



CLIMBER Small Business Loan Program
Oversight Board
Meeting Minutes
March 11, 2021

Board Members in Attendance:

Treasurer Dave Young, Board Chair
Akasha Absher
Peter Calamari
Monique Lovato
Doug Price

Additional Attendees:

Erin Gallegos, Treasury Staff
Sean Gould, OEDIT Staff
Steve Johnson, CHFA ED
Jeff Kraft, OEDIT Staff
LeeAnn Morrill, First Assistant Attorney
General & General Counsel to the AG
Mary Wickersham, Treasury Staff

3:34 — 3:35 Welcome, roll call

3:35 — 3:32 Proposed Fee Amendment

- In the CLIMBER products policy document passed by the Board lenders cannot charge fees. It is believed that if the lenders are not able to provide fees in the credit enhancement the Board is going to handicap the attractiveness of the credit enhancement tool. Mary does not want to alienate lenders right out of the gate with the credit enhancement tool when they can be used for the rest of the program. In order to make sure no one is losing money issuing the loans to the borrower's staff is proposing the following. A fee structure where the program and not the borrower would provide an 4% upfront fee to all the depository lenders and 6% upfront fee to CDFI's and non-profit lenders. Also allowing them to charge a 2% fee to the borrower to cover direct costs of making the loan. The CDFI's and non-profit lenders get more due to their lending rates being higher than the depository lenders.

Mary suggested using money that is already allocated for the program to start this tranche. The Board would do this by setting aside money to cover the fees. In the future the board can use one of the following strategies to come up with the funds.

The first strategy is the Board would put money aside from the State's contribution. If the Board decides to use this strategy it would take money away for future loans. There was a discussion about this method and Peter asked if they are allowed to use the States money for this? Prior to the meeting Mary asked the Attorney General's Office this question. In order to protect attorney client information, the board will receive the answer in an email.

The second strategy would be for the Board to use the State's strategic fund. This fund has some flexibility for its use, and it will be getting more money than usual this year due to the Governors recovery package. If the board decides to use this fund, they will need to submit a request to the economic development commission.

The last strategy is that the Board could use the federal money that will be available through the 1.9 trillion-dollar package signed by the Biden Administration. This money would come from the state small business credit initiative. Steve and CHFA have worked with these funds before during the Obama administration. Steve does not know if the rules will be different for these funds, but he believes if the Board does not use the funds for administrative fees this should work. Dave asked if this money is from the money allocated for the direct support of state and local governments? The answer is no the funds are in a separate area of the statute. The Board had some questions about how they would pay administrative fees if they used the process? The answer is the fees would come from the State. Akasha asked if there are other programs that may need this money that the Board will be taking from? The answer was yes there are many uses the money can go to, but the Board would be using a small chunk of money. Monique asked how hard it will be to pay the Board back if we set aside loan dollars now? The answer is everything is set up for the money to be transferred to CHFA, but it has not been transferred yet. This means the transfer document can be amended with the amount specified that it will be used to be paid for fees. This will allow the Board to put the money in whenever they receive it. Additionally. The money would go straight to CHFA and not the State to pay back those fees. Doug made some comments and emphasized that these will be civic deals to the banks.

- At 4:12 pm Doug moved to accept the policy amendments as accepted be approved and that tax credits funds are utilized for the use of the funds of the fees. Akasha seconded.
 - Akasha Absher – Yes
 - Peter Calamari – Yes
 - Monique Lovato – Yes
 - Doug Price – Yes
 - Dave Young – Yes

4:13 — 4:20 Proposed Geographic Distribution Waiver

- There is a section of the statute that allows the credit enhancement to work outside the geographic distribution, but the Board needs to waive the requirements for geographic distribution for the CLIMBER credit enhancement portion of the first tranche of the CLIMBER program. The waiver for tranche one would help the credit enhancement tool roll out faster and it will allow CHFA to work with lenders that they have already worked with. The established lenders are all over the State, but there is not an even geographic

distribution. Which would make it hard to make the geographic distribution for the first tranche.

- At 4:19 pm Peter made a motion to waive the geographic distribution for the credit enhancement portion of the first tranche. Monique seconded the motion.
 - Peter Calamari – Yes
 - Monique Lovato – Yes
 - Doug Price – Yes
 - Dave Young – Yes

4:20 —4:24 Proposed Refinancing Amendment

- A problem that may arise is that a lender may not want to refinance a line of credit and a new lender may want to. If it is a second lender doing the refinancing this amendment gives direction to the new lender regarding the refinancing of a line of credit.
- At 4:19 Akasha moved to approve the amendment of the CLIMBER policy to refinance the line of credit. Peter seconded the motion.
 - Akasha Absher – Yes
 - Peter Calamari – Yes
 - Monique Lovato – Yes
 - Doug Price – Yes
 - Dave Young – Yes

4:24 — 4:25 Public comments: facilitated by Dave Young

- Written Comments
 - There were no written comments.
- Verbal Comments
 - There were no verbal comments.

4:25 – 4:30 Updates/ next meeting

- The CLIMBER PSA's have been recorded. Steve gave an update on the website which will probably go live during the last week of March. In the meantime, the redirect site on CHFA has more information so borrowers can be directed in the right direction. Mary let the board know that FNBO signed on for the first tranche and there may be a sixth coming soon.
- Next Meeting is March 25th at 2 pm.

The meeting was adjourned at 4:30 pm.