



CORNWALL & THE COUNTIES  
Community Futures Development Corporation  
Societe d'aide au developpement des collectivites  
CORNWALL ET LES COMTES



# POWER OF PARTNERSHIP

## Entrepreneurs First

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# POWER OF PARTNERSHIP

**Entrepreneurs First** is intended for audiences who are looking to increase their portfolio and improve overall KPIs.

Explore examples and case studies on what BDC offers in partnership with CFDCs. Discover how to integrate BDC offerings into your CFDC and the value to your loan clients.

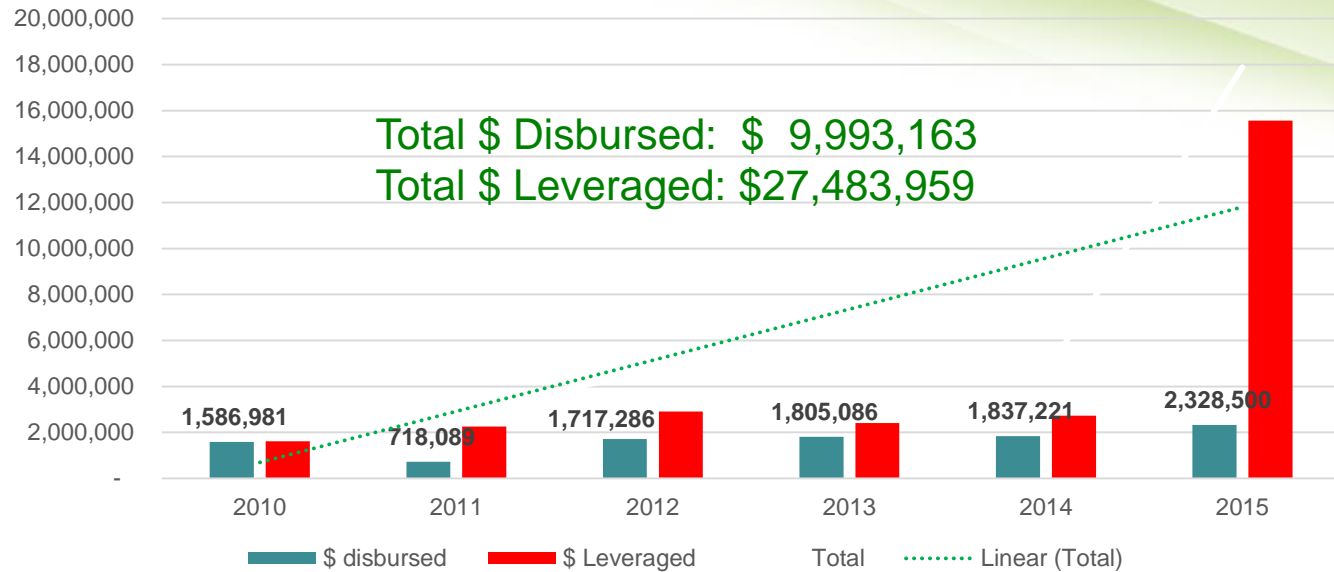
# POWER OF PARTNERSHIP

## AGENDA

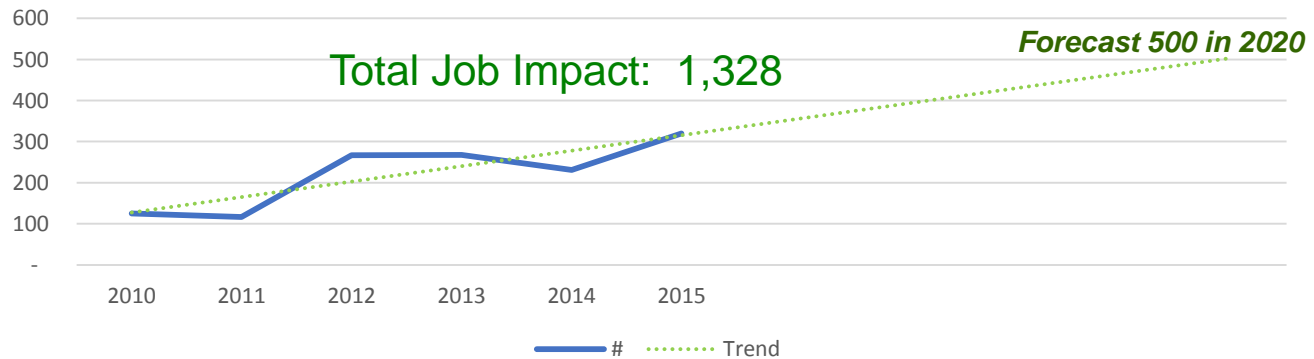
- Then and now – the evolution and impact of the partnership
  - Trenal
  - Cornwall and the Counties
- Case Studies
- BDC Tools and Offerings
- Collaboration Strategies
- Comments and Questions

# Trenval 2010-2015

## Dollars Disbursed & Leveraged



## Jobs Created & Maintained



# Trenval 2010-2016

Where we are now with BDC Partnership

**38 Loans**

**566 Jobs**

\$ 3,098,000	Trenval
\$ 220,000	Trenval 0% Retrofit
\$ 142,000	Futurpreneur
\$ 16,279,640	BDC
\$ 5,925,454	Owner/Private
<hr/>	
\$ 25,665,094	Total





# December 2015:

## *Co-habitation agreement signed*

- **35 loan referrals**
- **9 closed for \$3.36M**
- 3 partnership deals = \$1.66M
- F15/16 BDC referrals accounted for 47% of CFDC dollars closed
- CFDC Q1- BDC referrals closed = \$210K



# PARTNERSHIP CASE STUDIES

## List of clients:

1. Kotsovos Brothers
2. Lancaster Park
3. Timbertop Country Store
4. Speedy Auto Glass
5. Barrett Farm and Family Centre
6. Comfort Water Treatment
7. Alliance Custom Fabrication



# Financing

Get the business loan you need for that important project

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**Working capital**

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**Technology**

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**Market expansion**

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**Commercial  
real estate**

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**Equipment**

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**Starting  
your business**

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**Buying a  
new business**

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**Growing  
your business**

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**Transferring  
your business**



# Why we are different

## We are a patient, flexible lender

- Higher percentage of financing
- Longer repayment periods
- Repayment schedules matched to your cash flow cycle
- Higher risk tolerance
- Terms and conditions that don't change without due cause
- Personal assets are not taken as collateral for a loan



~600

BDC account managers  
help entrepreneurs succeed



## **Kotsovos Brothers Inc.**

Family owned and operated business since 1970. Son's purchase adjoining buildings to create commercial space and revitalize downtown Trenton. Building was derelict and a significant retrofit was required.

# Kotsovos Brothers Inc.

Client Request	\$	Solution	\$
Buy land and building	2,383,640	CFDC (Quasi -Equity)	160,000 (\$60K, 0%)
		BDC	1,923,640
		Owner	300,000
Total	2,383,640	Total	2,383,640

## **Key benefit to the client**

- *Downtown revitalization, attractive storefronts, waterfront development; additional funds from BDC, attractive repayment terms, opportunity for grants from city.*

## **Impact**

- *15 downtown jobs created, Leveraging \$, partnership development,*
- *High end commercial space created*
- *Highly publicized project within the community.*

# TheRiverView

at 13-23 Front St., Trenton ON

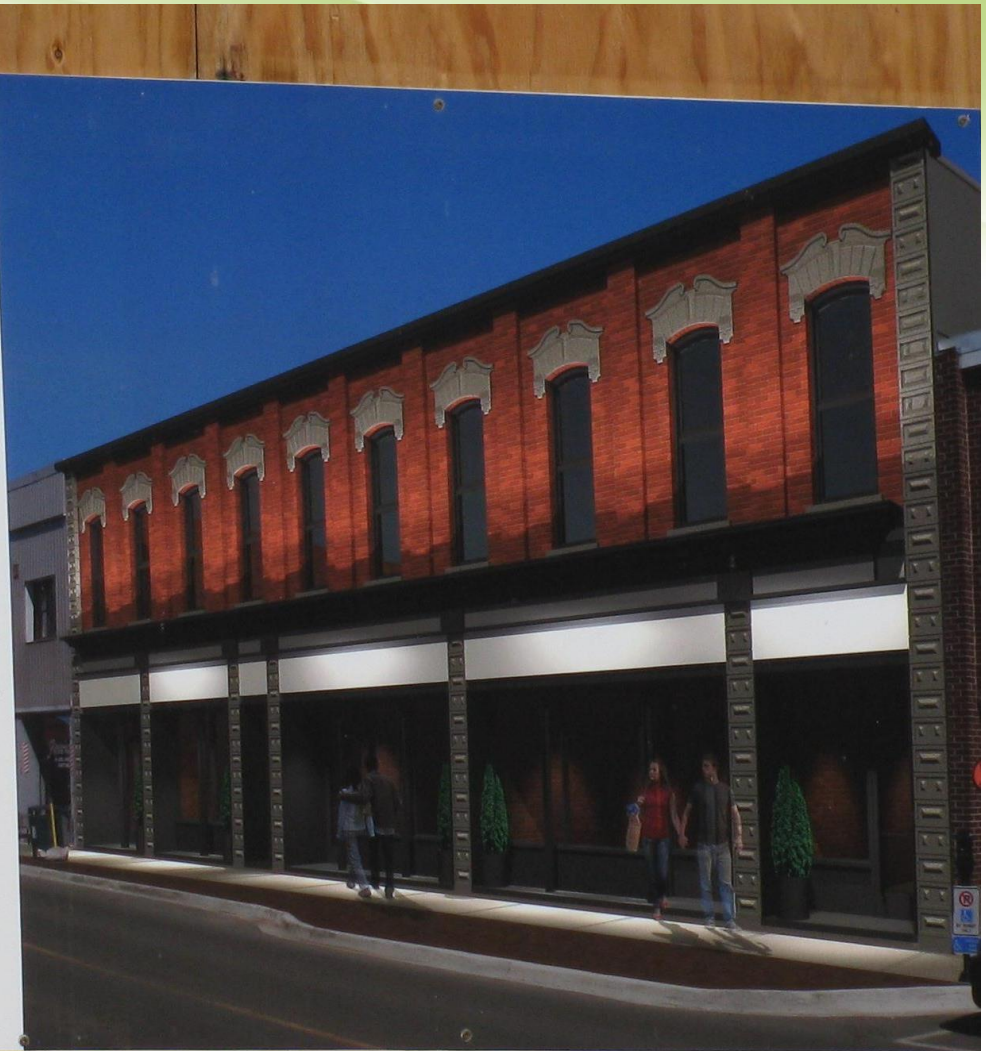
## PROJECT TEAM

Architect: Building Arts Architects Inc.  
General Contractor: Mirtren Contractors Ltd.  
Structural Engineer: CMO Engineering Ltd.  
Mechanical Engineer: John Frederick Ltd.  
Electrical Engineer: Kirkland Engineering Ltd.

Financing Partners: Business Development Bank of Canada,  
Trenval and the City of Quinte West -  
Community Improvement Program

Leasing Inquiries  
Please contact:

[theriverview.qw@gmail.com](mailto:theriverview.qw@gmail.com)  
\*Brokers Protected



# Kotsovos Brothers Inc.

## ***Financing Solution & Impact: Trenval***

- *Pari Passu Agreement between BDC & Trenval*
- *Improved security position*
- *\$100,000 interest only for 5 years from CFDC*
- *\$60,000 at 0% under EODP retrofit program*
- *Façade improvement grant with City of Quinte West*
- *Increased due diligence from BDC*
- *Commercial space created in downtown Trenton – including Veteran's Affairs Canada*
- *This initial project resulted in 2 more loans with BDC and Trenval*
- *CFDC funded 3 tenants that took commercial space.*
- *Waterfront development of Riverfront Square with City of Quinte West, EODP & Trenval as a community project*

## ***BDC Solution:***

- *High leverage real estate lending*
- *Co-Lending Solution*



## **Lancaster Park Outdoor Resort**

*Opened in 1967, located on the beautiful St. Lawrence River, Lancaster Park is a family run campground with a licensed 200 seat hall hosting well known bands from across North America and numerous outdoor activities for the whole family to enjoy. Change of Ownership Transaction.*

# Lancaster Park Outdoor Resort

Client Request	\$	Solution	\$
Buy land and building	\$2,200,000	CFDC Quasi-Equity	\$150,000
		CVCF Quasi-Equity	\$250,000
		BDC	\$1,600,000
		Owners Investment	\$200,000
Total	\$2,200,000	Total	\$2,200,000

## ***Key benefit to the client***

- *No need to sell business or find equity to fund*
- *Could keep business in family*
- *Patient lender*

## ***KPI Impact***

- *High Leverage, High \$ Value, High Jobs Maintained*

# Lancaster Park

## ***Financing Solution & Impact:***

- *BDC 1<sup>st</sup> Mortgage, CFDC 2<sup>nd</sup> Mortgage*
- *Both Parties Fully Secured*
- *Diversified Risk*
- *Higher Leverage Financing*
- *Flexible repayments terms with BDC*
- *Interest only repayment for 5 years with CFDC*
- *Improved due diligence with BDC underwriting team*
- *Business would otherwise have been sold outside the family*

## ***BDC Solution:***

- *Real Estate Lending*
- *Treat CFDC interest only funding as “quasi-equity” which allowed for reduced client down payment*



# Commercial real estate

## Commercial real estate financing

- Purchase of land and building
- Construction of new premises
- Expansion or improvement of existing or rented premises
- Replenishment of working capital depleted by current construction costs

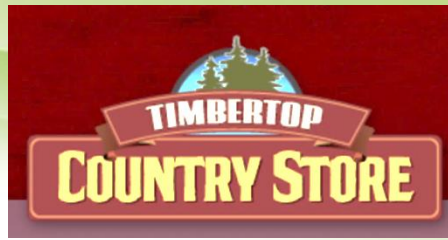
## Benefits

- Guaranteed long-term financing up to 25 years
- Progressive or seasonal repayment options tailored to your client's cash flow
- Possibility of deferring principal payments up to 36 months
- Personal assets not taken as collateral



## **Timbertop Country Store**

*Retail hardware store in Foxboro. Required financing for expansion into lumber and to refinance existing liabilities. Startup business owned by a Mennonite community member serving rural areas.*



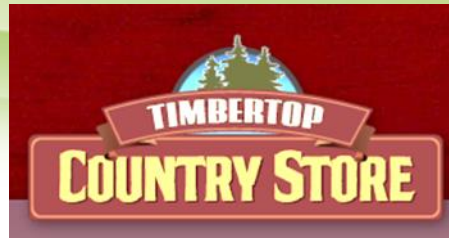
Client Request	\$	Solution	\$
Inventory to expand	200,000	CFDC (Quassi Equity)	150,000
Working capital	522,000	BDC	572,000
<b>Total</b>	<b>722,000</b>	<b>Total</b>	<b>722,000</b>

### **Key benefit to the client**

- *Allow expansion into lumber, increased sales & markets*
- *Lower interest rate than currently paying*
- *CFDC interest only for 5 years – addressed cash flow issues*

### **Impact**

- *2 Jobs created & 4 maintained*
- *Leveraging; partnership development*
- *Subsequent loan done 3 years later*

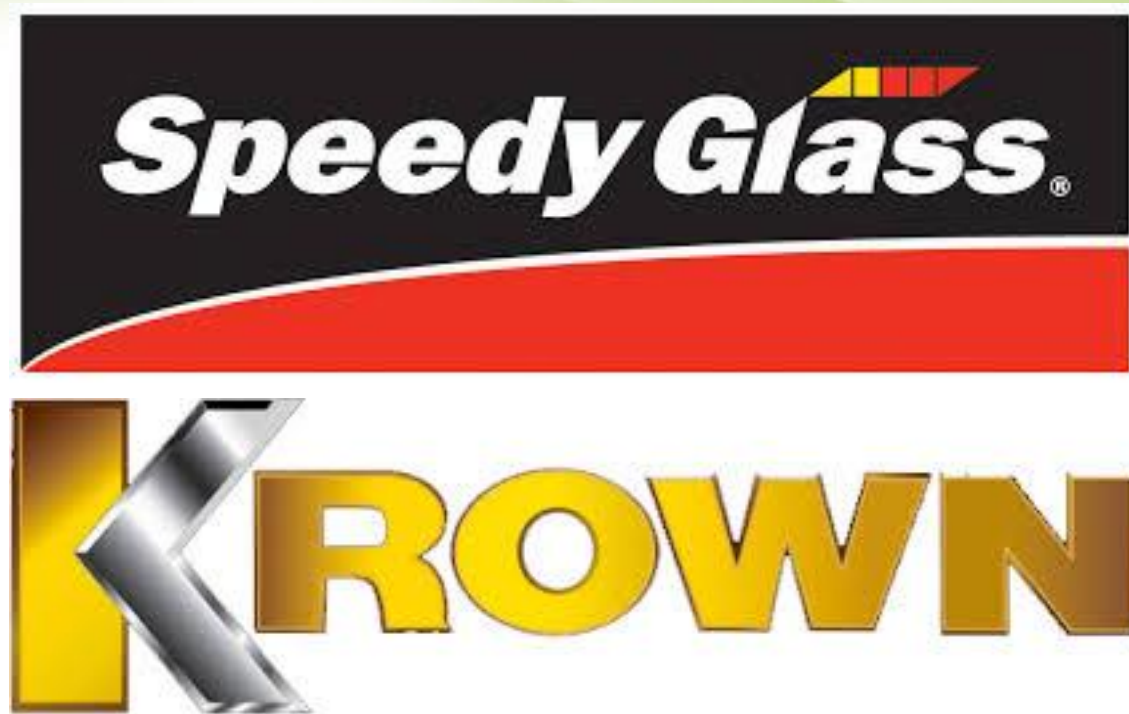


### ***Financing Solution & Impact: Trenval***

- *2<sup>nd</sup> mortgage position, first on GSA, secured*
- *Increased due diligence with BDC*
- *Diversified Risk*
- *Helped business in rural area*

### ***BDC Solution:***

- *Flexibility on security (Postponement of GSA)*
- *\$150,000 CFDC financing recognized as equity – 5 years interest only*



## **Speedy Glass/Krown**

*Rapidly growing Sole Proprietorship cornering the vehicle glass repair and rust control market. Right of first refusal kicked in and quickly had to purchase new location making cash flow tight. New hires and working capital needed to support growth.*

# Speedy Glass/Krown

<b>Client Request</b>	<b>\$</b>	<b>Solution</b>	<b>\$</b>
Working Capital	\$130,000	CFDC	\$60,000
		BDC Online Loan	\$50,000
		Owners Investment	\$20,000
<b>Total</b>	<b>\$130,000</b>	<b>Total</b>	<b>\$130,000</b>

## ***Key benefit to the client***

- *Immediate Need for Working Capital Satisfied*
- *Lower Interest Rate*

## ***KPI Impact***

- *\$ Leveraged, Jobs Created, Coaching*

# Speedy Glass/Krown

## ***Financing Solution & Impact:***

- *More affordable rate by doing partial financing through BDC Online*
- *CFDC Risk mitigated*
- *CFDC 1<sup>st</sup> on GSA*
- *Relationship started with both financing institutions – increased options in the future*
- *Client could now potentially qualify for BDC Pre-approved Loans*

## ***BDC Solution:***

- *BDC Online Loan*

# Speedy Glass/Krown

## **Key Benefits of BDC Online Loan**

### **Convenient and 100% online application**

- Apply for your loan from the comfort of your home or office

### **Flexible repayment terms**

- Postpone your capital payment for the first month
- Repay your loan over four years and protect your cash flow
- Pay off your loan in part or in full at any time without penalty

### **Affordable loan**

- Pay no fees—not even application fees
- Enjoy the current 5.70% interest rate\*\*.

### **No security required**

- Your personal assets are not taken as collateral for the loan

\* *Subject to approval. Certain conditions apply.*

\*\* *BDC floating base rate of 4.70% effective January 25, 2016 + 1%. The interest rate is subject to change without notice.*





- ▶ Agricultural, Commercial & Residential Fencing
- ▶ Retail Fencing & Installation
- ▶ Calhoun Super Structure Buildings

*Our Family Serving Yours Since 1982*

2013



## **Barrett's Farm & Family Centre**

*Family run business of over 30 years in Stirling, Ontario, providing fencing and installation of coverall buildings across Eastern Ontario within agriculture industry.*



Client Request	\$	Solution	\$
Working capital	500,000	CFDC	250,000
		BDC	250,000
<b>Total</b>	<b>500,000</b>	<b>Total</b>	<b>500,000</b>

**Key benefit to the client**

- *Payout of existing bank debt that was on demand with special accounts.*
- *Lower interest rates*
- *Expand into TSC stores with agriculture fencing*
- *Formed part of their succession plan*

**Impact**

- *Agriculture sector, jobs, partnership, leveraged dollars, support succession*



### ***Financing Solution & Impact: Trenval***

- *Secured with 2<sup>nd</sup> mortgage; 2<sup>nd</sup> position on GSA;*
- *BDC due diligence*
- *Bank issued solved; client relieved*
- *Creation of 5 jobs; maintained 10 with potential impact of more jobs if expansion with TSC.*
- *Agriculture sector loan*

### ***BDC Solution:***

- *Flexibility of lending terms*
- *Protection of client's cashflow (seasonal payments made available)*
- *Risk mitigation with CFDC*



## **Comfort Water Treatment**

*Retail and service of Water Treatment Systems for retail and commercial use with 50 years in business. Owner was retiring and was going to liquidate or sell. Funding program was to purchase business.*

# Comfort Water Treatment

<b>Client Request</b>	<b>\$</b>	<b>Solution</b>	<b>\$</b>
Business Purchase	370,000	CFDC Quassi-Equity	200,000
Working Capital	50,000	BDC	150,000
Refinance	50,000	Vendor Take Back	120,000
<b>Total</b>	<b>470,000</b>	<b>Total</b>	<b>470,000</b>

## ***Key benefit to the client***

- *New Family to takeover and grow business*
- *Owner didn't need to liquidate land to purchase business*

## ***KPI Impact***

- *Jobs maintained, leverage, secured deal*

# Comfort Water Treatment

## ***Financing Solution & Impact:***

- *CFDC fully secured with 1<sup>st</sup> mortgage on land*
- *BDC 1<sup>st</sup> position GSA*
- *Local Company remained in business vs. closing*
- *New owners received sufficient working capital to expand*
- *No need to sell revenue generating land*

## ***BDC Solution:***

- *BDC treated CFDC loan as equity, which allowed owner to keep land rather than sell.*
- *BDC won't secure against personal assets: CFDC took land as security*



## **“Alliance Custom Fabrication”**

*Custom metal fabrication shop specializing in manufacturing sector in Belleville.*





Client Request	\$	Solution	\$
Buy land and building	465,000	CFDC	150,000
Equipment	150,000	BDC	415,000
		Owner	50,000
Total	615,000	Total	615,000

**Key benefit to the client**

- *Expand facility – originally two buildings,*
- *Refinancing existing mortgage - better terms*
- *Productivity enhancement, new markets, new technologies*
- *Remain competitive*
- *Accessed EODP Program for grant dollars – equipment and operational efficiencies*

**Impact**

- *5 new hires, leveraged dollars*







### ***Financing Solution & Impact: Trenval***

- *Pari Passu Agreement on mortgage with BDC*
- *\$100,000 term loan plus \$50,000 at 0% Retrofit program*
- *EODP grant of \$25,000 for equipment & efficiency*
- *Manufacturing sector and new hires with skilled trades*
- *Shared security*
- *BDC due diligence*
- *Partnership development*

### ***BDC Solution:***

- *100% financing on the building*
- *Operational Optimization Potential consulting program*



# Summary: Key Benefits to the Client

- **Increased Leverage**
- **Flexibility of terms**
  - Long amortizations to protect cashflow
  - Seasonal Repayment
- **Security**
  - Co-lending
  - Postponements
  - No personal assets
- **Participation in BDC Programs**
  - BDC pre authorized list
  - Pre approved consulting
  - Virtual Business Centre

# Summary: Key Benefits to CFDC/BDC

- KPI Improvement
- Refinancing
  - Transition of equity loans to term loans
- Repeat lending
- Information sharing
  - Financial Reporting
  - Market Intelligence



**Start or buy a business**



**Business strategy and planning**



**Money and finance**



**Marketing, sales and export**



**Employees**



**Operations**



**Technology**



**Change of ownership**

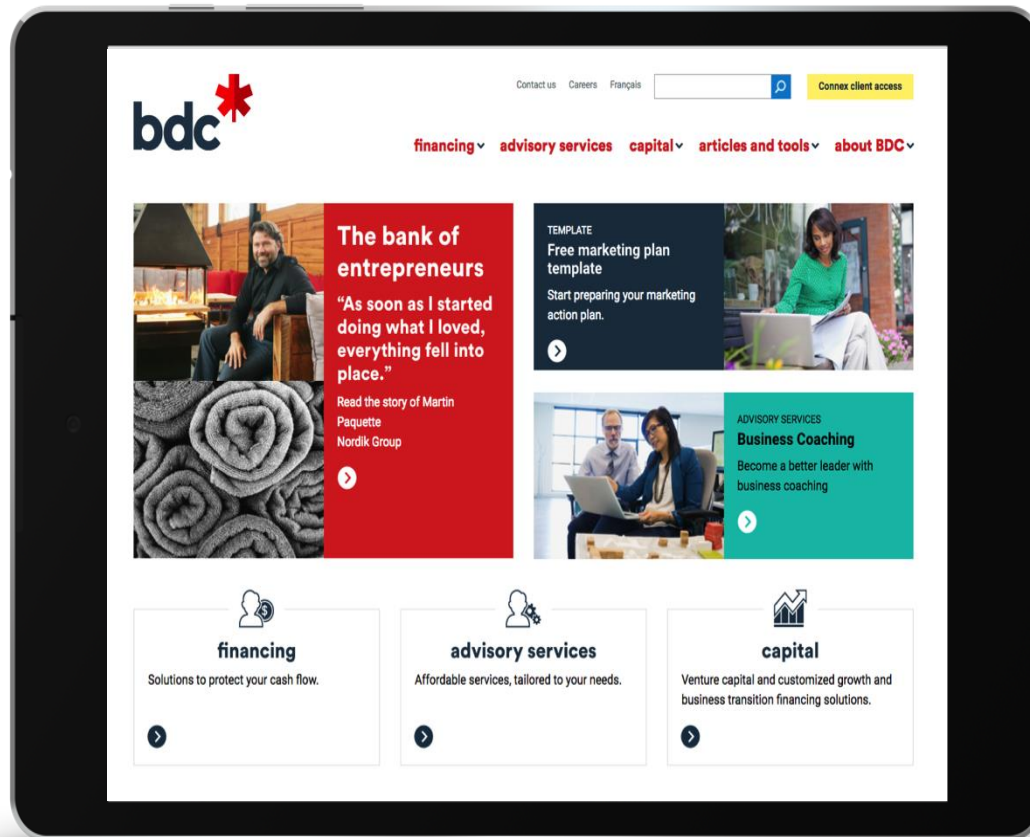


**Entrepreneurial skills**

## **Entrepreneur's toolkit**

To succeed today you need to have sound business sense and a set of practical tools. We offer several resources, whether your business is just starting up or is already well established.

**Free  
business  
advice  
on [bdc.ca](http://bdc.ca)**



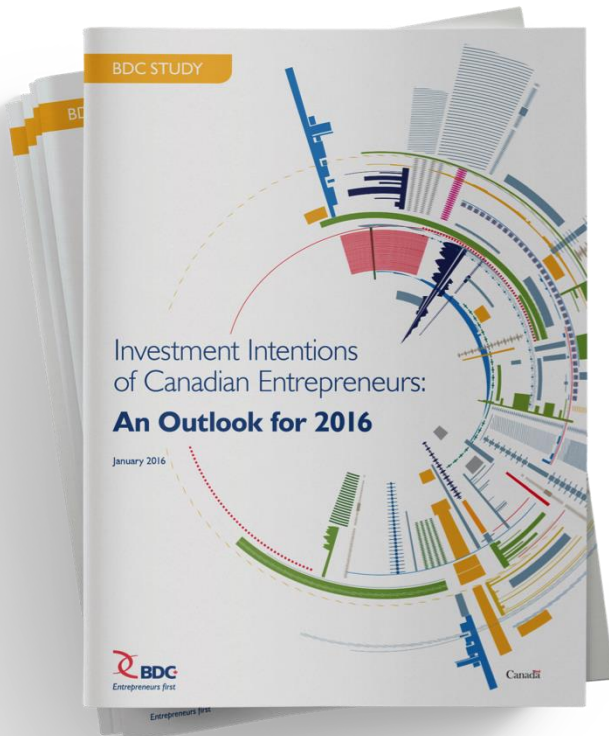
**3.6M**

Visits on  
BDC.ca

**600+**

Articles on a variety  
of business topics

# We provide insightful knowledge on issues impacting entrepreneurs



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## Investment intentions of Canadian entrepreneurs

(January 2016)

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## Diversification and financial performance

(October 2015)

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## High-impact firms: Accelerating Canadian competitiveness

(May 2015)

# Stronger Together

- Enhanced due diligence
  - Criminal and Bankruptcy check
  - AML & Terrorism
  - Business Valuation Calculator
  - Personal Net Worth Calculator
  - Rental Properties, Environmental, ....

# Collaboration Strategies

***Building trust and keeping the entrepreneur first...***

## **Effectively help more SMEs together**

- Funding partners meeting – with client
- Frequent Communication
  - BDC office in house
- Co-developing solutions
  - Timing: Moving at speed of business
- Understanding what success means to each other
- Sharing of
  - tools and resources
  - local market intelligence





Thank you.

**Amber Darling**

Business & Investment Advisor  
Trenval

**Lesley Lang**

Executive Director  
Cornwall & the Counties

**Derrick Morgan**

Manager Major Accounts  
BDC

**Catherine Vanderzwan**

Corporate Relations & Partnerships  
BDC