

BOROUGH OF COLUMBIA, LANCASTER COUNTY, PENNSYLVANIA

ORDINANCE NO. 897 - 2018

INTRODUCED BY COUNCIL – March 12, 2018

ADOPTED BY COUNCIL – March 12, 2018

AN ORDINANCE OF THE BOROUGH OF COLUMBIA, LANCASTER COUNTY, PENNSYLVANIA ESTABLISHING A COMMERCIAL REVOLVING LOAN PROGRAM, AUTHORIZING THE RETENTION OF A THIRD PARTY ADMINISTRATOR, SETTING FORTH FEES TO BE PAID TO A THIRD PARTY ADMINISTRATOR; REQUIRING REPORTING TO THE BOROUGH COUNCIL OF THE BOROUGH OF COLUMBIA; PROVIDING FOR THE REPEAL OF INCONSISTENT ORDINANCES; PROVIDING FOR THE SEVERABILITY OF THE ORDINANCE; AND PROVIDING THAT THE ORDINANCE SHALL TAKE EFFECT AS PROVIDED BY PENNSYLVANIA LAW.

BACKGROUND

WHEREAS, the Borough of Columbia desires to create an economic development revolving loan program to provide funding that will encourage the purchase, ownership and renovation of commercial and industrial buildings within the Borough of Columbia with a specific interest in the development, retention and expansion of businesses within the downtown and riverfront districts of the Borough; and

WHEREAS, the primary goals of the Borough of Columbia's Commercial Revolving Loan Program are: (1) creating quality full-time employment opportunities for the residents of the Borough of Columbia; (2) encouraging new private investment in the Borough of Columbia; and (3) bolstering the local tax base through property expansion and infrastructure development.

NOW, THEREFORE, BE AND IT IS HEREBY ORDAINED AND ENACTED by the Borough Council of the Borough of Columbia, Lancaster County, Pennsylvania, as follows:

SECTION 1. By adoption of this Ordinance there is hereby created a revolving commercial loan program in the amount of \$1,500,000.00 to be known as the Borough of Columbia Commercial Revolving Loan Program.

SECTION 2. The Borough Council may, from time to time, by resolution of Borough Council enter into agreements with third party administrators to administer the Borough of Columbia Commercial Revolving Loan Program.

SECTION 3. Any contract for the provision of third party administration of the Borough of Columbia Commercial Revolving Loan Program shall provide for the following:

A. The power for such administrator to serve as an independent contractor and to control all administration rights with respect to loans made under the loan program including underwriting each loan in accordance with accepted lending practices, approving and/or denying loan applications, documenting the loan in accordance with accepted practices, administering the loan from closing through final payment, responding to inquiries from any regulatory authority with respect to loans made, investigating delinquencies and engaging in collection activities, processing payments and other similar matters.

B. Designate the third party administrator as the Borough of Columbia's agent.

C. The fees to be paid to such administrator shall not exceed interest on the loans made plus late fees, costs of collection and other fees charged under and pursuant to the loan documents.

D. Provide that the agreement is subject to and in accordance with the terms of this Ordinance and the terms of this Ordinance are incorporated into such agreement.

E. Require the use of loan documents approved by the Borough solicitor.

SECTION 4. To be eligible for a loan from the Borough of Columbia Commercial Revolving Loan Program, the loan must be for the purchase, ownership and/or renovation of a commercial or industrial building within the Borough of Columbia or for the purchase of equipment, other business assets, general working capital, contract financing, leasehold improvements, and other general and customary business uses. Special priority and emphasis will be given to those properties situated in the downtown and riverfront districts. The Borough of Columbia and/or any third-party administrator administering the Borough of Columbia Commercial Loan Program shall, in addition, to the above, apply the following eligibility criteria in reviewing and approving loan applications and underwriting loans:

A. Only buildings with commercial or industrial use on the first floor of the property are eligible. Applicants are to provide details on the final use of the property at the time of the loan application.

B. Applicants must meet accepted credit requirements and provide proof that all property taxes are current and that the property is adequately insured.

C. The proposed improvements must be reviewed and approved by the Historical Architectural Review Board if the property is situated within the historic district. Adherence to the Secretary of Interior Standards for rehabilitation will be

stressed for all loans made through the Borough of Columbia Commercial Revolving Loan Program.

D. Architectural fees and costs for awnings, signs and landscaping improvements are eligible expenses to be funded through the Borough of Columbia Commercial Revolving Loan Program.

E. All improvements must meet and satisfy all codes of the Borough of Columbia.

SECTION 5. Additional requirements for all loans made under and through the Borough of Columbia Commercial Revolving Loan Program are:

A. The property being improved with loan funds must have commercial, retail and/or industrial use.

B. All required permits must be obtained prior to the start of construction.

C. All such loans shall be secured by lien positions on collateral at the highest level of priority, which can accommodate the borrower's ability to raise sufficient debt and equity capital.

D. The borrower and its principals may not be delinquent in or in default of any existing private or public loans relating to the business, unless the business and/or its principals provide an affidavit stating that the business and/or its principals have entered into and are in compliance with a workout agreement satisfactory to the respective creditors and satisfactory to the Borough of Columbia and/or any third-party administrator administering the Borough of Columbia Commercial Revolving Loan Program.

E. The business and its principals must be current in payment of all applicable Federal, State and Local taxes or have entered into a workout agreement satisfactory to the taxing authorities, the Borough of Columbia and/or any third-party administrator of the Borough of Columbia Commercial Revolving Loan Program and must be in compliance with the terms of such agreement.

F. The business, its principals and managerial officers must disclose any real or potential conflicts of interest between themselves and any officials or employees of the Borough of Columbia and/or the entity serving as the third-party administrator of the Borough of Columbia Commercial Revolving Loan Program.

G. All sources of matching funds must be identified when the application is submitted to the Borough of Columbia Commercial Revolving Loan Program and must be in place at the time of the loan closing.

H. At the discretion of the Borough of Columbia or its third-party administrator, loan proceeds may be fully disbursed to the business at closing or

fully or partially deposited into an escrow account with a commercial lending institution.

I. All projects financed through the Borough of Columbia Commercial Revolving Loan Program shall commence and be completed within a reasonable time.

SECTION 6. No less frequently than quarter annually, the Borough Manager, if there is no third-party administrator, or the third-party administrator if one has been retained by the Borough of Columbia shall report to the Borough of Columbia on the following matters:

- A. The number of loans made and to whom;
- B. The status of all outstanding loans;
- C. The activity related to applications made for new loans; and
- D. Such other and further information as may be requested by Borough Council and/or the Borough Manager.

SECTION 7. The initial funding for the Borough of Columbia Commercial Revolving Loan Program is \$1,500,000.00 as already provided for in the 2018 Borough of Columbia budget. The Borough Manager is directed and authorized to fund loans under the Borough of Columbia Commercial Revolving Loan Program up to the maximum principal amount of \$1,500,000.00. As loans are repaid, the balances repaid to the Borough shall remain designated as part of the Borough of Columbia Revolving Loan Program and may be utilized by the Borough Manager and/or any third party administrator retained by the Borough to make additional loans; it being understood that the intent and purpose of the Commercial Revolving Loan Program is to continually make loans available for purposes of economic development within the Borough of Columbia. By resolution from time to time of Borough Council, the funding for the Borough of Columbia Commercial Revolving Loan Program may be increased.


SECTION 8. All ordinances or resolutions or parts of ordinances or resolutions insofar as they are inconsistent herewith are hereby repealed and rescinded.

SECTION 9. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any of the remaining provisions, sections, sentences, clauses or parts of this Ordinance; it being the intent of the Borough of Columbia that the remainder of the Ordinance shall be and shall remain in full force and effect.

SECTION 10. This Ordinance shall become effective as provided by the laws of the Commonwealth of Pennsylvania.

DULY ORDAINED AND ENACTED this 12th day of March, 2018,
by the Borough Council of the Borough of Columbia, Lancaster County, Pennsylvania,
in lawful session duly assembled.

BOROUGH OF COLUMBIA, LANCASTER
COUNTY, PENNSYLVANIA

By: 
Kelly Murphy,
President of Borough Council

ATTEST:

Gregory Sahd,
Secretary of Borough Council

Examined and approved this 12 day of March, 2018.


Leo S. Lutz, Mayor