



California Pollution Control Financing Authority

California Capital Access Loan Program:

Stakeholder Symposium

April 26, 2017
Sacramento, CA



Today's Agenda

- Introduction
- Housekeeping
- Symposium Objectives
- Panel Member Introductions
- CalCAP Program Performance Data
- Proposal Presentations
- Break
- CalCAP Recapture Data
- Participant Comment
- Panel Member Comment
- Wrap-Up



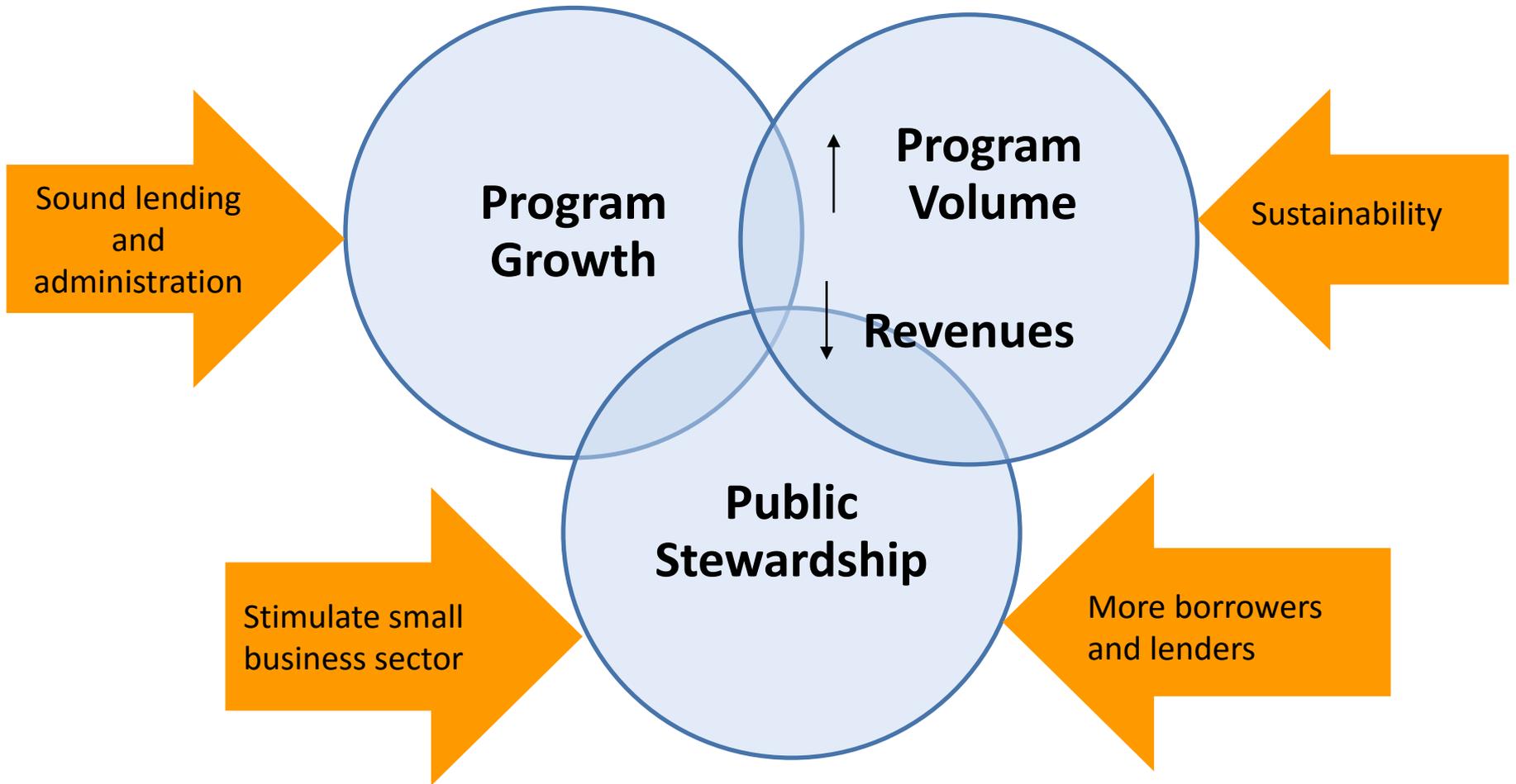
Housekeeping



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Symposium Objectives



Five Proposed Program Changes

- Identified by current and potential lenders, funders and legislators

1. **A framework to implement the recapture of funds** from existing loss reserve accounts to support ongoing program contributions and administrative costs.
2. An option for a lender to elect to **pool fees and contributions** from all CalCAP programs into a single loss reserve account, unless a funding source expressly prohibits it.

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Five Proposed Program Changes - Continued

3. **Increasing the initial state contribution for new lenders**, to accelerate the initial build-up of a loss reserve account and incentivize new lender participation into the CalCAP programs.
4. The **establishment of a reservation system**, to facilitate a lender's assurance of the availability of program funding.
5. How to build in incentives for lenders to **maintain default rates at or below the national average** for small business lending.



Panel Member Introductions

- **Tim Schaefer**, Deputy Treasurer for Public Finance, California State Treasurer's Office
- **David Haithcock**, Executive Vice President, California Community Banking Network
- **Annmarie Rodgers**, Chief of the Compliance Assistance and Outreach Branch, California Air Resources Board
- **Kevin Gould**, Senior Vice President-State Government Relations, California Bankers Association
- **Mike Daniel**, Regional Director of the Orange County/Inland Empire Small Business Development Center Network
- **Jeffrey Adamski**, Executive Vice President/Senior Loan Officer, First Northern Bank



CalCAP Performance Data



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Participating Financial Institutions: CalCAP Small Business and CalCAP ARB

Small Business Program

State-Chartered Banks	23
Non-Profit CDFIs	9
Federally-Chartered Banks	3
Community Development Corporations	2
Credit Unions	1
CDFIs	1
Total	39

ARB Heavy Duty Program

State-Chartered Banks	9
Non-Profit CDFIs	1
Federally-Chartered Banks	3
Finance Lenders	26
Credit Unions	2
Microbusiness Lenders	1
Total	42



CalCAP Performance Data by Year:

CalCAP/Small Business

	Total Loans	Total Loan Amount	Total CPCFA Contributions*	Total Borrower & Lender Fees	Claims Enrolled	Default %	Total Dollar of Claims
2011	1,007	\$ 51,979,592	\$ 2,097,171	\$ 2,403,815	84	8.8	\$ 2,298,401
2012	1,229	\$ 40,349,113	\$ 2,090,090	\$ 1,854,441	34	2.8	\$ 750,513
2013	1,503	\$ 44,544,560	\$ 2,364,579	\$ 1,886,793	57	3.8	\$ 1,273,166
2014	1,365	\$ 51,578,176	\$ 2,750,531	\$ 2,546,761	68	5.0	\$ 1,551,075
2015	1,841	\$ 85,571,383	\$ 4,157,733	\$ 3,529,223	43	2.3	\$ 399,924
2016	1,934	\$ 96,811,646	\$ 4,564,432	\$ 4,901,109	112	5.5	\$ 1,431,545

*Includes federal SSBCI, CPCFA General Fund and CPCFA SBAF



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CalCAP Program Performance Aggregate Data:

CalCAP/Small Business

Total Loans (2011-2016)	8879
Total Loan Amount	\$ 370,834,470
Average Loan Amount	\$ 48,913
Average Loan Amount (Excluding Opportunity Fund's enrolled loans)	\$ 102,984
Loans Over \$1 million	63



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CalCAP Program Performance Data by Year:

CalCAP/ARB

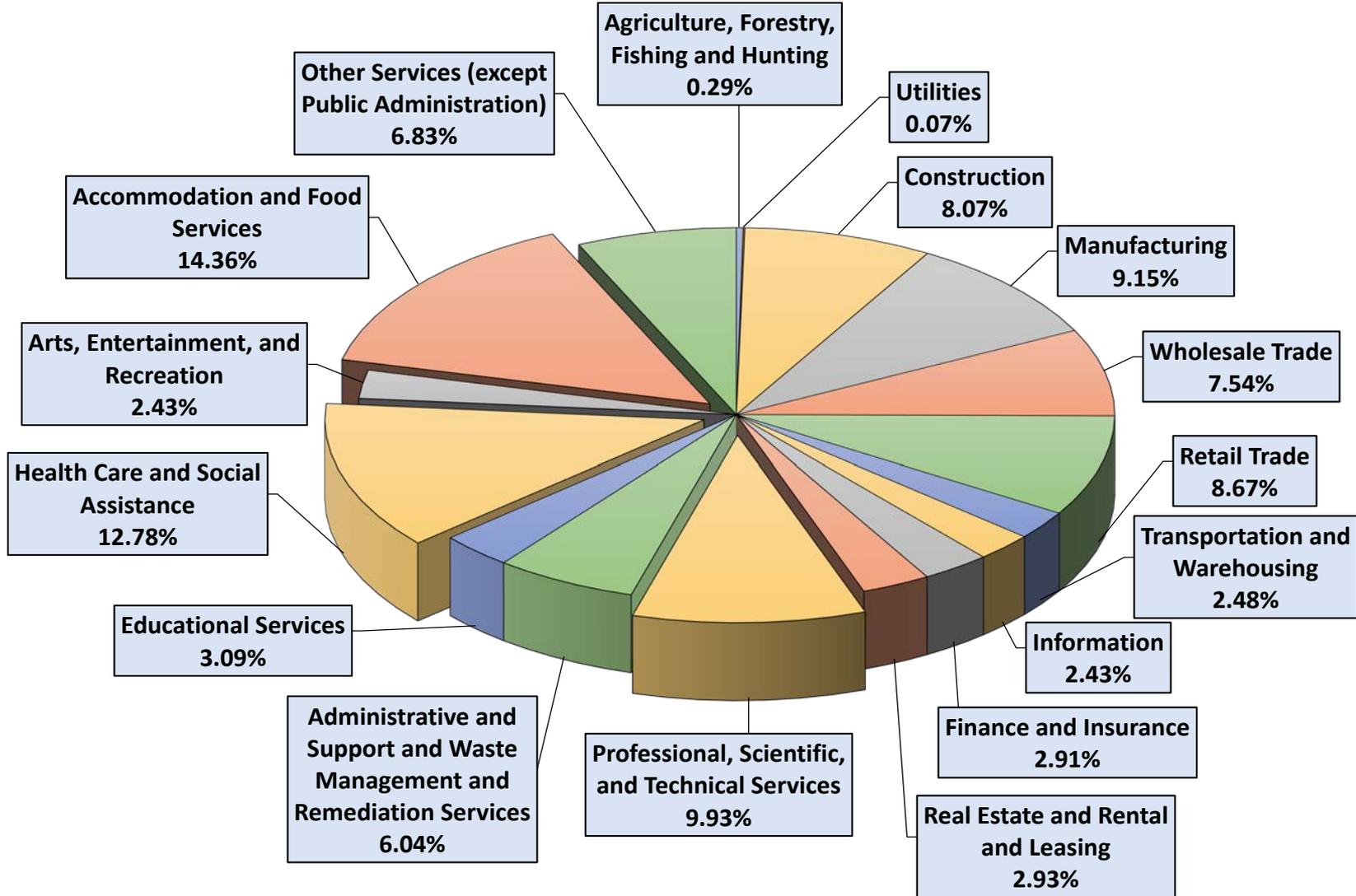
	Total Loans	Total Loan Amount	Total ARB Contributions	Claims Enrolled	Default %	Total Dollars of Claims
2011	511	\$ 34,592,887	\$ 5,842,973	4	0.7	\$ 29,888
2012	1039	\$ 72,146,546	\$ 10,792,673	11	1.0	\$ 265,095
2013	1644	\$ 111,889,298	\$ 14,087,903	51	3.0	\$ 1,029,561
2014	2062	\$ 134,943,668	\$ 15,376,431	78	3.8	\$ 2,247,885
2015	2830	\$ 192,185,575	\$ 20,786,031	74	2.6	\$ 2,947,033
2016	3938	\$ 239,766,764	\$ 12,333,042	197	5.0	\$ 7,980,835



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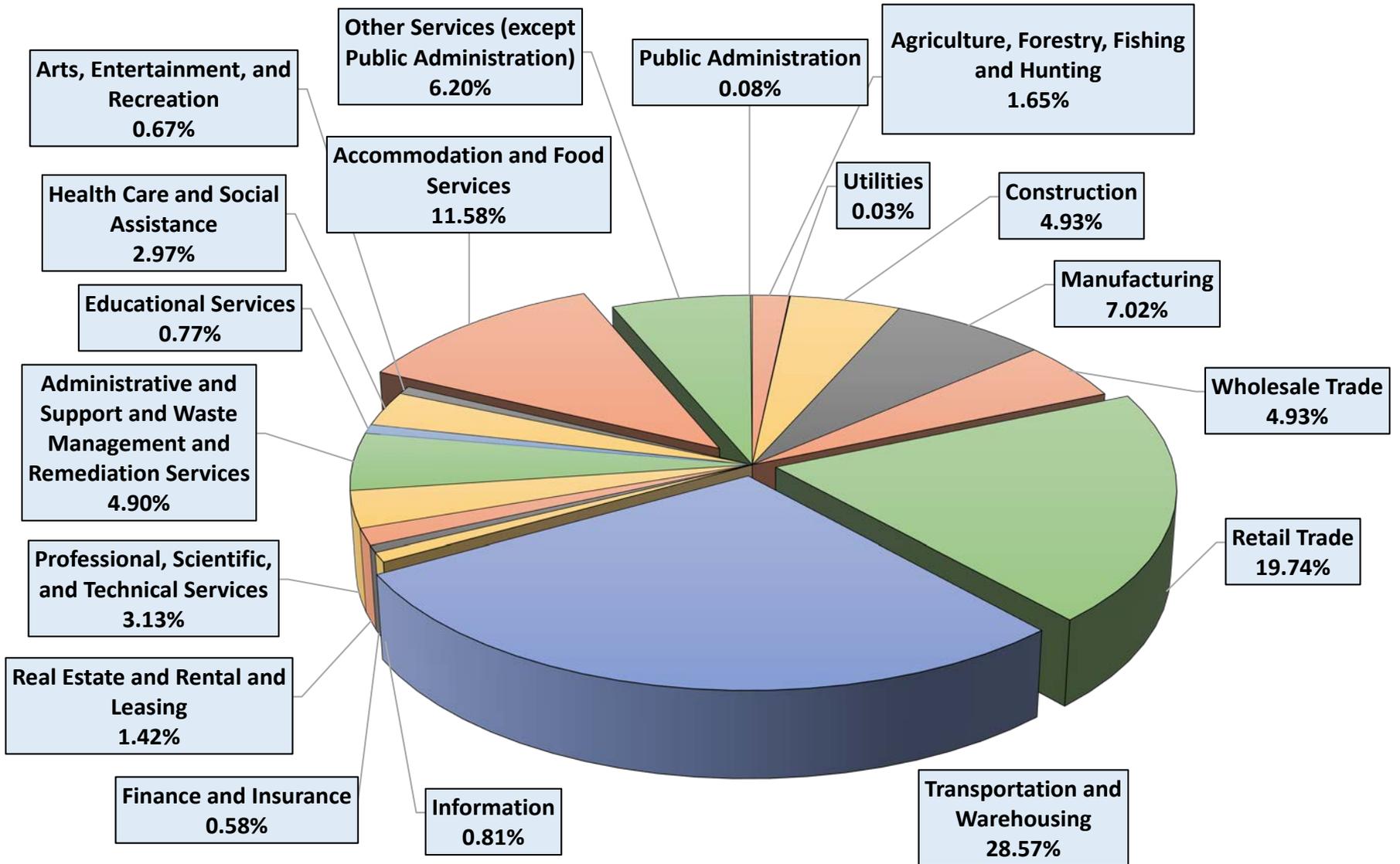


California Small Business by Industry Sector, 2014¹



¹ SBA Small Business Profile: https://www.sba.gov/sites/default/files/advocacy/California_1.pdf

CalCAP Small Business Loans by Industry Sector (2011-2015)



CalCAP Fiscal Data

Program	Program Allocation ¹	Administrative Costs	Net Allocation	Expenditures To Date ²	Remaining Funds	Est. End Date ³
CalCAP/SB Federal	\$19,896,095	\$2,467,751	\$17,428,344	\$16,663,267	\$765,077 ⁵	May 1, 2017
CalCAP/SB State ⁴	\$6,000,000	\$300,000	\$5,700,000	\$3,428,114	\$2,271,886	Summer 2017
Collateral Support Program	\$65,140,207	\$616,937	\$64,523,270	\$57,132,396	\$7,390,874	December 2017
CalCAP/ARB	\$104,300,000	\$7,301,000	\$96,999,000	\$86,388,721	\$10,610,279	October 2017

¹The allocations are adjusted from the original award from the U.S. Treasury to reflect an additional \$321,716.50 allocated to CalCAP/SB from a fourth tranche awarded in December 2016, and an additional \$440,207.00 reallocated from the Small Business Loan Guarantee Program to the Collateral Support Program in February 2017.

²As of March 10, 2017.

³Estimated based on historic program activity data.

⁴The \$6 million allocation appropriated in 2010 from the State General Fund supports additional matching contributions for borrowers located in severely affected communities, for the occasional loan that does not meet the eligibility criteria under the federal SSBCI program rules and when the federal monies are exhausted.

⁵Pending applications submitted to CPCFA will exhaust these monies upon final approval.



Proposal Presentations

- **Gwendy Brown**, Vice President – Research and Policy, Opportunity Fund
- **Matt Schrap**, Vice President-Government Programs, Crossroads Equipment Lease and Finance



Break



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CalCAP Recapture Data



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Stakeholder 20% Recapture Scenario

20% X Outstanding Principal Balance of Enrolled Loans

- Minimum threshold = 20%
- Amount available for recapture = total public contributions for loans matured or older than 5 years
- Contributions made for defaulted loans not included



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Contribution Ratio Calculation

$$\frac{\text{Loan Loss Reserve Balance}}{\text{Outstanding Principal Balance}} \geq \frac{\text{Total Fees \& Contributions}}{\text{Total Enrolled Loan Amount}}$$

- Outstanding balance = outstanding principal for active loans that are less than 60 months of age



Program Data and Recapture Analysis:

CalCAP/Small Business

		Lender A	Lender B	Lender C	Lender D	
	Current LLR Balance	\$276,505	\$1,751,413	\$13,595,110	\$11,561,766	
Loan Data	# of loans enrolled	228	1648	413	7067	
	Loan Amount Enrolled	\$5,254,716	\$34,938,315	\$181,336,376	\$92,641,527	
	Outstanding Balance	\$2,761,607	\$18,852,131	\$47,877,973	\$26,885,053	
Claim Data	# of claims	9	74	14	411	
	Total Claim Amount	\$136,127	\$1,153,315	\$1,040,243	\$2,430,857	
	Default Rate	3.95%	4.49%	3.39%	5.82%	
Recapture Data	Contributions Available for Recapture		\$14,450	\$851,760	\$4,334,355	\$2,758,183
	Fixed	Percentage	20%	20%	20%	20%
		Recapture Threshold	\$552,321	\$3,770,426	\$9,575,595	\$5,377,011
		Actual Recapture	\$0	\$0	\$4,019,516	\$2,758,183
		Remaining LLR Balance	\$276,505	\$1,751,413	\$9,575,594	\$8,803,583
	Ratio	Percentage	8%	9%	8%	14%
		Recapture Threshold	\$216,122	\$1,654,328	\$3,898,786	\$3,838,913
		Actual Recapture	\$14,450	\$97,085	\$4,334,355	\$2,758,183
		Remaining LLR Balance	\$262,056	\$1,654,328	\$9,260,756	\$8,803,583

Program Data and Recapture Analysis: CalCAP/ARB

		Lender A	Lender B	Lender C	
	Current LLR Balance	\$1,372,399	\$870,716	\$13,595,110	
Loan Data	# of loans enrolled	143	721	1716	
	Loan Amount Enrolled	\$9,238,370.98	\$30,027,059	\$125,160,441	
	Outstanding Balance	\$4,190,355	\$7,559,411	\$60,940,405	
Claim Data	# of claims	1	142	51	
	Total Claim Amount	\$4,708	\$2,717,502	\$3,123,563	
	Default Rate	0.7%	19.69%	2.97%	
Recapture Data	Contributions Available for Recapture		\$218,153	\$692,202	\$2,669,348
	Fixed	Percentage	20%	20%	20%
		Recapture Threshold	\$838,071	\$1,511,882	\$12,188,081
		Actual Recapture	\$218,152	\$0	\$0
		Remaining LLR Balance	\$1,154,246	\$870,716	\$9,599,594
	Ratio	Percentage	15%	11%	10%
		Recapture Threshold	\$637,654	\$867,043	\$5,921,705
		Actual Recapture	\$218,153	\$3,674	\$2,669,348
		Remaining LLR Balance	\$1,154,246	\$867,043	\$6,930,259

Participant Comment



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Panel Member Comment



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Wrap-Up

- Written comments are due or must be postmarked by **May 3, 2017 at 5 p.m.**
 - Send electronic copy to:
CalCAP@treasurer.ca.gov
Subject: CPCFA/CalCAP Written Comments
 - Mail hard copy, to:
CPCFA/CalCAP Written Comments
P.O. Box 942809
Sacramento
CA 94209-0001

