

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
Tuesday, June 21, 2022**

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 11:14 a.m.

Members Present: Tim Schaefer for Fiona Ma, State Treasurer
Tony Sertich for Betty T. Yee, State Controller

Absent Keely Martin Bosler, Director, Department of Finance

Staff Present: Christina Sarron, Deputy Executive Director
Solomita Malko, AGPA (By Phone)
Nicholas Montalvo, AGPA
Dori Floyd, Executive Assistant
JoOnna Trushkov, Office Technician

Quorum: The Chairperson declared a quorum consisting of two board members

2. Minutes

Mr. Sertich moved approval of the minutes; Mr. Schaefer provided the second.

Mr. Schaefer asked if there were any questions or comments concerning the meeting minutes from the meeting held on April 19, 2022. There were none.

The minutes were unanimously approved.

The item was passed by the following vote:
Tony Sertich for Betty T. Yee, State Controller
Tim Schaefer for Fiona Ma, State Treasurer

Aye
Aye

3. Executive Director's Report

Presented by: Christina Sarron, Deputy Executive Director

Ms. Sarron began the Executive Director's Report by providing a California Capital Access Program (CalCAP) program update to the Board regarding the State Small Business Credit Initiative (SSBCI) 2.0. The U.S. Treasury informed CPCFA that our application was approved on June 21, 2022. It is estimated that the funding process could begin as soon as the end of June. In addition, the U.S. Treasury requested that CPCFA not publicize anything about our application approval until we reach the allocation agreement stage, which happens after the review committee approval. The application then goes to the U.S. Treasury legal for review. The U.S. Treasury also noted that its communications team would reach out to our external affairs team to coordinate an announcement at the appropriate time. The marketing and outreach staff from both IBank and CPCFA have prepared press releases and are working with their respective external affairs teams to coordinate release timing. Ms. Sarron continued the report with personnel updates. She stated that we were pleased to welcome two new staff members to CPCFA, both Office Technicians, JoOnna Trushkov, who joined us on April 28, 2022, and Hannah Lee, who began on May 12, 2022. CPCFA staff are excited to have both on our team.

Ms. Sarron then reported on the actions taken under the Executive Director's delegated authority. Since the April meeting, the Executive Director, Shela Tobias-Daniel, approved five items under her delegated authority. On April 20, 2022, she approved an Initial Resolution for Belluno Organics, Inc., for \$110,000,000. Bond proceeds will be used to finance the purchase of equipment and construction of organic waste processing facilities at eight locations in California. On April 28, 2022, she approved a fifth and final draw for Napa Waste Services, Inc., Series 2021 in the amount of \$5,695,000. On June 6, 2022, she approved a fourth draw for Bay Counties Waste Services, Inc., Series 2021 in the amount of \$3,000,000. On June 10, 2022, she approved amendments to the Indenture and Loan Agreement and Promissory Notes for Arakelian Enterprises, Inc., dba Athens Services Series 2014. On June 10, 2022, she approved amendments to the Indenture and Loan Agreement and Promissory Notes for MOTTRA Services, Inc., Series 2016 and 2017 for the benefit of Arakelian Enterprises, Inc., dba Athens Services, as the new purchasers of MOTTRA.

Ms. Sarron concluded the report and stated that she would be happy to answer any questions. Mr. Schaefer asked Mr. Sertich if he had any questions on the Executive Director's report. Mr. Sertich replied, "No, I am just glad that the program with the federal government has moved forward, and good luck with that. Please keep us up to date." Mr. Schaefer stated it was an information item, not an action item, but nevertheless, comments would be taken on the Executive Director's report.

Mr. Schaefer asked if there was anyone in the room that wished to make comments. There were none. Mr. Schaefer asked if there was anyone on the phone who wished to make comments on item 3, the Executive Director's report. There were none.

4. Business Items

A. Request to Approve a Final Resolution Authorizing the Issuance of Tax-Exempt and/or Taxable Water Furnishing Revenue Bonds for Refunding and New Money Purposes

Presented by: Solomita Malko, Associate Governmental Program Analyst (AGPA)

Ms. Malko introduced herself as the Authority's analyst for the Poseidon Resources (Channelside), LP application. She stated that joining the meeting via phone or Zoom was Devin Brennan with Orrick, Herrington & Sutcliffe, LLP; acting as Bond Counsel; Company Representative, Aaron Epstein with abrdn group; and Underwriters, Zachary Solomon with Morgan Stanley & Co., LLC; and Kevin O'Brien with Bank of America Securities, Inc. Poseidon Resources (Channelside), LP and/or its affiliates requested the approval of a Final Resolution for a total amount of \$722,965,000 in tax-exempt and/or taxable water furnishing revenue bonds of which \$522,965,000 will be used to refinance the cost of the acquisition, construction, and installation of the reverse osmosis water desalination plant located in the city of Carlsbad in San Diego County. The new money bond proceeds of \$200,000,000 will be used to finance costs and expenses related to the acquisition, construction, improvement, and installation of the permanent intake modification system of the existing desalination plant, a portion of the wetlands restoration project, and other facilities functionally related to the intake, outflow, production, and treatment of water by the desalination plant. CPCFA has applied on the borrower's behalf for tax exempt volume allocation for consideration at the California Debt Limit Allocation Committee's (CDLAC's) July 20, 2022, Board meeting. Given that the financing structure for the transaction is dependent on the amount of exempt facility volume cap allocation received from CDLAC and the issuance is anticipated to take place in October 2022, the borrower anticipates needing to update the Preliminary Limited Offering Memorandum (PLOM) prior to issuance. The borrower will return to the Authority for its approval of an updated PLOM prior to its posting and/or the approval of an offering memorandum for the tax -exempt and/or taxable Series 2022 plant bonds. Staff recommended the approval of Final Resolution No. 22-01-616 in a total amount not to exceed \$722,965,000 for Poseidon Resources (Channelside) LP and/or its affiliates.

Ms. Malko asked if there were any questions. Mr. Schaefer thanked Ms. Malko and asked Mr. Sertich if he had any questions. Mr. Sertich replied, "Yes, I just have one quick question. Reading through the documents and it looks like the rate that the water is sold at is dictating by existing contracts and I want to make sure that the new \$200,000,000 in bonds and debt service will not increase the rate to

the ratepayers who are paying for the water, at least directly. It sounds like there is no connection there, but I want to make sure to get that on record.

Ms. Malko asked that either Mr. Epstein or Mr. Brennan respond to the question. Mr. Epstein replied, "As per the contract we have with the water authority, it was already envisioned and negotiated with them, at the time of contract signing, that such proceeds related to the new money would be considered as part of water rate increases as it relates to certain activities that are required for plant operations." Mr. Sertich asked, "Are you saying that the rates would be increased to the water agencies, if the new bonds are issued?" Mr. Epstein replied, "Yes." Mr. Schaefer added, "That is what I heard, as well. Is that correct Mr. Epstein, that the increase to the borrower will be passed through to the customer of the project, is that correct?" Mr. Epstein replied, "That is correct." Mr. Schaefer asked Mr. Sertich if there was anything else. Mr. Sertich replied, "Nothing else." Mr. Schaefer stated that the item was an action item and would need a motion and a second. Mr. Sertich replied, "While it is a little concerning that the rates will be passed on, I will move to approve this Resolution." Mr. Schaefer added, "I will second that motion with similar reservations. It is the nature of these things that 'take and pay' or 'take or pay' contracts often embed these kinds of (inaudible). Unfortunately, the tension here is that without the financing or refinancing then arguably the economics of the project degrade. While I am not a fan of passing through rate increases, it feels like it is necessary in this case and I will second that motion. We have a motion and a second."

Mr. Schaefer asked if there was anyone in the room that wished to make comments. There were none. Mr. Schaefer asked if there was anyone on the phone who wished to make comments. There were none.

Item 4.A. was unanimously approved.

The item was passed by the following vote:

Tony Sertich for Betty T. Yee, State Controller	Aye
Tim Schaefer for Fiona Ma, State Treasurer	Aye

B. Request for the Approval of an Interagency Agreement with the State Treasurer's Office for Support Provided by the State Treasurer's Executive Office, Administration Division, and Information Technology Division

Presented by: Nicholas Montalvo, AGPA

Mr. Montalvo stated that for item 4B, CPCFA is seeking approval to enter into an Interagency Agreement with the State Treasurer's Office (STO) in the amount of \$491,156 for executive and support services provided to the Authority during Fiscal Year 2021/2022. The STO provides CPCFA with executive policy direction and guidance, along with personnel, legal, Information Technology, budgeting & reporting services, and other administrative support services. The overall cost is

allocated among the Boards, Commissions, and Authorities based on each agency's personnel years. The term of the contract is from July 1, 2021, through June 30, 2022. Staff recommended approval of Resolution No. 22-04-001 to authorize the Executive Director to execute Interagency Agreement No. CPCFA04-21 with the State Treasurer's Office in an amount not to exceed \$491,156.

Mr. Sertich moved approval of the item; Mr. Schaefer provided the second.

Mr. Schaefer asked if there was anyone in the room that wished to make comments. There were none. Mr. Schaefer asked if there was anyone on the phone who wished to make comments. There were none.

Item 4.B. was unanimously approved.

The item was passed by the following vote:

Tony Sertich for Betty T. Yee, State Controller

Aye

Tim Schaefer for Fiona Ma, State Treasurer

Aye

5. Public Comment

Mr. Schaefer asked if there were any comments from anyone in the room on any matter that was not on the agenda. There were none. Mr. Schaefer asked if there were any comments from anyone on the phone on any matter that was not on the agenda. There were none.

6. Adjournment

There being no further business, public comments, or concerns, the meeting adjourned at 11:34 a.m.

Respectfully submitted,

Shela Tobias-Daniel
Executive Director