

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
July 17, 2012**

1. CALL TO ORDER & ROLL CALL

Patricia Wynne, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:34 a.m.

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Director,
Department of Finance

Staff Present: Michael Paparian, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum.

2. MINUTES

Ms. Wynne asked if there were any questions or comments concerning the June 19, 2012, meeting minutes. There were none.

Ms. Wynne asked if there was a motion.

Mr. Reyes moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian introduced Krystal Perez, a student assistant, who has been helping out in CPCFA as well as the California Capital Access Program (CalCAP).

CalCAP is still awaiting final approval from the U.S. Treasury to use some of its State Small Business Credit Initiative (SSBCI) funds for the new Collateral Support Program (CSP) and the Loan Participation Program (LPP). Staff recently held conference calls with stakeholders to review the two programs as well as answer questions and solicit input. Mr. Paparian stated that Emily Jarrett and Mario Wong put together these calls and did a great job preparing the presentations. Nancee Trombley and Sherri Wahl joined the discussion, too. Staff will be using the input it received on these calls to finalize the program designs.

Ms. Wynne asked how many participants joined the discussion.

Mr. Paparian responded that there were 50 to 55 participants.

Mr. Gordon asked if there was a way to put the two programs together.

Mr. Paparian stated that the U.S. Treasury is finalizing its review of the application for the LPP and CSP and staff expects to know more soon. Staff hopes to have the U.S. Treasury authorization before the next CPCFA Board meeting.

The annual audit of the Bond program required by the State Controller's Office was completed and filed prior to the June 30 deadline. The auditors found that, in this second year of required audits, staff improved its separation of Bond program specific expenses from other program expenses. The auditors continued to suggest a second set of books for the Bond program. Staff will continue to work with the Treasurer's accounting group to find ways to address this finding through use of trial balances in a manner which is consistent with sound accounting practices.

Mr. Paparian reported that CPCFA has hired a new auditing firm, James Marta and Company, for the next audit. After a competitive bid process, CPCFA signed a contract for up to \$35,800 for two years of services related to providing the State Controller required audits.

An additional contract approved recently under Mr. Paparian's delegated authority was a contract with the State Treasurer's Public Finance Division for up to \$100,000 to serve as "agent for sale" on CPCFA bonds. The agent for sale cost is charged to borrowers as part of a bond transaction.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE INITIAL RESOLUTIONS REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

1) CALIFORNIA WASTE SOLUTIONS, INC.

Presented by: Mario Wong, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$66,000,000 to finance an expansion and upgrade of the company's sort line and the purchase of equipment, rolling stock and containers for its San Jose operations. The company has also proposed to purchase approximately 12 acres of land in Oakland to relocate its West Oakland operations to a new site.

Ms. Wynne asked if there were any questions or comments from the Board or public.

Agenda Item 2.

Mr. Gordon moved approval of the item.

Mr. Reyes asked for more information about the principal stockholders.

Mr. Wong replied that the Duong family is the principal stockholder. In addition to California Waste Solutions, the Duong family owns an affiliate company for its recycling services in Vietnam. The family also operates their sales and marketing services through America Recycling Solutions.

Mr. Reyes commented that this particular family had an inspiring success story that he felt was worth briefly noting.

Mr. Papanian stated that the owners were immigrants from Vietnam who came to America with very little. The family has grown a successful business in California and is now looking to obtain \$66 million for their company.

Mr. Cone added that when the family came from Vietnam in 1970, they started in San Francisco. They rode all the bus lines there to chart routes where they could offer recycling services.

Mr. Reyes stated that what the Duong family has accomplished is an amazing success story.

Mr. Reyes then seconded approval of the item.

Ms. Wynne asked if there were any further comments from the Board, or the public. There were none. The item was unanimously approved.

2) **ZERO WASTE ENERGY, LLC**

Presented by: Deanna Hamelin, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$2,000,000 to finance the installation of a *SmartFerm* dry fermentation anaerobic digester system at a landfill located in Marina, California. The company anticipates that the project will provide waste diversion, air quality, water quality and recycling benefits.

Ms. Wynne asked if there were any questions or comments from the Board or public. There were none.

Ms. Wynne asked if there was a motion.

Mr. Reyes moved approval of the item; upon a second, the item was unanimously approved.

3) ATLAS DISPOSAL INDUSTRIES, LLC
Presented by: Alejandro Ruiz, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$2,590,000 in tax-exempt and \$4,185,000 in taxable bonds to finance the purchase of containers and CNG powered waste collection vehicles. Taxable bonds will be issued due to the timing of some equipment purchases and some of the anticipated uses of the equipment. The company anticipates that the project will provide waste diversion, air quality and recycling benefits.

Ms. Wynne asked if there were any questions or comments from the Board or public.

Mr. Reyes asked what the volume cap capacity is.

Mr. Paparian stated that there is approximately \$1.2 billion in allocation available for solid waste projects, \$1.2 billion for water projects and \$300 million available for sewage projects.

Ms. Wynne asked if there were any further comments from the Board, or the public. There were none

Ms. Wynne asked if there was a motion.

Mr. Gordon moved approval of the item; upon a second, the item was unanimously approved.

5. PUBLIC COMMENT

Ms. Wynne asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:45 a.m.

Respectfully submitted,

Michael Paparian
Executive Director