

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 110
Sacramento, California
March 12, 2018**

1. CALL TO ORDER & ROLL CALL

Tim Schaefer, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:30 a.m.

Members Present: Jacqueline Wong-Hernandez for Michael Cohen, Director of Finance
Alan LoFaso for Betty Yee, State Controller
Tim Schaefer for John Chiang, State Treasurer

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Schaefer asked if there were any questions or comments concerning the meeting minutes from the meeting held February 20, 2018. There were none. Mr. Schaefer asked if there was anyone with comments on the telephone, staff confirmed there was not.

Ms. Wong-Hernandez moved approval of the minutes; upon a second, the minutes were unanimously approved.

The item was passed by the following vote:

Jacqueline Wong-Hernandez for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Tim Schaefer for the State Treasurer	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins greeted the members of the Board and started with the news regarding CPCFA outreach and strategic development with stakeholders. This included current and future staff presentations at: Financial Innovations Lab and Green Bonds Symposium, Groundbreaking of Veteran's Home Project in Carson, California BioEnergy Association Meeting, and California Association for Local Economic Development Annual Conference. She also spoke about being present on the Strategic Growth Council's Transformative Climate Communities effort as well as involvement in Engage LA: Neighborhood Resilience effort sponsored by the Mayor's Office.

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Ms. Webster-Hawkins updated the Board on legislative matters. She stated AB 1547 would modify the definition of a small business for purposes of the California Americans with Disabilities Act Small Business Capital Access Loan Program (CalCAP ADA) to include a business that has 30 or fewer full-time employees or that has less than \$5,000,000 in total gross annual income from all sources, and would thereby expand the types of businesses that would qualify for funding under the CalCAP ADA program.

AB 2211 would state the intent of the Legislature to enact subsequent legislation that would expand the Capital Access Loan Program, including the Capital Access Loan Program for Small Business and the Collateral Support Program, in order to provide additional funding for businesses willing to embrace sustainable business practices and eco-friendly infrastructure changes.

SB 551 would transfer the administration of specified loans to qualified small businesses under the Capital Access Loan Program for small businesses from the California Pollution Control Financing Authority to the California Small Business Finance Center, and would make conforming changes to that effect. This bill would provide that the Authority will continue to administer other capital access loan programs that do not exclusively relate to loans given to qualified small businesses, including the CalCAP ADA and the California Seismic Safety Capital Access Loan Program. No further news has been reported regarding SB 551.

Ms. Webster-Hawkins then discussed an Oversight Hearing scheduled May 1, 2018 for the Jobs, Economic Development, and Economy Committee (JEDE), chaired by Assembly Member Quirk-Silva. CPCFA, California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), and California Industrial Development Financing Advisory Commission (CIDFAC) have been asked to present on the programs and answer any questions as they pertained to the Committee.

Ms. Webster-Hawkins reported two items which she acted on under her delegated authority. On March 2, 2018, Ms. Webster-Hawkins signed contract number CPCFA 07-10 Amendment 4, the interagency agreement with the Department of Toxic Substances Control (DTSC). The contract amount was for \$250,000.00 as amended, with no new money added to the agreement but an extension of time through March 10, 2020. The contract supports the CALReUSE program in covering the costs for DTSC engineers to review reimbursement requests on behalf of CALReUSE. At the same date, she also signed contract ARB 13-606 Amendment 6, an interagency agreement with the Air Resources Board in the amount of \$83 million. This amendment adds \$20 million to the previous contract and extends the term to March 31, 2019.

Ms. Webster-Hawkins asked the Board if they had any questions.

The Board indicated that they did not have any questions.

Mr. Schaefer asked for Ms. Webster-Hawkins' impression of progress that had been made at the Green Bonds Symposium.

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Ms. Webster-Hawkins replied that she felt it was an important and timely event, particularly with its targeting of invitations to investors around the world. She stated that investors are interested in investing in green projects and that investment managers are looking to invest in projects that have clear environmental and social benefits, as well as transparent accounting and governance. She stated the importance of CPCFA's green programs and projects in establishing a measure by which investors can choose which projects to fund, as well as provide a quantifiable metric on the performance and return on investment. Ms. Webster-Hawkins stated that there was a call for green bond standards or set of best practices for California green market projects and that an agency such as the State Treasurer's Office could serve as a host for such standards. She also stated there was a call for a statewide database or other central location for green bond information, and a need for an agreement on what constitutes a green project.

Mr. Schaefer thanked Ms. Webster-Hawkins.

4. BUSINESS ITEMS

A. **RESOLUTION NO. 18-01-002 OF THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY DELEGATING TO THE EXECUTIVE DIRECTOR THE AUTHORITY TO APPROVE INITIAL RESOLUTIONS RELATED TO BOND FINANCINGS**

California Pollution Control Financing Authority

Presented by: Reneé Webster-Hawkins, Executive Director

Staff requested approval of Resolution No. 18-01-002 authorizing the delegation of authority to the Executive Director to approve Initial Resolutions for the purposes of bond financings.

Health and Safety Code section 44519 provides that, "The authority may, by resolution, delegate to one or more of its members, its executive director, or any other official or employee of the authority any powers and duties that it may deem proper, including, but not limited to, the power to enter into contracts on behalf of the authority."

Further Health and Safety Code section 44534(a) provides that "The authority shall take initial action of any completed application for financing submitted to it by a participating party no later than the next meeting of the authority that occurs after at least 30 days following receipt of the application. The authority may delegate to its executive director or any other official of the authority to grant initial approval for financing to a participating party."

The current request would expire on December 31, 2018.

Mr. Schaefer asked if there were any questions.

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Ms. Wong-Hernandez asked Mr. Schaefer if this resolution was part of the implementation of how the State Treasurer's Office envisioned CDLAC and CPCFA in working cooperatively.

Mr. Schaefer noted the resolution is for the remainder of 2018. He stated that the purpose of the process was to ensure the activities still provided CDLAC with reliable compliance reports while allowing CPCFA to quickly and efficiently respond to applicants. Mr. Schaefer continued that the resolution is just one of several steps in ensuring that the application process for CPCFA still meets all of the regulatory requirements of CDLAC and that there will be a comprehensive review to occur in the future.

Ms. Wong-Hernandez stated that her questions had been answered.

Mr. LoFaso stated his understanding that CDLAC's inducement resolution process did not require a public meeting.

Mr. Robert Hedrick stated that CDLAC receives inducement resolutions from issuers but does not produce inducement resolutions of their own.

Mr. LoFaso asked if agencies such as CSCDA or CMFA adhere to the Brown Act and if they produce their own inducement resolutions.

Mr. Hedrick stated that as they are local governmental agencies, CSCDA and CMFA both adhere to the Brown Act and that they do produce their own inducement resolutions.

Mr. LoFaso asked if this resolution would have any impact on the meeting coordination discussions that occurred in February.

Ms. Webster-Hawkins confirmed that it would not affect the previous discussions as those applied to final resolutions while this would pertain to inducement resolutions.

Mr. Hedrick stated that this resolution would still comply with CDLAC regulatory and Brown Act requirements.

Mr. LoFaso asked Mr. Schaefer if this resolution would keep CPCFA equal among the issuers of the State Treasurer's Office.

Mr. Schaefer replied that this resolution would not provide any advantage or disadvantage to any party that would require the response of CDLAC or CPCFA. He stated that the resolution would allow CDLAC to continue to operate in a fair and public manner while allowing CPCFA to undertake responsibilities that it is better suited to handle.

Mr. LoFaso stated that this has been a very helpful discussion and commended the Executive Office for their role in the process.

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Ms. Webster-Hawkins further clarified regarding the transparency of the resolution, stating that all resolutions will still be posted in accordance with current standards and she will still be reporting them in her Executive Director's Report during Board meetings.

Mr. Schaefer called for a motion of approval of Resolution 18-01-02 authorizing the delegation of authority to the Executive Director to approve Initial Resolutions for the purposes of bond financings.

Mr. LoFaso moved approval of the item; there was a second.

Mr. Schaefer asked if there were any questions or comments from the Board or public.

Mr. Mark Holmstedt, of Westhoff, Cone & Holmstedt, stated that he applauds the process and its necessity and believes that it is a good interim step. He stated that CPCFA has done an extremely good job of allocation protection, which is a goal of CDLAC, and that it would benefit CDLAC staff to allow CPCFA to review certain projects on its own.

Mr. Schaefer asked if there was anyone would like to speak to the item before hearing from the Executive Director. There were none.

Ms. Webster-Hawkins stated that she wanted to reassure stakeholders in that CPCFA is committed to customer service while protecting public resources, with each being equally important. She emphasized CPCFA only puts forth projects that meet strict financial and environmental policies and regulations, as well as meeting IRS requirements for private bond activities.

Mr. Schaefer stated that he wanted to address any CDLAC related concerns that had not already been addressed by CPCFA. He assured that all projects presented to CDLAC will still follow all requirements as outlined in the regulations.

Mr. Schaefer called for roll.

The item was passed by the following vote:

Jacqueline Wong-Hernandez for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Tim Schaefer for the State Treasurer	Aye

B. REQUEST TO APPROVE INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

Metropolitan Recycling, LLC

Presented by: Andrea Gonzalez, Associate Treasury Program Officer

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt

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Metropolitan Recycling, LLC, Varner Bros. Inc., Price Disposal, Inc., Superior Sanitation Services, Inc., Varner & Son, Incorporated, Howard's Garbage Services and/or their respective affiliates, requested approval of an Initial Resolution for an amount not to exceed \$5,500,000 to finance minor facility upgrades and improvements, as well as the acquisition of equipment.

Staff recommended approval of Initial Resolution No. 18-02 for Metropolitan Recycling LLC, Varner Bros. Inc., Price Disposal, Inc., Superior Sanitation Services, Inc., Varner & Son, Incorporated, Howard's Garbage Services and/or their respective affiliates for an amount not to exceed \$5,500,000.

Ms. Webster-Hawkins stated that the staff summary has been amended to include Westhoff, Cone & Holmstedt as an addition to the financing team as the Municipal Advisor.

Ms. Wong-Hernandez moved approval of the item; there was a second.

Mr. Schaefer asked if there were any questions or comments from the Board or public.

Mr. Holmstedt thanked the Board on behalf of the borrower.

Mr. Sam Balisy, via teleconference, thanked the Board.

The item was passed by the following vote:

Jacqueline Wong-Hernandez for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Tim Schaefer for the State Treasurer	Aye

5. PUBLIC COMMENT

Mr. Schaefer asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:23 a.m.

Respectfully submitted,

(Originally signed by)

Reneé Webster-Hawkins
Executive Director