

RESOLUTION NO. 2019- 414

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

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated September 24, 2019, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to Twin Realty, 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:

Twin Realty, LLC (or its assigns) \$400,000.00

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
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MEMORANDUM

TO: City Council President and Members

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

SUBJECT: **Applicant:** Twin Realty, LLC
Loan Amount: \$400,000.00

DATE: September 24, 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: July 22, 2019

Borrower Name and Address (s): Twin Realty, LLC
137 Blue Meadow Lane
Sicklerville, NJ 08081

Request: \$400,000 commercial real estate loan for the acquisition of a commercial office building in Vineland, NJ.

Interest Rate: 5.50%

Term of Loan: 10/20 Years

1. BACKGROUND: Joyce Newland and Joya Tucker are investors interested in purchasing and owning a Vineland office building. They have entered into an agreement to purchase 17 W. Landis Avenue, Vineland, New Jersey, a commercial office building previously utilized for administrative/transportation offices by the Vineland Board of Education. Mrs. Newland and Mrs. Tucker plan on leasing the facility to their education business discussed further below. They formed Twin Realty, LLC in the State of New Jersey on July 3, 2019 for the purpose of owning the real estate.

Mrs. Newland is a resident of Maryland. She became interested in the Vineland area after visiting her sister, Joya Tucker, and other family members who live primarily in southern New Jersey. Together, Mrs. Tucker and Ms. Newland own and operate an education/school business in Vineland, NJ. Joyce Newland and Joya Tucker are partial owners of the Academy of Healthcare Excellence, LLC (located at 616 E. Landis Avenue, Vineland) ("AHE"), 26% each. Milton Tucker, Joya's husband, owns 30%, with Stephen Tucker and Milton Tucker, Jr. (Milton and Joya Tucker's children) each owning 9% of AHE. AHE is a vocational training school specializing in certification programs including nurse aide, home health aide, medication aide, medical assistant, phlebotomy tech, EKG tech, CPR certification, patient care tech, billing coding specialist as well as multi certificate programs. AHE has locations in Vineland and Pleasantville, New Jersey. Mrs. Newland is currently a licensed nurse and she has spent over 20 years working in nursing homes and assisted living centers with her last position culminating as a manager of an assisted living center. Mrs. Newland began working for AHE in 2018 as an assisted living and elder care specialist. She has leased her personal residence in Maryland and relocated to southern New Jersey. Mrs. Tucker is also a registered nurse and is the Director of AHE's nursing programs. Mrs. Newland and Mrs. Tucker, along with other family members, are forming a real estate holding company to own and lease the subject building to AHE so that it may relocate from its current leased location at 616 E. Landis Avenue, Vineland, NJ, which they have outgrown. In addition, they are going to grow AHE to include adult care and childcare with education courses to address the adult day care field. They plan to provide childcare as a service that could assist the existing students with their children while they are in class as well as creating a business revenue stream. Recently, AHE has signed an affiliation contract with St. Mary's Center for Rehabilitation and Healthcare (nursing home in Cherry Hill, NJ) to provide classroom instruction and training to students for Certified Nurse Aide program. This agreement is further discussed in the financial section of this loan proposal. Please note that AHE is planning to engage additional affiliation contracts with other facilities similar to that of St. Mary's Center in the future as it continues to grow. The driving force for these types of arrangements is to have a qualified workforce and to provide the necessary employees to these facilities.

In addition to AHE, two additional operating companies known as Excellent Home Care of South Jersey ("EHC") and Excellent Staffing Agency of South Jersey, LLC, ("ESAS") (ESAS is newly formed with no historical operation), are also owned by Joyce Newland and Joya Tucker 26% each, Milton Tucker, Joya's husband, owns 30%, with Stephen Tucker and Milton Tucker, Jr. (Milton and Joya Tucker's children) each owning 9% of EHC and ESAS. EHC is a home health care service company and

1. BACKGROUND (Continued): ESAS is a staffing company. These entities will also lease space at the new location. EHC is further discussed in the financial section of this loan proposal. In addition to the aforementioned companies, the children of Milton and Joya Turner, and Joyce Newland, have also formed two companies which will lease space from Twin Realty, LLC. These companies, Excellent Medical and School Supplies (“EMSS”), and Academy Ballroom (“AB”), will be owned by Jesse Tucker, Stephen Tucker, Milton Tucker, Jr., Joyce Zubairu, Constance Zubairu, and Sally Zubairu-Cofield. EMSS will supply the Academy of Healthcare Excellence with medical supplies as well as sell medical supplies. AB will be a rental space operator. These entities do not have any operational history, but will lease space from the real estate holding company. Lease amounts will be determined at a later time. These entities will provide guaranty for the Vineland UEZ Loan (children will not personally guaranty). In addition to these new entities, **AHE is in the process of signing education contracts with nursing home operators where AHE will be paid a per student fee to provide educational services to the nursing home operators and assisted living company prospective employees. These annual contracts are new to AHE and are further mentioned in the Financial Section of this loan proposal.**

1a. PROJECT: The project involves the acquisition of a commercial office building located at 17 W. Landis Avenue, Vineland, NJ. The purchase price of the real estate is \$500,000. Closing costs estimated at \$15,000. Total project cost is \$515,000. Below is a breakdown of the sources and uses.

<u>Uses</u>		<u>Sources</u>	
Acquisition of real estate	\$500,000	Borrower	\$115,000
Closing costs	<u>15,000</u>	UEZ	<u>400,000</u>
Total	\$515,000	Total	\$515,000

*Borrower contribution is being made from Ms. Newland’s retirement account/funds.

2. COLLATERAL:

- a.) First position mortgage on the real estate located at 17 W. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3602, Lot 1,
- b.) Assignment of Rents and Leases,
- c.) UCC – 1 filing all business assets of Borrower and Guarantors – County of Cumberland,
- d.) UCC – 1 filing all business assets of Borrower and Guarantors - State of New Jersey,
- e.) Executed lease with Academy of Healthcare Excellence, Excellent Home Care of South Jersey, Excellent Medical and School Supplies, LLC (newly formed), Excellent Staffing Agency of South Jersey, LLC, and Academy Ballroom, LLC.
- f.) Assignment of life insurance on Joyce Newland, Joya Tucker, and Milton Tucker, \$100,000 each.
- g.) Acknowledgments signed by owners of Excellent Medical and School Supplies, LLC (newly formed), Excellent Staffing Agency of South Jersey, LLC (newly formed), and Academy Ballroom, LLC (newly formed) as to guarantees below.

3. GUARANTORS:

- a.) Personal Guaranty of Joyce Newland,
- b.) Personal Guaranty of Joya Tucker,
- c.) Personal Guaranty of Milton Tucker,
- d.) LLC Guaranty of Excellent Home Care of South Jersey,
- e.) LLC Guaranty of Academy of Healthcare Excellence,
- f.) LLC Guaranty of Excellent Medical and School Supplies, LLC (newly formed),
- g.) LLC Guaranty of Excellent Staffing Agency of South Jersey, LLC (newly formed),
- h.) LLC Guaranty of Academy Ballroom, LLC (newly formed),
- i.) Hypothecation agreements if applicable.

4. LIEN POSITION: First.

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

6. SIZE OF PARCEL: +-1.71 acres.

7. IMPROVEMENTS THEREON: The improvements include a one-story office building with approximately 16,832 sq. ft. on a +-1.71 acre parcel improved with parking.

8. LOCATION OF PROPERTY: 17 W. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3602, Lot 1.

9. APPRAISAL INFORMATION: The City of Vineland currently has the property assessed for \$1,943,800* with the breakdown as follows: Land at \$470,300 and improvements at \$1,473,500. An appraisal was performed by R.A. Hagel & Associates demonstrating a value of \$500,000, the same as the purchase price. Based on the appraised value, the LTV would be 80%.

Loan Amount \$400,000 / Appraised Value \$500,000 = 80%.

* Tax appeal is anticipated.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.15x, LTV = 80%.

- Maintain established training academy/school in downtown.
- Spin-off economic development impact of having people in downtown area.
- Building is currently vacant and will be occupied by year end 2019. However, creates a vacancy in existing space in the future as the school leaves current location.

12. RECOMMENDATION: