

**MINUTES**

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
May 22, 2007**

**1. CALL TO ORDER & ROLL CALL**

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:46 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer  
Cindy Aronberg via teleconference for John Chiang, State Controller  
Tom Sheehy 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**

Tom Sheehy moved to approve the minutes of the April 24, 2007 meeting. Upon a second, the minutes passed with the following vote: Tom Sheehy: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

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

Michael Paparian reported that the Initial Resolution application changes are now complete and in use as of May 8, 2007. He stated that the changes include a streamlined legal questionnaire, requirements related to the California Environmental Quality Act, and modifications to the project environmental benefits description including some questions relating to climate change.

Mr. Paparian also reported that the 2006 Sustainable Communities Grant and Loan Program (SCGL) Annual Report has been completed and posted to the website. He noted that all of CPCFA's annual reports have been completed and posted to the website along with past annual reports.

Mr. Paparian stated that CPCFA is working on the current round of funding for the SCGL Program and noted that the deadline for submitting applications is July 16, 2007. Mr. Paparian also stated that CPCFA staff held a workshop for potential applicants on May 9, 2007 in Southern California and will hold another workshop on May 24, 2007 in Sacramento.

Mr. Paparian reported that CPCFA staff is in the process of conducting an analysis of CPCFA's small business advising program currently contracted with Pacific Communities Ventures. Staff is proceeding to develop a scope of work to evaluate the program and provide options for continuing either a similar program or one more targeted to environmental businesses. Mr. Paparian noted that by soliciting a contractor from the California Multiple Award Schedules (CMAS) list, CPCFA could have a contractor by early summer in order to proceed with the analysis.

Mr. Paparian also reported that new anaerobic digestion projects are emerging to address the problem of manure at dairy and cattle operations. He stated that part of the motivation for these projects is that they noticeably reduce climate change emissions and that the California Climate Registry is developing protocols to assure calculation of the benefits.

Mr. Paparian stated that these projects generally involve third-parties who will manage the manure and run it through an anaerobic digestion process to create fuel. He noted that in one case the fuel was clean enough to feed directly to Pacific Gas & Electric Company's natural gas pipeline. These projects could qualify for tax-exempt financing; however, the proponents are reluctant to bring their projects through CPCFA because of concerns relating to how the projects would be received by CPCFA. Mr. Paparian also noted that the project proponents are actively looking at CPCFA's competitors who draw from the same tax-exempt private activity bond allocation pool as does CPCFA. Mr. Paparian reported that currently the California Statewide Communities Development Authority (CSCDA) has a project that involves a financing of \$150 million using tax-exempt bonds and that, given this activity and the new linkages to the climate change effort, CPCFA staff would like to explore the receptivity of having CPCFA provide tax-exempt bonds for these kinds of projects. Mr. Paparian proposed that staff utilize a consultant to assist with checking interested parties to assess their current views of manure management in the context of climate change. Mr. Paparian added that he would like to return to the Board in a few months for a more thorough discussion of the issue.

Mr. Paparian also reported on the status of tax exempt allocation available to CPCFA. Out of the approximately \$3 billion available for tax-exempt private activity bonds for the State, the California Debt Limit Allocation Committee (CDLAC) has allocated \$440 million for waste and recycling projects. To date, \$34.6 million has been issued to CPCFA for one project, and another \$80 million has been issued for a project that did not come through CPCFA but through CSCDA. Mr. Paparian also reported that CPCFA has about \$200 million in projects that have been approved or may be approved today, with projects worth about \$28 million coming in June. Effectively, CPCFA will have approximately \$59 million available for the rest of the year. Mr. Paparian added that he would keep the Board Members informed of where CPCFA stands with respect to allocation and the projects that are expected to have bond issuance.

**4. BUSINESS ITEMS**

**A. REQUEST TO APPROVE AMENDMENT AND RESTATEMENT OF INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS**

- 1) **Burrtec Waste Group, Inc. and/or its Affiliates** requested approval of amendment and restatement of Initial Resolution No. 03-20 for an amount not to exceed \$42,600,000. The Company requested to increase the total amount of the Initial Resolution by \$8,905,000 for a total authorization of \$69,478,000, of which \$42,600,000 remains outstanding. The amendment also reallocates funds between the various project components.

All other project site and cost information stated in the original Initial Resolution and subsequent Initial Resolution amendment remains the same. The Company determined the location for their Santa Clarita Materials Recovery Facility (MRF) site, which previously was unidentified. Staff report presented by Michael Smith.

Bettina Redway asked if there were any questions from the Board.

Mr. Sheehy moved to approve the item. Upon a second, the item passed unanimously with the following vote: Tom Sheehy: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Mr. Paparian commented that CPCFA staff struggled with whether this project should come as a new Initial Resolution or as an amendment to the existing Initial Resolution. Mr. Paparian added that staff will come back at a future Board Meeting to discuss procedures that could be implemented to determine when a new Initial Resolution should be required or when CPCFA might exercise some discretion.

Mr. Sheehy asked if today's action would make this project vulnerable to a legal challenge. Mr. Paparian said it would not because there are no potential tax issues associated with the action on this project. He continued that the problem with continual amendments is the difficulty in tracking and following the range of issues, including tax consequences.

**B. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND CORRESPONDING RESOLUTION AUTHORIZING SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE**

- 1) **Bay Counties Waste Services, Inc. and/or its Affiliates** requested approval of (i) Final Resolution No. 469 in an amount not to exceed \$5,310,000 to finance the purchase of equipment to enhance operations, and (ii) a SBAF Resolution in an amount not to exceed \$214,960. The Company provides refuse collection and disposal services to the Cities of Sunnyvale, Palo Alto, and Mountain View and was recently awarded a contract to operate the Sunnyvale SMaRT Station, an existing materials recovery

facility (MRF) and transfer station, owned by the City of Sunnyvale. Staff report presented by Deanna Hamelin.

Ms. Redway asked for any questions or comments from the Board. Ms. Redway expressed appreciation to staff for the specificity provided in the public benefits portion of the staff summary.

Cindy Aronberg moved to approve the item. Upon a second, the item passed unanimously with the following vote: Tom Sheehy: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

**C. REQUEST TO APPROVE AMENDMENT OF FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS**

- 1) GreenWaste Recovery, Inc. and/or its Affiliates** requested approval of amendment of Final Resolution No. 461 for an amount not to exceed \$38,305,000. The Company operates several facilities, including material recovery facilities and transfer stations in the San Jose area.

The Company received approval of Final Resolution No. 461 at the March 20, 2007 Board Meeting. The Company at that time proposed financing project components in San Jose and Watsonville to support new waste collection contracts with the City of San Jose and the County of Santa Cruz. The Company's current request was for approval for an amendment to the Final Resolution to add two new project locations.

The first site is located in San Jose and will be used to store bins, carts, containers, rolling stock and for vehicle parking.

The second site is located in Watsonville and will be used as a temporary site, pending the completion of the construction of a previously identified and approved site in Watsonville. GreenWaste was the successful bidder to take over the County of Santa Cruz contract and will sublet this site and the improvements thereon from USA Waste and operate temporarily from this site. Bond proceeds will not be expended at this temporary location.

The remaining project is the same as described in the final resolution that was approved at the March 20, 2007 Board Meeting.

The addition of project addresses required a second TEFRA hearing and it was held on May 16, 2007. In response to the TEFRA notice, staff received a letter in opposition to the project. Subsequently, after the deadline for written TEFRA comments, staff received a letter of opposition to the request to approve the amendment to the Final Resolution. CPCFA also received a letter from the Company's Financial Advisor in response to the opposition. Staff report presented by Doreen Carle.

Ms. Redway asked for any questions from the Board.

Mr. Sheehy asked about the addition of two site locations with only one involving the expenditure of bond funds.

Tony Cone, Westhoff, Cone & Holmstedt, responded that it was possible that some of the trucks and carts that are going to be purchased with the bond proceeds and used in Santa Cruz County may be parked or used in service at the second site. Mr. Cone stated that in abundance of caution it was Bond Counsel's advice that the TEFRA notice cover that site.

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

Libby Sanchez, Teamsters Union 350, presented concerns about what the Teamsters consider to be a failure to act in good faith on the part of GreenWaste after its bid for waste recovery services was approved by the City of San Jose. Ms. Sanchez then detailed the Union's concerns and concluded by stating that the Teamsters want to send a message via the Authority that GreenWaste needs to negotiate a fair and decent collective bargaining agreement with the workers in the community and that failure to approve this item would not negatively impact the community.

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

Mr. Sheehy commented that it was not appropriate for this state entity to interject itself into a contract between a company and the City of San Jose. Mr. Sheehy stated that the laws are being followed and that although sympathetic to the Teamster's position felt that it was lobbying in the wrong venue as there is no statutory authority to get involved with these kinds of issues. He noted that funding for this project has met all the necessary criteria reviewed by staff.

Ms. Redway asked if the position of City of San Jose is that GreenWaste was meeting the terms of the contract with the City.

Eileen Marxen responded in the affirmative and stated that staff had spoken to representatives of the City's integrated waste department and that they stated that GreenWaste has fully entered into this contract with the City, that it was fully executed and has received all its approvals. Ms. Marxen added that the contract becomes effective July 1, 2007 and that GreenWaste is currently operating other projects with the City under other contracts and is meeting its requirements under those contracts.

Ms. Redway stated that she hoped GreenWaste and the Teamsters would be able to find a resolution and agreed with Mr. Sheehy that this may not be the best venue for addressing the Teamster's concern.

## **Agenda Item – 2.**

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

Mr. Sheehy moved to approve the item. Upon a second, the item passed with the following vote: Tom Sheehy: Aye; Cindy Aronberg: Abstain; Bettina Redway: Aye.

### **5. PUBLIC COMMENT**

Ms. Redway asked if there were any further public comments. Hearing none, she moved for adjournment.

### **6. ADJOURNMENT**

There being no further business, public comments, or concerns, the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Michael Paparian  
Executive Director