



Capital at the point of impact.

# Fresh Food Financing Initiative

## Program Guidelines

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### Section I – INTRODUCTION

#### A. Statement of Purpose

The Reinvestment Fund (TRF) is a non-profit financing institution that created the Fresh Food Financing Initiative, an innovative new capitalization program to increase the number of supermarkets, or other grocery stores in underserved communities across Pennsylvania. This statewide program meets the financing needs of supermarket operators that plan to operate in underserved communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions. Under this program, TRF provides pre-development grants and loans, land acquisition financing, equipment financing, capital grants for project funding gaps and construction and permanent finance. TRF also provides technical assistance and workforce services to its borrowers and grantees through this initiative.

The initiative was created in response to the rising concern over the lack of access to fresh foods in underserved communities. According to the House Report on Resolution No. 13, released by the Pennsylvania House Health and Human Services Committee, chaired by Rep. George Kenney and Rep. Frank Oliver, the lack of supermarkets is a problem affecting major cities and towns across the Commonwealth of Pennsylvania. By providing underserved people access to fresh food retailers with greater variety, the initiative will give these communities the choice of a more nutritionally balanced diet. The lower food costs will also enable underserved persons living on fixed budgets to purchase higher quality foods. Supermarkets and other grocery stores will also make valuable contributions to the community by creating jobs and revitalizing neighborhoods.

TRF has a 20-year history of providing loans and investments as well as technical assistance to low-wealth communities and low-and moderate-income individuals. Since inception in 1985, TRF has made loans and investments totaling \$389 million.

#### B. Eligible Activities

1. Supermarkets and other grocery retailers that operate on a self-service basis, primarily selling groceries, produce, meat, baked goods and dairy products. Convenience stores do not qualify as supermarkets.
2. Real estate projects which have multi-tenant uses beyond a supermarket tenant may be eligible if: (1) the retail development intends to lease space to retailers of fresh foods (for example, fresh seafood retailer) not sold in limited assortment grocery stores; (2) the viability of the development site and proposed supermarket is contingent on ancillary non-food tenants and those non-food tenants do not represent more than 50% of the building area; or (3) the development project has been split into separate foot prints, allowing the grant or loan to focus only on the supermarket tenant portion.

#### C. Ineligible Activities

Multi-tenant projects cannot lease space to businesses involved in the following: religion, entertainment of a prurient sexual nature, gambling, illegal activity, or pyramid sales.

### Section II GRANTS

#### A. Eligible Applicants

An eligible applicant must demonstrate that its proposed project will benefit an underserved area, and may be a for-profit business enterprise (including a corporation, limited liability company, sole proprietor, cooperative or partnership), or a non-profit organization, including an institution of higher education.

Underserved area is defined as a low or moderate income census tract, an area of below average supermarket density or an area having a supermarket customer base with more than 50% living in a low income census tract or other area demonstrated to have significant access limitations due to travel distance, as determined by TRF.

**In order to determine eligibility, the applicant must complete a Fresh Food Financing Initiative Application for Program Eligibility.**

## **B. Grant Purpose**

Pre-development Grants of up to \$250,000 per project (\$750,000 per operator) may be awarded to eligible applicants. These grants may be used to pay for the early costs associated with project feasibility including professional fees, market studies, appraisals, and deposits on land and buildings and other holding costs.

Land Assembly and Other Capital Grants\* of up to \$250,000 per project (\$750,000 per operator) may be awarded to eligible applicants. These grants may be used to pay for relocation, demolition, environmental remediation, unstable foundations and soil conditions. These grants may also be used for other project costs related to land assembly and infrastructure improvement.

Soft Costs and Other Preopening Grants of up to \$250,000 per project (\$750,000 per operator) may be awarded to eligible applicants. These grants may also be used to cover training costs, security, or other preopening expenses. These costs will be considered on a project-by-project basis.

Construction Grants\* of up to \$250,000 per project (\$750,000 per operator) may be awarded to eligible applicants. These grants may be used to pay for general conditions, builder overhead and profit, labor, materials and contingency funding.

Other guidelines:

1. On a case by case basis, TRF will make predevelopment grants on a recoverable basis.
2. No grantee shall receive more than \$750,000.

\*Grant funds used toward the payment of construction, renovations, demolition, infrastructure improvements, remediation, build-out, alteration, or installation of machinery and equipment (\$25,000 and above) may trigger applicability of the Pennsylvania Prevailing Wage Act to a project. The PA Department of Labor and Industry has final authority to make prevailing wage applicability determinations and may be contacted by calling 717-787-4671 or 800-932-0665.

## **C. Application Process**

**To apply for funding, the applicant must complete a Fresh Food Financing Initiative Application for Financing. The application is attached, and may also be found at [www.trfund.com](http://www.trfund.com). See *Section IV, Program Inquiries*, for additional information.**

## **D. Application Evaluation**

Applications will be approved on a monthly basis until all funds are committed to projects. TRF will review each application to determine whether the proposed project demonstrates one or more of the following:

1. The project will have demonstrable impact on the economy or well-being of the neighborhood, community or region where the project is located. This impact must be measurable and the methodology for measurement must be described.
2. The project will result in a substantial increase in revenues for the state, the host municipality or the market region.
3. The project adheres to sound land use principles.
4. The project requires an investment of public funding to move forward, to create impact, or to be competitive with similar projects in the region.
5. The project is working in conjunction with other programs promoting community development.

An eligible project will receive priority consideration if it demonstrates one or more of the following:

1. The project will positively impact economic conditions in a New Markets Tax Credit eligible census tract, defined as any population census tract if:
  - (a) The poverty rate for such tract is at least 20 percent, or
  - (b) (i) In the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or
  - (b) (ii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the statewide median family income or the metropolitan area median family income.
2. The project will positively impact economic conditions in an economically distressed census tract in the Commonwealth. An economically distressed census tract is defined as a census tract where:

#### For Metropolitan Areas

- a) Unemployment rate is greater than 1.5X national average,
- b) Poverty rate is greater than 20%,
- c) Median family income is less than 80% of the area median income; and
- d) Population is greater than 1,500.

#### For Non-Metropolitan Areas

- a) Unemployment rate is greater than 1.5X national average,
- b) Poverty rate is greater than 20%,
- c) Median family income is less than 80% of the statewide or national non-metropolitan median family income; and
- d) Population is greater than 500.

In addition, TRF will evaluate the feasibility and practicality of the proposed activity, and whether the end result is likely to be achieved if the proposed activities are successfully concluded. Upon being satisfied that the requirements have been met, TRF may approve the application for a Grant.

### **E. Awards and Contracts**

Upon approval of an application by TRF, a grant agreement and commitment letter will be issued to the applicant explaining the terms and conditions of the grant. The grant agreement and commitment letter must be signed and returned within 10 days of the date of the commitment letter or the grant offer may be withdrawn. Upon full execution of the grant agreement and any contract between the applicant and vendor(s) performing the work, the grant will be paid upon receipt by TRF invoices and final work products demonstrating that the planning project has been completed. Partial funding prior to the submission of receipts and work completion documents will be considered on a case by case basis.

### **F. Reporting Requirements and Record Keeping and Nonperformance**

TRF will enter into a grant agreement with all Grantees. Grant proceeds are subject to audit by The Reinvestment Fund. Therefore, the Grantee will agree that it will maintain complete financial records for all of its costs subject to its grant for a period of five (5) years after the execution of an agreement and will cooperate with the TRF in any audit requests. In addition, Grantee will submit a Semi-Annual Report and supporting documents to TRF within 60 days of report period end date, with the exception of audited financial statements, which shall be submitted within 90 days of fiscal year-end. Any material nonperformance to the Grant Agreement by Grantee may result in exclusion of future loans or grant awards by TRF under the Fresh Food Financing or any affiliated programs.

## **Section III LOANS**

### **A. Eligible Applicants**

An eligible applicant must demonstrate that its proposed project will benefit an underserved area, and may be a for-profit business enterprise (including a corporation, limited liability company, sole proprietor, cooperative or partnership), or a non-profit organization, including an institution of higher education.

Underserved area is defined as a low- or moderate-income census tract, an area of below average supermarket density or an area having a supermarket customer base with more than 50% living in a low income census tract or other area demonstrated to have significant access limitations due to travel distance, as determined by TRF.

In order to **determine eligibility, the applicant must complete a Fresh Food Financing Initiative Application for Program Eligibility.**

### **B. Loan Purpose**

Loans from the program will fund costs associated with land acquisition, pre-development, construction or rehabilitation, equipment, inventory and other working capital needs, and interior fit-out. Loans will be made in instances where conventional financial institutions either do not offer financing, or the conventional financing offered is insufficient or on terms which are a detriment to the feasibility of the supermarket. Supermarket operators and site developers will each be required to have cash equity at risk in addition to the financing offered in this program.

### C. Application Process

To apply for funding, the applicant must complete a Fresh Food Financing Initiative Application for Financing. The application is attached, and may also be found at [www.trfund.com](http://www.trfund.com). See Section IV, Program Inquiries, for additional information.

### D. General Terms and Conditions

1. The maximum loan amount is subject to TRF's lending exposure policies, and therefore \$1.6 million is the maximum loan amount on an individual loan. The aggregate exposure limit for any borrower is \$3.2 million.
2. Interest Rates, Loan Fees and other costs – Loans will be made with fixed rates tied to a margin over the applicable Treasury Note, or at variable rates tied to a margin over the Prime Rate as published in the Wall Street Journal.
3. Loan Terms – Loans for the development of a facility will have a term of up to 12 months. Amortizing loans will have a term of up to 90 months. On a limited basis, amortizing loans may have a term of up to 120 months.
4. Collateral – Loans will be secured by a first priority lien on accounts, receivables, fixtures and equipment, assignments of leases, and real property. On a limited basis, loans may be secured by a subordinate lien position. Collateral will be valued in excess of the Loan, and TRF may require that this valuation be confirmed by an acceptable appraisal report.
5. Cash-flow Projections – Borrowers will provide TRF with operating projections which show sufficient cash-flow to repay the Loan.
6. Real estate projects which have multi-tenant uses beyond a supermarket tenant may be eligible if: (1) the retail development intends to lease space to retailers of fresh foods (for example, fresh seafood retailer) not sold in limited assortment grocery stores; (2) the viability of the development site and proposed supermarket is contingent on ancillary non-food tenants and those non-food tenants do not represent more than 50% of the building area; or (3) the development project has been split into separate foot prints, allowing the grant or loan to focus only on the supermarket tenant portion.
7. Other: Loan funds used toward the payment of construction, renovations, demolition, infrastructure improvements, remediation, build-out, alteration, or installation of machinery and equipment (\$25,000 and above) will not trigger applicability of the Pennsylvania Prevailing Wage Act to a project.

### E. Application Evaluation and Approval Process

Applicants for financing will be evaluated and approved on a monthly basis while funds remain available in the loan pool. TRF will review each application to determine whether the proposed project is financially viable and demonstrates one or more of the following:

1. The project will have demonstrable impact on the economy or well-being of the neighborhood, community or region where the project is located. This impact must be measurable and the methodology for measurement must be described.
2. The project will result in a substantial increase in revenues for the state, the host municipality or the market region.
3. The project adheres to sound land use principles.
4. The project requires an investment of public funding to move forward, to create impact, or to be competitive with similar projects in the region.
5. The project is working in conjunction with other programs promoting community development.
6. An eligible project will receive priority consideration if it demonstrates one or more of the following:
  - A. The project will positively impact economic conditions in a New Markets Tax Credit eligible census tract, defined as any population census tract if:
    - (i) The poverty rate for such tract is at least 20 percent, or
    - (ii) In the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or
    - (iii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the statewide median family income or the metropolitan area median family income.
  - B. The project will positively impact economic conditions in an economically distressed census tract in the Commonwealth. An economically distressed census tract is defined as a census tract where:
    - (i) For Metropolitan Areas

- a. Unemployment rate is greater than 1.5X national average,
- b. Poverty rate is greater than 20%,
- c. Median family income is less than 80% of the area median income; and
- d. Population is greater than 1,500.

(ii) For Non-Metropolitan Areas

- a. Unemployment rate is greater than 1.5X national average,
- b. Poverty rate is greater than 20%,
- c. Median family income is less than 80% of the statewide or national non-metropolitan median family income; and
- d. Population is greater than 500.

Upon being satisfied that the proposed project is financially viable and the above requirements have been met, TRF may approve the application for a Loan.

#### **E. Loan Closing**

Upon approval of an application by TRF, a loan agreement and commitment letter will be issued to the applicant explaining the terms and conditions of the loan. The commitment letter must be signed and returned within 10 days of the date of the commitment letter or the offer may be withdrawn. Upon full execution of all closing documents, the loan will be disbursed.

#### **F. Reporting Requirements and Record Keeping and Nonperformance**

TRF will enter into a loan agreement with all borrowers. Loan proceeds are subject to audit by The Reinvestment Fund. Therefore, the borrower will agree that it will maintain complete financial records for all of its costs subject to its grant for a period of five (5) years after the execution of an agreement and will cooperate with the TRF in any audit requests. In addition, borrower will submit a Semi-Annual Report and supporting documents to TRF within 60 days of report period end date, with the exception of audited financial statements, which shall be submitted within 90 days of fiscal year-end. Any material nonperformance to the Loan Agreement by Borrower may result in exclusion of future loans or grant awards by TRF under the Fresh Food Financing or any affiliated programs.

### **Section IV. PROGRAM INQUIRIES**

The Food Trust serves as the initial point of contact for program inquiries from across the state. For further information, contact: **Tracey Giang, Program Manager, The Food Trust, 1617 John F. Kennedy Blvd., Suite 900 Philadelphia, PA 19103. Tel: 215.575.0444 x142. Email: [tgiang@thefoodtrust.org](mailto:tgiang@thefoodtrust.org).**

GPUAC will work with TRF to encourage program participation by minorities, women and disadvantaged businesses. For further information, contact: **Carlos Jones, Deputy Director, GPUAC, 1207 Chestnut Street, Suite 206, Philadelphia, PA 19107-4102. Tel: 215.851-1824. Email: [cjones@gpuac.org](mailto:cjones@gpuac.org).**

Program inquiries can also be addressed directly to The Reinvestment Fund. For further information, contact: **Don Hinkle-Brown, Executive Vice President, Commercial Finance, The Reinvestment Fund, 718 Arch Street, Suite 300N, Philadelphia, PA 19106. Tel: 215.574.5829 (Direct). Email: [donald.hinklebrown@trfund.com](mailto:donald.hinklebrown@trfund.com).**

Go to: [www.trfund.com](http://www.trfund.com) for applications and program information.



<b>Uses of Proceeds:</b>	
Predevelopment Expenses (specify below):	Other Capital Costs (specify below):
1.	1.
2.	2.
3.	3.
Land Assembly Expenses (specify below):	4.
1.	5.
2.	Total Project Cost

**Funding sources for costs: Include your requested grant and any other sources that have been identified.**

<b>Sources of Proceeds:</b>	<b>Dollar Amount</b>
TRF - Grant	
TRF - Loan	
Other Loan/Grants	
Total Sources of Funds	

The following exhibit must be completed. **The exhibit must be signed and dated by person signing this form.**

  1. **Need for grant.** Submit narrative that demonstrates the extraordinary costs associated with the proposed project (e.g., land assembly, security, predevelopment costs, etc.).

Please complete the following:

- |   |   |
|---|---|
| <p>1. Are you or your business involved in any pending lawsuits?<br/>If yes, explain. If no, check here: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> | <p>2. Have you or any officer of your company been involved in bankruptcy or insolvency proceedings? If so, please provide the details. If none, check here: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
|---|---|

**Please submit this application with the additional information requested.**

I/We authorize The Reinvestment Fund (TRF) to investigate my/our personal and business financial credit history as necessary to process a grant application. The undersigned authorize any person or consumer reporting agency to give TRF any information it may have on the undersigned. Each of the undersigned authorizes you to answer questions about your credit experience with the undersigned. THE UNDERSIGNED, IN applying for financial assistance from TRF, recognizes that prior to receiving any financial assistance he or she will agree to comply with all federal, state and local laws and regulations to the extent that such are applicable.

\_\_\_\_\_  
**Name of Business:**

\_\_\_\_\_  
**Signature/Title:**

\_\_\_\_\_  
**Date:**

\_\_\_\_\_  
**Signature/Title:**



Capital at the point of impact.

## Fresh Food Financing Initiative

### Application for Financing

Individual		Home Address		
Name of Business				Tax ID or SSN
Street Address of Business				Tel. No. (     )
				Fax No. (     )
City	County	State	Zip	No. of employees at new store _____
Type of Business		Date Business Established	Legal Structure <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship	
Bank of Business Account & Address				
Address of Project:				
Property Census Tract (s):			Project Description:	
Is the site <input type="checkbox"/> Owned? <input type="checkbox"/> Under Agreement? <input type="checkbox"/> Other (please specify):				
<b>Uses of Proceeds:</b>		Amount Requested		Amount Requested
Predevelopment Expenses (specify below):			Other Capital Costs (specify below):	
1.			1.	
2.			2.	
3.			3.	
Land Assembly Expenses (specify below):			4.	
1.				
2.			Total Requested	
<b>Funding sources for costs: Include your requested grant and any other sources that have been identified.</b>				
<b>Sources of Proceeds:</b>			<b>Amount</b>	
TRF				
Other				
Total Sources of Funds				

**Management:** (Proprietor, partners, officers, directors all holders of outstanding stock 100% of ownership must be shown) Use separate sheet if necessary.

Name and Social Security Number and Position Title	Complete Address	% Owned	U.S. Citizen	*Race	*Sex

\*This data is collected for statistical purpose only. It has no bearing on the decision to approve or decline this application.

The following exhibits must be completed where applicable. All questions answered are made a part of the application.  
**All exhibits must be signed and dated by person signing this form.**

- |   |  |
|---|--|
| <p>__1. <b>History of Business</b> Provide a brief history of your company and a paragraph describing the expected benefits it will receive from the loan.</p> <p>__2. <b>Management Qualifications</b> Provide a brief description similar to a resume of the education, technical and business background for all the people listed under Management.</p> <p>__3. <b>Personal Financial Statement</b> Furnish a signed current statement for each stockholder (with 20% or greater ownership), partner, officer, and owner. Form enclosed.</p> <p>__4. <b>Personal Tax Returns</b> Complete federal tax returns for each individual referenced in #3 above.</p> <p>__5. <b>Business Financial Statements and Tax Returns</b> Submit income statements, balance sheets and tax returns for the last three years for business and affiliates.</p> <p>__6. <b>Interim Business Financial Statements</b> Submit statements that are current within ninety (90) days of application filing date.</p> <p>__7. <b>Financial Projections</b> Submit for at least one year if business is less than three years old or requested by TRF.</p> <p>__8. <b>Aging of Receivables and Payables</b> Submit current schedule within thirty (30) days of application filing date.</p> <p>__9. <b>Suppliers</b> Provide a list of major suppliers including name, address, contact person, total credit line, phone and fax numbers</p> <p>__10. <b>Description of project</b>, including a brief narrative and project location.</p> <p>__11. <b>Development budget</b> (sources and uses), if available</p> | <p>__12. <b>List of project team:</b> architect, general contractor, consultant</p> <p>__13. <b>Need for grant.</b> Submit narrative that demonstrates the incremental cost associated with opening a new store in an underserved area.</p> <p style="text-align: center;"><u>Real Estate, Machinery &amp; Equipment or Business Acquisition Only</u></p> <p>__14. Are you buying machinery or equipment with your loan money? If so, you must include a list of equipment and cost as quoted by the seller and his name and address.</p> <p>__15. Submit Agreement of Sale for real estate and business acquisitions.</p> <p style="text-align: center;"><u>Construction Financing only</u></p> <p>__16. Submit an estimated cost of the project and statement of the source of additional funds.</p> <p>__17. Provide copies of preliminary construction plans and specifications prepared by a qualified, independent third party (general contractor or architect).</p> <p style="text-align: center;"><u>Please complete the following:</u></p> <p>__18. Are you or your business involved in any pending lawsuits? If yes, explain. If no, check here: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>__19. Have you or any officer of your company been involved in bankruptcy or insolvency proceedings? If so, please provide the details. If none, check here: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
|---|--|

**Please submit this application with the additional information requested.**

I/We authorize The Reinvestment Fund (TRF) to investigate my/our personal and business financial credit history as necessary to process a grant application. The undersigned authorize any person or consumer reporting agency to give TRF any information it may have on the undersigned. Each of the undersigned authorizes you to answer questions about your credit experience with the undersigned. THE UNDERSIGNED, IN applying for financial assistance from TRF, recognizes that prior to receiving any financial assistance he or she will agree to comply with all federal, state and local laws and regulations to the extent that such are applicable.

\_\_\_\_\_  
**Name of Business:**

\_\_\_\_\_  
**Signature/Title:**

\_\_\_\_\_  
**Date:**

\_\_\_\_\_  
**Signature/Title:**