

MINUTES

CALIFORNIA HEALTHY FOOD FINANCING INITIATIVE COUNCIL ("CHFFIC")

915 Capitol Mall, Room 587
Sacramento CA 95814

Meeting of the Council: December 4, 2012 – 10:00 a.m.

Deputy State Treasurer Patricia Wynne, serving as Chair, called the meeting to order.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Kurt Schuparra for Marty Morgenstern, Secretary of the Labor and
Workforce Development Agency
Suanne Buggy for Diana S. Dooley, Secretary of the Health and Human
Services Agency

Absent: *Karen Ross, Secretary of the Department of Food and Agriculture

Staff Present: Najia Rosales, Acting Executive Director

Deputy State Treasurer Patricia Wynne, serving as Chair, declared a quorum present after the secretary called roll.

Item # 3 Assembly Bill 581 and 2246

Deputy State Treasurer Patricia Wynne, serving as Chair, moved Item #3 of the Agenda to accommodate the introduction of the California Healthy Food Financing Initiative by California State Assembly Speaker John A. Pérez.

Speaker Pérez has a deep interest in access to healthy food, having previously worked in the grocery store industry. He acknowledged and expressed his appreciation of the work of the California Endowment. He discussed his hopes for the California Endowment to reach out to even more organizations and see them partner with larger grocery chains.

Speaker Pérez discussed the gaps between fresh food and access, the benefits of food hubs, working to make food hubs a more viable option, the need to maximize the use of State fairgrounds, and customer friendly farmers markets that allow the use of EBT.

The Speaker asked Council to work with other states and State agencies to pursue partnership opportunities.

Secretary Diana Dooley arrived during the Speaker's presentation.

*Mr. Jim Houston for Karen Ross arrived during the Speaker's presentation.

Item # 2 Executive Director's Report

Ms. Rosales addressed the Council and thanked Speaker Pérez for authoring the bills. Through his leadership he strives to ensure that all communities have access to healthy and affordable foods. Low incomes communities and communities of color for decades in both rural and urban areas have suffered from lack of access to healthy food in what is referred to as food deserts. The US Department of Agriculture estimates around 1.7 million Californians live in low income communities and do not have access within one mile of their home to a grocery store. This lack of access has health issues associated with it and according to the Center of Disease Control and Prevention 20% of California adult population are obese.

Two mission statements were introduced for review, input and revision. Ms. Rosales requested direction from the Council.

Council and staff developed key words for the mission statement:

Nutritious

Access to fresh & healthy foods

Economics: grants, loans, incentives

Public or private

Partner with federal, state, non-profit

Other incentives

Economic development opportunities (jobs)

Next meeting was tentatively scheduled for February 2013. Staff will coordinate with Council to schedule dates.

Secretary Karen Ross arrived during the Executive Director's Report.

Ms. Najia Rosales introduced and thanked the Advisory Group, Secretary Karen Ross and Jim Houston.

Item # 4 Healthy Food Access Report

Jim Houston, California Department of Food and Agriculture presented the recommendations from the Department of Food and Agriculture Advisory Group Report, *Improving Food Access in California*. The Report will be available on the Department of Food and Agriculture's and CHFFIC's websites.

At the heart of the issue of food access is basically the under-consumption of healthy food. There are communities in California, the greatest agricultural state in the world, that don't have access to healthy food. Proximity, variety, quality and affordability impact access to food. The State has many resources, such as State fairgrounds. Many fairgrounds are looking for partnerships to become more relevant in their communities.

State infrastructure, employees, departments, the Council and agricultural commissioners can be of great help in addressing this issue. Agricultural commissioners are a real asset and the heart of their communities. At the federal level there is a large amount of funds. An important mission for the Council will be to help streamline the process. The federal HFFI programs are probably the single most important policy to make a difference in the lives of underserved citizens. Unfortunately, they are not utilized as much as they should be. Cal-fresh, WIC and school nutrition programs are at the heart of this whole issue. The people of California, non-profits, foundations, businesses, are all important, and California has the best farmers in the world. The State has been working on ways to build the farm network. Food Access Framework is the first step. The farmers grow the food, the distribution network sends out the products, the retailers sell the food and then the consumers buy the food. Farmers need assistance with distribution. Direct marketing and distribution will increase access to fresh food. Also, food hubs are not a new idea. But, not all food hubs are alike and they need to be tailored to the community. Food hubs may even be virtual.

The moratorium on new WIC authorization should be ended, while ensuring integrity in the system. There is a demand for WIC. Finding a way to provide better services should be a priority.

Local governments sometimes have approval processes that impede local grocery development. Incentives are given to bring certain businesses like a stadium to their city; but, when a grocery store chain wants to bring a store to the inner city, oftentimes there's a lack of incentives. The State should find ways to help local governments ease restrictions, while being respectful of local governments.

Corner stores are a resource for communities. However, many corner stores have limited resources and limited access to distribution networks. Proximity and variety are important factors in accessing healthy food at corner stores.

CalFresh and EBT acceptance throughout the State is important, particularly in low income communities. It is also important for certified farmers markets to accept Calfresh. The State should find ways to make it simpler to get through the application process.

The State should try to increase farmers' market participation through more incentive programs, and encourage people to use these programs, such as market match. Outreach and promotion are necessary.

Attention should be on healthy school meals. Education on nutrition should be combined with healthy meals at schools. Funds should be used to help construct kitchens in the schools. Schools with kitchens have a more positive experience with food and students. Millions of school children don't get a healthy lunch at school or home.

A portal and resource for community urban gardens are necessary. Dedication and community support can make a difference. It is a win, win. Communities are empowered, egos are boosted, there's a win for agriculture, and a win for California.

Chair opened the floor to questions. Mr. Schuparra commented that funding may be available under Proposition 39 to retrofit schools. Although the funds may not necessarily be used to build kitchens, it may be helpful for school facilities in a broader sense. Chair asked to have staff look into this. Ms. Buggy stated that many of the recommendations fall into the health and human service area and she would be more than happy to give presentations or bring in program staff to discuss WIC or Calfresh.

Item # 5 California FreshWorks Fund Update

Tina Castro, Director, Impact Investing; Charles Fields, Regional Program Manager, California Endowment; and Scott Sparty, NCB Capital, were introduced to the Council.

Ms. Castro stated she was excited to talk about the FreshWorks fund and started the presentation with a brief video.

Building Healthy Communities, a 10-year plan, focuses on 14 communities throughout the state to build healthy communities with partners in those communities. They brought both grant making and investment capital to create the FreshWorks fund.

The fund is a public private partnership loan fund to help address the issue of lack of access to healthy foods. Current funds of \$272.8 million are committed to both grants and loans. The goals are three fold: 1. Access: increase access to healthy food as a means to improve health outcomes. 2. Economic Development: spur economic development that supports healthy communities. 3. Innovation: encourage innovation in healthy food retailing and distribution. Grocery stores are going to be part of the solution but not the entire answer.

Capital structure is very complex and falls into three buckets: term debt, new market tax credits, and other lending. Term debt credit enhancement is critical to get the major banks and insurance investors onboard. NCB received two awards for innovation.

Food hubs are important and can serve a critical role. A variety of food hub projects across the state are being considered.

The fund has deployed approximately \$18 million in capital, supported 9 projects to date, and helped to provide 360,000 people with increased access to food and create 500 jobs. Some of the projects were highlighted, such as Northgate Gonzales Market in San Diego, Northgate Gonzalez Market in Inglewood, and Mandela Marketplace in West Oakland.

Item # 6 State Lender Assistance Programs

Chair introduced Mr. Michael Paparian, Executive Director of California Pollution Control Finance Authority (CPCFA) and Ms. Nancee Trombley, Treasury Program Manager I, CPCFA. Mr. Paparian and Ms. Trombley presented a background and description of CPCFA's California Capital Access Program (CalCAP).

Mr. Paparian began the presentation to the Council. The State has two general small business assistance programs: CalCAP and the Business, Transportation & Housing Agency Small Business Loan Guarantee program. There are also a number of other state assistance programs that benefit small businesses, including programs under the Department of Insurance, Public Utilities Commission, Energy Commission, and the Air Resources Board. CPCFA has been in existence since 1973, issuing bonds for environmental projects, including water, waste water, and waste and recycling. From 1992 until 2010 about \$35 million of CalCAP funds have leveraged about \$2 billion in small business lending. In 2010 Congress passed the Small Business Jobs Act which included about one and one half billion dollars for State level lending programs. California's share was \$168 million dollars, which was divided between the two state lending programs, each receiving about \$84 million dollars. The Legislature has provided some funds to help in areas where the federal funds are unable to help and augment in areas with high unemployment.

Mr. Paparian introduced Nancee Trombley. CalCAP helps California's small businesses thrive by encouraging financial institutions to make loans to small businesses. In this economy, small businesses are having trouble getting loans. Financial assistance may be in the form of credit enhancements and partnerships with banks, credit unions, CDFI's, and finance companies. Ms. Trombley explained how the CalCAP works and its benefits, such as nonprofit business

enrollment, working capital loans, and lines of credit. One of the benefits with CalCAP is less forms which can be processed quickly.

The Chair asked Ms. Trombley of the definition of a small business.

Ms. Trombley responded that CalCAP uses the SBA definition of 500 employees or less.

Chair directed staff to schedule the next meeting in February.

Chair opened the floor to other business. Having none, Chair directed staff to work on the mission statement and encouraged Council members to consider any other phrases or words they would like in the mission statement.

Chair opened the floor to public comment and having none, adjourned the meeting at approximately 11:40 a.m.

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