



CALIFORNIA CAPITAL ACCESS LOAN PROGRAM (CALCAP)

2021 ANNUAL REPORT TO THE LEGISLATURE



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

DECEMBER 2022

TABLE OF CONTENTS

Mission Statement and Organizational Description 3

Executive Summary..... 4

California Capital Access Loan Program (CalCAP) Funding Summary 5

CalCAP for Small Business Program Results 2021..... 8

***CalCAP California Air Resources Board (CARB) Heavy-Duty Vehicle Air Quality Loan
Program (CalCAP/CARB) Results 2021 11***

Collateral Support Program (CSP) Results 2021 14

Other CalCAP Specialty Programs 16

Outlook for 2022..... 18

Exhibit A: Geographic Area Served: CalCAP for Small Business Program 2021.....20

***Exhibit B: Geographic Area Served: CalCAP California Air Resources Board Heavy-Duty
Vehicle Air Quality Loan Program 202121***

Exhibit C: Geographic Area Served: Collateral Support Program 2021.....22

Exhibit D: Geographic Area Served: CalCAP/EVCS Program 2021.....23

Exhibit E: Geographic Area Served: CalCAP/Seismic Safety Program 2021.....24

Exhibit F: CalCAP Participating Lender List25

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; and
- 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 small businesses and pollution control facilities. 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; and
- 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 Board Members:

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).

2021 At-A-Glance

Total Loan Enrollments	6,340
Total Loan Dollars	\$509.1 Million*
Percentage Increase from 2020	24%*
Contributions to Lenders' Loss Reserves	\$54.1 Million*
Total Claims Processed	375
Total Claim Dollars Paid	\$11.6 Million*
New Lender Enrollment	6
Current Participating Lenders (Exhibit F)	47

*Approximate Values

Through the end of December 2021, the total number of loans enrolled in each CalCAP program is as follows:

- CalCAP for Small Business since 1994 is 24,080.
- CalCAP/CARB since 2009 is 35,320.
- Collateral Support Program (CalCAP/CSP or CSP) since 2013 is 359.
- CalCAP Electric Vehicle Charging Station (EVCS) Financing Program (CalCAP/EVCS) since 2015 is four.
- California Seismic Safety Capital Access Loan Program (CalCAP/Seismic Safety) since 2016 is four.
- CalCAP American with Disabilities Act Program has not enrolled any loans to date.

Collectively, CPCFA has enrolled loans from businesses located in 55 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 \$1,178,044 in supplemental contributions for loans enrolled in CalCAP for Small Business and CSP.

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.

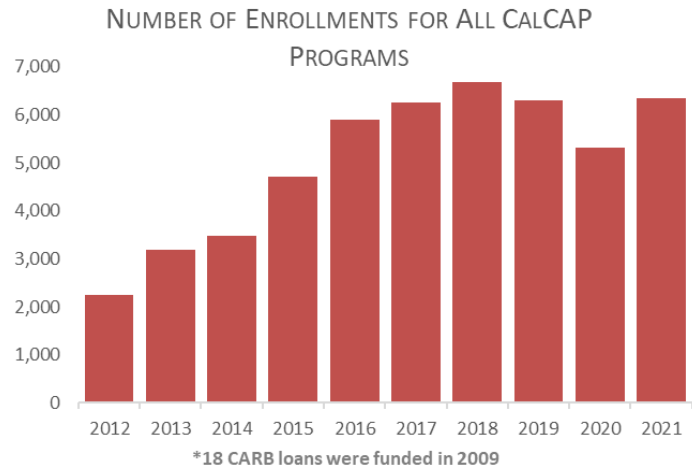
CPCFA's 2021 outreach activities focused on sharing CalCAP as a resource for small businesses and communities impacted by the COVID-19 pandemic. CalCAP participated in online events and workshops to reach small businesses throughout the state. These events included community webinars hosted by the State Treasurer's Office and legislative member engagement with financial institutions and organizations, industry-focused organizations, and affiliated sister agencies.

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 may 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, CPCFA funded CalCAP with \$38.3 million transferred from CPCFA's Small Business Assistance Fund (SBAF), sourced from fees CPCFA collected from large businesses financing projects 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 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.

Under CalCAP, 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 \$215.9 million to CPCFA through the end of 2021 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 four loans that financed the installation of 98 charging stations located throughout California.

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 SUSTAINABILITY

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 as described below. 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. CPCFA conducted a public stakeholder symposium, a hearing, and followed the rulemaking process. To promote sustainability of CalCAP for Small Business, in August 2017 CPCFA implemented a funding recycling mechanism, 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 16/17, \$1.35 million for FY 17/18, \$1.5 million for FY 18/19, \$1.23 million for FY 19/20, and \$564 thousand for FY 20/21.

Currently, 11 lenders participate in CalCAP for Small Business. All 11 lenders enrolled loans in the program during 2021. The top three participating lenders -- Accion Opportunity Fund, Murphy Bank, and Pacific Premier Bank -- enrolled approximately 83% of the total loan volume.

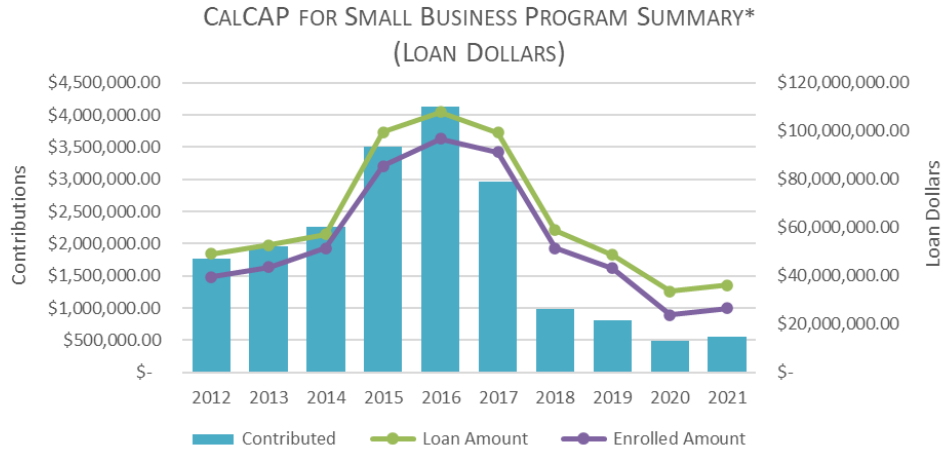
CALCAP FOR SMALL BUSINESS PROGRAM RESULTS 2021

CalCAP for Small Business Loan Volume – In 2021, CalCAP for Small Business enrolled 871 small business loans made to 831 borrowers. At the end of December 2021, the total number of loans enrolled in CalCAP for Small Business since 1994 is 24,080.

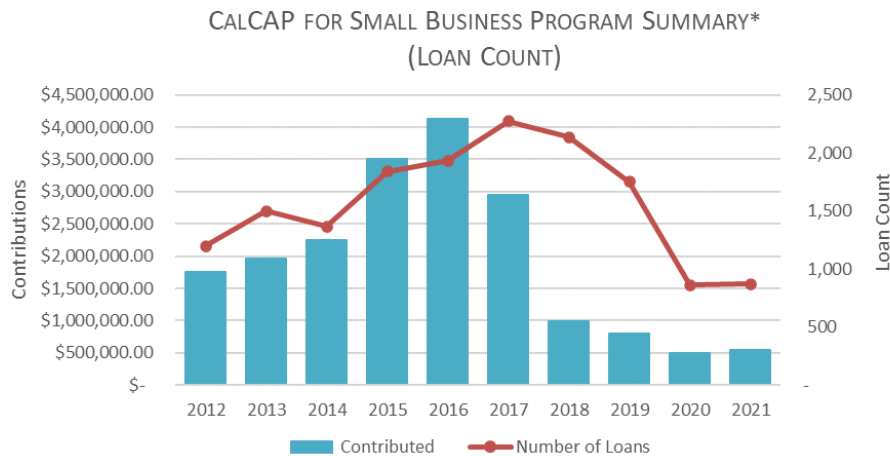
CalCAP for Small Business Loan Dollars – In 2021, more than \$26.6 million was enrolled in CalCAP for Small Business out of the approximately \$36.1 million in dollars loaned. The average loan size was approximately \$41,545. At the end of December 2021, CalCAP for Small Business lenders cumulatively have loaned approximately \$2.57 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 2021, CPCFA contributed a total of \$645,659 towards lenders' loan loss reserves, including both the primary contributions as well as the supplemental contribution for borrowers located in a SAC. The contributions to loan loss reserves in 2021 show an increase compared to the previous year, as businesses continue to recover from the economic impact of the COVID-19 pandemic on small businesses.

Severely Affected Community (SAC) – Of the 871 loans enrolled in CalCAP for Small Business, 291 were disbursed to small businesses located in a SAC. In 2021, 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 an additional \$94,270 in supplemental contributions to lender's loan loss reserves.



*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 2021, of the 871 loans made to California small- business owners, 536 loans totaling approximately \$10.6 million were microloans under \$40,000.

CalCAP for Small Business Jobs – In 2021, loans enrolled in CalCAP for Small Business helped create 856 new jobs and retain 2,844 existing jobs.

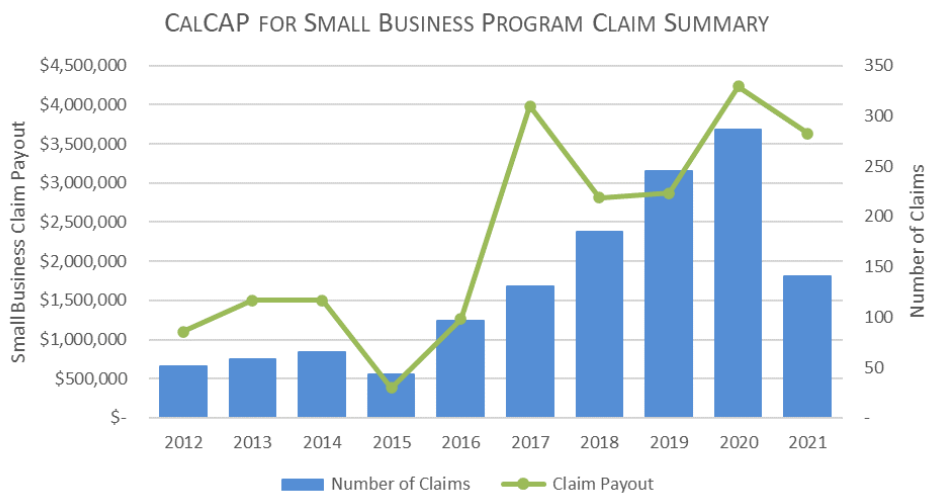
CalCAP for Small Business Loans by Industry – The following chart describes the distribution of enrollment activity by sector, using the North American Industry Classification System (“NAICS”) Sector number.

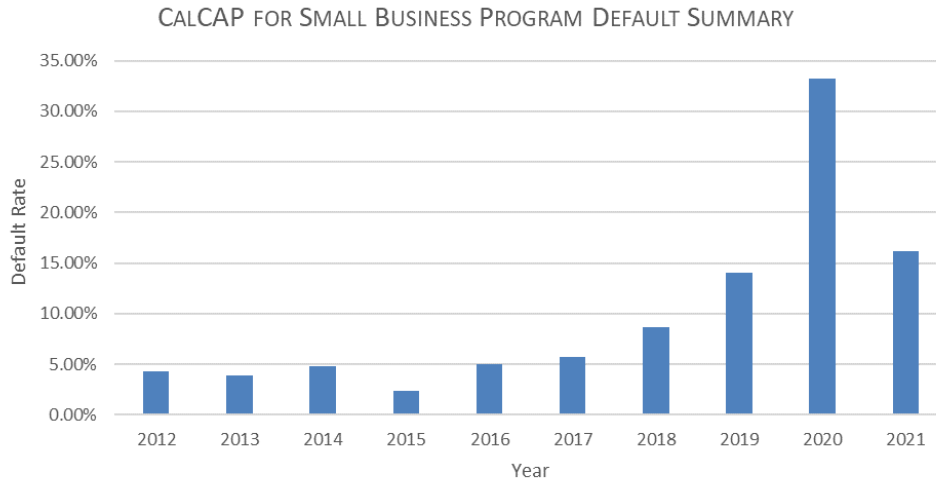
2021 CalCAP for Small Business Program Loans by Industry

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
11	Agriculture, Forestry, Fishing and Hunting	7	\$1,423,500	\$670,000
21	Mining, Quarrying, and Oil and Gas Extraction	1	\$8,000	\$8,000
23	Construction	60	\$2,418,521	\$1,996,855
31-33	Manufacturing	35	\$2,127,676	\$1,497,845
42	Wholesale Trade	29	\$920,523	\$919,585
44-45	Retail Trade	106	\$1,774,111	\$1,750,236
48-49	Transportation and Warehousing	350	\$18,289,253	\$10,722,412
51	Information	7	\$109,848	\$102,348
52	Finance and Insurance	9	\$ 248,095	\$248,095
53	Real Estate and Rental and Leasing	17	\$ 501,298	\$453,456
54	Professional, Scientific, and Technical Services	45	\$1,187,692	\$1,187,692
55	Management of Companies and Enterprises	1	\$25,000	\$25,000
56	Administrative and Support/Waste Management/Remediation Services	38	\$779,707	\$737,452
61	Educational Services	4	\$85,629	\$85,629
62	Health Care and Social Assistance	19	\$546,354	\$546,354
71	Arts, Entertainment, and Recreation	8	\$116,052	\$116,052
72	Accommodation and Food Services	94	\$4,789,904	\$4,753,588
81	Other Services (except Public Administration)	40	\$784,592	\$784,592
92	Public Administration	1	\$50,000	\$50,000
GRAND TOTALS		871	\$36,185,755	\$26,655,191

CalCAP for Small Business Geographic Area Served – Exhibit A shows the distribution of the loans enrolled in 37 counties in 2021 and provides the number of enrollments and approximate dollars loaned by county.

CalCAP for Small Business Loan Loss Claims – As the first chart below illustrates, CalCAP processed and approved 141 claims filed by lenders against their loan loss reserve accounts in 2021, totaling approximately \$3.6 million. The default rate for 2021 was 16.19%. The second chart below shows the default rate percentage for the last 10 years.





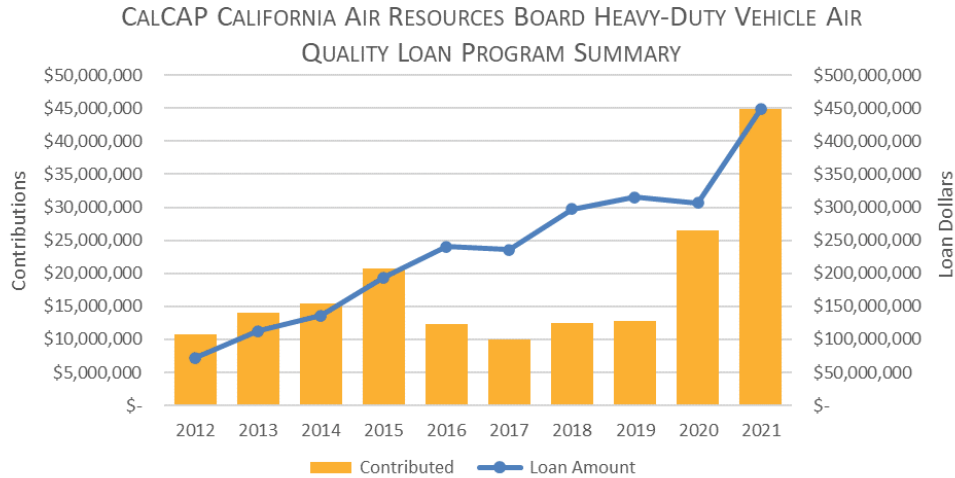
CalCAP for Small Business Fund Balance – Since the recapture mechanism was implemented in August 2017, recaptured funds have supplemented the remaining State’s General Fund moneys. As of December 31, 2021, the balance available in the CalCAP for Small Business fund was approximately \$3.2 million to be allocated towards primary and SAC contributions and administrative costs. After the end of the 2021 calendar year reporting period, an additional \$564,000 was recaptured for FY 20/21 and deposited into the fund.

CALCAP CALIFORNIA AIR RESOURCES BOARD (CARB) HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM (CALCAP/CARB) RESULTS 2021

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 \$215.9 million to this program. As of December 31, 2021, CPCFA received the entire \$215.9 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, \$151,021 for FY 19/20 and \$1.3 million for FY 20/21.

Currently, 28 lenders are enrolled to participate in CalCAP/CARB. Of those 28 lenders, 18 enrolled loans in the program during 2021. The top three participating lenders -- Crossroads Equipment Lease & Finance, Ascentium Capital LLC., and Accion Opportunity Fund -- enrolled approximately 69% of the total 2021 loan volume.



CalCAP/CARB Loan Volume – In 2021, CARB enrolled 5,437 loans made to 5,066 borrowers to purchase 5,633 trucks and 187 trailers. Since the inception of CalCAP/CARB in 2009, 35,320 loans have been enrolled for 36,335 trucks and 1,069 trailers. This equates to the removal of the air pollution emitted from almost over 11 million passenger cars or over 165 tons per year of particulate matter.

CalCAP/CARB Loan Dollars – In 2021, approximately \$448 million in total loans were enrolled in CalCAP/CARB, bringing the total amount enrolled since program inception to \$2.4 billion. In 2021, CPCFA paid contributions of \$44.8 million towards that amount. The average loan size was approximately \$82,420.

CalCAP/CARB Jobs – In 2021, loans enrolled in CalCAP/CARB helped create 4,526 new jobs and retain 6,797 existing jobs.

Terminal Rental Adjustment Clause (TRAC) Leases – In September 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 2021, CPCFA paid contributions of \$547,969 for 56 TRAC leases. Of the approximate \$448 million enrolled in CalCAP/CARB, approximately \$5.2 million was a result of enrolled TRAC leases.

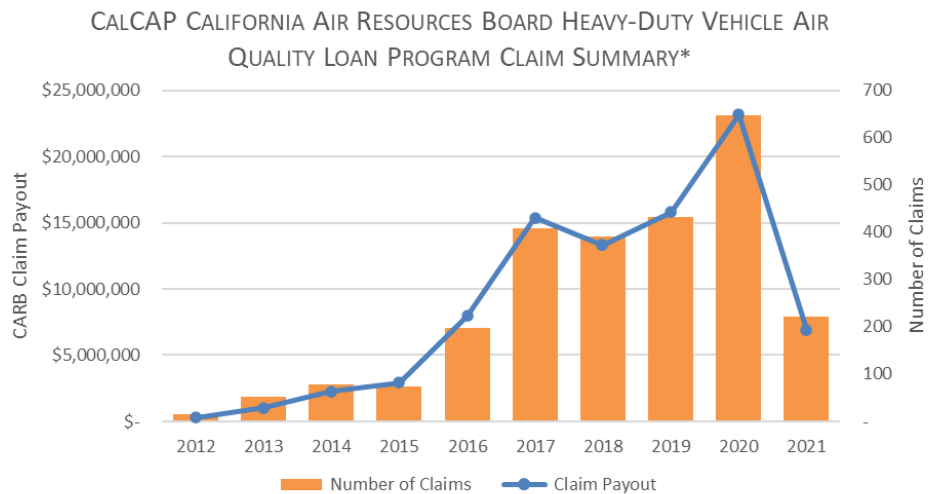
CalCAP/CARB Loans by Industry – The following chart describes the distribution of enrollment activity by sector, using the NAICS Sector number.

2021 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	12	\$1,196,833	\$1,196,833
21	Mining, Quarrying, and Oil and Gas Extraction	6	\$792,090	\$792,090
23	Construction	37	\$4,505,376	\$4,505,376
31-33	Manufacturing	42	\$5,562,068	\$5,562,068
42	Wholesale Trade	18	\$1,648,047	\$1,648,047
44-45	Retail Trade	10	\$1,011,604	\$1,011,604
48-49	Transportation and Warehousing	5,219	\$424,068,344	\$424,061,244
51	Information	2	\$117,835	\$117,835
54	Professional, Scientific, and Technical Services	4	\$518,390	\$518,390
56	Administrative and Support/Waste Management/Remediation Services	79	\$7,955,640	\$7,955,640
72	Accommodation and Food Services	2	\$76,737	\$76,737
81	Other Services (except Public Administration)	6	\$664,788	\$664,788
GRAND TOTALS		5,437	\$448,117,751	\$448,110,650

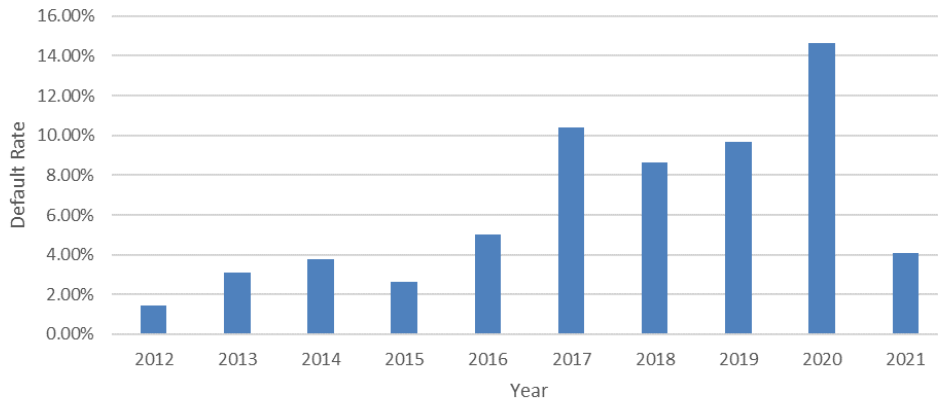
CalCAP/CARB Geographic Area Served – Exhibit B shows the distribution of the CalCAP/CARB-funded loans enrolled in 51 counties and provides the number of enrollments and approximate dollars loaned.

CalCAP/CARB Loan Loss Claims – As the first chart below illustrates, CalCAP processed and approved 222 claims filed by lenders against their CalCAP/CARB loan loss reserve accounts, totaling approximately \$6.9 million in payments disbursed for 2021. The default rate for 2021 is 4.08%. The second chart below shows the default rate percentage for the last ten years.



*15 CARB claims were paid in 2012

CALCAP CALIFORNIA AIR RESOURCES BOARD HEAVY-DUTY VEHICLE AIR
QUALITY LOAN PROGRAM DEFAULT SUMMARY

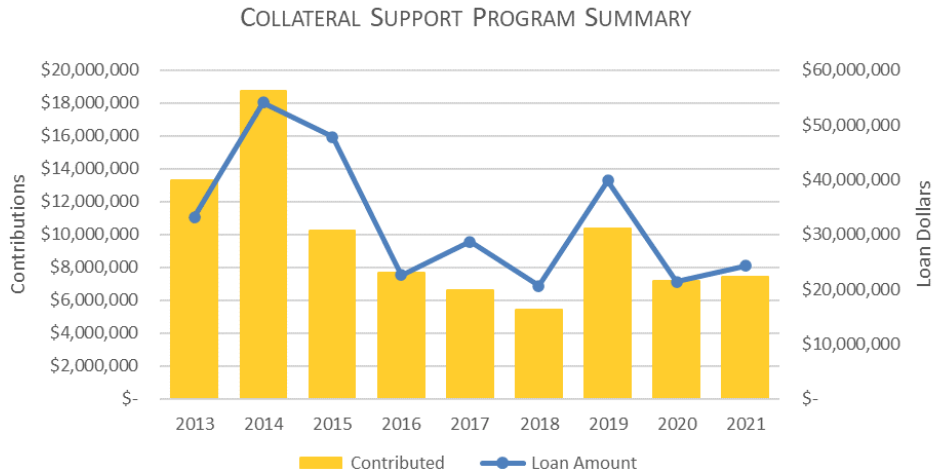


CalCAP/CARB Fund Balance – As of December 31, 2021, the balance available in the CalCAP/CARB fund was \$25.5 million. An additional \$1.3 million was recaptured for FY 20/21 to be deposited in the CalCAP/CARB fund.

COLLATERAL SUPPORT PROGRAM (CSP) RESULTS 2021

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, 2021, CPCFA had contributed a total of \$96.4 million in cash deposits for 359 loans, utilizing moneys that were recaptured and recycled. In the CSP program, CPCFA provides enhanced support for green and manufacturing loans. As of December 31, 2021, CPCFA had contributed a total of \$11.1 million in cash deposits to support 13 green loans totaling roughly \$21.7 million.



CSP Loan Volume – In 2021, CPCFA enrolled 30 loans to 29 borrowers. At the end of December 2021, the total number of loans enrolled in CSP since 2013 is 359.

CSP Loan Dollars – In 2021, CSP leveraged approximately \$24.2 million dollars in lending. The average loan size was approximately \$809,251.

CSP Loan Contributions – In 2021, CPCFA contributed approximately \$7.4 million in cash deposits to support loans to small businesses.

Severely Affected Community (SAC) – Of the 30 loans enrolled, 24 were to small businesses located in a SAC. CPCFA approved supplemental cash deposits for those loans in the amount of \$1.08 million.

CSP Jobs – In 2021, loans enrolled in the CSP helped create 160 new jobs and retain 1029 existing jobs.

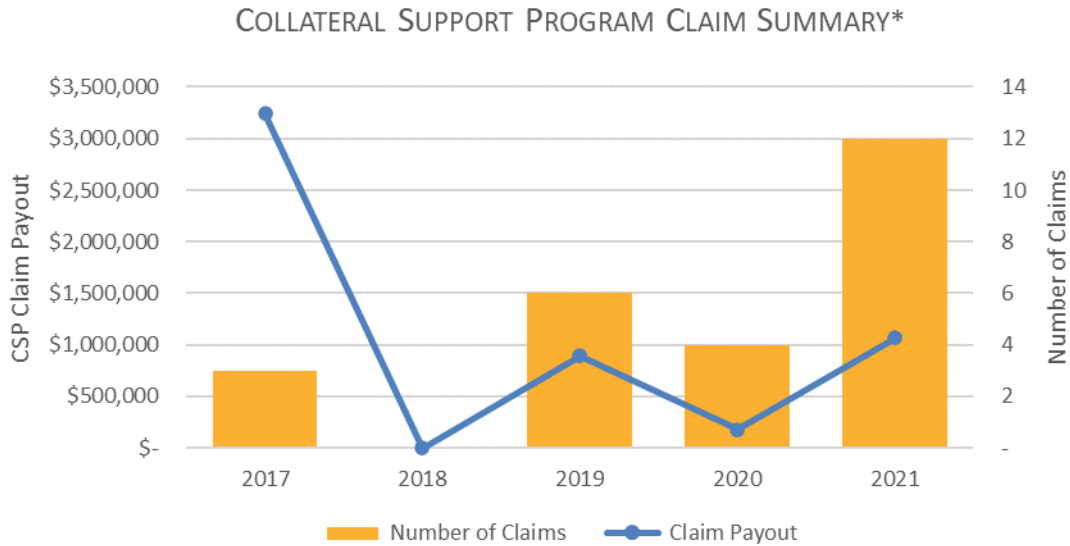
CSP Loans by Industry – The following chart describes the distribution of enrollment activity by sector, using the NAICS Sector number.

2021 Collateral Support Program Loans by Industry

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
23	Construction	2	\$2,344,400	\$2,344,400
31-33	Manufacturing	10	\$12,434,860	\$12,434,860
42	Wholesale Trade	2	\$1,180,800	\$1,180,800
44-45	Retail Trade	1	\$300,000	\$300,000
48-49	Transportation and Warehousing	3	\$471,298	\$471,298
51	Information	1	\$2,000,000	\$2,000,000
53	Real Estate and Rental and Leasing	2	\$332,044	\$332,044
54	Professional, Scientific, and Technical Services	1	\$250,000	\$250,000
61	Educational Services	1	\$500,000	\$500,000
71	Arts, Entertainment, and Recreation	1	\$2,023,000	\$2,023,000
72	Accommodation and Food Services	4	\$1,510,030	\$1,510,030
81	Other Services (except Public Administration)	2	\$931,100	\$931,100
Grand Totals		30	\$24,277,532	\$24,277,532

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

CSP Claims – In 2021, 12 CSP claims were filed for a total of \$1.06 million in payments. The program has had 25 claims since its inception in 2013.



*0 CSP claims were paid in 2018

CSP Recapture – Loans supported by CSP are subject to an annual recapture of the funds on deposits. In 2021, CSP recaptured approximately \$8.6 million in funds on 100 loans. The recaptured funds will be used for future CSP loans to sustain the program.

CSP Funds Remaining – As of December 31, 2021, the balance available from remaining recaptured moneys allocated to the State-funded CSP total approximately \$27.8 million.

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 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 2021, CalCAP/EVCS funded one loan enrollment in the amount of \$500,000 to a borrower in Los Angeles County for the installation of six charging stations at two different sites located in Sacramento and Riverside. 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 four loans for a total of \$1.5 million. These loans financed the installation of 98 charging stations. CPCFA paid contributions in the amount of \$452,225 and rebates of \$75,000 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. CalCAP/EVCS was originally set to expire on March 31, 2021. After the pilot program agreement between CalCAP and CEC was extended for one year, the EVCS program came to an end on March 31, 2022. **Exhibit D** shows the distribution of the loans 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. This program may not be used for 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 borrowers reimbursement of the costs 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/lessees 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 by 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.

In 2021, CalCAP/Seismic Safety funded one loan enrollment in the amount of \$100,000. CalCAP/Seismic Safety contributed a total of \$8,000 to the lender’s loan loss reserve, including a \$2,000 contribution for SAC

Since 2016, CalCAP/Seismic Safety has enrolled four loans for multi-unit buildings in the greater Los Angeles area for a total of \$385,000. CPCFA paid contributions in the amount of \$43,000.

OUTLOOK FOR 2022

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 \$10 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 receive part of the \$10 billion authorized for states across the country for qualifying support programs. Thus far, California’s initial allocation of more than \$1.1 billion will be shared between our agency and the California Infrastructure and Economic Development Bank’s (IBank) Small Business Finance Center. The U.S. Treasury is finalizing the program guidelines and IBank and CPCFA applied to the U.S. Treasury on February 11, 2022. IBank and CPCFA are already developing systems and enrolling lenders to ensure funds can be accessed as soon as possible. CPCFA is excited to

support the growing needs of California's small-business community with the moneys received.

Staff is working closely with the State Treasurer to continue to adopt 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 2021, CPCFA engaged with current and potential lenders, borrowers, and partners through many methods, including:

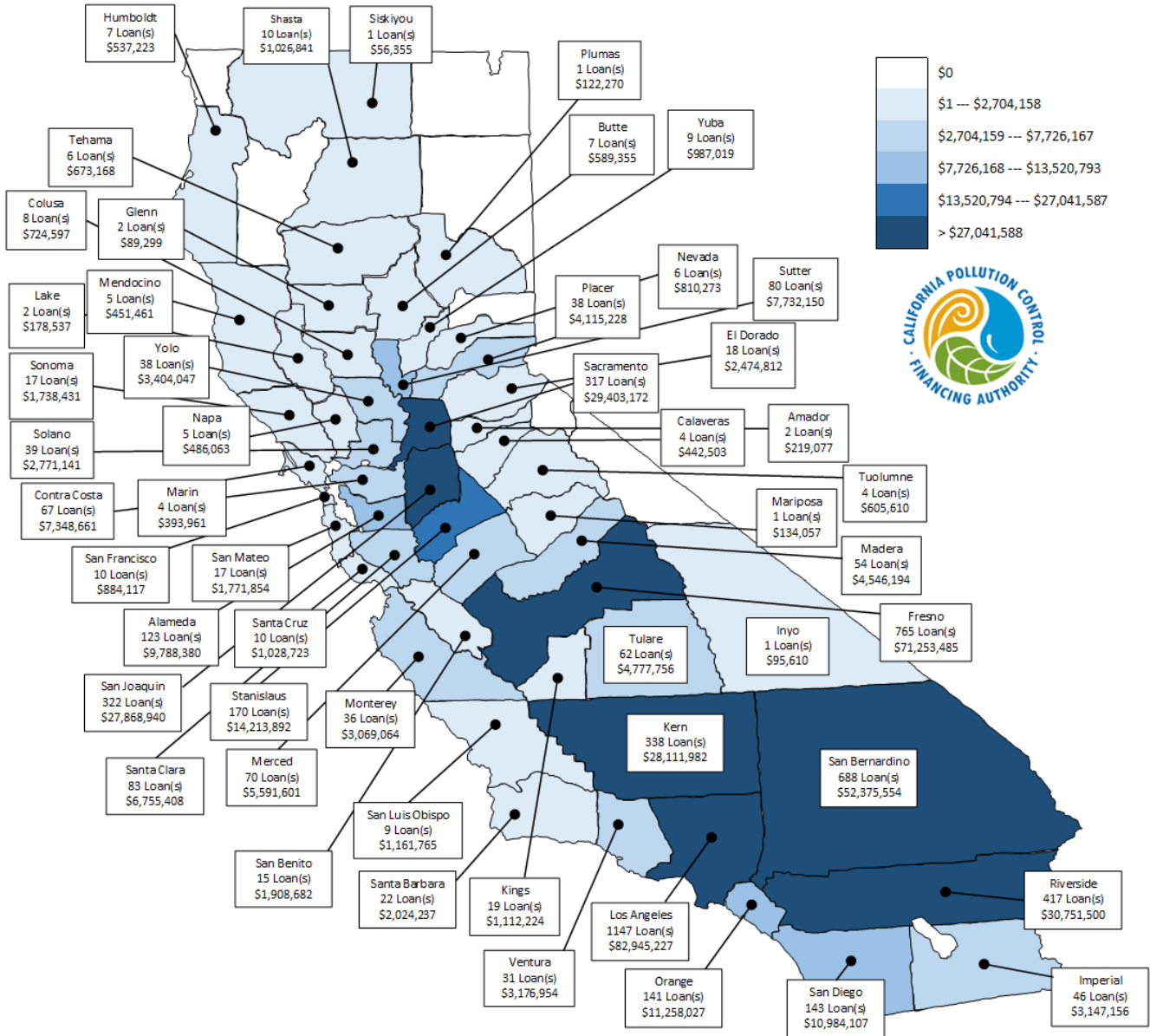
- Presenting and/or attending more than 80 virtual educational webinars and conferences.
- Participating in CARB's virtual One-Stop Truck events, which are events providing regulatory compliance, financial assistance, and zero-emissions options to truck and bus equipment owners.
- Tracking zero and near-zero-emissions policymaking, implementation and stakeholder response presented at the Port of Los Angeles and Port of Long Beach Board meetings.

CPCFA's continued partnership with CARB remains strong as we closed 2021 with increased loan volume when compared to 2020. In 2021, CPCFA completed 5,437 loans—an increase of over 1,000 from the previous year and the highest annual loan enrollment total to date. In 2022, CalCAP will work with CARB on developing a new program to finance zero-emission medium- and heavy-duty vehicle fleets pursuant to the passage of Senate Bill 372 that was signed by Governor Gavin Newsom on October 7, 2021.

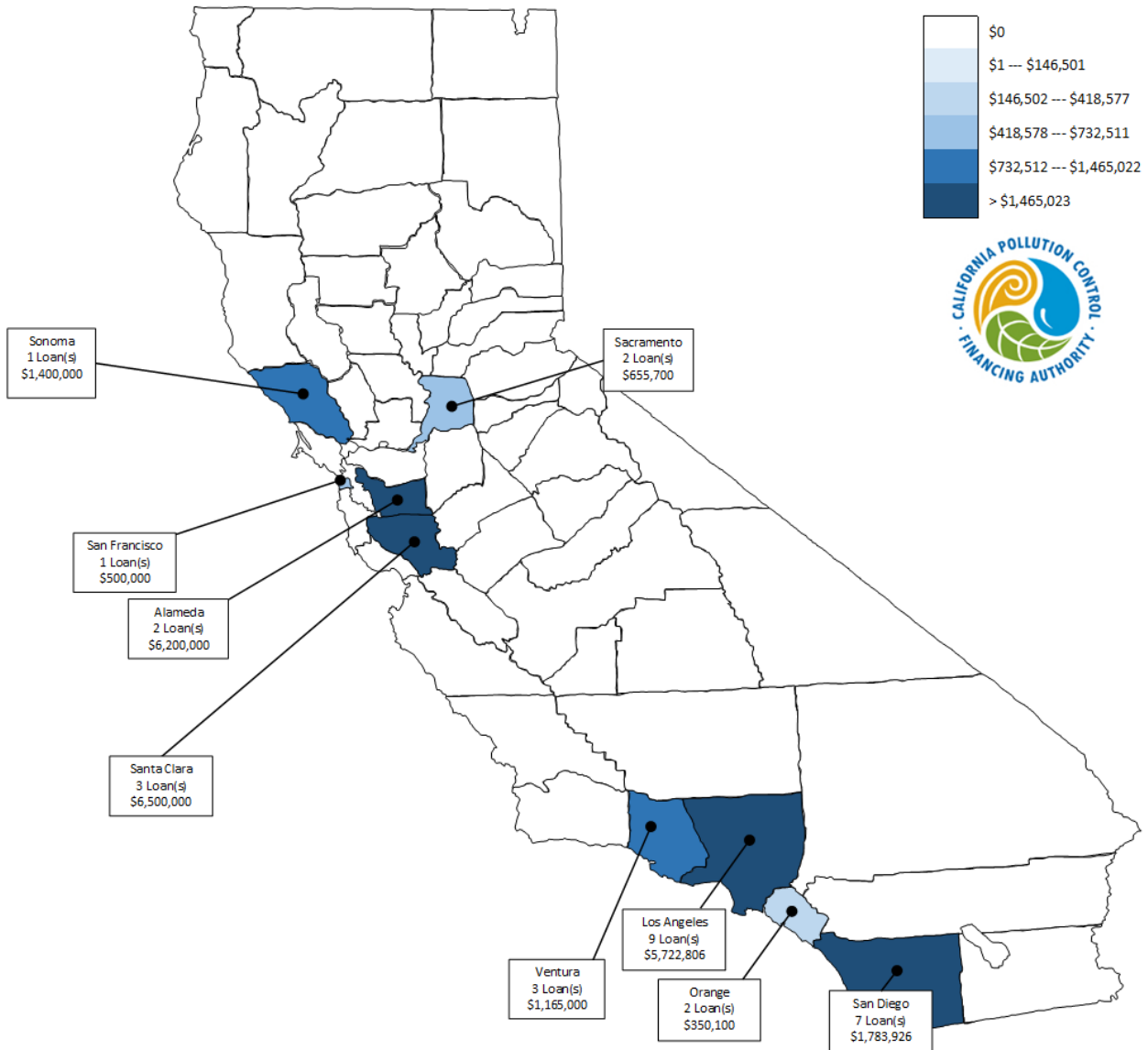
The implementation of a recapture mechanism adopted in August 2017 has sustained CalCAP for Small Business and CalCAP/CARB beyond the single use of one-time funds. CalCAP's loan loss reserve model continues to be one of the most effective means of leveraging private funds with public investments and 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 2023. These activities will continue to provide CalCAP with more opportunities to promote small-business lending in California.

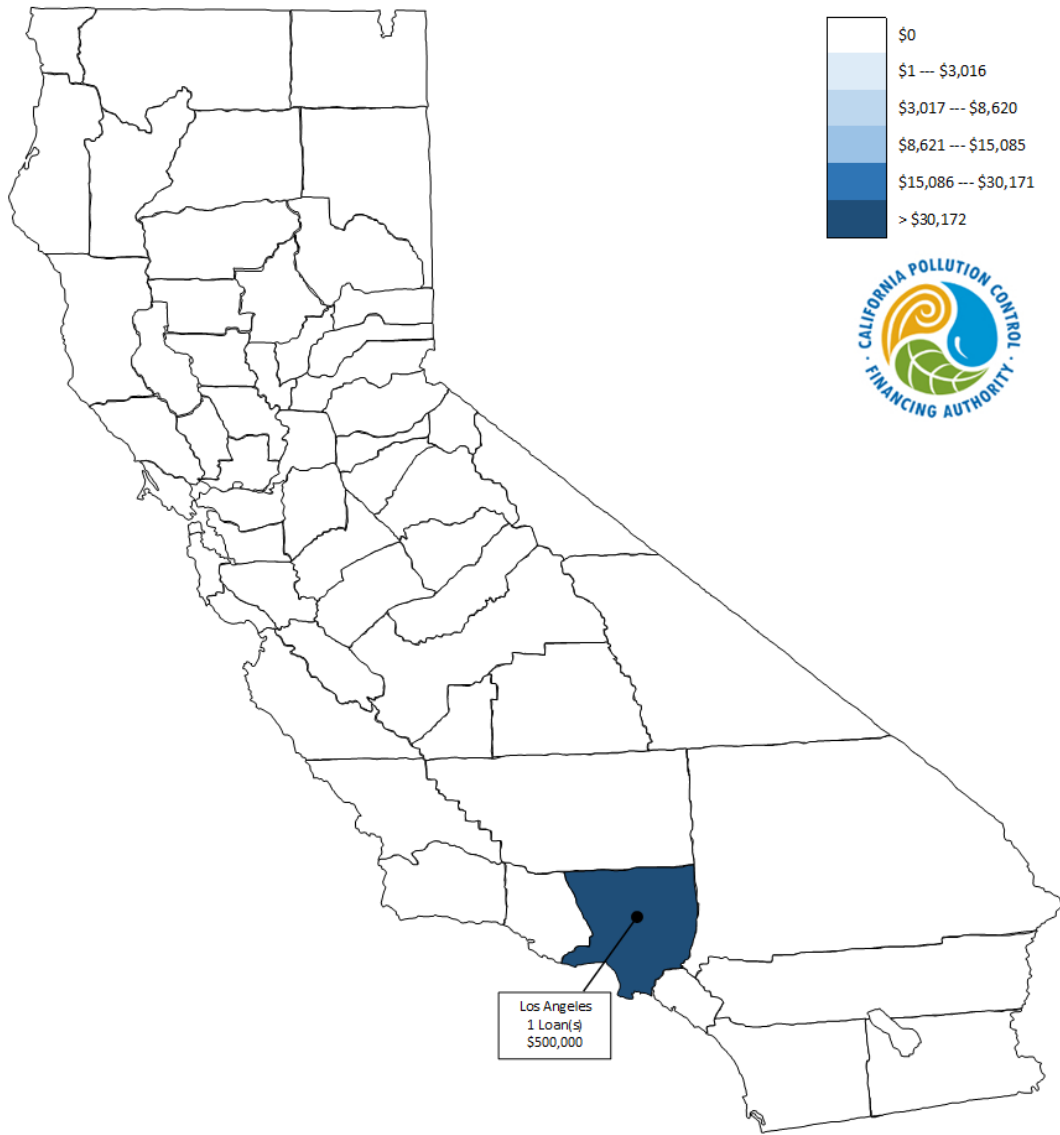
**EXHIBIT B:
GEOGRAPHIC AREA SERVED: CALCAP CALIFORNIA AIR RESOURCES BOARD
HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM 2021**



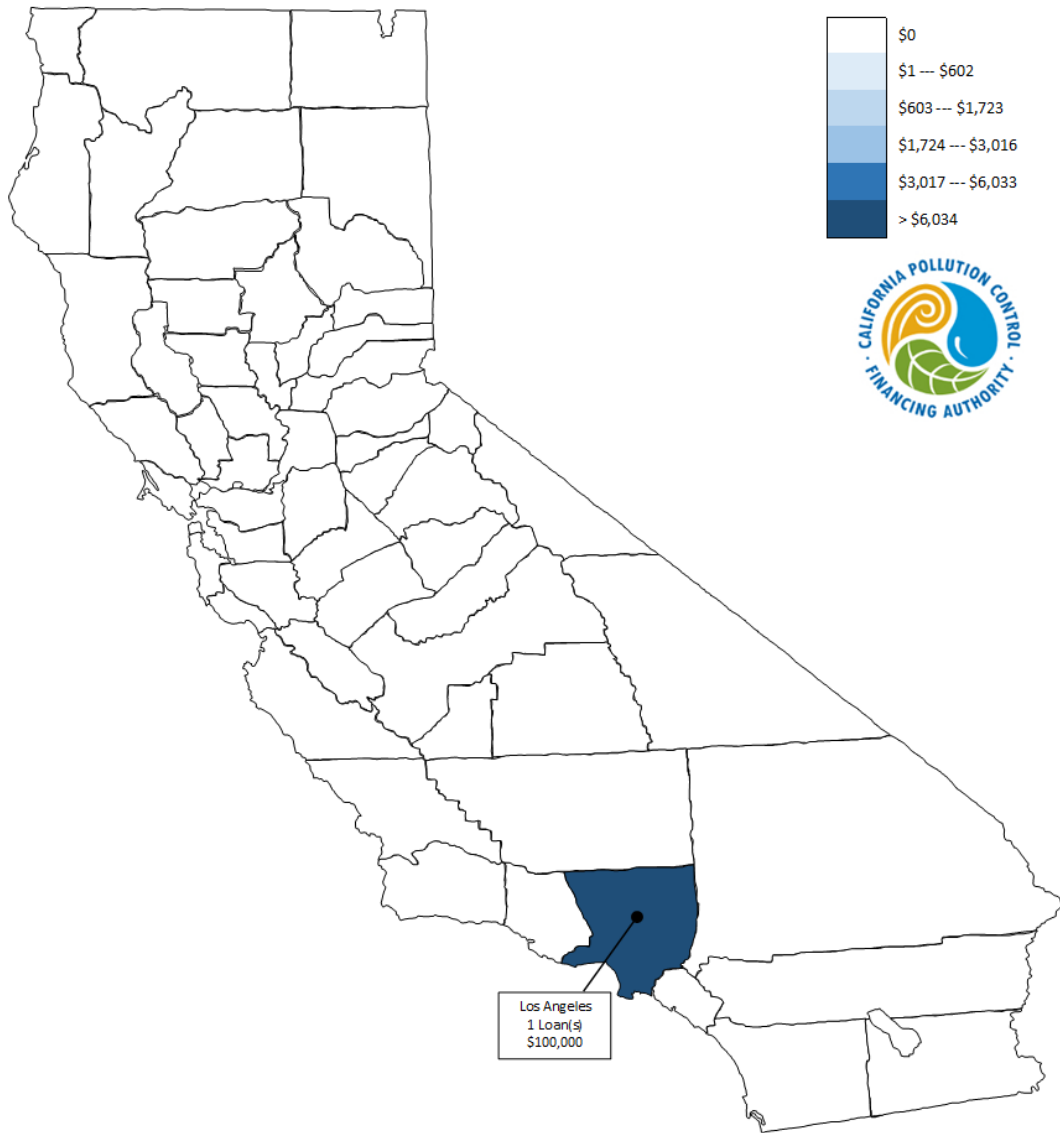
**EXHIBIT C:
GEOGRAPHIC AREA SERVED: COLLATERAL SUPPORT PROGRAM 2021**



**EXHIBIT D:
GEOGRAPHIC AREA SERVED: CALCAP/EVCS PROGRAM 2021**



**EXHIBIT E:
GEOGRAPHIC AREA SERVED: CALCAP/SEISMIC SAFETY PROGRAM 2021**



CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

**EXHIBIT F:
CALCAP PARTICIPATING LENDER LIST**

Participating Financial Institution	Website	SB	CSP	CARB	ADA	Seismic Safety	EVCS
Accessity	https://accessity.org/	x		x			
Accion Opportunity Fund	https://aofund.org/	x		x			
Acelera Financial Corp.	https://acelerafinancial.com/			x			
Allegiant Partners, Inc.	https://apfinancing.com/			x			
AmPac Tri-State CDC, Inc.	https://ampac.com/	x	x	x			
Amur Equipment Finance, Inc.	https://www.amuref.com/			x			
Ascentium Capital, LLC	https://ascentiumcapital.com/			x			
Atlas Capital, Inc.	http://www.allstate-finance.com/			x			
Bankers Small Business CDC of California	https://cdcloans.com/	x					
Calfund, LLC	https://www.calfundllc.com/			x			
CapX Funding Corp.	https://www.capxfunding.com/			x			
CDC Small Business Finance	https://cdcloans.com/	x					
Celtic Bank Corporation	https://www.celticbank.com/		x				
Commercial Credit Group, Inc.	https://www.commercialcreditgroup.com/			x			
Community Vision Capital & Consulting	https://communityvisionca.org/	x	x				
Cornerstone Financial Services	https://www.trucktrailerfinance.com/			x			
Crossroads Equipment Lease & Finance	https://www.crelease.com/			x			
Dedicated Funding	https://www.dedicatedfunding.com/			x			
Economic Development & Financing Corp	https://www.edfc.org/	x	x				
First Choice Bank	https://www.firstchoicebankca.com/	x	x				
First Community Capital, Inc.	http://www.fccbi.org/	x					
Freedom Truck Finance	https://www.freedomtruckfinance.com/			x			
Fresno CDFI	https://www.accesspluscapital.com/	x	x		x		
Gain Federal Credit Union	https://gainfcu.com/		x				
General Business Credit	http://gbcfactor.com/			x			
Genesis LA Economic Growth Corp	http://genesislacorp.org/		x				
Inclusive Action for the City	https://www.inclusiveaction.org/	x					
Innovative Lease Services, Inc.	https://www.ilslease.com/equipment-lease/	x	x	x			

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

Lendistry, LLC	https://lendistry.com/	x	x				
Main Street Capital Group, LLC	No webpage available. Please call 424-777-2439.			x			
Maxim Commercial Capital, LLC	https://www.maximcc.com/			x			x
Momentum Commercial Funding, LLC	https://www.momentumcommercial.com/			x			
Murphy Bank	https://www.murphybank.com/	x		x			
Opening Doors	https://openingdoorsinc.org/	x			x		
PACCAR Financial	https://www.paccarfinancial.com/			x			
PACE Finance Corporation	http://pacelabdc.org/	x	x				x
Pacific Premier Bank	https://www.ppbi.com/	x	x				
Shelter Financial	https://www.shelterfinancial.com/			x			
SLIM Capital, LLC	https://slimcapital.com/			x			x
Snider Leasing Corp.	https://www.sniderleasing.com/	x		x			x
Sunwest Bank	https://www.sunwestbank.com/	x					
SSMB Financial Corp	https://www.norcalkw.com/			x			
United Business Bank	https://www.unitedbusinessbank.com/		x	x		x	x
Valley Small Business Development Corporation	http://www.vsbdc.com/		x				
Western Alliance Bank dba Bridge Bank	https://www.westernalliancebancorporation.com/bridge-bank-home		x				
Working Solutions CDFI	https://www.workingsolutions.org/	x					
ZeBridge Capital	No webpage available. Please call 949-623-7593 or 949-623-7604.		x	x		x	x

Program Key

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