



Item 7: Reauthorize OPC's Investment in the California Fisheries Fund and Transfer Administration to a New Entity



Paige Berube

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The California Fisheries Fund

- **Revolving loan fund** that supports sustainable commercial fisheries
- Mission: to help borrowers (fishermen, fishing businesses, ports, communities and others) **succeed in fisheries** that achieve **environmental conservation, improved profitability** for the industry and **stability for port communities**



Image credit: City of Morro Bay

Background & Need

- **California Ocean Protection Act:** *monies deposited in the Ocean Protection Trust Fund may be expended to foster sustainable fisheries through “the creation of revolving loan programs for the purpose of implementing sustainable fishery projects.” (PRC 35650 (b)(C)(v))*
- CFF was established to provide a **stable, accessible source of capital** to support California’s evolving harbor communities.
- In **2008**, OPC approved a \$2M grant to EDF to develop and administer the fund to enhance sustainable fisheries in California.

By the Numbers

- **38** loans to **27** borrowers – ranging from **\$10,000 to \$300,000** – totaling almost **\$4.8 million** since **2009**
- Average approved loan amount: **\$128,000**
- Total corpus: **over \$3.2M**
- Fund has revolved **1.4 times** since its initiation
- Some borrowers have applied for a second loan after paying back their first
- OPC contribution: **\$1.40M** (not including administrative costs)
- Partial loss from one borrower: **\$43,802**
- **\$1.36M** of OPC's contribution remaining



About CFF Loans

- Term loans or lines of credit
- 1-10 years
- Interest rate: 4.0%-8.0% (depending on market interest rates and specific borrower circumstances)
- Borrowers: Fishermen, processors, distributors, ports, communities, and nonprofit organizations
- CFF analyzes if projects are aligned with 10 loan criteria (Exhibit B)
- Loans purposes:
 - › vessel purchase
 - › vessel/gear upgrades
 - › purchase of fishing permits
 - › working capital
 - › non-vessel equipment
 - › dockside infrastructure,
 - › purchase or lease of Pacific groundfish quota



Video Clip: California Fisheries Fund: Investing in Sustainable Fishing



<http://www.californiafisheriesfund.org/our-story.html>

Borrower Stories

1. “For us, it seemed like an impossible dream to have a quota fund in the Fort Bragg community - the cost was high, and there were not a lot of sellers. But when an opportunity to buy quota share was in front of us, California Fisheries Fund proved to be an excellent partner - from beginning to end, CFF made the borrowing process smooth, efficient and affordable. With two successful years behind us, we are approaching our third year thinking about new opportunities - whether it be investing in much-needed infrastructure, acquiring additional quota share, or developing community programs. It's a good feeling to be in a position to explore opportunities for other investments that benefit our local fishing port, fishing operations, and the community at large.”

› [Michelle Norvell, President, Fort Bragg Groundfish Conservation Trust](#)



Borrower Stories

2. A CFF loan “gave me the opportunity to buy the boat and start a business. Without it I wouldn’t have the opportunity because banks around here won’t lend you the money, because they don’t support commercial fishing.”

- › Kyle Pemberton, F/V Moriah Lee, Morro Bay and Half Moon Bay, CA



Photo used courtesy of: Kyle Pemberton

Borrower Stories

3. “As a direct beneficiary of [a CFF loan], Wild Planet Foods has grown to become a successful and unique supplier of sustainable seafood in both the packaged seafood category and as an exporter of live fresh seafood. When looking to fund the expansion of our production and shipping capabilities with \$3 million in bank facilities, we teamed up with a consortium of lenders and CFF took the lead in providing a loan to fund our Capital Expenditures. This build-out of infrastructure has not only enabled Wild Planet to support the fishing communities that supply our sustainably sourced seafood, it has also provided for additional warehousing jobs for 20 individuals. [Working with CFF has] facilitated Wild Planet’s aggressive growth.”

› Terry Hunt, CEO, Wild Planet Foods



Borrower Stories

4. “The biggest thing we’re thankful for is [the loan] gave us a chance to get in the game; and it gave us the ability to grow. Without the loan we couldn’t have done it. Most of our fishing is direct to consumer now, and we’re fishing for high value fish - we don’t have to catch as much. It’s enough profitability that I can catch what I need for the weekend and I don’t even fill half my quota. We’re trying to be good stewards of what we’re given and we’ve done a good job of it.”

› Evan Jones, F/V Zeal, Ventura, CA



The Northern California Community Loan Fund

- Community Development Financial Institution (CDFI)
- Mission: to promote economic justice and alleviate poverty by increasing the financial resilience and sustainability of community-based nonprofits and enterprises
- Advancing a food lending program to support sustainable local food systems
- Demonstrated experience in administering successful loan programs & mission-alignment



Summary of Transfer Terms

- OPC's contribution will support loan applicants statewide
- OPC will continue to have an advisory role in order to oversee mission-based objectives of the loans
- Structural update to administration in order to leverage additional funds
 - › OPC will require 3:1 leverage of other lenders to OPC's contribution
 - › Will operate with a 25% top-loss reserve position
- Similar structure to Golden State Acquisition Fund, another state bond supported revolving loan fund
- OPC funds currently invested in the portfolio will only meet this leverage requirement once they have been repaid and recycled into new loans
- Northern California Community Loan Fund will provide regular reports to OPC



Image credit: O. Dodd

Timeline

- Start date: 2018
 - Completion/check-in date: 2021
 - Termination date: 2031
- 3 years (origination period)
- 10 years (payback period)



Image credit: Yuki Kokubo



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