

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
August 28, 2007**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:50 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Cindy Aronberg via teleconference for John Chiang, State Controller
Anne Sheehan 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

Ms. Redway asked if there were any questions or comments concerning the July 24, 2007 meeting minutes. There were none.

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

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Mr. Paparian reported that the recently enacted state budget allocated \$60 million to CPCFA for the CALReUSE Brownfield Cleanup Program to promote infill residential and mixed-use development. Mr. Paparian stated that staff is working with key stakeholders inside and outside of State Government towards developing effective ways to move forward in implementing this Program. Mr. Paparian noted to the Board Members that he would give progress reports on where the programs stand over the next few months.

Mr. Paparian reported that the Sustainable Communities Grant and Loan Program received 68 applications totaling approximately \$22 million for the current funding cycle. Mr. Paparian stated that the applications are presently being reviewed and scored as part of the process leading to \$2.5 million in awards. Staff expects to come back in October with recommendations for those awards.

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Mr. Paparian stated that CPCFA continues to expect allocation to be tight and that outside issuers are continuing to submit proposals. He noted that one proposal is pending for \$100,000,000 and that staff expect another proposal for up to \$150,000,000 for CDLAC allocation later this year. Mr. Paparian stated that staff is working toward improvements in the bond program including application revisions. Mr. Paparian stated that he would have more detailed information regarding the bond program at future Board meetings.

Mr. Paparian reported that CPCFA had one recent contract greater than \$10,000. It is for \$125,000 for trustee services for the CalCAP Program. The trustee bank maintains lenders loss reserve accounts, tracks various programs statistics, prepares management reports, and does other activities that a trustee typically does. The Request for Proposals (RFP) was advertised statewide in late June and was due on August 3, 2007. Mr. Paparian stated that six firms expressed interest and requested a copy of the RFP; however, only the Bank of New York Trust Company submitted a proposal. The staff evaluation committee consulted the Treasurer's Office General Counsel in reviewing the proposal and determined that the Bank of New York Trust Company's proposal was responsive to the conditions of the RFP. He stated that the Bank of New York Trust Company is the current trustee bank and provides good service for the CalCAP Program. Mr. Paparian also stated that CalCAP will be entering into a two-year contract with allowance for a one-year extension for an amount not to exceed \$125,000 over the term of the contract.

Ms. Redway asked what the status was for reviewing the Pacific Community Ventures (PCV) contract. Mr. Paparian responded that CPCFA staff had received two proposals and is on the verge of awarding the contract.

Ms. Redway asked if the contract reviewing Pacific Community Ventures would take a few months before CPCFA receives a product from the consultant. Mr. Paparian responded that there will be a 60-day interim report and the final report within 90 days.

Ms. Sheehan asked if the PCV contract ends at the end of the year.

Mr. Paparian responded in the affirmative, adding that staff had hoped to complete the PCV contract review sooner. The RFP was sent out in June but staff received no responses. He stated that staff had to reissue the RFP and received only two proposals on the reissued RFP.

Ms. Redway stated that the Authority had not issued an RFP on renewing the PCV contract because this particular CPCFA fund cannot sustain the Program much longer.

Ms. Sheehan asked what decision would determine the extension of a two-year contract with the Bank of New York Trust Company.

CalCAP Program Manager Aaron Todd stated that the contract is a two-year contract with a third-year option. After two years CPCFA would evaluate to see whether or not BNY has completed its job in a satisfactory manner. Mr. Todd stated that the third year would still be allowed assuming there is contract money under the maximum of \$125,000.

Ms. Sheehan asked if the third-year option is in the contract. Mr. Todd responded affirmatively.

Eileen Marxen stated that the trustee services for CalCAP are unique and as long as the bank is performing appropriately, which they have until now, CPCFA may do a third-year option.

4. BUSINESS ITEMS

A. REQUEST FOR APPROVAL OF INTERAGENCY AGREEMENT WITH THE STATE TREASURER’S OFFICE FOR SUPPORT PROVIDED BY THE STATE TREASURER’S EXECUTIVE OFFICE, ADMINISTRATION DIVISION AND INFORMATION SYSTEMS IN THE AMOUNT OF \$339,098

The Interagency Agreement between CPCFA and the State Treasurer’s Office (STO) is currently up for renewal and staff requested Board approval of the new agreement. STO provides budgeting, personnel, accounting, information systems, and other administrative support services to the Authority. The Executive Director and Deputy Executive Director have authority under resolutions passed by the Board to approve contracts in amounts up to \$300,000. The proposed contract exceeds this amount; therefore the Board’s approval was required. The contract period is July 1, 2007 through June 30, 2008. Staff recommended approval of a resolution to authorize the Executive Director or Deputy Executive Director to execute an Interagency Agreement for Fiscal Year 2007/2008 with the STO.

Ms. Sheehan asked if, in light of the new program under the Brownfields, additional staff would be needed and possibly more services from STO for CPCFA programs and if this amount will be enough.

Mr. Paparian responded that this agreement does not cover additional staff costs and that CPCFA may need additional staff as a result of that Program as well as the need for more administrative support. Mr. Paparian stated that calculations are based on the prior year, and current year costs will be picked up next year.

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

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

1) **GreenWaste Recovery, Inc., and/or its Affiliates** requested approval of Initial Resolution No. 07-07 for an amount not to exceed \$9,300,000 to finance the purchase of collection vehicles and containers. The Project locations are in the City of San José and in Santa Clara County. In May 2007, CPCFA issued \$38,305,000 in bonds for GreenWaste Recovery to finance an expansion of its MRF, the purchase of land for a corporate yard site, and the acquisition of collection vehicles and containers. That project involved, in part, leasing a location that subsequently became available

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for purchase. GreenWaste proposes to purchase the site with the May 2007 bond proceeds. This proposal requires a refunding of the bonds to reflect a change in the use of the bond proceeds and a new Initial Resolution and Final Resolution for the acquisition of the collection vehicles and containers. This Initial Resolution is for the acquisition of collection vehicles and containers. The Final Resolution and proposed refunding will be presented at a future meeting. Staff report presented by Doreen Carle.

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

Shane Gusman of Broad & Gusman, LLP spoke on behalf of the California Teamsters Public Affairs Council. He presented concerns of the Teamsters Local 350 that represents employees in San José. The Teamsters are particularly concerned that GreenWaste has failed to negotiate a collective bargaining agreement with the Teamsters Union, Local 350. Mr. Gusman stated that the National Labor Relations Board is involved because GreenWaste is failing to negotiate a collective bargaining agreement. Mr. Gusman concluded that the Union opposes approval of the Initial Resolution for GreenWaste pending GreenWaste's resolution of this issue with the Teamsters Local 350 in the City of San José.

Ms. Redway asked if staff has had discussions with the City of San José.

Ms. Marxen responded that prior to the May 22, 2007 meeting, when GreenWaste was last heard before the Board, staff did talk to the City of San José and the City felt that GreenWaste was meeting the terms of its contract with the City.

Ms. Redway asked for clarification that the Board was only considering an Initial Resolution. Ms. Marxen responded affirmatively, adding that the Initial Resolution is not a commitment to go forward with the Final Resolution.

Ms. Aronberg asked if Mr. Gusman could address staff's response to the City of San José. Mr. Gusman responded that he had not been in contact with the City of San José, that his information had come from the local Union in San José.

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

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

5. PUBLIC COMMENT

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

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Michael Paparian
Executive Director