

County of Santa Clara

Office of the County Executive

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MEMORANDUM

TO: Honorable Board of Supervisors
Jeffrey V. Smith, M.D., J.D., County Executive^{DS}

FROM: Miguel Márquez, Chief Operating Officer ^{MM}
Glen Williams, Asset Development Manager, Asset and Economic Development ^{DS} ^{YW}

RE: Off-Agenda Report Related to Santa Clara County participation in the California Rebuilding Fund LLC Loan Program (CRF)

DATE: May 31, 2022

Under advisement from May 24, 2022 (Item No. 62), this report responds to the request to have Administration report to the Board regarding the status of the California Rebuilding Fund LLC Loan Program (CRF). At the January 12, 2021 Board meeting (Item No.19), the Board agreed to authorize up to \$6,000,000 to provide funding for loans to small businesses in Santa Clara County who were negatively affected by Covid-19.

At the time of the Board's authorization, there was significant interest and activity in the loan program. Between January 2021 and April 2021, the County funded 39 small business loans. In between May 2021 and September 2021 only 13 loans were funded. Between October 2021 and April 2022, no additional loans were funded. Part of this gap in funding loans may be explained by delays in negotiating the extension of the CRF Guaranteed Loan Fund (the first fund) between January and March, which suspended the availability of subsidized loans from this source. Of the \$6,000,000 authorized by the Board, as of May 24, 2022, a total of \$3,428,815 had been disbursed for those 52 loans. Of that amount, \$575,015 has been repaid, and the County has received \$30,898 in interest paid.

The sharp drop-off in loan demand is likely attributable to several factors, including reopening of businesses, increased retail traffic, increased availability of grant funds, and the opening of alternative loan programs, including the CRF Blended Facility (the second fund). In 2022, CRF negotiated with all the lenders in the CRF Guaranteed Loan Fund (the first fund) to extend the program's duration through June 30, 2022 and loosen the eligibility criteria for the loans, allowing more and larger businesses to qualify for the program. As a result, the County has

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received a new funding draw request for the first time since October 2021 in the amount of \$73,281 to fund a new loan. That leaves \$2,497,904 still available to lend in that program between now and June 30, 2022, when that program stops accepting new applications.

CC: Chief Board Aides
James R. Williams, County Counsel
Tiffany Lennear, Clerk of the Board of Supervisors
Greg G. Iturria, County Budget Director
Mary Ann Barrous, Agenda Review Administrator