

## MINUTES

California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
February 6, 2007

### 1. CALL TO ORDER & ROLL CALL

Bill Lockyer, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:56 a.m.

Members Present: Bill Lockyer, State Treasurer  
Cindy Aronberg for John Chiang, State Controller  
Vince Brown for Michael C. Genest, Director, Department of Finance

Staff Present: Michael Paparian, Executive Director  
Eileen Marxen, Deputy Executive Director

Quorum: The Chairperson declared a quorum

### 2. MINUTES

The minutes for the December 12, 2006 meeting were adopted as submitted.

### 3. BUSINESS ITEMS

#### A. APPROVAL OF APPOINTMENT OF EXECUTIVE DIRECTOR

Eileen Marxen reported that the Authority must approve the appointment of the Executive Director and designate him with such power as necessary to conduct the business of the Authority. Staff requested approval of the Resolution appointing Michael Paparian as the Executive Director of CPCFA.

Vince Brown moved to approve the item. Upon a second, the item passed unanimously with the following vote: Bill Lockyer: Aye; Cindy Aronberg: Aye; Vince Brown: Aye.

#### B. CONTRACT ITEM: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS AND INTERAGENCY AGREEMENTS

Eileen Marxen presented staff's request for approval of a resolution delegating authority for the newly appointed Executive Director to execute contracts and interagency agreements for amounts up to \$300,000.

Ms. Marxen noted to the Board Members that there were two versions of the staff report and resolution and that the yellow version of the staff report and resolution has the provision that the Executive Director will report to the Board any contracts that are executed in the amounts of \$10,000 or more up to \$300,000.

Cindy Aronberg moved to approve the resolution containing the provision that the Executive Director will report to the Board any contracts executed from amounts of \$10,000 or more up to \$300,000. Upon a second, the item passed unanimously.

#### **4. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEMS)**

##### **A. Report on the California Capital Access Program (CalCAP)**

Aaron Todd reported on CalCAP's activities for 2006. Mr. Todd stated that in 2006 CalCAP:

- Enrolled 750 loans to California small business owners, the highest number of loans in the program's history;
- The amount of loans enrolled in 2006 totaled \$67.8 million;
- Lenders made 473 microloans totaling \$4.4 million to California small business owners;
- Lenders filed 42 claims totaling \$1.5 million, the third lowest dollar amount of claims in the program's history;
- Added six new lenders to the program and of those six, four enrolled their first CalCAP loans in 2006;
- The loans created or affected 2,595 jobs in California;
- Provided no-cost business advisory services to 66 growing businesses that would not have otherwise received professional technical assistance since CalCAP's establishment of a partnership with Pacific Community Ventures in 2005.

Michael Paparian added that CalCAP is one of CPCFA's four programs and that he would like to give regular updates to the Board Members on these programs and future programs as staff moves forward with works in progress.

##### **B. Additional Information Item(s)**

Mr. Paparian reported to the Board Members that he is looking forward to working with CPCFA Board Members and staff. He stated that staff is expecting a heavy application workload this year; the March meeting will include many requests and that we may exceed our tax-exempt funding ceiling this year. He said this raises longer-term policy issues that we may need to address later in the year.

Mr. Paparian stated that there is the issue of the Small Business Assistance Fund (SBAF). The CalCAP, CalReUSE program and the Sustainable Communities Grant and Loan Program (SCGL) all draw from the SBAF assistance fund and, since the growth of these programs, the SBAF balance has been drawn down. He stated that CPCFA would be looking into exploring options to assure that there is a sustainable amount of funding over time for these programs.

Mr. Paparian also stated that he would like opportunities to expand and build on partnerships, inside and outside of state government. He would like to explore new ways to align with other important state priorities, such as the climate change issue, and would like to explore ways to build partnerships with state agencies to augment funding for CalCAP and other programs.

Mr. Paparian also reported that the SCGL program has been authorized to distribute another 2.5 million dollars for this year and that CPCFA will soon design an application and review process for allocation of these funds.

## **5. ADDITIONAL BUSINESS ITEMS**

### **A. REQUEST TO APPROVE INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS**

- 1) CR&R Incorporated and/or its Affiliates** requested approval of Initial Resolution No. 07-02 for an amount not to exceed \$34,615,000 to finance site improvements and equipment purchases located within Los Angeles, Orange, Riverside, and San Bernardino Counties. In 2006, CR&R requested and received Authority Board approval for \$19,600,000 to finance six project components for which bonds were issued. Limited amounts of the 2006 bond funds were used to finance the other five project components. The Company currently requested to finance five of the original six project components with a new bond issue.

Staff recommended that the Board conditionally approve Initial Resolution No. 07-02 for an amount not to exceed \$34,615,000 given the significant change in the allocation of 2006 bond funds. Staff felt that the Company should provide the following documentation before proceeding with a Final Resolution for the proposed 2007 financing:

- (1) An opinion of bond counsel that, with the allocation of bond proceeds among the project components, the tax-exempt status of the 2006 bonds is intact and the 2006 Tax Certificate still contains an accurate tax analysis for the project;
- (2) Written approval of the allocation of the 2006 bond proceeds from the Letter of Credit bank; and
- (3) A completed Final Project Completion Certificate from the Company in which the Company must report, among other information, any variances in the 2006 project description.

Staff report presented by Cynthia Hanzalik.

Bill Lockyer asked if there were any comments or disputes in the proposed conditions for the Initial Resolution.

Andy Rose, Financial Advisor for CR&R, responded that it was unclear from the staff report whether the resolution was contingent on the conditions of the staff report. Mr. Rose stated that he would like to discuss the conditions of the staff report and the resolution. He also stated that there is an agreement by CPCFA that CR&R did not violate any of the bond documents.

Bill Lockyer stated that the CPCFA Board knew the resolution authorized 22 percent on trucks, but did not know when it became 83 percent on trucks. Andy Rose stated that the resolution does not state that language but that the staff report does.

Further discussion continued among the Board Members, CPCFA staff and the company's Financial Advisor during which the Financial Advisor expressed concerns about staff's conditional recommendation with the listed conditions prior to the company's seeking a Final Resolution to issue bonds.

Finally, Mr. Lockyer responded that he was still troubled by the 22 percent becoming 83 percent and asked for a motion on the item.

Vince Brown moved for the staff's recommendations as proposed in the staff summary. Upon a second, the item was passed unanimously with the following vote: Bill Lockyer: Aye; Cindy Aronberg: Aye; Vince Brown: Aye.

Mr. Rose asked for various clarifications of the motion.

Mr. Lockyer responded that the Board Members voted on staff's recommendations for the authorization of the three contingencies stated in the staff summary including bond counsel's opinion.

Mr. Lockyer also stated that there will be some CPCFA staff interaction with bond counsel that the costs could possibly come down to a more reassuring amount.

Ms. Marxen agreed that CPCFA staff would discuss the matter with bond counsel.

**B. REQUEST TO APPROVE INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE NOTES; A FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE NOTES; AND A RESOLUTION AUTHORIZING ASSISTANCE FROM SMALL BUSINESS ASSISTANCE FUND (SBAF) FOR THE COST OF ISSUANCE FOR THE BOND APPROVED IN THE FINAL RESOLUTION**

- 1) **Tri-City Economic Development Corporation, doing business as Tri-CED Community Recycling** requested approval of (i) Initial Resolution No. 07-01 and Final Resolution No. 463 for an amount not to exceed \$5,595,937 in tax-exempt funds to finance improvements to its current facility, to purchase new equipment and vehicles, to pay certain capitalized interest and to pay certain costs of issuance; and (ii) a SBAF resolution for an amount not to exceed \$219,535. Staff report presented by Doreen Carle.

Bill Lockyer commended Tri-City Economic Development Corporation representatives for the Company's good service and recycling program and excellent reputation in the community that was reflected in the letters received from the three legislators that represent the communities.

Mr. Lockyer asked if there were any public comments.

Cindy Aronberg moved to approve the item. Upon a second, the item passed unanimously with the following vote: Bill Lockyer: Aye; Cindy Aronberg: Aye; Vince Brown: Aye.

## C. REQUEST TO APPROVE APPOINTMENTS OF AGENTS

- 1) **Pacific Gas and Electric Company (PG&E)** requested approval of the appointments of agents to carry out a mandatory tender and consequent remarketing of its 2004 Series A-D Bonds on June 1, 2007. The appointments of agents requested are as follows:

**Remarketing Agents:** JP Morgan Securities, Inc., Citigroup Global Markets, Inc. Morgan Stanley, Goldman, Sachs & Company, and E.J. De La Rosa & Company, Inc.

**Tender Agent:** Deutsche Bank.

**Market Agents:** JP Morgan Securities, Inc., Citigroup Global Markets, Inc., Morgan Stanley, Goldman, Sachs & Company, and E.J. De La Rosa & Company, Inc.

**Auction Agent:** Deutsche Bank and The Bank of New York.

PG&E will select one or more of these entities to act as Market Agent for each bond series. Staff report presented by Michael Smith.

Bill Lockyer asked why PG&E had to come to the Board for this approval.

Eileen Marxen stated that there is a provision in the Indenture that the Authority has to approve the appointment of the agents.

Bill Lockyer asked if there were any public comments.

Vince Brown moved to approve the item. Upon a second, the item passed unanimously with the following vote: Bill Lockyer: Aye; Cindy Aronberg: Aye; Vince Brown: Aye.

## 6. PUBLIC COMMENT

Bill Lockyer asked if there were any public comments. Hearing none, he moved for adjournment.

## 7. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting was adjourned at 12:01 p.m.

Respectfully submitted,

Michael Paparian  
Executive Director