

RESOLUTION NO. 2014- 186

**A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO MAIN'S MEAT MARKET, LLC.**

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated April 23, 2014, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Main's Meat Market, LLC**; and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Second Generation Enterprise Zone Assistance Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Second Generation Enterprise Zone Assistance Funds for the following project, in accordance with the proposal submitted by the City of Vineland Revolving Loan Fund Second Generation Loan Committee:

<b>Economic Development Loan to Main's Meat Market, LLC</b>	<b>\$30,000.00</b>
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BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk



Economic Development Dept.  
www.vinelandcity.org

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MEMORANDUM

TO: City Council President and Members

FROM: City of Vineland Revolving Loan Fund  
Second Generation Loan Committee

SUBJECT: **Applicant:** Main's Meat Market, LLC  
**Loan Amount:** \$30,000.00

DATE: April 23, 2014



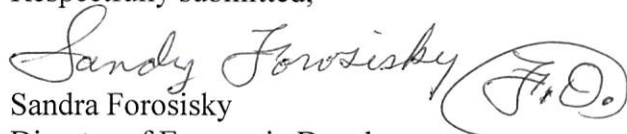
Dear Council President Fanucci, Councilmen Procopio, Spinelli, and Councilwomen Calakos and Gonzales:

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a second generation loan in the amount as stated herein above.

Please note that the committee finds that the purpose of the loan meets the criteria set forth in the Statute made and provided governing Urban Enterprise Zone Loans. The committee further finds that the loan will promote economic development, creation of jobs, and/or tax ratables that will benefit the City of Vineland.

Further, please note that based on the information provided, the applicant has the present ability to repay said loan and the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,

  
Sandra Forosisky  
Director of Economic Development

SF/fd

cc: Frank DiGiorgio  
file



**VINELAND UEZ LOAN COMMITTEE  
LOAN PROPOSAL**

**Date:** April 14, 2014

**Borrower Name and Address (s):** Main's Meat Market, LLC  
1189 Woodcrest Drive  
Vineland, New Jersey 08360

**Request:** \$30,000 commercial term loan for the acquisition of equipment for the start-up of a butcher and produce retail shop.

**Interest Rate:** 6.00%                      **Term of Loan:** 10 Years

**1. BACKGROUND:** Patricio Jose Garcia Martinez (a 46 year old man and married to Ofelia Ramos Perez), came to the United States 24 years ago searching for opportunity and a better life for his wife and family. Originally from Oaxaca, Mexico, Mr. Patricio Garcia Martinez, is self-employed as a landscaper for the past 5 years. He previously worked for landscaping businesses and also worked for Southwin Ranch, a horse ranch and farm in Rosenhayn, NJ. In 2006, Mr. Patricio Jose Garcia Martinez brought his wife and sons to the United States. Mr. Patricio Jose Garcia Martinez is the father of three sons, Uriel Garcia Ramos (24 years of age), Christian Garcia Ramos (21 years of age) and Derrick Garcia Ramos (18 years of age). Uriel and Christian are currently employed as butchers with Joe's Poultry and Butcher Shop on West Landis Avenue in Rosenhayn, NJ. Christian is a recent graduate of high school. Mrs. Ofelia Ramos Perez, Mr. Garcia Martinez's wife, is employed with Omni Baking in Vineland, NJ. Mr. Patricio Jose Garcia Martinez and his family reside in Vineland on Woodcrest Drive which, in a house he purchased in 2010.

Mr. Patricio Jose Garcia Martinez and his family are desirous of starting a produce and butcher shop business. He formed a single member limited liability company known as Main's Meat Market, LLC to own and operate a produce and butcher shop. They have worked on a business plan and negotiated a lease agreement to rent space (+-3,800 sq. ft) at a Main & Magnolia retail site (former site of Organics – a natural/organic food and suppliments store). The Main & Magnolia site is equiped with several pieces of equipment which will be utilized for the retail food business including a walk-in cooler and other refrigeration equipment. Mr. Patricio Jose Garcia Martinez has approached the City of Vineland for consideration in funding an equipment loan to assist him and his family with realizing their business start-up.

**1a. COMPETITION:** Marcacci Meats, Joe's Butcher, Shop-Rite, Acme and other supermarkets.

**1b. PROJECT:** The project involves the funding of equipment for the start-up of a new retail butcher and produce shop.

<u>Project Costs</u>		<u>Funding Sources</u>		<u>%</u>
Equipment Acquisition	\$32,500	UEZ	\$30,000	(70.59%)
Start-up and working capital	<u>10,000</u>	Borrower	<u>12,500</u>	<u>(29.41%)</u>
Total Costs	\$42,500	Total Sources	\$42,500	(100.00%)

**2. COLLATERAL:**

- a.) UCC-1 and Security Agreement (State of New Jersey filing) on all equipment, machinery, inventory and all business assets now owned and hereafter acquired of Main's Meat Market, LLC,
- b.) Second position mortgage lien on the real estate located at 1189 Woodcrest Drive, Vineland, Cumberland County, New Jersey a/k/a Block 2418, Lot 30,

**2. COLLATERAL (CONTINUED):**

- c.) Hypothecation Agreement on real property referenced in letter (b.) above, executed by Patricio Garcia Martinez and Ofelia Ramos Perez,
- d.) Any additional documents deemed necessary to settle the loan.

**3. GUARANTORS:**

- a.) Personal Guaranty of Patricio Garcia Martinez,
- b.) Personal Guaranty of Ofelia Ramos Perez,
- c.) Personal Guaranty of Uriel Garcia Ramos,
- d.) Personal Guaranty of Christian Garcia Ramos.

**4. LIEN POSITION:** UEZ will file a UCC-1 and Security Agreement on all equipment, machinery, inventory and business assets now owned and hereafter acquired in primary position on Main's Meat Market, LLC. Secondary collateral will be in the form of a second position mortgage lien the real property located at 1189 Woodcrest Drive, Vineland, Cumberland County, New Jersey a/k/a Block 2418, Lot 30.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** The UEZ will be in primary position on the equipment and business assets. The primary residence has a first mortgage to Bank of America (transferred/assigned to PennyMac Loan) in the original amount of \$175,757 with a balance of \$162,970.

**6. SIZE OF PARCEL:** See #7.

**7. IMPROVEMENTS THEREON:** The business and equipment will be situated in a +-3,800 sq. ft. retail space which is part of a strip center located at the intersection of Main and Magnolia Roads.

The size of the parcel for the secondary collateral – the personal residence, is situated on an 80' x 218' foot lot.

**8. LOCATION OF PROPERTY:** The business and equipment will be located at 1370 S. Main Road, Unit C-7, Vineland, New Jersey. The personal residence is located at 1189 Woodcrest Drive, Vineland, NJ.

**9. APPRAISAL INFORMATION:** They equipment is being purchased for \$32,500. The personal residence was purchased in April 2009 for \$179,000. Although the equipment is being purchased for \$32,500, equipment depreciates quickly and thus this writer assumed a 50% value on it for loan-to-value. Furthermore, the residential dwelling does not have any equity. The UEZ will file a mortgage on it, but, equity is non-existent. Therefore, LTV will be in excess of 100%.

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = 1.84x (based on projections), LTV = NA

- Assist entrepreneurs with business start-up.
- Vacant facility/space is leased.
- Experience in the industry.

**12. RECOMMENDATION:**