

RESOLUTION NO. 2020- 405

A RESOLUTION APPROVING A UDAG/CDBG –SMALL BUSINESS LOAN TO OUTLAW’S BURGER BARN AND CREAMERY, LLC OR REAL ESTATE HOLDING COMPANY TO BE FORMED.

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated September 22, 2020, for a **UDAG/CDBG Small Business Loan to Outlaw’s Burger Barn and Creamery, LLC or Real Estate Holding Company to be formed**; and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that UDAG/CDBG Small Business 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 Funds for the following project, in accordance with the proposal submitted by the City of Vineland Revolving Loan Fund Second Generation Loan Committee:

UDAG/CDBG Small Business Loan to:
Outlaw’s Burger Barn and Creamery, LLC or Real Estate
Holding Company to be formed **\$155,000.00**

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
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MEMORANDUM

TO: City Council President and Members

FROM: City of Vineland Revolving Loan Fund
Second Generation Loan Committee

SUBJECT: **Applicant:** Outlaw's Burger Barn and Creamery, LLC or real estate
holding company to be formed
Loan Amount: up to \$155,000.00 (UDAG/CDBG Small Business Loan Program)

DATE: September 22, 2020

Dear Council President Spinelli, Councilmen Acosta, Franceschini, Vargas, and Councilwoman Arthur:

On behalf of the City of Vineland Revolving Loan Fund Second Generation Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a Second Generation 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 Zone Loans. 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 based on the information provided, the applicant has the present ability to repay said loan and 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 UEZ LOAN COMMITTEE
LOAN PROPOSAL**

Date: September 17, 2020

Borrower Name and Address (s): Outlaw's Burger Barn & Creamery, LLC or real estate holding company to be formed.
2312 Monroe Ave.
Vineland, NJ 08361

Request: \$310,000 commercial term loan (\$155,000 via City of Vineland UDAG / CDBG program and \$155,000 via the Cumberland Empowerment Zone Loan Program) for the acquisition and renovations to a building to be used as a restaurant facility known as Outlaw's Burger Barn & Creamery, LLC.

Interest Rate: 5.00%

Term of Loan: 20 Years.

1. BACKGROUND: Ryan M. Briggs has owned and operated his restaurant, Outlaw's Burger Barn & Creamery, LLC (Outlaw's), for approximately three years. Prior to owning this restaurant, he had previously worked in the food service industry for seventeen years, primarily as a sous chef (Greenview Inn – 4 years), the head chef for the HealthSouth Rehab Hospital in Vineland and as an Assistant Director of Food Service for Linwood Care Center in Linwood, NJ. In 2016, he purchased the business and equipment assets of an existing restaurant establishment in Vineland previously known as Deeks Deli and Custard in Vineland, New Jersey. Mr. Briggs quickly rebranded the location at 1370 S. Main Road, Vineland, NJ, as the Outlaw's Burger Barn & Creamery. He has operated the Outlaw's restaurant from leased commercial condo unit located at the Rogers Corner Condominium located at Main and Magnolia Roads (former Deeks Deli & Custard). The official restaurant unit is comprised of 1,387 sq. ft. of restaurant/custard space. He approached the UEZ to assist in financing his initial equipment acquisition (new and used equipment) and for permanent funding of leasehold improvements. A UEZ loan for the restaurant project was finalized in 2016. Due to an overwhelmingly successful debut, Mr. Briggs subsequently invested additional personal resources to increase the restaurant's seating space by reducing the custard/creamery portion of the business operation. Thereafter, Mr. Briggs leased additional space in the same neighborhood strip center to create a stand-alone, take-out space known as Outlaw's Take-Out. After several months, Mr. Briggs has opted to make a change and closed the take-out operation and renovated the remaining custard area in the restaurant to include improved space utilization. The project had cost approximately \$40,000 and was partially funded with a second Vineland loan. The renovations included relocation of kitchen hood, vents, fire suppression, sinks, new flooring, new ceiling tiles, new exterior door, roofing repairs, improved patio area, adding an awning to rear of space for enhancing storage, and resurfacing some concrete in need of repair.

Due to the overwhelmingly successful couple of years of operations, Mr. Briggs is once again looking to expand Outlaw's Burger Barn & Creamery. Recently, he has placed under agreement to purchase the real property located at 780 S. Main Road, Vineland, NJ, the current site of the Flower Shoppe LTD. The Flower Shoppe's owner is planning on retiring and has placed the property for sale. Mr. Briggs believes this location is well suited for his restaurant expansion and will allow him to own the property versus leasing as he is currently doing at his Main and Magnolia location. The acquisition of the property is subject to the approval of this financing and the approval of the Vineland Zoning Board.

1a. PROJECT: The project cost breakdown is as follows:

<u>Costs</u>		<u>Funding Sources</u>	
Acquisition	\$265,000	COV and CEZ	\$310,000*
Payoff existing UEZ Loans	34,000	Borrower	<u>34,000</u>
Leasehold Improvements/repairs (new)	35,000	Total	\$344,000
Soft costs/Misc./Closing	<u>10,000</u>		
Total	\$344,000		

*The debt/funding sources will be derived from a loan under the City of Vineland CDBG/UDAG Small business program and the Cumberland Empowerment Zone, \$155,000.00 each.

The loan proceeds will be dispersed as draws based on an interest only format for 3 months, where a portion of the loan proceeds will be utilized for acquisition (all of the CEZ proceeds will be dispersed at settlement with the COV's portion totaling an amount necessary to settle) and the remainder draw(s) for improvements.

1b. COMPETITION: Competition, overall for restaurants (and at this location), is typically high. This location/area has several establishments including Magnolia Diner, Pizza Queen, La Locanda Restaurant, and Bagel University within a close proximity of the vicinity of this restaurant and several franchise quick service restaurants (Pizza Hut, Burger King, Boston Market). However, each restaurant has a different menu and no one directly competes on a menu basis with the exception of Burger King). Unfortunately, due to the Covid-19 pandemic, many restaurants had to adapt to a take-out and outdoor dining model or variations thereof. Fortunately, Outlaws appears to have maneuvered this transition favorably and is on track to exceed 2019 revenues (further documented in Financial Section).

2. COLLATERAL:

- a.) First position mortgage lien on the real estate located at 780 S. Main Road, Vineland, Cumberland County, NJ a/k/a Block 5007, Lot 21.
- b.) Second position mortgage lien on the real estate located at 2312 Monroe Avenue, Vineland, Cumberland County, New Jersey a/k/a Block 4406, Lot 3.01 (personal residence).
- c.) UCC-1 Filing and Security Agreement (State of NJ and Cumberland County) general on all equipment, machinery, business assets now owned and hereafter acquired of Outlaw's Burger Barn & Creamery, LLC (location 1370 S. Main Road, Unit 1, Vineland, NJ),
- d.) Hypothecation Agreement from Ryan Briggs and Erin Briggs regarding the property stated in (b.),
- e.) Subject to an appraisal demonstrating value necessary to achieve 90% LTV,
- f.) Subject to City of Vineland Zoning Board approval.

3. GUARANTORS:

- a.) Ryan M. Briggs,
- b.) Erin L. Briggs.

4. LIEN POSITION: First on subject property; First on UCC filing; Second on personal residence.

5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS: VRLF will have a primary on the subject property being acquired and primary on the UCC. The personal residence has an existing mortgage with a balance in the amount of +-\$155,000 (original loan amount of \$168,000).

6. SIZE OF PARCEL: +- 0.80 acres.

7. IMPROVEMENTS THEREON: The property to be acquired currently consists of a 1,472 sq. ft. retail floral shop with an attached 1,048 sq. ft. greenhouse for a total of 2,520 sq. ft. which will be converted to a restaurant.

8. LOCATION OF PROPERTY: 780 S. Main Road, Vineland, Cumberland County, NJ a/k/a Block 5007, Lot 2.

9. APPRAISAL INFORMATION: (A.) Subject property currently assessed for \$165,500 for tax purposes. An appraisal will be ordered requiring a minimum "as completed" value of \$310,000. (B.) Personal Residence was appraised on March, 2016 by Michael Terruso and demonstrated value of \$190,000. (C.) Equipment est. value at \$20,000.

Collateral Value – Prior to Conversion

Subject Property – purchase price	\$265,000
Personal Residence	190,000
Equipment	<u>20,000</u>
Total Value	\$475,000

Debt

Personal Residence Mtg. Outstanding	\$155,000
Proposed COV / CEZ Debt (total)	<u>310,000</u>
Total Debt	\$465,000

Collateral Value – After Conversion

Subject Property – appraised value	\$310,000
Personal Residence	190,000
Equipment	<u>20,000</u>
Total Value	\$520,000

Debt

Personal Residence Mtg. Outstanding	\$155,000
Proposed COV / CEZ Debt (total)	<u>310,000</u>
Total Debt	\$465,000

LTV = 90%

10. FINANCIAL:

11. SUBSTANTIATION: DSCR 1.26x, LTV 90%

- Assist business with a small business loan for expansion.
- Will lead to expansion of real estate assessed value.
- Create 1 – 2 jobs.

12. RECOMMENDATION: