

## MINUTES

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
May 24, 2011**

### **1. CALL TO ORDER & ROLL CALL**

Patricia Wynne, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:00 a.m.

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer  
Dave O'Toole for John Chiang, State Controller  
Pedro Reyes 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. Wynne asked if there were any questions or comments concerning the April 26, 2011 meeting minutes. There were none.

Ms. Wynne asked if there was a motion.

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

### **3. EXECUTIVE DIRECTOR'S REPORT**

Mr. Paparian stated that he would like to thank CPCFA's administrative support staff, Office Technicians Maricar Ignacio, Alanna Parker and Christine Shephard, for providing invaluable help in keeping the Authority functioning. They have taken on extra work as the California Capital Access Program (CalCAP) has expanded. The Office Technicians keep the Board meetings functioning properly, they respond to public inquiries and they do whatever is necessary to keep CPCFA on track. The work of the Office Technicians is coordinated by CPCFA Analyst Leosha Eves, as part of her responsibilities.

In addition to CPCFA's Office Technicians, Executive Assistant Margie Gliatto handles a variety of important and sensitive duties including managing incoming funds. The two retired annuitants, Venie Hyde and Sally Corbett, cheerfully help out wherever they are needed.

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Mr. Paparian continued that CPCFA staff also helps out its sister Authority, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) and vice versa. He thanked Kirshain Ward, CAEATFA's Office Technician, for her help during the CPCFA Board meetings.

Ms. Wynne thanked staff as well.

Mr. Paparian reported that CalCAP staff recently received some clarifications from the U.S. Treasury regarding the use of the federal funds. These clarifications were helpful and will allow CPCFA to assist more businesses. As a result, staff had to initiate a new set of emergency regulations to align CalCAP with the federal requirements. Last November, Mr. Paparian received authority from the Board to pursue any emergency regulations that are needed to comply with the federal program.

Each one of CPCFA's four programs is required to produce an Annual Report to the Legislature. The Bond program report is due on March 31. The other reports do not have specific deadlines; however, staff tries to get the CalCAP and Sustainable Communities Grant & Loan (SCGL) Program reports out by April each year. Last year staff changed the California Recycle Underutilized Sites (CALReUSE) Program Annual Report to a fiscal year cycle and it is now released over the summer.

Although the Annual Reports are mailed to members, Mr. Paparian stated that he would give Board members a synopsis at Board meetings, time permitting.

This month Mr. Paparian handed out the 2010 Pollution Control Tax Exempt Bond Program Annual Report. CPCFA started issuing bonds in 1973; in 2010 the program issued its 600<sup>th</sup> bond surpassing the \$13 billion mark for total bonds issued.

Despite the economic downturn, CPCFA issued over \$560 million in bonds in 2010. About half of that amount assisted new projects and the remaining funds refinanced old bonds. Eight of the bond issuances in 2010 assisted small businesses. The Small Business Assistance Fund Program continues to make it easier for smaller firms to access more cost effective financing through tax-exempt bonds. The smallest issuance in 2010 was \$1.375 million for a tire recycler in Stockton. That business doubled its workforce with assistance from the bonds.

As shown on page 7 of the Bond Program Annual Report, CPCFA helped a wide variety of projects from traditional waste and recycling companies to water purveyors. CPCFA helped a cheese factory secure bonds to clean up water discharges. CPCFA also helped a company that takes material from a sewage treatment facility in the San Diego area and runs it through an anaerobic digester to produce gas for electricity, as well as gas to feed into the natural gas pipeline.

These companies chose various terms for their financings. Some companies went with variable rates that have weekly resets. The variable rate started as low as 0.2% during the year. Other companies chose fixed rates. The fixed rates vary depending on the length of the

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term as well as other factors. Mr. Paparian said that he would cover some of the other Annual Reports in the coming months.

Mr. Paparian further stated that he is required to advise Board members when certain actions are taken under his delegated authority. There were several actions to report this month.

Mr. Paparian approved a new remarketing agent associated with the Waste Management Series 2002C Bonds.

He also approved a new interagency agreement between CPCFA and the Department of Toxic Substances Control (DTSC) for up to \$49,999 to assist with its review of items in the CALReUSE Brownfields Program.

Mr. Paparian approved a contract with the Sjoberg Evashenk consulting firm for up to \$300,000 to assist with various items related to the receipt and expenditure of the federal funds for CalCAP, including assuring proper controls and procedures are in place and that staff meets appropriate federal reporting requirements.

Mr. Reyes asked why the dollar amount of the agreement between CPCFA & DTSC was \$49,999.

Mr. Paparian stated that it was his understanding that any interagency agreement of \$50,000 or more had to go through the Department of General Services and that added a layer of approval.

Mr. Reyes asked if the dollar amount had to do with the actual costs or whether CPCFA was just trying to bypass the process.

Mr. Paparian stated that expected costs will be under \$49,999, but the amount was chosen to be safe and to streamline the process.

Mr. Reyes stated that being from a control agency, the Department of Finance, this caused him angst and he would like to see agreements based on actual costs as opposed to trying to circumvent a process.

Mr. Paparian said that this particular agreement was for document review of the CALReUSE grant and loan recipients. DTSC is paid hourly and staff has no way of knowing what the actual costs will be. Costs are anticipated to be much lower; however, the maximum amount was chosen in case of unforeseen costs.

Ms. Wynne stated that Mr. Reyes had a valid point and she appreciated his input.

Mr. Paparian approved an extension of the CPCFA loan to CAEATFA for an additional year through June 2012. The loan was previously approved for up to \$300,000 to assist in CAEATFA's re-start up. CAEATFA has drawn \$175,000 to date.

In a previous conversation Mr. Paparian had with a Board member, a suggestion was made that CPCFA should consider the possibility of a consent calendar. With the Board's permission, he will explore the concept and give an update at a future board meeting.

**4. BUSINESS ITEMS**

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

**1) Best Way Disposal Co., Inc.**

Presented by: Jayme Feldmann, Analyst

Staff introduced Anthony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an amendment to Initial Resolution Number 10-05 to purchase land and to extend the expiration date of the Initial Resolution. The Initial Resolution was approved on April 28, 2010 for an amount not to exceed \$14,360,000 to finance an expansion of the company's Material Recovery Facility building construction and site improvements, and the acquisition of waste hauling tractors and trailers, drop boxes, bins, carts and containers.

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

Ms. Wynne asked if there was a motion.

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

**2) Bay Counties Waste Services, Inc. dba Specialty Solid Waste & Recycling**

Presented by: Jayme Feldmann, Analyst

Staff introduced Anthony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an amendment to Initial Resolution No. 08-06 to increase the maximum principal amount of the bonds to purchase the land that it is currently leasing, as well as additional trucks and equipment, and to extend the expiration date of the Initial Resolution. The Initial Resolution was originally approved June 25, 2008 for an amount not to exceed \$2,960,000 and expires on June 25, 2011. The current request is for an amount not to exceed \$20,000,000.

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

Ms. Wynne asked if there was a motion.

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

### **5. PUBLIC COMMENT**

Ms. Wynne 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 11:13 a.m.

**Respectfully submitted,**

Michael Paparian  
Executive Director