

RESOLUTION NO. 2018- 267

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO DOMINICK'S PIZZA, INC.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated June 26, 2018, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Dominick's Pizza, Inc.**; 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 Dominick's Pizza, Inc.	\$153,000.00
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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



Economic Development Dept.
www.vinelandcity.org

640 E. Wood Street
PO Box 1508
Vineland, NJ 08362-1508
Phone: (856) 794-4100
Fax: (856) 405-4607

MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** Dominick's Pizza, Inc.
Loan Amount: \$153,000.00

DATE: June 26, 2018



Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwoman 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



Special arrangements for persons with disabilities may be made if requested in advance by contacting the Business Administrator's office at 856-794-4144.

**VINELAND UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: 06/11/2018

Borrower Name and Address (s): Dominick's Pizza, Inc.
3849 S. Delsea Drive
Vineland, New Jersey 08360

Request: \$153,000.00 commercial term loan for leasehold improvements and equipment acquisition for a restaurant facility in the Cumberland Mall. Total project cost is \$170,000.00.

Interest Rate: 5.00%

Term of Loan: 7 Years.

1. Background: Dominick's Pizza, Inc. ("Company") is a subchapter S Corporation owned and operated by Domenico Conenna and his wife, Rosa Conenna (50%/50%). The Company sells pizza and other Italian specialty foods via a casual restaurant setting in the Cumberland Mall located in Vineland, New Jersey. The restaurant operates under the banner of Luca's Pizza. Mr. and Mrs. Domenico Conenna have operated this business since 1976. In addition, Mr. and Mrs. Conenna have been involved with the operation and start-up of other restaurant ventures as well as real estate investments. The restaurant operates from a leased location in the Cumberland Mall.

The project involves the renovations to a restaurant and the purchase of new equipment. As part of a lease renewal condition, Borrower will purchase new equipment and fit-out existing restaurant site located in the Cumberland Mall with new leasehold improvements.

Dominick's Pizza relocated to its current location in the Cumberland Mall from a previous location within the Cumberland Mall in 2006. The location is adjacent to the Salad Works and Oriental Restaurant or what is referred to as the "food corridor" within the Cumberland Mall. The move allowed for Lucas Pizza to be located in the "food corridor" which in turn provided the Cumberland Mall ownership a prime retail location for a future retail operation to lease. The Vineland UEZ Loan Program funded a loan for the improvements at that time.

1a. Project Costs:

The project cost for Dominick's is \$170,000: soft costs of \$3,000.00; hard costs – leasehold improvements and equipment acquisition of \$167,000.00 (broken down as leasehold improvements of \$128,000.00, new equipment acquisition of \$39,000.00 and closing costs of \$3,000). There will be no primary lender involved in this transaction. The borrower is contributing \$17,000.00 to the project with the UEZ funding \$153,000.00. Dominick's Pizza, Inc. is a previous borrower to the Vineland UEZ Loan Program with an excellent history of repayment.

- 2. Collateral:**
- a.) UCC-1 filing and Security Agreement on all equipment, machinery, equipment, inventory and all business assets now owned and hereafter acquired of Dominick's Pizza, Inc. (General Filing)
 - b.) UCC-1 filing and Security Agreement on equipment being purchased (specific filing).
 - c.) Language in loan documents to include that the UEZ Loan must be paid in the event of sale of business.
- 3. Guarantors:**
- a.) Personal Guaranty of Domenico Conenna,
 - b.) Personal Guaranty of Rosa Conenna.

Dominick's Pizza, Inc.

4. **Lien Position:** UEZ will have a first position UCC-1 filing and Security Agreement on all new and existing equipment, machinery, inventory and all business assets of Dominick's Pizza, Inc. now owned and hereafter acquired.
5. **Dollar Amount and Holder of Prior Liens:** N/A.
6. **Size of Parcel:** N/A.
7. **Improvements Thereon:** N/A.
8. **Location of Property:** The business operation and collateral are and will be located at 3849 S. Delsea Drive, Cumberland Mall, Vineland, New Jersey.
9. **Appraisal Information:** The Borrower is pledging all business assets, existing equipment and equipment to purchased as primary collateral for the proposed loan. UEZ loan will be secured with a first position lien on these assets.

Est. fair market value of existing equipment & bus. assets	\$114,000.00*
Purchase price of new equipment	<u>39,000.00**</u>
	\$153,000.00
	LTV = 100%

* Includes all existing furniture, machines, equipment.

**As per invoices.

10. **Financial:**

11. **Substantiation:** DSCR = 0.94x, LTV = 100%.

- Assist a UEZ certified business with funding leasehold improvements and equipment acquisition.
- Allows for tenant to improve space in the Cumberland Mall.
- Previous borrower to Vineland UEZ Loan Program with excellent repayment history.

12. **Recommendation:**