



CLIMBER Small Business Loan Program
Oversight Board
Meeting Minutes
November 5, 2020

Board Members in Attendance:

Treasurer Dave Young, Board Chair
Akasha Absher – Joined at 3:15 pm
Peter Calamari
Rosy McDonough
Doug Price

Additional Attendees:

Emily Buckley, Assistant Attorney General
Erin Gallegos, Treasury Staff
Sean Gould, OEDIT Staff
Jeff Kraft, OEDIT Staff
Whitney LaNasa, Stonehenge Capital
Mary Wickersham, Treasury Staff

2:05 — 2:06 Welcome, roll call: Dave Young

2:06 — 2:07 Meeting minutes from previous Oversight Board meeting: Dave Young

- Rosy moved approval of the minutes from the October 22, 2020 Oversight Board meeting. Peter seconded the motion.
 - Akasha Absher – Excused
 - Peter Calamari – Yes
 - Rosy McDonough – Yes
 - Doug Price – Yes
 - Dave Young – Yes

2:08 — 2:12 Meeting minutes from the Product and Underwriting Working group meeting.

- Dave asked that the word “are” be removed from end of the second line of the bulleted paragraph. Doug moved approval of the amended minutes from the October 29, 2020 Product and Underwriting Working group meeting. Rosy seconded the motion.
 - Akasha Absher – Excused
 - Peter Calamari – Yes
 - Rosy McDonough – Yes
 - Doug Price – Yes
 - Dave Young – Yes

2:12 — 2:45 Updates:

- **Fundraising:** Mary Wickersham, Peter Calamari
 - Mary reported that the fundraising group has three hour-long spots on Governor Polis' calendar the week of November 16th for meetings with potential contributors. Legal work is still ongoing regarding the securities question.
- **Timeline:** Mary Wickersham, Jeff Kraft
 - Mary indicated that the launch date has been pushed to December 18th, which was based on the timeline from the external team that is handling the tax credit sale. In addition, work on the MOU with CHFA is moving forward. Rosy asked about statutory required reporting. Mary shared that the first report due to the General Assembly from the Oversight Board is due on November 30th. Mary and Jeff are working on the report. Once a draft of the report is finished, it will be distributed to the Board and adjustments can be made. It is anticipated that the Board will take formal action at the November 19th meeting to approve the report before it is delivered to the Legislature.
- **Tax Credit Sale Update:** Mary Wickersham, Dave Young, Whitney LaNasa
 - Mary shared that two firms have been hired to provide advisory and broker services to sell the insurance premium tax credits: Stonehenge Capital and Petros Capital. The two firms were picked because their hands-on experience with programs like the CLIMBER Program. Stonehenge worked with the State of Colorado premium tax credit sale in 2005 and Petros worked with a similar tax credit sale recently in Pennsylvania. Whitney LaNasa from Stonehenge Capital informed the Board that an all-hands kickoff was conducted on November 4th and the closing will be on December 18th. Stonehenge and Petros are working to optimize pricing within the language in the CLIMBER statute. Whitney described phases for this sale, including planning, marketing, direct placement, closing, and a post-closing. Dave, Mary, and Jeff are developing a proposal regarding the deployment of capital to help guide when the next tax sale will need to be conducted. There was a brief discussion about the purchasers of the tax credits.
- **Small Business and Lender Engagement:** Jeff Kraft, Mary Wickersham
 - There have been additional conversations with more small businesses around the state. There are a lot of businesses that do not have current debt but may be interested in loans in the future. Additionally, there have been discussions with trade associations like Downtown Colorado, Inc. and their lobbyists who have offered to help us publicize the launch of the CLIMBER Fund. Jeff conducted a short discussion with the Board about SBA loans and community banks.

2:45 — 2:46 Change in the order of the agenda: Dave Young

- Dave announced that the order of the next two agenda items would be switched so that Akasha Absher, who indicated in advance of the meeting she would be joining the meeting around 3:00, could participate in the “CLIMBER products and underwriting terms—refinancing and adjustments for underserved and demographics” agenda item.

2:46 — 2:55 Strategy for economically disadvantaged targets, Mary Wickersham, Jeff Kraft, Sean Gould

- Mary combined the option 2 strategy with the option 3 strategy based on the discussion from the last meeting. This would result in a pause when 1/3 of the capital is deployed and another pause when 2/3 of the capital is deployed. During the two pauses, data analysis will be done, and adjustments will be made if necessary. Additionally, a change was made to combine women-, minority-, and veteran-owned business targets with the targets for underserved counties. Mary previously distributed this document to three lenders for feedback, and the reception has been positive. Rosy McDonough moved approval of the document as presented. Peter seconded the motion.
 - Akasha Absher – Excused
 - Peter Calamari – Yes
 - Rosy McDonough – Yes
 - Doug Price – Yes
 - Dave Young – Yes

2:55 — 3:50 CLIMBER products and underwriting terms—refinancing and adjustments for underserved and demographics, Akasha Absher, Doug Price, Jeff Kraft

- Jeff presented the CLIMBER loan products document with special focus on the refinancing section. Based on his discussions with lenders, Jeff said that lenders will likely not make use the products if they cannot assess fees to cover direct costs of borrowing, which are typically small and language was added to the product deck to explain this. A discussion about the definition of working capital was conducted with the Board. Jeff recommended that borrowers certify their use the loan proceeds. This definition of working capital would be used to clarify the qualified purposes of CLIMBER funds and ensure there is not inappropriate use. CHFA will likely prepare the certification document on behalf of the Board.
- Akasha joined the meeting at 3:15 p.m.
- Jeff explained that making regularly scheduled interest and principal payments on mortgage loans or existing debt is considered a use of working capital and not a refinancing. Jeff suggested a credit scenario of 2/3 new capital to 1/3 refinance capital, and that the business could go up to 50/50 with CHFA’s approval. Currently, the products document indicates that no refinancing associated with a federally funded loan program would be accepted, and a discussion regarding that policy ensued and there

was general agreement this was a good policy even for unforgiven PPP loans because CLIMBER proceeds could be used as working capital to make regular payments. Other refinancing policy guardrails were discussed as well.

- Jeff will present a revised products document at the next Board meeting for potential action by the Board.

3:51 — 3:52 Public comments: Facilitated by Dave Young

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

3:52 — 3:55 Next steps/meetings: Dave Young, Mary Wickersham

- November 12, 2020: next Oversight Board Meeting
- November 19, 2020: brief Oversight Board meeting to approve the legislative report

The meeting was adjourned at 3:55 p.m.