

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
September 27, 2011**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:04 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Jennifer Rockwell for Ana J. Matosantos, 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 August 23, 2011 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian reported that staff continues to see interest in the Bond Program, although several factors are affecting projects. The general economic downturn, the state of the credit markets, the availability of credit enhancement and low interest rates for taxable debt are all having an impact on the tax-exempt market.

California has not used all of its available private activity bond allocation over the past few years. As a result, CPCFA has been the recipient of carry-forward allocation in 2008, 2009 and 2010. That allocation has to be used within three years.

Of the roughly \$2.5 billion in allocation CPCFA has received over the past three years, CPCFA has used about \$500 million and has about \$2 billion remaining. CPCFA's

remaining 2008 allocation of about \$400 million will expire at the end of 2011. CPCFA has a project on the agenda today which will use about \$11 million. Staff is aware of several projects that expect to issue before the end of the year using up more of the available 2008 allocation.

Mr. Paparian continued to report that there are waste and recycling projects which could use large portions of the allocation; however, those projects are facing uncertainties in the marketplace. There are also water related projects that staff expects to bring forward for initial and final resolutions in the next few months. The final resolutions will probably not be presented until either very late 2011 or early 2012. These projects could use up a large portion of the \$842 million in allocation CPCFA has set aside for water projects. Staff has been working to use up the carry-forward allocation. Mr. Paparian will keep the Board apprised in the coming months regarding any expired allocations.

Mr. Paparian further reported that there are several measures on the Governor's desk which may affect CalCAP. SB 225 by Senator Simitian would allow CalCAP to include a new type of truck financing in its Air Resources Board (ARB) supported diesel truck program.

AB 901 by Assembly Member Perez would expand the type of lenders who qualify to participate in CalCAP and require that more information be included in the CalCAP Annual Report to the Legislature.

AB 981 by Assembly Member Hueso would correct a couple of issues with the statute. It would allow CalCAP to boost loan loss reserve amounts for loans in economically depressed areas, such as areas with high unemployment. It would also correct an issue with the statute involving CPCFA's taking of interest from loan loss reserve accounts by allowing the program to take less than 100% of the interest if CPCFA chooses to do so.

Mr. Paparian concluded by stating that CalCAP's ARB contract for approximately \$42 million was approved by the Board a couple of years ago. He recently signed a two year extension of that contract with no change in the dollar amount.

4. BUSINESS ITEMS

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

1) Metropolitan Recycling, LLC

Presented by: Jayme Feldmann, Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt

Staff requested approval of an Initial Resolution for an amount not to exceed \$6,175,000 to develop and build a Material Recovery Facility. The project is located in Bakersfield and will expand upon the existing facility.

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.

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

2) **Central Valley Ag Power, LLC** Presented by: Deanna Hamelin, Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt

Staff requested approval of an Initial Resolution for an amount not to exceed \$3,155,000 to develop, own and operate a one megawatt open-loop biomass gasification plant which converts clean cellulosic material into electricity.

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.

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

B. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS, SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE AND TAX-EXEMPT VOLUME CAP ALLOCATION

1) **Zerep Management Corporation** Presented by: Alejandro Ruiz, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt

Staff requested approval of a Final Resolution, a Volume Cap Allocation Resolution for an amount not to exceed \$11,230,000 and a Small Business Assistance Fund Resolution for an amount not to exceed \$60,480 to finance the purchase of equipment for a Materials Recovery Facility, waste collection vehicles and waste collection containers.

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.

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

approved.

C. REQUEST FOR APPROVAL OF INTERAGENCY AGREEMENT WITH THE STATE TREASURER'S OFFICE FOR SUPPORT PROVIDED BY THE STATE TREASURER'S EXECUTIVE OFFICE, ADMINISTRATION DIVISION AND INFORMATION SYSTEMS IN THE AMOUNT OF \$409,823.00

Presented by: Dona Yee, Analyst

Staff requested the Authority's approval of the fiscal year 2011/2012 Interagency Agreement with the State Treasurer's Office (STO) to provide administrative support to the Authority in the amount of \$409,823.00.

Through Interagency Agreements, the STO provides budgeting, personnel, accounting, information systems, and other administrative support services for the Boards, Commissions, and Authorities (BCA's) chaired by the State Treasurer. The overall cost is allocated among the BCA's based on each agency's personnel years. The Interagency Agreement between CPCFA and STO is currently up for renewal and staff is requesting board approval of the new agreement.

The Executive Director has authority under a resolution passed by the Board to approve contracts in amounts up to \$300,000. The proposed contract exceeds this amount; therefore the Board's approval is required.

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. Rockwell 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 11:14 a.m.

Respectfully submitted,

Michael Papanian
Executive Director