MINUTES

California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
March 21, 2017

1. CALL TO ORDER & ROLL CALL

Mr. Steve Juarez, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:15 a.m.

Members Present:	Eraina Ortega for Michael Cohen, Director of Finance Anne Baker for Betty T.Yee, State Controller Steve Juarez for John Chiang, State Treasurer
Staff Present:	Reneé Webster-Hawkins, Executive Director
Quorum:	The Chairperson declared a quorum

2. MINUTES

Mr. Juarez asked if there were any questions or comments concerning the meeting minutes from the meeting held February 21, 2017. There were none.

Ms. Ortega moved approval of the minutes; upon a second, the minutes were unanimously approved.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins informed the Board of the actions she took under her delegated authority. Ms. Webster-Hawkins signed a Memorandum of Understanding (MOU) with the California Infratructure and Economic Development Bank IBank in the amount of $440,207 on February 28, 2017 that was approved by the Board on February 21, 2017 which allows the transfer of funds from the IBank to CPCFA for use in the California Capital Access Program (CalCAP) to be able to use all of the allocated funds from the US Treasury and to stay in compliance with the Federal Government agreement.

On March 6, 2017, Ms. Webster-Hawkins signed a Remarketing Agent Request in connection with the transaction for Waste Connections which requested the ability to appoint BAML Securities as the remarketing agent for its 2017 series.

In the CalCAP program, efforts have continued to explore the ability to recapture funds from the Loan Loss Reserve of the existing lenders. CPCFA has statutory authority to recapture funds but CPCFA has never had to use the authority until now due to the CalCAP small business program and the CalCAP ARB programs that are nearing the ending of program funding. In an effort to improve and sustain these programs, CPCFA has been working with the lenders to explore ways to utilize that recapture authority in an objective way that makes sense both for the lenders as well as the sustainability of the program.

Ms. Webster-Hawkins announced that there will be a CalCAP Stakeholder Symposium on April 26, 2017 from 10:00 a.m. to 1:00 p.m. at 801 Capitol Mall, Hearing Room 150, Sacramento, California 95814. The purpose is to explore the applicability of a recapture mechanism as well as other program features that may be instituted to improve the program both for existing lenders and to bring new lenders into the program to be able to reach both the geographical regions and the small businesses that currently aren't benefiting from the CalCAP programs. Several concepts have been offered to have lenders as well as small business organizations comment on. CPCFA is looking forward to this public process to solicit both written comments and in person presentations that can be utilized in the formation of regulations for both programs that would be released in the second quarter of 2017.

Ms. Baker requested the concept materials that will be shared with the Stakeholders for the Symposium be sent to her. Ms. Webster-Hawkins stated that she had already sent her the materials earlier in the morning via email and will ensure that it arrives to her.

Mr. Juarez requested that Ms. Webster-Hawkins restate the time and location of the Stakeholders Symposium.

Ms. Webster-Hawkins stated the CalCAP Stakeholder Symposium would be held on April 26, 2017 from 10:00 a.m. to 1:00 p.m. at 801 Capitol Mall, Hearing Room 150, Sacramento, California 95814. She stated there will also be a phone conference call in line available.

Ms. Webster-Hawkins moved to the Legislative report. AB 964 by Assembly Member Jimmy Gomez would create and fund a California Affordable Clean Vehicle Program to assist low-income or high financial risk individuals in the purchase of low-emission vehicles. If approved CPCFA would receive a one-time $50 million appropriation from the Greenhouse Gas Reduction Fund (GGRF) to administer the program along the framework of the CalCAP program, but for the benefit of consumers instead of businesses. Certain terms and conditions included in this bill would include an interest rate that shall not exceed 1 percent, and the sales price of the vehicle would need to be $45,000 or less, as well as the maximum amount of the loan that could be enrolled in the program. A rebate to the consumer as well as recapture is also included. CPCFA is reaching out to the author of the bill to learn about the intent of the program.

Mr. Juarez asked if the idea was to have a loan loss reserve for the car purchases. Ms. Webster-Hawkins confirmed yes.

AB 1547 by Assemblymember Quirk-Silva proposes to eliminate the California Industrial Development Financing Advisory Commission (CIDFAC), the California Pollution Control Financing Authority (CPCFA) and the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) and create a new economic development authority to be named the California Development Financing Authority (CDFA) by adding Title 10.5, Section 91600 to the Government Code. The new statute would cause CDFA to be vested with all duties, powers, purposes, responsibilities, and jurisdiction formerly vested in CIDFAC, CPCFA and CAEATFA and at this point it does not propose any program or policy change different from what the three agencies currently hold. AB 1547 would eliminate and replace the CIDFAC five member board, CPCFA three member board, and CAEATFA five member board with a new CDFA four member board to include the Treasurer as Chairperson, the Controller, and the Directors of Finance and Governor's Office of Business and Economic Development. An Advisory Committee could also be created if needed.

SB 551 by Senator Hueso seeks to make changes to the CalCAP program. There are three key components, the first would be to make permanent a temporary fee applicable to the CalCAP Small Business program. Historically CalCAP has a fee structure for lenders and borrowers where the lender elects the fee based on the percentage of the total amount of the enrolled loan; the fee is from two to three and a half percent of the total enrolled loan amount. In 2011 when CPCFA received the Federal funding, there was legislation that made temporary a new fee structure that changed the range from one to three and a half percent. This funding contribution formula is due to sunset on April 1, 2017. SB 551 is in part seeking to make permanent what is currently a temporary fee structure. The second component would be to change existing law by permitting lenders with existing loan loss reserve accounts to continue to enroll qualifying loans in the program even when CPCFA has run out of program funds. The last component would change the lender's commitment in how their participation in the program would work. It would allow the lenders to exit the program at any time even if they have outstanding loans enrolled and also give them an entitlement to a portion of the loan loss reserve outstanding balance.

CPFCA is reaching out to the Senator and staff and to work with the Sponsor and to understand the intent of the program changes.

Mr. Juarez stated that in regards to Senate Bill 1547 with the interest of disclosure, Mr. Juarez met with the staff to the committee relative to the bill. It is his understanding that this is a two year bill with the intent to have a possible hearing during the Fall of 2017 to look at the entire structure between CIDFAC, CPCFA and CAEATFA, and to do some fact finding. The bill itself would not move until January 2018 when it needs to be out of the house of origins. Mr. Juarez promised to work with the author's office on that issue and will go from there.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

4. **BUSINESS ITEMS**

A. REQUEST TO APPROVE INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

CES Kimberlina, Inc. and/or its Affiliates #903 (SB*), Solid Waste Disposal, $14,500,000

Presented by: Dmitri Godamunne

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt and John Wong, Orrick, Herrington and Sutcliffe, LLP

CES Kimberlina, Inc. and/or its Affiliates requested an approval of an Initial Resolution for an amount not to exceed $14,500,000 of tax-exempt bonds to finance a solid waste-to-energy power generation system located Bakersfield, CA. If awarded bond funding, and in addition to borrower's equity, Project funds will be used primarily for the development of a high-heat thermal destruction plant producing no air emissions.

The company anticipates tax-exempt financing in the third quarter of 2017.

Staff recommended approval of Initial Resolution No. 17-03 for CES Kimberlina, Inc. and/or its Affiliates for an amount not to exceed $14,500,000.

Mr. Juarez asked if Mr. Holmstedt or Mr. Wong had any questions or comments. There were none.

Mr. Juarez stated that this item seems very straightforward with a good purpose.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

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

1. Visitacion Development LLC, Request to Extend the Term of the Grant, Modify the Infill Development Project and to Change the Name of the Grantee

   Presented by: Gregory Martin, CPA

   Staff introduced Jonathon Scharfman with Visitacion Investment, LLC

Visitacion Development, LLC ("Visitacion Development") requested an amendment to the Infill Grant Agreement ("Agreement") between Visitacion Development and CPCFA that extends the term of the grant until December 31, 2026, and redefines the Infill Development Project by reducing the number of housing units from 1,250, 313 of which are affordable, to 1,125, 169 of which are affordable. Visitacion Development also requested to change its name from Visitacion Development, LLC to Visitacion Investment, LLC.

Mr. Martin provided background on the project. On November 19, 2008, the CPCFA Board approved a grant in an amount not to exceed $3,459,794 to Visitacion Development to finance the remediation of a brownfield located in the Visitacion Valley neighborhood in San Francisco, California, and develop the Visitacion Valley Transit Oriented Development.

The site had two primary former uses, manufacturing and railyard operations. Part of the site housed the Schlage Lock factory and part of the site housed railyard operations until 1960. Pollutants of concern at the site included various metals and solvents as well as lead arsenic that was used for weed and vector control.

Site-wide environmental remediation has been performed by Visitacion Development under the California Department of Toxic Substances Control ("DTSC"). The site was split into two remediation operable units ("OU"), the Schlage Lock OU and the UPC OU. All phases of remediation are complete and DTSC certified the Schlage Lock OU in June 2014. DTSC is currently reviewing the certification report for the UPC OU and certification is expected in the spring of 2017. Both OUs will be subject to ongoing operation and maintenance and monitoring efforts.

Due to extraordinary actions by the California Legislature, including the elimination of the redevelopment agencies in February 2012, and delays in gaining approvals from the City of San Francisco, Visitacion Development is requesting an amendment to the Agreement that extends the term of the grant until December 31, 2026.

On June 29, 2011, the California Legislature passed AB 26, a law to dissolve all redevelopment agencies. As a result, the City lost the ability to access the public funds necessary to implement the City of San Francisco's Redevelopment Plan. City and County of San Francisco and Visitacion Development entered into a Development Agreement ("DA") to recoup a portion of the public financing eliminated with the redevelopment agencies. Negotiating the DA resulted in project delay of three years. The DA was executed in late 2014 and defines the Visitacion Valley Transit-Oriented Development as consisting of up to 1,679 housing units to be built by late 2029 and 46,700 square feet of new retail. The DA satisfies CPCFA's regulatory requirements and ensures the affordability of at least 15% of the housing units for the life of the project.

The DA negotiation put design of the horizontal improvements, also known as a Site Improvement Plan ("SIP"), on hold during the three year delay period. The design and approval process continues to be prolonged by the delays in interdepartmental collaboration with the City.

Despite the aforementioned delays, Visitacion Development has begun installation of select site improvements under independent permits. Visitacion Development is confident that the SIP will be approved in mid 2017 with commencement of design activities for future parcels following thereafter. Once construction starts, the Grantee expects the first unit deliveries by late 2019 with the balance of Phases I and II developments completed by late 2026.

In order to complete the project in the additional time requested, Visitacion Development is requesting to redefine the Infill Development Project by reducing the number of housing units from 1,250, 313 of which are affordable, to 1,125, 169 of which are affordable. Mr. Martin then referenced the table in the Staff Summary.

The proposed 1,125 housing units are considered Phases I and II of the overall three-phase project and include fifteen percent (15%) of the units as affordable as set forth in CPCFA Regulations. These affordable units are subject to the recorded DA between Visitacion Development and the City and County of San Francisco.

The reduction in housing will allow the Grantee to deliver Phases I and II of the Visitacion Development by the requested extension deadline of December 31, 2026. Phase I consists of 575 units and Phase II consists of 550 units. The Grantee expects the first housing unit deliveries to occur by late 2019 with the balance of the housing units delivered by the end of 2026.

Visitacion Development also requested to change its name to Visitacion Investment, LLC. Visitacion Investment, LLC consists of the same key personnel as Visitacion Development and has the same limited liability company structure and manager. Visitacion Development changed its name to clarify its relationship with other entities related to the project and to reflect the repositioning of some of its investors.

Staff recommended approval of a Resolution to extend the term of the Infill Grant Agreement to December 31, 2026; to redefine the Infill Development Project by reducing the number of housing units from 1,250, 313 of which are affordable, to 1,125, 169 of which are affordable; and to change the name of Visitacion Development, LLC to Visitacion Investment, LLC.

Mr. Juarez asked if there were any questions or comments from Visitacion Development. Mr. Scharfmann expressed his thanks to CPCFA for being a long term partner. Mr. Scharfmann stated it was unfortunate that AB 26 took away a couple years of critical development opportunity but their company has pushed forward and was reminded that the CALReUSE program is a tremendous program for projects like Visitacion Valley Transit-Oriented Development which sits at the least utilized commuter rail station that serves San Francisco to Silicon Valley. Mr. Scharfmann stated that the company remained committed to this project and appreciated the assistance with the extension request.

Mr. Juarez asked if there were any questions from the Board.

Mr. Juarez asked for a better understanding of the differences of the affordable housing versus the units that are not. Mr. Scharfmann stated due to the San Francisco planning code Section 415 requires that all affordable units within buildings that are shared with market rate units are to be built to the exact same specifications with the exception of certain finishes. For example, the market rate unit may have a stone countertop whereas the affordable housing unit may have a composite countertop otherwise most features are the same and the amenities are the same.

Mr. Juarez asked if the affordable units are being built simultaneously as the market rate units. Mr. Scharfmann stated that they will be developed concurrently within each building.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

2. Studio 15 Housing Partners, LP, Request to extend the Term of the Grant

Presented by: Alison French-Tubo

Staff introduced Brendon Bergen, Studio 15 Housing Partners, LP (Via phone)

Studio 15 Housing Partners, LP ("Studio 15") requested an amendment to the Infill Grant Agreement to extend the term of the Infill Grant Agreement until September 30, 2019.

Studio 15's Infill Grant Agreement in the amount of $244,560 was approved by the Board on November 19, 2008.

The approved project is an affordable rental community providing 275 housing units, 273 of which are affordable located in San Diego, California.

Multiple businesses occupied the site between its original development in the 1930's and the early 2000's. The Department of Toxic Substances Control (DTSC) has certified the remediation as complete with the exception of on-going Operation and Maintenance sampling and testing of air, vapor and ground water. The rental housing community has been in operation, with occupancy above 90%, since 2009.

The CALReUSE Remediation Program funding was awarded for the implementation of the on-going Operation and Maintenance plan as well as the on-going sampling and testing. To date, $189,749.76 has been disbursed, leaving $54,810.24 in remaining Grant allocation.

At the time of the award Studio 15 anticipated the monitoring and testing would be completed prior to the expiration of the Infill Grant Agreement on July 10, 2017. However, site conditions have resulted in DTSC requiring on-going sampling and testing. DTSC issued a letter on December 2, 2016 stating that the sampling and testing will continue on a semi-annual schedule. This has led to the request to extend the term of the Infill Grant Agreement to September 30, 2019.

Studio 15 submitted the Brownfield Infill Project Report and the Infill Development Project Report which satisfy the brownfield cleanup and housing requirements of the Infill Grant Agreement. The remaining allocation will fund up to six cycles of the operation and maintenance testing. Studio 15 anticipates the remaining funds will be exhausted by April 2019. The time between April and September 2019 will allow for submittal and processing of the final Disbursement Request.

Staff recommended that the CPCFA Board approve a Resolution to extend the term of the Infill Grant Agreement to September 30, 2019.

Mr. Juarez asked if that was the only change. Ms. French-Tubo stated yes.

Mr. Juarez asked if Mr. Bergen had any questions or comments. Mr. Bergen did not.

Mr. Juarez asked if there were any questions or comments from the Board or Public. There were none.

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

5. PUBLIC COMMENT

Mr. Juarez asked if there were any comments from the public.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:44 a.m.

Respectfully submitted,

(Originally signed by)

Reneé Webster-Hawkins
Executive Director