

RESOLUTION NO. 2015-\_\_\_\_\_

**A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO 1301 FOREST GROVE, LLC OR ASSIGNEE.**

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated November 24, 2015, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to 1301 Forest Grove, LLC or assignee;** 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:

<b>Economic Development Loan to:</b>	
<b>1301 Forest Grove, LLC or assignee</b>	<b>\$400,000.00</b>

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:** 1301 Forest Grove, LLC or assignee  
**Loan Amount:** \$400,000.00.

DATE: November 24, 2015

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/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:** November 9, 2015

**Borrower Name and Address (s):** 1301 Forest Grove, LLC  
1301 W. Forest Grove Road, Unit C1A  
Vineland, New Jersey 08360

**Request:** \$400,000 commercial term loan – real estate, to assist a locally based company with a commercial real estate loan.

**Interest Rate:** 5.00%

**Term of Loan:** 20 Years.

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**1.BACKGROUND:** 1301 Forest Grove, LLC (the “Company”) was formed in 2008 for the purposes of owning the real estate located at 1301 W. Forest Grove Road, Vineland, NJ. The managing member, principal and owner of 1301 Forest Grove, LLC will be Michael L. Zumpino. Mr. Zumpino is in the process of becoming the 100% owner of the company. Mr. Zumpino’s professional career spans over 46 years. A graduate of St. Charles Seminary College Division with a degree in Philosophy served as the foundation for his advancement in the service industry. A founding partner in Triad Advisory Services, Inc. trading as Triad Associates in 1978, Mr. Zumpino has grown the company from himself and two partners and a part-time secretary to a cadre of seventeen (17) professionals with disciplines that span the gamut of expertise including housing, community development, and economic development. Since 1990, Mr. Zumpino has been the sole owner and is responsible for management for all of Triad Associate’s operations.

The property located at 1301 W. Forest Grove Road is comprised of a 16,458 sq. ft. flex space condominium unit containing offices, warehouse space and common space. The unit is in a building which is approximately 25 years old. The Company has a 31.35% common element interest in the Airport Commerce Center Condominium II Association (the remaining 61.65% interest in the condo association and comprised of one additional unit of +38,500 sq. ft. is owned by PAFA). The unit houses several tenants, office and warehouse, as well as the corporate office of Triad Associates, a governmental and regulatory consulting services firm, 100% owned by Michael L. Zumpino. Michael Zumpino co-founded Triad Associates in 1978. Over the years, they have helped more than 120 communities along the East Coast and the U.S. Virgin Islands plan, fund, and implement successful community and economic development projects. Triad Associates understands the priorities of local, state, and federal initiatives, and specialize in obtaining outstanding resources to support worthy projects. They help their clients from concept through implementation – determining their needs, helping them develop a sound strategic plan, and identifying the resources to put that plan into action. Services include the following:

- Grant Writing and Administration
- Economic Development Strategic Planning and Implementation
- Urban Planning and Project Implementation
- Market and Economic Feasibility Studies
- Community Development Programs
- Affordable Housing and Rehabilitation Strategies
- Business Improvement Districts
- Brownfields Redevelopment
- Marketing and Real Estate Development
- Commercial and Residential Relocation and Acquisition
- Redevelopment Services

**1.BACKGROUND (CONTINUED):**

Notable among the successes of Triad Associates was securing the coveted Federal Empowerment Zone Designation for the Vineland, Millville, Bridgeton, Cumberland County/Commercial Township Empowerment Zone Program and the coveted Enterprise Zone Program Designation for Vineland and Millville. Triad Associates has been in business for 37 years.

**1a. PROJECT:** Recently, the applicant’s real estate loan ballooned with the NJEDA. As a result, the NJEDA is unable to restructure the balloon balance. As a result, Mr. Zumpino has approached the Vineland UEZ to assist in taking on the portion once financed by the NJEDA. Further note that Mr. Zumpino will become the 100% owner of the 1301 Forest Grove, LLC upon completion of this transaction.

The project involves the financing of the facility/unit located at 1301 W. Forest Grove Road, Vineland, NJ. The following breakdown applies:

<u>Uses</u>		<u>Sources</u>	
Existing Primary Bank Loan	\$ 621,000	Capital Bank of NJ	\$ 800,000
Existing EDA	<u>579,000</u>	Vineland UEZ	<u>400,000</u>
Total	\$1,200,000	Total	\$1,200,000

**2. COLLATERAL:**

- a.) 2<sup>nd</sup> position mortgage lien on 1301 W. Forest Grove Road, Unit C1A, Vineland, Cumberland County, NJ, a/k/a Block 604, Lot 701, Qualifier C1A,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 & Security Agreement filing on 1301 Forest Grove, LLC (Cumberland County filing),
- d.) UCC-1 & Security Agreement (general filing on Triad Advisory Services, Inc. (filed in NJ and Pennsylvania).
- e.) Assignment of life insurance in the minimum amount of \$200,000 - Michael Zumpino.

**3. GUARANTORS:**

- a.) Corporate Guaranty of Triad Advisory Services, Inc. t/a Triad Associates.
- b.) Personal Guaranty of Michael L. Zumpino.
- c.) Personal Guaranty of Margaret Zumpino.

**4. LIEN POSITION:** Second.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** Capital Bank of New Jersey, \$825,000.

**6. SIZE OF PARCEL:** +- 6 acres (includes Lot 701(subject unit) and Lot 702 (adjacent and attached unit).

**7. IMPROVEMENTS THEREON:** Pre-engineered building comprising of +-55,000 sq. ft. of which the subject unit comprises +-16,500 sq. ft. of offices and warehouse space (flexspace), 2 story: grade A single-occupancy office space with second floor, and a grade B multi-tenant incubator office space on first floor with two (2) warehouses on first floor.

**8. LOCATION OF PROPERTY:** 1301 W. Forest Grove Road, Unit C1A, Vineland, Cumberland County, NJ, a/k/a Block 604, Lot 701, Qualifier C1A.

**9. APPRAISAL INFORMATION:** An appraisal prepared by J. McHale & Associates dated April 1, 2015 demonstrates a valuation of \$1,400,000. The City of Vineland has an assessed valuation of \$1,008,700 (building of \$828,200 and land of \$180,500).

Collateral Value            \$1,400,000

**Proposed Loans:**

Capital Bank    \$ 800,000

UEZ                            400,000

Total Loans        \$1,200,000

LTV    85.71%

**10. FINANCIAL:**

**11. SUBSTANTIATION:**    DSCR = 1.45x, LTV = 86%

- Assist Vineland based company with access to financing.
- Company employs 17 in Vineland, NJ.
- Company was utilized and continues to be utilized by City of Vineland and UEZ for its consulting expertise.

**12. RECOMMENDATION:**