

# **COLORADO LOANS FOR INCREASING MAINSTREET BUSINESS ECONOMIC RECOVERY (CLIMBER) SMALL BUSINESS LOAN PROGRAM ANNUAL REPORT**

**November 30, 2022**

Colorado State Treasurer Dave Young  
Board Chair, CLIMBER Oversight Board  
Colorado Department of the Treasury  
200 E. Colfax Ave, # 140  
Denver, CO 80203  
[treasurer.young@state.co.us](mailto:treasurer.young@state.co.us)

November 30, 2022  
Joint Budget Committee  
200 East 14th Avenue, Floor 3  
Denver, CO 80203

Members of the Joint Budget Committee:

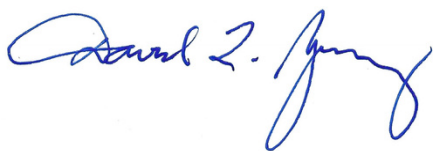
On behalf of the Colorado Loans to Increase Mainstreet Business Economic Recovery Program ("CLIMBER Program" or "Program") Oversight Board, I'm pleased to provide the Board's annual report for the CLIMBER Small Business Loan Program. The CLIMBER Program was created in fiscal year 2019-20 under § 24-36-201, C.R.S. following the passage of HB20-1413.

The CLIMBER Act conveys the urgency felt by the General Assembly, the Governor, and myself around providing much-needed operating capital to small businesses across the state. Accordingly, the Board, the Colorado Housing and Finance Authority (CHFA), the Minority Business Office of Colorado (MBO), and the Colorado Office of Economic Development and International Trade (OEDIT), have worked diligently since the launch of the funding Program in June 2021. The Board has met ten times as a full Board since the last annual report at the end of November 2021.

This continues to be a critical time for Colorado to prioritize saving jobs, inclusive financial growth, and long-term wealth-building initiatives. The high costs of conventional borrowing practices can be exclusionary and prohibitive for many small businesses. We also recognize that there is a long history of disparity toward low-income communities, people of color, and women within the financial institution system. CLIMBER has now deployed almost \$4 million in loans to small businesses across the state, saving more than 300 jobs.

This report chronicles the efforts and progress since the last report for the CLIMBER Program. Please feel free to contact me if you have any questions about the report or the CLIMBER Program.

Sincerely,



David L. Young

# CLIMBER OVERSIGHT BOARD

The Oversight board was created to establish and oversee the terms and conditions by which the Treasurer may provide first loss capital to the CLIMBER loan Program.

**The Oversight board consists of five members:**

**State Treasurer Dave Young, Chair**

**Akasha Absher**

**Peter Calamari**

**Doug Price**

**Antonio Soto**

James Eke  
Director, CLIMBER Loan Program  
Colorado Department of Treasury  
200 E. Colfax Ave, #140  
Denver, CO 80203  
303.866.3948  
james.eke@state.co.us

# EXECUTIVE SUMMARY

In June 2020, the Colorado General Assembly passed and the Governor signed House Bill 20-1413, the CLIMBER Act. The legislation charged the State Treasurer and the Program's Oversight Board, in partnership with OEDIT, with establishing a small business loan program to provide below-market interest rate loans to Colorado small businesses to preserve jobs, aid the state's economic recovery, and help small businesses continue operations as relating to the pandemic.

The CLIMBER Program staff are preparing the close-out of the first tranche of loanable funds, and are in preparations to open the second tranche of loans early in 2023. Since the last report, the Program has provided almost \$4 million in loans to small businesses in need.

The Program continues to add more lenders, as well as expanding the number of loan option offerings for CLIMBER. The Program has recently partnered with the Energize Colorado Fund and the Colorado Clean Energy Fund, adding both to the Program's lending network.

The General Assembly amended the CLIMBER Program through HB22-1328, which allows greater small business participation in the Program. This was a direct result of feedback received from small businesses across the state.

Last, we are pleased that the CLIMBER loan fund will be receiving up to \$10 million from the State Small Business Credit Initiative (SSBCI) funds that OEDIT has allocated to the Program through CHFA.

There remains a need for low-cost working capital for small businesses to aid in recovery from the COVID economic crisis. The lending ecosystem has yet to fully return to pre-pandemic levels. Small businesses continue to be financially cautious and risk-averse, while lenders are responding to economic uncertainty by tightening rules and building up cash reserves.

The narrative below addresses the reporting requirements for the CLIMBER Program as defined by statute in addition to expanding upon specific points listed above.

# PROGRAMMATIC INTERESTS & ISSUES

## PROGRAM


There is still a strong need for low-cost working capital for small businesses. The combination of federal pandemic loans and grant programs close to being exhausted, added to the current challenging market conditions and rising interest rates, positions the CLIMBER Program to be a highly sought after loan product by business owners.


Many small businesses interested in the CLIMBER Program do not have established banking relationships or are unfamiliar with lender underwriting practices. Over the past year, business owners shared with us that they were unprepared to meet with lenders and present necessary documentation. Some lacked organization or paperwork, while others believed the loan process to be too difficult. As a result, CLIMBER Program staff sought alternatives to help businesses traverse the lending jungle, help with resolving challenges issues, and offer technical assistance to ease the process.

The core principle of technical assistance is an entity providing support to a small business experiencing challenges in finding a solution to a current problem. The CLIMBER Board hired a business consulting firm (Apex Business Consultants LLC or "Apex") to help businesses prepare for the CLIMBER application process, including finding a lender for their particular working capital needs.

Finally, there are businesses initially contacting Apex or CHFA wanting a CLIMBER loan, moving through our technical assistance, and then coming away with a completely different loan product from the lender. The Program supports small business owners getting the financial support they need, which may mean some ultimately not selecting CLIMBER as the best option for loan services.

 **Saved  
300 jobs**

 **Average  
loan size  
\$224,264**

 **47% are in  
a Low and  
Moderate  
Income  
(LMI) area**

# PROGRAMMATIC INTERESTS & ISSUES CONTINUED

## LENDERS

Unprecedented federal government involvement and financial stimulus slowed initial borrower and lender interest in CLIMBER. For more than a year, small businesses focused on these stimulus packages either by participating in forgivable loan programs or federal grants to help with capital needs. Federal funds went to the same Community Development Financial Institutions (CDFIs) that the CLIMBER Program uses as its lender base. Additionally, other state programs offer competing loan products in the same lender space. This limits a lender's ability to take on new loan products such as CLIMBER. Lenders continued to prioritize disbursement of federal dollars ahead of other programs due to time sensitivity and the financial benefit federal programs offer.

There are 11 regional lenders participating in the CLIMBER loan fund, plus one that is servicing the entire state. The CLIMBER staff's continued efforts to add lenders to the pool includes training, marketing efforts, and lender feedback discussions. Continuous Program improvements will make CLIMBER a more desirable product for lenders to consider.

*"These loans will make a high-quality impact on small businesses that are working hard to get back to normal," says **Lendistry CEO Everett K. Sands**. "We're proud to support Colorado's small business community through this program and beyond."*

CLIMBER has recently engaged in partnering with the Energize Colorado Fund and the Colorado Clean Energy Fund to join the lending network for the Program. Both begin their participation in early 2023. This is expected to bring an essential infusion of capital into their respective programs and accommodate more than 100 small business loan requests that would otherwise go unfunded, opening up more resources and other avenues for small businesses to find funding they require.

 **Loaned  
almost \$4  
million**

 **41% New  
Markets  
Tax Credits  
(NMTC)**

# PROGRAMMATIC INTERESTS & ISSUES CONTINUED

## PARTICIPANTS

*"I was delighted to close on the loan and to receive funding. After selling a previous practice and starting out on my own, I had difficulty obtaining start-up funding. As I had expanded a short time prior to the start of the pandemic, much of the economic stimulus offered was not available to me. The CLIMBER Loan was a perfect answer for my business. The loan has an exceptional interest rate, was not restricted to businesses who had lost income due to the pandemic, and offered the latitude and flexibility I needed in order to customize the use of the funds for my specific needs. It supplied my small, growing company with needed expansion funds, and provided a safety net for cash flow in my seasonal business. The past two years have been trying times for our business owners, who account for over 99% of all businesses in Colorado. It is my pride to live and work in a community and state that supports entrepreneurs and the local economy."*

**CLIMBER Loan Recipient, Jeanne Bolz CPA**

**Owner Bolz CPA, LLC , Ft. Collins**

Current inflation rates continue to push upwards and are near a 40-year high. This is creating uncertainty, including rising interest rates and market volatility. This impacts small businesses and shifts them from using cash savings or high-interest rate revolving credit terms to seeking borrowing at a secure fixed-rate.

We have found that lenders do not share a standardized underwriting process. The use of a variety of vendors, which is a Program benefit, creates a different underwriting process from one lender to the next. This can cause delays with the underwriting process, and may also result in differences between how underwriters qualify loan applicants. The Board and Program staff recognize this and are searching for the best solutions possible

 **35% employ  
Low and  
Moderate  
Income (LMI)  
individuals**

 **24%  
businesses  
owned by  
historically  
underserved  
communities**

# LEGISLATIVE CHANGES TO CLIMBER

Since launching CLIMBER, Program staff have continually analyzed program results by looking at loan placements and rejections. Through feedback from lenders and small businesses, it became clear that legislative updates were needed to address barriers small businesses faced in accessing CLIMBER loans. The General Assembly modified the original legislation through HB22-1328.

Significant modifications included:

1. Extending the Program through 2024
2. Removing references to February 29, 2020 as qualification criteria
3. Lengthening the maximum loan term to ten years

*"There are still many hurdles small businesses need to overcome. Since the introduction of the CLIMBER loan program, we have identified several ways to make this program more accessible. We want to be sure that Colorado small businesses, including the smallest ones, can get off the ground and see success. We never know which business will grow to be the next Fortune 500 company, but maybe one of this program's recipients will be. With the uncertainty around the pandemic, these loans are even more important to small businesses' success."*

**State Representative Brianna Titone**

*"Our rural economies rely on small and locally owned businesses and we need to protect these communities. The CLIMBER Loan Fund will help provide support for the businesses that were hit the hardest during the pandemic and help them get back to serving the communities who depend on them."*

**State Senator Kerry Donovan**



# TAX CREDIT SALES & FUNDRAISING

Insurance premium tax credits are sold only to those insurance companies operating in Colorado and are nonrefundable. The state meets its funding obligation to the Program through the sale of these insurance premium tax credits. The two primary features of these obligations are the face value (credits) and the market price (purchase price). These insurance premium credits must be sold at a discount since the purchaser's use is restricted to some future date. Pursuant to statute, the sale must achieve at least seventy-five percent of the allotted value in whole.

Section 24-36-206(2), C.R.S. authorized the sale of up to \$40 million in tax credits in Fiscal Year 2020-2021 and up to \$28 million the following fiscal year. HB22-1328 extended the period to issue tax credit certificates through FY 2022-23. The State Treasurer partnered with State Credit Strategies (SCS LLC) to perform the sale.

The first tranche of tax credit sales was completed in May of 2021. The second and final sale was completed June 30, 2022. The \$68 million of authorized proceeds provides the first-loss capital for the program. The State's \$50 million contribution, as first loss capital, is designed to leverage an additional \$200 million in private contributions. See Table A for information on the tax credit sales.

The CLIMBER Program staff is preparing the close-out of the first tranche of loanable funds and the start of the second tranche early in 2023. These are the combined funds of the State's first-loss capital and the funding from our contributory institutions. CLIMBER staff continues to work with the Fundraising committee to add contributory institutions to the Program beyond the original five banks.

Additionally, the CLIMBER loan fund will be receiving up to \$10 million from the State Small Business Credit Initiative (SSBCI) funds that OEDIT has allocated to the Program through CHFA. The CLIMBER Program is already using the same socially and economically disadvantaged individuals (SEDI) demographic categories that the SSBCI requires.

# CLIMBER PROGRAM RESULTS

As of the last quarter report from CHFA (9/30/2022) – Loan Program results are as follows:

## HOW DO LENDERS PARTICIPATE?

### Participation Lending

The CLIMBER Participation program allows for CLIMBER to purchase up to 80% of the eligible participating lender originated loans. This increases the lenders' liquidity, and enables them to extend affordable working capital loans and lines of credit to more eligible borrowers than would otherwise be possible. Participating lenders may request loan participation on loans and lines of credit in amounts between \$100,000 and \$500,000.

### Direct Lending Capital

Through Direct Lending Capital (DLC), the CLIMBER Program provides up to 100% of the funds to the lenders needed to originate loans that are lent by the Community Development Financial Institutions (CDFIs). By directly funding loans, this helps address lack of capital or liquidity issues lenders face to make new loans for the program.

### Credit Enhancement

Participating lenders receive a deposit equal to 15% (if loan loss reserve) or 20% (if cash collateral) when offering CLIMBER loans. This tool does not use outside investments from fund contributors.

# CLIMBER PROGRAM RESULTS CONTINUED

## TABLE A: Tax Credit Sale Results

Tranche 1 Tax Credit Sales - FY 2020-21				
December 2020 Closing				
	Credits	Purchase Price	Credit Price	Close Date
Total December Closing	\$ 8,500,000	\$ 6,545,000	\$ 0.7700	12/29/2020
January 2021 Closing				
	Credits	Purchase Price	Credit Price	Close Date
Total January Closing	\$ 5,600,000	\$ 4,312,000	\$ 0.7700	1/27/2021
March 2021 Closing				
	Credits	Purchase Price	Credit Price	Close Date
Total March Closing	\$ 11,450,000	\$ 8,285,000	\$ 0.7236	3/10/2021
May 2021 Closing				
	Credits	Purchase Price	Credit Price	Close Date
Total May Closing	\$ 14,450,000	\$ 10,945,875	\$ 0.7575	5/14/2021
<b>FY 2020-21 Total Credits Sold</b>	<b>\$ 40,000,000</b>	<b>\$ 30,087,875</b>	<b>\$ 0.7522</b>	
Tranche 2 Tax Credit Sales - FY 2021-22				
June 2022 Closing				
	Credits	Purchase Price	Credit Price	Close Date
Total June Closing	\$ 24,619,914	\$ 21,665,524	\$ 0.8800	6/30/2022
<b>FY 2021-22 Total Credits Sold</b>	<b>\$ 24,619,914</b>	<b>\$ 21,665,524</b>	<b>\$ 0.8800</b>	
	Blended Tax Credit Sale Rate		\$ 0.8009	

## TABLE B: DLC Loans Deployed to Lenders

Capital provided to Nonprofit & Community Development Financial Institutions (CDFIs)	
Enhancements & CLIMBER Fees	\$395,360
Direct Loan Capital	\$7,635,000
Total CLIMBER Program Capital Provided	\$8,030,360

# CLIMBER PROGRAM RESULTS CONTINUED

## TABLE C: Registered Loans with CHFA

\* Reporting requirements outlined by statute

\*\* Borrower interest rates on loans comply with the requirements of Section 24-36-205 (4)(b)(V), C.R.S.

Borrower	Business Description *	CLIMBER Program	City	County *	Term (Months)	Interest Rate **	Loan Amount *
Wilson Rea Beckel & Associates	CPA	CLIMBER - CCR	Pagosa Springs	Archuleta	36	2.60%	75,000
San Juan Water Works	Water supply and irrigation systems	CLIMBER - CCR	Durango	La Plata	12	2.45%	40,000
Southwest Appliance Inc.	Appliance store	CLIMBER - CCR	Durango	La Plata	12	2.45%	199,000
4835 W. 38th Ave. LLC	Car Wash	CLIMBER - CCS	Denver	Denver	60	2.95%	280,000
Play to Learn Therapies LLC	Child development company	CLIMBER - CCS	Denver	Denver	60	2.95%	170,000
Integral Physical Therapy PLLC	Physical therapy office	CLIMBER - CCS	Longmont	Weld	60	2.95%	250,000
CASA of the Seventh Judicial District Inc. dba Youth and Family Advocacy	Social advocacy organizations	CLIMBER - DLC	Montrose	Montrose	24	3.00%	500,000
Archway Housing & Services, Inc.	Community housing services	CLIMBER - DLC	Denver	Jefferson	24	3.00%	500,000
Conley Waste Management/Sauache Trash Service Inc.	Solid waste collection	CLIMBER - DLC	Saguache	Saguache	60	3.90%	94,481
Fort Collins Habitat for Humanity, Inc	Community housing services	CLIMBER - DLC	Fort Collins	Larimer	24	3.00%	500,000
Rocky Mountain Innovation Initiative, Inc dba Innosphere Ventures	Technology Incubator	CLIMBER - DLC	Fort Collins	Larimer	24	3.45%	225,000
Superior Hydronics, Inc.	Mobile concert and vending service	CLIMBER - DLC	Alamosa	Alamosa	60	3.90%	75,000
Rowe & Sons Trash Services LLC	Solid waste collection	CLIMBER - DLC	Cortez	Montezuma	60	3.90%	60,000
Second Chance Center Inc.	Formerly incarcerated programs	CLIMBER - DLC	Aurora	Arapahoe	24	3.45%	136,000
Neighbor to Neighbor	Affordable Housing Provider	CLIMBER - DLC	Fort Collins	Larimer	24	3.45%	500,000
Integral Physical Therapy PLLC	Physical Therapy Provider	CLIMBER - Participation	Longmont	Weld	60	2.90%	100,000
Bolz CPA LLC	Accountant	CLIMBER - Participation	Fort Collins	Larimer	60	2.90%	108,000
						<b>Total</b>	<b>\$ 3,812,481</b>

# CLIMBER PROGRAM RESULTS CONTINUED

## TABLE D: Borrower Demographics

\* Reporting requirements outlined by statute

Borrower	Minority Owned *	Woman Owned *	Veteran Owned *	LMI Area *	Rural County *	Distressed Area *	Underserved Area *	NMTC Geography
Wilson Rea Beckel & Associates	No	No	Yes	No	No	No	No	No
San Juan Water Works	No	No	No	No	No	No	No	No
Southwest Appliance Inc.	No	No	No	No	No	No	No	No
4835 W. 38th Ave. LLC	No	Yes	No	Yes	No	No	No	No
Play to Learn Therapies LLC	No	No	No	No	No	No	No	No
Integral Physical Therapy PLLC	No	No	No	No	No	No	No	No
CASA of the Seventh Judicial District Inc. dba Youth and Family Advocacy	No	No	No	Yes	No	No	No	Yes
Archway Housing & Services, Inc.	No	No	No	Yes	No	No	No	Yes
Conley Waste Management/Sauache Trash Service Inc.	Yes	No	No	Yes	Yes	Yes	Yes	No
Fort Collins Habitat for Humanity, Inc	No	No	No	No	No	No	No	No
Rocky Mountain Innovation Initiative, Inc dba Innosphere Ventures	No	No	No	No	No	No	No	Yes
Superior Hydronics, Inc.	No	No	No	Yes	Yes	Yes	Yes	Yes
Rowe & Sons Trash Services LLC	No	No	No	Yes	Yes	Yes	Yes	Yes
Second Chance Center Inc.	No	No	No	Yes	No	No	No	Yes
Neighbor to Neighbor	No	No	No	Yes	No	No	No	Yes
Integral Physical Therapy PLLC	No	No	No	No	No	No	No	No
Bolz CPA LLC	No	Yes	No	No	No	No	No	No

# CLIMBER PROGRAM RESULTS CONTINUED

## TABLE E: General Business Information

\* Reporting requirements outlined by statute

Borrower	Employs LMI Individuals	Under \$1M in Annual Revenue *	Annual Revenue	Average Salary	Current FTEs *
Wilson Rea Beckel & Associates	No	Yes	\$906,319	\$32,472	7
San Juan Water Works	No	Yes	\$918,902	\$27,000	13
Southwest Appliance Inc.	No	No	\$5,812,001	\$62,333	15
4835 W. 38th Ave. LLC	No	No	\$3,215,972	\$40,000	21
Play to Learn Therapies LLC	Yes	Yes	N/A	\$39,500	34
Integral Physical Therapy PLLC	Yes	No	\$1,146,700	\$60,000	24
CASA of the Seventh Judicial District Inc. dba Youth and Family Advocacy	No	No	\$1,179,065	\$35,600	9
Archway Housing & Services, Inc.	No	No	\$4,292,327	\$36,213	23
Conley Waste Management/Sauache Trash Service Inc.	Yes	Yes	\$568,591	\$10,000	3
Fort Collins Habitat for Humanity, Inc	No	No	\$4,046,720	\$14,400	22
Rocky Mountain Innovation Initiative, Inc dba Innosphere Ventures	Yes	Yes	\$706,859	\$75,000	12
Superior Hydronics, Inc.	Yes	Yes	\$143,916	N/A	5
Rowe & Sons Trash Services LLC	Yes	Yes	\$339,959	\$31,600	4
Second Chance Center Inc.	No	No	\$3,712,070	\$41,442	41
Neighbor to Neighbor	No	No	\$2,440,963	\$49,634	48
Integral Physical Therapy PLLC		No	\$1,146,700	\$56,000	21
Bolz CPA LLC	No	Yes	\$353,410	\$54,877	4
				<b>\$43,784</b>	<b>319</b>





TABLE F: CLIMBER Loan Defaults

\* Reporting requirements outlined by statute

No loans are reported to be in default.

Borrower	Business Description *	CLIMBER Program	Term (Months)	Interest Rate **	Loan Amount *
N/A					

