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Founder and Principal of Cornerstone Business Advisors, LLC

- Former commercial lender to small business community
- Former co-owner of a small manufacturing business
- Since 1994, advisor to small businesses from start-up to businesses with annual sales of \$20,000,000.

I support Raised Bill # 5265 which proposes to:

- Authorizes the State Treasurer to use up to one billion dollars from the State Employees Retirement Fund to purchase the guaranteed portion of federal Small Business Administration loans on or after July 1, 2012 provided that the loans are made by state chartered banks to small businesses within the state.

Reason:

1. SBA guaranteed loans represent a "full faith and credit" US government obligation
 2. Banks have tightened credit standards and are requesting an SBA guarantee for many loans normally eligible for conventional financing. Therefore the guaranteed portion that is being sold today is probably stronger than it used to be.
 3. The State can get a higher return than it would by purchasing conventional US government securities of a similar term.
- Authorize that \$4,000,000 per year for the next two years be allocated from the Connecticut General Fund, to partially subsidize closing costs or paying the guarantee fee of SBA loans made by state chartered banks.

Reason:

1. Most small businesses have cash flow problems. Because of that, their loan requests are approved subject to an SBA guarantee. SBA closing costs and related fees are significant for small business owners. As a result, many small business owners often find that their loan proceeds are less than what they need. They have a new loan with a new monthly payment and insufficient funds to generate the cash they need to break their negative cash flow cycle. Rather than pay the fees, some business owners continue to struggle with inadequate cash flow.
2. Most of the companies that would benefit from the subsidies are local businesses that will grow and employ more people.
3. This action would add further strengthen the positive effects of Public Act 11-1 and be a signal to the entrepreneurs that Connecticut is interested in the future of small business in this State.