

COMMUNICATOR

May 2011

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U.S. Small Business Administration

2011 Rhode Island Salute to Small Business

SBA Honors Best of Small Business



Small Business Person of the Year: Kathy Devlin, owner of All About Home Care on Aquidneck Island, chats with client Curtis LaFrance during a home visit.

The SBA will celebrate the contributions of Rhode Island small businesses during the week of May 30 through June 3, culminating in the Salute to Small Business Awards Luncheon on Wednesday, June 1, at noon at the Alpine Country Club in Cranston.

The annual event will honor the state's top entrepreneurs and small business owners. In 2011, an unprecedented ten award winners will be recognized, including one national and five regional award winners. The award recipients are:

Kathleen Devlin, owner of All About Home Care on Aquidneck Island, was selected as the Small Business Person of the Year. A new enterprise in 2003, Kathleen has since expanded her companion care business to 68 full- and part-time employees, providing services to seniors seven days a week, 24 hours a day.

Jamie Silvestri, a NAPA Auto Parts store

owner in Westerly, will receive national recognition by the SBA with the Phoenix Award for Small Business Disaster Recovery. Silvestri's store suffered major losses after 17 inches of rain deluged his business last spring. He contributed to his community's economic recovery as a volunteer firefighter, while with the help of an SBA disaster loan and many volunteers re-opened his business within 12 days.

The Jeffrey Butland Family-owned Business of the Year for Rhode Island and New England will be presented to Samuel Sinel, vice president of Berger & Company Recycling, Inc. A third generation small business in Pawtucket, Sinel and his brother, Charles, carry on the family tradition of their grandfather, Hymen, who began the business collecting scraps of metal from his horse and wagon.

Another Rhode Island and regional winner is Jay Gotra, CEO of VMS Alarms in Warwick,

(continued page 5)

Free Professional Development Workshops Offered

Tuesday, May 31

9 a.m. – 11 a.m.

Internet Discussion: Video... the competitive web advantage

Presented by SCORE
Centerville Seminar Center
875 Centerville Road - Building 2,
Suite 5, Warwick

Wednesday, June 1

6:30 p.m. – 9 p.m.

How to Start or Run a Profitable Small Business

Presented by SCORE
Centerville Seminar Center
875 Centerville Road - Building 2,
Suite 5, Warwick

Thursday, June 2

8:30 a.m. – 10 a.m.

Business Law Basics for the Small Business Owner

Presented by Small Business Development Center
8 Abbott Park Place, TACO Building
Johnson & Wales University, Providence

9 a.m. – 10:30 a.m.

How to Explore Entrepreneurship

Presented by the Center for Women & Enterprise
132 George M. Cohan Blvd., Providence

Noon – 1:30 p.m.

Using Social Media Marketing to Grow Your Business

Presented by Rhode Island Economic Development Corporation
315 Iron Horse Way (55 Valley Street), Providence

6 p.m. – 8:15 p.m.

Lessons from Everest...An Inspirational Presentation

From Tim Warren

Presented by SCORE

Holiday Inn
3009 Tower Hill Road
South Kingstown

Tuesday, June 7

6:30 p.m. – 8 p.m.

Evaluating the Risks & Rewards of Owning Your Own Business

Presented by SCORE

Centerville Seminar Center
875 Centerville Road - Building 2, Suite 5, Warwick

Workshop registration forms are available at www.riscore.org. If you have any questions call the SBA at 401-528-4561.



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Free Seminars for Contractors

To assist local contractors in building capacity and increasing annual revenues, the SBA and Rhode Island Small Business Development Center are presenting a series of FREE seminars covering topics critical to the success of small contracting firms. The following workshops will be offered:

Developing Winning Contract Proposals

Tuesday, May 31, 8 a.m. – 4 p.m., Location: Johnson & Wales University, Friedman Center, 299 Harborside Boulevard, Providence

Overview: Learn how to develop a winning cost proposal and be successful in a highly competitive acquisitions environment.

Effective Teaming Strategies

Tuesday, June 7, 8 a.m. – 4 p.m., Location: Johnson & Wales University, Friedman Center, 299 Harborside Boulevard, Providence

Overview: Learn how to develop and negotiate sound non-disclosure agreements, contractor teaming agreements, joint venture agreements and subcontracts.

Project Management

Thursday, June 16, 6 p.m. – 8 p.m., Location: Johnson & Wales University, Larry Friedman International Center for Entrepreneurship, 10 Abbott Park Place, Providence

Overview: Work smarter, not harder, by increasing the efficiency of your business. Participants will focus on evaluating business practices and administrative functions.

Human Resources Management and Administration

Wednesday, July 6, 6 p.m. – 8 p.m., Location: Johnson & Wales University, Larry Friedman International Center for Entrepreneurship, 10 Abbott Park Place, Providence

Overview: Learn how to manage employees and maintain state and federal HR compliance laws.

Estimating and Bidding on Construction Contracts

Thursday, September 8, 8 a.m. – 4 p.m., Location: Johnson & Wales University, Friedman Center, 299 Harborside Boulevard, Providence

Overview: Learn the prerequisites and proven techniques for accurate and competitive construction estimating and bidding. Techniques may be used by both general contractors and

specialty trades.

Federal Government Contract Accounting and Recordkeeping

Thursday, September 22, 8 a.m. – 4 p.m., Location: Johnson & Wales University, Friedman Center, 299 Harborside Boulevard, Providence

Overview: This course will provide the business owner with an understanding of the basic principles and uniqueness of government contract accounting.

Although the workshops are free and open to the public, pre-registration is required. To register visit www.risbdc.org and click on training and events, or call the RISBDC at 401-598-2702.



Mark S. Hayward

From the District Director's Desk

We were honored in late March to host Administrator Karen Mills on her first official visit to the Ocean State. At this time we learned of her strong ties to Rhode Island.

Administrator Mills truly utilized each minute she spent in Rhode Island. She began her visit by meeting with our SBA District Office staff and resource partners asking for our opinions on SBA's programs and services and delivery mechanisms in the field. She told us how she values the district office staff as we are her eyes and ears in helping bridge our loan and technical assistance programs to the Rhode Island small business community and to our valued lending partners. Finally, Administrator Mills expressed her appreciation for the work we do in support of the agency's mission.

She then met with Governor Lincoln Chafee and invited him to participate in a lenders roundtable. Accompanied by Regional Administrator Jeanne A. Hulit, the Administrator and Governor spoke with 31

bank presidents and executive vice presidents about SBA's lending programs. Much of the discussion centered on the current national and Rhode Island economic conditions and the means to jump start small business lending. The conversation was candid and productive as the Administrator explored ways to further access to capital. She emphasized the value of lower dollar lending to small businesses in underserved communities, to spur growth and job creation. She touched on President Obama's American Recovery and Reinvestment Act (ARRA) and the Jobs Act and its benefits to small business. Administrator Mills and Governor Chafee's message of helping small businesses in these difficult times was well received.

The highlight of the Administrator's visit was her presentation at the Rhode Island Economic Summit follow-up breakfast. Addressing approximately 250 small business owners and advocates, she provided a road map on efforts by the President and Administration to help our nation's small businesses. She urged collaboration with the state and SBA on numerous programs and encouraged all to work on their behalf.

I was also pleased that Governor Chafee and Keith Stokes, executive director of the Rhode Island Economic

Development Corporation, addressed the gathering. They outlined programs they are putting in place to complement SBA's loan programs. Their long term outlook is to get Rhode Island working again. Following breakfast, Administrator Mills, RA Hulit, and Governor Chafee and I headed to VR Industries in Warwick, a small technology business that assembles circuit boards for the military and other medical and industrial uses. VR Industries retooled their manufacturing base in December with the help of a SBA loan from Navigant Credit Union. They toured the plant with the company's co-founders Fred Pestana and Joe Oakes and Senior Vice President Brian Pestana. The Administrator engaged employees about the material that they were working on and was very impressed with their commitment and understanding.

The visit to the district was brief but eventful. I thanked her for her dedication to the Rhode Island small business community and support for the field, and look forward to her next visit to the "Ocean State."

I also want to take this opportunity to congratulate all of our 2011 Rhode Island Salute to Small Business Award Winners. We admire your achievements and look forward to recognizing you in the coming days.

Greenlion Design Wins CWE Rising Star Award

In 2005, Kim Lamothe was in her mid-twenties, overworked, and just getting by on her meager waitressing wages.

Kim always felt she possessed a natural gift for gardening, but was challenged to see her talent with an entrepreneurial eye. Interested in a horticultural career and shop of her own, she had no practical experience or knowledge necessary to start a small business – until she walked into the Center for Women & Enterprise (CWE) in Providence.

Registering for Power Up!, the center's thirteen week business planning course, Lamothe got the help she needed, and learned to write a business plan, develop an elevator pitch, and create a brand logo for her new enterprise. She also met and traded resources with other students, and was directed to a lending company and essential seed money, a \$1,000 loan that bought the

tools and other items to get started.

In six brief years Kim and her small business have come a ways, and she's retrospect and thankful for the resources given and role played by CWE in her success.

So, when CWE recently asked for self-nominations for the Andrea C. Silbert Rising Star Award, and its \$5,000 grant, Lamothe applied and later won the prize.

Answering the question, how had CWE changed her life, Kim wrote: "Without CWE I would never have had my business; I would never have found the confidence to believe in myself, from Kim with the green thumb to (her small business) Greenlion Design: Gardens and Florals the Green Way."

Taking business from a garage

location, Kim plans to use the winner's earnings to move to a storefront location, potentially to Main Road in her hometown of Tiverton.

In the interim, clients still find Kim by her website at www.greenlionri.com, or by simple word-of-mouth. Looking forward, a storefront entry will showcase her designs, and improve accessibility for new customers.

Greenlion Designs offers container plantings, garden design and installation, maintenance, compost set up, and floral arrangements and designs for special events – specializing in weddings.

"Thanks to CWE I know that all people need is an opportunity. There are people and resources here in Rhode Island to help entrepreneurs. You are not alone and you, too, can succeed," said Lamothe.

Date Restriction Lifted

SBA 504 Temporary Refinancing Program Opened Up

Small business owners with eligible commercial real estate mortgages maturing after Dec. 31, 2012, will be able to secure more stable, long-term financing through the U.S. Small Business Administration's temporary 504 refinancing program.

In February, SBA implemented a temporary refinancing program enacted under the Small Business Jobs Act of 2010, which allowed small businesses facing maturing commercial real estate mortgages or balloon payments before Dec. 31, 2012, to refinance with an SBA 504 loan. The SBA change will lift the date limitation and will allow more small businesses to secure stable, long-term financing and avoid potential foreclosure on mortgages approved before and during the recession that were based on inflated real estate values.

To be eligible for the temporary 504 refinancing program, a business must have been in operation for at least two years, the debt to be refi-

nanced must be for owner-occupied real estate and have been incurred no less than two years prior to the date of application and the proceeds used for 504-eligible business expenses, and payments on that debt must be current for the last 12 months.

The refinancing loan is structured like SBA's traditional 504 loan. Typically, a 504 project includes three elements: a loan (or first mortgage) secured with a senior lien from a private-sector lender covering 50 percent of the project cost, a second mortgage secured with a junior lien from an SBA Certified Development Company (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business borrower.

Borrowers are able to refinance up to 90 percent of the current appraised property value or 100 percent of the outstanding mortgage, whichever is lower, plus eligible refinancing costs. Loan proceeds may not be used for other business expenses. Existing 504 projects and gov-

ernment-guaranteed loans are not eligible to be refinanced.

Under the Jobs Act, Congress authorized SBA to approve up to \$15 billion in loans under this program (\$7.5 billion in both fiscal years 2011 and 2012). Together with the first mortgage, this temporary program will provide up to \$33.8 billion of total project financing. Additional fees charged to the borrower will cover the cost of this refinancing program and as a result no loan subsidy will be needed from taxpayer funds. The program is expected to benefit as many as 20,000 businesses.

SBA's traditional 504 loan program is a long-term financing tool, designed to encourage economic development within a community. A 504 loan provides small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization.

SBA will accept applications from small business owners with mortgages maturing after Dec. 31, 2012. The program will be in effect through Sept. 27, 2012.

Higher Surety Bond Guarantees Will Help Small Businesses

The SBA has made regulatory changes to its Surety Bond Guarantee (SBG) program, including higher surety bond guarantee limits that will help construction and service sector firms secure larger contracts for work in areas impacted by disasters.

The changes are related to the Small Business Disaster Response and Loan Improvements Act of 2008, which increases the eligible amount for contracts or orders related to a major disaster area.

The changes include: for a non-federal contract or order up to \$5 million, a bond guarantee may be issued if the products will be manufactured or the services performed in the disaster area; for a federal contract or order up to \$5 million, the performance site can be outside the disaster area if the con-

tract or order will directly assist the disaster recovery efforts; for a federal contract or order, the amount of the guarantee can be as much as \$10 million at the request of the head of an agency that is involved in reconstruction efforts.

The increased amounts would apply during the 12 months following the disaster declaration, unless SBA provides for an extension related to a particular disaster.

In addition to the disaster related changes, other changes clarify SBA's position that it does not cover any costs related to insurance or indemnification requirements that may be contained in the bonded contract. It specifically excludes from the losses covered by SBA any costs that arise from the principal's failure to secure and maintain insurance that result from any claims or judgments that exceed the amount of insurance coverage, and that arise from an agreement

by the principal to indemnify the contractor or any other persons.

SBA partners with the surety industry to help small businesses that would otherwise be unable to obtain bonding in the traditional commercial marketplace. Under the partnership, SBA provides a guarantee to the participating surety company of between 70 and 90 percent of the bond amount. Through its Surety Bond Guarantee program, SBA also helps owners by guaranteeing bid, payment and performance bonds to protect the project owner against financial loss if a contractor defaults or fails to perform.

SBA assistance in locating a participating surety company or agent, and completing application forms, is available online. For more information on SBA's Surety Bond Guarantee program, including Surety Office contacts, go online to <http://www.sba.gov/osg/>, or call 1-800-ASK-SBA.

Rhode Island Economic Summit Follow-up

SBA Administrator Karen G. Mills joined with Governor Lincoln Chafee and other state and business leaders recently at the Rhode Island Economic Summit Follow-up Breakfast at the Alpine Country Club in Cranston.

The follow-up breakfast featured an update from committee chairs and discussion on proposed legislation developed as a result of the recommendations made by small businesses at the January summit.

After the breakfast, Administrator Mills and Governor Chafee toured VR Industries in Warwick. The small business manufactures high quality printed circuit board assemblies, system assemblies, and complete devices for the military, medical and industrial markets. Those assemblies in many cases help save lives.

With SBA assistance, VR Industries was able to develop a new lending partnership with Navigant Credit Union. The company obtained an SBA-



(left to right) Fred Pestana, CEO, VR Industries, Governor Chafee, Administrator Mills, Brian Pestana, vice president and general manager, VR Industries, Jeffrey Cascione, vice president, Navigant Credit Union, and Joe Monteiro, relationship manager, Navigant Credit Union are given a demonstration by Dawn DeRemer of VR Industries.

guaranteed working capital loan to refinance existing debt at a lower

interest rate, provide improved cash flow, and offer overall stability to the company.

SBA Honors Best of Small Business

(continued from page 1)

selected as the SBA Young Entrepreneur of the Year. Starting his security-based small business from his apartment with a phone line and business plan in 2003, Gotra has since expanded into a 15,000 square foot office building and added more than 120 full-time administrative, installation, and sales employees.

James Lavoie of Rite-Solutions, a service-disabled veteran owned small business based in Middletown, will be awarded the Veteran Small Business Champion of the Year for Rhode Island and New England. Rite-Solutions is an innovator in the tech sector that builds advanced systems and engineers software, mainly of a classified nature for the military.

The Women in Business Champion of the Year for Rhode Island and New England will be Juana Horton, president and CEO of Horton Interpreting Services. Juana's interpreting and translation business that began from her home in East

Providence has grown today to 30 full-time workers and over 50 consultants, operating from an office suite in Providence.

Sandra McNamara, president of CONTEXT Translations and Consulting in North Scituate, will be recognized as the Minority Small Business Champion of the Year for Rhode Island and New England. Opening her small business in 2007, Sandra translates chiefly for book publishers, website designers and marketing companies, from English to Spanish, or vice versa.

The Financial Services Champion of the Year is Doris Blanchard, a business development consultant with DB Consulting in Bristol. With 18 years' experience in the financial services sector, Doris advises small business owners and newly branded entrepreneurs aiming to grow or start a business.

For his sustained commitment to the

small business community and service to Johnson & Wales University, Dr. Irving Schneider, president of the University's Providence Campus, will be honored with the Rhode Island SBA District Director Award. Dr. Schneider was instrumental in bringing the Rhode Island Small Business Development Center to the University in 2006.

The Joseph G.E. Knight Award for Entrepreneurial Excellence will go to Joseph Baginski, president of Professional Ambulance. Joe and Brenda Baginski have operated five businesses over the past 20 years. The latest, Professional Ambulance, is a medical transportation business headquartered in Providence.

The Salute to Small Business Award winners are featured in a special supplement to the Providence Business News.

RHODE ISLAND SBA BANK RANK

Fiscal Year 2011 (YTD) – October 1, 2010 to April 30, 2011

Lender	7(a)	7(a) \$	504 Project Participation *
1. BankRI	93	\$15,193,000	
2. Coastway Community Bank	33	\$13,499,000	3
3. Citizens Bank	28	\$2,923,700	1
4. The Washington Trust Company	19	\$3,394,700	1
5. Independence Bank	17	\$11,195,000	
6. Webster Bank	15	\$8,069,500	4
7. Sovereign Bank	15	\$3,721,500	
8. BankNewport	12	\$4,226,000	6
9. Westerly Community Credit Union	11	\$595,900	
10. Navigant Credit Union	8	\$3,485,000	2
11. Freedom National Bank	8	\$1,996,000	
12. Coventry Credit Union	3	\$475,000	
13. Holbrook Co-Operative Bank	2	\$1,464,000	
14. Superior Financial Group	2	\$27,500	
15. Celtic Bank Corporation	1	\$3,392,000	
16. BNB Bank	1	\$2,250,000	
17. Loan Source Incorporated	1	\$1,350,000	
18. Mansfield Co-Operative Bank	1	\$654,000	
19. First Trade Union Bank	1	\$436,400	
20. Business Development Company	1	\$250,000	
21. Home Loan Investment Bank	1	\$250,000	
22. Harbor One Credit Union	1	\$100,000	
23. Charles River Bank	1	\$73,800	1
24. TD Bank	1	\$50,000	
25. BankFive	1	\$20,000	
Bank of America			2
			\$742,250
Total 7(a) Loans / 504 Participation	277	\$79,092,000	20

Certified Development Companies (504 Loan – Debenture Amount)

1. Ocean State Business Development Authority	10	\$6,906,000
2. Rhode Island Community Investment Corporation	4	\$1,459,000
3. New England Certified Development Corporation	4	\$941,000
4. South Eastern Economic Development Corporation	2	\$251,000

Total 504 Loans **20** **\$9,557,000**

Micro Loans

South Eastern Economic Development Corporation 3 **\$42,000**

Total Loans **300** **\$88,691,000**

** Lenders' first mortgage share in 504 loan projects*

RI Small Business Development Center

Where Your Success is Our Business

The Rhode Island Small Business Development Center was originally established in March 1983 at Bryant College (now University). The program operated with the main service center in Smithfield and four satellite offices throughout the state. The program has consistently developed strong partnerships with local Chambers of Commerce and has maintained satellite offices in various Chambers throughout its history.

Johnson & Wales University began hosting the RISBDC on July 1, 2006, and has continued its tradition of delivering high-quality programming for small businesses. Johnson & Wales, with its philosophy of experiential education, has greatly enhanced student participation in the program, adding significant and valuable resources for small business clients.

Their goal is to continue to provide quality and substantive support to our small business community, in addition to being an added value partner to our host institution and stakeholder network.

The RISBDC provides effective resources to entrepreneurs focused on building successful businesses. We accomplish this primarily through three ways: working one-on-one with clients to help them build capacity while positioning them for

growth opportunities; providing a network of business coaches, management consultants, peer groups, educators and students; and focusing on business and strategic planning, laws and regulations, finance, estate planning, loan packaging, government procurement, human resource management, best practices and sales and marketing.

They also offer affordable workshops, seminars and events on a wide variety of business topics. Workshops are taught by instructors from the business community, JWU faculty and staff who share their real world, practical business experience with you. Educational solutions are convenient to all business owners with online workshops available 24/7 from the home or office.

The RISBDC engages Johnson & Wales (JWU) students to expand resources to small businesses and entrepreneurs while adding an experiential component to the students' academic degree programs. They offer four tracks to support the university's mission of providing a hands-on learning experience to all students.

Jr. Consultants: Student volunteers work one-on-one or in groups with clients and RISBDC regional directors to create specific, limited-scope deliverables. Projects include marketing, web development, graphic design, market research and more.



Classroom Projects:

Assignments led by a faculty member, generally done as group projects, to create specific deliverables such as business plans, marketing plans, brand marketing and market research.

Internships: Employer hosted and site-based positions are for fully qualified students only. RISBDC clients host operations, management, event planning, marketing and technology based internships on an as needed basis. Food service clients often have a need for culinary and baking and pastry interns. Employers must follow JWU guidelines to meet the credit-based internship requirements.

Business Resource Center (BRC): Staffed by JWU Students who serve RISBDC clients with marketing and web development needs. The host institution provided funding for computer and video equipment to support student engagement opportunities.

RISBDC's hardwork-

ing, collegial approach has a proven track record that keeps improving every day with each business relationship. Through the RISBDC's regional and national contacts with business, government and educational institutions, they are able to provide access to a host of valuable resources including research studies, planning guides, periodicals, videotapes and business software.

Their four service centers (located in Warwick, Newport, Lincoln and Providence) provide client convenience and strong service collaboration with our resource partners, the U.S. Small Business Administration, local Chambers of Commerce, banks and businesses.

Since 2006, they have spent more than 22,600 hours counseling more than 2,300 clients. In 2010, 7,540 hours were spent counseling 599 clients. The results: clients created or retained 722 jobs and raised more than \$28.34 million in capital for their RI businesses.



U.S. Small Business Administration

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**Register for RI Salute to Small
Business Awards Luncheon**

The Rhode Island Salute to Small Business Awards Luncheon is scheduled for Wednesday, June 1, at noon at the Alpine Country Club, 251 Pippin Orchard Road, in Cranston. To register please call the SBA at 401-528-4561 or e-mail faith.white@sba.gov.

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