

RESOLUTION NO. 2013- 339

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO 102 CHURCH STREET ASSOCIATES, LLC.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated July 23, 2013, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to 102 Church Street Associates, 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 102 Church Street Associates, LLC	\$150,000.00
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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



City of

Vineland

New Jersey

RECEIVED

JUL 23 2013

CITY OF VINELAND
BUSINESS ADMIN.

SANDRA FOROSISKY
Director of Redevelopment

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MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** 102 Church Street Associates, LLC
Loan Amount: \$150,000.00

DATE: July 23, 2013

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 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: May 15, 2013

Borrower Name and Address (s): 102 Church Street Associates, Limited Liability Company
c/o Salvador Garcia, Jr.
529 E. Plum Street
Vineland, NJ 08360

Request: \$150,000 commercial mortgage loan for permanent interior improvements to a downtown commercial building located on the S.W. corner of Sixth Street and Landis Avenue property located at 547 E. Landis Avenue, Vineland, NJ. Funding will be via Vineland Urban Enterprise Zone loan in the amount of \$150,000.00. The mortgage will be in third position (first position mortgage is to Vineland Development Corporation for the acquisition loan, second position to the Enterprise Zone Development Corporation of Vineland and Millville - Vineland UEZ loan program's Façade Exterior Loan or we could subordinate to ourselves and be in second).

Interest Rate: 2.50%

Term of Loan: 15 Years

1. BACKGROUND: Salvador Garcia, Jr., 48 years of age, is the owner of Kelly Construction, LLC, a local contracting firm located in Vineland, NJ. Kelly Construction, LLC is a single-member limited liability company involved in building and renovating commercial and residential structures, and has also completed downtown Vineland façade program projects for private property owners. His business employes nine (9) people currently and has been operational for approximately twenty (20) years. He began his career in construction and maintenance working for an apartment complex. He did this for three years before deciding to venture out on his own and start his own business.

Salvador Garcia, Jr. is also a real estate investor. He currently owns ten (10) residential rental properties (single-family and duplexes) and one office building from which he operates his contracting firm, Kelly Construction.

Mr. Garcia recently purchased (July 8, 2013) the building located at 547 E. Landis Avenue, Vineland, NJ, former location of the Official Time Out Sports Bar and Grill from the Vineland Development Corporation ("VDC"). Mr. Garcia plans on remodeling the structure to house four (4) residential apartment units on the second floor and at least two (2) retail units (possibly a third unit where the former K & O Liquor store was located) on the ground or first floor.

2. COLLATERAL:

- a.) 3rd (or second if we subordinate to ourselves) position mortgage lien on the real estate located at 547 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4001, Lot 18,
- b.) Assignment of rents and leases,
- c.) UCC-1 and Security Agreement (Cumberland County Filing only),

3. GUARANTORS:

- a.) Personal guaranty of Salvador Garcia and Itzamar Garcia,
- b.) Limited Liability Company guaranty of Kelly Construction, LLC

4. LIEN POSITION: Third (or second if we subordinate to ourselves) position mortgage on subject real estate.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Vineland Development Corporation has a first mortgage lien in the amount of \$72,000.00. Enterprise Zone Development Corporation of Vineland and Millville currently has a second mortgage (for façade exterior of \$150,000).

6. SIZE OF PARCEL: 50' x 100' & 50' x 50'

7. IMPROVEMENTS THEREON: The property is improved with a former storefront/restaurant building. Effective total floor area is 6,650 sq. ft. on first floor. It currently contains one unit with four areas: two large open rooms on the first floor, a rear section, and a mezzanine with the center cutout, overlooking the first floor. A basement level for storage is indicated on the tax records.

8. LOCATION OF PROPERTY: 547 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4001, Lot 18.

9. APPRAISAL INFORMATION: The City of Vineland, based on its reevaluation of properties, has arrived at a value of \$389,300. Based on this value, the following LTV is determined:

Value \$389,300

Loans

Existing First Mortgage (VDC)	\$ 72,000
Façade Exterior (UEZ Corp.)	150,000
Proposed Interior (UEZ Corp.)	<u>150,000</u>
Total Loans	\$372,000

LTV = 96%*

LTV without façade = 57%

*Gives no consideration to increased value resulting from improvements or value derived as a result of property operating income generated from the future rents. All unknown at this time due to the redevelopment nature of the project/property. LTV = 57% without façade.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 2.83x, LTV = 57%

- Redevelopment of Landis Avenue & Sixth Street corner property.
- Temporary construction jobs and other jobs resulting from prospective retail tenants.
- Spin-off impact of development along Landis Avenue.

12. RECOMMENDATION: