

FIFTY-FORTY-TEN NEWS

A Newsletter of the Greater Syracuse Business Development Corporation

FINANCING GROWING BUSINESSES SINCE 1964

ISSUE NO. 35

FIRST QUARTER 2014

Board of Trustees

Kenneth C. Gardiner, President
Scott D. Hutt
Mark E. Kay
Dana C. Loucks, VP
Stephen Markley
Susan N. McDonald
Adam E. Panek, Treasurer
Nicholas V. Petragani, Jr.
Joan Powers
Mary Beth Primo
Edward Slank, VP
F. Paul Vellano, Jr.
Donald J. Western

Loan Committee

Joseph Serbun, Chairman
Carl I. Austin, Jr.
Thomas Breed
Lynne M. Callis-Wilson
Diana L. Kanfer
Bonnie Palmer
Peter Rhodes
Angelo Testani
Robert Vertucci
Mark K. Wheeler

101 South Salina Street
Suite 1030, Box 10
Syracuse, NY 13202

www.GSBDC.com



GSBDC Provides Financing for Aquarii, Inc.

Aquarii, Inc. (AI) was established in 2012 as a distributor/reseller of LED lighting fixtures as well as a developer and manufacturer of their own brand of LED lights and related lighting control products. They provide LED light fixtures that are cost effective, energy efficient and require minimal maintenance.

AI owners include Raymond Carrock, president; and vice presidents Thomas Trytek, P.E., Jason Kantak, P.E., and Joseph Durand, P.E. who each have extensive experience in their fields and a history of working together to solve lighting challenges. AI was founded because the principals identified a significant gap in service when LED lighting manufacturers or vendors often incorrectly provided lighting to a customer simply to make a sale, even if the fixture was not properly specified. Given that three of the principals are engineers, one of AI's strengths is to provide "engineered solutions" for lighting needs, particularly within the Central NY region. They assess and analyze the lighting need and then design the most appropriate lighting system to address the need. AI can also assist in finding any rebates and incentives offered in the area. For locations outside of the state, AI has established a network of national sales representatives who handle the sale and distribution of Aquarii brand products.

AI offers a variety of products from general office fixtures to specialty units for the theatrical and entertainment industries. Through their agreements with several US and international companies, they provide an extensive range of interior and exterior LED fixture and control products for both new and replacement ("retrofit") applications.

They recently completed development and testing of their first OEM product called the Axceleron. This is a down light that has been designed specifically for use in medium to high ceiling areas and will typically be installed at airports, train stations, garages, grocery stores, schools, universities and hospitals. They've also developed accessories to their products including: slope adapter kits, recessed kits, flush kits and control kits with very sensitive dimming capabilities.

Design work is currently underway for three new products which will all use similar technologies that are found on the Axceleron. To assist with the costs of developing their next products and to support their working capital needs for production, inventory and marketing, the Greater Syracuse Business Development Corporation (GSBDC) in partnership with the Onondaga County Industrial Development Agency (OCIDA) and Central New York Enterprise Development Fund (CNYEDF) provided \$300,000 in working capital from their Quasi-Equity Loan Fund. According to Ray Carrock, "We are extremely grateful to our local banking and financing partners that have helped us get our business up and running. It is our intent to work with as many local businesses as possible throughout our company evolution"

This subordinate financing was in addition to the traditional financing support provided from NBT Bank who provided a \$250,000 line of credit. Robert Vertucci, Vice President, Commercial Banking at NBT Bank commented, "It is truly a great partnership when we can combine traditional financing with other capital programs through local economic development agencies like GSBDC to assist companies such as Aquarii to grow their business and create new jobs in central New York."

AI is currently leasing over 2000 sq. ft. at 17 Genesee St., Camillus employing five full-time and three part-time employees. Within three years, they plan to have 20 employees and their own manufacturing facility with the majority of the new positions being for production.



The Axceleron, a high-powered LED down light engine by Aquarii

GSBDC Assists with Building Acquisition

Started by John Czebiniak in 1979, Atlas Fence (AF) has operated as the premier fencing contractor in Upstate New York, covering a wide geographic area from Albany to Buffalo, and the St. Lawrence River to Binghamton serving a broad variety of business sectors including residential, industrial, municipal and private contractors. The assets of the company were purchased by Christopher Polimino in February 2012. While Polimino did not have experience operating a fence fabrication and installation business, he had extensive experience in the construction/contracting and heavy equipment industries, most recently serving as Chief Operating and Financial Officer for Tracey Road Equipment, a distributor of heavy equipment and trucks. Polimino had previous experience in public accounting as a CPA, working with a variety of industries as an auditor.

continued on reverse

Interest Rates

Loans funded as of February 12, 2014 would have carried the following rate:

SBA 504
5.31% (20 yrs.)

For further information, please contact:

Peggy A. Adams
Executive Director
(315) 373-0273
padams@gsbdc.com
or
Kathy Campbell
Client Manager
(315) 373-0348
kcampbell@gsbdc.com
Fax: (315) 373-0921

Mailing List

If you would like further information on GSBDC or know of someone who would like to be added to our newsletter mailing list, please call GSBDC at (315) 373-0468 or e-mail to info@gsbdc.com. This newsletter is published four times per year.

GREATER SYRACUSE
Business Development Corporation

Since 1964

A partner of the CenterState Corporation for Economic Opportunity

With the successful transition of ownership and management implemented, Polimino sought assistance from his lender, NBT Bank to determine the most advantageous means of financing the acquisition of the building AF was operating from. The purchase, located at 6852 Manlius Center Road in East Syracuse, NY included a 2.83 acre site improved with an 8,294 sq. ft. office/showroom building, a 2,355 sq. ft. heated shop, and a 6,100 sq. ft. storage shed for the operations of the fence sales and installation business.

The project financing, structured using the SBA 504 program was key to minimizing the down payment requirement to 10%, and conserving cash needed for implementation of Polimino's business expansion plan. NBT Bank provided 50% of the financing in a first mortgage position with the Greater Syracuse Business Development Corporation (GSBDC) providing a 20 year fixed-rate second mortgage for 40% of the project cost through the SBA 504 program. The financing structure also included allocations for the cost of the environmental, appraisal and other soft costs such as title insurance and mortgage tax. According to Bob Vertucci, Vice-President, Commercial Banking, NBT Bank "The SBA 504 program was a perfect match for the company's long range business plan. Not only did it provide an avenue to preserve capital up front, it also allowed Atlas Fence to take advantage of extended terms, reducing the overall annual debt service. This gives Chris the ability to redirect the cash flow savings back into the business which will assist with future growth."



A recent installation of a western red cedar courtyard fence by Atlas Fence.

The acquisition of the existing Atlas Fence location will allow the company to continue to be competitive and focus on long term growth. Chris Polimino added that "In addition to the SBA 504 financing, the New York State Linked Deposit Program will also reduce interest expense on this transaction and allow for more capital to purchase new equipment and hire additional employees. The entire transaction was made easy as a result of the incredible support from the people at NBT Bank and the GSBDC. I would encourage every business owner to take advantage of these great resources that New York State, the GSBDC and the SBA have to offer."

AF currently employs 46. Polimino projects to add at least 5 jobs over the next 2-3 years.

GSBDC Assists with Purchase of Auto Care Facility

Christopher Cretaro, who owns Chris' Auto Repair Service (CARS) with his wife Michelle, recently purchased the facility at 6312 East Molloy Road in East Syracuse where he has operated since March 2010 when he purchased the business from his father. The 6,600 sq. ft. building constructed in 1990 is a one story Morton building located in a well-developed commercial and light manufacturing area. The location has allowed Cretaro to grow a solid fleet maintenance customer base, in addition to serving the employees that work nearby. The building includes office and reception space of 1,200 sq. ft. and a service area of 5,400 sq. ft. that accommodates 10 service bays.



Chris' Auto Repair Service at 6312 East Molloy Road, East Syracuse, NY

Considered a one-stop shop, CARS provides general automotive and fleet repair services that include computerized diagnostic equipment, wheel alignment, oil changes and state vehicle inspections for light to heavy duty vehicles and motorcycles. They offer repair services for engines, transmissions, air conditioning, shocks, struts, and brakes; and honor extended warranties for individual and fleet owned vehicles. They also provide welding services for trailer and snow plow repair, hitch fabrication, custom parts and frame repair.

CARS currently employ eight full time employees including six mechanics, and one office administrator. As a result of this project, additional cash will be available for working capital as rent expense is replaced by a lower debt service. In time this will allow Chris to grow the business, hiring up to three additional employees.

M&T Bank provided financing for 50% of the total project cost, with GSBDC providing 40% through the SBA 504 program with the Cretaro's responsible for an equity contribution of 10%.

Pat O'Neil, Vice President, M&T Bank commented "The SBA 504 Program was the perfect solution for Chris' Auto Repair Service. Peggy Adams and Kathy Campbell made the process as simple as possible. We are happy to have been a part of this deal and to assist a quality company like Chris' Auto Repair Service." Chris Cretaro stated "The benefits of the program helped me to achieve the unachievable. I was able to purchase the building that I have been renting in order to lessen my overhead costs and make my business more efficient. The staff at GSBDC were knowledgeable and very helpful in obtaining what I needed to succeed."