

Noontime Knowledge Public Financing

Thursday, April 7, 2022

Crane Room Grille



Northwest Pennsylvania Regional Planning & Development Commission

395 Seneca St, Oil City, PA 16301

Lawrence County Economic Development Corporation

Noontime Knowledge – Public Financing

The Crane Room Grille

April 7, 2022



Northwest Commission

Resources and Programs

- International Sales dorteh@northwestpa.org
- Government Contracting robyny@northwestpa.org
- Transportation & Local Technical Assistance Program (LTAP) traviss@northwestpa.org
- ARC & EDA Grants tammyd@northwestpa.org
- Partnerships for Regional Economic Performance (PREP) & Greenways Block Grant jenniferf@northwestpa.org
- Business Financing rebeccab@northwestpa.org

Business Financing Program

The Mission



“To stimulate the creation & the expansion of small for-profit businesses for the purposes of creating new jobs and retaining existing jobs in the 8-county region.”



Business Financing Program

Revolving Loan Funds



- Economic Development Administration (EDA)
- Appalachian Regional Commission (ARC)
- US Department of Agriculture (USDA)
- Commonwealth of PA Loan Programs (DCED)

Types of Businesses the Northwest Commission has Assisted



- Manufacturing
- Wineries/Breweries/Restaurants/B&B
- Retail and Wholesale
- Service Industry
- Agricultural

*We assist start-ups and existing businesses



Business Financing Program

RLF Financing Eligible Uses



- Land Acquisition
- Building Acquisition, Construction or Renovation
- Machinery & Equipment Purchases (new or used)
- Working Capital

Business Financing Program

Terms available



- Land & Building—up to 15 years
- Machinery & Equipment—up to 10 years
- Working Capital—3 years

- Not to exceed private lender term
- Blended terms available

Business Financing Program

Details of Loan Program



- 50% of Total Project Costs
- Job Creation/Retention
- 1:1 Private Sector Match is Required
- 100 Employees or Less
- Does not Supplant Bank Financing

Business Financing Program

Loan Application Process



- Meet with Loan Program Staff to discuss the project
- Complete the loan application in conjunction with NWC staff and private lender
- Credit analysis and Lender Due Diligence
- Project is presented to the Loan Review Committee who make the lending decision

Business Financing Program

Loan Application Process continued...



- Commitment letter
 - Fees
- Appraisal (if applicable)
- Insurance
 - Property/Casualty, Life, Flood (if applicable)
- Waivers
- Substantiation
- Legal Documents & Fees

Business Financing Program

Collateral



- Lien Filed on Financed Asset
 - Mortgage
 - UCC
- Typically Subordinate Lien to the Bank
- Shared Liens with Other Economic Development Programs
- Personal Guarantees on Principals
- Assignment of Life Insurance on Principals

Business Financing Program Benefits



- Fixed Terms
- Low & Fixed Interest Rates
- No Prepayment Penalties
- Reduced Risk to Private Lender
- Provide GAP Financing

Business Financing Program

Loans to date



- Loans Closed: 1,138
- Dollars Loaned: \$103,036,27
- Businesses Served: 758

Business Financing Program

Response to COVID-19



- CWCA Program through DCED
- Resources
- COVID-19 Hazard Pay Grant assistance
- CARES Act Supplemental EDA Award
- COVID-19 Hospitality Industry Recovery Program (CHIRP)

Business Financing Program

Loan Department



Rebecca Beach

Loan Program Manager
(814) 677-4800 ext. 115

rebeccab@northwestpa.org



Lisa Beach

Loan Closing Coordinator
(814) 677-4800 ext. 121

lisab@northwestpa.org



Jo Cramer

Loan Servicing Coordinator
(814) 677-4800 ext. 113

joc@northwestpa.org



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LCEDC and Chamber Team Members



Linda D. Nitch,
CEcD, EDFP –
nitch@lawrencecounty.com
Director of Economic
Development



Diane L. Richardson,
CEcD, EDFP –
Richardson@lawrencecounty.com
Assistant Director of Economic
Development



Lyndsey Overby –
overby@lawrencecounty.com
Marketing and Event
Specialist



Jeff Dereume –
dereumej@duq.edu
Duquesne Small Business
Development Center
Business Consultant



Paul Bucciarelli –
paul@lawrencecounty.com
Business Retention and
Workforce Specialist



Melanie DeVincentis –
melanie@lawrencecounty.com
Communications Manager



Rudi Lyn Kurtz –
kurtz@lawrencecounty.com
Office Manager and
Member Services





Lawrence County Economic Development Corporation

Business Assistance Tools

Small Business Development Center - Our Duquesne University SBDC consultant can assist with your start-up and business expansion needs.

Site Selection - The LCEDC maintains a database of available sites and facilities for businesses looking to expand or relocate. We respond to inquiries from not only individual business owners but regional partners and the Commonwealth of Pennsylvania, as well.

Administrative Partners - The LCEDC provides admin support for the Lawrence County Learning Center and the Lawrence County Industrial Development Authority.

Grant Writing/Administration - We provide grant writing and grant administrative services for Lawrence County projects, often in collaboration with our municipal partners.

Direct Business Loan Financing - The LCEDC administers three revolving loan funds programs as well as Pennsylvania's business loans as a Certified Economic Development Organization (CEDO).





Business Loan Products

USDA RLF: Local revolving loan fund program for micro-businesses (<10 employees)

LCEDC RLF: Local lending program for mid-size business projects

PIDA: Commonwealth of PA's primary business financing program





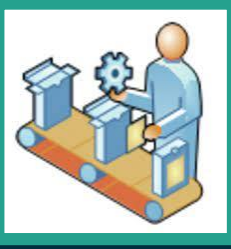
Lending Program Common Characteristics

- ALL public lending programs we work with (Local, Regional or State) DO NOT provide 100% financing.
- They are designed to augment private financing, typically, a 1:1 match is required.
- Private match can come from equity/cash from the business owner or some type of bank loan.
- Public Lending sources will typically subordinate their collateral position to private bank financing.
- Loan limits are effected by the number of jobs retained or created.
- Public lending sources typically match the term of the bank loan.
- Publicly sourced loans are reviewed and evaluated in the same way private bank financing is reviewed.





USDA MICRO LOAN FAST FACTS



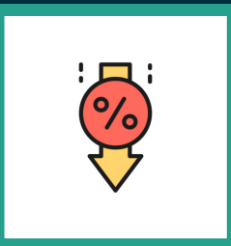
Who do we fund? Very small manufacturers, agricultural-related, research & development, computer/IT, and retail/retail service. Must have less than 10 FTE employees.



Project size: Perfect fit for total project costs up to \$70k. Maximum loans up to \$35,000 or half of the total project cost.



What can we fund? Building purchase, construction or rehab, leasehold improvements as well as machinery & equipment (used or new).



Interest rate and term: The current fixed rate for the life of the loan is 3.5% for a term of up to 10 years.





USDA RLF SAMPLE PROJECT: New Castle Industrial Railroad

The Project - NCIRR is a short line railroad with 8 full-time employees that provides industrial switching in the New Castle area. The company was in need of a used Loader/Backhoe to help clear and maintain track. The total project cost was \$63,388.

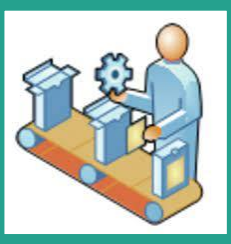
The Financing Plan -

Total Project:	<u>\$63,388</u>	
USDA RLF:	\$31,694	(50% participation)
Private Match (Bank):	\$31,694	
Collateral:	Shared first lien position on the equipment purchased and Personal Guarantee of the majority owner	
Interest Rate/Term:	3.0% for a 5 year term (matched bank term)	





LCEDC RLF FAST FACTS



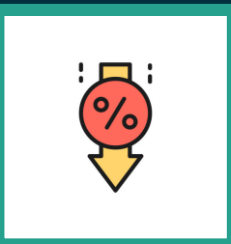
Who do we fund? Manufacturing, industrial, agricultural, research & development, computer/IT related, warehouse/distribution, and some retail/service



Project size: Perfect fit for total project costs of \$50k or more. Maximum loans up to \$500,000 or half of the total project cost.



What can we fund? We fund ASSETS - Land and/or building purchases, construction, and improvements as well as machinery & equipment (used or new).

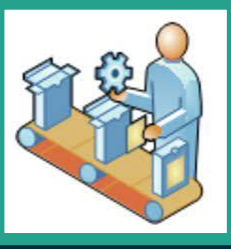


Interest rate and term: The current fixed rate for the life of the loan is 3.5% for a term of up to 15 years.





PIDA FAST FACTS



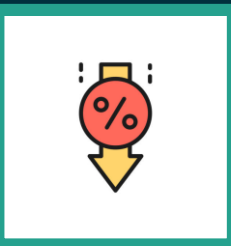
Who can be funded? manufacturing, industrial, agricultural, research and development, hospitality, recycling, construction, retail and service, and computer-related service enterprises.



Loan Limits: Real estate loans up to \$2.25m, machinery and equipment loans up to \$1.5m, and working capital up to \$100,000



What can be funded? Land and building acquisitions; construction and renovation; machinery and equipment; and working capital if part of a larger project.



Interest rate and term: The current rate can be fixed for the life of the loan at 3.5% for a term of up to 15 years.





PIDA & LCEDC RLF SAMPLE PROJECT: **Bunting, Inc.**

The Project -

- Bunting, Inc., a Verona, PA-based manufacturer, proposed to purchase a 365,000 square foot facility in Shenango Twp. for the purpose of starting an aluminum extrusion operation.
- This arm of their company has 2 employees but anticipate to create 79 FTE jobs for a total of 82 effected jobs.
- The project involved acquisition only for a total project cost of \$4.2 million.





PIDA & LCEDC RLF SAMPLE PROJECT: Bunting, Inc.

The Financing Plan -

Total Project:	<u>\$4,200,000</u>	
PIDA:	\$2,100,000	(50% participation)
LCEDC RLF:	\$ 650,000	(16% participation)
Private Match (Bank):	\$1,450,000	(34% participation)
PIDA Collateral:	Second lien mortgage behind the bank	
LCEDC Collateral:	Third lien mortgage behind the bank and PIDA	
Interest Rate/Term:	2.5% fixed for a 15 year term	



Any Questions?

Diane L. Richardson

Lawrence County Economic Development Corporation
Lawrence County Regional Chamber of Commerce

FORWARD  **LAWRENCE**



VALLEY

ECONOMIC DEVELOPMENT

PARTNERS

Partners in funding businesses for economic growth **Since 1978**

Noontime Knowledge
April 7, 2022

Presented to



Mission Statement:

We exist to be a leader in developing employment opportunities through business creation, expansion and retention in collaboration with other regional organizations.

Our Vision Statement:

We look to fulfill our mission through Small business lending to help achieve the economic and social well-being of the Mahoning Valley Region.

Values:
How we behave; general guidelines
that set the foundation for how we will operate.

Community

We go above and beyond to help find the best capital structure for small businesses in the regions we serve.

Collaboration

We partner with several organizations to put together the best available options for our clients

Teamwork

We have open communication and help each other to do what it takes to get things done

Integrity

We always do right by our clients and our organization to maintain good standing in the community



Valley Partners Financing:

Mitigates Risk

Fills a 'Financing Gap' in a project

Reduces bank exposure
(50%-40%-10% Deals)

Provides longer term and lower rate loans

Lowers business borrower's equity injection

Gets capital in the hands
of the 'Job-Creators'



Bank Partners



We can partner
with any bank the
client uses or is
comfortable with.

Partnerships

YBI Minority Business Assistance Center
Procurement Technical Assistance Center
Small Business Development Center
Western Reserve Port Authority
Youngstown Warren Regional Chamber
Eastgate Council of Governments
Valley Growth Ventures

LOAN PROGRAMS

	SBA 504 Loan	Regional "166" Loan	Revolving Loan	USDA-IRP Loan	SBA ILP Loan/CA	EDGE	VPRLF
Eligible Business	Service, Commercial, Retail, Industrial & Distribution	Primarily Manufacturing, Wholesale & Distribution	Service, Commercial, Retail, Industrial & Distribution	Service, Commercial, Retail, Industrial & Distribution	Service, Commercial, Retail, Industrial & Distribution	Service, Commercial, Retail, Industrial & Distribution	Service, Commercial, Retail, Industrial & Distribution
Maximum Loan	40% of project cost, up to \$5MM or \$5.5MM for Manufacturing	45% of project cost, up to \$500,000	40% of project cost, up to \$150,000	40% of project cost, up to \$150,000	100% of project cost, up to \$50,000 (ILP) \$250,000 (CA)	90% of project cost, up to \$250,000	up to 100% of project cost, up to \$250,000
Interest Rate	Based on T-Rates -- Fixed	Based on Prime Rate-- Fixed	Based on Prime Rate--Fixed	Based on Prime Rate--Fixed	Based on Prime Rate--Fixed or Variable	Based on Prime Rate--Fixed	Based on Prime Rate--Fixed
Loan Term	M&E--Up to 120 mos. RE--Up to 25 years	M&E--Up to 120 mos. RE--Up to 240 mos.	M&E--Up to 120 mos. RE--Up to 180 mos. WC--Up to 36 mos.	M&E--Up to 60 mos. RE--Up to 180 mos. WC--Up to 36 mos.	M&E--Up to 120 mos. RE--Up to 240 mos. WC--Up to 60 mos.	M&E--Up to 120 mos. RE--Up to 240 mos. WC--Up to 60 mos.	M&E--Up to 120 mos. RE--Up to 180 mos. WC--Up to 60 mos.
Collateral	2nd Mortgage or Lein Personal Guarantee	Parity Mortgage or Lein Personal Guarantee or LOC	2nd Mortgage or Lein Personal Guarantee	2nd Mortgage or Lein Personal Guarantee	1st Mortgage or Lein Personal Guarantee	1st Mortgage or Lein Personal Guarantee	Mortgage or Lien / Personal Guarantee
Job Creation	1:\$75,000 & 1:\$120,000 for small manufacturer	1:\$100,000	1:\$25,000	1:\$25,000	N/A	1:\$25,000	1:\$25,000
Other Factors	Project interim funded by bank	Project interim funded by bank	Borrower must be located in either Mahoning or Trumbull Counties	Borrower must be located in rural areas of counties	Borrower must have been denied credit by a bank (ILP Only)	Borrower denied credit or can't secure funds from conventional source	Borrower must be located in either Mahoning or Trumbull Counties





Example 1:

Joe Smith wants to open a new place called Joe's Pizza Shack. Joe wants to lease a space and needs equipment and working capital to get started. Joe cannot get a traditional bank loan because they are a startup, the industry is too risky and they have a lower credit score.

We offer loan products to lend to these types of individuals with or without a participation from a bank. We would need a good business plan and reasonable projections. We encourage clients to have some funds available to use towards the project, but it is not required.



Example 2:

ARK Technologies wants to move their facility to a neighboring city. They have found a new building they would like to purchase, but will need to make some renovations to make it work. They found a bank, but the bank does not feel comfortable lending the full \$500,000 that they need.

We offer loan products to lend to these types of individuals with or without a participation from a bank. We could fill the “gap” that the project has. Typically the bank would provide 50% of the financing (\$250,000 in this case), Valley Partners would provide 40% (\$200,000) and the client would inject 10% (\$50,000).



Example 3:

Early Learning Daycare wants to expand to a 2nd location in a neighboring city. A bank is willing to fund their \$1 million dollar project, but only if the client injects 20%.

We offer an SBA 504 loan product that allows us to mitigate the risk of the bank and lower that equity requirement for the client. Typically, this would be the same split of the bank at 50%, Valley Partners at 40% and the client would inject 10%.



The Team



Teresa Miller

Executive Director
[Click To Call](#)
Ext. 116 | teresa@valleyedp.com

[Contact Teresa](#)



Mario A. Nero Sr.

Director of Lending
[Click To Call](#)
Ext. 122 | mario@valleyedp.com

[Contact Mario](#)



Maureen Stenglein

Portfolio Manager
[Click To Call](#)
Ext. 114 | maureen@valleyedp.com

[Contact Maureen](#)



Gregory M. Lutz

Financial Specialist
[Click To Call](#)
Ext. 117 | greg@valleyedp.com

[Contact Greg](#)



Wendy Walters

Loan Servicing Director
[Click To Call](#)
Ext. 123 | wendy@valleyedp.com

[Contact Wendy](#)



Julie Swauger

Office Manager
[Click To Call](#)
Ext. 110 | julie@valleyedp.com

[Contact Julie](#)



Madison Hoover

Loan Assistant/Marketing Manager
[Click To Call](#)
Ext. 120 | madison@valleyedp.com

[Contact Madison](#)



Cassie Wyatt

Business Coach
[Click To Call](#)
Ext. 111 | cassie@valleyedp.com

[Contact Cassie](#)

Contact
our office:

Valley Economic Development
Partners is here to help you grow
your business, answer your
questions,
and ultimately contribute to the
economic vitality of our region.

Visit our website

www.valleyedp.com or

Give us a call at

[330.759.3668](tel:330.759.3668) to see
how we can help your
business



BRIDGEWAY
CAPITAL

Bridgeway Capital Overview



*Bridgeway Client
Hazelwood Initiative*

About Bridgeway Capital

*We are more than **lenders**.
We are lending **partners**.*

Who are we?

Bridgeway Capital is a nonprofit and Community Development Financial Institution (CDFI). We take a market-based approach to community development by providing lending capital to create economic opportunities and revitalize communities. We have a mission to make capital available to build a vibrant regional economy where everyone thrives.

What type of lending do we do?

As a mission-driven lender, Bridgeway provides financing for small businesses and real estate projects that create social and economic impact. The projects we fund provides opportunities for economic mobility, creates jobs, and revitalizes neighborhoods to build a more inclusive and stronger local economy.

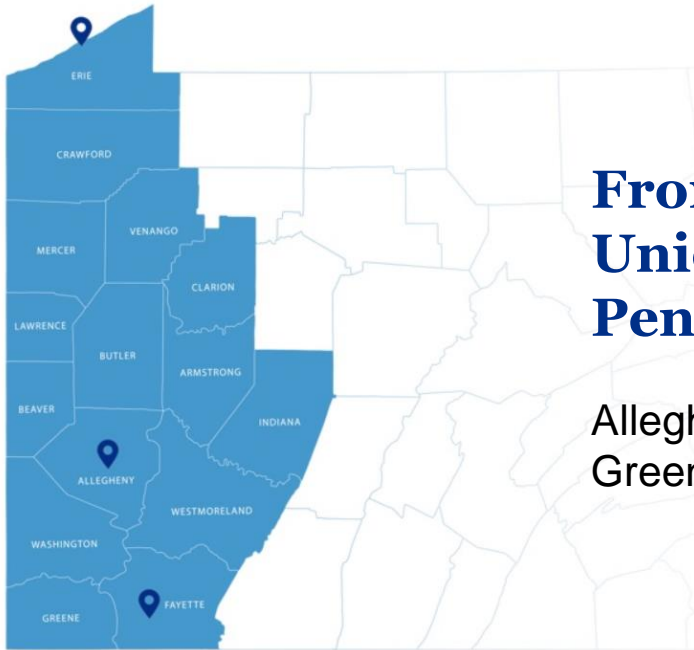
We have loan options available for:

Small Business

Real Estate

Nonprofits

Where we work.



From our three offices located in Pittsburgh, Erie, and Uniontown, we work in the following counties in Pennsylvania:

Allegheny, Armstrong, Beaver, Butler, Clarion, Crawford, Erie, Fayette, Indiana, Greene, Lawrence, Mercer, Venango, Washington, and Westmoreland



**BRIDGEWAY
CAPITAL**

bridgewaycapital.org

What we do.



**SMALL
BUSINESS
LENDING**

**REAL ESTATE
LENDING**

**BUSINESS
ASSISTANCE
PROGRAMS**

**HEALTHY
FOODS
ACCESS
SUPPORT**

**CREATIVE
ECONOMY
SUPPORT**

How we do it.



PRIORITIZE PEOPLE

We prioritize people and take the time to understand their vision

TAILOR SERVICES

We tailor our services to people's unique stories, and find ways to invest in their futures

PATIENT CAPITAL

Offer flexible & patient capital

CREATIVE FINANCING

Can partner on blended capital stacks for complex projects

BUILD CAPACITY

Help small businesses navigate entrepreneurship

We Fund Transformative Projects



Small Business Loans

- Our fair, flexible financing helps small businesses overcome barriers to receive funding or pursue new opportunities for business growth



Real Estate Loans

Our patient, responsive capital for real estate projects helps build vibrant and thriving communities

Small Business Loan Offerings

Microloans

- When a small amount of capital is needed to launch your next big project or business

Capital for Startups

- Flexible capital for entrepreneurs to startup or grow emerging small businesses

Capital to Grow

- Tailored to meet your growing company's business needs

Real Estate Loan Offerings

Commercial Real Estate Loans

- Capital that helps you transform rundown blocks into thriving business corridors

Community Development Loans

- Financing for complex transactions that build vibrant communities where all can thrive

Affordable Housing Loans

- As neighborhoods grow, we can help you offer affordable housing that grows with it

What is Offered?

What is offered?

- Flexible terms
- Competitive fixed rates
- Short or long-term loans

How much can you borrow?

- We have done loans from \$5,000 up to \$3 million
- Our average loan is \$250,000

Who is eligible?

- Minority-, woman-, immigrant- or veteran-owned businesses
- Businesses in economically distressed urban and rural areas
- Businesses unable to access traditional financing
- Real estate developers with affordable residential or commercial projects in low-income communities
- Nonprofits in need of capital for real estate projects or refinancing
- As neighborhoods grow, our financing helps you offer affordable housing that grows with them

Bridgeway's Entrepreneurship Hub

*We help small businesses
navigate entrepreneurship.*

What does the Entrepreneurship Hub do?

Bridgeway's Entrepreneurship Hub provides guidance and services that can help small businesses access capital and maximize growth opportunities. The Entrepreneurship Hub offers business guidance, consulting services, educational workshops, cohort-based accelerator programs, and networking events at no cost to participating businesses.

Where can we help?

Accounting: Learn how to sustain cash flow and generate strong financials that allows you to grow year after year.

Marketing: From building your brand to building your website, develop a marketing plan as unique as you.

Business strategy: When you need a sound business model to launch or a business plan for the next level of growth.

Legal: When a legal advisor is needed to help chart the way for filings, contracts, agreements, and more.

Thank You

Edward Vargo

Commercial Real Estate Lending Officer

Evargo@bridgewaycapital.org

412-201-2450 ext. 132



**BRIDGEWAY
CAPITAL**

Connect Opportunity with Capital

Thank you for attending!

Linda D. Nitch and Diane L. Richardson
Lawrence County Economic Development Corporation
Lawrence County Regional Chamber of Commerce

FORWARD  **LAWRENCE**