## RESOLUTION NO. 2020-277

A RESOLUTION APPROVING THE USE OF SECOND GENERATION ENTERPRISE ZONE ASSISTANCE FUNDS FOR ECONOMIC DEVELOPMENT LOAN TO CCS DEVELOPMENT, LLC.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated June 23, 2020, for use of Second Generation Enterprise Zone Assistance Funds for the following project: Economic Development Loan to CCS Development LLC.; and

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

Economic Development Loan to CCS Development, LLC

\$140,400.00

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

Adopted:	
ATTEST:	President of Council
City Clerk	<del></del>



# ECONOMIC DEVELOPMENT www.vinelandcity.org

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> JUN 2 4 2020 CITY OF VINELAND

BUSINESS ADMIN.

## **MEMORANDUM**

TO:

City Council President and Members

FROM:

City of Vineland Revolving Loan Fund Second Generation Loan Committee

SUBJECT:

Applicant:

CCS Development, LLC

Loan Amount:

\$140,400.00

DATE:

June 23, 2020

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

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a Second Generation 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

Judia Towasky

SF/fd

cc: Frank DiGiorgio

file





## VINELAND UEZ LOAN COMMITTEE LOAN PROPOSAL

Date:

May 26, 2020

Borrower Name and Address (s):

CCS Development, LLC 2936 Wynnewood Drive Vineland, NJ 08360

Request:

\$140,400 commercial real estate loan for the acquisition and permanent improvements to

commercial real estate.

Interest Rate: 5.00%

Term of Loan: 20 Years

1. BACKGROUND: Jarred E. Selby is the sole owner of Interactive Security Systems, LLC, a security firm specializing in residential and commercial alarm, fire, camera and security systems/monitoring located in Vineland, NJ. Mr. Selby has been operating this business for a couple of years (since 2018). Prior to this, Mr. Selby was employed by a local firm in the same industry.

Mr. Selby is expanding his business operation and is desirous of purchasing a headquarters building. On May 8, 2020, Mr. Selby formed CCS Development, LLC in New Jersey for the purpose of real estate holding company, and subsequently went under contract to purchase the property located at 2112 S. Delsea Drive, Vineland, NJ. He has approached the Vineland UEZ for funding.

<u>1a. COMPETITION:</u> Multiple system operators such as Comcast, ADT etc. Local competition stem from all the other operators such as DNS and other operators. Do-it-yourself or DIY utilizing the many brands available. Also the likes of Amazon, Google etc.

1b. BUSINESS CYCLE, INDUSTRY AND MARKET ANALYSIS / INDUSTRY OUTLOOK: In the latest consumer research, it is clear that people value peace of mind and the ability to get connected to your home. They want cameras, sensors and someone to come and install it. They want one app to manage it. ... They are clearly articulating that this is the type of product and service they are looking for. People are more aware of security in their home and the apps, combined with other companies' commercials make people aware. Second, people want to buy security today; they just have to decide whether to go the traditional route versus MSO ("multiple system operators e.g. Comcast) or DIY ("do it yourself"). All the projections out there suggest that market adoption is going to double in the next five years. Visibility for security went from being a boutique thing and somewhat saturated to now you can't watch TV or listen to the radio without hearing about security. A rising tide lifts all boats and while some professional dealers feared DIY would wipe them out, they are actually seeing the inverse of that and their interest in security increasing.

1c. PROJECT:

Acquisition and permanent improvements to commercial real estate.

Purchase price \$106,000 Borrower \$15,600 Renovations 50,000 UEZ 140,400 Total \$156,000 Total \$156,000

UEZ loan will be funded in two draws: 1st draw \$106,000, 2nd draw \$34,400. UEZ loan will be interest only for 3 months, converting to permanent status thereafter.

### 2. COLLATERAL:

- **a.)** First position mortgage lien on the real estate located at 2112 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 76,
- b.) Assignment of Rents and Leases,
- **c.)** UCC-1 and Security Agreement filing (Cumberland County Filing for Borrower, CSS Development, LLC),
- **d.)** UCC-1 and Security Agreement filing (State of NJ filing for Guarantor, Interactive Security Systems, LLC),

#### 3. GUARANTORS:

- a.) Interactive Security Systems, LLC
- b.) Jarred E. Selby
- **4. LIEN POSITION:** 1st on commercial / business zoned real estate.
- 5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: N/A.
- 6. SIZE OF PARCEL: 115' x 392'
- 7. IMPROVEMENTS THEREON: a 1,543 sq. ft., one story office building with parking area.
- **8. LOCATION OF PROPERTY:** 2112 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 76.
- 9. APPRAISAL INFORMATION: Request waiver of appraisal. The City of Vineland has the building assessed as follows:

Land \$ 84,500 Building <u>64,000</u> \$148,500

Based on Assessed Value - LTV is 95%.

Based on Improvements to be made to building, writer believes that the value would increase to a level that would provide for a minimum LTV of 90% or value of \$156,000.

#### 10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 1.78x, LTV = 90%.

- Assist small business with purchasing operating / headquarters location.
- A vacant building becomes occupied.

### 12. RECOMMENDATION: