

FIFTY-FORTY-TEN NEWS

A Newsletter of the Greater Syracuse Business Development Corporation

FINANCING GROWING BUSINESSES SINCE 1964

ISSUE NO. 26

SECOND QUARTER 2010

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Mark E. Kay & Donald J. Western elected to Board of Trustees

Mark E. Kay, Vice President and Senior Lending Officer at Solvay Bank and Donald J. Western, Executive Director of Community Engagement and Economic Development at Syracuse University were recently elected to the board of trustees of the Greater Syracuse Business Development Corporation (GSBDC). The primary mission of GSBDC is to assist businesses seeking non-conventional sources of financing. Offering a variety of funding programs targeted to business start-ups, expanding local businesses, business retention and business attraction projects, GSBDC is the premier economic development financing organization in Central New York.

Mark E. Kay has been at Solvay Bank since 2009. He is responsible for developing new business accounts and strategic relationships for a team of five relationship managers. He is also responsible for the management, development and growth of the bank's Consumer Lending and Residential Mortgage Departments. Prior to joining Solvay, he held commercial lending positions at M&T Bank and HSBC. He currently serves on the board and finance committee of North Area Meals on Wheels, and is a past member of Greater Syracuse Boys & Girls Club and Literacy Volunteers of Greater Syracuse. He has a Bachelor of Business Administration in Accounting from Niagara University and has taken various lending courses through the Risk Management Association. He is a past member of the GSBDC loan committee.

Donald J. Western has been at Syracuse University's Community Engagement and Economic Development department since 2008. He is responsible for providing acquisition, development, redevelopment and financing for the Near Westside Initiative and the Connective Corridor projects. Prior to that, he was the Director of the Office of Economic Development for Onondaga County, responsible for development and implementation of the county's economic development programs. Don is also a board member of the Statewide Zone Capital Corporation and the New York State Economic Development Council.

GSBDC Finances Building Acquisition for Giovanni Food Co., Inc.

Giovanni Food Co., Inc. (GFC), a manufacturer of tomato-based products was started in Oswego, NY nearly 70 years ago as a neighborhood business, selling its popular spaghetti sauce to customers. They began manufacturing spaghetti sauce in the early 1950s and expanded slowly into other tomato-based products over the years. GFC remained in their original facility until their purchase and relocation to a facility at 4645 Crossroads Park Drive in Liverpool, NY in May 2006.

Due to continued growth, GFC, with the assistance of Alliance Bank, N.A. and Greater Syracuse Business Development Corp. (GSBDC), recently took advantage of an opportunity to purchase an existing tomato sauce manufacturing plant owned and occupied by Ventre Packing Co., Inc. (VPC) located at 6050 Court Street Road, DeWitt, NY. The building, constructed in 1991 provides 29,000-square-feet for warehouse, 28,000-square-feet for processing and bottling functions and 9,300-square-feet for office space. In addition to the real



Mark E. Kay



Donald J. Western



continued on reverse

Interest Rates

Loans funded as of May 12, 2010 would have carried the following rates:

SBA 504
5.52% (20 yrs.)
4.61% (10 yrs.)

For further information, please contact:

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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 Denise Kochanek at (315) 579-2085 or e-mail to dkochanek@gsbdc.com. This newsletter is published four times per year.

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estate purchase, GFC also purchased VPC's production equipment which includes three manufacturing lines for sauce and juice. This represents a significant upgrade in the amount of equipment GFC has had access to, as they previously operated with one production line.

GSBDC provided the financing for the purchase of the real estate using the SBA 504 program. The 504 program provided a 20-year fixed rate second mortgage on 37 percent of the purchase price. A provision of the economic stimulus program provided relief from a large portion of the SBA fees. According to Louis DeMent, general manager of GFC, "The 504 program proved to be an integral element of our total financing structure. During these times of 'cautious lending' the GSBDC/SBA participation was critical to the success of our acquisition and expansion objective."

Alliance Bank, N.A. provided 37 percent of the financing for the real estate in a first mortgage position. They also provided financing for new equipment that will finish the needed upgrade. A note from the seller completed the financing package. According to Dana Loucks, senior vice president, Commercial Banking, "Utilization of the GSBDC and the SBA 504 program was an essential component of the total financing package. It was important to provide Giovanni Food Co. with the proper debt structure to assure its future success. The overall approval process of the GSBDC was smooth and timely, also crucial given the tight time frame for this transaction."

GFC currently employs 39 full-time and 5 temporary employees. They expect to add an additional 10 full-time positions.

GSBDC Finances New Physical Therapy Facility

Morgan Physical Therapy, PLLC (MPT) was established in 2003 when Gary Morgan, a licensed physical therapist, purchased an existing physical therapy practice in Cicero, NY. At that time he began leasing the building at 5711 South Bay Road, Cicero, NY from the former owner of the practice. In 2007, property was purchased at 5740 South Bay Road to be the future home of the practice. Within a half-mile from the existing location, it promised minimal disruption for clients and staff.

Substantial demolition and renovation was required to maximize space requirements for the optimal workflow Morgan desired. Additional treatment rooms and a modern gym facility were constructed to accommodate the growing client base. According to Gary Morgan, physical therapist, "Partnering with M&T Bank and the GSBDC has allowed me to fulfill my dream of creating a facility that meets not only my current needs, but those of my patients well into the future. The new building has attracted a lot of attention, and the visibility and beauty of the structure has increased the number of calls from patients and physicians wanting to set up appointments and learn more about our practice."



Morgan Physical Therapy

GSBDC provided a \$138,000 SBA 504 loan to assist with the construction costs. The program gave Morgan the benefit of a 20-year fixed rate second mortgage on 40 percent of the total project cost while minimizing the equity injection required of the practice. A special provision permitted the existing equity in the previously purchased property to meet this requirement.

M&T Bank provided 50 percent of the project financing in a first mortgage position. According to Suzanne Fadden, vice president, "We've seen Morgan Physical Therapy's continued growth since our initial involvement with Mr. Morgan's purchase of the practice, while being limited by space and structural constraints. Partnering with GSBDC provided a great opportunity for Mr. Morgan to secure a more suitable facility to meet the needs of his patients."

Morgan Physical Therapy has already added one staff position since project completion, bringing the total to four employees. Morgan anticipates he will require three additional employees over the next three years to accommodate further growth.

GSBDC Moves to a New Location

Effective Friday, May 28, 2010 the Greater Syracuse Business Development Corporation moved to:

235 Harrison Street, Suite 103
Syracuse, NY 13202
(315) 579-2085

Additional contact information can be found at www.gsbdc.com.