

## MINUTES

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
February 24, 2010**

### 1. CALL TO ORDER & ROLL CALL

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

Members Present: Bettina Redway for Bill Lockyer, State Treasurer  
Cindy Aronberg for John Chiang, State Controller  
Cynthia Bryant for Ana J. Matosantos, Department of Finance

Staff Present: Michael Paparian, Executive Director

Quorum: The Chairperson declared a quorum

### 2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the January 27, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

### 3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Mr. Paparian reported that all programs under CPCFA have seen an increase in workload over the past few months. This is a sign that, at least in the world of pollution control bonds, brownfields cleanup and CPCFA loans for small businesses, good things are happening in the California economy.

Mr. Paparian reported that staff has really stepped up to meet a number of challenges. For example, the California Recycle Underutilized Sites (CALReUSE) Assessment Program, led by Deana Carrillo, has seen more activity related to brownfield cleanup efforts with Proposition 1C funds. Staff has also been busy with the Site Assessment Program. Ms. Carrillo and CALReUSE staffer Diana Michaelson, together with help from Jason Bradley, retired annuitant, Ila Lewis, and Executive Fellow, Alex Chavez, have audited all of the Site Assessment Strategic Partners over the past few months.

## Agenda Item 2.

Staff feels the time is right to step back and do a thorough review of the Assessment Program. The contracts with the local government and statewide Strategic Partners expire on February 28, 2010. Staff plans to bring all the loans from the statewide Strategic Partner in-house and service the loans starting March 1, 2010. Staff plans to extend the contracts of local government partners Oakland, Emeryville and San Diego, as is allowed for government agency agreements during the evaluation process. Over the next few months staff will evaluate programmatic and financial aspects of the program, discuss the issues with key stakeholders, and present recommendations to the CPCFA Board later this year.

Mr. Paparian continued to report that the Bond Program is generating a lot of interest from the water community now that the Program has as much carry forward allocation as it does. Last week staff received two inducement applications for water projects, one for \$340 million and one for \$150 million. These will be scheduled for the March 24, 2010 CPCFA Board meeting.

Mr. Paparian further reported that the California Capital Access Program (CalCAP)/Air resources Board (ARB) Clean Diesel Loan Guarantee Program continues to grow. In January, CPCFA assisted in the financing of twenty-three cleaner diesel trucks. In February, CPCFA helped eight trucks, and more are expected in the next few days. Staff is also working with ARB on a program to assist with cleaner off-road diesel equipment using American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. The United States Environmental Protection Agency has awarded \$5 million for that program and the final contract language is being worked out.

Mr. Paparian reported that under his delegated authority he has taken two actions in the past month. First he signed off on the appointment of a successor trustee for EDCO Disposal Corporation. The company changed their trustee to U.S. Bank from the Bank of New York Mellon. The second action taken was signing off on the assumption of a loan agreement involving Green Waste Recovery, Inc.

#### **4. BUSINESS ITEMS**

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

###### **1) EDCO Disposal Corporation**

Presented by: Samantha Russell, Analyst

Staff introduced Mark Holmstedt, of Westhoff, Cone & Holmstedt

Staff requested approval of an Initial Resolution for an amount not to exceed \$52,875,000 to finance:

- construction of a Materials Recovery Facility and Transfer Station to process residential and commercial waste;
- acquisition of land and construction of a truck maintenance and fueling terminal;

## Agenda Item 2.

- improvements and upgrades to existing facilities, including new Compressed Natural Gas (CNG) fueling equipment;
- replacement of barrels, bins, carts, drop boxes at all operation locations; and
- replacement of out dated trucks with new low emission or CNG vehicles

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

Ms. Redway asked why there are a number of prior bond issues with an outstanding amount.

Mr. Holmstedt responded EDCO has credit beyond the tax exempt bonds. Currently there are approximately \$100 million of tax exempt bonds for EDCO and its Affiliates, representing about 80% of what was originally issued. EDCO has taxable debt to pay for project costs that are not tax-exempt eligible. EDCO balances the requirements under the tax certificates for how long the tax-exempt bonds can stay outstanding and pays the taxable debt first. The most recent transactions, for their Affiliates, Burretc Waste and Recycling and Desert Properties, were done in concert with taxable debt that was used to acquire facilities from Waste Management of the Desert. The extensive taxable debt used for that transaction is being paid off first, this is the reason why there is so little left on that. The banks balance the rest of their requirements.

Ms. Redway thanked Mr. Holmstedt for the explanation.

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

Ms. Redway asked if there was a motion.

Ms. Aronberg moved approval of the item; upon a second, the item was unanimously approved.

### **B. REQUEST TO APPROVE FINAL AND REFUNDING RESOLUTION AUTHORIZING THE REFUNDING OF REVENUE BONDS AND THE ISSUANCE OF REVENUE BONDS AND TO APPROVE TAX-EXEMPT BOND VOLUME CAP ALLOCATION**

#### **1) Recology, Inc.**

Presented by: Doreen Smith, Analyst

Staff introduced John Wang, of Orrick, Herrington & Sutcliffe, Lawrence Tonomura of Bank of America Merrill Lynch and Mark Lomele of Recology, Inc.

Staff requested approval of a Final Resolution to issue revenue bonds for an amount not to exceed \$150,495,000 to:

- 1) refund the CPCFA's Variable Rate Demand Solid Waste Disposal Refunding

## Agenda Item 2.

Revenue Bonds (Norcal Waste Systems, Inc. Project) Series 2007 of which \$67,495,000 remains outstanding

- 2) finance the acquisition of land, and the acquisition and replacement of solid waste disposal, recycling, and organics collection vehicles and containers, and
- 3) pay certain costs of issuance.

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

Mr. Lomele thanked the Board for making financing available for companies like Recology.

Mr. Tonomura thanked CPCFA staff for being responsive, informative and exceptional to work with.

Mr. Papanian added that Recology, Inc. has been a company that has been willing to test innovative waste technologies. Recology handles the contract for San Francisco, and San Francisco has always wanted to push the envelope of what is possible. They were the first to engage in commercial scale composting, collecting restaurant waste and composting it in a facility in Dixon. They have since extended that to residential food waste. San Francisco was the first to do so in the whole country, if not the world.

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

Ms. Redway asked if there was a motion.

Ms. Aronberg 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 10:46 a.m.

**Respectfully submitted,**

Michael Papanian  
Executive Director