

## MINUTES

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
February 21, 2012**

### 1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:31 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 January 17, 2012, 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 announced that CPCFA has a returning staff member. Samantha Russell-Plateau has taken a short term, three month, position to help the California Capital Access Program (CalCAP) with the new Proposition 1B Drayage Truck Program.

Mr. Paparian stated that CPCFA received its final carry-forward allocation number from the California Debt Limit Allocation Committee (CDLAC). There was a significant amount of unused allocation in 2011. Combined with its available carry-forward allocation from 2009 and 2010, CPCFA now has over \$2.6 billion in carry-forward allocation available. There is about \$1.2 billion each for water and waste and recycling projects and over \$260 million for wastewater projects.

## Agenda Item 2.

Mr. Paparian stated that with this much capacity to assist California businesses, CPCFA is already doing more outreach to potential users of tax-exempt bonds. Sherri Wahl and Doreen Smith will be working with Mr. Paparian on this project. CPCFA's financial advisor, Montague DeRose and Associates, will be assisting. Staff is also planning to work with other state agencies that may have an interest in understanding the tax-exempt bond market and the CPCFA processes better. This will include the California Public Utilities Commission, which regulates water utilities in California, as well as some of the other water related entities.

Mr. Paparian further reported that in addition to the challenging economic times, one of the issues CPCFA's financial advisor has highlighted is that in the current interest rate environment, tax-exempt bonds are not as attractive in comparison to taxable debt. Despite this, staff is aware of about a billion dollars in active projects that could come forward for allocation this year and staff believes more projects may be considering tax-exempt debt.

CPCFA's financial advisor also checked with some in the financial community and found that awareness of CPCFA and CDLAC issuance practices were not as strong as staff would like. Staff will be working to address this. Among the items that need to be highlighted:

- In most cases, bonds issued through CPCFA carry lower fees than bonds issued by other issuers.
- There is a perception that other issuers will bend their issuance guidelines to accommodate riskier projects. What perhaps is not well known is that CDLAC is being firmer about minimum issuance standards.
- CPCFA has streamlined its processes and can now go from application to issuance in as little as 60 days.

Mr. Paparian stated that business support through CalCAP continues to flourish. Its lenders are pleased that CalCAP is now able to offer additional loan loss reserve contributions in severely affected communities such as areas with very high unemployment.

Staff has been exploring ways to accelerate the use of the \$84 million in Small Business Jobs Act funds. Staff is looking at submitting an application to the U.S. Treasury to redirect funds for some additional support programs, including support for commercial energy efficiency projects, collateral support for bond issuances and support for the purchase and upgrading of commercial buildings.

Mr. Paparian reported that the California Recycle Underutilized Sites (CALReUSE) Prop 1C Brownfield Cleanup Program has an increasing number of projects that have been completed, or are near completion. Several have already finished constructing and opened the related housing units.

Mr. Paparian is required to inform the Board of contracts he signs that are under \$300,000. He recently signed an interagency agreement with the California Industrial Development Financing Advisory Commission for \$49,500 to assist staff with reviewing and developing strategies related to various tax-exempt conduit financing issues.

**4. BUSINESS ITEMS**

**A. CONSIDERATION AND APPROVAL OF AMENDMENTS TO REGULATIONS FOR THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP)**

Presented by: Jillian Franzoia, Analyst

CalCAP is the subject of legislation that allows microbusiness lenders to be added to CalCAP as a qualified participating financial institution. The approval of this bill requires modifications to the CalCAP regulations. Staff requested approval to file emergency regulations amending the existing CalCAP regulations to include microbusiness lenders as another qualified lender participating in the CalCAP rulemaking process.

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

**B. REQUEST TO APPROVE AMENDMENT TO INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS**

**1) FlexEnergy, Inc.**

Presented by: Alejandro Ruiz, Analyst

Staff introduced Scott Geary of FlexEnergy, Inc.

Staff requested approval of an amendment to Initial Resolution No. 12-02 to change the applicant from Flex OC Renewables, LLC to its parent company, FlexEnergy, Inc.; to increase the bond amount from \$9,000,000 to \$18,400,000; and to add additional project sites.

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. 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 11:39 a.m.

**Respectfully submitted,**

Michael Papanian  
Executive Director