

RESOLUTION NO. 2014-438

A RESOLUTION TO AMEND RESOLUTION NO. 2014-63, AUTHORIZING SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO PASHA HALAL POULTRY, LLC OR THEIR ASSIGNS.

WHEREAS, on February 11, 2014, the City Council of the City of Vineland adopted Resolution No. 2014-63, entitled “A RESOLUTION APPROVING THE USE OF **SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO PASHA HALAL POULTRY, LLC OR THEIR ASSIGNS**”;

WHEREAS, Resolution No. 2014-63 approved said loan in the amount of \$250,000.00; and

WHEREAS, it has become necessary to amend the above Resolution to increase the loan amount from \$250,000.00 to \$350,000.00 due to increased costs associated with site improvements at the project location; and

WHEREAS, it is in the best interest of the City of Vineland that Resolution 2014-63 be amended to increase the loan amount to \$350,000.00; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that Resolution 2014-63, adopted on February 11, 2014, be and the same is hereby amended to reflect an Economic Development Loan to Pasha Halal Poultry, LLC or their Assigns, in the amount of **\$350,000.00**.

Adopted:

President of Council

ATTEST:

City Clerk

**Office of Economic Development
City of Vineland, New Jersey**

Memorandum



To: Denise Monaco, Business Administrator

From: F. DiGiorgio 

CC: S. Forosisky, File

Date: October 14, 2014

Re: City Council Resolution # 2014-63 – Second Generation Loan Approval to Pasha Halal Poultry, LLC

Please be advised that the Vineland UEZ Loan Committee, at its meeting of October 14, 2014, approved an increase to the the Second Generation Vineland UEZ Loan previously approved to Pasha Halal Poultry, LLC via City Council Resolution #2014-63 (in the amount of \$250,000). The increase to the loan amount will be \$100,000.00 and is due to increased costs associated with site improvements at the project location. Attached is the modified proposal (changes are highlighted in green). As a result, we are requesting that an amendment be made to City Council Resolution #2014-63 to reflect an increase in loan amount from \$250,000 to \$350,000. Thank you for attention to this matter.

VINELAND UEZ LOAN COMMITTEE LOAN PROPOSAL

Date: September 22, 2014

Borrower Name and Address (s): Pasha Halal Poultry, LLC (Amendment – Increase +\$100,000)
d/b/a Marcacci Meats
1853 Vine Road
Vineland, NJ 08360

Request: Increase of \$100,000 to an approved \$250,000 commercial term loan for permanent financing on real estate and machinery/equipment. Total loan will be \$350,000.

Interest Rate Request: 5.00%

Term of Loan Request: 20 Years

1. BACKGROUND:

Mehmet Silpagar and Halil Silpagar, brothers, are the equal co-owners of Pasha Halal Poultry, LLC d/b/a Marcacci Meats. In 2006, they purchased Marcacci Meats, a meat and butcher shop, providing wholesale and retail beef, pork, poultry, veal, and deli meat and deli products for public sale.

Mehmet and Halil were born in Turkey. They came to the United States in 1972 and lived in Queens, NY, Long Island, NY, and Clifton, NJ. Mehmet Silpagar was 14 years old and Halil Silpagar was 16 years old when they came to the United States. Upon completing coursework at the county college, Mehmet and his brother, with their entrepreneurial spirit went into business. They purchased and operated gas stations. They were in the gas station business until their purchase of Marcacci Meats with two other partners, whom have since left the business, in 2006.

1B. PROJECT: The project involves the permanent financing of real estate for site improvements for a location which will be utilized for the purpose of locating and expanding of a retail/wholesale butcher and produce shop. Marcacci Meats is currently located on Vine Road in Vineland off of N. Main Road. Messrs. Silpagar plan on maintaining this location as a butchering/slaughtering only facility while retailing meats and produce at the new location. The new location was purchased in December 2013 and will be located at 1159 N. Delsea Drive, Vineland, NJ, corner of N. Delsea Drive and Oak Road, former location of Success School (Vineland Board of Education) and prior to that, Plochman's Mustard. Connection to sewer, parking lot improvements and interior conversion to retail space are planned for this location.

As a result of site plan approval, the City of Vineland is requiring site improvements estimated to cost +/- \$375,000. The borrowers were not anticipating these costs to exceed \$250,000 (+125,000). As a result, they are requesting consideration for an increase of \$100,000 to the approved UEZ Loan. \$25,000 would be contributed by the borrower.

<u>Project Cost</u>		<u>Project Funding Sources</u>	
Purchase of Equipment	\$ 200,000	TD Bank (acquisition)	\$ 520,000
Purchase Building	650,000	TD Bank (additional via refi)	300,000
Improvements	<u>500,000</u>	Vineland UEZ	250,000
Total Cost	\$1,350,000	Borrower	<u>280,000 (20.74%)</u>
		Total Sources	\$1,350,000

<u>Project Cost</u>		<u>Project Funding Sources</u>	
Purchase of Equipment	\$ 200,000	TD Bank (acquisition)	\$ 520,000
Purchase Building	650,000	TD Bank (additional via refi)	300,000
Improvements	<u>625,000</u>	Vineland UEZ	<u>350,000</u>
Total Cost	\$1,475,000	Borrower	<u>305,000 (20.68%)</u>
		Total Sources	\$1,475,000

2. COLLATERAL:

- a.) **Modification of existing** subordinate position mortgage lien on the real estate located at 1159 N. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 1601, Lot 91,
- b.) UCC-1 Filing and Security Agreement (State of New Jersey Filing), specific and general, on equipment being purchased and existing machinery, equipment and business assets now owned or hereafter acquired,
- c.) **Modification of existing** second position mortgage lien on the real estate located at 3492 Ravenna Lane, Vineland, Cumberland County, NJ a/k/a Block 5307, Lot 1,
- d.) **Modification of existing** second position mortgage lien on the real estate located at 3509 Ravenna Lane, Vineland, Cumberland County, NJ a/k/a Block 5308, Lot 2,
- e.) **Modification of existing** subordinate position mortgage lien on the real estate located at 1853 Vine Road, Vineland, Cumberland County, NJ a/k/a Block 1909, Lot 4.

3. GUARANTORS:

- a.) Mehmet Silpagar and Meryem Silpagar,
- b.) Halil Silpagar and Spouse Beyhan Silpagar

4. LIEN POSITION: Mtg. lien on real estate located at both business locations. Second position mortgage liens on the personal residences; UCC-filing on all machinery and equipment being purchased; UCC lien on all other equipment and business assets subordinate to TD Bank.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: TD Bank will have a primary lien on the subject property and first position on the specific equipment being purchased.

6. SIZE OF PARCEL: The proposed location is +/-4.5 acres in total land area.

7. IMPROVEMENTS THEREON: Property originally constructed in 1940 and subsequently improved over the past 15 years by previous occupant, VBOE. Located in a B-3 zone and consists of approximately 35,000 sq. ft. in total floor area currently consisting of one story, masonry and metal building with warehouse storage area of 20,300 sq. ft. and with +/-14,200 sq. ft. previously utilized as school and gymnasium. Two entrances (one from Oak Rd. and one from N. Delsea). Roof is flat with parking spaces currently totaling 27. The structure is considered to be in good condition. A site plan has been prepared by Steve Filipone which details retail/office/warehouse areas in addition to site improvements.

8. LOCATION OF PROPERTY: 1159 N. Delsea Drive, Vineland, Cumberland County, New Jersey - Block 1601, Lot 91.

9. APPRAISAL INFORMATION: The collateral to secure the UEZ loan will be as follows:

- subordinate mortgage on the subject real estate.
- subordinate mortgage on existing business real estate.
- UCC-1 and Security Agreement on equipment and machinery to be purchased and existing equipment, machinery and business assets (general filings).
- UEZ filed a second lien position on the personal residences of each owner.

Loan-to-Value is calculated as follow:

Value of real estate purchase (bank appraised at \$1,749,000)	\$1,000,000*	(previous value \$900,000)
Value of new equipment (70% of cost)	140,000	
Available equity - M. Silpagar residence @ 80%	70,000	
Available equity - H. Silpagar residence @ 80%	<u>100,000</u>	
Total Value of Collateral	\$1,310,000	
Total Loans	\$1,170,000	
LTV =	89%	

*Mortgage filing on Vine Road location provides no additional value and is not included in LTV calculation.

- 4 refrigerated showcases,
- refrigerated merchandise cases,
- a walk-in freezer case,
- registers and camera system.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.07x, LTV = 89%

- Assist a local business with expansion and to locate new retail operation.
- Empty facility is occupied.
- Creation of up to 5 new full-time and 13 part-time jobs.
- Provides the ability to the borrower to purchase in larger quantities and to take advantage of pricing discounts leading to increased profitability for business operation.
- Extension of sewer may have future benefit to other property owners for future development.
- May be a catalyst for future development along N. Delsea and Oak Corridor (two corners are currently vacant).

12. RECOMMENDATION: