

RESOLUTION NO. 2016-\_\_\_\_\_

**A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO NORTH CYPRESS RENTALS, LLC.**

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated January 26, 2016, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to North Cypress Rentals, 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:

<b>Economic Development Loan to:</b>	
<b>North Cypress Rentals, LLC</b>	<b>\$105,000.00</b>

BE IT FURTHER RESOLVED that the Mayor or Council President 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:** North Cypress Rentals, LLC  
**Loan Amount:** \$105,000.00

DATE: January 26, 2016


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:** December 28, 2015

**Borrower Name and Address(s):** North Cypress Rentals, LLC  
2076 E. Landis Avenue  
Vineland, NJ 08360

**Request:** \$105,000 commercial term – permanent - loan for interior and exterior improvements to real estate located on Landis Avenue, Vineland, NJ.

**Interest Rate:** 5.00%

**Term of Loan:** 20 Years.

**1. BACKGROUND:** Macleod Carre is the majority owner of North Cypress Rentals, LLC, a real estate and investment holding company formed in the state of New Jersey on March 9, 2009. The members of North Cypress Rentals, LLC are Macleod Carre 99%, and Robert Odorizzi, 1%. North Cypress Rentals, LLC purchased the real estate located at 614 E. Landis Avenue, Vineland, New Jersey from Cumberland Advisors, Inc. in 2013 for \$295,000 (\$265,000 from UEZ). North Cypress Rentals, LLC received a UEZ loan (first position) to purchase the subject property.

Currently, Cumberland Advisors occupies an office on the second floor of the building and plans on remaining a tenant for several additional years (one office). Two additional tenancies exist on the second floor (law office and advertising/public relations firm). At this time, approximately 1,800 sq. ft. (of 5,000 sq. ft.) remains vacant. North Cypress Rentals, LLC will market the property to lease the remaining vacant space under several different scenarios which are on file. The first floor is primarily occupied by Resources for Independent Living on a long term lease (+-5,000 sq. ft.).

Macleod Carre is a graduate of Ohio State University and Columbia University and has worked in the fields of social work, education, and also spent time in the motion picture and television production industry. He is a past vice president of Hand Prop Room, Inc., one of the largest and most diversified prop rental companies in the world, as well as Masterpiece Productions of Newport Beach, California, an event production and meeting company. He relocated back to the East Coast in 2000 and set up a new company which focused on event and meeting planning. He has taught at Cumberland County College in 2004 and has made a decision to re-focus his attention on his original profession, social work, where he employed full time by a subsidiary of Horizon Blue Cross known as Value Options dealing in case management and mental health etc. Mr. Carre has been employed previously by Cumberland County as the Executive Director of the Office of Aging until 2013. He continues to teach at Salem Community College and has assisted in developing a new enterprise in association with and for the NJ Dept. of Developmental Disabilities where this agency has chosen to outsource case management. Mr. Carre and several others created a non-profit whose function was to handle case management for persons with developmental disabilities / mental health. Mr. Carre has developed an interest in downtown Vineland real estate and is eager to contribute to the renaissance of Landis Avenue.

**1b. PROJECT:** The request/project involves financing for permanent improvements to an office building to make it more conducive and marketable to leasing office/prof. space on Landis Avenue.

**Uses of Funds**

Improvements - Total           \$117,500  
(HVAC, interior improvements,  
install exterior stairway to 2<sup>nd</sup> floor,  
canopy, alarm upgrade, electrical,  
plumbing, glass, canopy, soft costs (\$9,000).

**Sources of Funds**

Borrower           \$ 12,500  
UEZ                    105,000  
Total                \$117,500

**2. COLLATERAL:**

- a.) Second position mortgage lien on the real estate located at 614 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 3,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 filing and Security Agreement (Cumberland County filing),

**3. GUARANTORS:**

- a.) Personal Guaranty of Macleod Carre.

**4. LIEN POSITION:** Second position. (UEZ has a current first position with an outstanding loan balance of +-\$245,000).

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** UEZ.

**6. SIZE OF PARCEL:** 35 x 150 -50 x 150 or .1205 acres.

**7. IMPROVEMENTS THEREON:** A two (2) story office building comprising a total +-10,000 sq. ft. (+-5,000 sq. ft. on each floor) with basement area.

**8. LOCATION OF PROPERTY:** 614 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 3.

**9. APPRAISAL INFORMATION:** In-lieu of an appraisal the City of Vineland's revaluation value is \$295,000 was utilized in calculating LTV. City of Vineland's Assessment is \$295,000 with Land at \$74,400, and Improvements at \$220,600.

Because the renovations will allow the owner/landlord to make the facility more conducive to market the facility for office space rentals (prior to renovations, it has been difficult to attract tenants for separate office space and the 2<sup>nd</sup> floor access needs to be installed. The facility was previously occupied by owner / business operator – Cumberland Advisors and access was not separated or required). This should enhance income and value.

LTV based on new loan amount of \$105,000 and existing balance of +-\$245,000 (+-\$350,000) translates into LTV of +- 119%. The owner is requesting an exception to the requirement of an appraisal based on the above consideration.

Research to support that the subject could and should be valued more or appraise more than assessed value is based somewhat on the fact that certain adjacent office buildings are valued higher and the anticipated future additional income to be generated. Owner has significant interest in additional office rentals. However, without the improvements, the owner has difficulty finalizing prospective tenants.

**10. FINANCIAL:**

**11. SUBSTANTIATION:** LTV = 119%, DSCR = 1.15x\*.

\*DSCR could increase to 1.60x with final improvements.

- Assist property owner with improvements to a Center City / Main Street District property.
- Further investment into downtown office space.
- Prospect to get additional professionals in downtown and potential positive economic impact.

**12. RECOMMENDATION:**