

**MINUTES**  
**California Pollution Control Financing Authority**  
**915 Capitol Mall, Room 587**  
**Sacramento, California**  
**November 15, 2011**

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

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

Members Present: Bettina Redway for Bill Lockyer, State Treasurer  
Alan Gordon for John Chiang, State Controller  
Pedro Reyes for Ana J. Matosantos, Director,  
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 25, 2011 meeting minutes. There were none.

Ms. Redway 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 reported that Bond program staff expects the Poseidon Desalination Facility in Carlsbad to request bond allocation sometime in 2012.

Mr. Paparian attended a meeting of the San Diego County Water Authority in late October where plans were discussed to buy water from the Poseidon Desalination Facility. The Water Authority will be negotiating various issues with Poseidon over the coming months. The Water Authority did not commit to a timeline to resolve the issues, but indicated it will have a better sense of the timing in December. Mr. Paparian stated that it would likely be mid-March to September 2012.

## Agenda Item 2.

Mr. Paparian stated that Poseidon's negotiations with the Water Authority will lead to a water purchase agreement that will be important to the viability of any bonds. Staff will be monitoring this project closely as CPCFA has already approved an inducement for \$780,000,000 for the project.

Mr. Gordon stated that local activists from San Diego to Santa Barbara are very serious about opposing the Poseidon project and they are gearing up for a massive fight against Poseidon.

Mr. Paparian replied that CPCFA is aware of the opposition. The Poseidon project has already gone through the Regional Water Board and the Coastal Commission. Each agency has experienced a fair amount of controversy surrounding the project. He further stated that the project would likely end up on the CPCFA docket sometime in 2012.

Ms. Redway commented that the project was previously induced at the California Infrastructure and Economic Development Bank and also came to the California Debt Limit Allocation Committee. So the Board has heard about the project and the opposition before; however, there are now two new Board representatives.

Mr. Paparian reported that the California Capital Access Program (CalCAP) will likely hit two milestones in the coming weeks. In the Air Resources Board clean diesel program, staff has now assisted about 950 loans for newer, cleaner diesel trucks and retrofits. Staff expects to receive the 1,000<sup>th</sup> clean diesel loan soon. In the CalCAP small business program, operating since 1994, staff expects to have an announcement soon on assisting the 10,000<sup>th</sup> small business CalCAP loan.

Mr. Paparian further reported that in the California Recycle Underutilized Sites (CALReUSE) Program staff is seeing more of the cleanups facilitated by Prop 1C funds resulting in good projects. As an example, the 15<sup>th</sup> & Commercial site in San Diego received \$582,500 in CALReUSE funds for a cleanup. The cleanup is complete and the development is almost complete. The project incorporates permanent affordable housing, transitional housing and a development center for homeless children. The project will be having its grand opening on December 8, 2011.

Mr. Paparian stated that he is required to report to the Board on contracts he signs up to \$300,000. In the past month he signed the annual Interagency Agreement for rent and security with the State Treasurer's Office in the amount of \$74,794.

Also, in October, CPCFA received a "Petition for Rulemaking" related to legislation that was signed by the Governor in early October. The petition asked staff to begin the regulations process to adopt standards for "microbusiness lenders" in CalCAP. Mr. Paparian denied the petition on the grounds that it was premature since the legislation is not in effect until January 1, 2012. Staff will, however, be reviewing the legislative requirements to determine what changes may need to be made and will proceed with recommendations for rulemaking, if necessary, after January 1, 2012.

**4. BUSINESS ITEMS**

**A. REQUEST FOR APPROVAL TO PROCEED WITH THE REQUEST FOR PROPOSALS FOR TRUSTEE SERVICES**

Presented by: Dona Yee, Analyst

Nancee Trombley, Acting Program Manager

Staff requested approval to proceed with a Request for Proposals (RFP) for Trustee Services in connection with CalCAP. The current contract for trustee services will expire in March 2012. Conducting an RFP process for CalCAP Trustee Services is consistent with current Authority policy to look at and re-bid contracts at least every three years. Staff requested approval to begin the RFP process now in order to have the new trustee services contract in place prior to the current contract expiration date. The proposed amount is for \$700,000.

Currently, Deutsche Bank National Trust Company is serving as Trustee for CalCAP. The current contract is a two-year contract with an allowance for a one-year extension for an amount not to exceed \$160,000. With a one-year extension, the contract will terminate no later than March 14, 2013; however, the remaining contract funds may not be sufficient to cover current trustee services for the entire period. Therefore, staff feels it is appropriate to proceed with the RFP.

Mr. Papanian stated that staff would come back to the Board for final approval if the amount is over \$300,000. The amount is an “up to” amount and is not a commitment to spend the entire amount and is dependent on actual services provided.

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

Mr. Reyes 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 11:07 a.m.

**Respectfully submitted,**

Michael Papanian

Executive Director