

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
December 11, 2012**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:30 a.m.

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

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

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the November 13 and November 30, 2012, meeting minutes. There were none.

Ms. Redway 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 welcomed back Gisele Geiger, a member of the CPCFA staff, who was on parental leave. Ms. Geiger is part of the California Capital Access Program (CalCAP) team.

He reported that staff is continuing to work towards closing the Carlsbad desalination bond deal. There is a flurry of activity from the various parties involved in the transaction, including getting the final pricing on the bonds. Staff expects the bond transaction to close soon. With this closing, CPCFA will have succeeded in using most of the 2009 Carry-Forward Allocation before it expires at the end of 2012, its three year deadline. Staff is now working on the 2010 Carry-Forward Allocation that needs to be used by the end of 2013. The Poseidon transaction will use around \$200 million of the 2010 allocation in addition to its 2009 allocation.

Agenda Item 2.

Mr. Paparian stated that two items related to CalCAP are on today's agenda. He previously reported to the Board on the results of the audit from the Treasury Office of the Inspector General (OIG). The Treasury program staff spent several months evaluating the OIG audit. The Treasury staff has completed their work and has asked CalCAP staff to take a number of steps that include having CalCAP and Business, Transportation & Housing (BT&H) submit expenses from the quarter ending September 30, 2012 so the Treasury staff can validate that California is properly accounting for expenses in accordance with federal requirements. The Treasury staff is also requiring CalCAP and BT&H to submit more frequent reports on loan enrollments. Adjustments will also be made on future State Small Business Credit Initiative (SSBCI) allocations to California.

With the resolution of the audit, staff is expecting final approval of CalCAP's two new programs soon. There will be some paperwork to sign and staff should be in a position to implement the new programs in January 2013.

Mr. Paparian reported to the Board on actions taken under his delegated authority. In the bond program he agreed to allow a new trustee, Wells Fargo Bank, for the Hilmar Cheese Series 2010 Bonds. For contracts under \$300,000, he signed a one year extension of the contract with Deutsche Bank to provide trustee services in the California Recycle Underutilized Sites (CALReUSE) Program. The Trustee firm holds and disburses funds on behalf of program administrators and borrowers, calculates interest for each loan, and provides monthly account statements to program administrators and borrowers. The contract was set to expire on January 9, 2013; this amendment extends the contract until January 9, 2014. The contract is for an amount up to \$125,000 for contract services.

4. BUSINESS ITEMS

A. REQUEST APPROVAL FOR TRUSTEE SERVICES FOR THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP) IN THE AMOUNT OF \$700,000

Presented by: Diana Michaelson and Nancee Trombley

Staff requested approval to enter into a contract with Deutsche Bank National Trust Company to provide Trustee services for CalCAP. The contract will be for a two-year term, with an option to extend for one additional year, and will not exceed \$700,000.

Under the general direction of the Executive Director of CPCFA, the scope of service will include establishing various accounts, maintaining lenders' loan loss reserve accounts, daily deposits, disbursement and transfer of funds, tracking various program statistics and preparing periodic management reports

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

Ms. Redway asked if there was a motion.

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

B. CONSIDERATION AND APPROVAL OF THE COLLATERAL SUPPORT PROGRAM UPDATES TO BE ADMINISTERED BY THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP)
Presented by: Nancee Trombley for Emily Jarrett

On February 17, 2011, CPCFA was awarded approximately \$84 million in State Small Business Credit Initiative (SSBCI) funds by the U.S. Department of the Treasury (Treasury) to fund programs that help small businesses obtain capital. Currently, only CPCFA's CalCAP is utilizing these funds as an approved participating State program. In March 2012, CPCFA requested Treasury approval to include a Collateral Support Program (CSP) to utilize a portion of the allotted SSBCI funds.

In May 2012, staff obtained Board approval, including proceeding with the adoption of emergency regulations, to roll out the CSP upon Treasury's approval. Subsequent to the May Board meeting, CalCAP staff actively solicited stakeholder input on the proposed CalCAP CSP outline. As a result of Treasury and stakeholder input, CalCAP staff requested approval of various refinements to the CalCAP CSP. These modifications *may* require updates to the regulations at some future point as staff moves forward in the process.

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

Ms. Redway asked if there was a motion.

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

5. PUBLIC COMMENT

Ms. Redway 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 10:38 a.m.

Respectfully submitted,

Michael Papanian
Executive Director