

RESOLUTION NO. 2022- 237

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR FRANK GUARACINI JR.
TRANSPORTATION COMPANY, LLC. (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated May 24, 2022, for use of Vineland Revolving Loan funds for Frank Guaracini Jr. Transportation Company, LLC (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that Vineland Revolving Loan 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 Vineland Revolving Loan Funds for the following project, in accordance with the proposal submitted by the Vineland Revolving Loan Fund, LLC Committee:

To: Frank Guaracini Jr. Transportation Company, LLC (or assigns) \$800,000.00

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: Vineland Revolving Loan Fund, LLC

SUBJECT: **Applicant:** Frank Guaracini Jr. Transportation Company, LLC
Loan Amount: \$800,000.00

DATE: May 24, 2022

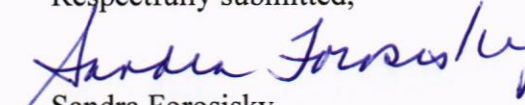
Dear Council President Arthur, Councilmen Acosta, Franceschini, Spinelli, and Vargas:

On behalf of the Vineland Revolving Loan Fund Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland Revolving Loan Fund, LLC 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 Zones. 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 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: May 2, 2022

Borrower Name and Address (s): Frank Guaracini, Jr. Transportation Company, LLC
3686 E. Landis Avenue
Vineland, New Jersey 08360

Request: Fund and restructure existing VRLF and Cumberland Empowerment Zone loans (with increases to each loan). VRLF will combine two existing loans (combined – interest capitalized balances at +-\$720,000) and increase loan by \$80,000. Existing Cumberland Empowerment Zone - term loan of +-\$525,000 to be restructured and increased by \$275,000, to provide permanent financing on the Vineland Regional Transportation Center (50% VRLF and 50% CEZ at completion) with new money of +-\$355,000 (\$80,000 VRLF and \$275,000 CEZ). A portion of the new money will be utilized to take out an existing primary bank loan, pay taxes current and address closing costs. Two loans of +-\$800,000 each will be the end result.

Interest Rate: 5.00% **Term of Loan:** 25 Years - after an initial year interest only period.

1.BACKGROUND: Frank Guaracini, Jr. Transportation Company, LLC, is the owner of the property known as the Vineland Regional Transportation Center and located at 106 W. Landis Avenue. This property was at one time owned by the City of Vineland and was sold at auction to Frank Guaracini, Jr. (deceased in 2020) for \$490,000.00 in August of 2000. Prior to this, the property had been utilized as a bank operations center and prior to that, a grocery store. Frank Guaracini, Jr. formed the Frank Guaracini, Jr. Transportation Company, L.L.C., (formed on November 8, 1999) for the purpose of owning and developing the then two properties (corner gas station and building) located at West and Landis Avenues. It further redeveloped the properties into a transportation and retail center. An all-inclusive deed combined the properties into one property known as 106 W. Landis Ave. The owner of the real estate holding company is the estate of Frank Guaracini, Jr.

The subject property was developed into the Vineland Regional Transportation Center, a NJ Transit Hub/Terminal and retail strip center. The project was originally financed via a bank construction / permanent mortgage, a Vineland Urban Enterprise Zone (“UEZ” or “VRLF”) Loan, a loan from the Cumberland Empowerment Zone, a federal transportation grant, and some owner’s equity.

The property is located in the Urban Enterprise Zone and the Cumberland Empowerment Zone. Mr. Guaracini had redeveloped the vacant properties into a transportation center providing for access to a transportation network not only for Vineland residents, but also Cumberland County residents as well. Furthermore, the project also played a role in the revitalization of Downtown Vineland. At the time, Mr. Guaracini, stated that the center served as a “gateway” into Vineland from the western part of the city and county.

The borrower, the VRLF and CEZ have discussed a reasonable restructure for the existing loans so as to provide for a positive cash flow management whereas the VRLF and CEZ may have amortizing loans and to allow for the cash flow generation via eliminating the primary loan, currently with Parke Bank, with an outstanding balance of +-\$230,000.

1b. PROJECT: The restructuring and funding of commercial real estate loan(s) in the amount of up to +/- \$1,600,000 (**\$800,000 for each lender**) on a permanent basis for a new 20 year term allowing the center to stabilize and improve cash flow from operations.

<u>Uses of Funds – New Money</u>		<u>Sources of Funds (new money and existing)</u>	
Payoff Parke Bank	+-\$230,000 (est.)	VRLF (existing loan(s))	\$ 720,000
City of Vineland Tax	+-\$100,000 (est.)	VRLF (new money)	\$ 80,000
<u>Closing costs</u>	+ 25,000 (est.)	CEZ (existing loan)	\$ 525,000
Total New Money	\$355,000	<u>CEZ (new money)</u>	<u>\$ 275,000</u>
		Total Funding	\$1,600,000

2. COLLATERAL:

- a.) 1st position mortgage lien (shared mortgage with CEZ) on the property located at 106 W. Landis Avenue, Vineland, New Jersey a/k/a Block 2917, Lot 1,
- b.) 1st position mortgage lien (shared mortgage with CEZ) on the property located at 4232 E. Landis Avenue, Vineland, New Jersey a/k/a Block 3303, Lot 15,
- c.) Assignment of Rents and Leases (properties mention in a.) and b.),
- d.) Subordination of officer loans/affiliated debt,
- e.) Satisfactory review of all leases or renewals prior to settlement,
- f.) Any additional documents deemed necessary by counsel including inter-creditor agreement.

3. GUARANTORS:

- a.) Elizabeth Guaracini.

4. LIEN POSITION: First position mortgage lien (shared first with CEZ).

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

6. SIZE OF PARCEL: +/- 2.84 acres – Irregular-shaped corner parcel containing approximately 123,710 sq. ft. with 325 ft. of frontage on West Landis Ave., 300 feet along N. West Ave., 500 feet along W. Wood Street and 150 feet of frontage along N. 2nd St.

7. IMPROVEMENTS THEREON: 36,704 total sq. ft. commercial/retail comprised of +/-32,160 sq. ft. retail, 4,544 sq. ft. office). A NJ Transit hub/terminal exists at this site as well. Approximately 24% of the space is currently vacant.

8. LOCATION OF PROPERTY: 106 W. Landis Avenue, Vineland, New Jersey a/k/a Block 2917, Lot 1.

9. APPRAISAL INFORMATION: An appraisal performed by Harry A. Carrol, MAI, SRA and Andrew Gyetvan, Jr. demonstrated a value of \$2,200,000 as of October 1, 2012 (Dated June 12, 2103). City of Vineland has the property value at \$2,300,000 for tax assessment purposes.

VRLF Loan(s)	\$ 720,000+- (existing combined two loans)
CEZ Loan	525,000+- (existing)
Primary Bank	230,000+- (include in amount to be restructured by VRLF and CEZ).
Taxes	100,000+- (to be paid from new proceeds)
Costs	<u>25,000+- (include in amount to be restructured by VRLF and CEZ).</u>
Total Loans	\$1,600,000

Value \$2,200,000 (based on lower of two values which is appraisal from 10/01/2012)
LTV = 73%

*Note that a mortgage lien will be placed on the personal residence of the personal guarantor as an abundance of caution measure.

10. FINANCIAL:

11. SUBSTANTIATION:

DSCR = 1.28x.

DSCR = 1.82x during interest only period.

Subject LTV = 73%.

- Provide support for the transportation center hub in Vineland.
- Assist borrower with restructure of debt allowing for improved and enhanced cash flow generation.
- Operations impacted negatively over the past year due to one – time repairs and extraordinary weather related expenses and restructure will provide stability long term.
- Payment which is being made payable to current primary lender becomes available to service VRLF and CEZ debt.
- As a result of the aforementioned, the loan will become performing.
- Property is actively marketed for sale and a sale could take place during the next year.

12. RECOMMENDATION: