



Preparing Your Bank Application

What Bankers Really Want To See



Today's Panelists

- John Meredith – Finance Lead – BAAQMD Climate Tech Finance

John is co-founder of Meridian Commercial Finance Consultants which assists banks in developing Green Finance Divisions. John is also on the Advisory Board for an electric vehicle charging company. Prior, John co-founded two bank owned equipment leasing / green finance departments and worked as Manager of Operations at Boeing Capital Corporation.

- Jim Kachidurian – SVP & Managing Director Equipment Leasing – F&M Bank

Jim is SVP and Managing Director of Equipment Leasing where the team is focused on \$1MM to \$25MM leasing transactions in the State of California. He joined F&M from Crossroads Equipment Finance, where he was the Executive Vice President. Prior to that he was SVP of Sales and Marketing at Stoughton Trailers. He has held senior positions at Donlen, a Hertz company focused on technology and fleet management. He also spent 13 years at GE as a senior executive in a variety of commercial roles, including, SVP of Corporate Lending, Global Business Segment Leader, and VP of Global Remarketing.

- Rosa Cucicea – SVP & Director of Clean Energy Division – River City Bank

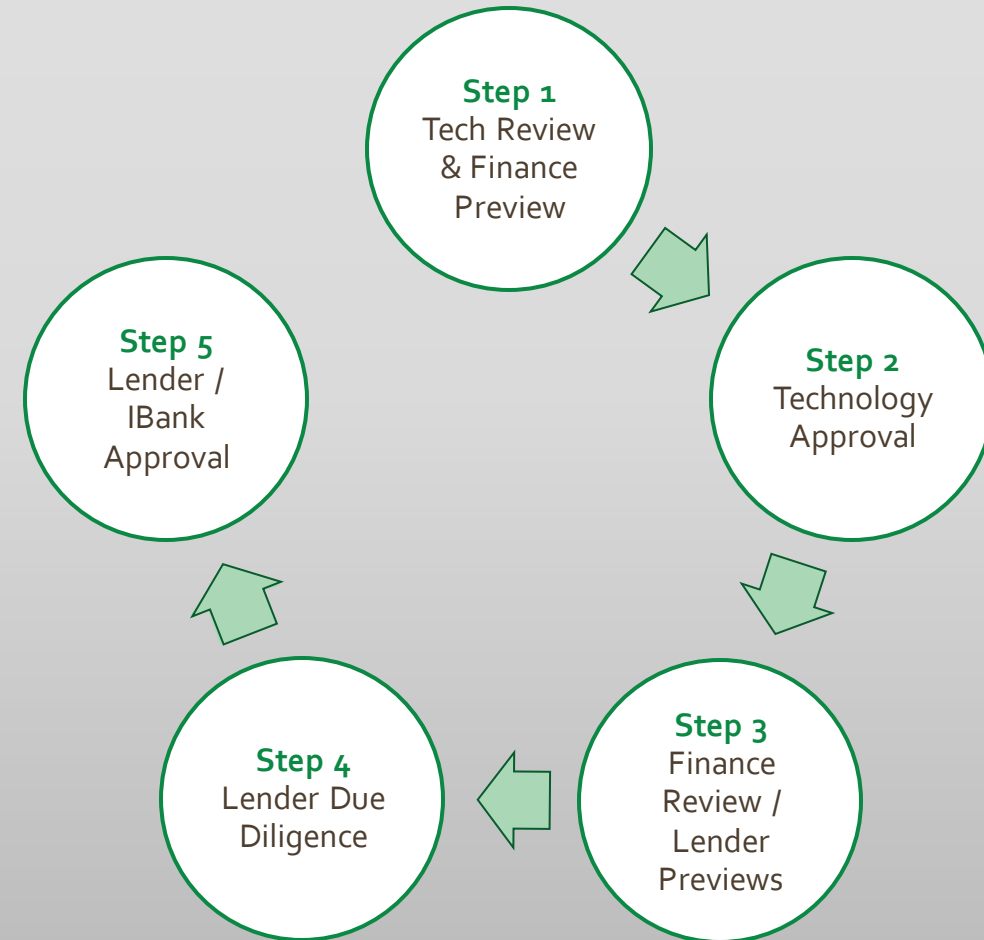
As SVP and Director of the Clean Energy Division, Rosa is responsible for growing River City Bank's services for clean energy companies ranging from \$2-\$30 million. Under her stewardship, the bank has become a clean energy leader in California by serving a majority of the state's Community Choice Aggregators "CCAs", financing renewable energy projects, and supporting other local sustainable efforts. Rosa joined River City Bank in 2014 and has also held the positions of Cash Management Representative, Credit Analyst, and Relationship Manager prior to establishing the bank's Clean Energy Division in 2018.

Program Overview

- The Climate Tech Finance program is a partnership between the California Infrastructure and Economic Development Bank (IBank) and the Bay Area Air Quality Management District (Air District), a regulatory agency that works to reduce air pollution across nine Bay Area Counties.
- The program offers subsidized loan guarantees for businesses that adopt or create emerging technologies that reduce greenhouse gas emissions anywhere in California. It is specifically designed to encourage and accelerate the commercialization of these technologies. The program is administered through the seven small business Financial Development Corporations in California, also known as FDCs.
- The program offers successful applicants an 80% State of California loan guarantee for up to \$5 million with a maturity of up to seven years for a financing which can be secured from a commercial bank, credit union, or other lender certified by the IBank and licensed and operating in the State of California. Fees: 2.25% Guarantee Fee + 0.50% Technology Review Fee.

Climate Tech Finance Approval Process

- Tech Review is handled by the BAAQMD's CTF Technical Team
- Finance Preview is handled by the CTF Finance Team
- CTF Finance Team will conduct a preliminary due diligence and request information needed to present to lenders.
- Lenders will review package and may request additional information.
- Lender Approval is then presented to an FDC for loan guarantee approval by IBank.

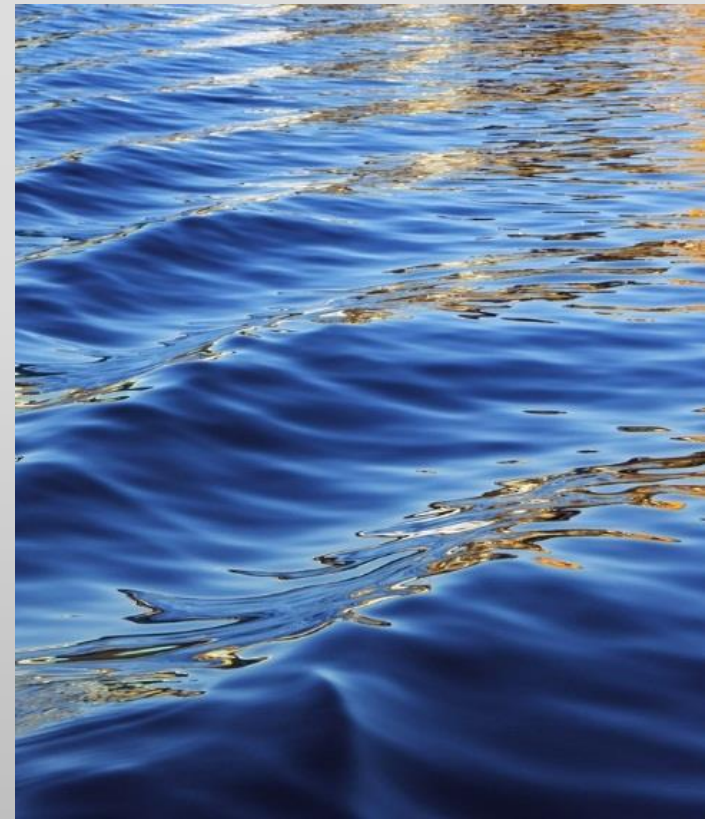


Information You Must Clarify For The Bank

- Clearly describe your financing request.
- Indicate why you need these funds.
- What will the use of these funds do to your business.
- How will the bank be repaid.

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Financing Request



Describe Your Financing Request

- **Who is the Borrower?**
 - Provide a summary of the borrower including when they started, what they do and who owns them.
- **Experience**
 - Who are the top executives / managers of your business and what have they done previously.
- **What is your ideal financing structure?**
 - Loan Amount
 - Loan Structure: Term Debt, Construction Loan, Line of Credit, etc.
 - Loan Duration (i.e. 48 months)
 - Amortization (Fully Amortized, or to a balloon)
- **What will the funds be used for?**
 - Provide a list of what you are purchasing with a breakdown of costs.

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Why You Need Funds



Why Do You Need These Funds

- **Expansion vs. Replacement**
 - Banks want to know if the assets you are purchasing are for growth (increasing production) or replacement.
- **Essential Use**
 - Banks want to know if the assets you are purchasing will be essential to your business.
- **New Business Segment or Business Acquisition**
 - Banks want to know if their funds will be used to launch into a new business segment.
 - *This could be expansion into a new region, product/service or business acquisition.*
- **Working Capital**
 - Working capital is the funds needed to run your business through the cash flow cycle.

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What Will Financing Do For Your Business?

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- **Tell your story.**
 - No one knows your business better than you and you've probably thought long and hard on your business strategy and why you need this financing.
 - Whether it will reduce expenses or increase sales, let them know the impact.
- **Provide your analysis.**
 - Quantify the impact on your business with a financial model to support the savings or revenue increase.
 - A simple analysis which is easy to understand is often better than a huge spreadsheet.
- **Additional Information.**
 - Consider additional information that could help the bank understand the whole picture.
 - *Industry / Market studies or news articles.*
 - *Equipment Specs / Details*

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How Will Lender Be Repaid?

Banks only make income if the financing is repaid.

- Banks look at Primary, Secondary and Tertiary Sources of Repayment
- Your Existing Cash Flow.
 - Provide your company's financials.
 - Be ready to explain decreases in revenues, net income and cash flow.
- Your Future Cash Flow.
 - Projections, both companywide and specific to the project will enable to bank to structure the financing with a payment that you can afford.
- Additional Repayment Support.
 - Guarantees from the business owners.
 - Assignment of receivables.

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Questions?



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