

MINUTES

**California Pollution Control Financing Authority
901 P Street, Room 102
Sacramento, California
August 15, 2023**

In accordance with Government Code Section 11133 et. Seq., 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 Participant Code 560284

1. Call to Order & Roll Call

Fiona Ma, Treasurer, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:34 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Dave Oppenheim for Malia M. Cohen, State Controller
Gayle Miller for Joe Stephenshaw, Director of Finance

Staff Present:

Khaim Morton, Deputy Treasurer
Shela Tobias-Daniel, Executive Director
Christina Sarron, Deputy Executive Director
Andrea Gonzalez, Grant Program Manager
Doreen Smith, CalCAP Manager
Deanna Hamelin (Remotely), Bond Program Manager
Nicholas Montalvo, Associate Governmental Program Analyst
Solomita Malko, Associate Governmental Program Analyst
JoOnna Trushkov, Office Technician
Hannah Lee (Remotely), Office Technician
Ryan Dannewitz, Office Technician
Nicholas Polisner, Office Technician

Quorum: The Chairperson declared a quorum

2. Minutes (Action Item)

Treasurer Ma asked the Board members if there were any questions or comments concerning the meeting minutes from the June 20, 2023, board meeting, there was no board meeting in July. There were none.

Treasurer Ma asked if there were any public comments. There were none.

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

The minutes were approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Gayle Miller, for the Director of Finance	Aye
Dave Oppenheim, for the State Controller	Aye

**3. Executive Director's Report (Information Item)
Presented by Shela Tobias-Daniel, Executive Director**

Ms. Tobias-Daniel stated that since CPCFA's last meeting held in June the new Deputy Treasurer, Khaim Morton, arrived and was briefed on all CPCFA's programs and major activities. His oversight and guidance have been of great benefit and CPCFA is looking forward to a continued positive working relationship with him in the future.

Ms. Tobias-Daniel stated that CPCFA staff completed the move to the Bonderson building. She personally recognized CPCFA's Move Team members, Nick Montalvo, Thaddaeus Brown, and Isabel Becerra, for their work in planning and executing the move, as well as the staff members who did their parts cheerfully and diligently.

Ms. Tobias-Daniel stated that CPCFA had agenda items for each of the major program areas—Tax-Exempt Bonds, CalCAP, and Grants—along with further updates in those areas.

Bond: CPCFA has continued to strategize on how to bring in more bond issuances in the current financial and allocation environment. Recently, staff made a change to the regulations that suspends the Small Business Assistance Fund (SBAF) fee charged to large business borrowers. The change is anticipated to make CPCFA more competitive with other conduit issuers. The SBAF itself remains funded at a sustainable level to continue providing cost of issuance assistance to small business borrowers.

The SB 99 audit, which was chaptered in October of 2009 and relates to Conduit Financing Transparency and Accountability for the Tax-Exempt Bond Program, was completed, and sent to the State Controller's Office. It will be posted on the CPCFA webpage and hard copies will be delivered to the Board members.

California Capital Access Programs: CPCFA has continued to roll out the first year of the State Small Business Credit Initiative (SSBCI) 2.0 through our CalCAP for Small Business and CalCAP Collateral Support programs. These two programs, along with CPCFA partner, IBank's Small Business Loan Guarantee program, has provided

participating institutions with credit enhancement and risk management tools that make it feasible to approve more small business loans and assist small businesses in building relationships with the financial institution.

Building on this foundation, CPCFA is working with public and private partners to add another risk management tool under SSBCI, known as a loan participation program. Ms. Tobias-Daniel stated that she will provide more information about this program in a future board meeting.

CPCFA has been working on a modification to the United States Treasury application to reflect an additional program for CPCFA and a 5th Credit Enhancement program for the California application. In addition, CPCFA has planned for regulation updates to the CalCAP Collateral Support that will simplify the current tiered system of cash pledges.

In determining the changes to the regulations, CPCFA held a joint meeting with IBank and U.S. Treasury in July, which included a discussion of these plans. In further CalCAP SSBCI news, CPCFA conducted outreach to financial institutions through events such as the FDIC (Federal Deposit Insurance Corporation) Community Development Forum and made plans for more events with the Small Business Development Centers (SBDCs).

CPCFA has also hosted a SSBCI Community Partner Stakeholder Session with our partner, IBank. CPCFA listened to input on how best to provide information about SSBCI to the huge variety of small business owners in California, especially those who are deemed Socially and Economically Disadvantaged Individuals (SEDI), and expect to hold more stakeholder sessions.

Elsewhere in CalCAP, the California Air Resources Board (CARB) announced the July 31, 2023, sunset date for the CalCAP CARB program in June. Also known as the Heavy-Duty (HD) truck loan program, it began in 2009 and was a partnership between CARB as independent contributor and CalCAP as administrator, to benefit small fleet owners to comply with CARB's air quality regulations. Similar to CalCAP's SSBCI programs, the CARB HD Truck program provided risk management tool in the form of Loan Loss Reserve accounts to lenders making loans for air quality compliant trucks.

The sunset date was specific to the enrollment of new loans; all enrollment applications made before the sunset date will be processed, and changes in terms and claims for enrolled loans will be processed until all enrollments expire. Now that state policymakers have directed CARB to focus on zero-emissions goals, CARB will be an independent contributor for a new program that was followed up on later in agenda item 4C.

CPCFA has also continued to explore Independent Contributor relationship with a utility provider for a similar loan loss reserve (LLR) program for zero emission vehicles and infrastructure in their service area.

Hiring/Personnel: CPCFA has been interviewing for analyst positions in all program areas. CPCFA staff said goodbye to our contracts analyst, Nick Montalvo, as he

accepted a promotion as a Staff Services Manager I, Specialist at the California Department of Motor Vehicles. We wish him well.

Ms. Tobias-Daniel stated that since CPCFA's last board meeting in June, there was one item approved under her delegated authority to report to the Board. She stated that she approved a draw in the amount of \$13,700,000 for the Arakelian Enterprises Inc., dba Athens Services Series 2022 transaction. The draw took place June 24, 2023, and was the third draw on the transaction.

That concluded the Executive Director's report.

4. Business Items (Action Items)

A. Request to Approve a Final Resolution Authorizing the Issuance of Tax-Exempt Revenue Notes for New Money Purposes, and a Request to Approve a Resolution for Small Business Assistance Fund (SBAF) Costs of Issuance Assistance

Presented by: Solomita Malko, Associate Governmental Program Analyst

Joined Remotely by: Bond Counsel Jesse Albani with Orrick, Herrington & Sutcliffe and Tri-CED company representative Mangee Austria.

Tri-City Economic Development Corporation d/b/a Tri-CED Community Recycling, and/or its affiliates requested approval of a Final Resolution for a total amount not to exceed \$11,016,000 in tax-exempt notes. The Borrower has also requested the approval of a Small Business Assistance Fund (SBAF) Resolution in the amount of \$65,616. Note proceeds will be used for the acquisition of equipment and vehicles, as well as the construction of facilities for the collection, processing, recycling, transportation, and disposal of solid waste.

Staff recommended the approval of Final Resolution No. 23-01-619 in a total amount not to exceed \$11,016,000 and a SBAF Resolution No. 23-01-002 in an amount not to exceed \$65,616 for Tri-City Economic Development Corporation d/b/a Tri-CED Community Recycling, and/or its affiliates.

Treasurer Ma had a question regarding the rarity of Tax-Exempt note financing for non-profit waste businesses. Treasurer Ma then segued into the importance of outreach towards these types of businesses with the increasing costs of waste handling equipment.

Mangee Austria, a managing director of Tri-CED, spoke further on the usage of the funds stating that the funding would be used to fulfill collection contracts in the city of Hayward for curbside recycling. She stated that the money would be used to purchase eleven new Compressed Natural Gas (CNG) trucks, an Electronic Vehicle (EV) Pickup Truck, and for switching out the color of their carts to comply with legal requirements. Mangee Austria then invited Treasurer Ma to their processing center in Union City. Ms. Austria then

clarified that Tri-CED collects, processes, stores, and ships material at their own facility in response to questions from Gayle Miller and Treasurer Ma.

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

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

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Gayle Miller, for the Director of Finance	Aye
Dave Oppenheim, for the State Controller	Aye

B. Request for Consideration and Approval to Adopt Emergency Regulations Implementing the California Investment & Innovation Program (Cal IIP) Pursuant to SB 193

Presented by: Andrea Gonzalez, Staff Services Manager I

Staff requested approval of an emergency rulemaking to establish program regulations for the California Investment and Innovation Program (Cal IIP). Staff proposed to file emergency regulations adopting §8140-8148 into the California Pollution Control Financing Authority (CPCFA) regulations (Title 4, Division 11). Upon the Board's approval, staff will file the regulations with the Office of Administrative Law (OAL).

The Legislature established Cal IIP with Senate Bill 193 to provide grants to enhance the capacity of community development financial institutions (CDFIs) providing technical assistance and capital access to economically disadvantaged communities in the state [Health & Safety Code § 44558.1(a)(1)].

CPCFA must develop an application process and criteria to adjust the award size, adopt guidelines for annual reporting, and develop any other rule necessary to implement the program.

The 2022-2023 California State budget included \$50,000,000 to establish the Cal IIP grant program, \$5,000,000 of which is for administrative costs. The remaining \$45,000,000 will be annually deployed in \$15,000,000 increments.

The eligible uses of Cal IIP grant funds are working capital and increasing total net assets. CDFIs can use the grants to fund services and operations that contribute to the CDFIs overall community development mission and to supplement their net assets thereby increasing their capacity to attract additional financing for funding loans and loss reserves.

Staff recommended approval of the proposed resolution to adopt regulations implementing Cal IIP, as established in Senate Bill 193, and to authorize staff to undertake emergency and regular rulemaking proceedings and other actions related to implementing the Cal IIP.

Treasurer Ma asked if there were any questions or comments from the Board or the public. Gayle Miller stated the opinion that these types of programs are integral to transitioning towards clean energy and offered to coordinate with staff regarding the development of the program language. There were no public comments.

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

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Gayle Miler, for the Director of Finance	Aye
Dave Oppenheim, for the State Controller	Aye

C. Request to Approve an Interagency Agreement with the California Air Resources Board regarding the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program (ZEHDV Air Quality Loan Program)

Presented by: Doreen Smith, CalCAP Manager

CPCFA requested to enter into an Interagency Agreement (“IA”) with the California Air Resources Board (CARB) under the California Capital Access Loan Program to provide Independent Contributions to CPCFA in its role as administrator and operator of CARB’s Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program. This item was seeking Board approval to approve Interagency Agreement Number 18MSC, between CPCFA and CARB in the amount of \$5,000,000.

Senate Bill (SB) 372 directs CARB to develop an Assistance Program to make financial tools and non-financial supports available to the operators of these vehicles to fully enable the transition of their fleets to ZEVs. To meet the goals of the bill, CARB has created the Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program, in partnership with the CPCFA, to provide financial assistance to owners of zero-emission heavy-duty vehicles. This program builds on the original HDV Air Quality Loan Program which began in April 2009 and was implemented by CPCFA to specifically provide financial assistance to owners of heavy-duty vehicles affected by the CARB’s Statewide In-Use Truck and Bus Regulation and the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation.

Funding was approved for the new Zero-Emission Truck Loan Pilot Project at the November 17, 2022, CARB Board meeting as part of the Fiscal Year 2022-

23 Funding Plan. The new funding came from the Greenhouse Gas Reduction Fund.

CPCFA was seeking approval of an Interagency Agreement to administer the CARB Zero-Emission Heavy-Duty Vehicle Air Quality Loan Program.

Staff recommended the approval of Resolution No. 23-02-001 to authorize the Executive Director or Deputy Executive Director to execute the Interagency Agreement CARB 18MSC in the amount of \$5,000,000.

Gayle Miller asked about the possibility of this program including Electric Vehicle (EV) drayage (Heavy-duty, port-to-warehouse trucks) vehicles. Brandon Rose from CARB answered that the smaller companies with a fleet size of 20 vehicles or less would qualify with drayage vehicles, but also commented that there is room to see what can be done for larger drayage fleets.

Treasurer Ma asked if there were any further questions or comments from the Board or the public.

Matt Schrap, CEO of the Harbor Trucking Association, a non-profit trade association that represents motor-carriers along west coast ports and intermodal gateways, expressed concerns regarding the entry cost of EV drayage vehicles and contributed suggestions that they believed would benefit the program. There were no further public comments.

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

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Gayle Miller, for the Director of Finance	Aye
Dave Oppenheim, for the State Controller	Aye

5. **Public Comment**

Treasurer Ma asked if there were any comments from the public on matters that were not on the agenda. There were none.

6. **Adjournment**

There being no further business, public comments, or concerns, the meeting adjourned at 11:09 a.m.

Respectfully submitted,



Shela Tobias-Daniel
Executive Director