



California Pollution Control Financing Authority

CalCAP Lender Roundtable

November 29, 2016



Today's Agenda

- Introduction
- Program milestones and accomplishments
- Transition to Zions Bank as CalCAP trustee
- Program updates
- Calendar of CalCAP program rulemakings
- Online loan enrollment application
- Administrative items & reminders



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Program Milestones and Accomplishments

CalCAP Small Business Program:

- **1,731** loans were funded year-to-date, compared to 2,089 loans in 2015
- **66** claims were filed during 2016

Collateral Support Program:

- **22** loans were funded year-to-date, compared to 32 loans in 2015
- **1** claim was filed during 2016

ARB Heavy Duty Vehicle Program:

- **3,520** loans were funded year-to-date, compared to 2,830 loans in 2015
- **179** Claims were filed during 2016



Program Milestones and Accomplishments (continued)

- **CalCAP/EVCS Financing Program**
 - Program launched in 2015
 - Ten lenders enrolled
- **CalCAP/ADA Financing Program**
 - Program launched in August 2016
 - Three lenders enrolled
- **CalCAP/Seismic Safety Financing Program**
 - Finalizing emergency regulations and hoping to begin accepting applications in early 2017
 - LLR for building retrofits to ensure seismic safety
 - Commercial and residential loans

New programs reflect success and confidence in LLR!



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4th Tranche of Federal SSBCI Funding

- On December 6, 2016 CalCAP staff will request that the CPCFA Board approve an amended allocation agreement with the U.S. Treasury to increase the amount of funds to be disbursed to the State of California participating in the State Small Business Credit Initiative (SSBCI).
- On November 29, 2016, CPCFA staff anticipates that the U.S. Treasury will offer CPCFA and the Governor's Office of Business and Economic Development (Go-BIZ) approximately \$643,000 for the CalCAP Small Business Loan Loss Reserve, Collateral Support, and the State Small Business Loan Guarantee programs. Once this 4th tranche is dispersed, California will have received nearly \$168,400,000.



Transition to Zions Bank as CalCAP Trustee

- Zions Bank is new CalCAP trustee effective January 1, 2017
- Quarterly Reports and Monthly Lender Statements must be submitted timely in order to substantiate and validate data before transfer of LLR accounts to new trustee
- During the transition period expect the follow:
 - Informal call for lenders will be held mid-December
 - Cutoff date and instructions will be sent out to lenders mid-to-late December
 - Loan enrollments and claims can still be submitted
 - Contributions and payouts will be temporarily suspended during transition period



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WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS.[®]



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Small Business Program Contribution Rates Will Change on April 1, 2017

Current Lender & Borrower Contribution Rates	Lender & Contribution Rates Effective 4/1/17
1.00% - 3.50%	2.00% - 3.50%



Health and Safety Code Section 44559.4.(d) operative April 1, 2017 reads:

*“When making a qualified loan that will be enrolled under the program, the participating financial institution shall require the qualified business to which the loan is made to **pay a fee of not less than 2 percent of the principal amount of the loan, but not more than 3 1/2 percent of the principal amount.** The financial institution shall also pay a fee in an amount equal to the fee paid by the borrower...”*



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ARB On-Road Heavy-Duty Vehicle Air Quality Loan Program Updates

- Amended Interagency Agreement highlights included:
 - An **additional \$22 million** for 2016-2017
 - Direction to establish procedures, via regulation, to recapture contributions from LLR accounts annually once enrolled loans have matured to enhance Program stability
- In response CPCFA will be evaluating program changes that incorporate new provisions for recapture, contribution rates and thresholds.
- CPCFA encourages comments and feedback regarding the changes.



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CalCAP/EVCS Financing Program

- Provides businesses (with 1000 or less FTEs) and lenders incentives to finance electric vehicle charging station installation at their place of business or at multi-unit dwellings.
- Currently 10 participating lenders are enrolled.
- CalCAP/EVCS staff are collaborating with investor and publicly owned utilities, national service providers, local governments and business associations to spread the word about this new program.

Contribution Rates	
20%	CalCAP/EVCS base contribution
10%	Additional CalCAP/EVCS contribution for EVCS installation in a MUD or Disadvantaged Community (DAC)
30%	Maximum Total Contribution w/MUD or DAC
15%	Potential rebate = base contribution (10%) + additional contribution (5%)
10% or 15%	Contribution remaining in LLR after rebate

CalCAP/EVCS webpage:

<http://www.treasurer.ca.gov/cpcf/calcap/evcs/index.asp>

CalCAP/ADA Financing Program

- CPCFA received a **\$10 million** one-time appropriation to fund CalCAP/ADA.
- Statutory requirements include the following:
 - Enrolled loan maximum is **\$50,000**
 - Maximum loan coverage is **5 years**
 - Assistance to 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 sf or less**
 - No overnight accommodations allowed
- CalCAP/ADA regulations require small businesses to obtain a **Certified Access Specialist Program (CASp) report** and a **cost estimate** to verify eligibility of costs.
- Currently 3 participating lenders are enrolled.
- CPCFA is collaborating with Office of State Architect, Commission on Disability Access, Go-Biz, local governments and statewide small business associations for outreach.

CalCAP/ADA Financing Program - Continued

Contribution Rates	
2%-3.5%	Lender contribution
2%-3.5%	Borrower contribution – matches lender contribution
8%-14%	CalCAP/ADA contribution is 4 times lender contribution
2%-3.5%	Severely Affected Community (SAC) contribution equal to lender's contribution
24.5%	Maximum total contribution deposited into LLR
17.5%	Maximum CalCAP/ADA recapture at maturity or 5 years whichever is first

CalCAP/ADA webpage:

<http://treasurer.ca.gov/cpcf/calcap/ada/index.asp>



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CalCAP Seismic Safety Financing Program

- CPCFA received a **\$10 million** one-time appropriation to fund CalCAP/Seismic Safety through SB 837, signed by the Governor in June 2016.
- CalCAP/Seismic Safety incentivizes private loans to **residential property owners** and **small businesses** to support seismic safety retrofits (performed on or after January 1, 2017) of a **Qualified building** to substantially mitigate seismic damage.
- Qualified buildings include mobile homes and multiunit buildings that are certified by the appropriate local building code enforcement.
- The amount enrolled in CalCAP/Seismic Safety is limited to Eligible Costs for Seismic retrofit construction, cannot exceed \$250,000 per borrower, and the LLR coverage is set by statute at a maximum of 10 years for this program.



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CalCAP Seismic Safety Financing Program - Continued

- On November 7, 2016, CPCFA posted notice of an informal public workshop and a statewide webinar which took place on November 16, 2016 to explain the draft regulations and seek public comment.
- On November 14, 2016 a draft of the proposed regulations was posted on the website and announced on its listserv.
- On December 6, 2016 staff will post a Notice of Emergency Regulations to provide an additional 5-day opportunity for public comment on the proposed text of the regulations.
- On December 13, 2016, staff will brief the Board and recommend the adoption of the regulations. If approved, the emergency rulemaking will be filed with the Office of Administrative Law the same day, beginning a formal 5-day public comment period, which is estimated to end on December 19, 2016.

**For Program updates visit CalCAP/Seismic Safety webpage
and sign up for the ListServ at:**

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

Draft Regulation: CalCAP/Seismic Safety Contribution Rates

(Enrolled loan term is 60 months or less)

Contribution Rates	
2%-3.5%	Lender contribution
2%-3.5%	Borrower contribution – matches Lender contribution
8%-14%	CalCAP/Seismic Contribution is 4 times Lender contribution
4%-7%	Severely Affected Community (SAC) Contribution is 2 times Lender's contribution
16%-28%	Maximum Total Contribution deposited into LLR
12%-21%	CalCAP/Seismic Safety recapture at maturity or 60 months whichever is first
4%-7%	Amount remaining in LLR after recapture



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Draft Regulation: CalCAP/Seismic Safety Contribution Rates

(Enrolled loan term is 61-120 months)

Contribution Rates	
2%-3.5%	Lender contribution
2%-3.5%	Borrower contribution – matches Lender contribution
6%-10.5%	CalCAP/Seismic Contribution is 3 times Lender contribution
2%-3.5%	Severely Affected Community (SAC) Contribution is equal to the Lender's contribution
12%-21%	Maximum Total Contribution deposited into LLR
8%-14%	CalCAP/Seismic Safety recapture at maturity or 120 months whichever is first
4%-7%	Amount remaining in LLR after recapture



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Contribution Based on 3.5% Lender and Borrower Premiums

(Enrolled loan term is 60 months or less)

Lender makes an \$250,000 CalCAP Seismic Safety loan to borrower

\$8,750

- Lender Premium = 3.5%

\$8,750

- Borrower Premium = 3.5%

\$35,000

- CalCAP Seismic Safety Contribution = 14%

\$17,500

- *CalCAP Seismic Safety SAC Contribution = 7%*

\$52,500

- Total CalCAP Seismic Safety Contribution = 21%

\$52,500

- *Recaptured Contribution at 60 mo. or less = 21%*

\$17,500

- Remains in Lender's LLR Account = 7%



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Contribution Based on 3.5% Lender and Borrower Premiums

(Enrolled loan term is 61-120 months)

Lender makes an \$250,000 CalCAP Seismic Safety loan to borrower

\$8,750

- Lender Premium = 3.5%

\$8,750

- Borrower Premium = 3.5%

\$26,250

- CalCAP Seismic Safety Contribution = 10.5%

\$8,750

- *CalCAP Seismic Safety SAC Contribution = 3.5%*

\$35,000

- Total CalCAP Seismic Safety Contribution = 14%

\$35,000

- *Recaptured Contribution at 120 mo. or less = 14%*

\$17,500

- Remains in Lender's LLR Account = 7%



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Calendar of CalCAP Program Rulemakings

Program	Emergency Regulations (Effective Date)	Permanent Regulations (Effective Date)
EVCS	<i>Approved March 30, 2015</i>	<i>Approved November 2, 2015</i>
ADA	<i>Approved August 29, 2016</i>	Est. February 29, 2017
Seismic Safety	Est. December 27, 2016	Est. June 30, 2017
SSBCI	Est. March 31, 2017	Est. September 30, 2017
ARB	Est. March 31, 2017	Est. September 30, 2017

We are accepting comments and suggestions for all program rulemakings. Please email your comments to CalCAP@treasurer.ca.gov and specify which program you are commenting on in the subject line.



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Updated Claim Form Effective December 1, 2016



Please attach a complete transaction history report, a short narrative of the loan history, receipt(s), and Bill of Sale(s) (if applicable).

- The lender warrants this claim is being filed within 120 days of the loan being charged off and that charge-off was consistent with the lender's usual methods for taking action on loans not enrolled in the Program.
- Lender will, as CPCFA's agent, pursue additional recovery on this defaulted loan through legal proceedings, seizure and liquidation of collateral, guarantees, and/or other sources.
- Lender certifies it has given notice to the Authority of the initial enrollment of the loan in CalCAP, and either:
 - (1) has given notice to the Authority of any renewals or extensions of the loan; or
 - (2) the loan was continuously renewed or extended since the date of its initial enrollment in CalCAP.
- **This claim is for a loan that the undersigned holds, and no portion of the loan has been assigned, transferred, or pledged to another entity.**

Authorized Signature Date

Title

- ✓ Starting **December 1, 2016**, all claims must be submitted on the new form.
- ✓ This section was added to certify that the loan has not been assigned, transferred or pledged to another entity without the approval of CPCFA's Executive Director.



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Online Loan Enrollment Application Update

- Several lenders are currently Beta Testing the electronic application.
- CalCAP anticipates the go live date will be February 15, 2017.
- The dual submission track is estimated to last for 6 months.

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(Note: Pictures are not supported with Internet Explorer 9 and earlier.)

CalCAP

Loan Loss Reserve is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults. By participating in CalCAP, lenders have available to them a proven financing mechanism to meet the financing needs of California's small businesses.

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Administrative Items & Reminders

- Timely filing of Quarterly Reports and Monthly Bank Statements will enable CalCAP staff to validate data for a smooth trustee transition and eventually for recapture.
 - ✓ Monthly Statements due on 15th day after close of month
 - ✓ Quarterly Reports due on 15th day after close of quarter

- Updated information needed for 2017:
 - ✓ Authorized Signers List (on your institution's letterhead with the date signed and the names, titles, and signatures of your authorized signers)
 - ✓ SSBCI Certifications
(<http://www.treasurer.ca.gov/cpcfca/calcap/forms/certification.pdf>)
 - ✓ Lender Contact Information (see next slide)



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Lender Contact Information

- Lenders must provide the name(s), address(es), phone number(s) and email address(es) for the following:
 - **Main Contact** – CalCAP’s primary lender contact. This representative will receive important email announcements related to new processes, new forms, site visit notices, and/or lender roundtable calls/ webinars.
 - **Public Contact** – lender contact for public inquiries (name and address will be published on the CalCAP website)
 - **Financial Contact** – lender contact authorized to discuss bank statements, quarterly reports, claim refunds, etc. with CalCAP
 - **Mail Recipient** – lender contact authorized to receive completed loan and claim documents, adjustment authorization letters, and/ or loan denial letters from CalCAP **(only use one)**
 - **General Emailing List** – Those wishing to receive email announcements for new processes, new forms, lender roundtable meetings, etc.



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Additional Questions or Comments?

❖ CalCAP Inbox

- CalCAP@treasurer.ca.gov

❖ CalCAP Small Business: Doreen Smith, Program Manager

- 916.653.3993 Doreen.Smith@treasurer.ca.gov

❖ CalCAP/ARB and CalCAP/ADA: Bianca Smith, Program Manager

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❖ CalCAP/Seismic Safety: Elena Miller, Deputy Executive Director

- 916. 654-5951 Elena.Miller@treasurer.ca.gov

❖ CalCAP/EVCS: Jason L. Bradley, Program Manager

- 916.653.3376 Jason.Bradley@treasurer.ca.gov

❖ Outreach: Janae Davis, Program Manager

- 916.651.8663 Janae.Davis@treasurer.ca.gov





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

