

RESOLUTION NO. 2021- 428

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR SALON PROMISE LIMITED LIABILITY
COMPANY (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated August 24, 2021, for use of Vineland Revolving Loan funds for Salon Promise Limited Liability Company (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Vineland Revolving Loan 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 Vineland Revolving Loan Funds for the following project, in accordance with the proposal submitted by the Vineland Revolving Loan Fund, LLC Committee:

To: Salon Promise Limited Liability Company (or assigns) \$185,000.00

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



ECONOMIC DEVELOPMENT
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MEMORANDUM

TO: City Council President and Members

FROM: Vineland Revolving Loan Fund, LLC

SUBJECT: **Applicant:** Salon Promise Limited Liability Company
Loan Amount: \$185,000.00

DATE: August 24, 2021

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

On behalf of the Vineland Revolving Loan Fund Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland Revolving Loan Fund 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 Zones. 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 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 REVOLVING LOAN FUND, LLC
LOAN PROPOSAL**

Date: August 16, 2021

Borrower Name and Address (s): Salon Promise Limited Liability Company
1783 Pats Lane
Vineland, NJ 08361

Request: \$185,000 commercial term loan for the establishment of a salon on S. Delsea Drive, Vineland, NJ.

Interest Rate: 5.00%

Term of Loan: 20 Years

1. BACKGROUND: Danieve Gomez is the owner / operator of Salon Promise, Limited Liability Company (“Salon Promise”). After working in the hair and beauty salon service industry for several other providers for approximately 15 ½ years, Mrs. Gomez formed Salon Promise in January 2015. Although she is the 100% owner of Salon Promise, her husband, Alexis “Alex” Gomez, has been extremely supportive and instrumental in her achieving her goal of becoming a woman/minority owned business. Mr. Gomez maintains his employment with Comcast, however, he has been dedicated to the success of Salon Promise and assists as manager of the business. Salon Promise has been operating from a leased location at the Dandelion Plaza located at 1672 N. Delsea Drive, Vineland, NJ since 2015. Salon Promise began with 3 employees and today employs 7 inclusive of 4 hairdressers, a nail technician/makeup artist, a lash technician, and a receptionist.

Mrs. Gomez is desirous of growing and expanding her business. On August 18, 2020, Salon Promise purchased the property located at 2179 S. Delsea Drive, Vineland, NJ with a vision to renovate the facility into a full service hair and beauty salon. With the assistance of short term financing they acquired the facility and began to prepare for renovations which included the preparation of a site plan and approvals from Vineland. Salon Promise received site plan approval on April 14, 2021.

1a. PROJECT: The project involves the renovation of a vacant commercial building/facility located at 2179 S. Delsea Drive, Vineland, NJ. This location previously housed a real estate office and has been vacant.

<u>Uses</u>		<u>Sources</u>	
Acquisition	\$115,000	Borrower	\$ 36,000
Renovations	90,000	VRLF Loan	<u>185,000</u>
<u>Pavement</u>	<u>16,000</u>	Total	\$221,000
Total	\$221,000		

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 2179 S. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 6102, Lot 49,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 Filing and Security Agreement (general filing State and County),

3. GUARANTORS:

- a.) Danieve D. Gomez,
- b.) Alexis Gomez.

4. LIEN POSITION: First.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: N/A.

6. SIZE OF PARCEL: 120' x 223.80' or +-0.62 acre(s).

7. IMPROVEMENTS THEREON: The property is currently improved with 1,224 sq. ft. building previously utilized as office space. Improvements to transform the building into a hair and beauty salon will include construction of new walls, installation of new doors and trim, installation of new flooring, construction of new deck with ramp and railing, new electric, new lighting, new plumbing, new bathroom, new utility room, drop ceiling, installation of cabinetry, countertops, and lockers, new exterior pavement and line striping according to site plan. The costs of improvements are demonstrated with proposals (on file) and total \$106,000.

8. LOCATION OF PROPERTY: 2179 S. Delsea Drive, Vineland, Cumberland County, New Jersey
a/k/a Block 6102, Lot 49.

9. APPRAISAL INFORMATION: The property is currently assessed by the City of Vineland for \$118,500 (land \$42,200 and improvements \$76,300). In lieu of an appraisal, the loan to cost reveals a value of +-84%. Placing a value of \$169 per sq. ft. for valuation purposes would translate into a +-\$206,500 valuation and a 90% LTV. This writer feels comfortable in waiving an appraisal requirement and having a comfort level in the \$206,500 property valuation.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.77x LTV = 90%

The loan will assist in several ways: renovations and facelift to a vacant facility which will improve the facility; accommodate expansion and growth of business; better visibility for business and create jobs.

- Creation of 4 full-time and 3 part-time jobs.
- Vacant facility is occupied and operating.
- Own vs. lease. Long term business commitment.

12. RECOMMENDATION: