Investment Decision Record

Falcon Services, LLC

DECISION LOCKED

Committed at 2026-04-28T22:00:00Z · Locked against IC anchor 000f56468582da7d · This artifact carries the firm's vote; the IC memo carries the deliberation.

Period:

Prepared: 2026-07-17

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Verify at: https://capitalrefinery.com/p/falcon-services-q1-26-buy-side-pack

Signed by:

- **M. Reeves** — Investment Committee Chair · 2026-04-28T22:00:00Z
- **A. Patel** — Head of Private Credit · 2026-04-28T22:00:00Z
- **S. Chen** — Senior Credit Analyst · 2026-04-28T22:00:00Z

About this artifact. The Investment Decision Record is the locked commit document — what the IC voted on, who voted, and what the firm operates against. The IC memo (separate artifact, same fingerprint, same evidence state) carries the full deliberation: transaction summary, financial profile, capital structure, key risks with mitigants, reconciled conflicts, and source attribution. For ongoing reference: use this record. For the full deliberation: open the IC memo.

Recommendation

APPROVE WITH CONDITIONS

Approve with Conditions — credit profile supports the facility subject to: require equity-cure language and quarterly covenant monitoring given ($38.6M) book equity; size facility with step-down leverage covenant from 4.78x; tight fixed-charge coverage — track monthly.

Decision triptych

What must be true

- DSCR stays at or better than 1.25x (currently 2.82x).
- FCCR stays at or better than 1.10x (currently 1.35x).
- Leverage stays at or better than 5.00x (currently 4.78x).
- Driver of negative book equity is confirmed as accumulated-losses / goodwill rather than active distributions — and stays bounded during the facility.

What would change the call

- A sustained drop of DSCR below 1.25x (today 2.82x) — driven by EBITDA compression or rising debt service — moves the recommendation to APPROVE WITH CONDITIONS → WATCH.
- Leverage crossing 5.00x (today 4.78x, 0.22x below typical ceiling) on trailing basis would require restructuring of the covenant schedule or a tighter cap.
- Revenue quality downgrade — concentration loss, customer churn, or a clawback / reversal above 5% of trailing revenue — would trigger a re-run of the scenario deck before any covenant relief or facility expansion.
- New evidence that materially shifts extracted KPIs — a restated financial, a waiver, or an amendment — triggers a fresh pipeline run and a new evidence fingerprint stamped on this memo.

Likely pushback in committee

- How confident are we in TERMYEARS at 7.0 yrs? The extraction engine also saw 7.1 yrs; Confidence: low (review recommended).
- Book equity is negative — is this accumulated losses, sponsor distributions, or goodwill impairment? What's sponsor's willingness to equity-cure?
- Aggregate confidence is 55% — which sources are driving down the score, and what would we need to raise it above 85% before IC?
- On capitalization: negative book equity: is the mitigant in the term sheet, or is it dependent on post-close monitoring only?