

RESOLUTION NO. 2017-_____

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

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated August 31, 2017, for use of Second Generation Enterprise Zone Assistance Funds for the following project: **Economic Development Loan to North Cypress Rentals, LLC (or its 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:

NORTH CYPRESS RENTALS, LLC (or its assigns) \$362,500.00

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

MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** North Cypress Rentals, LLC (or its assigns)
Loan Amount: \$362,500.00

DATE: August 31, 2017

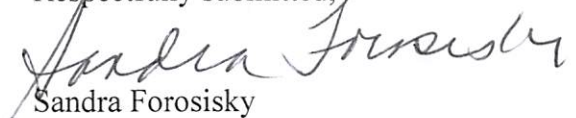
Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwomen Calakos:

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: August 15, 2017

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

Request: \$362,500 commercial term loan for the acquisition of real estate located on Landis Avenue, Vineland, NJ. Loan will be structured as a six-month interest only converting to permanent with initial disbursement toward acquisition being \$337,500. Additional disbursements are subject to documentation for renovation and repairs.

Interest Rate Loan: 5.00% **Term of Loan:** 20 Years.

1. BACKGROUND: Macleod Carre is the majority owner of North Cypress Rentals, LLC (“North Cypress”), 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 has entered into a contract to purchase the real estate located at 727 E. Landis Avenue, Vineland, NJ for \$375,000 (inclusive of parking lots in the rear which have separate addresses, see Section 2 and Section 7 for additional description and information). Currently, North Cypress is the owner of two properties, a commercial/office property located at 614 E. Landis Avenue, Vineland, New Jersey and residential dwelling rental located at 341 E. Wheat Road, Buena Borough, New Jersey. The property under contract is an office building. It is improved with a two story office building comprised of a total of 17,956 sq. ft (8,978 sq. ft. per floor). Currently, the property has three tenants, a law firm, insurance and real estate office, and a title company. Two of the current tenants plan on renewing their existing leases and will remain tenants after the sale is complete. The law firm, Tedesco Gruccio Ruess will continue to lease their space for two additional years. The insurance firm, A. R. Fanucci Real Estate and Insurance has entered into a three year lease, and the title company, Beacon Title Services. Additional sq. ftg. is available. At this time, approximately 11,500 sq. ft. remain vacant. North Cypress Rentals, LLC will market the property to lease the remaining vacant space under several different scenarios which will increase occupancy. The purchase price is \$375,000.00. Renovation costs are estimated at \$25,000.00. Renovations will be funded under a separate loan similar to a previous project which North Cypress Rentals, LLC acquired several years ago on Landis Avenue.

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 began teaching at Cumberland County College in 2004 and made a decision to re-focus his attention on his original profession, social work, where he is currently employed. In the social work industry/field, Mr. Carre has been previously employed by Cumberland County as the Executive Director of the Office of Aging until 2013. He continues to teach and is developing a new enterprise in association with the NJ Dept. of Developmental Disabilities where this agency has chosen to outsource case management. Mr. Carre and several others have created a non-profit whose function will be to handle case management for persons with developmental disabilities. Over the past several years, Mr. Carre has developed an interest in downtown Vineland and is eager to participate and contribute to the downtown Landis Avenue area. He has an interest in owning and stabilizing downtown commercial properties.

1b. PROJECT: The project involves acquisition and renovation to a commercial office building.

<u>Uses of Funds</u>		<u>Sources of Funds</u>	
Acquisition of Real Estate	\$375,000	Borrower - Acquisition	\$ 37,500
Renovation	25,000	Borrower- Other	12,500
<u>Misc., Other & Closing Costs</u>	<u>12,500</u>	UEZ – Acquisition	337,500
Total	\$412,500	<u>UEZ – Renovation</u>	<u>25,000</u>
		Total	\$412,500

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 727 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 8 (mortgage of \$362,500),
- b.) First position mortgage lien on the real estate located at 720 E. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 16 (mortgage of \$362,500),
- c.) First position mortgage lien on the real estate located at 718 E. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 17 (mortgage of \$362,500),
- b.) Assignment of Rents and Leases for properties stated in a.), b.), c.) above,
- c.) UCC-1 filing and Security Agreement (Cumberland County filing) each property,
- d.) Subject to signed lease by Beacon Title and Tedesco Gruccio Reuss law firm and satisfactory review of any leases,
- e.) Assignment of Key Man Life Insurance for Robert Odorizzi in the amount of \$200,000.

3. GUARANTORS:

- a.) Personal Guaranty of Macleod Carre.

4. LIEN POSITION: First position.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: N/A.

6. SIZE OF PARCEL: a.) +/- .24 acres, b.) +/- .19 acres,
c.) +/- .22 acres.

7. IMPROVEMENTS THEREON: Property a.) is a two (2) story office building comprising a total 17,956 sq. ft. (+-8,978 sq. ft. on each floor) with basement area. Property b.) is a parking lot, and Property c.) is a parking lot. The parking lots have separate block and lot numbers and are located to the rear of the building.

8. LOCATION OF PROPERTY: a.) 727 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 8,
b.) 720 E. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 16,
c.) 718 E. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 17.

9. APPRAISAL INFORMATION: An appraisal has/will be ordered. A minimum value of \$400,000 will be required to achieve an LTV of 90%. For informational purposes, the City of Vineland's revaluation values the properties as follows:

- Property a.) two (2) story office building comprising a total 17,956 sq. ft. (+-8,978 sq. ft. on each floor) with basement area. Land at \$145,000, Improvements at \$505,000 = \$650,000.
- Property b.) parking lot. Land at \$28,400, Improvements at \$13,200 = \$41,600.
- Property c.) parking lot. Land at \$32,900, Improvements at \$11,100 = \$44,000.

10. FINANCIAL:

12. SUBSTANTIATION: LTV = 90%, DSCR = 1.16x.

- Additional space to be leased will lead to further occupancy and prospective “feet on the street” for Landis Ave. businesses which could lead to further business opportunities etc.

13. RECOMMENDATION: