

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
December 13, 2011**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:26 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 November 15, 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 introduced Emily Jarrett who has joined the California Capital Access Program (CalCAP) as an analyst. Ms. Jarrett previously worked at the Department of Corrections.

The State Treasurer's Office recently offered the Associate Treasury Program Officer (ATPO) exam. Mr. Paparian announced that two of CPCFA's staff, Gisele Geiger and Kristina McElfresh, took the exam and passed. They both received promotions in place to the ATPO level.

Agenda Item 2.

Mr. Paparian stated that CalCAP is continuing to grow. As he mentioned last month, the program has surpassed 10,000 small business loan enrollments since it started in 1994. Over 1,400 of these loans occurred in 2011. Among these 10,000 loans, CalCAP recently had its 1,000th loan enrollment in the Air Resources Board (ARB) On-Road Diesel Truck Program.

Mr. Paparian reported that ARB has been pleased with CalCAP and will soon be bringing to its board meeting a proposal to enhance the truck loan program with special funds from Proposition 1B (2006) to assist trucks servicing major California ports. ARB is on an expedited schedule for this program enhancement, and CalCAP is working with the ARB on designing ways to get several hundred loans enrolled in the first few months of 2012. Depending on how quickly the ARB wants to launch this program, it is possible that staff may want to call a special meeting of CPCFA's Board to consider approving it.

Mr. Paparian further reported that in the Bond program, staff is continuing to see a lot of interest in the Poseidon Desalination Facility in Carlsbad. Poseidon received an inducement for \$780 million in October. Poseidon is now negotiating a water purchase agreement and various engineering and other issues with the San Diego County Water Authority. Staff is monitoring these activities very closely. In early December, the Water Authority said it hoped to have a clearer schedule available in January 2012 regarding the completion of negotiations and approvals. Among the key items is finalization of a water purchase agreement.

Mr. Gordon asked what the impact would be if CPCFA decided not to ratify Poseidon's bonds.

Mr. Paparian stated that the project could continue but the cost of financing would be higher. Mr. Paparian stated that as a result of the higher costs of financing, the costs of the water delivered from the project would be higher and that cost would be passed on to the rate payers of San Diego.

Mr. Paparian reported that he is required to inform the Board about the use of his delegated authority in the Bond program. Due to a slight delay in completion of the San Diego Biofuels Project, the company requested amendments to some of its bond documents. The amendments include amending the sinking fund repayment schedule, extending the average useful life of the project and facilitating transactions associated with interconnection facilities with San Diego Gas and Electric Company. All required consents and opinions were delivered to CPCFA prior to Mr. Paparian exercising his delegation authority. As a result, Mr. Paparian was not required to bring this matter before the Board.

4. BUSINESS ITEMS

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

1) Agpower Visalia, LLC

Presented by: Alejandro Ruiz, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$6,600,000 to finance the construction and operation of an anaerobic digestion system on a dairy farm in Visalia.

The system will convert cow manure into methane gas which will, in turn, be converted into electricity onsite for sale into the grid. The project involves the construction of digester vessels and the acquisition of equipment sufficient to condition and transport the gas to generator sets.

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

Mr. Gordon asked what the left over waste product is after the process is complete and where does it go.

Mr. Cone stated that the left over waste is a straw-like product that is minimally suitable as a bedding material for animals.

Mr. Gordon asked if there was any toxic waste involved in the waste product.

Mr. Cone stated no, not that he is aware of.

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.

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 11:33 a.m.

Respectfully submitted,

Michael Paparian
Executive Director