act of 1968 (P.L. 90-284), as amended, administering all programs and activities relating to Housing and Community Development in a manner to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provisions of brokerage services;
 - c. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR, Part 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under the Business Development Loan Program;
 - d. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance;
 - e. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR, Part 130 and 141, CFR Chapter 60), which provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federally assisted construction contracts. Contractors and sub-contractors on federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.
4. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible, opportunities for training and employment to be given to lower-income residents of the project area, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the area of the project.
5. It will, to the greatest extent practicable under State law, comply with Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and will comply with Sections 303 and 304 of Title III, and HUD implementing instructions of 24 CFR, Part 42, and all other pertinent subsections pertinent to the project.
6. It will give the County, HUD, and the Comptroller General, through any authorized representatives, access to, and the right to examine all records, books, papers, or documents related to the project.
7. It will insure that the facilities funded under the Business Development Loan Program, which shall be utilized in the accomplishments of the program, are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities, and that it will notify the Department of Housing and Urban Development of the receipt of any communication from the Director of the EPA Office of Federal Activities, indicating that a facility to be used in the project is under consideration for listing by the EPA.
8. It will comply with the flood insurance purchase requirement of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234, 84 Stat. 975) approved December 31, 1973. Section 102(a) requires, on or after March 2, 1974, the purchase of flood insurance in communities where such insurance is available, as a condition for the receipt of any Federal financial assistance for the construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards.
9. It will require every building or facility designed, constructed or altered with funds provided under the Business Development Loan Program to comply with The Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973.
10. It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards; and Executive Order 11288, relating to the prevention, control, and abatement of water pollution.
11. It will comply with all applicable laws, ordinances, and codes of the Commonwealth of Pennsylvania and local governments, and shall commit no trespass on any public or private property in performing any of the work embraced by this Application.
12. It will comply with HUD Lead Based Paint regulations, 24 CFR, Part 35, as it applies to the rehabilitation or construction of residential structures.

13. It will comply with the Pennsylvania Steel Products Procurement Act (No. 1978-3), in that any steel used or supplied in the performance of the application shall be produced in the United States. This provision shall not apply, in any case, where the County, in writing, determines that the type of steel products necessary to the performance of the application are not produced in the United States in sufficient quantities to meet the requirements of the application.

14. It will comply with all mandatory standards and policies relating to energy efficiency, which are contained in the State Emergency Conservation Plan issued in compliance with the Energy Policy and Conservation Act (P.L. 94-163).

15. It will comply with requirements pertaining to the retention of records, in that all financial records, supporting documents, statistical records, the environmental review records required by 24 CFR 58.11, and all other records pertinent to the application, be retained for a period of three (3) years from the date of the loan.

16. Full compliance with the regulations, policies, guidelines, and requirements of OMB Circular A-102, revised and OMB Circular A-87, as they relate to this project.

17. It will comply with the County's requirements, in order that the applicable labor standard requirements shall be in force, as set forth in 24 CFR 570.605, and HUD regulations issued to implement such requirements.

18. It will comply with the County, in order that all requirements imposed by HUD, concerning special requirements of law, program requirements and other administrative requirements, approved in accordance with OMB Circular A-102, revised, will be adhered to.

19. The applicant certifies that it has not been cited by any governmental agency for causing pollution in the Commonwealth, and the project has been designed so as not to cause pollution in violation of existing standards.

20. No member of, or delegate to the Congress of the United States, and no resident Council Member, has been nor shall be admitted to any share or part of this Agreement, or to any benefit to arise from same.

21. The assistance provided for under this Agreement shall not be used in the payment of any bonus or commission for the purpose of obtaining approval of the application for such assistance, or approval of applications for additional assistance, or any other approval or concurrence required under this Agreement; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

22. No member, officer, or employee of the Public Body, or its designees or agents; no member of the governing body of the locality in which the program is submitted; and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure, or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under the Agreement.

23. The applicant certifies that it has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry, subject to fine or imprisonment, or both.

24. The applicant recognizes that none of the following actions by the County constitutes a commitment by the County to provide Business Development Loan Funds:

1. Acceptance by the Luzerne County Office of Community Development of this application;
2. Application approval by the Luzerne County Council;
3. Completion of the Office of Community Development's processing requirements.

By: _____, (Chief Executive Officer, Principal Partner, or Owner)
(Signature)

(Typed Name and Title) (Date)

By: _____, (Partner or Co-Owner, if applicable)
(Signature)

(Typed Name and Title) (Date)

Attest: _____
(Secretary)

*Luzerne County Office
of Community Development*



**INNOVATION PROGRAM
APPLICATION**

LUZERNE COUNTY OFFICE OF COMMUNITY DEVELOPMENT

INNOVATION LOAN PROGRAM APPLICATION INSTRUCTIONS

Please type or print application and supportive documentation. All sections should be completed in their entirety, inserting "N/A" in any section that is not applicable to your project.

All loans will be processed through the *Greater Hazleton CAN BE* or the *Innovation Center @ Wilkes-Barre*, contingent upon the business meeting the requirements of the Luzerne County Innovation Program and having successfully fulfilled all requirements of the incubator business development process. Loan applications must receive preliminary approval from the incubator review board in order to be considered for County funding (A letter from the incubator review board should be attached to any submitted application). Final loan approval lies solely with the Luzerne County Council. **Prior to the release of funds evidence of actual expenses incurred for eligible activities (i.e. invoices, bills of sale, cancelled checks, payroll registers, etc.) must be submitted to this Office. All expenses submitted must be incurred after the date of preliminary approval.**

Applications must contain the following information in order to be considered complete for all loans:

- Original application
- Project narrative with description of need
- Letters of commitment from all sources of public and private financing stating the amount, term, and rate associated with the financing
- Letter stating permission to pull credit report with a copy of driver's license
- Projected profit and loss statement covering a 3 year period
- Description of the principal's management history and business experience, and personal resumes of principals
- Business plan describing the business, affiliates or subsidiaries, marketing strategies, market demand analysis, analysis of the competition, sales, new product development, etc.
- Personal financial statements for all principals with a financial interest greater than or equal to 10%

In special circumstances, businesses may be required to submit:

- Business financial statements for the last 3 years as well as corporate federal tax returns (Sole proprietors should submit personal federal tax returns for the last 3 years)

In addition to the above Business Start-Ups should also submit:

- Complete outline of all personal debt of principals with a financial interest greater than or equal to 10% and personal credit references
- Projected balance sheet covering a 3 year period and an additional 2 year projected profit and loss statement, calculated on a quarterly basis
- Personal resumes which include previous business experience and experience related to the proposed business venture
- Copies of the last 3 years federal tax returns

All applications should be submitted to:

Luzerne County Office of Community Development
54 West Union Street
Wilkes-Barre, PA 18701

**Luzerne County makes every effort to keep all applications confidential; however a public meeting is required prior to application approval, at which time the application becomes public information. Financial information remains confidential throughout the entire process.

LUZERNE COUNTY OFFICE OF COMMUNITY DEVELOPMENT

INNOVATION PROGRAM APPLICATION

PART 1 – GENERAL INFORMATION

Applicant: _____

Address: _____

Business Name: _____
(If different from above)

Address: _____
(If different from above)

Number of years in business: _____

Business CEO: _____

Contact Person: _____

Phone: _____ **Fax:** _____ **Email:** _____

Legal Counsel: _____

Address: _____

Phone: _____ **Fax:** _____ **Email:** _____

Business Specifics

Type of Business Organization (please check one):

Sole Proprietorship Partnership Corporation of the State of _____

Specify DUNS # : _____

(A DUNS number is now a requirement for any business that receives Federal assistance. If a business does not have one, it should call the DUNS number request line at 1.866.705.5711 to obtain a number. The process is free and takes about ten minutes. More information can be found at http://www.whitehouse.gov/omb/grants/duns_num_guide.pdf.)**

Please provide a brief description of the current/proposed business operations: _____

Current facility size: _____ sq. feet Is facility Owned Leased

If facility is leased, please provide the name of the lessor: _____

Principal Owners: (Please list all individuals/entities with a 10% or more ownership interest and the percentage):

<u>Individual/Entity</u>	<u>%</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Have any of the owners, partners, officers, directors, or shareholders of the business ever been convicted of a crime?
 Yes No (If yes, please provide a detailed explanation on a separate sheet.)

Part II – PROPOSED PROJECT

A. PROJECT NARRATIVE

On a separate sheet, provide a typewritten narrative that provides a detailed, comprehensive description of the project. The narrative must also address the positive direct impact the project will create on the community in which it is located, the residents of that community, or on the local and/or regional economy. The narrative should also provide an explanation demonstrating the need for County Innovation Program Funding. Bids or quotes should be attached for projects that include new construction, renovations, and machinery/equipment.

1. Identify the project location by providing the physical address and/or legal description and provide location on a municipal map.

2. Facility at the project site is or will be Owned Leased

If facility is leased, please provide the name of the lessor: _____

3. Is the project located in the 100 yr. floodplain? Yes No (If yes, please attach evidence of flood insurance.)

B. NEW CONSTRUCTION/RENOVATION (Please complete if the project involves the construction of a new facility or the expansion of an existing facility.)

1. Type of building: _____

2. Size of proposed construction: _____ sq. ft.

C. ACQUISITION (Please complete if the project involves acquisition.)

1. Indicate the present zoning and land use of the project site: _____

2. Will the project result in a change in use of the property? Yes No
3. Please provide the name of the current owner of the property: _____
4. Please provide the estimated fair-market value of the property: \$ _____
(Copies of appraisal and review appraisal must be provided.)
5. Is relocation of existing occupant anticipated? Yes No

PART III – PROGRAM FINANCING

A. LOAN TERMS

1. Please indicate the amount of County loan funds requested: \$ _____
(*The County can potentially finance up to 49% of the eligible project costs.)
2. Please indicate the term requested: 7 Years (M & E) 15 Years or Term of Private Sector Financing
(whichever is less)

B. OTHER FINANCING SOURCES

Please provide contact information for all financial institution(s) and other sources of private financing:

Source: _____

Contact Person: _____

Phone: _____ Fax: _____ Email: _____

Source: _____

Contact Person: _____

Phone: _____ Fax: _____ Email: _____

PART IV – PROJECT BUDGET

A. PROPOSED SOURCES & USES OF FUNDS

Identify all sources and amounts in the chart below:

SOURCES OF NON-COUNTY FINANCING

Eligible BDLP Activity	BDLP FUNDS	DEVELOPER'S EQUITY	SOURCE:	SOURCE:	SOURCE:	TOTAL
A.1 Land and/or Building Acquisition						
A.2 Construction/ Renovation						
A. 3 Professional/ Financial Fees						
A. 4 Machinery/ Equipment						
A. 5 Working Capital						
TOTAL PROJECTS COSTS						

B. PROPOSED PROJECT PERFORMANCE SCHEDULE

<u>Activity</u>	<u>Commence Work</u>	<u>Complete Work</u>
Land/Building Acquisition		
Construction		
Professional/Financial Fees		
Machinery & Equipment		
Working Capital		

PART V – EMPLOYMENT SUMMARY

A. JOB CREATION PROVISIONS

All applicants must commit to create 1 permanent, full-time equivalent job at the project site, for every \$35,000 borrowed from the County. A majority (51% or more) of the above referenced jobs must be taken by or made available to persons from low/moderate income families. Low/moderate income family is defined as a family whose income does not exceed 80% of the median family income for the area. Low/moderate income guidelines are as follows: Family of 1-\$33,000; 2-\$37,700; 3-\$42,400; 4-\$47,100; 5-\$50,900; 6-\$54,650; 7-\$58,450; 8-\$62,200.

Specific job description (check appropriate box)	Current # of employees	Projected New Employment			Projected New Employee Hourly Rate	Projected Weekly Hours Per New Employee	Required Employee Qualifications (Please check appropriate box)			
		1 st Year Only	2 nd Year Only	3 rd Year Only			# of jobs with employer sponsored health care benefits	Unskilled	Unskilled trained to semi-skilled	Skilled
Officials and Managers <input type="checkbox"/>										
Professional <input type="checkbox"/>										
Technicians <input type="checkbox"/>										
Sales <input type="checkbox"/>										
Office and Clerical <input type="checkbox"/>										
Craft Workers (skilled) <input type="checkbox"/>										
Operatives (semi-skilled) <input type="checkbox"/>										
Laborers (unskilled) <input type="checkbox"/>										
Service Workers <input type="checkbox"/>										
TOTALS										

PROJECTED **TOTAL** NUMBER OF LOW-MOD EMPLOYEES: _____

*If a position requires less than 1 year of training, education, or work experience, beyond high school, or employer agrees to hire unskilled person and provide training. (Examples of these positions would be cashiers, keypunch apprentice, laborer, assembler trainee, etc.)

ASSURANCES

The Applicant hereby assures and certifies that:

1. The undersigned has been duly authorized by the officers of the applicant and hereby certify that the filing of this application was authorized by its Board of Directors (if applicable); that the statements made in the foregoing application and in all exhibits and documents submitted in connection herewith are true and correct to the best information and belief of the undersigned, and are submitted as a basis of the loan.
2. The applicant obligates itself to use all powers available to enforce the creation and retention of jobs which are specified in the employment and budget section of this application.
3. This application and all exhibits and documents submitted in connected herewith, comply; and all activities contemplated hereunder comply with:
 - a. Title VI of the Civil Rights Act of 1964 (P.L. 88-352), and the regulations issued pursuant thereto (24 CFR, Part I), which provides that no person in the United States shall on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives funding under the Business Development Loan Program;
 - b. Title VIII of the Civil Rights Act of 1968 (P.L. 90-284), as amended, administering all programs and activities relating to Housing and Community Development in a manner to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provisions of brokerage services;
 - c. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR, Part 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under the Business Development Loan Program;
 - d. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance;
 - e. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR, Part 130 and 141, CFR Chapter 60), which provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federally assisted construction contracts. Contractors and sub-contractors on federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.
4. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible, opportunities for training and employment to be given to lower-income residents of the project area, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the area of the project.
5. It will, to the greatest extent practicable under State law, comply with Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and will comply with Sections 303 and 304 of Title III, and HUD implementing instructions of 24 CFR, Part 42, and all other pertinent subsections pertinent to the project.
6. It will give the County, HUD, and the Comptroller General, through any authorized representatives, access to, and the right to examine all records, books, papers, or documents related to the project.
7. It will insure that the facilities funded under the Innovation Program, which shall be utilized in the accomplishments of the program, are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities, and that it will notify the Department of Housing and Urban Development of the receipt of any communication from the Director of the EPA Office of Federal Activities, indicating that a facility to be used in the project is under consideration for listing by the EPA.
8. It will comply with the flood insurance purchase requirement of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234, 84 Stat. 975) approved December 31, 1973. Section 102(a) requires, on or after March 2, 1974, the purchase of flood insurance in communities where such insurance is available, as a condition for the receipt of any Federal financial assistance for the construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards.
9. It will require every building or facility designed, constructed or altered with funds provided under the Business Development Loan Program to comply with The Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1973.
10. It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards; and Executive Order 11288, relating to the prevention, control, and abatement of water pollution.
11. It will comply with all applicable laws, ordinances, and codes of the Commonwealth of Pennsylvania and local governments, and shall commit no trespass on any public or private property in performing any of the work embraced by this Application.
12. It will comply with HUD Lead Based Paint regulations, 24 CFR, Part 35, as it applies to the rehabilitation or construction of residential structures.
13. It will comply with the Pennsylvania Steel Products Procurement Act (No. 1978-3), in that any steel used or supplied in the performance of the application shall be produced in the United States. This provision shall not apply, in any case, where the County, in writing, determines that the type of steel products necessary to the performance of the application are not produced in the United States in sufficient quantities to meet the requirements of the application.
14. It will comply with all mandatory standards and policies relating to energy efficiency, which are contained in the State Emergency Conservation Plan issued in compliance with the Energy Policy and Conservation Act (P.L. 94-163).
15. It will comply with requirements pertaining to the retention of records, in that all financial records, supporting documents, statistical records, the environmental review records required by 24 CFR 58.11, and all other records pertinent to the application, be retained for a period of three (3) years from the date of the loan.

16. Full compliance with the regulations, policies, guidelines, and requirements of OMB Circular A-102, revised and OMB Circular A-87, as they relate to this project.
17. It will comply with the County's requirements, in order that the applicable labor standard requirements shall be in force, as set forth in 24 CFR 570.605, and HUD regulations issued to implement such requirements.
18. It will comply with the County, in order that all requirements imposed by HUD, concerning special requirements of law, program requirements and other administrative requirements, approved in accordance with OMB Circular A-102, revised, will be adhered to.
19. The applicant certifies that it has not been cited by any governmental agency for causing pollution in the Commonwealth, and the project has been designed so as not to cause pollution in violation of existing standards.
20. No member of, or delegate to the Congress of the United States, and no resident Council Member, has been nor shall be admitted to any share or part of this Agreement, or to any benefit to arise from same.
21. The assistance provided for under this Agreement shall not be used in the payment of any bonus or commission for the purpose of obtaining approval of the application for such assistance, or approval of applications for additional assistance, or any other approval or concurrence required under this Agreement; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.
22. No member, officer, or employee of the Public Body, or its designees or agents; no member of the governing body of the locality in which the program is submitted; and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure, or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under the Agreement.
23. The applicant certifies that it has not knowingly and willfully made or used a document or writing containing any false, fictitious, or fraudulent statement or entry, subject to fine or imprisonment, or both.
24. The applicant recognizes that none of the following actions by the County constitutes a commitment by the County to provide Innovation Program Funds:
1. Acceptance by the Luzerne County Office of Community Development of this application;
 2. Application approval by the Luzerne County Council;
 3. Completion of the Office of Community Development's processing requirements.

By: _____, (Chief Executive Officer, Principal Partner, or Owner)
 (Signature)

 (Typed Name and Title) _____ (Date)

By: _____, (Partner or Co-Owner, if applicable)
 (Signature)

 (Typed Name and Title) _____ (Date)

Attest: _____
 (Secretary/Witness)

LUZERNE COUNTY'S INNOVATION PROGRAM

AUTHORIZATION

To Whom It May Concern:

I/We authorize the OCD to order a consumer credit report and verify other credit information.

I/We authorize these verifications to be e-mailed directly to:

Luzerne County Office of Community Development

cathy.hilsher@luzernecounty.org or
joe.zeller@luzernecounty.org

A copy of this authorization may be accepted as an original.

Date	Signature (Applicant)	Social Security Number
ADDRESS:	_____	

Date	Signature (Applicant)	Social Security Number
ADDRESS:	_____	

Please provide us with a copy of your Driver License