

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
June 24, 2009**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (Authority) meeting to order at 10:31 am.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Les Kleinberg 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 May 27, 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 introduced CPCFA's newest staff. Kristina McElfresh is an analyst who will be taking the lead on board meeting preparations and overseeing office administrative functions. Kristina came from the Urban Forestry Program within the Department of Forestry and Fire Protection. Also joining CPCFA is Rachel Franzoia as a summer student assistant. Rachel is a UCLA student and will be working with the new California Capital Access Program (CalCAP) Air Resources Board (ARB) On Road Truck Loan Program.

Mr. Paparian reported that the ARB On Road Truck Loan Program is generating much interest. CalCAP is about to add its 10th financial institution to those offering loans for the ARB Program. The first loan was made last week to a trucker in Fresno. Staff is expecting an increase in loan activity over the summer.

Staff has worked with the California Trucking Association and others in getting the word out about the program; including working with the Air Resources Board on promotional materials

and website information. Staff recently produced materials about the CalCAP that are being distributed at trucking events.

Mr. Paparian reported that the CalCAP program continues to see substantial interest. From January through May, over 220 CalCAP loans have been approved, with a total loan amount of over \$26 million, and over 720 jobs were created or affected by these loans.

Mr. Paparian reported that the California Recycle Underutilized Sites Remediation Program (CALReUSE) has begun the process of funding projects. The previous day Mr. Paparian signed and forwarded CPCFA's grant and regulatory agreements to the Sacramento Railyard for signature. CALReUSE's Strategic Partners reported that approximately a dozen more projects would be signing their agreements in the next few weeks with the rest of the projects signing their agreements over the next month or two. Following the signing of the agreements, projects can start submitting invoices for payment of brownfield cleanup expenses.

Staff is continuing to work with applicants to the Bond Program. At Mr. Sheehy's suggestion, Mr. Paparian looked into the fees charged. He had discussions with some companies that have gone elsewhere for bond issuance in recent years to determine if a temporary fee reduction would encourage them to seek a bond issuance through CPCFA. They are considering this concept and staff is awaiting a response from these companies.

The fees CPCFA charges for small businesses are dramatically less than the fees charged by any other issuer. CPCFA's fees for large businesses, over 500 employees, are comparable to the fees of some issuers, but higher than other issuers.

4. BUSINESS ITEMS

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

1) **American Reclamation, Inc. and/or its Affiliates** requested approval of an Initial Resolution for an amount not to exceed \$9,500,000 to finance the purchase of equipment and vehicles. The company provides refuse collection and disposal services in Los Angeles County. The company anticipates that the project will provide waste diversion, air quality and recycling benefits. Presented by Samantha Russell.

Bob Feyer introduced himself as bond counsel and stated that he was sitting in on behalf of Tony Cone and the colleagues from Westhoff, Cone and Holmstedt who are the underwriters for the project. He had nothing further to add.

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 AMENDMENT TO BOND DOCUMENTS

- 1) **EDCO Disposal Corporation** requested approval to modify the Project Description, Exhibit A, of EDCO's Series 2007A Loan Agreement to allow the company to utilize a portion of the remaining Project Funds for the construction and equipping of a recycling and transfer station in Signal Hill. Presented by Doreen Smith.

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

Ms. Redway asked if there was a motion.

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

- 2) **The Ratto Group of Companies Inc.** requested approval to amend The Ratto Group of Companies Inc. Project Series 2007A Bonds Indenture between California Pollution Control Financing Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee, dated July 1, 2007. The company requested to enter into a supplemental Indenture pursuant to Section 9.01(B)(7) of the Indenture. Amending and supplementing the Indenture will provide a mechanism for the release of monies from the Project Fund to the Surplus Account prior to the completion of the Project. The company also requests an amendment to the Loan Agreement to modify the Project and Exhibit A. Presented by Doreen Smith.

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

Mr. Sheehy asked Ms. Smith if the money needed to be moved to the Surplus Account so it could retire early.

Mr. Feyer responded the company entered into a business agreement to acquire another waste operation in another community; however, in order to do so, the banks are requiring the company to reduce its debt. There is about \$17 million unspent from the bond issue. The banks need the company to retire about \$16 million to bring its debt down to the levels needed. There is some additional project work of about \$1.5 million that will still need to do with the bond proceeds and that will not be spent until later in the year. The way the Indenture was written the company could not do that; so it is asking for approval so the trustee can release the money. Correspondingly, the company is removing from the description of the original loan a major project it would have funded with that \$16 million, hence the loan agreement amendment.

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 10:45 a.m.

Respectfully submitted,

Michael Paparian
Executive Director