

Texas Partners Bank Leans Into Restaurants

“We wanted a brand-new bank,” said **Alan Smith**, executive vice president, specialty finance group with **Texas Partners Bank**. “There were no legacy systems, and we started it from scratch.”

The story begins when **The Bank of San Antonio** was launched in 2007 with \$30 million by a group of business and civic leaders in the area. That same group then launched **Texas Hill Country Bank** in 2009, and **The Bank of Austin** in 2017. In 2020, Texas Partners Bank was born when they united the three under its charter. Today, the bank provides senior debt financing of \$10 million to \$30 million to restaurant franchisees. Their hold limit is \$35 million, and they will do participations with other banks.

Before joining The Bank of San Antonio when it was launched, Smith said he had a “great job” with Compass Bank. “I was in the sweet spot of my career: I was ingrained in San Antonio and had grown my book of business. I just didn’t like dealing with a big bank. I want all the bells and whistles of a big bank, but I wanted the bank itself to be smaller and more local.”

Founders Bruce Bugg and Brent Given, who Smith knew personally, convinced him to join them. “I looked at the potential, and I knew these people,” he said. “As far as a start-up bank goes, this was the least risky as it gets.” Today, Texas Partners Bank has \$2.2 billion in assets.

Smith reported one of their first significant restaurant deals was financing YUM! Brand franchisee James Bodenstedt in 2011. (Bodenstedt eventually grew his company, MUY! Brands, to 755 restaurants, which he sold in 2021 for \$1 billion.)

“I got an introduction to James; he was buying a package of Pizza Hut restaurants,” he said. “I had done a one-off restaurant deal before, but this was the first larger deal.” Eventually, Bodenstedt “outgrew us, but he introduced us to other franchisees, and I started to do business in that circle and it just took off.”

The bank initially decided to focus just on local franchisees, but that didn’t last long, given the

opportunity. “I have financed franchise locations everywhere from California to the Carolinas,” he said.

And they expanded past QSR. Smith knew Dallas-based Church’s Chicken franchisee Aslam Khan, who a few years ago stepped in as interim CEO for TGI Friday’s. His CFO at the time, Giovanna Koning, told Smith the lack of available financing was holding back their growth.

“I told her, ‘I can fix that for you,’” he said. He studied the concept and started financing some TGI Friday’s deals. “It got us comfortable with casual dining.”

Indeed, TGI Friday’s CEO today, Ray Blanchette, said both franchisees and the franchisor have worked with the bank. “I’m dealing directly with the principals, and that’s very different. It’s a different level of customer service.”

Texas Partners Bank helped TGI Friday’s retire a revolver and go to a straight term loan. “They got involved very quickly, and it was shockingly fast to get the deal done,” he said. “That’s what got me talking to our CFO: Why don’t we do our treasury with these guys? And we started moving pieces of business over.”

And for their franchisees? “It’s really cool to see Texas Partners Bank lean into this space,” said Blanchette. For more information, contact Alan Smith at alan.smith@texaspartners.bank, or at 210-807-5544.