

RESOLUTION NO. 2023- 08

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR KB SQUARED HOLDINGS, LLC (OR
ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated December 20, 2022, for use of Vineland Revolving Loan funds for KB Squared Holdings, 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: KB Squared Holdings, LLC (or assigns) \$202,500.00

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

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PO Box 1508
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MEMORANDUM



TO: City Council President and Members
FROM: Vineland Revolving Loan Fund, LLC
SUBJECT: **Applicant:** KB Squared Holdings, LLC
Loan Amount: \$202,500.00
DATE: December 20, 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



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 PROPOSAL**

Date: December 5, 2022

Borrower Name and Address (s): South Jersey Litho, LLC and KBSquared Hodings, LLC
1109 S. East Boulevard
Vineland, New Jersey 08360

Request #1: \$100,000 commercial term loan to fund acquisition of machinery and equipment (South Jersey Litho, LLC).

&

Request #2: \$202,500 commercial real estate loan to fund acquisition of real property - facility for a commercial printing company operation in Vineland (KBSquared Holdings, LLC).

#1 - Interest Rate: 5.00% **Term of Loan:** 10 Years
#2 - Interest Rate: 5.00% **Term of Loan:** 20 Years

1. BACKGROUND: South Jersey Litho, LLC is owned by its founder, Keith Baldosaro 10%, and 90% by Matchprint, Inc., a company in which Mr. Baldosaro owns 100% interest. South Jersey Litho, LLC began operations in Vineland on September 20, 2013. South Jersey Litho, LLC (“SJL”), is a commercial graphic printing and printing services company. Mr. Baldosaro is a printing industry veteran. Upon graduating in 1990, he embarked on a career in commercial printing services and customer service until 2013, when he decided to start a small business venture in commercial printing. Mr. Baldosaro has commercial printing sales background, commercial printing operations background, and supervision of commercial printing employees. He has previous background and has been responsible for growing revenue of a previous employer’s sales and business operation prior to starting SJL. SJL currently leases a facility located at 1109 S. East Boulevard, Vineland, NJ.

Keith Baldosaro has the opportunity to acquire the industrial facility from which his business operates and currently leases. In addition, the opportunity to purchase machinery and equipment, which will allow his company to increase business is sought. This will allow SJL to expand its printing service operations and product offerings which will also reduce the need to outsource work to third party printers while maintaining existing employees and possibly increase in the future. Mr. Baldosaro believes with the potential for business closures in his industry, he has the opportunity to pick up some of the business which will leave the existing printers.

1a. COMPETITION: Local competition is Standard Publishing (closing), Quality Litho and Print Art (Absecon).

1b. PROJECT: The project costs are broken down below:

<u>Uses of Funds</u>		<u>Sources of Funds</u>
Acquisition of real estate	\$225,000	VRLF Loan #2 \$202,500
Acquisition of mach. & equip.	115,000	VRLF Loan #1 100,000
<u>Closing costs</u>	<u>10,000</u>	<u>Borrower</u> 47,500
Total	\$350,000	Total \$350,000

2. COLLATERAL:

- a.) First Priority Mortgage filing on the real estate located at 1109 S. East Boulevard, Vineland, Cumberland County, NJ a/k/a Block 5801, Lot 74, in the amount of \$202,500,
- b.) Second Priority Mortgage filing on the real estate located at 1109 S. East Boulevard, Vineland, Cumberland County, NJ a/k/a Block 5801, Lot 74, in the amount of \$100,000,
- c.) Assignment of Rents and Leases.
- d.) UCC-1 Filing and Security Agreement, general filing – State of NJ, on all machinery, equipment and business assets know owned and hereafter acquired of the borrower.
- e.) UCC-1 Filing and Security Agreement, specific filing – State of NJ, on equipment being acquired.
- f.) UCC-1 Filing and Security Agreement, general filing on realty holding company – County of Cumberland.
- g.) Assignment of Life Insurance on Keith Baldosaro in the amount of \$100,000.
- h.) Subordination of officer / affiliated debt.
- i.) Cross Collateral / Cross Default language.

3. GUARANTORS:

- a.) Personal Guaranty of Keith Baldosaro.
- b.) KBSquared Holdings, LLC and South Jersey Litho, LLC (huaranty of real estate holding company and operating company, as necessary).
- c.) Guaranty of Matchprint, Inc.

4. LIEN POSITION: VRLF will have a primary position on the real estate and primary on UCC filing for the machinery and equipment currently owned by SJL and to be acquired as part of this transaction.

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

6. SIZE OF PARCEL: +-1.80 acres.

7. IMPROVEMENTS THEREON: A +-4,500 sq. ft. industrial building comprises of +-1,000 sq. ft. of office and +-3,500 sq. ft. of production / warehouse area.

8. LOCATION OF PROPERTY: 1109 S. East Boulevard, Vineland, Cumberland County, NJ a/k/a Block 5801, Lot 74.

9. APPRAISAL INFORMATION: Based on the existing collateral - machinery and equipment, the equipment being purchased and the real estate (1) being purchased, the loan-to-value as calculated below:

<u>Debt:</u>		<u>Value of Collateral:</u>	
Proposed R/E Loan	\$202,500	Real estate	\$250,800 (assessed value \$250,800) (1)
Proposed Equip./Mach.	100,000	Equipment to be purchased	69,000 (purchase price \$115,000) (2)
Total	\$302,500	Equipment owned	50,000 (book value \$ 70,000) (3)
		Total Value	\$369,800

LTV = 82%

- (1) The City of Vineland has the property located at 1109 S. West Boulevard, Vineland, NJ assessed for \$250,800 (land at \$175,000 and improvements at \$75,800).
- (2) Equipment to be purchased to be valued at 60% of purchase price.
- (3) Existing equipment at discounted book value.

10. FINANCIAL:

11. SUBSTANTIATION:

LTV = 82%,
DSCR = 0.86x,
DSCR = 1.30x based on projection.

- Assist a small, local business with acquisition of facility, expansion and maintaining business operation in Vineland.
- Maintain 3 jobs.

12. RECOMMENDATION: