

RESOLUTION NO. 2020- 508

A RESOLUTION APPROVING VINELAND REVOLVING  
LOAN FUNDS FOR NEP REAL ESTATE OF VINELAND  
URBAN RENEWAL, LLC (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated November 24, 2020, for use of Vineland Revolving Loan funds for NEP Real Estate of Vineland Urban Renewal; 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: NEP Real Estate of Vineland Urban Renewal, LLC (or assigns) \$585,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

\_\_\_\_\_  
President of Council

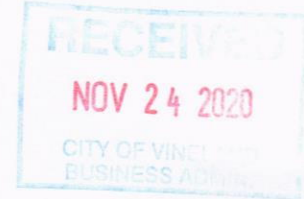
ATTEST:

\_\_\_\_\_  
City Clerk



ECONOMIC DEVELOPMENT  
www.vinelandcity.org

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

TO: City Council President and Members

FROM: Vineland Revolving Loan Fund Committee

SUBJECT: **Applicant:** NEP Real Estate of Vineland Urban Renewal, LLC  
**Loan Amount:** \$585,000.00

DATE: November 24, 2020

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

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 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



**VINELAND UEZ LOAN COMMITTEE  
LOAN PROPOSAL**

**Date:** November 20, 2020

**Borrower Name and Address (s):** NEP Real Estate of Vineland NJ Urban Renewal, LLC  
92 Reese Road  
Millville, NJ 08332

**Request:** \$585,000 commercial real estate loan – acquisition of 21.197 acres of land owned by the City of Vineland and Cumberland County Improvement Authority.

**Interest Rate:** 4.50%

**Term of Loan:** 20 Years

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**1. BACKGROUND:** John Ruga started Northeast Precast, LLC (the “Company”) with two employees under the name of Superior Walls of South Jersey in 2001. The initial focus of the company was sales and installation of precast foundations for residential dwellings (which were purchased from a non-affiliated plant in Pennsylvania). In July 2003, Superior Walls of South Jersey began construction of their own 30,000 sq. ft. manufacturing facility to produce precast walls. In December 2003, production began. In 2004, Superior Walls of South Jersey acquired a license for the state of New Jersey and changed its name to Superior Walls of New Jersey. In 2005, the size of the manufacturing facility doubled in size to 60,000 sq. ft. to accommodate increased sales. By 2006, Superior Walls of New Jersey was producing in excess of 700 foundations and revenues approached \$15 million annually. In 2008, the Superior Walls of New Jersey changed its name to Northeast Precast, LLC. This was done for diversification and marketing purposes. At this point, the Company was positioned to be multi-market dependent and to grow laterally. With the name change, two new business units were added allowing to serve the private commercial and highway construction markets. The Company’s customers include the New Jersey Department of Transportation, New Jersey Turnpike Authority, PSEG Salem Nuclear Plant, and private and public contractors. Mr. Ruga and his wife, Lorie, own the Company, 95% and 5%, respectively. One other family member is minority owner of an operating entity known as R-Way Tooling, a precision machine and fabrication shop which will be consolidated into NorthEast Precast. Mr. Ruga and his wife are also the owners of several real estate holding companies which own real estate and facilities from which their business entities operate.

John Ruga is desirous of expanding and consolidating his businesses, ultimately into one site. As a result, he has purchased industrial zoned land from the City of Vineland and Cumberland County Improvement Authority. As designated redeveloper, via phases, he has built a manufacturing plant and plans on continuing to build additional buildings (two (2) 187,500 sq. ft. buildings in the future. In addition, the subject project, involves the acquisition of approximately 21 acres, which when added to an additional +-232 acres will be developed into a golf course facility and amenities to service same. NEP Real Estate of Vineland Urban Renewal, LLC has been designated the redeveloper via a Redeveloper Agreement along with amendments thereto.

**1c. PROJECT:** Phase 1 of the project consisted of the acquisition of +-260 acres of Industrial Zoned land which was purchased from the City of Vineland and Cumberland County Improvement Authority. Upon re-division, a +-42 acres was allocated for use as a residence and the remaining +-218 acres was to be redeveloped for industrial use and the proposed golf course area (the +-42 acres for the residence will not be part of the collateral package). A +-21 acre parcel was to be sold at a later date and is the subject of the proposed project. This piece of property will become part of a portion of the +-218 acres (+65 acres for a total of +-86 acres golf course).

Phase 2 of the Industrial Project encompassed industrial use and took form as the construction of a manufacturing facility, steel fabrication building of +-125,000 and separate batch/mixing plant, site improvements to the site, and the acquisition of manufacturing equipment. Future additional phases of production will include buildings comprised of 187,500 sq. ft. each for manufacturing.

<u>Project Cost (Uses)</u>	<u>Sources</u>	
Acquisition of land \$ 650,000	VRLF	\$ 585,000
	<u>Borrower</u>	<u>65,000</u>
	Total Sources	\$ 650,000

**2. COLLATERAL:**

- a.) First position mortgage lien on the real estate located at S. Lincoln Avenue and Rt. 55, New Block 7503, New Lot 35.03, a/k/a 35.3,
- b.) Third position mortgage lien on the real estate located at S. Lincoln Avenue and Rt. 55, New Block 7503, New Lot 35.01, a/k/a 35.1,
- c.) Assignment of Rents and Leases,
- d.) UCC-1 filing and Security Agreements on all business assets of real estate holding company and on business operating entity, if applicable, to be formed (State of NJ and Cumberland County),
- e.) UCC-1 filing and Security Agreements on all business assets of guarantor companies named in Section 3 (in State of NJ and Cumberland County),
- f.) Subordination Agreement for member/stockholder debt,
- g.) Any additional items deemed necessary to address the collateral or documentation for this loan.

**3. GUARANTORS:**

- a.) Personal Guaranty of John Ruga and Lorie Ruga,
- b.) Guaranty of NorthEast Precast Limited Liability Company (operating/manufacturing company),
- c.) Guaranty of Superior Ventures, LLC (real estate holding company owns 92 Reese Road, Millville, NJ, facility from which NorthEast Precast operates from),
- d.) Guaranty of R Way Tooling and Metal Works, LLC (operating company/metal fabrication and machine shop),
- e.) Guaranty of LJR Real Estate, LLC (real estate holding company for 224 S. Lincoln Avenue, Vineland, NJ, facility from which R-Way operates – also owns real estate in New York),
- f.) Guaranty of operating company to be formed.

The Guarantor entities listed above are further discussed in the Financial Section of this Loan Proposal.

**4. LIEN POSITION:** First.

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

**6. SIZE OF PARCEL:** New Block 7503, New Lot 35.03, a/k/a 35.3 of +-21.197 acres.  
New Block 7503, New Lot 35.01, a/k/a 35.1 of +-65.163 acres.

**7. IMPROVEMENTS THEREON:** N/A. Future improvements will comprise of golf course.

**8. LOCATION OF PROPERTY:** Real estate located at S. Lincoln Avenue and Rt. 55, New Block 7503, New Lot 35.03.

**9. APPRAISAL INFORMATION:** Block 7503, Lot 35.03 a/k/a 35.3 is assessed for \$423,900 on the City of Vineland's tax role. Block 7503, Lot 35.01 a/k/a 35.1 is assessed for \$944,700 on the City of Vineland's tax role.

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = 2.03x, LTV 90%.

- Creation of real estate ratable(s) for City of Vineland.
- Creation of jobs.

**12. RECOMMENDATION:**