

RESOLUTION NO. 2015-112

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO GUNNER GROUP, LLC.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated February 24, 2015, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Gunner Group, 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:

Economic Development Loan to Gunner Group, LLC	\$238,500.00
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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:** Gunner Group, LLC
Loan Amount: \$238,500.00

DATE: February 24, 2015



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/retention 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: January 15, 2015

Borrower Name and Address (s): Gunner Group, LLC
1960 S. West Boulevard
Vineland, NJ 08360

Request: \$238,500 commercial term / real estate loan for the acquisition of an office/warehouse building.

Interest Rate: 5.00% **Term of Loan:** 20 Years

1. BACKGROUND: Charles B. "Chip" Goss, Jr. began his career as a truck mechanic in 1973. Thereafter in 1976, he was employed by Georgia Pacific in Pennsauken, NJ as a mill wright (repaired fire pumps, motors and other equipment) for 10 years. Upon spending the next 3 years working for Joul'e, a refinery maintenance company as a mechanic, Mr. Goss started a fence installation and general contracting/building company which he ultimately operated for 4 years after leaving Joul'e. In 1990, he decided to go to work for J. Wilhelm Roofing in Vineland. He started out as a roofer and became a job estimator. In 2008, Mr. Goss purchased a 49% stake in J. Wilhelm Roofing Co., Inc. from John Wilhelm and Dottie Wilhelm, the owners (seller(s)). The sellers took back a promissory note and a down payment from Mr. Goss for the purchase. In 2012, Mr. Goss purchased an additional 25% stake increasing his ownership to 75% of the company. Via a buy-sell agreement, Mr. Goss intends to purchase the remaining 25% stake owned by Dottie Wilhelm, John Wilhelm's wife, by year end 2015, upon her retirement and will own 100% of J. Wilhelm Roofing Co., Inc.

Mr. Goss is in the process of forming a real estate holding company to purchase a building located on S. West Boulevard to house the operations of J. Wilhelm Roofing Co., Inc. and move it from its current leased location on Washington Avenue, Vineland. The building to be acquired was recently subdivided from a complex located at S. West Boulevard and Elmer Road and known as Gold Key Business Park. The building was previously occupied by M & R Tie Downs and a brewery.

1(a). PROJECT: The project involves the acquisition of an office/warehouse building located at 1960 S. West Boulevard, Vineland, NJ. The acquisition price is \$265,000. Mr. Goss has applied to the Vineland UEZ for financing in the amount of \$238,500. The breakdown of funding is as follows:

<u>Project Uses of Funds:</u>	<u>Project Funding Sources:</u>
Acquisition \$265,000	Vineland UEZ Loan \$238,500
Settlement (est.) 7,000	Borrower 33,500
Total \$272,000	Total \$272,000

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 1960 S. West Boulevard, Vineland, Cumberland County, NJ a/k/a Block 6102, Lot 19.2,
- b.) Assignment of Rents and Leases,
- c.) Evidence that no environmental conditions are present or exist (environmental assessment underway).

3. GUARANTORS: a.) Personal Guaranty of Charles B. Goss, Jr.,
b.) Corporate Guaranty of J. Wilhelm Roofing Co., Inc.

4. LIEN POSITION: First position.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: N/A.

6. SIZE OF PARCEL: +-1.01 acres

7. IMPROVEMENTS THEREON: 8,880 sq. ft. total - comprised of office space 960 sq. ft. and warehouse 7,920 sq. ft.

8. LOCATION OF PROPERTY: 1960 S. West Boulevard, Vineland, Cumberland County, NJ a/k/a Block 6102, Lot 19.2.

9. APPRAISAL INFORMATION: The City of Vineland has the property assessed for \$312,000 (land at \$101,000 and improvements at \$211,000).

Based on the purchase price of \$265,000 (which is lower than the City's assessment of \$312,000), the LTV is 90%. Request waiver of the appraisal.

$\$238,500 / \$312,000 = 76\%$ LTV, based on assessed value.

$\$238,500 / \$265,000 = 90\%$ LTV, based on purchase price.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 8.46x, LTV = 90%

- Company remains located in Vineland.
- Company maintains employment of 28 (4 office staff and 24 roofing employees).
- A vacant building in Vineland is occupied.
- A commercial business operation is no longer located in a residential zone and locates to industrial zone (I-3 Zone).

12. RECOMMENDATION: