

FIFTY-FORTY-TEN NEWS

A Newsletter of the Greater Syracuse Business Development Corporation

FINANCING GROWING BUSINESSES SINCE 1964

ISSUE NO. 37

FIRST QUARTER 2015

Board of Trustees

Kenneth C. Gardiner, President
Scott D. Hutt
Dana C. Loucks, VP
Stephen Markley
Susan N. McDonald
Adam E. Panek, Treasurer
Nicholas V. Petragani, Jr.
Joan Powers
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
Peter Rhodes
Angelo Testani
Robert Vertucci
Mark K. Wheeler

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

www.GSBDC.com



GSBDC Assists with Purchase of Restaurant

Rudolph DiRubbo, owner of Basil Leaf Ristorante, purchased the former Fresno's Restaurant building at 3920 Brewerton Road in North Syracuse in late 2013. The new facility has allowed them to double their seating from 95 to 189 with a large open dining room and bar. They are now open seven days a week and offer liquor as the new location permitted them to obtain a liquor license.

The building required some minor renovations and upgrades and is approximately a half mile from their former location at 101 S. Main Street in North Syracuse. The former facility was comprised of several different rooms creating a cramped appearance and was very difficult to manage. Parking is much more convenient with 85 spaces on site.

M&T Bank provided financing for 50% of the total project cost, with GSBDC providing 40% through the SBA 504 program with Mr. DiRubbo being responsible for an equity contribution of just 10%. Brannan Karg, Banking Officer, M&T Bank commented "It was a pleasure to work with Rudy to help finance this project. M & T Bank is happy to have helped a local business expand their restaurant business and allow Basil Leaf Ristorante to add 7 full time jobs. We look forward to continuing to work with Rudy and wish him continued success."

The restaurant is a traditional Italian restaurant committed to quality ingredients and authentic Italian taste. They serve both lunch and dinner and the menu include antipastis, soup, sides and salads as well as pasta, chicken, veal, fish and steak entrees.

Mr. DiRubbo stated "the program helped me to keep the down payment to a minimum. I was able to purchase the building and complete the needed renovations and double my business. The staff at GSBDC were knowledgeable and very helpful in obtaining what I needed to succeed".

They previously employed just 14 but with the expanded facility they've added 7 full time equivalent positions with the following part-time positions: 18 waitresses, 6 hostesses, 5 chefs, 5 bussers, 6 bartenders and over 10 back of house employees such as dishwashers and prep cooks.



Central New York Quasi-Equity Fund Success Story!

Critical Link (CL) began business in Syracuse in 1997 as a computer engineering services firm, providing engineering expertise to companies in a number of different industries. After 10 years as a services-based business, CL began to branch out into internal product development, in particular the development of a line of scientific cameras. These cameras are a key component in spectroscopy instruments used in pharmaceutical and industrial control applications. The company had the engineering know how to embark on these product developments, but finding the necessary funding presented a problem as banks had tightened credit as a result of the financial crisis. The firm needed to find alternate sources of financing that wouldn't require giving up ownership or control of CL.

"I contacted Mike Rosanio from the Central New York Regional Planning & Development Board and Peggy Adams from the Greater Syracuse Business Development Corporation (GSBDC)," said John Fayos, President of CL. They told me about the Central New York Quasi-Equity Fund (CNY QEF). It's designed to be a flexible loan program than can support the growth of net wealth generating companies that have the potential for creating quality jobs in Central New York. Funding participants in Onondaga County include the Onondaga County Industrial Development Agency (OCIDA), Central New York Enterprise Development Corporation (CNY EDC) and the Greater Syracuse Business Development Corporation (GSBDC). Together, these agencies can provide up to \$300,000 in financing (\$100,000 each) enabling a business to implement their business plan in a timely manner and allow them to retain ownership of their company while remaining in CNY. To date the program has funded over a dozen projects totaling almost \$3 Million and creating or retaining over 200 jobs.

continued on reverse

Interest Rates

Loans funded as of April 15, 2015 would have carried the following rates:

SBA 504
4.59% (20 year)

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

"After learning about the program, it looked like it would be a good fit for us," said John Fayos. "We worked out a \$300,000, five year loan to support our camera development efforts and that loan proved critical in enabling us to complete our camera products and move them to production. CL has recently retired the loan, and the camera products that they helped bring about have contributed more than \$500,000 in additional annual revenue for CL. The CNY QEF program provided the needed capital at a time when obtaining product development funds was not easy for a small company," said Mr. Fayos. "The process of obtaining the loan was straight forward, the interest rates competitive, and we will certainly look to the equity program once again if the need arises".

This loan was made possible through the assistance of Senator John A. DeFrancisco, whose efforts secured \$301,000 to recapitalize the CNY QEF in 2008. When leveraged by additional investment from GSBDC and its lending partners, the program has funded more than a dozen projects, totaling close to \$3 Million and creating or retaining over 200 jobs.

GSBDC Assists with Purchase of Farm & Garden Supply Store

Dennis and Marla Gawarecki (husband and wife) purchased the store, warehouse and inventory of the former Baldwinsville Farmer's Co-op in the fall of 2013. The Co-op had been established in 1921 to serve the needs of the local agricultural community. However, over time the store evolved with the area becoming a full service Farm and Garden store serving the residential Baldwinsville community. They carry an extensive line of pet food and supplies, lawn and garden supplies and propane refills.

Since the Co-op no longer served its original function and its stockholders were scattered across the country, they decided to dissolve and sell the store. However, they wanted to ensure that the store continued to support the Baldwinsville community and felt the best way to achieve that goal was to accept the Gawareckis' proposal to purchase the business. Dennis had been the Co-op's Store Manager since 1992 with responsibility for the oversight of all aspects of the store's management. Prior to joining the Co-op, he worked at Agway's farm and garden stores initially as a store manager and then later becoming a territory manager.

The Gawareckis contacted Community Bank to determine the best financing structure to purchase the inventory and store. The store is located at 82 East Genesee Street in Baldwinsville, NY and consists of a 9,518 sq. ft. one-story wood frame metal-clad building with approximately 4,320 sq. ft. of finished retail space and 5,198 sq. ft. of warehouse and an attached barn annex of 1,200 sq. ft. to accommodate their inventory. As part of this transaction, they also needed to replace the store's roof and fund the purchase of the store's inventory.

Community Bank provided a line of credit to assist with their inventory needs, and the real estate part of the project was financed using the SBA 504 program. This allowed them to minimize their down payment requirement to 10% conserving cash needed for inventory. Community 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 Russ Sturtz, Assistant Vice-President Commercial Banking, "The SBA 504 Program was the perfect solution for the Gawarecki's, allowing them to purchase the store and replace the roof while conserving cash for the inventory purchase. Peggy Adams and Kathy Campbell made the process as simple as possible. We are happy to have been able to assist the Gawarecki's with the purchase of this long standing business.

Without the Gawareckis' purchase, this 92 year old business and its jobs would have been lost to the community. Dennis and Marla Gawarecki added that "We are grateful that GSBDC and Community Bank has programs available that enable individuals to purchase or fund businesses with a smaller percentage down. The purchase of the Baldwinsville Farmers Co-op was important to us to maintain the integrity of the store, the Village of Baldwinsville and retain the employees of the store. We are grateful for the opportunity and look forward to many successful years of business."

They currently employ four full-time and two part-time with plans to add two to three positions over the next few years.

