

RESOLUTION NO. 2019-457

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO AL'S SUPERSUDS CAR WASH, LLC (OR ASSIGNS).

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated October 22, 2019, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to Al's Supersuds Car Wash, LLC (or assigns); 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:

Al's Supersuds Car Wash, LLC (or assigns) \$150,000.00

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:** Al's Supersuds Car Wash, LLC
Loan Amount: \$150,000.00

DATE: October 22, 2019

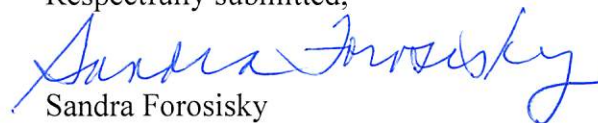
Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwoman Arthur:

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: September 24, 2019

Borrower Name and Address (s): Al's Supersuds Car Wash, LLC
2915 S. 2nd Street
Millville, NJ 08332 (mailing address)

Request: \$150,000.00 commercial real estate loan (permanent on real estate improvements and equipment) for a car wash facility located at S. Delsea Drive and Elm Road, Vineland, NJ.

Interest Rate: 5.95% **Term of Loan:** 20 Years.

1. BACKGROUND: Albert "Al" Collini has lived in the Millville and Vineland areas his entire life. He originally was the owner of "Al's Bait and Tackle", a fishing tackle shop located on S. Delsea Drive in Vineland. Later, around 1979, he owned a gasoline service station in South Vineland. In the 1980's he opened "Ocean Fresh", a retail fresh seafood store located close to the Cumberland Mall on Rt. 47 (Delsea Drive) in Vineland. At this time, Al was a commercial fisherman who harvested seafood and shellfish from the Maurice River and Delaware Bay estuaries and sold seafood products at the Ocean Fresh store. In 2000 Al purchased the SW Corner of Delsea Drive and Elm Road (3524 S. Delsea Drive) and built the Al's Supersuds Car Wash. Over the past 19 years he has improved and expanded this car wash facility. Today, Mr. Collini believes his facility is the foremost laser "touch free" car wash facility in the Vineland area. He has a reputation for providing a well-run car wash facility that is open from 7:00 AM to 10:00 PM daily. He also owns another car wash facility located in Vineland at the corner of W. Landis Avenue and Orchard Road in Vineland.

Al Collini is desirous of renovating space at the Delsea Drive car wash to add a bay and to upgrade the equipment at the three (3) existing bays. As part of his financing package, he has decided to pay off the existing first and second mortgage loans with Ocean First Bank in the approximate amount of \$367,000 and to use the additional funds to renovate the subject property, including updating three (3) existing wash bays and the creation of a new "state of the art" wash bay. It should be noted that the borrower is injecting \$300,000 of his own funds to complete this project. Mr. Collini is proposing to refurbish the existing car wash with new state of the art "touch free" laser wash equipment and also expand the capacity by adding a new wash bay in the currently unutilized bay. This upgrade of the automatic wash bay equipment and addition of a new modern additional wash bay will result in significant volume increase due to decreased wash times and additional stations. The benefits of this new equipment include, but are not limited to the following: open bay configuration, remote monitoring and configuration, exceptional cleaning, low maintenance costs, less daily maintenance, energy efficient design, low water and chemical consumption, revenue increases, increase in wash volume, increase in average revenue per wash, and operating cost reductions.

1a. PROJECT:

Albert Collini, of Al's Supersuds Car Wash LLC, is requesting a new commercial construction loan through Franklin Bank in the amount of \$640,000 to pay off the existing first and second mortgages with Ocean First Bank in the approximate amount of \$367,000, and to use additional funds to renovate the subject property, a car wash, and to upgrade/purchase car washing equipment. The total project costs, including the 1st and 2nd mortgage refinance (\$367,000) is approximately \$940,000; however with the addition of the borrower's funding (\$300,000), and the subordinate UEZ funding upon completion (\$150,000), Franklin Bank's permanent portion will only be \$490,000. The breakdown is as follows:

1a. PROJECT (CONTINUED):

	<u>Amounts</u>	<u>%</u>
Total project funds required	\$ 940,000	
<u>Owner's capital injection (prior to Franklin Banks 2nd draw)</u>	<u>(300,000)</u>	32% of project
Franklin Bank's Loan (payoff and construction loan)	\$ 640,000	
<u>UEZ take permanent or 2nd mortgage (take out upon completion)</u>	<u>\$ 150,000</u>	16% of project
<u>Permanent mortgage with Franklin Bank</u>	<u>\$ 490,000</u>	52% of project
		100%

The first draw on the Franklin Bank construction loan will be in the amount of \$380,000 to pay of the two (2) Ocean First Bank loans totaling approximately \$367,000 and the additional funds will be used toward closing costs. The remaining \$260,000 will be disbursed over four (4) additional draws (with inspections and based on a draw schedule with Franklin Bank). Franklin Bank's construction loan will be originated as a 6 month construction loan in the amount of \$640,000 with an interest rate of Wall Street Prime + 1.00% floating, and monthly interest-only payments based on the outstanding principal balance. Once construction is complete and the City of Vineland issues a Certificate of Occupancy, the Vineland UEZ will issue a loan in the amount of \$150,000, by paying Franklin Bank down and recording a 2nd Mortgage lien, behind Franklin Bank's 1st mortgage (Franklin Bank will term its loan out at \$490,000 with a 5/20 structure with the interest rate indexed at Wall Street Prime and fixed for five years. Monthly principal and interest payments will be based on a 20 year amortization schedule and result in monthly payments of approximately \$3,321.83). UEZ loan will be priced at 5.50%, fixed for 20 years with monthly payments of \$1,031.83.

2. COLLATERAL:

- a.) Second mortgage lien position on the property located at 1524 S. Delsea Drive, Vineland, Cumberland County, NJ, a/k/a Block 5603, Lot 2.
- b.) Assignment of Rents and Leases,
- c.) UCC -1 Filing and Security Agreement (County of Cumberland and State of NJ filings) on all machinery, equipment, business assets now owned and hereafter acquired of Borrower.
- d.) **ENVIRONMENTAL REVIEW:** Due diligence has indicated that there may have been a prior spill on the property. An Environmental Questionnaire will be required prior to closing to ensure there are no current environmental issues. Since this property has secured several commercial mortgages for other banks during the past two decades, this is a good indication that there are no current areas of environmental concern at the subject property. A review of the environmental questionnaire and any other environmental documentation will be requested and then we will determine the extent of additional due diligence required, if any.

3. GUARANTORS:

- a.) Personal Guaranty of Albert Collini.

4. LIEN POSITION: 2nd.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Vineland UEZ will be behind Franklin Bank's permanent loan of \$490,000.00.

6. SIZE OF PARCEL: +- 1.10 acre(s).

7. IMPROVEMENTS THEREON: The subject property is a +-1.10 acre lot, improved with a car wash, consisting of 3 automatic "touch free" bays and 3 manual spray bays. There is also an office and storage area, and an additional bay which has not been utilized to date (subject property proposal). The property has multiple industrial vacuum stations.

8. LOCATION OF PROPERTY: 1524 S. Delsea Drive, Vineland, Cumberland County, NJ, a/k/a Block 5603, Lot 2.

9. APPRAISAL INFORMATION: An appraisal will be ordered by primary lender. A value indicating a combined LTV of 90% or less will be required. The City of Vineland has the property assessed for \$625,000 (land \$304,400, improvements \$320,600).

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.21x, LTV = 90%

- Assist small business expand in the UEZ.

12. RECOMMENDATION: