

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, CA 95814
June 21, 2016**

1. CALL TO ORDER & ROLL CALL

Vincent Brown, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:39 a.m.

Members Present: Eraina Ortega for Michael Cohen, Director of Finance
Alan LoFaso for Betty Yee, State Controller
Vincent Brown for John Chiang, State Treasurer

Staff Present: Reneé Webster-Hawkins, CPCFA Executive Director
Elena Miller, CPCFA Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Vincent Brown asked if there were any questions or comments concerning the meeting minutes from the meeting held May 17, 2016. There were none.

Mr. Vincent Brown moved approval of the minutes; there was a second.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Reneé Webster-Hawkins gave a brief overview of California bill AB 1230 and the new CalCAP program that is being developed with it. Ms. Webster-Hawkins explained there will be a presentation at the end of the meeting detailing the implementation of the program.

Reneé Webster-Hawkins detailed a new piece of legislation that would establish another new CalCAP loan loss reserve program with the goal of improving seismic safety retrofits of buildings for small businesses and housing. The bill would appropriate \$10,000,000 to implement this program.

Reneé Webster-Hawkins reported that CPCFA has received a finalized audit report for the

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Bond Program under Senate Bill 99 for fiscal year 2014-2015. There was one finding in the report related to applying the correct accrual accounting method for fees received in one fiscal year yet closing in the next fiscal year. Ms. Webster-Hawkins explained that in conjunction with the State Treasurer's Office Accounting Office the procedures have been corrected and updated.

Reneé Webster-Hawkins introduced the Board to the new Deputy Executive Director of CPCFA, Elena Miller. Ms. Webster-Hawkins also gave praise to Treasury Program Manager II, Patricia Crowson for her help during the absence of a dedicated Deputy Executive Director.

Reneé Webster-Hawkins reported that the CPCFA and CAEATFA will be moving to a new building located at 801 Capitol Mall, which is across the street from the State Treasurers Office. Future Board meetings will be held at the new building, when it is available.

Reneé Webster-Hawkins reported on two items approved under her delegated authority. The first item was a communications contract with Alternative Communication in the amount of \$29,721.30 covering the expense of both CAEATFA and CPCFA moving to the new building. CPCFA is handling all the contracts for the move and CAEATFA will be reimbursing CPCFA for its move-related expenses. The second item was a regulatory agreement signed on June 8, 2016 for a CALReUSE project, Comm 22, which is a remediation project in San Diego that will ultimately lead to the construction of six additional affordable family homes.

4. BUSINESS ITEMS

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

1. ABEC #2 LLC dba West-Star North Dairy Biogas, California Bioenergy, LLC, and/or its Affiliates
Presented by: Lyudmila Farbitnikova

Staff introduced N. Ross Buckenham, California Bioenergy, Jason Grubbs, Frazer Lanier Company and Bob Feyer, Orrick, Herrington & Sutcliffe LLP

ABEC #2 LLC, California Bioenergy LLC doing business as West-Star North Dairy Biogas and/or its Affiliates requested approval of an Initial Resolution for an amount not exceed \$4,000,000 to finance the acquisition and the construction of an anaerobic digester. The company anticipates applying to the Authority for volume cap allocation on August 16, 2016.

Staff recommended approval of Initial Resolution No. 16-09 for ABEC #2 LLC, California Bioenergy LLC doing business as West-Star North Dairy Biogas and/or its Affiliates for an amount not to exceed \$4,000,000.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

2. EDCO Refuse Services, Inc. and/or its Affiliates

Presented by: Kris Luoma

Staff introduced Robert Martz, Westhoff, Cone & Holmstedt, and Bob Feyer, Orrick, Herrington & Sutcliffe LLP

EDCO Refuse Services, Inc. and/or its Affiliates requested the approval of an Initial Resolution for an amount not to exceed \$56,295,000 to purchase vehicles, equipment and make improvements to existing recycling buildings.

Staff recommended approval of Initial Resolution No. 16-10 for EDCO Refuse Services, Inc. and/or its Affiliates for an amount not to exceed \$56,295,000.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

3. Mid-Valley Disposal and/or its Affiliates

Presented by: Kris Luoma

Staff introduced Leslie Lava, Law Offices of Leslie M. Lava, and Robert Martz, Westhoff, Cone & Holmstedt

Mid-Valley Disposal and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$11,125,000 to purchase California Air Resources Board (CARB) compliant collection vehicles, construct a covered composting facility and acquire related equipment.

Staff recommended approval of Initial Resolution No. 16-11 for Mid-Valley Disposal and/or its Affiliates for an amount not to exceed \$11,125,000.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

4. Agua Via, Ltd. and/or its Affiliates
Presented by: Kris Luoma

Staff introduced Bob Feyer, Orrick, Herrington & Sutcliffe LLP

Agua Via, Ltd. and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$35,000,000 to finance the construction of facilities, purchase of equipment and the installation of water filtration and purification technology.

Staff recommended approval of Initial Resolution No. 16-12 for Agua Via, Ltd. and/or its Affiliates for an amount not to exceed \$35,000,000.

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

Mr. Vincent Brown asked if there were any questions or comments from the Board or public.

Mr. Feyer thanked the Board and stated that this project will help the Central Valley.

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

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

TAMCO and/or its Affiliates
Presented by: Andrea Gonzalez

Staff introduced Lawrence Tonomura, Bank of America Merrill Lynch

TAMCO and/or its Affiliates requested an extension of Initial Resolution No. 08-03 for an amount not to exceed \$50,000,000 to finance the construction of a new Bag House facility and to make improvements related to the manufacturing of steel from scrap

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metals. Initial Resolution No. 08-03 was originally approved on February 27, 2008 for an amount not to exceed \$30,000,000 and was most recently amended on November 19, 2013 for an amount not to exceed \$50,000,000. The current Initial Resolution is set to expire on November 19, 2016.

Staff recommended approval of an extension of Initial Resolution No. 08-03 for TAMCO and/or its Affiliates for an amount not to exceed \$50,000,000.

Mr. Vincent Brown asked if the economic downturn in the steel market had any impact on this extension.

Mr. Lawrence Tonomura replied that all the extensions were in direct result of the steel market. Mr. Tonomura also stated that this project still continues to be a priority for the project sponsor, even as the steel market continues to settle out.

Mr. Vincent Brown asked if there were any questions or comments from the Board or public.

Ms. Eraina Ortega asked Ms. Reneé Webster-Hawkins about extensions, allocations and how it impacts the carry-forward for the year.

Ms. Reneé Webster-Hawkins replied that the extension does not affect the allocation. The allocation only accrues when the Final Resolution is approved. The extension provides added time for the applicant to capture costs of issuance.

Mr. Vincent Brown asked Ms. Reneé Webster-Hawkins if CDLAC is over-subscribed from year-to-year on their allocation cap.

Ms. Reneé Webster-Hawkins replied they are not.

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

C. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE NOTES FOR NEW MONEY AND REFUNDING PURPOSES, SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE, AND TAX-EXEMPT VOLUME CAP ALLOCATION

Garaventa Enterprises, Inc. and/or its Affiliates
Presented by: Lyudmila Farbitnikova

Staff introduced Robert Martz, Westhoff, Cone & Holmstedt, and Leslie Lava, Law

Offices of Leslie M. Lava

Garaventa Enterprises, Incorporated and/or its Affiliates requested approval of a Final Resolution to issue revenue notes to refund the currently outstanding amount of \$24,040,000 California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds Series 2006A and Series 2008A and Volume Cap Allocation approval for an amount not to exceed \$8,165,000 for a total amount of \$32,205,000 to finance or refinance the acquisition of land which will house solid waste related activities, the construction of a compressed natural gas fueling station, and the purchase of automated collection vehicles, carts, bins and containers.

Garaventa Enterprises, Incorporated provides refuse collection and disposal services throughout Contra Costa and Solano Counties. The company is a small business and has approximately 310 employees.

Additionally, the company requested approval of a Small Business Assistance Fund (SBAF) Resolution in an amount not to exceed \$134,040 to assist with the costs of issuance of the transaction.

The company anticipates completion of the Project by July 2019.

Staff recommended approval of Final Resolution No. 576 for a total amount of \$32,205,000, Volume Cap Allocation Resolution No. 13-111-05 for an amount not to exceed \$8,165,000, and a SBAF Resolution in an amount not to exceed \$134,040 for Garaventa Enterprises, Incorporated and/or its Affiliates.

Mr. Vincent Brown asked about the yellow sheet changes that had been inserted into his binder which updated the staff summary.

Ms. Leslie Lava replied that it was a clarification that these are draw-down Bonds, and Note proceeds will not be taken by the borrower one-hundred percent at closing, but in installments over the period of a year and a half.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

D. CONSIDERATION AND APPROVAL OF AMENDMENT TO REGULATIONS PERTAINING TO SMALL BUSINESS ASSISTANCE FUND (SBAF) FEES AND REFUNDING FEES FOR THE BOND PROGRAM

Presented by: Andrea Gonzalez

Staff requested Board approval to begin the emergency rulemaking process and file regulations to amend sections 8034(d) and 8035(e)-(f) of the California Pollution Control Financing Authority regulations pertaining to the waiver of general fees in certain refinancing structures and the temporary suspension of the Small Business Assistance Fund (SBAF) fees paid by large businesses.

Staff recommended delaying the sunset of the temporary suspension of the SBAF fee by six months, by extending the full SBAF fee waiver to December 31, 2016, and then waiving half of the fee from January 1, 2017 to June 30, 2017. Staff further recommended modifying the discretionary waiver of the refunding fee by limiting the option of charging allocable expenses only to those transactions a) submitted by a small business applicant and b) where the new money exceeds the refunding amount. Upon approval, staff will file the amended regulations with the Office of Administrative Law.

Mr. Vincent Brown asked if this needed to be broken down into multiple resolutions or it was fine just being one.

Ms. Reneé Webster-Hawkins replied that it was fine just being one.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

E. REQUEST FOR APPROVAL OF AMENDMENT 4 TO AN INTERAGENCY AGREEMENT WITH THE CALIFORNIA AIR RESOURCES BOARD (ARB) REGARDING THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP) INDEPENDENT CONTRIBUTOR PROGRAM

Presented by: Patricia Crowson

Staff requested that the Board amend an Interagency Agreement between the Air Resources Board and CPCFA for the On-Road Heavy Duty Vehicle Air Quality Loan Program. This is the fourth amendment to this particular agreement. The original agreement was in November 2014 for an amount not to exceed \$20,000,000.

In June 2015 the agreement was amended to increase the amount to \$35,000,000 and also provide no interest loans from CPCFA's Small Business Assistance Fund in increments not to exceed \$5,000,000 to cover a lag in revenues from license fees to ARB's AQIP

fund.

On February 16, 2016 the Board approved amendment 3 increasing the amount not to exceed \$38,000,000.

CPCFA and ARB staff worked together to decelerate the expenditure in funds and implemented a reduction in contribution rates effective January 1, 2016.

This amendment will now extend the expiration date of the Agreement from December 31, 2016 to December 31, 2017. In conjunction it will increase the allocated amount of the Agreement from \$38,000,000 to \$60,000,000. The amendment will also direct CPCFA to recapture contribution funds from a lender's loss reserve account on an annual basis when enrolled loans have matured. Staff will amend regulations to implement this requirement and will bring this rulemaking back to the Board for approval. Further, this amendment will give CPCFA the option to use funds from the Small Business Assistance Fund account as a no interest loan to the Program to cover short-term cash flow needs, and direct CPCFA to examine other strategies to ensure the long-term sustainability of the Program.

Staff recommended approval of the attached Resolutions to authorize the Executive Director or Deputy Executive Director to execute the amended IA ARB13-606 with the revised modifications as described above, and to authorize the Executive Director or Deputy Executive Director to approve a loan from the Authority's Small Business Assistance Fund to cover short term cash flow needs of the CalCAP ARB Program under IA ARB13-606.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

F. REQUEST FOR APPROVAL OF A LOAN FROM THE AUTHORITY'S SMALL BUSINESS ASSISTANCE FUND (SBAF) FOR THE ARB ON-ROAD INDEPENDENT CONTRIBUTOR PROGRAM

Presented by: Patricia Crowson

Please see the language from Agenda Item E above.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Alan LoFaso for the State Controller	Aye
Vincent Brown for the State Treasurer	Aye

5. BRIEFING ON THE DEVELOPMENT AND IMPLEMENTATION OF THE CALIFORNIA AMERICANS WITH DISABILITIES ACT SMALL BUSINESS CAPITAL ACCESS LOAN PROGRAM

Presented by: Jason L. Bradley

Staff introduced Angela Jemmott, California Commission on Disability Access, Ida Clair, State Division of Architects, and Rachelle Golden, Overstreet & Associates

Pursuant to Assembly Bill 1230 authored by Jimmy Gomez, the California Pollution Control Financing Authority is developing the California Americans with Disabilities Act Small Business Capital Access Loan Program, also known as the CalCAP/ADA Financing Program, for the purpose of helping California small businesses comply with the requirements of the federal Americans with Disabilities Act of 1990 (ADA).

A presentation and slide-show was shown to the Board detailing the steps of implementation of the new CalCAP/ADA program. All three experts testified to the Board expressing why this program is required and how it will help California small businesses come into compliance with ADA building and access standards.

For additional information on this specific agenda item please see the staff summary.

6. PUBLIC COMMENT

Mr. Vincent Brown asked if there were any comments from the public. There were none.

7. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 12:08 a.m.

Respectfully submitted,

Reneé Webster-Hawkins
Executive Director