

RESOLUTION NO. 2013- 340

**A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO Z & D REALTY, 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 Z & D Realty, 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:

<b>Economic Development Loan to Z &amp; D Realty, LLC</b>	<b>\$200,000.00</b>
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BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk



City of

# Vineland

New Jersey

**SANDRA FOROSISKY**  
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## MEMORANDUM



TO: City Council President and Members

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

SUBJECT: **Applicant:** Z & D Realty, LLC  
**Loan Amount:** \$200,000.00

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:** 06/12/2013

**Borrower Name and Address (s):** Z & D Realty, LLC  
(Zyggi & Diane Dobkowski).  
242 Mystic Drive  
Egg Harbor Township, NJ 08234

**Request:** \$200,000 commercial mortgage loan for permanent interior improvements to a downtown commercial building consisting of +-11,200 sq. ft. including basement (+-5,600 sq. ft. on each floor). Funding will be via Vineland Urban Enterprise Zone loan in the amount of \$200,000.00 under the Restaurant Row Initiative Program which allows for 40% forgivable portion (or \$80,000 forgivable in this case) and the remaining portion, \$120,000, amortizable at 2.50% for 15 years. 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% (Amortizable Portion)

**Term of Loan:** 15Years.

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### 1. Background:

Zyggi Dobkowski and his wife, Diane Dobkowski, through their real estate holding company have purchased the building located at 619 E. Landis Avenue, Vineland, New Jersey (in the heart of the Vineland Downtown Improvement District – Main Street) from the Vineland Development Corporation. The building is comprised of approximately 11,200 sq. ft. (5,600 sq. ft. of ground level and 5,600 sq. ft. basement), was the former retail location of a pharmacy and known back in the day as the Grant Building (Grant's retail store).

Zyggi and Diane Dobkowski are the owners of Z & D Realty, LLC, a real estate holding company which owns the B & E Apartments, a 40 unit apartment facility located on Park Avenue, near Valley Ave. in Vineland. In addition to various other real estate investments, they also purchased a property, adjacent building, located at 623 E. Landis Ave., Vineland, NJ, from the Vineland Development Corporation. They are in the process of finalizing the renovations to this building to house a restaurant on the main street/ground level to be known as the Landis Pig Roast (SouthWestern flair – pulled pork, roasted chicken and popoosa similar to an "El Pollo Loco", a franchised southwestern restaurant chain) which they will own and operate, as well as four residential apartments on the second and third floors.

They intend to improve the subject property, 619 E. Landis Ave., Vineland, NJ (formerly a Rite Aid Retail/Pharmacy and Grant's) into a hall which will be available for parties such as wedding receptions and community events. This building will also include a kitchen which could be utilized by those who intend to lease the hall.

Zyggi Dobkowski has spent the past twenty-eight (28+-) years in the food service and hospitality industry. He is currently a captain (similar to a restaurant manager position) at Caesar's Atlantic City. He also has experience in the New York restaurant environment as well as having been employed by the son of RJ Reynolds (of the cigarette company) in Palm Beach, Florida, and Alan Hale (Skipper character of Gilligan's Island show) in California. Mr. Dobkowski plans on continuing his job in Atlantic City while, along with his wife, dedicating time to this venture and other real estate investments. He currently resides in Egg Harbor Township with his wife Diane, whom helps him manage the apartment complex in Vineland and other real estate holdings.

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**Zyggi Dobkowski**

**1. Background (continued):**

The scope and cost of the project is as follows:

	<u>Cost</u>	<u>Funding Sources</u>	
		<u>UEZ</u>	<u>Borrower</u>
Funding of Interior Improvements	\$ 300,000	\$200,000	\$100,000

Under the Restaurant Row Guidelines, the owner must convert the building to a restaurant type facility with kitchen to qualify. Restaurant Row program funds up to 80% with 40% of the loan being forgiven over a period of 15 years and the remaining balance amortizing at 2.50% interest rate over 15 years.

- 2. Collateral:** a.) Third (or second if we subordinate façade loan) position mortgage lien on the real estate located at 619 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4002, Lot 8,  
b.) Assignment of rents and leases,  
c.) UCC-1 filing and Security Agreement (general filing) on all business assets now owned and hereafter acquired of the Borrower.
- 3. Guarantors:** a.) Personal Guaranty of Zyggi Dobkowski,  
b.) Personal Guaranty of Diane Dobkowski,  
c.) Guaranty of Landis Pig Roast, LLC
- 4. Lien Position:** Third.
- 5. Dollar Amount and Holder of Prior Liens:** Enterprise Zone Development Corporation of Vineland and Millville ("Vineland UEZ") has a second mortgage lien on the real estate located at 619 E. Landis Ave. Vineland, Cumberland County, New Jersey a/k/a Block 4002, Lot 7 for a façade exterior loan behind a first mortgage by the Vineland Development Corporation. Vineland UEZ will file a third mortgage for the proposed loan.
- 6. Size of Parcel:** 0.172 acres
- 7. Improvements Thereon:** an 11,200 sq. ft., one story facility comprised of 5,600 sq. ft. of ground level area (formerly utilized as retail space, and 5,600 sq. ft. of basement area).
- 8. Location of Property:** 619 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4002, Lot 7.
- 9. Appraisal Information:** The City of Vineland currently has the property located at 619 E. Landis Avenue assessed as follows: Land at \$86,000 and Improvements at \$395,800 for a total of \$481,800 (revaluation figure). Please note that the property was purchased for \$130,000 by Z & D Realty, LLC from Vineland Development Corporation and a façade exterior loan in the amount of \$200,000 was approved for exterior improvements. Furthermore, interior improvements are estimated to be \$300,000. The total investment in this building will be \$630,000. An appraisal performed on 2/09/2011 indicated a value of \$130,000 in "as-is" condition prior to any façade and interior improvements. The sale price to Z & D Realty, LLC by the Vineland Development Corporation was based on the \$130,000 appraisal.

**9. Appraisal Information (continued):**

Based on the revaluation figure \$481,800 the LTV would be as follows:

Value:

<u>Revaluation</u>	<u>\$ 481,000</u>
Total Value	\$ 481,000

Loans:

Acquisition Loan	\$ 117,000
Façade Loan	200,000
<u>Proposed Loan</u>	<u>200,000*</u>
Total Loans	\$ 517,000

Loans (excluding Façade):

Acquisition Loan	\$ 117,000
Proposed Loan	<u>200,000</u>
Total Loans	\$ 317,000

LTV = 107%

LTV without façade figure 66%

\*\$80,000 forgivable.

**10. Financial:**

**11. Substantiation:** LTV = 66%\*\*, DSCR = 1.00x\*

\* Based on projections of restaurant operation – giving \$12,000 of positive restaurant cash flow, and personal cash flow of +-\$13,000. No consideration is given to any income derived from hall rental etc. DSCR based on global basis would be +-1.00x. See previous page.

\*\* Based on City of Vineland revaluation figure without consideration to façade exterior loan(s).

- Improved real estate tax ratable for City of Vineland.
- A new business / venue to locate to Vineland Downtown Landis Avenue area.
- Enhancements and investment into a building in the Redevelopment Area and downtown Vineland.
- Possible catalyst for additional development on Landis Avenue and surrounding area.
- Creation of jobs due to the catering hall operation.

**12. Recommendation:**