

RESOLUTION NO. 2024- 139

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR OHM PROPERTY MANAGEMENT,
LLC (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated March 27, 2024, for use of Vineland Revolving Loan funds for OHM Property Management, 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: OHM Property Management, LLC (or assigns) \$250,000.00

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



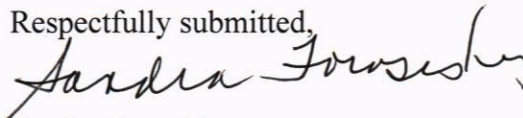
TO: City Council President and Members
FROM: Vineland Revolving Loan Fund, LLC
SUBJECT: **Applicant:** OHM Property Management, LLC
Loan Amount: \$250,000.00
DATE: March 27, 2024

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



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 REVOLVING LOAN FUND, LLC LOAN COMMITTEE
LOAN PROPOSAL**

Date: February 23, 2024

Borrower Name and Address (s): OHM Property Management NJ, LLC
P.O. Box 9313
Naperville, IL 60567

Request: \$250,000 commercial term loan – permanent loan on real estate, a grow facility and warehouse distribution building.

Interest Rate: 6.50% (initial 6 months interest only, then converting to perm.) **Term of Loan:** 20 Years

1. BACKGROUND: Nima Patel and Radha Patel (mother and daughter) are the equal owners of OHM Property Management NJ, LLC, a real estate holding company formed in the State of NJ on October 30, 2023 for the purposes of owning the property located at 1182 S. Mill Road, Vineland, NJ. This property was purchased on October 20, 2023 in the name of Shiv Leela NJ, LLC, but will be transferred to OHM Property Management NJ, LLC (“OHM”). Nima Patel and Radha Patel are also the majority owners of Shiv Leela NJ, LLC (“Shiv”), an operating company for the purpose of functioning as a cannabis grow company, formed in the State of NJ on June 5, 2023, 51%, 44%, respectively. Mr. Isaac Liebes, a friend of the Patels is a 5% owner of Shiv Leela NJ, LLC who resides in NJ. Shiv will lease the facility from OHM and will operate a state-of-the-art cultivation facility strategically designed to optimize cannabis cultivation.

The Patels are experienced operators in the cannabis space. Nima Patel and her husband, Vikram Patel, are the owners of a facility and cannabis operation in the state of Michigan. Nima Patel is the majority owner of this Michigan facility with a 51% interest while her husband has the remaining 49%. They have been operating in Michigan since November 2020. They sell their product to wholesalers and dispensaries. The Michigan facility is operated and managed by family members and employ 30 people in various capacities. It is anticipated that the first phase of project in Vineland will employ 20 and will likely sell to wholesalers and dispensaries. The Vineland facility will operate similarly to Michigan with the only difference being in the customer base. The VRLF loan will be made to a real estate holding company specifically for improvements to industrial real estate warehouse and will not be utilized in any form in the operation of cannabis production.

1b. PROJECT: The project involves permanent financing on the property located at 1182 S. Mill Road, Vineland, Cumberland County, NJ. The property is to be redeveloped into a distribution / warehouse facility. The project cost and funding are broken down below:

<u>Uses / Costs – Phase 1</u>		<u>Sources</u>	
Real estate acquisition	\$ 300,000	Borrower	\$1,176,525
Building Renovation	764,000	<u>VRLF</u>	<u>250,000</u>
Machinery & Equipment	100,000	Total	\$1,426,525
Working Capital	200,000		
Inventory & Supplies	15,000		
<u>Soft Costs</u>	<u>47,525</u>		
Total	\$1,426,525		

*VRLF funds will be utilized for the acquisition of real estate and permanent only.

2. COLLATERAL:

- a.) 1st Mortgage lien position on the real estate and improvements located at 1182 S. Mill Road, Vineland, Cumberland County, New Jersey a/k/a Block 5401, Lot 4,
- b.) Assignment of rents and leases,
- c.) UCC-1 Filing and Security Agreement (State of New Jersey – general filing) on all machinery, equipment and business assets now owned and hereafter acquired of Shiv Leela NJ, LLC,
- d.) UCC-1 Filing and Security Agreement (Cumberland County – general filing) on all fixtures and business assets now owned and hereafter acquired of OHM Property Management NJ, LLC,
- e.) Conditioned upon evidence of licensure from the State of NJ and City of Vineland,
- f.) Conditioned upon approval of Lender’s funding bank, if applicable, regarding collateral assignment, or workaround thereof,
- g.) Evidence that no environmental issues exist or any prior issues have been addressed,
- h.) Conditioned upon approval of site plan, if applicable, by City of Vineland Planning Board.

3. GUARANTORS:

- a.) Personal Guaranty of Nima Patel,
- b.) Personal Guaranty of Vikram Patel,
- c.) Personal Guaranty of Radha Patel,
- d.) Guaranty of operating entity Shiv Leela NJ, LLC.

4. LIEN POSITION: First.

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

6. SIZE OF PARCEL: +-6.80 acres.

7. IMPROVEMENTS THEREON: a +- 18,200 sq. ft., warehouse building.

8. LOCATION OF PROPERTY: 1182 S. Mill Road, Vineland, Cumberland County, New Jersey
a/k/a Block 5401, Lot 4.

9. APPRAISAL INFORMATION: The Borrower has requested that due to substantial capital injection, that an appraisal be waived. The Loan-to-Project cost is 18%. Assuming \$500,000 assessed value, LTV to assessed value will be 50%. Property currently assessed for \$313,500 (land of \$233,800 and improvements of \$79,700). Based on the current assessment, an LTV of 80% is evident. Once fully renovated, assuming \$75 per sq. ft. (writer believes this is low estimate) a value of \$1,365,000 or higher is probable.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 7.74x, LTV 80%

- Increased real estate tax ratable for City of Vineland.
- A vacant industrial property will become active.
- Creation of a minimum 20 jobs for Phase 1.

12. RECOMMENDATION: