

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
March 19, 2013**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:32 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 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 February 19, 2013 meeting minutes. There were none.

The minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian announced two staff members have moved to new positions. Ethan Weiser has been an analyst in the California Capital Access Program (CalCAP) in a limited term position. Ethan recently moved into a permanent position in the California Recycle Underutilized Sites (CALReUSE) Program. Christine Shephard is one of CPCFA's Office Technicians who has had major responsibilities related to assuring the board meeting processes run smoothly. Chris has accepted a promotional opportunity as an Executive Assistant at the California Debt Limit Allocation Committee (CDLAC).

Mr. Paparian reported he was in Washington DC for a series of meetings and workshops last week. He spoke on a panel at the Clean Energy and Bond Finance workshop on the topic of innovative ways to use bonds and other financing mechanisms to assist energy projects. He highlighted the programs of CPCFA and the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), including the use of CPCFA bonds to assist anaerobic digestion and other energy projects and CPCFA's new energy efficiency Loan

Agenda Item 2.

Participation Program. In addition, he spoke about the variety of CAEATFA programs and pointed out that CAEATFA and CPCFA programs, together, make for a more robust “Green Bank” than green banks being discussed in other states. He also pointed out the new website that relates to CPCFA and CAEATFA: www.greenbank.ca.gov.

CPCFA has an item on the agenda today related to the CALReUSE Assessment Program. The other part of the CALReUSE program is the cleanup and Remediation Program. As shown in Agenda Item 3, the CALReUSE pipeline, progress continues to be made by 30 recipients. Of the 30 recipients, 29 were grants and one was a loan. Mr. Paparian was pleased to report that the loan for Lampworks Lofts was paid off. The development project will rehabilitate a historical former 121,000 square foot commercial building from industrial use to 92 live-work and residential for-lease units. The site formerly housed Mazda Lamp, General Electric light bulb factory, and Reliance Upholstery Company.

CPCFA’s CalCAP program continues to work with the Air Resources Board (ARB) to assist truckers in getting newer cleaner trucks. Close to 2,500 loans have been enrolled in the program and the currently available funding for the ARB Program is expected to run out this Spring. Later this week Mr. Paparian will be attending a meeting of the ARB to review the progress of the program. Although ARB funds are tight, staff is hopeful ARB will want to fund the program through the current contract expiration of December 2013. Staff is also hopeful ARB will want to continue the ARB Program into the future. An update on this will be reported at the next meeting.

Some of the key statistics staff will be presenting to ARB include:

- 79% of loan recipients are owner-operators with one truck, which allowed for the ARB program to hit the target audience of the very small businesses that were having trouble meeting the new ARB regulations.
- 94% of loans were to companies with 10 or fewer employees.
- 86% of trucks were used trucks, models for the years 2007 and newer that need the new clean air regulations. This indicates that many of ARB loans are to truck owners who can’t yet afford to get a new truck, but were able to get into a newer truck and get their older truck off of the road.
- 87% of borrowers are minorities.
- 3345 jobs have been created or retained related to the loans.

Mr. Paparian reported on actions taken under his delegated authority in the Bond Program. He recently signed a supplemental Indenture regarding the eCullet 2012 Series Bonds. The amendment is to allow the Trustee to remit funds to the company weekly rather than monthly.

Mr. Paparian stated that he would be happy to answer any questions.

Mr. Gordon stated that last week during both California Tax Credit Allocation Committee (CTCAC) and California Debt Limit Allocation Committee (CDLAC) meetings there was a conversation around the lack and cost of affordable housing in many California markets. He

Agenda Item 2.

asked if the CALReUSE Program ever coordinates with either Executive Directors Sean Spears of CDLAC or Bill Pavao of CTCAC on trying to coordinate the two programs where one would be able to put CalREUSE loans to work on the Federal tax credit side.

Mr. Paparian explained that there are two parts to the CALReUSE Program: the Assessment Program and the Remediation Program. The Remediation Program awarded all cleanup funds that were available. When working on that program, staff worked very closely with CTCAC and piggybacked on CTCAC to assure that the affordable housing remained affordable by relying on CTCAC's requirements and inspections. By doing this, it assured that staff would not have to create duplicate enforcement measures. Staff will consult with CTCAC in moving forward with the assessment of the Assessment Program in the next few months.

Mr. Gordon thanked Mr. Paparian for his answer.

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

4. BUSINESS ITEMS

A. DISCUSSION OF THE CONTINUATION OF THE CALIFORNIA RECYCLE UNDERUTILIZED SITES ASSESSMENT PROGRAM (CALREUSE) (INFORMATION ITEM)

Presented by: Jason L. Bradley, Manager

Mr. Bradley provided the Board members with a brief overview of the Assessment Program's ("Program") history including statistics demonstrating the success of the Program, and staff's plans for moving forward with the Program.

In moving forward with the Program, staff will wrap up discussions regarding program alternatives with key stakeholders. These stakeholders include developers, the Department of Toxic Substance Control (DTSC), Environmental Underwriters, Local Strategic Partners and CTCAC. Staff will also explore alternatives for the Program and will hold a roundtable with stakeholders to solicit comments and program recommendations. Staff will then analyze the information gathered from the public and private stakeholders and come back to the Board with program recommendations later this year.

Mr. Gordon asked Mr. Bradley if he had looked at the insurance component of this Program. Will staff take into account insurance as one of the ways it might be smart to spend some of the money?

Mr. Bradley stated that would be one of the alternatives that will be reviewed.

Ms. Rockwell asked if insurance would be a permissible use of the funds under the Program's current statute. Sometimes there are various restrictions on the State when they get involved with insurance.

Ms. Redway commented that would be something Staff would need to look into.

Mr. Bradley agreed with Ms. Redway and stated that staff would need to look into Ms. Rockwell's question and that staff's goal is to put together a program that will best serve the State of California's development community.

Mr. Gordon asked if staff plans to constrain the report to the existing dollars. He suggests that if the Program were to get an infusion of dollars from the general fund, the report could provide a road map forward for the Legislature. Based on the success of the Program, if staff could describe what we do now and what we could do if provided with more money, this might help Legislative decision making about future expansion of the program.

Mr. Bradley commented that the idea was in the back of his mind: to establish a program that is running well, show that loans are being enrolled and that the program is making a difference. Once that is established, CPCFA could try to get additional funding.

Ms. Redway stated that the primary purpose would still be to assess how to use the available money.

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

B. CONSIDERATION AND APPROVAL OF AMENDMENT TO REGULATIONS PERTAINING TO EQUIPMENT ONLY FINANCINGS FOR THE BOND PROGRAM

Presented by: Deanna Hamelin, Associate Treasury Program Officer

On March 7, 2011 regulations were approved by the Office of Administrative Law (OAL) for the Equipment Only Bond Financing Program. The primary idea of this program was to provide incentives to California companies to accelerate equipment investments and encourage companies to issue bonds through CPCFA rather than using a conventional bank loan.

The regulations for this program expired March 7, 2013. Stakeholders have expressed interest in extending the program for potential applicants who may benefit from the program. Additionally, the market has not rebounded as previously anticipated and therefore this program is still relevant due to current market conditions.

Staff recommended adoption of a resolution to authorize staff to amend and extend regulations for the bond program and undertake emergency and regular rule making proceedings to extend the Equipment Only Financing Program until December 31, 2014.

Mr. Gordon moved staff's recommendation; there was a second.

Ms. Redway stated there was a motion and a second.

Ms. Redway asked if there were any comments from the Board or public. There were none. The item was unanimously approved.

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

- 1) Solid Wastes of Willits, Inc. and/or its Affiliates, #868(SB*), Solid Waste Disposal, \$1,000,000
Presented by: Andrea Escobar, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$1,000,000 to finance the installation of a diesel fueling station, site and building improvements, and the acquisition of various solid waste processing equipment throughout Mendocino county.

Mr. Gordon moved staff's recommendations; there was a second.

Ms. Redway stated there was a motion and a second.

Ms. Redway asked if there were any comments from the Board or public. There were none. 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 10:55 a.m.

Respectfully submitted,

Michael Paparian
Executive Director