

MINUTES

**California Pollution Control Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
December 10, 2019**

1. CALL TO ORDER & ROLL CALL

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

Members Present: Jacqueline Wong-Hernandez for Betty T. Yee, State Controller
Chris Lief for Keely Martin Bosler, Director of Finance
Jovan Agee for Fiona Ma, State Treasurer

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Agee asked if there were any questions or comments concerning the meeting minutes from the meeting held September 17, 2019. 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:

Chris Lief for the Director of Finance	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Jovan Agee for the State Treasurer	Aye

3. Ms. Webster-Hawkins greeted the Board and began her report by explaining that she would be updating them regarding Initial Resolutions she signed under her delegated authority for the CPCFA Bond Program and she would be discussing some reports that were distributed to them and posted on the California Pollution Control Financing Authority (CPCFA) web site.

- On October 4, 2019, she signed an Initial Resolution for a project Aemetis Advanced Products Riverbank, Inc. for tax-exempt bonds in an amount not to exceed \$200,000,000 to finance costs related to the construction of facilities for treatment and disposal of solid waste consisting of a plant for the conversion of solid agricultural waste into ethanol.
- On November 8, 2019, she signed an Initial Resolution for California Waste Solutions Inc., for an amount not to exceed \$61,000,000 in tax-exempt pollution control bonds for the purchase of additional equipment, which includes carts, bins, rolling stock and

Agenda Item 2.

containers, to upgrade the existing materials recovery facility (MRF), and to purchase the property where the company is currently located. CPCFA has previously worked with this company as an issuer.

- On December 9, 2019, she signed an Initial Resolution for Poseidon Resources (Surfside) LLC for an amount not to exceed \$1,100,000,000 to finance the acquisition, construction, improvement, installation, and/or renovation of a seawater reverse osmosis desalination facility, including intake and outfall structures, production, storage, distribution infrastructure, and other related facilities located in Huntington Beach.

Ms. Webster-Hawkins continued that in 2019, the CPCFA Bond Program issued \$214 million in new money transactions and \$205 million in refundings, which totaled \$419 million; \$190 million of that was designated as Green Bonds.

She stated that CPCFA enjoys the partnership with the California Debt Limit Allocation Committee (CDLAC), which has allowed the Authority to offer a one-stop-shop to award both financing approval and volume cap allocation at one meeting. However, CDLAC predicts that in 2020, the State allocation will be oversubscribed. CDLAC staff has indicated that it will not be accepting amendments to applications nor approving extensions to allocation during the 2020 calendar year. CPCFA's message to its stakeholders in 2020 is: be sure that applications are complete with a detailed and quantified description of all the public benefits of the project; that all permits and other required agreements that are a condition of closing are secured at the time of application; and that project financing is truly ready to go to market and ready to close in a timely manner.

She concluded this segment of her report by saying that staff is aware of a number of important environmental projects coming to CPCFA in 2020 and that we are looking forward to issuing more Green Bonds.

Ms. Webster-Hawkins moved on to information regarding the California Capital Access Program (CalCAP). She stated that the loan volume for the program continues at an accelerating pace. She reported that 2019 enrollment numbers through the middle of November were: 1,700 loans enrolled in CalCAP Small Business and 4,318 loans enrolled in CalCAP California Air Resources Board (CARB). The CalCAP/CARB program has surpassed enrolling 25,000 loans for cleaner heavy-duty trucks that are hauling goods around ports and over California's highways. CPCFA is also working with CARB to assess the impact of Assembly Bill (AB) 5 on the independent trucking sector.

For the California Recycle Underutilized Sites (CALReUSE) Program, Ms. Webster-Hawkins informed the Board that CPCFA has submitted a Budget Change Proposal (BCP) to the Department of Finance seeking recapitalization of the program. She went on to say that immediately after the meeting she is flying to attend the U.S. Environmental Protection Agency's 2019 National Brownfields Conference in Los Angeles, to network and learn national strategies and best practices to unlock contaminated sites for badly needed housing and local economic development especially in environmental justice areas.

Agenda Item 2.

Ms. Webster-Hawkins then went on to personnel matters. She informed the Board that CPCFA wished a sweet farewell to CalCAP Manager Bianca Smith, who was promoted to a Treasury Program Manager II position at California Health Facilities Financing Authority (CHFFA), and to Deputy Executive Director Elena Miller, who relocated her family back to Los Angeles and joined the Los Angeles County Counsel's Office. She then stated that the good news was that CPCFA was able to promote two highly qualified internal candidates to those positions. Isabel Becerra, who has served as a CalCAP Analyst and Compliance Officer for five years, is now the CalCAP Co-Manager, and Janae Davis, who has been the Strategic Development Manager for four years, is CPCFA's new Deputy Executive Director.

Ms. Webster-Hawkins asked if there were any questions. There were none.

Mr. Agee asked if there were any questions from the public. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE A SECOND AMENDED AND RESTATED FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE SOLID WASTE DISPOSAL REVENUE GREEN BONDS AND REQUEST TO APPROVE A RESOLUTION FOR THE DEDICATION OF VOLUME CAP ALLOCATION FOR NORTH FORK COMMUNITY POWER, LLC

Presented by: Kris Luoma, Staff Services Analyst

North Fork Community Power, LLC and/or its affiliates requested approval of (i) a second amended and restated Final Resolution (FR) No. 18-01-585 for an amount not to exceed \$15,120,000 comprised of \$10,430,000 in tax-exempt bonds and \$4,690,000 in taxable bonds and (ii) Volume Cap Allocation for an amount not to exceed \$1,125,000, in each case to finance the construction of a forestry residue fueled biomass power plant. The company has obtained independent validation that the issuance meets the guidelines to be classified as a "Green Bond" under the International Capital Market Association's Green Bond Principles.

On November 13, 2018, the CPCFA Board approved a Final Resolution authorizing the issuance in an amount not to exceed \$14,205,000. The bonds were to be comprised of \$9,305,000 in tax-exempt bonds and \$4,900,000 in taxable bonds.

On December 12, 2018, the California Debt Limit Allocation Committee ("CDLAC") approved Allocation Resolution No. 18-128 for an amount not to exceed \$9,305,000. The Executive Director of CDLAC approved extensions of the CDLAC Allocation's expiration date until December 31, 2019 pursuant to letters dated February 1, 2019, May 22, 2019 and September 5, 2019, respectively.

On July 23, 2019, the CPCFA Board approved an increase in the total financing amount to \$14,805,000, increasing the taxable bond amount to \$5,500,000 to account for cost increases related to the company's electric grid interconnection with Pacific Gas & Electric Company and associated delays.

Agenda Item 2.

The company requested that CPCFA increase the aggregate principal amount of the tax-exempt bonds authorized to be issued from an amount not to exceed \$9,305,000 to an amount not to exceed \$10,430,000, an increase of \$1,125,000. Decrease the aggregate principal amount of taxable bonds authorized to be issued from an amount not to exceed \$5,500,000 to an amount not to exceed \$4,690,000, a decrease of \$810,000. The increase in the aggregate principal amount of tax-exempt bonds authorized to be issued is intended to cover certain costs of the project that have recently been determined to qualify for tax-exempt financing.

Staff's recommendation is subject to the Board's confidence that the company can successfully close this transaction by December 31, 2019. Staff recommended approval of the Second Amended and Restated Final Resolution No. 18-01-585 approving the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$15,120,000, and Volume Cap Allocation Resolution No. 19-073-03 in an amount not to exceed \$1,125,000. Together with allocation previously granted from CDLAC in the amount of \$9,305,000, the total allocation amount will equal \$10,430,000 in tax-exempt bonds. Together with taxable bonds in an amount not to exceed \$4,690,000, the total amount requested for approval will equal \$15,120,000 for North Fork Community Power, LLC and/or its affiliates.

Mark Holmstedt, of Westhoff, Cone, & Holmstedt the Underwriter for this transaction said that he wanted to let the Board know that the purchaser Lapis Advisers, LLP was gracious enough to increase their tax debt amount more than their previous commitment and if they had not taken that action it would have been difficult to get the project to completion. That choice benefitted the project tax exemption...

Gregory Stangl, Managing Member on behalf of North Fork said on behalf of the community of North Fork he wanted to extend their thanks to the Board and CPCFA staff. The PG&E bankruptcy and problems with a newly passed law were barriers to getting this project approved. He said the Governor's Office and State of CA offered additional financing help which was instrumental in getting the project before the Board today. They lessened the need for extra funding and gave North Fork more time to reach to project deadlines. He stated North Fork was ready to go in January 2019 but the PG&E bankruptcy and resulting litigation meant that they could not go forward at that time. They really appreciate all the help they received from all government agencies.

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

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

The item was passed by the following vote:

Chris Lief for Director of Finance	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Jovan Agee for the State Treasurer	Aye

B. REQUEST TO AMENDED INFILL GRANT DOCUMENTS UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALREUSE) REMEDIATION PROGRAM

Agenda Item 2.

Presented by: Doreen Smith, Treasury Program Manager

Staff requests approval to amend Interagency Agreement No. 18MSC004 between the California Pollution Control Financing Authority and the California Air Resources Board. The Agreement funds loan loss reserve contributions for the On-Road Heavy Duty Vehicle Air Quality Loan Program and this amendment will:

- increase the allocated amount from \$25.6 million to \$73.6 million; and
- transfer the remaining balances (up to \$37 million) including all accrued interest under the Interagency Agreement No. 13-606 to Interagency Agreement No. 18MSC004 to be used for continuation of the Program; and
- extend the term from June 30, 2020 to June 30, 2021.

Staff recommended approval of Resolution No. 19-02-003 to authorize the Executive Director or Deputy Executive Director to execute an amendment to Interagency Agreement No. 18MSC004 to increase the maximum amount of the agreement to approximately \$73.6 million; to transfer the remaining balances (up to \$37 million) from the Interagency Agreement No. 13-606 to Interagency Agreement No. 18MSC004; and to extend the term of the Agreement from June 30, 2020 to June 30, 2021.

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

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

The item was passed by the following vote:

Chris Lief for Director of Finance	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Jovan Agee for the State Treasurer	Aye

5. PUBLIC COMMENT

Mr. Agee asked if there were any comments from the public.

Mr. Mark Holmstedt of Westhoff, Cone & Holmstedt, said that he was the underwriter for SiONEER which was a project that came before the Board earlier this year. Despite staff and the Executive Director working on the allocation, the deal could not make it to market on time for the closing deadline and a primary reason was investor concerns with Aemerge Redpak. Aemerge was not able to close their deal and has turned the key in to the Trustee who is looking for a way to sell the project. He stated that the main problem with Aemerge Redpak's project was that the Department of Public Health (DPH) was not enforcing the medical waste regulations that would have provided Aemerge with the expected amount of waste stream. Mr. Holmstedt said he may be reaching out to elected officials regarding the DPH regarding medical waste policy in the future.

Ms. Wong Hernandez stated that she would be interested in discussing this further and Mr. Holmstedt agreed.

Agenda Item 2.

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

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:57 a.m.

Respectfully submitted,

(Originally signed by)

Reneé Webster-Hawkins
Executive Director