

MINUTES

**California Pollution Control Financing Authority
901 P Street, Room 102
Sacramento, California
September 19, 2023**

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 11:31 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Dave Oppenheim for Malia M. Cohen, State Controller

Member Absent: Joe Stephenshaw, Director of Finance

Staff Present: Patrick Henning, Deputy Treasurer
Khaim Morton, Deputy Treasurer
Shela Tobias-Daniel, Executive Director
Christina Sarron, Deputy Executive Director
Lauren Dominguez, CalCAP SSBCI Manager
Andrea Gonzalez, Cal IIP Manager
Doreen Smith, CalCAP Manager
Deanna Hamelin, Bond Program Manager
JoOnna Trushkov, Staff Services Analyst
Ryan Dannewitz, Staff Services Analyst
Hannah Lee (Remotely), 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 August 15, 2023, board meeting. There were none.

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

Mr. Oppenheim moved for approval of the minutes; Treasurer Ma provided the second.

The minutes were approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	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 the CPCFA agenda had one action item for the CalCAP Collateral Support program, along with updates for each CPCFA program.

She stated that at the August board meeting, Tri-CED Community Recycling, received approval for the final resolution to issue \$11,016,000 in tax-exempt notes. The transaction closed on August 31, 2023.

Ms. Tobias-Daniel continued her report by stating that at the last board meeting the California Investment & Innovation Program (Cal IIP) requested and received approval for a regulations package for regulations implementing the program and its application process. The regulations were approved by the Office of Administrative Law (OAL) and the Cal IIP team is currently working on the Notice of Funds Availability and relevant application documentation.

In California Capital Access Programs (CalCAP) news, September 22, 2023, will mark the one-year anniversary of the State Small Business Credit Initiative (SSBCI) 2.0 allocation agreement with the U.S. Treasury. California received \$357 million, evenly split between CPCFA and IBank. CPCFA received its portion of that first tranche, totaling \$178.5 million in November of 2022 and as of today has deployed \$9.32 million.

The Collateral Support program has deployed the larger amount at \$9.26 million totaling approximately five loans, and the CalCAP Small Business program supported more small businesses with forty-three loans totaling \$60,076.

Ms. Tobias-Daniel stated that to receive the second tranche for SSBCI 2.0, CPCFA and IBank must deploy a combined total of \$285.6 million within three years. At California's current rate of deployment, it is anticipated that the goal of the 80 percent mark will be reached in April 2024. Because CPCFA's ramp up is slower than IBank's current deployment rate, CPCFA transferred \$60 million to IBank on 9/11/2023 to move the aggregate California deployment closer to that 80%.

After ongoing engagement with stakeholders, CPCFA received consistent feedback regarding how to improve the demand for the CalCAP Collateral Support program and increase loan enrollments. The changes to CPCFA regulations are detailed in agenda

item 4.A., and CPCFA staff feel that the adjustments made will assist in deploying more dollars to borrowers.

Ms. Tobias-Daniel stated that CPCFA saw the same slower ramp up for SSBCI 1.0 when at the beginning, we only had the CalCAP Small Business program, and we added the Collateral Support Program (CSP) and that addition made all the difference in terms of performance. This time around for SSBCI 2.0, in addition to the adjustments that CPCFA is making to increase CSP performance, staff is adding another large dollar program: a Loan Participation Program (LPP) that will consist of two programs. One is an LPP partnering with Los Angeles Metro and its Economic Development program. The other is a Statewide Loan Participation program, partnering with community banks. These programs are currently in the development and planning stages. CPCFA staff is currently working on the application modifications with U.S. Treasury and have started reviewing draft agreements and regulations. The goal is to bring the agreements and regulation changes to the CPCFA Board in the first quarter of 2024 and launch in the 2nd quarter, which is just in time for a large deployment as part of the 2nd tranche for California.

In other SSBCI news, the U.S. Treasury has awarded the California Office of the Small Business Advocate (CalOSBA), funding for technical assistance for small businesses. CPCFA will continue to coordinate with CalOSBA as they continue to contract with small business centers for services specific to SSBCI.

In the meantime, CPCFA will provide information to small businesses about using services from small business centers to become “loan ready,” and inform lenders and community partners about how SSBCI credit enhancement works.

The CPCFA Outreach team has been making the rounds at Community Partner events. Outreach staff was at the NorCal SBDC event that was referenced earlier by CAEATFA Executive Director Dr. Claudia Quezada. On September 19, 2023, Outreach staff attended the Annual meeting of the Rural County Representatives of California and the Rural County Economic Development Forum, spreading the word about CPCFA’s programs and SSBCI. Ms. Tobias-Daniel relayed her excitement that CPCFA has the opportunity to reach those smaller and/or rural counties to inform them of the opportunity to take part in our programs.

Ms. Tobias-Daniel offered an update on CPCFA hiring and personnel. She stated she was excited to announce internal promotions for former Office Technicians, now Staff Services Analysts, JoOnna Trushkov and Ryan Dannewitz. JoOnna joined the CalCAP team and Ryan has joined the Cal IIP team.

She went on to mention that also joining CPCFA, and new to state service, are Staff Services Analyst Rajiv Reddy, who has joined the CalCAP team, and Staff Services Analyst Tyler Attebery, who has joined the Bond team.

Ms. Tobias-Daniel stated that since CPCFA’s last board meeting in August, she has not taken any actions under her delegated authority.

That concluded the Executive Director's report.

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

4. Business Item (Action Item)

A. Request for Consideration and Approval of Amendment to Regulations for the California Capital Access Collateral Support Program Pertaining to the State Small Business Credit Initiative (SSBCI)

Presented by: Lauren Dominguez, CalCAP SSBCI Manager

The California Pollution Control Financing Authority's mission is to promote access to capital through the delivery of diverse financing options to California's citizens. Existing law authorizes CPCFA to contract with financial institutions to make loans to eligible small businesses that may have difficulty obtaining capital.

The proposed amendments to the CalCAP Collateral Support Program regulations will amend Program eligibility and guidelines to increase lender engagement and participation. Amendments to the CalCAP regulations are necessary to bring the regulations in line with the U.S. Treasury requirements in expending the federal State Small Business Credit Initiative funds and meeting U.S. Treasury timelines.

For CPCFA to receive additional funding, SSBCI funds must be expended, transferred, or obligated 80% or more of the prior disbursement of allocated funds. In response to lender feedback, it is anticipated that the amendments to the Collateral Support Program will increase SSBCI funding to Participating Financial Lenders, accelerating the rate at which CPCFA met the 80% goal to expend its first allocation.

Staff requested Board approval to begin the emergency rulemaking process and file regulations to amend sections 8078.29 through 8078.33 to the California Capital Access Program regulations. Upon approval, staff will file the regulations with the Office of Administrative Law.

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

Mr. Oppenheim thanked the CPCFA staff for reviewing some technical questions with him, which allowed him to better appreciate the urgency of the regulation changes. Mr. Oppenheim also expressed his appreciation to CPCFA staff for identifying that SSBCI was in danger of not meeting the target 80% rate of SSBCI funds expended, transferred, or obligated from the prior disbursement of allocated funds, which would have put federal funds at risk.

Mr. Oppenheim thanked CPCFA staff for their actions in ensuring that California maximizes their federal participation with those funds.

Treasurer Ma thanked CPCFA staff for their efforts in this regard.

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

Mr. Oppenheim moved for approval of the item; there was a second from Treasurer Ma.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	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 11:47 a.m.

Respectfully submitted,

Shela Tobias-Daniel
Executive Director