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AGENDA

CALIFORNIA CAPITAL ACCESS PROGRAM (CalCAP)
ELECTRIC VEHICLE CHARGING STATION FINANCING PROGRAM
LENDER WEBINAR

Wednesday, April 29, 2015 @ 10:00 am

❖ INTRODUCTION

Good Morning, Lenders! On behalf of the California Capital Access Program (CalCAP), I would like to take this moment to welcome you all and introduce you to our newest program, the CalCAP Electric Vehicle Charging Station (EVCS) Financing Program.

My name is Patricia Tanous, and I am the Treasury Program Manager II for the California Pollution Control Financing Authority. Many of the CalCAP staff are also in attendance this morning, including Jason Bradley, Jillian Franzoia, Ethan Wieser, and Betina Brantley.

Betina Brantley, Jason Bradley, and Ethan Wieser will be presenting various aspects of the Program to you later on in the webinar as well. We thank you for joining us today, and we look forward to working collaboratively with each of you to help make California a more sustainable environment through this newly implemented program.

❖ HOUSEKEEPING ITEMS

Before we proceed, I would like to address the topics which will be on the agenda this morning. As you can see, we will begin with the purpose of this workshop, briefly provide an overview of CalCAP and the CalCAP Electric Vehicle Charging Station Financing Program, discuss what types of lenders, borrowers, and use of loan proceeds will be eligible for enrollment, and the steps your financial institution must undergo in order to participate.

All attendees are, and will remain, in listen-only mode for the remainder of the presentation; however, if you would like to pose a question to the CalCAP staff, you may type your inquiry in the "Question" section of your webinar control panel, and staff will address it during a fifteen minute question and answer session at the conclusion of the presentation. At that time, if you have a question you would like to pose orally, we would like you to simply press the "raise hand" button located on the side of your computer's webinar control panel, and staff will selectively unmute you to address your question. If, for any reason, you feel your question would be better addressed on an individual basis, we welcome your inquiries and will be providing contact information upon the conclusion of this presentation.

Additionally, if you require technical assistance during the webinar, please utilize the "Question" section of your webinar control panel, and staff will attempt to address your concerns at the earliest opportunity.

- **PURPOSE OF WEBINAR**

Good Morning, Lenders! My name is Betina Brantley, and I would like to begin with the purpose of this webinar.

The CalCAP Electric Vehicle Charging Station Pilot Financing Program is a Loan Loss Reserve Program with a borrower rebate component that supports the installation of electric vehicle charging stations in California. If you are already a Participating Financial Institution in either the CalCAP Loan Loss Reserve or the CalCAP Air Resources Board On-Road Heavy-Duty Vehicle Air Quality Loan Program, you are already familiar with how Loan Loss Reserve Programs function; however, for those of you who are unfamiliar, we will be providing a brief overview of how this type of program works.

The California Energy Commission (Energy Commission), as an Independent Contributor, has allocated $2 million to the CalCAP EVCS Pilot Financing Program. The Energy Commission will be evaluating the success of this program, which is scheduled to launch in June of this year, and if successful, the Energy Commission may allocate additional funding at a later date. The purpose of this workshop is to introduce prospective lenders to the benefits of this program and to encourage any interested parties to become approved as Participating Financial Institutions.

As I mentioned, the California Energy Commission is the source of funding for this program and provides many of the guidelines in relation to the eligibility requirements.

CalCAP, as part of the California Pollution Control Financing Authority (CPCFA), will be administering the program. Other key participants include lenders, who will perform all of the loan underwriting and will submit Loan Enrollment Applications to CPCFA to benefit from loan portfolio insurance, and small business borrowers seeking to install one or more electric vehicle charging stations (EVCSs) at their place of business.

❖ OVERVIEW OF CALCAP

For those prospective lenders who are unfamiliar with CalCAP and/or Loan Loss Reserve Programs, we would now like to take the opportunity to provide a brief summary of each.

CalCAP, or the California Capital Access Program, was created in 1994 and is administered by the California Pollution Control Financing Authority (CPCFA). CalCAP encourages lending institutions to make loans to small business borrowers which have difficulty obtaining financing due to shortfalls in credit history, revenue and/ or collateral. CalCAP has been administering Loan Loss Reserve programs in excess of 20 years and has over 100 approved lenders distributed between its many programs.

The following are three CalCAP programs with which many of you are already familiar: CalCAP Loan Loss Reserve, CalCAP Collateral Support, and CalCAP ARB On-Road Heavy-Duty Vehicle Air Quality Loan Program. The fourth one featured in this diagram is the CalCAP EVCS Financing Program, which we are here to introduce today. For further information regarding each of the three aforementioned programs, please refer to the CalCAP website or direct your inquiries to the CalCAP inbox. Contact information will be provided upon the close of the presentation.

The CalCAP EVCS Financing Program is a Loan Loss Reserve (LLR) Program. It is a type of loan portfolio insurance which reduces the risk threshold associated with providing loans to small businesses, and it may provide up to 100% coverage on certain loan defaults. Each Participating Financial Institution possesses its own account apart from all other financial institutions' accounts, and the accounts are held either by the Participating Financial Institution or the Program Trustee.

Lenders perform all loan underwriting, packaging, and servicing, and lenders determine the amortization schedule, whether the loans have fixed or variable interest rates, and whether or not the loans will be collateralized. In addition, lenders may enroll all or a portion of a loan into CalCAP, provided it does not exceed the maximum enrolled amount.

❖ OVERVIEW OF THE CALCAP EVCS FINANCING PROGRAM

The purpose of the Electric Vehicle Charging Station Financing Program is to encourage small businesses in California to install charging stations at their place of business for use by the employees, customers or the general public.

How the Program works…. First and foremost the program will not work without participating lenders so I am going to talk about how to get you involved in the Program. Then we will transition into

- ❖ The contribution rates for the Program
- ❖ How the program handles claims and rebates
- ❖ Other important program requirements

❖ ***Lender Participation***

Lenders who are already participating in CalCAP are eligible for the CalCAP EVCS Financing Program.

For new lenders interested in signing up, you must have a business presence in California.

Many types of lending institutions qualify such as federal or state chartered banks, credit unions, CDFI's, micro lenders, or finance lenders. If you have any questions about whether your institution qualifies, please give us a call after the webinar.

Participating in the Program is easy. All a lender needs to do is be in good standing with its third party regulator, and submit the one page Financial Institution Application, located on the CalCAP website for approval.

For our existing lenders, simply complete the application and indicate that you would like to participate in the EVCS program. For new lenders, please complete the same application and check any programs you would like to participate in and submit the application.

Once a lender is approved to participate in the Program, a Loan Loss Reserve account will be established. Based on certain criteria the Loan Loss Reserve account may either be held at the Participating Financial Institution or with the Program's Trustee. Contributions will be deposited into a lender's Loan Loss Reserve account to pay for lender claims and borrower rebates.

❖ ***Contributions***

The CalCAP EVCS Financing Program requires no lender or borrower contributions. All contributions will be deposited by CPCFA. Each loan enrolled in the Program will receive a 20% contribution with the option of increasing that contribution to a maximum of 30% if the charging station is installed in a Multi-Unit Dwelling or a Disadvantaged Community which I will discuss on the following slides.

The Multi-Unit Dwelling (MUD) sector has been a tough nut to crack in the charging station industry. To incentivize this sector, CPCFA will contribute an additional 10% of the enrolled loan amount to loans that support charging station installation in MUD's such as condominiums, duplexes, or apartment complexes.

The other way a loan can qualify for an additional 10% Contribution is if the charging station is installed in a Disadvantaged Community. A Disadvantaged Community is defined as the top 25% of communities that are disproportionately affected by environmental pollution and socioeconomic characteristics as described by the CalEnviroScreen Tool.

A list of these communities will be available via the CalCAP EVCS Financing Program website, and eligibility will be based on the census tract where the charging station will be installed.

An example of the contribution may look something like this: If a lender makes a $50,000 loan, it automatically receives a 20% contribution, or $10,000.

If the loan supports charging station installation in a MUD or a Disadvantaged Community, it will receive an additional 10%, or $5,000, for a contribution total of $15,000.

We would like to now briefly go over the loan enrollment form. As you can see it is very similar to CalCAP Loan Loss Reserve and CalCAP ARB enrollment forms.

Page one contains the borrower and loan information.

On page two the lender certifies that the loan meets the program requirements just like in our other CalCAP Programs.

Pages 3-5 are the equivalent to the Borrower Certification in CalCAP's ARB Program, and contain the technical requirements to which the borrower must certify.

CalCAP staff is available to answer any questions related to the Loan Enrollment Application, and may conduct future trainings related to the application at the lender's request.

❖ ***Claims***

As mentioned previously, this program offers up to 100% coverage on certain loan defaults. Once a lender charges off a loan, it has 120 days to submit a claim to CPCFA. If the lender has the funds available in its Loan Loss Reserve account, the lender may be covered up to 100% of the enrolled loan amount. If the lender does not have funds available in its Loan Loss Reserve account, future loan enrollments can be used to compensate for the previous shortfall.

Lenders may be reimbursed for outstanding principal, interest, and reasonable out-of-pocket expenses associated with recovering the loss. As a requirement of the Program, lenders must follow their standard collections and recovery procedures before and after a claim is submitted to CPCFA.

The program has a simple one page Claim Application, in which we ask for the lender, borrower, and loan information. We also ask the lender to provide a brief narrative of the loan history, a payment history, and proof for all out-of-pocket expenses associated with recovering the loss. Once all documentation is received, CPCFA has approximately a 30 day turn around on repaying the claim.

- ***Rebates***

Once the loan is paid off or in month 49 of the loan, whichever comes first, the borrower may be eligible to receive a rebate of 50% of the Loan Loss Reserve contribution.

For example, if the Loan Loss Reserve contribution for a loan is $15,000 the borrower would receive a check for $7,500, if the borrower qualifies. The funds would be withdrawn from the lender's Loan Loss Reserve account, while the other half of the contribution would remain in the lenders Loan Loss Reserve account to cover potential claims on outstanding loans.

If a borrower does not qualify for the rebate, it is the lender's responsibility to notify the borrower of that fact.

To be eligible for the rebate, the borrower must meet the following requirements: have made no more than one 30 day late payment, have paid off the loan or be in month 49 of the loan, have provided the lender with a copy of a charging station Certificate of Commissioning (a standard form given to the borrower once the charging station is installed and operational), and certify that the outstanding balance of the loan was not refinanced with any Participating Financial Institutions.

Again, we have a simple one page rebate form requesting lender, borrower and loan information. In addition, the lender and the borrower must certify that the borrower meets the rebate eligibility requirements. If the borrower does not qualify for the rebate, the lender must indicate why.

- ***Flow Chart***

Now let's look at a flow chart of how the program works.

Lender enrolls loan→

Borrower installs charging station→

Two things can happen at this point: the loan is paid off or exceeds its 48 months of coverage, or the loan goes into default.

- ❖ If the loan is paid off or is in the 49th month, and the borrower is eligible for the rebate, the lender submits the rebate form to CPCFA. If approved, the borrower receives the rebate. If the borrower does not qualify for the rebate, the lender must notify the borrower and CPCFA of the reason why via the rebate form.

- ❖ If the loan goes into default, the lender submits a claim application to CPCFA. If approved, CPCFA authorizes the reimbursement from the lenders Loan Loss Reserve account with the lender continuing its collections efforts as appropriate.

❖ ***Additional Program Elements***

A couple of important facts about the program:

- ❖ Loans may be enrolled in the program for a maximum of 48 months; however, lender may write loans for a longer term.
- ❖ The Charging Stations must be installed in California at the borrower's place of business or at a Multi-Unit Dwelling.
- ❖ Leases are not permitted in this phase of the program.
- ❖ A full description of the CalCAP/EVCS financing Program Requirements is listed on the CPCFA Website.

❖ PROGRAM ELIGIBILITY

Now that we have gone over how the program works let's go over who are eligible borrowers, and how the loan proceeds can be used.

❖ ***Borrower Eligibility***

Eligible borrowers for this program consist of any small business or non-profit entity, with 1,000 employees or fewer. For lenders currently enrolled in our other Capital Access Programs, this is a change in the size of a small business, as we have increased the maximum number of employees from 500 to 1,000 or fewer exclusively for the EVCS Financing program. Excluded from participating in this program are individuals and public entities.

There are a few prohibited business types we would also like to make you aware of. Some examples are liquor stores, tobacco sales, gambling, gun sales, and others. If you have any concerns about a business type, please give us a call or you can submit a pre-qualification to CalCAP before making the loan.

❖ *Project Cost Eligibility*

Almost any cost directly related to the charging station is eligible under this program. This includes design and development, acquisition costs (which includes electric panel upgrades, signage, and software), and labor costs to install, operate, and maintain the charging station during the term of the loan. What wouldn't be eligible in this program are the costs of a larger project not directly related to or in proportion of the EVCS installation.

An example of an ineligible cost from a larger project not proportional to the cost of the install would be a case where a business needed to trench only a portion of their parking lot to install a charging station. The borrower may decide they want to resurface the entire lot. As lenders, you may make the entire loan including the resurfacing; however, only the portion directly related to the EVCS installation would be eligible to be enrolled in the program.

❖ *Technology Eligibility*

There are some technology requirements regarding what types of charging stations are eligible. We realize that this is a brand new space for most of our lenders, so please don't let any of the terms on this slide hold you back from participating in the Program.

The first column lists the 2 types of charging stations that are eligible for this program. This covers the commercially viable charger types and eliminates the slower level 1 chargers from the program.

The next column represents the connector type. Different electric vehicle manufacturers may have one or more connector standards built into the vehicle. The connector types allowable in this program are the types you might expect to see on most mass produced vehicles. What we are making ineligible is a boutique, or proprietary connector, unique to maybe only 1 type of vehicle.

The last column is network interoperability. We are only allowing open standard protocol chargers into the program. Open standard protocol is similar to the way a cell phone carrier may put proprietary technology into a phone so that it cannot operate under another carrier. What we want to protect is the borrower's ability to change carriers, if they so desire, regardless of the brand of charging equipment they purchased.

It is important to note we are waiving the open standard protocol for EVCS that charge medium and heavy-duty vehicles.

Again, please don't get hung up on the terminology. The requirements are fairly basic and are certified by the borrower on the enrollment application. If you have any questions on eligibility you would like to talk about offline, feel free to give us a call. We also have the Q&A from our previous workshop available on our website that may answer some of your questions.

❖ HOW TO PARTICIPATE

Last, we would like to remind you how to participate in this program. Again for our existing lenders, simply complete an amended financial institution application indicating you would like to participate in the EVCS program

For new lenders, please complete the same, one page application, and check any programs you would like to participate in. If you would like to give us a call, we can go over the other programs offered.

❖ QUESTIONS AND ANSWERS

(The Q&A session from this webinar will be compiled and posted at a later date)

ATTACHMENTS

- EVCS Lender Webinar Presentation