

RESOLUTION NO. 2016-_____

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO OUTLAW'S BURGER BARN & CREAMERY, LLC

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated March 22, 2016, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Outlaw's Burger Barn & Creamery, 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:

Outlaw's Burger Barn & Creamery, LLC \$35,000.00

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

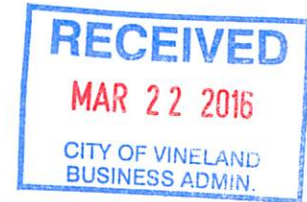
Adopted:

President of Council

ATTEST:

City Clerk

MEMORANDUM



TO: City Council President and Members

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

SUBJECT: **Applicant:** Outlaw's Burger Barn & Creamery, LLC
Loan Amount: \$35,000.00.

DATE: March 22, 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: February 22, 2016

Borrower Name and Address (s): Outlaw's Burger Barn & Creamery, LLC
2312 Monroe Ave.
Vineland, NJ 08361

Request: \$35,000 commercial term loan for acquisition of restaurant equipment and establishment of a restaruant business operation.

Interest Rate: 5.00% **Term of Loan:** 7 Years.

1. BACKGROUND: Ryan M. Briggs has been working in the food service industry for seventeen years, primarily as a sous chef (Greenview Inn – 4 years), the head chef for the HealthSouth Rehab Hospital in Vineland and as an Assistant Director of Food Service for Linwood Care Center in Linwood, NJ. After working in a restaurant and for other entities, he has decided to venture out on his own and to purchase and operate his own restaurant. He recently entered into an agreement to purchase the business and equipment assets of an existing establishment in Vineland, New Jersey known as Deek's Deli and Custard. Mr. Briggs plans on branding the location at 1370 S. Main Road, Vineland, NJ, as the Outlaw's Burger Barn & Creamery. He will operate his restaurant from this leased location and has already begun the process address renovations needed to improve the site. He has approached the UEZ to assist with funding for the acquisition of equipment (new and used), permanent funding of leasehold improvements and initial inventory. The seller/owner will participate in holding subordinated financing for the project.

1a. PROJECT: The project cost breakdown is as follows:

<u>Costs</u>		<u>Funding Sources</u>	
Acquisition of Business and Equipment	\$20,000	UEZ	\$35,000
Building Renovations	19,500	Borrower	10,000
New Equipment Purchase	3,500	Seller (subordinated)	<u>15,000</u>
Inventory	12,000	Total	\$60,000
Working Capital	<u>5,000</u>		
Total	\$60,000		

1b. COMPETITION: Competition, overall for restaurants (and at this location), is typically high. This location has several establishments which include Magnolia Diner, Pizza Queen, La Locanda, Bagel University within close proximity of the vicinity of this proposed venture.

2. COLLATERAL:

- a.) Second position mortgage lien on the real estate located at 2312 Monroe Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4406, Lot 3.01 (personal residence),
- b.) Second position mortgage lien on the real estate located at 4627 Tuckahoe Road, Franklinville, Gloucester County, New Jersey a/k/a Block 404, Lot 22,
- c.) UCC-1 Filing and Security Agreement (State of NJ) general on all equipment, machinery, business assets now owned and hereafter acquired of Outlaw's Burger Barn & Creamery, LLC (location 1370 S. Main Road, Unit 1, Vineland, NJ),
- d.) UCC-1 Filing and Security Agreement (State of NJ) specific filing on new equipment being purchased and itemized list of existing equipment being purchased (list is on file),
- e.) Hypothecaton Agreement from Ryan Briggs and Erin Briggs regarding the property stated in (a.) and from Ryan Briggs for property stated in (b.).

3. GUARANTORS:

- a.) Ryan M. Briggs
- b.) Erin L. Briggs

4. LIEN POSITION: First on UCC-1 Filing; Second on mortgage.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Primary residence has an existing mortgage balance in the amount of +-\$115,000 (original loan amount of \$122,100). Secondary residential collateral has an existing balance of +-\$115,000 (original loan amount of \$116,209).

6. SIZE OF PARCEL: N/A.

7. IMPROVEMENTS THEREON: The business will operate from a leased commercial condo - end unit located at the Rogers Corner Condominium located at Main and Magnolia Roads (former Deeks Deli & Custard). The unit is comprised of 1,387 sq. ft. of deli/restaurant/custard space.

8. LOCATION OF PROPERTY: The business and equipment will be located at 1370 S. Main Road, Unit 1, Vineland, NJ.

9. APPRAISAL INFORMATION: (A.) Personal Residence was appraised March 8, 2013 by Michael Terruso and demonstrates appraisal of \$190,000. (B.) Single family investment property valued at \$190,000 (asking sell price when complete). (C.) New equipment being purchased = \$3,500. (D.) Existing equipment valued at \$20,000.

Collateral Value

Personal Residence (discounted value)	\$170,000
Investment Property (sale value – disc.)	170,000
New Equipment (at 50%)	1,750
<u>Existing Equipment (at 50%)</u>	<u>10,000</u>
Total Value	\$351,750

Debt

Personal Residence Mtg. Outstanding	\$115,000
Investment Property Mtg. Outstanding	114,000
Proposed UEZ Debt	<u>35,000</u>
Total Debt	\$264,000

LTV = 75%

10. FINANCIAL:

11. SUBSTANTIATION: DSCR 1.77x, LTV 75%

- Assist entrepreneur with a small business loan.
- Closed facility will be operational.
- Certified UEZ business.
- Creation of part-time jobs.

12. RECOMMENDATION: