



**CITY OF MADISON – TID #54 - SMALL CAP LENDING PROGRAM
CREDIT REQUEST
August 28, 2024**

BORROWER: Tendrel Foods, LLC (Operating) & Bongrum LLC (Real Estate Holding)

BUSINESS: Little Tibet Market & Café

ADDRESS: 1113 N Sherman Ave, Madison WI

PRINCIPALS: Namgyal Ponsar

CREDIT REQUEST: \$125,000 from TID #54 Small Cap TIF

AMORTIZATION: 5-year maturity, fully amortized

RATE: Small Cap TIF - 0% Fixed – No closing fee

PURPOSE: Real estate improvements.

COLLATERAL: Second real estate mortgage on 1113 N Sherman Ave. Second position Blanket Security Agreement on business assets of Tendrel Foods, LLC and Bongrum LLC. Unlimited Personal Guarantees of Namgyal Ponsar and Thinley Tenzing.

DISADVANTAGED BUSINESS

MBE
 WBE
 L-M-I Ownership
 Other _____

TYPE OF BUSINESS

Basic
 Neighborhood
 Years in Operation: 0

LOCATION

Census Tract # 0021.00

Targeted L-M-I Census Tract

CDBG ENVIRONMENTAL REVIEW

Required: Yes No

Date Requested: TBD

JOB IMPACT

6 Number of Jobs Created

OTHER FUNDING

- Forward Community Investments, Owner Cash Infusion

<u>Job Classification</u>	<u>Salary</u>	<u>#Hrs/Week</u>
1. Dumpling Production	\$18/hr	40+
2. Cashier	\$18/hr	40+
3. Cook	\$18/hr	40+



BACKGROUND

Tendrel Foods LLC is a family-owned company that was established in 2022 and operates under the name Little Tibet Market & Cafe. It is located at 1113 N Sherman Avenue Madison WI 53704.

Namgyal Ponsar, along with her siblings, launched the first Tibetan-owned food cart in Madison in 2016, and opened Little Tibet restaurant in 2019. The real estate at 1113 N Sherman Ave was purchased by Namgyal Ponsar and her sister, Kelsang Chokey in 2022 through their real estate holding company, Bongrum LLC. There are no mortgages or liens on the building, currently.

Namgyal and her siblings left their homeland Tibet 20 years ago because of political oppression. They arrived in this country as refugees with limited resources, and devoted themselves to achieving the American Dream, which is to achieve a better quality of life for themselves and their children. After working and saving for several years, they entered the Tibetan food business, Little Tibet. The family currently operates a thriving restaurant, food cart, and catering services.

Ponsar describes their Tibetan cuisine “an expression of their culture and is a fundamental part of our identity. Tendrel Foods will provide us the opportunity to continually showcase and represent our underrepresented cuisine and maintain our cultural identity through the medium of food and hospitality.”

PROJECT DESCRIPTION

Tendrel Foods will make improvements to a building located at 1113 N Sherman Ave, Madison, WI. After project completion, Little Tibet Market & Cafe will operate as a specialty ethnic grocery store, a production house for wholesale frozen dumplings, and restaurant. The market will retail a wide range of Indian and southeast Asian inspired goods at affordable prices from different brands. Little Tibet Market & Café will also serve freshly prepared restaurant dishes for takeout or delivery with a juice bar.

Located in the established Northgate strip mall, Little Tibet Market & Café will serve the large Asian community in the neighborhood and surrounding areas. Ponsar, the owner, has been building a strong business brand in the Madison area for the last 7 years and is hopeful that her loyal customers will continue to return to the Little Tibet Market & Café.

Little Tibet Market & Café will operate 6 days a week, offering ten hours of business per day. The principals have extensive knowledge and experience in the restaurants business in Madison, and established collaboration with food distributors. The average markup for other Indian groceries in Madison is 47%, and Little Tibet Market & Café will set their average markup at a competitive 45% to attract customers. If the sales forecast for the first year is met or exceeded, the markup could be increased to 46% in the second year and 47% in year 3.

Based on previous sales at Little Tibet Restaurant and assumptions specific to ethnic grocery stores startups, Little Tibet Market & Café is expected to generate \$450k in sales in year one of operations and increase 33% per year over in years 2 and 3.



This credit request of \$125,000 to the City of Madison’s Small Cap TIF Program represents a piece of gap financing for the project, which is estimated to cost \$830,000. The project is expected to create at least 6 full-time jobs within the first 24 months of operation.

BUDGET

Little Tibet Market & Café	
All Stack Holders	
For improvements to 1113 N Sherman Ave, Madison TID #54	
The breakdowns are as listed below:	
Real Estate Purchase.....	\$ -
Real Estate Improvements.....	540,000
Equipment.....	135,000
Fixtures	60,000
Momo Dumpling Machine.....	80,000
Signage.....	15,000
Total Costs	\$ 830,000
Less: Owner Contribution	\$ 60,000
Total Costs	\$ 770,000
Forward Community Investments	\$ 545,000
Madison Building Imprvoment Grant.....	50,000
Madison Development Corporation (BLP).....	50,000
Small Cap TIF - Lending Program.....	125,000
Total	\$ 770,000
Submitted By: Namgyal Ponsar	

MANAGEMENT

Namgyal Ponsar, Founder – In 2016, Namgyal decided to turn her family’s business idea into reality. Together with her family, they opened the first and only Tibetan food cart in Madison and successfully added a second food cart in 2017. She opened a restaurant in 2019 and in 2022 she invested in a building to launch the next venture “Little Tibet Market & Café”; which will service as a specialty market, café, and Momo (Tibetan dumpling) production house. Namgyal is an ambitious individual who possesses and entrepreneurial spirit along with multiple skills. She is a committed single mother, a compassionate registered nurse, a self-taught cook, and a certified organic grower. Her extensive experience has enabled her to develop a unique set of skills necessary for sustainable food business management. Namgyal, who owns 60% of the company, will oversee personnel, policies, marketing, and financial progress for the restaurant. She has a Bachelor of Arts from Delhi University in India, an Associate Degree in Nursing from Madison College, and has completed WWBIC Business Plan Training and the WARF Upstart entrepreneurship program.

Thinley Tenzing, Co-owner & Chef – Thinley developed his passion for cooking at a young age while spending time in his mother’s kitchen. Before moving to the United States, he worked in India as a cook,



farmer, and artist. Thinley has gained experience by working with several renowned chefs in numerous restaurants and gained valuable culinary experience under the guidance of some great chefs in India. Thinley’s background in farming adds creativity and flavor to his cooking. Tenzing, who owns 40% of the company, will be responsible for working in the kitchen and preparing most of the food using recipes.

Tharten Ponsar, Manager – Tharten always had a passion for cooking. He attended culinary school and worked as a head chef in a successful restaurant in India. Besides his passion for food, Tharten is greatly interested in Tibetan religious mural carving and painting. After moving to the United States, Tharten worked in various restaurants where he did multiple jobs such as dishwashing, bussing tables, kitchen assisting, delivery and serving. Tharten gained valuable experience in both the front and back of the house working at a restaurant. He understands the value of teamwork, trust, and customer care. Currently, Tharten serves as a manager and operates the Little Tibet food cart and catering. Tharten will be responsible for overall day-to-day operation, Momo production, inventory management, and managing payroll. He is a graduate of the Food & Craft Institute in Chandigarh, India.

OWNERSHIP STRUCTURE

Namgyal Ponsar has 60% ownership of Tendrel Foods LLC and Thinley Tenzing has 40% ownership. Bongrum LLC, the real estate holding company, is owned by Namgyal Ponsar and Kelsang Chokey, 50% each.

SUMMARY OF FINANCIAL STATEMENTS

Historical financials were not available for this project as it will be a new business.

Projection financials were provided for the years 2025-2027. 2025 is the first year the project is expected to be fully operations. Estimated revenues and net income are sufficient to cover debt service requirements from year 1. The property as stabilized would provide an estimated loan to value ratio of ~96% and debt service coverage ratio of 1.61.

ECONOMIC IMPACT

<u>Total New Positions</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Full-Time Positions	6	8	8

The project is expected to create 6-8 new full-time positions within the first two years. These are expected to be hourly positions and will include cashiers, cooks, dishwashers, and dumpling production staff.

RISKS

Economic conditions, changes in consumer preferences and unforeseen events can impact revenues.

A portion of the building owned by Bongrum LLC is leased to the Cash Store. Vacancy or issues with the tenant could pose a risk to the owners. However, rents from the Cash Store are not necessary to the success of Little Tibet Market & Café, nor are they included in projections.



The MDC loans will be secured by the same assets as Forward Community Investments with similar terms. However, MDC and the City of Madison will hold a junior position on collateral available.

COLLATERAL

Second real estate mortgage on 1113 N Sherman Avenue. Blanket Security Agreement on business assets of Tendrel Foods LLC. Unlimited Personal Guarantees of Namgyal Ponsar and Thinley Tenzing.

A review of Ponsar and Tenzing's personal credit histories shows no delinquent accounts nor reason for concern.

TID-54 INTENT AND PURPOSE

The City of Madison established that the health of the Madison area economy is vital. It intends to continue to expand, stabilize and diversify its economic base. Madison also recognizes that the area encompassing the Pennsylvania Ave industrial corridor is an essential part of the greater community.

In 2023, the City of Madison in collaboration with MDC established a lending program to review, underwrite, and provide recommendations for applicants. The program is structured as a forgivable loan program for qualifying businesses for the purposes of real estate purchases, improvements, and machinery. Loans are to be structured with 0% over a 5-year term. Eligible businesses are required to remain and keep ownership of the facility for at least 5 years. Whereas 20% of the principal amount is decreased each year.

RECOMMENDATION

Based on the company's business plan, collateral available, job creation, and owner's credit history, the project meets the criteria and goals for the Small Cap TIF Lending Program. Staff recommends approval of \$125,000. This recommendation is contingent on final approval by the City of Madison legal review and City of Madison Common Council. The recommendation is also contingent upon approval of a business loan by Forward Community Investments or