

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



**Wednesday, February 20, 2019
11:00 A.M.**

**Capitol Event Center
1020 11th Street
Sacramento CA 95814**

**Golden State Finance Authority (GSFA)
Executive Committee Meeting
Capitol Event Center
1020 11th Street, Sacramento, CA 95814**

February 20, 2019 – 11:00 a.m.

Executive Committee Members:

Supervisor Kevin Cann, Mariposa County
Supervisor Bob Williams, Tehama County
Supervisor Matt Kingsley, Inyo County
Supervisor Daron McDaniel, Merced County
Supervisor Stacy Corless, Mono County
Supervisor Rex Bohn, Humboldt County

Supervisor Michael Kobseff, Siskiyou County
Supervisor Aaron Albaugh, Lassen County
Supervisor Diane Dillon, Napa County
Supervisor Jack Garamendi, Calaveras County
Supervisor Kuyler Crocker, Tulare County

Agenda

- I. Call to Order and Determination of Quorum**
Chair, Supervisor Kevin Cann, Mariposa County
- II. Approval of Minutes of the November 14, 2018 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)
Lisa McCargar, Chief Financial Officer
 - a. GSFA Budget Report (December 31, 2018)** **Page 5**
 - b. GSFA Investment Report (December 31, 2018)** **Page 9**
 - c. GSFA Liquidity Report**
- V. Business and Administrative Matters** (Discussion and possible action relative to)
*Greg Norton, Executive Director
Craig Ferguson, Deputy Director
Arthur Wylene, General Counsel
Lisa McCargar*
 - a. Allocation and Expenditure of the 2018/19 GSFA Disaster Relief Assistance – ACTION** **Page 13**
 - b. Discussion and direction regarding creation of a new nonprofit corporation for promoting forest resiliency, wildfire risk reduction, environmental benefits, rural economic development, and related public purposes** **Page 15**
 - c. Discussion and direction regarding potential GSFA conduit bond issuance for a proposed broadband project** **Page 17**
 - d. Other Business and Administrative Matters**

VI. Program Updates (Discussion and possible action relative to)

Greg Norton

Craig Ferguson

a. Existing Program Update

b. Economic Development Update

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**

November 14, 2018 – 11:00 a.m.

Executive Committee Members:

Supervisor Kevin Cann, Mariposa County
Supervisor Randy Hanvelt, Tuolumne County
Supervisor Rex Bohn, Humboldt County
Supervisor Matt Kingsley, Inyo County
Supervisor Bob Williams, Tehama County

Supervisor Michael Kobseff, Siskiyou County
Supervisor Aaron Albaugh, Lassen County
Supervisor Diane Dillon, Napa County
Supervisor Stacy Corless, Mono County
Supervisor Daron McDaniel, Merced 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 1:46 p.m. A quorum was determined at that time; those present were as follows:

<u>Supervisors in Attendance</u>	<u>County</u>
Rex Bohn	Humboldt
Matt Kingsley	Inyo
Aaron Albaugh	Lassen
Kevin Cann	Mariposa
Stacy Corless	Mono
Daron McDaniel	Merced
Diane Dillon	Napa
Bob Williams	Tehama
Randy Hanvelt	Tuolumne

Absent Members

Michael Kobseff Siskiyou

Staff in Attendance

Greg Norton, Executive Director
Craig Ferguson, Deputy Director

Others in Attendance

Lisa McCargar, RCRC Chief Financial Officer
Barbara Hayes, RCRC Chief Economic Development Officer
Arthur Wylene, RCRC General Counsel
Sarah Bolnik, RCRC Economic Development Specialist

Approval of Minutes of the July 11, 2018 Meeting

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

Supervisor Bob Williams, Tehama County, motioned to approve the minutes of the July 11, 2018 GSFA Executive Committee Meeting. Supervisor Stacy Corless, Mono County, seconded the motion. Motion passed.

Public Comment

None

Quarterly Budget and Investment Reports for GSFA

Lisa McCargar, Chief Financial Officer, presented the Quarterly Investment Report, Budget Report, and Liquidity Report for the period ending September 30, 2018.

GSFA Program Investment

Craig Ferguson, Deputy Director, provided an update on a possible investment opportunity for GSFA. Mr. Ferguson discussed how Senate Bill 3 assists State Agencies by funding their down payment assistance program. Mr. Ferguson described the investment opportunity to the Executive Committee and answered questions.

Recommendation

It is recommended the GSFA Executive Committee direct staff to recommend to the GSFA Board of Directors to approve a commitment of up to \$10MM of existing resources to provide DPA in the form of second mortgage loans in conjunction with the existing DPA program/s.

Supervisor Stacy Corless, Mono County, motioned to approve the recommendations listed above. Supervisor Daron McDaniel, Merced County, seconded the motion. Motion unanimously passed.

GSFA Proposed 2019 Budget

Lisa McCargar reviewed the 2019 proposed budget for GSFA with the Executive Committee.

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 2019 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 GSFA Deputy Director, 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 GSFA Deputy Director, 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 \$4,908,000, and estimated performance fee in the amount of \$810,000 which 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 RCRC President/CEO, RCRC Vice President and RCRC Chief Financial Officer.
5. Approve the lump sum use of resources of \$12,974,000 to cover the excess of GSFA expenditures and program investment over revenues for the 2019 GSFA Budget.

Supervisor Matt Kingsley, Inyo County, motioned to approve the recommendations listed above, and the 2019 GSFA Proposed Budget. Supervisor Daron McDaniel, Merced County, seconded the motion. Motion unanimously passed.

Program Updates

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

Greg Norton discussed and provided an update on GSFA Disaster Assistance with the Executive Committee.

Adjournment

Chair, Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Executive Committee at 2:22 p.m.



Golden State Finance Authority (GSFA)
1215 K Street, Suite 1650 · Sacramento, California 95814
Phone: (855) 740-8422 · Fax: (916) 444-3219 · www.gsfahome.org

To: GSFA Executive Committee
From: Lisa McCargar, Chief Financial Officer
Date: February 12, 2019
Re: GSFA Quarterly Budget Report

Summary

The Statement of Revenues and Expenses for GSFA provides a budget to actual comparison for the year ended December 31, 2018.

Attachment

- GSFA Statement of Revenues and Expenses, Budget vs. Actual, for the Year Ended December 31, 2018.

GOLDEN STATE FINANCE AUTHORITY
Statement of Revenue and Expenses
Budget Vs. Actual - Unaudited
For the Year Ended December 31, 2018

	Year Ended December 31, 2018 Budget	Year Ended December 31, 2018 Actual	Variance Favorable/ (Unfavorable)	Percent Favorable/ (Unfavorable)
Income:				
Housing Program Revenue	\$ 56,300,000	\$ 34,457,459	\$ (21,842,541)	-38.80%
Energy Program Revenue	2,005,000	1,221,792	(783,208)	-39.06%
Grant Reimbursed Costs	250,000	235,486	(14,514)	-5.81%
Interest Income	220,000	860,775	640,775	291.26%
Capital Gain/(Loss)	100,000	(140,989)	(240,989)	-240.99%
Ongoing Issuer Fees	60,000	101,522	41,522	69.20%
2nd Mortgage Interest	300,000	278,483	(21,517)	-7.17%
Miscellaneous Income	-	1,736	1,736	0.00%
Total Income	\$ 59,235,000	\$ 37,016,264	\$ (22,218,736)	-37.51%
Expenditures:				
Accounting & Auditing	\$ 30,000	\$ 21,460	\$ 8,540	28.47%
Business Development and Expansion	100,000	81,626	18,374	18.37%
CDLAC fees	-	52,500	(52,500)	-100.00%
Custodian/Trustee	30,000	2,195	27,805	92.68%
Consultants	225,000	234,983	(9,983)	-4.44%
Contract Performance Fee	1,750,000	1,137,311	612,689	35.01%
Dues, Fees & Subscriptions	5,000	29,377	(24,377)	-487.54%
Grant Costs	250,000	235,486	14,514	5.81%
Insurance	37,500	37,956	(456)	-1.22%
Infrastructure Program	200,000	87,500	112,500	56.25%
Legal Services	250,000	43,265	206,735	82.69%
Loan Losses	100,000	(45,567)	145,567	145.57%
Multi Family Bonds	5,000	900	4,100	82.00%
Energy Servicing Program	600,000	398,700	201,300	33.55%
Gift Program	47,000,000	29,056,297	17,943,703	38.18%
Grant Fund - CA Disaster Assistance	1,000,000	-	1,000,000	100.00%
Pipeline Services	180,000	165,000	15,000	8.33%
DPA Program Management	2,500,000	1,224,219	1,275,781	51.03%
Promotion and Marketing	75,000	18,940	56,060	74.75%
Rent	132,200	133,939	(1,739)	-1.32%
Contract Support Services	2,633,000	2,633,004	(4)	0.00%
Sponsorships	100,000	27,850	72,150	72.15%
Travel - Board Member Reimbursement	15,000	-	15,000	100.00%
Travel	40,000	18,983	21,017	52.54%
Other Expenses	8,000	10,409	(2,409)	-30.11%
Total Expenditures	\$ 57,265,700	\$ 35,606,333	\$ 21,659,367	37.82%
Net Revenues Over Expenditures	\$ 1,969,300	\$ 1,409,931	\$ (559,369)	-28.40%
Noncash Adjustments:				
Loan Losses	\$ 100,000	\$ (45,567)	\$ 145,567	145.57%



To: GSFA Executive Committee
From: Lisa McCargar, Chief Financial Officer
Date: February 12, 2019
Re: GSFA Quarterly Investment Report

Summary

In accordance with GSFA's investment policy, we are providing the GSFA investment report. This report provides a summary of investment transactions from September 30, 2018 to December 31, 2018. 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 December 31st yields. The LAIF return is the fund's December 31st apportionment rate.

Attachment

- GSFA Investment Report as of December 31, 2018

GOLDEN STATE FINANCE AUTHORITY
Investment Report
As of December 31, 2018

	Total	CalTRUST Short-Term	CalTRUST Medium-Term	LAIF
Balance 9/30/2018	\$ 19,988,515	\$ 7,652,653	\$ 12,146,126	\$ 189,736
Additions	-	-	-	
Withdrawals	-	-	-	
Interest (includes accrued)	115,672	45,961	68,565	1,147
Capital Gain/(Loss)	(51,963)	(15,278)	(36,685)	
Balance 12/31/18	\$ 20,052,224	\$ 7,683,336	\$ 12,178,006	\$ 190,883

<u>Yield:</u>	Short Term	Mid Term	LAIF
Annualized One Year	2.00%	2.01%	2.21%
Average Maturity (days)	299	639	192
90 Day Treasury Bill Rate	2.45%		

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



To: GSFA Executive Committee

From: Arthur Wylene, General Counsel RCRC
Lisa McCargar, Chief Financial Officer

Date: February 12, 2019

Re: Allocation and Expenditure of 2018/19 GSFA Disaster Relief Assistance - **ACTION**

Summary

GSFA requests the Executive Committee's guidance regarding allocation and expenditure of \$1,000,000 of disaster relief assistance funding included in the 2018 GSFA operating budget (being carried over to 2019 for allocation).

Issue:

The 2018 GSFA budget included \$1,000,000 for disaster relief assistance to member counties impacted by wildfires. In prior years, GSFA's disaster relief funding has been allocated to member counties pro rata based on the number of residences destroyed, and most of the funds have been distributed as small grants (typically \$2,500) to individual households.

In light of the unprecedented scale of the 2018 wildfires, GSFA recommends a different approach to allocating and expending the 2018 disaster relief assistance funds. Individual grants to each affected household would be infeasible, and the amount for each household would not be sufficient to provide meaningful assistance. Instead, GSFA proposes to partner with organizations in the most heavily impacted counties to develop more focused programs that will utilize GSFA's funds to provide the greatest benefit to the most vulnerable fire victims.

Specifically, GSFA recommends allocating \$750,000 to Butte County for residents impacted by the Camp Fire, and \$250,000 to Shasta County for residents impacted by the Carr Fire. GSFA will await further direction from both Butte County and Shasta County regarding whether the grant recipients will be the county or third party designees. Specific allocation has not yet been fully determined, but progress is summarized, as follows:

- **Butte:** Of the Butte County allocation, it is anticipated that \$25,000 - \$50,000 would be granted to United Policyholders, to support that organization's efforts to assist impacted homeowners in obtaining and maximizing insurance benefits.

GSFA is working with Butte County administration to develop a grant proposal for the remaining allocation. While the details are still under discussion, it is anticipated that the GSFA funds would be directed toward housing assistance for fire victims remaining in Butte County that are at risk of "falling out" as other sources of government aid and private philanthropy begin to run out.

- Shasta: At the suggestion of Supervisor Baugh, GSFA has solicited a grant proposal from the Shasta Regional Community Foundation for the Shasta County allocation. As above, the details of this proposal remain under development, but it is anticipated that this program will focus on assisting underinsured residents in rebuilding and/or securing new housing (e.g., by defraying the cost of upgrades required by code that are not covered by insurance monies).

Recommendations:

It is recommended that the Executive Committee approve the foregoing allocation and expenditure plan in concept, and authorize the final recommended allocations and nonprofit grant proposals be presented to the full Board of Directors at the March Board meeting.



To: GSFA Executive Committee

From: Greg Norton, Executive Director

Date: February 12, 2019

Re: Discussion and direction regarding creation of a new nonprofit corporation for the purpose of promoting forest resiliency, wildfire risk reduction, environmental benefits, rural economic development, and related public purposes

Summary

This memo addresses possible creation of a new tax-exempt nonprofit corporation to pursue innovative and financially viable approaches to forest management and wildfire risk reduction. Golden State Finance Authority (GSFA) would sponsor the creation of the new entity proposed to be called Golden State Natural Resources (GSNR).

Background

Over the past few years, GSFA has been exploring innovative approaches to fire fuels and wildfire risk reduction, with the objective of harnessing market forces to finance the cost of reducing fire fuels on public and private forest lands promoting forest resiliency on a large scale. During this process, GSFA has identified opportunities for the processing and re-sale of materials derived from forest fire fuel reduction activities that have the potential to finance activities on a large scale, while also providing beneficial environmental outcomes and rural economic development including job retention and creation.

Pursuing these opportunities will require raising significant public and private funds for the initial and on-going capital investments and operating resources necessary to establish, develop and operate the program. This includes significant infrastructure development and improvement as well as operating activity. It will also require significant staff and various private contractor involvement.

GSFA has been in discussion with a third-party development and operations entity, legal counsel, potential investors and other stakeholders to develop the optimal organizational structure to further explore and pursue these opportunities. The general principles for the project structure are:

- Protect and enhance the quality of life in CA's rural counties

- Dedication to Rural Community Public Benefit and Purpose
- Reduce Fire Fuels and Promote Healthy Resilient Forests
- Enhance public safety – life and property
- Contribute to Environmentally beneficial outcomes
 - Air quality
 - Carbon sequestration
 - Watershed health
 - Wildlife habitat
- Improve rural economies and create jobs
 - Force multipliers – project related jobs; ancillary job growth; innovation campuses; broadband deployment; infrastructure development
 - Improve Rural Community tax bases
- Fiduciary Responsibility to investors, stakeholders, contractors, communities and the organization
- Leadership and operational integrity
 - Compliance, Safety, Character, Fiduciary responsibilities
- GSFA/GSNR Entity Leadership and Project Control on behalf of rural counties
- Focus on the long view

Focus will be given to reducing or eliminating risk exposure for GSFA, RCRC and existing affiliated entities associated with the program (e.g., from program operations or investor-related risks).

Based upon the foregoing principles and proposed projects, it is advisable to create a new nonprofit corporation to operate the program. The purpose of this agenda item is to introduce and discuss this proposal and to obtain the Executive Committee's guidance regarding the proposed nonprofit corporation, including its functions and governing board composition.

Recommendation

It is recommended that the Executive Committee approve creation of the proposed nonprofit corporation in concept and authorize staff to continue development efforts and to present the formal creation documents to the full GSFA Board, as appropriate, at a future Board meeting.



To: GSFA Executive Committee

From: Greg Norton, Executive Director

Date: February 12, 2019

Re: Discussion and direction regarding potential GSFA conduit bond issuance for a proposed broadband project

Summary

This memo addresses possible conduit bond issuance by GSFA to partially finance a major broadband project in a member county.

Background

GSFA has been approached with an opportunity to assist in the financing of a major broadband infrastructure project. The project would include significant facilities in a member county, and would have the potential to improve the availability and quality of broadband service throughout a larger rural region. The total project cost is approximately \$450 million, which would be financed by several investors, including major information technology firms. GSFA's participation would consist of approximately \$65 million of conduit bond financing (likely through taxable infrastructure development bonds), repaid from project revenues. These would be limited obligation bonds, and would not create any financial exposure for GSFA's other assets or programs.

While the GSFA JPA broadly includes the "power to finance the construction, acquisition, improvement and rehabilitation of real property," this would be the first infrastructure financing of its kind for our organization. GSFA remains in the process of conducting due diligence on the project, and is not yet prepared to make a final recommendation to proceed with the financing. However, as this is a new area for GSFA and the project timeline is aggressive, the project is being brought to the Executive Committee at an early stage.

The purpose of this agenda item is to introduce and discuss this proposal and obtain the Executive Committee's guidance regarding the financing - and more generally regarding GSFA's participation in infrastructure projects. Also, time is of the essence with regard to the proposed broadband project, and GSFA is consequently seeking the Executive Committee's approval to present the project directly to the full Board without delay once due diligence is favorably completed.

Recommendation

It is recommended that the Executive Committee approve GSFA's participation in financing the proposed broadband project in concept, and authorize GSFA to present the formal financing documents directly to the full GSFA Board for approval when, and if, due diligence is successfully completed.

