



Congressman and congresswomen,

It is an honor to be here today testifying in front of the Committee. My name is Walt Rodgers, and I am currently the CEO of Family RV Group, formerly Colerain RV. Founded in 1968 by the Jung family, Colerain RV started as a small, family-owned RV dealership in Cincinnati with little more than 10 campers for inventory. Today, just over 50 years from those humble roots, the Company has expanded to include dealerships throughout Ohio, Kentucky, Indiana, Tennessee, and Georgia. Given the unique nature of our business, the patient and flexible capital from our SBIC partners – Northcreek, Spring, and Resolute – has been instrumental in facilitating and expediting this growth.

Before proceeding about the impact of the SBIC program, I would like to provide a little bit more detail about the history of Family RV Group. In the late 1960s, Charles and Lolly Jung decided to undertake the challenge of opening an RV dealership. With only a few campers on a lot and a sign on a shack-like house, Colerain RV was born in a northern suburb of Cincinnati, OH. This bootstrap effort instilled a focus on family and customer service that still remains a core value of the Company today.

By 1975, Colerain had expanded to a nearly 100 vehicle operation with brands including Mallard, Thunderbird and Starcraft trailers. Over the next 20+ years, not only did the Company's RV stock expand, so too did the impact and influence of the Jung family. In 1988, Chuck Jung joined the family business to help his parents operate and grow operations. Shortly thereafter, Chuck was followed by his brother Steve, and the two siblings led the Company through another period of growth and success.

The Company relocated to its current 12-acre Cincinnati facility in 1996 and given the rapid growth, brought on Wade Stepp, an operating partner and owner with extensive industry knowledge, in the early 2000s. Chuck, Steve and Wade made the decision over the next decade to focus on geographic expansion, acquiring single-store locations in Dayton, OH, Columbus, OH and Indianapolis, IN. By 2015, the Company started looking for its next growth avenue. The addition of 3 new facilities began to strain the overall Company infrastructure and rather than continue growing slowly and location-by-location, management realized the need to acquire not only additional talent and resources to support these expanded operations, but also the opportunity to expedite growth through larger and more frequent acquisition activities.

This impasse led to the transaction that involved Northcreek, Spring, and Resolute in January 2016. Kidd & Co., a Connecticut-based private equity firm, led the transaction, providing and arranging capital to recapitalize the business, refinance Colerain's existing debt, increase cash needed for working capital, and acquire the assets of Northside RV. Given the many uses of capital and overall need, debt was





required to properly finance the Company while maintaining the flexibility needed to pursue growth opportunities beyond Northside. However, as an RV dealership, the main source of bank financing is floorplan debt, which allows companies like ours and automobile dealerships to purchase the expensive inventory essential for our stores and showrooms. It can often be difficult to find other lenders that are willing to provide additional debt alongside or below such a facility. Despite the uniqueness of our situation, our SBIC partners were able to get comfortable with the transaction structure and business in general to provide the capital we needed. I truly believe that the distinct characteristics of the mezzanine debt provided by Northcreek, Spring and Resolute, specifically the lack of amortization and willingness to be subordinated to the senior floorplan, provided the perfect solution to our needs. It not only gave Colerain the necessary growth capital and flexibility, but allowed us to secure the initial floorplan facility, and larger ones thereafter, that may not have been possible with other capital providers.

That transaction in 2016 immediately impacted the growth of the Company with the acquisition of Northside RV. Northside, a Lexington, KY based RV dealership, was and is considered the number one dealership throughout the entire state of Kentucky. The addition of this platform and its assets created the Family RV Group, and immediately increased revenue to nearly \$120 million, while expanding the Company's workforce from approximately 130 employees to 180.

Since that acquisition, the Family RV Group has completed another transaction, adding Dunlap RV under the Family RV Group umbrella. Completed in 2017, Dunlap added an additional four dealership locations in Nashville, Knoxville, Ringgold, GA, and Bowling Green, KY. Though no direct capital was provided by our SBIC investors in this instance, the lack of amortization on their debt facilities allowed us to build cash on the balance sheet. By the time the Dunlap transaction needed to be financed, we had accumulated enough cash to fund the acquisition ourselves. Not only did this flexibility allow us to add Dunlap, but also positioned and capitalized Family RV to pursue further growth and potential expansion opportunities down the road.

Due to these acquisitions, the Company now has 9 total locations across 5 states and employs more than 300 people. It is also important to note that our stores are not located in "major" markets, such as New York or California, but rather serve smaller communities and cities in the Midwest and Southeastern United States. There are many private equity groups and financial institutions that may overlook businesses in Cincinnati, Dayton, Lexington, Bowling Green, or Knoxville because of a lack of geographical presence or focus on such areas of the country. However, the SBIC program and our SBIC partners have made a concerted effort to aid companies in these smaller markets not only effect ownership changes, but grow and improve, as is the case with Family RV Group.





Today, Family RV is an over \$180 million business that is continually looking to grow, improve and support the communities in which we operate. As I mentioned before, our business now employs some 300 American workers, more than twice what we employed in 2015, in smaller cities such as Dayton, OH and Bowling Green, KY, and is looking to add another 50+ to support our existing business and new initiatives. We more than doubled our floorplan facility from 2016 just last year and are continually seeking opportunities to expand our footprint and reach. The SBIC program and its affiliated investment companies have been critical in allowing us to accomplish all of these tasks and goals. Northcreek, Spring, and Resolute have all been extremely supportive along the way, not only with their patient and flexible capital, but with the general knowledge, insight and experience they have been able to provide.

When the Jungs opened their single-location, mom-and-pop shop in Cincinnati, I'm sure they never truly envisioned the Company becoming what it is today. However, just over 50 years later and with the help of investors such as Northcreek Mezzanine, Spring Capital Partners, Resolute Capital Partners, and Kidd & Co., Family RV Group has become a staple within the Midwestern and Southeastern RV communities.

