

RESOLUTION NO. 2014- 63

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO PASHA HALAL POULTRY, LLC OR THEIR ASSIGNS.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated January 28, 2014, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to Pasha Halal Poultry, 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:

Economic Development Loan to Pasha Halal Poultry, LLC or their Assigns	\$250,000.00
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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

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MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** Pasha Halal Poultry, LLC
Loan Amount: \$250,000.00

DATE: January 28, 2014



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,

A handwritten signature in blue ink that reads "Sandra Forosisky".

Sandra Forosisky
Director of Economic Development

SF/fd

cc: Frank DiGiorgio
file



**VINELAND UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: January 17, 2013

Borrower Name and Address (s): Pasha Halal Poultry, LLC
d/b/a Marcacci Meats
1853 Vine Road
Vineland, NJ 08360

Request: \$250,000 commercial term loan for permanent financing on real estate and machinery/equipment.

Interest Rate Request: 5.00%

Term of Loan Request: 20 Years

1. BACKGROUND:

Mehmet Silpagar and Halil Silpagar, brothers, are the equal co-owners of Pasha Halal Poultry, LLC d/b/a Marcacci Meats. In 2006, they purchased Marcacci Meats, a meat and butcher shop, providing wholesale and retail beef, pork, poultry, veal, and deli meat and deli products for public sale.

Mehmet and Halil were born in Turkey. They came to the United States in 1972 and lived in Queens, NY, Long Island, NY, and Clifton, NJ. Mehmet Silpagar was 14 years old and Halil Silpagar was 16 years old when they came to the United States. Upon completing coursework at the county college, Mehmet and his brother, with their entrepreneurial spirit went into business. They purchased and operated gas stations. They were in the gas station business until their purchase of Marcacci Meats with two other partners, whom they have since left the business, in 2006.

1B. PROJECT: The project involves the permanent financing of real estate for site improvements for a location which will be utilized for the purpose of locating and expanding of a retail/wholesale butcher and produce shop. Marcacci Meats is currently located on Vine Road in Vineland off of N. Main Road. Messrs. Silpagar plan on maintaining this location as a butchering/slaughtering only facility while retailing meats and produce at the new location. The new location was purchased in December 2013 and will be located at 1159 N. Delsea Drive, Vineland, NJ, corner of N. Delsea Drive and Oak Road, former location of Success School (Vineland Board of Education) and prior to that, Plochman's Mustard. Connection to sewer, parking lot improvements and interior conversion to retail space are planned for this location.

<u>Project Cost</u>		<u>Project Funding Sources</u>	
Purchase of Equipment	\$ 200,000	TD Bank (acquisition)	\$ 520,000
Purchase Building	650,000	TD Bank (additional via refi)	300,000
Improvements	<u>500,000</u>	Vineland UEZ	250,000
Total Cost	\$1,350,000	Borrower	<u>280,000 (20.74%)</u>
		Total Sources	\$1,350,000

2. COLLATERAL:

- a.) Subordinate position mortgage lien on the real estate located at 1159 N. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 1601, Lot 91,
- b.) UCC-1 Filing and Security Agreement (State of New Jersey Filing), specific and general, on equipment being purchased and existing machinery, equipment and business assets now owned or hereafter acquired,
- c.) Second position mortgage lien on the real estate located at 3492 Ravenna Lane, Vineland, Cumberland County, NJ a/k/a Block 5307, Lot 1,
- d.) Second position mortgage lien on the real estate located at 3509 Ravenna Lane, Vineland, Cumberland County, NJ a/k/a Block 5308, Lot 2,
- e.) Subordinate position mortgage lien on the real estate located at 1853 Vine Road, Vineland, Cumberland County, NJ a/k/a Block 1909, Lot 4.

3. GUARANTORS:

- a.) Mehmet Silpagar and Meryem Silpagar,
- b.) Halil Silpagar and Spouse Beyhan Silpagar

4. LIEN POSITION: Mtg. lien on real estate located at both business locations. Second position mortgage liens on the personal residences; UCC-filing on all machinery and equipment being purchased; UCC lien on all other equipment and business assets subordinate to TD Bank.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: TD Bank will have a primary lien on the subject property and first position on the specific equipment being purchased.

6. SIZE OF PARCEL: The proposed location is +-4.5 acres in total land area.

7. IMPROVEMENTS THEREON: Property originally constructed in 1940 and subsequently improved over the past 15 years by VBOE. Located in a B-3 zone and consists of approximately 35,000 sq. ft. in total floor area currently consisting of one story, masonry and metal building with warehouse storage area of 20,300 sq. ft. and with +-14,200 sq. ft. previously utilized as school and gymnasium. Two entrances (one from Oak Rd. and one from N. Delsea). Roof is flat with parking spaces currently totaling 27. The structure is considered to be in good condition. A site plan is currently being prepared by Steve Filipone which will detail retail/office/warehouse areas in addition to site improvements.

8. LOCATION OF PROPERTY: 1159 N. Delsea Drive, Vineland, Cumberland County, New Jersey a/k/a Block 1601, Lot 91.

9. APPRAISAL INFORMATION: The collateral to secure the UEZ loan will be as follows:

- mortgage on the subject real estate.
- mortgage on existing business real estate.
- UCC-1 and Security Agreement on equipment and machinery to be purchased and existing equipment, machinery and business assets (general filings).
- UEZ will take a second lien position on the personal residences of each owner.

Loan-to-Value is calculated as follow:

Value of real estate purchase (and as built)	\$ 900,000*
Value of new equipment (70% of cost)	140,000
Available equity - M. Silpagar residence @ 80%	65,000
Available equity - H. Silpagar residence @ 80%	<u>100,000</u>
Total Value of Collateral	\$1,205,000

Total Loans \$1,070,000

LTV = 89%

*Mortgage filing on Vine Road location provides no additional value and is not included in LTV calculation.

- 4 refrigerated showcases,
- refrigerated merchandise cases,
- a walk-in freezer case,
- registers and camera system.

11. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.33x, LTV = 89%

- Assist a local business with expansion and to locate new retail operation.
- Empty facility is occupied.
- Creation of up to 5 new full-time and 13 part-time jobs.
- Provides the ability to the borrower to purchase in larger quantities and to take advantage of pricing discounts leading to increased profitability for business operation.
- Extension of sewer may have future benefit to other property owners.
- May be a catalyst for future development along N. Delsea and Oak Corridor (two corners are currently vacant).

12. RECOMMENDATION: