

**MINUTES**

**California Pollution Control Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
October 21, 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  
Patricia Tanous, Treasury Program Manager II

Quorum: The Chairperson declared a quorum

Mr. Paparian stated that there would not be a closed session.

**2. MINUTES**

Mr. Paparian asked if there were any questions or comments concerning the meeting minutes from the meeting held September 16, 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 on October 9, 2014 CPCFA was acknowledged for their tax-exempt bond issuances and alternative financing programs at the statewide roundtable, hosted by the Council of Development Finance Agencies (CDFA) in Long Beach, CA. The Authority received the award recognizing excellence in a government agency. She explained that it is a testament to the strong leadership demonstrated throughout the agency, from the board members to each and every one of the dedicated staff who have joined the team.

Ms. Webster-Hawkins then reported that CPCFA has successfully converted two limited term analyst positions supporting the small business lending programs to permanent civil service positions and have recruited two wonderful individuals who started this month: Isabel Becerra and Betina Brantley.

Ms. Webster-Hawkins stated that there was one item to report under the exercise of delegated authority. On October 17, 2014, CPCFA posted a Request for Proposals to solicit a new Trustee Bank to manage the outside accounts in support of their small business and other alternative financing programs. CPCFA currently contracts with U.S. Bank and is quite satisfied with the service provided. However, the contract is due to expire, and state procurement rules restrict CPCFA from extending it for time. Therefore, CPCFA has solicited applications for a new contract for up to \$300,000. CPCFA anticipates executing a contract to the awardee in December 2014.

**4. BUSINESS ITEMS**

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

**Peña's Disposal, Inc.**

Presented by: Thomas Dear, Associate Treasury Program Officer

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$3,400,000. Peña's Disposal, Inc. will use bond proceeds to finance the acquisition and installation of equipment, building improvements, waste collection vehicles, bins, and other related equipment for the collection, processing, and transfer of solid waste. The company anticipates the project will provide waste diversion and recycling benefits.

Staff recommended approval of Initial Resolution No. 14-05 for Peña's Disposal, Inc. for an amount not to exceed \$3,400,000.

Mr. Gordon moved approval of the item; there was a second.

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

The item was unanimously approved.

**B. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE BONDS AND TO APPROVE TAX-EXEMPT BOND VOLUME CAP ALLOCATION**

**Sacramento Project Finance, Inc.**

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt and Robert Feyer of Orrick, Herrington & Sutcliffe LLP.

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In addition, Ms. Julia Bilaver of the Office of the Attorney General was present.

Staff requested approval of a Final Resolution to issue refunding revenue bonds for an amount not to exceed \$13,800,000 in tax-exempt and taxable bonds, \$13,720,000 and \$80,000 respectively, and Volume Cap Allocation for an amount not to exceed \$500,000.

On December 23, 2002, CPCFA issued Solid Waste Disposal Revenue Bonds for the Sacramento Biosolids Facility Project Series 2002A and 2002B in the amount of \$20,075,000 and \$1,200,000, respectively. The prior bonds financed the design and construction of a biosolids recycling facility with the capacity of processing up to 7,300 tons of biosolid waste per year in Sacramento county. The facility is located on Sacramento Regional County Sanitation District property for operations including the reception, storage, dewatering, and heat drying of digested biosolids. The facility has been in operation since 2004.

Staff recommended approval of Final Resolution No. 540 for Sacramento Project Finance, Inc. as Borrower and Synagro Organic Fertilizer Company of Sacramento, Inc. as Operator, and/or its Affiliates for an amount not to exceed \$13,800,000 and Volume Cap Allocation Resolution No. 11-169-08 for an amount not to exceed \$500,000.

The discussion between the Board members and participants present included:

- Clarification that the original financing was fixed rate and not variable rate, and the bonds were insured by a company no longer in business, which is the cause of the refinancing structure.
- A proposal by bond counsel to modify the resolution regarding the required consent for the refinancing. Both Mr. Feyer and Ms. Bilaver described the need for the consent and its neutral impact on the Authority's interests in the transaction.
- A description of the structure of the refinancing and why a portion of it is taxable.

Mr. Gordon moved approval of the item including the proposed modification; there was a second.

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

The item was unanimously approved as modified.

### **C. CONSIDERATION AND APPROVAL OF ADOPTION OF EMERGENCY REGULATIONS IMPLEMENTING THE REVIEW OF RATE REDUCTION BONDS PURSUANT TO AB 850**

Presented by: Andrea Gonzalez, Staff Services Analyst

Staff requested approval of an emergency rulemaking pertaining to Assembly Bill 850 (AB 850) and the review of rate reduction bond issuances for utility projects. Staff proposed to file emergency regulations to adopt §8130-8138 of CPCFA regulations to

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review each issue of rate reduction bonds for financing costs of a utility project and determine the qualification of each issuance. Upon the Board's approval, staff will file the regulations with the Office of Administrative Law (OAL).

AB 850 authorizes joint power authorities to issue rate reduction bonds to finance publicly owned utility projects until December 31, 2020. The bonds will be secured by utility project property and repaid through a separate utility project charge imposed on the utility customers' bills. While the bonds are issued by the local joint power authorities, AB 850 includes an additional state review process by CPCFA.

Staff recommended approval of the proposed resolution to adopt regulations concerning Assembly Bill 850 and to authorize staff to undertake emergency and regular rulemaking proceedings and other actions related to implementing the review of rate reduction bonds.

Mr. Gordon moved approval of the item; there was a second.

Mr. Paparian asked if there were any questions or comments from the Board or public.

Ms. Webster-Hawkins acknowledged and thanked Mr. Chuck Wolf from Nixon Peabody for his counsel, expertise in rate reduction bonds, and assistance in preparing the draft regulations.

The item was unanimously approved.

### **5. PUBLIC COMMENT**

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

### **6. ADJOURNMENT**

There being no further business, public comments, or concerns, the meeting adjourned at 10:58 a.m.

**Respectfully submitted,**

*Originally Signed By*

Reneé Webster-Hawkins  
Executive Director