

RESOLUTION NO. 2023- 201

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

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated April 25, 2023, for use of Vineland Revolving Loan funds for Kitten Hive, 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: Kitten Hive, 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:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk



ECONOMIC DEVELOPMENT  
www.vinelandcity.org

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PO Box 1508  
Vineland, NJ 08362-1508  
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**MEMORANDUM**



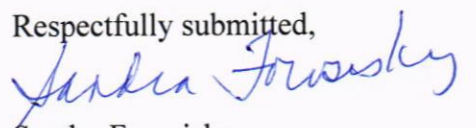
TO: City Council President and Members  
FROM: Vineland Revolving Loan Fund, LLC  
SUBJECT: **Applicant:** Kitten Hive, LLC  
**Loan Amount:** \$500,000.00  
DATE: April 25, 2023

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:** April 14, 2023

**Borrower Name and Address (s):** Kitten Hive, LLC  
314 Hand Avenue  
Cape May Court House, NJ 08210

**Request:** \$500,000 commercial term loan for acquisition of equipment and leasehold improvements.

**Interest Rate:** 5.00%

**Term of Loan:** 15 Years (6 months no payments due with capitalized interest, next 6 months interest only, full amortization after one year).

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**1. BACKGROUND:** Kitten Hive, LLC is a registered Limited Liability Company in the state of New Jersey, formed on January 3, 2023 and registered on January 9, 2023, and is equally owned and managed by its three members: Christopher (“Chris”) Henke, Justin Vitti, and Brian Hink.

Kitten Hive, LLC (trade name or doing business as name tbd, for this proposal “The Brewing Company or TBC”) intends to start-up a craft brewery to be located in the Downtown Main Street (center city Landis Avenue area between 6<sup>th</sup> and 7<sup>th</sup> Streets) area of Vineland. The TBC intends to generate income through retail sales as well as wholesale sales of packaged and draft beer. TBC expects to develop a local and loyal customer base by providing a curated selection of brewed-on-site beers at a 2,300 Sq. Ft. taproom to be located on Landis Ave.

The three members bring extensive experience in all aspects of the brewing industry. Justin Vitti has over 21 years of Operations and Sales experience with the last 10 years of relevant experience within the New Jersey craft brewery industry. He aided in the exponential growth of Cape May Brewing Co. to the largest craft brewery in the Garden State, also allowing him to witness the growth and evolution of microbreweries in NJ. He carries a proven track record in the beverage sales & marketing and distribution fields along with a strong financial acumen that he will leverage to help this new venture succeed. Justin is passionate about the microbrewery business and is confident about gaining access into the market with motivation, planning, and skill. Brian Hink has over 10 years of experience in brewery product development and production management. He was integral to the growth of beer production at Cape May Brewing Co. from a couple of hundred barrels (31 gallons per barrel) to over 40,000 barrels, with a constant focus on quality. Along with managing production, Brian was responsible for developing and designing all new products and seeing them through to release, working closely with sales and marketing to execute well intentioned, thoughtful products. Winning many local and nationally recognized awards for innovative beers of all disciplines, Brian brings a wealth of experience and knowledge in all aspects of brewery production. Mr. Hink and Mr. Vitti currently are employed with a brewery in New Jersey. Chris Henke co-founded Cape May Brewing Co. in 2011 and was an owner/operator for the next nine years, taking CMBC from the smallest craft brewery in the state to the largest. During his time operating the company, it grew from 1 employee and 1,500 gallons of beer per year to over 100 employees and 620,000 gallons per year. As an owner/operator, Chris’ responsibilities ranged from overseeing daily operations to company-wide planning and budgeting. He also used his project engineering background to manage the constant expansion and construction projects required to increase brewing and packaging capacities. Chris brings this experience in finance and administration of regional microbrewery to TBC. The specific experience of the three owners covers all aspects of the brewing business, and in addition, all three owners have been key contributors to every department within a brewery: Operations, Production, Finance, Administration, Marketing, Distribution and Sales. Chris sold his interest in Cape May Brewing Co. several years ago. His non-compete agreement has expired.

**1. BACKGROUND (CONTINUED):**

These individuals are desirous of starting a new brewing operation which will be located at the former Landis Marketplace located at 631 E. Landis Avenue, Vineland, NJ. Approximately 2,300 square feet on the upper floor will be dedicated to retail space where customers can enjoy drinking TBC beer in a casual “taproom” setting. Production and warehousing will assume about 3,000 square feet of the bottom floor of the Landis Marketplace building. With New Jersey’s unique brewery laws, TBC will not be allowed to offer food to patrons, but with a “Bring Your Own Food” allowance the taproom will provide ample seating for patrons to bring in food or have food delivered from any of downtown Vineland’s food establishments and restaurants. A lease will be negotiated with the owner of the building, the Vineland Development Corporation.

**1a. COMPETITION:** The craft brewing industry has seen rapid growth in the past ten years. New Jersey alone has seen its number of breweries rise from 25 in 2012 to 141 in 2022. However, even at 141 breweries, New Jersey is still in the bottom five states for breweries per capita. Currently, Cumberland County has only one operating brewery and the City of Vineland has no operating breweries. In terms of brewery taprooms, competition in the area is low. One other brewery, Glasstown Brewing Company, resides within Cumberland County and is about 10 miles from downtown Vineland. It is located within an industrial complex at the Millville Airport, and it offers an industrial atmosphere with a large amount of outdoor space. TBC’s taproom will attract many of the same customers as Glasstown. It will also attract customers that want to frequent a taproom but do not want to make the trip out to the Millville Airport and customers who prefer a more comfortable, retail atmosphere. The addition of a second brewery in the area will also draw in beer tourists who will now have the opportunity to visit two breweries in one trip. Several winery tasting rooms are locating in the vicinity of Vineland City. Tourists interested in visiting multiple breweries often visit wineries as well. TBC offers an additional stop along a "Cumberland County Wine/Beer trail" and pulls tourists in from the outskirts of Vineland into the heart of the city. Downtown Vineland currently has only one business which utilizes a retail consumption liquor license. Kaycee Ray’s Sports Bar and Pub is located at the Landis Theater. TBC’s taproom offers a much different atmosphere than Kaycee Ray’s and will attract different customers as well as the same customers looking for a different occasion or experience. TBC plans to solicit Kaycee Ray's for draft sales as well as form a relationship so that both companies can work towards growing the downtown's retail corridor. Competition in the wholesale market is strong. The craft beer selection in liquor stores and on draft at bars and restaurants can be overwhelming for customers today. TBC will have an advantage in Vineland's surrounding area by offering the most local, freshest option. In addition, TBC will offer a different Product mix than the current IPA rotation offered by the competition.

**1b. PROJECT:** Breweries are capital intensive operations. A significant portion of start-up funds will be utilized to finance the purchase of machinery and equipment. This equipment includes a mill, brew house, boiler, fermenters, brite tanks, chiller, packaging line, kegs, cold storage, draft equipment, a truck, furniture and lab equipment. In addition, investment in the infrastructure to support this equipment is necessary. This includes water, floors, drains, electric, gas, steam and glycol. The taproom will be designed and built to create a warm and welcoming atmosphere that encourages repeat visits from local customers as well as to draw tourists from outside of the Vineland area.

The breakdown of sources and uses is below. TBC plans to use \$350,000 of loan funds for machinery and equipment purchases and remaining \$150,000 on leasehold improvements. The balance of startup funds will be used to cover operating costs and working capital as the brewery starts up production and scales up.

<u>Use of Funds</u>		<u>Sources of Funds</u>	
Machinery and equipment	\$350,000	VRLF Loan	\$500,000 (1)
Leasehold improvements	150,000	<u>Borrower/Equity</u>	<u>150,000</u>
<u>Working Capital</u>	<u>150,000</u>	Total Sources	\$650,000
Total Project Cost	\$650,000		

- (1) VRLF Loan to be set structured as no payments during initial 6 month start-up phase or through 2023 (interest being capitalized), with interest only payments due for initial 6 months of 2024 through June 2024, and full amortization – P & I due thereafter.

**2. COLLATERAL:**

- a.) UCC-1 and Security Agreement on all equipment, machinery business assets now owned and hereafter acquired of Kitten Hive, LLC (general filing),
- b.) UCC-1 and Security Agreement on all equipment, machinery business assets now owned and hereafter acquired of Kitten Hive, LLC (specific filing),
- c.) Subordination of all officer, member, stockholder debt,
- d.) Assignment of Life Insurance on each member in the amount of \$150,000.00.

**3. GUARANTORS:**

- a.) Christopher Henke and Allyson Corcoran,
- b.) Justin P. Vitti and Mariel Vitti,
- c.) Brian T. Hink.

**4. LIEN POSITION:** First on machinery, equipment, business assets of Kitten Hive, LLC.

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

**6. SIZE OF PARCEL:** N/A.

**7. IMPROVEMENTS THEREON:** Landis Marketplace (formerly JJ Newberry retail store).

**8. LOCATION OF PROPERTY:** Machinery and equipment will be located at 631 E. Landis Avenue, Vineland, NJ, Block 4002, Lot 10.

**9. APPRAISAL INFORMATION:** N/A.

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = N/A for 2023, 1.19x for 2024, 1.96x for 2025.  
LTC (loan-to-cost) = 90%.

- Five (5) new jobs in 1<sup>st</sup> year, two (2) additional within next year of operation.
- Economic development for downtown.
- Rental income for Vineland Development Corp.

**12. RECOMMENDATION:**