

RESOLUTION NO. 2020- 137

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 February 25, 2020, 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	\$495,000.00

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:** North Cypress Rentals, LLC
Loan Amount: \$495,000.00

DATE: February 25, 2020



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 ratable(s) 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: January 31, 2020

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

Request: \$495,000 commercial term loan – second mortgage lien for the renovation of office space located on Landis Avenue, Vineland, NJ.

Interest Rate Loan: 5.50% **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 purchased the real estate located at 616 E. Landis Avenue, Vineland, NJ, the subject property, for \$500,000 on December 31, 2019. Currently, North Cypress is the owner of four properties, the subject property, a commercial/office property located at 614 E. Landis Avenue, Vineland, NJ, another commercial/office property located at 727 E. Landis Avenue, Vineland, NJ and a 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 three-story office building comprised of a total of 18,822 sq. ft. Currently, the property has several tenants leasing approximately 3,500 sq. ft. collectively of the existing rentable space. All current tenants have leases. Additional sq. ftg. is being marketed. At this time, approximately +/-15,000 sq. ft. remains vacant. North Cypress Rentals, LLC has begun marketing the property and is desirous of leasing remaining space. Renovation costs for this prospect are estimated at \$50,000.00 (electrical and construction) and are included as part of this request.

Macleod Carre, is a graduate of Ohio State University(BS in Business Administration) and Columbia University(Master of Science in Social Work) and has worked in the fields of social work in New York and New Jersey and in higher education at Cumberland County and Salem Community Colleges as well as with the State of New Jersey and the state prison system. Previously he worked in Los Angeles in film and television production while serving as Executive Vice President of the largest prop and set decoration company. Subsequently he was a partner in a special event and conference production company which produced conferences and events in multiple states and overseas. After relocation to the East Coast in 2000 he produced meetings and conferences before deciding to teach at the college level and subsequently return to his original profession as a social worker. His ensuing career in social work included work in hospice and home care with Holy Redeemer and the VNA health group before being appointed to the position of Director of the Cumberland County Office on Aging. After brief stints working in a hospital and a rehabilitation facility in Southern New Jersey, he was recruited by Horizon Blue Cross to work in a new program called MLTSS. During this time he became an active member of the Vineland Downtown Improvement District Board of Directors. His interest in urban re-development motivated him to become an enthusiastic member of the Improvement District’s board of Directors and his commitment to the redevelopment of downtown Vineland caused him to make an even greater commitment. He began to invest in the downtown itself first acquiring 614 East Landis Avenue, then 727 East Landis and most recently 616 East Landis. Recognizing that downtowns are unlikely to return to their previous role as retail meccas, he has actively recruited businesses to locate in the downtown buildings owned by North Cypress Rentals, LLC. He has done this in concert with his partner, Robert Odorizzi, by offering very competitive and attractive lease rates in all three buildings and most recently, endeavoring to employ innovation by creating a shared office environment. This concept is being applied in other municipalities with great success since many

1. BACKGROUND (CONTINUED):

start-up companies are seeking a brick and mortar location without the unsustainable overhead associated with an entire office suite.

The plan for 616 is to create a space that allows smaller start up enterprises to have a work space with supportive services where they can work and also meet with potential clients. Success with this concept promises to increase activity in the downtown Vineland core and make it a more attractive place to do business. Coupled with this, North Cypress Rentals will continue to serve the not for profits that are best located near public transportation in the downtown area and Mr. Carre's presence as a resident of Vineland will insure that these businesses will be nurtured and expand. One of the observations he has made as a member of the Improvement district is that too many properties in town are owed by out of town investors who see them solely as a financial investment and lack the commitment to the community. He has greatly valued his relationship with the Urban Enterprise Zone and with other members of his extended network who share in his vision.

1b. PROJECT: The project involves the refinancing of the acquisition and funding of renovations for a commercial office building located at 616 E. Landis Avenue, Main Street area of Vineland, NJ.

<u>Uses of Funds</u>		<u>Sources of Funds</u>	
Acquisition	\$500,000	Borrower	\$ 65,000
Renovation	50,000	UEZ	<u>495,000</u>
Misc., Other & Closing Costs	<u>10,000</u>		
	Total \$560,000		Total \$560,000

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 616 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 4,
- b.) Third 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 \$495,000),
- c.) Third 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 \$495,000),
- d.) Third 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 \$495,000),
- e.) Assignment of Rents and Leases for properties stated in a.), b.), c.), d.) above,
- f.) UCC-1 filing and Security Agreement (Cumberland County filing) each property,
- g.) Subject to receipt of existing leases.
- h.) Subordination of member or affiliated debt.

3. GUARANTORS:

- a.) Personal Guaranty of Macleod Carre.

4. LIEN POSITION: First position on primary collateral, third on additional collateral.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: Vineland UEZ will be in first \$495,000 on primary collateral. UEZ will take a third on additional collateral (behind two existing UEZ loans).

6. SIZE OF PARCEL: (a.) +/- .344 acres (b.) +/- .24 acres, (c.) +/- .19 acres, (d.) +/- .22 acres.

7. IMPROVEMENTS THEREON: Property a.) is a three-story office building comprised of a total of 18,822 sq. ft. including basement office space. Property b.) is comprised of a two (2) story office building comprising a total 17,956 sq. ft. (+-8,978 sq. ft. on each floor) with basement area. Property c.) is a parking lot, and Property d.) 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.) 616 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 3020, Lot 4,
 b.) 727 E. Landis Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 8,
 c.) 720 E. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 16,
 d.) 718 E. Elmer Street, Vineland, Cumberland County, New Jersey a/k/a Block 4003, Lot 17.

9. APPRAISAL INFORMATION: An appraisal will not be ordered. Based on the proposed loan and existing UEZ loans for the subject collateral and additional collateral, the LTV is calculated at +-84%. For informational purposes, the City of Vineland's assessed valuation values the properties was utilized and is broken down as follows:

- Property a.) three (3) story office building comprising a total of 18,822 sq. ft. Land at \$147,500, Improvements at \$352,500 = \$500,000.
 Property b.) 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 c.) parking lot. Land at \$28,400, Improvements at \$13,200 = \$41,600.
 Property d.) parking lot. Land at \$32,900, Improvements at \$11,100 = \$44,000.

<u>Assessed Value</u>	<u>Loans</u>	
Property a.) \$ 500,000	Proposed Loan	\$495,000
Property b.) \$ 439,400	Existing Loan	342,000 (727 E. Landis UEZ Loan - outstanding)
Property c.) \$ 41,600	<u>Existing Loan</u>	<u>20,000</u> (727 E. Landis UEZ Loan - outstanding)
Property d.) \$ 44,000	Total	\$857,000
Total \$1,025,000		

LTV = 84%

10. FINANCIAL:

11. SUBSTANTIATION: LTV = 84%, DSCR = Negative.
 Projected Debt Service = 2.27x. (property).

- 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.
- Borrower has a history of leasing vacant space on Landis Avenue and securing office tenants.

12. RECOMMENDATION: