

RESOLUTION NO. 2014-540

**A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO FRANK'S REALTY COMPANY, A NJ PARTNERSHIP.**

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated December 8, 2014, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Frank's Realty Company, a NJ Partnership;** 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 Frank's Realty Company, a NJ Partnership</b>	<b>\$1,850,000.00</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



Sandra Forosisky, Director  
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MEMORANDUM



TO: City Council President and Members

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

SUBJECT: **Applicant:** Frank's Realty Company, a NJ Partnership  
**Loan Amount:** \$1,850,000.00

DATE: December 8, 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,

A handwritten signature in black ink that reads "Sandra Forosisky".

Sandra Forosisky  
Director of Economic Development

SF/fd

cc: Frank DiGiorgio  
file



**VINELAND UEZ LOAN COMMITTEE  
LOAN PROPOSAL**

**Date:** December 8, 2014

**Borrower Name and Address (s):** Frank's Realty Company, (a NJ partnership)  
3686 E. Landis Avenue  
Vineland, New Jersey 08361

**Request:** \$1,850,000.00 commercial real estate loan.

**Interest Rate:** 5.00%

**Term of Loan:** Interest only for 1 year, converting to 20 yr. amort. thereafter.

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**1. BACKGROUND:** Frank's Realty Company, a New Jersey partnership, was started in April of 1985, by Frank Guaracini, Jr., and his sister, Joan Marandino. The current partnership breakdown is: Frank Guaracini, Jr., 46%, Elizabeth Guaracini, 3.75%, Frank Guaracini, III, 5.00%, Joan Marandino, 21.50%, Joseph Marandino, 3.75%, Lawrence Marandino, 10.00%, Loretta Laporta, 5.00%, Sophia Marandino, 5.00%.

Frank's Realty Company ("FRC") is a dual asset entity, owning and operating two shopping center properties. One center is located at 3600 E. Landis Avenue, Vineland, NJ, containing 109,352 sq. ft. retail center consisting of 19 units anchored by a Shop-Rite grocery supermarket store, an attached liquor store – Landis Liquors (affiliated entity), and a bank branch of Bank of America (land lease). The center is currently +95% leased/occupied and has been 90% to 100% leased/occupied for the past 15 years. The second center is located at 215 N. Delsea Drive, Vineland, NJ, containing 79,343 sq. ft. of center consisting of 2 units. The main store unit, a vacant and former Shop-Rite grocery supermarket store, consists of 75,059 sq. ft. with the other unit consisting of a 4,284 sq. ft. detached unit, currently leased as a dance studio.

In June 2013, the Shop-Rite store lease at 215 N. Delsea Drive expired with the operator re-locating to a new location on W. Landis Avenue across from Wal-Mart. The vacant unit is currently listed for rent/sale with FRC entertaining offers as well as concepts regarding an entertainment type center redevelopment project (to include a bowling center). The shopping center at 3600 E. Landis Avenue is fully leased/occupied. This center provides the operating cash flow for FRC.

**1b. PROJECT/PURPOSE:** The two properties mentioned above are currently cross collateralized for a loan from a primary lender, Sun Bank. The UEZ funding will allow for the release of collateral on the N. Delsea Drive property by Sun Bank and provide a substitute form of funding which in turn will create flexibility for the owner to pursue the redevelopment of the property. In addition, Sun Bank will be able to reprice and amortize its remaining loan balance with new terms which should allow for FRC to accommodate Sun Bank. Further note that due to the nature of one-time expenses associated with tax appeals (including legal and other) have created a short term burden on the operations of FRC. This structure will provide some relief to FRC and enhance cash flow. \$1,600,000 will be utilized to pay Sun Bank and \$250,000 for operating expenses. The \$250,000 will be deposited in an account to be maintained and controlled by the UEZ for disbursement purposes.

**2. COLLATERAL:**

- a.) First position mortgage lien on the real estate located at 215 N. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 2802, Lot 1,
- b.) Assignment of rents and Leases on property mentioned in a.),
- c.) UCC-1 filing and Security Agreements (fixture filing – county filing) on both locations mentioned above,
- d.) UCC-1 filing and Security Agreement (general filing at the State level).

**3. GUARANTORS:**

- a.) Frank Guaracini, Jr. and Elizabeth Guaracini
- b.) Joseph Marandino and Joan Marandino

**4. LIEN POSITION:** First postion on 215 N. Delsea Drive, Vineland, New Jersey.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** Sun National Bank, current balance of \$9,800,000 (original amount \$11,200,000) will be reduced by the net proceeds of this UEZ loan down to +-\$8,100,000. Please note that the properties are currently cross collateralized for the Sun Bank loan. Upon funding of the UEZ loan, Sun National Bank would release the N. Delsea Drive property giving the UEZ a primary lien on N. Delsea property.

**6. SIZE OF PARCEL:** 215 N. Delsea Drive, Vineland, New Jersey is an irregular-shaped parcel containing approximately 8.33 acres.

**7. IMPROVEMENTS THEREON:**

215 N. Delsea Drive, Vineland, New Jersey

The improvements consist of a 79,343 sq. ft. retail center of which 75,059 square feet, currently vacant, was previously occuppied by a Shop-Rite anchor supermarket/grocery store and one freestanding 4,284 square foot building used as a dance studio.

**8. LOCATION OF PROPERTY:**

Primary Collateral: 215 N. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 2802, Lot 1.

**9. APPRAISAL INFORMATION/ENVIRONMENTAL INFORMATION:**

215 N. Delsea Drive, Vineland, New Jersey

An appraisal performed by Harry A. Carroll, MAI, as of October 1, 2012 and dated November 30, 2012 demonstrates a value of \$4,500,000. A Phase 1 Envirnomentl completed by Brinkerhoff on February 6, 2006 highlights no environmental conditions of concern at the subject property.

UEZ Loan            \$2,500,000            N. Delsea Drive appraisal \$4,500,000            LTV = 55%

**10. FINANCIAL:**

**11. SUBSTANTIATION:**      LTV = 55%, DSCR = N/A

- Funding will provide the owner relief and flexibility as the strategy for the redevelopment of the property takes place.

**12. RECOMMENDATION:**