

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
April 28, 2010**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:58 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 March 24, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Mr. Paparian reported that there have been a number of changes at CPCFA and its sister authority, the California Alternative Energy Advanced Transportation Financing Authority (CAEATFA), in recent weeks.

Mr. Paparian reported that CPCFA has new staff members. Heather Williams came to CPCFA from the State Treasurer's Office Public Finance Division. She is working on issues related to CAEATFA. Jillian Franzoia is an intern for CPCFA who has been assisting in the California Capital Access Program (CalCAP). She has been doing a great job and staff is hopeful that she will be landing a good position soon.

More recently, Don Beireis joined the CPCFA staff. Don came from the Department of Corrections. He has a background in banking which is coming in handy as he is helping the California Recycle Underutilized Sites (CALReUSE) Assessment Loan Program. Don is

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picking up the workload from bringing the CALReUSE Assessment Program in-house.

Mr. Paparian continued to report that CAEATFA is starting two new major programs from scratch. This has proved to be a challenge; however, staff is pulling together to make it a success. As part of this, staff needed to re-balance the responsibilities of the Career Executive Assignment (CEA) position that is shared by CPCFA, CAEATFA, CIDFAC and the dormant California Urban Waterfront Area Restoration Financing Authority (CUWARFA). The CEA position will be called on to spend most of their time on the CAEATFA startup programs for the foreseeable future.

Mr. Paparian further reported that CPCFA has made an arrangement to move Eileen Marxen to the State Senate payroll. CPCFA, in turn, has contracted with the Senate for her services until January, 2011. Under this contract, Ms. Marxen will assist with a variety of economic development projects related to conduit financing, working with private financial institutions, working on municipal finance, and American Recovery and Reinvestment Act (ARRA) related efforts. In addition to her economic development work, she will continue to monitor and respond to changes in the credit markets as part of her role in assisting some of the activities of the various authorities. The contract is for up to \$145,000. CPCFA is now in the process of recruiting for the new CEA. During the recruitment process, Sherri Wahl is stepping in as Acting Deputy Executive Director for CPCFA, CIDFAC and CAEATFA.

Mr. Paparian reported that CalCAP is continuing to see substantial growth in the Air Resources Board (ARB) Clean Diesel Truck Loan Program. In addition, ARB just received a \$5 million grant from the United States Environmental Protection Agency to assist with retrofits of off-road diesel equipment. ARB's intention is to use CalCAP for this effort. Staff is discussing the program details with ARB and will likely be coming back to the Board within a month or two with an agenda item to approve this new program.

Mr. Paparian continued to report that with the growth, and other recent events in the CalCAP program, staff realizes that it would be helpful to have an independent party assist in evaluating the management procedures, checks, and balances within the program. Mr. Paparian is pursuing hiring an outside firm with auditing and management experience to assist in such an evaluation. The contract will be well within his delegated contracting authority, but he wanted to make the Board aware of his intention to pursue such an action. He will report to the Board when he signs a contract.

Mr. Paparian further reported that the Bond Program recently produced its annual report for 2009. The report shows that the Bond Program received thirteen initial applications for bond financing for projects totaling nearly \$780 million and sold over \$296 million in bonds. In 2010, staff is expecting even more activity. The Bond Program recently closed the \$150 million Recology transaction and expects more in the coming months.

Mr. Paparian reported that the combination of financial belt-tightening, outreach and collaboration with businesses seeking financing, and CPCFA's work to assist other state agencies in implementing programs is paying off. CPCFA has nearly eliminated the annual operating deficit of \$6 million a year that existed four years ago. CPCFA has come a long

way in the past few years, stopping the draining of its funds and stabilizing the financial picture. As long as CPCFA continues to attract businesses to its bond financing programs, it should see enough fee revenue to sustain its programs, such as CalCAP, CALReUSE and the Small Business Assistance Fund (SBAF) Program.

Mr. Paparian reported to the Board the use of his delegated authority to assist Metropolitan Recycling Corporation. The company requested to convert from a Corporation to an LLC for tax purposes. CPCFA staff sought the Attorney General's office assistance in that review prior to approving it.

The \$300,000 interagency loan with CAEATFA that was mentioned at the CAEATFA meeting will be heard at a special meeting held on Thursday April 29, 2010.

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

Ms. Redway formally requested that in reference to the CAEATFA agenda item 4.B. "Resolution Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings" which was amended for CAEATFA, if it would be possible to bring back the CPCFA Delegation Resolution to the Board next month to make a similar amendment concerning staff's requirement to seek the Attorney General's assistance in delegation matters.

Ms. Bryant asked if the staff report could give further clarification of when the Executive Director consults and does not consult with the Attorney General's Office.

Ms. Redway clarified that the staff report should reflect some record of when that decision is made.

Mr. Paparian responded that the Delegation Resolution would be put on the May Agenda

4. BUSINESS ITEMS

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

1) Best Way Disposal Co., Inc.

Presented by: Doreen Smith, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$14,360,000 to finance the acquisition of various material recovery facility equipment, waste hauling tractors and trailers, building construction, and site improvements.

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

Ms. Redway commented that she has noticed and likes the streamlined process for staff

reports on Initial Resolutions.

Ms. Redway asked if there was a motion.

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

2) American Water Capital Corp.

Presented by: Doreen Smith, Analyst

Staff requested approval of an Initial Resolution for an amount not to exceed \$35,000,000 to finance water facility improvement projects to be owned and operated by the applicant and/or its affiliates, including without limitation California-American Water Company, a California corporation within the company's service area in Sacramento and Monterey Counties.

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.

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

B. REQUEST TO APPROVE AMENDMENT AND RESTATEMENT OF INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

1) Ecology Auto Parts, Inc.

Presented by: Doreen Smith, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an amendment to Initial Resolution number 08-02 for an amount not to exceed \$47,665,000 to finance the purchase of tractors, trailers and related equipment.

The Initial Resolution was approved on January 23, 2008 for an amount not to exceed \$26,245,000. In 2008, bonds were issued in the amount of \$9,100,000 to finance this project. At this time, the company requests to increase the requested bond amount due to an increase in the size of the project.

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

Ms. Aronberg asked about the name of the business Ecology Auto Parts.

Mr. Cone responded that this is because of the company's past business and it is an old name. He explained that a large part of the company's business is steel salvage where they take in equipment and old cars; the company also does a lot of hauling out of the Port of Los Angeles. It has a broad-based business and the part we are concentrating on here is the part that qualifies under the solid waste regulations and makes sense for this Authority.

Ms. Aronberg thanked him for his 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.

C. REQUEST TO APPROVE RESOLUTION AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE BONDS

1) BLT Enterprises of Fremont, LLC

Presented by: Presented by: Doreen Smith, Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt.

Staff requested approval of a Final Resolution to issue refunding revenue bonds for an amount not to exceed \$28,015,000. The company proposed the refunding of up to \$28,015,000 in previously issued bonds (BLT Enterprises of Fremont LLC Project Series 2005A) and conversion to non-Alternative Minimum Tax (non-AMT) status.

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

Ms. Aronberg asked for confirmation that the specific entity has nothing to do with the landfill in Southern California.

Mr. Paparian responded that staff looked into the issue regarding the Campo Landfill, and determined that the Campo Landfill involves an affiliate of BLT of Fremont. The application before the Board is for a project in Northern California, located in Fremont, and has nothing to do with the landfill in Southern California.

Mr. Holmstedt expressed appreciation on behalf of the company for all of the work staff has done, the Authority's sensitivity on doing refunding, and how expensive they can be. Staff has come up with a very nice way to make sure this was as inexpensive as possible.

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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. Bryant 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 11:15 a.m.

Respectfully submitted,

Michael Papanian
Executive Director