

the

MONEY

issue

The Business Journal's annual Money Issue takes an in-depth look at the area's financial companies. This includes everything from SBA lenders to private equity firms. In this section you will see data about a number of these institutions, two case studies and learn about why more companies are making their L.A. debuts.



ALSO IN THIS SECTION:

Financial institutions enter L.A.

Data on companies in the area

Case study: SBA lending

Case study: venture capital

Top 2024 M&A deals

HELPING THY NEIGHBOR

SBA lending is often a strong bridge for community businesses and the banks that want to support them.

By **KENNEDY ZAK** Staff Reporter • Photos By **DAVID SPRAGUE**

BRENTWOOD

Banc of California, a financial institution based in Brentwood, has been involved in Small Business Administration lending institutionally for more than 15 years. **Christopher Baron**, president of commercial and community banking, said the bank specifically has “a great home field advantage here in Los Angeles.”

The team focuses on sectors including entertainment, veterinarian and physicians’ practices, smaller insurance agencies and manufacturing, distributing mostly SBA 7(a) loans but also some 504 loans.

While 504 loans tend to be geared toward the purchase of fixed assets and are more long term, 7(a) loans are a bit more flexible and growth-oriented, often used to refinance existing debt, as working capital or for real estate.

Baron identified helping clients secure owner-occupied office spaces as the “key driver” for the bank’s SBA loans, noting that many small business owners, especially in the medical space, want to own their own buildings.

Being headquartered in Los Angeles – a city with a vast small business landscape – Baron said Banc of California’s SBA clients are oftentimes longtime clients with the bank.

Craig Christy, president of Burbank-based post-production company **Christy’s**, fits the bill having been a client of Banc of Cal since 2005.

“We’re a bank that focuses on this market, regardless of the SBA,” Baron said. “We have relationships with tons of small businesses across Los Angeles. Mr. Christy is a great example ... and is indicative of a lot of our SBA relationships, where we already have a pre-existing relationship.”

After determining that Christy’s needed more space for its operations, Christy began speaking with his banker who referred him to Banc of California’s SBA program. Once he officially started the loan process, it took about three months to secure a \$3.5 million 7(a) loan to finance a new building for his business.

Baron finds that many clients are surprised by the speed at which the bank can execute these loans, calling client feedback “relentlessly positive across the board.”

“A lot of people go into the SBA process thinking it’s going to be particularly difficult, because it’s a government program and they are happily surprised, more often than not, that the process is as seamless as it is,” Baron said.

One reason for this efficiency is Banc of California’s status as a preferred lender.

The bank’s SBA loans range from \$350,000 to \$7 million with an average of between \$1.2 million and \$1.7 million. This year they’ve lent out a “ballpark” of \$100 million in SBA loans, Baron said.

Working with SBA

Changes to SBA lending policy have been a topic of conversation in the industry lately. In addition to an emphasis on small dollar lending, recent SBA rules that went into effect in mid-November include the streamlining of 504 debt refinancing for both borrowers and lenders and eliminating the requirement that borrowers show a minimum reduction in loan payment from refinancing.

Banc of Cal’s SBA team is “engaged completely” with SBA oversight, Baron said. “We incorporate those changes seamlessly and they’ve not been problematic from our perspective at all.”

Baron said he appreciates the chance to partner with SBA and work with small businesses that Banc of California may not typically be able to loan as much money to or

loan to at all based on regulations.

“These are programs that really help you do things that sometimes you don’t get a chance to do as a bank and I think that’s pretty great,” Baron said. “... Because of the support, especially in the 7(a) program of the SBA guarantee, the bank is comfortable with less money in projects because you’ve got support from the program.”

“The program is structured to help everybody get to the finish line,” he added. “That’s the idea.”



Bankers: Chris Baron, Bertha Hernandez and Michelle Coberly with Banc of California.

BANC OF CALIFORNIA

HEADQUARTERS: Brentwood

YEAR FOUNDED: 1941

BUSINESS: Bank

CEO: Jared Wolff

EMPLOYEES: 2,300

NOTABLE: Banc of California recently pledged \$1 million to its wildfire relief and recovery fund.



Bosses: Craig Christy, current chief executive and son of the founder of Christy’s, and JJ Nigro.

of the founders – took over the family business in 2002. This was a critical time in the post-production industry as emerging technology in the 1990s had changed the game, leading to a shift toward digital equipment; the British horror flick “28 Days Later,” the first feature film to be shot entirely on digital, had just been released.

Over the years, Christy’s has integrated advancements in technology into its business. While the company still sells and rents out supplies for traditional film editing and archival, Christy’s began providing digital editing systems to customers since they were introduced and has evolved with the industry providing access to film and video data storage systems for in house and remote editing around the world.

“Due to that, we needed more buildings to expand and

build more server space and server rooms and that led us to (realizing) we needed another building,” Christy said.

At this time, Christy was leasing two buildings, but he knew he wanted more permanence through investing in building ownership.

In 2022, Christy began searching for a building but struggled to find the right fit.

“Because of the market, things were just very, very expensive,” Christy said. “A 14,000-square-foot building was somewhere in the range of \$5 million to \$6 million in Burbank, which had almost doubled in the last seven years.”

With that, Christy looped in his banker, **Bertha Hernandez**, who manages **Banc of California’s** Glendale branch, to see what his options were. After getting connected to the bank’s SBA loan team, Christy decided to scale down his target building size, settling on a 9,000-square-foot building in Burbank and was approved for a 7(a) loan of \$3.5 million.

Staying in Burbank

Securing a building in Burbank was important for Christy.

“It happened to be directly across the street from our main building, which works out really well, especially since in Burbank, we can tie buildings together via fiber interconnects for very cheap compared to most ways to source data connectivity between buildings (because) Burbank has its own network and is very cost effective,” Christy said.

After finding the right building and officially starting the loan process, Christy said it only took about three months to close and required very little time on his end compared to some of his other experiences with loans.

The process was easy for Christy, who said **Michelle Coberly**, a vice president of small business lending for the bank, “held my hand through everything.”

Aside from speed, Christy was also pleased with the bank’s ability to tailor the loan to his needs, adding that the SBA team provided four or five different structures and worked through requests for modifications for terms such as what to put up for collateral.

“We could have done a traditional loan and thrown a lot of money at the front of the loan and maybe gotten a better term, but this way, I have capital reserved to build out the space exactly the way we want it,” Christy said. “... This is something that should help us out over the next 10 to 20 to 30 years.”

CHRISTY’S

HEADQUARTERS: Burbank

YEAR FOUNDED: 1969

BUSINESS: Post-production

PRESIDENT: Craig Christy

EMPLOYEES: 20

NOTABLE: Christy’s has the largest 70mm film editing collection in the world.

CASE STUDY

THE VALLEY: BURBANK

Christy’s, a Burbank-based post-production company, was founded in 1969 by two brothers as a film equipment business.

Eventually, **Craig Christy** – son and nephew