

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



**Wednesday, February 19, 2020  
11:00 A.M.**

**1215 K Street, Suite 1650  
Sacramento CA 95814**



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

**February 19, 2020 – 11:00 a.m.**

Executive Committee Members:

Supervisor Kevin Cann, Mariposa County  
Supervisor Daron McDaniel, Merced County  
Supervisor Stacy Corless, Mono County  
Supervisor Dan Miller, Nevada County  
Supervisor Matt Kingsley, Inyo County

Supervisor Gerry Hemmingsen, Del Norte County  
Supervisor Lee Adams, Sierra County  
Supervisor Denise Carter, Colusa 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 13, 2019 Meeting**

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*(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.*

**Guest Speaker:**  
**Mr. Alton Brock, Jr.**  
**Senior Vice President, Atlys Global Foresight**

**IV. Quarterly Reports for GSFA** (Discussion and possible action relative to)

*Lisa McCargar, Chief Financial Officer*

**a. GSFA Budget Report (December 31, 2019)**

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**b. GSFA Investment Report (December 31, 2019)**

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**c. GSFA Condensed Balance Sheet (December 31, 2019)**

**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. Authorization for Loan of up to \$10 Million from GSFA to Golden State Natural Resources, Inc. – ACTON**

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

*Greg Norton*

*Craig Ferguson*

*Barbara Hayes, RCRC Chief Economic Development Officer*

**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 13, 2019 – 10:30 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

**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 11:18 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
Bob Williams	Tehama
Matt Kingsley	Inyo
Daron McDaniel	Merced
Stacy Corless	Mono
Rex Bohn	Humboldt
Michael Kobseff	Siskiyou
Aaron Albaugh	Lassen
Diane Dillon	Napa
Jack Garamendi	Calaveras
Kuyler Crocker	Tulare

**Absent Members**

None

**Others in Attendance**

Greg Norton, Executive Director  
Craig Ferguson, Deputy Director  
Lisa McCargar, RCRC Chief Financial Officer  
Barbara Hayes, RCRC Chief Economic Development Officer  
Arthur Wylene, RCRC General Counsel  
Sarah Bolnik, RCRC Economic Development Specialist  
Justin Caporusso, RCRC Vice President Public Affairs

Sanjay Lee, RCRC Financial Analyst  
Milena, DeMelo, RCRC Controller  
Maggie Chui, Senior Governmental Affairs Coordinator  
Maryann Warmerdamn, Senior Legislative Advocate  
John Kennedy, Legislative Advocate

### **Approval of Minutes of the October 16, 2019 Meeting**

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

**Supervisor Diane Dillon, Napa County, motioned to approve the minutes of the October 16, 2019 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, 2019.

### **GSFA 2020 Proposed Budget**

Lisa McCargar introduced Milena De Melo, Controller, and together they reviewed the 2020 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 2020 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 \$5,548,000 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 Chief Financial Officer and RCRC Vice President, and estimated performance fee in the amount of \$1,629,000.

**Supervisor Michael Kobseff, Siskiyou County, motioned to approve the recommendations listed above. Supervisor Bob Williams, Tehama County, seconded the motion. Motion unanimously passed.**

#### **Program Updates**

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

Barbara Hayes, RCRC Chief Economic Development Officer, discussed and provided an update on the Golden State Natural Resources project activity.

#### **Adjournment**

Chair, Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Executive Committee at 12:14 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](http://www.gsfahome.org)

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**To:** GSFA Executive Committee  
**From:** Lisa McCargar, Chief Financial Officer  
Milena De Melo, RCRC Controller  
**Date:** February 11, 2020  
**Re:** GSFA Budget Report (December 31, 2019)

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**Summary**

The Statement of Revenues and Expenses for GSFA provides a budget to actual comparison for the year ended December 31, 2019.

**Attachment**

- GSFA Statement of Revenues and Expenses, Budget vs. Actual, for the Year Ended December 31, 2019.



**GOLDEN STATE FINANCE AUTHORITY**  
**2019 BUDGET vs. ACTUAL**  
For the Year Ended December 31, 2019

	2019 Annual Budget	Year Ended December 31, 2019 Budget	Year Ended December 31, 2019 Actual	Variance Favorable/ (Unfavorable)	Percent Favorable/ (Unfavorable)
<b>Income:</b>					
Housing Program Revenue	\$25,500,000	\$ 25,500,000	\$ 8,349,877	\$ (17,150,123)	-67.26%
Energy Program Revenue	851,500	851,500	788,545	\$ (62,955)	-7.39%
Grant Reimbursed Costs	250,000	250,000	265,460	\$ 15,460	6.18%
Interest and Dividend	600,000	600,000	1,444,026	\$ 844,026	140.67%
Capital Gains / (Losses)	20,000	20,000	237,139	\$ 217,139	1085.70%
Ongoing Issuer Fees	80,000	80,000	71,894	\$ (8,106)	-10.13%
2nd Mortgage Interest	300,000	300,000	196,362	\$ (103,638)	-34.55%
Miscellaneous Income	-	-	1,499	\$ 1,499	100.00%
<b>Total Income</b>	<b>\$27,601,500</b>	<b>\$ 27,601,500</b>	<b>\$ 11,354,802</b>	<b>\$ (16,246,698)</b>	<b>-58.86%</b>
<b>Expenditures:</b>					
Accounting & Auditing	\$ 34,000	\$ 34,000	\$ 41,135	\$ (7,135)	-20.99%
Bank Fees	1,000	1,000	269	731	73.10%
Business Dev & Expansion	100,000	100,000	123,425	(23,425)	-23.43%
CDLAC fees	100,000	100,000	62,573	37,427	37.43%
Custodian/Trustee	30,000	30,000	-	30,000	100.00%
Consultants	811,000	811,000	655,114	155,886	19.22%
Contract Performance Fee	810,000	810,000	956,300	(146,300)	-18.06%
Dues, Fees & Subscriptions	20,000	20,000	45,081	(25,081)	-125.41%
Grant Cost	250,000	250,000	215,460	34,540	13.82%
Grant Fund - California Disaster Assistance	-	-	745,845	(745,845)	100.00%
Insurance	38,000	38,000	39,789	(1,789)	-4.71%
Legal Services	200,000	200,000	325,479	(125,479)	-62.74%
Loan Losses	80,000	80,000	72,266	7,734	9.67%
Miscellaneous	-	-	8,593	(8,593)	100.00%
Energy Servicing Programs	245,000	245,000	222,500	22,500	9.18%
Gift Program (DPA)	22,000,000	22,000,000	4,597,748	17,402,252	79.10%
Pipeline Services	180,000	180,000	92,500	87,500	48.61%
DPA Program Management	550,000	550,000	130,191	419,809	76.33%
Postage	4,000	4,000	136,073	(132,073)	-3301.83%
Paid Insurance Programs	-	-	3,469		
Printing and Duplication	1,000	1,000	1,030	(30)	-3.00%
Promotion and Marketing	25,000	25,000	2,343	22,657	90.63%
Rent	93,500	93,500	87,588	5,912	6.32%
Contract Support Services	4,908,000	4,908,000	4,908,000	-	0.00%
Sponsorships	100,000	100,000	75,500	24,500	24.50%
Board Member Travel & Reimbs	15,000	15,000	-	15,000	100.00%
Travel	40,000	40,000	37,354	2,646	6.62%
<b>Total Expenditures</b>	<b>\$30,635,500</b>	<b>\$ 30,635,500</b>	<b>\$ 13,585,625</b>	<b>\$ 17,053,344</b>	<b>55.67%</b>
<b>Net Revenues Over Expenditures</b>	<b>\$ (3,034,000)</b>	<b>\$ (3,034,000)</b>	<b>\$ (2,230,823)</b>	<b>\$ 806,646</b>	<b>-26.59%</b>





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**To:** GSFA Executive Committee  
**From:** Lisa McCargar, Chief Financial Officer  
Milena De Melo, RCRC Controller  
**Date:** February 11, 2020  
**Re:** GSFA Investment Report (December 31, 2019)

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**Summary**

In accordance with GSFA's investment policy, we are providing the GSFA investment report. This report provides a summary of investment transactions since last reported as of September 30, 2019 to December 31, 2019. The investment report also provides historical information to include a recap of activity since December 31, 2018.

Investment returns by investment type and a comparison to the 90-day Treasury Rate for the most recent period of September 30, 2019 to December 31, 2019 have been included.

The CalTRUST yields are the funds' reported December 31<sup>st</sup> yields. The LAIF return is the fund's December 31<sup>st</sup> apportionment rate.

**Attachment**

- GSFA Investment Report as of December 31, 2019



**GOLDEN STATE FINANCE AUTHORITY**

**Investment Report**

**As of December 31, 2019**

	Total	CalTRUST Short-Term	CalTRUST Medium-Term	LAIF
Balance 12/31/2018 *	\$ 20,113,740	\$ 7,683,338	\$ 12,239,519	\$ 190,883
Additions / (Withdrawals)	-	-	-	
Interest (includes accrued)	117,552	47,944	68,411	1,197
Capital Gain/(Loss)	109,607	23,098	86,509	
Balance 3/31/2019 *	\$ 20,340,899	\$ 7,754,380	\$ 12,394,439	\$ 192,080
Additions / (Withdrawals)	-	-	-	
Interest (includes accrued)	85,922	35,569	50,353	
Capital Gain/(Loss)	49,681	-	49,681	
Balance 5/31/2019 *	\$ 20,476,502	\$ 7,789,949	\$ 12,494,473	\$ 192,080
Additions / (Withdrawals)	48,000,000	-	-	48,000,000
Interest (includes accrued)	396,352	63,638	92,248	240,466
Capital Gain/(Loss)	70,065	7,784	62,281	
Balance 9/30/2019 *	\$ 68,942,919	\$ 7,861,371	\$ 12,649,002	\$ 48,432,546
Additions / (Withdrawals)	-	-	-	-
Interest (includes accrued)	384,242	40,296	65,664	278,282
Capital Gain/(Loss)	7,785	7,830	(45)	
Balance 12/31/2019 *	\$ 69,334,947	\$ 7,909,497	\$ 12,714,621	\$ 48,710,828

Reported as of December 31, 2019

Yield:	Short Term	Mid Term	LAIF
Annualized One Year	2.49%	2.12%	N/A
Quarter to Date	N/A	N/A	2.11%
Average Maturity (days)	299	726	226
90 Day Treasury Bill Rate	1.55%		

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.

\* Amounts shown include accrued interest at the end of the period.

Purpose of transactions in excess of \$1 million:

-Transfer of funds during Q3 2019 from Brokerage accounts represents funds not currently needed for program operations. Transfers projected to provide improved earnings potential.







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**To:** GSFA Executive Committee

**From:** Greg Norton, Executive Director

**Date:** February 11, 2020

**Re:** Authorization for Loan of up to \$10 Million from GSFA to Golden State Natural Resources, Inc. – **ACTION**

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**Summary**

In May 2019, the GSFA Board of Directors authorized creation of Golden State Natural Resources, Inc. (GSNR), a nonprofit public benefit corporation organized for the purpose of promoting public safety, forest resiliency, wildfire risk reduction, air quality improvement, organic waste reduction, rural economic development, and related public purposes. The GSFA Board contemporaneously adopted Resolution No. 19-06, expressly recognizing that GSNR's proposed activities would further the public purposes of GSFA and its member counties, thereby lessening the burdens of government. GSNR is presently governed by a Board of Directors consisting of five elected County Supervisors who are members of the GSFA and RCRC Boards.

GSNR is currently developing an innovative program to remove low and no value woody biomass from California's forests, thereby reducing wildfire risk and enhancing forest health. The byproducts of these fuel reduction activities (and other appropriate biomass, such as orchard waste) would be processed into productive resources, including fuel pellets, at modernized processing facilities located in rural California. Program revenues would be generated through the sale of these finished products and related activities.

Major funding for development of the program is anticipated to come from a combination of public and private investment and philanthropy, with long-term operations funded by program revenues. However, substantial effort will be required in the near term in order to position the program to successfully pursue and obtain private investment and/or grants. These efforts include preparing studies to demonstrate the feasibility and benefits of the program, technical and environmental review of the proposed operations, legal services to develop the governance and financing structure for the program, and numerous other efforts associated with necessary pre-development activities. There is consequently an immediate need for pre-development funding to cover the costs of these studies and related consultant and legal services.

To date, these pre-development activities and costs associated with the program have been included and funded by RCRC and GSFA board-approved budgets. However,

with the maturing of the project, it is appropriate to establish a funding and accounting mechanism within the nonprofit. In order to facilitate this process, it is proposed that GSFA make a loan of up to \$10 million to GSNR to finance program activities and meet cash flow requirements during the pre-development phase.

The loan would have a term of not to exceed 10 years, and an interest rate that will be based on comparable inter-public agency loans (not less 3% or more than 7% per annum). The Executive Director (or designee) would further be authorized to establish other loan terms, including the repayment schedule and any security requirements, which terms would be commercially reasonable and consistent with an arms-length transaction.

If approved by the GSFA Executive Committee and Board of Directors, GSFA would proceed to finalize the loan terms and documents and present them to the GSNR Board of Directors for acceptance at an appropriate future meeting.

**Recommendation:**

It is recommended that the GSFA Executive Committee review and approve the Resolution authorizing the proposed loan, and direct staff to recommend approval by the GSFA Board of Directors.

**Attachments**

Proposed Resolution Approving a Loan to Golden State Natural Resources, Inc. and Certain Related Matters

**GSFA RESOLUTION NO. 2020-03**

**RESOLUTION OF THE BOARD OF DIRECTORS OF GOLDEN STATE  
FINANCE AUTHORITY APPROVING A LOAN TO GOLDEN STATE  
NATURAL RESOURCES, INC. AND CERTAIN RELATED MATTERS**

**WHEREAS**, the Authority is a joint powers agency organized and existing under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the California Government Code; and

**WHEREAS**, under the terms of the Authority's *Amended and Restated Joint Exercise of Powers Agreement*, the Authority has the purpose and power to provide financing for the acquisition, construction, improvement, preservation and rehabilitation of real property and infrastructure, and to establish and operate programs and projects to promote public safety, economic development, and environmental protection, including without limitation forest resiliency, wildfire risk reduction, air quality improvement, and waste diversion and reuse, in accordance with applicable provisions of law for the benefit of residents and communities; and

**WHEREAS**, the Authority is subject to the restrictions upon the manner of exercising these powers applicable to a general law county; and

**WHEREAS**, in May 2019, the Authority authorized the creation of Golden State Natural Resources, Inc. (GSNR), a nonprofit public benefit corporation organized exclusively for the purpose of promoting public safety, forest resiliency, wildfire risk reduction, air quality improvement, organic waste reduction, rural economic development and public purposes related thereto; and

**WHEREAS**, the Board of Directors of the Authority has adopted Resolution No. 19-06, which recognizes GSNR's purposes of promoting public safety, forest resiliency, wildfire risk reduction, air quality improvement, organic waste reduction, and rural economic development as burdens of government, and declares that the formation and operation of GSNR will lessen those burdens; and

**WHEREAS**, GSNR, as one of its primary purposes, supports the functions of the Authority and its Board of Directors, and the Authority has the power and responsibility to appoint two members of GSNR's Board of Directors; and

**WHEREAS**, GSNR has initiated a program to remove low and no value woody biomass from California's forests, thereby reducing wildfire risk, and to process the fuels reduction byproducts into productive resources, including but not limited to biomass fuel pellets, at modernized processing facilities located in rural California (collectively, the "Program"); and

**WHEREAS**, a substantial portion of the Program activities will be conducted within the Authority's member counties; and

**WHEREAS**, the Program activities will provide numerous benefits to the Authority and its member counties, including improved public safety, forest resiliency, wildfire risk reduction, air quality improvement, organic waste reduction, rural economic development; and

**WHEREAS**, GSNR has requested that the Authority provide certain funding for the Program, consisting of a loan in an amount not to exceed \$10,000,000, upon terms and conditions hereinafter described; and

**WHEREAS**, providing such a loan to fund the Program serves the public purposes of the Authority and its member counties; and

**WHEREAS**, providing such a loan is within the powers and purposes authorized under the *Amended and Restated Joint Exercise of Powers Agreement*, and is further consistent with the powers and restrictions applicable to a general law county pursuant to Government Code sections 26227 and 31000, article XI, section 7 of the California Constitution, and other applicable provisions of law;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of the Authority as follows:

1. The above recitals, and each of them, are true and correct.
2. The Board hereby authorizes the Authority to make a loan to GSNR (the "GSNR Loan") from any legally available funds of the Authority in an amount not to exceed \$10,000,000. The Executive Director, or his or her designees (and for the purposes of this Resolution, Lisa McCargar is hereby designated as the Executive Director's designee), is hereby authorized to execute and deliver the loan documents to be prepared by counsel to the Authority necessary to make the GSNR Loan. The material provisions of the loan documents shall include the following terms: The loan shall have a maturity date of not later than 10 years from the date of the GSNR Loan; the interest rate shall be based on comparable inter-public agency loans and shall not be less than 3% per annum nor more than 7% per annum; the GSNR Loan may provide that there are no periodic payments on the GSNR loan, and that GSNR will be obligated to repay the full amount of the GSNR Loan, including all outstanding principal plus all accrued unpaid interest, on the Maturity Date; and the Authority will receive a first priority "blanket lien" upon both existing and after-acquired collateral as set forth in a Commercial Security Agreement to be prepared by counsel to the Authority.
3. The loan documents shall provide that the GSNR loan proceeds will be used by GSNR to finance Program and development activity as herein described and cash flow requirements relating to the Program.
4. In accordance with Government Code section 1091.5, subdivision (a)(8), it is hereby noted that five members of the Board of Directors of the Authority serve as noncompensated directors of GSNR, a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the Authority, and that certain officers and employees of the Authority also serve as noncompensated officers of GSNR.
5. All actions heretofore taken by the officers and agents of the Authority with respect to the making of the GSNR Loan are hereby approved, confirmed and ratified. The

Executive Director of the Authority or designee is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things, including the expenditure of any funds for the Authority, and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the GSNR Loan in accordance with this Resolution.

6. This Resolution shall take effect from and after its adoption.

**PASSED APPROVED AND ADOPTED** by the Board of Directors of Golden State Finance Authority, the \_\_\_ day of \_\_\_\_\_ 20\_\_\_, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

Golden State Finance Authority

\_\_\_\_\_  
Supervisor Kevin Cann  
2020 Chair of the Board

I certify that the foregoing resolution is a true and accurate copy of GSFA Resolution No. 20-03, approved by the governing board of the Golden State Finance Authority on \_\_\_\_\_, 2020 in Sacramento, California.

Date: \_\_\_\_\_, 2020

\_\_\_\_\_  
Assistant Secretary





