

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
March 22, 2011**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:01 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Cindy Aronberg for John Chiang, State Controller
Miriam B. Ingenito 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 February 22, 2011, meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Ms. Aronberg moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian announced that it was Samantha Russell's last day at CPCFA. She will be traveling for several months before settling on future career directions. CPCFA is going to miss Samantha and staff hopes to receive interesting reports about her adventures.

Mr. Paparian reported that the California Capital Access Program (CalCAP) recently received its first installment of over \$27 million in federal funds and staff expects to use the funds to assist with loans very soon. California is the second state to receive these funds, North Carolina was the first. In order for CalCAP lenders to use the Federal funds, both the lenders and the borrowers have to meet certain requirements. Some of CalCAP's lenders will continue to use the State funds since some loan types, such as loans for non-profit organizations, are not eligible for the Federal funds. There are some additional certifications

Agenda Item 2.

and other paperwork required of CalCAP lenders before they can utilize the Federal funds. As an incentive, lenders who use these funds will receive a larger contribution to their loan loss reserve accounts.

Since CalCAP started using the State funds in November, the program has experienced a 70% increase in loan volume compared to the earlier months of 2010. Since November 18, 2010, CalCAP has helped over 240 small businesses receive loans totaling about \$20 million.

Staff has been developing more efficient systems for handling the high volume of transactions that CalCAP has received, and will continue to receive, with the federal funds. Gisele Geiger has been overseeing the changeover to an improved database and loan tracking system. CPCFA's administrative team helped CalCAP staff get through a backlog of data entry during the transition to the new system. The updated system will help staff track and monitor loans in a more timely fashion.

Staff is also recruiting new lenders. CalCAP has increased the number of lenders by 20% over the past few months and hopes to add more lenders in the next few months. Two of CalCAP's staff attended the California Bankers Association Lenders Conference in Southern California and made contact with potential new lenders.

Mr. Paparian continued to report that changes were made to information that is regularly reported to the Board regarding the California Recycle Underutilized Sites Program (CALReUSE). The CALReUSE pipeline now tracks the amount of funds disbursed and the amount remaining on each CALReUSE project.

Two projects located in Oakland, CIVIQ and Linden Lofts, have withdrawn due to market conditions and financial hurdles. These now defunct projects have returned funds totaling over \$1.4 million. Mr. Paparian noted that these funds were in turn granted to Miramar Village in Los Angeles per previous Board actions. He further stated that all remaining projects have executed grant or loan agreements.

Some grantees have not yet submitted a disbursement request for projects that have begun or completed remediation activities. Mr. Paparian stated that this is not unusual as the remediation program pays in arrears for work that has already been performed. It takes some time for grantees to organize and submit all the required documentation and paperwork in order for them to get the reimbursement. To date, about \$17.5 million has been disbursed and CALReUSE has about \$4.7 million in process.

Mr. Paparian stated that the Board has a short agenda this month, but that it is not a reflection of lack of interest in the Bond program. Staff is currently working with two applicants on very large desalination projects, potentially totaling over \$1 billion in requested bond allocation. Staff is continuing to receive requests from waste and recycling companies.

Mr. Paparian stated that he is required to report to the Board when he enters into contracts between \$10,000 and \$300,000. Mr. Paparian recently signed and sent to the Department of General Services for its approval a contract with the Department of Toxic Substances Control

(DTSC) for up to \$250 thousand for technical assistance related to the CALReUSE program. Some of the work DTSC will be assisting with was previously handled by CPCFA's Strategic Partners. As was mentioned previously, CALReUSE's contracts with its Strategic Partners were not renewed; therefore, the work with DTSC is of a technical nature that staff often requires when evaluating the appropriateness of some of the reimbursement requests that the CALReUSE program receives.

4. BUSINESS ITEMS

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

1) eCullet Inc.

Presented by: Jayme Feldmann, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$7,235,000 to finance the acquisition and installation of equipment for the recycling of glass and related solid waste at its existing Oakland location as well as the development of new facilities on two new leased sites in Oakland and Modesto.

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

Ms. Aronberg asked if anyone knew where the recycled glass goes, and what it is recycled into.

Mr. Cone stated that most glass producing companies are trying to use recycled glass to the extent available. The problem in the marketplace has been getting the glass clean and color separated. If not, it is useless to the glass producing companies.

The recycled glass is currently sold to Owens Corning in Oakland; however, this is subject to a contract with Gallo which produces its own wine bottles. Mr. Cone also stated that he has been told that Gallo has the biggest wine bottle producing plant in the world in Modesto, producing a million bottles a day. Most glass producers are using recycled glass and they would like more of it from a reliable source. Gallo has a way of separating the glass that is effective and that is where it gets sold.

Ms. Redway asked if Gallo has one of those glass producing, high heat manufacturing facilities in Modesto for the bottles. Mr. Cone stated that they have one now and evidently it is a 24 hour a day bottling plant.

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

Ms. Redway asked if there was a motion.

Ms. Ingenito 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 11:11 a.m.

Respectfully submitted,

Michael Paparian
Executive Director