

**Golden State Finance
Authority (GSFA)
Board of Directors Meeting**



**Wednesday, January 12, 2022
9:00 a.m.**

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



**Golden State Finance Authority (GSFA)
Board of Directors Meeting
Wednesday, January 12, 2022 – 9:00 a.m.
1215 K Street, Suite 1650
Sacramento, CA 95814**

In accordance with Government Code section 54953, subdivision (e) (Assembly Bill 361), the January 12, 2022 GSFA Board of Directors meeting will be held virtually.

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

The January 12, 2022 GSFA Board of Directors Meeting will be facilitated virtually through Zoom. Members of the public can watch or listen to the meeting using one of the following methods:

1. Join the Zoom meeting application on your computer, tablet or smartphone:

Go to: <https://rcrcnet.zoom.us/j/85480594973?from=addon>

Enter Password: 753808

2. Call-in and listen to the meeting:

Dial +1 (669) 900-9128

Enter meeting ID: 854 8059 4973

Enter password: 753808

PUBLIC COMMENT USING ZOOM: Members of the public who join the Zoom meeting, either through the Zoom app or by calling in, will be able to provide live public comment at specific points throughout the meeting.

EMAIL PUBLIC COMMENT: One may also email public comment to mchui@rcrcnet.org before or during the meeting. All emailed public comments will be forwarded to all GSFA Board of Directors members.

DISABLED ACCOMMODATION: Meeting facilities are accessible to persons with disabilities. If you have a disability which requires an accommodation or an alternative means to assist you in attending, observing, or commenting on this meeting, or an alternative agenda document format, please contact GSFA at (916) 447-4806 or by email at mchui@rcrcnet.org by 9:00 a.m. Tuesday, January 11th to ensure arrangements for accommodation.

AGENDA

1. Call to Order & Determination of Quorum

Chair, Supervisor Bob Williams, Tehama County

Vice Chair, Supervisor Daron McDaniel, Merced County

2. Public Comments

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.

3. Consent Agenda – ACTION

a. December 9, 2021 Board of Directors Meeting Minutes

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| <p>b. GSFA Resolution TC001-22: Authorizing Remote and Hybrid Teleconference Meetings of the GSFA Board of Directors Pursuant to Assembly Bill 361
 <i>Arthur J. Wylene, General Counsel</i></p> <p>c. GSFA Resolution 22-01: GSFA Board Travel Policy
 <i>Lisa McCargar, Chief Financial Officer</i></p> <p>d. GSFA 2022 Investment Policy Renewal
 <i>Lisa McCargar</i></p> | <p>Page 7</p> <p>Page 11</p> <p>Page 21</p> |
| <p>4. Member County Concerns</p> | |
| <p>5. Appointment of the 2022 GSFA Chair and Vice Chair; and Appointment of the 2022 GSFA Executive Committee – ACTION
 <i>Patrick Blacklock, Executive Director</i></p> | <p>Page 29</p> |
| <p>6. Program Updates
 <i>Craig Ferguson, Deputy Director</i></p> | <p>Page 31</p> |
| <p>7. Economic Development Updates (Discussion and possible action relative to)
 <i>Barbara Hayes, RCRC Chief Economic Development Officer</i></p> | <p>Page 33</p> |
| <p>8. Project Status Update on Golden State Natural Resources, Inc. (GSNR)
 <i>Greg Norton, GSNR President</i></p> | <p>Page 35</p> |
| <p>9. Adjournment</p> | |

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 regular meeting of the GSFA Board of Directors was duly posted at its offices, 1215 K Street, Suite 1650, Sacramento, California, 72 hours prior to the meeting.

Any written materials related to an open session item on this agenda that are submitted to the GSFA Board of Directors less than 72 hours prior to the meeting, and that are not exempt from disclosure under the Public Records Act, will promptly be made available for public inspection at GSFA’s principal office, 1215 K Street, Suite 1650, Sacramento, CA 95814, (916) 447-4806, during normal business hours, and on the GSFA website, <http://www.gsfahome.org/admin/notices.shtml>



**Golden State Finance Authority
Board of Directors Meeting
Thursday, December 9, 2021 – 8:00 a.m.
El Capitan Hotel
609 W. Main Street
Merced CA 95340**

MINUTES

Call to Order, Determination of Quorum and Self Introductions

Vice Chair, Supervisor Daron McDaniel, Merced County, presided. Present were President and CEO Patrick Blacklock, General Counsel Arthur Wylene, and Director of Board Operations Maggie Chui, clerk. Vice Chair McDaniel called the meeting to order at 1:22 p.m. A quorum was determined at that time. Those present:

<u>Supervisor</u>	<u>County</u>
David Griffith	Alpine
Doug Teeter	Butte
Jack Garamendi	Calaveras
Denise Carter	Colusa
Gerry Hemmingsen	Del Norte
Lori Parlin	El Dorado
Paul Barr	Glenn
Rex Bohn*	Humboldt
Michael Kelley*	Imperial
Aaron Albaugh	Lassen
Robert Poythress	Madera
Miles Menetrey	Mariposa
Glenn McGourty	Mendocino
Daron McDaniel	Merced
Geri Byrne	Modoc
Stacy Corless	Mono
Diane Dillon*	Napa
Dan Miller	Nevada
Cindy Gustafson*	Placer
Bob Tiffany	San Benito
John Peschong	San Luis Obispo
Les Baugh*	Shasta
Lee Adams*	Sierra
Michael Kobseff*	Siskiyou
Mat Conant*	Sutter
Dennis Townsend	Tulare
Kathleen Haff	Tuolumne

Angel Barajas Yolo

Absent

Brian Oneto	Amador
Matt Kingsley	Inyo
EJ Crandell	Lake
Chris Lopez	Monterey
Kevin Goss	Plumas
Bob Williams	Tehama
Jeremy Brown	Trinity
Randy Fletcher	Yuba

*Attendance via Zoom

Public Comments

None

Consent Agenda

- a. **October 1, 2021 Board of Directors Meeting Minutes**
- b. **GSFA Resolution TC002-21: Authorizing Remote and Hybrid Teleconference Meetings of the GSFA Board of Directors Pursuant to Assembly Bill 361**

Recommendation

Staff recommended that the GSFA Board of Directors approve the proposed Resolution Authorizing Remote and Hybrid Teleconference Meetings of the GSFA Board of Directors Pursuant to Assembly Bill 361, as well as approve the minutes from the October 1, 2021 Board of Directors Meeting Minutes.

Supervisor Geri Byrne, Modoc County, motioned to approve GSFA Resolution TC002-21 and the minutes of the October 1, 2021 GSFA Board of Directors Meeting. Supervisor David Griffith, Alpine County seconded the motion. Motion passed with all Supervisors present voting “Aye,” except as follows:

Not Voting: Humboldt County; Imperial County; Shasta County; Sutter County

Abstaining: Mariposa County; Siskiyou County

Member County Concerns

None

Designate Two Members of the GSFA Board to Serve on the Golden State Natural Resources, Inc. Board of Directors

Patrick Blacklock, Executive Director, explained the annual action to designate two members of the GSFA Board of Directors to serve on the Golden State Natural Resources (GSNR) Board of Directors for the forthcoming year.

It was suggested that the GSFA Board of Directors consider the following re-appointments to the GSNR Board of Directors for the upcoming year:

- Supervisor Michael Kobseff, Siskiyou County
- Supervisor Bob Williams, Tehama County

Based on inquiries and discussions from the RCRC Board of Directors Meeting earlier this morning, it was acknowledged by the GSFA Board of Directors that future discussion will occur at the GSNR Board of Directors to potentially increase the GSNR Board of Directors membership.

Recommendation

It was recommended that the GSFA Board of Directors designate two members to serve on the GSNR Board of Directors for a one-year term.

Supervisor Denise Carter, Colusa County, motioned to approve the re-appointments of Supervisors Kobseff and Williams. Supervisor Stacy Corless, Mono County, seconded the motion. Motion passed with all Supervisors present voting “Aye,” except:

Not Voting: Sutter County

GSFA 2022 Proposed Budget

Lisa McCargar, Chief Financial Officer, reviewed the 2022 proposed budget for GSFA with the GSFA Board of Directors. Ms. McCargar provided an overall summary, highlighting revenue and expenditures, and outlining the key differences between the 2022 and 2021 Expenditure Budgets. The GSFA Executive Committee reviewed and approved this item at their November meeting.

Recommendations

It was recommended that the GSFA Board of Directors take the following actions to approve the GSFA 2022 Proposed Budget:

1. Approve the attached proposed 2022 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 \$5,246,400 which includes a prorated amount of the salaries for RCRC

personnel who provide services to the GSFA through the contract for services with RCRC, including those of the RCRC President/CEO, RCRC Chief Operating/Chief Financial Officer and RCRC Senior Vice President, and estimated performance fee in the amount of \$1,898,370.

Supervisor Gerry Hemmingsen, Del Norte County, motioned to approve the GSFA 2022 Proposed Budget actions as recommended. Supervisor Paul Barr, Glenn County, seconded the motion. Motion passed with all Supervisors present voting “Aye.”

GSFA Resolution 21-05: Revising the Revolving Loan Fund Program Rules for Public Projects in Member Counties – ACTION

Craig Ferguson, Deputy Director, presented and explained the proposed updated resolution implementing revisions of the Revolving Loan Fund program rules for public projects located in GSFA Member Counties. Mr. Ferguson noted that the GSFA Executive Committee reviewed and approved this item at their November meeting.

Recommendation

It was recommended that the GSFA Board of Directors approve GSFA Resolution 21-05: Revising the Revolving Loan Fund Program Rules for Public Projects in Member Counties.

Supervisor Dan Miller, Nevada County, motioned to approve GSFA Resolution 21-05: Revising the Revolving Loan Fund Program Rules for Public Projects in Member Counties. Supervisor Geri Byrne, Modoc County, seconded the motion. Motion passed with all Supervisors present voting “Aye.”

Updated PACE Residential Consumer Protection Policies

Craig Ferguson discussed GSFA’s Property Assessed Clean Energy (PACE) program that is administered by Ygrene Energy Fund. Since 2016, there have been many changes in the laws and regulations governing the PACE program, as well as lessons learned regarding the best practices to protect consumers. GSFA has worked together with Ygrene Energy Fund to update the Consumer Protection Policies to incorporate legal changes and practical lessons, and to strengthen the protections for consumers overall. Mr. Ferguson noted that the GSFA Executive Committee reviewed and approved this item at their November meeting.

Recommendation

It was recommended that the GSFA Board of Directors approve the updated PACE Residential Consumer Protection Policies.

Supervisor David Griffith, Alpine County, motioned to approve the updated PACE Residential Consumer Protection Policies. Supervisor Robert Poythress, Madera County, seconded the motion. Motion passed with all Supervisors present voting “Aye,” except:

Not Voting: Siskiyou County

Program Updates

Craig Ferguson provided an update on the current GSFA programs to the GSFA Board of Directors, including a 2021 summary of the GSFA down payment assistance programs.

Economic Development & Infrastructure Initiative

Bob Burris, RCRC Deputy Chief Economic Development Officer, provided a brief update on GSFA's economic development and infrastructure initiative. Mr. Burris highlighted the priority areas, which include county meetings, development of an information platform, and connecting member counties to resources.

Community Economic Resilience Fund (CERF)

Barbara Hayes, RCRC Chief Economic Development Officer, provided a brief overview of the Community Economic Resilience Fund Program (CERF), which would make available \$600 million for regional planning and associated project implementation. Ms. Hayes encouraged supervisors to distribute the CERF information to their respective county's economic development department, Planning Director, and/or the County Administrative Officer to become informed with the opportunities that may have long-term regional impact on economic development efforts.

Project Status Update on Golden State Natural Resources, Inc. (GSNR)

Kevin Cann, GSNR Vice President, joined by Terrance Rodgers, Economic Development Officer, and Sarah Bolnik, Economic Development Officer, provided an update on the project status and activities of the Golden State Natural Resources, Inc. (GSNR). Mr. Cann discussed the following topics: port selection, feedstock assessment, offtake opportunities, finance and funding, transportation, workforce development, and a communication plan.

From this day forward, the GSFA Board of Directors will be provided with information to participate in future GSNR Board of Directors meetings.

Adjournment

Vice Chair, Supervisor Daron McDaniel, Merced County, adjourned the meeting of the GSFA Board of Directors at 2:35 p.m.



To: Members of the GSFA Board of Directors
From: Arthur J. Wylene, General Counsel
Date: January 4, 2022
Re: GSFA Resolution TC001-22: Authorizing Remote and Hybrid
Teleconference Meetings of the GSFA Board of Directors Pursuant to
Assembly Bill 361 – **ACTION**

Summary

The proposed resolution will allow the current GSFA Board meeting to be held primarily in-person at the RCRC offices, while still permitting full remote participation for those members who are unable to attend in person, or prefer to participate virtually.

Background

Meetings of the GSFA Board of Directors are subject to the provisions of the Ralph M. Brown Act. The Brown Act has traditionally placed significant restrictions on teleconferenced meetings, including requiring that each teleconference location be accessible to the public (i.e., participation of Board members from homes or private offices has not been permitted).

In the early days of the COVID-19 pandemic, the Governor issued a series of Executive Orders temporarily suspending the restrictions on teleconferenced meetings, under which most meetings of GSFA-affiliated legislative bodies have been conducted during the last year-and-a-half. These Executive Orders terminated on September 30, 2021. In their place, the Legislature has enacted Assembly Bill 361 (R. Rivas), which permits legislative bodies to continue holding teleconferenced meetings without the traditional Brown Act restrictions (through December 2023) under any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

At present, neither the California Department of Public Health nor the Sacramento County Health Officer have imposed or recommended social distancing measures. Therefore, to continue to continue holding teleconferenced meetings in the manner to which Board members have become accustomed, each GSFA-affiliated legislative body will need to make the alternative determinations required by Assembly Bill 361. These determinations are factually supportable, as the continued rates of transmission of the COVID-19 virus, including the Delta variant, can indeed present imminent risks to the health and safety of some in-person attendees, particularly those with pre-existing health conditions.

If the proposed resolution making these determinations is approved, the current GSFA Board meeting may be held as a remote and hybrid in-person/remote meeting, in substantially the same manner as previous meetings during the past 18 months. (Assembly Bill 361 includes several additional requirements for teleconferenced meetings, including providing an opportunity for “real time” public comment, and suspending the meeting in the event that remote connectivity is lost; however, these are all consistent with GSFA's existing practices.)

Assembly Bill 361 generally requires that the requisite determinations must be reconsidered every thirty days. Since GSFA Board meetings typically will not occur that frequently, a new resolution making these determinations will be required at the start of each meeting.

Recommendation

It is recommended that proposed Resolution Authorizing Remote and Hybrid Teleconference Meetings of the GSFA Board of Directors Pursuant to Assembly Bill 361 be approved.

Attachment

- Proposed GSFA Resolution TC001-22

RCRC RESOLUTION TC001-22

AUTHORIZING REMOTE AND HYBRID TELECONFERENCE MEETINGS OF THE RCRC BOARD OF DIRECTORS PURSUANT TO ASSEMBLY BILL 361

WHEREAS, Rural County Representatives of California (RCRC) is committed to preserving and nurturing public access and participation in meetings of RCRC's legislative bodies; and

WHEREAS, the Brown Act, Government Code section 54953, subdivision (e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953, subdivision (b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, on March 4, 2020, the Governor proclaimed pursuant to his authority under the California Emergency Services Act, California Government Code section 8625, that a state of emergency exists with regard to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, on June 4, 2021, the Governor clarified that the "reopening" of California on June 15, 2021 did not include any change to the proclaimed state of emergency or the powers exercised thereunder; and

WHEREAS, as of the date of this Resolution, neither the Governor nor the Legislature have exercised their respective powers pursuant to California Government Code section 8629 to lift the state of emergency either by proclamation or by concurrent resolution in the state Legislature; and

WHEREAS, the continued rates of transmission of the virus and variants causing COVID-19 within RCRC member counties are such that meeting in person would present imminent risks to the health or safety of some attendees of public meetings, particularly those with pre-existing health conditions; and

WHEREAS, the Board of Directors has considered the current circumstances of the state of emergency, and determined that the state of emergency continues to directly impact the ability of the members to meet safely in person;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Rural County Representatives of California as follows:

1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.
2. A proclaimed state of emergency exists and as a result of the emergency, meeting in person would present imminent risks to the health or safety of some attendees, particularly those with pre-existing health conditions.
3. The Board of Directors is hereby authorized and directed to conduct open and public meetings in accordance with Government Code section 54953, subdivision (e) and other applicable provisions of the Brown Act.
4. This Resolution is intended to enable the Board of Directors to meet via teleconference in accordance with Assembly Bill 361 of 2021 (Statutes 2021, Chapter 165), whether solely by teleconference or via a "hybrid" combination of physical location and teleconference.
5. This Resolution shall take effect immediately upon its adoption and shall be effective for a period of thirty (30) days thereafter, unless extended pursuant to Government Code section 54953, subdivision (e)(3). Expiration of this resolution shall not prejudice any subsequent action to adopt another resolution in accordance with Government Code section 54953, subdivision (e) during the present or any future state of emergency.

Secretary's Certificate

I certify that the foregoing is a true and accurate description of action taken at a properly constituted meeting of the Board of Directors of the Rural County Representatives of California on January 12, 2022.

Secretary's Signature



To: Members of the GSFA Board of Directors
From: Lisa McCargar, Chief Financial Officer
Date: January 4, 2022
Re: GSFA Resolution 22-01: GSFA Board Travel Policy - **ACTION**

Background

GSFA has prepared a Travel Expense Policy for consideration and approval by the Executive Committee with final approval by the Board of Directors. Proposed changes to maximum reimbursement rates are highlighted below. There are no further changes to the policy.

Policy Highlights

Lodging: The lodging maximum reimbursement rate is being increased significantly from \$145 per night originally based on the official government per diem rates for Sacramento County as set by the General Services Administration (GSA) *to \$250 per night*. This change is a result of ownership changes at a local hotel no longer available for lodging. RCRC staff will provide a list of hotels nearby that often publish rates below the \$250 / night.

Meals: In addition, Section VI, “Meals,” contains the following proposed meal allowance maximum reimbursements. These rates are also based on the official total \$69 per diem rates for Sacramento as set by the GSA:

MEAL to be REIMBURSED	PROPOSED RATE
Breakfast	\$16.00
Lunch	\$18.00
Dinner	\$35.00
Total Maximum Reimbursable by GSFA	\$69.00

Mileage:

Each year, the Internal Revenue Service (IRS) sets a rate for reimbursement of mileage for personally owned vehicles. For 2022, the standard mileage rate has been set at \$0.585, up from \$0.56 in 2021. The policy indicates that reimbursement will be at the prevailing IRS rate. If the IRS publishes any update, GSFA will revise the rate to reflect the current IRS published rate.

Recommendation

It is recommended that GSFA Board of Directors approve and adopt the proposed Board Travel Expense Policy, Resolution 22-01.

Attachment

- GSFA Resolution 22-01: GSFA Board Travel Policy

GSFA RESOLUTION 22-01

TRAVEL EXPENSE POLICY FOR THE GOLDEN STATE FINANCE AUTHORITY DELEGATES and ALTERNATES

WHEREAS, the Golden State Finance Authority Board of Directors needs to establish rules and regulations concerning travel, lodging and meals;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Golden State Finance Authority (GSFA) that unless otherwise provided by law, the following rules and regulations shall govern GSFA business travel by GSFA delegates.

STATEMENT OF GENERAL POLICY

- A. It is recognized that members of Boards of Supervisors are reimbursed for business expenses by their respective counties. It is the intention of GSFA to encourage involvement in GSFA business by reimbursing GSFA delegates for certain GSFA-related expenses, as described herein. Such a policy is intended to augment county reimbursement, not fully replace it.
- B. Travel is limited to only those purposes which enhance the efficient and effective operation of GSFA.
- C. GSFA Delegates traveling on GSFA-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. It is also recognized that circumstances such as the distance to be traveled and the time necessary to travel, emergency situations, inclement weather conditions, etc., are all factors which may have significant impact in determining the allowance for the cost of travel.
- D. Authority to travel and reimbursements for customary and reasonable costs incurred for such travel including meals, transportation, registration, lodging, parking, and other related costs shall be in accordance with policy and procedures delineated herein.
- E. Only one voting member (either the Delegate or Alternate) representing each County per meeting will be reimbursed for Board Meeting attendance.
- F. All travel reimbursement claims must be submitted utilizing the GSFA Delegate travel claim form.

- G. In no case will a Delegate be reimbursed in an amount greater than provided in this resolution without approval of the Executive Director, Deputy Director or Vice President.
- H. Reimbursement for commercial air travel will be at “coach” class cost.
- I. Reimbursement associated with a GSFA Board Meeting or Executive Committee Meeting, attendance at the full meeting is required to be reimbursed.

I. TRAVEL DEFINITIONS

Travel in this policy is defined as travel that is necessary to complete GSFA business required by the organization in the performance of its primary function and/or in the course of the assigned duties. Travel for Delegates consists of roundtrip travel from their place of residence or office to attend such required events/activities.

Such travel events include, but are not limited to:

- Meetings or conferences required in the implementation or administration of new or ongoing GSFA program areas.
- Meetings, appearances, or other travel necessary to conduct GSFA business requested by the Board of Directors, Chair of the Board, or GSFA Executive Director, Chief Financial Officer or Deputy Director.

II. REIMBURSABLE TRAVEL ACTIVITIES

GSFA and its Board recognize the importance of GSFA Officers and Delegates actively participating on behalf of GSFA in certain activities on GSFA business.

GSFA will reimburse for travel expenses, including transportation, meals and lodging at the levels approved in this policy, for such activities in the following circumstances:

1. The activity is either a GSFA Board or Executive Committee meeting and the attending person is an official Delegate or designated representative of GSFA.
2. The activity is official GSFA business and participation has been approved by the GSFA Executive Director, Deputy Director or Vice President for legislative or policy meetings with State Legislators, Administration, Committees, and Agencies, members of Congress, federal agencies, or similar governmental bodies. Travel outside of California will require the approval of the GSFA Officers, the GSFA Executive Director, Chief Financial Officer or Deputy Director.

3. The activity is a conference or a necessary meeting in which GSFA has been invited to participate, and relates to subjects of interest to GSFA, as determined by the GSFA Board, the GSFA Executive Director, Chief Financial Officer or Deputy Director and the person designated to attend makes a report to GSFA regarding his or her activities on behalf of GSFA.
4. The participation of the particular GSFA Officers and Delegates is designated as official GSFA business by the GSFA Executive Director, Chief Financial Officer or Deputy Director.
5. The travel, lodging and meal expenses are in connection with the activities described above, and are not for personal or non-official purposes, such as entertainment or tourist related activities organized as part of a conference.

Reimbursements shall be made only upon supporting invoices, receipts, and bills consistent with appropriate GSFA policies.

Notwithstanding the above, in no event shall GSFA make reimbursement for lavish expenses for travel, lodging or meals; provided, however, that if the prevailing levels of lodging expenses exceed prevailing per diem levels, GSFA may reimburse for such expenses upon a determination of the GSFA Executive Director, Chief Financial Officer or Deputy Director that the location, prevailing costs of lodging, or business necessity required more expensive lodging or meals.

III. LICENSE, INSURANCE REQUIREMENTS AND MEANS OF TRAVEL

Licenses - All GSFA Delegates operating any vehicle used in the performance of GSFA-related business must possess a valid driver's license. All GSFA Delegates flying/piloting their own or a rented aircraft in the performance of GSFA-related business must possess a valid and proper license.

Insurance Requirements - Any Delegate who uses their personal vehicle, rental vehicle, or government vehicle for travel on GSFA-related business shall carry insurance for personal injury or property damage at or above state mandated minimum levels at that time. Delegates not in compliance with these minimum standards shall not be authorized to drive their personal vehicle, rental vehicle, or government vehicle on GSFA business. If requested, Delegate is required to provide proof of licensing and insurance.

Any Delegate flying/piloting an aircraft for travel on GSFA-related business shall carry comprehensive liability insurance coverage in the minimum amount of \$1,000,000 prior to their using the aircraft to conduct GSFA business. Delegates not in compliance with these requirements shall not be authorized to fly their own or a rented aircraft on GSFA business. If requested, Delegate is required to

provide proof of licensing and insurance. GSFA's Liability and Excess Liability policies exclude aircraft.

IV. MILEAGE CALCULATION AND REIMBURSEMENT

Mileage Calculation - Roundtrip mileage is to be calculated from the Delegate's principal place of employment or home to the destination. Any special circumstances which inflate the normal mileage should be accompanied by an explanation in the expense claim and are subject to denial.

Mileage Reimbursement Rate - Authorized private vehicle usage for GSFA business travel will be reimbursed at the rate allowed under prevailing Internal Revenue Service rules and regulations as maintained by GSFA.

Aircraft Travel - GSFA Delegate's use of a private aircraft will be reimbursed at the same rate as that allowed by the Internal Revenue Service for a private automobile as stated under "Mileage Reimbursement Rate" or at the cost of commercial air travel.

Other Forms of Travel - GSFA Delegate's choosing to utilize another form of travel, such as train or other transit, shall be reimbursed at the same rate as if travel occurred as addressed in the Statements of General Policy. Item C. states GSFA Delegates traveling on GSFA-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. Item H states that Reimbursement for commercial air travel will be at "coach" class cost.

V. LODGING

Hotel Allowance - Delegates should seek the lowest cost accommodation reasonably available for the intended travel. For lodging in the Sacramento area, GSFA will reimburse lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$250 per night. If GSFA has arranged a block of rooms for the event and the cost of the room within that block is greater than \$250, GSFA will reimburse the cost of the room at the block rate. Delegates are charged with using reasonable care and judgment regarding whether overnight accommodations are required for their participation.

Guidelines regarding the need for overnight accommodations are as follows:

- For a two-day meeting/event when one-way travel from place of residence or office to the meeting/event is more than 75 miles or if travel will take more than 1 to 1 ½ hours;
- For a one-day meeting/event when one-way travel from place of residence or office is more than 150 miles or if travel will take longer than 2 hours; or
- In circumstances when the delegate needs to remain in Sacramento to participate at a GSFA associated event that will end later than 6:30 pm or in an early meeting the following morning.

- When participation in GSFA business requires arrival the night before for a meeting in Sacramento that begins at 8:00 am or earlier.

For accommodation reimbursement associated with a GSFA Board Meeting or Executive Committee Meeting, attendance at the full meeting is required to be reimbursed.

Transient Occupancy Tax - Occupancy tax can sometimes be waived by the motel/hotel dependent upon local regulation. Delegates traveling should always inquire about an exemption when appropriate.

VI. MEALS

Meal Allowances - Meal allowances will be reimbursed at the following rate, however, receipts must be provided:

- Breakfast \$16.00
- Lunch \$18.00
- Dinner \$35.00

Delegates will not be reimbursed for meals if the cost of a meal is included in the conference fee either reimbursed or paid directly by GSFA. Delegates will not be reimbursed for meals that are provided at GSFA events or meetings.

Meal Times - Delegates are charged with using reasonable care and judgment in regard to reimbursements. Reasonable times are generally considered to be departure prior to 7:00 a.m. for breakfast and return to residence after 6:00 p.m. for dinner.

Meal Limitations - Reimbursement will not include alcoholic beverages regardless of meal type or captive nature. Gratuities are capped at 15% of the cost of the meal.

Captive Meal - Captive refers specifically to those instances where a Delegate must/should participate in a dining event as part of an organized event. Required group meetings, gatherings or functions for which meal allowances will be claimed for breakfasts, luncheons or dinners and which are of a captive nature shall be reimbursed at actual cost even though it exceeds those amounts set forth under Meal Allowances. Expense claims for meals at such meetings, gatherings or functions (captive meals) will state the captive nature of the meal for which the expense claim is being presented.

Fixed Prices - When attendance at official meetings or conventions forces fixed prices, the claimant must list the items separately on the claim form as “Official Banquet” or other such language and the amount thereof. In this event, all such items will be supported by receipts verifying such charges. If supporting

documents are not obtainable, then a statement to this effect will be made by the claimant. The GSFA Executive Director or Chief Financial Officer, reserves the right to deny any undocumented expenses.

VII. EXPENSE DOCUMENTATION

Receipt Requirements - Receipts must be provided for reimbursable expenses including the following:

- All lodging expenses paid at actual cost. There is \$250 per night maximum in the Sacramento area, inclusive of room rate, taxes, and fees.
- All meal expenses
- Registration fees (only if not prepaid by GSFA)
- Telephone calls related to GSFA business in excess of \$2.50 per trip
- Fax charges for GSFA related business in excess of \$2.50 per trip
- Taxi/Rideshare/Bus fare in excess of \$5.00 per travel period
- Car Rental
- Air Travel (use ticket stub or electronic itinerary)
- Other common carrier (use ticket stub)
- Commuter bus fare (i.e. Airporter service)
- Toll Charges in excess of \$6.00
- "Captive Meal" and "Fixed Prices" as described in Section VI (a written explanation of circumstances and approval by the GSFA Executive Director or Chief Financial Officer.)
- Parking, at standard parking rates for City visited

VIII. NON-REIMBURSABLE PERSONAL EXPENSE

Personal Expense - Any and all expenses that are for the direct personal needs of the Delegate, except as otherwise identified as reimbursable under this document, are not reimbursable by GSFA. Examples of such non-reimbursable items are listed below. This is not intended to be an all-inclusive list.

- Personal telephone calls, internet charges and personal fax transmissions
- Alcoholic Beverages (Except as provided in connection with an GSFA business related meeting or event)
- Entertainment (including related transportation costs)
- Violations of legal requirements

IX. CLAIM PROCESS

Completed claim forms are to be submitted to GSFA within thirty (30) days after the completion of the trip/expense. Failure to adhere to the filing deadline may result in the denial of the reimbursement claim

The claim form must include the purpose of the trip/expense, and the inclusive dates. All expenditures must be itemized, and all claims will include receipts for expenses as detailed earlier under the section titled **EXPENSE DOCUMENTATION**.

The claim information must include all expenses of the trip whether or not they were paid directly to a vendor. The claim form is intended to be a recap of the complete trip as a reconciliation of all expenses and a central location for all receipts. Those items paid in advance or by credit card should be duly noted.

Secretary's Certificate

I certify that the foregoing is a true and accurate description of action taken at a properly constituted meeting of the Board of Directors of the Golden State Finance Authority on January 12, 2022.

Secretary's Signature



To: Members of the GSFA Board of Directors
From: Lisa McCargar, Chief Financial Officer
Date: January 4, 2022
Re: GSFA 2022 Investment Policy Renewal – **ACTION**

Summary

The Investment Committee is responsible for overseeing the investment activity of GSFA and annually presents the Investment Policy to the Board for review and approval.

Issue

The Investment Policy was last revised and approved In January 2021. The Investment Committee consisting of the GSFA Executive Director, Chief Financial Officer and Deputy Director has reviewed the policy and is submitting it for annual review as required. There have been no changes to the policy from the prior year.

Recommendation

It is recommended that the GSFA Board of Directors review and approve the attached GSFA 2022 Investment Policy.

Attachment

- 2022 GSFA Investment Policy

GOLDEN STATE FINANCE AUTHORITY
INVESTMENT POLICY
Adopted January 12, 2022

INTRODUCTION

The investment policies and practices of Golden State Finance Authority (GSFA) are based upon state law and other legal requirements.

SCOPE

This policy provides guidelines for and applies to the investment of all GSFA's funds including cash.

GENERAL OBJECTIVES:

The primary objectives of investment activities shall be safety, liquidity and return, in that order of priority:

1. *Safety*

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

GSFA will minimize credit risk, which is the risk of loss of all or part of the investment due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in this Investment Policy
- Pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, intermediaries, and advisers with which GSFA will do business in accordance with this investment policy.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

GSFA will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that security maturities match cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting individual security maturity as well as the average maturity of the portfolio in accordance with this policy.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local

government investment pools which offer same-day liquidity for short-term funds.

3. *Return*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of tertiary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal;
- Selling a security and reinvesting the proceeds that would improve the quality, yield, or target duration in the portfolio may be undertaken;
- Unanticipated liquidity needs of the portfolio require that the security be sold.

These objectives can be accomplished through diversity of instruments to include those with active secondary markets, maturities that match expected cash needs, and the Local Agency Investment Fund (LAIF) and CalTrust which includes diverse investment portfolios and immediate withdrawal provisions. The investment objective shall be to achieve a rate of return that is commensurate with safety and liquidity requirements of the organization. Management of the Investment portfolio will be directed by the objectives of Preservation of Capital – understanding that losses may occur on individual securities; Risk Aversion - understanding that risk is present in all types of investment; and Adherence to Investment Discipline, adhering to this policy.

Subject to the safety and liquidity priorities set forth above, the portfolio's target total return should meet or exceed all of the following over a full market cycle (at least 5 years):

- California's Local Agency Investment Fund (LAIF) rate for the same period.
- The 90 day Treasury Bill rate for the same period.

Standards of Care

1. *Prudence*

The standard of prudence to be used shall be the "prudent investor" standard, as set forth in government Code section 53600.3, and shall be applied in the context of managing an overall portfolio. The Treasurer and other officers and employees involved in the investment process acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

2. *Ethics and Conflicts of Interest*

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Such officers and employees shall disclose any material interests in financial institutions with which GSFA conducts business, and shall further disclose any personal financial/investment positions that could be related to the performance of GSFA's investment portfolio. All such disclosures, and any other legally required disclosures of income, gifts, and other financial interests, shall be made in accordance with the Political Reform Act and other applicable provisions of state law. Employees and officers involved in the investment process shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted

on behalf of GSFA.

Delegation of Authority

Authority to manage GSFA's investment program is derived from California Government Code sections 53600 et seq. and is renewed annually by actions of GSFA's Board of Directors (Board). By adoption of this investment policy, the Board delegates investment authority to the Treasurer and his or her deputies in accordance with Government Code section 53607. All functions assigned to the Treasurer under GC 53600 et seq. and this policy shall be performed by the Chief Financial Officer (CFO) as Deputy Treasurer, unless otherwise directed. The CFO/Deputy Treasurer shall act only in consultation with the Treasurer and/or Deputy Director, as set forth herein. All investments require the approval of the CFO/Deputy Treasurer and concurrence of either the Executive Director or Deputy Director, in addition to compliance with any other internal controls established in accordance with this policy. The Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, shall be responsible for all investment transactions undertaken and shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established as set forth herein. The CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, shall be responsible for all transactions undertaken and shall establish a system of controls to regulate these activities.

RESPONSIBILITY OF THE INVESTMENT CONSULTANT(S)

In the event the CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, determines to utilize an Investment Consultant, the Investment Consultant's role will be that of a non-discretionary advisor to the GSFA officers and employees involved in the investment process. Investment advice concerning the investment management of assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the CFO/Deputy Treasurer will monitor expected net cash flow requirements.

To maintain the ability to deal with unplanned cash requirements that might arise, the CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, will determine the portion of assets that shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills.

MARKETABILITY OF ASSETS

The CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, may require that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

AUTHORIZED AND SUITABLE INVESTMENTS

GSFA is empowered to invest in LAIF, CalTRUST and, as provided in Government Code (GC) Section 53600 et seq., to invest in the following types of securities, subject to the limitations upon quality, maturity, and portfolio percentage set forth therein:

1. Specific Authorizations

- Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including GSFA.
- Notes and other securities of GSFA affiliated companies when that note or security meets the requirements of any of the securities listed in GC Section 53601 and this policy, provided that any such transaction shall be reviewed by counsel to ensure compliance with applicable laws pertaining to conflicts of interest.

2. Cash Equivalents

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States Government
- Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission (“Money Market Funds”)
- Banker’s Acceptances
- Repurchase Agreements
- Certificates of Deposit and other evidences of deposit at financial institutions, subject to any applicable collateralization requirements.

3. Fixed Income Securities

- U.S. Government and Agency Securities that have a liquid market with a readily determinable market value
- Medium-term Corporate Notes
- A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond (“Mortgage Backed Security”)
- Treasury notes or bonds of the State of California or of any of the other 49 states.

4. Mutual Funds

- a. Shares of beneficial interest issued by diversified management companies that invest in securities as allowed in this statement (“Mutual Funds”), regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities

Collateralization:

Where required by governing legislation, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

ASSET ALLOCATION

Sections 53601 and 53601.1 of the California Government Code provide legal authorization for investment of funds of local agencies. All investments of GSFA shall conform to the restrictions of those laws and shall be consistent with prudent and conservative investment standards.

1. The CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, will determine the Aggregate Fund Asset Allocation (allocation) giving consideration to resources, operating needs and economic conditions. The CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, will monitor the allocation and take steps to balance the allocation as appropriate.
2. Should an investment percentage-of-portfolio limitation be exceeded due to an incident such as fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above, shall consider rebalancing the portfolio, basing the decision, in part, on the expected length of time the portfolio will be unbalanced.
3. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency or particular industry should not be excessive as determined by the CFO/Deputy Treasurer, with concurrence of the Executive Director and/or Deputy Director as set forth above. The total allocation to treasury bonds and notes may represent up to 100% of the aggregate bond position

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The CFO/Deputy Treasurer will maintain a list of financial institutions authorized to provide investment services. No public deposit shall be made except in a qualified public depository as established by State of California laws.

In addition, a list will also be maintained of approved security broker/dealers selected by factors that will include credit worthiness and may also include other factors, such as FINRA broker check, who are authorized to provide investment services in the State of California. These may include primary dealers or regional dealers

All financial institutions and broker/dealers who desire to be approved for providing investment services must provide the CFO/Deputy Treasurer with the following:

- Audited financial statements
- Proof of National Association of Security Dealers certification
- Trading resolution
- Proof of State of California registration
- Certification of having read GSFA's investment policy and depository contracts

An annual review of the financial condition and registrations of approved security broker/dealers utilized by GSFA will be conducted by the CFO/Deputy Treasurer.

SAFEKEEPING AND CUSTODY

1. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible custody account prior to the release of funds.

2. Safekeeping

Securities will be held by an independent third-party custodian selected by the CFO/Deputy Treasurer as with all securities held in GSFA's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

3. Internal Controls

The CFO/Deputy Treasurer shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, mis-representation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of GSFA.

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

The CFO/Deputy Treasurer shall ensure that performance reports are compiled at least quarterly. The market value of the portfolio shall be calculated and an investment report shall be prepared at least quarterly for presentation to the GSFA Executive Committee. The report shall include the following:

- Listing of individual investments held at the end of the reporting period, showing institution, selling institution, date of maturity, amount of deposit, and current market value
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Return on investment expressed as an annual percentage rate
- Average weighted yield to maturity of portfolio as compared to applicable benchmarks
- Statement of current allocation of investments

The Investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The CFO/Deputy Treasurer will evaluate the portfolio(s) over at least a three year period.

INVESTMENT POLICY REVIEW

The investment policy shall be reviewed and approved annually by the Board of Directors in accordance with Government Code Section 53646.



To: Members of the GSFA Board of Directors
From: Patrick Blacklock, Executive Director
Date: January 5, 2022
Re: Appointment of the 2022 GSFA Chair and Vice Chair; and
Appointment of the 2022 GSFA Executive Committee - **ACTION**

Summary

GSFA Chair and Vice Chair:

Annually, the Chair and Vice Chair of the Golden State Finance Authority (GSFA) are to be elected. The JPA Agreement (Section 9.a) states that the Board shall elect a Chair and Vice Chair from among the GSFA Delegates. Traditionally, the RCRC Chair nominates or recommends the individuals to serve as the GSFA Chair and Vice Chair. Following the nomination, the GSFA Board then considers approving the nominations by election of those individuals to the Chair and Vice Chair positions.

GSFA Executive Committee:

Additionally, Section 10.a of the GSFA JPA Agreement, states that “the Authority shall appoint no fewer than nine (9) and no more than eleven (11) members of its Board to serve on the GSFA Executive Committee. The Chair and Vice Chair of the Authority shall serve on the Executive Committee.” It should be noted that GSFA has thirty-six member counties. Sonoma County and Santa Barbara County, although both members of RCRC, are not full members of GSFA. The GSFA Executive Committee has historically consisted of the 9 member RCRC Executive Committee as well as the GSFA Chair and GSFA Vice Chair, if they are not already members of the Executive Committee.

GSFA Authority Officers:

The JPA Agreement (Section 9.b) further states that the President/CEO of RCRC shall serve *ex officio* as the Executive Director, Secretary, Treasurer, and Auditor of the Authority. Further, the Executive Director may appoint such other officers as may be required for the orderly conduct of the Authority’s business and affairs who shall serve at the pleasure of the Executive Director. These appointments do not require Board action, but have historically been announced at the January GSFA Board meeting. As Executive Director, I appoint the following additional Authority officers for 2022:

Deputy Director/Deputy Secretary
Controller/CFO/Assistant Secretary/Deputy Treasurer

Craig Ferguson
Lisa McCargar

Recommendations:

It is recommended that the GSFA Board:

1. Elect the 2020 GSFA Chair and Vice Chair per the nomination of the RCRC Chair;
2. Take the steps necessary to appoint the GSFA Executive Committee.



To: Members of the GSFA Board of Directors
From: Craig Ferguson, Deputy Director
Date: January 4, 2022
Re: Program Updates

Summary

A verbal program update will be provided at the GSFA Board of Directors Meeting.

Down Payment Assistance Programs

- Families assisted 2021: 2,929
- First Mortgage Financing 2021: \$1Billion
- Down Payment Assistance 2021: \$39 Million

Advance Rebate Payment Program (SGIP)

- 193 projects/applications in pipeline (average size ~\$26K)
- 83 projects completed, \$2.2M recycled



To: Members of the GSFA Board of Directors
From: Barbara Hayes, RCRC Chief Economic Development Officer
Date: January 6, 2022
Re: Economic Development Program Updates

SUMMARY

A verbal program update will be provided at the GSFA Board of Directors Meeting which will include:

Community Economic Resilience Fund

AB 162, Community Economic Resilience Fund (CERF) Program was signed by the Governor in September and is currently moving through an accelerated rule-making process. The program makes available \$600 million for regional planning and associated project implementation and will be jointly overseen by the Labor and Workforce Agency, Governor's Office of Planning and Research and Governor's Office of Business and Economic Development.

RCRC will host an informational webinar on the Community Economic Resilience Fund featuring Labor and Workforce Development Agency Undersecretary, Stewart Knox, and Mary Collins from the Governor's Office of Planning and Research on Thursday, January 13, 2022, from 10 a.m. to 11 a.m. Webinar information was forwarded to GSFA Board Members via email on January 5, 2022 and can be found in the January 7, 2022 issue of the Barbed Wire.

Infrastructure Program

US Department of Commerce Economic Development Administration Grant

Status update as of January 12, 2022



To: Members of the GSFA Board of Directors
From: Greg Norton, GSNR President
Date: January 4, 2022
Re: Project Status Update on Golden State Natural Resources, Inc.
(GSNR)

Summary

This item is intended to provide the GSFA Board of Directors with an update on the current GSNR project status, financial position, and answer GSFA Board of Directors questions related to GSNR project developments. Items presented will include, but not necessarily be limited to, the following status updates:

Site and Port Selection

GSNR finalized the purchase of the Central Sierra site in Tuolumne County in November 2020 and proceeded with initial environmental assessments and engineering and design on the property. On October 21, 2021 the GSNR Board approved the purchase of the North State site in Lassen County. We are pleased to report that escrow closed in late December. Assessing and purchasing two properties and determining the port of export is a critical project milestone. The GSNR team is currently finalizing the evaluation of two potential port sites. One of the most critical factors in that determination is the ability to accept and load the largest ships which can make us competitive in both Asia and European markets.

Feedstock Assessment and Working Circles

GSNR has commissioned multiple feasibility studies to assess and quantify the practically available volume and species of feedstock at both processing sites. Recently, the GSNR project team received an updated feasibility study to determine likely losses from the 2021 fire season in the North State. The updated study also assessed the practically available feedstock volume in Southern Oregon. Both site studies encompass a 100-mile working circle and continue to show significant excess fiber availability for the long term.

In addition, the GSNR team is in extensive conversation with GSNR consultants and potential external partners and stakeholders to develop a comprehensive feedstock acquisition and strategic plan. The viability of executing this plan is critical to securing the offtake agreement and reaching financial close. GSNR staff will provide more specific details in upcoming BOD meetings.

Off-take Opportunities

Off-take discussions are actively underway with multiple potential users, producers, and trading houses. GSNR's leadership team and owner's engineers recently hosted a major potential client, toured the North State site, observed a forest management operation and a highly desirable port. The world's largest pellet producer, with numerous existing contracts for delivery of industrialized pellets, will do the same tour in two weeks. There is clearly high demand for west coast industrial wood pellets.

Financing/Funding

At the December 15th, 2021 Board Meeting, the GSNR Board of Directors approved the GSNR 2022 budget. In addition to the 2022 budget, GSNR is working on a project budget that will provide estimations on all costs between now and financial close. The extended budget will estimate project draw-downs to demonstrate progress against the approved \$10 million loan from GSFA to GSNR. Once completed and shared with the GSNR Board, regular updates will be provided to both GSFA and GSNR boards.

Rail Transportation

Formal Terms and Conditions discussions continue with the mainline, short line and port rail service providers. The rail design for the North State site is going through the approval process with the mainline provider and is expected to be completed in the near term.

Workforce Development

The GSNR project team is developing a formalized plan addressing the trucking workforce shortage issue, with a specific emphasis on in-forest truck drivers. The team is working directly with industry, advocacy groups, academia, and employment training entities to determine the best approach. The GSNR project team is also working to establish partnerships in conjunction with current trucking workforce development initiatives. The broader project team is identifying potential funding and other resources that will directly benefit this effort.

Communications Plan, CEQA and NEPA

At its December 15, meeting the GSFA Board was presented an update on the status of the CEQA project description, Modoc National Forest Supplemental Project Agreement (SPA), and other potential SPA opportunities. The final approved project Environmental Impact Report (EIR) is scheduled for December 2022. A project communications plan composed by the GSNR team and environmental consultant was also received by the GSNR board. The plan is undergoing final edits based on input from that meeting. The purpose of the plan is to provide key message points specific to the CEQA process. The official GSNR website also went live in December.

Additional Information

The advocacy team from Townsend Public Affairs (TPA) continues to ramp up its representation of GSNR legislative interests. TPA is also now working directly with the GSNR project team to identify and write grants, as appropriate, to help secure additional resources.