



California Pollution Control Financing Authority

CalCAP Lender Roundtable

August 3, 2016



Today's Agenda

- Introduction
- Program Milestones and Accomplishments
- Housekeeping
 - Claims
 - Refinances
 - Quarterly Reports
- Program Updates
- New Programs
 - CalCAP EVCS Financing Program
 - CalCAP/ADA
 - CalCAP Seismic Safety Program
- Recapture
- Program Outreach
- Questions and Comments



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Program Milestones and Accomplishments

- Record breaking CalCAP numbers for 2015 include:
 - **50 lenders** enrolled loans
 - **11 new lenders** were enrolled in the various CalCAP programs
 - **4,951 loans** totaling over **\$350 million**
 - Over 2014, **42% increase** in the **# of loans** and **amount of \$**
 - **\$37 million in premiums** were deposited to LLR accounts
- SSBCI – In July 2015 California received the final disbursement
 - **\$57 million** total -- **\$28 million** to CalCAP for Small Business and Collateral Support
 - Of the \$83.4 million total to CPCFA (as of June 30, 2016)
 - **\$12.2 million** expended for CalCAP for Small Business
 - **\$56.5 million** expended for Collateral Support
- ARB Heavy Duty Vehicles
 - In 2015, **\$20.7 million** contributed for **\$193 million** in loans
 - Program total = **\$77.9 million** for **\$695 million** in loans



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Program Milestones and Accomplishments (continued)

- In 2015 CPCFA launched the **CalCAP/EVCS Financing Program**
 - **LLR for EV charging station equipment and installation**
 - **\$2 million** from the Energy Commission
 - **Up to 30% CPCFA LLR contribution**
 - **Borrower Rebate = 50% of the contribution in month 49**
- **AB 1230** (January 2016) - **\$10 million** for new **CalCAP/ADA Financing Program**
 - **LLR for tenant improvements to comply with federal Americans with Disabilities Act**
- **SB 837** (June 2016) - **\$10 million** for new **CalCAP/Seismic Safety Financing Program**
 - **LLR for building retrofits to ensure seismic safety**
 - **Commercial and residential loans**
- **New programs reflect success and confidence in LLR**



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Housekeeping – CalCAP Claims & Refinance

- 2015 claims activity
 - SSBCI: 43 claims = **\$400,000**
 - ARB: 65 claims = **\$2.7 million**
- 2016 claims activity (so far)
 - SSBCI: 36 claims = **\$397,000**
 - ARB: 92 claims = **\$4.6 million**
- Lender resources on the CalCAP Webpage
 - Lender manual
 - Claim interest calculator
 - December 2015 Lender Roundtable Presentation
- Refinance Clarification: Lender A to B refinance
 - Prior loan must be for qualifying business purpose
 - Prior lender must be eligible PFI



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Housekeeping – CalCAP Cumulative Quarterly Reports

For all outstanding loans enrolled in a CalCAP Program

1. CalCAP loan number
2. Lender loan number
3. Borrower's name and/or DBA
4. Date of the loan
5. Maturity date
6. Total loan amount
7. Total amount outstanding

For all loans for which a claim has been submitted

1. Date of charge off
2. Claim amount (requested or approved)
3. Recovery date(s)
4. Recovery amount(s)
5. Comments re: collections efforts



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Program Updates

- Plan: proposed regulations for the State Small Business Credit Initiative (SSBCI) funding to replace the federal allocation agreement which expires on March 31, 2017.
 - Retain or clarify current eligibility criteria from the SSBCI Guidelines
 - Establish recapture provisions for funding sustainability
 - Clarify administrative procedures for loan enrollments, amendments, claims, and reporting

- Goal: Regulations to be effective as of April 1, 2017
 - Draft regulations circulated Fall 2016/Winter 2017
 - Input from ad hoc lender workgroup



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Program Updates

- Amended Interagency Agreement: Air Resources Board (ARB) On-Road Heavy Duty Vehicle Air Quality Loan Program
 - Additional funding: An **additional \$22 million** for 2016-2017
 - Program Sustainability: Direction to establish procedures, via regulation, to **recapture** contributions from lenders' loss reserve accounts annually when enrolled loans have matured
- Automated Enrollment System
 - Web based portal for automated loan enrollments, claim submittal, and rebate submittal for the EVCS Program
 - Will include internal and voluntary lender beta testing
 - Anticipated launch in Fall 2016



New Programs – CalCAP EVCS Financing Program

- Launched the LLR program in 2015 funded by **\$2 million** from the California Energy Commission (CalCAP/EVCS)
- Provides small businesses and lenders incentives to finance electric vehicle charging station equipment acquisition and installation
- Provides a **rebate to borrowers** who make timely payments
- Ten participating lenders enrolled
- Currently collaborating with Southern California Edison and LA Department of Water and Power, local governments, and business associations
- CalCAP EVCS webpage:
<http://www.treasurer.ca.gov/cpcfca/calcap/evcs/index.asp>



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New Programs – CalCAP ADA Financing Program

- AB 1230 provided a **\$10 million** one-time appropriation to CPCFA to fund the California Americans with Disabilities Act Small Business Capital Access Loan Program (CalCAP/ADA)
 - Evergreen program, includes **recapture**
 - **Very small businesses of 15 or less FTEs and \$1 million or less in annual revenues**
 - Physical alterations or retrofits to **facilities of 10,000 square feet or less. *Not intended for expansion.***
- April 2016: Lender Webinar
- July 2016: Statewide workshops/webinar on draft regulations
- August 16, 2016: Presenting Emergency Regulations to CPCFA Board and file with OAL.
- **Goal: begin enrolling lenders and loans in September 2016.**
- CalCAP/ADA webpage:

<http://www.treasurer.ca.gov/cpcfca/calcap/ada/summary.asp>



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New Programs – CalCAP Seismic Safety Financing Program

(<http://www.treasurer.ca.gov/cpcfca/calcap/seismic/summary.asp>)

- SB 837 (June 27, 2016) provided a **\$10 million** one-time appropriation to CPCFA fund the California Seismic Safety Capital Access Loan Program (CalCAP/Seismic Safety)
 - LLR coverage up to \$250,000
 - Loans to residential property owners (including mobile home and multiunit dwellings) and small business owners
 - Seismic retrofits with a priority on soft-story buildings and unreinforced brick and concrete buildings. *No funding for building expansion.*
- Consultation with lenders, Assemblyman Nazarian’s staff, local governments, the California Earthquake Authority, and the Department of Housing and Community Development (HCD)
- **Goal: Proposed emergency regulations (Fall 2016)**



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CalCAP/Seismic Safety Loan Eligibility

(<http://www.treasurer.ca.gov/cpcfca/calcap/seismic/statute.pdf>)

- **Seismic retrofit construction** means alteration performed on or after January 1, 2017, of a qualified building or its components to substantially mitigate seismic damage. Seismic retrofit construction includes, but is not limited to, all of the following:
- Anchoring the structure to the foundation
 - Bracing cripple walls and hot water heaters
 - Installing automatic gas shutoff valves
 - Repairing or reinforcing the foundation to improve the integrity of the foundation against seismic damage
 - Anchoring fuel storage
 - Installing an earthquake-resistant bracing system for mobile homes that are registered with HCD



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Establishing Sustainable Programs

Transition to Evergreen CalCAP Programs

- Lender confidence and participation rates depend on sustainable programs
- Transparency and accountability in public funding in support of private capital investment
- Funders have directed CPCFA to create evergreen programs.
 - Collateral Support has a recapture provision
 - ARB I/A
 - CalCAP/ADA
 - CalCAP/Seismic Safety
- Final report to U.S. Treasury to include description of sustainability of programs



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Recapture: Growing Sustainable CalCAP Programs (1 of 3)

Actual/Planned	Event
May 2015	Lender Webinar: Discussion of ARB's direction to explore increased program sustainability through changes to contribution rates and recapture of funds.
June 2015	CPCFA Board approved ARB I/A. <i>"To increase the longevity of the Program funds, CPCFA may by regulation establish procedures to recapture funds from a lender's loss reserve account on a periodic basis when enrolled loans mature, to be returned to the Program Account to support future contributions for eligible loans and administrative costs."</i>
Summer 2015	Discussion with individual lenders regarding contribution rates and recapture.
October 2015	Governor signed AB 1230 implementing CalCAP ADA program, including recapture requirement. <i>"The authority shall adopt regulations pursuant to subdivision (c) of Section 44520 to implement the program, including provisions specific to this program as described in this section and further including provisions to: ... (6) Recapture from the loss reserve account the authority's contribution for each enrolled loan upon the maturation of such loan or after five years from the date of enrollment, whichever happens first, to be deposited in the fund and applied to future program and administrative expenditures."</i>

Recapture: Growing Sustainable CalCAP Programs (2 of 3)

April 2016	Lender Webinar described recapture for CalCAP/ADA.
June 2016	<p>ADA Stakeholder Webinar</p> <p>CPCFA Board approved ARB I/A requiring recapture.</p> <p><i>“To increase the longevity of the Program funds, CPCFA shall pursue a regulation to establish procedures to recapture contribution funds from a lender’s loss reserve account on an annual basis upon maturity of enrolled loans. These funds shall be returned to the Program Account to support future contributions for eligible loans and administrative costs. Recapture is not applicable for contributions on defaulted or charged off loans for which a claim has been approved, unless the amount recovered through the liquidation of the collateral exceeds the approved claim.”</i></p> <p>Presentation of proposed CalCAP/ADA program to CPCFA Board.</p>
June 27, 2016	<p>SB 837 Budget Bill signed, including CalCAP Seismic Safety program.</p> <p><i>“The authority shall adopt regulations pursuant to Section 44520 to implement the program, including, but not limited to, provisions to: ... (6) Recapture from the loss reserve account the authority’s contribution for each enrolled loan upon the maturation of that loan or after 10 years from the date of enrollment, whichever happens first, to be deposited in the fund and applied to future program and administrative expenditures.”</i></p>

Recapture: Growing Sustainable CalCAP Programs (3 of 3)

July 2016	Draft regulations for CalCAP/ADA program posted. Public outreach for CalCAP/ADA statewide and via webinar, to describe program and solicit feedback on draft regulations.
August 16, 2016	Proposed regulations to implement CalCAP/ADA to be presented to CPCFA Board, for submittal to OAL.
Fall 2016	Proposed regulations to implement recapture for CalCAP/ARB to be presented to CPCFA Board, for submittal to OAL.
Fall 2016	Proposed regulations to implement recapture for CalCAP/Seismic Safety to be presented to CPCFA Board, for submittal to OAL.
Fall 2016/Winter 2017	Proposed regulations for CalCAP for Small Business and Collateral Support

Proposed Recapture Procedure

Sample Language: from Proposed CalCAP/ADA Program Regulations
(<http://www.treasurer.ca.gov/cpcfca/calcap/ada/regulations.pdf>)

- “Recapture” means the withdrawal of CalCAP/ADA Contribution amounts on an annual basis when enrolled loans mature or after sixty (60) months from the date of enrollment, whichever occurs first. Recapture is not applicable for Contributions on charged off loans for which a claim has been approved.
- The Executive Director shall be authorized to Recapture the CalCAP/ADA Contribution from the Loan Loss Reserve Account when the corresponding Qualified Loan matures or at five years from the date of enrollment, whichever occurs first.
- On an annual basis after March 31, CPCFA will send a notice to the Participating Financial Institution listing the CalCAP/ADA Contribution amounts that will be Recaptured based on the status of the loan(s) at the end of the previous calendar year.



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Program Outreach and Lender Participation

- Solicitation of amended [Participating Financial Institution Applications](#) for new programs
- Upcoming lender survey to highlight languages spoken and geographic regions served by lenders
- Ongoing opportunities to highlight borrowers and lenders for publicity and social media
- Lender training on Automated Enrollment System
- Regular announcements via ListServ regarding proposed regulations and outreach events
- Sign Up for the CPCFA ListServ!



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Additional Questions or Comments?

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The CalCAP team thanks you for participating in today's Lender Roundtable!

