

RESOLUTION NO. 2022-433

A RESOLUTION APPROVING VINELAND REVOLVING
LOAN FUNDS FOR SHAO'S FAMILY 1, LLC (OR
ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated September 27, 2022, for use of Vineland Revolving Loan funds for Shao's Family 1, 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: Shao's Family 1, LLC (or assigns) \$115,000.00

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:** Shao's Family 1, LLC
Loan Amount: \$115,000.00

DATE: September 27, 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



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

Date: September 9, 2022

Borrower Name and Address (s): Peng Shao or company to be formed
2711 Inverness Road
Vineland, NJ 08361

Request: \$115,000 commercial real estate loan for the acquisition of real estate located at 607 E. Landis Avenue, Vineland, NJ.

Interest Rate: 5.00% **Term of Loan:** 20 Years.

1. BACKGROUND: Peng Shao is the 100% owner of Kura Sushi, LLC (operator of Kura Thai & Sushi Restaurant (“Kura”)) located at 607 E. Landis Avenue, Vineland, NJ. Kura offers authentic and delicious tasting Thai & Japanese cuisine. Kura is known for its variety and the use of high quality, fresh ingredients and a pleasant atmosphere dining experience.

Kura has been operating at 607 E. Landis Avenue, Vineland, NJ since 2013. In 2019, Jing Chen the spouse (wife) of Mr. Shao transferred ownership to her husband exclusively. Kura has leased the Landis Avenue location since 2013. The current owner has afforded Mr. Shao, or company to be formed, the opportunity to purchase the property. Mr. Shao is interested and has entered into an agreement of sale to purchase the premises from which Kura operates for \$245,000. This will allow for Mr. Shao and his family to have control of the real estate from which it operates the family restaurant, build equity, and reduce operating expenses.

1a. PROJECT: Acquisition of a 2,490 sq. ft. commercial/retail building currently utilized as a restaurant.

<u>Use of Funds</u>		<u>Source of Funds</u>	
Acquisition	\$245,000	Borrower	\$135,000
Closing Costs	<u>5,000</u>	VRLF Loan	<u>115,000</u>
Total	\$250,000	Total	\$250,000

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 607 E. Landis Avenue, Vineland, Cumberland County, NJ a/k/a Block 4002, Lot 2,
- b.) Assignment of Rents and Leases,
- c.) UCC-1 Filing and Security Agreement – Cumberland County Filing.
- d.) Subordination Agreement.

3. GUARANTORS:

- a.) Kura Sushi LLC

4. LIEN POSITION: First.

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

6. SIZE OF PARCEL: 27' x 110'

7. IMPROVEMENTS THEREON: 2,490 sq. ft. commercial building occupied as a restaurant.

8. LOCATION OF PROPERTY: 607 E. Landis Avenue, Vineland, Cumberland County, NJ a/k/a Block 4002, Lot 2.

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

Land	\$ 60,000
<u>Improvements</u>	<u>276,100</u>
Total	\$ 336,100

Based on the City of Vineland's assessed value, the LTV is calculated at 34%. In an effort to save Borrower some fees, based on the assessed value figure, an appraisal will be waived. Writer believes the value of the property provides a sufficient LTV based on the amount being borrowed and the effect of the significant down payment.

10. FINANCIAL:

11. SUBSTANTIATION: DSCR = 3.57x (Global), LTV = 34%

- Assist small business owner with the purchase of operating location vs. maintaining lease.

12. RECOMMENDATION: