



# CALIFORNIA CAPITAL ACCESS LOAN PROGRAM (CALCAP)

## 2020 ANNUAL REPORT TO THE LEGISLATURE



**A PROGRAM OF THE  
CALIFORNIA POLLUTION CONTROL  
FINANCING AUTHORITY**

**MAY 2021**

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## About the California Pollution Control Financing Authority:

**Mission Statement: As public servants, we are committed to promoting broad and equitable access to private capital through the delivery of diverse financing options to California businesses and environmental industries by being:**

- **A driving force of public and private partnerships that create jobs and support vibrant economic development, especially in disadvantaged and underserved communities.**
- **A leader in offering innovative and prudent financial risk mitigation tools, embracing new financing technologies.**
- **At the forefront of community-driven projects that restore the environment, protect public health, and promote economic independence and climate resilience.**
- **A statewide flag bearer in the issuance of green bonds and new technologies for solid waste, wastewater, recycling, and water furnishing infrastructure.**

The California Pollution Control Financing Authority (CPCFA) provides California businesses with financing options for pollution control facilities and small businesses. CPCFA, founded in 1972, administers programs serving a variety of goals, including:

- Helping businesses construct solid waste, recycling, water, and wastewater projects as a conduit issuer of tax-exempt bonds.
- Assisting small businesses in obtaining loans for business start-up and expansion and working capital through the California Capital Access Loan Program and Collateral Support Program.
- Collaborating with other state agencies, including the California Air Resources Board and the California Energy Commission, to provide lenders with loan loss reserve accounts to finance new, cleaner-burning, heavy-duty, diesel trucks and buses and the acquisition of electric vehicle charging station equipment.
- Transforming contaminated sites into vibrant housing and infill developments that enhance communities through the California Recycle Underutilized Sites Program.

This annual report to the Legislature describing the California Capital Access Loan Program is prepared pursuant to the California Pollution Control Financing Authority Act, Health and Safety Code Section 44559.6.

CPCFA consists of:

Fiona Ma, CPA, Chair  
*State Treasurer*

Betty T. Yee  
*State Controller*

Keely Martin Bosler, Director  
*Department of Finance*

## EXECUTIVE SUMMARY

The California Pollution Control Financing Authority (CPCFA) successfully concluded another year assisting small businesses in California through our California Capital Access Loan Program (CalCAP) for Small Business (CalCAP for Small Business) and strengthening its partnership with the California Air Resources Board (CARB) to expand the innovative CARB Heavy-Duty Vehicle Air Quality Loan Program, also known as the Truck Loan Assistance Program (CalCAP/CARB).

In 2020, CalCAP lenders enrolled 5,312 loans aggregating to approximately \$362.4 million. The total loan amounts enrolled in CalCAP decreased by approximately 10%, and CalCAP contributions increased by approximately 39% compared to 2019. Approximately \$35.8 million in contributions were deposited to lenders' loan loss reserve accounts. CPCFA staff processed and approved 936 claims filed by lenders against their loan loss reserve accounts. Approximately \$27.6 million was paid from the loss reserve accounts. CalCAP also recruited four new lenders. Currently there are 43 participating lenders (Exhibit E) enrolled to participate in the varied programs. Through the end of December 2020, the total number of loans enrolled in each CalCAP program is as follows:

- CalCAP for Small Business since 1994 is 23,209.
- CalCAP/CARB since 2009 is 29,883.
- Collateral Support Program (CalCAP/CSP or CSP) since 2013 is 329.
- CalCAP Electric Vehicle Charging Station (EVCS) Financing Program (CalCAP/EVCS) since 2015 is three.
- California Seismic Safety Capital Access Loan Program (CalCAP/Seismic Safety) since 2016 is three.
- CalCAP American with Disabilities Act Program has not enrolled any loans to date.

Collectively, CPCFA has enrolled loans from businesses located in 52 of California's 58 counties since 1994.

Credit enhancements offered by CPCFA for loans enrolled in CalCAP for Small Business, CSP, CalCAP/Seismic Safety and CalCAP's Americans with Disabilities Act Financing Program (CalCAP/ADA) are eligible for supplemental contributions for borrowers whose businesses and properties are located in a Severely Affected Community (SAC). CPCFA's regulations define a high unemployment area as a SAC. In addition to areas of high unemployment as SAC criteria, CPCFA has recognized the economic impact of the COVID-19 pandemic, designated disaster areas due to wildfires, earthquakes, extreme weather conditions, and public safety power shutoffs to California small businesses. The state of emergency declarations made by Governor Newsom allowed CPCFA to authorize and extend the SAC contributions to borrowers directly impacted for the 12 months following the emergency or disaster designation. In recognition of the economic impact of the COVID-19 pandemic, designated disasters, and public safety power shutoffs to California small businesses, CalCAP issued an additional \$1,591,208 in supplemental contributions for loans enrolled in CalCAP for Small Business and CSP.

In addition to the daily administration of the CalCAP for Small Business and CalCAP/CARB programs, CPCFA continues to collaborate with stakeholders to ensure program sustainability by annually recapturing and recycling older CPCFA contributions from loan loss reserve

accounts to support future loan enrollments. CPCFA also dedicated considerable time to outreach for all six CalCAP programs.

CPCFA's 2020 outreach activities focused on sharing CalCAP as a resource for small businesses and communities impacted by the COVID-19 pandemic. Early in the year, CPCFA pivoted to present information about CalCAP through online events in the hopes of reaching small businesses throughout the state, including: community webinars hosted by the State Treasurer's Office and legislative members; locally hosted informational webinars; and online workshops with industry-focused organizations and affiliated sister agencies, such as CARB's One-Stop Truck events.

CPCFA promulgated amendments to CalCAP regulations to revise and update definitions and administrative procedures related to loan enrollment and monitoring for CalCAP for Small Business, CSP, and CalCAP/CARB. The objectives of the regulatory amendments were aimed at refining and clarifying some definitions and program requirements and better assisting lenders and small business borrowers in response to the economic impact of the COVID-19 pandemic.

## **CALIFORNIA CAPITAL ACCESS LOAN PROGRAM (CALCAP) FUNDING SUMMARY**

CalCAP for Small Business was established by legislation enacted in AB 253 (Chapter 1163, Statutes of 1994) and was created to be administered by CPCFA. CalCAP assists small businesses in obtaining loans through participating financial institutions (lenders). CalCAP is a loan loss reserve program that may provide up to 100% reimbursement on losses as a result of qualifying loan defaults. While each lender is entirely liable for its loan losses, those losses can be reimbursed from each lender's loan loss reserve account. The loss reserve accounts are built through fees paid by the borrower and lender and contributions made by CPCFA.

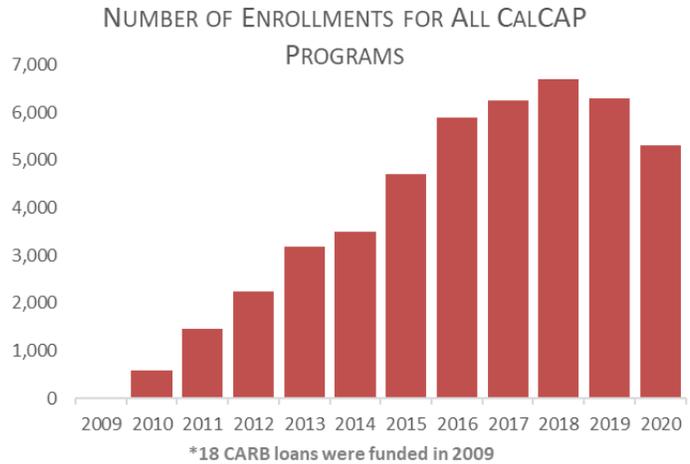
Prior to 2010, CalCAP was entirely funded with \$38.3 million transferred from CPCFA's Small Business Assistance Fund (SBAF), contains fees collected from large companies financed through CPCFA's Pollution Control Tax-Exempt Bond Program. In October 2010, the Legislature appropriated \$6 million from the State's General Fund to supplement CPCFA's funding. In 2011, CalCAP expanded rapidly when it received an allocation of federal funds from the State Small Business Credit Initiative (SSBCI) administered by the U.S. Department of the Treasury, made available by the Small Business Jobs Act of 2010. CPCFA was awarded half of the total \$168 million allocation to the State of California. These federal funds enabled CPCFA to expand the CalCAP for Small Business and to establish CSP to increase lending assistance for California small-business owners.

Of CPCFA's share of the SSBCI allocation, the U.S. Department of the Treasury mandated that \$20 million be allocated to the continued administration of CalCAP for Small Business, and these moneys became the primary source of CPCFA's contributions to lenders' loan loss reserves. Over the next eight years, CPCFA also used State General Fund moneys as supplemental assistance for loan enrollments that were located in a SAC and for the regular contributions for loans that were not eligible under the stricter SSBCI requirements. With the federal funds fully exhausted in the first quarter of 2018, State General Fund moneys again became the main source of funds for contributions until they were depleted. Following that, the

annual recapture of contributions (effective August 2017) for matured loans previously enrolled in CalCAP for Small Business became the primary source for the State’s contributions.

The remaining SSBCI funds – \$65 million – was sub-allocated by the U.S. Department of the Treasury for the creation of CSP, designed specifically to provide a cash deposit to lenders for individual loans enrolled by participating lenders, where the borrower lacks sufficient collateral. As the principal outstanding balance of each loan is successfully reduced, CPCFA recaptures a portion of the cash deposit on an annual basis to support the enrollment of new CSP loans.

In addition to CalCAP for Small Business and CSP, CalCAP has grown to include other programs established by legislative mandates and through agreements with other state agencies.



CPCFA administers a loan loss reserve program funded by CARB to assist owners and operators of small fleets of heavy-duty trucks in achieving compliance with CARB’s Truck and Bus Regulation, designed to reduce emissions of diesel particulate matter. As an independent contributor to the Heavy-Duty Vehicle Air Quality Loan Program since 2009, CARB has disbursed \$142.3 million to CPCFA through the end of 2020 to fund loan loss reserve accounts for lenders specializing in lending to small vehicle fleets.

In 2015, CPCFA received \$2 million from the California Energy Commission (CEC) to establish a pilot program, CalCAP/EVCS. Loans enrolled in this program can be used for the design, development, purchase, and installation of charging stations at small business locations in California, including multi-unit dwellings. Non-profits are also able to participate in the program. The CalCAP/EVCS program is based on the loan loss reserve model, with enhanced contributions for project installations that include preferred features, such as placement at multi-dwelling unit residential projects and businesses located in disadvantaged communities. The program also includes a rebate for each borrower with no more than one late payment before the maturity of its loan. The program has enrolled three loans that financed the installation of 92 charging stations. This original agreement expired on March 31, 2021, and the term of the pilot program agreement between CalCAP and the CEC has been extended to March 31, 2022.

In 2016, CPCFA launched CalCAP/ADA. With a \$10 million appropriation from Assembly Bill 1230 (Chapter 787, Statutes of 2015), the CalCAP/ADA program assists small businesses with financing to alter or retrofit existing facilities to increase access and comply with the requirements of the federal Americans with Disabilities Act of 1990. To date, no loans have been enrolled in this program. The program requirements are labor intensive for the borrower and lender. CalCAP has extensively marketed the program without results.

In June 2016, Senate Bill 837 (Chapter 32, Statutes of 2016) appropriated \$10 million to CPCFA to fund CalCAP/Seismic Safety. Implemented through rulemaking effective January 2017, CalCAP/Seismic Safety incentivizes private lending for California small business and residential property owners to finance the cost of seismic retrofits for existing buildings and homes vulnerable to future earthquakes. There have been three loans enrolled in this program. Low demand for this program is due to borrowers being unwilling to take out additional debt for this purpose.

CPCFA's continued transparency of the CalCAP programs assures stakeholders they are included in discussions and offers opportunities during Lender Roundtable webinars offered throughout the year for participating lenders to learn about program changes and updates and to provide feedback. Lenders are encouraged to attend these informational webinars and those that are unable to view live meetings are invited to view webinar recordings and presentations that are posted on CPCFA's website. By utilizing the rulemaking framework through the Office of Administrative Law, the program criteria and administration are clear and unambiguous. The framework also permits CPCFA to nimbly augment the program criteria in response to statutory updates, changes in funding, and other market dynamics.

### **CALCAP FOR SMALL BUSINESS PROGRAM RESULTS 2020**

CalCAP for Small Business includes loans enrolled in the original loan loss reserve program funded by CPCFA's own funds since 1994, including proceeds from bond issuances, the State's General Fund moneys appropriated in 2010, the federal moneys allocated through SSBCI, and moneys recaptured beginning August 2017. By participating in CalCAP, private lenders receive a contribution to a loan loss reserve account as a credit enhancement to encourage them to meet the financing needs of California small businesses.

When the federal moneys were allocated in 2011, the U.S. Department of the Treasury urged states to create a sustainability plan to revolve the use of the one-time SSBCI allocation. To promote sustainability of CalCAP for Small Business, CPCFA implemented in August 2017 a funding recycling mechanism following a public stakeholder symposium, a hearing by CPCFA, and through rulemaking, allowing the annual recapture of contributions from each lender's loss reserve account for enrolled loans that have either already matured or surpassed five years from the date of enrollment. All recaptured contributions are recycled into the CalCAP for Small Business fund to support future loan enrollments for small businesses. Since the recapture mechanism was implemented, the CalCAP for Small Business fund was replenished with \$2.9 million for Fiscal Year 2016-17, \$1.35 million for FY 17-18, \$1.5 million for FY 18-19, and \$1.23 million for FY 19-20.

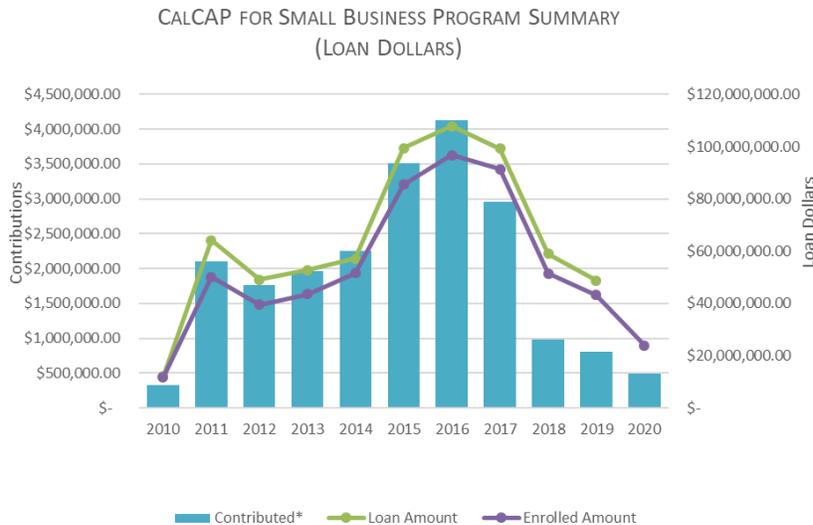
Currently, 19 lenders participate in CalCAP for Small Business. Of those 19 lenders, 11 enrolled loans in the program during 2020. The top three participating lenders -- Opportunity Fund, Murphy Bank, and Working Solutions CDFI -- enrolled approximately 81% of the total loan volume.

**CalCAP for Small Business Loan Volume** – In 2020, CalCAP for Small Business enrolled 860 small business loans made to 783 borrowers. At the end of December 2020, the total number of loans enrolled in CalCAP for Small Business since 1994 is 23,209.

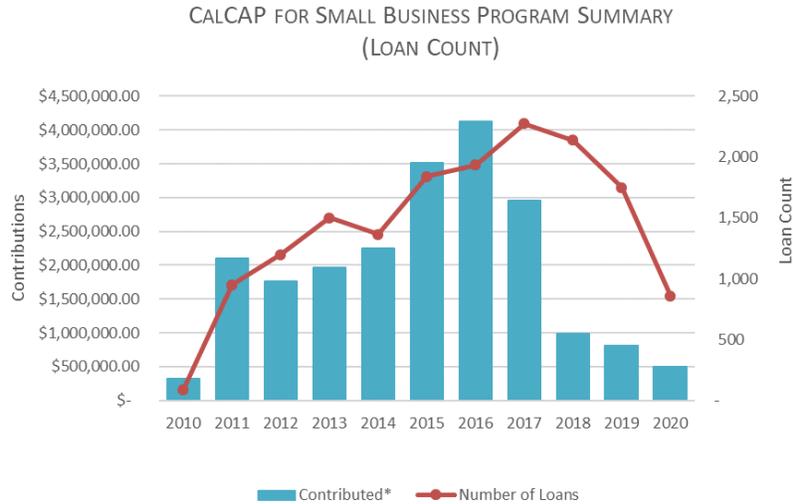
**CalCAP for Small Business Loan Dollars** – In 2020, more than \$23.9 million was enrolled in CalCAP for Small Business out of the approximately \$33.6 million in dollars loaned. The average loan size was approximately \$39,087. At the end of December 2020, CalCAP for Small Business lenders have cumulatively loaned approximately \$2.21 billion since the program began in 1994.

**CalCAP for Small Business Contributions** – CPCFA contributes a percentage of each loan amount into the lender’s loan loss reserve account when it is enrolled in CalCAP for Small Business. In 2020, CPCFA contributed a total of \$588,053 towards lenders’ loan loss reserves, including both the primary contributions as well as the supplemental contribution for borrowers located in a SAC. The reduced overall amount in 2020 compared to previous years reflects the lower average loan amount enrolled, as well as the economic impact of the COVID-19 pandemic on small businesses statewide.

**Severely Affected Community (SAC)** – Of the 860 loans enrolled in CalCAP for Small Business, 334 were disbursed to small businesses located in a SAC. In 2020, as a result of community unemployment and CPCFA’s recognition of the economic impact of the COVID-19 pandemic, officially declared disasters, and public safety power shutoffs to California small businesses, CalCAP for Small Business issued \$95,733 in supplemental contributions.



\*2019 data reflects a statutory reduction in State contributions that took effect in April 2017.



\*2019 data reflects a statutory reduction in State contributions that took effect in April 2017.

**CalCAP for Small Business Microloans** – In 2020, of the 860 loans made to California small-business owners, 609 loans totaling approximately \$10.9 million were microloans under \$40,000.

**CalCAP for Small Business Jobs** – In 2020, loans enrolled in CalCAP for Small Business helped create 960 new jobs and retain 3,279 existing jobs.

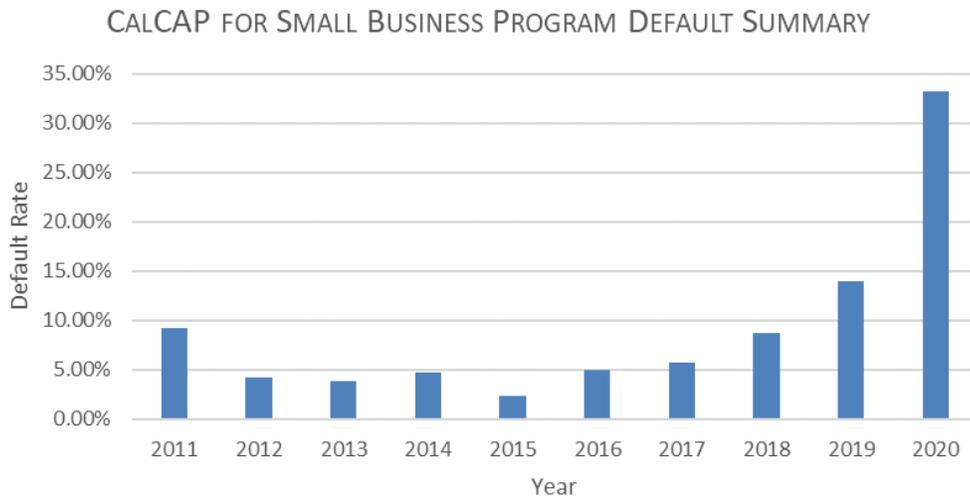
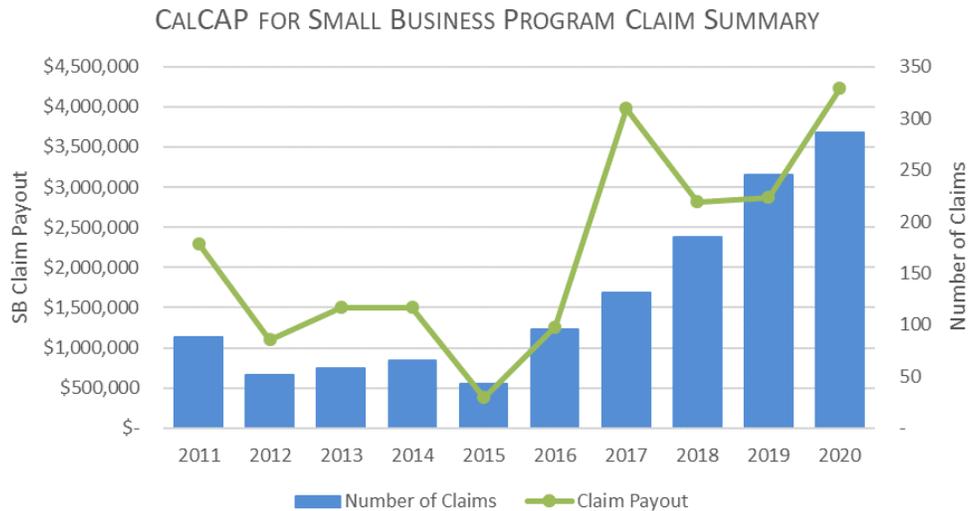
**CalCAP for Small Business Loans by Industry** – The following chart describes the distribution of enrollment activity by sector, using the North American Industry Classification System (“NAICS”) Sector number.

**2020 CalCAP for Small Business Program Loans by Industry**

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
11	Agriculture, Forestry, Fishing, and Hunting	6	\$464,520	\$341,212
22	Utilities	1	\$6,359	\$6,359
23	Construction	34	\$3,840,597	\$1,633,230
31-33	Manufacturing	45	\$2,179,525	\$1,619,341
42	Wholesale Trade	18	\$474,083	\$436,029
44-45	Retail Trade	104	\$1,617,123	\$1,587,463
48-49	Transportation and Warehousing	369	\$16,790,924	\$10,266,887
51	Information	12	\$282,772	\$279,654
52	Finance and Insurance	8	\$178,473	\$178,473
53	Real Estate and Rental and Leasing	15	\$367,094	\$365,594
54	Professional, Scientific, and Technical Services	59	\$1,423,394	\$1,417,884
56	Administrative and Support/Waste Management/Remediation	35	\$1,070,204	\$911,445
61	Educational Services	6	\$124,330	\$124,330
62	Health Care and Social Assistance	26	\$888,313	\$888,313
71	Arts, Entertainment, and Recreation	6	\$144,472	\$144,472
72	Accommodation and Food Services	82	\$3,091,427	\$3,091,427
81	Other Services (except Public Administration)	32	\$640,199	\$628,718
92	Public Administration	2	\$30,701	\$29,770
<b>GRAND TOTALS</b>		<b>860</b>	<b>\$33,614,511</b>	<b>\$23,950,601</b>

**CalCAP for Small Business Geographic Area Served – Exhibit A** shows the distribution of the loans enrolled in 41 counties in 2020 and indicates the number of enrollments and approximate dollars loaned by county.

**CalCAP for Small Business Loan Loss Claims** – CalCAP processed and approved 286 claims filed by lenders against their loan loss reserve accounts in 2020, totaling approximately \$4.2 million. The default rate for 2020 was 33.26%. The second chart below shows the default rate percentage for the last 10 years.



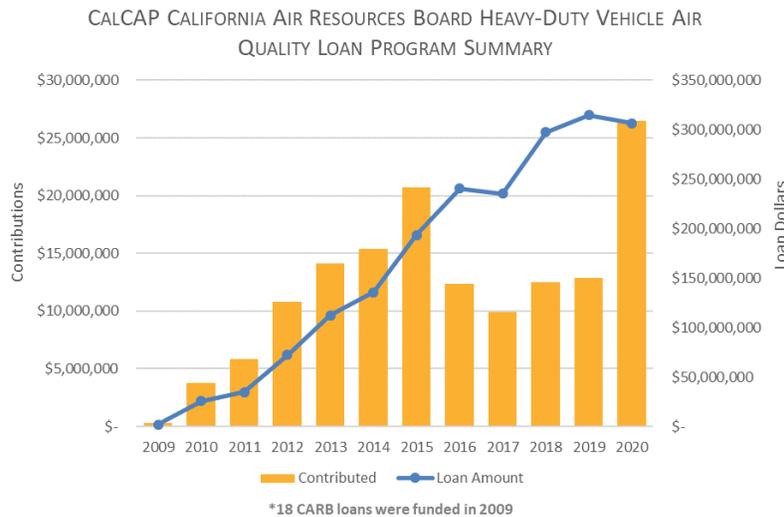
**CalCAP for Small Business Fund Balance** – Since the recapture mechanism was implemented in August 2017, recaptured funds have supplemented the remaining State’s General Fund moneys. As of December 31, 2020 the balance available in the CalCAP for Small Business fund was approximately \$3.9 million to be allocated towards primary and SAC contributions and administrative costs. After the end of the 2020 calendar year reporting period, an additional \$1.2 million was recaptured for FY 19-20 and deposited into the fund.

**CALCAP CALIFORNIA AIR RESOURCES BOARD (CARB) HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM (CALCAP/CARB) RESULTS 2020**

In May 2009, CARB began participating in CalCAP as an independent contributor for the CARB Heavy-Duty Vehicle Air Quality Loan Program. Through an interagency agreement, CARB partnered with CPCFA to assist small-business owners of heavy-duty trucks in meeting state air quality regulations. Under CARB’s current program rules, CARB contributes 14% of each loan enrolled to the lender’s loan loss reserve account until the lender receives \$500,000 in total contributions, after which the rate is reduced to 10% for all subsequent enrollments.

Funded by CARB’s Air Quality Improvement Program (AQIP) Funding Plan, CARB has allocated a total of \$142.3 million to this program. As of December 31, 2020, CPCFA received the entire \$142.3 million. Pursuant to the interagency agreement and corresponding rulemaking, a fund recycling mechanism was implemented in August 2017 allowing CPCFA to annually recapture contributions from each lender’s CARB loan loss reserve account for each enrolled loan when the corresponding qualified loan matures or after five years from the date of enrollment, whichever occurs first. All recaptured contributions are recycled into the CalCAP/CARB fund to support future loan enrollments. Since the recapture mechanism was implemented, the CalCAP/CARB fund was replenished with \$6.2 million for FY 16-17, \$2.6 million for FY 17-18, \$3.9 million for FY 18-19, and \$151,021 for FY 19-20.

Currently, 24 lenders are enrolled to participate in CalCAP/CARB. Of those 24 lenders, 18 enrolled loans in the program during 2020. The top three participating lenders -- Ascentium Capital LLC., Crossroads Equipment Lease & Finance, and Opportunity Fund -- enrolled approximately 67% of the total 2020 loan volume.



**CalCAP/CARB Loan Volume** – In 2020, CARB enrolled 4,410 loans made to 3,676 borrowers to purchase 4,608 trucks and 254 trailers. Since the inception of CalCAP/CARB in 2009, 29,883 loans have been enrolled for 30,702 trucks and 882 trailers. This equates to the removal of the air pollution emitted from over 4 million passenger cars or over 150 tons per year of particulate matter.

**CalCAP/CARB Loan Dollars** – In 2020, approximately \$307 million in total loans were enrolled in CalCAP/CARB, bringing the total amount enrolled since program inception to \$1.9 billion. In 2020, CPCFA paid contributions of \$26.5 million towards that amount. The average loan size was approximately \$69,575.

**CalCAP/CARB Jobs** – In 2020, loans enrolled in CalCAP/CARB helped create 3,658 new jobs and retain 6,952 existing jobs.

**Terminal Rental Adjustment Clause (TRAC) Leases** – In September of 2011, Senate Bill 225 (Chapter 492, Statutes of 2011) allowed TRAC Leases as a type of loan. A TRAC lease is a different type of lending instrument that some lenders choose to use, giving borrowers another option for purchasing heavy-duty diesel vehicles. In 2020, CPCFA paid contributions of \$1,216,093 for 249 TRAC leases. Of the approximate \$307 million enrolled in CalCAP/CARB, approximately \$16 million was a result of enrolled TRAC leases.

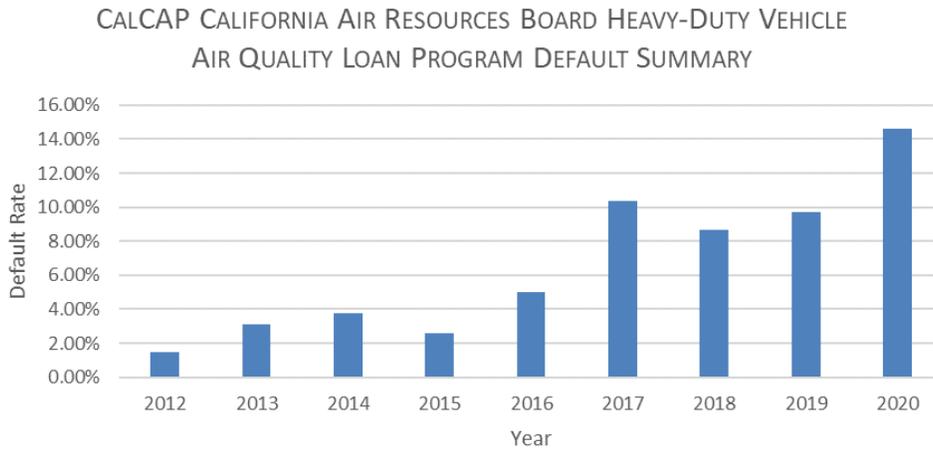
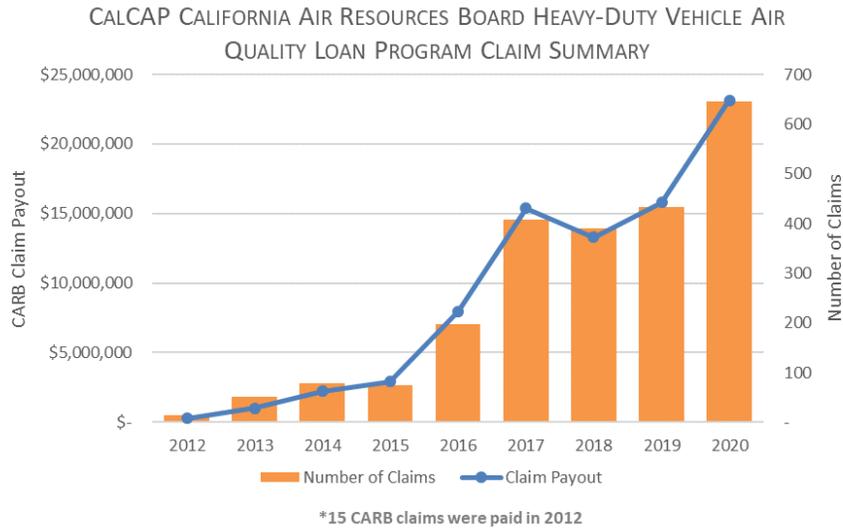
**CalCAP/CARB Loans by Industry** – The following chart describes the distribution of enrollment activity by sector, using the NAICS Sector number.

**2020 CalCAP California Air Resources Board Heavy-Duty Vehicle Air Quality Loan Program Loans by Industry**

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
11	Agriculture, Forestry, Fishing, and Hunting	15	\$1,181,601	\$1,181,601
21	Mining, Quarrying, and Oil and Gas Extraction	11	\$1,414,747	\$1,414,747
22	Utilities	6	\$994,006	\$994,006
23	Construction	68	\$6,925,325	\$6,925,325
31-33	Manufacturing	43	\$4,509,041	\$4,509,041
42	Wholesale Trade	19	\$1,627,046	\$1,627,046
44-45	Retail Trade	2	\$182,058	\$182,058
48-49	Transportation and Warehousing	4145	\$278,787,390	\$278,688,049
51	Information	1	\$150,665	\$150,665
53	Real Estate and Rental and Leasing	5	\$572,984	\$572,984
54	Professional, Scientific, and Technical Services	6	\$536,206	\$536,206
56	Administrative and Support/Waste Management/Remediation Services	78	\$9,136,228	\$9,136,228
62	Health Care and Social Assistance	1	\$36,600	\$36,600
81	Other Services (except Public Administration)	10	\$773,324	\$773,324
	<b>Grand Totals</b>	<b>4,410</b>	<b>\$306,827,219</b>	<b>\$306,727,878</b>

**CalCAP/CARB Geographic Area Served** – Exhibit B shows the distribution of the CalCAP/CARB-funded loans enrolled in 52 counties and indicates the number of enrollments and approximate dollars loaned.

**CalCAP/CARB Loan Loss Claims** – CalCAP processed and approved 646 claims filed by lenders against their CalCAP/CARB loan loss reserve accounts, totaling approximately \$23.2 million in payments disbursed for 2020. The default rate for 2020 is 14.65%. The second chart below shows the default rate percentage for the last nine years.

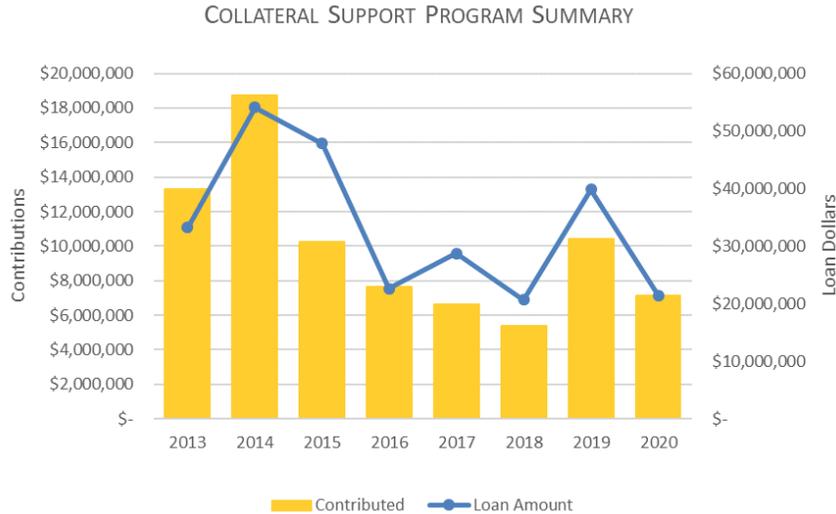


**CalCAP/CARB Fund Balance** – As of December 31, 2020, the balance available in the CalCAP/CARB fund was \$23.6 million. An additional \$151,021 was recaptured for FY 19-20 to be deposited in the CalCAP/CARB fund.

**COLLATERAL SUPPORT PROGRAM (CSP) RESULTS 2020**

CSP was designed to enable financing that might otherwise not occur due to a collateral shortfall for small businesses in California. In January 2013, CSP was approved by the U.S. Department of the Treasury as part of CPCFA’s \$85 million allocation under SSBCI. CPCFA provides a cash deposit to the lender to hold as partial collateral against potential loss. Under CSP, CPCFA recaptures a portion of the cash deposit annually as the loan pays down according to a defined recapture schedule. Following the expiration of the Allocation Agreement with the U.S. Department of the Treasury on March 31, 2017, CPCFA established a State-funded CSP utilizing the recaptured funds from cash deposits previously expended for loans enrolled under the federally approved program.

As of December 31, 2020, CPCFA had contributed a total of \$87.9 million in cash deposits for 329 loans, utilizing moneys that were recaptured and recycled.



**CSP Loan Volume** – In 2020, CPCFA enrolled 41 loans to 39 borrowers. At the end of December 2020, the total number of loans enrolled in CSP since 2013 is 329.

**CSP Loan Dollars** – In 2020, CSP leveraged nearly \$21.4 million dollars in lending. The average loan size was approximately \$522,668.

**CSP Loan Contributions** – In 2020, CPCFA contributed approximately \$7.1 million in cash deposits to support loans to small businesses.

**Severely Affected Community (SAC)** – Of the 41 loans enrolled, 32 were to small businesses located in a SAC. CPCFA approved supplemental cash deposits for those loans in the amount of \$1,495,475.

**CSP Jobs** – In 2020, loans enrolled in the CSP helped create 120 new jobs and retain 655 existing jobs.

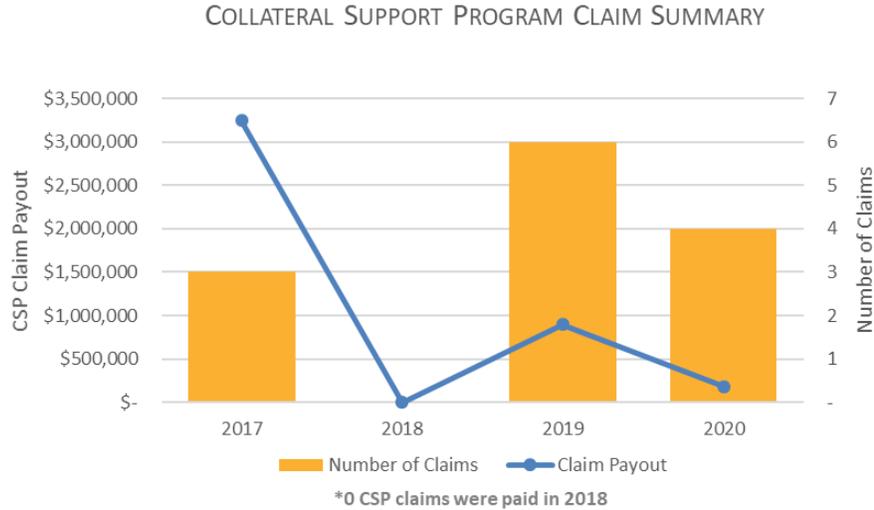
**CSP Loans by Industry** – The following chart describes the distribution of enrollment activity by sector, using the NAICS Sector number.

**2020 Collateral Support Program Loans by Industry**

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
23	Construction	5	\$700,000	\$700,000
31-33	Manufacturing	7	\$9,766,178	\$9,766,178
42	Wholesale Trade	4	\$1,026,000	\$1,026,000
44-45	Retail Trade	3	\$3,875,000	\$3,875,000
48-49	Transportation and Warehousing	3	\$380,000	\$380,000
52	Finance and Insurance	1	\$100,000	\$100,000
53	Real Estate and Rental and Leasing	2	\$150,000	\$150,000
54	Professional, Scientific, and Technical Services	5	\$1,055,030	\$1,055,030
56	Administrative and Support and Waste Management and Remediation	1	\$100,000	\$100,000
62	Health Care and Social Services	4	\$3,077,200	\$3,077,200
71	Arts, Entertainment, and Recreation	1	\$185,000	\$185,000
72	Accommodation and Food Services	2	\$545,000	\$545,000
81	Other Services (except Public Administration)	3	\$470,000	\$470,000

**CSP Geographic Area Served** – Exhibit C shows the distribution of the loans enrolled in 14 counties, the number of enrollments, and approximate dollars loaned.

**CSP Claims** – In 2020, four CSP claims were filed for a total of \$180,565. The program has had 13 claims since its inception in 2013. The first claim received for CSP was received in 2017.



**CSP Recapture** – Loans supported by CSP are subject to an annual recapture of the funds on deposits. In 2020, CSP recaptured approximately \$5.4 million in funds on 91 loans. The recaptured funds will be used for future CSP loans to sustain the program.

**CSP Funds Remaining** – As of December 31, 2020, the balance available from remaining recaptured moneys allocated to the State-funded CSP total approximately \$36.9 million for FY 19-2020.

**SMALL BUSINESS SPOTLIGHT: CALIFORNIA COWBOY, SAN FRANCISCO**

**NAME OF BUSINESS:** California Cowboy Apparel

**BUSINESS LOCATION:** San Francisco

**SMALL BUSINESS PROGRAM:** CSP

**LENDING PARTNER:** Lendistry

**BEST KNOWN FOR:** Their innovative and fun apparel is uniquely designed to help bring out the extrovert in everyone.



California Cowboy is an apparel shop located in San Francisco that features a design style based on true California experiences, such as surfing and mountain climbing. They strive to use specially designed features, prints, and colors for their apparel, including towel-lined Aloha shirts and more.

In addition to being forced to close the shop during the COVID-19 pandemic, California Cowboy was also devastated by a fire. The smoke damage was so severe there was concern the business would be closed indefinitely.

Participating lender Lendistry was able to help by renewing a line of credit that was originally enrolled in CSP in 2019. The borrower previously had a term loan enrolled in the program in 2018.

The loans helped California Cowboy recover from the fire damage and continue to serve customers all over the world while retaining all of their jobs and even adding another full-time employee.



**OTHER CALCAP SPECIALTY PROGRAMS****CalCAP Electric Vehicle Charging Station Financing Program (CalCAP/EVCS)**

CalCAP/EVCS was introduced in 2015. The program aims to expand the number of electric vehicle charging stations installed by small businesses in California. The program, funded with \$2 million as a pilot project by the California Energy Commission, provides incentives to small-business borrowers and lenders to finance electric vehicle charging station equipment acquisition and installation. Loans enrolled in this program can be used for the design, development, purchase, and installation of electric vehicle charging stations in the state of California. This partnership allows CalCAP to provide up to 100% coverage to lenders on qualifying loan defaults. Borrowers with good repayment history may be eligible to receive a rebate of 10-15% of the enrolled loan amount payable from the lenders' loss reserve accounts.

In 2020, CalCAP/EVCS funded one loan enrollment in the amount of \$500,000 to a borrower in Los Angeles County for the installation of 34 charging stations at five different sites located in Fresno County. CalCAP/EVCS contributed \$150,000 to the lender's loan loss reserve, including a \$50,000 incentive because the installations would be located in a disadvantaged community.

Since 2015, CalCAP/EVCS has enrolled three loans for a total of \$1,011,124. These loans financed the installation of 92 charging stations. CPCFA paid contributions in the amount of \$202,225 and rebates of \$76,112 were paid to the borrowers.

The low loan volume in CalCAP/EVCS is attributed to small businesses utilizing available grant programs rather than taking out loans. While CalCAP/EVCS expired on March 31, 2021, CPCFA anticipates the pilot program agreement between CalCAP and CEC will be extended. **Exhibit D** shows the distribution of the loan enrolled.

**California Americans with Disabilities Act Small Business Capital Access Loan Program (CalCAP/ADA)**

CPCFA developed and implemented CalCAP/ADA in 2016. The program was created through Assembly Bill 1230 (Chapter 787, Statutes of 2015) with a \$10 million one-time appropriation. CalCAP/ADA is designed to assist with financing costs to alter or retrofit existing small-business facilities in order to comply with the requirements of the federal Americans with Disabilities Act of 1990. Loans enrolled in this program may be used for the cost of surveying facilities for non-compliance, estimating and planning eligible alterations, construction costs, and other related expenses but excluding business expansion. This program includes a recapture mechanism to encourage financial sustainability of the program.

Assembly Bill 1553 (Chapter 644, Statutes of 2017) expanded the definition of small business for the purposes of CalCAP/ADA to include businesses with less than \$5 million in total gross annual income, expanding the types of businesses that qualify for funding. Assembly Bill 1553 also authorized CPCFA to use its Small Business Assistance Fund (SBAF) moneys to incentivize participation in the CalCAP/ADA loan loss reserve program by providing for the reimbursement of required Certified Access Specialist (CASp) reports.

Assembly Bill 1547 (Chapter 645, Statutes of 2018) further modified the definition of a small business for purposes of CalCAP/ADA to mean a business that is independently owned and

operated and not dominant in its field, and with 30 or fewer full-time employees or less than \$5 million in total gross annual income from all sources.

CalCAP/ADA has not enrolled any loans to date. Despite extensive outreach to small businesses throughout the state, a lack of participation in this program is often attributed to a hesitation on the part of small businesses that are tenants/lessors and are reluctant to take out debt for improvements on facilities they do not own.

### **California Seismic Safety Capital Access Loan Program (CalCAP/Seismic Safety)**

CalCAP/Seismic Safety was launched January 2017. The program was created through Senate Bill 837 (Chapter 32, Statutes of 2016) with a \$10 million one-time appropriation. The purpose of CalCAP/Seismic Safety is to incentivize private financing for California small businesses and residential property owners (including multi-dwelling units and mobile homes registered by the California Department of Housing and Community Development) for the costs to seismically retrofit existing buildings and homes. Proceeds from loans enrolled in CalCAP/Seismic Safety may be used for seismic retrofit construction alterations performed on a qualified building or its components to substantially mitigate seismic damage.

Assembly Bill 1547 (Chapter 645, Statutes of 2018) modified the term “qualified building” to mean a residential or commercial building identified by the local building code official as a building in need of seismic retrofitting and either a building of a type that is potentially vulnerable in the event of a catastrophic earthquake or a building constructed before 1981. Assembly Bill 1547 discontinued the occupancy requirement for a qualified building to be eligible under CalCAP/Seismic Safety, and authorized a qualified loan under CalCAP/Seismic Safety to finance passive real estate.

Since 2016, CalCAP/Seismic Safety has enrolled three loans for multi-unit buildings in the greater Los Angeles area for a total of \$285,000. CPCFA paid contributions in the amount of \$35,000.

In 2020, a fourth loan was received and approved and is expected to fund in early 2021.

## **OUTLOOK FOR 2021**

Access to capital continues to be the prime concern for small businesses’ sustainability. The CalCAP loan loss reserve developed and administered by CPCFA has been in continual and vigorous demand by lenders since the inception of CalCAP. Currently, for every dollar CalCAP contributes through one of its credit enhancement programs, approximately \$17 of private investments is used to help support small businesses throughout California. This leverage ratio will be critical for future federal fund deployment through the forthcoming federal State Small Business Credit Initiative (SSBCI 2.0). Since the SSBCI 2.0 program was signed into law as part of the American Rescue Plan Act of 2021, CPCFA has been making the necessary preparations to prepare to receive part of the \$10 billion authorized for states across the country for qualifying support programs. CPCFA expects to apply for all eligible federal funds to support the growing needs of California’s small-business community.

Staff will work closely with the State Treasurer to continue to adapt necessary strategies to mitigate the health and economic effects of the COVID-19 pandemic to help make CalCAP

support accessible to more small businesses, continue to drive the growth in loan enrollments, and create greater awareness of our specialty programs. Throughout 2020, CPCFA activity engaged with current and potential lenders, borrowers, and partners through many methods, including:

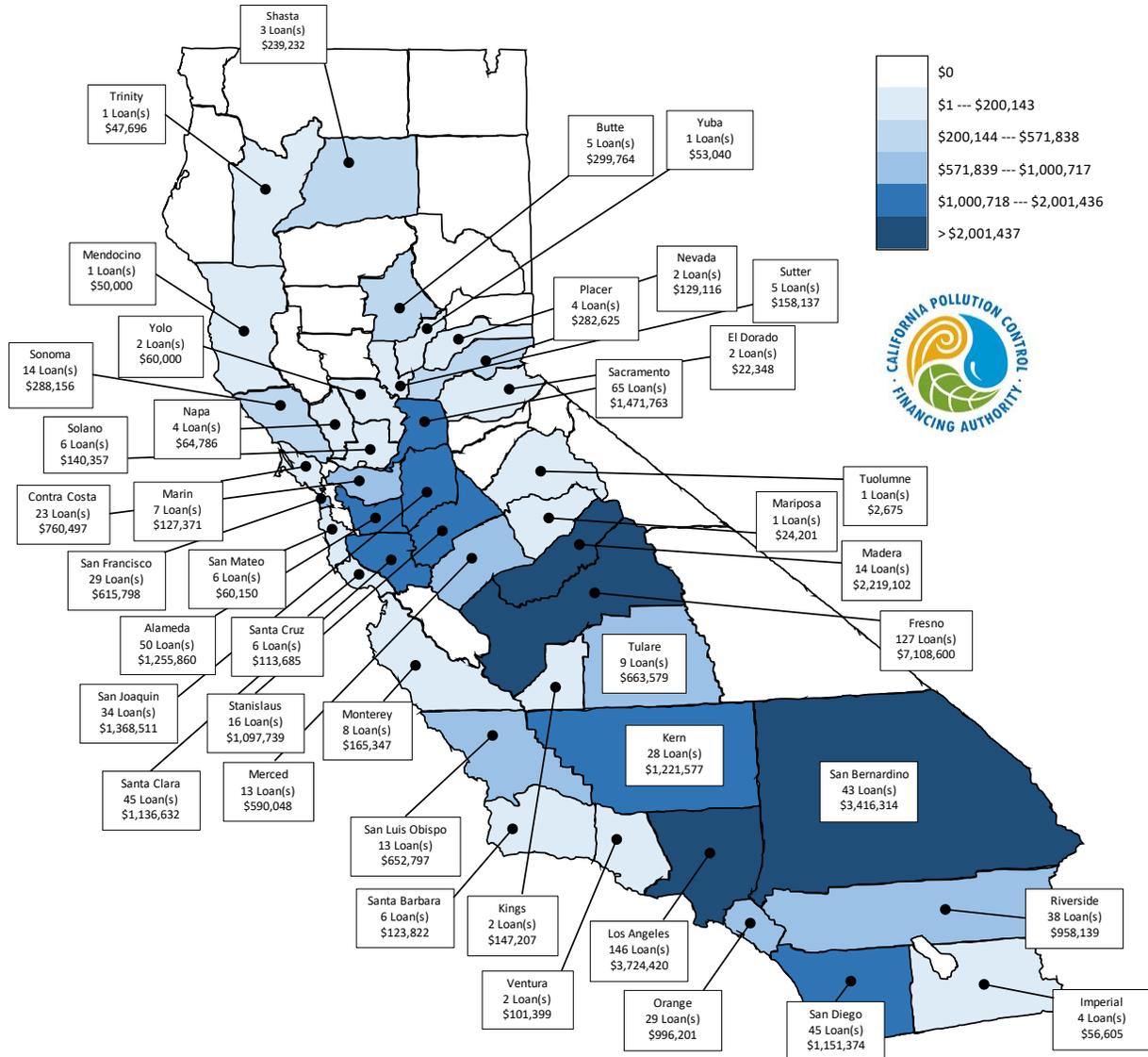
- Presenting at more than 60 virtual educational webinars and conferences.
- Participating in CARB's virtual One-Stop Truck events.
- CalCAP staff responding to approximately 300 inquiries from small businesses looking for resources in response to the COVID-19 pandemic.
- Increasing Twitter engagement.
- Helping CPCFA experience an increase of 47% in followers.
- Expanding coverage of the Port of Los Angeles and Port of Long Beach meetings to track near-zero-emissions vehicle implementation.

CPCFA's continued partnership with CARB remains strong as we closed 2020 with a loan volume similar to 2019 with 4,410 loans completed—only a 1.4% decrease from the previous year. In 2020, CPCFA and CARB engaged with lenders regarding program changes, including consideration, and eventual increasing, of CalCAP's contribution for loans enrolled in CalCAP/CARB, and the requirement to register the vehicles with the Department of Motor Vehicles at the time of the loan enrollment. CPCFA expected to see an influx in the volume of loan enrollments in 2020 as a result of the enforcement of CARB's truck and bus regulations and the increased contribution amount. However, the emergence of the COVID-19 pandemic restricted those expectations.

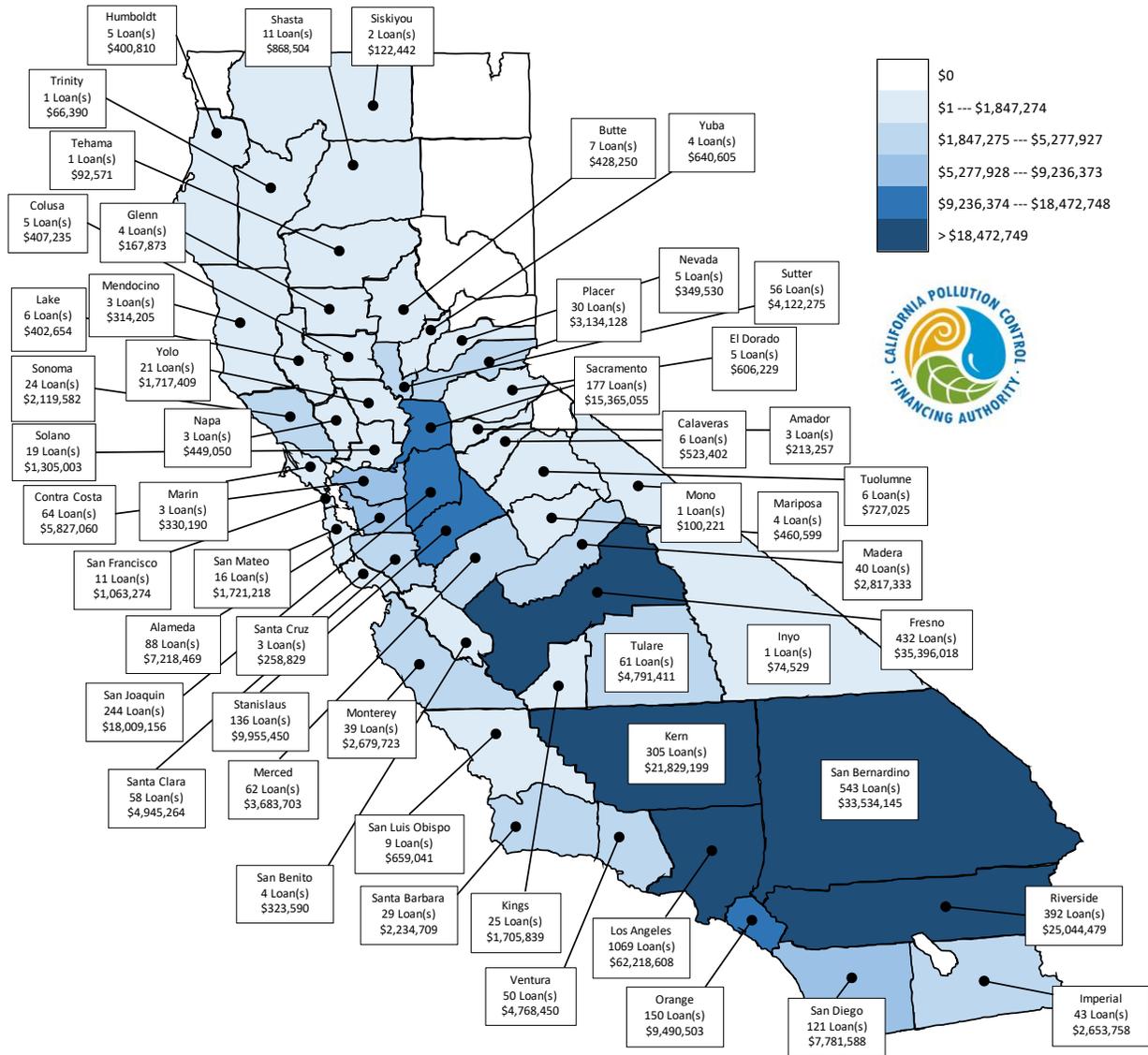
The implementation of a recapture mechanism adopted in August 2017 has sustained CalCAP for Small Business and CalCAP/CARB beyond the single use of one-time funds. CalCAP's loan loss reserve model continues to be one of the most effective means of leveraging private funds with public investments, and recapturing enabled CPCFA to continue to help support small businesses throughout the state.

CPCFA will continue its outreach partnerships with other state agencies, legislative members, local governments, and the State Treasurer's office while also exploring other opportunities to increase borrower and lender participation across CPCFA's specialty programs. CalCAP has implemented an online loan application process to enhance the ease of submitting loan enrollments for lenders. The goal is to transition to all online submissions by the end of 2021. These activities will continue to provide CalCAP with more opportunities to promote small-business lending in California.

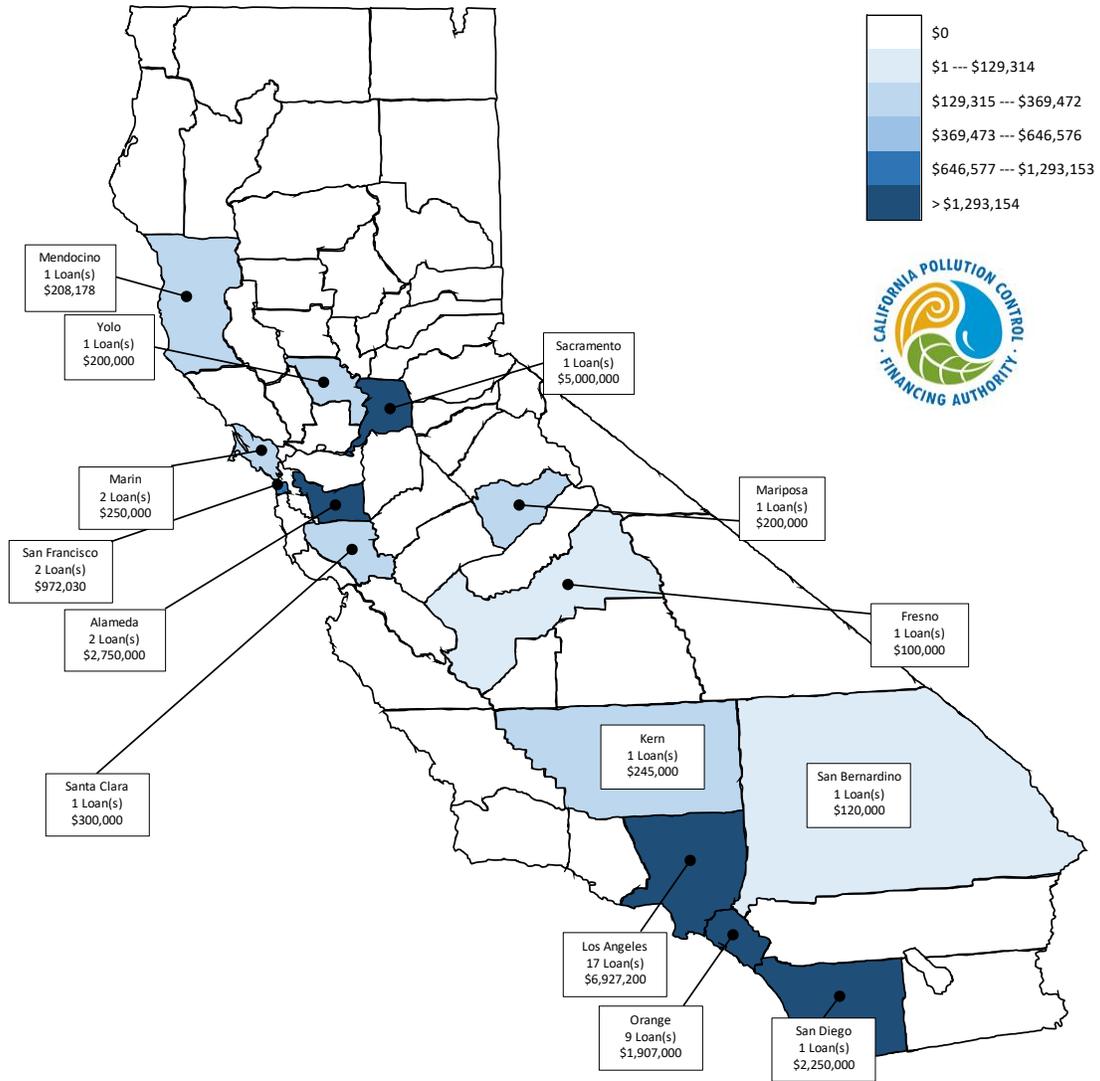
**EXHIBIT A:  
GEOGRAPHIC AREA SERVED: CALCAP FOR SMALL BUSINESS PROGRAM  
2020**



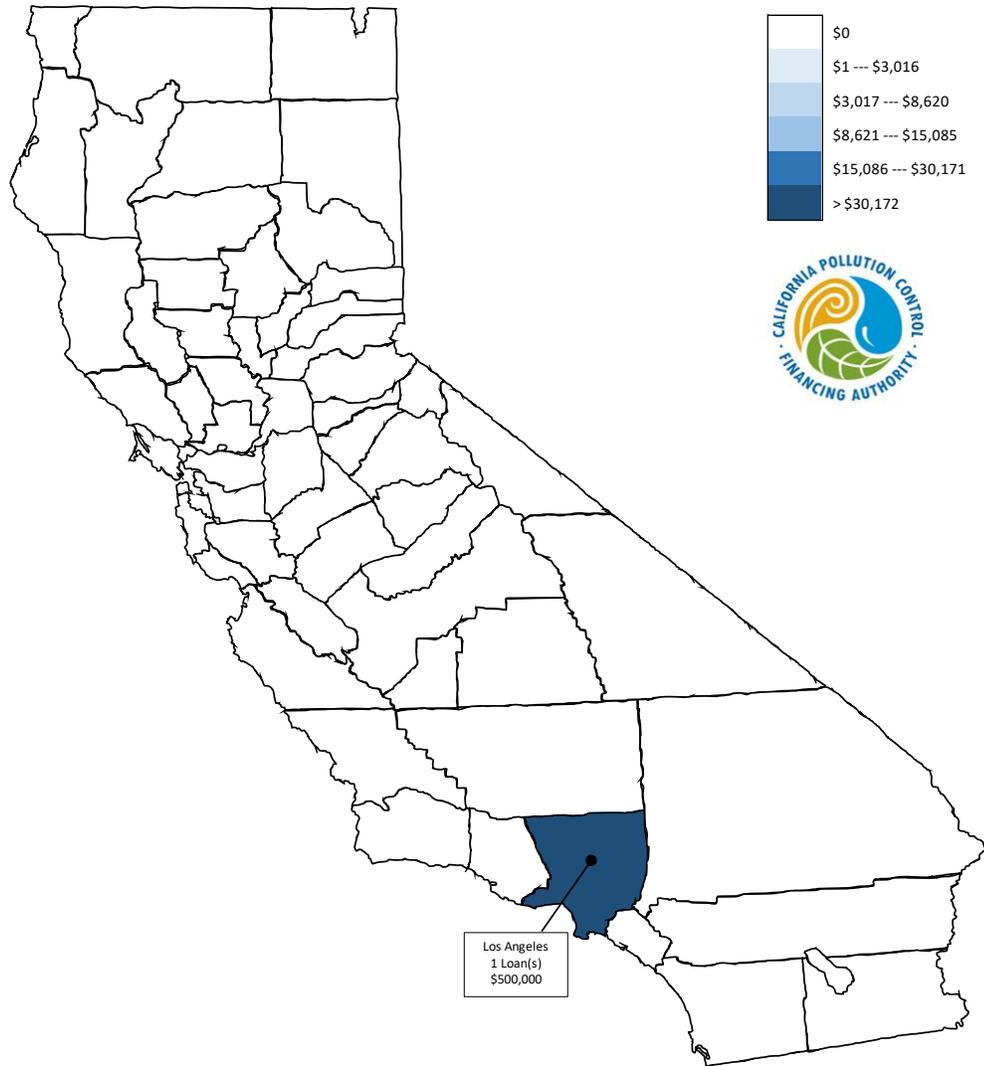
**EXHIBIT B:**  
**GEOGRAPHIC AREA SERVED: CALCAP CALIFORNIA AIR RESOURCES BOARD**  
**HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM 2020**



**EXHIBIT C:  
GEOGRAPHIC AREA SERVED: COLLATERAL SUPPORT PROGRAM 2020**



**EXHIBIT D:  
GEOGRAPHIC AREA SERVED: CALCAP/EVCS PROGRAM 2020**



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

**EXHIBIT E:  
CALCAP PARTICIPATING LENDER LIST**

<b>Participating Financial Institution</b>	<b>Website</b>	<b>SB</b>	<b>CSP</b>	<b>CARB</b>	<b>ADA</b>	<b>Seismic Safety</b>	<b>EVCS</b>
Accion San Diego	<a href="https://us.accion.org/region/southern-california/">https://us.accion.org/region/southern-california/</a>	x		x			
Allegiant Partners, Inc.	<a href="https://apfinancing.com/">https://apfinancing.com/</a>			x			
AmPac Tri-State CDC, Inc.	<a href="https://ampac.com/">https://ampac.com/</a>	x	x				
Ascentium Capital, LLC	<a href="https://ascentiumcapital.com/">https://ascentiumcapital.com/</a>			x			
Atlas Capital, Inc.	<a href="http://www.allstate-finance.com/">http://www.allstate-finance.com/</a>			x			
Bankers Small Business CDC of California	<a href="https://cdcloans.com/">https://cdcloans.com/</a>	x					
Calfund, LLC	<a href="https://www.calfundllc.com/">https://www.calfundllc.com/</a>			x			
CDC Small Business Finance	<a href="https://cdcloans.com/">https://cdcloans.com/</a>	x					
Celtic Bank Corporation	<a href="https://www.celticbank.com/">https://www.celticbank.com/</a>		x				
Commercial Credit Group, Inc.	<a href="https://www.commercialcreditgroup.com/">https://www.commercialcreditgroup.com/</a>			x			
Community Vision Capital & Consulting	<a href="https://communityvisionca.org/">https://communityvisionca.org/</a>	x	x				
Cornerstone Financial Services	<a href="https://www.trucktrailerfinance.com/">https://www.trucktrailerfinance.com/</a>			x			
Crossroads Equipment Lease & Finance	<a href="https://www.crlease.com/">https://www.crlease.com/</a>			x			
Dedicated Funding	<a href="https://www.dedicatedfunding.com/">https://www.dedicatedfunding.com/</a>			x			
Economic Development & Financing Corp	<a href="https://www.edfc.org/">https://www.edfc.org/</a>	x	x				
First Choice Bank	<a href="https://www.firstchoicebankca.com/">https://www.firstchoicebankca.com/</a>	x	x				
Freedom Truck Finance	<a href="https://www.freedomtruckfinance.com/">https://www.freedomtruckfinance.com/</a>			x			
Fresno CDFI	<a href="https://www.accesspluscapital.com/">https://www.accesspluscapital.com/</a>	x	x		x		
Gain Federal Credit Union	<a href="https://gainfcu.com/">https://gainfcu.com/</a>		x				
General Business Credit	<a href="http://gbcfactor.com/">http://gbcfactor.com/</a>			x			
Genesis LA Economic Growth Corp	<a href="http://genes isla.org/">http://genes isla.org/</a>		x				
Inclusive Action for the City	<a href="https://www.inclusiveaction.org/">https://www.inclusiveaction.org/</a>	x					
Innovative Lease Services, Inc.	<a href="https://www.ilslease.com/equipment-lease/">https://www.ilslease.com/equipment-lease/</a>	x	x	x			
Lendistry, LLC	<a href="https://lendistry.com/">https://lendistry.com/</a>	x	x				
Main Street Capital Group, LLC	No webpage available. Please call 424-777-2439.			x			
Maxim Commercial Capital, LLC	<a href="https://www.maximcc.com/">https://www.maximcc.com/</a>			x			x

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

Momentum Commercial Funding, LLC	<a href="https://www.momentumcommercial.com/">https://www.momentumcommercial.com/</a>			x			
Murphy Bank	<a href="https://www.murphybank.com/">https://www.murphybank.com/</a>	x		x			
NuVision Federal Credit Union	<a href="https://nuvisionfederal.com/">https://nuvisionfederal.com/</a>		x				
Opening Doors	<a href="https://openingdoorsinc.org/">https://openingdoorsinc.org/</a>	x			x		
Opportunity Fund	<a href="https://www.opportunityfund.org/">https://www.opportunityfund.org/</a>	x		x			
PACCAR Financial	<a href="https://www.paccarfinancial.com/">https://www.paccarfinancial.com/</a>			x			
PACE Finance Corporation	<a href="http://pacelabdc.org/">http://pacelabdc.org/</a>	x	x				x
Pacific Enterprise Bank	<a href="https://www.pacificenterprisebank.com/">https://www.pacificenterprisebank.com/</a>		x	x		x	x
Pacific Premier Bank	<a href="https://www.ppbi.com/">https://www.ppbi.com/</a>	x	x				
Shelter Financial	<a href="https://www.shelterfinancial.com/">https://www.shelterfinancial.com/</a>			x			
SLIM Capital, LLC	<a href="https://slimcapital.com/">https://slimcapital.com/</a>			x			x
Snider Leasing Corp.	<a href="https://www.sniderleasing.com/">https://www.sniderleasing.com/</a>	x		x			x
SSMB Financial Corp	<a href="https://www.norcalkw.com/">https://www.norcalkw.com/</a>			x			
Valley Small Business Development Corporation	<a href="http://www.vsbdc.com/">http://www.vsbdc.com/</a>		x				
Western Alliance Bank dba Bridge Bank	<a href="https://www.westernalliancebankcorporation.com/bridge-bank-home">https://www.westernalliancebankcorporation.com/bridge-bank-home</a>		x				
Working Solutions CDFI	<a href="https://www.workingsolutions.org/">https://www.workingsolutions.org/</a>	x					
ZeBridge Capital	No webpage available. Please call 949-623-7593 or 949-623-7604.		x	x		x	x

**Program Key**

<b>SB</b>	California Capital Access Loan Program (CalCAP) for <b>Small Business Program</b>
<b>CSP</b>	California Capital Access Loan Program (CalCAP) <b>Collateral Support Program</b>
<b>CARB</b>	California Capital Access Loan Program (CalCAP) <b>California Air Resources Board Heavy-Duty Vehicle Air Quality Loan Program</b>
<b>ADA</b>	California Capital Access Loan Program (CalCAP) <b>Americans With Disabilities Act Financing Program</b>
<b>Seismic Safety</b>	California Capital Access Loan Program (CalCAP) <b>California Seismic Safety Financing Program</b>
<b>EVCS</b>	California Capital Access Loan Program (CalCAP) <b>Electric Vehicle Charging Station Financing Program</b>