

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
Tuesday, March 15, 2022**

In light of the COVID-19 pandemic and in accordance with the requirements of Executive Order N-08-21, paragraph 42, that was issued on June 11, 2021, to provide social distancing at state body meetings, CPCFA provided Authority members, participants, and members of the public the opportunity to participate in this meeting via teleconference.

Public Participation Call-In Number: (877) 853-5257, Meeting ID: 987 6693 6958, and Passcode: 560284

1. Call to Order & Roll Call

Audrey Noda, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:49 a.m.

Members Present: Audrey Noda for Fiona Ma, State Treasurer (via teleconference)
Tony Sertich for Betty T. Yee, State Controller
Lisa Mierczynski for Keely Martin Bosler, Director of Finance (via teleconference)

Staff Present: Shela Tobias-Daniel, Executive Director

Quorum: The Chairperson declared a quorum

2. Minutes

Ms. Noda asked if there were any questions or comments concerning the meeting minutes from the meeting held on January 19, 2022. There were none.

Mr. Sertich moved approval of the minutes; upon a second, the minutes were unanimously approved.

The item was passed by the following vote:

Lisa Mierczynski for Keely Martin Bosler, Director of Finance	Aye
Tony Sertich for Betty T. Yee, State Controller	Aye
Audrey Noda for Fiona Ma, State Treasurer	Aye

3. Executive Director's Report

Presented by: Shela Tobias-Daniel, Executive Director

Ms. Tobias-Daniel started her Executive Director's report by reporting to the Board that CPCFA partnered with the California Infrastructure and Economic Development Bank (IBank) for the submittal of the application for the State Small Business Credit Initiative Program (SSBCI 2.0), through the US Department of Treasury on February 2, 2022. Ms. Tobias-Daniel stated that the submission of the application was well in advance of the February 11, 2022, deadline.

Ms. Tobias-Daniel reported that CPCFA is currently waiting for the application approval from the US Department of Treasury and are awaiting the next instructions. Also, Ms. Tobias-Daniel stated that in the previous application related to SSBCI 1.0 in 2010, the funds were disbursed within weeks of submission of the application. However, Ms. Tobias-Daniel stated that with SSBCI 2.0, the Treasury has not yet approved the application and have not indicated when the funds will be disbursed. Ms. Tobias-Daniel also reported that the total allocation for the State of California is \$1,000,000,000, of which CPCFA will receive 50%. Ms. Tobias-Daniel stated that the funds will be disbursed in three tranches, which will consist of 33%, 33% and 34%, respectively, over a 10-year period. The first tranche of allocation will be disbursed when the State's application is approved for participation in the SSBCI 2.0.

In addition, Ms. Tobias-Daniel reported that CPCFA initiated the SSBCI 2.0 application with the strength of two existing programs: Capital Access Program (CalCAP), which is a loan portfolio insurance program that enables small business to obtain credit to help them grow and expand their businesses; and secondly, the Collateral Support Program (CSP), which is designed to enable financing that might otherwise be unavailable due to a collateral shortfall.

On the CPCFA personnel front, Ms. Tobias-Daniel mentioned that there were two CPCFA staff members, Ethan Wieser and Shelby Crocker, who were bid farewell. In addition, CPCFA's Alison French-Tubo, who has worked for CPCFA for six years as an analyst for CALReUSE, CalCAP and the Bond Program, has been promoted to CPCFA's Marketing and Outreach Manager. Lastly, CPCFA is wrapping up interviews for the vacant Executive Assistant position.

Ms. Tobias-Daniel concluded her report by stating that there were three items approved under her delegated authority since the January Board meeting. The first item was a fourth draw request in the amount of \$5,000,000 for Napa Recycling & Waste Services, LLC, Series 2021, and was signed on January 20, 2022. The second item approved was a second draw request in the amount of \$2,000,000 for Bay Counties Waste Services, Inc., Series 2021, and was signed on February 8, 2022. The last item approved were amendments to the Indenture and Tax Certificate related to the change in index rate from LIBOR to SOFR and an updated IRS form 8038 for Pena's Disposal, Inc., Series 2016, which was signed on February 24, 2022.

Mr. Sertich thanked Ms. Tobias-Daniel and CPCFA staff for the extensive report on SSBCI and their continued efforts to educate and make sure to have complete reports on SSBCI.

Ms. Noda asked if there were any questions or comments from the Board or public. There were none.

4. Business Items

A. Request to Approve Emergency Regulations Pertaining to the Acceptable Uses of the Small Business Assistance Fund (SBAF) Subsidies for Small Business Borrowers of the Tax-Exempt Bond Program (Article 4 (commencing with Section 8043) of Division 11 of Title 4 of the California Code of Regulations)

Presented by: Deanna Hamelin, Staff Services Manager I

Ms. Hamelin requested approval of the amendment of Article 4 (commencing with Section 8043) of Division 11 of Title 4 of the California Code of Regulations. Ms. Hamelin explained the article pertains to an update in the acceptable uses of the Small Business Assistance Fund (SBAF) fees for small business borrowers.

Ms. Hamelin stated that due to the recent transition from the London Interbank Offered Rate (LIBOR) interest rate index to the Secured Overnight Financing Rate (SOFR), transactions will need to update references from LIBOR to SOFR. Ms. Hamelin mentioned existing transactions will need to utilize the CPCFA post-issuance request (PIR) process to amend previously approved bond documents to reflect the change in the interest rate index. Ms. Hamelin also mentioned the change from the interest rate index may be completed under the Executive Director's Delegation of Authority via the Post-Issuance Request (PIR) process.

Ms. Hamelin continued by stating that CPCFA charges the borrower for CPCFA staff's actual costs and the pass-through fees from the Attorney General's office related to the review and processing of these types of PIRs.

In addition, Ms. Hamelin stated that currently the SBAF funds, which initially derived from fees paid by CPCFA's large business borrowers (and do not involve taxpayer dollars) are available for eligible small business borrowers of CPCFA's bond program to use at the close of a transaction for purposes of paying certain costs of issuance of the bonds. Some of the acceptable SBAF subsidy uses include, but are not limited to, payment of bond counsel fees, underwriter or placement agent fees or discount and related expenses, printing fees, fees due to other state agencies, accounting fees, consultant's fees, and other expenses related to the issuance of bonds at the time of closing.

Agenda Item 2.

Ms. Hamelin stated that there is approximately \$14.4 million available for use by qualified small business borrowers in the SBAF account.

Ms. Hamelin recommended approval of adoption of a resolution to amend the regulations concerning an update in the acceptable usage of SBAF for the bond program and to authorize staff to undertake emergency and regular rulemaking proceedings and other actions related to CPCFA bond program regulation revisions.

Ms. Noda asked if there were any questions or comments from the Board or public. There were none.

Mr. Sertich moved approval; there was a second.

The item was passed by the following vote:

Lisa Mierczynski for Keely Martin Bosler, Director of Finance	Aye
Tony Sertich for Betty T. Yee, State Controller	Aye
Audrey Noda for Fiona Ma, State Treasurer	Aye

5. Public Comment

Ms. Noda 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 11:02 a.m.

Respectfully submitted,

(Originally signed by)

Shela Tobias-Daniel
Executive Director