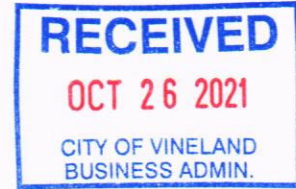




ECONOMIC DEVELOPMENT
www.vinelandcity.org

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:** South Jersey Litho, LLC and/or realty company to be formed
Loan Amount: \$500,000.00 (building acquisition loan)

DATE: October 26, 2021


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 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: September 7, 2021

Borrower Name and Address (s): South Jersey Litho, LLC and Real Estate Company to be formed
1109 S. East Boulevard
Vineland, New Jersey 08360

Request #1: \$200,000 commercial term loan to fund acquisition of machinery and equipment for a commercial printing company operation in Vineland (operating company South Jersey Litho, LLC).

&

Request #2: \$500,000 commercial real estate loan to fund acquisition of real property - facility for a commercial printing company operation in Vineland (real estate company to be formed).

#1 - Interest Rate: 5.00%

Term of Loan: 10 Years (six month interest only period)

#2 - Interest Rate: 5.00%

Term of Loan: 20 Years (six month interest only period)

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 leases a facility located at 1109 S. East Boulevard, Vineland, NJ.

Keith Baldosaro has the opportunity to acquire the industrial facility, machinery and equipment, and business operation of an existing, long-time printing operation (a competitor) in Vineland. 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 employment base.

1a. COMPETITION: Local competition is Standard Publishing, 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	\$500,000	VRLF	\$200,000
Acquisition of mach. & equip.	200,000	VRLF	500,000
Acquisition of inventory	50,000	<u>Borrower</u>	<u>120,000</u>
Goodwill	50,000	Total	\$820,000
<u>Closing costs</u>	<u>20,000</u>		
Total	\$820,000		

2. COLLATERAL:

- a.) First Priority Mortgage filing on the real estate located at 1980 S. West Boulevard, Vineland, Cumberland County, NJ a/k/a Block 6102, Lot 20, in the amount of \$500,000,
- b.) Second Priority Mortgage filing on the real estate located at 1980 S. West Boulevard, Vineland, Cumberland County, NJ a/k/a Block 6102, Lot 20, in the amount of \$200,000,
- 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 \$250,000.
- h.) Subordination of officer / affiliated debt.
- i.) Cross Collateral / Cross Default language.

3. GUARANTORS:

- a.) Personal Guaranty of Keith Baldosaro.
- b.) Guaranty of real estate holding company or operating company to be formed, 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: +-2.82 acres. (225' x 551').

7. IMPROVEMENTS THEREON: A 20,000 sq. ft. industrial building comprises of +-5,000 sq. ft. of office and +-15,000 sq. ft. of production / warehouse area.

8. LOCATION OF PROPERTY: Business operation and machinery/equipment will be located at 1980 S. West Boulevard, Vineland, Cumberland County, New Jersey a/k/a Block 6102, Lot 20.

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	\$500,000	Real estate	\$675,000 (assessed value \$675,000)
Proposed Equip./Mach.	200,000	Equipment to be purchased	140,000 (appraised value \$200,000)
Total	\$700,000	Equipment owned	14,000 (appraised value \$ 20,000)
		Total Value	\$829,000
		LTV =	85%

(1) The City of Vineland has the property located at 1980 S. West Boulevard, Vineland, NJ assessed for \$675,000 (land at \$215,800 and improvements at \$459,200). This writer believes a more accurate breakdown of the value is as follows: the land should be valued at \$150,000 and the building at \$525,000. Equipment is reduced to reflect 70% of value.

10. FINANCIAL:

11. SUBSTANTIATION:

LTV = 85%

DSCR = 1.24x,

DSCR = 2.25x based on projection.

- Assist a small, local business with expansion and maintaining business operation in Vineland. Existing business operation in need of a new management.
- Maintain 5 jobs.

12. RECOMMENDATION: