

RESOLUTION NO. 2020- 406

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO MAIN'S MEAT MARKET, LLC OR REAL ESTATE HOLDING COMPANY TO BE FORMED.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated September 22, 2020, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to Main's Meat Market, LLC or real estate holding 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 Main's Meat Market, LLC or real estate holding company to be formed	\$300,000.00
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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
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MEMORANDUM



TO: City Council President and Members

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

SUBJECT: **Applicant:** Main's Meat Market, LLC or real estate holding company
to be formed
Loan Amount: up to \$300,000.00

DATE: September 22, 2020

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 ratable(s) 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: August 31, 2020

Borrower Name and Address (s): Main's Meat Market, LLC or real estate holding company to be formed.
1189 Woodcrest Drive
Vineland, New Jersey 08360

Request: \$300,000 commercial term loan for the acquisition of real estate, permanent improvements to real estate and equipment for the relocation of a butcher and produce retail shop.

Interest Rate: 5.00%

Term of Loan: 20 Years

1. BACKGROUND: Patricio Jose Garcia Martinez (a 51 year old man and married to Ofelia Ramos Perez), came to the United States 29 years ago searching for opportunity and a better life for his wife and family. Originally from Oaxaca, Mexico, Mr. Patricio Garcia Martinez, was a self-employed landscaper for over 10 years. He previously worked for landscaping businesses and also worked for Southwind Ranch, a horse ranch and farm in Rosenhayn, NJ. In 2006, Mr. Patricio Jose Garcia Martinez brought his wife and sons to the United States. Mr. Patricio Jose Garcia Martinez is the father of three sons, Uriel Garcia Ramos (30 years of age), Christian Garcia Ramos (26 years of age) and Derrick Garcia Ramos (24 years of age). Uriel and Christian previously were employed as butchers with Joe's Poultry and Butcher Shop on West Landis Avenue in Rosenhayn, NJ. Christian is also involved in the business. Mrs. Ofelia Ramos Perez, Mr. Garcia Martinez's wife, is employed with Omni Baking's successor company in Vineland, NJ. Patricio formed a single member limited liability company known as Main's Meat Market, LLC to own and operate the butcher and retail shop operation. With the assistance of a Vineland UEZ loan he went into business. Mr. Patricio Jose Garcia Martinez and his family reside in Vineland on Woodcrest Drive.

Mr. Patricio Jose Garcia Martinez and his family are desirous of moving their successful butcher and retail shop/business from its current location, Main and Magnolia Roads, to 1370 N. Main Road (former Pizza Joe's location). The family members have worked in the business and leased space (+3,800 sq. ft) at the Main & Magnolia retail site (former site of Organics, a natural/organic food and supplement store) for several years. The Main & Magnolia site is equipped with several pieces of equipment which will/could be removed and utilized for the retail food business including a walk-in cooler and other refrigeration equipment. Mr. Patricio Jose Garcia Martinez has approached the City of Vineland for consideration in funding a VRLF loan to purchase the site, improvements and equipment, to assist him and his family with realizing their goal of owning the real estate location for his family business. He has placed the property located at 1370 N. Main Road, Vineland, Cumberland County, New Jersey a/k/a Block 1801, Lot 74 (former Pizza Joe's location) under contract to purchase.

1a. COMPETITION: Marcacci Meats, Joe's Butcher, Shop-Rite, Acme.

1b. PROJECT: The project involves the funding for acquisition of real estate, improvements, and equipment for a retail butcher, produce shop relocation.

<u>Project Costs</u>	<u>\$</u>	<u>Funding Sources</u>	<u>\$</u>	<u>%</u>
Real estate acquisition	\$195,000	VRLF	\$300,000*	(90.91%)
Improvements	85,000	<u>Borrower</u>	<u>\$ 30,000</u>	<u>(9.09%)</u>
<u>Equipment acquisition</u>	<u>50,000</u>			
Total Costs	\$330,000	Total Sources	\$330,000	(100.00%)

*A 3 month interest only structure with appropriate draw schedule will be developed.

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 1370 N. Main Road, Vineland, Cumberland County, New Jersey a/k/a Block 1801, Lot 74,
- b.) UCC-1 and Security Agreement (State of New Jersey filing) on all equipment, machinery, inventory and all business assets now owned and hereafter acquired of Main's Meat Market, LLC,
- c.) UCC-1 and Security Agreement (Cumberland County filing) on all equipment, machinery, inventory and all business assets now owned and hereafter acquired of realty company to be formed,
- d.) Second position mortgage lien on the real estate located at 1189 Woodcrest Drive, Vineland, Cumberland County, New Jersey a/k/a Block 2418, Lot 30,
- e.) Hypothecation Agreement on real property referenced in letter (d.) above, executed by Patricio Garcia Martinez and Ofelia Ramos Perez,
- f.) Conditioned upon acceptance of purchase of sale agreement,
- g.) Any additional documents deemed necessary to settle the loan.

3. GUARANTORS:

- a.) Personal Guaranty of Patricio Garcia Martinez,
- b.) Personal Guaranty of Ofelia Ramos Perez.

4. LIEN POSITION: VRLF will file a first priority mortgage on the property being acquired and a UCC-1 and Security Agreement on all equipment, machinery, inventory and business assets now owned and hereafter acquired in primary position on Main's Meat Market, LLC. Secondary collateral will be in the form of a second position mortgage lien the real property located at 1189 Woodcrest Drive, Vineland, Cumberland County, New Jersey a/k/a Block 2418, Lot 30.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: The VRLF will be in primary position on the real estate, equipment and business assets. The primary residence has a first mortgage to Bank of America (transferred/assigned to PennyMac Loan) in the original amount of \$175,757 with a balance of \$140,400.

6. SIZE OF PARCEL: .69 acres or 139' x 217'.

7. IMPROVEMENTS THEREON: The business and equipment will be situated in a +3,200 sq. ft. retail facility (previously utilized as a pizza parlor/restaurant. The property is located North of at the intersection of Main and Oak Roads, near the Vineland Produce Auction.

The size of the parcel for the secondary collateral – the personal residence, is situated on an 80' x 218' foot lot, with a single family residence.

8. LOCATION OF PROPERTY: The business and equipment will be located at 1370 N. Main Road, Vineland, New Jersey. The personal residence is located at 1189 Woodcrest Drive, Vineland, NJ.

9. APPRAISAL INFORMATION: The property located at 1370 N. Main Road, Vineland, NJ is assessed at \$410,000 for real estate tax value. This translates into 76% LTV. The personal residence was purchased in April 2009 for \$179,000. Furthermore, the residential dwelling has some equity based on mortgage outstanding of \$140,000. The VRLF will file a mortgage as an additional abundance of caution measure. The VRLF will also file UCC's as well. Request for appraisal to be waived. Based on prospect of a tax appeal to reduce value to \$350,000, this would translate into +-\$10,500 in real estate taxes and an LTV of 90%.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.18x, LTV = 90%

- Assist business owner with acquisition of real estate for business.
- Vacant facility will be occupied and renovated.
- Previous borrower with program; excellent repayment history.

12. RECOMMENDATION: