

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



**Wednesday, May 20, 2020  
10:30 A.M.**

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

**Golden State Finance Authority (GSFA)  
Executive Committee Meeting  
1215 K Street, Suite 1650  
Sacramento, CA 95814  
May 20, 2020 – 10:30 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

In accordance with Executive Orders N-25-20 and N-29-20, the May 20, 2020 GSFA Executive Committee meeting will be held virtually.

**MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON**

The May 20, 2020 GSFA Executive Committee 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/97881536946>

Enter Password: 136666

2. Call-in and listen to the meeting:

Dial +1 (669) 900-9128

Enter meeting ID: 978 8153 6946

Enter password: 136666

**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 [sbolnik@rcrcnet.org](mailto:sbolnik@rcrcnet.org) before or during the meeting. All emailed public comments will be forwarded to all GSFA Executive Committee members.

**DISABLED ACCOMMODATION:** If you have a disability which requires an accommodation or an alternative format to assist you in observing and commenting on this meeting, or an alternative agenda document format, please contact GSFA by email at [sbolnik@rcrcnet.org](mailto:sbolnik@rcrcnet.org) by 10:00 a.m. Monday, May 18<sup>th</sup> to ensure arrangements for accommodation.

**Agenda**

**I. Call to Order and Determination of Quorum**

*Chair, Supervisor Kevin Cann, Mariposa County*

**II. Approval of Minutes of the February 19, 2020 Meeting**

*(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. Approval of the 2019 GSFA Audited Financial Statements – ACTION** **Page 5**  
*Lisa McCargar, Chief Financial Officer*  
*Milena De Melo, RCRC Controller*
- V. GSFA Quarterly Reports** (Discussion and possible action relative to)  
*Milena De Melo*  
*Lisa McCargar*
- a. GSFA Condensed Balance Sheet (March 31, 2020)** **Page 37**  
**b. GSFA Investment Report (March 31, 2020)** **Page 41**  
**c. GSFA Budget Report (March 31, 2020)** **Page 45**
- VI. Self-Generation Incentive Program (SGIP) – ACTION** **Page 49**  
*Craig Ferguson, Deputy Director*  
*Barbara Hayes, RCRC Chief Economic Development Officer*
- VII. GSFA Revolving Loan Fund for Member Counties – ACTION** **Page 51**
- VIII. Program Updates** (Discussion and possible action relative to)  
*Craig Ferguson*
- IX. Economic Development Update**  
*Barbara Hayes*
- X. 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**

**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

**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 11:01 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
Daron McDaniel	Merced
Stacy Corless	Mono
Dan Miller	Nevada
Matt Kingsley	Inyo
Gerry Hemmingsen	Del Norte
Lee Adams	Sierra
Denise Carter	Colusa
Jack Garamendi	Calaveras

**Absent Members**

Kuyler Crocker	Tulare
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**Others in Attendance**

Greg Norton, Executive Director  
Craig Ferguson, Deputy Director  
Lisa McCargar, Chief Financial Officer  
Paul A. Smith, RCRC Senior Vice President Governmental Affairs  
Arthur Wylene, RCRC General Counsel  
Tracy Rhine, RCRC Legislative Advocate  
Mary-Ann Warmerdam, RCRC Senior Legislative Advocate  
Maggie Chui, RCRC Senior Legislative Coordinator  
Milena De Melo, RCRC Controller  
Alton Brock, Jr., Atlys Global Foresight  
James Lee Witt, Atlys Global Foresight

**Guest Speaker**

Mr. James Lee Witt and Mr. Alton Brock, Jr. from Atlys Global Foresight, introduced their organization and provided an overview of the services available to California's Rural Counties.

The GSFA Executive Committee recessed at 11:13 a.m.

The GSFA Executive Committee reconvened at 1:02 p.m.

**Approval of Minutes of the November 13, 2019 Meeting**

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

**Supervisor Daron McDaniel, Merced County, motioned to approve the minutes of the November 13, 2019 GSFA Executive Committee Meeting. Supervisor Stacy Corless, Mono County, seconded the motion. Motion passed unanimously.**

**Public Comment**

None

**Quarterly Budget and Investment Reports for GSFA**

Lisa McCargar, Chief Financial Officer, presented the GSFA Investment Report, Budget Report, and Condensed Balance Sheet for period ending December 31, 2019.

**Authorization for a Loan of up to \$10 Million from GSFA to Golden State Natural Resources, Inc. (GSNR)**

Greg Norton, Executive Director, provided an overview of Golden State Natural Resources (GSNR). GSNR's mission is to promote forest resiliency and reduce wildfire risk across California. Mr. Norton outlined the terms of the proposed \$10 million loan from GSFA to GSNR. Mr. Norton clarified that the GSFA Executive Committee is being asked to authorize continued due diligence work on the project and not the actual loan approval.

**Recommendation:**

It is recommended that the GSFA Executive Committee direct the GSFA Executive Director to finalize an appropriate resolution authorizing the proposed loan, including loan terms, for approval by the GSFA Board of Directors following presentation of feasibility studies, business plan and additional updates to the GSNR Board and the GSNR Board expression of interest in the loan.

**Supervisor Jack Garamendi, Calaveras County, motioned to approve the motion listed above. Supervisor Dan Miller, Nevada County, seconded the motion. Motion passed unanimously.**

**Existing Program Updates**

Craig Ferguson, Vice President, provided an update on the existing GSFA programs to the GSFA Executive Committee.

**Economic Development Update**

Greg Norton provided an update on recent Economic Development activities to the GSFA Executive Committee.

**Adjournment**

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





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**To:** GSFA Executive Committee

**From:** Lisa McCargar, Chief Financial Officer  
Milena De Melo, RCRC Controller

**Date:** May 12, 2020

**Re:** Approval of the GSFA 2019 Audited Financial Statements – **ACTION**

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**Summary**

Attached are the Golden State Finance Authority (GSFA) audited financial statements as of and for the year ended December 31, 2019, issued by Moss Adams LLP. The financial statements contain an unmodified ("clean") audit opinion. The auditors also issued a communication letter to Those Charged with Governance as required by auditing standards generally accepted in the United States of America as well as Government Auditing Standards, issued by the Comptroller General of the United States. In summary, the communication states that there were no significant matters identified during the audit and no audit adjustments were proposed or made to the original trial balance prepared by management.

The financial statements and communication letter to Those Charged with Governance provide information useful to Executive Committee members in exercising their fiduciary responsibility as the Audit Committee. Moss Adams will be present to address the audit and audit approach as well as answer any questions.

Staff has continued efforts to enhance financial reporting and provide full disclosure of organizational financial activity. These audited financial statements further these efforts.

**Recommendation**

It is recommended that the GSFA Executive Committee, acting in their capacity as the Audit Committee, review and approve the 2019 audited financial statements and communication letter as presented, for presentation and adoption by the GSFA Board of Directors.

**Attachments**

- GSFA 2019 Audited Financial Statements
- Communications to Those Charged with Governance







*Report of Independent Auditors and  
Financial Statements*

**Golden State Finance Authority**

*December 31, 2019*



MOSSADAMS

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# **Golden State Finance Authority**

## **Management's Discussion and Analysis**

### **Year Ended December 31, 2019**

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This section presents management's discussion and analysis of Golden State Finance Authority's (GSFA) financial performance for the year ended December 31, 2019. Please read it in conjunction with the financial statements and notes thereto, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

The assets of GSFA exceeded liabilities at December 31, 2019, by \$87.7 million (net position), all of which is available to meet ongoing obligations. GSFA's total net position decreased by \$2.2 million (2.5%) from December 31, 2018 to December 31, 2019, resulting from declining housing and energy and water conservation programs and increased expenses associated with enhanced economic development and fire resiliency efforts. As of December 31, 2019, in addition to cash resources available, assets include \$3.3 million in second mortgage loans receivable, net of an allowance for loan losses, \$6.4 million in energy grant loans receivable, and \$3.2 million in multi-family notes receivable. GSFA's liabilities include \$10.2 million payable to the California Energy Commission (CEC) and \$1.2 million due to affiliated entities.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

GSFA's basic financial statements include the (1) statement of net position, (2) statement of revenues, expenses, and changes in net position, (3) statement of cash flows, and (4) notes to basic financial statements, which explain in more detail some of the information in the basic financial statements.

GSFA's financial statements report information about GSFA using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all of GSFA's operating assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to GSFA creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities.

All of the revenues and expenses for 2019 are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of GSFA's operations over the year and can be used to determine whether GSFA has successfully recovered all of its costs through the services it provides.

The statement of cash flows provides information about GSFA's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, non-capital financing, and financing activities.

The notes to basic financial statements provide additional information that is essential to a full understanding of GSFA's financial statements.

**Golden State Finance Authority**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2019**

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**FINANCIAL ANALYSIS**

**Condensed Statement of Net Position**  
**December 31, 2019 and 2018**

			<b>Increase (Decrease)</b>	
	<b>2019</b>	<b>2018</b>	<b>\$</b>	<b>%</b>
<b>Assets</b>				
Current assets	\$ 96,910,096	\$ 160,614,257	\$ (63,704,191)	(39.7)%
Non-current assets	<u>13,000,891</u>	<u>13,674,476</u>	<u>(673,585)</u>	<u>(4.9)%</u>
Total assets	<u>109,910,987</u>	<u>174,288,763</u>	<u>(64,377,776)</u>	<u>(36.9)%</u>
<b>Liabilities</b>				
Current liabilities	<u>22,245,381</u>	<u>84,383,173</u>	<u>(62,137,792)</u>	<u>(73.6)%</u>
<b>Net position</b>				
Net position, unrestricted	<u>\$ 87,665,606</u>	<u>\$ 89,905,590</u>	<u>\$ (2,239,984)</u>	<u>(2.5)%</u>

The condensed statement of net position reflects a snapshot of GSFA's financial position at a given moment in time. Changes in net position over time are an indicator of whether the financial condition of GSFA is improving or declining. As of December 31, 2019, GSFA's net position was \$87.7 million, a decrease of \$2.2 million (2.5%) from December 31, 2018. The decrease in current assets of \$63.7 million (39.7%) and the decrease in current liabilities of \$62.1 million (73.6%) resulted primarily from decreased receivables and payables associated with estimated proceeds from and obligations related to mortgage-backed securities to be settled at a future date. The receivables and payables declined as a result of decreased origination volume, reflecting changing market conditions related to the housing program. The decrease in noncurrent assets of \$674 thousand (4.9%) is primarily due to energy loan principal repayments.

**Golden State Finance Authority**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2019**

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**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2019 and 2018**

	2019	2018	Increase (Decrease)	
			\$	%
<b>Operating revenues</b>				
Housing program and other revenue	\$ 8,620,567	\$ 34,881,430	\$ (26,260,863)	(75.3)%
Energy program revenue	788,545	1,221,791	(433,246)	(35.5)%
Grant fees	215,460	235,486	(20,026)	(8.5)%
Total operating revenues	9,624,572	36,338,707	(26,714,135)	(73.5)%
<b>Operating expenses</b>				
Housing program expenses	4,956,782	30,488,975	(25,532,193)	(83.7)%
Energy program expenses	222,500	398,700	(176,200)	(44.2)%
Contract support services and performance fee	5,864,261	3,770,311	2,093,950	55.5%
Other administrative expenses	2,286,717	755,089	1,531,628	202.8%
Grant costs	215,460	235,486	(20,026)	(8.5)%
Total operating expenses	13,545,720	35,648,561	(22,102,841)	(62.0)%
Operating (loss) income	(3,921,148)	690,146	(4,611,294)	(668.2)%
<b>Non-operating revenues</b>				
Interest income	1,444,026	860,774	583,252	67.8%
Gain (loss) on investments	237,138	(79,476)	316,614	(398.4)%
Total non-operating revenues	1,681,164	781,298	899,866	115.2%
Change in net position	(2,239,984)	1,471,444	(3,711,428)	(252.2)%
Net position, beginning of year	89,905,590	88,434,146	1,471,444	1.7%
Net position, end of year	\$ 87,665,606	\$ 89,905,590	\$ (2,239,984)	(2.5)%

**Golden State Finance Authority**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2019**

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The condensed statement of revenues, expenses, and changes in net position reflects activity that has occurred during the fiscal period covered by this report. For the year ended December 31, 2019, GSFA's operating revenues decreased by \$26.7 million (73.5%) from the year ended December 31, 2018, primarily due to the reduction of the down payment assistance gift and energy programs. Housing programs, which provide financing options for low to moderate income homebuyers, experienced a decline in revenue of \$26.3 million (75.3%) due to changing market conditions, ultimately resulting in decreased origination volume. Housing program expenses decreased by \$25.5 million (83.7%) corresponding directly to housing program revenue and activity for the same period. Energy program revenue and related program expenses decreased by \$433 thousand (35.5%) and \$176 thousand (44.2%), respectively due to a decline in the volume of energy loans originating in the current year consistent with declining market demand and changing underwriting requirements for the underlying product. Contract support services and performance fee expenses paid to Rural County Representatives of California (RCRC) increased by \$2.1 million (55.5%) as RCRC performed a higher level of service on behalf of GSFA in 2019, including additional resources spent on GSFA projects. Other administrative expenses increased by \$1.5 million (202.8%) primarily due to catastrophic wildfire disaster grants for the benefit of the Carr and Camp fire victims, legal and consulting fees related to expanded economic development efforts, and consulting and other expenditures related to forest resiliency and wildfire risk reduction endeavors.

**Golden State Finance Authority**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2019**

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**BUDGETARY COMPARISON**

**Comparison of Budget and Actual Revenues, Expenses, and Changes in Net Position**  
**Year Ended December 31, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Budget</b>	
			<b>\$</b>	<b>%</b>
<b>Operating revenues</b>				
Housing program and other	\$ 25,880,000	\$ 8,620,565	\$ (17,259,43	(66.7)%
Energy program revenue	851,500	788,544	(62,956)	(7.4)%
Grant fees	250,000	215,460	(34,540)	(13.8)%
Total operating revenues	26,981,500	9,624,569	(17,356,93	(64.3)%
<b>Operating expenses</b>				
Housing program expenses	22,731,000	4,956,781	(17,774,21	(78.2)%
Energy program expenses	245,000	222,500	(22,500)	(9.2)%
Contract support services and performance fee	5,718,000	5,864,261	146,261	2.6%
Other administrative expenses	1,691,500	2,286,715	595,215	35.2%
Grant costs	250,000	215,460	(34,540)	(13.8)%
Total operating expenses	30,635,500	13,545,717	(17,089,78	(55.8)%
Operating loss	(3,654,000)	(3,921,148)	267,148	(7.3)%
<b>Non-operating revenues</b>	620,000	1,681,164	1,061,164	171.2%
Change in net position	\$ (3,034,000)	\$ (2,239,984)	\$ 794,016	26.2%

GSFA experienced an overall change in net position of \$2.2 million, which was less than the budgeted deficit of \$3 million, favorable by \$794 thousand (26.2%). Actual operating revenues were less than budget by \$17.4 million, a decrease of 64.3%, due primarily to decreased housing program activity. Housing programs experienced a decline of \$17.3 million when compared to the budget, due to changing market conditions, ultimately resulting in decreased origination volume. GSFA's operating expenses were less than budget by \$17.1 million, a decrease of 55.8%, due to costs associated with decreased housing program activity. GSFA's other administrative expenses were greater than budget by \$595 thousand, primarily driven by greater than budgeted fire disaster grants. Non-operating revenues were greater than budget by \$1.1 million primarily as a result of interest income and gain on investments, contributing to the positive change in net position.



**Golden State Finance Authority**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2019**

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**FUTURE ECONOMIC OUTLOOK**

GSFA's 2020 budget provides for continued revenues from housing and energy and water conservation programs. GSFA continues to modify the design of housing programs as needed based on customer preferences, the interest rate environment, and market conditions. The energy efficiency and water conservation program will also continue to serve existing, and in some instances new, communities, however, a decline in revenue is budgeted as a result of changing market conditions and enhanced underwriting requirements for the underlying product.

As a result of past second mortgage down payment assistance programs, discontinued in late 2013, a balance of \$2.0 million of amortizing second mortgages remain at December 31, 2019. This balance is expected to decline going forward as borrowers pay on their second mortgage balances. However, GSFA introduced a new program design that is expected to result in an increase in second mortgage loan balances in 2020. To remain competitive and continue to provide effective programs, it will be necessary for GSFA to continue to be innovative in the development and modification of such programs.

During 2019, GSFA, and an affiliated entity Rural County Representatives of California (RCRC), formed Golden State Natural Resources (GSNR), a 501(c)(3) entity. GSNR was created to research and develop potential strategies to lessen the intensity of catastrophic wildfires occurring in member counties. It is anticipated that GSFA will continue to provide resources on this front although budgeted research and development expenses are expected to decline as GSNR initiates its own operations.

As of December 31, 2019, GSFA had approximately \$87.7 million in net position available including \$87.7 million in cash and cash equivalents, inclusive of \$4.4 million held on behalf of the CEC and Pacific Gas & Electric (PG&E) associated with energy efficiency programs. It is anticipated that GSFA will continue to operate its' existing programs, with housing, energy and interest earnings providing the organization with its' primary source of revenues. GSFA also anticipates continuing supporting member counties, utilizing existing resources to seek out new opportunities in line with GSFA's mission.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of GSFA's finances for all those with an interest in GSFA's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Chief Financial Officer, 1215 K Street, Suite 1650, Sacramento, CA 95814.

## **Report of Independent Auditors**

To the Board of Directors  
Golden State Finance Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Golden State Finance Authority (GSFA) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise GSFA's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GSFA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GSFA as of December 31, 2019, and the changes in its net financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2020, on our consideration of GSFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GSFA's internal control over financial reporting and compliance.

*Moss Adams LLP*

Sacramento, California  
May 8, 2020

## **Basic Financial Statements**

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**Golden State Finance Authority**  
**Statement of Net Position**  
**December 31, 2019**

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**ASSETS**

Current assets

Cash and cash equivalents	\$	87,339,011
Restricted cash		250,000
Accounts receivable, proceeds from sale of securities		8,346,153
Accounts receivable		632,030
Interest receivable		314,043
Prepaid expenses		28,859
Total current assets		<u>96,910,096</u>

Non-current assets

Energy grant loans receivable		6,406,427
Restricted cash		138,241
Multi-family notes receivable		3,200,000
Second mortgage loans receivable, net of allowance for loan losses of \$200,000		<u>3,256,223</u>
Total non-current assets		<u>13,000,891</u>
Total assets	\$	<u><u>109,910,987</u></u>

Current liabilities

Accounts payable	\$	1,451,080
Accounts payable, securities to be purchased, at fair value		8,346,934
Accounts payable to California Energy Commission		10,159,463
Accounts payable to affiliated entities		1,154,144
Unearned revenue		<u>1,133,760</u>
Total liabilities		<u>22,245,381</u>

Net position, unrestricted

		<u>87,665,606</u>
Total liabilities and net position	\$	<u><u>109,910,987</u></u>

The accompanying notes are an integral part of these financial statements.

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**Golden State Finance Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year ended December 31, 2019**

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Operating revenues	
Housing program revenue	\$ 8,334,378
Energy program revenue	788,545
Issuer fees	87,394
Mortgage interest	197,296
Grant fees	215,460
Miscellaneous income	1,499
Total operating revenues	<u>9,624,572</u>
Operating expenses	
Accounting and auditing	41,135
Business development and expansion	185,998
Community relations	746,705
Consultants	615,247
Contract performance fee	956,261
Contract support services	4,908,000
Energy program expenses	222,500
Gift program	4,956,782
Grant costs	215,460
Insurance	39,789
Legal fees	325,479
Promotion and marketing	2,343
Provision for loan losses	72,266
Rent	87,588
Sponsorships	75,500
Travel	37,354
Miscellaneous	57,313
Total operating expenses	<u>13,545,720</u>
Operating loss	<u>(3,921,148)</u>
Non-operating revenues	
Interest income	1,444,026
Gain on investments	237,138
Total non-operating revenues	<u>1,681,164</u>
Change in net position	(2,239,984)
Net position, beginning of year	<u>89,905,590</u>
Net position, end of year	<u>\$ 87,665,606</u>

The accompanying notes are an integral part of these financial statements.

**Golden State Finance Authority**  
**Statement of Cash Flows**  
**Year ended December 31, 2019**

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Cash flows from operating activities	
Cash receipts from loan and grant programs	\$ 8,892,164
Cash receipts from bond and residual funds	78,652
Cash paid for contract services	(6,034,262)
Cash paid for services and supplies	<u>(10,274,450)</u>
Net cash used in operating activities	<u>(7,337,896)</u>
Cash flows from investing activities	
Interest received and gain on investments	<u>1,406,657</u>
Net cash provided by investing activities	<u>1,406,657</u>
Decrease in cash and cash equivalents, and restricted cash	(5,931,239)
Cash and cash equivalents, and restricted cash, beginning of year	<u>93,658,491</u>
Cash and cash equivalents, and restricted cash, end of year	\$ <u><u>87,727,252</u></u>
Reconciliation of operating income to net cash used in operating activities	
Operating loss	\$ (3,921,148)
Provision for loan losses	72,266
Adjustments to reconcile operating income to net cash used in operating activities	
Increase in accounts receivable	(140,260)
Decrease in energy grant loans	1,254,462
Increase in second mortgage loans receivable	(629,026)
Increase in accounts receivable for securities sold at fair value, net of accounts payable, and proceeds from sale of securities	(395,163)
Increase in prepaid expenses	(1,574)
Decrease in unearned revenue	(216,381)
Decrease in accounts payable	(268,344)
Decrease in accounts payable to California Energy Commission	(2,380,064)
Decrease in accounts payable to affiliated entities	<u>(712,664)</u>
Net cash used in operating activities	\$ <u><u>(7,337,896)</u></u>

The accompanying notes are an integral part of these financial statements.

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**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity** – Golden State Finance Authority (GSFA), a California joint powers authority, is an organization of certain political subdivisions of the state of California, engaged in the exercise of essential government functions. GSFA was organized on July 1, 1993, under the provisions of the Government Code of the state of California, which authorized GSFA to be created by the joint powers agreement entered into by counties, the purpose of which is to provide financing for the acquisition, construction, improvement, preservation, and rehabilitation of real property and infrastructure in accordance with applicable provisions of law for the benefit of residents and communities. The existing joint powers authority agreement, as amended, additionally allows for establishing and operating 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. GSFA is governed by representatives of its member counties which are counties in California having an interest in the general and specific purposes of GSFA, each of which appoints an elected county supervisor, which comprises the Board of Directors. Member counties of GSFA are as follows: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Mono, Napa, Nevada, Placer, Plumas, San Benito, San Luis Obispo, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, Tulare, Yolo, and Yuba. An additional 21 counties and over 250 cities are associate members of GSFA.

GSFA financing programs are designed to provide assistance in two key areas: housing and energy/conservation. The housing program provides for adequate, safe, and sanitary residential housing. GSFA makes competitively priced financing opportunities available for homebuyers for the purchase or refinancing of residential housing, with particular emphasis on assisting low and moderate income homebuyers. GSFA works in cooperation with regional lenders to provide mortgage loan financing and down payment assistance to families and individuals in the state of California who otherwise may not be able to afford to purchase a home. GSFA also makes available financing for energy efficiency and water conservation improvements, wildfire safety, seismic strengthening, and renewable energy improvements, or any other improvements authorized by law, to residential, commercial, industrial, agricultural and other real properties and multi-family financing. GSFA is also expanding its efforts in projects promoting rural economic development, forest resiliency and wildfire risk mitigation in response to California's overgrown forests and recent catastrophic wildfires.

GSFA contracts for various administrative and support services with the Rural County Representatives of California (RCRC), a California nonprofit mutual benefit corporation. RCRC was organized to serve and strengthen county and local governments through definition, study, and actions relative to problems affecting the member counties and their resources to include, but not be limited to, those of social, economic, environmental, and ecological importance.

**Basis of accounting** – GSFA is accounted for as an enterprise fund and its financial statements are prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.



# Golden State Finance Authority

## Notes to Basic Financial Statements

### December 31, 2019

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GSFA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with GSFA's principal ongoing operations. The principal operating revenues of GSFA are charges for programs provided (i.e. loan program fees, energy program fees, bond issuance fees, ongoing issuer fees, and bond residuals associated with its affordable housing loan and energy efficiency/water conservation financing programs). Interest income earned on second mortgage loans and capital gains income from sales of mortgage-backed securities are also reported as operating income. Operating expenses of GSFA include the cost of providing services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Accounting standards** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of GSFA's accounting policies are described below.

**Cash and cash equivalents** – GSFA considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents, including investments in the California Local Agency Investment Fund (LAIF) and CalTRUST.

California statutes and GSFA's investment policy authorize the investment of idle or surplus funds in U.S. Treasury obligations, U.S. government agencies, bankers' acceptances, commercial paper, negotiable CD's, medium-term notes, repurchase agreements, time certificates of deposit, LAIF, and CalTRUST.

**Second mortgage loans** – Second mortgage loans receivable represent future principal payments on outstanding second mortgage loans. During 2019, GSFA received \$197,296 in interest from these assets. As of December 31, 2019, \$3,256,223 in second mortgages remain outstanding, net of the allowance for loan losses.

**Allowance for loan losses** – GSFA maintains an allowance for loan losses at a level considered adequate to provide for probable losses on existing second mortgages receivable. The allowance for loan losses is based on estimates using historical loss trends and current exposure in the loan pools. Actual losses may vary from current estimates.

**Mortgage-backed securities housing program revenue** – Housing program revenue consists of income earned on GSFA's down payment assistance program, including gains and losses on the sale of mortgage-backed securities. Interest on second mortgage loans and other administrative housing-related revenues are presented separately.

As part of the down payment assistance program, GSFA purchases pools of government mortgage-backed securities (MBS) for resale into the secondary market. To manage exposure to interest rate risk on the purchase and subsequent resale of MBS's into the secondary market; GSFA enters into sales agreements of "to-be-announced" (TBA) Government National Mortgage Association (GNMA) and Federal Home Loan Mortgage Corporation (FHLMC) securities, in which GSFA has committed to deliver securities at contracted prices at a future date. Realized and unrealized gains and losses on the mortgage-backed securities are reported in housing program revenue as the activity relates solely to the down payment assistance program (Note 6).

**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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**Fair value measurements** – GSFA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in CalTrust and LAIF of \$69.0 million are valued at net asset value and therefore excluded from the fair value hierarchy.

GSFA has the following recurring fair value measurements as of December 31, 2019:

- Money market funds (Level 2 inputs)
- Accounts payable, securities to be purchased, are valued using quoted market prices (Level 1)

**Net position** – Net position is classified into the following categories:

- *Invested in capital assets:* Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets; GSFA does not have any net position in this category as of December 31, 2019.
- *Restricted – non-expendable:* Net position subject to externally imposed conditions that GSFA retains in perpetuity; GSFA does not have any net position in this category as of December 31, 2019.
- *Restricted – expendable:* Net position subject to externally imposed conditions that can be fulfilled by the actions of GSFA or by the passage of time; GSFA does not have any net position in this category as of December 31, 2019.
- *Unrestricted:* All other categories of net position; in addition, unrestricted net position may be designated for use by management or the Board of Directors.

GSFA has adopted a policy of generally utilizing restricted – expendable funds, prior to unrestricted funds, when an expenditure is incurred for purposes for which both are available.

**Revenue recognition** – Operating revenues such as housing program, energy program, administrative services, bond residuals, and issuer fees are recognized as earned. Operating and non-operating interest and investment income is also recognized as earned. Grant revenue is recognized as allowable expenditures are incurred. Advances received are recorded as unearned revenue until allowable expenses are incurred.

**Income taxes** – Because GSFA is a political subdivision of the state of California and engaged in the exercise of an essential government function, it is not required to file federal or state income tax returns.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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**NOTE 2 – CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

A summary of cash and cash equivalents and restricted cash as of December 31, 2019, is as follows:

Deposits with financial institutions (including \$138,241 restricted cash)	\$	5,280,397
Collateral account		727
Collateral account – restricted		250,000
Money market funds		4,721,964
Brokerage account		8,453,260
Total cash		<u>18,706,348</u>
LAIF		48,432,547
CalTRUST		20,588,357
Total cash equivalents (highly liquid investments)		<u>69,020,904</u>
Total cash and cash equivalents, including restricted cash	\$	<u>87,727,252</u>

**Deposits and custodial credit risk** – Custodial credit risk is the risk that in the event of a bank failure, GSFA's deposits may not be returned to it. Cash and cash equivalents and restricted cash consist of deposits with financial institutions, a collateral account, cash held in a securities brokerage account, and amounts held with LAIF and CalTRUST. As of December 31, 2019, GSFA's deposits with financial institutions, including money market funds, are entirely insured or collateralized. Section 53652 of the California Governmental Code requires financial institutions to secure deposits made by governmental units in excess of insured amounts, by the pledging of governmental securities as collateral. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by governmental units.

**Restricted cash – non-current** – Restricted cash includes funds held for projects or other purposes and are restricted as to their use. These amounts are included in cash and cash equivalents in the statement of cash flows regardless of whether there are restrictions on their use. Restricted cash includes cash and cash equivalents on deposit with a financial institution required to be held as a loan loss reserve until all loans are fully paid (in excess of one year). As of December 31, 2019, cash balances of \$138,241 were restricted.

**Collateral account** – GSFA has funds held with a securities firm. The funds represent collateral for the sales agreements of TBA GNMA and FNMA securities. As required by the Master Securities Forward Transaction Agreement between the securities firm and GSFA, if at any time GSFA has an "Out-of-the-Money" net unsecured forward exposure, the securities firm shall require GSFA to maintain collateral having a margin value sufficient to eliminate such net unsecured forward exposure. If at any time GSFA has an excess forward collateral amount, GSFA may request the funds from the securities firm. At December 31, 2019, a portion of the funds on deposit with the securities firm represented collateral for a net unsecured forward exposure, and \$250,000 of those funds have therefore been presented as restricted cash in the statement of net position. Funds at the securities firm are not insured.

**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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**Interest rate and credit risk** – Interest rate risk is the risk that changes in the market interest will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

GSFA maintains money market funds held with its banks and a securities firm. Bank money market funds are held in connection with its housing programs to provide the required deposit for the California Debt Limit Allocation Committee tax-exempt bond allocation to GSFA. Money market funds held at the securities firm are the accumulation of interest and principal from mortgage-backed securities and proceeds from their sales.

**Highly liquid investments** – As of December 31, 2019, GSFA also maintains highly liquid investment accounts with CalTRUST in the amount of \$20,588,357. CalTRUST is a program established by local public agencies in California for the purpose of pooling and investing local agency funds. CalTRUST offers three investment accounts, of which GSFA invests in two. The total amount invested by public agencies in CalTRUST as of December 31, 2019, exceeded \$2.2 billion. CalTRUST is a joint powers authority that was formed to pool and invest funds of public agencies. Three pools are offered and GSFA is currently invested in the short-term and medium-term funds. Because GSFA's deposits are maintained in a recognized Pooled Investment Fund under the care of a third party and GSFA's share of the pool does not represent specific identifiable investment securities owned by GSFA, no disclosure of the individual deposits and investments and related custodial credit risk is required.

A Board of Trustees supervises and administers the investment program of CalTRUST. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53602, et seq. and 53635, et seq. CalTRUST short-term and medium-term funds are rated A- or better by a credit rating agency. GSFA's highly liquid investment in CalTRUST is reported at fair value.

GSFA also places certain funds with LAIF. GSFA is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash.

The fair value of the GSFA's investment in the pool is reported in the accompanying financial statements based upon GSFA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Because GSFA's deposits are maintained in a recognized Pooled Investment Fund under the care of a third party and GSFA's share of the pool does not consist of specific, identifiable investment securities owned by GSFA, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within 24-hour notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer.

**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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LAIF investments are audited annually by the Pooled Money Investment Board and the state Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, CA 95814. Included in the Pooled Money Investment Account's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities which represent 2.79% of the portfolio.

The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of GSFA's position in the pool. GSFA's investment in LAIF is reported at fair value and is not rated by credit rating agencies.

**NOTE 3 – SECOND MORTGAGE LOANS RECEIVABLE**

Second mortgage loans receivable represent future principal payments on outstanding second mortgage loans financed as part of various GSFA down payment assistance programs.

Second mortgage loans receivable as of December 31, 2019, are as follows:

Second mortgages	\$	3,456,223
Allowance for loan losses		(200,000)
Total second mortgage loans receivable, net of allowance for loan losses	\$	<u>3,256,223</u>

Activity in the allowance for loan losses for the year ended December 31, 2019, is as follows:

Balance, beginning of year	\$	200,000
Charge-offs		(81,638)
Recoveries		9,372
Provision for loan losses		<u>72,266</u>
Balance, end of year	\$	<u>200,000</u>

**NOTE 4 – NOTES RECEIVABLE**

Notes receivable represent \$3,200,000 in loans outstanding as part of GSFA's multi-family housing finance and rehabilitation housing program. As the issuer of conduit revenue bonds, GSFA loaned various amounts to the developer of the projects. The notes are non-interest-bearing until after the 20th anniversary of the note, and no payments are due until after the 20th anniversary of the notes. After the 20th anniversary, the notes bear interest at 3% per annum and mature on the earlier of the 35th anniversary or a sale or refinancing transaction. If the notes are held to maturity, principal and accrued interest will become due beginning August 2050 through December 2051. No provision for losses has been deemed necessary. See Note 8 – Conduit Debt.

**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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**NOTE 5 – RELATED-PARTY TRANSACTIONS**

For the year ended December 31, 2019, GSFA maintained a contract support services agreement with RCRC, an affiliated entity, that included support services payments and a performance fee. The contract performance fee calculation is based on housing and energy program success and provides an incentive to RCRC. The total expense of \$5,864,261 for the year ended December 31, 2019, includes the monthly support services fee and performance fee. At December 31, 2019, GSFA has recorded a payable of \$956,261 to RCRC for the 2019 performance fee and other services. The support services agreement calls for a flat fee of \$409,000 a month to operate and administer GSFA operations.

Also for 2019, GSFA entered into a service agreement with National Homebuyers Fund, Inc. (NHF), whereby NHF manages GSFA's housing and energy programs and residential energy loan servicing. For the year ended December 31, 2019, GSFA incurred \$130,191 for housing-related services and \$222,500 energy-related services, which are included in gift program expenses. Expenses incurred for residential energy administration were \$215,460. At December 31, 2019, \$179,799 is payable to NHF for housing and energy program related services. Fees earned are reported as administrative service fee revenue in the statement of revenues, expenses, and changes in net position.

The support service agreements with both RCRC and NHF are annual agreements, expiring on December 31 of each year, with successive one-year automatic renewals until terminated by either party. The annual agreements are revised for fee and scope as needed and are approved by the applicable Board of Directors.

**NOTE 6 – HOUSING PROGRAMS**

GSFA implemented its Platinum down payment assistance program in October 2010, targeting low to moderate income homebuyers. The program currently provides down payment assistance ranging up to 5% of the home purchase price in the form of a zero-interest rate second mortgage that is forgiven after three years (forgivable seconds) or a non-repayable gift. GSFA has partnered with lenders to market the programs to homebuyers.

GSFA has accounted for the forgivable seconds as a nonexchange transaction, therefore no receivable has been recorded for the book value of the loan. The principal amount of the loan has been included as a component of Gift program in the Statement of Revenues, Expenses and Changes in Net Position. Any amounts received upon sale or refinance prior to the three-year term are recorded as income. As of December 31, 2019, GSFA recorded revenue of \$748,877 related to forgivable seconds. This amount is included in housing program revenue.

As part of the housing program, GSFA purchases pools of government backed MBS for resale into the secondary market. To manage exposure to interest rate risk on the purchase and subsequent resale of MBS's into the secondary market, GSFA enters into sales agreements of TBA GNMA and FNMA and/or FHLMC securities, in which GSFA has committed to deliver securities at contracted prices at a future date. The entity has recorded a receivable of \$8,346,153 for the estimated proceeds from the sale. GSFA has also recorded a liability of \$8,346,934 to purchase the securities at prevailing prices at December 31, 2019, in order to fulfill the future obligation.

**Golden State Finance Authority**  
**Notes to Basic Financial Statements**  
**December 31, 2019**

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**NOTE 7 – ENERGY PROGRAMS**

**California Energy Commission Grant** – In September 2010, GSFA was awarded a \$16.5 million grant from the California Energy Commission (CEC). The grant's purpose is to provide low interest loans and grants to low to moderate income homeowners to perform home energy retrofits. In April 2012, the CEC amended the grant to award GSFA an additional \$14.0 million. CEC had advanced \$26.7 million to GSFA for the sole purpose of funding the loans. As of December 31, 2019, \$185,912 of the advance had not been used for loans and is included in unearned revenue. Interest earned on the advances is due back to the CEC and is recorded as an account payable at December 31, 2019.

During 2019, GSFA generated revenue for servicing the outstanding loans under a separate agreement. GSFA invoiced \$215,460 for loan servicing during the year for allowable expenses incurred.

**Energy Upgrade California** – In December 2012, GSFA entered into an Energy Upgrade California (EUC) contract with Pacific Gas & Electric (PG&E) to participate in the EUC related energy efficiency financing program. Under the terms of the contract, GSFA utilized funds pursuant to the contract to leverage private financing to provide a residential energy retrofit program. GSFA administers the program and funded a Loan Loss Reserve (LLR) with funds contributed by PG&E. PG&E customers' actual loans are financed by a bank. As of December 31, 2019, the LLR is \$138,241 and is included in restricted cash.

**Other program** – GSFA also maintains an agreement with a provider to participate in a program to finance energy efficiency, renewable energy improvements, and water conservation improvements on residential and commercial properties in California. The actual loans are financed by the provider, and GSFA earns a cost recovery fee for administrative services performed under the program. For the year ended December 31, 2019, GSFA recorded \$788,544 in revenue associated with this program.

**NOTE 8 – CONDUIT DEBT**

During the year ended December 31, 2019, GSFA issued \$35,400,000 in conduit debt for multi-family housing. As of December 31, 2019, GSFA has \$109,869,284 of conduit debt for tax-exempt mortgage and multi-family housing revenue bonds issued and outstanding. The bonds are limited obligations of the issuer, payable solely from the revenues and other funds and moneys pledged and assigned under the indenture. As the issuer, GSFA is not liable for the payment of the principal of, premium (if any), or interest on the bonds.

**NOTE 9 – RISK MANAGEMENT**

GSFA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. RCRC purchases commercial insurance through an insurance agent that obtains the appropriate insurance coverage needed from insurance companies, which includes coverage for GSFA. GSFA reimbursed RCRC for its pro-rata portion of the insurance premiums. There has been no significant reduction in coverage compared to prior year and there have been no settlements in excess of coverage for the prior three years.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES AND SUBSEQUENT EVENTS**

In May 2015, GSFA along with two affiliated entities (RCRC and NHF), were named as defendants in a summons brought by the Washington State Housing Finance Commission (Commission). The lawsuit alleges that NHF does not have the authority to provide homeownership financing services in the state of Washington and named GSFA as an affiliated entity of NHF. A Washington state judge ruled that NHF did not have the authority to offer services in the state of Washington, which has no impact on GSFA's operations. NHF appealed the decision and the court unanimously ruled in favor of NHF. The Commission sought and was granted review from the Washington Supreme Court, and on July 25, 2019, the Washington Supreme Court issued a 6-3 opinion finding that the Commission had standing and remanding the action to the Washington Court of Appeals to determine the remaining issues on appeal. The case is fully briefed and awaiting oral argument or further order from the Washington Court of Appeals. Management of GSFA believes that the outcome will not have a material adverse effect on the financial position or results of operations.

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations, including ours. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on our operations and financial results at this time. GSFA held investments at December 31, 2019 in LAIF and CalTRUST, that have experienced a decline in market value through May 2020 as a result of the market's reaction to the pandemic. Additionally, at December 31, 2019 GSFA held \$3,256,223 in second mortgage loans receivable, net of allowance for loan losses. Management is uncertain of the impact the pandemic will have on the collectability of these loans. GSFA will continue to monitor the situation closely, but the market volatility and the continuing situation surrounding the pandemic is uncertain. Management believes that the decline in fair value for these investments is temporary.





## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards***

To the Board of Directors  
Golden State Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Golden State Finance Authority (GSFA) as of and for the year ended December 31, 2019, and the related notes to basic financial statements, which collectively comprise GSFA's basic financial statements, and have issued our report thereon dated May 8, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GSFA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GSFA's internal control. Accordingly, we do not express an opinion on the effectiveness of GSFA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

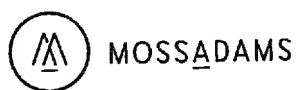
As part of obtaining reasonable assurance about whether GSFA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

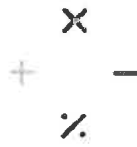
## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Sacramento, California  
May 8, 2020





*Communications with  
Those Charged with Governance*

**Golden State Finance Authority**

*December 31, 2019*



MOSSADAMS



## **Communications with Those Charged with Governance**

To the Executive Committee, Board of Directors and Management  
Golden State Finance Authority

We have audited the financial statements of Golden State Finance Authority (GSFA), as of and for the year ended December 31, 2019, and have issued our report thereon dated May 8, 2020. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under Auditing Standards Generally Accepted in The United States of America and Government Auditing Standards**

As stated in our engagement letter dated November 13, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America as well as Government Auditing Standards, issued by the Comptroller General of the United States, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GSFA's internal control over financial reporting. Accordingly, we considered GSFA's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter and during planning discussions conducted on February 19, 2020.

## **Significant Audit Findings and Issues**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by GSFA are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2019. We noted no transactions entered into by GSFA during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for loan loss on second mortgages receivable is based on estimates of historical loss trends and current exposure in the loan pools. We evaluated the key factors and assumptions used in the estimate in determining that it is reasonable in relation to the financial statements as a whole.

### ***Financial Statement Disclosures***

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

Disclosure of the reporting entity and its operations, basis of accounting, and summary of significant accounting policies are described in Note 1.

Disclosure of cash and cash equivalents in Note 2, which describes the balances of cash and cash equivalents at December 31, 2019, and the various types of risk associated with the cash balances.

Disclosure of mortgage backed securities and forward sales of "to-be-announced" (TBA) securities in Notes 1 and 6. Mortgage backed securities sold, not yet purchased, represent obligations of GSFA to deliver the specified security at a contract price, thereby creating a liability to purchase the security at quoted market prices. GSFA also records a receivable as of the trade date for the estimated proceeds receivable. Realized and unrealized gains and losses on mortgage backed securities are reported in operating income as the activity relates solely to the gift housing program.

### ***Significant Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements as of and for the year ended December 31, 2019.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated May 8, 2020.

### ***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to GSFA's financial statements, or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as GSFA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Executive Committee, Board of Directors, and management of GSFA and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss Adams LLP*

Sacramento, California  
May 8, 2020



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**To:** GSFA Executive Committee  
**From:** Lisa McCargar, Chief Financial Officer  
Milena De Melo, RCRC Controller  
**Date:** May 12, 2020  
**Re:** GSFA Condensed Balance Sheet (March 31, 2020)

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**Summary**

The Condensed Balance Sheet provides an overview of the Net Position of GSFA for the quarter ended March 31, 2020, compared to audited Net Position as of December 31, 2019 and 2018.

**Attachment**

- GSFA Condensed Balance Sheet, for the Quarter Ended March 31, 2020.





**Golden State Finance Authority**  
**Condensed Balance Sheet (Unaudited)**  
**March 31, 2020**

	March 31, 2020	December 31, 2019	December 31, 2018
<b>Current Assets</b>			
Cash in Banks *	\$ 10,741,435	\$ 10,002,362	\$ 10,780,659
Cash in CalTRUST and LAIF	64,501,213	69,020,903	20,074,204
Cash in Securities Brokerage Account	9,459,796	8,703,987	62,803,628
Accounts Receivable and Other Assets	1,315,695	974,932	558,592
Accounts Receivable, Proceeds from Sale of Securities **	18,028,125	8,346,153	66,511,329
Energy Loans Receivable	6,105,987	6,406,427	7,660,887
Multi Family Notes Receivable	3,200,000	3,200,000	3,200,000
IO Strip Program	5,903,301	1,384,364	-
Second Mortgages Receivable, less Loan Loss Allowance ***	1,738,718	1,871,859	2,699,463
<b>Total Assets</b>	<b>\$ 120,994,270</b>	<b>\$ 109,910,987</b>	<b>\$ 174,288,763</b>
<b>Current Liabilities</b>			
Accounts Payable	\$ 3,090,806	\$ 2,398,928	\$ 3,048,523
Accounts Payable, Securities to be Purchased, at Fair Value **	18,263,672	8,346,934	66,907,273
Accounts Payable to California Energy Commission	10,182,823	10,159,463	12,539,526
Accounts Payable to Affiliated Entities	267,235	1,154,144	1,481,576
Unearned Revenue	134,194	185,912	406,274
<b>Total Liabilities</b>	<b>\$ 31,938,730</b>	<b>\$ 22,245,382</b>	<b>\$ 84,383,173</b>
<b>Net Position, unrestricted</b>	<b>\$ 89,055,541</b>	<b>\$ 87,665,605</b>	<b>\$ 89,905,590</b>

\* Includes \$4,906,232, \$4,749,134, and \$6,077,260, as of March 31, 2020, December 31, 2019, and December 31, 2018, respectively, of funds belonging to California Energy Commission and PG&E.

\*\* Balances offset each other for a net impact on Statement of Revenues, Expenses, and Changes in Net Position of (\$235,547), (\$781), and (\$395,944) as of March 31, 2020, December 31, 2019, and December 31, 2018, respectively.

\*\*\* Loan loss allowance of \$200,000 as of March 31, 2020, December 31, 2019 and December 31, 2018 for all types of mortgages has been included as a reduction of amounts outstanding.





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**To:** GSFA Executive Committee  
**From:** Lisa McCargar, Chief Financial Officer  
Milena De Melo, RCRC Controller  
**Date:** May 12, 2020  
**Re:** GSFA Investment Report (March 31, 2020)

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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 from December 31, 2019 to March 31, 2020. Investment returns by investment type and a comparison to the 90-day Treasury Rate for the most recent period of March 31, 2020 have been included.

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

**Attachment**

- GSFA Investment Report as of March 31, 2020



**GOLDEN STATE FINANCE AUTHORITY**  
**Investment Report**  
**As of Quarter Ended March 31, 2020**

	Total	CalTRUST Short-Term	CalTRUST Medium-Term	LAIF
Balance 12/31/2019 *	\$ 69,334,947	\$ 7,909,497	\$ 12,714,621	\$ 48,710,828
Additions	-	-	-	-
Withdrawals	(5,000,000)	-	-	(5,000,000)
Interest (includes accrued)	327,402	35,414	60,673	231,315
Capital Gain/(Loss)	102,435	(23,703)	126,139	-
Balance 3/31/2020 *	\$ 64,764,784	\$ 7,921,208	\$ 12,901,433	\$ 43,942,143

Yield:

Annualized One Year

Quarter to Date

Average Maturity (days)

90 Day Treasury Bill Rate

Reported as of March 31, 2020

Short Term	Mid Term	LAIF
2.26%	2.14%	N/A
N/A	N/A	1.89%
350	748	208
0.11%		

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:

- \$5 million transfer from LAIF to GSFA's operating account to support increased housing program as approved by the GSFA Board of Directors.





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**To:** GSFA Executive Committee  
**From:** Lisa McCargar, Chief Financial Officer  
Milena De Melo, RCRC Controller  
**Date:** May 12, 2020  
**Re:** GSFA Budget Report (March 31, 2020)

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**Summary**

The Statement of Revenues and Expenses for GSFA provides a budget to actual comparison for the quarter ended March 31, 2020.

**Attachment**

- GSFA Statement of Revenues and Expenses, Budget vs. Actual, for the Quarter Ended March 31, 2020.





**GOLDEN STATE FINANCE AUTHORITY**  
**2020 BUDGET vs ACTUAL**  
**March 31, 2020**

	2020 ANNUAL Budget	Quarter Ended March 31, 2020 Budget	Quarter Ended March 31, 2020 Actual	Variance Favorable/ Unfavorable)	Percent Favorable / Unfavorable)
<b>Income:</b>					
Housing Program Revenue	\$ 12,538,750	\$ 3,134,688	\$ 2,874,083	\$ (260,605)	-8.3%
Energy Program Revenue	600,000	150,000	179,564	29,564	19.7%
Grant Reimbursed Costs	200,000	50,001	49,704	(297)	-0.6%
Interest and Dividend Income	850,000	212,499	349,974	137,475	64.7%
Capital Gains / (Losses)	20,000	5,001	102,435	97,434	1948.3%
Ongoing Issuer Fees	85,000	21,249	15,096	(6,153)	-29.0%
2nd Mortgage Interest	200,000	50,001	42,488	(7,513)	-15.0%
Bond & Program Residual Funds	1,500	375	57,524	57,149	15239.7%
<b>Total Income</b>	<b>\$ 14,495,250</b>	<b>\$ 3,623,814</b>	<b>\$ 3,670,868</b>	<b>\$ 47,054</b>	<b>1.3%</b>
<b>Expenditures:</b>					
Accounting & Auditing	\$ 40,000	\$ 9,999	\$ -	\$ 9,999	100.0%
Bank Fees	1,000	249	-	249	100.0%
Bus Dev & Expansion	200,000	50,001	66,690	(16,689)	-33.4%
CDLAC fees	100,000	24,999	-	24,999	100.0%
Custodian/Trustee	30,000	7,500	-	7,500	100.0%
Consultants	415,000	103,749	165,481	(61,732)	-59.5%
Contract Performance Fee	1,629,000	407,250	-	407,250	100.0%
Dues, Fees & Subscriptions	20,000	5,001	7,908	(2,907)	-58.1%
Grant Cost	200,000	50,001	49,704	297	0.6%
Grant Fund - CA Disaster Assistance	-	-	-	-	0.0%
Insurance	41,000	10,251	10,221	30	0.3%
Legal Services	200,000	50,001	5,376	44,625	89.2%
Loan Losses	80,000	20,001	(11,600)	31,601	158.0%
Miscellaneous	-	-	1,245	(1,245)	100.0%
Energy Servicing Programs	180,000	45,000	45,400	(400)	-0.9%
Gift Program (DPA)	4,000,000	999,999	467,035	532,964	53.3%
Pipeline Services	100,000	24,999	22,500	2,499	10.0%
DPA Program Management	1,000,000	249,999	13,227	236,772	94.7%
Paid Insurance Programs	-	-	4,268	(4,268)	100.0%
Postage	4,000	999	205	794	79.5%
Printing and Duplication	1,000	249	350	(101)	-40.6%
Professional Fees	200	51	25	26	51.0%
Promotion and Marketing	-	-	296	(296)	100.0%
Rent	102,600	25,650	24,104	1,546	6.0%
Contract Support Services	5,548,000	1,386,999	1,386,999	-	0.0%
Sponsorships	100,000	24,999	16,000	8,999	36.0%
Board Member Travel & Reimbs	15,000	3,750	1,438	2,312	61.7%
Travel	105,000	26,250	4,060	22,190	84.5%
<b>Total Expenditures</b>	<b>\$ 14,111,800</b>	<b>\$ 3,527,946</b>	<b>\$ 2,280,932</b>	<b>\$ 1,247,014</b>	<b>35.3%</b>
<b>Net Revenues Over Expenditures</b>	<b>\$ 383,450</b>	<b>\$ 95,868</b>	<b>\$ 1,389,936</b>	<b>\$ 1,294,068</b>	<b>1349.8%</b>





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**To:** GSFA Executive Committee  
**From:** Craig Ferguson, Deputy Director  
Barbara Hayes, RCRC Chief Economic Development Officer  
**Date:** May 12, 2020  
**Re:** Self Generation Incentive Program (SGIP) - **ACTION**

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**Summary**

Under the American Recovery and Reinvestment Act of 2009, California received millions of dollars for various recovery related initiatives. One of those initiatives was around funding third-party energy programs. The California Energy Commission (CEC) conducted a competitive solicitation for programs under ARRA, and one of the programs funded was the Moderate-Income Sustainable Technology Program (MIST).

MIST was a very successful residential energy efficiency finance program operated by GSFA. In just 6 months of operation, MIST enrolled close to 100 contractors and financed over 1,100 comprehensive residential energy efficiency upgrades. Since the end of the program, GSFA has continued under contract to the CEC to service those loans and act as a trustee for the collected funds. The accumulated principal, interest, and early repayment funds from the MIST program are periodically tapped by the CEC for other program purposes.

The impact of Public Safety Power Shut-off (PSPS) events on vulnerable populations in California is significant, and the California Public Utility Commission (CPUC) is working on mitigating those impacts. One of the primary mechanisms that is being used to mitigate those impacts is to target the funds of the existing Self Generation Incentive Program (SGIP) to help this group.

Under the reconfigured SGIP rules, incentives to vulnerable populations in affected areas have been considerably increased, but there is still an issue. The "up-front" cost of installing an energy storage system is quite large and presents a barrier to installation, particularly for the low/moderate income households that are targeted by the increased incentive levels.

Recently, GSFA approached CPUC and CEC staff regarding a new use for the accumulated MIST funds as a bridge finance mechanism for residential ratepayers looking to participate in the SGIP. The CEC can approve up to \$2.5M per fiscal year of accumulated MIST funds to other projects or programs, and the fund has approximately \$4.5M accumulated at present. The goal of the proposed program is to provide short

term “bridge” financing to qualified ratepayers to alleviate up-front funding constraints and allow more ratepayers to participate in the program.

Once this program is implemented and proving to be successful, an option GSFA is considering, which would require approval from the GSFA board of directors, is to commit up to \$5MM into a revolving fund from its own existing set-aside resources to leverage the MIST funds, to provide the above-mentioned bridge financing. The program would be structured that GSFA would utilize the MIST funds for administrative fees as well as earn a rate of return of up to 4.5% on outstanding GSFA funds and obtain the SGIP rebates to replenish the revolving fund. Also, GSFA intends to hold the capacity rights of each battery installed with the intent to sell the capacity rights from the portfolio to any interested “load serving entities”, and retain the revenue generated from that sale.

**Recommendation:**

It is recommended that the GSFA Executive Committee recommend to the GSFA Board of Directors authorization of GSFA utilizing internal resources of up to \$5MM in a revolving fund to leverage the existing MIST funds and enhance the SGIP gap funding program currently being developed by GSFA, the CEC and the CPUC once the program is operating successfully.



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**To:** GSFA Executive Committee  
**From:** Greg Norton, Executive Director  
Craig Ferguson, Deputy Director  
**Date:** May 12, 2020  
**Re:** GSFA Revolving Loan Fund for Member Counties - **ACTION**

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**Summary**

On several occasions, GSFA Member Counties have requested of GSFA any programs in place that would assist in providing financing to help cover the upfront costs associated with the delay in obtaining grants or other forms of funding from the State or other agencies.

While continuing to develop a feasible and larger funding source of outside private capital, GSFA is considering, which would require approval from the GSFA board of directors, to commit up to \$3MM into a revolving fund from its own existing set-aside resources to provide short term "bridge" financing to Member Counties to alleviate up-front funding constraints and allow projects to be completed and/or completed in a timelier manner.

It is anticipated the GSFA revolving fund would allow for a maximum one time draw of \$250,000; a term of 6 months at a 0%-2% interest rate; and a guaranty in place from the source of the permanent financing.

**Recommendation:**

It is recommended that the GSFA Executive Committee recommend to the GSFA Board of Directors authorization of GSFA committing up to \$3MM in a revolving fund from its own existing set-aside resources, to develop a program to provide short term "bridge" financing to Member Counties for eligible projects.



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**Phone Number**

County

Name

Purpose of Trip, Details and Remarks:

[illegible]

Provide documentation for expenses as required in the Travel and Expense Policy for Delegates. Mileage expenses may not exceed \$0.575 per mile. For lodging in the Sacramento area, reimbursement will include lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$140 per night. Meal allowances may not exceed \$16 for breakfast, \$17 for lunch, and \$34 for dinner without prior approval, except as noted in the Travel and Expense Policy. Receipts for ALL requested reimbursements must be attached to this expense claim.

Supervisor's Signature

**Mall Payment To:**

Name:

Address:

City, Zip:

Office Use Only:

**Approved By:**

G/L Code:

Amount:



