

**MINUTES**

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
June 19, 2007**

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

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:48 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 May 22, 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 on the CALReUSE Program noting that the housing bond measure, Proposition 1C, includes funds for brownfields cleanup to support housing goals. There has been discussion in the Legislature about CPCFA possibly receiving up to \$100 million as part of the legislative budget process. Mr. Paparian also stated that staff is working on the regulations in anticipation of the possibility of funds becoming available.

Mr. Paparian then reported on the SCGL Program. The deadline for submitting applications for the 2007 funding round of \$2.5 million is July 16, 2007. Mr. Paparian stated that staff is regularly updating the Frequently Asked Questions section of the CPCFA website and that localities are submitting some interesting questions.

Mr. Paparian stated that staff is developing some clarifying regulations for the CalCAP Program. Staff expects to have more to report in July or August.

Mr. Paparian noted to the Board Members the listing of bonds issued by CPCFA in 2007. As of this date, CPCFA has issued \$73 million of the 2007 allocation received. The Authority expects to issue an additional approximately \$117 million in bonds, including items heard at

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this Board Meeting which, if approved, will bring the total to \$190 million. Mr. Paparian stated that funding for CPCFA may be tight or oversubscribed for 2007. He added that it is possible that outside issuers may surpass the amount of bonds issued for CPCFA in 2007.

Mr. Paparian reported on staffing changes at CPCFA. He introduced Bob Hedrick who joined the Treasurer's Legal Office and will be serving as counsel to CPCFA as well as to CIDFAC and CDLAC. Mr. Paparian also reported that Janet Haynes, core staff manager, will be leaving at the end of the week and commended her for her positive and optimistic outlook. He then introduced new staff, David Iniguez-Hall, student assistant, and Kamika McGill, staff analyst with the CalCAP program.

Mr. Paparian reported on the Stradling law firm's contract with CPCFA. The contract will be used for Issuer's Counsel services for up to \$50,000.

Mr. Paparian also reported that CPCFA staff is in the process of preparing Requests For Proposals (RFPs) to solicit Trustee Services for the CalCAP and CALReUSE Programs. He stated that for CalCAP, staff proposes entering into a two-year contract for an amount not to exceed \$125,000 over the term of the contract. For CALReUSE, staff proposes entering into a two-year contract for an amount not to exceed \$100,000 over the term of the contract.

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

### **4. BUSINESS ITEMS**

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

- 1) Mottra Corporation and/or its Affiliates** requested approval of Initial Resolution No. 07-06 for an amount not to exceed \$11,700,000 to construct a new building and renovate an existing structure at Paramount Resource Recycling, an existing material recovery facility (MRF) to allow for more efficient operations. The bond proceeds will also be used to acquire new waste collection vehicles, retrofit existing waste collection vehicles, purchase additional containers, and to acquire mobile construction and demolition equipment. Staff report presented by Deanna Hamelin.

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

Bettina Redway asked concerning diverting or minimizing material in the landfills if there is an estimate of how much would be diverted. Tony Cone of Westhoff, Cone & Holmstedt responded that he would get the information to her at a later date.

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

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.

**B. REQUEST TO APPROVE AMENDMENT OF INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS**

- 1) **California Waste Solutions, Inc. and/or its Affiliates** requested approval of an amendment to Initial Resolution No. 06-10 for an amount not to exceed \$34,595,000. The Company has been awarded a new contract with the City of San Jose to collect, sort, and process residential recyclables (a contract currently held by Norcal Waste Systems, Inc.). The requested financing is to meet the obligations of the contract. After receiving Final Resolution approval, the Company decided it would be in its best interest to fulfill the contract from the current Norcal site, and as such entered into a lease agreement with Norcal.

The Company's request incorporates the actions needed to facilitate the City of San Jose contract and consists of increasing the Initial Resolution from \$25,905,000 to \$34,595,000 due to an increase in the cost of land; adding to the Project description the improvement at a MRF site; and the acquisition of drop boxes, bins, carts and containers to be located with customers in the City of San Jose. The remaining project components will continue as outlined on the Initial Resolution that was approved at the October 24, 2006 Board Meeting. Staff report presented by Doreen Carle.

Ms. Redway asked for any questions or comments from the Board.

Tom 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.

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

- 1) **California Waste Solutions, Inc. and/or its Affiliates** requested approval of amendment of Final Resolution No. 462 in an amount not to exceed \$25,905,000. The Initial Resolution which was presented at this Board Meeting amended the Project to approve the increase in the bond amount to the overall Project due to an increase in the cost of the land acquisition.

The Company's request to amend the Final Resolution consists of adding a new site to the Project. There are two components to the use of the new site: 1) The Company will sublet the land from Norcal Waste Systems, Inc. with an option to purchase and, 2) The Company will lease the improvements from Norcal with an option to purchase. The site will be used for truck parking, a maintenance shop, office, and related facilities. The Company was awarded a contract with the City of San Jose to provide services to collect, sort, and process residential recyclables. The remaining

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Project components will continue as outlined on the Final Resolution that was approved at the March 20, 2007 Board Meeting. Staff report presented by Doreen Carle.

Ms. Redway asked for any questions or comments from the Board or the public.

Tom 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.

- 2) **The Ratto Group of Companies, Inc. and/or its Affiliates** requested approval to amend the Final Resolution No. 466 in an amount not to exceed \$42,600,000 approved at the March 20, 2007 Board Meeting. The Company proposed to add two new Project sites as well as to reallocate funds between the project components previously induced and approved under the original Final Resolution.

The first site to be added is located in Santa Rosa and is owned by Standish Investment Inc., which in turn is owned by Waste Management Inc. The second site is located in Santa Rosa and is owned by Waste Management of California, Inc. The current proposed project expands the Company's current operations with the acquisition, rehabilitation, and equipping of a 10.5-acre parcel containing an existing MRF and related buildings and equipment.

The Company requested to use \$29,050,000 of the December 2006 inducement and to add \$13,550,000 for new project components, all of which totals the same bond issuance amount as approved by the Board on March 20, 2007. The Company represents that the amounts induced in December 2006 for several project components will not be used to finance project components in any future bond issues. Therefore, upon issuance of \$42,600,000 bonds, the Company may request approval of future financings using up to \$23,135,000 of the December 2006 inducement remaining. Staff report presented by Aaron Todd.

Ms. Redway asked for any questions or comments from the Board or the public.

Tom 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.

Michael Paparian commented that this request raises some issues for CPCFA in terms of when CPCFA should require fees on amendments to Initial Resolutions. Staff will be talking to stakeholders as to when to require fees for substantial changes and when to require a new IR. Staff may come back to the Board with recommendations in July or August.

- 3) ~~CalAg, LLC, CalPlant I, LP and/or their Affiliates~~ ~~WITHDRAWN~~

**D. REQUEST TO CONSENT TO LEASE AND SALE OF PROPERTY**

Norcal Waste Systems, Inc. requested Authority consent to a lease and sale of property in connection with Norcal's Series 2007 bonds.

At the March 20, 2007 Board Meeting, the Board approved the refunding of three previously issued bonds for Norcal Waste Systems, Inc. The bonds were refunded on April 30, 2007. A portion of the previously issued bonds was used to finance improvements at Norcal's San Jose facility site, which is leased from an unrelated third party. The Company owns the improvements on the leased site which includes an office, a recycling collection facility, and a corporate yard for waste collection vehicles, carts, bins, and related equipment. The purpose of the San Jose site is to support the contract between Norcal and the City of San Jose. As part of its March 20, 2007 refunding request, the Company disclosed to the Authority the termination of its City of San Jose contract, to become effective July 1, 2007, and its desire to move the financed assets of the San Jose site to other Norcal facilities to preserve the tax-exempt status of the bonds.

The Company's current request is to obtain consent to the lease and sale of the site improvements to California Waste Solutions, Inc. (CWS), the successful bidder for the City of San Jose contract. CWS will offer the same waste services as currently provided by Norcal. Norcal and CWS have an agreement that Norcal will sublease the land and site improvements to CWS and CWS will have an option to purchase all of Norcal's leasehold and other interests in the real property and improvements. CWS may exercise the purchase option no later than September 30, 2007. Norcal requested Board approval for the lease of the improvements to CWS and the sale of such improvements, if and when CWS exercises its Purchase Option. Staff report presented by Michael Smith.

Ms. Redway asked for any questions or comments from the Board or the public.

Ms. Redway asked for clarification on the technicalities of this bond issue.

Robert Feyer, Orrick Herrington and Sutcliffe, stated that the technicalities are required because during the time before California Waste Solutions purchases this property, Norcal will be paying under its bond issue while California Waste Solutions will actually operate the site. Under Norcal's loan agreement, the Authority's consent is required when any entity other than Norcal operates the site. California Waste Solutions, through its loan agreement which was just approved, will covenant to do all that which Norcal would otherwise do in terms of operating the site.

Mr. Feyer noted to the Board Members that on the yellow sheet of the resolution (page 3) a word was deleted in error. The word "from" should remain in the resolution. He stated that the staff report states that the property is owned by an unrelated third party and that Norcal leases from an unrelated third party.

Eileen Marxen stated that the Board can adopt the resolution with the correction noted by Bond Counsel.

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Tom Sheehy moved to approve the item with the change to the yellow sheet page 3. 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 11:17 a.m.

Respectfully submitted,

Michael Papanian  
Executive Director