

MINUTES

**California Pollution Control Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
February 21, 2017**

1. CALL TO ORDER & ROLL CALL

Mr. Steve Juarez, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:58 a.m.

Members Present: Eraina Ortega for Michael Cohen, Director of Finance
Anne Baker for Betty T.Yee, State Controller
Steve Juarez for John Chiang, State Treasurer

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Juarez asked if there were any questions or comments concerning the meeting minutes from the meeting held January 17, 2017. There were none.

Ms. Ortega moved approval of the minutes; upon a second, the minutes were unanimously approved.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

3. EXECUTIVE DIRECTOR’S REPORT

Ms. Webster-Hawkins informed the Board that CPCFA has continued with a significant amount of outreach to promote the developing California Capital Access Program for Small Business (CalCAP) programs as part of the program highlights. On Friday, February 17, 2017, CPCFA staff together with the Energy Commission staff celebrated the first loan enrolled in the Electric Vehicle Charging Station Program (EVCS) with Anza Electric Cooperative, Inc. A twin set of level 2 charging stations were installed at the Anza Electric Cooperative headquarters. Anza Electric Cooperative is an electric cooperative that serves approximately 3,000 member rate payers in Anza, California and they ensure that renewable and clean energy is part of their program. The company

is also installing a 3 megawatt solar facility which has added approximately sixteen percent of their members electricity needs. Pacific Enterprise Bank was the participating lender and has been a long time lender with the California Capital Access Program (CalCAP).

Ms. Webster-Hawkins stated that the outreach continued with the CalCAP Seismic Safety and CalCAP Americans with Disabilities Act Programs and CPCFA has coordinated with the small business advocate at the California Governor's Office of Business and Economic Development (GOBIZ), the Division of State Architects under both programs, the Seismic Safety Commission, the California Earthquake Authority, and the Small Business Development Councils (SBDCs).

Ms. Webster-Hawkins noted that Friday, February 17, 2017 was the deadline for bill introductions for the Legislature. AB 1553 by Assembly member Jimmy Gomez was introduced. The bill is currently a spot bill and is intended to include clean up items to enhance the eligibility for the CalCAP ADA program, particularly in regards to the maximum gross annual revenue for the eligible businesses which is set artificially low when looking at the CPCFA data for small business in the target that the Assembly member wants to reach. The maximum gross annual revenue is higher than the current cap is set at, so this is what will be worked on with the author of the bill to widen the appeal of the program.

In CPCFA personnel news, Ms. Webster-Hawkins announced that Christina Vue has been offered a permanent civil service position with CPCFA.

Ms. Webster-Hawkins acted on two items under her delegated authority in February 2017. On February 14, 2017 Interagency Agreement (IA) CPCFA 08-16 was signed with the State Controller's Office to support the California Automated Travel Expense Reimbursement System (CalATERS) that the state has implemented. It was identified as a zero dollar contract but is an automatic charge to CPCFA on a pro-rata basis across all of the agencies that are participating. The benefit of this program is that it offers direct deposit to staff that travel which will expedite reimbursement.

Ms. Webster-Hawkins signed IA CIDFAC 01-15 on February 16, 2017 with the California Industrial Development Financing Advisory Commission (CIDFAC) in the amount of \$52,542 which was subject to Board authorization on December 13, 2016 to amend the reimbursement contract between CIDFAC and CPCFA.

Ms. Webster-Hawkins asked if there were any questions.

Mr. Juarez asked if CPCFA has shared with the Board the intention of staff to pursue additional funding for the CALReUSE program specifically with a Spring Finance Letter. Mr. Juarez stated that there was interest within the Board to move forward to get the funding replenished.

Ms. Webster-Hawkins informed the Board that with the support of the Treasurer's Office, CPCFA has submitted the Spring Finance Letter seeking additional funding for the CALReUSE program that would be to support additional grants and loans for both the remediation and assessment projects

that are very similar to what has been run in the past. There is currently no funding to award to new projects, additional funding is being sought to revive the CALReUSE program.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE NOTES/BONDS

1. Organic Energy Solutions, Inc. and/or its Affiliates #901 (SB*), Solid Waste Disposal, \$34,000,000

Presented by: Dmitri Godamunne

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt

Organic Energy Solutions, Inc. and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$34,000,000 of tax-exempt bonds to finance a biomass electric power generation system.

Staff recommended approval of Initial Resolution No. 17-01 for Organic Energy Solutions, Inc. and/or its Affiliates for an amount not to exceed \$34,000,000.

Mr. Godamunne asked if there were any questions.

Mr. Juarez asked if the applicant would like to make any comments.

Mr. Holmstedt expressed his thanks for the Board's support and stated that similar types of bonds will be seen as this is a response to the food waste divergent efforts that the Legislature has set forth.

Mr. Juarez asked what the receptivity of the market is with this type of bond and asked if Mr. Holmstedt feels confident in the ability to sell this type of bond in the current environment. Mr. Holmstedt stated that specifically with the current item, it is a startup and will not be looking to include a structure that typically comes before the Board where the bank is either buying the bonds, putting up a Letter of Credit (LOC) or remarketing bonds. This type of project will be done on a project finance basis and the contractual relationship will be with the various food waste haulers and the tipping fees provided off of that combined with the energy sales will have a strong revenue stream that the institutional market for these bonds will support it.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

Ms. Ortega moved approval of the item; there was a second.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

2. Bay Counties Waste Services, Inc. dba Specialty Solid Waste & Recycling and/or its Affiliates #902 (SB*), Solid Waste Disposal, \$7,750,000

Presented by: Kris Luoma

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt

Bay Counties Waste Services, Inc. dba Specialty Solid Waste & Recycling and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$7,750,000 to finance the purchase of new California Air Resources Board (CARB) compliant collection vehicles, carts and pails.

Staff recommended approval of Initial Resolution No. 17-02 for Bay Counties Waste Services, Inc. dba Specialty Solid Waste & Recycling and/or its Affiliates for an amount not to exceed \$7,750,000.

Mr. Holmstedt informed the Board that Bay Counties has come before the Board many times and explained that this project is different than previous projects specifically that Bay Counties will be working with the bank and the bank will be buying the Notes directly. This project is in part due to the food waste divergent program. The new carts and collection vehicles are being set up specifically to be able to accept food waste as a separate part of the container from the other organic stream which provides another approach to the food waste effort.

Mr. Juarez asked what the term of the Notes would be. Mr. Holmstedt stated he expected the term to be about 10 years. Mr. Juarez stated that that was longer than he thought. Mr. Holmstedt stated he believes the bank will hold on to the Notes for approximately 5 years and then the bank may extend the term or it may be remarketed onward.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

B. CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM PROJECT FUNDING APPROVAL

Downtown Railyard Venture, LLC requested final approval of additional project funding in the amount up to \$9,750,000

Presented by: Ethan Wieser

Staff introduced Frank Myers with Downtown Railyard Venture, L.L.C.

Downtown Railyard Venture, L.L.C. (or DRV) requested approval of additional remediation funds in an amount not to exceed \$9,750,000 with an initial allocation of \$1,111,771.84 and with the remainder funded if program funds become available to continue the cleanup of the Sacramento Railyard Project.

Mr. Wieser provided background on the project and stated on November 19, 2008, the Board approved a grant in the amount of \$5,000,000, and pre-approved the Project for additional funding in an amount not to exceed \$9,750,716 subject to the conditions that:

- 1) the Authority receives additional funding; and
- 2) the Authority reconfirms the Project funding in a subsequent meeting

On August 26, 2009, the Board approved an amendment which redefined the Project from a single \$14,750,716 project to two projects;

- 1) Project A- cleanup the Central Shops structures—for \$5,000,000; and
- 2) Project B- cleanup of the surrounding Central Shops area for the additional \$9,750,716.

Since that time the cleanup of the central shops covered under “Project A” has been completed, and all necessary documentation (including approval of the cleanup by DTSC) has been submitted and accepted by CPCFA.

For the housing portion of the project, construction of the 197 affordable housing units is expected to begin in the spring of 2018 and completed by 2021.

DRV requested that the Board approve additional remediation funds in an amount not to exceed \$9,750,000 to continue the cleanup of the Sacramento Railyards under the approved Brownfields Environmental Mitigation Work plan as described in Project B.

CPCFA currently has \$1,111,771.84 in project funds that can be made immediately available to the Grantee, and may receive additional funds if another Prop 1C project returns or repays a portion of its award.

DRV is aware that additional funds beyond the initial allocation may not be made available, and has selected remediation tasks and that can be completed proportional to funding that CPCFA makes available, and that selected tasks have a maximum value for the Project.

Staff recommended approval of the Resolution for Downtown Railyard Venture L.L.C, approving additional funding in an amount not to exceed \$9,750,000 with an initial allocation of \$1,111,771.84 and with the remainder funded if program funds become available.

Staff also requested the Board approve a modification to Section 2 of the Board Resolution dated November 19, 2008 to allow the CPCFA Executive Director to allocate any additional funds that is received to the Sacramento Railyard Project upon verification of eligible costs.

Mr. Myers stated his thanks for the Board's consideration. The funding is an important step toward making the Central Shops area habitable and furthering the development of the Railyards which is a critical project for Sacramento.

Mr. Juarez stated that the importance of the issue raised previously with the Executive Director about the need for additional funds for CALReUSE. Mr. Juarez stated that after this, there are no funds for the CALReUSE program, until someone either refunds or repays monies that were previously allocated which hopefully will happen, but should it not, the commitment stands for the \$1,111,771.84. Mr. Juarez further stated that hopefully the funds will be replenished or returned so that the applicant can be provided the full \$9,750,000 that is being approved. Mr. Juarez clarified that the approval will be for a higher authorization than that of which is being allocated.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

Ms. Ortega moved approval of the item; there was a second.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

C. REQUEST TO APPROVE AN INCREASE TO THE FEDERAL FUNDING ALLOCATION UNDER THE STATE SMALL BUSINESS CREDIT INITIATIVE FOR THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP)

Request for approval of a Memorandum of Understanding with the California Infrastructure and Economic Development Bank to increase the amount of allocated funds to be disbursed to CPCFA in support of Approved State Programs operated under the State Small Business Credit Initiative, and to allow the Executive Director to administer necessary actions under her delegated authority

Presented by: Doreen Smith

Staff introduced Teveia Barnes, Executive Director for the California Infrastructure and Economic Development Bank (IBank) and Nancee Trombley, IBank

Staff requested Board approval of a Memorandum of Understanding (MOU) with the California Infrastructure and Economic Development Bank (IBank) to increase the amount of funds to be disbursed to CPCFA in support of Approved State Programs operated under the State Small Business Credit Initiative (SSBCI).

Approximately \$168 million dollars has been distributed to California and each tranche received from the US Treasury has been split evenly between CPCFA and IBank.

The amount of the third tranche that IBank, through Go-Biz, included in its 2014/2015 Go-Biz budget was \$440,207 less than the amount distributed to IBank. IBank is unable to spend that amount and the deadline to amend the budget was missed.

To facilitate the uninterrupted operation of the Approved State Programs authorized under the Allocation Agreement, it is the intent of the IBank to permanently transfer the \$440,207 to CPCFA to support the CalCAP Small Business Loan Loss Reserve Program. The Allocation Agreement provides that IBank and CPCFA may transfer funds between their Approved State Programs in amounts up to ten percent of the Allocated SSBCI Funds without any approval from the Treasury.

Staff recommended approving the increase in federal funding allocation in the amount of \$440,207 to be used in support of the CalCAP Small Business Loan Loss Reserve Program; approving the Memorandum of Understanding with the IBank to transfer the SSBCI funds from IBank to CPCFA; and allowing the Executive Director to administer necessary actions under her delegated authority to administer the additional funding and programs.

Ms. Smith stated that as of February 21, 2017 staff is still finalizing the accounting mechanism to transfer the funds to CPCFA and requested that the Board approve the MOU attached hereto, and delegate to the Executive Director the authority to make changes to accommodate the specific accounting mechanism ultimately identified to facilitate the transfer of the funds.

Ms. Barnes stated her thanks to the Board for their consideration and stated that the US Treasury considers the State of California as one entity and sees the programs as being one program to which the funds can be used up to ten percent without seeking their approval. Ms. Barnes stated that IBank is not able to use the funds of \$440, 207 and stated it is important for those funds to be used for small businesses in California. Instead of having them languish in the state account it would be better served effectively and with its intended use under the allocation agreement with the California Capital Access Program.

Mr. Juarez asked if Ms. Trombley had any questions or comments. She did not.

Mr. Juarez asked Ms. Webster-Hawkins if she had any questions or comments. Ms. Webster-Hawkins clarified that on December 13, 2016 CPCFA asked the Board to consider an amendment to the SSBCI budget due to an unexpected fourth tranche that the US Treasury issued to the State of California in the amount of \$646,000 which was evenly split between IBank and CPCFA and added to the total allocation from the US Treasury to the State of California is flowing respectively to IBank and CPCFA as anticipated. Additionally, this is not related to the interest in the Loan Guarantee Program that IBank administers that they cannot use the funding, it is a technical glitch related to the expenditure authority which is being resolved mutually to be able to maximize the use of the State's funds.

Mr. Ortega asked if the technical side has been worked out with the Department of Finance. Ms. Barnes stated that this was still being worked out and that there is a requirement from the US Treasury stating that the State of California has to utilize the funds, so IBank and CPCFA showed good faith by coming to the Board and also having IBank's Board approve the item first prior to finalizing everything with The Department of Finance. Mr. Juarez asked if this transaction would involve the State Controller and Ms. Barnes stated yes.

Ms. Ortega stated her support of the concept and the goal of the transaction, and that she is hopeful that the finance staff will make it work.

Mr. Juarez asked if it was fair to ask that the item would not move forward unless the specifics are worked out with the State Controller and the Department of Finance. Ms. Webster-Hawkins and Ms. Barnes stated yes.

Ms. Barnes added that the monies cannot be returned to the US Treasury without their approval and that she does not know how that would go due to the recent fourth tranche of monies.

Ms. Baker stated that she is in support of working it out and that she will carry the message back to the State Controller.

Mr. Juarez asked if the same types of small business would likely be served with CPCFA than that of with IBank. Ms. Webster-Hawkins stated yes but that the difference of the two programs that helps CPCFA and IBank work harmoniously together is that in general the Loan Guarantee Program with IBank appeals to businesses seeking larger loans, whereas CalCAP for small business appeals to micro loans and micro businesses. The eligibility requirements for the borrowers are the same but by the way the two programs are structured it would determine who would take advantage of which program.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

Ms. Ortega moved approval of the item; there was a second.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

5. PUBLIC COMMENT

Mr. Juarez asked if there were any comments from the public. Ms. Baker requested the amount of the Spring Letter that was sent in regards to replenishing the CALReUSE program. Ms. Webster-Hawkins stated the amount was bold and in the amount of \$50,000,000. Ms. Baker agreed that it was bold. Ms. Webster-Hawkins stated that this was an opportunity to educate the members of the Legislature as to the need and the role of the remediation reimbursements in the development pipeline.

Mr. Juarez stated that from a policy and program standpoint that there is a widespread support for the value of the program and all of its good works, specifically in regards to low income housing and in cleaning up of polluted sites. Mr. Juarez believed the issue to be the general fund and if it can afford to take the hit, or can it afford not to. Ms. Baker also stated that the State Controller would be interested in supporting and assisting if the Treasurer is interested in that support. Mr. Juarez stated his thanks to Ms. Baker and noted that Ms. Ortega is not in the same position to do the same. Mr. Juarez also requested Ms. Webster-Hawkins put together a synopsis of what the request is and share it with the Board. Ms. Webster-Hawkins stated she could do that and that CPCFA's approach to refunding the CALReUSE program is not a single path and over the last couple of years there have been conversations regarding other agencies that have access to other monies. Ms. Webster-Hawkins stated that as Mr. Juarez previously indicated that there is support for the CALReUSE program and that CPCFA is talking with other decision makers about the value of refunding the CALReUSE program.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:26 a.m.

Respectfully submitted,

(Originally Signed By)

Reneé Webster-Hawkins
Executive Director