

# REVOLVING LOAN PROGRAM

## CREDIT MEMORANDUM

CITY OF LONG BEACH  
ECONOMIC AND PROPERTY DEVELOPMENT DEPARTMENT  
333 W. OCEAN BLVD., 3<sup>RD</sup> FL.  
LONG BEACH, CA 90802

SEPTEMBER 21, 2017 – 3:00PM

**LOAN OFFICER:** Andria Martinez

**BORROWER:** Utopia Good Food & Fine Art  
445 E. 1<sup>st</sup> Street, Long Beach, CA 90802  
(Council District 2)

**BUSINESS:** Utopia Good Food & Fine Art is an eat-in restaurant, specializing in lunch, dinner and weekend leisure dining with outdoor patio seating, monthly art showings and live music on weekends.

**OWNERSHIP:** The business is a Domestic General Partnership, owned 50% by Amir Zolghadr and 50% by Kamran Assadi.

**REQUEST:** \$75,000 Revolving Loan

**FUNDING SOURCE:** EDA funds are proposed subject to availability.

**TERM & INTEREST:** A 10-year fully amortized loan with monthly principal and interest payments of approximately \$823.27. Interest rate will be fixed at 5.75%, which is 1.5% above the current prime rate. Loan fee is 2% (\$1,500).

**PURPOSE:** To provide working capital to support the purchase of a full liquor license and associated permitting costs.

**LOAN BENEFIT:** Job Creation: At least 3 full-time equivalent employees will be hired within the next 2 years.

### SOURCES AND USES OF FUNDS:

Sources	City Loan	Equity	Total
	\$75,000	\$140,000	\$215,000
Uses			
Working Capital	\$75,000		
FF&E		\$40,000	
Tenant Improvement		\$100,000	
Inventory			
<b>Total</b>	<b>\$75,000</b>	<b>\$140,000</b>	<b>\$215,000</b>

**SOURCES OF  
REPAYMENT:**

- (1) Business cash flow
- (2) Liquidation of assets
- (3) Recourse to guarantors

**COLLATERAL:**

UCC-1 Broadform Filing on all business assets

**GUARANTOR (S)  
IF APPLICABLE:**

Amir Zolghadr and Mitra Shahbani Yeganeh (husband and wife)  
Kamran Assadi and Afsaneh Tosinejad Hamedani (husband and wife)

**SUBORDINATION:**

All existing and hereafter acquired debt from the company to the owners shall be subordinated to this loan.

**CREDIT REPORT:  
*REDACTED***

**SITE DESCRIPTION:**

Utopia Good Food & Fine Art is located at 445 E. 1<sup>st</sup> Street, Long Beach, CA 90802.

**BACKGROUND:**

Utopia Good Food & Fine Art is an eat-in restaurant, specializing in lunch, dinner and weekend leisure dining with outdoor patio seating, monthly art showings and live music on weekends established in 1999. Utopia Good Food and Fine Art is located in downtown's East Village. It is an oasis and gathering place where busy people can find a casual, comfortable and creative environment. Utopia's good food feeds your body. Its' fine art feeds your soul. Utopia Good Food and Fine Art is fully committed to engage our customers with renewed energy, an enhanced personal standard of service, and a menu that reflects our cultural diversity. The restaurant has enjoyed the overwhelming support of the artist, gay & lesbian community, as well as deep loyalty from countless neighborhood customers.

The loan request is working capital to support the purchase of a full liquor license and the required permitting associated with it. Currently, the restaurant features beer and wine only, but has been working with a business broker to acquire an ABC Type 47 license, and has already made a deposit of \$13,000 towards the purchase. In addition, the owners plan to use \$140,000 in accumulated assets and equity to renovate the existing bar area and open up the restaurant space surrounding the current bar to include 360 degrees of bar access and seating. The renovation project will be completed with equity shown on the Balance Sheet currently invested in a Charles Schwab account. This project is estimated to be completed in 2018 and acquiring the liquor license will happen simultaneously as architectural plans and permits are prepared for city approval. The added amenities are estimated to increase current sales by at least 20%.

**Amir Zolghadr** is the co-owner and has more than 30 years of experience in the restaurant industry. He manages the daily operations of the company, as well as provides valuable quality control on all prepared items to ensure highest standards are met with consistency and the utmost customer service.

**Kamran Assadi** is the co-owner and a restaurateur with more than 25 years of experience in organizing and managing services in the food and beverage industry with proven leadership & managerial abilities. He has excellent communication and interpersonal skills & is also highly skilled at problem identification/problem resolution. His results-oriented and hands-on experience in managing restaurant functions ensures exceptional customer service. He is a graduate of California State University Long Beach, department of Fine Art.

#### **PERSONAL FINANCIAL STATEMENT:**

**REDACTED**

#### **HISTORICAL AND PROJECTED FINANCIAL INFORMATION for Utopia Good Food & Fine Art:**

**REDACTED**

*Financial projections have been prepared by the underwriter and based closely on information furnished by the borrower according to the following assumptions:*

#### **CASH FLOW ANALYSIS & COVERAGE RATIOS:**

**REDACTED**

#### **STRENGTHS:**

- Borrowers have 30+ years of experience in hospitality industry and have successfully operated the restaurant for the past 18 years.
- Sales increased by [REDACTED]
- Existing cash flow coverage for proposed debt is strong at [REDACTED]
- Projected cash flow coverage for proposed debt is strong at 1.70 to 1.00 as of 12/31/17.
- Projected cash flow coverage for completion of the proposed expansion project is strong at [REDACTED]
- Proforma debt to equity ratio is very low at [REDACTED]
- Excellent personal credit scores – [REDACTED]
- Strong personal financial statements of owners to support their personal guarantees.
- The owner's equity contribution is significant towards the proposed expansion project and has been verified with bank statements that support the Balance Sheet presented in this report.

#### **WEAKNESSES:**

- Industry and economic risk of restaurant businesses is high.
- Historical cash flow coverage [REDACTED]

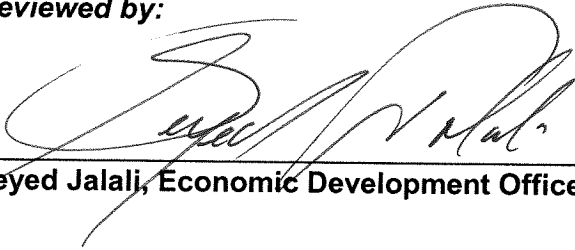
*This credit memorandum was prepared by:*

*A. Martinez*

---

Andria Martinez, Grow America Fund Loan Officer

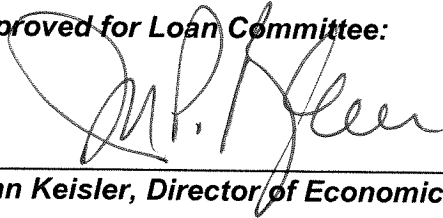
*Reviewed by:*



---

Seyed Jalali, Economic Development Officer

*Approved for Loan Committee:*



---

John Keisler, Director of Economic and Property Development