
FINANCE SOURCES

Fifth Third Provides Financing for Cotti Foods' Taco Bell Business

Cotti Foods, a Rancho Santa Margarita, Calif.-based Taco Bell and Wendy's franchisee, has secured a total of \$82.0 million of senior secured credit facilities for their Taco Bell business. The loans were used to refinance the company's existing debt and provide growth capital for remodels, new restaurant development, and future acquisitions for their Taco Bell business. Cotti Foods and its affiliates own and operate 85 Taco Bells and 104 Wendy's in California, the Midwest and Hawaii.

The Restaurant Franchise Group at **Fifth Third Bank** served as Sole Lead Arranger and Administrative Agent on the senior secured credit facilities. Other lenders in the bank group included **BMO Harris Bank**, **Huntington National Bank** and **City National Bank**. When asked about the transaction experience, **Scott Miller**, Cotti Foods' Chief Financial Officer, shared that "Fifth Third Bank listened to our needs and strategies and developed a credit agreement to fit." For more information, contact Managing Director **Jeff Poe** at 312-590-7072 or Jeffrey.Poe@53.com

Cypress Advises on Two Largest Franchise Deals

Ask **Dean Zuccarello** about what headaches may occur when shepherding the two largest franchise deals ever, and he says simply, "If you are an emergency room doctor, you don't complain about the emergency room being busy." Likewise, if you are a deal guy, "you don't complain that you're doing too many deals or that they are too big."

Zuccarello, CEO of **The Cypress Group**, a restaurant investment banking firm, and his team were the advisors on the two largest unit sales of franchise locations ever: US Beef selling more than 360 Arby's locations in 2018, and NPC International selling 1,600 Pizza Hut and Wendy's locations this year. NPC closed last month on the sale of about 1,100 of those restaurants to mega-franchisee Flynn Restaurant Group, for a whopping \$800 million.

Cypress was brought in to represent the lender group, which included several high-powered lender-investor groups, in March 2020. And then, you guessed it, Covid hit.

"The market intelligence was done; our materials were ready to go to market," Zuccarello recalls. "We had to hit the pause button. No one knew what was going to happen."

Then QSR restaurants started to do well again and the NPC locations were the direct beneficiary of that. "By the time we reached mid-July, we felt we could take the locations to market," he said. And even though they were on pause, "we still had a lot of interest in the locations."

Being on top of a deal that large wasn't easy. "There are a lot of cooks in the kitchen," he said. Each interested party has their own advisors and attorneys, "and it is a balancing act. You want to satisfy all stakeholders, while at the same time getting the deal over your clients' goal line."

Having the industry specialty helps, as well. "In this type of process, some of the advisors might not have that industry knowledge, and it is helpful to know, say, what types of

issues are customary for the industry; purchase agreements for example, and other things we in the industry take for second nature."

While these are the two largest deals they've ever done, Zuccarello says deal size is not what they consider when taking on an assignment. It's about whether or not he and the Cypress team "feel good about the transaction. That we can make it succeed."

And now that the NPC deal is closed, is Zuccarello having a party to celebrate the sale? Not really. "I'm taking my wife out to dinner," he said, with a laugh.

Unbridled Capital Advises on Sonic and KFC Transactions

Investment banking firm **Unbridled Capital** recently provided sell-side advisory services to **PVG Restaurant Group** on the sale of 26 Sonic Drive-In restaurants in Georgia and South Carolina. The restaurants were sold to **Atticus Franchise Group**, led by **Mike Drum**. This acquisition will bring Sonic into Atticus' existing brand portfolio, which also includes Wingstop and Massage Envy.

PVG acquired its initial nine Sonic locations in 2014 and steadily grew over the course of seven years across two states. And, according to Unbridled, PVG has a knack for buying and improving underperforming units.

In a second transaction, Unbridled recently provided sell-side advisory to **Bill Vollenhals** and **Pat Kern** on the sale of nine KFC restaurants in the Reno, Nev. market. The restaurants were sold to a new franchisee to the KFC system, **SC Food Group**, which is led by **Chris Porter**. According to Unbridled, the sale "marks the end of a fantastic 47-year KFC career for the sellers."

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Radar Capital Provides Funding for Developers

Radar Capital Partners recently provided a \$2.3 million construction loan to an Arizona-based real estate group for the development of a Raising Cane's Chicken Fingers property in Phoenix, Ariz. This is the second Raising Cane's project Radar has financed in the Phoenix market as the tenant continues to expand within the region.

"We exist to work with developers and provide capital for them," said **Travis Fidel**, co-founder and managing principal with Radar. "We partner with them to get the project to the finish line."

Providing up to 100 percent loan-to-cost financing for build-to-suit, ground lease, and redevelopment projects, the company was founded in 2019 to act as a single source of capital for net lease developers across the country. The company is led by Fidel and co-founder **Kevin Marusiak**, who together have over \$750 million of net lease transaction experience. Radar has successfully funded over a dozen construction loans in recent months to projects leased to tenants such as Chipotle, Dutch Bros, and Starbucks.