

MINUTES

**California Pollution Control Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
June 20, 2018**

1. CALL TO ORDER & ROLL CALL

Steve Juarez, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:30 a.m.

Members Present: Jacqueline Wong-Hernandez for Michael Cohen, Director of Finance
Anne Baker for Betty 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 April 18, 2018. There were none. Mr. Juarez 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
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Renee Webster-Hawkins greeted the members of the Board and stated there were two items that she acted on under her delegated authority. She stated the first item was Standard Agreement CPCFA No. 01-18, a contract with Richardson & Company. She stated that Richardson & Company has been the auditor for the SB 99 audit for the past two years. She then stated that CPCFA had placed a new auditor request for bids as required by the Department of General Services (DGS), and that Richardson & Company was the successful bidder so they were awarded the new contract effective August 1, 2018, in the amount of \$58,000.

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Ms. Webster-Hawkins brought up her first action under the delegated authority for initial resolutions, which was the June 4, 2018 approval of an initial resolution for Renewable Sonoma, LLC to increase a previous resolution in an amount not to exceed \$38,000,000. She stated the original resolution was approved on September 19, 2017 for \$29,630,000.

Ms. Webster-Hawkins moved on to program updates and stated that for the Bond program, Richardson & Company completed their audit for fiscal year 2016-2017 and that it would be published shortly. She stated that the Bond program has continued to engage with the California Debt Limit Allocation Committee (CDLAC) in order to improve the coordination between the two agencies. She stated that CDLAC has agreed to clarify the circumstances under which a borrower can get an extension of the allocation term beyond the 90 day limit for exempt facility projects. She clarified that it will not affect the terms around when a performance deposit is forfeited. She stated that CDLAC has informed CPCFA that after the new year, it will likely engage in another rule-making. She stated that will be the time for both agencies and borrowers to engage in the process to provide amendments to regulations to be more equitable with other programs and to comport with the realities of the exempt facility finance market.

Ms. Webster-Hawkins stated that there were issues with Bond transactions that were scheduled for a specific board meeting date but circumstances would sometimes require that the company ask for an extension until the next board meeting. She stated that this would normally cause an additional fee to be charged by CDLAC but that they have agreed that the fee would not be applicable to exempt facility projects as long as they meet certain conditions. It must be the same project and financing structure and be within six months or before the end of the allocation year.

Ms. Webster-Hawkins encouraged stakeholders to sign up for the CDLAC ListSERV. She stated that CDLAC issues information and occasionally requests demand surveys to monitor market demand and will be sending a survey this fall to estimate what the demand will be for 2019.

Ms. Webster-Hawkins moved on to a CALReUSE action item on the agenda for an interagency agreement with the Department of Housing and Community Development (HCD). She stated that the item will allow CPCFA to redirect funding from one project that was unable to complete its project to another project that is currently awaiting allocation.

Ms. Webster-Hawkins stated that activity is up for the CalCAP Small Business Program, Collateral Support Program, and CARB Program, with loan volumes higher this year than at the same point last year. She stated the Small Business Program had 1,065 loans enrolled, the CARB Program had 2,197 loans enrolled, while the Collateral Support Program had 14 loans enrolled.

Ms. Baker asked about the geographical diversity of the loans.

Ms. Webster-Hawkins stated that last year the Small Business Program included 46 counties, and the CARB Program achieved similar results.

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Ms. Webster-Hawkins stated that there were two bills affecting CPCFA. She stated that AB 1547 addressed a number of program improvements that will impact CPCFA, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), and the California Industrial Development Financing Advisory Commission (CIDFAC). She stated that AB 1547 was due to be heard by The Committee on Jobs, Economic Development, and the Economy (JEDE) on Monday, June 25, 2018.

Ms. Webster-Hawkins stated that SB 551 would move the CalCAP Small Business Program to the California Infrastructure Economic Development Bank (IBank) and that it passed the JEDE committee and was scheduled to be heard by the Committee on Banking and Finance on June 25, 2018.

Ms. Webster-Hawkins announced the departure of Staff Services Analyst Ryan Mallory and described his employment history at CPCFA. She thanked Mr. Mallory for his work and congratulated him on his new position.

Mr. Juarez asked if there were any comments or questions from the Board. He stated that he commended Ms. Webster-Hawkins and Ms. Laura Whittall-Scherfee for their work together on the agreement between CPCFA and CDLAC that resolved issues related to the applications brought to the Board and CDLAC. He stated the agreement acknowledged the importance of exempt-projects in receiving federal tax allocation.

Mr. Juarez offered to the Board that he believed it would make sense to move Board meetings back to Tuesdays, in line with CAEATFA meetings as before.

Ms. Baker asked if the move to Tuesdays would begin in July as it would benefit her schedule.

Mr. Juarez stated that he would push for the change to begin in July.

Ms. Webster-Hawkins stated that the move would require borrowers to attend for two days in a row.

Mr. Juarez stated that it pertained to the Board Members who sit on multiple authorities and that he would not be present for the board meeting scheduled for July 18, 2018.

Ms. Webster-Hawkins stated that there was still some time for items to occur but that at that moment there were no transactions for the July board meeting so the meeting may not occur at all.

Mr. Juarez stated that he wanted to comment on SB 551. He stated that although it passed the JEDE committee, he believed that they would ultimately be successful in halting the bill. He stated that the State Treasurer's Office (STO) would continue to defend the CalCAP Small Business Program and its placement within CPCFA.

Ms. Baker addressed the matter of the returning to annual sub-allocation. She stated that the State Controller's Office believes it is important to do so, even if the allocation occurred twice

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a year to address market needs. She stated that CPCFA has been very successful for a number of years and that while housing needs are important, the environment is just as important.

Mr. Juarez stated that this would be an opportunity at the end of the year for State Controller Betty T. Yee to discuss with the next State Treasurer and find a compromise that would allow the annual sub-allocation to return.

Ms. Baker apologized for the timing of the delivery of the State Controller's letter during the SB 551 hearing and confirmed that she brought a copy for members of the Board and CPCFA. She stated that the State Controller's Office (SCO) intends to stand with the STO as the bill goes forward.

Mr. Juarez stated that the STO appreciated the SCO's support of the Treasurer.

Ms. Webster-Hawkins clarified that the letter Ms. Baker was speaking about was the State Controller's opposition to SB 551.

Mr. Juarez confirmed that was the end of the Board's discussion and thanked Mr. Mallory for his service at CPCFA. He asked if there were any questions from the audience or from the phone. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF TAX-EXEMPT REVENUE NOTES FOR NEW MONEY AND REFUNDING PURPOSES, AND SMALL BUSINESS ASSISTANCE FUND (SBAF) COST OF ISSUANCE ASSISTANCE

Metropolitan Recycling, LLC and/or its affiliates

Presented by: Solomita Malko, Staff Services Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt as the representative of the borrower.

Metropolitan Recycling, LLC and/or its affiliates requested approval of a Final Resolution for a total amount not to exceed \$14,615,000 of which \$9,000,000 would be used to refund the Series 2012 Bonds previously issued by CPCFA. The company also requested a Small Business Assistance Fund (SBAF) Resolution in the amount of \$195,240. The new money amount of \$5,615,000 would be used to finance the acquisition of equipment such as rolling stock, trucks, carts, and other related equipment to be installed at existing facilities located throughout the City of Bakersfield.

Staff recommended approval of Final Resolution No. 18-01-588 for an amount not to exceed \$14,615,000 and a SBAF Resolution No. 18-01-004 in an amount not to exceed \$195,240 for Metropolitan Recycling, LLC and/or its affiliates.

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

Mr. Juarez requested a motion.

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

The item was passed by the following vote:

Jacqueline Wong-Hernandez for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

B. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS

Viridis Fuels, LLC and/or its affiliates

Presented by: Kris Luoma, Staff Services Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt as the representative of the borrower.

Viridis Fuels, LLC and/or its affiliates requested approval of a Final Resolution for an amount not to exceed \$34,000,000 to finance the construction of a biodiesel plant, acquisition and installation of equipment related to operation of the facility, the funding of capitalized interest, a debt reserve fund, and the cost of issuance. The company had applied to CDLAC with application no. 18-011 for allocation at its July 18, 2018 board meeting for an amount not to exceed \$34,000,000.

Staff recommended approval of Final Resolution No. 18-01-589 in an amount not to exceed \$34,000,000 for Viridis Fuels, LLC and/or its affiliates.

Ms. Webster-Hawkins added that this transaction included an approval for the draft preliminary limited offering memorandum that is typical for these kinds of financing structures. She stated that a link to the document is included in the staff summary.

Mr. Juarez called for a motion.

Ms. Wong-Hernandez moved for adoption of the resolution; there was a second.

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

The item was passed by the following vote:

Jacqueline Wong-Hernandez for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

C. REQUEST FOR APPROVAL OF AMENDMENT TO THE INTERAGENCY AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT REGARDING THE CALREUSE PROGRAM TO IMPLEMENT PROVISIONS OF THE HOUSING AND EMERGENCY SHELTER TRUST FUND ACT (PROPOSITION 1C)

California Pollution Control Finance Authority

Presented by: Ethan Wieser

Mr. Ethan Wieser requested to provide background for the transaction. He stated in March 2018, the Red Star Apartments project repaid its grant award plus interest in the amount of \$810,090.18, as the grantee was unable to complete the Infill Development Project. CPCFA was required to send the proceeds from the grant to HCD in accordance with language in the IA that "Any funds, including interest earned, not obligated or encumbered by June 30, 2017, shall revert to HCD." As a result the funds were returned to HCD in May 2018. He stated after discussions with HCD it was determined CPCFA could re-use the \$722,058.31 in principal repaid from the Red Star Project, via HCD's 2017 budget surplus pursuant to Chapter 14, Statutes of 2017 which will be included in the proposed amendment to the IA. Mr. Wieser further stated that staff anticipates making the additional funds available to the Sacramento Railyards project, which was awarded, but not allocated, an additional \$8.6 million dollars by the Board in February 2017, with the understanding that should additional funds become available they would be directed to the project.

Staff requested approval to amend Interagency Agreement 07-1-016 between the California Pollution Control Financing Authority and the California Department of Housing and Community Development to make available an additional \$722,058.31 for project costs in the CALREUSE program.

Mr. Juarez asked if the Railyards project had received its full allocation yet.

Ms. Webster-Hawkins confirmed that it had not. She commended the accounting office at the STO, and their counterparts at HCD for their effort in ensuring the returned funds were made available to the CALREUSE program.

Mr. Juarez asked if the funds had been returned in full or if there had been some loss in the process.

Ms. Webster Hawkins confirmed that the funds were returned in full.

Mr. Juarez called for a motion.

Ms. Wong-Hernandez moved for adoption of the resolution; there was a second.

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

The item was passed by the following vote:

Jacqueline Wong-Hernandez for the Director of Finance Aye

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Anne Baker for the State Controller
Steve Juarez for the State Treasurer

Aye
Aye

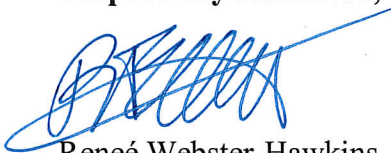
5. PUBLIC COMMENT

Mr. Juarez 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 11:56 a.m.

Respectfully submitted,



Renee Webster-Hawkins
Executive Director