

RESOLUTION NO. 2018- 312

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 July 24, 2018, 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:

Economic Development Loan to North Cypress Rentals, LLC	\$23,000.00
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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



Economic Development Dept.
www.vinelandcity.org

640 E. Wood Street
PO Box 1508
Vineland, NJ 08362-1508
Phone: (856) 794-4100
Fax: (856) 405-4607



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: \$23,000.00
DATE: July 24, 2018

Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwoman 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 Forsisky
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: July 17, 2018

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

Request: \$23,000 commercial term loan – second mortgage lien for the renovation of office space located on Landis Avenue, Vineland, NJ.

Interest Rate Loan: 5.00% **Term of Loan:** 10 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 purchased 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 three properties, the subject property, 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 subject property 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. All current tenants have existing leases. The law firm, Tedesco Gruccio’s remaining term is set to expire or be renewed in less than two years. The insurance firm, A. R. Fanucci Real Estate and Insurance has over four years remaining on its lease, and the title company, Beacon Title Services, continues to lease their space with over four years remaining. Additional sq. ftg. is available and is being marketed. At this time, approximately 11,500 sq. ft. remain vacant. North Cypress Rentals, LLC has marketed the property and is desirous of leasing the space. A prospective tenant is slated to lease 350 sq. ft. as part of this renovation plan. Renovation costs for this prospect are estimated at \$34,000.00 (electrical and construction) and are the subject of this request.

Macleod Carre, the majority owner of North Cypress Rentals, LLC, 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. Mr. Carre is currently the Director of Health Department for the City of Vineland. 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 and health, 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. His has an interest in owning and stabilizing downtown commercial properties.

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

<u>Uses of Funds</u>		<u>Sources of Funds</u>	
Renovation	\$ 34,000	Borrower-	\$ 12,000
Misc., Other & Closing Costs	1,000	UEZ	23,000
Total	\$ 35,000	Total	\$ 35,000

2. COLLATERAL:

- a.) Second 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.) Second 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.) Second 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),
- d.) Assignment of Rents and Leases for properties stated in a.), b.), c.) above,
- e.) UCC-1 filing and Security Agreement (Cumberland County filing) each property,
- f.) Subject to receipt and satisfactory of leases for existing and prospective tenant.

3. GUARANTORS:

- a.) Personal Guaranty of Macleod Carre.

4. LIEN POSITION: Second position.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Enterprise Zone Development Corporation of Vineland and Millville ("Vineland UEZ") \$362,500.

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 prepared by Kay & Associates demonstrates a value as of August 16, 2017 of \$525,000. Based on the proposed loan and existing UEZ loan, the LTV is calculated at +-74%. For informational purposes, the City of Vineland's assessed valuation values the properties at \$525,000 and broken down 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 \$244,400 = \$439,400.
- 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 = 74%, DSCR = 1.26x.

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

13. RECOMMENDATION: