

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
October 17, 2018**

1. CALL TO ORDER & ROLL CALL

John Chiang, 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 Keely Martin Bosler, Director of Finance
Anne Baker for Betty T. Yee, State Controller
John Chiang, State Treasurer

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Chiang asked if there were any questions or comments concerning the meeting minutes from the meeting held September 19, 2018. There were none.

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
John Chiang, State Treasurer	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins discussed the items approved under her delegated authority since the previous Board Meeting:

For the Bond Program, Ms. Webster-Hawkins stated that she exercised her delegated authority on two items:

- Alameda County Industries, Inc. For this item, Ms. Webster-Hawkins explained that the Board had previously approved a bond issuance structured as a draw transaction and on September 26, 2018, the Authority approved the issuance in the amount of \$3,125,000. It was closed for the company on October 1, 2018.

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For the legislative update, Ms. Webster-Hawkins stated:

- AB 1547 was signed by the Governor as urgency legislation. The current agenda includes a set of emergency regulations that would enable the Authority to immediately implement improvements contained in the bill for CalCAP ADA and CalCAP Seismic Safety programs.

Ms. Webster-Hawkins then addressed CPCFA personnel highlights:

- Kamika McGill was welcomed back to CPCFA. Kamika previously worked as a CalCAP analyst from 2007 until 2011. As a reference, during that time period the Authority did not have a CalCAP database which is called FRED, all loan information was kept manually and in Excel spreadsheets, it was before any federal money was received for our CalCAP programs, and the Authority processed about 500 truck loans a year compared to the 4000 truck loans a year currently. The Authority is lucky that Kamika was eager to rejoin when an opening was present. Kamika has a Bachelor's in Business Management from the University of Phoenix and rejoins the Authority as an Associate Treasury Program Officer.

Ms. Webster-Hawkins then concluded her report.

Mr. Chiang thanked Ms. Webster-Hawkins for her report.

Mr. Chiang asked if there were any questions or comments. There were none.

Mr. Chiang asked if there were any public comments. There were none.

BUSINESS ITEMS

A. RECOMMENDATION THAT THE AUTHORITY SIGN THE GREEN BOND PLEDGE

Presented by: Reneé Webster-Hawkins, Executive Director

Ms. Webster-Hawkins was eager to bring this item to the Board's consideration and approval. The Green Bond Pledge (the Pledge) is a joint initiative of global organizations including the California State Treasurer's Office and the Governor's Office. The Pledge asks issuers to commit to the inclusion of environmentally and socially beneficial design and measurable outcomes for all infrastructure and capital improvement projects funded by government obligation or conduit bonds. The Treasurer signed the Pledge in August on behalf of California and now CPCFA staff is recommending that the Authority do so as well. It would make CPCFA the first State level financing authority to sign the Pledge. The Pledge is aspirational, it is an acknowledgement of climate change and the critical role that project developers can play by intentionally designing our infrastructure construction and improvement projects in ways that achieve measurable environmental benefits. It is a commitment to provide investors the kind of double and triple bottom line returns by consciously identifying and achieving environmental, social, and governance objectives in the financing of our infrastructure in the State. CPCFA has issued over \$15.6 billion in tax exempt and taxable bonds for pollution control projects since 1973. Most of those would

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have been the kind of deals that the Green Bond Pledge designation would be appropriate for and that the global market is hungry for. We have issued one bond as a “Green” bond for CalPlant LLC. Later today the Board will be presented with another Green Bond designation for a bioenergy facility in the City of Rialto. The Authority sees the signing of this pledge as a first step to articulate our organizational statement of values and the next step, if the Board agrees, would be to have staff return in six months with a strategic plan based on stakeholder input to standardize the steps a business could take to receive a green bond designation through CPCFA. It is recommended that the Authority explore the propriety of using the Small Business Assistance Fund to offset additional reports or analysis that small business would need to generate to satisfy the climate bond standards or the green bond principles. The main point is that CPCFA would like to offer a voluntary path to green bond designation that does not create additionally significant financial burden or administrative burdens as well as equals the playing field so that small business borrowers are equitably positioned to benefit. The recommendation to the Board is that the resolution be adopted.

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

Ms. Wong-Hernandez motioned for approval.

Ms. Baker commented that although the Controller is less familiar with the program, California has had a long tradition of moving in this direction and want to ensure that no business is disadvantaged in any way to comply. If the strategic plan is focused on not disadvantaging the type of projects normally presented, the motion has a second.

Ms. Wong-Hernandez asked Ms. Webster-Hawkins what the Board’s involvement will be in the next six months before being presented a plan to be voted on.

Ms. Webster-Hawkins answered that it can be anything the Board likes. The preliminary concept is to hold stakeholder forums that the Board can be a part of in as inclusive a manner as desired.

Ms. Wong-Hernandez stated that she would like to continue to be engaged in the program over the next six months and would like to echo Ms. Baker’s comments about not making the process more difficult for future projects.

Ms. Baker requested that Ms. Webster-Hawkins come to the Controller’s office to give a briefing.

Ms. Webster-Hawkins confirmed Ms. Baker’s request.

Ms. Wong-Hernandez motioned for approval. Mr. Chiang seconded. Mr. Chiang called for roll to be taken.

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	Aye
John Chiang, State Treasurer	Aye

B. APPROVAL OF 2019 MEETING DATES

Presented by: Reneé Webster-Hawkins, Executive Director

Ms. Webster-Hawkins noted that the dates will return to their traditional dates on the third Tuesday of the month.

Ms. Wong-Hernandez motioned for approval. There was a second.

Mr. Chiang asked if there were any public comments. 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
John Chiang, State Treasurer	Aye

C. REQUEST FOR APPROVAL OF A STANDARD AGREEMENT WITH ZIONS BANK FOR TRUSTEE SERVICES PROVIDED TO THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP) IN THE AMOUNT OF \$780,000

Presented by: Tajinder Kaur, Associate Governmental Program Analyst

Staff requested approval to enter into a contract with Zions Bank to provide Trustee services for the California Capital Access Program (CalCAP). The contract will be for a three-year term for a not to exceed amount of \$780,000 with an option to extend for one additional year.

On August 6, 2018 CPCFA staff advertised a Request for Proposal through the Cal eProcure website, ListSERV, and the CPCFA website. CPCFA received one proposal, from Zions Bank and an email from US Bank thanking CPCFA for the opportunity to bid. CPCFA received one other reply to the Proposal from US Bank stating they would not be submitting a proposal as they are unable to sign off on the 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 88 from the Evaluation Committee.

Zions Bank is a consistent market leader in US Small Business Administration lending. In recognition of exemplary customer service, Zions Bank was awarded the Greenwich Excellence Awards and was honored among the “Best Banks to Work for” in 2018 by American Banker magazine.

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Zions Bank has been CPCFA's Trustee since January 1, 2017 and has been performing all tasks listed in the Scope of Services. Zions has continuously performed well in all duties from the previous contract and has had contracts with other state agencies.

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.

Staff recommended adoption of Resolution Number 18-04-002 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 \$780,000 over three years.

Mr. Chiang asked if there were any questions or comments.

Ms. Wong-Hernandez asked about if the Authority was indeed excited about the result of the Request for Proposal regardless of only having one applicant.

Ms. Webster-Hawkins assured Ms. Wong-Hernandez that CPCFA is happy with the result and satisfied with Zion's performance as trustee.

Ms. Wong-Hernandez motioned for approval of the resolution. There was a second.

Mr. Chiang asked if there were any public comments. 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
John Chiang, State Treasurer	Aye

D. REQUEST FOR CONSIDERATION AND APPROVAL OF AMENDMENTS OF THE REGULATIONS FOR THE CALIFORNIA AMERICANS WITH DISABILITIES ACT SMALL BUSINESS CAPITAL ACCESS LOAN PROGRAM AND THE CALIFORNIA SEISMIC SAFETY CAPITAL ACCESS LOAN PROGRAM TO CONFORM TO THE RECENT STATUTORY CHANGES UNDER ASSEMBLY BILL 1547 AND OTHER TECHNICAL AMENDMENTS

Presented by: Doreen Smith, Treasury Program Manager I,
Bianca Smith, Treasury Program Manager I,
Janae Davis, Treasury Program Manager I,
Elena Miller, Deputy Executive Director

Staff requested approval to adopt emergency regulations for the California Americans with Disabilities Act Small Business Capital Access Loan Program and the California Seismic Safety Capital Access Loan Program in order to implement the recent statutory changes under Assembly Bill 1547. The emergency regulations will also make non-substantive,

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technical changes to references listed in the California Capital Access Program's Electric Vehicle Charging Station Financing Program regulations.

The proposed amendments to the regulations include:

- Redefinition of the term "Small Business" or Qualified Business" to reflect an increase in the number of employees from 15 to 30 for a small business to qualify for the CalCAP/ADA program. It also allows the small business income and maximum employee number to be interchangeable for program eligibility.
- Modification of the definition "Qualified building" for the CalCAP/Seismic Safety program to identify the type of building eligible under the program to include property potentially vulnerable in an earthquake or constructed before 1981.
- Removal of the occupancy requirement from the definitions of a "Qualified small business", a "Qualified residential property owner", and a "Qualified commercial property owner" of a qualified building to authorize a qualified loan under the program to be used to finance passive real estate ownership.
- Add strengthening a building's lateral load resisting system to the definition of "Seismic retrofit construction" to conform to standard building industry language.
- Correction of mistaken references in the CalCAP/EVCS Financing Program.

Staff recommended approval of Resolution No. 18-02-002 to authorize staff to undertake the emergency and regular rulemaking proceedings and other related actions for the CalCAP/ADA program, the CalCAP/Seismic Safety Program and CalCAP/EVCS Financing Program.

Ms. Webster-Hawkins added that the Authority welcomed the recommendations to help improve these programs in order to expand the pool of eligible borrowers as well as appealing to lender's desire to diversify their portfolio.

Ms. Miller spoke about the Seismic Safety Program in particular, stating that awareness has been growing among stakeholders and building owners. Inquiry calls are being received weekly about the program. The Authority will continue to raise awareness and to that end, plan to participate in community events in Los Angeles.

Ms. Davis spoke on behalf of the ADA Program stating that CPCFA has participated in several Americans with Disabilities Act Small Business Workshops that operate to help small businesses address ADA compliance issues. The Authority is actively reaching out to identify new events and opportunities to participate in.

Ms. Baker congratulated the authority and wished good luck in the future of these programs.

Ms. Wong-Hernandez motioned for approval of the resolution. There was a second.

Mr. Chiang asked if there were any public comments. 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
John Chiang, State Treasurer	Aye

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

Presented by: Solomita Malko, Staff Services Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone and Holmstedt on behalf of the borrower.

Rialto Bioenergy Facility, LLC and/or its affiliates requested approval of a Final Resolution for an amount not to exceed \$117,200,000. The company will use bond proceeds to develop and build a nonhazardous solid waste treatment and disposal facility, as well as the acquisition of equipment. The company has obtained independent validation that the issuance meets the principles of a green bond.

Staff recommends approval of Final Resolution No. 18-01-592 in an amount not to exceed \$117,200,000 for the Rialto Bioenergy Facility, LLC project, and acknowledgement of the Green Bond designation.

Ms. Webster-Hawkins added for the record that Bond Counsel for this deal was Mr. Doug Lamb of McGuireWoods LLP based in Virginia and he called in for this item.

Mr. Chiang asked if there were any questions or comments. There were none.

Ms. Wong-Hernandez motioned for approval of the resolution. There was a second.

Mr. Chiang asked if there were any public comments. 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
John Chiang, State Treasurer	Aye

F. REQUEST TO AMEND THE REGULATORY AGREEMENT UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) REMEDIATION PROGRAM TO ADD MIRAFLORES COMMUNITY DEVCO, LLC TO THE REGULATORY AGREEMENT AND TO CONSENT TO THE TRANSFER OF PARCELS FROM THE CITY OF RICHMOND AS SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY TO MIRAFLORES COMMUNITY DEVCO, LLC

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Presented by: Ethan Weiser, Associate Treasury Program Officer

Staff introduced Alan Wolken on behalf of the City of Richmond.

The City of Richmond as Successor Agency to the Richmond Community Redevelopment Agency, a public entity created and organized pursuant to Health and Safety Code section 34173 requested Board consent to amend the Regulatory Agreement to add Miraflores Community Devco, LLC to the Regulatory Agreement, and to consent to the transfer of parcels from the Grantee to the Developer for the construction of a 190 unit for-sale housing project, 30 units of which are to be designated as affordable.

On November 19, 2008, the Board approved a grant in the amount of \$2,604,490 to the Richmond Community Redevelopment Agency to fund remediation at a brownfield site to develop the Miraflores Project. On October 18, 2010 CPCFA entered into an Infill Grant Agreement and a Regulatory Agreement with the Grantee for development of the Project.

The original approved Project was a combination of two distinct development projects, an 80 unit senior affordable rental housing project and a 200 unit mixed-income for-sale housing project consisting of 170 market rate and 30 affordable housing units.

The Grantee successfully completed all remediation tasks and the Department of Toxic Substances Control certified the site on June 29, 2015.

In January 2017, the Board approved Grantee's request to transfer a portion of the property to Miraflores Senior LP for the development of the 80 unit senior affordable rental housing project. The senior affordable housing project was completed and fully occupied in August of 2018.

The Grantee requested a third amendment to the Regulatory Agreement for consent to transfer the remaining parcels of the Project to Miraflores Community Devco, LLC for the development of the 190 unit mixed-income for-sale housing portion of the project.

Staff recommended approval of the attached Resolution to amend the Regulatory Agreement to add Miraflores Community Devco, LLC to the Regulatory Agreement, and to the consent to transfer the parcels from the Grantee to the Developer for the construction of the 190 unit for-sale housing project, 30 of which are to be designated as affordable.

Mr. Chiang asked if the City of Richmond had anything to add for the record.

Mr. Wolken added that he would like to thank the Authority and its staff for helping the community and the City of Richmond move this important project forward.

Mr. Chiang thanked Mr. Wolken for sharing.

Mr. Chiang asked if there were any questions or comments. There were none.

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Ms. Wong-Hernandez motioned for approval of the resolution. There was a second.

Mr. Chiang asked if there were public comments. 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
John Chiang, State Treasurer	Aye

5. PUBLIC COMMENT

Mr. Chiang 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 11:10 a.m.

Respectfully submitted,

(Originally signed by)

Reneé Webster-Hawkins
Executive Director