

**MINUTES**

**California Pollution Control Financing Authority  
801 Capitol Mall, Room 150  
Sacramento, California  
June 16, 2020**

**1. CALL TO ORDER & ROLL CALL**

Fiona Ma, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:36 a.m.

Members Present: Fiona Ma, CPA, State 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 Davis, Deputy Executive Director

Quorum: The Chairperson declared a quorum

**2. MINUTES**

Treasurer Ma asked if there were any questions or comments from the Board or public concerning the meeting minutes from the meeting held May 19, 2020. There were none.

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

The item was passed by the following vote:

Gayle Miller for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Fiona Ma, CPA, State Treasurer	Aye

**3. DEPUTY EXECUTIVE DIRECTOR'S REPORT**

Ms. Davis began her report by discussing small business outreach. She stated that in the past month she participated in two Small Business webinars co-hosted by Treasurer Ma on behalf of the California Capital Access Program (CalCAP). The events were the East Bay Leadership Council's Small Business Relief Webinar on June 3<sup>rd</sup>, and the Northern Santa Barbara County EconAlliance's wonderfully organized small business webinar took place on June 4<sup>th</sup>.

Then Ms. Davis moved on to other CalCAP program updates. She told the Board that on May 29, 2020 the 2019 CalCAP Annual Report was submitted to the Legislature and posted on the California Pollution Control Financing Authority (CPCFA) web page.

Next Ms. Davis informed the Board regarding items executed under her Deputy Executive Director delegated authority. On May 26, 2020 she signed the Instrument of Resignation of Senior Trustee and Collateral Agent and Appointment of Successor requested by CalPlant I,

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LLC. Ms. Davis stated that her approval was required in order for CalPlant I, LLC to substitute the original trustee for CalPlant I, LLC's Senior Bond and Collateral Agent, UMB Bank, N.A., with the Bank of Oklahoma.

The final segment of Ms. Davis's report covered legislative updates. Ms. Davis said AB 2504, authored by Assemblymember Nazarian, would have made various changes to the CalCAP Seismic Safety Financing Program to incentivize more lending institutions and property owners to participate in the program. AB 2504 was referred to the Assembly Banking and Finance Committee but was not heard in Committee.

Ms. Davis finished her report with an update on SB 804, authored by Senator Scott Weiner, would have further expanded 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 electrical service; however, SB 804 failed to meet the deadline pursuant to Rule 61(b)(5).

Treasurer Ma asked if there were any questions from the Board or public. There were none.

#### 4. BUSINESS ITEMS

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

Request to Modify Project Benchmarks for Carson Reclamation Authority as described in the Infill Grant Documents

Presented by: Ethan Wieser, Associate Treasury Program Officer

Mr. Wieser said that The Carson Reclamation Authority (Grantee) had requested an amendment to the Infill Grant Agreement to either recognize the completion of the housing project and progress towards remediation as satisfying the grant agreement, or to modify the project to remove the Health Risk Assessment (HRA) and completion of the outlet mall as benchmarks of the Infill Grant Agreement.

Mr. Wieser moved on to the current status of the project. He stated that the Grantee has completed the first three benchmarks of the Infill Grant Agreement, by completing both affordable housing projects and obtaining Department of Toxic Substance's (DTSC) approval for the design of the remedial systems. He explained that the Grantee states they are about 80 percent complete with the remedial work, but have run out of funding to complete the remediation of the brownfield, citing significant increases in the amount of waste consolidation required on the site. He also stated that due to this lack of funding, construction of the remedial systems came to a halt in late 2019 causing the Grantee to miss their next two benchmarks, which are considered events of default under the Infill Grant Agreement.

Mr. Wieser also reported to the Board that the Grantee is working to obtain \$40 million in funding to complete the remediation and is pursuing two paths to obtain the funding. The first path is through obtaining \$90 million in a bond issuance via the Carson Successor

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Agency, which is the successor agency to the former Redevelopment Agency. To do so, the Grantee must first receive approval from the Los Angeles County Oversight Board (Oversight Board), and for the Department of Finance (DOF) to determine that the financing is an enforceable obligation of the former Redevelopment Agency. Mr. Wieser said that the Oversight Board, however, did not approve the issuance of the bonds. DOF also reviewed the bond debt service and in May, rejected the Carson Successor Agency's arguments on the financing. As a result, the Successor Agency has petitioned the court to compel the Oversight Board to approve the issuance of new bonds in order to satisfy the Successor Agency's existing and outstanding enforceable obligations to finance to the completion of this project. The Grantee has also given notice to DOF that it is considering adding DOF to the action.

Mr. Wieser then explained the Grantee's second financing path it is pursuing, which is to obtain \$45 million in upfront funding from the sale of Cells 3, 4, and 5 (which are not currently part of the CALReUSE Grant). The Grantee is currently in negotiations for an industrial development on those cells and expects to have sufficient funding soon to complete the remediation of Cell 2.

Mr. Wieser reported that the Grantee has had issues with the outlet mall developer of the Cell 2 site, CAM-Carson, LLC. On April 30, 2020, CAM-Carson filed a lawsuit against the City of Carson, the Carson Reclamation Authority, the Successor Agency, and the horizontal master developer on the project RE|Solutions.. This complaint alleges that the Carson Reclamation Authority breached the Conveyancing Agreement and failed to fund the work required. The Grantee has responded to the suit, denying all claims. The Grantee hopes that this litigation, as well as the Successor Agency litigation, will be settled by fall 2020 in time to remobilize the contractors on site to restart construction work in January 2021. The Grantee anticipates that the project would need to restart work in January 2021 in order to complete the terms of the remediation within the term of the Infill Grant Agreement. The Grantee expects that if the lawsuit with CAM-Carson is not resolved by December 2020, they may request CPCFA to approve a change in the remedial project from the current Cell 2 site, to Cells 3, 4, and 5. CPCFA staff believes it would be best to consider redefining the CALReUSE brownfield site at a future CPCFA Board meeting if necessary.

Mr. Wieser concluded his report and explained the two options before the Board. Option 1, accept and approve a resolution confirming that the Grantee has already met the requirements of the Grant by completing the two housing developments, and that Cell 2 Brownfield Project has seen substantial progress in installation of the remedial systems. Option 2, accept and approve a resolution that keeps the Project Description intact, acknowledging the Grantee has completed the development of the affordable housing projects, but which amends the current benchmarks by removing the HRA and the occupancy permit required for the outlet mall. This will require the Cell 2 site to be cleaned, but not require the development to complete the grant.

Staff recommended approval to amend Resolution No. 19-03-01 to hold the Grantee in default for the missed benchmarks. The default will be cleared if the Grantee appears at the CPCFA's October 2020 Board meeting to present the Authority with a feasible plan to fund completion of the site remediation and appears at CPCFA's November 2020 Board

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meeting to present the Authority with alternative project milestones for the Authority's consideration. The amended resolution will also recognize that the Grantee has completed the first three benchmarks, including both affordable housing projects, and will remove the requirement to complete a Health Risk Assessment and then obtain occupancy permits for the outlet mall within the term of the Infill Grant Agreement.

Treasurer Ma acknowledged that there were representatives from Carson Reclamation Authority on the phone.

John Raymond, Executive Director for Carson Reclamation Authority, acknowledged he heard the staff report and that the Carson Reclamation Authority agrees with CPCFA staff's recommendation. He stated that legal counsel for the City of Carson, Sunny Soltani was also on the phone.

Ms. Soltani thanked the Board for the opportunity to speak and the CALReUSE staff for working so diligently and patiently with Carson Reclamation Authority staff towards finding a solution regarding the Grant. She also stated that they really appreciated the generous recommendation by staff for the resolution amendment and for recognizing completion of the Veteran's Housing and Artist Colony housing projects. Ms. Soltani said she also appreciated that staff recognized that 80 percent of the remediation was done and that the CALReUSE Grant money was used to purchase the liner and that they appreciate the five-month extension for the Grant.

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

Treasurer Ma 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
Fiona Ma, CPA, State Treasurer	Aye

### 5. PUBLIC COMMENT

Treasurer Ma 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 10:52 a.m.

**Respectfully submitted,**

(originally signed by)

Janae R. Davis

Deputy Executive Director