

FYE 2017-2018



SMALL BUSINESS DEVELOPMENT  
CORPORATION OF ORANGE COUNTY

# ANNUAL REPORT



## As the old proverb says, 'all good things must come to an end.'

And it is with some deep reflection I share with you that my 41-year banking career will end with my planned retirement as Executive Vice President and Chief Community Reinvestment Officer at Banc of California effective October 1, 2018.

However, as my banking career winds down, I am provided an unprecedented opportunity to focus on volunteerism through the various boards I'm chairing in the housing and community development sector. This includes my continued leadership role as board chairman of Small Business Development Corporation of Orange County (SBDC-OC). It is one of seven economic development corporations residing under the California Infrastructure and Economic Development Bank providing access to capital for small business owners and non-profit corporations throughout California.

SBDC-OC is a prolific economic development organization whose Board of Directors is a well-oiled machine reflecting the diversity of our resource partners and borrowers. The board provides SBDC-OC's management the tools, support, governance, latitude and vision to execute the organization's economic development mission and in particular, its mandate to create and sustain jobs in California.

Fiscal year 2017-2018 achieved these goals in a significant way. The organization funded over \$34 million in loan guarantee issuance leveraging \$47 million in small business lending statewide while creating some 788 new jobs and sustaining 2,199 existing jobs. Remarkably, 70.0% of guarantee distribution was located within low-to-moderate income communities and over 36.0% was issued to minorities or people of color.

We are on pace to far exceed fiscal year 2017's operating results including the deployment of direct capital under a newly created Entrepreneur Loan Fund (ELF) set to launch at year's end. This, together with alternative direct environmental and bond conduit lending programs administered through SBDC-OC, has helped to increase overall balance sheet liquidity and equity to support the agency's operating needs well into the future.

I'm looking forward to my continued leadership role with SBDC-OC's phenomenal Board of Directors, and the fulfilling work of guiding organizational policy relative to our important economic development mission and collaboration with the California Infrastructure and Economic Development Bank.

Onward into the New Year!

Gary Dunn  
Chairman of The Board



## Small businesses serve an important role in supporting California's \$2.7 trillion economy, and we are proud to assist these ventures by providing the tools they need to thrive and create jobs

As a financial development corporation in the Golden State, we are part of a long-standing effort to aid the small business and entrepreneurial community. California's Small Business Financial Assistance Act authorizes the formation and designation of small business Financial Development Corporations (FDCs) for the purposes of issuing commercial business credit and guaranteeing loans funded through financial institutions and non-bank financial companies.

The FDC corporations reside under the California Infrastructure and Economic Development Bank (IBank). The IBank was created in 1994 to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. It also operates a plethora of small business capital access programs through its FDC conduit corporations.

In fiscal year 2017-2018, the statewide FDC corporations issued 400 credit loan guar-

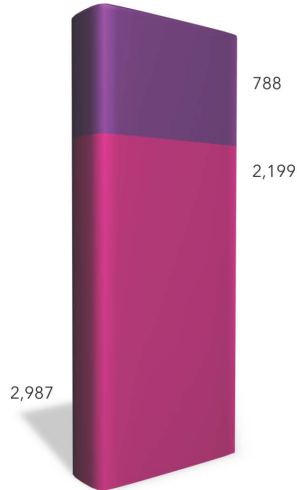
antees under IBank's Small Business Loan Guarantee Program. This supported a total lending package of \$161 million for California small businesses across the state with a concentrated emphasis on those owned by and serving women, minorities, veterans, the underemployed and those located in communities of greater need.

Although we had another strong year, guarantee issuance was slightly down from the previous fiscal year but well above our statewide peer group. Positioned heading into the new fiscal year with a sizable uptick in small business community development lending activities across all business sectors.

We wish to thank our friends, supporters, collaborators and valued resource partners who have assisted in promoting the agency's organizational mission supporting small business entrepreneurs who lack access to traditional capital markets and who benefit from our technical expertise aimed at helping sustain and grow their businesses.

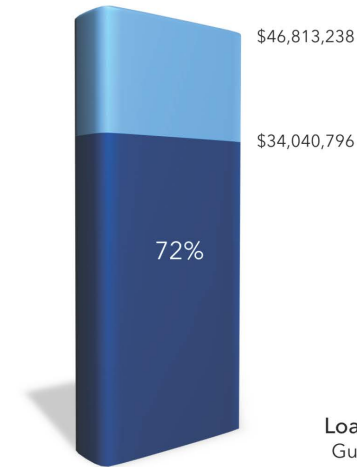
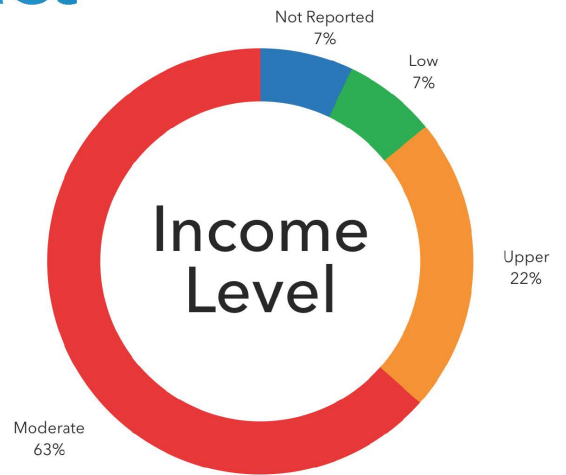
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# Demonstration of Impact



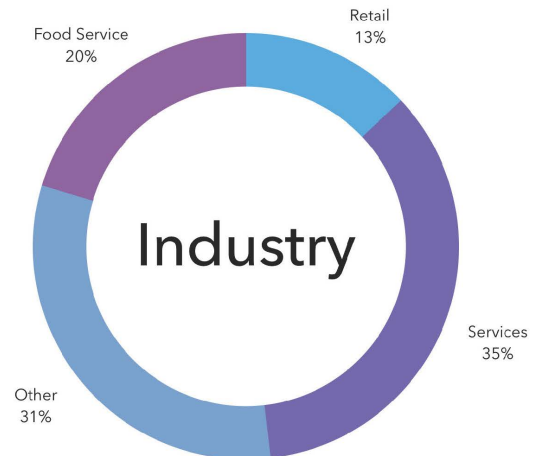
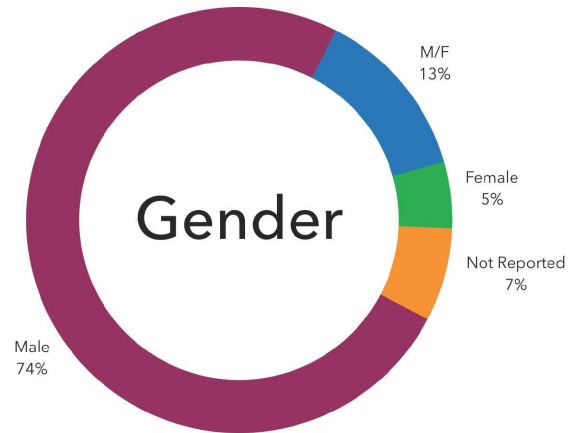
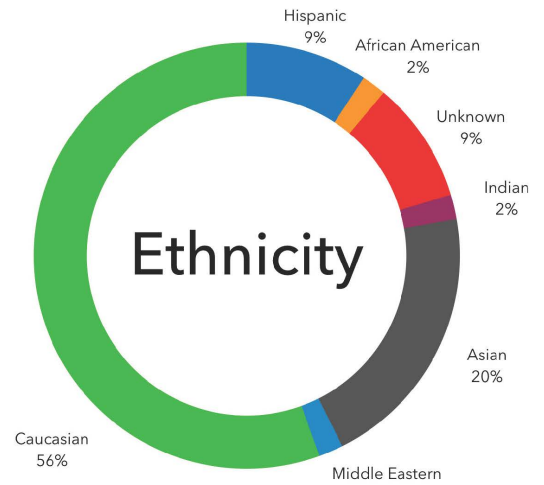
**Economic Impact**

Jobs Created	788
Jobs Retained	2,199
<b>Total Jobs Impacted</b>	<b>2,987</b>



**Loans**

Guaranteed Loan Amt	\$46,813,238
Total Loan Amt	\$34,040,796



The Board of Directors of Small Business Development Corporation of Orange County salutes you all.

Michael A. Ocasio  
President and CEO



## Gary Dunn's passion for community takes center stage in retirement

What began three decades ago as conformance to a job requirement became a source of fulfillment for banking executive Gary Dunn. The betterment of communities through assisting small business owners and individuals in underserved areas will continue to engage his heart and his time as he heads into retirement.

In October Dunn is exiting a 35-year career that was carried out primarily at two financial institutions, the last five years at Banc of California where he is retiring October 1, 2018 from his position as Executive Vice President and Community Development Officer. Twenty years ago while pursuing his banking career, Dunn joined the board of the nonprofit Small Business Development Corporation of Orange County (SBDC-OC) in keeping with the FDIC's Community Reinvestment Act. The law aims to diversify and strengthen the economy by compelling financial institutions to become involved in community development and support lending to varieties of businesses in the regions in which they operate.

While helping guide the Orange County Development Corporation's efforts to aid diverse small business owners in underserved areas around the state, Dunn uncovered a broader purpose. "I joined kind of as a requirement of my job," he said. "I discovered I had a passion for it and I've given it my all. I get really excited when I see small businesses grow because of what we do for them."

Dunn has held the position of board chairman of the SBDC-OC the past 10 years. It is one of 11 nonprofits on whose boards he has served during his career, five of which he has chaired. He contributed his expertise to these organizations while pursuing a successful vocation in finance that has been replete with numerous 'Outstanding' Community Reinvestment Act ratings from regulators and many other awards.

During retirement, Dunn plans to remain fully engaged in the community development arena. The Small Business Development Corporation of Orange County is one of three nonprofit organizations Dunn has elected to continue serving out of the slate of 11 with which he has held board positions. Clearinghouse CDFI, a direct lender serving disadvantaged communities in the Western United States and for which he serves as chairman, and Mary Erickson Community Housing in Orange County where he is Board President will also continue to benefit from his experience and energetic focus.

"My responsibility is to lead these organizations and make high-level decisions," Dunn said, to mentor and assist the chief executive officers and presidents, to recruit investors and new board members, and provide the tools the organizations need to be successful. Of particular focus is the organizations' ability to take care of its own people, he said.

Dunn's own skillful leadership and dedication to community development has "

## Jim Ely, helping lenders and small businesses ride the waves to success

Jim Ely has been riding waves his entire career. With an office in Newport Beach, he is able to start each morning with a session of surfing. The biggest wave Ely caught however was with government guaranteed lending programs.

In 1984 Ely began working in the arena of U.S. Small Business Administration loans services and now owns his own company, sbapro.com, which is a lender service provider that helps banks and borrowers participate in the SBA 7(a) loan program. With the rules constantly changing, Ely became an instructor with the National Association of Government Guaranteed Lenders in 2004 teaching the SBA Application Processing class. He soon learned that "you don't really know if you know something until you have to teach it to someone," Ely said.

In 2007, Small Business Development Corporation of Orange County (SBDC-OC) Chief Executive Officer and President Michael A. Ocasio asked Ely to join the corporation's loan committee. Ely soon learned that the Small Business Loan Guarantee Program (SBLGP) championed by SBDC-OC was an excellent complement to the SBA loans his bank customers were doing. The program could be used in conjunction with an SBA loan or when an SBA loan was ineligible. At Ely's behest several banks and borrowers soon embraced the program.

As a recent example, Ely was able to put together a financial package in 2015 for Shannon's On Pine sports bar using both a large SBA 7(a) loan and a SBLGP guarantee from SBDC-OC for the purchase and development of the property. Since

garnered significant recognition. He was honored in 2018 with a Lifetime Achievement Award from Clearinghouse CDFI which he helped form in 1996. Additional awards among many others include the 2015 CRA Advocate Award from the California State Senate, and the 2015 CRA Advocate Award from the Orange County Board of Supervisors. Prior to his tenure at Banc of California, Dunn held senior positions with CapitalSource Bank, formerly Fremont Investment & Loan for 25 years.

## Not your typical banker

While many Southern California workers must deal with arduous daily commutes, Dunn's commute for the past 30 years arguably tops them all. He and his wife, Char, live in Manteca near Stockton, 363 miles from his office in California's southland. He has traveled to work for three decades by hopping flights each week to reach Southern California.

Retirement will mean less time in the air and more time with his son, grandson, and wife of 47 years, traveling with their fifth wheel recreational vehicle, and occasionally vacationing in Cabo San Lucas and other fun places. And perhaps it will provide a few more opportunities to dance and enjoy the cigars he loves.

"I can dance to anything," says Dunn. "It's fun." His abilities have won dance contests, and most memorably, inspired an impromptu dance on the dare of his bank's chief executive at a bank literacy

event in 2014 featuring former President Bill Clinton. For Dunn, it was an opportunity to step outside the executive suit role and reach out to people. "I'm just kind of a happy, fun guy when it comes to connecting with the community," he said. "I was on top of the world watching the kids get excited."

then, Shannon's has become the focal point of downtown Long Beach and now hosts the annual Christmas party for local SBA and state guaranteed lenders. As an advocate of the SBDC-OC, Ely was asked to be the chair of their loan committee. The loan committee reviews guarantee requests from participating institutions and determines eligibility and creditworthiness. One of the criteria for eligibility requires that no probability exists that the loan would be granted under reasonable terms or conditions, and that the borrower has demonstrated a reasonable prospect for repayment of the loan. This guideline drives many lenders to utilize the credit enhancements provided by SBDC-OC.

Commercial lenders' global perspectives on marketplace enterprise risk management

At SBDC-OC, Dunn will provide guidance as the development corporation explores an expansion to another region. He would also like to see the organization expand its loan pools, provide loans to established small businesses, and attain federal Community Development Financial Institutions Fund, or CDFI certification which would allow grants from the U.S. Department of the Treasury. "Such a certification would help the Orange County development corporation create more loan products and help attract investments from banks," Dunn said.

Dunn says he is personally inspired by the ability to help others through his work with SBDC-OC and the other two non-profits and is now more focused than ever on community development. "I can say every day when I get up in the morning, I am making a difference in somebody's life," he said.

is often mitigated by the loan guarantees provided by the Small Business Loan Guarantee Program. Ely believes any hesitancy from lenders about participating with the program is due to a lack of knowledge of what the program can do for them. As a result, he spends a lot of time presenting the program to various lenders throughout California.

In 2015 during Small Business Week, the Small Business Administration recognized Ely as the SBA Financial Services Champion of the Year. He also is on the Board of Directors for California International Bank.

## BOARD OF DIRECTORS

Gary Dunn, *Chairman*

Abdi Ahmed, *Vice Chairman*

Terrin Enssle, *Secretary*

Michael Karr, *Treasurer*

Michael A. Ocasio, *President/CEO*

Cecil Adams

Alex B. Arjonilla

Keith Drake

Jason Hamilton

Johnny Thomas

Pablo Ocasio

Nancy Trujillo



## Higher Education Connection: SBDC-OC Board member and business school dean John Thomas talks collaboration



As dean of the Zapara School of Business at La Sierra University, John Thomas leads the institution in the fulfillment of its mission to create value and make a difference by guiding students toward socially-conscious entrepreneurship and business leadership roles.

He lives out these values himself through service on various for-profit and non-profit boards around Southern California. He joined the Board of the Small Business Development Corporation of Orange County (SBDC-OC) three years ago, bringing insights, business contacts and community connections to the organization, and in turn linking his students with potential employment opportunities. "It's a good group of people who are committed to making a difference in the world," he said. "They operate SBDC-OC with the same sense of duty to community and individual development that we strive for at the school of business."

"I have served with Johnny on the board of a large social service agency over a decade before seeking his participation on the SBDC-OC Board of Directors," said Michael A. Ocasio, President and Chief Executive Officer of the Small Business Development Corporation of Orange County. "A consummate professional, educator and prolific fund raiser, Johnny embodies the work we do as economic developers with an innate ability to understand and interpret project financing proposals and resource partnerships in conjunction with our public and private-sector counterparts."

The development corporation and the business school have collaborated on

student entrepreneurship programs, including a technology-driven education empowerment project in Jamaica initiated by the school's international award-winning Enactus team. Thomas initiated the team in 1992 which has since won an unprecedented seven national and two world titles for its entrepreneurship-based economic projects impacting communities of need.

Thomas also serves on boards for ASPIRE Housing Corporation which Ocasio leads as board chair, global humanitarian aid organization ADRA International, biopharmaceutical company Genelux Corp., the CLODS System, a regional health information exchange platform, Family Service Association in Riverside, and Nunez Community Foundation, among others. He holds two MBAs and a Master of Arts and Ph.D. from Claremont Graduate University respectively in international political economy and economics and politics.

Thomas has led the business school for 20 years and has held a faculty position for 30. Under his guidance, the school's enrollment has surged to reach nearly 500 students in the fall of 2018.

His numerous achievements include development of the \$16 million Zapara School of Business which opened in 2013.

But his greatest accomplishments take place within the hearts and minds of his students for whom he provides personal mentorship and support, transforming uncertain young people into confident achievers ready to take on the world.

## Success Stories

It is our mission to assist small businesses throughout California to access capital to grow their companies and create jobs through its administration of capital access programs in collaboration with the California Infrastructure and Economic Development Bank.



### 24 Carrots, LLC and 24 Carrots Special Events, Inc

Lender: Sunwest Bank

Employees: 372

Assembly District: 74

Jobs Created: 444

Senate District: 37

24 Carrots is one of the largest catering businesses in the western United States. It was established in 2004 by Norm Bennett who trained at the Culinary Institute in New York. It is a full-service catering and events company that helps create extraordinary weddings, social gatherings, and corporate events. 24 Carrots is the preferred caterer at more than 45 of Southern California's premiere properties.



## Portview Preparatory

Lender: CalWest Bank

Employees: 154

Assembly District: 55

Jobs Created: 6

Senate District: 29

Portview Preparatory is a school serving children with special needs from kindergarten through high school. All of their students receive personalized education catered to their individual needs. In addition to classroom-based educational activities, the school offers therapeutic services addressing the cognitive, emotional, and physiological needs of their students in order to prepare them for life as an adult. The school's previous location allowed it to serve 60 students, but through financing of the guaranteed loan with CalWest Bank, the school was able to relocate and increase its capacity to 84 students.

## On Target Electric

Lender: CalWest Bank

Employees: 23

Assembly District: 74

Jobs Created: 2

Senate District: 37

On Target Electric, Inc. is a minority-owned, disabled veteran-owned business. A full service electrical contractor, On Target specializes in replacing existing lighting fixtures with energy efficient LED lighting. The company serves residential customers as well as commercial clients in a wide range of industries including manufacturing, higher education, pharmaceutical, healthcare, retail and more.



## Tzicatl Community Development Corporation and Semillas Sociedad Civil

Lender: First Choice Bank

Employees: 53

Assembly District: 51

Jobs Created: 2

Senate District: 24

Semillas Sociedad operates two non-profit charter schools that focus on the awareness of indigenous cultures in California and Mexico. They enroll over 400 students in their K-12 education programs. Semillas' community-based charter schools are located in East Los Angeles - Xinaxcalmecac Academia Semillas del Pueblo serves kindergarten through eighth grade and Anahuacalmecac International University Preparatory High School of North America is designed for grades nine through 12.

## Lifesavers, Inc.

Lender: City National Bank

Employees: 10

Assembly District: 34

Jobs Created: 2

Senate District: 16

Lifesavers, Inc. is a non-profit organization with a mission to save wild and domestic horses from abuse, neglect, and slaughter. It is known to be the largest horse rescue in the United States. Currently more than 450 horses are in its care. Lifesavers operates out of two locations -- a 46-acre ranch in Lancaster focuses on training and adoption of horses, and a 1,000-acre sanctuary in Caliente.





## California School of the Arts – San Gabriel Valley

Lender: Pacific Premier Bank

Employees: 127

Assembly District: 48

Jobs Created: 25

Senate District: 25

California School of the Arts – San Gabriel Valley is a 501(c)(3) non-profit public charter school that provides its students rigorous college-preparatory education and pre-professional arts conservatory training within a creative, challenging, and nurturing environment. The school is tuition free and is modeled after the award-winning arts and academic programs of Orange County School of the Arts. The school offers Acting, Classical & Contemporary Dance, Classical Voice, Commercial Dance, Creative Writing, Instrumental Music, Integrated Arts, Musical Theater, Production & Design, and Visual Arts. California School of the Arts expects to enroll 1,085 students (800 high school, and 285 middle school) by the 2018-2019 school year.

## Tribal Law and Policy Institute

Lender: City National Bank

Employees: 24

Assembly District: 50

Jobs Created: 2

Senate District: 26

Tribal Law and Policy Institute is a Native American non-profit corporation with a mission to “enhance and strengthen tribal sovereignty and justice while honoring community values, protecting rights, and promoting well-being.” They offer a wide range of training, technical assistance, and resource services.



# Our Partners

