RESOLUTION NO. 2015-189

RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO THE LANDIS THEATER FOUNDATION.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated April 30, 2015, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan Phase I and Phase II to The Landis Theater Foundation** as outlined on the Vineland UEZ Loan Committee Loan Proposal Recommendation dated April 30, 2015; 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
The Landis Theater Foundation Phase I
The Landis Theater Foundation Phase II
\$164,585.42 30 Day Loan
\$75,782.26 19 Months

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

President of Council



MEMORANDUM .

TO:

City Council President and Members

FROM:

City of Vineland Revolving Loan Fund

Second Generation Loan Committee

SUBJECT:

Applicant:

Landis Theater Foundation

Loan Amounts:

Loan 1 - \$164,585.42

Loan 2 - \$ 75,782.26

DATE:

April 30, 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

uxdin Forresky

SF/fd

cc: Frank DiGiorgio

file

VINELAND UEZ LOAN COMMITTEE LOAN PROPOSAL

Date: April 30, 2015

Borrower Name and Address: The Landis Theater Foundation

830 E. Landis Avenue Vineland, NJ 08360

Request: \$164,585.42 Loan 1

\$75,782.26 Loan 2

Interest Rate: 0% Term: 30 days Loan 1; 19 months Loan 2

Background: The UEZ loaned the USB Landis Investment Fund, LLC \$3,000,000 at 1.5% interest and the Landis Theater Foundation \$600,000 at 2.5%. The loan was for interest only for 7 years, which will mature on December 30, 2016. The total payment due each month to the EDA from the Landis Theater Master Tenant is \$8,640. This includes the interest due to the UEZ, CEZ, and Landis Theater Foundation, plus a fee for monitoring to USB Investment and a .01 distribution to EDA CDE. The amount of the monthly monitoring fee to USB is \$596.43 and the distribution to EDA CDE is .86 cents. The Landis Theater closed in October 2013 but is now open and an RFP is being issued for Mori's Restaurant. The Banquet facility will be rented to the public for special occasions. It is anticipated that by the end of the financing structure, the Landis Theater will be sustainable. A working capital loan is being requested in order to allow the Landis Theater to be current on all its obligations, including the debt service, which will be paid to the UEZ. Two loans are being requested, one is to allow the Landis Theater to become current on all its debt obligations; and the second is to allow it to stay current.

Loan I:

27 payments to bring loan current to June 30, 2016.

Interest due to UEZ from USB Investment	\$3,214.25
Interest due to UEZ from Foundation	\$1,294.00
Interest due to Foundation	\$1,034.46
Interest due to CEZ	\$2,500.00
USB Monitoring Fee	\$ 596.43
EDA Distribution	\$.86
	\$8,640.00

Loan amount calculation for Phase I:

Interest due to UEZ from USB for 27 months at \$3,214.25 \$86,784.75

Interest due to the UEZ from Foundation for 27 months at \$1,294.00 \$34,938.00

Interest due to Foundation from USB for 27 months at \$1,034.46	\$27,930.42
USB Monitoring Fee for 27 months at \$596.43 less \$1,194.58 credit	\$14,909.03
EDA Distribution for 27 months at \$0.86	<u>\$ 23.22</u>
	\$164,585.42

This loan will be paid back within 30 days.

The USB Investment Fund will pay \$101,693.78 (\$86,784.75 + \$14,909.03) and the Foundation will pay \$62,891.64 (\$34,938 + \$27,930.42 + 23.22).

Loan 2

Loan 2 is for a period of 19 months. The monthly payments from the Landis Theater Master Tenant to the EDA CDE would continue to be \$8,460; however, an addition \$177 is being added to the payment per month of the Landis Theater Foundation to the Landis Theater Master Tenant. There must be at least 2% retained at the Master Tenant Level.

The UEZ loan would be calculated as follows:

Interest due to UEZ from USB for 19 months at \$3,214.25	\$61,070.75
USB Monitoring Fee to be paid to UEZ as prepaid interest at \$596.43	\$11,332.17
EDA Distribution for .01 ownership	\$ 16.34
Retainage of 2% for Master Tenant	\$ 3,363.00
	\$75,782.26

Conclusion

The two working capital loans are necessitated to keep the Landis Theater current on its debt, which the UEZ will receive payment. At the end of the 7-year term on December 30, 2016, the structure collapses and the UEZ will have a first position mortgage on the Landis Theater.