



ASG completes \$190 million credit facility

By Martha Entwistle - 12.30.2008

BELTSVILLE, Md.—It may be the toughest credit environment in a long time, but ASG will greet 2009 with a new financial partner and an expanded \$190 million credit facility, Ralph Masino, ASG CFO told Security Systems News on Dec. 30.

"We had an opportunity to add to our existing credit at attractive terms and we decided to do it," Masino said. "We now have several years of growth capital and ample dry powder to look at larger properties or opportunities as they come to market."

At the end of 2007, ASG recapitalized with Parthenon Capital and also completed a large credit facility. The facility, led by CapitalSource, also included Bank of America, Citizens Bank, and Madison Capital.

The new facility adds The Private Bank as a lender. CapitalSource managing director Bill Polk said, "the addition of a smart, discriminating lender like The Private Bank is testament to ASG's great operating performance and the quality of the management team."

The Private Bank's Security Industry Group was started by industry veterans Sean Forrest and Mark Melendes in April of 2008. Forrest expects the group will have "closed ten new deals and committed \$175 million in 2008, which we think is a great thing in the midst of the worst credit crisis we've seen in a few generations."

Forrest and Melendes were both at LaSalle Bank before joining The Private Bank, and Forrest served as CFO of HSM before it was acquired by Stanley. Forrest was involved as a lender to ASG "back in 2003 when Joe Nuccio took over." He said ASG's "had an impressive turnaround and outstanding performance ever since."

Adding to a credit facility is "not typical [in these times] and for ASG to achieve this is an unusual feat."

"The strong companies in the industry have gathered liquidity," said Forrest. "In bad times, come terrific opportunities."

In October 2007, Masino told Security Systems News that ASG intended to double the size of the company within five years. At that time, ASG had \$2.8 million in RMR and 75,000 customers. Today, ASG has nearly achieved that goal with \$4.7 RMR and 125,000 customers.

Masino said that Parthenon Capital and all of ASG's financial partners have been very supportive. Asked if it is beneficial for ASG to have multiple financial partners, Masino said yes. "If we have a large opportunity in the future, we have several banks to [turn to if we want to] increase our facility."

Does ASG foresee a "large opportunity" in the future?

"Possibly," Masino said.