



CALIFORNIA CAPITAL ACCESS LOAN PROGRAM (CALCAP)

2023 ANNUAL REPORT TO THE LEGISLATURE



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

JUNE 2024

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About the California Pollution Control Financing Authority

The California Pollution Control Financing Authority (CPCFA) administers programs, which incentivize capital investment in specific economic activities reflecting state and federal policy goals.

CPCFA was approved as part of the State Treasurer's Office in 1972 and began taking action March 7, 1973. Our name references our original mission, to act as a conduit to the public finance markets, for private activity bond projects that addressed industrial air and water pollution mitigation.

CPCFA's mission has evolved, first with the implementation of a Small Business Assistance Fund (SBAF) to provide a subsidy to small businesses seeking access to the public finance markets; second with legislative action in 1994 to establish and administer the California Capital Access Program (CalCAP) with an initial loan from the SBAF; and most recently with the addition of the California Investment & Innovation Program (Cal IIP), a grant program benefiting federally certified community development financial institutions (CDFI).

Currently, CPCFA provides California businesses with access to capital through the administration of programs serving a variety of goals, including:

- Bond Program – Helping businesses construct solid waste, recycling, water, and wastewater projects as a conduit issuer of tax-exempt bonds;
- CalCAP – Assisting small businesses in obtaining loans for business start-up, expansion, and working capital through the California Capital Access Loan Program and Collateral Support Program;
- CalCAP Zero Emission – Collaborating with other state agencies, including the California Air Resources Board, California Energy Commission, and Southern California Edison to provide lenders with incentives to finance electric heavy-duty vehicles and infrastructure; and
- Cal IIP – Providing grants to CDFIs meeting the needs of borrowers in disadvantaged communities throughout California.

This annual report to the Legislature describing the California Capital Access Loan Program (CalCAP) 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

Malia M. Cohen
State Controller

Joe Stephenshaw, 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). CalCAP serves as the umbrella term for various subordinate loan programs including: CalCAP for Small Business (CalCAP/SB), the Collateral Support Program (CalCAP/CSP), and the California Air Resources Board (CARB) Heavy-Duty Vehicle Air Quality Loan Program, also known as the Truck Loan Assistance Program (CalCAP/CARB). All of our small business credit support programs, with the exception of the aptly named Collateral Support Program, operate using a loan loss reserve (LLR) structure.

CalCAP experienced many changes this year, with 2023 being the first full year of federal State Small Business Credit Initiative (SSBCI) funding for the CalCAP/SB and CSP programs; the sunset of the CARB program on July 31, 2023; and coordinating the implementation process to create a Zero Emissions program, continuing our partnership with CARB and building new partnerships with the California Energy Commission and Southern California Edison. We expect to “go live” with our Zero Emission programs in summer 2024.

For 2023 loan enrollments for all CalCAP programs totaled 4,046 equating to approximately \$400.1 million in loan dollars; \$43.6 million in contributions to LLRs and CSP; and resulting in 3,645 jobs created. We enrolled 10 new lenders bringing total lender participation to 57.

During the lifetime of all of CalCAP’s various subordinate programs, and as of December 2023, we have enrolled 69,904 loans from 56 of California’s 58 counties.

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 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. Borrowers affected by these disasters are eligible for the SAC contribution with the submission of a certification. CalCAP issued an additional \$120 thousand in supplemental contributions for loans enrolled in CalCAP for Small Business and CSP.

CPCFA continuously conducts outreach for all CalCAP programs, including events for the SSBCI and pilot programs for medium- and heavy-duty zero-emission vehicles and infrastructure. Events include webinars, workshops, trade booths, and presentations as panel members for events hosted by the State Treasurer’s Office and partners such as the US Treasury, iBank, California Office of the Small Business Advocate (CalOSBA), legislative members, and California’s Small Business Development Centers (SBDCs).

CALIFORNIA CAPITAL ACCESS LOAN PROGRAM (CALCAP) FUNDING SUMMARY

CalCAP for Small Business (CalCAP/SB) was established by legislation enacted in AB 253 (Chapter 1163, Statutes of 1994). CalCAP assists small businesses in obtaining loans through participating financial institutions (lenders). CalCAP uses a loan loss reserve credit support model 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 loan loss reserve accounts are funded 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), itself sourced from fees CPCFA collected from large businesses financing projects through CPCFA's 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 1.0) administered by the U.S. Treasury, made available by the Small Business Jobs Act of 2010, the U.S. Treasury mandates that funding be used to help historically underserved business and very small businesses.

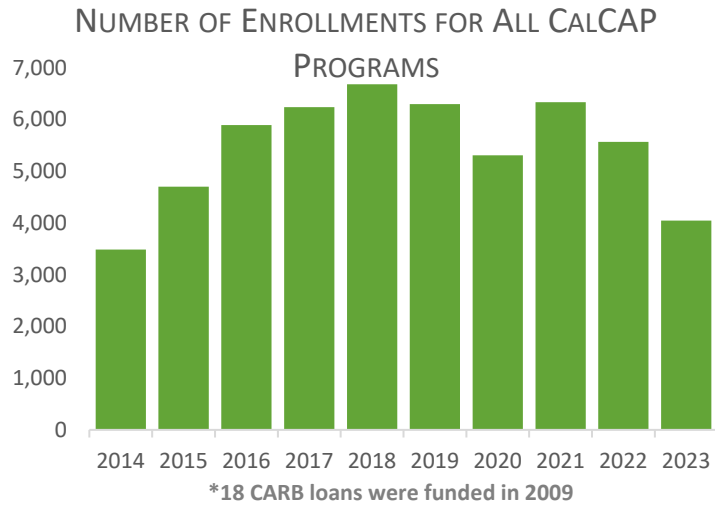
CPCFA received half of the \$168 million total allocation awarded to the State of California and implemented a second program, the Collateral Support Program (CSP) to supplement the CalCAP/SB. The CSP provides a cash pledge of up to 40% to the lender on behalf of the borrower. If no claim is made prior to the expiration of enrollment, the cash pledge is returned to the program to support more loans to small businesses.

In 2021, the U.S. Department of the Treasury reauthorized the State Small Business Credit Initiative (SSBCI 2.0) under the American Rescue Plan Act of 2021. CPCFA received half of California's total allocation and was awarded approximately \$590 million to be delivered in three tranches. CPCFA received the first tranche, \$178.5 million, of its allocation in November 2022.

For SSBCI 2.0 CalCAP plans to expand its portfolio of programs to include a Loan Participation Program (LPP). We expect to roll out the LPP towards the end of 2024.

Figure 1

Figure 1, shows total annual loan enrollment for all the CalCAP programs.



Under CalCAP, CPCFA has administered 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 \$270.69 million to CPCFA through the end of 2023 to fund loan loss reserve accounts for lenders specializing in lending to small vehicle fleets. CARB funding for this program ended in July 2023 as the focus has shifted to electric trucks and infrastructure.

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.

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 four loans enrolled in this program.

CPCFA’s continued transparency of the CalCAP programs assures stakeholders are included in discussions and offers opportunities. Webinars and one-on-one meetings are offered throughout the year for participating lenders to learn about program changes, 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. The framework also permits CPCFA to update program regulations in response to statutory updates, changes in funding, and other market dynamics.

CALCAP FOR SMALL BUSINESS PROGRAM RESULTS 2023

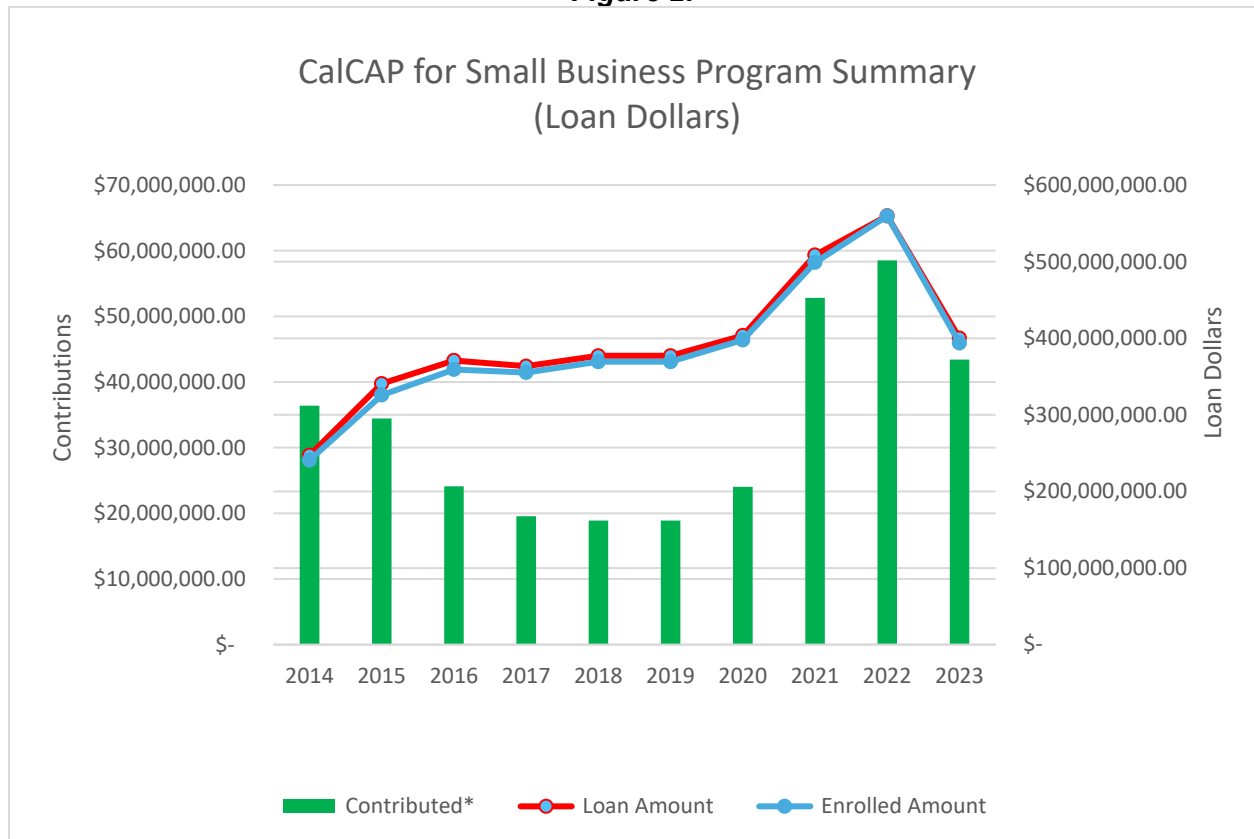
CalCAP for Small Business Loan Dollars – In 2023, more than \$24.3 million was enrolled in CalCAP for Small Business out of the approximately \$30.8 million in dollars loaned. The average loan size was approximately \$41,496. At the end of December 2023, CalCAP for Small Business lenders have cumulatively loaned approximately \$2.92 billion since the program began in 1994. See Figure 2 below.

CalCAP for Small Business Loan Volume – In 2023, CalCAP for Small Business enrolled 743 small business loans made to 685 borrowers. At the end of December 2023, the total number of loans enrolled in CalCAP for Small Business since 1994 is 25,904. See Figure 3 below.

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 2023, CPCFA contributed a total of \$1,198,612 towards lenders’ loan loss reserves.

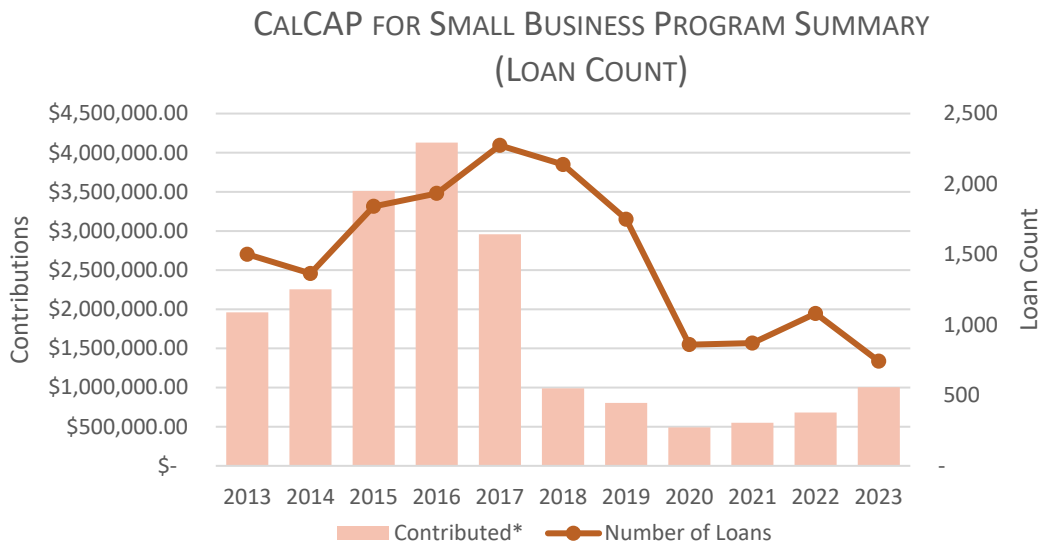
Severely Affected Community (SAC) – Of the 743 loans enrolled in CalCAP for Small Business, 143 were disbursed to small businesses located in a SAC. In 2023, CalCAP for Small Business issued \$75,491 in supplemental contributions.

Figure 2:



*2019 data reflects a statutory reduction in State contributions that took effect in April 2017.

Figure 3:



*2019 data reflects a statutory reduction in State contributions that took effect in April 2017.

CalCAP for Small Business Microloans – In 2023, of the 743 loans made to California small business owners, 298 loans totaling approximately \$23.4 million were microloans under \$40,000.

CalCAP for Small Business Jobs – In 2023, loans enrolled in CalCAP for Small Business helped create 163 new jobs and retain 2,049 existing jobs.

CalCAP for Small Business Loans by Industry – The following chart, Figure 4, describes the distribution of enrollment activity by sector, using the North American Industry Classification System (NAICS) Sector number.

Figure 4:

2023 CalCAP for Small Business Program Loans by Industry

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
11	Agriculture, Forestry, Fishing and Hunting	6	\$ 1,022,704.39	\$ 520,000.00
21	Mining, Quarrying, and Oil and Gas Extraction	0	\$ -	\$ -
22	Utilities	0	\$ -	\$ -
23	Construction	22	\$ 597,763.25	\$ 581,176.40
31-33	Manufacturing	30	\$ 641,963.19	\$ 641,963.19
42	Wholesale Trade	23	\$ 1,172,600.00	\$ 1,172,600.00
44-45	Retail Trade	59	\$ 1,486,079.34	\$ 1,444,226.34
48-49	Transportation and Warehousing	336	\$17,881,747.32	\$11,982,517.95
51	Information	13	\$ 315,000.00	\$ 315,000.00
52	Finance and Insurance	8	\$ 351,500.00	\$ 351,500.00
53	Real Estate and Rental and Leasing	13	\$ 310,000.00	\$ 310,000.00
54	Professional, Scientific, and Technical Services	44	\$ 1,201,675.00	\$ 1,201,675.00
55	Management of Companies and Enterprises	0	\$ -	\$ -
56	Administrative and Support/Waste Management/Remediation Services	22	\$ 900,188.80	\$ 867,144.00
61	Educational Services	10	\$ 196,290.00	\$ 196,290.00
62	Health Care and Social Assistance	26	\$ 524,700.00	\$ 527,700.00
71	Arts, Entertainment, and Recreation	15	\$ 234,643.05	\$ 234,643.05
72	Accommodation and Food Services	67	\$ 3,244,768.71	\$ 3,244,768.71
81	Other Services (except Public Administration)	48	\$ 737,809.17	\$ 735,946.59
92	Public Administration	1	\$ 12,500.00	\$ 12,500.00
Grand Total		743	\$30,831,932.22	\$24,339,651.23

CalCAP for Small Business Geographic Area Served – Exhibit A on page 20 shows the distribution of the loans enrolled in 35 counties in 2023 and indicates the number of enrollments and approximate dollars loaned by county.

CalCAP for Small Business Loan Loss Claims – CalCAP processed and approved 70 claims filed by lenders against their loan loss reserve accounts in 2023, totaling approximately \$886 thousand (Figure 5). The default rate for 2023 was 9%. Figure 6 shows the default rate percentage for the last 10 years.

Figure 5:

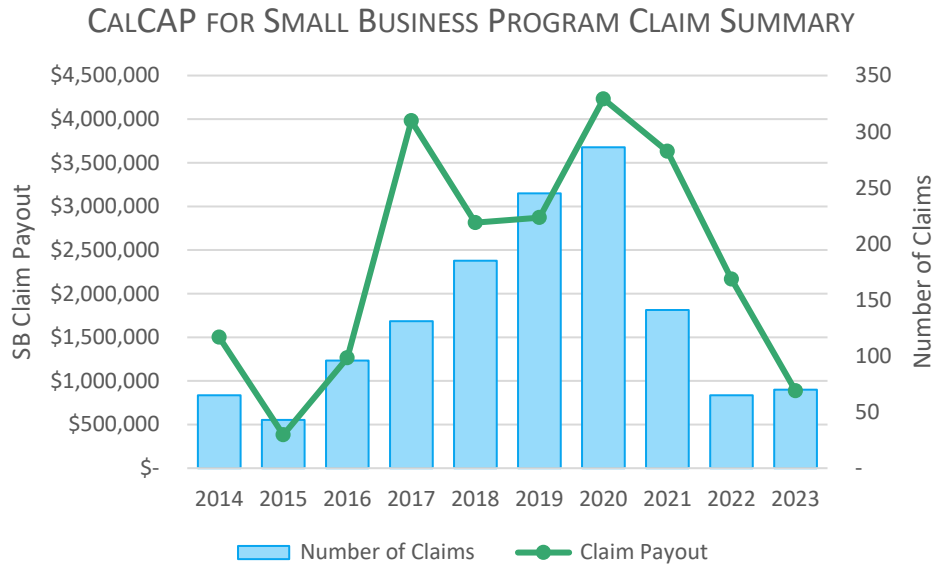
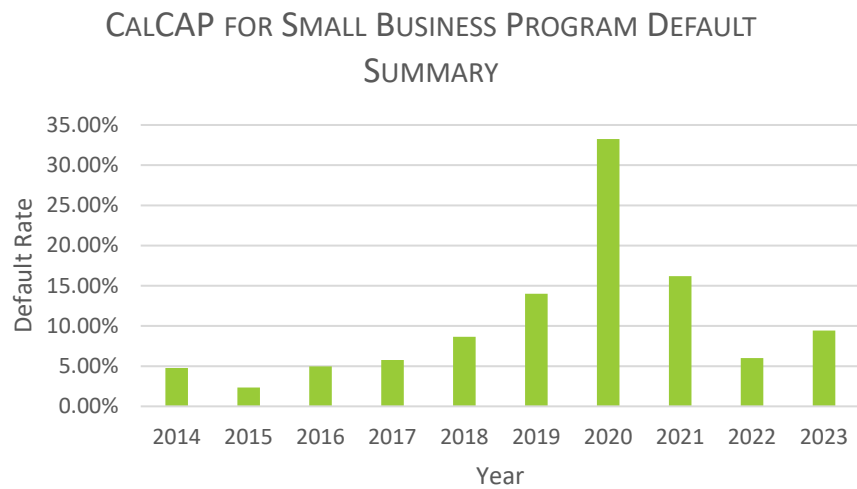


Figure 6:



CalCAP for Small Business Fund Balance – CalCAP received its first tranche total of \$178,556,939 from the U.S. Treasury SSBCI 2.0 on November 30, 2022, that will help support loans enrolled in the CalCAP/SB and CSP Programs. CalCAP/SB received \$27,358,671.50 and the CSP received \$109,434,684. Additional funding was received for Socially and Economically Disadvantaged Individuals (SEDI) as well as very small businesses that total \$41,763,583.50. It is anticipated that CalCAP will receive its second tranche during the third quarter of 2024.

CALCAP CALIFORNIA AIR RESOURCES BOARD (CARB) HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM (CALCAP/CARB) RESULTS 2023

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 the program rules, CARB contributed 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 \$270.69 million to this program. CARB ended active funding for the program and enrollment of new loans ended July 31, 2023.

Based on legislation, CARB has redirected its focus to financing zero-emission heavy-duty vehicle programs and CalCAP is collaborating with CARB to develop a new zero emission financing program.

In 2023, 30 lenders participated in CalCAP/CARB. Of those 30 lenders, 20 enrolled loans in the program during 2023. The top three participating lenders – Crossroads Equipment Lease & Finance, Regions Bank, and Murphy Bank - enrolled approximately 67.3% of the total 2023 loan volume.

CalCAP/CARB Loan Dollars – In 2023, approximately \$333.3 million (Figure 8, below) in total loans were enrolled in CalCAP/CARB, bringing the total amount enrolled since program inception to \$3.2 billion. In 2023, CPCFA paid contributions of \$33.3 million towards that amount. The average loan size was approximately \$101,576.

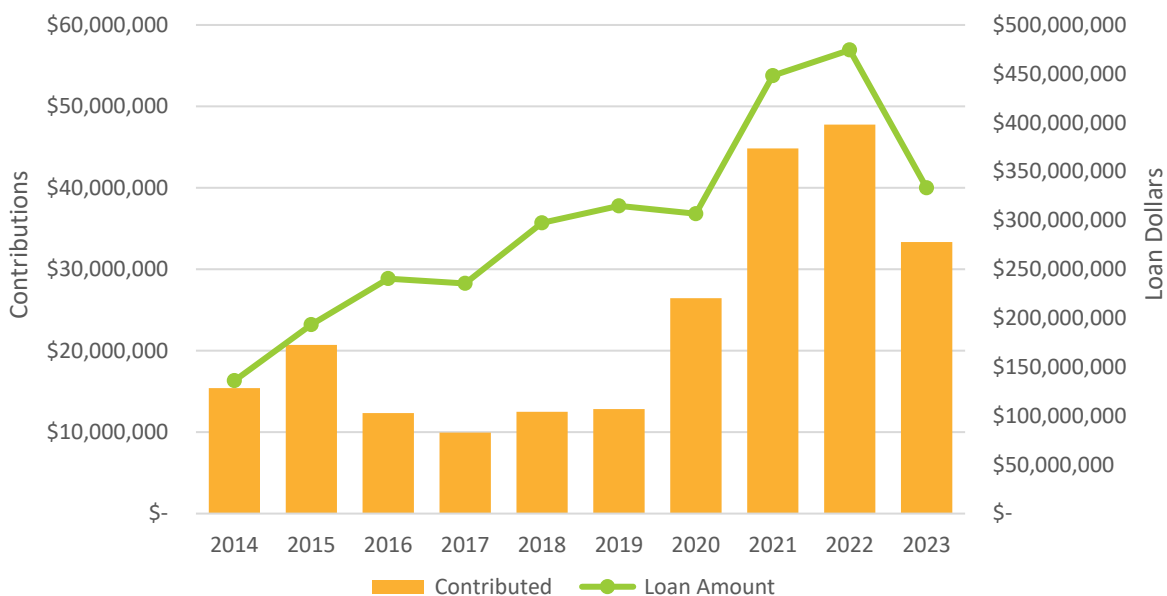
CalCAP/CARB Loan Volume – In 2023, CARB enrolled 3,281 loans made to 2,846 borrowers to purchase 3,418 trucks and 99 trailers. Since the inception of CalCAP/CARB in 2009, 43,061 loans have been enrolled for 44,364 trucks and 1,320 trailers. This equates to the removal of the air pollution emitted from almost over 11 million passenger cars or over 165 tons per year of particulate matter.

CalCAP/CARB Jobs – In 2023, loans enrolled in CalCAP/CARB helped create 3,321 new jobs and retain 5,302 existing jobs.

Terminal Rental Adjustment Clause (TRAC) Leases – 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 2023, CPCFA paid contributions of \$831,838 for 96 TRAC leases. Of the approximate \$333 million enrolled in CalCAP/CARB, approximately \$8.2 million was a result of enrolled TRAC leases.

Figure 8:

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



CalCAP/CARB Loans by Industry – The following chart, Figure 9, describes the distribution of enrollment activity by sector, using the NAICS Sector number.

Figure 9:

2023 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	2	\$154,851.03	\$154,851.03
21	Mining, Quarrying, and Oil and Gas Extraction	4	\$540,923.22	\$540,923.22
22	Utilities	0	\$0.00	\$0.00
23	Construction	18	\$1,817,323.36	\$1,817,323.36
31-33	Manufacturing	4	\$375,426.82	\$375,426.82
42	Wholesale Trade	9	\$1,171,118.37	\$1,171,118.37
44-45	Retail Trade	3	\$324,192.00	\$324,192.00
48-49	Transportation and Warehousing	3177	\$322,357,024.44	\$322,357,024.44
51	Information	0	\$0.00	\$0.00
52	Finance and Insurance	0	\$0.00	\$0.00
53	Real Estate and Rental and Leasing	12	\$898,258.22	\$898,258.22
54	Professional, Scientific, and Technical Services	3	\$174,779.00	\$174,779.00
55	Management of Companies and Enterprises	1	\$75,000.00	\$75,000.00
56	Administrative and Support/Waste Management/Remediation Services	35	\$4,020,199.84	\$4,020,199.84
61	Educational Services	1	\$41,309.58	\$41,309.58
62	Health Care and Social Assistance	0	\$0.00	\$0.00
71	Arts, Entertainment, and Recreation	3	\$232,830.03	\$232,830.03
72	Accommodation and Food Services	0	\$0.00	\$0.00
81	Other Services (except Public Administration)	9	\$1,090,158.90	\$1,090,158.90
92	Public Administration	0	\$0.00	\$0.00
	Grand Total	3281	\$333,273,394.81	\$333,273,394.81

CalCAP/CARB Geographic Area Served – Exhibit B on page 22 shows the distribution of the CalCAP/CARB-funded loans enrolled in 50 counties and indicates the number of enrollments and approximate dollars loaned.

CalCAP/CARB Loan Loss Claims – CalCAP processed and approved 693 claims filed by lenders against their CalCAP/CARB loan loss reserve accounts, totaling approximately \$37.1 million in payments disbursed for 2023 (Figure 10). The default rate for 2023 is 21.1%. Figure 11 shows the default rate percentage for the last ten years.

Figure 10:

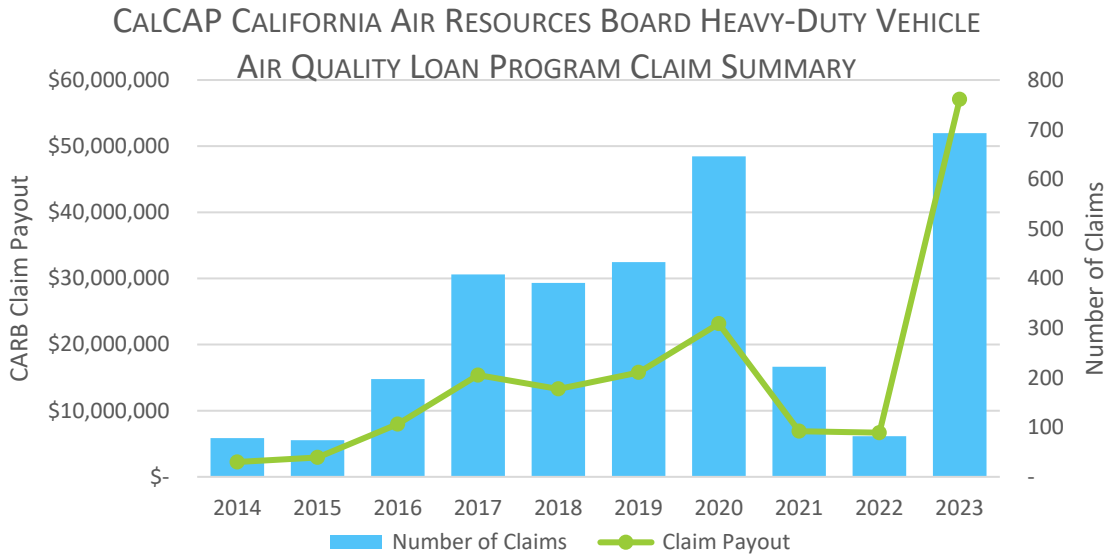
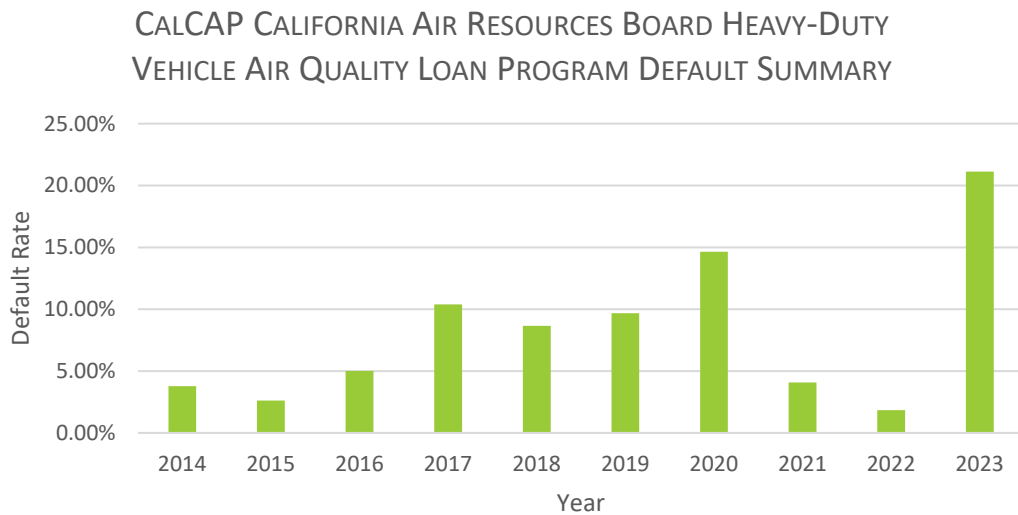


Figure 11:



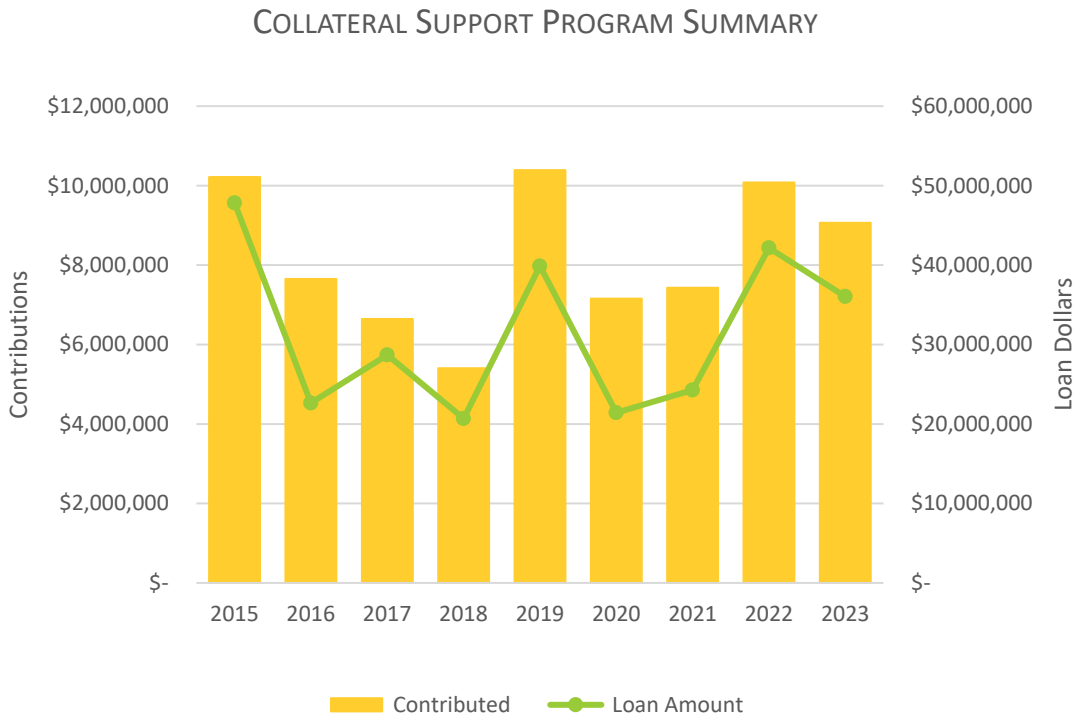
CalCAP/CARB Fund Balance – As of December 31, 2023, the balance available in the CalCAP/CARB fund was \$3.9 million.

COLLATERAL SUPPORT PROGRAM (CSP) RESULTS 2023

CSP was designed to enable financing for small businesses with a collateral shortfall. In January 2013, CSP was approved by the U.S. Treasury as part of CPCFA’s \$85 million allocation under SSBCI 1.0. CPCFA provides a cash deposit to the lender to hold as partial collateral against potential loss. Due to the substantial amount of SSBCI 2.0 funding received in 2022, CalCAP made Regulation updates to program guidelines and eligibility to increase lender engagement and participation. Amendments to the CalCAP regulations were necessary to bring CalCAP Regulations in line with U.S. Treasury requirements in expending SSBCI 2.0 funds within U.S. Treasury timelines.

As of December 31, 2023, CPCFA had contributed a total of \$117 million in cash deposits for 409 loans. As of December 31, 2023, CPCFA had contributed a total of \$9.1 million in cash deposits to support 22 loans totaling about \$36 million. (Figure 12).

Figure 12:



CSP Loan Volume – In 2023, CPCFA enrolled 22 loans to 21 borrowers. At the end of December 2023, the total number of loans enrolled in CSP since 2013 is 409.

CSP Loan Dollars – In 2023, CSP leveraged approximately \$36 million dollars in lending. The average loan size was approximately \$1.64 million.

CSP Loan Contributions – In 2023, CPCFA contributed approximately \$9.1 million in cash deposits to support loans to small businesses.

Severely Affected Community (SAC) – Of the 22 loans enrolled, 4 were to small businesses located in a SAC. CPCFA approved supplemental cash deposits for those loans in the amount of \$45,361.

CSP Jobs – In 2023, loans enrolled in the CSP helped create 161 new jobs and retain 472 existing jobs.

CSP Loans by Industry – The following chart, Figure 13, describes the distribution of enrollment activity by sector, using the NAICS Sector number.

Figure 13:

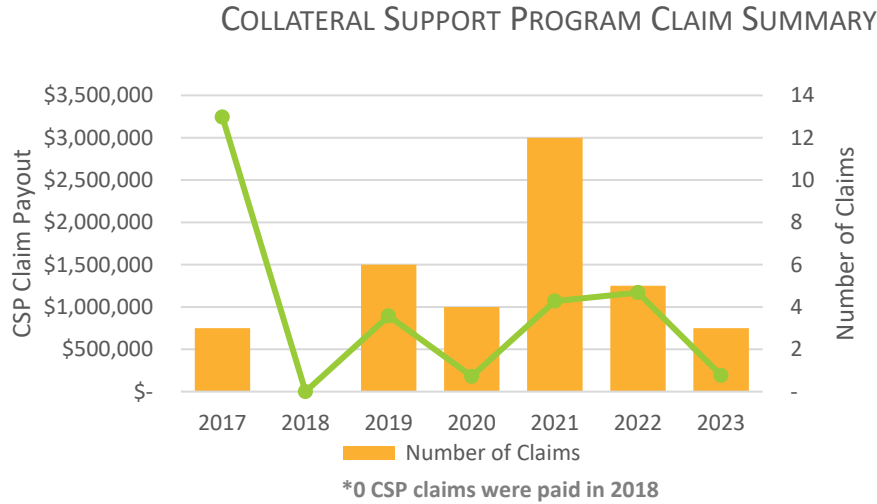
2023 Collateral Support Program Loans by Industry

NAICS Sector	Description	# of Enrollments	Loaned Dollars	Enrolled Dollars
11	Agriculture, Forestry, Fishing and Hunting	0	\$0.00	\$0.00
21	Mining, Quarrying, and Oil and Gas Extraction	0	\$0.00	\$0.00
22	Utilities	0	\$0.00	\$0.00
23	Construction	2	\$1,873,337.50	\$1,873,337.50
31-33	Manufacturing	4	\$4,375,871.63	\$4,375,871.63
42	Wholesale Trade	3	\$16,750,000.00	\$16,750,000.00
44-45	Retail Trade	1	\$500,600.00	\$500,600.00
48-49	Transportation and Warehousing	2	\$400,000.00	\$400,000.00
51	Information	2	\$8,250,000.00	\$8,250,000.00
52	Finance and Insurance	0	\$0.00	\$0.00
53	Real Estate and Rental and Leasing	1	\$2,000,000.00	\$2,000,000.00
54	Professional, Scientific, and Technical Services	1	\$1,250,000.00	\$1,250,000.00
55	Management of Companies and Enterprises	0	\$0.00	\$0.00
56	Administrative and Support/Waste Management/Remediation Services	0	\$0.00	\$0.00
61	Educational Services	0	\$0.00	\$0.00
62	Health Care and Social Assistance	1	\$74,000.00	\$74,000.00
71	Arts, Entertainment, and Recreation	0	\$0.00	\$0.00
72	Accommodation and Food Services	5	\$571,498.00	\$571,498.00
81	Other Services (except Public Administration)	0	\$0.00	\$0.00
92	Public Administration	0	\$0.00	\$0.00
Total		22	\$36,045,307.13	\$36,045,307.13

CSP Geographic Area Served – Exhibit C on page 23 shows the distribution of the loans enrolled in 11 counties, the number of enrollments, and approximate dollars loaned.

CSP Claims – In 2023, 3 CSP claims were filed for a total of \$191,250 in payments. The program has had 33 claims since its inception in 2013 (Figure 14).

Figure 14:



CSP Recapture – Loans supported by CSP are subject to recapture at the end of the support term. In 2023, CSP recaptured approximately \$7.8 million in funds on 43 loans. The recaptured funds will be used for future CSP loans to sustain the program.

CSP Funds Remaining – As of December 31, 2023, the balance available from remaining recaptured moneys allocated to the State-funded CSP total approximately \$40 million for FY 23/24. The balance available from the SSBCI-funded CSP total approximately \$33.4 million for FY 23/24.

OTHER CALCAP SPECIALTY PROGRAMS

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 but excluding 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 for the reimbursement 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/lessors and are reluctant to take out debt for improvements on facilities they do not own.

CalCAP did not enroll a loan in the CalCAP/ADA Program in 2023.

California Seismic Safety Capital Access Loan Program (CalCAP/Seismic Safety)

CalCAP/Seismic Safety was launched January 2017. The program was created through 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.

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.

CalCAP did not enroll a loan in the CalCAP/Seismic Safety Program in 2023.

OUTLOOK FOR 2024

Access to capital continues to be the prime concern for small businesses' sustainability. CalCAP's programs have 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 is critical for the deployment of additional tranches of federal funding through the federal SSBCI 2.0.

California's Allocation agreement with the U.S. Treasury was approved on September 16, 2022, and CalCAP received its first allocation of SSBCI 2.0 funding in the amount of \$178,556,939 on November 30, 2022. CPCFA anticipates receiving the second tranche in the third quarter of 2024. The funds will be used to support the CalCAP for Small Business Program and Collateral Support Program. CalCAP will continue to work with qualifying financial institutions, organizations serving small businesses, and community organizations throughout California to increase lender participation in CalCAP.

With a goal to further increase SSBCI 2.0 disbursement and meet the needs of California small businesses, CalCAP has begun developing a new SSBCI 2.0-funded Loan Participation Program. CPCFA has submitted documents to the U.S. Treasury to amend our SSBCI 2.0 approved application allowing for the administration of the new Loan Participation Program. We anticipate U.S. Treasury approval by the end of 2024.

CPCFA's network of community lenders continue to impact the needs of socially and economically disadvantaged individuals (SEDI). CPCFA has expanded its scope by increasing marketing, outreach, and recruitment efforts by targeting lenders who serve geographic communities that are home to a high number of SEDI-owned businesses in areas throughout California. CPCFA continues to meet with different state agencies and partner with entities such as the California Bankers Association, the Small Business Administration, Small Business Majority, Small Business Development Corporations (SBDCs) and other community outreach organizations and affiliates to identify and meet the needs of those businesses.

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

CPCFA's partnership with CARB remained strong as we closed 2023 with 3,281 loans enrolled in the truck program.

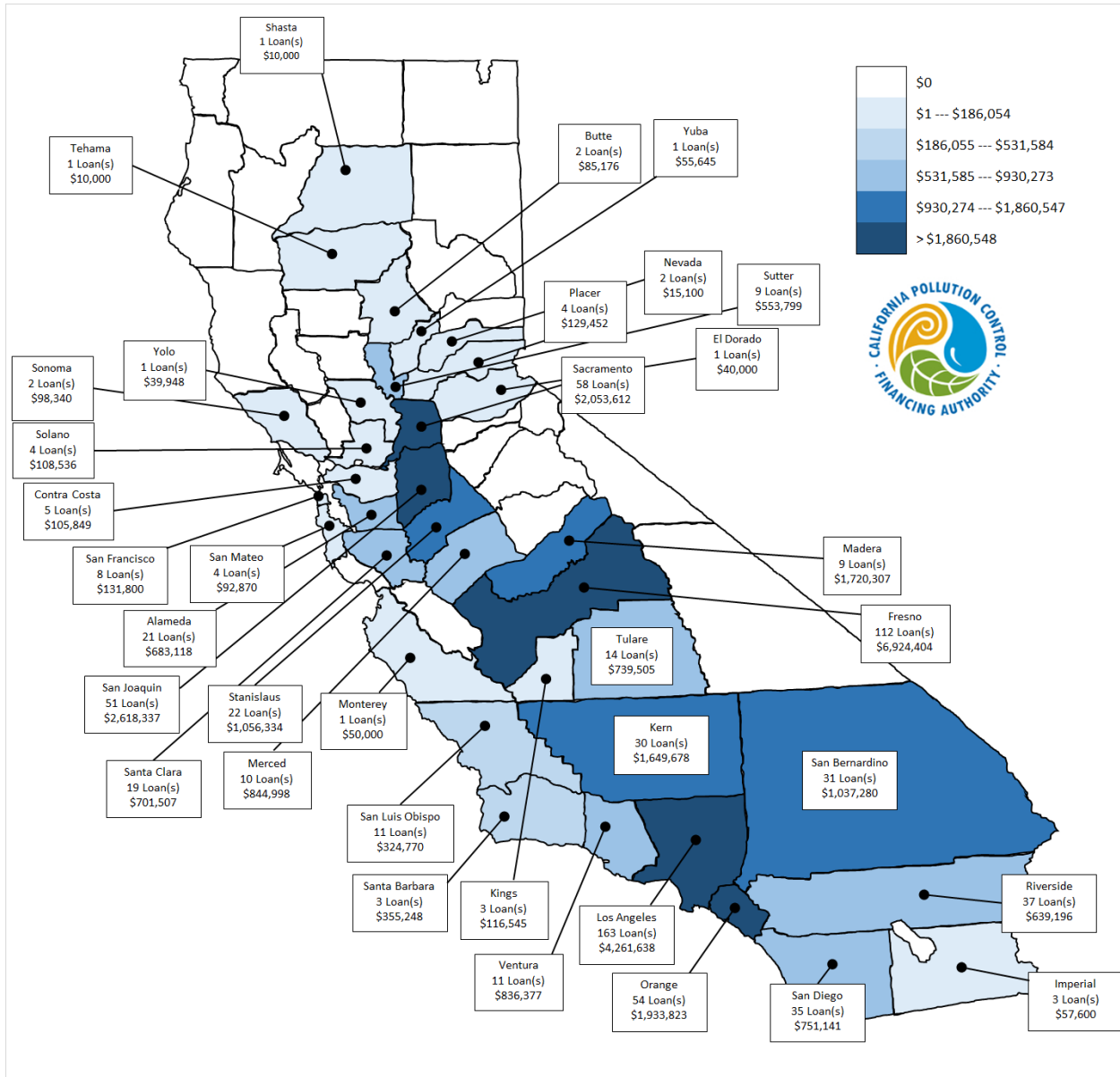
In 2023, CPCFA entered into an Interagency Agreement with CARB to administer the Zero-Emission Heavy-Duty Vehicle (ZEHDV) Air Quality Loan Program.

CPCFA is also collaborating with the California Energy Commission to establish and administer a zero-emission program to finance the installation of charging infrastructure.

CPCFA is also collaborating with Southern California Edison to administer a zero-emission program to finance heavy-duty vehicles and infrastructure for borrower's located in the utility's service area.

All of these zero-emission programs will use CalCAP's loan loss reserve model. CPCFA anticipates the launch of the programs within the second quarter of 2024.

**EXHIBIT A:
GEOGRAPHIC AREA SERVED: CALCAP FOR SMALL BUSINESS
PROGRAM 2023**



**EXHIBIT B:
GEOGRAPHIC AREA SERVED: CALCAP CALIFORNIA AIR
RESOURCES BOARD HEAVY-DUTY VEHICLE AIR QUALITY
LOAN PROGRAM 2023**

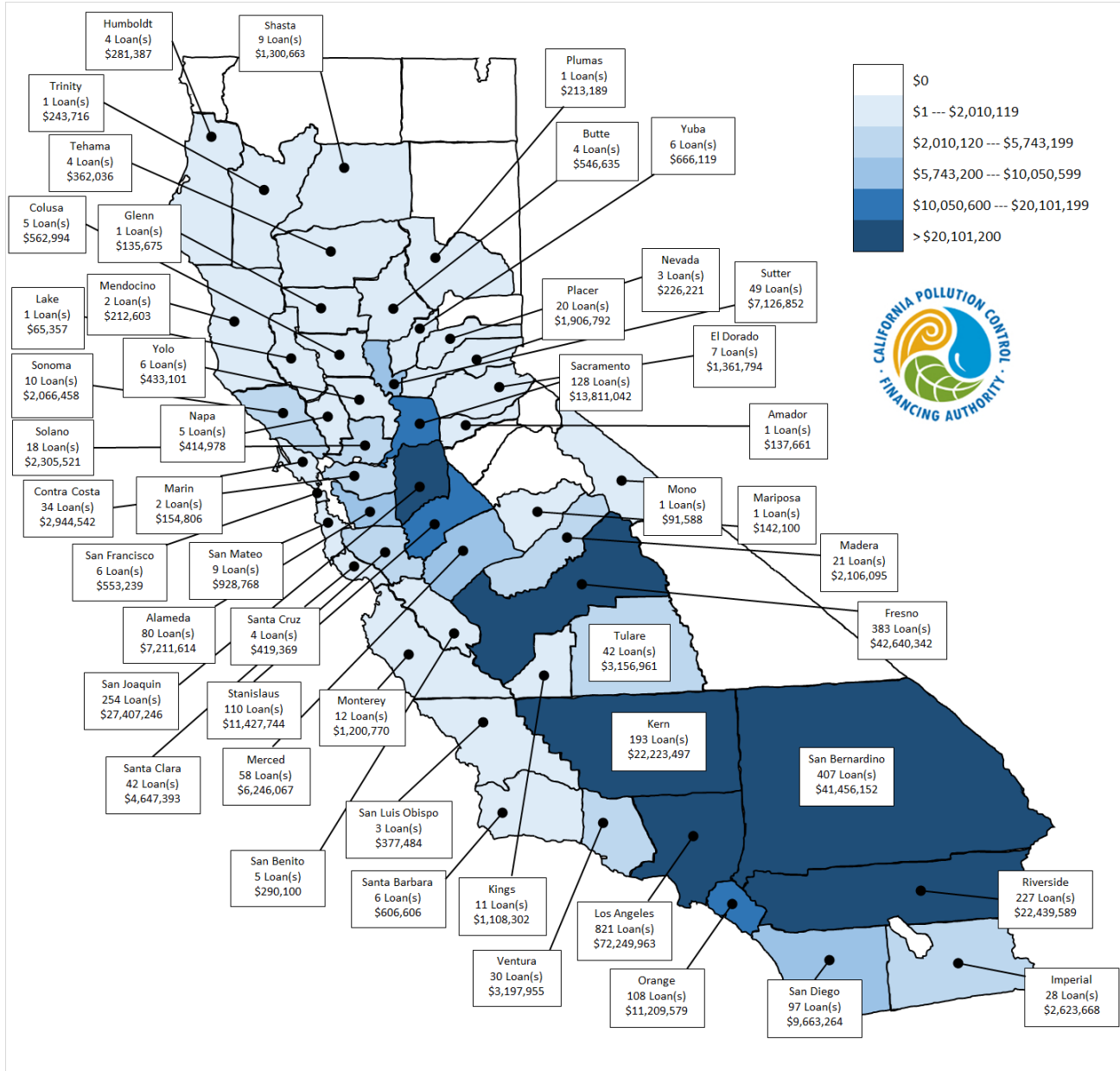


EXHIBIT C: GEOGRAPHIC AREA SERVED: COLLATERAL SUPPORT PROGRAM 2023

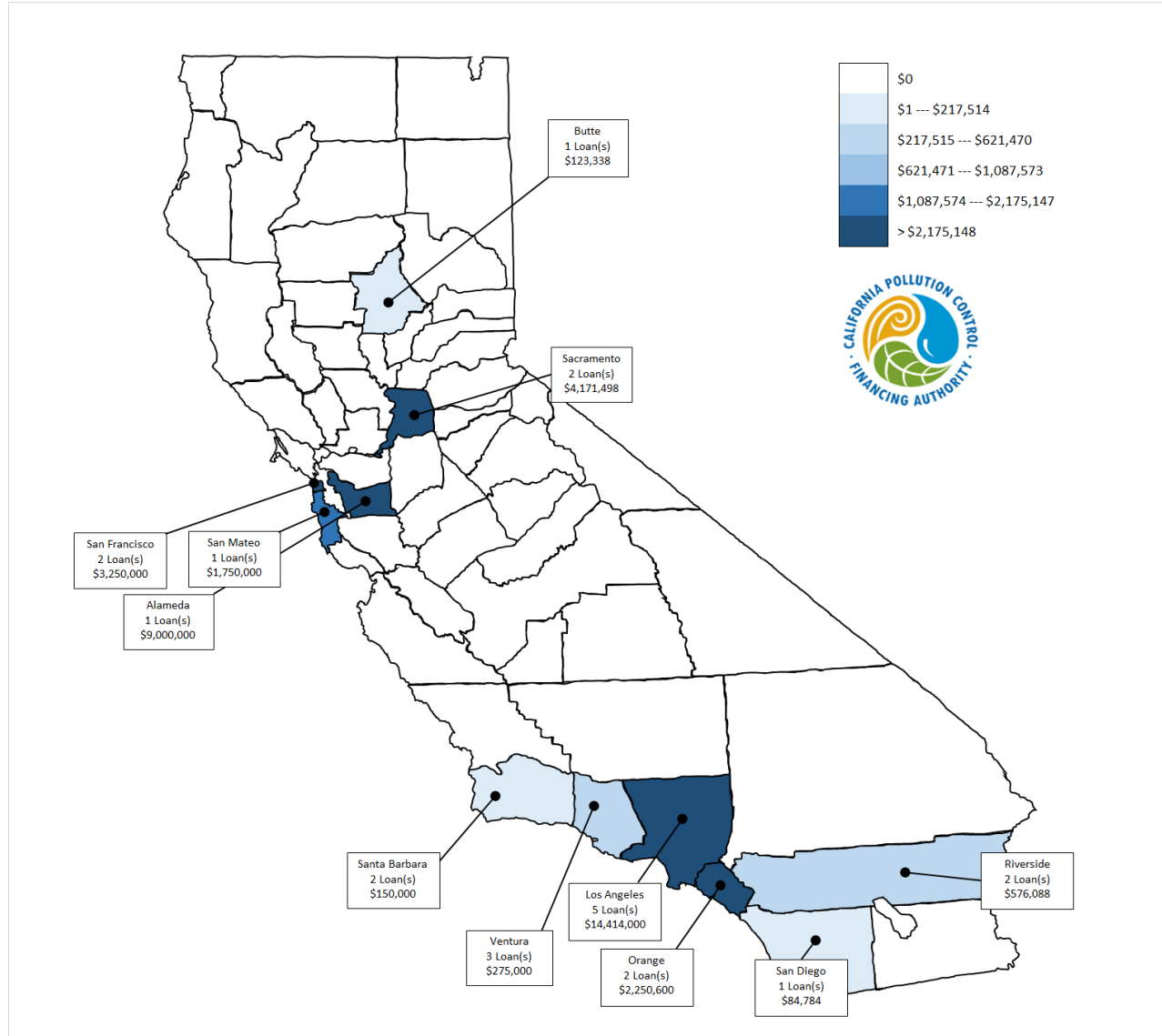


EXHIBIT D

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			
American Lending Center	https://americanlendingcenter.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					
Black Cooperative Investment Fund	www.bcifund.org	x	x				
Blue Bridge Financial, Inc.	https://bluebridgefinancial.com/			x			
California International Bank	https://www.calibankna.com/ https://www.calibankna.com/		x	x			
Calfund, LLC	https://www.calfundllc.com/			x			
Capital Resource Group, Inc.	https://www.teamcrginc.com/			x			
CapX Equipment Leasing, LLC	https://www.capxfunding.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			
Contrast Finance, Inc.	https://contrastus.com/	x	x	x			
Crossroads Equipment Lease & Finance	https://www.crelease.com/			x			
DreamSpring	https://www.dreamspring.org/	x	x				
Economic Development & Financing Corp	https://www.edfc.org/	x	x				
First Community Capital, Inc.	http://www.fccbi.org/	x					
First General Bank	https://www.fgbusa.com/		x				

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

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://genes isla.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			
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
Meriwest Credit Union	https://www.meriwest.com/	x	x				
Momentum Commercial Funding, LLC	https://www.momentumcommercial.com/			x			
Murphy Bank	https://www.murphybank.com/	x		x			
NCRC Community Development Fund, Inc.	https://www.communitydevelopmentfund.org/	x	x	x	x	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				
Regions Bank (previously Ascentium Capital, LLC)	https://www.regions.com/			x			
River City Bank	https://rivercitybank.com/		x				
SLIM Capital, LLC	https://slimcapital.com/			x			x
Small Business Development Corporation of Orange County	https://sbfdoc.org	x	x				
Snider Leasing Corp.	https://www.sniderleasing.com/	x		x			x
TMC Community Capital	https://tmccommunitycapital.org/	x					
United Business Bank	https://www.unitedbusinessbank.com/		x	x		x	x
United Pacific Bank	https://www.upbnet.com/	x	x	x	x	x	x
VelocitySBA, LLC	https://www.velocitysba.com/	x	x				
Vermont-Slauson LDC, Inc.	https://vsedc.org/	x	x				
Western Alliance Bank dba Bridge Bank	https://www.westernalliancebankcorporation.com/bridge-bank-home		x				
Women’s Economic Ventures	https://www.wevonline.org/	x	x				
Working Solutions CDFI	https://www.workingsolutions.org/	x					

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

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