

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
June 17, 2014**

1. CALL TO ORDER & ROLL CALL

Michael Paparian, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:42 a.m.

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

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Paparian asked if there were any questions or comments concerning the meeting minutes from the meeting held May 20, 2014. There were none.

Mr. Gordon moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins reported that the agenda was reflective of the steady increase in Bond Program activity that started in October 2013. Based on a conversation with the partnering financing teams, she expects more of the same heading into the fall. She expressed excitement for the interest and use of the Bond allocation.

Ms. Webster-Hawkins stated that the demand for both the California Capital Access Program (CalCAP) and the Collateral Support Program (CSP) remains high. She explained that the programs are at 72% of funds allocated from the U.S. Treasury, being either obligated or expended. She announced that the programs were on their way towards applying for their third tranche and have been collaborating with the California Infrastructure and Economic Development Bank (I-Bank).

Ms. Webster-Hawkins reported that the California Recycle Underutilized Sites Program (CALReUSE) has been hosting a team from the California State Auditors who are auditing the Proposition 1C Remediation Program. She explained that CALReUSE is one of seven

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programs that the California State Auditors are auditing this year under Proposition 1C. She continued that the field work is complete, but a report is not expected until the fall when the field work would be completed with the other six programs.

Ms. Webster-Hawkins stated that she had two items to report regarding actions taken under her delegated authority. The first item was a contract that CPCFA entered into in 2010 with the Department of Toxic Substances Control (DTSC) for \$49,999 to provide technical assistance to the CALReUSE Assessment Program. She explained that funds are still remaining and the term will be extended to May 2015.

Ms. Webster-Hawkins then reported that Waste Management, Inc. requested to have CPCFA consent to the remarketing of the 1998A Series of bonds. She signed a notice of conversion for that series.

Ms. Webster-Hawkins then provided staffing updates. She welcomed Lisa Johnson, a new Office Technician joining the administrative team. She also announced the promotion of Moe Awazu from a limited-term position into a permanent position as an Analyst.

4. BUSINESS ITEMS

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

United Pacific Waste

Presented by: Andrea Gonzalez, Staff Services Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt.

Staff requested an amendment of Initial Resolution (IR) 12-01 to decrease the dollar amount to an amount not to exceed \$15,115,000 to reflect the decreased scope of the project.

The scope of the project decreased because the company did not secure the associated city contracts for the Inglewood project site. United Pacific Waste anticipates financing the acquisition of an existing operating site, CNG fueling station, and waste collection equipment, including trucks and bins.

Staff recommended approval of an amendment to IR 12-01 for United Pacific Waste and/or its Affiliates for an amount not to exceed \$15,115,000.

Mr. Paparian asked if there were any questions or comments from the Board. There were none.

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

B. REQUEST TO APPROVE AMENDMENT AND RESTATEMENT OF FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS

CalAg, LLC, CalPlant I, LLC

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Stephen Heaney and Jake Campos of Stifel, Nicolaus & Company, Jerry Uhland of CalAg LLC and Robert Feyer of Orrick, Herrington & Sutcliffe.

Staff requested an amendment and restatement of Final Resolution (FR) 511 for an amount not to exceed \$126,700,000. The FR was originally approved on November 17, 2010 for an amount not to exceed \$175,300,000 to finance a facility to utilize waste rice straw to manufacture medium density fiberboard (MDF). The FR was then extended multiple times over the past few years and most recently, on December 17, 2013. The current FR is set to expire on June 30, 2014.

The project remains the same as was presented at the November 17, 2010 CPCFA Board Meeting. However, there are updates regarding the equity partners and financing details.

Since originally applying to the Authority, market conditions have impacted the financing terms for the project and the expectations of CalAg, LLC, CalPlant I LLC (CalAg). CalAg has identified additional sources of capital financing, including a term loan facility to be provided by Landesbank Baden-Wuerttemberg, a financial institution organized under the laws of the Federal Republic of Germany. CalAg now expects to finance the project with a combination of a cash equity investment, proceeds of a bank loan, and proceeds of the tax-exempt bonds.

In the 2010 request, Stone & Youngberg was listed as the placement agent. Since then, Stone & Youngberg has merged with Stifel, Nicolaus & Company (Stifel). Stifel is serving as the placement agent on the deal. A draft of the Preliminary Limited Offering Memorandum (PLOM) has been submitted to the Authority. Stifel has begun discussions with potential bond purchasers and has distributed the draft PLOM in its marketing effort.

CalAg anticipates securing a limited offering private placement of fixed rate tax-exempt bonds with a restriction of offering to Qualified Institutional Buyers and issuing these bonds during the third quarter of 2014. CalAg will provide the Authority with a list of purchasers and interest rate prior to the sale of the bonds.

Additionally, a TEFRA hearing was held for the Project on May 15, 2014 and no comments were received.

Staff recommended approval of the amended and restated FR for an amount not to exceed \$126,700,000 for CalAg, LLC, CalPlant I, LLC and/or its Affiliates.

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Mr. Uhland discussed the history of CalAg's financing efforts. He reported the equity is in place and committed, the facility agreement with the bank has been approved, they are now with Stifel, the work has begun and they have been in the market for two weeks.

Mr. Heaney stated that the project has been out to the market previously so Stifel has been finalizing details before talking to investors.

Mr. Campos reported that the preliminary offering memo has been delivered to 20 qualified institutional investors and that over the next few weeks Stifel will engage purchaser's counsel to start the diligence process. It is expected that this project will come back to the board at the August board meeting, at the earliest.

Discussion ensued regarding the difficulty in financing the project. Mr. Uhland stated that CalAg secured long-term investors to allow time to build the plant and begin operations.

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

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

Mr. Paparian announced that there would be a closed session and asked if there were any general public comments. There were none.

5. CLOSED SESSION

The closed session began at 11:02 a.m. and ended at 12:02 p.m. Mr. Paparian reported that no actions were taken during the closed session.

6. PUBLIC COMMENT

Mr. Paparian asked if there were any general comments from the public. There were none.

7. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 12:03 p.m.

Respectfully submitted,

Originally Signed By

Reneé Webster-Hawkins
Executive Director