

Status Report on Orange County Small Business Loan Program
Prepared September 25, 2009
Economic Development Department

In 2000, the Orange County Small Business Loan Program (Program) was created to provide loans for small businesses to help stimulate the creation of jobs for Orange County residents, as well as to support successful business development and expansion in Orange County. The intent of this Program is to provide an alternative funding option to small, local companies that are unable to obtain commercial funding, but meet the requirements of the Program loan fund.

Orange County's original funding commitment to the Program was for \$150,000 to cover the loan loss reserve of the original loan pool. After several modifications to the Program structure, on March 13, 2007 the Orange County Board of County Commissioners (BOCC) unanimously approved the transfer of \$75,000 from the Program loan loss reserve account to the Orange County Small Business Loan Company (Company) to fund this mission. Also at this meeting, the BOCC approved transfer of an additional \$75,000 to the Company so that the full \$150,000 originally committed to the Program was available for lending to small businesses in the County.

At their March 10, 2009 meeting, the Program Board of Directors unanimously agreed to issue the first loan under the Program, in the amount of \$50,000. The recipient of this loan is a small start-up service firm offering commercial janitorial and disaster restoration services. The company is based in Hillsborough, with its four primary employees also Orange County residents. The company also provides part-time employment to area residents according to work load requirements. Since its infusion of cash, the company has been able to secure several large contracts and used the funds to purchase additional equipment. To date, all payments have either been on time or received early, and most payments have included additional principal.

On Friday, September 18, 2009, the Program Board of Directors voted to award the remaining \$25,000 in Program funds to a toy start-up company based in Hillsborough. This entrepreneurial company is the designer, importer and marketer of the Pocket Disc™, an indoor/outdoor flying disc. All Pocket Disc™ are hand-made of 100% cotton. One of the company's goals is to support third world artisans, so the Pocket Disc is imported from Guatemala, based on fair trade practices. This applicant is seeking additional external funding to build its inventory and secure its supply chain, hire additional sales talent, and extend and focus its marketing efforts. The company currently has three employees at its Orange County location, and intends to use the funds for at least one additional hire.

With these two loan awards, the Program is up and running as it was designed - supporting the small, entrepreneurial start ups of Orange County that meet the Program's loan guidelines. Due to the success of the program, the two loan awards over the past few months have utilized the entirety of the initial \$75,000 funding.

At the March 13, 2007 BOCC meeting, it was requested that the County grant the remaining \$75,000 to restore the full \$150,000 loan fund. However, during 2008-2009 budget cycle, because the Program had not yet utilized its first \$75,000, the remaining \$75,000 was not included as a budget request.

As you can see by the Program's recent activity, the current economy has made this program very much in demand. At this time we request that the remainder of the original \$150,000, that was unanimously committed to the Program at the March 13, 2007 BOCC meeting, be made available for future Orange County loans. The Orange County Small Business Loan Program will utilize the requested \$75,000 to continue to serve small business owners in need of capital for growth in Orange County.