

MINUTES

**California Pollution Control Financing Authority
State Capitol
Senate Hearing Room 4203
Sacramento, CA
November 17, 2010**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:51 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
John Chiang, State Controller
Cynthia Bryant for Ana J. Matosantos, Department of Finance

Staff Present: Michael Paparian, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the October 27, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian said he has a job promotion to report. Leosha Eves, CPCFA's Office Technician, was recently promoted to an Analyst position. Leosha started at CPCFA as a student assistant several years ago. She then left for other agencies, including the California Lottery before returning to CPCFA. Leosha will be handling a lot of the meeting oversight for the Authorities, as well as assuring that bond documents and other documents resulting from the Authorities actions are properly prepared and validated.

Mr. Paparian reported that he has a lot of good news in the California Capital Access (CalCAP) Program.

Agenda Item 2.

Mr. Paparian reported that he recently approved the enrollment of the 500th loan in the CalCAP Air Resources Board (ARB) Clean Diesel Loan Program. The loan was for a borrower in Los Angeles to replace a 1998 truck with a much cleaner 2008 model truck. To date, staff has enrolled over \$26 million in loans in this program.

Mr. Paparian reported that CalCAP received \$6 million in the State budget and with these funds the program has increased its contribution to loan loss reserve accounts. Staff anticipates getting the application to apply for the \$84 million in federal funds sometime in the next few weeks. Staff is also working with other states and some of the national banks on ways to standardize the programs and therefore make them easier for the multi-state banks to utilize.

Staff is continuing to recruit new lenders into the CalCAP programs. In recent weeks, staff signed up two banks and is close to signing up another Community Development Financial Institution (CDFI) from the Fresno area. Staff expects to see a steady stream of new lenders as more of them develop an understanding of how the CalCAP program can help their small business lending programs.

He further reported that CPCFA is continuing to chip away at the \$1.5 billion in carry-forward allocation received over the past two years. There are a couple of very large projects pending, including the CalAg project. There is also potential for a very large water related project that is expected to be presented to the Board in early 2011.

Mr. Paparian said that he is required to inform the Board about contracts he signs up to \$300,000. He signed the annual rent and related services contract with the State Treasurer's Office for \$112,950. He also signed a contract for \$38,500 with Forest Economic Advisors, LLC for work related to the analysis of a feasibility study for CalAg.

Ms. Redway asked if, in regard to the second contract concerning the feasibility study for CalAg, CPCFA will be reimbursed for the cost of the transaction.

Mr. Paparian responded yes, when the deal closes CPCFA will expect reimbursement.

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

4. BUSINESS ITEMS

A. REQUEST FOR APPROVAL OF INTERAGENCY AGREEMENT WITH THE STATE TREASURER'S OFFICE (STO) FOR SUPPORT PROVIDED BY THE STATE TREASURER'S EXECUTIVE OFFICE, ADMINISTRATION DIVISION AND INFORMATION SYSTEMS IN THE AMOUNT OF \$377,472

Presented by: Dona Yee, Analyst

Staff requested approval of the fiscal year 2010/2011 Interagency Agreement in the amount of \$377,472 with the STO to provide administrative support to the Authority.

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

Ms. Redway asked if there was a motion.

Ms. Bryant moved approval of the item; upon a second, the item was unanimously approved.

B. CONSIDERATION AND APPROVAL OF AMENDMENTS TO REGULATIONS FOR THE CALIFORNIA CAPITAL ACCESS PROGRAM

Presented by: Kamika McGill, Analyst

CalCAP is the intended recipient of both Federal and State funds totaling approximately \$90 million. Receipt of these funds will require modification of the CalCAP regulations. Staff requested approval to file emergency regulations amending the existing CalCAP regulations to expand access to the benefits of CalCAP primarily by increasing the Qualified Loan size and Qualified Business size. Upon approval staff will proceed concurrently with the emergency and permanent rulemaking process.

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

Ms. Redway asked if there was a motion.

Ms. Bryant moved approval of the item; upon a second, the item was unanimously approved.

C. AMENDMENT TO MODIFY INFILL GRANT AWARD UNDER THE CALREUSE REMEDIATION PROGRAM (PROP 1C)

1) IA Sacramento Development, LLC

Presented by: Diana Michaelson, Analyst

Staff introduced Dean Stermer, Project Director, and Richard Rich, Development Director of IA Sacramento Development, LLC.

Staff requested approval to re-direct or transfer an Infill Grant award of \$5,000,000 from S. Thomas Enterprises of Sacramento, L.L.C., the original applicant and awardee, to IA Sacramento Development, L.L.C. for the Sacramento Railyards project and to also transfer the additional award of up to \$9,760,716 which was also conditionally pre-approved at the November 18, 2008 Board meeting.

Agenda Item 2.

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

Ms. Redway asked if there was a motion.

Ms. Bryant moved approval of the item; upon a second, the item was unanimously approved.

D. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS

Ms. Wahl asked the Board to note that on the term sheet of the Final Resolution that the Trustee had not been identified. The trustee has now been selected and the Resolution will be updated to reflect the trustee as US Bank National Association (N.A.).

1) CalAg, LLC, CalPlant I, LLC

Presented by: Doreen Smith, Analyst

Staff introduced Robert Feyer of Orrick, Herrington and Sutcliffe, Greg Lewis of Forest Economic Advisors, Margo Kairoff of Capital Startegies, LLC, Stephanie Hanson of Stone and Youngberg and Les Younie of CalAg, LLC.

Staff requested approval of a Final Resolution for an amount not to exceed \$175,300,000 to finance a facility to utilize waste rice straw to manufacture medium density fiberboard (MDF) for CalAg, LLC and/or its Affiliates, including CalPlant I, LLC.

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

Ms. Redway thanked all of the representatives for coming, and commented that this has been a long process and she is excited for the project to close.

Ms. Redway asked if there was a motion.

Ms. Bryant 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 11:08 a.m.

Respectfully submitted,

Michael Paparian
Executive Director