

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
April 15, 2014**

1. CALL TO ORDER & ROLL CALL

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

Members Present: Michael Paparian for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Eraina Ortega for Michael Cohen, Director of Finance

Staff Present: Reneé Webster-Hawkins, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Paparian asked if there were any questions or comments concerning the meeting minutes from the meeting held March 18, 2014. There were none.

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

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins welcomed the board members. She stated that the agendas for this year's Board meetings prove that CPCFA continues to experience a rebound in requests for bond issuances. Based on staff's communication with key stakeholders, the Authority expects this trend to hold up at least through the summer. She explained that due to the nature of the market, most of the transactions are private placements and have posed interesting features which have required the financing teams to work together to resolve issues of first-impression. She expressed her pride that the staff at CPCFA, the Public Finance Division, and the Attorney General's Office have been nimble and ready to rise to these challenges and make these deals happen prudently and on time.

Ms. Webster-Hawkins announced CPCFA's intent to partner with the Energy Commission to identify a financing mechanism that will entice private capital into loans or leases for the installation and servicing of publicly-accessible electric vehicle charging equipment. The Governor's Action Plan for Zero Emission Vehicles will be updated later this month and the

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staff at CPCFA expect that one of the goals will describe this partnership to mobilize a pilot project for financing, utilizing an allocation of the Energy Commission's Assembly Bill (AB) 118 funds. This pilot project would further the State's goal of incentivizing the private market for both the sales of plug-in electric vehicles and the deployment of charging equipment to fuel these cars. Ms. Webster-Hawkins explained that the Authority will be working with the Energy Commission and stakeholders through public workshops this spring, with the aim of launching the pilot program by the end of the calendar year.

Ms. Webster-Hawkins stated that staff at CPCFA recently engaged in a strategic planning exercise to define the Authority's vision, mission and goals to serve as a framework for decision-making and planning. The vision statement reads: The California Pollution Control Financing Authority is attracting capital to make California economically prosperous and environmentally clean. The staff embraced the strategic planning with excitement and seriousness, and the complete set of vision, mission, and goal statements have been forwarded to the Executive Office of the State Treasurer's Office for inclusion in the Treasurer's strategic plan update.

Ms. Webster-Hawkins announced one staff departure and one staff promotion. Maricar Ignacio accepted a promotional opportunity with another state agency and was wished a fond farewell. Judy Pernell-Stevens earned a well-deserved promotion within CPCFA and was warmly congratulated.

Ms. Webster-Hawkins had one item to report under her delegated authority. She stated that CPCFA and the State Treasurer's Office executed an interagency agreement for this year's share of the rent, security, and central plant costs for the Jesse Unruh Building. The contract for the 2013-2014 fiscal year is in the amount of \$154,987.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE INITIAL RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS

Elite Energy Systems, LLC

Presented by: Andrea Gonzalez, Staff Services Analyst

Staff introduced Craig Williams of Elite Energy Systems, LLC and Jennifer Capitolo of Nossaman LLP.

Staff requested approval of an Initial Resolution for an amount not to exceed \$40,000,000 to finance the acquisition and installation of eight to twelve anaerobic digester systems at existing dairies located throughout Merced and Stanislaus Counties. Most of the dairies have been in existence for many years and none will be expanding their herds of cattle.

Staff recommended approval of Initial Resolution No. 14-01 for Elite Energy Systems, LLC and/or its Affiliates for an amount not to exceed \$40,000,000.

Mr. Paparian asked if there were any questions or comments from the Board.

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Mr. Gordon asked what changed in the financing that this is now doable in California.

Mr. Williams explained that there has been a needed change in the approach that growers take to how they deal with their soil. He stated that the growers have realized that they cannot continue to use their fields endlessly with chemical fertilizers and other amendments without putting organic microbes back into the soil or regenerating the soil. That cannot be done by fallowing plots of land or by flood irrigating as they were. He explained that the issue is the users, the growers, are in need of organic materials for their growth and those materials come from the dairies. He stated that the idea is to create a build-own-operate business model so that the dairyman is not involved. The philosophy being to build it, own it, operate it, and pay the farmer a percentage of the revenue generated from the effluent that is coming off of his property.

Mr. Gordon clarified that it is not the energy that is coming out of the anaerobic digester, but the byproduct that is now valuable.

Mr. Williams agreed and stated that the solid soil amendments and liquid soil amendments are now in demand.

Mr. Gordon moved approval of the item. There was a second.

Mr. Paparian asked if there was any other public comment. There was none.

The item was unanimously approved.

B. REQUEST TO APPROVE AMENDMENT 5 TO INTERAGENCY AGREEMENT ARB08-607 WITH THE CALIFORNIA AIR RESOURCES BOARD (ARB) REGARDING THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP) INDEPENDENT CONTRIBUTOR PROGRAM

Presented by: Ian Davis, Staff Services Analyst

Staff requested an approval to amend Interagency Agreement (IA) ARB08-607 between Air Resources Board (ARB) and CPCFA to extend the expiration date and incorporate key terms and conditions adopted under IA ARB13-606.

Mr. Gordon moved approval of the item. There was a second.

Mr. Paparian asked if there were any questions or comments from the public. There were none.

The item was unanimously approved.

C. REQUEST TO APPROVE RESOLUTION TO MODIFY REMARKETING RESTRICTIONS FOR CERTAIN BONDS ISSUED ON BEHALF OF WASTE MANAGEMENT, INC.

Presented by: Deanna Hamelin, Associate Treasury Program Analyst

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Staff introduced John Wang of Orrick, Herrington & Sutcliffe.

Staff requested modifications to the remarketing restrictions for certain bond issues due to the company's upgraded long-term credit rating of "A-". The company rating was previously "BBB" which restricted the remarketing of the bonds to Qualified Institutional Buyers (QIBs) in minimum denominations of \$250,000 pursuant to the Authority's Bond Issuance Guidelines.

Waste Management, Inc. anticipates the remarketing of the following bond series: 2001A, 2002C, and 2003A in May and June of 2014. In each respective Indenture for the Bonds, an offering of Bonds is restricted to QIBs with minimum denominations of at least \$250,000 when such Bonds are rated BBB+ or lower, referred to as the "Restricted Periods". Under the Indentures, these restrictions may be removed upon approval of the Authority when the Bonds are rated "A-" or higher. In December of 2013, Standard & Poor's upgraded Waste Management, Inc. to a long-term credit rating of "A-". As a result, when the bonds are remarketed in May and June of 2014, they will be rated "A-".

Staff recommended approval of the request to modify the remarketing restrictions and to terminate the restricted periods set forth in the Indenture of each of the bond series based on the upgrade of the credit rating of Waste Management, Inc. to "A-".

Mr. Gordon asked if there was anyone from Waste Management, Inc. in attendance.

Mr. Wang explained that they were unable to attend.

Mr. Paparian asked if there any questions or comments from the public. There were none.

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

5. PUBLIC COMMENT

Mr. Paparian asked if there were any general comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:43 a.m.

Respectfully submitted,

Originally Signed By

Reneé Webster-Hawkins
Executive Director