

RESOLUTION NO. 2017- 465

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO JORGE A. MERINOS (OR NOMINEE COMPANY TO BE FORMED).

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated October 24, 2017, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Jorge A. Merinos (or nominee company to be formed); 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:

Jorge A. Merinos (or nominee company to be formed) \$125,000.00

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:** Jorge A. Merinos (or nominee company to be formed)
Loan Amount: \$125,000.00

DATE: October 24, 2017


Dear Council President Spinelli, Councilmen Acosta, Franceschini, 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: October 16, 2017

Borrower Name and Address (s): Jorge A. Merinos and/or LLC to be formed
101 Alliance Avenue
Woodbury Heights, NJ 08097

Request: \$125,000 commercial real estate loan for the acquisition of and improvements to real estate located on E. Landis Avenue.

Interest Rate: 5.00%

Term of Loan: 20 Years

1. BACKGROUND: Jorge A. Merinos is the owner of a staffing services company known as Horizon America, LLC, (“Horizon”) a company he has owned and managed since July 2013 when it was formed in the State of New Jersey. Prior to owning Horizon, Mr. Merinos owned another small business for less than one year, and for a span of twelve (12) years, was active as a supervisor/manager (as well as other positions) with Protocall Staffing Services. Horizon is currently leasing space at Second Street and Landis Avenue, Vineland, NJ. Mr. Merinos is interested in owning his own office space. On October 3, 2017, he entered into a purchase agreement to buy the property located at 606 E. Landis Avenue, Vineland, Cumberland County, New Jersey, to operate his staffing services company.

1a. PROJECT: The project involves the acquisition of a downtown E. Landis Avenue property which will be utilized as the offices and operations center for Horizon America, LLC, a staffing services company. Below is the breakdown of the costs and funding sources.

<u>Project Costs</u>		<u>Project Funding</u>		
Acquisition of Real Estate	\$110,000	UEZ	\$125,000	89.93%
Improvements	25,000	Borrower	14,000	10.07
Closing Costs/Misc.	4,000+-		\$139,000	100.00%
Total	\$139,000			

The UEZ loan will be structured as a 3 month interest only (with one 3 month extension) to allow for disbursements for minor interior improvements. Of the \$125,000, \$100,000 will be advanced at settlement toward the acquisition of the property by the UEZ. Borrower will inject \$14,000 into project as deposit and remaining amount due at closing.

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 606 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 17,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 and Security Agreement (Cumberland County filing) on real estate holding company to be formed,
- d.) UCC-1 and Security Agreement (State of NJ filing) on guarantor operating company – Horizon American Limited Liability Company,

3. GUARANTORS:

- a.) Horizon America Limited Liability Company
- b.) Jorge A. Merinos

4. LIEN POSITION: First.

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

6. SIZE OF PARCEL: 26' x 150'

7. IMPROVEMENTS THEREON: A two-story commercial office building comprising 5,238 total gross building area. The ground level was formerly utilized as a retail area and storage comprising 3,536 sq. ft. The second floor comprised 1,702 sq. ft. and was utilized as office space.

8. LOCATION OF PROPERTY: 606 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 17.

9. APPRAISAL INFORMATION: The City of Vineland has the property assessed for a total of \$153,500 (land is \$65,000 and improvements \$88,500). Based on the loan amount of \$125,000 and the City assessed value, an LTV of 81.43% is calculated. Based on the assessed value, the Borrower has requested consideration to waive an appraisal.

Loan of \$125,000
Value of \$153,500
LTV = 81.43%.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.94x, LTV = 81.43%

- Vacant building in downtown Landis Ave. will be occupied.
- Creation of additional office jobs.
- Staffing business assists with creating employment and job opportunities.
- Spin-off economic development benefits (more “feet on street” could lead to additional opportunities for existing downtown vendors/restaurants etc.).
- Business is growing; good credit score – owner (low risk based on history).

12. RECOMMENDATION: