

AGENDA

CALIFORNIA CAPITAL ACCESS PROGRAM (CalCAP)

California Pollution Control Financing Authority (CPCFA)

LENDER ROUNDTABLE CONFERENCE CALL

Wednesday July 25, 2012

10:00 a.m.

Call in number: (877) 941-2935

Password: CalCAP



MEMBERS:

Bill Lockyer, Chairman
State Treasurer

John Chiang
State Controller

Ana J. Matosantos, Director
Department of Finance

EXECUTIVE DIRECTOR:

Michael Paparian

- **INTRODUCTION**
- **WELCOME NEW LENDERS**
 - ❖ I would like to welcome our new lenders: Shelter Financial, Enterprise Motors Finance, and Opening Doors, Inc. Welcome to the CalCAP family. We look forward to seeing your enrollment applications!
- **OFF-ROAD EQUIPMENT AND MARINE VESSEL PROGRAM**
 - End of Program
 - ❖ The ARB Off-Road Program for diesel equipment and marine vessels is coming to an end. The Program was expected to end on July 31st; however, we have received a short extension from ARB to allow for the enrollment of any pending off-road loans. We will now be able to enroll a loan that is funded and completed by August 31st. If the date of loan is after August 31st, it will not be eligible for enrollment. The ending of this Program will not have any effect on the on-road heavy duty diesel vehicle program or the Prop 1B program for drayage trucks.
- **SIGNATURES**
 - No electronic or digital signatures
 - ❖ We recently had a request from a Lender to allow electronic signatures on our enrollment forms. After much discussion with executive staff and our legal counsel, it has been decided that we cannot accept electronic signatures on our documents, from either a borrower or a lender. We do not have the capability to comply with the laws regarding electronic signatures at this time.
 - No Power of Attorney
 - ❖ As a reminder, we also do not allow signatures through a Power of Attorney.
 - The same Borrower must sign all forms and certifications
 - Business owner signatures for Federal Certifications
 - ❖ On all CalCAP related forms that require the borrower's signatures or initials, it must be the borrower's initials and signature. No one else is allowed to sign or initial for a borrower.

- If there is more than one borrower on the loan, it is OK for one borrower to sign the borrower certification as the representative of the business, as long as all signers on the loan are a party to the business.
- If there is more than one borrower or a guarantor(s) on a loan and one or more parties are not a part of the small business ownership, all parties on the loan must sign the borrower certification.

- **SSBCI FEDERAL FUNDS PROGRAM**

- Site Visits

- ❖ As a part of our compliance with SSBCI guidelines, we will be conducting site visits to all lenders that have participated in the federal fund program since its inception in April 2011. The site visits will be between now and the end of this year. We will notify you by email that we intend to visit your office. We will give you a list of loan files that we would like to review and some questions we will be asking ahead of our arrival. After reviewing the loans we will have a short interview to tell you you're doing a great job or perhaps to discuss any glaring issues. We will then compile a report of the findings and share those with you. Beginning next year, we will either do the same type of site visit, or just request that you submit information to be reviewed to CalCAP on an annual basis.

- **NEW SSBCI PROGRAMS**

- Collateral Support Program

- ❖ We are in the final development stages of our Collateral Support Program. This program will provide a cash collateral deposit, up to 50% of the loan amount, to a loan specific loan loss reserve. This deposit is meant to cover the collateral shortfall of a small business loan. We are waiting for approval from the U.S. Treasury, but are expecting to launch around September 1. If you are interested in receiving more information about this program, please feel free to contact me by email or phone. ejarrett@treasurer.ca.gov and 916.654.6061. Also, please contact me if you would like training on this program upon its launch so that I may make arrangements for any necessary conference calls.

- Loan Participation Program

- ❖ Our Loan Participation Program aims to create a loan pool for energy efficiency and environmental improvement projects. We are hoping to contribute \$10M to a pool of at least \$50M. We are close to release of a RFP for lenders who are interested in bidding on it. If you would like more information regarding this program, or would like to be notified when the RFP is released, please contact Mario Wong by email or phone. mwong@treasurer.ca.gov and 916.651.8006.

- **CalRECYCLE**

- Renewed contract is final
- New contribution amounts from CalRecycle
 - ❖ As was highlighted during our February Lender Roundtable, CalCAP has an Independent Contributor program with CalRecycle that focuses on assisting small businesses that produce a value-added product from recycled or recovered material. CalCAP initially started this interagency agreement with CalRecycle in 1999, and had continually renewed the contract. However, the contract expired in June, 2011. The new CalRecycle contract has been reestablished and the program is now active. The one major difference in the new contract is that CalRecycle will now be paying the borrower and lender's fee, whereas they had previously only paid the borrower's. CalCAP will continue to contribute by matching the combined premiums. The new version of the Borrower Eligibility Form will be available under "Information for Lenders" in the "Truck, Equipment and Recycling Programs" section of the CalCAP website.

- **REGULATIONS**

- New regulations as of June 25, 2012
- Clarification for uses of Federal Funds
 - ❖ With the addition of the Collateral Support and Loan Participation Programs, our current CalCAP regulations required several changes in order to clarify the uses of the Federal funds. The definition of "contribution" has been added to the regulations and is defined as "any or all eligible funds deposited to a Loss Reserve Account". This definition was added to differentiate between the premiums paid in the current CalCAP Program and the fees that will be paid in the Collateral Support Program. Contributions will be any borrower and lender premiums, premiums paid by the Authority, premiums paid by an Independent Contributor and Collateral Support fees. Previously, contributions that were referred to in the regulations were the matching contributions paid by the Authority into your Loss Reserve Account when a CalCAP enrollment was funded. You will also notice that where "matching contributions" were mentioned in the regulations before, the text has been changed to eliminate the word "matching" in almost every occurrence. With the Collateral Support Program, the contributions will not be matching. Our regulations now allow us to make larger contributions to your Loss Reserve Account to accommodate the Collateral Support Program. This does not mean that the premiums paid on your loans enrolled in CalCAP will be any larger. Other small changes have been made to the regulations to clarify and simplify several aspects of the program.

The other big changes are in section 8078.2, the section regarding the Federal funds. In section 8078.2 (g) and (h) we added the language "unless another amount is allow by the Small Business Jobs Act". Because the maximum loan amount and the federal contribution are different between CalCAP and Collateral Support, we needed to be clear that we will contribute more than the typical matching CalCAP contribution on Collateral Support enrollments and also that we will allow enrollments of loans up to \$20M in Collateral Support, instead

of the \$5M maximum in CalCAP. Section (i) was added to allow the Authority to charge the initial fee and annual fees on the Collateral Support amount. Section (j) was added to clarify that Loss Reserve Accounts will hold CalCAP premiums paid by the borrower, lender, Authority and/or Independent Contributors as well as fees paid in the Collateral Support program. The Loss Reserve Accounts in the two Programs will be separate and you may have multiple Collateral Support Loss Reserve Accounts, but they serve the same purpose and we wanted it to be clear that Collateral Support fees and CalCAP contributions would both be held in the same type of account. The last significant change to the regulations is section 8078.2 (j) that states "claims for reimbursement may be processed according to the requirements of the Small Business Jobs Act". Claims in the Collateral Support program must follow the Federal guidelines and unlike CalCAP, collateral must be liquidated prior to filing a claim. These changes to our regulations went into effect on June 25th and are posted on the CalCAP website under the "Current Text of Regulations" link.

ATTACHMENTS:

- Text of current regulations