

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
Tuesday, April 19, 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

Tim Schaefer, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11.05 a.m.

Members Present: Tim Schaefer for Fiona Ma, State Treasurer
Tony Sertich for Betty T. Yee, State Controller
Gayle Miller for Keely Martin Bosler, Director of Finance

Staff Present: Shela Tobias-Daniel, Executive Director
Christina Sarron, Deputy Executive Director
Alison French-Tubo, Outreach Manager

Quorum: The Chairperson declared a quorum

2. Minutes

Ms. Miller moved approval of the minutes; Mr. Sertich provided the second.

Mr. Schaefer asked if there were any questions or comments concerning the meeting minutes from the meeting held on March 15, 2022. There were none.

The minutes were unanimously approved.

The item was passed by the following vote:

Gayle Miller for Keely Martin Bosler, Director of Finance	Aye
Tony Sertich for Betty T. Yee, State Controller	Aye
Tim Schaefer 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 providing a status to the Board on the California Capital Access Program (CALCAP) Small Business Credit Initiative (SSBCI 2.0) allocation.

CPCFA learned on April 05, 2022 that the US Senate has proposed \$2.3 billion in cuts to SSBCI allocation, states were originally allocated \$10 billion, the proposed reduction should be applied evenly impacting the allocation for every state; SEDI and very small business set aside amounts will not be affected. CDFA plans a formal letter to Congress and the US Treasury.

The US Treasury contacted CPCFA and IBANK on April 12, 2022, as part of the normal SSBCI application review process. CPCFA and IBANK met with and responded to, questions, and provided additional information.

CPCFA and IBANK collaborated on an eblast to SSBCI stakeholders providing application status information.

CalCAP/CARB heavy duty vehicles loan meeting with CEC and CARB on implementation strategy regarding SB 372 and a planned lender roundtable for May 2022.

Ms. Tobias-Daniel provided a status on the CPCFA bond program's Annual Report to the Legislature. CPCFA submitted the report on April 1, 2022.

Ms. Tobias-Daniel also provided a legislative update. Reporting that CPCFA is currently working on several legislative items including: AB 2314 Petrie-Norris SSBCI predatory lending amendments; AB 2400, Cervantes, CalCAP/SSBCI; AB 1765, Nazarian Rate Reduction Bonds; SB 777, Bradford, California Jumpstart Act; SB 625, Caballero, CDFI grant program; and SB 372, Leyla, Medium and Heavy Duty vehicles, this is already chaptered; CPCFA team has been very active in the legislation attending meetings, hearings, providing analysis, feedback, and program implementation.

On the CPCFA personnel front, Ms. Tobias-Daniel welcomed Dori Floyd as the Executive Assistant, who assumed the role on April 18, 2022.

Ms. Tobias-Daniel provided a status on the engagement of a consultant as presented at the October 2021 Board meeting. Ms. Tobias-Daniel stated that she and Deputy Executive Director, Christina Sarron, have undertaken an internal review of all document language, regulations, bond documents, guidelines, applications, and policies. Ms. Tobias-Daniel respectfully requested that the Board grant CPCFA

additional time for the Authority to efficiently examine the efficacy and relevance of all programs and operations within CPCFA to ensure all internal controls are appropriate and in line with the mission and goals of the Authority. Ms. Tobias-Daniel expressed that she will be temporarily postponing the hiring of an external consultant until the internal review was complete as this would ultimately assist her and the Deputy Executive Director in providing any proposed consultants with intelligent and thoughtful comments regarding the areas of concern within the Authority. Ms. Tobias-Daniel stated she would provide an update regarding the engagement of a consultant no later than the January 2023 Board Meeting.

Ms. Tobias-Daniel concluded her report by stating that there were two items approved under her delegated authority since the March Board meeting. The first item was a third draw request, signed on April 5, 2022, in the amount of \$1,600,000 for Bay Counties Waste Services, Inc., Series 2021. The second item was an Initial Resolution signed on April 15, 2022, in the amount of \$6,125,000 for Atlas Disposal Industries, LLC.

Mr. Sertich thanked Ms. Tobias-Daniel and CPCFA staff for taking on the extensive review of the programs and making sure they align with what is needed by the State of California.

Mr. Schaefer also expressed encouragement in the review of CPCFA programs. Mr. Schaefer asked if there were any questions or comments from the Board or public. There were none.

4. Business Items

A. Request to Approve an Amended and Restated Final Resolution to reflect a change in the Bank Group and to Approve revisions to the Bond Documents in connection with the transition from a LIBOR Index Rate to a SOFR Index Rate

Presented by: Alison French-Tubo, Outreach Manager

Ms. French-Tubo introduced Mark Holmstedt of Piper Sandler & Co., acting as Municipal Advisor for the Borrower, and Jesse Albani of Orrick, Herrington & Sutcliffe as Note Counsel. Staff requested approval of the amended and restated Final Resolution for an amount not to exceed \$100,000,000 in tax-exempt notes for Arakelian Enterprises Inc., d.b.a. Athens Services.

Ms. French-Tubo stated that the Board previously approved Final Resolution No. 21-01-615 on December 14, 2021. After that approval, the Borrower notified staff that there had been some changes to the bank group of purchasers, one bank was removed and three were added. This increased the total number of banks in the bank group from four to six. The Borrower also informed staff that the scope of

what the note proceeds would be used for had changed to no longer include land acquisition.

Ms. French-Tubo continued by stating that the borrower also requested amendments to the note documents. One amendment was the change from the LIBOR interest rate index to SOFR interest rate index, plus provisions for future index rate changes. Additionally, the borrower requested to change the note increment amount. Staff also received notice that two CPCFA issuances, MOTTRA Corp Series 2016 and MOTTRA Corp Series 2017, were transferred to Arakelian.

Mr. Holmstedt stated that on behalf of Arakelian Enterprises Inc., d.b.a. Athens Services they appreciate the work and changes staff have made.

Mr. Albani, Note Counsel with Orrick, Herrington & Sutcliffe, reiterated the same appreciation toward CPCFA staff.

Mr. Sertich moved approval; Gayle Miller provided a second.

Mr. Schaefer 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 Keely Martin Bosler, Director of Finance	Aye
Tony Sertich for Betty T. Yee, State Controller	Aye
Tim Schaefer for Fiona Ma, State Treasurer	Aye

B. Request to Review and Consider an Updated Feasible Plan from Carson Reclamation Authority to Fund the Completion of the Remediation Under the California Recycle Underutilized Sites (CALReUSE) Remediation Program

Presented by: Alison French-Tubo, Outreach Manager

Ms. French-Tubo introduced John Raymond of the Carson Reclamation Authority (CRA) and stated that the agenda item would review the status of an updated feasible plan to fund the completion of the remediation of the CRA project under the CALReUSE Remediation Grant.

Ms. French-Tubo briefly reviewed the events that led to the declaration of default, referencing the detailed history included in the staff summary regarding the former landfill. She noted that since the default was declared, CRA has been working on a feasible plan for the remediation of Cell 2, including the impact of the Covid-19 pandemic and resulting changes to the marketplace. She stated that CRA acknowledged that the payment for the residual land value of adjoining Cells 3, 4 and 5 was intended to cover the costs of remediating Cell 2 but currently those funds will be spent in three categories and will not cover all the remaining

remediation of Cell 2. She further noted that CRA has acknowledged that new funding outside the project is not currently probable so the costs of remediating Cell 2 will have to be part of the development for Cell 2.

Ms. French-Tubo reported CRA is seeking development proposals for Cell 2 based on three factors.

- Land use and zoning
- Usability of some or all existing infrastructure
- Economics and time frames.

Ms. French-Tubo reported that on the due date of March 11, 2022, CPCFA received the letter from CRA reporting two proposals from new developers that address the three factors, and reporting discussions with the existing developer, CAM-Carson, on possible new scenarios as well continuing the litigation against CAM-Carson. The letter concluded that a completion date of June 30, 2026, is probable. CRA also provided an addendum on March 28, 2022, reporting a third proposal.

Next, Ms. French-Tubo reviewed staff's analysis of the current situation, noting the Grant is fully disbursed and that CRA addressed feasibility by acknowledging certain funding possibilities are not likely. She also stated the project has been large and complex since the CALReUSE Grant was awarded and the other largest, most complex CALReUSE Remediation projects are on similar timeframes. She noted the time frame for completion appears based on reasonable assumptions and is within the time frame that the program will be staffed. She noted the CALReUSE Remediation has functioned as a pilot program for the state of California and that the Department of Toxic Substances Control (DTSC) consulted with CALReUSE staff as they designed their new programs. She went on to explain how the project exemplifies both challenges found in many development projects as well as challenges specific to brownfield remediation and as well as the intention of the CALReUSE Remediation Program to improve quality of life in communities living alongside brownfields. Ms. French-Tubo noted that forfeiture of the Grant would remove those resources from the historically underserved and pollution-burdened City of Carson community but would not serve another community with a brownfield, as the window for redistribution of funds has closed.

Since the amount of information available to share publicly was limited at the time of the receipt of the letters, Mr. Raymond provided an update to the Board. He began by noting the Carson City Council has approved the plan for the development of Cells 3, 4 and 5, adjacent to the CALReUSE Remediation project on Cell 2. Mr. Raymond stated that a \$32.5 million payment for Cells 3, 4 and 5 is now anticipated to cover the CRA's costs of Cell 2 remediation under a new term sheet for Cell 2 in which the Cell 2 developer would cover costs above the \$32.5 million, in addition to on-going operation and maintenance costs and insurance policies. Mr. Raymond reported the Cell 2 development agreement currently

being revised and negotiated will be different than the original development agreement with CAM-Carson, and since the new agreement would use the existing infrastructure for an outlet mall it would a less lengthy process and would have an anticipated completion date of November 2024 rather than June 2026 as expected with the two other proposals described in the March 11th letter.

Mr. Sertich thanked CPCFA staff and CRA for the extensive report on how the project stands. Mr. Sertich also mentioned that there is no gain in pulling the money back from the project at this point so the focus should be on oversight. Mr. Sertich requested that CPCFA and CRA create a check list and report back to the Board with information as to where the project stands.

Ms. Miller asked if the staff could report on how the situation in 2020 was different from what is currently happening with the project and agreed with Mr. Sertich that an additional follow up report will be needed.

Mr. Schaefer summarized the Board's discussion as directing staff to work with CRA to obtain a greater deal of specificity on the current development proposal preferred by CRA, the financial capacity of the developer, and a comparison of the circumstances at the time of default to the current circumstances in the form of a report to be completed on or before September 1, 2022, and presented to the CPCFA Board at the September 2022 Board Meeting. Upon further comment by Ms. Miller, it was agreed that CRA will also provide legal analysis of the difference between the developer being or not being a potentially responsible party (PRP) under federal law known as CERCLA and Mr. Raymond noted that the purpose of the CRA is to be the PRP for all the remedial systems and maintain ownership of the sub-surface of the former landfill while the private developer(s) will own the surface lot.

Mr. Raymond agreed to work with CPCFA staff to put together the report, and to provide CPCFA with prompt notice should development negotiations be deemed by CRA to be irretrievable. Mr. Raymond extended his appreciation and Board's understanding of the complicated project changes and updates.

Mr. Schaefer stated that this item is not an action item but a request for guidance from CPCFA staff to the Board in response to the 2020 default by CRA.

Mr. Schaefer asked if anyone had any comments in person/by phone. There were none.

5. Public Comment

Mr. Schaefer 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 12:11 p.m.

Respectfully submitted,

Shela Tobias-Daniel
Executive Director