

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
April 22, 2009**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:10 am.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Richard Chivaro for John Chiang, State Controller
Tom Sheehy for Michael C. Genest, Director, Department of Finance

Staff Present: Michael Paparian, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the March 25, 2009 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Mr. Paparian recognized the CPCFA's Administrative Staff in reflection of Administrative Professionals Day.

Mr. Paparian introduced Leosha Eves as CPCFA's new Office Technician. She previously worked for CPCFA as a student assistant. He informed the Board that Ms. Eves will take over the responsibilities of the CPCFA meeting secretary.

Mr. Paparian reported that the California Capital Access Program (CalCAP) expects to launch the new Heavy Duty On-Road Diesel Truck Loan Program within the next two weeks. All interagency agreements have been signed and approved by the Department of General Services. Staff is working with the Participating Financial Institutions (PFIs) to assure they understand the program. Under the program PFIs will have a strong incentive to lend funds to small businesses with truck fleets of up to 20 vehicles. The loans can be used to comply with new clean air regulations to encourage the purchase of new or newer trucks,

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and to adopt efficiency measures. Participating PFIs will receive 14% of the loan value to be placed in a loan loss reserve account to cover defaulted loans. At the end of the program, when all the loans are paid in full, any excess money will then revert back to the state.

CPCFA initially expects a transfer of a little over \$30 million from the Air Resources Board for this program, with the prospect of expansion in the future if the program is successful.

Mr. Paparian reported that the California Recycle Underutilized Sites (CALReUSE) Remediation Program is much closer to disbursing funds. The program's strategic partners are ready to go. Staff will work with the applicants to get the loan and grant agreements signed and hopefully get the money out the door as quickly as we get it in the door.

Mr. Sheehy stated it is safe to assume the Department of Finance will be able to release all the funds from the first round within a reasonable time.

In addition to the \$60 million currently allocated to CPCFA from Proposition 1C, staff is working with the legislature to pursue an additional \$60 million for new projects. Staff is already aware of a pipeline of projects of over \$100 million for these possible additional funds and knows demand will be substantial.

Mr. Paparian reported that staff is also working with the Senate Environmental Quality Committee on legislation to clean up the CPCFA statute. The proposal would simplify the 275 word sentence that describes an eligible project and remove antiquated language in the statute. At the request of ARB, staff is also going to ask for a slight expansion of the type of financial institutions that can participate in CalCAP independent contributor funded programs, in order to capture truck manufacturer financing entities.

Mr. Paparian further reported that the bond program is continuing to see a challenging marketplace. One major project that had expected to come forward next month for a tax-exempt bond funding has been delayed until early next year. Another project has also been delayed; however, staff is hopeful they will come back in the summer. The bond program still has two projects expected and confirmed for the June meeting. The program is still seeing some activity; however, like the IDBs, a lot of projects are delaying decisions to move forward with their bonds.

Mr. Paparian referred to Tom Dresslar's report at the CIDFAC meeting, that the two organizations—CPCFA and CIDFAC—have entered into an interagency agreement for CIDFAC to reimburse CPCFA for staff services of up to \$49,999. The term of this agreement is through June of this year.

CPCFA has also augmented its agreement with the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) by an additional \$100,000, bringing the total to \$299,500. CAEATFA is still expected to pay CPCFA back as it gets rolling on projects. CAEATFA has a Clean Renewable Energy Bond (CREBS) deal with the California Department of Transportation (Caltrans) that should close in the next few weeks. CAEATFA is continuing to work on other CREBS, energy efficiency, sales tax exemption

and other financing measures. Staff is hopeful that these projects will generate the income for CAEATFA in order to pay CPCFA for the loans.

Ms. Redway asked if there were any questions from the Board members. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE INITIAL RESOLUTIONS REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

Staff introduced Jason Grubbs, W.R Taylor, underwriter for Musco Olive Products, Inc.

- 1) **Musco Olive Products, Inc. and/or its Affiliates** requested approval of an Initial Resolution for an amount not to exceed \$4,000,000 to finance a renewable energy wastewater and pollution control system. The company anticipates that the project will provide pollution control and environmental benefits. Presented by Doreen Smith.

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

Jason Grubbs, responded to Mr. Sheehy's question concerning the disposal of the removed salt. Mr. Grubbs stated that the additional salt removed will be concentrated and then landfilled.

Ms. Redway asked if there were any further comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved.

- 2) **Alta Equipment Leasing Co., Inc. and/or its Affiliates** - Norcal Waste Systems, Inc. Project - requested approval of an Initial Resolution for an amount not to exceed \$83,000,000 to finance the acquisition and replacement of collection vehicles and containers. The company anticipates that the project will provide waste diversion, air quality, water quality, recycling, and climate change benefits. Presented by Ling Tse.

Ms. Redway asked if there were any further comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved.

B. REQUEST TO APPROVE AMENDMENTS TO BOND DOCUMENTS

- 1) **Republic Services, Inc.** requested approval to amend the Loan Agreements between CPCFA and Republic dated June 1, 2002, December 1, 2003, and March 1, 2006 related to three bond issues. The company is subject to the judgment of the United States District Court for the District of Columbia which requires that it divest certain assets in California to conform to the Hart-Scott-Rodeno Antitrust Improvements Act, as a condition of the merger between Republic and Allied Waste Inc. Presented by Doreen Smith.

Ms. Redway asked if there any further comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved.

5. PUBLIC COMMENT

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

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:27 a.m.

Respectfully submitted,

Michael Papanian
Executive Director