

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
February 16, 2016**

1. CALL TO ORDER & ROLL CALL

Mr. Alan Gordon, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:51 a.m.

Members Present: Alan Gordon for Michael Cohen, Director of Finance
Anne Baker for Betty Yee, State Controller
Eraina Ortega for John Chiang, State Treasurer

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Mr. Alan Gordon asked if there were any questions or comments concerning the meeting minutes from the meeting held January 19, 2016. There were none.

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Alan Gordon for the State Treasurer	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins reported that there were no items approved under her delegated authority.

Ms. Webster-Hawkins welcomed new CPCFA staff member Eddie Chrisen along with announcing the promotion of another employee, Tajinder Kaur.

Ms. Webster-Hawkins reported that the CalCAP programs continue to grow in both volume and enrollments. She provided an update on the heavy-duty diesel truck program that CPCFA runs on behalf of the Air Resources Board (ARB). The ARB program has grown beyond

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anticipated projections. Ms. Webster-Hawkins stated there was an emergency interagency agreement amendment on today's Agenda for the Board's consideration which would add additional funding to this year's fiscal budget for the heavy-duty diesel truck ARB program. Ms. Webster-Hawkins explained that CPCFA staff is working closely with the ARB staff and leadership to accomplish two main objectives. The first objective is to increase the annual allocation in future funding years. The second objective is to make some program design adjustments to create a more sustainable program with the existing funding. Ms. Webster-Hawkins stated that in the coming months the Board should be hearing more about the efforts that are being made both in the ARB program and the CalCAP program to make them more sustainable.

Ms. Webster-Hawkins requested a moment to acknowledge the passing of Tony Cone of Westhoff, Cone & Holmstedt. She elaborated how integral Westhoff, Cone & Holmstedt has been to the portfolio that CPCFA has presided over for the last 37 years. Ms. Webster-Hawkins then asked Mr. Bob Feyer, Senior Counsel from Orrick, Herrington, & Sutcliffe to say a few things regarding Tony Cone and their history over the last 37 years; speaking to the business model they created for California's waste industry using tax-exempt bonds.

Mr. Bob Feyer thanked the Board for the opportunity to share some thoughts about Tony Cone, and the impact that he had on CPCFA and the tax-exempt Bond Program. Mr. Feyer proceeded to explain Mr. Cone's history with CPCFA and the tremendous impact that he had on revolutionizing the financing mechanisms available to the California companies involved in the waste industry.

4. BUSINESS ITEMS

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

Poseidon Resources (Channelside) LP
Presented by: Andrea Gonzalez

Staff introduced Mr. Andrew Kingman of Poseidon Resources (Channelside) LP and Mr. Devin Brennan from Orrick, Herrington, & Sutcliffe.

Poseidon Resources (Channelside) LP and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$50,000,000 to finance the construction of two intake and screening structures that will supply seawater to an Intake Pump Station and to a discharge channel, as well as four low-impact pumps.

Staff recommended approval of Initial Resolution No. 16-02 for Poseidon Resources (Channelside) LP and/or its Affiliates for an amount not to exceed \$50,000,000.

Mr. Gordon inquired if these new facilities were in response to the State Water Resources Control Board (SWRCB) adopting new intake regulations. Mr. Kingman responded affirmatively, and further explained that the existing power plant located next

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to the Carlsbad Desalination facility will be closing. Once the shutdown occurs, Poseidon will need to make these improvements. He explained that these improvements are also in response to a new ocean plan amendment approved by SWRCB last year.

Mr. Gordon asked if these are underwater intakes. Mr. Kingman answered yes, and explained that the intakes needed improvements to slow down the velocity of the water in order to reduce the amount of fish being swept into the system.

Mr. Gordon asked where the energy comes from for this project. Mr. Kingman replied San Diego Gas & Electric.

Mr. Gordon asked for a status update on the proposed Huntington Beach desalination facility. Mr. Kingman elaborated that they have been working with the California Coastal Commission for the development permit and that they were asked to look into alternative intake systems. Poseidon reapplied for a permit last Fall.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Alan Gordon for the State Treasurer	Aye

B. REQUEST FOR APPROVAL OF AMENDMENT 3 TO INTERAGENCY AGREEMENT WITH THE CALIFORNIA AIR RESOURCES BOARD (ARB) REGARDING THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP) INDEPENDENT CONTRIBUTOR PROGRAM

Presented by: Christina Vue

Staff requested Board approval to amend Interagency Agreement ARB13-606 between the California Pollution Control Financing Authority (CPCFA or Authority) and ARB which funds loan loss reserve contributions for the On-Road Heavy Duty Vehicle Air Quality Loan Program (Program). The amendment increased the allocated amount of the Agreement from \$35 million to \$38 million.

Upon approval by ARB's Executive Officer of the additional \$3 million, this amendment provided a total of \$18 million in funding to the Program allocated to CalCAP as part of ARB's AQIP funding plan for Fiscal Year 2015-2016.

Staff recommended approval of the attached Resolution to authorize the Executive Director or Deputy Executive Director to execute the amended IA ARB13-606 with the revised modification as described above.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Alan Gordon for the State Treasurer	Aye

5. PUBLIC COMMENT

Mr. Gordon 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 11:10 a.m.

Respectfully submitted,

Reneé Webster-Hawkins
Executive Director