

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
August 20, 2013**

1. CALL TO ORDER & ROLL CALL

Michael Paparian, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:31 a.m.

Members Present: Michael Paparian for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Eraina Ortega for Ana J. Matosantos, Director of Finance

Staff Present: Reneé Webster-Hawkins, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Paparian asked if there were any questions or comments concerning the July 16, 2013 meeting minutes. There were none.

Mr. Paparian 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

Ms. Webster-Hawkins welcomed the Chairman and Members of the Board (the "Board") and gave a special welcome to Ms. Eraina Ortega, both to the Department of Finance and to the CPCFA Board.

Ms. Webster-Hawkins congratulated two members of the CPCFA staff for having been selected as Employee of the Month out of all of the offices, boards, commissions and authorities within the Treasurer's Office family.

Leosha Eves was selected as Employee of the Month for June 2013. Ms. Webster-Hawkins stated that Leosha has been with CPCFA for several years, starting out as a student assistant and being promoted to a Staff Services Analyst. Leosha has also been working as the Lead of

Agenda Item 2.

the Administrative Support team and has coordinated everything from the Board meeting materials and briefings, to monthly timekeeping, to the administrative services and database management that supports CPCFA's bond, grant and loan programs. She continued that the award congratulated Leosha's professionalism, customer service ethic and leadership, as well as her "go-to" attitude. The Authority was proud that Leosha was publicly acknowledged for the hard work that has been appreciated within CPCFA.

Jillian Franzoia was selected as Employee of the Month for August 2013. Ms. Webster-Hawkins stated that Jillian began as a volunteer in 2009 and quickly established herself as a smart analyst. She continued that Jillian's diligence and attention to detail have made her a natural as CPCFA's compliance officer for the California Capital Access Program (CalCAP) including the federal State Small Business Credit Initiative (SSBCI) Program. She has been innovative, patient and always willing to assist and train her co-workers. Her co-workers nominated and selected her as Employee of the Month out of recognition that she has set a standard for professionalism and accomplishment that they admire and strive for.

Ms. Webster-Hawkins also commended staff analyst Andrea Gonzalez for volunteering as CPCFA's Key Campaigner for this year's Statewide Charitable Giving Campaign for California State Employees. Andrea has willingly stepped up to the plate to help the Treasurer's Office achieve its goal of 100% participation in the campaign, and is the perfect person for the role.

Last month, Ms. Webster-Hawkins reported that in the Bond Program, the Authority was detecting signs of rekindled interest in their tax-exempt bond issuances, and she was happy to confirm that CPCFA had reason to be hopeful. She stated that over the next several months staff will be bringing to Board several requests for initial and final resolutions for its consideration.

Ms. Webster-Hawkins reported that the Authority's bond issuance expertise is being tapped in a pending bill, Assembly Bill 850 (AB 850), authored by Assembly Member Nazarian. She stated that AB 850 is a pilot project which would allow public water agencies to issue rate reduction bonds to finance utility projects and impose charges on customer's bills to repay the bonds. If passed, CPCFA would serve as a state-level reviewer of the Joint Power Authorities' bond issuance, to ensure that the issuance would meet criteria specified in the bill, including the manner in which the charges would be applied to customers and the need for a lien on the utility property. If AB 850 were signed, staff would begin emergency rulemaking proceedings to create the administrative process for the review, and to set reasonable application fees to cover the costs of their review.

Ms. Webster-Hawkins informed the Board that the CalCAP staff had submitted its quarterly report to the U.S. Treasury for the second quarter of 2013, and documented a total of \$2.6 million in funds obligated or expended in the federal CalCAP program, including \$2.1 million in the Collateral Support Program. CalCAP has used \$6.4 million to date. Staff was greatly encouraged by the lenders' response to the program updates, and will look forward to the upward trend.

Agenda Item 2.

Ms. Webster-Hawkins stated that staff had also been working earnestly with Air Resources Board (ARB) and its staff to extend the funding and availability of the Loan Loss Reserve Program to commercial truck owners and operators, to ensure their compliance with ARB's heightened emission standards. The ARB has approved an additional \$2 million as part of the Air Quality Improvement Program funding plan adopted on July 25, 2013 and has been working to identify other funding which may be able to supplement the credit mitigation program. If the funding can be secured, CalCAP will anticipate a significant workload this fall to process loan loss reserve contributions, as ARB estimates that between 30,000 - 40,000 trucks need to be replaced or retrofitted by January 1, 2014.

Ms. Webster-Hawkins asked if there were any questions and Mr. Paparian took the opportunity to congratulate the staff recognized in her report on their good work and accomplishments.

Ms. Webster-Hawkins then reported on two items she approved under her delegated authority. The first item reported on was an Interagency Agreement between the Authority and the Public Finance Division (PFD), State Treasurer's Office, contract number CPCFA 01-13, for \$300,000. She informed the Board that PFD serves as the Authority's agent for sale on bond issuances and the contract covers PFD's cost in providing that service.

The second item reported on was an amendment for additional funds on a standard contract agreement with James Marta and Company, contract number CPCFA 07-11. The original contract was for \$38,800 and Ms. Webster-Hawkins stated that the Authority would be adding \$8,616 to that total. She informed the Board that the additional cost was for services required by SB99, which is legislation that requires a special, independent audit of bond programs. James Marta and Company has been providing that independent audit during the previous fiscal year as well as the current fiscal year. She stated that the amendment added additional funds to the contract to cover time and effort within the scope of the original contract, but additional time was needed to comply with principles and procedures that were unique to CPCFA's Bond Program.

Ms. Webster-Hawkins asked if there were any questions at the conclusion of her report. There were not.

4. BUSINESS ITEMS

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

GreenWaste Recovery, Inc. and Zanker Road Resource Management, Ltd.

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt

Staff requested approval of an Initial Resolution for an amount not to exceed \$38,000,000. GreenWaste will use bond proceeds to finance the acquisition of waste

Agenda Item 2.

collection vehicles, containers, and site improvements. Zanker will use bond proceeds to finance improvements to a landfill facility and a construction and demolition sorting line. GreenWaste and Zanker are each 50% owners of Zero Waste Energy Development Company LLC and will also be using bond proceeds to partially finance Zero Waste's anaerobic digestion project in San Jose. Staff recommended approval of IR No. 13-07 for GreenWaste Recovery, Inc. and Zanker Road Resource Management, Ltd. and/or their Affiliates for an amount not to exceed \$38,000,000.

Mr. Paparian asked if the anaerobic digestion project was the same food waste project that the Board had seen previously.

Mr. Cone responded that it was the same project the Board had issued Bonds for in June of last year, which has been under construction and is well on its way to being finished. He stated that these are additional costs for the same project.

Mr. Paparian asked if there was an anticipated timeline.

Mr. Cone replied that the original date of completion was December 31, 2013, but they are a couple months behind that. He anticipated the project would be complete early next year.

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

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

B. PROPOSAL TO APPROVE PROGRAM UPDATES FOR THE COLLATERAL SUPPORT PROGRAM ADMINISTERED BY THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP)

Presented by: Emily Jarrett, Associate Treasury Program Officer

Mr. Gordon moved approval of Agenda Item 4.B. (The item is described in the staff report as follows. With approval from the CPCFA Board and U.S. Treasury, CalCAP staff launched the Collateral Support Program statewide at the end of January 2013. During the program's launch, staff continued to solicit lender and stakeholder feedback on Collateral Support's usability. As a result of the feedback received, staff proposed the refinement included in this item. The modification included specific instruction and guidance for lenders regarding the payment of claims in Collateral Support.) There was a second.

Mr. Paparian asked if there were any questions or comments from the Board, or the public. There were none. The item was unanimously approved.

5. PUBLIC COMMENT

Mr. Paparian 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 10:43 a.m.

Respectfully submitted,

Reneé Webster-Hawkins
Executive Director