

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
August 25, 2010**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:53 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
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 July 28, 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 started by saying many of CPCFA's staff have been assisting the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) as it implements major new programs. Some of the behind-the-scenes work involves the hiring of six new staff members and the associated paperwork that goes along with the hiring process. Staff relies heavily on retired annuitant and personnel specialist Sally Corbett to make sure all of this gets done properly.

Mr. Paparian reported that staff is continuing to see increased interest in the Bond program. As the August 2010 pipeline shows, CPCFA has issued almost \$450 million in bonds so far this year, including approximately \$190 million in new allocation and \$260 million in refundings. Staff expects to continue to see a good amount of activity in the coming months.

Agenda Item 2.

Mr. Paparian reported that another state issuer, the California Infrastructure and Economic Development Bank (I-Bank), recently updated policies regarding when it can issue bonds that could be issued by another state agency such as CPCFA. Staff has worked well with the I-Bank as CPCFA has received inquiries for companies that do not fall within CPCFA's statutory restrictions. Staff is currently working with an applicant who has an intriguing proposal that would result in reduced air pollution and vehicle fuel use. However, the Attorney General's Office is not satisfied that the applicant's financing structure fits within CPCFA's statute. If it is determined that CPCFA cannot accept this application, then staff will likely encourage the applicant to go to the I-Bank or another issuer.

Mr. Paparian further reported that the California Capital Access Program (CalCAP) is poised for expansion on top of the already successful California Air Resources Board (ARB) Clean Diesel Truck Loan Program. The program currently has one certain source of additional funds and three potential sources.

As discussed last month, ARB has \$5 million in Federal American Recovery and Reinvestment Act (ARRA) funds to assist with the cleaning up of off road diesel equipment. Staff is circulating the contract to implement this program and expects to launch it soon after the State budget passes.

The State legislature has been discussing a package of proposals to assist with economic stimulus. Among the proposals is one to infuse funds into the CalCAP program.

As mentioned last month, at the federal level there is the small business support program proposal that the Obama administration is pushing. It fell short of enough votes in the Senate in early August, but is expected to come up again when the Senate returns after summer recess. That bill includes provisions for substantial funding for State level capital access programs like CalCAP.

There is another State small business loan guarantee program run out of the Business, Transportation and Housing (BTH) Agency that is interested in the same pot of money. Staff met with BTH Staff in mid-August and hopes to work on a coordinated California application for funds if the federal measure is enacted.

Mr. Paparian continued that staff is also discussing some possible uses of the CalCAP program to assist with some California Energy Commission priorities.

Mr. Paparian further stated that he is required to report to the Board on any actions taken under his delegated authority and all contracts under \$300,000 that he signs. In the past month he approved Southern California Edison to waive a 15-day notice requirement so the company could take advantage of market conditions to refund several bonds.

Mr. Paparian also signed a contract with the Reznick Group for up to \$32,000 for auditing

assistance so that CPCFA can meet new requirements under SB 99 to submit annual financial reports to the State Controller's Office. That contract is for two years with a possible one year extension.

Mr. Paparian concluded that on the August agenda, there is a regulatory fee change proposal that went out for several rounds of comments. Staff received good comments from representatives of affected small businesses and the result is a simpler and easier to understand change to the Bond Program's fee structure that affected small businesses are comfortable with.

4. BUSINESS ITEMS

A. CONSIDERATION AND APPROVAL OF REGULATION CHANGES FOR THE BOND PROGRAM PERTAINING TO GENERAL FEES, SMALL BUSINESS ASSISTANCE FUND FEES, AND PROVISIONS RELATING TO SMALL BUSINESS FINANCINGS

Presented by: Patricia Tanous, Program Manager

Staff requested Board approval to file permanent regulations to modify the General Fees, Small Business Assistance Fund Fees, Eligibility for Assistance, and Assistance sections of the CPCFA regulations. Upon approval, staff will file the permanent regulations with the Office of Administrative Law (OAL). The regulations will become permanent 30-days following the filing with OAL.

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

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

1) West Valley MRF, LLC and/or its Affiliates
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 \$16,000,000 to finance the construction of a composting and anaerobic digestion capability at the company's existing Materials Recovery Facility located in Fontana. The company provides refuse collection, transfer, material recovery and disposal services in San Bernardino County.

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.

C. REQUEST TO APPROVE FINAL RESOLUTION TO ISSUE REVENUE BONDS AND APPROVE TAX-EXEMPT BOND VOLUME CAP ALLOCATION

- 1) Crown Disposal Co., Inc. and South Bay Recycling, LLC
Presented by: Samantha Russell, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of a Final Resolution for an amount not to exceed \$25,640,000 to finance: construction at the company's Sun Valley Materials Recovery Facility and construction of a facility to recycle waste mixed film plastic; purchase or renovation of equipment at various locations; and purchase vehicles and trailers for various locations. The company anticipates that the project will provide waste diversion, improve air quality, and increase the recycling of commodities.

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

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 11:07 a.m.

Respectfully submitted,

Michael Papanian

Executive Director