



**Small Business
Finance Center**



ANNUAL REPORT

Fiscal Year 2021-2022



California Infrastructure and
Economic Development Bank

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Small Business Finance Manager
Megan Hodapp

LETTER FROM THE SMALL BUSINESS FINANCE CENTER MANAGER

IBank's small business support programs help entrepreneurs in California turn ideas, innovations, and dreams into reality.

As the fifth largest economy in the world, California is home to 4.2 million small businesses, representing 99.8% of all businesses in the state and employing 7.4 million workers in California, or 47.9% of the state's total workforce. The impact of California's small businesses on the state's surging economy is undeniable. Sole proprietorships make up the largest component of small businesses in California, followed by businesses with fewer than 20 employees. IBank's Small Business Finance Center helps reduce the barriers to capital for small businesses that might not otherwise have access to vital dollars to start or expand their own version of the California dream. The businesses served are as varied as the regions in this great state. They include restaurants, coffee lounges, cupcake shops, trucking companies, manufacturing, sustainability projects, family owned and operated businesses, and so much more.

As the COVID-19 pandemic has begun to stabilize, the Small Business Finance Center team has worked with our seven Financial Development Corporations, participating lenders, public-private partnerships, and many other small business organizations throughout the state, to reach small business owners and forge a positive path forward.

In addition to providing critical COVID relief to California's small businesses during the immediate pandemic and throughout the recovery process (through the COVID-19 Microloan Guarantee Initiative), the Small Business Finance Center team also maintained our day-to-day activities helping small businesses through our existing programs: the Small Business Loan Guarantee Program, Climate Tech Program, traditional Disaster Relief Loan Guarantee Program, Jump Start Loan Program, and Farm Loan Program.

In fiscal year 2021-2022, the Small Business Finance Center guaranteed 1,107 loans (across all three loan guarantee programs), resulting in more than \$225.8 million in loan guarantees that supported more than \$305.2 million in small business loans. Small business owners reported nearly 15,000 jobs were created or retained because of these loan guarantees.

In 2021-2022, IBank also finished deployment of \$120 million in COVID-19 emergency funds, incentivizing more than \$600 million in loans to small businesses, and reached a major milestone, creating or preserving more than 10,000 jobs through its COVID-19 Micro Loan Guarantee Initiative, successfully serving the most-underserved, with 86% of guarantees to businesses owned or co-owned by women or minorities or located in under-resourced communities.

In 2021-2022, IBank's anchor investment in the California Rebuilding Fund began serving small businesses affected by COVID-19. This private, philanthropic, and public-sector partnership disbursed more than \$72 million in more than 1,200 loans to small businesses with an average loan size \$59,402.

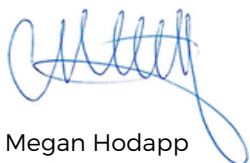
In 2022, IBank, along with the California Pollution Control Financing Authority, successfully submitted our application to U.S. Department of the Treasury so California can receive approximately \$1.2 billion in federal funding. IBank will use \$391 million to sustain and grow our existing Small Business Loan Guarantee Program and use the remaining \$200 million to establish a venture capital program mainly focused on:

- supporting underrepresented venture capital managers.
- investing in underrepresented entrepreneurs and business owners.
- investing in geographic areas that are socio-economically disadvantaged or that receive very limited venture capital funding.
- seeking to promote climate equity and climate justice.

IBank developed a framework to improve access to IBank's underrepresented small business programs. This includes expanding the number of community-based lenders that offer IBank's small- and micro-business loan guarantees, particularly community development financial institutions and minority depository institutions; establishing metrics and incorporating Socially and Economically Disadvantaged Individuals criteria into IBank's small business programs; and increasing access for underrepresented borrowers by strengthening connections with market participants and increasing coordination with the state's technical assistance providers.

In 2021-2022, the Small Business Finance Center continued our partnership with the Bay Area Air Quality Management District and NorCal Financial Development Corporation, by providing loan guarantees for five Climate Tech projects, all helping to accelerate greenhouse gas reduction. Additionally, we worked with the Bay Area Air Quality Management District to prepare to launch a statewide Climate Tech program, which was initiated September 15, 2022.

Small businesses are continuing to make the necessary changes that allow them to not only survive, but eventually thrive in this new economic landscape. The Small Business Finance Center looks forward to yet another year of serving the state of California in a unique way that helps promote the entrepreneurial spirit of its people and allows them greater access to the resources that can help them start and grow their business ventures.



Megan Hodapp
Small Business Finance Center Manager

ABOUT THE SMALL BUSINESS FINANCE CENTER

Our Mission

To help California small businesses access the capital they need to start, grow, and thrive.

History

The Small Business Finance Center has supported small businesses dating back to the 1960s, providing access to the capital necessary to start, grow, and thrive in communities throughout the great state of California. Originally known as the Small Business Loan Guarantee Program, the Small Business Finance Center received seed money in 1968 to help reduce unemployment by supporting entrepreneurship and small businesses. Since then, the Small Business Finance Center has been promoting statewide economic development by increasing opportunities for entrepreneurs, people who are self-employed, and small business owners by ensuring access to capital and other technical resources. The Small Business Finance Center provides credit enhancements in the form of loan guarantees (both traditional loan guarantees and disaster recovery loan guarantees), direct loans to farmers, direct loans to low-wealth entrepreneurs in low-wealth communities, capital to Community Development Financial Institutions to lend to underrepresented small businesses, and technical assistance. Because of the Small Business Finance Center programs, small business owners can secure financing that allows them to grow and sustain their businesses.

The Small Business Loan Guarantee Program had many homes through the decades, including the California Employment Development Department; California Department of Economic and Business Development; California Department of Technology, Trade and Commerce; and the California Business, Transportation and Housing Agency. Through Governor Brown's Reorganization Plan in 2013, the program was transferred to the Governor's Office of Business and Economic Development (GO-Biz). The Small Business Financial Assistance Act of 2013 placed the Small Business Loan Guarantee Program under the California Infrastructure and Economic Development Bank (IBank), renaming it the Small Business Finance Center to accurately represent its many functions — where it remains today as a vital resource removing barriers for small business owners and helping turn dreams into reality.

To learn more about IBank's other programs, see IBank Annual Report on IBank's website ibank.ca.gov (under "News and Publications" / "Publications" / "Annual Legislative Reports").

PARTNERSHIP WITH FINANCIAL DEVELOPMENT CORPORATIONS

California's Financial Development Corporations (FDCs) were created in the California Corporations Code to help the Small Business Finance Center administer its programs throughout the state, removing barriers small businesses face accessing capital. Each FDC is a nonprofit corporation with general responsibilities for marketing and administering Small Business Finance Center programs. As mission-based organizations, the FDCs support small businesses and stimulate economic growth in underserved communities.

After its annual assessment of the effectiveness of the services provided by each FDC, IBank offered contracts to the seven FDCs listed below for fiscal year 2021-2022. The FDCs are strategically located throughout the state with satellite offices that reach statewide.



California Capital Financial Development Corporation

Founded: 1982

Locations: Sacramento, Stockton, Yuba City, Rocklin



California Coastal Rural Development Corporation

Founded: 1981

Locations: Salinas, Santa Maria, Santa Barbara



California Southern Small Business Development Corporation

Founded: 1989

Location: San Diego



Nor-Cal Financial Development Corporation

Founded: 1978

Location: Oakland



Pacific Coast Regional Small Business Development Corporation

Founded: 1977

Locations: Los Angeles, Compton



Small Business Development Corporation of Orange County

Founded: 2001

Locations: Santa Ana, Redlands



Valley Small Business Development Corporation

Founded: 1981

Locations: Fresno, mobile office covers Central San Joaquin Valley

Collectively, the FDCs have 1,402 years of lending expertise on staff and 710 years working with the Small Business Finance Center directly. While each FDC is unique, as a group they utilize a combination of federal, state, local, and private resources; are highly rated by their partners; and provide non-conventional, community-development financing in low- to moderate-income areas including agricultural loans to small tenant farmers in rural areas. Not only are the FDCs experts in their field, many of them are also lenders and administer other programs for governmental and financial partners including:

Certifications and Designations

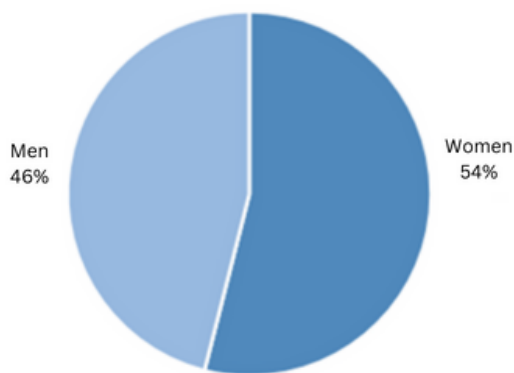
- Community Development Financial Institution – certified by U.S. Department of the Treasury
- Community Development Financial Institution – certified by California Organized Investment Network
- Women's Business Center
- Procurement Technical Assistance Center
- Community Development Entity – certified by U.S. Department of the Treasury
- Promise Zone Lead Implementation Partner
- Small Business Development Center

Loan, Grant, and Technical Assistance Programs

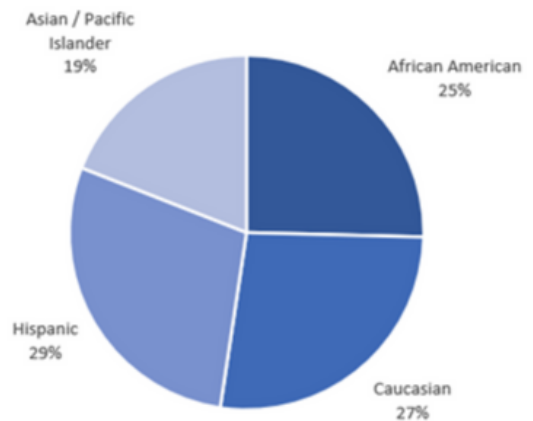
- U.S. Department of Commerce Economic Development Administration Revolving Loan Fund – for small business lending
- U.S. Department of Commerce Economic Development Administration Revolving Loan Fund – for disaster recovery and mitigation
- U.S. Small Business Administration Community Advantage (7a) Loan Program
- U.S. Small Business Administration Micro Loan Program
- U.S. Small Business Administration 504 Loan Program
- U.S. Department of Agriculture Intermediary Relending Program
- U.S. Department of Agriculture Farm Service Agency (FSA) Loan Guarantee Program
- U.S. Department of Agriculture Rural Microenterprise Assistance Programs
- Various technical assistance programs
- Various revolving loan funds
- Various microloan programs
- Various grant programs
- DBE Certification
- 8(a) Working Group
- Business Information Center, Sacramento County
- Layoff Aversion Program
- City of Sacramento - Business Resource Program
- Bilingual Business Success Forums - 11 languages
- Promise Zone - Capacity Building Programs
- Human Resources Professional 6-Week Certification
- Licensed to Care - Childcare Program
- Afghani Women Entrepreneurs
- Marketplace Events
- Research, Data and Mapping
- Dreambuilders - Online Business Plan
- VITA Community Tax Program

Beyond facilitating loan programs and technical assistance, FDCs leverage local and statewide partnerships to ensure small businesses have access to the resources they need. FDC staff members also are active economic development participants in their communities. They speak a wide variety of languages, and many are small business owners themselves. They donate their time to leadership positions on boards, loan committees, and audit committees for local chambers, community organizations, and economic development groups. Staff members come from a wide range of backgrounds and are representative of the communities in which they are located.

**Gender of FDC Staff Members
Serving Small Businesses**



**Ethnicity of FDC Staff Members
Serving Small Businesses**



FISCAL YEAR 2021-2022 RESULTS

Small Business Loan Guarantee Program

The Small Business Loan Guarantee Program incentivizes lenders to make loans to small businesses by offering guarantees up to 80% of eligible loan amounts. The loans can be up to \$20 million, with a maximum guarantee of \$2.5 million, which was increased to \$5 million effective September 16, 2022. In the event of a default, after following a prescribed process, the lender liquidates the collateral, and then files a claim for the percentage in the guarantee agreement for the remaining balance of the loan. This process allows lenders to mitigate risk when making small business loans, thereby stimulating the economy with a combination of public-private funds. As a result, participating small businesses can secure financing for the growth and expansion of their business.

Expanding Access to Underserved Populations

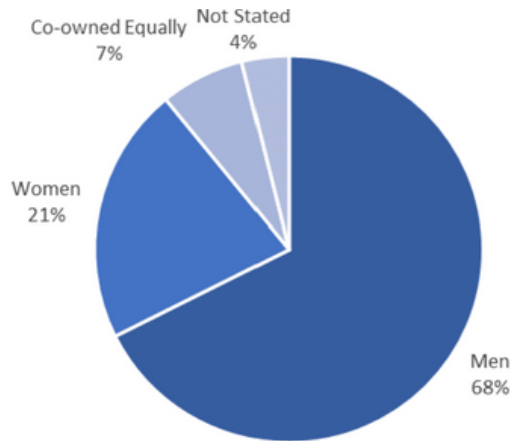
IBank is committed to increasing access to its programs -- including traditionally underserved populations -- by building relationships with trusted partners in communities throughout the state.

Ethnicity	FY 2011-2012	FY 2021-2022
Caucasian	63.9%	42.5%
Asian/Pacific Islander	12.5%	9.8%
Hispanic	7.5%	26.3%
African American	2.8%	9.8%
Asian Indian	6.9%	-
Native American	0	-
Other	6.4%	5.1%
Not Stated	-	6.4%
Total	100%	100%

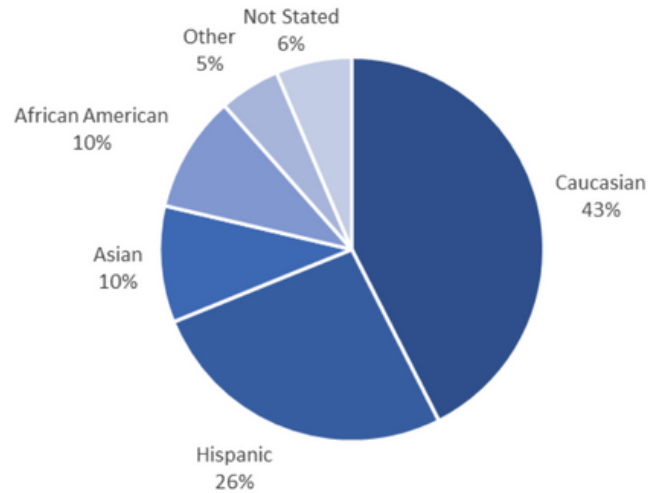
Small Business Loan Guarantee Program: Increased Activity in 2021-2022

In 2021-2022, IBank saw a 76.9% increase in the number of loans using IBank loan guarantees, nearly doubling the dollar amount of loan guarantees and dollar amount of loans to small businesses compared to the previous fiscal year. In 2021-2022, 642 loans were made resulting in more than \$200 million of loan guarantees supporting nearly \$278 million in small business loans. This guarantee activity contributed to more than \$426 million of overall capital injected into the state's small business community. Small business owners reported 12,472 jobs were created or retained because of these loan guarantees, an increase of 26.4% over the previous fiscal year.

**Gender of Loan
Guarantee Recipients**



**Ethnicity of Loan
Guarantee Recipients**



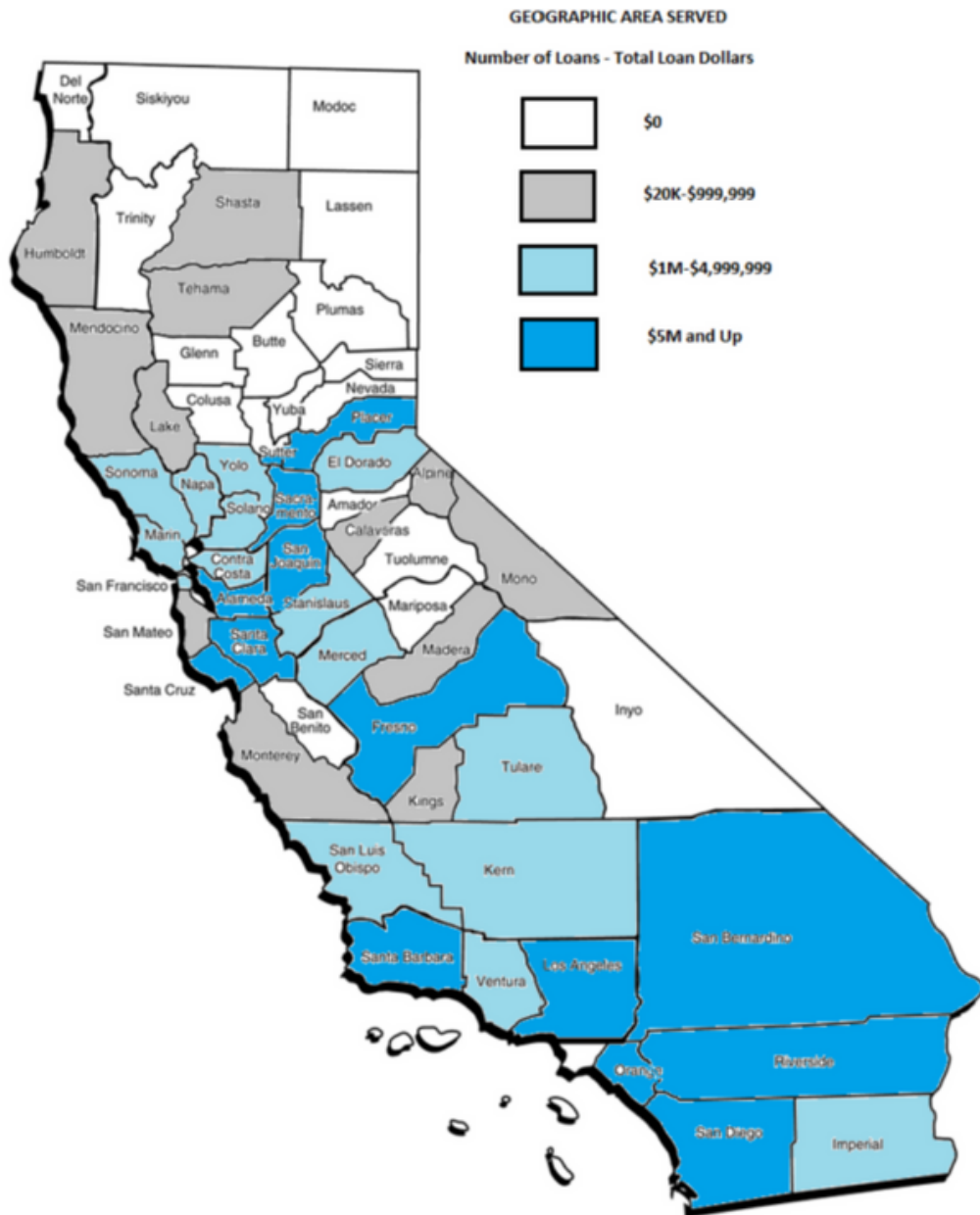
Small Business Loan Guarantee Program: Loss Experience

For fiscal year 2021-2022, the Small Business Loan Guarantee Program paid 20 claims amounting to \$1,963,766 during the fiscal year. The losses were 1.5% of the reserve account and only 0.3% of the \$768,967,616 loan outstanding principal.

# of Default Payments	Default Payments	Default Recoveries	30-Jun-22 Guarantee Reserve	Net Loss Rate on Reserve	30-Jun-22 Outstanding Loan Principal	Net Loss Rate on Loan Principal
20	\$1,963,766	\$177,052	\$127,753,893	1.5%	\$768,967,616	0.3%

Map of Geographic Distribution of Loan Guarantee Activity for Fiscal Year 2021-2022

Los Angeles	\$	58,105,852	114
Orange	\$	43,966,700	53
San Diego	\$	35,621,444	94
Riverside	\$	17,886,472	50
Santa Clara	\$	14,077,350	20
San Bernardino	\$	13,542,333	56
Alameda	\$	9,353,500	34
Fresno	\$	9,311,900	22
Placer	\$	8,947,000	2
Sacramento	\$	8,661,503	13
Santa Cruz	\$	6,437,000	7
Santa Barbara	\$	6,383,166	11
San Joaquin	\$	5,121,928	11
Stanislaus	\$	4,470,000	10
Napa	\$	4,440,000	8
Yolo	\$	4,000,000	3
Ventura	\$	3,746,749	10
Marin	\$	3,550,000	5
San Luis Obispo	\$	2,180,000	8
San Francisco	\$	2,054,351	19
Tulare	\$	1,943,000	8
Solano	\$	1,640,000	2
Contra Costa	\$	1,553,236	9
Merced	\$	1,500,000	4
Sonoma	\$	1,415,080	14
El Dorado	\$	1,347,500	2
Kern	\$	1,235,700	9
Imperial Valley	\$	1,156,812	16
Humboldt	\$	965,000	4
Monterey	\$	918,512	3
Mendocino	\$	786,992	5
Shasta	\$	675,000	2
Tehama	\$	350,000	1
Mono	\$	210,000	1
Kings	\$	190,000	2
Madera	\$	186,425	4
Lake	\$	115,562	2
Calaveras	\$	100,000	1
San Mateo	\$	60,000	2
Alpine	\$	30,000	1



Small Business Loan Guarantee Program Production by FDC

FDC Name	Loan Amount	Initial Guarantee Liability	Total Financial Package	Jobs Created and Retained
California Capital	\$14,077,000	\$5,304,000	\$14,077,000	251
California Coastal	\$11,974,718	\$9,579,685	\$11,974,718	644
California Southern	\$63,268,282	\$47,633,746	\$137,640,012	3,865
Nor Cal	\$87,032,112	\$64,121,590	\$93,177,112	2,780
Orange County	\$73,960,723	\$53,622,694	\$133,160,834	3,968
Pacific Coast	\$12,687,232	\$8,375,386	\$13,621,867	338
Valley	\$15,236,000	\$12,188,800	\$22,631,000	626
Totals	\$278,236,067	\$200,825,900	\$426,282,543	12,472

Top Financial Institutions Using the Small Business Loan Guarantee Program

Fiscal Year 2021-2022 Top Lenders by Number of Loans

Order	Lender	# Of Loans
1	Accessity	132
2	Working Solutions CDFI	55
3	Acelera Financial Corp	50
4	CDC Small Business Finance	24
5	American Business Bank	23
6	Endeavor Bank	22
7	Main Street Launch	19
8	Pacific Premier Bank	19
9	AmPac Tri-State CDC dba AmPac Business Capital	15
10	Farmers & Merchants Bank	13

Fiscal Year 2021-2022 Top Lenders by Dollars Loaned

Order	Lender	Dollars Loaned
1	American Business Bank	\$ 31,013,400
2	Pacific Premier Bank	\$ 20,280,000
3	Endeavor Bank	\$ 17,661,000
4	United Business Bank	\$ 12,980,000
5	Poppy Bank	\$ 12,937,100
6	Banc of California	\$ 10,899,967
7	Sunwest Bank	\$ 10,839,425
8	Bridge Bank	\$ 9,696,000
9	American River Bank	\$ 8,697,000
10	Farmers & Merchants Bank	\$ 8,355,000

Disaster Loan Relief Guarantee Program

Traditional Disaster Relief Loan Guarantee Program

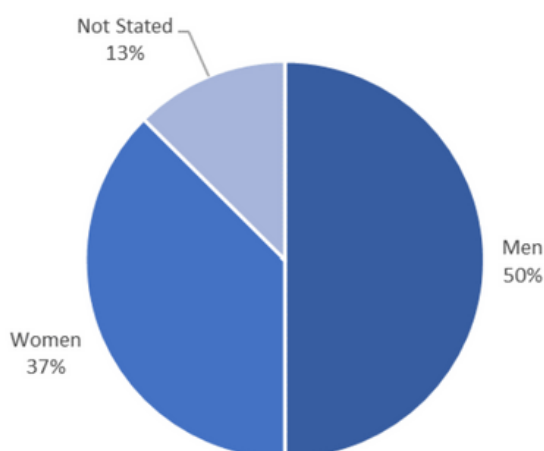
The Small Business Finance Center's Disaster Relief Loan Guarantee Program was created to help businesses recover from a declared disaster. The loan guarantees provided by the Disaster Relief Loan Guarantee Program help mitigate barriers to capital for small businesses that have suffered a loss (either physical or economic) due to a disaster. The program helps businesses remain solvent during an extremely difficult time and eventually recover from their losses.

The maximum disaster loan amount is \$1.25 million, and they can be guaranteed up to 95% of the loan or \$1 million maximum, whichever is less. The maximum guarantee term is seven years. The interest rates are negotiated between the lender and the borrower.

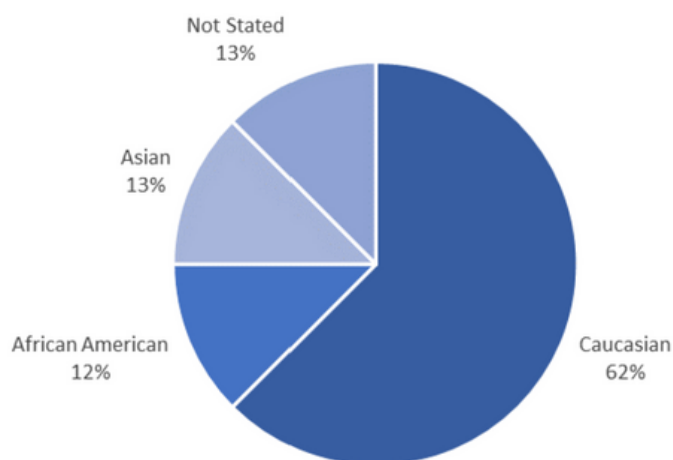
Traditional Disaster Relief Loan Guarantee Program: Activity

In fiscal year 2021-2022, the Small Business Finance Center guaranteed eight traditional disaster relief loans, resulting in more than \$2.8 million in disaster relief loan guarantees that supported more than \$3 million in small business loans. Small business owners reported 210 jobs were created or retained because of these loan guarantees.

Gender of Traditional Disaster Loan Guarantee Recipients



Ethnicity of Traditional Disaster Loan Guarantee Recipients



COVID-19 Micro Loan Guarantee Initiative

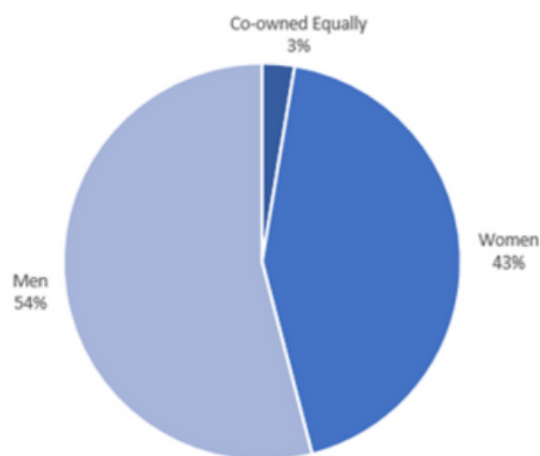
In April 2020, IBank received a \$50 million allocation to target small businesses needing help to overcome economic injuries caused by COVID-19. The Small Business Finance Center worked tirelessly to quickly launch the COVID-19 Micro Loan Guarantee Initiative. The COVID-19 Micro Loan Guarantee Initiative addresses gaps in available financing to the smallest of small businesses, including those that may not qualify for federal disaster assistance and businesses that are woman owned, minority owned, or located in low-wealth communities. Loan proceeds for the COVID-19 Micro Loan Guarantee Initiative must be used for business continuance and to cure a “significant economic injury” as the result of the COVID-19 pandemic.

In fiscal year 2021-2022, the Small Business Finance Center continued to leverage the \$50 million allocated in April 2020 for COVID-19 Micro Loan Guarantee Initiative.

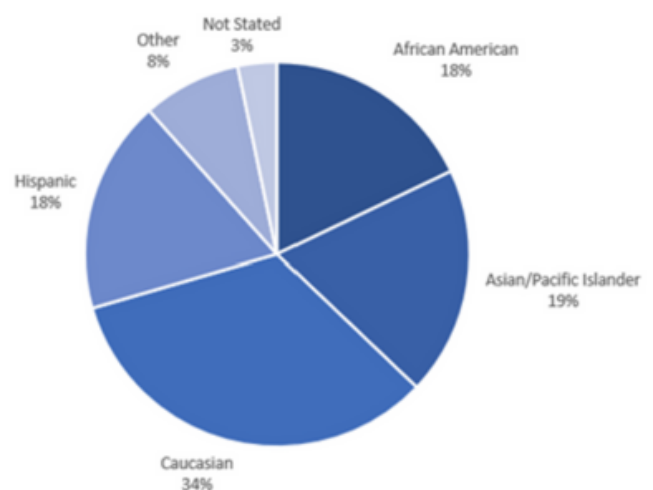
COVID-19 Micro Loan Guarantee Initiative: Activity

In 2021-2022, the Small Business Finance Center guaranteed 457 COVID-19 micro loans. This resulted in more than \$22.9 million in loan guarantees that supported more than \$24.2 million in disaster relief loans. Small business owners reported 2,304 jobs were created or retained because of these loan guarantees.

Gender of COVID-19 Micro Loan Guarantee Recipients



Ethnicity of COVID-19 Micro Loan Guarantee Recipients



COVID-19 Micro Loan Guarantee Initiative: Women, Minority or Located in a Low- to Moderate-Income Census Tract

Borrowers	Number of Recipients	Percentage
Women; Minority; or Low to Moderate Income	397	86%

COVID-19 Micro Loan Guarantee Initiative: Program Totals Since Inception

Since its inception in April 2020, the COVID-19 Micro Loan Guarantee Initiative has provided loan guarantees on 2,197 micro loans totaling over \$99.6 million in loans with over \$94.4 million in guarantee dollars. Of these guarantees, 86% of them served businesses that are either woman, minority, or low- to moderate-income owned. The average loan amount is less than \$50,000 – showing that this program has truly helped the smallest of the small businesses on the road to COVID-19 recovery.

COVID-19 Micro Loan Guarantee Initiative: Loss Experience

For fiscal year 2021-2022, the COVID-19 Micro Loan Guarantee Initiative paid 21 claims amounting to \$464,591 during the fiscal year. The losses were 1% of the reserve account and only 0.6% of the \$72,609,337 loan outstanding principal.

# of Default Payments	Default Payments	Default Recoveries	30-Jun-22 Guarantee Reserve	Net Loss Rate on Reserve	30-Jun-22 Outstanding Loan Principal	Net Loss Rate on Loan Principal
21	\$464,591	N/A	\$46,067,212	1%	\$72,609,337	0.6%



Farm Loan Program: Direct Lending

The Small Business Finance Center's Farm Loan Program provides direct loans to small farms in California through corporations that are also approved lenders of the U.S. Department of Agriculture, Farm Services Agency, which guarantees up to 90% of those loans.

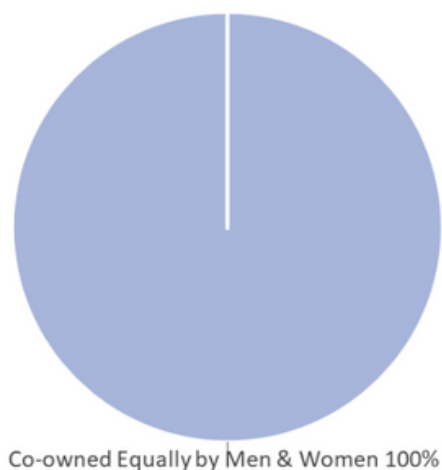
Historically, three FDCs requested and were approved to use the Farm Loan Program. The Farm Loan Program was utilized by one FDC in fiscal year 2021-2022.

FDC Name	Number of New Farm Loans	Amount of New Farm Loans	Number of Jobs Created or Retained
Valley	7	\$1,982,000	230

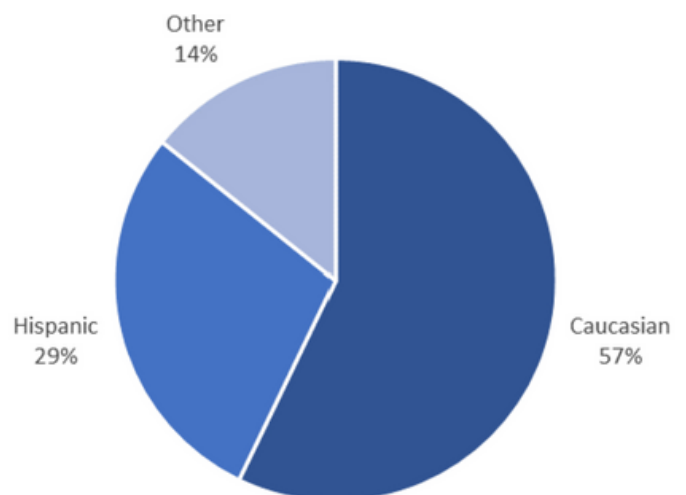
Total Outstanding Disbursements*	Total Outstanding Balance in the Trust Fund	Number of Defaults
\$1,596,650	\$4,304,561	0

*Outstanding disbursements are those amounts obligated, but not yet disbursed, of all open farm loans.

Gender of Farm Loan Recipients



Ethnicity of Farm Loan Recipients



Jump Start Loan Program: Direct Lending and Technical Assistance

In 2016, the IBank board of directors approved the creation of the Jump Start Loan Program, a micro loan and technical assistance program for low-wealth entrepreneurs in low-wealth communities. The Jump Start program offers small business loans to entrepreneurs in underrepresented populations including women, people of color, veterans, people with disabilities, and people who have exited correctional facilities. Small businesses in low-wealth communities typically lack access to capital, technical assistance, and the business training needed to successfully start and operate a business. These businesses would not qualify for traditional bank financing or IBank's Small Business Loan Guarantee Program because they are too new, too small, or do not have technical business training.

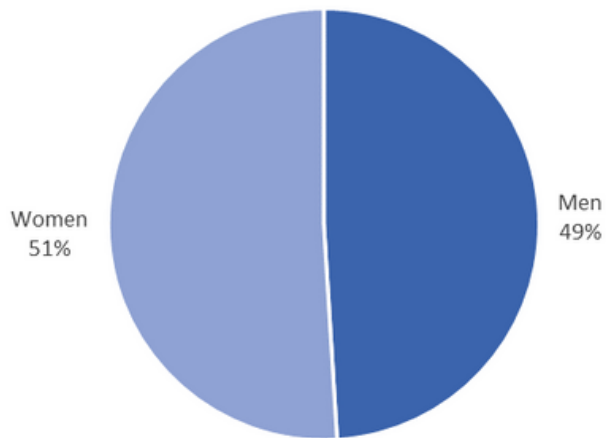
To help remedy the financial disparity suffered by these entrepreneurs, IBank created the Jump Start Loan Program and contracted with five Financial Development Corporations (Jump Start FDCs) that have proven experience with micro-lending in low-wealth communities to provide credit underwriting, loan disbursement, and servicing, as well as technical assistance and financial training to potential small business borrowers. All the services provided by the Jump Start FDCs are essential to creating and sustaining successful small businesses and long-term economic growth.

IBank's board of directors approved an initial allocation of \$2 million for the Jump Start Program with \$1 million for direct loans and \$1 million for technical assistance and administrative costs. With initial contracts executed in fiscal year 2016-2017, the Jump Start FDCs began providing technical assistance to potential Jump Start borrowers. In Fiscal Year 2017-2018, Jump Start FDCs began making Jump Start Loans and continued providing technical assistance to new and existing businesses.

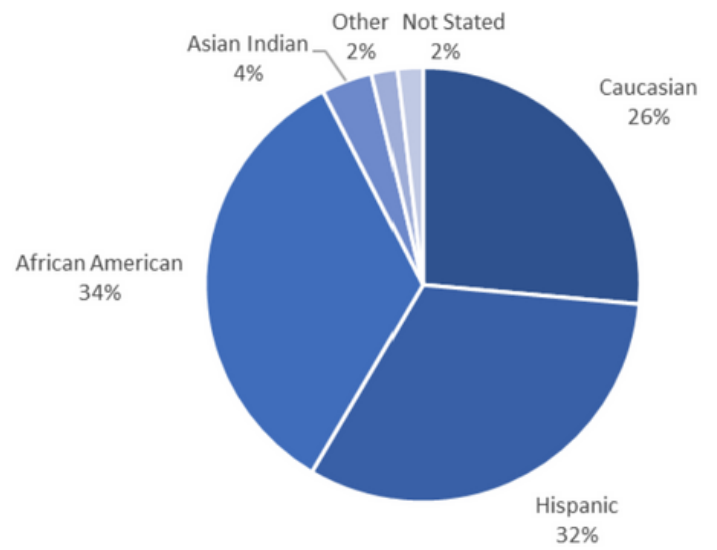
Total Jump Start Loan Amount	Total Number of Jump Start Loans
\$481,500	53

Total Hours of Technical Assistance Provided	Total Number of Businesses That Received Technical Assistance
1,823	529

Gender of Jump Start Recipients



Ethnicity of Jump Start Recipients



California Rebuilding Fund

The California Rebuilding Fund is a public-private partnership that raises capital from private, philanthropic, and public sector investors to support new lending by community development financial institutions across California. In 2021-2022, IBank's anchor investment led to the fund's early accomplishments, having distributed more than \$24 million in funding to 417 small businesses around the state, supporting more than 1,450 jobs with a focus on reaching small businesses unable to access traditional bank loans.

Of these loans:

- 82% were made to a business owned by a woman or person of color or located in an low- to moderate-income community.
- 62% were made to businesses owned by a woman or person of color.
- 47% were made to businesses owned by people of color.
- 38% were made to businesses owned by women.
- 32% are sole proprietorships.
- 86% are businesses with 10 or fewer employees.



SIGNIFICANT EVENTS OF FISCAL YEAR 2021-2022

The 2021-2022 state budget included a \$50 million one-time General Fund allocation to use across IBank's programs, with a focus on programs that benefit underserved businesses in California such as the California Rebuilding Fund. To supplement the federal State Small Business Credit Initiative, more information on that program below, California's state budget included a \$20 million one-time General Fund allocation in 2021-2022 for IBank's Small Business Loan Guarantee Program to continue providing loans as businesses recover from the economic impacts of the pandemic. The Small Business Loan Guarantee Program uses state funds for guarantees that are not eligible for the federal State Small Business Credit Initiative.

In fiscal year 2021-2022, to help California meet its climate goals, IBank continued its growth in the climate financing space. Through a partnership with NorCal Financial Development Corporation and the Bay Area Air Quality Management District's Climate Tech Finance program, the Small Business Finance Center guaranteed five loans, resulting in more than \$10.9 million in loan guarantees that supported more than \$12.4 million in Climate Tech loans.

Since its inception, the Climate Tech Program has provided loan guarantees on 10 loans that total more than \$19 million, with guarantees amounts over \$14.7 million. The five small businesses that received Climate Tech loan guarantees in fiscal year 2021-2022 were:

1. An electric vehicle (EV) solutions management company that received a loan to finance construction and maintenance of several EV charging station projects consisting of 75 chargers (46 fast chargers/29 dual level AC chargers) located statewide.
2. A company specializing in developing and deploying solutions for microgrid and electric vehicle charging systems.
3. A company that sells a "retrofit" lead-acid battery replacement ultracapacitor for wind energy and other generator reserve power sources.
4. A Fintech company expanding the adoption of electric vehicles by providing an innovative flexible lease platform that eliminates the barriers of traditional leases and loans, like mileage caps, three-year terms, and high upfront payments.
5. A company that rents solar powered lighting and security trailers.

In fiscal year 2022-2023, the Climate Tech program will be expanded statewide to serve climate technology businesses throughout the state.

State Small Business Credit Initiative (SSBCI)

The federal American Rescue Plan Act of 2021 included \$10 billion reauthorizing the federal State Small Business Credit Initiative, which was initially created in 2010, to strengthen state programs that support financing of small businesses (SSBCI 1.0). In 2010, SSBCI was funded with \$1.5 billion to strengthen state programs that support financing of small businesses. California received \$168 million of the \$1.5 billion which was split equally between IBank and the California Pollution Control Financing Authority (CPCFA) – an agency housed within the State Treasurer’s Office. More than 10,000 eligible small businesses in California received SSBCI fund support, which created or saved more than 90,000 jobs.

In November 2021, the U.S. Department of the Treasury released a state-by-state allocation of the \$10 billion appropriated, except the technical assistance funds, and California was allocated \$1.182 billion. California’s allocations are as follows: \$829 million main capital allocation, \$66 million very small businesses allocation, \$187 million for socially and economically disadvantaged individuals (SEDI) allocation, and \$100 million SEDI performance funds, which will be received in three separate tranches as funds are utilized. The SEDI performance funds will be provided to states in tranches two and three and additional funds (\$100 million nationally per tranche) may be available based on performance reaching the socially and economically disadvantaged individuals. The technical assistance funds will be distributed in a separate application process, due October 14, 2022. The California Office of Small Business Advocate will apply for those funds.

Similar to SSBCI 1.0, IBank and CPCFA will split the SSBCI allocation evenly. IBank will allocate approximately \$391 million to the Small Business Loan Guarantee Program, and \$200 million to a newly created venture capital program – the Expanding Venture Capital Access program.

Though California is home to a large and thriving venture capital community, it remains demographically concentrated and extremely challenging for underrepresented fund managers and entrepreneurs to access capital. California has a unique opportunity to catalyze a more inclusive venture capital ecosystem and overcome market gaps in the industry in order to:

- Accelerate change in California’s venture capital community by increasing the diversity of investment managers.
- Grow diverse owned and managed small businesses.
- Attract additional private capital into overlooked and underserved regions of California and climate equity.

IBank’s new Expanding Venture Capital Access program is designed to create a more inclusive venture capital ecosystem by:

- Supporting underrepresented venture capital managers.
- Investing in underrepresented and underserved entrepreneurs and business owners.
- Investing in geographic areas that are socio-economically disadvantaged or that receive very limited venture capital funding.
- Promoting climate equity and climate justice.

\$150 million of the funds will be invested in venture capital funds, and the balance directly to businesses. The program is expected to be operational by the beginning of 2023.

Statutory Basis for This Report

This report has been prepared pursuant to Gov Code 63089.98.

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