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# ARCTARIS

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## IMPACT INVESTORS

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**ARCTARIS IMPACT FUND  
(FUND IV)**

BALTIMORE | BOSTON | CHICAGO | DETROIT | NEW YORK | SALT LAKE CITY | WASHINGTON, D.C.

[Arctaris.com](https://www.arctaris.com)

# Arctaris Saddleback: Path to Reopening

## ***Saddleback Mountain reopened on December 15<sup>th</sup>, 2020 after a half-decade shutdown, revitalizing a key economic driver for Western Maine***

Since closing on the purchase of Saddleback Mountain in January 2020, Arctaris and our partners have overcome immense challenges, including the pandemic, to deliver rapid, transformative results:

- Funded the capital shortfalls required to open, despite COVID's harm to bank lending markets
- Completed the initial build-out of Saddleback Mountain on-time and on-budget
  - Installed the \$7.0M Detachable Quad lift, certified two lifts and removed two others,
  - Completed a \$1.5M Lodge Renovation, and
  - Reestablished the mountain ski operations (e.g. trails, snowmaking, and new service road)
- Saddleback hired 152 employees and expects to reach 200 total, including 50 FTE and 150 PT, regaining its position as the largest employer in Rangeley (current employment: 37 FTE and 115 PT)

# Arctaris Saddleback: Current Capitalization

***As of the December 31, 2020, Arctaris has funded directly or indirectly nearly 70% of the current capitalization.***

- Securing financing has been more challenging than projected, because of the pandemic
- Demonstrating our commitment to this project, Arctaris Impact funded capital shortfalls after bank lending markets ground to a COVID-induced halt
- Arctaris’s capital has been buttressed by strong philanthropic support, Finance Authority of Maine and Maine Rural Development Agency

<u>Existing Capital Sources<sup>a</sup></u>	<u>31-Dec-20</u>	<u>% of Total</u>
<i>Arctaris Loan</i>		
<i>Arctaris Line of Credit</i>		
<i>Arctaris Pacesetter NMTC 1</i>		
<i>Arctaris Pacesetter NMTC 2</i>		
<i>Arctaris Equity</i>		
<b><i>Arctaris Funding</i></b>	<b>\$16,987,783</b>	<b>65.9%</b>
<i>Saddleback Mountain Foundation</i>		
<i>Vendor Financing</i>		
<i>Venn Foundation</i>		
<i>Finance Authority of Maine</i>	\$1,000,000	3.9%
<i>Community Loans</i>		
<i>ME Rural Development Authority</i>	\$1,000,000	3.9%
<i>Other Federal Programs</i>		
<b><i>Total</i></b>	<b>\$25,787,559</b>	<b>100.0%</b>

# Arctaris Saddleback: Financing Pipeline

***Arctaris has helped to reignite an economic engine in Western Maine and will continue to leverage appropriate capital to fund further development.***

- Arctaris is focused on executing the financing pipeline to further develop the mountain with
  - significant lift capacity,
  - mid-mountain lodge,
  - snowmaking upgrades, and
  - enhancement of the base lodge

Financing Pipeline	Amount:	% of Total
<i>Berkshire SBA Loan</i>		
<i>First National SBA Loan</i>		
<i>Greenline Ventures NMTC</i>		
<i>CCML NMTC</i>		
<b><i>Total</i></b>	<b>\$12,700,000</b>	<b>100.0%</b>

- Further the financing diversifies the current capital stack with bank loans and other subsidized debt and may present an opportunity for refinancing

# Arctaris Saddleback: Financing Costs

***Arctaris provided majority of capital – even for NMTC transactions;  
Additional capital is required to complete Saddleback***

Transaction	Total Amount	Arctaris Contribution	Fees & Expenses [Borne by Arctaris]	Interest Rate	Collateral
<i>Arctaris (direct)</i>		100%			Saddleback companies, assets
<i>FAME loan</i>	\$1,000,000	0%		5.25%	First lien
<i>MRDA loan</i>	\$1,000,000	0%		5.25%	First lien
<i>Greenline Ventures NMTC<sup>b</sup></i>		0%	\$232,151 <sup>c</sup>		TBD
<i>Pacesetter NMTC 2</i>		100%	\$161,715		Equipment assets behind vendor finance liens
<i>CCML NMTC<sup>b</sup></i>		100%	\$174,113 <sup>c</sup>		Purchased PP&E
<i>Pacesetter NMTC 1</i>		100%	\$107,508		Equipment assets behind vendor finance liens

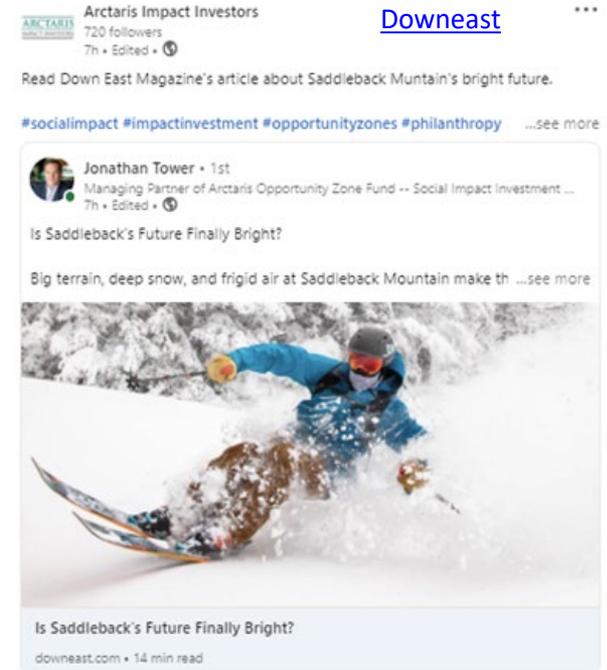
<sup>b</sup> = Arctaris and Saddleback are in the closing process with respective Lender

<sup>c</sup> = Fees and expenses assumed to be proportional to previous NMTC transactions

# Arctaris Saddleback: Community Impact

***The foundation has been laid to transform a vicious cycle into a virtuous cycle...***

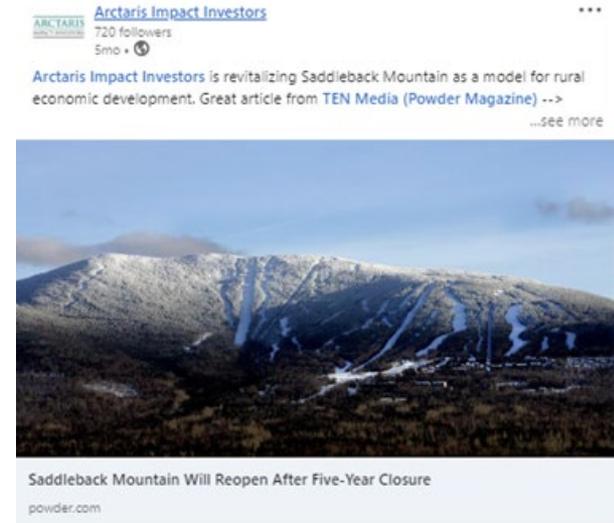
- The mountain's closure led to lost jobs, decreased purchasing power, devaluation of real estate, lower tax basis, less government services, and loss of residents.
- Reopening the mountain has employed over 150 people, increased purchasing power and boosted real estate valuation.
- Management is working with insurance executives and local partners to develop a health care plan for seasonal workers. Further, management is leaning into conversations with local leaders to address workforce housing & development, road repair, transportation, and day care challenges.
- Land Use Planning Commission recently approved a proposed 5MW Saddleback solar farm that will provide clean, renewable energy for 100% of the resort and sell remaining power at a discount to local off-takers



## Arctaris Saddleback: Financial Performance

### ***Management targets reaching projections despite COVID and weather challenges.***

- Management targets over 70,000 skier visits for the season:
  - For the first five weeks, skier visits of 18,410 were line with target of 17,500 skier visits in this time period.
  - Revenues slightly lag projections. All departments see a pathway to profitability targets that were set pre COVID-19.



[Powder Magazine](#)

# Arctaris Saddleback: Legislative Support

## ***Legislative support could boost Arctaris's efforts in Rangeley.***

- Arctaris Impact has 11 years of experience over 6 funds developing public-private partnerships with State, City and Foundation partners in Maine, Michigan, Pennsylvania, Maryland, Washington, D.C., Ohio and elsewhere throughout the U.S. As the Maine State Legislature explores new economic development models to support business growth and job creation in Maine, Arctaris offers its team and resources toward this effort.
- To that end, below are some examples from around the country:
  - Michigan Economic Development Corporation (MEDC) provided Fund-Level First Loss Capital 20% of the capital stack into an Arctaris Michigan place-based fund,
  - MEDC partners with economic development firms on various pay for success program that rewards economic development projects that create jobs,
  - Some states are considering unlocking their full balance sheet by allowing their Treasurers to invest from the state pension into economic development projects
- Arctaris has a great partnership with FAME and MRDA – welcome thoughts on how to develop further

# ARCTARIS

## IMPACT INVESTORS

### ARCTARIS IMPACT FUND (FUND IV)

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