

RESOLUTION NO. 2017-294

**A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO JOSHUA MOTORS II, LLC.**

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated June 27, 2017, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Joshua Motors II, 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:**

<b>Joshua Motors II, LLC</b>	<b>\$270,000.00</b>
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BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

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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:** Joshua Motors II, LLC  
**Loan Amount:** \$270,000.00

DATE: June 27, 2017

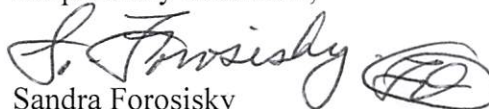
Dear Council President Spinelli, Councilmen Acosta, Francheshini, Vargas, and Councilwomen Calakos:

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:** June 21, 2017

**Borrower Name and Address (s):** Joshua Motors II, LLC  
2521 S. Delsea Drive  
Vineland, New Jersey 08360

**Request:** \$270,000 commercial mortgage loan – acquisition of a commercial zoned property - auto sales.

**Interest Rate:** 5.00%

**Term of Loan:** 20 yrs.

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**1.BACKGROUND:** Josue Gomez is the owner/operator of Joshua Motors (a sole proprietorship), a used auto dealer, located at 2521 S. Delsea Drive in Vineland, New Jersey. Mr. Gomez has been in the business of selling automobiles for over thirty years. Mr. Gomez began in the auto sales industry working for his father for many years prior to setting out on his own and operating Joshua Motors. Actually, he has been around the auto sales business and industry since he was five years old, tagging along at his father's used car business in Vineland on N. Delsea Drive. He has been leasing his current location from Roy Greenblatt for over six years. Recently, Mr. Gomez approached Mr. Greenblatt to discuss acquiring the property located at 2521 S. Delsea Drive, Vineland, NJ, his current location. Mr. Gomez and Mr. Greenblatt arrived at a sales price and now Mr. Gomez is desirous of obtaining financing for a portion of the purchase via UEZ funds. The project cost is more fully explained in #1d. on the next page. Mr. Gomez and his wife, Jennifer Gomez, have formed Joshua Motors II, LLC (Mr. Gomez owns 75% and his wife owns 25%) to own the real estate located at 2521 S. Delsea Drive, Vineland.

**1a. COMPETITION:** Joshua Motors competes with several new and used automobile dealers located on North and South Delsea Drive in Vineland. In addition, competition is available via technology and internet.

**1b. BUSINESS CYCLE:** The auto industry and used auto industry is not immune to the business cycle. The downside of a business cycle could have dramatic consequences for employment, investment, and growth. There exists a direct correlation to the consumer and the disposable income and spending related to the consumer. In the past, consumers have made adjustments to the spending on autos during recession and down economic periods, opting to purchase either used autos or invest in parts to maintain the existing automobiles. It should be noted however, that pricing trends in the marketplace demonstrate that when used car pricing is stronger, new auto dealers are presented with the opportunity to encourage the consumer into purchasing a newer model auto versus used. This correlates with supply demand and the opposite would be the case when significant supply comes on line which is currently the case. Please note that used auto market spans many price ranges and marketing of such vehicles also spans from lower priced vehicles to the luxury autos, prime and subprime borrowers etc.

**1c. INDUSTRY AND MARKET ANALYSIS / INDUSTRY OUTLOOK:** Like most automotive industry sectors, the used car dealer industry felt the impact of the recession and the dramatic slowdown in consumer spending. However, the industry has been somewhat recession-resistant due to its in-house financing arrangements. The adoption of lease here, buy here financing options has helped used car dealers stay competitive and increase profitability, but the effects of new legislation on financing practices will remain uncertain.

**1d. PROJECT:** The project involves the acquisition of a +-3,500 sq. ft. facility, 4 bay garage on 3 acres, which houses a used car dealership located 2521 S. Delsea Drive. The breakdown of costs and funding are as follows:

<u>Costs</u>		<u>Funding Sources</u>	
Acquisition	\$999,000	UEZ	\$270,000
		Primary Bank	630,000
		Borrower	<u>99,000</u>
		Total	\$999,000

**2. COLLATERAL:**

- a.) Second position mortgage lien on the property located at 2521 S. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 6104, Lot 29,
- b.) Assignment of rents and leases,
- c.) UCC-1 filing and Security Agreement (Cumberland County Filing – real estate holding co.),
- d.) UCC-1 filing and Security Agreement (State of NJ Filing on Josue Gomez t/a Joshua Motors) on all business assets now owned and hereafter acquired including accounts receivable, machinery and equipment (excluding auto inventory).
- e.) Assignment of Life Insurance for Josue Gomez in the minimum amount of \$250,000.00.

**3. GUARANTORS:**

- a.) Personal Guaranty of Josue Gomez,
- b.) Personal Guaranty of Jennifer Gomez.

**4. LIEN POSITION:** 2nd position.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** Primary Bank \$630,000. UEZ will have a second position of \$270,000.

**6. SIZE OF PARCEL:** +-3.00 acres.

**7. IMPROVEMENTS THEREON:** The Vineland Tax Assessor's Office indicates that the property is improved with a 3,444 sq. ft. commercial building with 836 sq. ft. of office space, 1,672 sq. ft. show room, 936 sq. ft. garage.

**8. LOCATION OF PROPERTY:** 2521 S. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 6104, Lot 29.

**9. APPRAISAL INFORMATION:** The property is currently assessed by the City of Vineland at \$288,200 (land valuation \$154,900, improvements valuation \$133,300).  
An appraisal will be required which will indicate a minimum value of \$999,000. LTV = 90%.

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = 1.08x, LTV = 90%.

- Assist local a UEZ Certified business with purchase of facility which it is currently leasing.
- Loan will assist an existing long-time business operation and provide a long term commitment to Vineland.

**12. RECOMMENDATION:**