

RESOLUTION NO. 2023- 598

A RESOLUTION APPROVING VINELAND REVOLVING  
LOAN FUNDS FOR HIGHLAND-KINGDALE ASSOCIATES,  
LLC (OR ASSIGNS).

WHEREAS, the Vineland Revolving Loan Fund, LLC Committee has submitted a proposal dated November 8, 2023, for use of Vineland Revolving Loan funds for Highland-Kingdale Associates, 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: Highland-Kingdale Associates, LLC (or assigns)    \$1,600,000.00

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

Adopted:

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President of Council

ATTEST:

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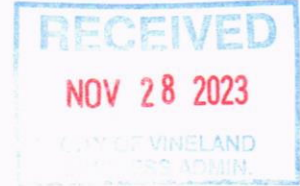
City Clerk



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 Membe  
FROM: Vineland Revolving Loan Fund, LL  
SUBJECT: **Applicant:** Highland-Kingdale Associates, LLC  
**Loan Amount:** \$1,600,000.00  
DATE November 28, 2023

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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*  
Sandra Forosisky  
Director of Economic Development

SF/fd

cc: Frank DiGiorgio  
file



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

**Date:** September 11, 2023

**Borrower Name and Address (s):** Highland-Kingdale Associates, LLC  
310 Yorktown Plaza  
Elkins Park, Pa. 19027

**Request:** \$1,600,000 commercial real estate term loan – permanent loan for the development of new 25,291 sq. ft. retail building (17,136 sq. ft. grocery store and 8,155 sq. ft. retail store), associated site improvements, and renovations to existing center. An existing VRLF loan with an approximate balance of \$278,000 to be restructured into the \$1,600,000 (new money of +-\$1,322,000). Total VRLF loan exposure will be \$1,600,000.

**Interest Rate:** 6.00%

**Term of Loan:** 20 Years.

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**1. BACKGROUND:**

Peter Abrams (former Accountant), Fred Levin (former Attorney), and Lianne Quinn (spouse of former member, Peter Quinn) are commercial real estate investors. Their main company is known as The Highland Development Group, LTD. Through various entities, Mr. Abrams, Mr. Levin, and Mrs. Quinn own or have ownership interests in several real estate entities which own primarily commercial retail properties and retail shopping centers. Locally, Highland-Kingdale Associates, LLC owns and operates the Park Place Plaza located at Park Avenue and N. Delsea Drive in Vineland, New Jersey. Highland Development Group specializes in the acquisition and redevelopment of existing commercial retail properties. Mr. Abrams, Mr. Levin, and Mrs. Quinn's husband, Peter Quinn (deceased), had renovated several under-performing and vacant properties in their ownership into thriving centers serving their respective communities including the Park Place Plaza in Vineland. Some of their other projects include:

- The Court at Upper Providence, Upper Providence Township, Pennsylvania, a 400,000 square foot shopping center. Tenants include Target, Giant Foods, Staples, AC Moore, Petco, Ross Dress for Less, Famous Footwear, and others.
- Lower Southampton Village, Feasterville, Pennsylvania, a 120,000 square foot shopping center. Tenants include Pier 1 Imports, Panera Bread, Starbucks, Wine & Spirits, Sleepy's, and others with Brunswick Zone in the adjacent 60,000 square foot building.
- Trainers Corner Shopping Center, Quakertown, Pennsylvania, a 260,000 square foot shopping center. Tenants include K-Mart, Kohl's Department Store, Michaels Crafts, Dress Barn, and Famous Footwear.
- Park Place Plaza, Delsea Drive, Vineland, New Jersey, a 126,000 square foot shopping center. Tenants have included Forman Mills, Save-A-Lot Supermarkets, Fashion Bug, Payless Shoes, and Dollar Tree Stores, Family Dollar, Rainbow.

Mr. Abrams brings +30 years of commercial real estate development experience to the company. Prior to his career as a developer, Mr. Abrams spent 7 years as a CPA in the tax department of Grant Thornton, specializing in the representation of developers and syndicators. Mr. Levin has been developing commercial real estate for the past +-25 years. Prior to real estate development, Mr. Levin practiced law in specializing in real estate and corporate law for 8 years with the Philadelphia law firm of White and Williams. Mr. Quinn, an original member of Highland Kingdale Associates, LLC had over +-25 years of commercial real estate leasing and development experience. Mr. Quinn passed away in April 2022 and his spouse, Lianne Quinn inherited his membership interests in Highland-Kingdale Associates, LLC.

## **1a. PROJECT / HISTORY OF VRLF FINANCING:**

The project involves the demolition of an existing 15,200 sq. ft. building so that a new 25,291 sq. ft. retail building may be constructed along with necessary site improvements. An existing +-111,000 sq. ft. retail center (Forman Mills store space comprises 57,000+- sq. ft., other retail operations occupy 6 other retail and in-line units – see Rent Roll) will remain, with some renovations to take place as part of this project. Earlier in 2023, Shoppers World, a New York City based retailer owned by the Dushey Family, acquired all the Forman Mills stores with plans to keep all of them open and everyone employed. Funding from the VRLF was provided for this center (in August 2011) which involved the permanent financing of fit-out of space under new leases for 15,000 sq. ft. of space with Dollar Tree and a new lease for +-8,000 sq. ft. of space with Inspira. Highland Kingdale obtained financing in the amount of \$350,000 in August 2011 from the UEZ (balance is \$278,000 and has been paid as agreed – including COVID relief period). Dollar Tree moved into a 15,000 sq. ft. space formerly occupied by then a Save-a-Lot, whom had been a tenant for approximately 10 years (Save-a-Lot moved to a location on Landis Ave. and then closed). Dollar Tree previously occupied 8,000 sq. ft. and moved into the renovated 15,000 sq. ft. Family Dollar has since leased the space. This move eliminated the vacancy resulting from Save-a-Lot leaving the center. Inspira leased the former Dollar Tree space for a thrift store. It should be noted that the VRLF participated in the original loan to Highland Kingdale in excess of \$1,000,000 when the borrower purchased the dilapidated center and redeveloped the center while adding retail sq. ft. of space where former Fashion Bug retail store and other small retail tenants operated. The former Fashion Bug space is now occupied by Rainbow, a woman's retail clothing store.

The new 25,291 sq. ft. is estimated to cost \$4,000,000. An additional \$400,000 will go into repairs for the existing strip center, and +-\$900,000 in soft costs and others is provided. The new space will allow for a new tenant, Grocery Outlet to lease.

<u>Uses</u>		<u>Sources</u>	
New Building	\$4,000,000	WSFS	\$ 6,990,000
Renovations	400,000	VRLF	1,600,000
Soft Costs/Other/Closing	876,925 (1)	<u>Borrower</u>	<u>2,451,925 (2)</u>
Payoff Primary	5,487,000	Total	\$11,041,925
<u>Payoff VRLF</u>	<u>278,000</u>		
Total	11,041,925		

(1) Detailed expenses on file in Sources of Uses breakdown spreadsheet.

(2) Highland-Kingdale Associates, LLC will accomplish its contribution for Sources component via equity and negotiated discount of primary lender payoff. Also assumes / includes net of Rainbow unit.

## **2. COLLATERAL:**

- a.) Second position mortgage lien on the real property located at 20 W. Park Avenue, Vineland, Cumberland County, NJ, a/k/a Block 2201, Lot 63.
- b.) Assignment of Rents and Leases,
- c.) UCC-1 filing and Security Agreement (County and State),
- d.) Any additional documents deemed necessary to settle and secure loan,
- e.) Satisfactory receipt and review of an appraisal demonstrating a minimum value of \$10,000,000.00 (86% LTV) of the remaining strip center and Grocery Outlet unit. Rainbow retail unit will be sold off as a commercial condo unit. Proceeds to pay down lenders accordingly
- f.) Contingent on satisfactory review and receipt of updated leases for leases expiring in 2024.
- g.) Contingent on receipt and satisfactory review of personal financial statement of Lianne Quinn, third personal guarantor.
- h.) Contingent on receipt and satisfactory review of primary lender, WSFS, approval and loan commitment for construction / permanent loan.

**3. GUARANTORS:**

- a.) Peter C. Abrams (Mr. Abrams has 37.50% ownership interest in Highland-Kingdale Associates, LLC),
- b.) Fred R. Levin (Mr. Levin has 37.50% ownership interest in Highland-Kingdale Associates, LLC),
- c.) Lianne Quinn (Mrs. Quinn has a 25.00% ownership interest in Highland-Kingdale Associates, LLC).

**4. LIEN POSITION:** Second.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** WSFS, \$6,990,000.

**6. SIZE OF PARCEL:** +/- 13 acres.

**7. IMPROVEMENTS THEREON:** Currently a +/-125,000 sq. ft. retail shopping center, total of two structures, improved with 558 total parking spaces. Existing retail structure of +/-15,200 sq. ft. to be demolished and a new +/-25,200 sq. ft. structure to be constructed. An approximate 8,100 sq. ft. portion of the new building to be sold to current tenant Rainbow which will become owner of a commercial condo space. Remaining strip shopping center is +/-110,000 sq. ft.

**8. LOCATION OF PROPERTY:** 20 W. Park Avenue, Vineland, Cumberland County, New Jersey  
a/k/a Block 2201, Lot 63.

**9. APPRAISAL INFORMATION:** An appraisal demonstrating a minimum value of \$10,000,000.00 (83% LTV) of the remaining strip center and Grocery Outlet unit. Rainbow retail unit will be sold off as a commercial condo unit. Proceeds to pay down lenders accordingly.

Loan-to-Value Calculation:

WSFS Loan	\$ 6,990,000
VRLF Loan	<u>1,600,000</u>
Total Loans	\$ 8,590,000

Value of Collateral \$10,000,000 (net of Rainbow unit sale)

LTV = 86%

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = 1.07x, LTV 86%

- Shopping center provides retail opportunities to patrons and Vineland residents,
- Center will be leased up and will have one unit vacant (97% occupied upon completion and sale of unit),
- Access to UEZ loan will provide capital for the project which will entice primary lender and arrangement with the current lender to be paid off,
- Construction jobs,
- Creation of new jobs at Grocery Outlet
- Maintain existing retail jobs at Rainbow,
- Center will have improved infrastructure,
- Previous borrower to the UEZ program with an excellent history of repayment.

**12. RECOMMENDATION:**