

ZoneWorks
Top Five Alternative Financing Sources
May 7, 2014

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1 - State Loan Guarantee Program

Contacts

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<http://www.business.ca.gov/Programs/SmallBusiness/FinancialDevelopmentCorporationPrograms.aspx>

State Loan Guarantee Program

California Capital serves as an intermediary between the financial institution and borrower, providing guarantees on loans to small business owners who are unable to secure traditional bank financing.

Use Restrictions: Equipment purchase, contract, financing, business expansion, working capital. All proceeds must be used in California.

State Loan Guarantee Program

Term: Loans up to 7 years

Interest Rate: Negotiated between the borrower and lender

Funding Source: Participating financial institution

Collateral : All available, including business and personal assets

Guarantee:

Term loans - Up to 80%

Lines of credit - Up to 80%

Maximum guarantee - Up to \$2,500,000

Fee: Up to 3% of guaranteed amount; \$250 documentation fee

2a - California Capital Access Program

Contact: Emily Jarrett

State Treasurer's Office
915 Capitol Mall C-15, Suite 457
Sacramento, CA 95814
Phone: (916) 651-6061

Email: Emily.Jarrett@treasurer.ca.gov

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

California Capital Access Program

- To help California small businesses thrive by encouraging financial institutions to make loans to small businesses that often have trouble obtaining capital.



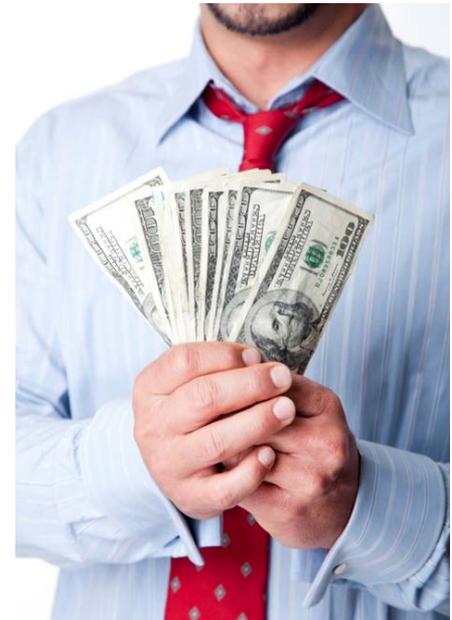
- CalCAP is a form of loan portfolio insurance that provides up to 100% coverage in certain loan charge offs.

OUR MISSION

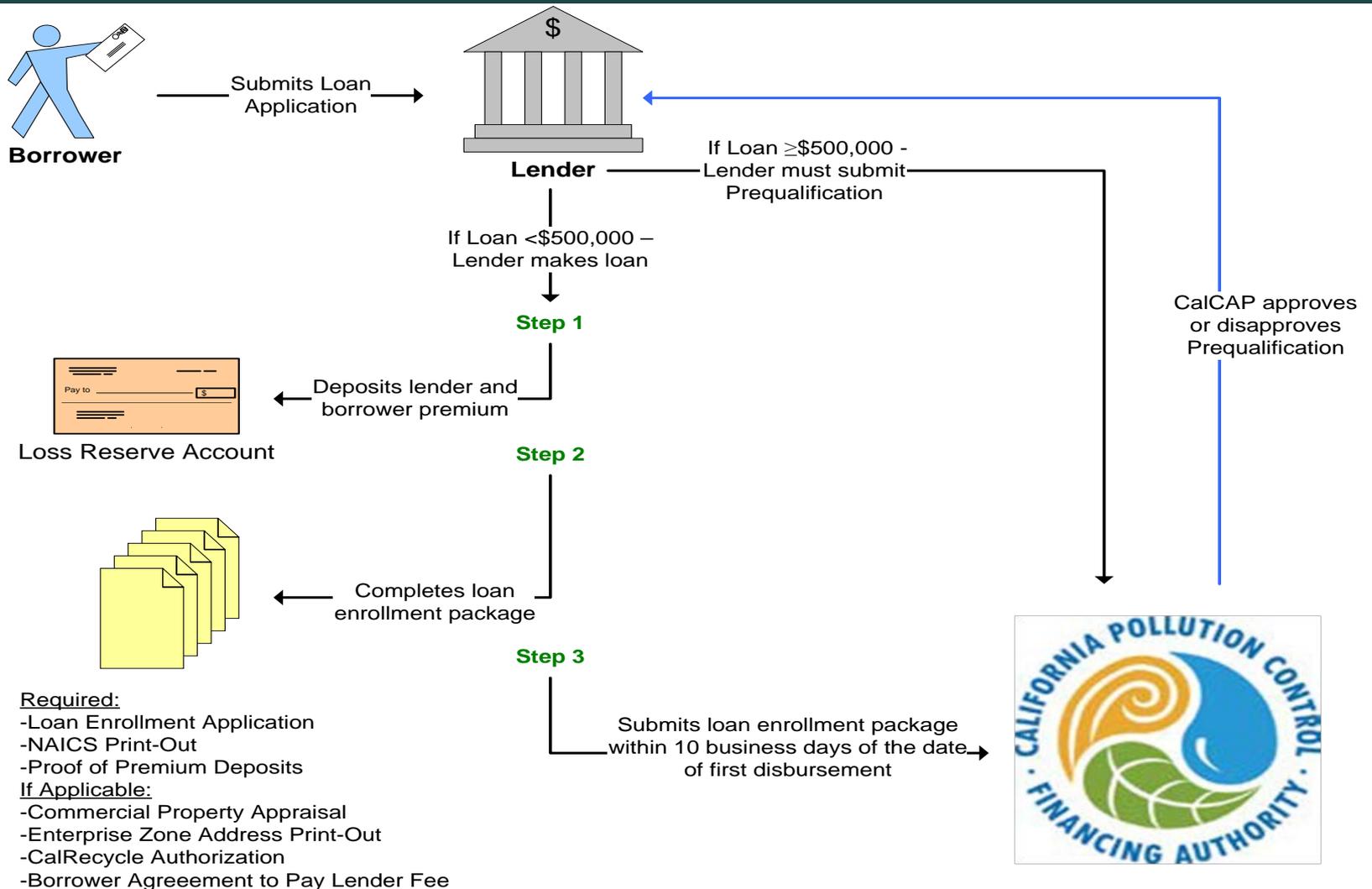
California Capital Access Program

Federal Funding State Small Business Credit Initiative (SSBCI)

- CalCAP was allocated \$84M in Federal Funds to assist lenders to make loans to small businesses



California Capital Access Program



California Capital Access Program



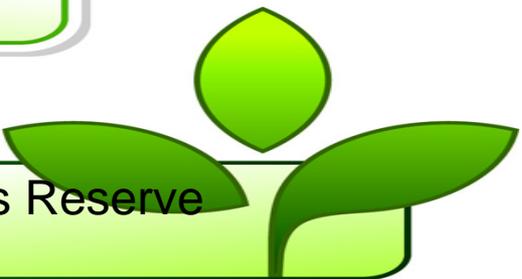
When a business meets CalRecycle requirements



Produce a value added product from recycled or recovered material



CalRecycle will pay the borrower and lender fee. No cost to either.



This is a 14% contribution to the Loss Reserve Account (not separate from CalCAP)

2b - Collateral Support Program

Contact: Emily Jarrett

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Collateral Support Program

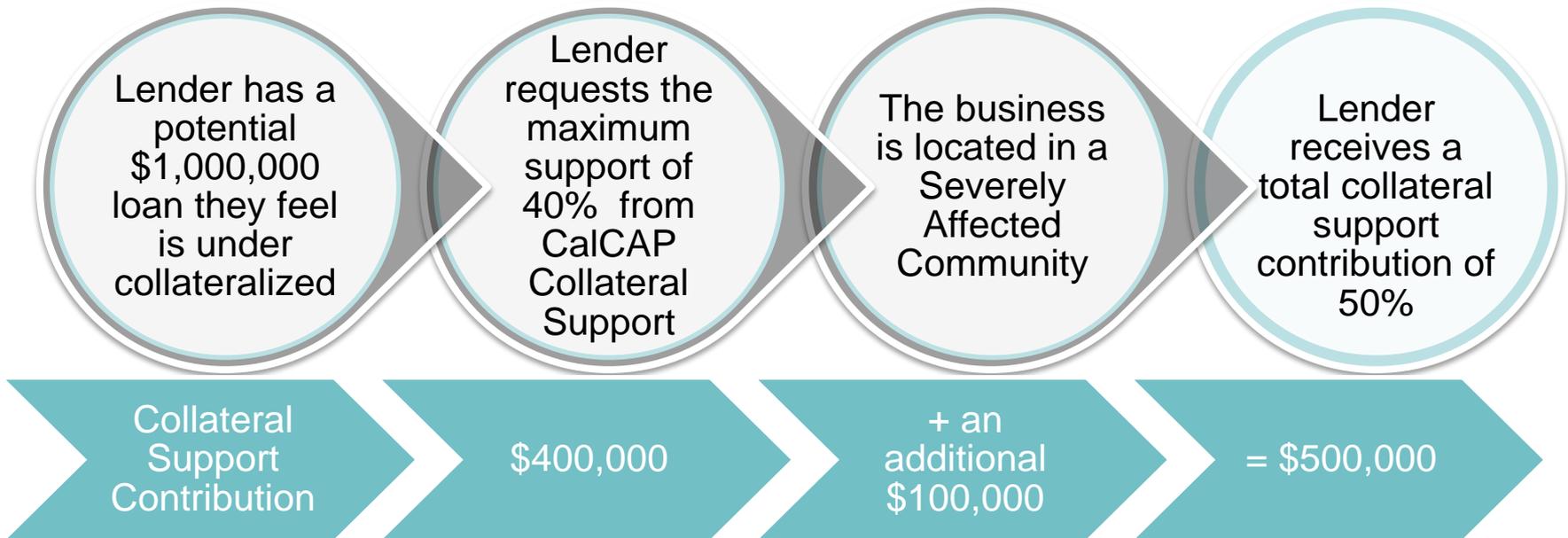
Targeted Loan Categories

- **Bridge Loans**
 - needed prior to obtaining permanent financing
- **Construction Loans**
 - for commercial energy efficiency or environmental improvement projects



Collateral Support Program

Collateral Support Example



3 - California Pollution Control Financing Authority (CPCFA) Bond Finance Program For Solid Waste Projects

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<http://www.wcah.com/>

California Pollution Control Financing Authority (CPCFA)

Financing Program For Solid Waste Projects

Qualified Project Costs

- Any Depreciable Asset – Collection and processing equipment, anaerobic digestion; gasification; compost
- Soft Costs - Engineering; architectural fees; feasibility studies; Legal fees; and Permitting
- Land – Limited to 25% of Borrowed amount
- Existing Buildings - Requires minimum rehabilitation expenditures of 15% of acquisition cost; within 18 months.

California Pollution Control Financing Authority (CPCFA)

Financing Program For Solid Waste Projects

Eligible Borrowers

- If a Commercial Bank will lend to Borrower
- If Borrower has a minimum 2-year profitable operating history and projections show ability to repay debt
- New Borrower with STRONG CONTRACTS
 - With limited exceptions contract Life equals debt term
- Good Business Model; Strong (Creditworthy) Guarantor

California Pollution Control Financing Authority (CPCFA)

Financing Program For Solid Waste Projects

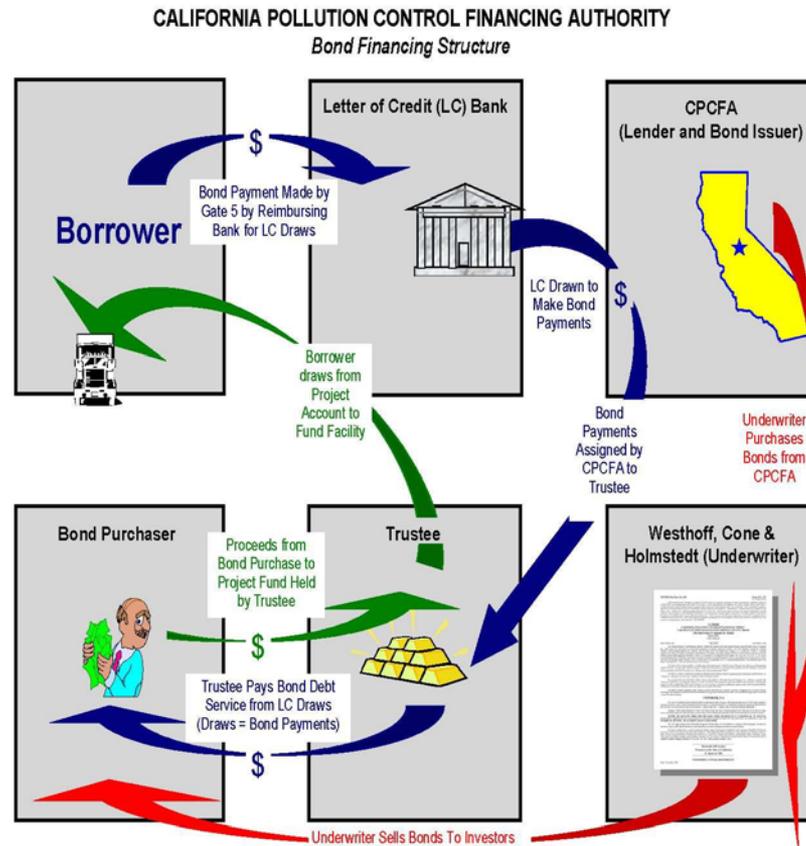
Major Barriers to Entry

- Limited Operating History; unprofitable
- Leverage Greater than 5:1
- Stabilized Annual Debt Service Coverage Less Than 1.25 (unless utility type Contractual Revenues or other mitigation)

Successful RMDZ – CPCFA “PARTNERSHIPS”

- eCullett
- Phoenix Energy aka Ortigalita Power Company

California Pollution Control Financing Authority (CPCFA) Financing Program For Solid Waste Projects



5- California Infrastructure and Economic Development Bank

Contact: Diane Cummings, Senior Loan Officer

Governor's Office of Business and Economic Development

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Sacramento, California 95811

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<http://www.ibank.ca.gov/Default.htm>

California Infrastructure and Economic Development Bank

The Infrastructure State Revolving Fund (ISRF)

- ✓ **Loan Amount: \$50,000 to \$25,000,000**
- ✓ **Term: 30 years**
- ✓ **Eligible Applicants: Public agencies (cities, counties, redevelopment agencies, special districts, assessment districts, joint powers authorities and non-profit corporations formed on behalf of a local government.**
- ✓ **Project categories: Infrastructure projects.**

CalRecycle Loan Programs Unit

Jim La Tanner, Supervisor

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Application Processing

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- Shirley Hom

Loan Documentation & Servicing

- Karyn Gardner
- Tim Brannan
- Kevin Laird