

RESOLUTION NO. 2018- 112

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO BOYS AND GIRLS CLUB OF VINELAND.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated February 27, 2018, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to Boys and Girls Club of Vineland; 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:

Boys and Girls Club of Vineland	\$12,000.00
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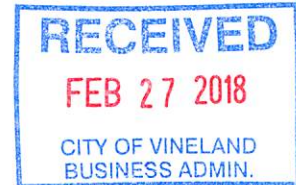
BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

President of Council

ATTEST:

City Clerk



MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** Boys and Girls Club of Vineland
Loan Amount: \$12,000.00


DATE: February 27, 2018

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



**VINELAND UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: February 14, 2018

Borrower Name and Address (s): Boys and Girls Club of Vineland
1370 S. Main Road, Suite #1106
Vineland, NJ 08360

Request: \$12,000 commercial term loan – permanent financing for improvements to a building utilized as the headquarters of the Boys and Girls Club of Vineland.

Interest Rate: 4.00% **Term of Loan:** 10 Years

1. BACKGROUND: Boys and Girls Club of Vineland (“BGCV” or the “Company”) provides mentor programs that provide educational, cultural, and recreational opportunities to at-risk youth. The goals of the programs are to provide children with a safe and fun place to meet where they can learn social skills, have nutrition, educational training and exercise opportunities. Training with computers, tutoring, and career counseling are also provided. In addition, an important goal is to promote volunteerism in the community. BGCV is a 501 C-3, Non-Profit Corporation, formed in 2004. Christopher Volker is the Executive Director and has been involved with this organization for eleven years in Vineland. BGCV receives funding from various grant sources as well as through fundraising activities.

On July 1, 2015, the Bay Atlantic Federal Credit Union, formerly Kimble Federal Credit Union, conveyed to the BGCV, the property located at 560 Crystal Avenue, Vineland, NJ as a donation. The BGCV utilizes this facility, a former banking branch and office building, as its headquarters as well as for program services. This allowed the BGCV to have physical office space and to save on lease expense relating to rentals of program service space from third parties allowing for a more efficient operation as well as having its own usable location.

The property located at 560 Crystal Avenue, Vineland, NJ was completely renovated after it was turned over to the BGCV. However, recently, the BGCV has encountered basement issues which have resulted in water and flooding in the basement area. As a result, it is seeking to address the matter with a loan from the UEZ to waterproof the property and upgrade the sump pump so that future water and flooding issues will no longer hamper its operation.

1a. PROJECT: The subject loan request is for assistance to complete minor building improvements. Documentation provided demonstrates that improvements in the form of basement waterproofing will total approximately \$12,000 and is necessary to maintain the building. The closing costs are estimated to be \$1,000. Below is a breakdown of the sources of funds.

<u>Uses</u>		<u>Sources</u>	
Waterproofing	\$ 12,000	Borrower	\$ 1,000
<u>Closing Costs / Misc.</u>	<u>1,000</u>	<u>UEZ</u>	<u>12,000</u>
Total Uses	\$ 13,000	Total Sources	\$ 13,000

2. COLLATERAL:

- a.) Second position mortgage lien on the real estate located at 560 Crystal Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 2328, Lot 2,
- b.) Assignment of Rents and Leases,
- c.) UCC – 1 Filing and Security Agreement (Cumberland County Filing),
- d.) UCC-1 Filing and Security Agreement (State of NJ Filing).

3. GUARANTORS: N/A.

4. LIEN POSITION: Second.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Enterprise Zone Development Corporation of Vineland and Millville (Vineland UEZ) has a primary lien in the original amount of \$35,000. The outstanding balance on this loan is +-\$29,000. The loan has been on the books approximately 2 years and has been handled satisfactorily. The BGCV has a line of credit with a local financial institution (Newfield National Bank) which is unsecured.

6. SIZE OF PARCEL: +-1.21 acres.

7. IMPROVEMENTS THEREON: 2,025 sq. ft. masonry block building comprised of one story on 1.2 acres of land inclusive of an attached canopy. Building constructed in 1973, Former site of Bay Atlantic Credit Union (formerly Kimble Credit Union). Facility is serviced by natural gas. No visible environmental conditions.

8. LOCATION OF PROPERTY: 560 Crystal Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 2328, Lot 2.

9. APPRAISAL INFORMATION: The property is real estate tax exempt in 2016. However, for valuation purposes, the City of Vineland’s assessed valuation is as follows:

Land	\$138,100	Existing Loan Balance	\$29,000
Building	191,900	Proposed Loan	12,000
Total	\$330,000	Total	\$41,000

Based on the above, the LTV would equal 12.42%. Applying a value of \$100,000, the LTV would be 41% (slightly less than \$50 per ft.).

LTV = 41%

10. FINANCIAL:

11. SUBSTANTIATION: LTV = 41%, DSCR = 1.53x.

- Assist a local service provider with improvements to facility.
- Service organization provides services to at-risk, local youth.

12. RECOMMENDATION: