

BRIEFING PAPER

Kreft, LLC

Request for Deschutes County Economic Development Fund (DCEDF)

Company Request: \$8,500

EDCO Recommendation: \$8,500 / \$1,700 per employee

Application Date: May 26, 2022

Proposed Job Creation by July 31, 2023: 5 new employees (currently 10 employees)

Average Pay for New Employees (all positions, excluding commissions): \$47,766

Industry: Offroad Products Design and Manufacture

Website: <https://www.kreftmoto.com/>

Company Background:

Kreft Moto is an offroad motorcycle suspension tuning company which started in Adam Krefting's garage in 2011. Kreft focuses on specific offroad motorcycle brands that they know well, KTM, Husqvarna, Gas Gas, leading the industry with data-driven tuning methods, proprietary performance upgrades, and unmatched customer service. Today Kreft is one of the largest offroad motorcycle suspension tuners in the country and has a growing catalogue of proprietary aftermarket products such as PowerDial, Revalve Control, and CentrifugeXL.

The Company has recently expanded its senior management team and plans to refine its operating and manufacturing systems to expand capacity and marketing reach.

Due Diligence Committee:

The Due Diligence Committee met with new company president, Tory Upman, on August 3, 2022. Tory provided an overview of the business, their products, history of how the business was started, recent financial performance and the proposed use of funds.

The Due Diligence Committee included:

Amber Yates, Partner, Sensiba San Filippo LLP, CPA & Business Advisers

Bruce Barrett, Deschutes County Budget Committee Member, and Windermere commercial real estate broker

Bill Kuhn, retired, formerly Bend Market President, First Interstate Bank

Chris Petty, Franchise Manager, Express Employment Professionals

The committee reviewed historical and recent financial statements and can confirm the company's recent revenue growth and acceptable financial condition. The Company's revenue has increased approximately 10% annually over the last 2 years and revenue is projected to continue to grow at a similar trajectory. The company's expected cash flow is sufficient to service existing debt and the forgivable loan, if necessary. The Company plans to use this capital to increase management, engineering, and production capacity to support expected growth.

EDCO Recommendation:

The Due Diligence Committee and EDCO are recommending a loan of \$1,700 per added employee (5) for a total of \$8,500 with the following conditions:

- Company hires 5 full-time employees by August 1, 2023, at an average annual wage \$47,766, for a total employment of 15 employees, and maintain that employment through July 31, 2024, or four consecutive quarters, under the standard Deschutes County contract for this program.
- Company provides quarterly employment reports and the ability to inspect complete financial statements from award date through termination of the yet-to-be executed agreement with Deschutes County.

Failure to meet the above provisions would result in partial or full repayment of the loan, with interest.