

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
December 15, 2015**

1. CALL TO ORDER & ROLL CALL

Mr. Tim Schaefer, Chairperson, called the California Pollution Control Financing Authority meeting to order at 11:29 a.m.

Members Present: Tim Schaefer for John Chiang, State Treasurer
Anne Baker for Betty Yee, 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. Tim Schaefer asked if there were any questions or comments concerning the meeting minutes from the meeting held November 17, 2015. There were none.

Ms. Ortega moved approval of the minutes; upon a second, the minutes were approved.

The item was passed by the following vote:

Tim Schaefer for the State Treasurer	Abstained
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins began her Executive Director's report by informing the Board that Item 4.B. was removed from the agenda. She reported that AB 1230 appropriated \$10 million for CPCFA to establish a loan loss reserve program to assist microbusinesses with access to lending capital to carry out tenant improvements to comply with the Americans with Disabilities Act. CPCFA is currently recruiting for Treasury Program Manager I and Staff Services Analyst/Associate Treasury Program Officer positions for the new program. CPCFA staff will be meeting with state agency stakeholders to establish new partnerships, coordinating with outside stakeholders, and completing the rulemaking process. She also reported that CPCFA and STO's Communication Office collaborated in producing a second short video that highlighted a

loan from Fresno Community Development Financing Institution enrolled in the Collateral Support Program. The Belmont Radiator video features an interview with the Fresno business owner in which he described the benefits of the program to a small business. The video is publicly available for viewing on You Tube and Vimeo.

Ms. Webster-Hawkins reported that she and Deanna Hamelin, Bond Program Manager, attended the grand opening ceremony of the Carlsbad Desalination Plant. CPCFA, led by her predecessor Mike Paparian, worked tirelessly to finalize the \$750 million financing to enable the public/private partnership between the San Diego Water Authority and Poseidon Resources. The plant will produce 50 million gallons of potable desalinated water to 400,000 consumers each day.

Ms. Webster-Hawkins highlighted several program statistics for 2015. She reported that CPCFA has enrolled 2,632 loans into the CalCAP ARB Heavy Duty Vehicle Loan Program and contributed \$19 million towards \$175 million in private lending. CPCFA enrolled 30 loans into the Collateral Support Program, which contributed \$11.2 million towards \$46.6 million in private lending. The CALReUSE program expended a total of \$45,160,335 of \$55 million in project funds appropriated under Proposition 1C housing bonds to remediate brownfields and promote infill housing development. Within the calendar year, a total of 427 housing units were certified for occupancy as a result of the program, including 262 affordable units.

Ms. Webster-Hawkins welcomed new employee, Carolyn Baker, to the CPCFA Team. Ms. Webster-Hawkins also welcomed Deputy Attorney General, Stepan Haytayan, who was attending the meeting through the conference line.

4. BUSINESS ITEMS

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

Upper Valley Disposal Service and/or its Affiliates
Presented by: Kris Luoma

Staff introduced Tony Cone of Westhoff, Cone, & Holmstedt

Upper Valley Disposal Service and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$6,335,000 to purchase new California Air Resources Board (CARB) compliant vehicles, re-roof and add solar panels to the materials recovery facility (MRF), add a grinder, upgrade the composting and blending barn sites, and construct entry improvements.

Staff recommended approval of Initial Resolution No. 15-04 for Upper Valley Disposal Service and/or its Affiliates for an amount not to exceed \$6,335,000.

Ms. Ortega moved approval of the item; there was a second.

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

The item was passed by the following vote:

Tim Schaefer for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye

B. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE NOTES, SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE AND TO APPROVE TAX-EXEMPT VOLUME CAP ALLOCATION

Withdrawn

C. REQUEST TO APPROVE AMENDMENT TO FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS

Aemerge, LLC, Aemerge RedPak Services Southern California LLC and/or their Affiliates, #879(SB), Solid Waste Disposal, \$30,000,000.

Presented by: Kris Luoma

Staff introduced Tony Cone of Westhoff, Cone, & Holmstedt

Aemerge, LLC, Aemerge RedPak Services Southern California, LLC and/or their Affiliates requested approval of an Amendment to Final Resolution (FR) No. 546 to increase the bond amount from \$24,000,000 to \$30,000,000 to pay for an increase in costs of the equipment to be purchased. The current carbonizer system is capable of processing 7 million pounds of medical waste a year. Aemerge is planning on adding a 2nd carbonizer along with a 2nd thermal oxidizer. Upon completion of the project it is expected that the facility will be capable of processing 36.5 million pounds of medical waste a year.

Staff recommended approval of the amendment to Final Resolution No. 546 for an amount not to exceed \$30,000,000, for Aemerge, LLC, Aemerge RedPak Services Southern California, LLC and/or their Affiliates.

Ms. Ortega moved approval of the item; there was a second.

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

The item was passed by the following vote:

Tim Schaefer for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye

D. REQUEST TO APPROVE INTERAGENCY AGREEMENT WITH THE CALIFORNIA AIR RESOURCES BOARD (ARB) REGARDING THE CALCAP INDEPENDENT CONTRIBUTOR PROGRAM TO MANAGE THE SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEP) PROGRAM

Presented by: Patricia Crowson

The California Air Resources Board wants to continue to participate in the Independent Contributor program of CalCAP. The proposed Interagency Agreement between the Authority and ARB allocates up to \$513,744.30 (plus any accrued interest) of Supplemental Environmental Project, or SEP funds. These funds will be used for the administration of the Statewide School Bus SEP program, for the purpose of retrofitting school buses with Verified Diesel Emissions Control Strategies, for example, diesel particulate filters, and will be administered by the San Joaquin Valley Air Pollution Control District. The term of the Agreement will be two years from the date that the Agreement is signed by both parties, with the possibility of a one year extension.

On July 1, 2008 CPCFA entered into an Agreement with ARB for a pilot program to assist off-road diesel equipment operators to comply with air quality regulations put into place in July 2007 in the amount of \$500,000. The pilot program was specifically designed to target off-road diesel vehicles that were primarily used in the San Joaquin Valley Air District. The term of the Agreement was from July 1, 2008 to February 28, 2010. On September 24, 2008 the Authority received approval from the Board to amend the Agreement to increase the amount to \$1,000,000 as ARB had received additional funds. On November 18, 2009, the Authority received approval from the Board to extend the Agreement through February 28, 2016. On May 26, 2010 the Authority received approval from the Board to amend the Agreement in order to allow the Authority to be reimbursed for administrative costs, but such amendment was never executed.

The funds for the Program were provided through collection of Off-Road Diesel Penalties paid by approximately 133 businesses in the amount of approximately \$505,642.72 over the years. As a result of revisions made to the diesel regulation impacting off-road diesel fleets, the SEP funds are no longer needed to help these fleets reduce their emissions. ARB is now requesting that the SEP funds currently held by CalCAP be re-allocated and transferred to the San Joaquin Valley Air District.

Once the Agreement has been approved, CPCFA will remit the funds in the Fund, minus \$20,000 for CPCFA administrative costs, to the Air District in accordance

with the Agreement. The Air District will provide reports reflecting the expenditures and accounting to CPCFA for review and monitoring purposes. Staff recommends approval to enter into an Interagency Agreement with the California Air Resources Board to serve as an Independent Contributor in CalCAP for the SEP program in an amount not to exceed \$513,744.30 (plus any accrued interest).

Ms. Ortega moved approval of the item; there was a second.

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

The item was passed by the following vote:

Tim Schaefer for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye

E. REQUEST TO APPROVE INTERAGENCY AGREEMENT WITH THE DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE) REGARDING THE CALCAP INDEPENDENT CONTRIBUTOR PROGRAM TO MANAGE THE RECYCLING MARKET DEVELOPMENT ZONE (RMDZ) PROGRAM

Presented by: Patricia Crowson

The Department of Resources Recycling and Recovery, otherwise known as CalRecycle has agreed to continue to participate in CalCAP as an Independent Contributor. The proposed Interagency Agreement between the Authority and CalRecycle allocates up to \$414,271.85 of CalRecycle funds to be used to provide small business owners that meet CalRecycle's eligibility requirements, with assistance obtaining financing through CalCAP lenders. The term of the Agreement will be two years from the date that the Agreement is signed by both parties, with an option to extend for an additional year.

CalRecycle's mission is to protect public health, safety, and the environment through waste prevention, waste diversion, and safe waste processing and disposal. The goal is to assist local jurisdictions to decrease the disposal of non-hazardous waste materials from California landfills. CalRecycle administers the Recycling Market Development Zone, or RMDZ Loan Program that promotes recycling-based business development in California through low interest loans. These loans have increased California's diversion capacity greatly and have created or retained hundreds of jobs.

On January 21, 1999, the Authority entered into an 18-month interagency agreement with CalRecycle in which CalRecycle would act as an Independent Contributor for the CalCAP Program. Subsequent to the end of the initial period, the contract has been continually renewed. The most recent Agreement between the Authority and CalRecycle expired on June 15, 2015.

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Staff recommends approval to enter into an Interagency Agreement with the Department of Resources Recycling and Recovery to serve as an Independent Contributor in CalCAP for the CalRecycle Independent Contributor program in an amount not to exceed \$414,271.85.

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

The item was passed by the following vote:

Tim Schaefer for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye

5. PUBLIC COMMENT

Mr. Tim Schaefer asked if there were any comments from the public. There were none.

6. ADDITIONAL COMMENTS

Ms. Reneé Webster-Hawkins added a thank you to Bob Feyer for his help with the Poseidon Desalination Plant project and Mr. Feyer spoke briefly to the board.

Mr. Schaefer checked in with the phone guest, Stepan Haytayan, to see if he had anything to add and Mr. Haytayan said he had no questions or anything to add.

7. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:56 a.m.

Respectfully submitted,

(Originally signed by)

Reneé Webster-Hawkins
Executive Director