

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**California Capital Access Program**  
**Meeting Date: November 15, 2016**  
**Executive Summary**

***Request for Approval to Contract for Trustee Services for the California Pollution Control Financing Authority (CPCFA) in Connection with the California Capital Access Program (CalCAP) in an Amount Not to Exceed \$500,000***

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**Summary.** Staff requests approval to enter into a contract with Zions Bank to provide Trustee services for the California Capital Access Program (“CalCAP” or “Program”). The contract will be for a two-year term, with an option to extend for one additional year, and will not exceed \$500,000.

Under the general direction of the Executive Director of the CPCFA, the scope of service will include establishing various accounts, maintaining lenders’ loan loss reserve accounts, daily deposits, disbursement and transfer of funds, tracking various program statistics, and preparing periodic management reports.

**Background.** The CalCAP Trustee maintains lenders’ loan loss reserve accounts, performs daily fund transactions, and prepares periodic management reports. There are currently 81 Participating Financial Institution (PFI) accounts, 22 Program accounts, 12 Independent Contributor Accounts, 42 PFI loan-specific Collateral Support Program (CSP) Loss Reserve Accounts, 10 PFI Electric Vehicle Charging Stations (EVCS) Loss Reserve Accounts, and 3 PFI CalCAP/Americans Disabilities Act (ADA) Loss Reserve Accounts. The expectation is to enroll new PFIs and double the number within the next two (2) years. The Trustee oversees these accounts on behalf of CalCAP and handles transfers of funds in and out of the accounts.

CalCAP has added three (3) new programs since 2014. The Electric Vehicle Charging Station Financing Program (CalCAP/EVCS) is a \$2 million financing program providing incentives to small business owners and landlords to install electric vehicle charging stations for employees, clients, and tenants. This program is funded through the California Energy Commission.

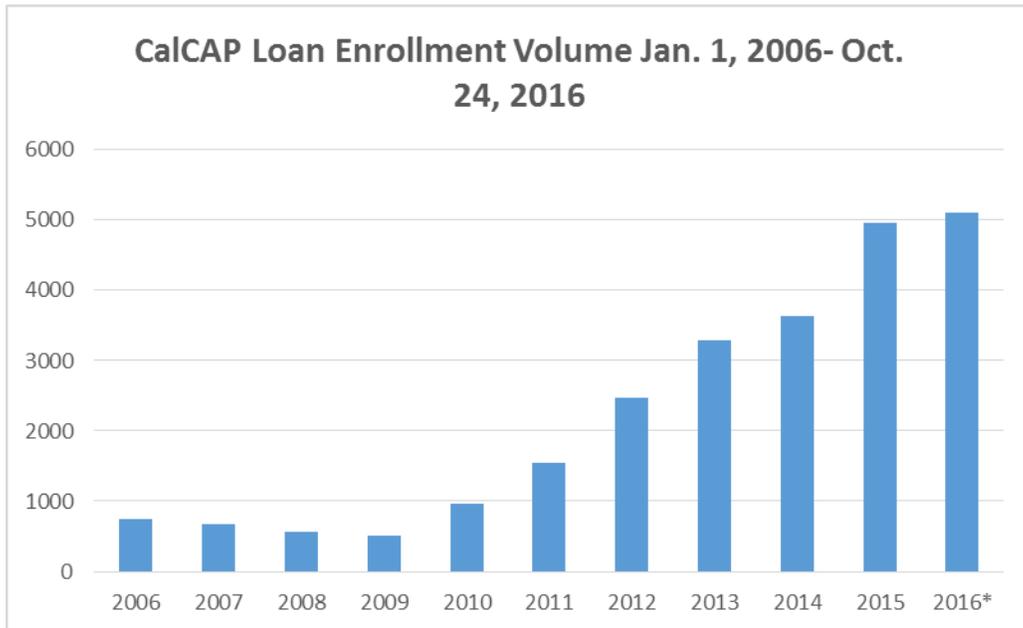
The Americans Disabilities Act Financing Program (CalCAP/ADA) is a program similar to the CalCAP Air Resources Board (ARB) and State Small Business Credit Initiative (SSBCI) programs. CalCAP/ADA encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. Any small business with 15 or fewer full time equivalent employees requiring a loan for physical alterations or retrofits to its business facility of less than 10,000 square feet for compliance with the federal Americans Disabilities Act, may receive more favorable loan terms from a lender if the loan is enrolled in the CalCAP/ADA Financing Program.

The newest program, the Seismic Safety Capital Access Loan Program is still in the implementation phase. The Seismic Safety program assists small businesses and residential property owners with financing the costs for seismic retrofits. This program may be used for

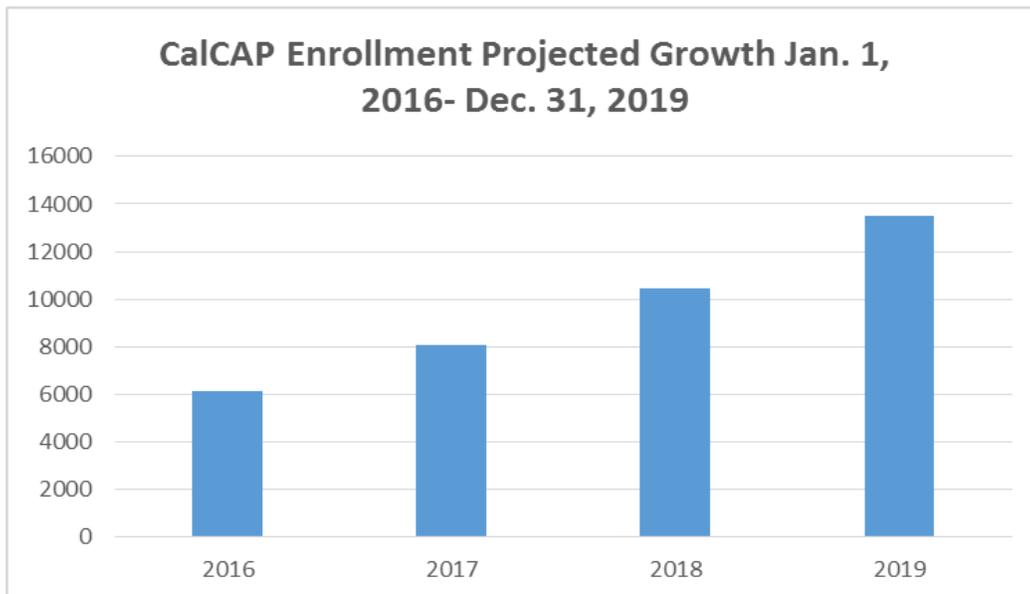
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seismic construction alterations performed on or after January 1, 2017 to a qualified building or mobile home to substantially mitigate seismic damage.

If CPCFA were to add new programs, the additional accounts would be handled by the Trustee. The table below shows the CalCAP Loan enrollment volume over the past ten (10) years and a projection of future loan enrollments in the CalCAP programs.



\*Data through Oct. 24, 2016



**Request for Proposal (RFP) Process.** On September 21 2016, CPCFA staff advertised a RFP through the Cal eProcure website and the CPCFA website. CPCFA received one proposal, from Zions Bank. As part of the State contracting process, if a state agency receives less than three (3)

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responses to a RFP, staff is required to inquire as to why non-proposers did not respond. The entity that staff surveyed stated that they were not able to respond to the RFP due to language currently required by the Department of General Services.

Staff conducted its evaluation process that included an Evaluation Committee consisting of CPCFA staff. Proposals were evaluated based on the characteristics and point values outlined below. A proposer could earn a maximum of 100 points. Zions Bank received a total average score of 82 from the Evaluation Committee.

- 1) Overall experience demonstrating its ability to successfully complete the scope of services defined in the RFP, including Trustee depository experience. (30 points)
- 2) Evaluation of qualifications of individuals to be assigned to the contract on the basis of professional and educational background and experience in related work including experience with other trustee and similar type of programs. (20 points)
- 3) Evaluation of the proposer's Flow Chart demonstrating the firm's understanding of establishing the CPCFA Program Funds and Loss Reserve Account's setup of a Participating Financial Institution, the relationship of the Trustee firm's role in CalCAP, Model Flowchart illustrating establishing a new PFI, funding from a Program Account, funding from an Independent Contributor Account, and payment of a claim reimbursement. (10 points)
- 4) Evaluation of the Trustee firm's ability to provide the required reporting account activities and information as listed in the RFP. (10 points)
- 5) Evaluation of actual fees proposed that are associated with CalCAP and the establishment of Program Accounts including Loss Reserve Accounts, trust administration and annual fees, loan enrollments and claims, disbursement fees, and any other reimbursable expenses. (30 points)

**Overview of Zions Bank Corporate Trust.** Zions Bank was originally founded in 1873 as Zions Savings Bank and Trust. Today, Zions First National Bank is known as Zions Bank, a division of Zions Bankcorporation due to mergers and incorporations over the years. Zions Bank is a consistent market leader in US Small Business Administration lending. Zions Bank offers mortgage and home equity loan options, credit cards, private and executive banking services, online and mobile banking. In recognition of exemplary customer service, Zions Bank was awarded 31 Greenwich Excellence Awards for the year ending 2015 and "Best Banks to Work for" in 2016 by American Banker magazine. Zions Bank has also been constantly ranked as one of the top 10 providers of bond trustee ad paying guest agent services in the country by Thomson Reuters.

Zions Bank's administrative team has provided similar Trustee services to other state agencies, including CPCFA's sister agency, California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA). Zions Bank is currently in contract with CAEATFA for its Property Assessed Clean Energy (PACE) Loss Reserve Program and California Ethanol

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Producer Incentive Program (CEPIP). Zions Bank has provided CAEATFA with detailed program activity reports that CPCFA will also be requesting.

**Contract Terms.** The contract will be for a two-year term with an option to extend for an additional year. The contractor will be compensated subsequent to providing specific services. The compensation amount shall not exceed \$500,000 for the term of the contract.

**Recommendation.** Staff recommends adoption of a resolution authorizing execution of a contract with Zions Bank to provide Trustee services to CPCFA for the California Capital Access Program in an amount not to exceed \$500,000 over two years.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING  
AUTHORITY AUTHORIZING THE EXECUTION OF A CONTRACT FOR TRUSTEE  
SERVICES IN CONNECTION WITH THE  
CALIFORNIA CAPITAL ACCESS PROGRAM (CalCAP)**

November 15, 2016

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of Section 44500 of the Health and Safety Code; and

**WHEREAS**, Section 44522(c) of the Health and Safety Code provides that the Authority is authorized to “do all things generally necessary or convenient to carry out its powers”; and

**WHEREAS**, the Authority has determined it requires Trustee services in connection with its Capital Access Program; and

**WHEREAS**, the Authority has undergone a competitive process to identify an appropriate contractor to provide Trustee services;

**NOW, THEREFORE, BE IT RESOLVED** by the Authority, as follows:

**Section 1.** The Authority hereby authorizes the execution of a contract in an amount not to exceed \$500,000 to retain the Zions Bank to provide Trustee services for its Capital Access Program.

**Section 2.** The term of the contract will commence upon execution and will continue for two years with an option to extend for a period of one-year unless earlier terminated by the Authority.

**Section 3.** The Chair of the Authority, Executive Director and Deputy Executive Director are hereby authorized for and on behalf of the Authority to obtain Trustee services, with the form and substance of said contracts to be reviewed and approved by legal counsel of the Authority.

**Section 4.** This resolution shall take effect immediately upon its approval.