

# Nor-Cal FDC



Northern California Small Business  
Financial Development Corporation

Annual Report  
2019 - 2020





## Our Mission

Nor-Cal FDC’s mission is to drive the local economy by supporting small business owners and entrepreneurs through access to capital. Their lending, banking, and technology partners provide greater access to a variety of sources of capital to small business owners in Northern California, Silicon Valley and the San Francisco Bay area.

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## Greetings from the CEO

*"If you can keep your head when all about you are losing theirs..."*

I have often reflected upon this poem by Rudyard Kipling, especially while facing the incredible challenges this year has delivered.

As I review the outstanding accomplishments and unwavering efforts of our Nor-Cal FDC team, despite the many, many obstacles, I recognize that this talented group has personified true examples of Kipling's words. Through this economic crisis, each team member has come together to use their unique "super-power" to carve out a road to recovery, acting as a guiding beacon of light to small businesses seeking support.

The Nor-Cal FDC team has continued to assist struggling businesses while we ourselves are sheltered-in-place, not being deterred from helping to provide capital. We have also forged vital new partnerships; adding lending institutions, broadening our services by joining with the Small Business Development Corporation (SBDC), and engaging crucial and growing Green businesses with the Bay Area Air Quality Management District.

By developing and maintaining our New Business and Loan Production process, despite the pandemic, by fiscal year end, we closed over \$104 million in loans representing \$70 million in loan guarantees and retaining/creating over 5000 jobs. It is also important to highlight the considerable efforts of our board, who through enhancing their processes have assisted us in closing several of our more complex deals, more efficiently and expeditiously.

I am immensely proud of the entire Nor-Cal FDC team and all our accomplishments. By "keeping the main thing – the main thing", Nor-Cal FDC continues to flourish, creating strategies and providing solutions for today and tomorrow's challenges.



Sanford Livingston,  
Chief Executive Officer



# Nor-Cal FDC and SBDC Northern California District Join Forces for Innovative Small Business Services



In January 2020, Nor-Cal FDC and the SBDC announced the Nor-Cal FDC & NorCal SBDC Finance Center Collaborative. Through this unique partnership, these two organizations combined their efforts to provide technical assistance to small businesses throughout the lending process and beyond. Their goal is to offer expertise to small business borrowers as they navigate through the difficult process of gaining access to capital.

*“While Nor-Cal FDC works diligently to provide support to our certified lenders to adequately support small businesses that don’t qualify for traditional financing, partnering with the SBDC allows us to provide that same support directly to borrowers at no additional cost,”* states Nor-Cal FDC CEO Sanford Livingston.

## These are just a few of the benefits that clients have identified:

- NorCal FDC/SBDC Finance Center - cross-organizational and cross-functional team concept. Some solutions include linking borrowers to other experts that are best equipped for specific stages of the loan process.
- No cost to borrower or lender - free, confidential and no obligation. SBDC has nothing to sell or promote. There is no membership required and no rigid size restriction. We are here to help lenders approve more loans.
- Upfront borrower needs assessment - clarifying borrower confusion, solving problems, and answering questions. Avoid wasting time or risking costly errors.
- Pre-application Financial Preparedness - expert guidance helping borrower optimize cash management and prepare stronger loan/line of credit applications. Examination of borrower cash flow with SBDC Finance Center Business Analyst.
- SBDC Concierge Service - contact us whenever you encounter borrower credibility questions, problems with financial statements, projections & assumptions, inadequate business plans, and we will work to point the borrower in the right direction.
- Loan Loss Prevention & Mitigation - Loan Default Prevention Collaborative - Quarterly financial health check of cash flow and debt service coverage.
- Delinquency and Failure Prediction Analysis - help assess potential risk for lenders with advanced analytics. Provide the borrower with strategic and tactical steps to avoid delinquency with early detection of financial stress.

Overall, the partnership which offers technical assistance, access to capital, expert guidance, and default prevention measures, will have a positive impact on small business and stimulate economic development in the State of California.

*“The collaboration between our organizations has provided free, individualized and confidential one-on-one advising for existing businesses and start-ups with the potential for job creation, revenue and profit growth, as well as, new business development ideas which could stimulate economic development in Northern California and beyond, ”* stated Chris Horton, SBDC.

During the current pandemic, the Nor-Cal FDC/ SBDC Collaborative independently received, processed, and resolved technical assistance requests to more than 500 small businesses, who were experiencing an economic injury due to COVID-19. These efforts brought about financial disaster relief; preserving businesses and supporting more than 1700 jobs.

As a result of these efforts Nor-Cal FDC was pleased to be selected to partner with Humboldt State University Foundation (the fiscal host for NorCal SBDC) as an SBDC Affiliate Program.

# IBANK and Nor-Cal FDC join with Bay Air Quality Management District to Fund Climate Tech Businesses



The Bay Area Air Quality Management District (BAAQMD) aims to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality, and the global climate. BAAQMD's goal is to establish the Bay Area as a leading area for emission reductions in mobile sources, land-use planning, innovative technology, and energy. One vehicle is the Climate Tech Finance Program which offers subsidized financing for public and private facilities to adopt emerging technologies that reduce greenhouse gas emissions. The program accepts tech companies that avoid carbon based fuels, reduce greenhouse emissions, or sequester carbon.

Through a partnership with the California Infrastructure and Economic Development Bank (IBANK), via Nor-Cal FDC, small businesses that prove to meet the objectives of the Climate Tech Program, can apply for loan guarantees on loans of up to \$20 million, with a maximum guarantee of \$2.5 million. Projects may be eligible for up to 90 percent guarantees through this program. The BAAQMD provides an engineering report and technical assistance to borrowers to evaluate these proposed projects. They also supply the funds to support the additional 10% to the loan guarantee.

Nor-Cal FDC is a leader in providing loan guarantees to "green small business"; working with lenders like Amalgamated Bank (formerly New Resource Bank), Bridge Bank, and First Northern of Dixon, to assist these borrowers. They were well prepared, with proven processes and resources, to participate in the partnership with BAAQMD.

*"The Climate Tech Finance Program is designed to accelerate the adoption of new technologies which will reduce hazardous emissions and increase "clean power" production." states George McDaniel, Nor-Cal FDC Consultant. "The program is already being well received by both technology providers, entrepreneurs, and financing sources in the Bay Area and statewide."*

For more information on the climate tech finance initiatives and programs please contact Byron Phillips or George McDaniel at Nor-Cal FDC.





# Nor-Cal Financial Development Corporation Announces the Election of Three New Board Members

Oakland, CA – Nor- Cal Financial Development Corporation (FDC) announces the election of three new members to their Board of Directors; Atty Paul Garrison of the Law Offices of Paul Garrison, Oakland, Ajayvir Viridi, Vice President, Business Banking Relationship Manager II at City National Bank, San Francisco, and Laurie Gibbs Harris, Portfolio Manager at Community Vision Capital Consulting.

*“We welcome the wealth of knowledge and experience from each of their respective corporate backgrounds. We look forward to working with them as we continue supporting California’s small business entrepreneurs.”* states Sanford Livingston, CEO of Nor-Cal FDC.

**Paul Garrison’s** career has been devoted to legal and risk management spanning over two decades. In addition to being an attorney, Mr. Garrison is also a certified Mediator (CA and TX), Arbitrator, Investigator, Trainer and Expert Witness. Mr. Garrison has served as General Counsel & Corporate Secretary -Transfield Services, Houston, TX (global energy sector); Director, Legal Affairs - AAA No. CA, NV & UT, San Francisco, CA (Insurance, Travel); Vice President & Senior Counsel, Wells Fargo, San Francisco, CA (Financial Services); System-wide Labor Relations Manager, California State University (Academia); and as a Human Resources Manager - Macy’s, (Retail) New York, New York.



Mr. Garrison’s academic credentials include earning a Juris Doctorate at Vanderbilt University School of Law and a Bachelor of Science degree at Cornell University’s School of Industrial and Labor Relations. Among Mr. Garrison’s professional associations are memberships in the National Bar Association, ADR Section; Charles Houston Bar Association; National Academy of Arbitrators, Bay Area Chapter; The Mediation Society; and a member of the Texas Association of Mediators.

**AJ Viridi** is a Vice President and Business Banking Relationship Manager with City National Bank. He is based in the Walnut Creek office and covers East Bay San Francisco region. AJ has 10 years of banking experience. He is responsible for a portfolio of clients in the East Bay. He helps business clients succeed by providing them strategic advice regarding their banking needs.



AJ loves to volunteer at the local food bank and participates in community events. He attended Schiller International University, London. In his free time, he enjoys cooking, music, photography and watching the Warriors!

**Laurie Gibbs Harris** is a highly experienced business and commercial real estate lender, business development professional, and is currently the Portfolio Manager at Community Vision Capital Consulting. Previously she was the Business Banking Officer for US Bancorp in Alameda, CA. and prior to this she served as the Director of Field Production for Northwestern Mutual Life Insurance Company.



Laurie serves on the Board of Directors of Working Solutions, Community Development Financial Institution (CDFI). She has also served on the Northern California Minority Supplier Development Council, and the Board of Directors of the Yerba Buena Center for the Arts.

Laurie earned her B.A. in Economics from Columbia University and an M.B.A from the University of Pennsylvania, The Wharton School.

*“There’s **no shortage** of remarkable ideas, what’s missing is the will to execute them.”*  
– Seth Godin



**NOR - CAL FDC SUCCESS STORIES**



## Vegan Mob Oakland's Newest BBQ

If you follow the long lines of people on Lake Park Ave, Oakland, you will discover the newest and most unique BBQ spot in town Vegan Mob, Vegan BBQ and Soul Food.

Vegan Mob is owned and operated by Toriano Gordon who started the business in January of 2019. Their menu is comprised of traditional family soul food recipes and barbecue fusion.

The business began as a food truck with loans from local CDFI's. They were able to grow enough to move into a brick and mortar location which has gained popularity through grassroots marketing, social media and word of mouth.

Toriano who previously had a career helping at-risk and formerly incarcerated youth in San Francisco, decided to pursue his passion for cooking. He credits his two mentors in the vegan and food truck industries for guiding him towards success.

*"Our mission here at Vegan Mob is to provide nutritious and healthy food with plant-based ingredients. Our passion is to help surrounding communities by empowering them with food they love and enjoy, while also supporting a healthy life-style."*, states their website.

Toriano has created employment opportunities for youth from Oakland and San Francisco.

He aspires to be a leader for his employees and hopes for them to open their own franchises or start their own businesses. Vegan Mob paid all its employees above minimum wage in 2019 and has successfully promoted employees from internal staff. Owner Toriano Gordon hopes to increase staff morale and ensure retention by continuing to offer raises to support his high performing employees.

*"We've been crazy busy,"* Toriano says, and things got even busier after the Food & Wine item last month, which glowingly described his fake-bacon collard greens and Texas-style faux brisket and ribs to a national audience. It brought people who might not have visited

Vegan Mob out in droves even during the pandemic, Gordon states in SF Eats magazine, "with all the people and celebrities, customers during busy times were waiting hours for their meals."

Vegan Mob is currently available via online food delivery services and has shown consistent revenues through these online platforms. Vegan Mob has top 10 rankings in Yelp's Black owned business and vegan categories in Oakland. On Instagram, Vegan Mob has 21,000 followers, and they've been covered by the SF Chronicle, Food & Wine Magazine, East Bay Express, and Eater SF.

Vegan Mob plans to expand into catering, become incorporated, and add on additional employees in order to meet expected sales. To help finance this growing business, Pacific Community Ventures partnered with Nor-Cal FDC to provide a term loan with a loan guarantee for working capital, slow season reserves and expansion projects.





## Royal Industries

Originally Royal Industries, LLC was in the business of providing a very specialized data collection and information gathering service. Royal Industries hires independent contractors to collect data from the Internet, complete surveys, and analyze data, who then utilize this data to develop marketing campaigns. They were contracted exclusively to one client: a \$200MM business entity.

Recognizing the concentration risk of one revenue source, the owners of Royal Industries decided to take a bold step in a new direction. The company expanded to a new line of business, the marketing and distribution of CBD (Cannabidiol) products. All products would be marketed under their new registered trademark Zenna ([www.zennacbd.com](http://www.zennacbd.com)).

CBD, which is Hemp derived, is a non-psychoactive cannabinoid found in cannabis, and has surged in popularity over the past couple of years. Unlike THC, the chemical compound that gives marijuana its signature effect, CBD has been shown to help with everything from PTSD and anxiety to MS and epilepsy. Studies have shown that the hemp oil may help as a natural alternative with inflammation, anxiety, depression, addictions, pain, stress, nausea, glaucoma, insomnia, arthritis and even benefits for pets.

Although Cannabis is a restricted industry, the Hemp product is an eligible industry. The products sold by the business have no illicit substances that would be categorized as illegal to be sold in the United States.

The business' proprietary marketing system was developed by CEO, Mark Lyon. Mark's career over the past twenty-five years has been in direct marketing, beginning with direct mail in the 1990s. He has built several successful businesses (legal services and medical supplies) through his direct marketing expertise.

The proprietary marketing system is based on marrying Mark's understanding of traditional direct marketing fundamentals with new age digital marketing using a combination of paid ads, content development and social media.

In March 2018 they launched a test website selling CBD (Cannabidiol) natural health products through their proprietary web-based marketing system.



The successful launch generated \$1.6 million in revenue in under twelve months. Although there was no real profitability due to upfront costs, the business projected almost doubling this profit within the first year.

In order to expand into this emerging new line of business and provide marketing and distribution services, Royal Industries was able to work with our valued lending partner Lendistry to secure a two-year revolving line of credit. Given the risks of a new business in a new industry, Nor-Cal FDC was able to provide the State Loan Guarantee on this line of credit as an added credit enhancement. In addition, Nor-Cal is the first FDC to integrate the loan guarantee into the financing of a deal in the Cannabis industry in the state of California.



## Green Business is Good Business

In June 2020 Switch Maritime eFerry received the first loan guarantee from the Bay Area Air Quality Management District partnership with California Infrastructure Bank (IBANK), administered by Nor-Cal FDC, to provide capital to green technology businesses.

SWITCH Maritime was founded in 2018 to build North America's first fleet of exclusive zero emission maritime vessels, using only battery-electric and hydrogen fuel-cell propulsion. SWITCH's mission is to capitalize their operations to build zero-emission vessels, such as ferries, in North America that can be employed by existing operators in critical ferry markets.

The Bay Area Air Quality Management District (BAAQMD) aims to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality, and the global climate. There are 19 different districts in the state, each with various programs. The BAAQMD developed the Climate Tech Finance Program to offer subsidized financing to public and private companies, and emerging technologies that reduce greenhouse gas emissions.

Through a partnership with the California Infrastructure and Economic Development Bank (IBANK), small businesses that prove to meet the objectives of the Climate Tech program can apply for loan guarantees on loans of up to \$20 million, with a maximum guarantee of \$2.5 million. Projects may be eligible for up to 90 percent guarantees through this program. The BAAQMD provides engineering evaluation and technical assistance to borrowers to evaluate these proposed projects.

*"IBank is proud of our partnership with the Air District and Nor-Cal FDC to provide financing for this type of game-changing project,"* Scott Wu, IBank's Executive Director said. *"There is a growing pipeline of impressive projects that can make a difference not only for California but can help set the innovation standard for communities around the world. We are working to ensure there are more great announcements to come."*

Nor-Cal FDC is the leading FDC in providing loan guarantees to "green small business". Applying their New Business loan strategy, they were able to acclimate BAAQMD to the State Loan Guarantee Program and integrate their engineering report processes. The Nor-Cal FDC team also provided orientation to the lender,

Key Bank, and diligently worked with them through each step of the deal until closing.



*"We are honored to work with the Air District's team of experts and bring to market innovative solutions that positively impact California's climate. These entrepreneurs benefit greatly as we help them qualify for much needed capital, thereby expanding their company's reach."*, said Sanford Livingston, CEO of Nor-Cal FDC.

In a partnership between Nor-Cal FDC and newly certified lender Key Bank, the Climate Tech Finance team led a technology qualification and greenhouse gas analysis that deemed SWITCH eligible for a \$2.5 million loan guarantee on a \$5 million loan.

*"KeyBank was pleased to partner with Nor-Cal FDC on SWITCH's flagship vessel, a first-of-its-kind 84-passenger, fuel cell electric "e-ferry", that is scheduled to commence operations on a route between Oakland and San Francisco later this year."*, states John Sullivan, Senior Vice President, KeyBank National Association. *"We were able to work together successfully to support this innovative project which creates jobs and will provide a zero-emissions transportation service in the Bay Area."*

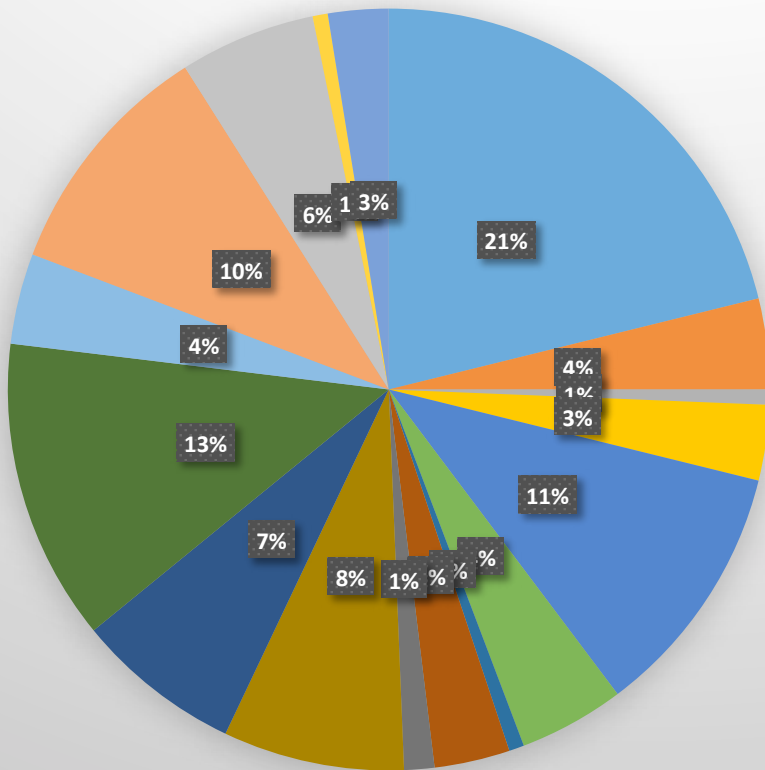






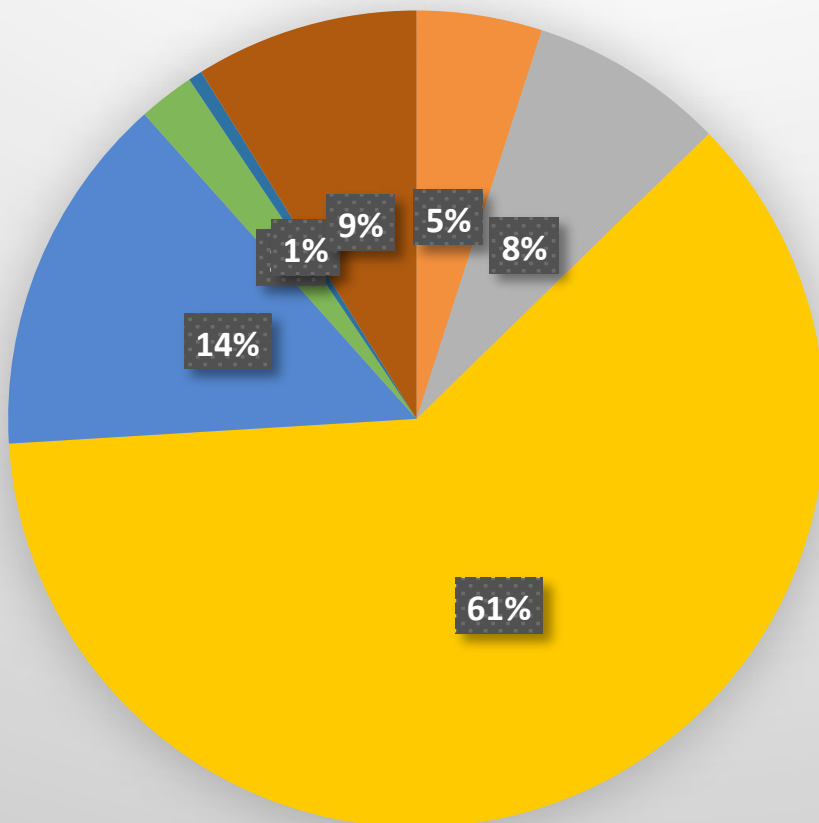
# Fiscal Year Analytics **2019 - 2020**

## Industry Diversity



- Accommodation and Food Services
- Administrative and Support and Waste Management and Remediation Services
- Agriculture, Forestry, Fishing and Hunting
- Arts, Entertainment, and Recreation
- Construction
- Educational Services
- Finance and Insurance
- Health Care and Social Assistance
- Information
- Manufacturing

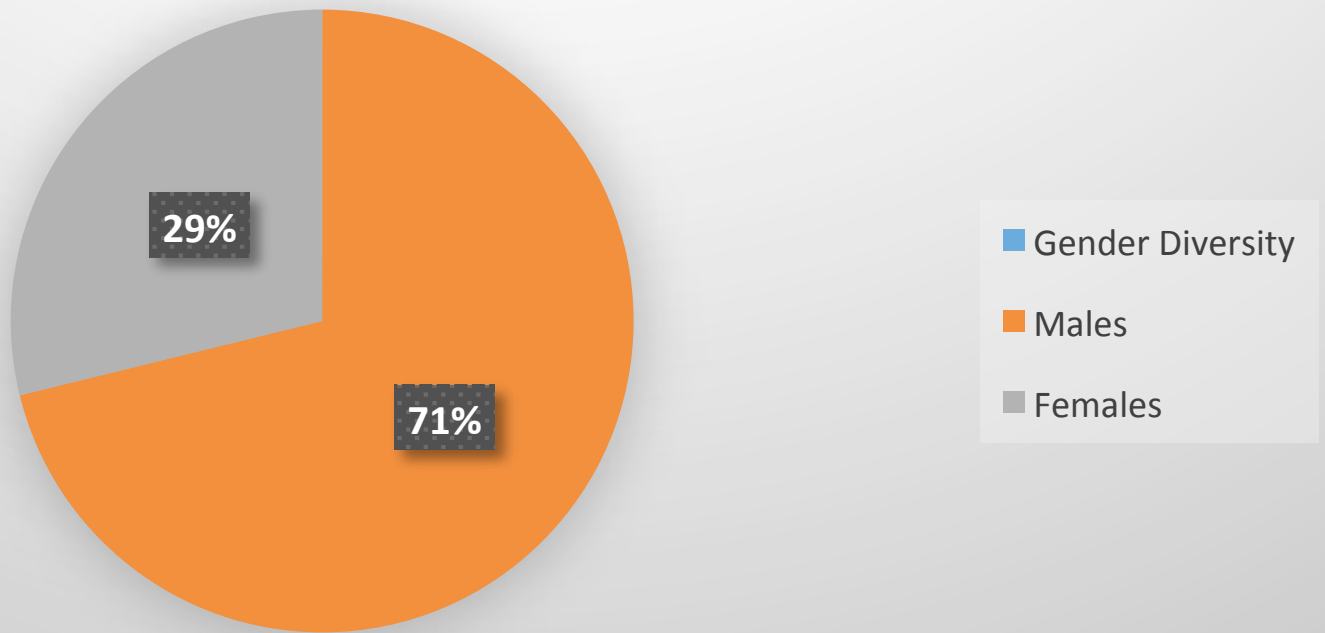
## Ethnic Diversity



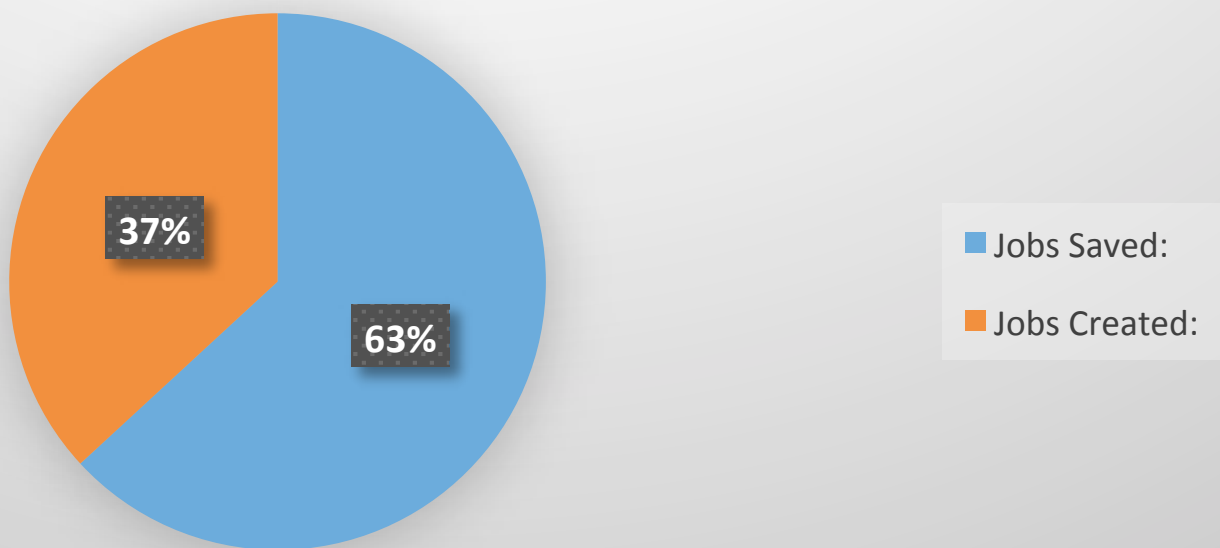
- Ethnic Diversity
- African-American
- Indian
- Caucasian
- Hispanic
- Middle Eastern
- Pacific Islander
- Asian



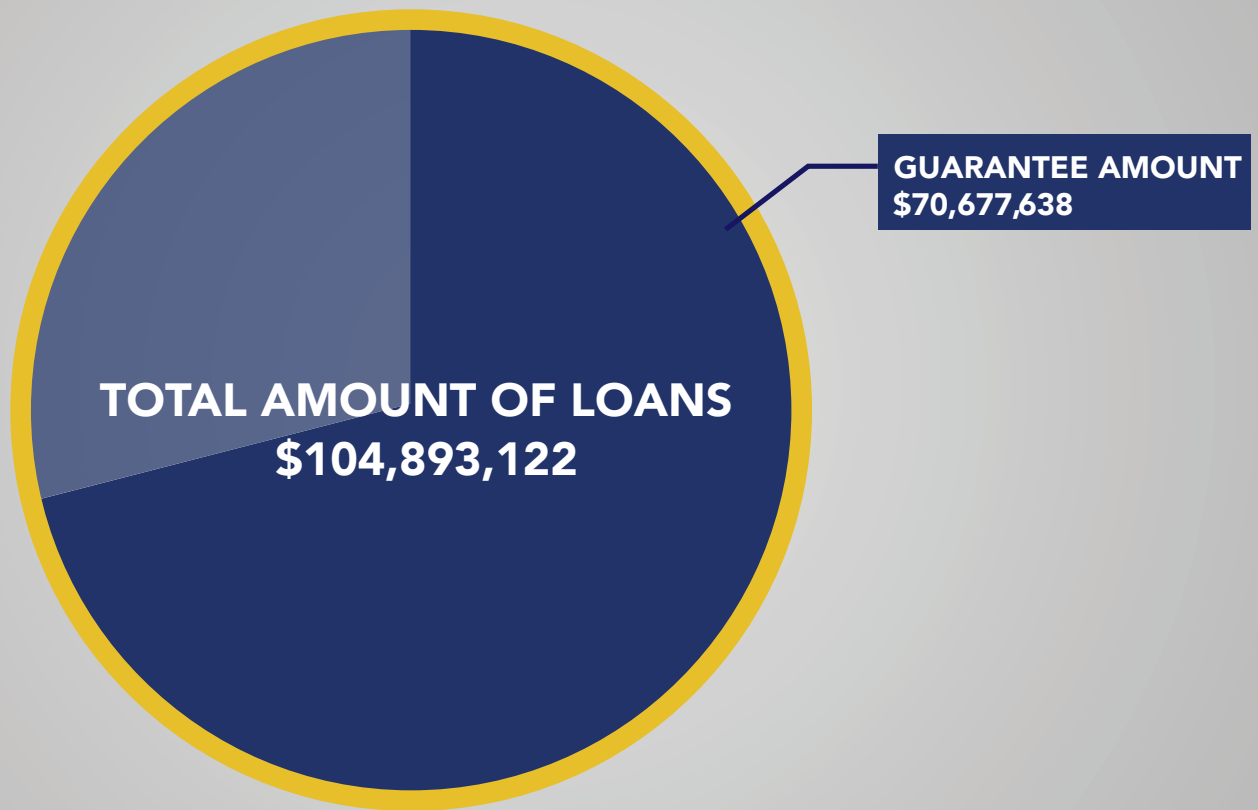
## Gender Diversity



## Employment Impact of Nor-Cal FDC's Guarantee Program:



## Nor-Cal FY 2019-2020



## Small Business Finance Center STATE OF THE LOAN GUARANTEE PROGRAM

Number of Outstanding Loans	1,593
Balance of Outstanding Loans	\$745,792,670
Amount Guaranteed	\$503,853,499
Funds on Deposit	\$92,950,399
Leverage Ratio	5.42:1



# Nor-Cal FDC



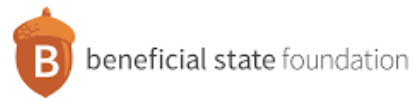
Northern California Small Business  
Financial Development Corporation

## OUR LENDING PARTNERS

**ACCION**

**amalgamated  
bank.**

**ABB** AMERICAN  
BUSINESS BANK



**BOSTON PRIVATE**  
WEALTH ▫ TRUST ▫ PRIVATE BANKING

**BridgeBank**  
A division of Western Alliance Bank. Member FDIC.

**CALIFORNIA BANK**  
TRUST

**CALIFORNIA  
BANK OF COMMERCE**

**CITY NATIONAL BANK**  
AN RBC COMPANY

**Community  
Vision** CAPITAL & CONSULTING

**Community  
BANK OF THE BAY**  
Different. On Purpose.

**EAST WEST BANK**  
Your financial bridge®

**FIRST NORTHERN BANK**

**KeyBank**

**lendistry**  
the perfect formula

**NBH Bank**  
Member FDIC

**Pacific  
Community  
Ventures**

**Pacific  
Enterprise  
Bank**

**PACIFIC  
MERCANTILE  
BANK**

**PACIFIC PREMIER BANK**

**partners bank of california**  
...passionate about your success

**Pinnacle  
Bank**

**POPPY BANK**

**RiverCityBank**

**svb**  
Silicon Valley Bank

**Summit Bank**  
Your Local Community Bank

**US METRO BANK**

**UNITED  
BUSINESS  
BANK**

**State Bank of India  
(California)**

# Nor-Cal FDC



Northern California Small Business  
Financial Development Corporation

*In partnership with*



California Infrastructure and  
Economic Development Bank



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