



Colorado Department of the Treasury

CLIMBER Q4 2021 Program Update



CLIMBER Review & Update

- Market conditions & expectations
- CLIMBER most recent quarter results
- Changes to CLIMBER legislation to improve program
- SSBCI funds to CLIMBER
- Extension of first tranche funding
- Planning second tranche funding

DRAFT



Market Conditions

- Premise of CLIMBER program impacted by factors below:
 - Return to “Normal” has been slower than expected
 - Continued health restrictions impact business operations
 - Availability of low or no-cost funds such as grants or forgivable federal loan products (PPP)
 - Low lender participation - Multiple program’s deploying money from same lender base
 - Businesses reluctant to take on new debt with COVIDvariants
 - State unemployment continued to decline

DRAFT



PPP Loans for Businesses

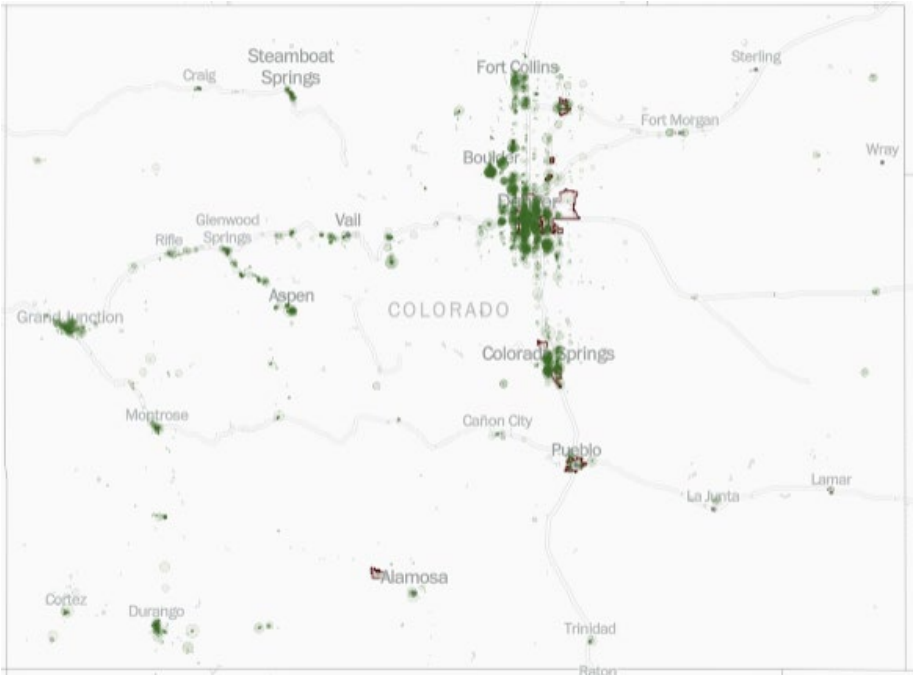
Disbursement based on PPP loans

- More than half of available funds were issued to larger companies or national chains not small business
- SBA did not initially direct lenders to prioritize minority/women owned businesses or underserved/rural communities
- PPP exacerbated the disparities to access to capital for underbanked communities
- Adjustments were made in the PPP subsequent offerings

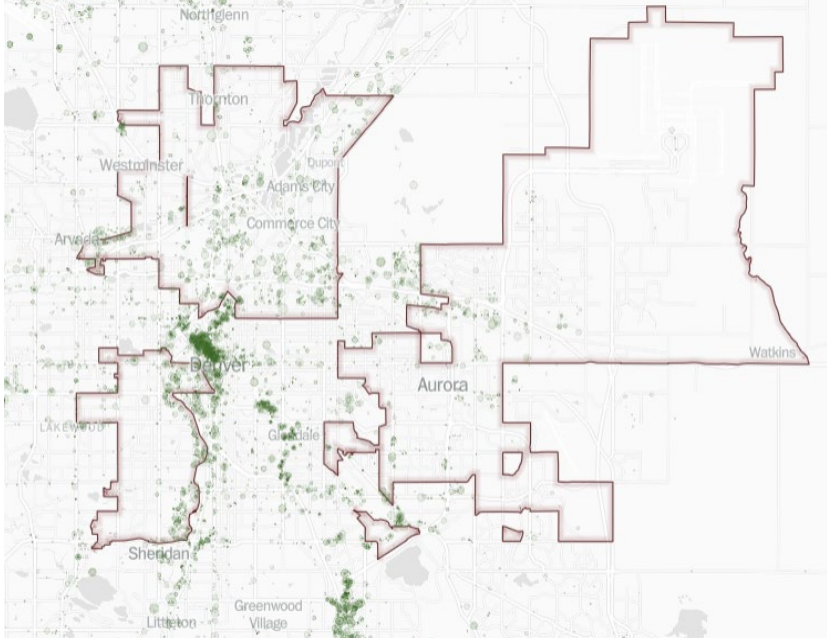
DRAFT



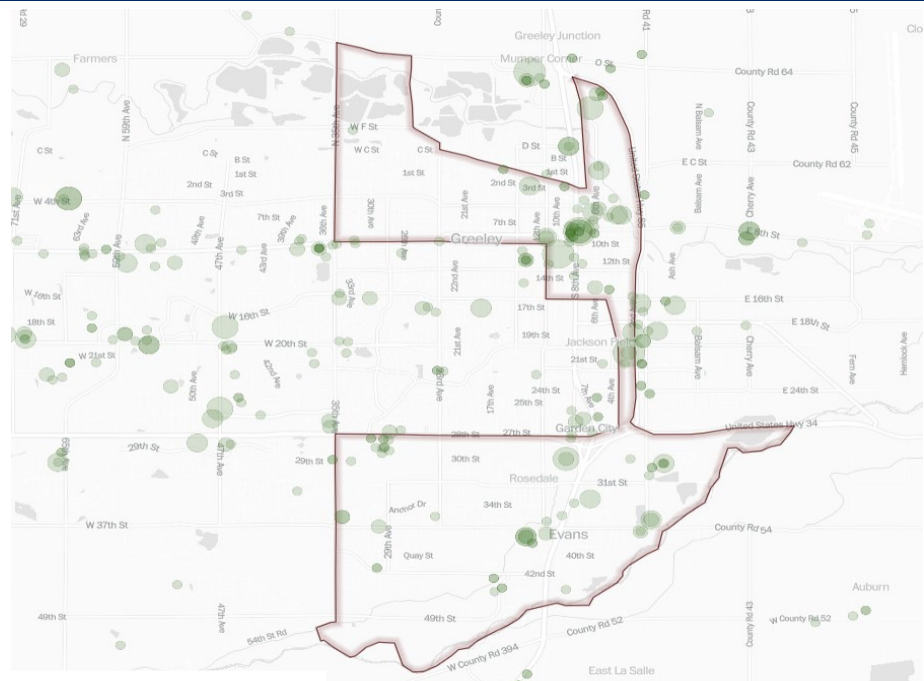
Geographic Distribution of PPP Loans for Colorado



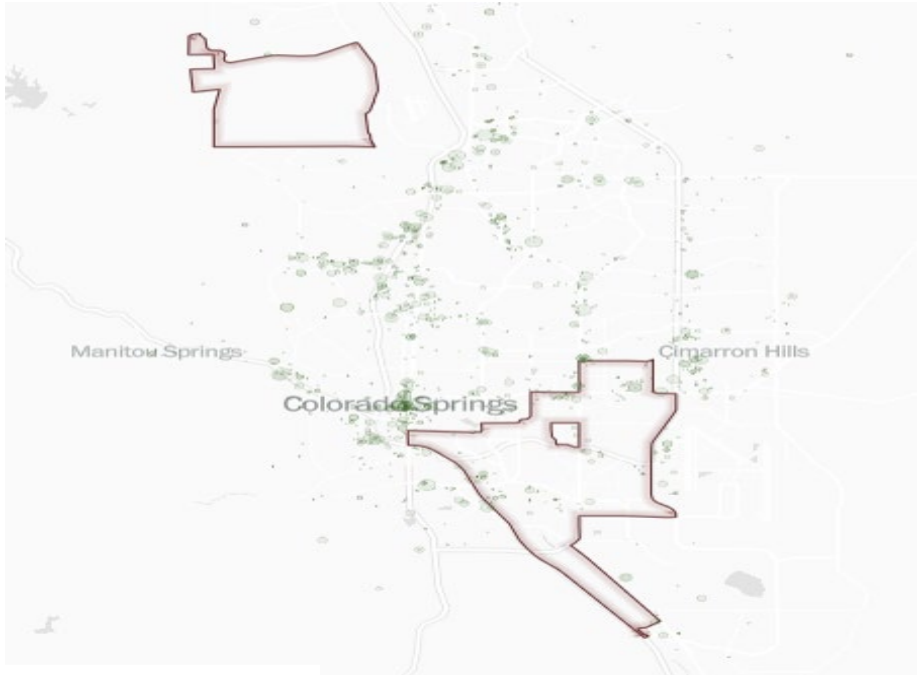
Greater Denver areas with greater than 50% minority population



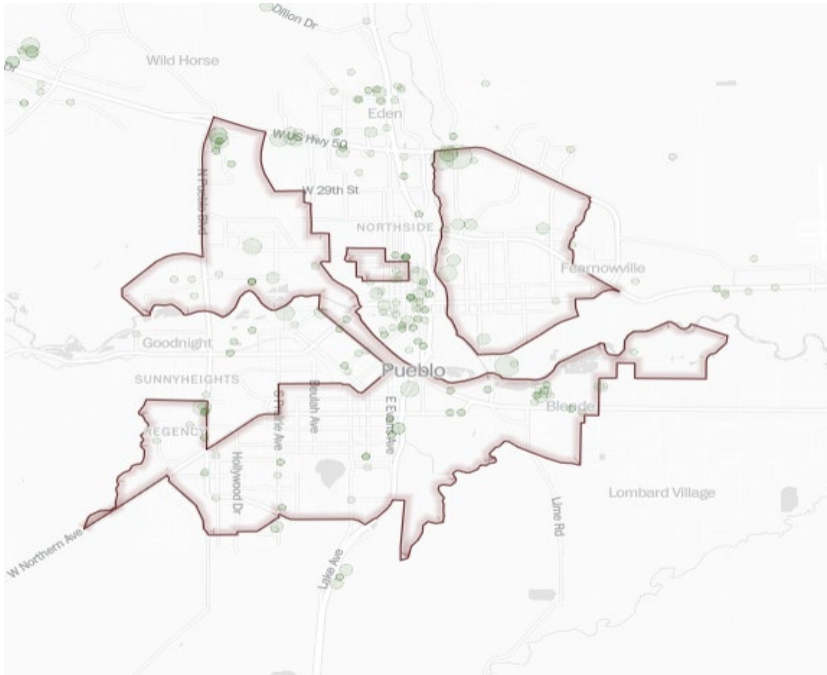
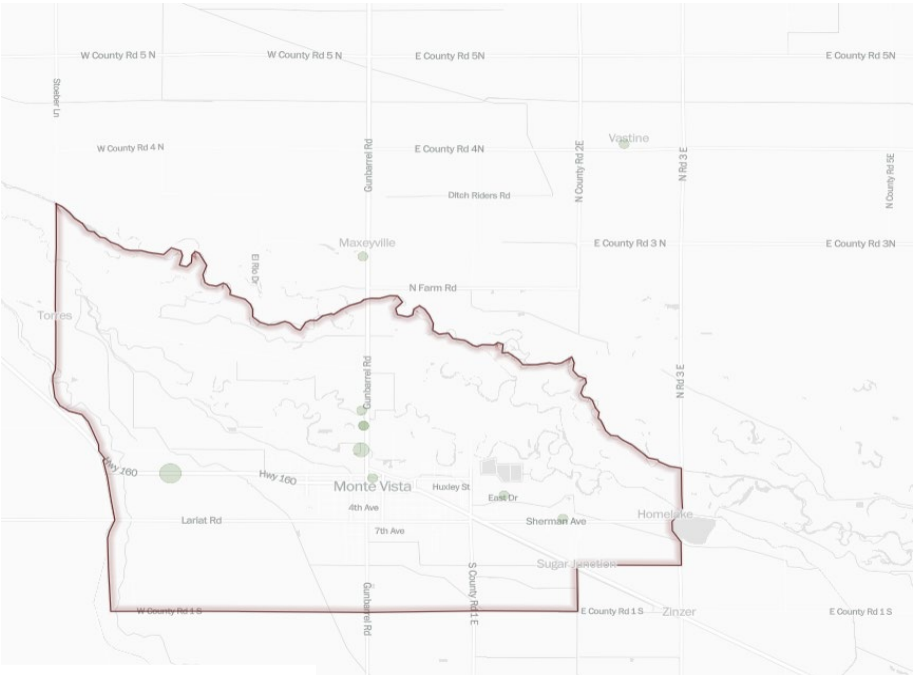
Geographic Distribution of PPP Loans for Colorado



Geographic Distribution of PPP Loans for Colorado

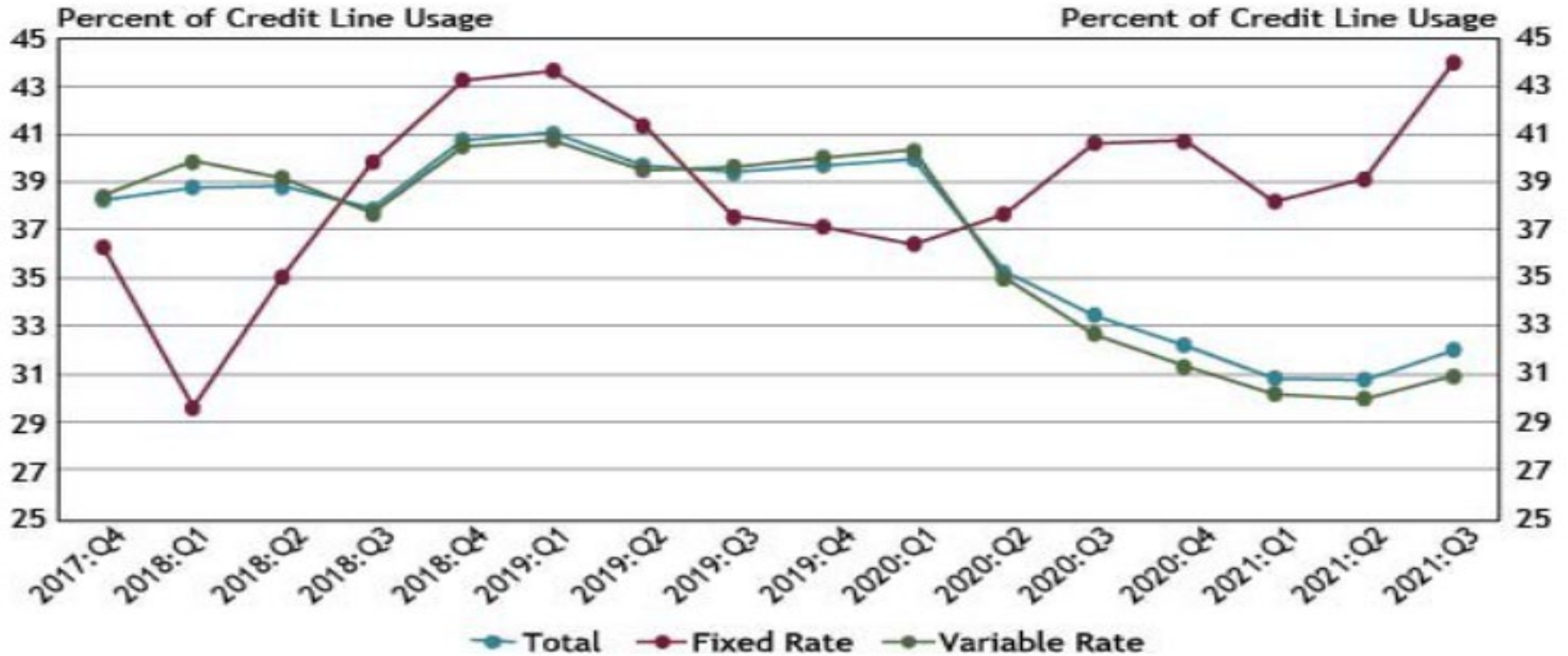


Geographic Distribution of PPP Loans for Colorado



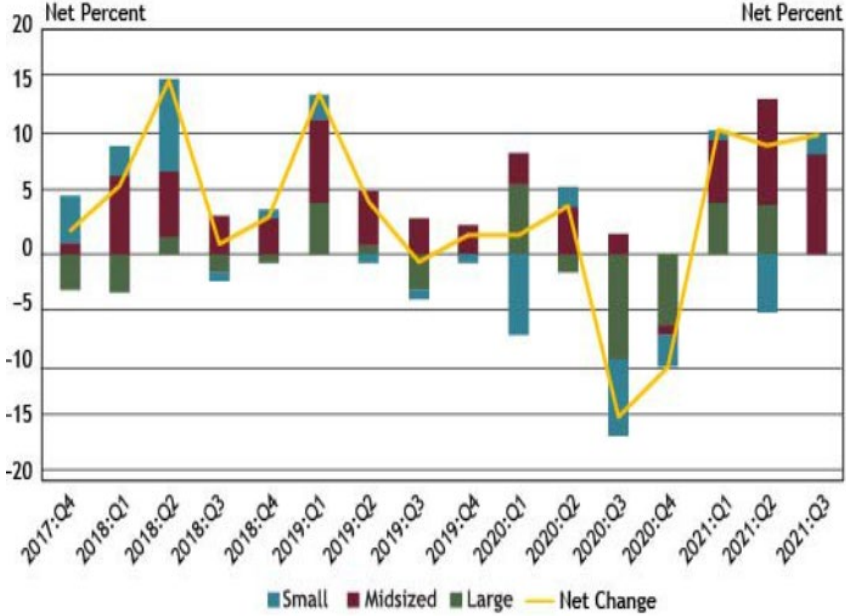
Credit Line Loan Use For Small Business

Credit Line Usage Increases for the First Time Since First Quarter of 2020

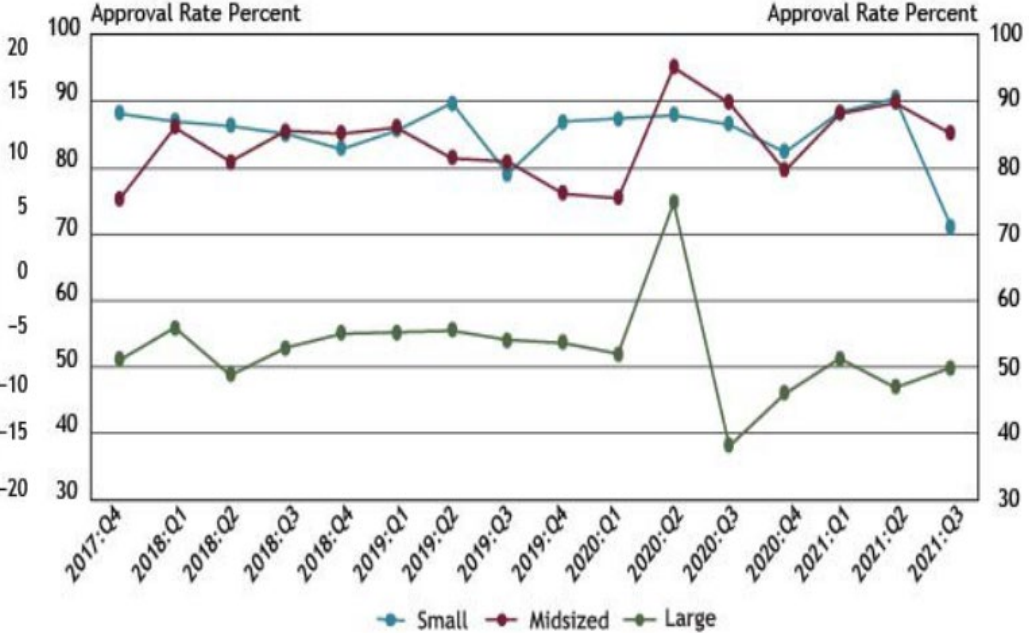


Loan Demand and Approval Rates For Small Business

Banks Report Stronger Loan Demand



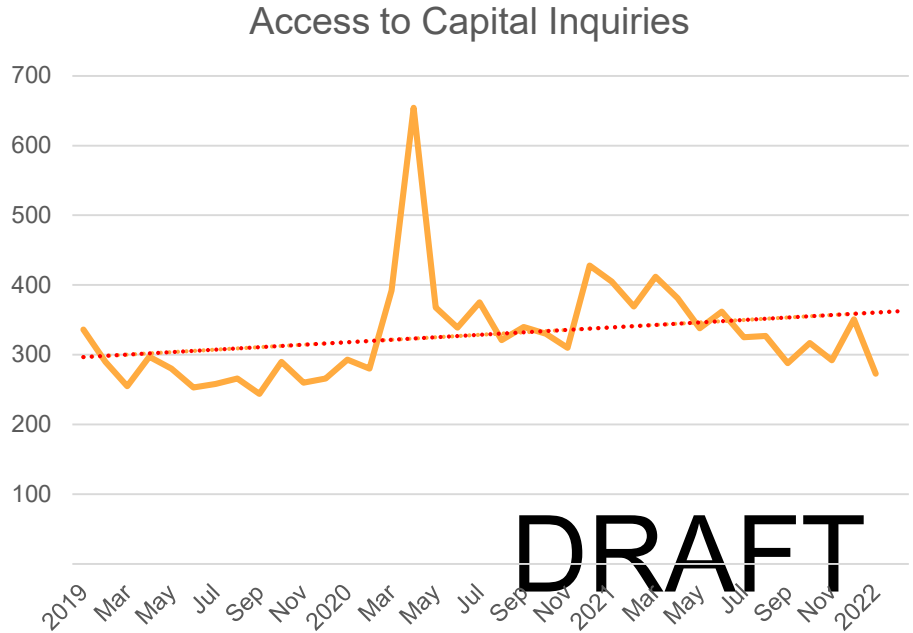
Small Bank Loan Approval Rates Decrease Substantially



Capital Market Conditions

- Business capital needs and financial assistance
- Data includes capital access, business start-ups and financial assistance
- Colorado Business borrowings still on the rise
- SBDC consulting and inquiries growth at 26% compared to 2019 data

Data is from clients who asked for “Assistance Sought” with SBDC Client Intake Forms – Representing only about 25% of client intake (submission of data is optional)



State Sales Tax Revenues

- Sales tax revenues increased 17.4% statewide from 2019 to 2021 after a -0.65% decrease from 2019 to 2020
- The 40 counties with the best recovery represent just 30% of the total Colorado population
- 10 counties below the state average indicating that there are still many areas that have not fully recovered from the impact of the pandemic:
 1. Jackson (-43.34%)
 2. Cheyenne(-34.77%)
 3. Lincoln (-19.07%)
 4. Denver(0.92%)
 5. Morgan (5.62%)
 6. Weld (8.75%)
 7. Kit Carson (12.96%)
 8. Garfield (14.48%)
 9. Adams (15.07%)
 10. Arapahoe (16.32%)

DRAFT



CLIMBER Loan Program Update

CHFAas of December 31, 2021

- 6 month promotional and marketing campaign
- 4 month paid pilot program with community outreach organizations
 - BuCu West Development Association
 - Colorado Black Chamber of Commerce
 - Colorado Women's Leadership Circles of Influence
 - First Southwest Community Fund
 - Hispanic Contractors of Colorado
 - Rocky Mountain Minority Supplier Development Council
- Technical Assistance provided by Apex Business Consultants LLC.
- \$5.2 Million first DLC loans made:
 - First Southwest Community Fund - \$5 Million
 - Impact Development Fund - \$200 thousand
- \$1.53 Million in loans registered with CHFA

DRAFT



Forward Looking Plan for CLIMBER

- Program designed for change using multiple tranches
- Continued low interest loans for small businesses
- Legislative updates will improve program parameters
- Continued outreach with targeted marketing campaigns
 - Use of business memberships and grass root organizations
- Application of federal SSBCI (State Small Business Credit Initiative) funds
- Expand the use of volunteers (if available) for TA and FAQ's

DRAFT



Continued Need for Low Interest Capital

- Non-profits will be looking for new money
- Relaunch programs, sustain programs
- Distressed areas and funders are looking for CRA (community reinvestment act) credits
- Prevailing federal interest rate hike expectations
 - Market rates vs. CLIMBER rates– subsidized rates will be highly sought after
 - Fixed lower interest rate vs. market lender rates will increase demand
 - Federal Open Market Committee projects the interest rates returning to 2017 levels by end of 2023

DRAFT



Current Mission Based Lender In-Kind Rates

- [DreamSpring](#) (statewide lending)
 - Small Business Loans up to \$250k, Interest rate: 9.99%-26%
 - SBA Community Advantage Loan up to \$250k, Interest rate: Prime + 6%
- [Colorado Enterprise Fund](#) (statewide lending)
 - Small Business Loans up to \$250k, Interest rate: 6.95-11.5%
- [B:Side Fund](#) (fka Colorado Lending Source Main Street Loan Program) (statewide lending)
 - Small Business Loans up to \$150k, Interest rate: Prime + 4%
 - SBA Community Advantage Loans up to \$150k, Interest rate 8.5%

DRAFT



Changing Course with Legislation Updates

- Responsive to data from lenders, TA and business feedback
- Original legislation was confining and narrow
- Expand definition of the program

Identified Changes to Legislation

- Extension of Loan Program beyond 2022
- State Tax Credit sale extension
- Loan repayment period extension
- Reduction in minimum employee and loan amount
- Historic profitability requirement date

DRAFT



Advertising Data Results: Statewide Reach

Radio, Television & Other Media

- Radio: Community Broadcast Stations
 - 2,700+ Commercial spots ~ Est. 3 Million Impressions
- Television Broadcast, Cable, DISH, Streaming
 - 4,000+ live commercials ~ Est. 4.5 Million Impressions
 - Treasurer Young Interviews with Telemundo
- On-Line
 - 6 Million Impressions Won, 9,000 Clicks, .14% CTR
- PSA and Print ads done in English and Spanish

DRAFT



Outreach Marketing Results

- Marketing Collateral
 - Outreach flyer and email template on climber-colorado.com
 - Social media posts designed and distributed to Treasurer's Office
 - Online TA "do you qualify" pop-up and lender document checklist
- Community Organizations
 - Created more than 10,000+ Newsletters/Flyers;
 - 15,000+ Warm emails;
 - 1,000+ Direct phone call to memberships and community contacts

DRAFT



SSBCI Application for CLIMBER

- CLIMBER program was part of the federal application
- \$10 Million dollars earmarked for CLIMBER
- Governor's support CLIMBER providing capital to the Colorado Clean Energy Fund
- Use of funds still awaiting final guidance from a federal level
 - Additional marketing or other program services
 - Potential addition towards first loss capital
 - Increase origination fees for lenders to offset costs
 - Additional consultant or employee costs

DRAFT



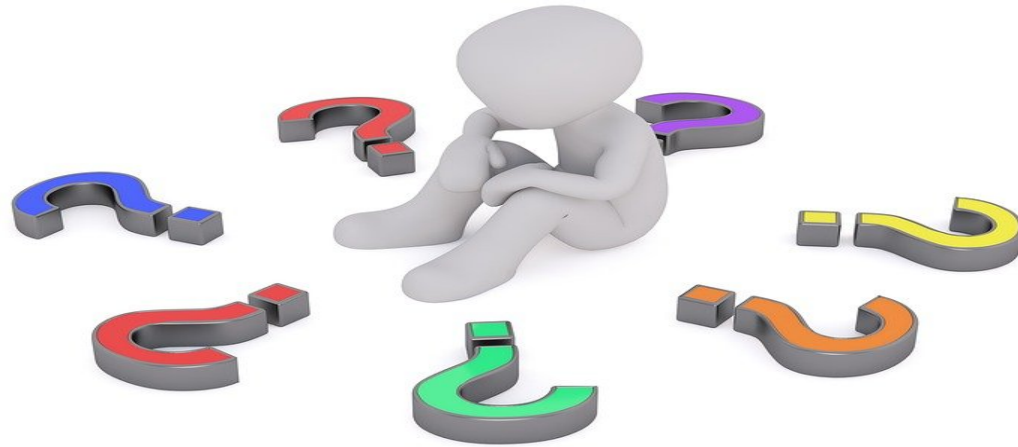
First & Second Tranche Contributions

- Deployment of first tranche funds incomplete
 - Return of funds is less than 3 months out
 - Extend timing of original MFA
 - State first loss capital to be included in interest
- Second tranche fund planning
 - Allows for time to see where legislation goes or start
 - Expectations trend not being needed till after July 1st
 - Prepare and negotiate new MFA with planned legislative changes

DRAFT



Questions



RAFT

