

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
July 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 11:00 a.m.

Members Present: Michael Paparian for Bill Lockyer, State Treasurer
Natalie Sidarous 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 June 17, 2014. There were none.

Ms. Ortega moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins reported that in addition to a request for an Initial Resolution for a waste management project in the Bay Area, there were two action items for consideration related to the California Capital Access Program (CalCAP). She stated that lender and borrower demand for the Collateral Support Program (CSP) remained very strong. She explained that in order to better manage and temper the expenditure of federal funds from the U.S. Treasury, CPCFA staff would be presenting a pair of proposals.

The first item Ms. Webster-Hawkins discussed was a set of modifications to the terms of the CSP designed to incentivize loans made to the green and manufacturing sectors. The second proposal she discussed was a memorandum of understanding (MOU) with California Infrastructure and Economic Development Bank (I-Bank) that would enable CPCFA to more fluidly share the periodic disbursements of funds received from Treasury.

Ms. Webster-Hawkins then reported on other program updates. The California Recycle Underutilized Sites Program (CALReUSE) recently hosted a team of field analysts from the California State Auditors who examined the programs supported by Proposition 1C (Prop

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1C). She explained that Prop 1C had provided \$60,000,000 to fund CPCFA's Brownfields Remediation Program, which the Authority administers on behalf of the Department of Housing and Community Development. A report on the Auditor's findings is expected to be released in the Fall.

Ms. Webster-Hawkins also reported that in December, the Board approved two sets of emergency regulations for CPCFA: One to revise the formula for calculating borrower fees on bond refinancing, and another to permit wineries and breweries to participate in the small business lending programs. She stated that those regulatory packages have been processed through the required public notice and comment periods, and explained that CPCFA was informed by the Office of Administrative Law that they were both certified as permanent in June.

Ms. Webster-Hawkins announced that Melissa Winchester, an analyst in the CalCAP program, has departed. She also announced that Melissa Calderon was promoted from Office Technician to Executive Assistant for CPCFA.

Ms. Webster-Hawkins noted there were no actions to report on under her delegated authority for this month.

Mr. Paparian announced that there would not be a closed session.

4. BUSINESS ITEMS

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

Bay Counties Waste Services, Inc. dba Bay Counties SMaRT
Presented by: Thomas Dear, Associate Treasury Program Officer

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt and Jeff Dobert of Bay Counties Waste Services, Inc.

Staff requested an Initial Resolution in an amount not to exceed \$8,820,000 to finance the purchase of solid waste processing equipment. Bay Counties Waste Services, Inc. dba Bay Counties SMaRT had recently been awarded an additional contract to operate the Material Recovery Facility and Transfer Station owned by and located in the City of Sunnyvale. In order to meet its contractual obligation, the company will need additional equipment such as containers, conveyors, and rolling stock to service the anticipated waste volume.

Staff recommended approval of Initial Resolution No. 14-03 for Bay Counties Waste Services, Inc. dba Bay Counties SMaRT for an amount not to exceed \$8,820,000.

Mr. Paparian asked if the attendees would like to add anything.

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Mr. Holmstedt reported that Bay Counties will be brought to the September 16, 2014 board meeting for final resolution.

Mr. Paparian asked if there was anything interesting in addition to the current materials recovery operations in the communities.

Mr. Dobert explained that the equipment was being added to improve the efficiency of the facility by becoming more mechanical and letting the computers do the sorting of more recyclable materials.

Ms. Ortega moved approval of the item; there was a second.

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

The item was unanimously approved.

B. CONSIDERATION AND APPROVAL OF THE COLLATERAL SUPPORT PROGRAM UPDATES FUNDED BY THE STATE SMALL BUSINESS CREDIT INITIATIVE

Presented by: Emily Jarrett, Associate Treasury Program Officer

In January 2013, CPCFA launched the Collateral Support Program in order to more efficiently utilize \$84,000,000 of State Small Business Credit Initiative (SSBCI) allocation. Enhancements to the program were brought to the Board in June 2013 in an effort to increase lender participation. The Collateral Support Program has proven useful to the lenders and beneficial to the borrowers they serve. Since June 2013, the Collateral Support Program has experienced increased participation and, at the current rate, could exhaust the SSBCI allocation in less than one year. As a result, staff proposed changes to the program designed to temper the accelerated expenditure of SSBCI funds to ensure the Collateral Support Program's longevity, while maintaining the program's attraction to lenders and borrowers. Staff's recommended enhancements are designed to transform the Collateral Support Program into a long-term program, guaranteeing a lasting resource and benefit for California's small business lending community.

Ms. Ortega moved approval of the item; there was a second.

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

The item was unanimously approved.

C. REQUEST FOR APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA) AND THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

Presented by: Jillian Franzoia, Treasury Program Manager

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Staff introduced Teveia Barnes of California Infrastructure and Economic Development Bank.

Staff requested approval of a Memorandum of Understanding between CPCFA and the I-Bank to allow for the transfer of SSBCI funds between approved state programs. The MOU is needed to ensure that CPCFA has adequate funding to continue SSBCI support for both CalCAP and CSP until the State is able to apply to U.S Treasury for the third disbursement of funds. The MOU would also allow California to reach the required 80% of funds expended at a quicker rate due to the high demand and increasing obligations under the CSP. I-Bank staff was in full support of the MOU and will be presenting the same item to their Board on July 22, 2014.

Staff recommended approval of an MOU between CPCFA and I-Bank to ensure adequate funding for CalCAP and CSP as well as to assist California in reaching the expenditure rate required to apply for the final disbursement of SSBCI funds.

Ms. Barnes confirmed that I-Bank staff presented to its Board for consideration of approval up to \$15,000,000 to be transferred from I-Bank's SSBCI fund to CPCFA's trust fund until the third disbursement is received. She also stated that the MOU will be presented to I-Bank's Board regarding the SSBCI allocation to the State of California and if the third tranche does not come, I-Bank would not be seeking reimbursement from CPCFA.

Ms. Ortega moved approval of the item; there was a second.

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

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 11:13 a.m.

Respectfully submitted,

Reneé Webster-Hawkins
Executive Director