

RESOLUTION NO. 2021- 382

A RESOLUTION APPROVING A UDAG/SMALL BUSINESS
LOAN TO QUINN BROADCASTING, INC. (OR ASSIGNS).

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated July 27, 2021, for a UDAG/Small Business Loan to Quinn Broadcasting, Inc. (or assigns); and

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

UDAG/Small Business Loan to:	
Quinn Broadcasting, Inc. (or assigns)	\$100,000.00

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
Fax: (856) 405-0467



MEMORANDUM

TO: City Council President and Members

FROM: Vineland Revolving Loan Fund, LLC

SUBJECT: **Applicant:** Quinn Broadcasting, Inc.
Loan Amount: \$100,000.00 via the Vineland UDAG/Small Business Loan Program

DATE: July 27, 2021

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

On behalf of the Vineland Revolving Loan Fund, LLC Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland UDAG/Small Business Loan Program loan in the amount as stated herein above.

The committee finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratable(s), as well as assisting a small business 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



**CITY OF VINELAND
LOAN PROPOSAL**

Date: June 16, 2021

Borrower Name and Address (s): Quinn Broadcasting, Inc.
c/o James Quinn
415 High Street
Millville, NJ 08332

Request: \$100,000 small business loan under the City of Vineland UDAG/CDBG to assist company expand its business to provide a broadband internet services in Vineland.

Interest Rate: 5.00%

Term of Loan: 10 Years.

1. BACKGROUND: James Quinn and Kim Quinn are the equal owners of Quinn Broadcasting, Inc. Quinn Broadcasting, Inc. is a broadcasting/mass media company producing media content for marketing purposes in the south New Jersey marketplace. Years ago, Quinn Broadcasting was the original source of local sports and news from the Philadelphia bridges to the Jersey Shore. Over 40 years later, they have grown into a mass media agency committed to representing the people of South Jersey. Original programming on WSNJ showcases everything about life (including the arts, religion, politics, and everything in between) in southern half of the Garden State. Quinn Broadcasting can be found on Comcast/Xfinity Channel 22 and on many social media outlets including Facebook, Instagram, Twitter, YouTube channel, Vimeo and LinkedIn. The Quinn Broadcasting studios are based in Bridgeton, NJ, where they air on television, host radio shows, and create videos, advertisements, and the branding for local businesses. They also are involved in website creation (web and digital) and management, content marketing and brand management.

James Quinn is interested in establishing a business operation to provide broadband internet service provider (“ISP”) sales. A wireless internet service provider (“WISP”) is a small internet service provider that uses a series of towers to provide high-speed internet and Wi-Fi service in a local area. Typically, speeds offered by a WISP are around 50 Mbps (but could go up to 100 Mbps). WISPs tend to offer reliable and inexpensive internet service that is not negatively affected by extreme weather conditions. Starting a WISP requires significant overhead costs and permits required to develop a WISP. The physical requirements involve as follows: for fixed-wireless, which uses radio waves, you will need access to a location with a high elevation to transmit the service. This location also must have the ability to connect to fiber optic cables, or you will need to have internet cables installed. This is probably the most expensive part of the setup, along with purchasing the necessary hardware. You will also need corresponding elevated areas to put your antenna towers that will help transmit the internet signal throughout the service area. And of course, if you plan on getting a return on your investment, you will want to get the word out and advertise to the locals about the service you are providing. The upside is not only will you get the satisfaction of bringing internet service to your friends and neighbors, but you will also be bringing jobs to your community.

An alternative to starting your own ISP from scratch would be to look into becoming a wholesale internet provider. Wholesale internet is another avenue to get cheap internet that differs from starting your own business. A wholesale provider purchases internet lines from pre-existing ISPs, such as AT&T or Frontier, to rebrand and resell the service, usually at a cheaper starting price. One of the most popular and successful wholesale internet providers is EarthLink. If that name sounds familiar, it may be because EarthLink was one of the early dial-up internet providers, but they have since evolved to offer DSL, cable and fiber optic service, depending on location. If you are interested in taking this route to be your own ISP, be aware that becoming a wholesale internet distributor still requires

1. BACKGROUND (CONTINUED):

significant upfront investment, plus the added complexity of working with larger ISPs to purchase and resell their bandwidth. Does it make sense to start an ISP? As you can see, it can be quite expensive, and time-consuming, to become your own internet service provider. However, many people — including small business entrepreneurs and local towns — have undertaken this task with satisfactory results. Bottom line, it can make sense to become your own ISP, or start up a regional ISP, if you have these three things:

- Limited to no internet availability in the area,
- Enough interested residents in the area to utilize the service,
- Startup capital.

According to AllConnect, the #1 broadband marketplace in the U.S. (an app to comparison shop for internet service), even though there are over 2,000 internet service providers (ISPs) in the U.S., it can often seem like options for cheap high speed internet service are limited. Due to the Telecommunications Act of 1996, plus geographical boundaries or limited funding and resources, over 83 million Americans only have access to one internet provider. And their sole option often isn't a very good one, either because of slow speeds, expensive pricing or both. Vineland has certain territorial areas that lack service.

1b. Industry: There has been significant growth in the demand for high-speed wireline and wireless broadband plans during the past year or so as the result of work from home to contain spread of Covid-19. Apart from work, the high speed internet is also in demand for playing games and availing several streaming services while spending leisure time at home. Increasing demand is driving the broadband internet services market. The high costs of fiber optic cable restrain the broadband internet services market. Players in the broadband internet services industry are focusing on advancing digital infrastructure and services to serve their customers. For most customers, a wired broadband connection offers the fastest and most reliable internet service. However, internet service is not available to some households and may be too expensive for others while others may have troubled service. There are few feasible alternatives for those specific consumers, and those that are available often demand inconvenient trade-offs. Now more than ever, having a computer at home with high-speed internet is essential to completing basic activities, from distance learning to remote work and job searches. Research suggests that access that provides a broadband-enabled computer to unserved metro populations could raise prime-age labor force participation rates. These digital inclusion efforts may have the greatest impact if they target regions with higher levels of poverty or economic insecurity, where computer access and broadband subscription rates often trail other regions. Please note the following according the Federal Reserve Bank of Philadelphia:

- a.) regional levels of broadband subscription, computer access, and poverty are highly correlated.
- b.) geography matters: Metro areas with low household broadband subscription and computer access were primarily located in the Southeast and Southwest, while high-connectivity regions were concentrated in the Northeast and West Coast.
- c.) across U.S. metros, prime-age workers (people 25–54) with a broadband-enabled computer participate in the labor force at a much higher rate than prime-age workers without such access.

1c. PROJECT: To provide financing for a business operation which aims to provide broadband internet service in Vineland. Funds to be utilized to purchase equipment inventory and business purposes.

<u>Uses</u>		<u>Sources</u>	
Equipment purchases	\$ 80,000	City of Vineland (UDAG/CDBG)	\$100,000
Other business costs	25,000	Borrower	<u>10,000</u>
<u>Closing Costs</u>	<u>5,000</u>	Total	\$110,000
	Total		
	\$110,000		

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 415 High Street N., Millville, Cumberland County, New Jersey a/k/a Block 363, Lot 8,
- b.) Assignment of rents and leases for property referenced in a.),
- c.) UCC-1 filing and Security Agreement on all business assets of Quinn Broadcasting, Inc.
- d.) Subordination of any officer and or affiliated debt,
- e.) Hypothecation for property located at 415 High Street N, Millville, NJ, Cumberland County, New Jersey a/k/a Block 363, Lot 8 (owned by James Quinn individually).

3. GUARANTORS:

- a.) Quinn Broadcasting, Inc.,
- b.) James F. Quinn,
- c.) Kim Quinn.

4. LIEN POSITION: First on real estate referenced in proposal.

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

6. SIZE OF PARCEL: 66' x 132'

7. IMPROVEMENTS THEREON: A one-story masonry office building comprising of 3,600 sq. ft. serviced by natural gas with city utilities.

8. LOCATION OF PROPERTY: Collateral for this loan is located 415 N. High Street, Millville, Cumberland County, New Jersey a/k/a Block 363, Lot 8.

9. APPRAISAL INFORMATION: The City of Millville has the property assessed for \$160,000 (\$26,300 for land and \$133,700 for improvements.). Based on the assessed value, the LTV will be 63%. The Borrower requests waiver of an appraisal. The writer believes that a minimum value of +-\$45 per sq. ft. is practical (based on this a \$162,000 value is arrived).

10. FINANCIAL:

11. SUBSTANTIATION: LTV = 63%, DSCR = 1.33x

12. RECOMMENDATION: