

RESOLUTION NO. 2022- 290

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR 1103 REALTY CO., LLC (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated June 28, 2022, for use of Vineland Revolving Loan funds for 1103 Realty Co., 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: 1103 Realty Co., LLC (or assigns) \$870,000.00

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:** 1103 Realty Co., LLC
Loan Amount: \$870,000.00
DATE: June 28, 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 REVOLVING LOAN FUND, LLC
LOAN PROPOSAL**

Date: June 6, 2022

Borrower Name and Address (s): 1103 Realty Co., LLC
2525 Franklin Drive
Vineland, New Jersey 08361

Request: \$870,000 commercial real estate loan for the acquisition of a 10,000 sq. ft. medical office building, of which 4,364 sq. ft. is finished medical office space and 5,636 sq. ft. is a shell.

Interest Rate and Term: 5.00%, fixed, 20 year term with initial year as interest only structure during lease ramp up.

1. BACKGROUND: Sebahattin “Sam” Aydin is a local real estate developer and former successful restaurateur. Over the past 48 years, Mr. Aydin has owned and/or operated pizzerias, night club and restaurants in the Vineland, NJ and New York, NY areas, as well as developing commercial real estate. In 2017, he sold the Elmer Diner in Elmer, NJ. Previously, Mr. Aydin owned and operated local restaurant establishments known as the Big Apple Diner in Vineland and Buena, New Jersey, the Elmer Diner in Elmer, New Jersey, and Big Apple II (the current location of Tony Soprano’s Pizza) located at 107 W. Landis Avenue, Vineland, New Jersey (corner of Landis and West Avenue) in Vineland, NJ.

Mr. Aydin was the former owner/operator of the Big Apple Restaurant in Vineland which was located at the former Vineland Circle on S. Delsea Drive (current site of a Rite Aid Drug Store). Mr. Aydin sold the real estate at this location to Eckerd Drug Store (now Rite Aid) which developed a pharmacy/retail store at the site. This sales transaction was the impetus for Mr. Aydin to enter into commercial real estate development. Mr. Aydin has and is currently involved in developing real estate along the W. Sherman Avenue medical corridor. He owns several professional office condominiums on W. Sherman Avenue which are leased to medical and professional organizations.

Mr. Aydin has recently completed the first phase of a 10,000 sq. ft. medical office building in the vicinity of the subject at 1103 W. Sherman Avenue which involved the construction of a building/shell of 10,000 sq. ft. (for lease or sale of units (unit sq. ft. to be determined and subject to prospective occupants). Subsequently, he has recently sold 6,000 sq. ft. of the first phase for medical office and is currently marketing the remaining 4,000 sq. ft. to prospective - interested medical offices / doctors and or as office space at this location. He has experience and history of developing space, leasing and selling office space in the area. Further note that a portion of the subject loan proceeds will go to payoff an existing VRLF mortgage of the seller in the amount of +-\$160,000.00 which will be coming back to VRLF from the funding of this loan.

1a. PROJECT: The request involves the VRLF providing financing for the acquisition of a 10,000 sq. ft. office building (currently two office condo spaces), formerly utilized as a dental practice (4,364 sq. ft.) with an additional 5,636 sq. ft. of unfinished office space located at 1103 W. Sherman Avenue, Vineland, New Jersey identified as Unit C1A and C1B. In 2007, Mr. Aydin purchased the general land property encompassing the subject for \$800,000. The project site consisted of 10 acres of land adjacent to 1051 Sherman Avenue and in close proximity to Inspira Medical Hospital. During the original development of Phase 1, Mr. Aydin installed all necessary public infrastructure and constructed two (2) 10,000 sq.ft. buildings and subsequently sold units for private/professional medical use via a condominium structure. The recently constructed 3rd building was completed at a cost +- \$800,000. 60% of this 3rd building has been sold with only 4,000 sq. ft. remaining. The breakdown of the project cost and funding sources for this phase are listed below.

<u>Costs</u>		<u>Funding - Source</u>	
Acquisition	\$ 950,000	VRLF	\$ 870,000
<u>Closing and other Misc. Costs</u>	<u>20,000</u>	Borrower	<u>100,000</u>
	Total \$ 970,000		Total \$ 970,000

2. COLLATERAL:

- a.) A 1st mortgage lien position on the real property identified as professional office condominium units located at 1103 W. Sherman Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 7001, Lot 703, Qualifier C1A and Qualifier C1B (Building 1).
- b.) Assignment of rents and leases.
- c.) Receipt and satisfactory review of condominium master deed and amendments to master deed.
- d.) UCC-1 filing and Security Agreement (county and state filing) on borrower - all business assets now owned and hereafter acquired of borrower.

3. GUARANTORS:

- a.) Sebahattin Aydin,
- b.) LLC Guaranty of 1051 Realty Co., LLC,
- c.) LLC Guaranty of Aydin Properties, LLC (owns the real estate/units of 1051 Realty Co., located at 1051 W. Sherman Avenue, Vineland, NJ and 109 Front Street, Elmer, NJ).

4. LIEN POSITION: 1st. VRLF will have an \$870,000 1st lien mortgage position.

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

6. SIZE OF PARCEL: Entire professional/medical offices condo complex sits on +-9.85 acres – the subject building, Building #1, comprises 10,000 sq. ft. and is split into 2 condo units, a 4,364 sq. ft. unit, finished, with an additional unit of 5,636 sq. ft. unfinished office space. Building #1 equals 33% of the common area elements of the 1103 W. Sherman Avenue Professional Campus, A Condominium.

7. IMPROVEMENTS THEREON: Building #1 is comprised of 10,000 sq. ft. medical office space and is split into 2 condo / rental units. Building #1 equates to 33% of the common area elements of the 1103 W. Sherman Avenue Professional Campus, A Condominium.

8. LOCATION OF PROPERTY: 1103 W. Sherman Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 7001, Lot 703, Qualifier C1A and C1B (Building 1).

9. APPRAISAL INFORMATION: An appraisal was performed by Pyramid Associates on a similar Building (Building #3) and suggests that a based on completion and stabilized occupancy, inclusive of the tax abatement and market rates, a unit could ultimately be valued at \$2,275,000. Cost approach (including buildout). When stabilized and remodeled, it suggests a value figure of \$2,190,000. Assuming an as complete basis and a VRLF loan of \$870,000, a +-40% LTV would be the result. Seller recently sold 6,000 sq. ft. of unfinished space in adjacent building for \$915,000, net or +-\$152 sq. ft. Assuming \$150 per sq. ft. at 10,000 sq. ft., a value of \$1,500,000 is calculated. Therefore, for purposes of this underwriting, a 58% LTV is calculated.

10. FINANCIAL:

11. SUBSTANTIATION: LTV = 58%, DSCR = 2.27x (subject property based on projection)
DSCR = 1.57x (global approach)

- Vacant facility becomes actively managed and marketed.
- Job creation – creation of medical and professional jobs.
- Prospective medical services tenants needed in community.

12. RECOMMENDATION: