

Big Sky EDA-RLF Loan Request

I. Big Sky EDC Finance Department is requesting approval for the following EDA-RLF requests. The Big Sky EDA-RLF Loan Committee has reviewed the requests and recommends approval to the full EDC Board. The requests meet all the underwriting and eligibility requirements of the program.

1. **Vagner Management Group, Inc. (Jersey Mike's)** – Request is for \$157,500 to provide short term financing for the refinance of a seller note on land to be developed for a Jersey Mike's location in Laurel, MT. The land was purchased in the fall of 2021 to be developed as a standalone Jersey Mike's restaurant. The seller note has come due, and these funds will provide interim financing for the future SBA 504 project to be financed by Big Sky Finance.

Big Sky EDC will utilize the EDA-RLF funds in partnership with Stockman Bank in financing the total project costs. Stockman will finance \$157,500 (50% of the total outstanding debt) in a 1st lien position and the borrower has provided \$110,000 into the land purchase to date. Our financing terms will be a term of 3 years, amortized over 20 years at 7.50% fixed, matching that of the bank. 14 jobs are projected to be created because of this project with the future 504 project. The Big Sky EDC Loan Committee has reviewed and approved the request as presented. As mentioned, this is bridge financing to be taken out with the future 504 project, estimated to start within the next 12 months.

2. **The Madison Agency Inc. (Kinetic Agency)** – Request is for \$250,000 to purchase an existing book of business from a similar type of web company. Kinetic offers similar services and therefore the owners, Kelsea Schreiner and Dana Pulis, view the acquisition as a natural extension of their current business and will broaden their services to small businesses in Montana. Established in 2006, Kinetic Agency is a full-service strategic communications agency located in downtown Billings with 22 employees. Kinetic is currently in an expansion mode and expects to hire 8-10 employees in the next year.

Big Sky EDC will utilize the EDA-RLF funds to finance the purchase, with the borrower bringing in 16.67% equity. No traditional financing was available due to the lack of collateral, thus the request for the EDA-RLF funds. Financing terms will be a 7-year note at 7.5% fixed for the term of the note. The Big Sky EDC Loan Committee has reviewed and approved the request as presented.

3. **Mountain Made K9 LLC** – Request is for \$150,000 to provide financing for the expansion of Mountain Made K9. Mountain Made K9 is owned by Alisha Anderson. Established in 2022, Mountain Made K9 is a dog training and dog boarding business that specializes in pet and working dog training. The business offers individualized, private board and train, in-home, and virtual training programs that focus on training both the dog and the handler to ensure client success. Total project costs of \$167,00 include

leasehold improvements (\$49K), FF&E (\$82K) and working capital (\$36K). The borrower will be providing 10% equity into the project.

Big Sky EDC will utilize the EDA-RLF funds to finance the above project costs. The borrower has worked both with Big Sky Finance and our local SBDC in its application for financing. Financing will be structured as a 7-year term note with 6 months interest only, and an interest rate of 7.5% fixed. Big Sky EDC will be in a 1st lien position on all business assets. Alisha does plan to hire 2 full-time and 2 part-time employees over the next year. The Big Sky EDC Loan Committee has reviewed and approved the request as presented.