

MINUTES

**California Pollution Control Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
April 21, 2020**

1. CALL TO ORDER & ROLL CALL

Jovan Agee, Chairperson, called the California Pollution Control Financing Authority (“CPCFA” or the “Authority”) meeting to order at 10:53 a.m.

Member Present: Jovan Agee, Deputy Treasurer
Members on the phone: Anne Baker, for Betty T. Yee, State Controller
Gayle Miller, for Keely Martin Bosler, Director of Finance

Staff Present: Janae R. Davis, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES FROM DECEMBER 10, 2019 MEETING

Ms. Baker moved approval of the minutes; there was a second.

Mr. Agee asked if there were any questions or comments from the Board or public concerning the meeting minutes from the meeting held December 10, 2019. There were none.

The item was passed by the following vote:

Gayle Miller for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Jovan Agee for the State Treasurer	Aye

3. MINUTES FROM MARCH 17, 2020 MEETING

Ms. Miller moved approval of the minutes; there was a second.

Mr. Agee asked if there were any questions or comments from the Board or public concerning the meeting minutes from the meeting held March 17, 2020. There were none.

The item was passed by the following vote:

Gayle Miller for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Jovan Agee for the State Treasurer	Aye

4. EXECUTIVE DIRECTOR REPORT

Deputy Executive Director Janae Davis greeted the Board and began her report by thanking the State Treasurer's Office (STO) IT department and Business Services division for helping the California Pollution Control Financing Authority (CPCFA) make the telework program work for the CPCFA's team. She said CPCFA was in the process of finalizing the California Capital Access Program's (CalCAP) electronic approval process and that CPCFA had a significant number of staff teleworking.

Then Ms. Davis went on to the Bond Program. She stated that on March 19, 2020 the Office of Administrative Law approved changes to CPCFA regulations that align with implementation of Assemblymember Nazarian's AB 305 that expands the definition of a publicly owned utility for the purposes to include publicly owned wastewater utilities and expand the eligible costs to include refinancings as well as financings.

She also stated that on March 27, 2020 the 2019 Bond Program Annual Report was submitted to the Legislature and posted on the CPCFA website.

Ms. Davis moved to discussing the CalCAP Program and said that on March 9, 2020, in recognition of the economic impact of COVID-19, the prior CPCFA Executive Director authorized a supplemental contribution for a credit enhancement for loans enrolled in CalCAP for Small Business, Collateral Support, CalCAP/ADA and CalCAP/Seismic Safety programs.

She also stated that CPCFA had seen an increase in inquiries from small businesses impacted by COVID-19. The CPCFA administrative and CalCAP staff had been providing prompt and compassionate technical assistance to these small business owners, by directing them to our online participating lender contact lists and the listing of COVID-19 resources available on the State Treasurer's Office's homepage.

Ms. Davis then began discussing Personnel. She stated that CALReUSE and CalCAP Electric Vehicle Charging Station Financing Program Manager Jason Bradley's last day with CPCFA would be Friday, April 24, 2020. She said Jason would be leaving CPCFA after nearly 12 years to take a position with the California Department of Housing and Community Development (HCD). CPCFA promoted Gerardo Martin, who had served as an Office Technician on the administrative team for three and a half years, to serve as a CalCAP analyst.

Next Ms. Davis then moved to legislation and said AB 2504, sponsored by Assemblymember Nazarian, would make various changes to the CalCAP Seismic Safety Financing Program to incentivize more lending institutions and property owners to participate. This bill was introduced February 19, 2020 and is expected by be heard next by the Assembly Banking and Finance Committee.

She said that SB 804, sponsored by Senator Weiner, would further expand the definition of publicly owned utilities authorized to issue rate reduction bonds to finance or refinance utility projects for the provision of generation, transmission, or distribution of electrical service. Senator Weiner amended SB 804 on March 16, 2020 and it was re-referred to the Senate

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Governance and Finance Committee.

Under the Executive Director/Deputy Executive Director's delegated authority, the following documents were approved:

On January 24, 2020, CPCFA's prior Executive Director approved an Interagency Agreement (IA) with the State Treasurer's Office's Public Finance Division for \$150,000 to review bond documents, correspond with Authority staff and other financing team members and negotiate the price of CPCFA's bond financings.

On March 10, 2020, CPCFA's prior Executive Director approved an amendment to Interagency Agreement with the Department of Toxic Substances Control (DTSC) to extend the term of the IA until March 2022. DTSC provides environmental technical assistance and recommendations to CPCFA to assist in administering the CALReUSE Remediation Program.

Then Ms. Davis moved on to the Bond Program.

On December 30, 2019, CPCFA's prior Executive Director approved a Reinstatement, extension and amendment of Initial Resolution (IR) 16-16 for an amount not to exceed \$13,615,000 for Amador Valley Industries, LLC, Pleasanton Garbage Services, Inc, and Recycling and Recovery, LLC.

On February 20, 2020, CPCFA's prior Executive Director approved an amendment to the IR for Organic Energy Solutions, LLC to extend the IR approved on Feb 21, 2017 that was set to expire on Feb 21, 2020 through 2023. The IR, for an amount not exceed \$34,000,000 in tax-exempt bonds, is expected to finance a biomass electric power generating system in the City of San Bernardino.

On March 16, 2020, Ms. Davis approved the 1st Amendment to Indenture for Atlas Disposal Industries, LLC Project Series 2018 issuance that extended the time period for draws.

On March 17, 2020, Ms. Davis approved an IR for DG Energy and/or its affiliates for an amount not to exceed \$2 million to finance the acquisition and construction of an anaerobic digester facility to be located onsite at the Avalon Dairy Farms in Wasco.

Also on March 17, 2020, Ms. Davis approved the 2nd draw for \$800,000 for Atlas Disposal Industries, LLC Project Series 2018 issuance.

On April 14, 2020 Ms. Davis approved the 3rd draw for \$1,000,000 for Atlas Disposal Industries, LLC Project Series 2018 issuance.

Ms. Davis asked if there were any questions. There were none.

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

5. BUSINESS ITEMS

A. REQUEST TO AMEND INFILL GRANT DOCUMENTS UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) REMEDIATION PROGRAM

Downtown Railyard Venture, LLC, Request to Extend the Term of the Grant and Modify the Infill Development Project.

Presented by: Ethan Wieser, Associate Treasury Program Officer

Mr. Wieser began with his summary and said Downtown Railyard Venture, LLC (or DRV) requests an amendment of the Infill Grant Agreement to modify the description of the Infill Development Project from 197 units (195 affordable) to 345 units (69 affordable), and to extend the term of the Grant from December 31, 2021 to December 31, 2022.

Mr. Wieser then explained the background of the project. He said the project was approved in November 2008; however, the original Grantee defaulted on its loans during the economic crisis. The equity investor took title to the property and the CPCFA Board transferred the grant to them in 2010. The new Grantee continued the brownfield cleanup under the CALReUSE grant; however, they acknowledged they intended to sell the property once it was economically viable. In September 2015 the property was sold to Downtown Railyard Venture, LLC (current Grantee), and the CPCFA Board approved the transfer of the Grant.

Regarding the brownfield, Mr. Wieser went on to state that cleanup of the central shops and surrounding areas has been completed and the Grantee is on track to submit the final remediation report in the summer of 2020. He also explained that the housing project has experienced delays resulting from entitlement, infrastructure, and financing challenges.

When DRV acquired the property in 2015, they reviewed the entitlements and realized the original entitlements would produce densities that the Sacramento market could not support. DRV went through a re-entitlement process that has been approved by the City of Sacramento; however, the city limited DRV to no more than 150 affordable housing units per block making the original 197-unit project infeasible.

Mr. Wieser said that in addition, due to the large size (240 acres) of the Railyards, the Grantee had significant infrastructure requirements that have also contributed to development delays. The Grantee was able to overcome these financial challenges by turning a 20-year tax increment financing into an upfront \$36 million to finance the sewer and storm water outflow systems.

Regarding the proposed new project, DRV has partnered with an affordable housing developer, USA Properties Fund, to develop a 345 unit (69 affordable) project. The project has received design approval from the City of Sacramento, and has also received an Affordable Housing and Sustainable Communities grant from HCD, and \$85 million in tax exempt bond financing from the California Debt Limit Allocation Committee (CDLAC) in December 2019.

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DRV expects to close bond financing in June 2020 and to begin construction in August 2020. Construction of the housing development is expected to be completed in December 2022.

Mr. Wieser completed his presentation with his recommendation. He stated that staff finds the proposed modifications to be in the public's interest, and recommended approval of the attached Resolution for Downtown Railyard Venture, LLC, to amend the description of the Infill Development Project from 197 units (195 affordable) to 345 units (69 affordable) and to extend the term of the Infill Grant Agreement from December 31, 2021 to December 31, 2022.

Mr. Agee thanked Mr. Wieser and asked if there were any representatives that would like to weigh in on the agenda. Mr. Frank Myers of DRV was on the phone and he was available to respond to any questions. He also stated that he thought Mr. Wieser did a very good job of recapping the history of the situation and where the project is right now. Then he commended Mr. Wieser and Mr. Bradley for their help with the project. Mr. Meyers then explained that at the time that DRV made the request for the extension to the Board the project prices had not materialized yet and that it caused some delays. These delays affected the financial market, the construction area, and the contractors. He said while DRV still thinks the timeline should be achievable, it is also possible that DRV would experience delays and it could push DRV beyond the December 2021 extension deadline. Mr. Meyers then requested if at all possible DRV would like to amend their request and add an additional six months to the extension. My. Meyers thanked the Board and said that he really appreciated the assistance this program has had in making the project happen.

Ms. Baker said that she wanted to make a motion but had a question about the request to extend the time-period. Mr. Agee explained that some of the rationale that led to the selected extension deadline date was due in large part to guidance that the STO provided CPCFA staff as it pertained to the flow and timeliness of communication coming from the project sponsor.

Mr. Agee further stated that the STO had to balance the allowable time for the extension versus the flow of communication that is very fluid. He said he thought that the currently proposed deadline is to ensure that behaviors change from what they have been and if that is the case then in fact the Board would have no problem coming back and adding and additional six months if needed. He explained that was the rationale for the selected date and that this is a way to get more timely reports as relates to what the project status is for the monies that have been allocated to this project.

Ms. Baker 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:

Gayle Miller for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Jovan Agee for the State Treasurer	Aye

B. REQUEST FOR APPROVAL OF AN INTERAGENCY AGREEMENT WITH THE STATE TREASURER'S OFFICE FOR SUPPORT PROVIDED BY THE STATE TREASURER'S EXECUTIVE OFFICE, ADMINISTRATION DIVISION, AND INFORMATION TECHNOLOGY DIVISION Resolution No. 20-04-001, Request for approval of agreement number CPCFA04-19 for support services for CPCFA's existing and expanding programs, from July 1, 2019 through June 30, 2020, in the amount of \$574,877

Presented by: Nicholas Montalvo, Staff Services Analyst

Mr. Montalvo stated that CPCFA Staff requests approval to enter into an Interagency Agreement with the State Treasurer's Office (STO) in the amount of \$574,877.00 for administrative support to the Authority.

He went on to explain that this is a standard yearly agreement and to say that the STO will provide CPCFA with budgeting, personnel, accounting, legal, information technology services, information security services, Executive Office policy direction and guidance, reporting services, and other administrative support services.

Mr. Montalvo stated that the overall operational costs are allocated among the Boards, Commissions, and Authorities based on each agency's personnel years. The term of the contract is from July 1, 2019 through June 30, 2020.

Staff recommended approval of Resolution no. 20-04-001 to authorize the Deputy Executive Director to execute an Interagency Agreement with the State Treasurer's Office for Fiscal Year 2019/2020 in an amount not to exceed \$574,877.00.

Ms. Baker 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:

Gayle Miller for the Director of Finance	Aye
Anne Baker 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. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:14 a.m.

Respectfully submitted,

(Originally signed by)

Janae R. Davis
Deputy Executive Director