

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
Thursday, August 26, 2021**

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: 934 3987 1012, and Passcode: 141291

1. Call to Order & Roll Call

Treasurer Fiona Ma, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 12:00 p.m.

Members Present: Fiona Ma, CPA, State Treasurer
 David Oppenheim for Betty T. Yee, State Controller
 (via teleconference)
 Gayle Miller for Keely Martin Bosler, Director of Finance
 (via teleconference)

Staff Present: Tim Schaefer, Deputy Treasurer

Quorum: The Chairperson declared a quorum

2. Minutes

Treasurer Ma asked if there were any questions or comments concerning the meeting minutes from the meeting held July 20, 2021. There were none.

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

The item was passed by the following vote:

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| Gayle Miller for Keely Martin Bosler, Director of Finance | Aye |
| David Oppenheim for Betty T. Yee, State Controller | Aye |
| Fiona Ma, CPA, State Treasurer | Aye |

3. Business Items

A. Resolution of the California Pollution Control Financing Authority to Approve the Appointment of the Interim Executive Director

Presented by: Patricia Crowson, Treasury Program Manager II

Ms. Crowson started her report by stating that the Authority Board appoints the Executive Director of CPCFA and designates to the Executive Director those powers as are necessary to conduct the business of the Authority.

Ms. Crowson recommended the approval of Resolution No. 21-04-004 to appoint Tim Schaefer as the Interim Executive Director of the Authority.

In conclusion, Ms. Crowson stated this Resolution will remain in effect until the Authority Board revokes this Resolution No. 21-04-004 or adopts a superseding resolution.

Treasurer Ma asked if there were any questions or comments from Board members and asked Mr. Schaefer to give a self-introduction.

Mr. Schaefer thanked Treasurer Ma for her gracious introduction. He also stated that he is a Deputy Treasurer in the California Treasurer's Office. Mr. Schaefer mentioned he has worked under two Treasurers within his time since 2015, including Treasurer Ma.

Mr. Schaefer also mentioned his duties generally involve the executive responsibilities for the three operating divisions within the STO. Mr. Schaefer stated the first one being the centralized treasury function, which handles several hundred thousand payments a day and several trillion dollars of items processed within a year. The second being the investment division, which presently is managing \$180 billion dollars, pooled money investment portfolio. Mr. Schaefer also stated that within a day the STO typically invests \$2 billion to \$5 billion dollars of surplus funds awaiting disbursement by the State.

In addition, Mr. Schaefer also mentioned the Public Finance Division (PFD), which sells all bonds on behalf of the State Treasurer. Mr. Schaefer also reported that by statute PFD is designated as the agent for sale for all State indebtedness.

Lastly, Mr. Schaefer stated his executive oversight responsibility for two additional BCAs, first being the California Debt and Investment Advisory Commission (CDIAC) and CAEATFA. Mr. Schaefer stated his dual role of being the Interim Executive Director as well as the executive in charge of responsibilities for CPCFA.

Agenda Item 2.

Mr. Schaefer mentioned his 53 years of experience in the securities and banking business. He also mentioned he worked on Wall Street.

Mr. Schaefer concluded by thanking the Board and Treasurer Ma for their confidence and his privilege to work with Treasurer Ma.

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

Ms. Miller moved approval; there was a second.

B. Resolution Authorizing the Interim Executive Director and Deputy Executive Director to Execute Contracts and Interagency Agreements Not To Exceed \$300,000

Presented by: Patricia Crowson, Treasury Program Manager II

Ms. Crowson started her report by stating that CPCFA is authorized by statute to enter into contracts and interagency agreements. For contracts and interagency agreements at or below a certain dollar amount, the Authority has historically delegated this authorization to the Executive Director and, in the Executive Director's absence, the Deputy Executive Director to enter into contracts on behalf of the Authority. This item requests delegation authority for the newly appointed Interim Executive Director, Tim Schaefer, to execute contracts and interagency agreements for amounts up to \$300,000.

Ms. Crowson mentioned that the Deputy Executive Director position is vacant, but this authorization will enable the Deputy Executive Director, once appointed, to execute contracts and interagency agreements for amounts up to \$300,000.

Ms. Crowson also mentioned the blanket authorization amount of \$300,000 does not represent an increase in the Authority's current delegated authorization level. In addition, Ms. Crowson stated as part of the Interim Executive Director's report, the Interim Executive Director of the Authority and, in the Interim Executive Director's absence, the Deputy Executive Director will report to the Authority Board any contracts for amounts of \$10,000 up to \$300,000 that were executed.

Ms. Crowson recommended the approval of Resolution No. 21-04-005 to authorize the Interim Executive Director and, in the Interim Executive Director's absence, the Deputy Executive Director to execute certain contracts, interagency agreements, and certain amendments to contracts and interagency agreements on behalf of the Authority for amounts not to exceed \$300,000.

Agenda Item 2.

Ms. Crowson concluded her report by stating that the Resolution No. 21-04-005 will remain in effect until the Authority revokes this Resolution or approves a superseding resolution.

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

Ms. Miller moved approval; there was a second.

The item was passed by the following vote:

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| Gayle Miller for the Director of Finance | Aye |
| David Oppenheim for Betty T. Yee, State Controller | Aye |
| Fiona Ma, CPA, State Treasurer | Aye |

4. Interim Executive Director's Report

Presented by: Tim Schaefer, Deputy Treasurer

Mr. Schaefer started his report by thanking Treasurer Ma and members of the Board for this vote of confidence.

Mr. Schaefer stated that CPCFA has a 49-year history of success and has made and will continue to make a significant difference in the California public finance arena in the future. Mr. Schaefer also stated that the environment of CPCFA's programs has changed and an agile financing authority must respond to that changing environment.

Mr. Schaefer mentioned that CPCFA has the capability to do that and respond effectively to this changing environment but will need some help in three distinct ways Mr. Schaefer also mentioned he would like to give the Board a preview of what is to be expected in the future from CPCFA.

The first point Mr. Schaefer stated is that CPCFA is fundamentally an environmental financing authority, in which needs to develop and adapt some of the programs to better align with the needs of environmental finance of the 21st Century. Mr. Schaefer gave an example of the conduit bond program of which may need to change.

Mr. Schaefer also mentioned that over the past 20 years CPCFA has been the issuer of record for just over 200 borrowings. Mr. Schaefer reported that about one third of those 200 issues were offered in the five-year period 2001 through 2005. In which Mr. Schaefer stated that the offering sizes were considerably smaller during that time. Mr. Schaefer also stated that within that period, 2003 through 2004, saw an upswing in offerings for dairy digesters, which may not be a permanent need in the future. Mr. Schaefer mentioned there is a noticeable trend toward fewer borrowers choosing CPCFA. Mr. Schaefer believes the result is that CPCFA's Bond Program has attenuated over time.

Agenda Item 2.

The second point Mr. Schaefer stated is that it has a lot to do with staffing. Mr. Schaefer mentioned that the turnover at the Executive Director level and a recent resignation by a senior-level employee can feel disconcerting at first, but actually presents a significant opportunity to repopulate the management ranks with capable executives who can refine CPCFA's vision and drive us forward into an envisioned future.

Mr. Schaefer also stated that recently the Treasurer directed that CPCFA recruit for a new executive director. Mr. Schaefer reported that the process has been underway for several weeks. He also mentioned that they have received several applications or indications of interest from several persons, including one that was quite promising. However Mr. Schaefer reassured the Board that the STO is being thorough and purposeful, to make sure that all potential candidates have been contacted and encouraged to apply. Mr. Schaefer also mentioned the hope of the STO is that they will be in a position to make a firm recommendation of a permanent Executive Director to the Treasurer as a result of this recruitment process by no later than Labor Day week.

Lastly, Mr. Schaefer shared the third point of interest by stating that it has been more than 20 years since CPCFA has performed a comprehensive study of its fees and costs structure. Mr. Schaefer shared that all programs are intended to initially match funding and costs in an appropriate relationship, that this now seems to be a good time to engage expert help to examine not only our fee structure but also the market of the future, our existing workloads, and how we have organized ourselves to assure financial sustainability for the long haul.

In addition, Mr. Schaefer will recommend a careful analysis of CPCFA's existing programs by a competent expert to assure the Board that all internal controls are in place to assure the effectiveness of CPCFA's programs to avoid waste and provide all stakeholders with the maximum value.

Mr. Schaefer also stated that having the right leadership, with the right people positioned in the right places, with the right resources and processes in place is critical to CPCFA's future success. Mr. Schaefer stated that the journey may be tedious at times, but will provide a clearer pathway and reassuring to the Board and CPCFA's numerous stakeholders.

In the next several months, Mr. Schaefer stated that he will be reporting to the Board on the progress and asked the Board for their patience and support as the complex issues are being addressed and worked through.

In conclusion, Mr. Schaefer asked if he can answer any questions or comments from the Board or the public regarding the issues that were stated.

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

5. PUBLIC COMMENT

Treasurer Ma 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 12:21 p.m.

Respectfully submitted,

(Originally Signed By)

Tim Schaefer
Interim Executive Director