

RESOLUTION NO. 2024- 183

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR MY2BEES, LLC (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated April 23, 2024, for use of Vineland Revolving Loan funds for My2Bees, 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: My2Bees, LLC (or assigns) \$858,578.00

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:** My2Bees, LLC
Loan Amount: \$858,578.00
DATE: April 23, 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



**VINELAND REVOLVING LOAN FUND, LLC
LOAN OFFERING**

Date: March 28, 2024

Borrower Name and Address (s): My2Bees, LLC
1570 Whispering Woods Way
Vineland, NJ 08361

Request: \$858,578 commercial real estate loan – permanent financing for the acquisition and development of a car dealership.

Interest Rate: 6.50% **Term of Loan:** 20 Years.

1. BACKGROUND: My2Bees, LLC (“My2Bees”) is a real estate holding company formed in New Jersey for the purpose of acquiring and managing an owner occupied commercial property located at 2979 S. Delsea Drive, Vineland, NJ. My2Bees is owned by Carlos Martinez 100%.

Carlos Martinez is the 100% owner of South Jersey Motor Trends, LLC, a pre-owned car dealership located in Vineland, NJ. The dealership provides both automotive sales and service to customers in South Jersey, Philadelphia, part of Delaware and the surrounding area. The dealership has been in operation since October 2014. Mr. Martinez has been in the automotive industry for over 22 years. In addition to the sales of automobiles and trucks, South Jersey Motor Trends, LLC operates Custom Trends. Founded in 2018, Motor Trends is a tire and wheel dealer, auto accessory shop, and automotive service provider. It installs custom exhaust systems, tires, truck liners and other high-end auto and truck accessories. Revenues for Motor Trends are reported through South Jersey Motor Trends, LLC. Mr. Martinez has developed relationships with many body shops and dealerships in the region and receives many referrals and provides accessories for insurance work.

South Jersey Motor Trends, LLC is currently located at 2059 S. Delsea Drive, Vineland, NJ. Mr. Martinez is interested in relocating his dealership as he has outgrown the current location. In addition, he plans on possibly bringing a Mitsubishi Dealership brand to Vineland. Having a new line will help him continue to grow service work and sales benefiting from taking in customer trade-ins. Additionally, he will be able to qualify for more favorable floor plan financing terms having owned the property the dealership operates from. Mr. Martinez’s wife Tara Martinez is a guarantor on this loan request. She handles the paperwork and accounting for the dealership. Their best friend and mentor is Roy Greenblatt, owner of Matt Blatt Dealerships throughout South Jersey and Pennsylvania.

1a. COMPETITION: New and used car dealerships, on-line marketplace. Most new vehicle dealerships also sell used vehicles. Online marketplaces like Craigslist, Carvana, TrueCar connect vehicle buyers and sellers directly and eliminate the middleman.

1b. INDUSTRY AND MARKET ANALYSIS / INDUSTRY OUTLOOK / BUSINESS CYCLE: There are approximately 23,300 used car dealerships in the USA that sell pre-owned vehicles. Unlike new car dealers, generally, used car dealerships generate little revenue from maintenance and repair services. Most outsource service agreements to a third party. The used car dealer industry is capital intensive with most firms requiring outside funding to build inventory, which accounts for 58% to 63% of total assets.

The average used car dealer operates from a single location, employs 7-8 and generates gross annual sales of approximately \$7 million. Sales growth for used car dealers has remained solid and outpaced new car dealers. Total sales for United States based car dealers rose 2.9% in 2018 and 4.5% in 2019, fell 4.1% in 2020, then jumped almost 38% in 2021 and stayed flat in 2022. Healthy sales emerged in the wake of the recession, when consumers turned to more affordable vehicles. While COVID pandemic created a brief drop in sales, demand rebounded quickly and the industry experienced a rebound in the latter part of 2020. Demand for used vehicles surged as consumers were wary of public

1b. INDUSTRY AND MARKET ANALYSIS / INDUSTRY OUTLOOK / BUSINESS CYCLE (CONTINUED):

transportation and ride-sharing. Demand for used vehicles created a contraction in inventory which led to higher prices. Parts shortages stifled production in 2021 which resulted in limited inventory on new car lots and drove consumers to used car dealers. Affordability continues to drive the used car business, with buyers benefitting from a better selection and higher quality vehicles coming to the market. At the close of 2022, dealers held a 36-day supply of used vehicles priced under \$10,000 compared to 51-days for used vehicles in the \$10,000-\$20,000 range, 57 days for used vehicles in the \$20,000-\$25,000 range, and over 60 days for used vehicles valued over \$25,000. Traditionally, days inventory ranged 66-71 days.

Variations in the strength of the economy affect consumer spending and the availability of vehicle purchase financing. Both new and used vehicle sales are likely to decline during periods of economic weakness because consumer income and financing options decrease. Buyers with lower or shaky credit are especially vulnerable. However, some economic weakness can be partially offset from consumers opting for used versus new vehicle purchases.

1c. PROJECT: Purchase of commercial real estate/property located at 2979 S. Delsea Drive, Vineland, NJ and renovate & expand existing building & pave lot for new car dealership. VRLF will provide permanent financing. First National Bank of Absecon will provide construction/permanent financing.

<u>Construction Phase:</u>		<u>Sources</u>		<u>Uses</u>	
		FNBA Construction	\$1,931,800	Acquisition	\$ 550,000
		Borrower (10%)*	<u>214,645</u>	Site Work	906,845
		Total	\$2,146,445	Building Imp.	<u>689,600</u>
				Total	\$2,146,445
 <u>Permanent Phase:</u>		 <u>Sources</u>		 <u>Uses</u>	
		FNBA Permanent (50%)	\$1,073,222	Payoff FNBA	\$1,931,800
		VRLF (40%)	<u>858,578</u>		<u>-</u>
		Total	\$1,931,800	Total	\$1,931,800

*Borrower will also be responsible for closing costs. In addition, please note that the borrower has incurred additional soft costs and project expenses not shown above of +-\$64,000 to date in the form of engineering and site plan development, and legal which have been expended.

2. COLLATERAL:

- a.) Second position mortgage lien on the real estate located at 2979 S. Delsea Drive, Vineland, Cumberland County, NJ, Block 7002, Lot 47,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 and Security Agreement – Borrower: My2Bees, LLC – State and County,
- d.) UCC-1 and Security Agreement – Guarantor: South Jersey Motor Trends, LLC – State.

3. GUARANTORS:

- a.) South Jersey Motor Trends, LLC,
- b.) Carlos Martinez,
- c.) Tara Martinez.

4. LIEN POSITION: Second.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: First National Bank of Absecon (“FNBA”) will provide construction financing of \$1,931,000 and permanent financing of \$1,073,222 in first position and the VRLF providing \$858,578 in second position.

6. SIZE OF PARCEL: +7.38 acres.

7. IMPROVEMENTS THEREON: a one-story, masonry and frame commercial building comprised of 4,752 sq. ft. office and storage space.

8. LOCATION OF PROPERTY: 2979 S. Delsea Drive, Vineland, Cumberland County, NJ, Block 7002, Lot 47.

9. APPRAISAL INFORMATION: An appraisal will be required demonstrating an 80% LTV (global) as required by primary lender, First National Bank of Absecon.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR 1.10x, LTV = 80%
DSCR – Global – 1.32x

- Increased real estate tax ratable upon completion of P.I.L.O.T.
- Increased employment.
- Continued commercial development to the S. Delsea Drive retail/commercial corridor.
- Assist small business with growth into a larger enterprise.

12. RECOMMENDATION: