

**Golden State Finance  
Authority (GSFA)  
Executive Committee Meeting**



**Wednesday, November 15, 2017  
10:00 A.M.**

**1215 K Street, Suite 1650  
Sacramento CA 95814  
916-447-4806**



**Golden State Finance Authority (GSFA)  
Executive Committee Meeting  
1215 K Street, Suite 1650  
Sacramento, CA 95814**

**November 15, 2017 – 10:00 a.m.**

Executive Committee Members:

Supervisor Kevin Cann, Mariposa County  
Supervisor Randy Hanvelt, Tuolumne County  
Supervisor Bob Williams, Tehama County  
Supervisor Rex Bohn, Humboldt County  
Supervisor John Viegas, Glenn County

Supervisor Les Baugh, Shasta County  
Supervisor Doug Teeter, Butte County  
Supervisor Diane Dillon, Napa County  
Supervisor Matt Kingsley, Inyo County  
Supervisor David Rogers, Madera County

**Agenda**

- I. Call to Order and Determination of Quorum**  
*Chair, Supervisor Kevin Cann, Mariposa County*
- II. Approval of Minutes of the July 12, 2017 Meeting** **Page 1**  
*(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)*
- III. Public Comment**  
*At this time any member of the public may address the Board. Speakers are asked to state their name for the record. Comments are usually limited to no more than 3 minutes per speaker.*
- IV. Quarterly Reports for GSFA** (Discussion and possible action relative to)  
*Greg Norton, Executive Director*  
*Lisa McCargar, Chief Financial Officer*
- a. GSFA Quarterly Budget Report (September 30, 2017)** **Page 3**  
**b. GSFA Quarterly Investment Report (September 30, 2017)** **Page 7**  
**c. GSFA Cash, Securities, and Loan Receivables Report (September 30, 2017)**
- V. Business and Administrative Matters** (Discussion and possible action relative to)  
*Greg Norton*  
*Lisa McCargar*  
*Craig Ferguson, Deputy Director*
- a. Disaster Assistance Update (2017 – 2018)**  
**b. GSFA 2018 Proposed Budget – ACTION** **Page 11**  
**c. GSFA Risk Assessment Progress**  
**d. Other Business and Administrative Matters**

**GSFA Executive Committee  
Closed Session**

1. **Closed Session: Conference with Legal Counsel Regarding Property Assessed Clean Energy (PACE) Program Potential Litigation (Gov. Code Section 54956.9(d))**



**VI. Program Updates** (Discussion and possible action relative to)  
*Greg Norton*  
*Craig Ferguson*

**VII. Adjournment**

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, contact Sarah Bolnik by calling (916) 447-4806 at least 48 hours before the meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item. The agenda for this meeting of the Executive Committee of the Golden State Finance Authority was duly posted at its offices, 1215 K Street, Suite 1650, Sacramento, California, 72 hours prior to the meeting.



**Golden State Finance Authority (GSFA)  
Executive Committee Meeting  
1215 K Street, Suite 1650 Board Room  
Sacramento, CA 95814  
(916) 447-4806**

**July 12, 2017 – 11:00 a.m.**

**Executive Committee Members:**

Supervisor Kevin Cann, Mariposa County  
Supervisor Randy Hanvelt, Tuolumne County  
Supervisor Bob Williams, Tehama County  
Supervisor Rex Bohn, Humboldt County  
Supervisor John Viegas, Glenn County

Supervisor Les Baugh, Shasta County  
Supervisor Doug Teeter, Butte County  
Supervisor Diane Dillon, Napa County  
Supervisor Matt Kingsley, Inyo County  
Supervisor David Rogers, Madera County

**Minutes**

**Call to Order and Determination of Quorum**

Chair, Supervisor Kevin Cann, Mariposa County, called the meeting of the Golden State Finance Authority Executive Committee to order at 11:10 a.m. A quorum was determined at that time; those present were as follows:

<b><u>Supervisors in Attendance</u></b>	<b><u>County</u></b>
Kevin Cann	Mariposa
Randy Hanvelt	Tuolumne
Bob Williams	Tehama
Rex Bohn	Humboldt
John Viegas	Glenn
Les Baugh	Shasta
Doug Teeter	Butte
Diane Dillon	Napa
Matt Kingsley	Inyo

**Absent Members**

Doug Teeter	Butte
David Rogers	Madera

**Staff in Attendance**

Greg Norton, Executive Director  
Craig Ferguson, Deputy Director

**Others in Attendance**

Supervisor Miles Menetrey, Mariposa County  
Lisa McCargar, RCRC Chief Financial Officer  
Sarah Bolnik, RCRC Business Development  
Paul A. Smith, RCRC Vice President Governmental Affairs  
Robin Rau, Ygrene Energy Fund

George Apostolopoulos, Ygrene Energy Fund  
Robert Bendorf Jr., Renovate America / HERO

**Approval of Minutes of the May 10, 2017 Meeting**

*(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)*

**Supervisor Les Baugh, Shasta County, motioned to approve the minutes of the May 10, 2017 GSFA Executive Committee Meeting. Supervisor Bob Williams, Tehama County, seconded the motion. Motion passed.**

**Public Comment**

Robert Bendorf Jr., Renovate America, introduced himself to the GSFA Executive Committee. Mr. Bendorf informed the Executive Committee that Tulare County recently approved the PACE program for both Renovate America and Ygrene programs throughout the county. Mr. Bendorf also informed the Executive Committee that Kern County adopted a Resolution that would discontinue all PACE programs in the county.

George Apostolopoulos, Ygrene Energy Fund, offered the Executive Committee an open invitation for Ygrene to come present to either the County Board of Supervisors or the County Board of Realtors to discuss the PACE program, and recent changes to the program.

**GSFA Quarterly Reports**

Lisa McCargar, Chief Financial Officer, presented the Quarterly Investment Report, the Budget Report, and the Cash and Securities Asset Report for period ending May 31, 2017.

**Program Updates**

Craig Ferguson, Deputy Director, provided an update on the current GSFA programs to the Executive Committee.

Greg Norton discussed the recent Export Trade Forum that was hosted in Tuolumne County in June, as well as the next Forum in Nevada County which will take place on September 13.

**Adjournment**

Chair, Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Executive Committee at 11:38 a.m.





Golden State Finance Authority (GSFA)  
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Phone: (855) 740-8422 · Fax: (916) 444-3219 · [www.gsfahome.org](http://www.gsfahome.org)

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**To:** GSFA Executive Committee  
**From:** Greg Norton, Executive Director  
Lisa McCargar, Chief Financial Officer  
**Date:** November 7, 2017  
**Re:** GSFA Quarterly Budget Report (September 30, 2017)

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**Summary**

The Statement of Revenues and Expenses for GSFA provides a budget to actual comparison for the quarter ended September 30, 2017.

**Attachment**

- GSFA Statement of Revenues and Expenses, Budget vs. Actual, for the Quarter Ended September 30, 2017



**GOLDEN STATE FINANCE AUTHORITY**  
**Statement of Revenue and Expenses**  
**Budget Vs. Actual - Unaudited**  
**For the Quarter Ended September 30, 2017**

	2017 Annual Budget	Quarter Ended 9/30/2017 Budget	Quarter Ended 9/30/2017 Actual	Variance Favorable/ (Unfavorable)	Percent Favorable/ (Unfavorable)
<b>Income:</b>					
Housing Program Revenue	\$ 51,055,000	\$ 38,291,247	\$ 51,780,874	\$ 13,489,627	35.23%
Energy Program Revenue	3,015,000	2,261,250	1,805,438	(455,812)	-20.16%
Grant Reimbursed Costs	300,000	225,000	201,932	(23,068)	-10.25%
Interest Income and Capital Gain/(Loss)	307,000	230,247	291,407	61,160	26.56%
Ongoing Issuer Fees	54,000	40,500	64,072	23,572	58.20%
2nd Mortgage Interest	500,000	375,003	285,093	(89,910)	-23.98%
Miscellaneous Income	-	-	495,660	495,660	0.00%
<b>Total Income</b>	<b>\$ 55,231,000</b>	<b>\$ 41,423,247</b>	<b>\$ 54,924,476</b>	<b>\$ 13,501,229</b>	<b>32.59%</b>
<b>Expenditures:</b>					
Accounting & Auditing	\$ 31,500	\$ 23,625	\$ 24,552	\$ (927)	-3.92%
Business Development and Expansion	100,000	74,997	48,250	26,747	35.66%
CDLAC fees	50,000	37,503	-	37,503	100.00%
Custodian/Trustee	50,000	37,503	-	37,503	100.00%
Consultants	385,000	288,747	163,910	124,837	43.23%
Contract Performance Fee	1,960,750	1,470,564	-	1,470,564	100.00%
Dues, Fees & Subscriptions	30,000	22,500	4,101	18,399	81.77%
Grant Costs	300,000	225,000	201,932	23,068	10.25%
Insurance	39,000	29,250	27,704	1,546	5.29%
Infrastructure Program	200,000	150,003	-	150,003	100.00%
Legal Services	125,000	93,753	314,937	(221,184)	-235.92%
Loan Losses	150,000	112,500	48,487	64,013	56.90%
Multi Family Bonds	10,000	7,497	322	7,175	95.70%
Gift Program	40,000,000	29,999,997	42,537,622	(12,537,625)	-41.79%
Grant Fund - California Disaster Assistance	1,000,000	749,997	163,000	586,997	78.27%
Pipeline Services	200,000	150,003	133,750	16,253	10.84%
DPA Program Management	2,500,000	1,874,997	2,828,102	(953,105)	-50.83%
Printing and Duplication	1,000	747	-	747	100.00%
Promotion and Marketing	75,000	56,250	9,258	46,992	83.54%
Rent	104,667	78,498	70,642	7,856	10.01%
Contract Support Services	2,399,000	1,799,253	1,799,252	1	0.00%
Sponsorships	50,000	37,503	64,300	(26,797)	-71.45%
Board Member Travel and Reimbursements	15,000	11,250	-	11,250	100.00%
Travel	40,000	29,997	20,199	9,798	32.66%
Other Expenses	8,000	6,003	16,465	(10,462)	-174.28%
<b>Total Expenditures</b>	<b>\$ 49,823,917</b>	<b>\$ 37,367,937</b>	<b>\$ 48,476,785</b>	<b>\$ (11,108,848)</b>	<b>-29.73%</b>
<b>Net Revenues Over Expenditures</b>	<b>\$ 5,407,083</b>	<b>\$ 4,055,310</b>	<b>\$ 6,447,691</b>	<b>\$ 2,392,381</b>	<b>58.99%</b>





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**To:** GSFA Executive Committee  
**From:** Greg Norton, Executive Director  
Lisa McCargar, Chief Financial Officer  
**Date:** November 7, 2017  
**Re:** GSFA Quarterly Investment Report (September 30, 2017)

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**Summary**

In accordance with GSFA's investment policy, we are providing the 3<sup>rd</sup> quarter investment report. This report provides a summary of year-to-date investment transactions through the quarter ending September 30, 2017. In addition, the report provides the returns by investment type and a comparison to the 90 day Treasury Rate.

The CalTRUST yields are the funds' reported 3<sup>rd</sup> quarter yields. The LAIF return is the fund's 3<sup>rd</sup> quarter apportionment rate.

**Attachment**

- GSFA Investment Report – 3<sup>rd</sup> Quarter, 2017



**GOLDEN STATE FINANCE AUTHORITY**  
**Investment Report**  
**As of September 30, 2017**

	Total	CalTRUST Short-Term	CalTRUST Medium-Term	LAIF
Balance 5/31/17	\$ 19,719,062	\$ 7,493,858	\$ 12,039,577	\$ 185,627
Additions	-	-	-	
Withdrawals	-	-	-	
Interest (includes accrued)	86,703	29,548	56,224	931
Capital Gain/(Loss)	(24,029)	-	(24,029)	
Balance 9/30/17	\$ 19,781,736	\$ 7,523,406	\$ 12,071,772	\$ 186,558

<u>Yield:</u>	Short Term	Mid Term	LAIF
Annualized One Year	1.03%	1.24%	1.08%
Average Maturity (days)	294	836	190
90 Day Treasury Bill Rate	1.06%		

All current cash investments are held in either California Treasurer's Local Agency Investment Fund (LAIF) or CalTRUST's Short-Term Fund or Medium-Term Fund. Cash in the LAIF fund and the CalTRUST Short-Term Fund may be accessed within 24 hours. Cash in the CalTRUST Medium-Term Fund may be accessed at the end of each month.

No members of the Investment Committee have any conflict of interest with any current investment firms.

Purpose of transactions in excess of \$1 million:  
 -None







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**To:** GSFA Executive Committee  
**From:** Craig Ferguson, Deputy Director  
Lisa McCargar, Chief Financial Officer  
**Date:** November 7, 2017  
**Re:** GSFA 2018 Proposed Budget - **ACTION**

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The proposed 2018 Golden State Finance Authority (GSFA) Operating Budget constitutes our continued commitment to the core functions of providing affordable housing down payment assistance, energy retrofit, and water conservation programs and the development of infrastructure programs.

### **2018 Proposed GSFA Budget Summary**

The proposed 2018 GSFA Operating Budget (Attachment A) includes total revenues of \$59,235,000 and total expenditures of \$57,265,700 and results in net revenue over expenditures of \$1,969,300. The primary sources of revenue and expenditures are described below.

### **2018 Proposed Revenue Highlights**

Proposed revenues are primarily derived from GSFA's housing and energy/water programs. In addition, interest income from second mortgage portfolio earnings and interest and gains from portfolio investments provide proposed sources of revenue.

The proposed 2018 GSFA Budgeted Revenue of \$59,235,000 includes:

- Housing programs remain the primary source of GSFA revenues. The programs are projected to generate \$56.3 million in revenue in 2018.
- Revenues from energy/water conservation financing programs are estimated to be \$2,005,000.
- Energy program loans from the prior American Recovery and Reinvestment Act (ARRA) program continue to require loan servicing. GSFA cost reimbursements from this grant are estimated to be \$250,000 for 2018.
- The GSFA second mortgage portfolio is projected to generate interest earnings of \$300,000.

- Interest earnings and capital gains from investments are projected to be \$320,000.

### **2018 Proposed Expenditure Highlights**

The proposed 2018 GSFA Operating Expenditure Budget is designed to provide the resources necessary to pursue and implement housing and energy programs and services as well as pursue rural economic development and infrastructure financing efforts. The proposed 2018 Expenditure Budget totals \$57,265,700. Primary expenditures are for housing program down payment assistance (DPA) gifts, contract support services payments, estimated contract performance fees to RCRC and program management fees.

The key proposed 2018 GSFA expenditures include:

- Housing program DPA gifts to homebuyers of \$47.0 million and associated program management and pipeline services fees totaling \$2.68 million. Program management fees have also decreased in line with market rates.
- Contract support services payments to RCRC in the amount of \$2,633,000. The contract also includes estimated housing program performance fees of \$1,750,000. The proposed budget includes the lump sum contract services and estimated program performance fee amount the GSFA Board is requested to consider and approve as part of its budgeting process for the 2018 calendar year. The proposed lump sum contract services and estimated performance fee amount for RCRC services includes a prorated amount of the salaries for RCRC personnel who provide services to the JPA through the contract for services with RCRC, including those of the President/CEO, the Vice President and the Chief Financial Officer of RCRC. The proposed contract services amount and performance fee and the underlying compensation for RCRC personnel that are included in the proposed budget will be approved by the RCRC Board of Directors.
- The 2018 proposed budget includes \$1,000,000 of proposed rural assistance grants. Specific uses for these funds to be determined throughout the year.
- Energy servicing of \$850,000 includes payments to National Homebuyers Fund for their servicing of two energy-related programs including loans associated with the ARRA program and energy retrofit financing administration. These service fees are detailed in the service contract between GSFA and NHF as approved by the respective Boards.
- \$225,000 for consultants, including costs associated with economic development activities.
- \$200,000 for the continued efforts and costs associated with the development of an infrastructure financing program.

- \$100,000 for business development and expansion, \$75,000 for promotion and marketing, \$250,000 for legal services, \$850,000 for energy program servicing and \$100,000 for sponsorships.

### **Key Differences between the 2018 and 2017 Expenditure Budgets**

The proposed 2018 expenditures budget for GSFA of \$57,265,700 includes an increase of \$7,441,783 (14.9%) from the 2017 approved budget. Following is a summary of the key differences between the proposed 2018 and the 2017 approved budgets:

- **Contract Support Services** – An increase of \$234,000 (9.8%) in current fees due to an increase in direct and indirect costs in providing services including the growing economic development initiatives.
- **Contract Performance Fee** – A decrease of \$210,750 (-10.7%) based on housing program and energy program activity levels, based on a predetermined formula.
- **Housing Gift Program** – An increase of \$7 million (17.5%) in program gifts due to increased program activity projections.
- **Energy servicing** – An increase of \$550,000 includes new payments to National Homebuyers Fund for energy/water conservation financing administration performed for GSFA.
- **Legal Fees** – An increase of \$125,000 (100%) for anticipated costs associated with legal advice relative to housing and energy program structure.
- **Consultants** – A decrease of \$160,000 (-41.6%) due primarily to fewer resources budgeted for economic development efforts.

### **Budgeted Net Revenue**

The proposed budget for 2018 will result in net revenue over expenditures of \$1,969,300. The budgeted expenditures include a noncash item, the loan losses, of \$100,000. Therefore, the proposed 2018 budget is projected to generate positive cash flow of \$2,069,300.

### **Other Related Matters**

Due to the volatility and pace of the programs and markets, request authority for the Executive Director to make necessary business decisions up to \$500,000 per decision outside of the approved operating budget. Also request the Executive Director be granted with the authority to proceed with necessary operating decisions due to changes in the market, economy or changing transactional requirements to avoid unnecessary delay and provide the necessary flexibility to effectively and timely implement and modify programs. Such expenditure and operational decisions are to be made in consultation with the Vice President, the GSFA Chair and the GSFA Vice

Chair and are to be reported back to the Board with subsequent ratification as necessary.

### **Recommendations**

It is recommended that the GSFA Executive Committee approve the following recommendations and direct the GSFA Executive Director to make the same recommendations to the GSFA Board of Directors.

1. Approve the attached proposed 2018 GSFA Operating Budget.
2. Grant the GSFA Executive Director the authority to make necessary business decisions and utilize up to \$500,000 per decision outside of the approved operating budget when necessary. Such decisions will be made in consultation with the Vice President, the GSFA Board Chair and Vice Chair and reported back to the GSFA Board at the next available Board meeting.
3. Grant the GSFA Executive Director the authority to proceed with necessary operating decisions due to changes in opportunities, the market, the economy or changing transactional requirements to provide necessary flexibility to effectively and timely implement programs. Such decisions to be made in consultation with the Vice President, GSFA Chair and GSFA Vice Chair with subsequent ratification by the Board of Directors as necessary.
4. Consider and approve the lump sum contract service fee to RCRC in the amount of \$2,633,000, and estimated performance fee in the amount of \$1,750,000. These amounts include a prorated amount of the salaries for RCRC personnel who provide services to the JPA through the contract for services with RCRC, including those of the RCRC President/CEO, Vice President and Chief Financial Officer.

### **Attachment**

- 2018 GSFA Operating Budget

**Attachment A**  
**GOLDEN STATE FINANCE AUTHORITY**  
**FY 2018 BUDGET**  
**For the Year Ended December 31, 2018**

<b>Income:</b>	<b>2018 Budget</b>	<b>2017 Budget</b>	<b>Change Increase / (Decrease)</b>
Housing Program Revenue	\$ 56,300,000	\$ 51,055,000	\$ 5,245,000
Energy Program Revenue	2,005,000	3,015,000	(1,010,000)
Grant Reimbursed Costs	250,000	300,000	(50,000)
Interest Income and Capital Gains/(Losses)	320,000	307,000	13,000
Ongoing Issuer Fees	60,000	54,000	6,000
2nd Mortgage Interest	300,000	500,000	(200,000)
<b>Total Income</b>	<b>\$ 59,235,000</b>	<b>\$ 55,231,000</b>	<b>\$ 4,004,000</b>
<b>Expenditures:</b>			
Accounting & Auditing	\$ 30,000	\$ 31,500	\$ (1,500)
Bank Fees	1,000	-	1,000
Business Development and Expansion	100,000	100,000	-
CDLAC fees	-	50,000	(50,000)
Custodian/Trustee	30,000	50,000	(20,000)
Consultants	225,000	385,000	(160,000)
Contract Performance Fee	1,750,000	1,960,750	(210,750)
Dues, Fees & Subscriptions	5,000	30,000	(25,000)
Energy Servicing	850,000	300,000	550,000
Insurance	37,500	39,000	(1,500)
Infrastructure Program	200,000	200,000	-
Legal Services	250,000	125,000	125,000
Loan Losses	100,000	150,000	(50,000)
Miscellaneous	3,000	6,000	(3,000)
Multi Family	5,000	10,000	(5,000)
Gift Program (DPA)	47,000,000	40,000,000	7,000,000
Rural Assistance Grants	1,000,000	1,000,000	-
Pipeline Services	180,000	200,000	(20,000)
DPA Program Management	2,500,000	2,500,000	-
Postage	3,000	2,000	1,000
Printing and Duplication	1,000	1,000	-
Promotion and Marketing	75,000	75,000	-
Rent	132,200	104,667	27,533
Contract Support Services	2,633,000	2,399,000	234,000
Sponsorships	100,000	50,000	50,000
Board Member Travel and Reimbursements	15,000	15,000	-
Travel	40,000	40,000	-
<b>Total Expenditures</b>	<b>\$ 57,265,700</b>	<b>\$ 49,823,917</b>	<b>\$ 7,441,783</b>
<b>Net Revenues Over Expenditures</b>	<b>\$ 1,969,300</b>	<b>\$ 5,407,083</b>	<b>\$ (3,437,783)</b>
<b>Noncash Adjustments:</b>			
Loan Losses	\$ 100,000	\$ 150,000	\$ (50,000)





