

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
August 27, 2008**

1. CALL TO ORDER & ROLL CALL

Tricia Wynne, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:52 a.m.

Members Present: Tricia Wynne for Bill Lockyer, State Treasurer
Les Kleinberg for John Chiang, State Controller
Molly Arnold 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 July 23, 2008 meeting minutes. There were none.

Molly Arnold moved approval of the minutes. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Mr. Paparian informed the Board members about staff's efforts to bring CPCFA's income inflow and outflow into balance by adjusting the Small Business Assistance Fund. Businesses with fewer than 500 employees who apply to CPCFA for bonds can avoid paying fees in addition to receiving a subsidy towards closing costs in an amount of up to \$250,000. An item to adjust the Small Business Assistance Fund (SBAF) subsidy formula will be presented to the Board in September. The change should reduce the outflow by almost half, bringing outflow from approximately \$2.5 million expense down to a little over \$1 million in coming years.

Mr. Paparian also informed the Board about the pipeline of projects for the bond program. CPCFA has issued approximately \$59 million in bonds using the 2008 allocation. The California Debt Limit Allocation Commission (CDLAC) allocated CPCFA an additional \$200,000,000 to allocate with the provision that any unused allocation revert back to CDLAC after the August board meeting. More than \$69,000,000 will be allocated for the month of August through CPCFA and approximately \$130,000,000 will be returned to CDLAC. Mr. Paparian added that there would be a consideration of an application in

Agenda Item 2.

September 2008 for \$100,000,000 that could possibly receive allocation if supported by both CPCFA and CDLAC.

Staff will begin the process of preparing a Request for Proposal (RFP) for outside counsel as CPCFA's current contract will expire in 2009. Outside Counsel is used on an as needed basis with Attorney General (AG) approval.

One of the loans funded under the CalCAP program has been issued a \$1.2 million line of credit; this company utilizes clean natural gas vehicles at the ports of Los Angeles and Long Beach. CPCFA's contribution to the loan loss reserve associated with that line of credit was \$48,000, which helped to make the project happen. CalCAP has been working very closely with the Air Resources Board (ARB) to expand this type of lending. Staff is also working on a retrofitting pilot project in the Central Valley for off-highway diesel equipment. The ARB contributed \$300,000 as an Independent Contributor to see if it can entice borrowers to participate in the pilot program and to get them to quickly do the retrofits that they need. Staff has also talked to ARB about greatly expanding the program using up to \$48,000,000 in funds that ARB expects to have available, and possibly more beyond that amount to deal with the bigger problem of truck retrofits throughout California.

Mr. Paparian also mentioned to the Board that one of the banks in the CalCAP program has recently failed, but the assets of that bank were picked up by another bank and the new bank is planning to enroll in the CalCAP Program. Staff became aware of another bank facing difficulties, and quickly took action to move the loan loss reserve account from that bank to the trustee bank. Staff is now in the process of developing procedures for determining when a loan loss reserve account needs to be moved to CPCFA's trustee bank. Staff is hoping to have procedures in place in the next few weeks.

Mr. Paparian referred to CPCFA's stressed cash position and explained that one of the ways CPCFA is bringing its income and outflow into balance is SB 1311. SB 1311 is a bill which will allow CPCFA to reduce contributions to loan loss reserves. The Bill received unanimous support in the legislature and was actually on the Governor's desk at the time that he announced he would not be signing anymore bills. The Bill was pulled back from his desk until legislative circumstances improve. Staff is hoping that the Bill will be returned to the Governor for consideration in the near future.

Mr. Paparian also added that the CalReUSE program is progressing quickly, but that Deana Carrillo will present this item to the Board.

Ms. Wynne asked if there were any questions from the Board or public about the Director's Report. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE BOARD APPROVAL PROCESS FOR THE CALREUSE REMEDIATION PROGRAM

Agenda Item 2.

CPCFA expects to finance first projects under the CALReUSE Remediation Program in the month of November. The Board may determine to finance projects on a monthly or rolling basis, or alternatively in competitive rounds. Staff requested the Board's direction on the Board Approval Process on how the Board will consider specific projects. Staff recommended that the CALReUSE Remediation Program consider projects on a monthly or rolling basis. Presented by Deana Carrillo.

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

Mr. Kleinberg moved approval of the staff recommendation for Item 4.A. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

B. REQUEST TO APPROVE INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

Staff introduced Tony Cone, Westhoff, Cone and Holmstedt.

- 1) **Evergreen Oil, Inc. and/or its Affiliates** requested approval of Initial Resolution No. 08-07 for an amount not to exceed \$4,095,000 to finance the acquisition of three sites in Carson. Presented by Doreen Smith.

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

Mr. Kleinberg moved approval of Item 4.B.1. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

C. REQUEST TO APPROVE REINSTATEMENT OF INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

Staff introduced Tony Cone, Westhoff, Cone and Holmstedt.

- 1) **Evergreen Oil, Inc. and/or its Affiliates** requested approval of reinstatement to Initial Resolution No. 05-03. The IR was approved on April 26, 2005 for an amount not to exceed \$22,990,000 to finance site preparation and improvements, new equipment, and related costs for the expansion of an existing hazardous waste processing facility (principally a used oil re-refinery) located in Newark. A Final Resolution was approved on April 25, 2006 and bonds were issued in the amount of \$8,450,000 on June 22, 2006. The company's current request was reinstatement of the IR in order to allow financing of additional costs and building improvements at the Newark site. Presented by Doreen Smith.

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

Agenda Item 2.

Ms. Arnold moved approval of Item 4.C.1. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

D. REQUEST TO APPROVE FINAL RESOLUTION TO ISSUE REVENUE BONDS, AUTHORIZE SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE, AND APPROVE TAX-EXEMPT BOND VOLUME CAP ALLOCATION

Staff introduced Tony Cone, Westhoff, Cone and Holmstedt.

- 1) **Upper Valley Disposal Service, Inc. and/or its Affiliates** requested approval of a Final Resolution and a Volume Cap Allocation Resolution for an amount not to exceed \$4,235,000 to finance construction, and to purchase vehicles and equipment. The company is a small business and also requested up to \$197,760 of assistance from the SBAF. The company provides refuse and disposal services in Lake and Napa Counties. The company anticipates that the project will provide waste diversion, air quality, water quality and recycling benefits. Presented by Doreen Smith.

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

Mr. Kleinberg moved approval of Item 4.D.1. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

E. REQUEST TO APPROVE FINAL RESOLUTIONS TO ISSUE REVENUE BONDS AND APPROVE TAX-EXEMPT BOND VOLUME CAP ALLOCATION

Staff introduced Tony Cone, Westhoff, Cone and Holmstedt.

- 1) **Burrtec Waste Group, Inc. and/or its Affiliates** requested a Final Resolution and a Volume Cap Allocation Resolution for an amount not to exceed \$25,500,000 to finance the design, permitting, acquisition, retrofit, construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities, and related vehicles and equipment for the processing and disposal of solid waste. The company provides refuse collection and disposal services for residential, commercial, and industrial customers in Los Angeles, Riverside, San Bernardino, and Imperial Counties. The company anticipates that the project will provide air quality, water quality, energy efficiency, recycling, and ratepayer benefits. Presented by YanLing Tse.

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

Mr. Kleinberg moved approval of Item 4.E.1. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

Staff introduced Jim Kordas of GE Government Finance

- 2) **Ecology Auto Parts, Inc. and/or its Affiliates** requested approval of a Final Resolution and a Volume Cap Allocation Resolution for an amount not to exceed \$9,100,000 to finance equipment purchases in Orange County. The company transports solid waste from transfer stations to landfills in Los Angeles, San Diego, San Bernardino and Riverside Counties. The company anticipates that the project will provide air quality, energy efficiency and safe disposal of solid waste benefits. Presented by Doreen Smith.

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

Mr. Kleinberg moved approval of Item 4.E.2. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

Staff introduced Tony Cone, Westhoff, Cone and Holmstedt.

- 3) **GreenWaste Recovery, Inc., GreenWaste of Palo Alto, and/or their respective Affiliates** requested approval of a Final Resolution and a Volume Cap Allocation Resolution for an amount not to exceed \$30,550,000 to finance facility improvements, construction, and the purchase of vehicles and equipment. Presented by Mike Smith.

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

Mr. Kleinberg moved approval of Item 4.E.3. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

F. REQUEST TO APPROVE AMENDMENT TO BOND DOCUMENTS

Staff introduced Andrew Alexander of Bank of America Securities, LLC

- 1) **Request approval of appointment of Bank of America, N.A. as Letter of Credit Bank in connection with Letters of Credit pertaining to the Authority's Pollution Control Revenue Bonds (Republic Services), Series 2003 for \$30,000,000 and Series 2006 for \$30,000,000**
Presented by Mike Smith.

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

Agenda Item 2.

Mr. Kleinberg moved approval of Item 4.F.1. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

5. PUBLIC COMMENT

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

6. ADJOURNMENT

Mr. Kleinberg moved approval of Item 6. Upon a second Ms. Wynne asked if there was any objection to recording the item as being unanimously approved. There being no objection, the item passed.

There being no further business, public comments, or concerns, the meeting adjourned at 11:22 a.m.

Respectfully submitted,

Michael Paparian
Executive Director