

STATE OF COLORADO DEPARTMENT
OF THE TREASURY

Dave Young
State Treasurer



Eric Rothaus
Deputy Treasurer

November 30, 2021

Joint Budget Committee
200 East 14th Avenue, Floor 3
Denver, CO 80203

Dear Members of the Joint Budget Committee,

Respectfully submitted on behalf of the CLIMBER Oversight Board, please find attached the third semi-annual report of the Oversight Board of the CLIMBER Small Business Loan Program. The CLIMBER Program was created in 2020 under §24-36-201, C.R.S. following the passage of HB20-1413, the CLIMBER Act. The initial report was required to be submitted to the JBC on or before November 30, 2020, under subsection (12) of §24-36-204, C.R.S.

The CLIMBER Act conveys the urgency felt by the General Assembly, the Governor, and me around providing much needed operating capital to small businesses across the state. Accordingly, the Board, CHFA, MBO and OEDIT have been working diligently since the launch of the Program back in June. Since the last report at the end of May, the Board has met 6 times as a full board, and numerous other meetings that included only one Board member and Program staff. This report chronicles that intense work and the progress that has been made since launching CLIMBER and status of the program.

Please feel free to contact me if you have any questions about the report or the program.
Sincerely,

David L. Young
State Treasurer

CC: Members of the 74th General Assembly
Members of the CLIMBER Oversight Board
Pat Meyers, Executive Director, OEDIT
Jeff Kraft, Deputy Director and Director of Business Funding and Incentives, OEDIT

CLIMBER Small Business Loan Program Semi-Annual Implementation Report Submitted to the Joint Budget Committee November 30, 2021

Executive Summary

In June 2020, the Colorado General Assembly passed and the Governor signed HB20-1413, the Colorado Loans for Increasing Mainstreet Business Recovery (CLIMBER) Act. The legislation charged the State Treasurer and the program's Oversight Board, in partnership with the Governor's Office of Economic Development and International Trade (OEDIT), with establishing a small business loan program to provide below-market interest rate capital to Colorado small businesses across the state to aid in the state's economic recovery, help the small businesses, and save jobs. The State Treasurer selected the Colorado Housing and Finance Authority (CHFA) to be the CLIMBER program manager and consulted with the Minority Business Office (MBO) to develop an outreach strategy addressing the underserved businesses throughout the state.

Since our last report, we are extremely pleased to have moved from the planning and implementation stages to launching the full array of lending products CLIMBER offers to the public. CLIMBER policy has been shaped by an engaged group of diverse community stakeholders, including institutions we plan to use to distribute the funds across the state. The program has been of interest to a number of additional lenders across the state through CHFA and their contacts.

The desire for businesses to take on new debt has been much slower than expected from both interested lenders as well as qualified businesses the program was meant to assist. Several factors have contributed towards the slow start and subsequent low participation in the CLIMBER program to date.

The first influence has been how the Federal programs, for example the Paycheck Protection Program (PPP), have taken the spotlight and interest away from CLIMBER as a priority for both lenders and businesses. Second, is the limitation lenders are experiencing due to the excess federal funds on their balance sheets, loan size, and bandwidth staffing issues. Last, are specific challenges that restrict the program codified in statute that have created defined obstacles that have eliminated a majority of applicant businesses from qualifying for a CLIMBER loan.

The following report addresses the current state of the program in addition to addressing the specific challenges that CLIMBER faces, and includes staff recommendations to move forward for the next reporting cycle.

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Full Report

In June 2020, the Colorado General Assembly passed and the Governor signed HB20-1413, the Colorado Loans for Increasing Mainstreet Business Recovery (CLIMBER) Act. The legislation charged the State Treasurer and the program's Oversight Board, in partnership with the Governor's Office of Economic Development and International Trade (OEDIT), with establishing a small business loan program to provide below-market capital to Colorado small businesses across the state to aid in the state's economic recovery, help the small businesses, and save jobs.

CLIMBER is an important loan program for the State of Colorado designed to continue stimulating the economic recovery from COVID-19 in addition to the federal dollars that have been injected into the state's economy. It has been estimated that the positive impact that CLIMBER offers will include supporting the ongoing operations of over 2,000 small businesses and preserving 70,000 jobs across the state. CLIMBER, as currently written, will provide access to working capital for Colorado small businesses through 2023. The primary goal for the program is to deliver responsible and below-market rate lending to help underserved, disadvantaged businesses and communities join the economic mainstream, ([Appendix A](#)).

Many of these small businesses are in rural and underserved communities and need capital to thrive. The key to the CLIMBER legislation is focused on the businesses that were successful prior to COVID and, through no fault of their own, are now struggling to keep their doors open or expanding their operations. CLIMBER is intended to be that additional resource for these main street businesses that have exhausted the capital they had prior to the pandemic challenges.

As of the date of this report, CLIMBER lending has been in operation issuing loans both to the lenders in the form of Direct Lending Capital and direct loans to businesses. Awareness of the program has been accomplished with a marketing campaign that has used social media, radio and television spots to promote CLIMBER as well as a direct marketing process using navigators and Apex Business Consultants. This report details the progress of the CLIMBER Loan Program.

CLIMBER Products & Lender Participation

CHFA was selected by the Treasurer as the Loan Program Manager to run the lending operations of CLIMBER. This relationship leverages the relationships towards lending institutions across the state that CHFA has already developed and supported through other operating programs.

According to statute, the Program will roll out in successive tranches of up to \$50 million of capital. Except for the first tranche, a tranche cannot be launched until the previous tranche

has been 90% deployed to small businesses. Presently, we are still in the first tranche of funding by the state. By statute, the small business loans must bear below-market interest rates. The Board has set interest rates for loans and other terms and conditions. CLIMBER loans will also include business-beneficial terms, including loan deferrals and maturities up to five years.

As specified by statute, the Program relies on the network of lending institutions across the state to originate loans and service CLIMBER loans. It is through this partnership with lenders that CLIMBER is able to successfully deploy the capital and help support businesses. For the first tranche, the Board has set out the financial products the Program will use to deploy capital. The Board created three different financial products:

- 1) Direct Lending Capital for CDFIs,
- 2) Credit Enhancement for CLIMBER loans, and
- 3) Loan Participation. (These products were described in detail in the May report)

The Direct Lending Capital (DLC) product is designed to help deploy capital through Community Development Financial Institutions (CDFIs) and similar non-profits. CDFIs are non-profit lenders (and also include a few for-profit entities) certified by the Federal CDFI fund whose mission is to expand economic opportunity in low-income communities by providing access to capital and financial services. Since CDFIs are generally not depository institutions, they have lending capital constraints; the direct lending capital product will help address that constraint and ensure equitable access to CLIMBER capital.

CHFA launched the Credit Enhancement Program back in March, which is similar to CCR/CCS that have been in use since 2010. The Colorado Credit Reserve program described in §24-46-104(1)(n), C.R.S., includes those certain pooled and individual credit enhancement programs, commonly known as the Colorado Credit Reserve Program and the Cash Collateral Support Program, respectively, both of which are established and governed by the Colorado Economic Development Commission.

The other two products will be available to all lenders, at their option and with CHFA approval. The credit enhancement tool will provide cash to lenders either to serve as collateral for a CLIMBER loan or to provide a pooled loan loss reserve for CLIMBER loans originated by the lender.

Presently there are 13 lenders that are participating in CLIMBER. CHFA hopes to add more institutions before the end of the year.

Program Marketing

In June, the CLIMBER program started its work on the media campaign plan for the state.

There were a number of media outlets and cost considerations associated with each in the marketing campaign for CLIMBER outreach. The staff had to work within the budget that the Oversight Board approved from the state first loss capital and deploy the campaign as broadly and effectively as possible. The outlet plan was broken into television, radio, email and digital (social media). Initially, there were six public service announcements (PSA's) that were created in English and Spanish. Additionally, the www.climber-colorado.com website created a direct portal for businesses and lenders to learn more about the program and to research the CLIMBER product. CHFA's marketing team helped recommend and design the different campaign strategies outlined in [Appendix B](#). The marketing was designed to saturate advertisements early on and dwindle off towards the end of the 6 month campaign.

The television ads featured the one-minute PSA's and the broadcast was estimated to reach approximately 90% of the state. Cable television provided layover coverage and hit additional areas in rural Colorado from overlapping multiple station geographic distributions. An example of this was the DISH Network getting information about CLIMBER into rural areas that other networks did not reach.

The radio advertisements were 15 to 30-second spots using a mix of Colorado Public Radio (CPR) and valued local community stations offering statewide coverage. Treasurer Young conducted several interviews that were broadcast in English and Spanish depending on the demographic profile of the station. Particularly in hard-to-reach rural and underserved areas, radio provided a great value for the outreach and duplicative messaging from the television advertisements. Optional interview recordings were created by Treasurer Young and made available on select stations. A female owned business, Kernel Core Messaging, was engaged to manage the Spanish radio advertising and outreach.

The digital campaign targeted online ads to small businesses statewide. These marketing banners and pop-ups help reinforce the television and radio spots in addition to having a reporting dashboard available to measure reach and participant engagement. This allowed the retargeting of business owners and allowed for the re-engagement of visitors after leaving the CLIMBER website.

The email campaign was set up using a single one-page flyer in English and Spanish ([Appendix C](#)) outlining the benefits and qualifications of the CLIMBER Loan program that businesses could easily refer to. Additionally the emails incorporated links to view the different PSA's created for the program. Both CHFA and the navigators were encouraged to use this source of marketing to penetrate the businesses that either reached out for specific information or the membership base already established by the organization. Targeted emails were sent to more than an estimated 10,000 small business owners and depository institution leaders using their distribution lists early on in the process.

Direct Outreach

As the CHFA, MBO, OEDIT and CLIMBER staff continuously reviewed the marketing and lender participations and loan registrations monitoring the performance of the program. After the first couple of months, it became apparent that the mass media marketing alone was not going to achieve the desired results that the legislation intended to provide. A plan was developed and launched with direction from OEDIT and the MBO to trial a short-term pilot program designed specifically to work directly with industry/social group community organizations and chamber of commerce organizations. These navigator groups, as they were called, are encouraged to specifically use their membership contact base to get the word out and educate member small businesses ([Appendix D](#)). This type of messaging is important since these organizations are already a trusted source of information for these businesses. This pilot program will not only benefit CLIMBER but the MBO is looking to make this a model for messaging and promoting programs that the state launches in the future

This is a short-term pilot outreach program intended to get information into business owners' hands to make a more informed decision about the CLIMBER Loan Fund Program. The selected community outreach organizations provide services to the state related to the CLIMBER Program that will not only assist small business owners gain familiarity and confidence in applying for loans from the program but also help speed up the underwriting process. Apex Business Consultants LLC. was selected as the consulting firm to represent the state because of their work from the Energize Colorado GAP fund. The Apex team, with training and oversight by the CLIMBER staff, is fostering a familiarity of CLIMBER with community organizations and providing the technical assistance for businesses prior to lender handoff.

This project requires collaboration and relationship building at the highest level. The Apex team works hand-in-hand with the partner organizations to get a good understanding of membership databases. Doing this allows Apex to target those businesses who have a higher probability of closing a loan which puts the CLIMBER program in a more favorable light from the beginning. The Board believes this was the right approach in order to produce a greater number of closed loans by the program. This will allow the partner organizations to support this effort and pay them for their connections without straining their resources. Due to COVID-19, organizations are experiencing a high degree of burn out as well as staffing issues and we want to set up an ongoing partnership that does not increase their workload unnecessarily.

The concern was raised by the Board members giving navigator organizations upfront funding. In the event the navigators do not deliver the results, it could jeopardize the efforts of the outreach plan and put the program in a precarious situation with the contributory institutions. Therefore, the Board decided to provide a lower dollar amount upfront with an incentives on closed loans. This will encourage the organizations to work with the CLIMBER staff and view this pilot program as a support system that will strengthen their membership

base and add value to their existing service offerings.

This approach empowers the Apex team to do the heavy lifting to make this pilot program successful. This initiative requires a heavy hands-on approach that will entail multiple outreach efforts including phone, E-mail, Zoom Calls, conference calls, in person meetings, jobsite meetings, etc. to develop the relationship with the small businesses to gain their trust and close the deal. The key is to be able to talk shop with the business owner and demonstrate the Apex understand not only their industry but moreover their situation and convey a solution.

Apex exists to help businesses develop, increase and maintain their competitive advantage within the marketplace. This pilot program aligns with Apex's mission to empower discovery and alignment of business opportunities to help organizations close the gap between their current states of business to their desired future state of business. Apex has a staff of bilingual consultants that are highly skilled in their trade and are capable of engaging the small business community and making this pilot program a success. Additionally, Apex is a minority owned business that continues to deliver the spirit of the legislation.

Program Results & Staff Recommendations

CHFA produces a quarterly report explaining the sources of funds that have been lent out to the businesses and institutions. The last report ([Appendix E](#)) is from the end of September and documents that CLIMBER has DLC loans of \$7MM to the Impact Development and First Southwest Community Funds. Additionally, three loans have been made to private businesses totaling \$340K.

The navigator and outreach program administered by Apex is showing good progress in a short amount of time since they were engaged at the end of August. Current information provided by Apex shows that they have three businesses at lenders waiting for approval requesting approximately \$900K in loans. They also report that they have had more than 600 contacts from both the navigators and their own marketing outreach. This has led to an additional 13 businesses who are getting their documentation prepared for lender approval with an estimated loan amount of \$1.95 million.

The following details are staff accounts from conversations with community organizations, Apex, lenders and CHFA as to the slow receptiveness towards CLIMBER and the recommendations and rationale as to the thoughts for making legislative changes to the program.

Federal programs have slowed the uptake and interest from borrowers and lenders in CLIMBER. Some of these federal programs are using the same lender groups to deploy the funds out the underserved businesses and communities since those are the primary nature of the business and communities they service. These dollars have become the priority of

these lenders to deploy because of the nature of the program. Federal funds are making the CLIMBER funds less desirable or pushed back to a future timeline so they can deploy the federal dollars first. Businesses have also been hyper-focused looking for either forgivable loans like the PPP or grants to help with their capital needs. This mindset has undermined the initial interest in CLIMBER.

Lender workloads, loan sizes and staff bandwidth issues have also been an issue of getting money into businesses owners' hands. Once the marketing campaign started, lenders became inundated with requests for loans and questions about CLIMBER. The issue was that businesses did no research to understand loan sizing or qualification requirements. This led to a number of lenders taking a step back away from supporting CLIMBER since they were becoming swamped with calls but no businesses that were qualified to get the loan.

Additionally, lenders had to deal with the excess amounts of funds that were a result of the federal programs. These funds caused a push to use those funds first before looking to get additional funds for more loans. Most of the lenders that CLIMBER uses are non-depository institutions and the excess funds create a reporting issue in the short term. The average loan size that these institutions provide is around \$20,000 with terms between 7 - 10 years.

The CHFA and CLIMBER staff were quick to improve the messaging and the website filtering by creating gateways and questionnaires to help businesses determine whether they are eligible for the program. Additionally, bringing on board Apex and engaging business community organizations has helped address some of the volume issues. Also, CHFA and CLIMBER staff have been working to find a balance with lenders on deciding when an appropriate time frame would be for them to add CLIMBER products to their portfolios.

The last plan to improve the success of CLIMBER is a modification of its enacting legislation. The spirit and intent of the legislation could be maintained but elimination of specific items, such as giving the Oversight Board the ability to make small changes in response to the feedback from lenders navigators. Staff believes that certain modifications and changes outlined below would not only improve CLIMBER but also make the program more appealing to lenders and, business owners.

1. Extending the program to 2024
2. Extend the loan payment terms to 7 years
3. Change the historic profitability requirements
4. Reduce minimum employee requirements
5. Reduce minimum loan amount

Loans for the CLIMBER program and the Treasurer's ability to launch a loan tranche currently ends in fiscal year 2022.

Making loans that are more consistent to current market products and conditions not only makes the loans more competitive but also with the low rate makes the payments much more

affordable.

Since the legislation was drafted in 2020, it places restrictions on calculating business profitability prior to February 29, 2020. This eliminates a business from using the time afterwards that some businesses could use towards the two years profitability calculation to qualify for CLIMBER.

Reductions in the employee count and minimum loan amounts would bring in many more businesses that could benefit from the CLIMBER Loan Fund.

Appendix A

Definition of Underserved Businesses

CHFA, working with Treasury and OEDIT, may further refine the details of these categories. Some preliminary definition detail is provided below in brackets but further refinement and adjustments to these details may be made by CHFA, Treasury and OEDIT without additional board approval.

- Businesses in low-and-moderate income geographies
[Data from the Census Bureau, defined and published by the FFEIC for the purposes of the Community Reinvestment Act]
- Businesses in distressed non-metropolitan geographies
[Data from the Census Bureau, defined and published by the FFEIC for the purposes of the Community Reinvestment Act]
- Businesses in underserved nonmetropolitan geographies (current element)
[Data from the Census Bureau, defined and published by the FFEIC for the purposes of the Community Reinvestment Act]
- Businesses located within Federally designated New Market Tax Credit eligible geographies
- Businesses located within State designated Enterprise Zones
- Businesses owned by veterans
[Certified by borrower]
- Rural businesses
[Businesses in counties with fewer than 50,000 residents]
- Businesses without a current banking relationship
[Businesses that have not received a loan from a financial depository institution within the previous five years, not including credit cards]
 - Businesses that have not received formal technical assistance [Defined as formal business education such as a college degree, a business coach or mentor relationship, or formal classes or extensive training in how to start, operate and grow a business from experts who regularly teach this information. Certified by the borrower.]
 - NOTE: this sub-category is additive to the larger category but cannot be added without fulfilling the unbanked condition
- Businesses that primarily employ low- and moderate-income individuals
[Businesses whose average annual employee wages or salary is less than 80% county Area Median Income]
- Businesses with \$1 million or less gross annual revenues

Appendix B

CHFA Media Presentation and Recommendations

Recommendations: 6-month campaign

| Medium | Cost | Why recommended | Notes |
|---------------------------------|------------------|---|--|
| Broadcast* | | | |
| 9 News | \$55,000 | 97 commercials (1.7M impressions) | The highest spend gets us a decent frequency for the larger area this station serves. |
| KOAA (CO Springs) | \$30,000 | 64 commercials (764k impressions) | Sufficient impression for smaller area than 9News |
| KREX (Grand Junction) | \$15,003 | 182 commercials (618.2k impressions) | Sufficient impressions for this; smaller reach than the others |
| Cable and DISH Network | \$150,000 | 4,015 commercials (2.36M impressions) | This spend is sufficient to have a good frequency on high-reach and high minority-market penetration stations and includes streaming commercials on network channels |
| Radio | \$45,000 | Statewide coverage | This spend serves up a recommended number of commercials per station during prime spots (drive time and weekend rotations) |
| Digital* | \$45,000 | 4.5M impressions | This mid-range spend delivers 750k impressions/mo statewide. |
| Optional Email Campaign* | \$15,750 | 150k emails statewide to small businesses and depository institutions | I believe three is sufficient to pique interest, drive to website, and encourage eNews list sign-up. |
| Total Recommended Budget | \$360,000 | Actual amount: \$355,753 | If it easier to allocate a round number, I can allocate the additional to the digital campaign. |

Appendix C

Single Page Flyer – English & Spanish



720-580-3832 direct
CLIMBER@chfainfo.com
CLIMBER-colorado.com



CLIMBER: Colorado Loans to Increase Mainstreet Business Economic Recovery

The CLIMBER Loan Fund is a statewide program that will provide up to \$250 million in working capital loans to Colorado small businesses. CLIMBER focuses on businesses that were financially stable before the pandemic but now need help to survive.

Learn how the CLIMBER Loan Fund can boost your local economy!

CLIMBER is an access-to-capital program for small businesses impacted by COVID-19. It offers below-market rates with favorable terms. Available through banks, credit unions, CDFIs, and nonprofit lenders, CLIMBER expedites the funds to the people who need it most.

Who can Participate

Colorado small businesses with 5-99 employees, including:

- For-profit corporations, partnerships, or associations incorporated in Colorado,
- Those filed with the Colorado Secretary of State as a foreign entity authorized in Colorado,
- Nonprofits in Colorado, or
- Sole proprietorships owned by a Colorado resident with primary operations in Colorado

Qualifying lending institutions include the following options, located in Colorado:

- Banks
- Credit unions
- Community Development Financial Institution
- Other nonprofit lenders

Program Details

- \$30,000 to \$500,000 loans for working capital
- Refinancing options available
- Below-market interest rates
- Payment deferrals for up to 1 year

Help Spread the Word

You can host trainings (email CLIMBER@chfainfo.com) or share program information with your constituents. Learn more about the program and access resources at CLIMBER-colorado.com.

If you are a community organization, please contact Danny D. Martinez, Apex Business Consulting at 303-288-1441, or Danny@Apex-Business-Consulting.com.





✉ CLIMBER@chfainfo.com
🌐 CLIMBER-colorado.com/en-espanol



CLIMBER: Colorado Loans to Increase Mainstreet Business Economic Recovery

El Fondo de crédito CLIMBER es un programa estatal que proporcionará hasta \$250 millones en préstamos de capital circulante a pequeñas empresas de Colorado. CLIMBER se enfoca en empresas que eran económicamente estables antes de la pandemia, pero que ahora necesitan ayuda para sobrevivir.

Detalles del Programa

- Préstamos disponibles de \$30 a \$50 mil por capital circulante
- Tipos de interés inferiores a los del mercado
- Aplazamientos de pago por hasta un año
- Vencimientos de hasta cinco años
- Opciones de refinanciamiento disponibles

Requisitos de la empresa

Para calificar para CLIMBER, su empresa debe cumplir con los siguientes requisitos:

- Su empresa:
 - es una corporación, una sociedad o una asociación con fines de lucro constituida en Colorado,
 - se presentó ante el Secretario de Estado de Colorado como entidad extranjera autorizada en Colorado,
 - es una entidad sin fines de lucro en Colorado, o
 - tiene un propietario único que es residente de Colorado con operaciones primarias en Colorado.
- Tiene entre 5-99 empleados
- Su negocio tuvo una liquidez positiva de dos años en los últimos cinco años, antes del 29 de febrero de 2020.
- Su índice de cobertura del servicio de la deuda era por lo menos 1:1 antes del 29 de febrero de 2020.

Usos Elegibles

El Fondo de crédito CLIMBER proporciona préstamos de capital circulante para ayudarle a su empresa a recuperarse. El uso del capital circulante incluye:

- inventario, marketing, nómina, reacondicionamiento de un espacio de trabajo para ajustarlo a las nuevas directrices de distanciamiento social; mantenimiento operativo y de emergencia;
- impuestos actuales a la propiedad, servicios públicos, alquiler, suministros;
- hacer pagos regulares de intereses y capital de hipotecas, préstamos y otras deudas comerciales pendientes;
- el pago de la deuda pendiente que venza dentro de los próximos 90 días; y
- pagar las tarjetas de crédito que se utilizaron para cubrir los gastos operativos mensuales y que el negocio fue históricamente capaz de pagar cada mes.

Las ganancias del préstamo pueden usarse para refinanciar la deuda a plazos del negocio pendiente o las líneas de crédito abiertas después del 1º de julio de 2019, si se cumplen ciertas condiciones. Consulte con un prestamista que participe en CLIMBER para obtener más información.

Cómo inscribirse

Para obtener más detalles sobre el programa y para buscar una institución crediticia vaya a CLIMBER-colorado.com/en-espanol.



Appendix D

Community Outreach Scope of Work

SCOPE OF WORK- COMMUNITY ORGANIZATIONS

1. SUMMARY OF SERVICES

This is a short-term pilot outreach program intended to get information into business owners' hands to make a more informed decision about the CLIMBER Loan Fund Program "The Program". The selected community outreach organizations shall provide services to the State related to The Program that will assist small business owners gain familiarity and confidence toward applying to The Program. The community outreach organization will develop a familiarity of The Program and be the initial outreach contact with businesses within the community. The amount of this contract shall be up to \$21,000 (\$5,000 base, \$16,000 bonus) funded from The Program covering a period August 31, 2021 through December 1, 2021. Specific services and deliverables to be performed by the community outreach organizations are detailed in Section 2, Community Organization Scope of Work below.

2. COMMUNITY ORGANIZATION SCOPE OF WORK

Community organizations will complete the following tasks to qualify for the bonus offering:

- 2.1** CLIMBER Training and Objectives – Understanding what CLIMBER is and the qualification process will drive the identified businesses eligible to request loan funds. Training will be provided by the State or APEX Business Consultants LLC. (APEX) developing the fundamental knowledge base of The Program. This will be achieved by use of PowerPoint Presentations, Website visits (www.climber-colorado.com) or other methods primarily from the APEX with help from the Treasurer's, OEDIT and/or CHFA sources.
- 2.2** Business Outreach and Marketing – Using community based organizations membership base allows The Program an additional opportunity to inform the public about CLIMBER and its benefit to small businesses. The community organization is encouraged to use a broad based approach with its membership via its website ads, newsletter sponsorship and/or e-mails. This campaign should provide communications out to at least 100 businesses.
- 2.3** Door-to-Door Outreach – The purpose of this task is to provide a more direct marketing impact with direct contact to individual businesses that would meet the criteria of The Program. The community organization will assign a navigator to use the training tools and services provided by your network to establish one-on-one communications and consulting for businesses to introduce and determine eligibility of The Program to each business. This process should generate contact with no fewer than 32 businesses, or the

lesser to meet the bonus potential of The Program. However, community organizations are encouraged to do more beyond the bonus threshold. Additionally, this process will have specific tracking requirements outlining the following processes including but not limited to:

| | | |
|--------------|----------------|------------------------|
| Program Name | Navigator Name | Community Organization |
| Company Name | Client Name(s) | Address |
| County | Phone | Email |

- 2.4 Business Consultation and Transition** – The community organization assigned navigator will be responsible to develop the relationship and understanding of what the business owner needs and if The Program will meet those needs. The determination and qualification of the business is critical for the purpose of the pilot program. The goal is to get as many leads moving towards application for funds as possible. Along with the tracking elements listed in section 2.3; there will be qualification questions identifying eligibility to move forward to loan preparation and bonus qualification certification:

| | | |
|-----------------------------|--|--|
| Wanting a loan from CLIMBER | A CO. based business or <50% employees in CO | 5-99 Employees |
| 2 years positive EBITDA | 1:1 Debt Service Coverage Ratio | Review CHFA Navigator Survey Checklist & Handoff to APEX Staff |

- 2.5 Transition** – Discuss next steps with the business and preparations they will need to have ready to promote the success and speed of the loan process to the business consultant firm APEX.

3. STATE RESPONSIBILITIES

- 3.1 Tracking Software** – The State will be providing the template that will be used in the process of the pilot program. Licenses for either Sales Force will be provided by the State; or an Excel Workbook will be shared with the Navigators to use tracking the leads and movement through the contact and loan process. All leads both non-qualified and qualified will need to be entered into this system for tracking purposes.
- 3.2** This information will be used to track and identify opportunities for program modification for future tranches of The Program as well as any CORA requests about the outreach program.

4. TIMELINE FOR DELIVERABLES

- 4.1 Training** – Initial training will be done by APEX in conjunction with the State Departments' (Treasury, OEDIT and/or CHFA). This will include a briefing of The Program, introductions and general guidance on outreach goals, assistance with technical and tracking software.

- 4.2** Contacts – Community Organizations and Business Consultants will use any of their resources they see fit to engage businesses in their communities to introduce CLIMBER.
- 4.3** Individual Outreach & Pre-Qualification – The Business Consultant role is to screen the candidates either from their own outreach efforts or from the community organizations listed in Section 2 above.
- 4.4** Closeout and Wrap-up – At the end of the contract, it will be expected that every potential loan has not had a chance to be completed. There will be a 30 day cool down period to allow these businesses to complete the process and have a final disposition of their loans.

| Deliverable | Due Date |
|---|---|
| APEX Staff Trained | August 25, 2021 |
| Train Community Organizations | As needed |
| All Partners Kickoff Call | September 3, 2021 |
| Broad Membership Outreach | September 30, 2021 |
| Individual Outreach and Pre-Qualification | As needed by the Community Organization |
| Pilot Program End | December 1, 2021 |
| Final Closeout | January 31, 2022 |

5. INVOICING AND PAYMENT

- 5.1** Payment of Base Rate – Base Rate payment will be transferred within 15 days of entering into the contract and invoicing the State that contracted amount. The base rate payment can be used as the community organization/business consultant deems fit to help allocate resources to the promotion of The Program.
- 5.2** Duplicative Businesses – Businesses could potentially can contacted by multiple community outreach organizations. Multiple community outreach organizations cannot claim a bonus for the same business. The Business Consultant will award the bonus to the first community organization that transitions the business to APEX for the loan preparation process.
- 5.3** Payment of Bonus – To determine eligibility of bonus requests, allow 30 days from transfer of the qualified lead to APEX and that lead has resulted in a loan closed by the lender to be eligible for the bonus. Bonus payments can be submitted to The Program every month or as a final invoice at the end of the outreach pilot program outlined below. When the lead is certified by the 5 sections verified by Apex

| Qualified Lead | Bonus | Maximum Benefit |
|-----------------------|--------------|------------------------|
| 1 | \$1,000 | Up to \$16,000 |

Appendix E

CHFA Quarterly Report Ended September 30, 2021



CLIMBER Loan Fund Borrower Loan Registration

| CLIMBER Program | Registration Date | Note Date | Lender | Lender Type | Borrower | Type of Business | NAICS | NAICS Description | Business Description | Loan Purpose | Term (months) | Interest Rate | Loan Amount | Enhancement | CLIMBER Fee |
|---|-------------------|-----------|-------------------------|-------------|--|------------------|--------|---|--------------------------------------|-----------------|---------------|---------------|-------------|-------------|-------------|
| CLIMBER CCR | 7/19/2021 | 6/4/2021 | First Southwest Bank | CDFI | San Juan Water Works | Corporation | 221310 | Water Supply & Irrigation systems | Water Supply & Irrigation systems | Working Capital | 12 | 2.45% | \$40,000 | \$5,000 | \$2,400 |
| CLIMBER CCR | 7/19/2021 | 6/11/2021 | First Southwest Bank | CDFI | Wilson Rea Beckel & Associates | LLC | 541211 | Offices of Certified Public Accountants | CPA | Working Capital | 36 | 2.60% | \$75,000 | \$9,374 | \$4,500 |
| CLIMBER DLC | 9/17/2021 | 8/24/2021 | Impact Development Fund | CDFI | Rocky Mountain Innovation Initiative, Inc. | Nonprofit | 541611 | Business Start-up consulting services | Science & tech startup & accelerator | Working Capital | 24 | 3.45% | \$225,000 | \$0 | \$15,750 |
| Totals | | | | | | | | | | | | | \$340,000 | \$14,374 | \$22,650 |
| State Funds Used for Fees & Enhancements: | | | | | | | | | | | | | \$37,024 | | |

Lender DLC Loans

| Closing Date | Lender | Entity Type | Loan Amount | Loan Term | Interest Rate |
|--------------|--------------------------------|-------------|-------------|-----------|---------------|
| 6/22/2021 | First Southwest Community Fund | Nonprofit | \$2,000,000 | 5 | 2% |
| 7/21/2021 | Fund | CDFI | \$5,000,000 | 5 | 2% |
| Total | | | \$7,000,000 | | |