

**MINUTES**

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
September 25, 2007**

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

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

Members Present: Tricia Wynne 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

Quorum: The Chairperson declared a quorum

**2. MINUTES**

Ms. Wynne asked if there were any questions or comments concerning the August 28, 2007 meeting minutes. There were none.

Anne Sheehan moved to approve the minutes of the August 28, 2007 meeting. Upon a second, the minutes passed with the following vote: Anne Sheehan, Aye; Cindy Aronberg, Aye; Tricia Wynne, Aye.

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

Mr. Paparian reported that six review committees are assisting with the scoring of the 68 applications received for the current Sustainable Communities Grant and Loan Program (SCGL) funding round. Review teams were made up of CPCFA staff, staff from the Treasurer's office and other Authorities, from state agencies, the legislature, and from planning and environmental experts.

Mr. Paparian also reported on the CALReUSE program as it relates to the \$60 million recently allocated from Proposition 1C funds for the expansion of the brownfields program. He stated that CPCFA staff has been discussing the structure of the program with other state agencies such as Housing and Community Development and the Department of Toxic Substances Control and with other outside stakeholders. Regulations are currently being drafted with public workshops planned for late October. Emergency regulations for program implementation are anticipated in time for the December board meeting.

Ms. Sheehan asked if staff expects follow up legislation regarding implementation of the program. Mr. Paparian responded that there had been a proposal before the legislature at the end of the session which did not make it through, but it is not clear if follow up legislation will be introduced in the next session.

Ms. Sheehan commented that the program would hopefully be in place by January if the timeline is followed. Mr. Paparian agreed, adding that it would take a few months after that before the program could begin funding projects, but staff is working to have some projects funded as quickly as possible.

Mr. Paparian reported on the tightness of volume cap for the bond program. With what CPCFA has issued, what's been approved by CDLAC, and what might go forward to CDLAC from CPCFA and the outside issuer deals between now and the end of the year, demand could exceed the \$440 million allocation available.

Mr. Paparian informed the Board that the contract for services of a Trustee Bank for the CALReUSE program is due to expire. An RFP was issued, proposals reviewed, and the contract will be awarded to the Bank of New York Trust Company. The contract will be for a two-year period with allowance for a one-year extension for an amount not to exceed \$100,000 for the term of the contract.

Mr. Paparian informed the Board that staff plan to change the date of the November 27 meeting to Monday, December 3 at 2:00 p.m. The December 18 meeting will remain on the calendar in the event there is a need for one final meeting before the end of the year.

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

Ms. Sheehan asked for clarification that the contract awarded to the Bank of New York is different than the CalCAP agreement the Board looked at last month.

Mr. Paparian clarified that this is for CALReUSE, the one last month was for CalCAP.

#### **4. BUSINESS ITEMS**

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

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstead.

**EDCO Disposal Corporation and/or its Affiliates** requested approval of Initial Resolution No. 07-08 for an amount not to exceed \$31,960,000.

The project is located in the Counties of San Diego, Los Angeles, Riverside, Imperial, San Bernardino, and Orange.

The Company plans to acquire low emission, CARB-compliant collection vehicles, transfer vehicles and trailers, loaders, carts, bins, and other equipment to be used

throughout its service area. The new collection vehicles will replace the older fleet which is not in compliance with the new CARB standards. Additionally, the Company intends to replace and upgrade transfer and recycling equipment, utilities, paving and other improvements at several of its locations. Staff report presented by Doreen Carle.

Ms. Wynne asked if there were any questions from the board or comments from the public. There were none.

Ms. Sheehan moved approval of the item. Upon a second, the motion passed with the following vote: Anne Sheehan, Aye; Cindy Aronberg, Aye; Tricia Wynne, Aye.

**B. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND CORRESPONDING RESOLUTIONS AUTHORIZING SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE IN AN AMOUNT NOT TO EXCEED \$250,000**

Staff introduced Marty McHale, Vice President and CFO of Raisch Company, and Dan Bronfman of Growth Capital Associates.

**Raisch Company, dba Raisch Products, together with Douglas E. Raisch** requested approval of (i) Final Resolution No. 473 in an amount not to exceed \$2,700,000 to finance the purchase of equipment, and (ii) a resolution in an amount not to exceed \$173,200 from the Small Business Assistance Fund (SBAF) for the benefit of the company.

The Company recycles construction waste, broken asphalt, and concrete. The Borrowers will use note proceeds to purchase a relocatable demolition plant for recycling waste concrete and asphalt. The new plant requires one day versus the current three days to disassemble, relocate and reassemble. Because of the shorter turn around time, more waste can be recycled at each site and at customer sites.

The Borrowers provided letters of support from San José City Counsel members and from the Construction Materials Recycling Association of which the Company is a long-time member.

Staff noted that the Authority previously undertook financings for Tri-City Economic Development Corporation in 2005 and 2007 that were structured in a manner similar to this financing. Staff report presented by Michael Smith.

Ms. Wynne asked if there were any questions from the board members.

Ms. Sheehan inquired as to the necessary permits and whether they were all in place.

Mr. McHale responded that all permits are in place. Mr. Bronfman added that the new plant has been operational since June.

Ms. Wynne asked if there were any comments from the public. There were none.

Ms. Sheehan moved approval of the item. Upon a second, Mr. Paparian clarified that the motion was on both the SBAF resolution as well as the final resolution. The motion then passed with the following vote: Anne Sheehan, Aye; Cindy Aronberg, Aye; Tricia Wynne, Aye.

**C. REQUEST TO APPROVE AMENDMENT OF LOAN AGREEMENT**

Staff introduced Tony Cone, of Westhoff, Cone & Holmstedt, and Robert Feyer of Orrick, Herrington & Sutcliffe.

**The applicant, MarBorg Industries and/or its Affiliates** requested an amendment to the Loan Agreement.

In 2006, CPCFA approved the issuance of bonds in the amount of \$6,700,000 to MarBorg Industries to finance improvements at three locations in Santa Barbara.

At this time, the Company requests to alter the allocation of expenditures of bond proceeds from the 2006 financing. The Company proposes to eliminate the activity at one of the locations and to reallocate the bond funds and increase the expenditure for the acquisition of collection vehicles and containers.

The Loan Agreement between the Authority and the Borrower requires that the Borrower obtain the approval of the Authority before proceeding with this reallocation of bond funds. Staff report presented by Doreen Carle.

Ms. Wynne asked if there were any questions from the board members.

Ms. Sheehan inquired regarding the reasons behind this change.

Mr. Cone responded that it was a way to save money and that the new site is quite large and better suited to waste handling. Also, they would like to buy trucks earlier than they had originally planned.

Ms. Wynne clarified that the requested amendment is not changing the amount of the loan agreement.

Mr. Cone agreed, stating that, in fact, most of the money has not yet been spent on anything.

Ms. Wynne asked if there were any questions from the Board or from the public. There were none. Ms. Sheehan moved approval of the item. Upon a second, the motion passed with the following vote: Anne Sheehan, Aye; Cindy Aronberg, Aye; Tricia Wynne, Aye.

**D. REQUEST TO APPROVE SALE OF ASSETS**

**The applicant, Waste Management, Inc. and/or its Affiliates (WMI)** requested approval for the sale of assets.

In 2005, CPCFA approved the issuance of bonds in the amount of \$100,000,000 to WMI. The Borrower requested that the Board approve the sale of one or more underground storage tanks to North Bay Corporation, which is an affiliate of The Ratto Group of Companies. This land and facility is part of the Project financed with the 2005 bonds.

The Loan Agreement between the Authority and the Borrower requires that the Borrower obtain the approval of the Authority before selling project assets obtained with bond funding.

Staff received the documentation as required per the Loan Agreement. Under the terms of the Loan Agreement and the circumstances of this request, the Authority was required to act on this request within 30 days of receipt of the required documents and has no discretion to disapprove the sale.

Given that the Borrower met the terms of the Loan Agreement, staff recommended approval of the sale of the asset to North Bay Corporation. Staff report presented by Doreen Carle.

Ms. Wynne asked if there were any questions or comments from Board members. There were none. Cindy Aronberg moved approval of the item, followed by a second.

Ms. Wynne asked if there was any public comment on this item.

Mr. Feyer noted that this is tied to a bond issue which the Authority did earlier for The Ratto Group. Mr. Feyer's firm verified that none of the bond proceeds from the CPCFA bonds for The Ratto Group will be used to acquire this piece of property from Waste Management and that only one set of bonds is outstanding with respect to any asset.

The motion passed with the following vote: Anne Sheehan, Aye; Cindy Aronberg, Aye; Tricia Wynne, Aye.

## **5. PUBLIC COMMENT**

Ms. Wynne asked if there were any public comments. There were none.

**6. ADJOURNMENT**

Ms. Sheehan moved to adjourn. Upon a second, the motion passed with the following vote: Anne Sheehan, Aye; Cindy Aronberg, Aye; Tricia Wynne, Aye.

There being no further business, public comments, or concerns, the meeting adjourned at 11:12 a.m.

Respectfully submitted,

Michael Papanian  
Executive Director