

RESOLUTION NO. 2024- 419

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

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated August 27, 2024, for use of Vineland Revolving Loan funds for CCS Development, 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: CCS Development, LLC (or assigns) \$500,000.00

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

Adopted: September 10, 2024

President of Council eaa

ATTEST:

City Clerk kp



ECONOMIC DEVELOPMENT
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MEMORANDUM

TO: City Council President and Members
FROM: Vineland Revolving Loan Fund, LLC
SUBJECT: **Applicant:** CCS Development, LLC
Loan Amount: \$500,000.00
DATE: August 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



**VINELAND REVOLVING LOAN FUND, LLC
LOAN PROPOSAL**

Date: July 29, 2024

Borrower Name and Address (s): CCS Development, LLC
2936 Wynnewood Drive
Vineland, NJ 08360

Request: \$500,000 commercial real estate loan for the acquisition and improvements to commercial real estate. Structure of loan will be interest only for 1 year with initial disbursement of \$250,000 for acquisition. Draws will be based on an approved schedule upon receipt of final renovation costs.

Interest Rate: 6.50%

Term of Loan: 21 Years - one year, first year, interest only.

1. BACKGROUND: Jarred E. Selby is the sole owner of business known as Interactive Security Systems, LLC, (“Interactive”), 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 since 2018. Prior to owning his own business, Mr. Selby was employed by a local firm in the same industry. Mr. Selby formed CCS Development, LLC (“CCS”) in New Jersey in May 2020 for the purpose of purchasing the real estate located at 2112 S. Delsea Drive, Vineland, NJ which was financed with a Vineland Urban Enterprise Zone Loan. Mr. Selby’s security business has continued to grow. Due to growth, he had purchased property (vacant land) adjacent to his existing office building on S. Delsea Drive, with a plan to develop storage buildings, not only for his business use but also to include a separate self storage facility business. Unfortunately, he has hit some development roadblocks and is continuing to pursue development of this property. However, because he is bursting at the seams at his current business location, he has sought a solution. An opportunity to purchase the property located at 1338 Almond Road, Vineland, Cumberland County, NJ a/k/a Block 2104, Lot 118, has occurred. This property is improved with an 11,000 sq. ft. warehouse building and parking. Mr. Selby believes he can move the entire security business to this site and ultimately develop the existing business site and adjacent land into a self storage business including utilizing the current office space for the self storage business.

1a. COMPETITION: Interactive Security: Competitors such as Comcast, ADT etc. Local competition stem from all the other operators such as DNS, a similar business operation, and the Do-it-yourself or DIY utilizing the many brands available such as Simply Safe. Also the likes of Amazon (RING), 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. People are more aware of security in their home and the apps, combined with other companies’ commercials and advertisements are making more people aware of offerings. 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”). Projections suggest that market adoption is going to continually increase over the next several years. Visibility for security went from being a boutique item to now being ubiquitous as it is viewed as a necessary service. 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 of commercial real estate.

Purchase price	\$235,000	Borrower	\$ 50,000
Renovations	300,000	<u>VRLF</u>	<u>500,000</u>
<u>Closing Costs</u>	<u>15,000</u>	Total	\$550,000
Total	\$550,000		

Proposed VRLF loan will be interest only for 1 year. This will allow the borrower to engage an engineer, complete a site plan and obtain cost estimates, begin project construction and obtain a c/o.

2. COLLATERAL:

- a.) First position mortgage lien on the real estate at 1338 Almond Road, Vineland, Cumberland County, NJ a/k/a Block 2104, Lot 118,
- b.) Second position mortgage lien on the real estate located at 2092 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 75,
- c.) Third position mortgage lien on the real estate located at 2112 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 76,
- d.) Assignment of Rents and Leases a.), b), and c.)
- e.) UCC-1 and Security Agreement filing (Cumberland County Filing for Borrower, CSS Development, LLC),
- f.) UCC-1 and Security Agreement filing (State of NJ filing for Guarantor, Interactive Security Systems, LLC),
- g.) Environmental clearances for the subject property,
- h.) Evidence of site plan and zoning approval from City of Vineland,
- i.) Evidence of functioning septic system,
- j.) Receipt of appraisal demonstrating minimum value necessary to achieve an acceptable LTV.

3. GUARANTORS:

- a.) Interactive Security Systems, LLC,
- b.) Jarred E. Selby,
- c.) Jessica Schaper-Selby.

4. LIEN POSITION: 1st on primary commercial / business zoned real estate to be acquired and 2nd and 3rd on parcels identified in Section 2 Collateral b.) and c.).

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:

- 2112 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 76
VRLF has a 1st mortgage of \$140,400 original balance, \$124,350 current balance.
VRLF has a 2nd mortgage of \$180,000 original balance, \$175,538 current balance.
- 2092 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 75
VRLF has a 1st mortgage of \$180,000 original balance, \$175,538 current balance.
- 1338 Almond Road, Vineland, Cumberland County, NJ a/k/a Block 2104, Lot 118
Proposed VRLF Loan will have a 1st mortgage of \$500,000.

6. SIZE OF PARCEL: +- 1.49 acres.

7. IMPROVEMENTS THEREON: +- 11,000 sq. ft., one-story warehouse building inclusive of a +- 4,000 sq. ft. office area, +- 7,000 sq. ft. light manufacturing area and warehouse area.

8. LOCATION OF PROPERTY: 1338 Almond Road, Vineland, Cumberland County, NJ a/k/a Block 2104, Lot 118.

9. APPRAISAL INFORMATION: The City of Vineland has the property to be purchased assessed as follows:

- 1338 Almond Road, Vineland, Cumberland County, NJ a/k/a Block 2104, Lot 118

<u>Assessed Value:</u>	
Land	\$ 39,600
<u>Improvements</u>	<u>379,400</u>
Total	\$419,000

Based on Assessed Value – LTV is 119% (primary collateral).

From a collateral perspective, the Lender will be filing liens (abundance of caution) on the properties located on S. Delsea Drive, Vineland, NJ. To arrive at an LTV, all properties were considered as well as all debt associated with properties as well. Note that the VRLF holds the notes and mortgages on the S. Delsea Drive properties in first position. Further note that Colin Necky of Markeim Chalmers is being engaged to prepare an appraisal of 1338 Almond Road, Vineland, NJ. A brief conversation revealed that he believes that due to the improvements being made to the property an as built value of north of \$600,000 is likely. This value will provide an LTV of 84%.

Based on Prospective Appraised Value – LTV = 84% (primary collateral).

- 2112 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 76

<u>Assessed Value:</u>	
Land	\$ 84,500
<u>Improvement</u>	<u>64,000</u>
Total	\$148,500

- 2092 S. Delsea Drive, Vineland, Cumberland County, NJ a/k/a Block 5601, Lot 75

<u>Assessed Value:</u>	
Land	\$225,400
<u>Improvement</u>	<u>0</u>
Total	\$225,400

Total Values	\$792,900 (prior to appraisal of subject property).
Total Loans	\$799,888

LTV 101%

Total Values	\$973,900
Total Loans	\$799,888

Global LTV = 82%

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 3.95x, LTV = 84%.

- Assist small business with expansion.
- Property to be improved leading to increased real estate tax ratable.
- Temporary construction jobs. Local contractors utilized.
- Lead to increased company employment.
- Potential further development of secondary collateral property as a result of moving to new location or lease of same to a different business entirely.

12. RECOMMENDATION: