

Borel in the Community

Samaritan House



*Kitty Lopez,
Executive Director*

Since it opened its doors in 1974, Samaritan House has helped thousands of individuals and families get through tough times in their life.

Providing an interim safety net and ways to return to greater self-sufficiency, the community-supported non-profit group provides food, clothing, shelter, health care, work resources, and case management services at no cost to people who need them in San Mateo County.

Kitty Lopez, Executive Director since 2001, is lavish with her praise for the nearly 2,000 volunteers who work with the organization. "This is a dedicated group of volunteers committed to doing whatever it takes to help people who need it," she said.

Recently, Samaritan House consolidated two facilities into one new building on Pacific Avenue in San Mateo. "We have almost raised \$6 million for the new building, which included a generous donation from Borel," Kitty continued. "This is a generous community which has always been there to help support people in need."

Often, when people go through tough times, they need

assistance on a wide variety of fronts. Samaritan House has a full-time bilingual staff who sees 400 clients and counsels many others by phone each month to assess their situation and progress.

"Our challenge is always trying to find creative solutions to keep our costs down, our service quality high, and our clients hopeful about the future," Kitty said. "Based on what our clients, volunteers, and community members say about us, I believe we're making a huge difference in the community."

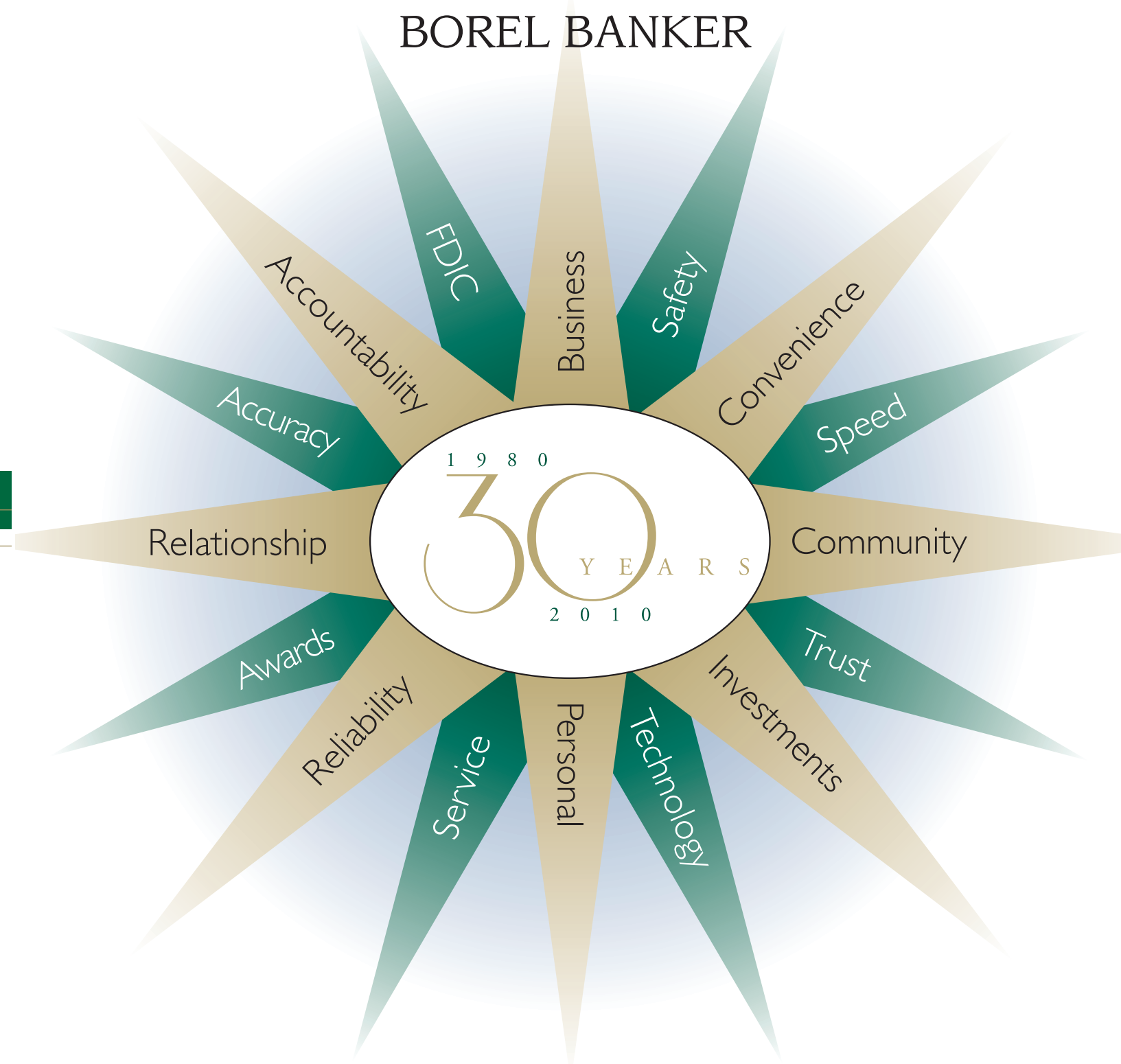
Borel Makes a Difference

Samaritan House has banked with Borel since 1989. "The people at Borel have always shown a huge volunteer spirit and support for our events and activities," Kitty said. "We have a great working relationship, from John Conover to the individual tellers. It's so important for us to be able to pick up the phone and get something managed quickly. Borel has always supported anything we've needed."



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BOREL BANKER



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160 Bovet Road • San Mateo, California 94402
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Borel Private Bank & Trust Company
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Borel Private Bank & Trust Company

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CEO's Message



*John Conover,
President and CEO*

People still ask me what attracted me to Borel Private Bank seven years ago. Oddly enough, the first thing I noticed when I visited the Bank was that my office would be the first one people see when they walk in. That said

something to me – glass walls and an open door. It felt unpretentious and friendly.

For me, the Bank seemed perfectly suited to my temperament and philosophy. I participate in community organizations and believe in giving back to the communities in which we live. I don't like bureaucracy. Borel had none. I liked the length of service of the people, many of whom have been here for over two decades. That says a lot about a working environment and a commitment to service. The more I learned, the more I felt Borel was a good match for me.

As I pondered my decision to come aboard, I thought of everything I had heard the Bank stands for – customer service, accountability, local decision making and especially relationship.

For me, the emphasis on relationship was really the differentiator. I wanted to be with a bank that values relationships and has a business model built around the concept. You know us, we know you, we have a stake in your success and we're committed to helping you get there.

And now, seven years later, the Bank still stands for everything that attracted me in the first place. I'm still in the office with the glass walls and my door is still open. Best career decision I ever made! ☺

And Then There Were Three

"If I had to pick a year to open a bank in the last 100 years, it would have been 1980," recalled Hal Fick, first president of Borel Private Bank.

Hal, Ron Fick and Dick de Luna were reminiscing as they pored through a scrapbook filled with memorabilia about the history of the Bank. They are the three remaining original managing directors of the Bank.



(L to R) Ron Fick, Dick de Luna, and Hal Fick

"The day we opened, the prime rate was 22 percent. At that time, we were limited to interest on deposits up to five percent, lending it out at 20 percent prime rate. That was a big spread," Hal said.

Ron, who served as Borel Private Bank's second president, pointed to the early press clippings. "We had the right marketing strategy. We focused on relationship, on the client, on customer service, good operations, and good technology," he said.

Dick recalled the original enthusiasm as the Bank began to grow. "The whole relationship – the employees, the Board, it was something we believed in. I can still feel that from other people today who invite their business associates and friends to bank here."

Keeping the Money In the Community

According to Ron, who was the Senior Trust Officer when the Bank opened, there were no banking institutions that had a trust department on the premises to manage local money locally. "The big banks wouldn't take smaller accounts or they'd take them and put them in common trust funds in Los Angeles or San Francisco," he said.

"A lot of big, established banks started to disappear," Ron continued. "People had assumed these big banks with their trust departments would be around a long time. People realized that size isn't what mattered. What mattered was being local and being committed to stay that way," Ron added.

Hal joined in. "We were a community bank in every sense of the word. Local deposits, loaned in the community, involved in community organizations and non-profits, serving on their boards, supporting non-profit events. We've just always been involved as a community bank," he added.

It's the Details that Matter

"Don't forget the courier service," said Dick. "When we started, people were amazed we were doing that. Didn't you joke, Hal, that we were providing the world's cheapest branch banking system?"

"Yes, we did a study early on and found that 55 percent of our deposits were here because of our free courier service," Hal stated. "We had no minimum size, we provided courier service for everyone. We figured that our customers are intelligent, upscale, successful people. They don't like being nickled and dimed for every service."

"Banking is conceptually a very simple business," Hal concluded. "Take in deposits. Make loans. Know people you take deposits from. Know people to whom you lend money. Pay reasonable interest rates. Do a good job servicing. Because it's so simple, the devil is in the details. We always tried to do the details exceptionally well." ☺

Behind the Scenes... and Still Loving It

Emanuela Allgood, Susan Kealey and Carol Olson have watched the Bank grow from 14 employees to nearly 200, the assets grow from a few million dollars to \$1.6 billion and office locations increase from one to five.



(L to R)

*Susan Kealey, Vice President and Trust Officer
Carol Olson, Executive Vice President and Chief Operations Officer*

Emanuela Allgood, Senior Vice President and Special Projects Officer

For 30 years, they have been responsible for seeing that operations run smoothly behind the scenes.

"Operations ensures that the bank officers who deal directly with the public can make service and product commitments and follow through," said Carol, Executive Vice President and Chief Operations Officer. "I'm still doing what I did in the early days. There's just more to do, more people to do it with."

Susan, Vice President and Trust Officer, manages

operations for the Trust Department. She explained that the Trust Department handles both managed (investments managed by the Bank) and non-managed (managed by the client or their designee) accounts.

"Both relationships need administration, securities settlement and accounting in addition to other services," Susan said. "Borel is still one of the few Trust Departments that manage real estate and that accept Starker real estate exchanges."

The Same Friendly Culture

Through it all, the original trio says the culture of the Bank has stayed basically the same.

"We've kept our closeness and friendliness throughout our growth. The difference is that it takes longer to remember everyone's name," quipped Emanuela Allgood, Senior Vice President and Special Projects Officer.

Emmy served as Chief Financial Officer when Borel went from a listing on the OTC market to listing on Nasdaq. "I'll never forget December 22, 1997. That was a very exciting day for all of us," she recalled.

All of them believe that even at double its present size, Borel Private Bank will still feel like your friendly community bank where people know your name. ☺

Copenhagen Bakery

Every morning at 1:00 am, the universe under the Copenhagen Bakery on Burlingame Avenue springs into life. Way before the first customers come by at 6:00 am, bakers arrive to prepare and bake the first batch of Danish pastries, breads, muffins, cookies, and other delicious baked goods that has made the Bakery and restaurant one of the most popular on the Peninsula.

Ralf and Shari Nielsen, who opened the business in 1977, maintain there's nothing else they'd rather be doing.

"Every day we make people happy. We give them pleasure by providing high quality authentic Danish baked goods and other foods at reasonable prices," Ralf says. "They make us happy by their loyalty. We're now getting to know their children and grandchildren."

Ralf, his wife Shari, and his brother Ben run the business today. The Nielsen brothers grew up in a family of bakers in Denmark, world famous for its pastries and other baked goods. There have been challenges for the business over the last few years, but Ralf takes it in stride.

Managing Challenges

"Every business has challenges. We've had commodity and ingredient costs fluctuate wildly over the last decade, while we try to hold our prices stable," Ralf explains.



"Fortunately, we're financially conservative and have managed well. We now employ 60 people, and we've never laid anyone off for financial reasons."

Another recent challenge faced

by the business is a cultural shift in eating habits. Ralf explains that people have been confused by media reports that fluctuate between conflicting information about food.

"People are more conscious of their calories these days," he says. "We tell them to eat less, but eat the best quality and get pleasure from eating, rather than feeling guilty because something tastes good."

Twelve years ago, Ralf and Ben expanded into the space vacated next door. They wanted to add a full



service restaurant, but couldn't do it in the original space. "It was a risk, but the bakery was doing well and we knew our community. It turned out to be a good decision."



A Natural Fit for Borel

Ralf came to Borel Private Bank at the recommendation of his accountant who had heard good things about the Bank from some of his other clients.

"The bank I was working with began to nickel and dime us for every service," Ralf says. "It was also frustrating working with a new person every six months. The staff at Borel had very little turnover. I thought that was a good thing."

"Also, at Borel, I have no fees, I get a decision about things quickly, I work with the same person and I never get the telephone runaround. They have the same philosophy we do about our business – hire the best people, treat them well, and deliver excellent service at reasonable cost," Ralf concludes. 🍷

K & L Wine Merchants

In 1996, when Internet retailing was in its infancy, Todd Zucker's son Brian created a school project for his senior year at college. It was a commercial website for the family business, K&L Wine Merchants.

A year later, Money Magazine picked the website as the "best wine website on the internet." If you check out the website, (www.k&lwinemERCHANTS.com) you'll see the praise continues.

The small business, founded by Todd and his life-long friend Clyde Beffa ("We met in a sandbox in San Mateo"), entered the world of wine retailing in 1976, and established a reputation as one of the best wine merchants in the country. Today, the two-generation family business has retail locations in San Francisco, Redwood City and Los Angeles.

Todd Zucker recalls those days. "We transitioned from a small business trying to compete on price with the big chains to developing a national niche market for sophisticated buyers who appreciate small vintners, regional and international wines," he said.



"We have 11 buyers who specialize in different regions of the world."

According to Todd, K & L's professional staff is primarily responsible for the company's success. "We are proud of our website and our stores, but our colleagues truly differentiate us from other Wine Merchants," he said.

Working with Borel

K & L has banked with Borel since 1982. "If it involves money, it involves Borel," Todd stated. "We rely upon Borel for all our banking needs, including credit lines and real estate financing. Clyde and I appreciate long-term relationships, and Borel is at the top of the list."

"It feels so good to see that we've developed a business that will sustain itself as long as the family is motivated to do so," he added. "We feel blessed to have built our family business with the help of so many talented people, many of whom have become personal friends." 🍷

FOCUS ON SUCCESS

Renault & Handley

When Ray Renault and Ray Handley teamed up in 1952 to form Renault & Handley to broker and develop industrial facilities in what is now known as Silicon Valley, the region was primarily farmland and orchards. Semiconductors were still in the development stage and 4,000-5,000 square foot concrete tilt-up buildings that leased at four cents a square foot were state-of-the-art.

By 1967, when George McKee joined Renault & Handley, the company, through its many joint venture partnerships, was already linked with the history of Silicon Valley.

"Renault & Handley leased, and in many cases, built the first properties for industry giants such as Fairchild, Intel, Apple Computer, Memorex, Spectra-Physics and many others", George recalled. "Our focus has always been the Peninsula and the Valley. Because we were one of the first developers in the area, our buildings are in some of the best locations too. Ray Handley used to say "No matter what new technological product they come out with, the real estate is irreplaceable."

In line with that philosophy, the partnerships have retained ownership of most of the buildings developed or acquired over the years.

"Leasing the buildings of our clients and partners requires renovation, energy and building code upgrades, and customizing space for the needs of a new tenant", George explained. "Even vacant buildings must be made "market ready", so we're always involved in development work of some sort."

That's what brought Renault & Handley to Borel. "Our banking needs are fluid and timely," George stated. "We like the idea of a community bank. Borel understands the local market, and in that sense, offers more flexibility for our needs than a national bank."



George observed that Renault & Handley has seen many real estate cycles over the last 50 years. "We never take on a lot of risk. We've learned that high tech is volatile, so we operate with low debt, good reserves, and great banking relationships," he said.

Following the death of Ray Handley in June 2009, Renault & Handley continues on, having been sold to five of its long time employees; George McKee, David Conklin, Cheryl Goodwin, Geordie McKee, and Alice Holmes who collectively worked for Mr. Handley for over 120 years. Quoting Ray Handley again, George concluded, "This is a simple business, but it takes a lifetime to learn." 🗺

Investment Department

In Good Times, In Bad Times

If your portfolio is being managed by the Investment Management Team at Borel Private Bank's Trust and Investment Department, it's a fact that you couldn't be in better hands. That's because investments managed by a trust department are subject to a different set of rules and based on a different business model than investments managed by a brokerage firm.

According to Ken Millman, Vice President and Senior Investment Officer, the two approaches to managing investments differ dramatically.

"A trust department operates on a fiduciary platform which means that everything we do for a client's portfolio is in the best interest of the client," Ken explained. "If the account grows, our percentage stays the same, but we make more money because the client does."

"An investment firm operates on a brokerage model which is transaction oriented. Brokers tend to recommend proprietary products or trades that result in higher commissions for them," he continued. "People think their accounts at brokerages are free, but they're not. A lot of behind the scenes charges are not transparent or listed on statements."

A Depth of Transparency

"We manage over \$900 million in assets. Our Investment Management Team reviews and oversees every client's portfolio," said Nancy Johnson, Executive Vice President and Senior Trust Officer. "Everything we do is completely transparent, and clearly explained on every statement. We have no conflict of interest or hidden charges."

Because the Borel Trust and Investment Department serves in a fiduciary capacity, there is constant monitoring by bank auditors, FDIC examiners, and other government agencies to assure compliance with all regulations. Brokerage houses do not have to perform against the same high standard because they are not acting in a fiduciary capacity.

Nancy stressed that people use the Investment Services of the Trust and Investment Department whether they have a banking or trust relationship with Borel or not. "During the last two years, our clients felt safer than people with brokerage accounts. Our clients' best interests are in Borel's best interest," Nancy said.

*Trust & Investment Management Services are not FDIC insured.

The Borel Trust Department Investment Management Team



Nancy Johnson, CFA

*Executive Vice President
Senior Trust Officer*

Nancy joined Borel in 1999 with over 20 years of trust and investment experience. In 2002 she became head of the Investment Department overseeing the implementation of clients' investments and administration of trusts. She is a Chartered Financial Analyst, holds a Bachelor's Degree in Finance and an MBA from Santa Clara University.



Randy Matthews, CFA

*Senior Vice President
Senior Investment Officer*

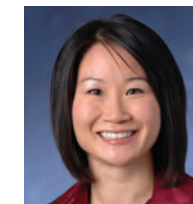
Randy joined Borel in 2007 with over 30 years of investment experience. He focuses on research, investment counseling, portfolio management and overall investment policy. He is a Chartered Financial Analyst and earned an MBA from the University of California, Berkeley and an undergraduate degree in Finance from California State University, Fresno.



Ken Millman, CFA, CAIA

*Vice President
Senior Investment Officer*

Ken comes to Borel with over 14 years of professional investment management experience. He is a Chartered Financial Analyst and a Chartered Alternative Investment Analyst. He holds a Bachelor's Degree in Finance and Accounting from California Polytechnic State University at San Luis Obispo.



Melody Po

Vice President, Portfolio Manager

Melody joined Borel in 2009 as a Portfolio Manager. She is involved in the development of Borel's investment policies and strategies. Prior to joining Borel, she held positions with mutual funds as an equity analyst covering U.S. and international stocks. She earned her MBA and undergraduate degree from the Massachusetts Institute of Technology.