

RESOLUTION NO. 2016-_____

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO JOHN A. MICHAEL REALTY CO., INC.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated January 26, 2016, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to John A. Michael Realty Co., Inc.**; 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:	
John A. Michael Realty Co., Inc.	\$7,500.00

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

Adopted:

President of Council

ATTEST:

City Clerk

MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** John A. Michael Realty Co., Inc.
Loan Amount: \$7,500.00.

DATE: January 26, 2016



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: 01/11/2016

Borrower Name and Address (s): John A. Michael Realty Co., Inc.
329 N. Brookfield Street
Vineland, New Jersey 08361

Request: \$7,500 commercial real estate loan – permanent end loan financing for improvements to commercial property in the Main Street District of Downtown Vineland.

Interest Rate: 2.50% **Term of Loan:** 7 Years.

1. Background: John “Jack” Michael and his wife, Marlene, are the owners of John A. Michael Realty, Inc. (S-Corp.) (the “Company”), a real estate holding company incorporated in the State of New Jersey on July 10, 1968. The Company is located in Vineland, New Jersey. The Company owns and leases office and retail space in Vineland’s downtown Main Street district. Jack Michael is a long time Vineland resident. In addition to owning the Company, Jack was the owner and proprietor of a family owned business known as Dom Michaels, a men’s clothing shop which was located on Landis Avenue (occupied space at one of the Company’s locations). Jack’s father, Dom Michael, started that company and men’s clothing store in 1936. The store was owned by Jack’s mother upon the death of Jack’s father. Jack Michael took over ownership of the store from his mother in 1968. He has maintained the center city properties for many years.

Jack Michael is desirous of continuing to improve the exterior of the property located at 7 N. Sixth Street, Vineland, New Jersey. He has submitted an application to the City of Vineland for exterior improvements costs of approximately \$8,500.00.

1b. Project: The scope of the project involves the exterior improvements which will include new windows and facia, insulation, painting, and other minor improvements to the exterior which will enhance appearance and efficiency. The total cost of the exterior improvements is approximately \$8,500.00, including some soft costs.

<u>Uses of Funds</u>		<u>Sources of Funds</u>	
Improvements - Total	\$8,500	Borrower	\$ 1,000
(interior improvements and soft)		UEZ	<u>7,500</u>
		Total	\$ 8,500

2. Collateral: a.) Second priority mortgage lien (UEZ has a first) on 7 N. Sixth Street, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 21.
b.) Assignment of Rents and Leases.

3. Guarantors: a.) Personal Guaranty of John A. Michael.
b.) Personal Guaranty of Marlene Michael.

4. Lien Position: First.

5. Dollar Amount and Holder of Prior Liens: UEZ (balance of \$12,500).

6. **Size of Parcel:** 27' x 75'

7. **Improvements Thereon:** Commercial two-story block, with 1,431 sq. ft. on first floor, and 1,053 sq. ft. on second floor. The basement level is 1,053 sq. ft.

8. **Location of Property:** 7 N. Sixth Street, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 21.

9. **Appraisal Information:** A request to waive the appraisal is requested. Utilizing the assessed value of \$197,100.00 (land at \$50,000, improvements \$147,100). The LTV will be +/-10%.

10. **Financial:**

11. **Substantiation:** DSCR = 5.35x, LTV = +/-10%*

*Based on assessed value.

- Improvements to be made to a Sixth Street - Main Street property located in Downtown Vineland.
- Assist local downtown Vineland commercial property owner.

12. **Recommendation:**