

RESOLUTION NO. 2022- 379

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

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated August 23, 2022, for use of Vineland Revolving Loan funds for Levari Brothers 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: Levari Brothers Realty Co., LLC (or assigns)          \$2,623,000.00

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:** Levari Brothers Realty Co., LLC  
**Loan Amount:** \$2,623,000.00  
DATE: August 23, 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:** July 18, 2022

**Borrower Name and Address (s):** Levari Brothers Realty Co., LLC  
396 N. Mill Road  
Vineland, New Jersey 08360

**Request:** \$2,623,000 – construction – permanent loan to finance a +- 6,293 sq. ft. administrative office building.

**Interest Rate:** 4.50%

**Term of Loan:** 20 Years

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**1. BACKGROUND:** Levari Brothers Realty Co., LLC (“LBR” or “Borrower”), is a real estate holding company which owns two industrial / cold storage warehouse properties in Vineland, NJ. The properties are located at 396 N. Mill Road, Vineland, NJ and 1200 N. Mill Road, Vineland, NJ. LBR is owned by Michael Levari, (age 63) 100%. The facilities in Vineland, NJ, are leased/operated to/by the Levari Group, LLC t/a First Choice Freezer and Cold Storage and M & O Freezer and Cold Storage. The Levari Group, LLC (formed in 2001) t/a First Choice Freezer and Cold Storage and M & O Freezer and Cold Storage operates from 396 N. Mill Road. This property consists of +- 300,000 total sq. ft. of cold storage space. The Borrower recently completed the construction of a final phase - new addition of +-120,000 sq. ft. to a cold storage facility located at 1200 North Mill Road, Vineland, NJ, with final phase expected to become operational shortly. Upon completion, this property will have +-400,000 sq. ft. of cold storage and refrigerated space. Both facilities specialize in cold storage and flash freeze services for more than 30 long-time customer relationships, such as Seabrook Farms, White Wave Foods, Bridor International, and Cumberland Dairy. They also handle local transportation for several of these companies to and from their clients' facilities. The Levari Group, LLC is owned solely by Michael Levari 100% as well. Michael Levari's son and nephew, assist in the management of the cold storage facilities.

The Borrower recently completed a final expansion to the existing freezer and cold storage facility located at Mill and Oak Roads (1200 N. Mill Road), Vineland, NJ, the M & O Freezer facility. First Choice Freezer, the 396 N. Mill Road facility, has been completely built out and to accommodate the additional growth in the business, the M & O Freezer facility was undertaken a couple of years ago. The additional space which was constructed has been completely contracted and is now full with both facilities at capacity.

New and existing customers continue requiring additional space and service for their refrigerated and frozen products. Due to the excellent reputation which the Levari Group, LLC t/a First Choice Freezer and Cold Storage and M & O Freezer and Cold Storage has established, First Choice and M & O continue to receive new business and pallet position requests. Its customers are experiencing growth and require cold storage, blast freezing and logistical services, all of which are provided by Levari Group. Due to the phenomenal growth experienced over the last several years, this now requires LBR to expand its office space/facility and personnel. The proposed project will add a +- 6,293 sq. ft. administrative office building at 396 N. Mill Road, Vineland, NJ, which will support the cold storage operations at both locations while growing employment.

**1. BACKGROUND (CONTINUED):**

**1a. PROJECT:**

The proposed project, office building, comprising of a new 6,293 sq. ft. with center atrium, will be located at the intersection of Almond and Mill Roads, Vineland, NJ.

The contractor for the construction of this office project is DRK & Associates of Vineland, NJ. The contractor's experience covers commercial, industrial, office, retail and agricultural buildings, including non-refrigerated buildings. The contractor has also completed refrigerated warehouse projects for local companies, including the Borrower.

**The proposed (subject) total project cost is \$2,632,426**, to construct a new +/-6,300- sq. ft. office building to be located at 396 N. Mill, Vineland, NJ.

<u>Sources (Construction/Permanent)</u>		<u>Uses</u>	
VRLF	\$ 2,632,426	Construction	\$ 2,632,426
Borrower	100,000	Soft and closing costs	100,000
	Subtotal \$ 2,732,000	Total	\$ 2,732,000

\*Construction loan closing costs, soft costs, permit fees, clearing and closing.

**2. COLLATERAL:**

- a.) Third Position - Subordinate mortgage lien position on the property located at 396 N. Mill Road, Vineland, Cumberland County, New Jersey, a/k/a Block 2604, Lot 14 (subject to TD Bank mortgage referenced in Section 5 - see below and next page for dollar amount and prior lien(s) and existing VRLF mortgage in Second). VRLF will file one new mortgage for proposed loan in 3<sup>rd</sup> position on subject property.
- b.) Subordinate mortgage lien position (abundance of caution – 8<sup>th</sup> position) on the property located at 1200 N. Mill Road, Vineland, Cumberland County, New Jersey, a/k/a Block 1003, Lot 16.03 (subject to outstanding letters of credit from TD Bank and other primary TD Bank liens. Note that the lot number is new (an all-inclusive deed will be required) see Section 5,
- c.) Assignment of Rents and Leases for both properties referenced in a.) and b.),
- d.) UCC-1 Filing - General Filing – Cumberland County – on the Borrower, Levari Brothers Realty Co., LLC) on all business assets know owned and hereafter acquired (subordinate to TD Bank),
- e.) UCC-1 Filing - General Filing – State of New Jersey – on Guarantor, The Levari Group, LLC t/a First Choice Freezer & Storage (subordinate to TD Bank),
- f.) Cross Collateralization / Cross Default (with other VRLF loans),
- g.) Subordination of any stockholder, officer, member, principal and/or affiliated debt.

**3. GUARANTORS:**

- a.) Guaranty of operating company, The Levari Group, LLC, t/a First Choice Freezer & Cold Storage and M & O Freezer and Cold Storage,
- b.) Personal Guaranty of Michael A. Levari, Sr.

**4. LIEN POSITION:** VRLF will have a subordinate lien on the real estate located at 396 N. Mill Road, Vineland, NJ and a subordinate lien on the real estate located at 1200 N. Mill Road, Vineland, NJ. The VRLF will be subordinate on all business assets behind TD Bank for the Borrower and Guarantor operating company.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** Below is breakdown of existing mortgage liens on the Almond Road and Mill Road property, and the Mill and Oak Road property.

**396 N. Mill Road, Vineland, NJ - \$37,550,000 (appraisal - November 2021)**

1. TD Bank Lien: \$10,239,023 CREM #3516994-9001, \$1,540,606 Term Loan #3517018-9002, and Abundance of Caution Lien \$750M WCLOC #3517018-0199 - filed together as a first lien. Original amount of WCLOC was \$450M at time of filing (\$12,529,629 total).
2. VRLF Lien: \$13,852,000 (estimated balance of \$7,352,000 for existing VRLF loan + proposed \$6,500,000 VRLF loan). VRLF \$7,352M lien is transferring from 1200 N. Mill Rd. to 396 N. Mill Rd.
3. Proposed VRLF office building request of \$2,623,000.
4. TD Bank Lien: \$9,861,757 - Recently completed Construction Loan (for 1200 N. Mill Road) (New Addition)
5. TD Bank Lien (Abundance of Caution): \$8,645,565 CREM (after \$4MM paid down by the VRLF) #3516994-9002 (+-\$12,000,000 less \$4,000,000 for phase 2 of 1200 N. Mill Road).
6. VRLF Mortgage Lien \$7,000,000 - Recently completed Construction Loan (for 1200 N. Mill Road) (New Addition). This was subordinated to TD Bank.

**1200 N. Mill Rd., Vineland, NJ - \$64,850,000 (appraisal November 2021)**

1. TD Bank Mortgage Lien: \$8,645,565 (after \$4MM pay down completed by the VRLF) #3516994-9002.
2. TD Bank Mortgage Lien: \$3,719,798 #3516994-9003.
3. TD Bank Mortgage Lien: \$9,861,757 - Recently completed Construction Loan (New Addition).
4. TD Bank Mortgage Lien: \$4,868,000 SBA 504 Company (New).
5. TD Bank Mortgage Lien: (Abundance of Caution – cross collateral): \$10,239,023 #3516994-9001.
6. VRLF Mortgage Lien: \$6,500,000 (Abundance of Caution – cross collateral)
7. VRLF Mortgage Lien \$7,000,000 - Recently completed Construction Loan. This was subordinated to TD Bank.
8. Proposed VRLF office building request of \$2,632,000.

(Note that CREM = Commercial Real Estate Mortgage)

**6. SIZE OF PARCEL:** 396 N. Mill Road, Vineland, NJ is approximately 16.00 acres. 1200 N. Mill Road, Vineland, NJ is approximately 27.00.

**7. IMPROVEMENTS THEREON:** 396 N. Mill Road, Vineland, NJ consists of an approximate 16 acre site of land located at Almond and Mill Roads and improved with a +-300,000 sq. ft. cold storage warehouse facility. 1200 N. Mill Road, Vineland, NJ consists of an approximate 27 acre parcel of land located at Mill and Oak Roads and improved with a +-400,000 sq. ft., one story, including offices and loading docks, cold storage warehouse facility.

**8. LOCATION OF PROPERTY:** Subject property expansion is located at 396 N. Mill Road, Vineland, Cumberland County, New Jersey a/k/a Block 2604, Lot 14. Additional collateral is located at 1200 N. Mill Road, Vineland, Cumberland County, New Jersey, a/k/a Block 1003, Lot 16.03.

**9. APPRAISAL INFORMATION:** The property located at 396 N. Mill Road has been appraised at \$37,550,000 as of 11/2021. An appraisal dated 11/2021 for the property located at 1200 N. Mill Road demonstrates a value of \$64,850,000. Collateral for the VRLF loan is subordinated liens on 1200 N. Mill Road and subordinated lien on 396 N. Mill Road, Vineland, NJ.

**1200 North Mill Rd., Vineland, NJ - \$64,850,000 (appraisal 11/2021). Loans on 1200 N. Mill Road:**

1. TD Bank Mortgage Lien: \$8,645,565 (after \$4MM pay down completed by the VRLF) #3516994-9002.
2. TD Bank Mortgage Lien: \$3,719,798 #3516994-9003.
3. TD Bank Mortgage Lien: \$9,861,757 - Recently completed Construction Loan (New Addition).
4. TD Bank Mortgage Lien: \$4,868,000 SBA 504 Company (New).
5. TD Bank Mortgage Lien: (Abundance of Caution – cross collateral): \$10,239,023 #3516994-9001.
6. VRLF Mortgage Lien: \$6,500,000 (Abundance of Caution – cross collateral)
7. VRLF Mortgage Lien \$7,000,000 - Recently completed Construction Loan. This was subordinated to TD Bank.
8. Proposed VRLF office building request of \$2,632,000.

**396 N. Mill Road, Vineland, NJ - \$37,550,000 (appraisal dated 11/03/2021). Loans on 396 N. Mill Road:**

1. TD Bank Lien: \$10,239,023 CREM #3516994-9001, \$1,540,606 Term Loan #3517018-9002, and Abundance of Caution Lien \$750M WCLOC #3517018-0199 - filed together as a first lien. Original amount of WCLOC was \$450M at time of filing (\$12,529,629 total).
2. VRLF Lien: \$13,852,000 (estimated balance of \$7,352,000 for existing VRLF loan + proposed \$6,500,000 VRLF loan). VRLF \$7,352M lien is transferring from 1200 N. Mill Rd. to 396 N. Mill Rd.
3. Proposed VRLF office building request of \$2,623,000.
4. TD Bank Lien: \$9,861,757 - Recently completed Construction Loan (for 1200 N. Mill Road) (New Addition)
5. TD Bank Lien (Abundance of Caution): \$8,645,565 CREM (after \$4MM paid down by the VRLF) #3516994-9002 (+-\$12,000,000 less \$4,000,000 for phase 2 of 1200 N. Mill Road).
6. VRLF Mortgage Lien \$7,000,000 - Recently completed Construction Loan (for 1200 N. Mill Road) (New Addition). This was subordinated to TD Bank.

**LTV Calculation:**

TD Bank Loans	\$46,880,565
VRLF Loans	<u>23,124,798</u>
Total Loans	\$70,005,363

Value 1200 N. Mill Road	\$ 64,850,000	(including proposed expansion at cost with no value increase on previous expansions).
<u>Value 396 N. Mill Road</u>	<u>37,550,000</u>	(Assumes no value increase on 396 N. Mill Road property).
Total Value	\$102,400,000	
LTV = 69%		

**10. FINANCIAL:**

**11. SUBSTANTIATION:** LTV = 69%, DSCR = 1.22x

- Real estate tax ratable growth as future real estate ratable (for new addition once P.I.L.O.T. period ends).
- Increase in employment (1 permanent upon completion of construction).
- Construction jobs during the construction period.
- Use of local contractors and vendors for certain construction jobs and materials.
- Investment into a business operation in Vineland demonstrates long-term commitment.

**12. RECOMMENDATION:**