

RESOLUTION NO. 2019- 287

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO VINELAND CHESTNUT AVENUE, LLC (OR ITS ASSIGNS).

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated June 25, 2019, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to Vineland Chestnut Avenue, LLC (or is 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:

Vineland Chestnut Avenue, LLC (or its assigns) \$418,806.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

President of Council

ATTEST:

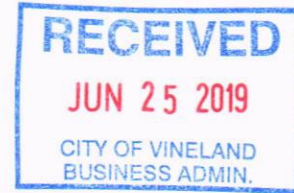
City Clerk



ECONOMIC DEVELOPMENT
www.vinelandcity.org

640 E. Wood Street
PO Box 1508
Vineland, NJ 08362-1508
Phone: (856) 794-4100
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MEMORANDUM



TO: City Council President and Members

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

SUBJECT: **Applicant:** Vineland Chestnut Avenue, LLC
Loan Amount: \$418,806.00

DATE: June 25, 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



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: May 22, 2019

Borrower Name and Address (s): Vineland Chestnut Avenue, LLC
321 Buttonwood Road
Landenburg, Pa. 19350

Request: \$418,806 commercial real estate – permanent end loan for the construction of a +-8,000 sq. ft. Family Dollar Retail Store to be located at Chestnut Avenue and S. East Boulevard.

Interest Rate: 5.50%

Term of Loan: 10 year term with 20 year amortization

1. BACKGROUND: Inderpreet Singh is the 100% owner of Vineland Chestnut Avenue, LLC, (the “Borrower”) a real estate holding company which owns the property located at 419 W. Chestnut Avenue, Vineland, NJ. Mr. Singh has owned this property through the Borrower for approximately ten (10) years. Mr. Singh is a civil engineer by education and the owner of MIG Consulting (“MIG”), with more than eighteen (18) years of experience and background in hazardous waste investigations and industrial hygiene. MIG is an environmental engineering firm conducting work in the Mid-Atlantic States. The firm was established in 2012 as a successor company to MIG Environmental (established in 2001). MIG provides full environmental services form preliminary assessments to soil and groundwater remediation. MIG has the in-house expertise in the scientific disciplines of geology, hydrogeology, civil and environmental engineering, toxicology, industrial hygiene, health and safety, project design and construction management. MIG has offices located in Wilmington, DE, Highland Park, NJ, and Reston, VA.

Mr. Singh is also a real estate investor. He hired Mr. Fred Ehrhardt of Weichert Commercial Real Estate Services to guide him with a concept and prospective user for the property located at 419 W. Chestnut Avenue, Vineland, NJ which he owns through the Borrower. As a result of Mr. Ehrhardt’s input and due diligence, he was able to secure Family Dollar as a prospective tenant for the building to be developed at the site of the subject. Mr. Singh was able to negotiate a ten (10) year lease with Family Dollar. As a result of a site plan amendment requirement, an adjacent property located at 417 W. Chestnut Avenue, Vineland, NJ will also be acquired as part of the development of the retail store.

Family Dollar is a chain of discount retailers. Dollar Tree acquired Family Dollar, Inc. in July 2015. Together they are considered the nation’s largest, small-box discount retailer operating over 14,000 stores nationwide. Dollar Tree, Family Dollar’s parent company is considered investment grade with moderate credit risk per Moody’s Service. Family Dollar operates under a landlord friendly net lease structure. As a result, freestanding Family Dollar retail stores provide an attractive combination of a long term lease and a growing market concept that continues to capture conscious shoppers which boosts store productivity. The average size of a Family Dollar store is between 6,000 and 8,000 square feet and most stores are operated in a leased facility. This relatively small footprint allows the company to open new stores in rural areas and smaller towns as well as in large urban neighborhoods. A general floor plan used in each store allows customers to easily shop for their favorite products in any Family Dollar store. This concept for a self-serve, cash and carry neighborhood discount store in low to middle income neighborhoods proves so successful that today Family Dollar is a chain with over 8,000 stores from Maine to California. Family Dollar typically provides a corporate guaranty to the landlord and agrees to rent increases every five years.

Mr. Singh’s wife, Ramnik Singh, MD owns and operates two psychiatry practices in Wilmington, DE since 20017. She will be a guarantor on this credit request.

1a. PROJECT: The project involves the development of an +- 8,320 sq. ft. retail building to lease to a Family Dollar Retail Store.

| <u>Uses</u> | | <u>Sources</u> | |
|----------------------------------|---------------------|----------------|--------------------|
| Acquisition of real estate | \$ 150,000 | Borrower | \$ 356,371 |
| Development of site and building | <u>1,462,791</u> | Fulton Bank | 837,614 |
| Total | \$1,612,791* | UEZ | <u>418,806</u> |
| | | Total | \$1,612,791 |

*The Project Cost does not include acquisition price of the original property. Acquisition of real estate above reflects the cost to acquire the adjacent residential – duplex which will be acquired to accommodate the Planning Board approval. Detailed project costs on file.

2. COLLATERAL:

- a.) Second position mortgage lien on the real estate to be known as 419 W. Chestnut Avenue, Vineland, Cumberland County, New Jersey, a/k/a Block 4808, Lot 9.01,
- b.) Evidence that deed of consolidation is complete and recorded demonstrating Block and new lot number,
- c.) Assignment of rents and leases,
- d.) Any additional items necessary to settle loan,
- e.) Receipt and satisfactory review of lease with Family Dollar.

3. GUARANTORS:

- a.) Inderpreet Singh
- b.) Ramnik Singh

4. LIEN POSITION: Second.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Fulton Bank will be primary bank with a first mortgage of \$837,614 and a temporary second (which will be paid off by the UEZ loan) in the amount of \$418,806. UEZ will be in second upon payoff.

6. SIZE OF PARCEL: +- 1.21 acres upon inclusion of property to be purchased for new all-inclusive lot.

7. IMPROVEMENTS THEREON: a +- 8,320 sq. ft. retail store (to be constructed).

8. LOCATION OF PROPERTY: 419 W. Chestnut Avenue, Vineland, Cumberland County, New Jersey, a/k/a Block 4808, Lot 9.01.

9. APPRAISAL INFORMATION: Ordered by Fulton Bank and demonstrates an as complete value of \$1,990,000 and stabilized value of \$2,025,000. At \$1,990,000, LTV is 63%!

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.10x, LTV = 63%.

- Project will clean up a corner property which is in need.
- Enhanced real estate tax ratable.
- Creation of several jobs.

12. RECOMMENDATION: