

**MINUTES**

**California Pollution Control Financing Authority  
801 Capitol Mall, Room 150  
Sacramento, California  
April 18, 2017**

**1. CALL TO ORDER & ROLL CALL**

Steve Juarez, Chairperson, called the California Pollution Control Financing Authority (CPCFA) meeting to order at 10:49 a.m.

Members Present: Eraina Ortega for Michael Cohen, Director of Finance  
Anne Baker for Betty T. Yee, State Controller  
Steve Juarez for John Chiang, State Treasurer

Staff Present: Reneé Webster-Hawkins, Executive Director

Quorum: The Chairperson declared a quorum

**2. MINUTES**

Mr. Juarez asked if there were any questions or comments concerning the meeting minutes from the meeting held March 21, 2017. There were none.

Ms. 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
Steve Juarez for the State Treasurer	Aye

**3. EXECUTIVE DIRECTOR'S REPORT**

Ms. Webster-Hawkins informed the Board that she had taken an action under her delegated authority and signed a request on April 6, 2017 for Waste Management to reappoint Merrill Lynch, Pierce, Fenner and Smith as the remarketing agent for the Waste Management Bond Series 2001 A and 2003 A.

Ms. Webster-Hawkins stated she notified the financing team and stakeholders under the Bond Program at the beginning of 2017 that this would be the last year that CPCFA had the benefit of carryforward of the debt allocation from prior years due to the increased usage of debt allocation primarily by affordable housing issuances. Ms. Webster-Hawkins encouraged

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transactions to be brought forward in 2017 to be able to take advantage of the last year of carryforward. She stated that the current robust agenda is a response to that call and will likely be seen throughout the summer. Ms. Webster-Hawkins stated she was pleased that there is healthy interest in these types of investments in waste management projects in California.

Ms. Webster-Hawkins stated that the California Recycle Underutilized Sites Program (CALReUSE) continues to remain busy and has seen achievements and good outcomes from both the remediation and assessment program. Another assessment loan was repaid in April 2017 as a result of productive use of a property that was successfully remediated following the assessment investigation that CALReUSE funded. Ms. Webster-Hawkins added that CALReUSE continues to distribute expenditures in the remediation programs, which are still very relevant to local economic development.

Ms. Webster-Hawkins stated notably in the California Capital Access Program (CalCAP) will be hosting a CalCAP Stakeholder Symposium next Tuesday from 10:00 a.m. to 1:00 p.m. in the current conference room. CPCFA has solicited participation by a broad section of stakeholders, both current and potential lenders, small business networking organizations and other stakeholders that are interested in small business and economic development in California. In particular, CPCFA asked for proposals and information relevant to key program improvements, principally recapture of program funding for the two major programs; CalCAP Small Business Program and the ARB (Air Resources Board) On-Road Heavy-Duty Vehicle Air Quality Loan Program. Several program improvements have been identified that the lenders or potential lenders have mentioned that would increase their likelihood of participating, so stakeholders have been asked to comment on the program improvement ideas to see if they will be broadly supported or not. Ms. Webster-Hawkins stated she hopes to get good data and information from the lenders about their views about those program improvements and that the input received from the Symposium will be used in the development of draft regulations to bring forward for the Board's consideration later this spring or summer for whichever improvements seem justified based on the information received.

Ms. Webster-Hawkins informed the Board that CPCFA is tracking six major legislative bills that have the potential to affect CPCFA.

AB 964 proposed by Assembly Member Gomez, would establish a clean vehicle program based on the loan loss reserve program and allocate fifty million from the Greenhouse Gas Reduction Fund to authorize CPCFA to set up a CalCAP program to support lending for clean vehicles for low income consumers in California based on the loan loss reserve model.

AB 1259 proposed by Assembly Member Calderon is similar to AB 964. They are tracking parallel with mutual support by both authors, and would target low income consumers to gain access to capital and get help with their credit for clean vehicles. Both AB 964 and AB 1259 moved out of the Assembly Transportation Committee on April 17, 2017.

AB 1547 proposed by Assembly Member Quirk-Silva would combine the California Industrial Development Financing Advisory Commission (CIDFAC), CPCFA and the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA). The lead

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consultant for the Jobs, Economic Development, and the Economy (JEDE) Committee that Assembly Member Quirk-Silva chairs stated that the bill is a two year bill. The JEDE Committee hopes to convene informational hearings on the roles and responsibilities of the three Authorities in the summer of 2017 and CPCFA will be cooperating with them on the hearings.

AB 1553 is a measure that staff would support. It would allow the use of Small Business Assistance Fund (SBAF) monies to participate in the Americans with Disabilities Act (ADA) program. There are costs that borrowers need to incur to obtain the architectural inspection in order to perform the ADA compliant retrofits. While the costs can be included in the loan supported under the CalCAP Program, the costs can be prohibitive and given, in some cases, the actual dollar amounts associated with the retrofits are small even though the inspection might be costly. The bill would allow the Board, if it so chose, to adopt regulations that would allow CPCFA to utilize the SBAF monies to provide direct reimbursement to the borrowers that would cover the cost of the Certified Access Specialist (CAsp) inspections in order to enroll the loan in the CalCAP program.

SB 815 is a measure that staff would support. This bill would increase the participation in the CalCAP ADA Program and would define a small business as having a maximum gross annual revenue of five million dollars as opposed to the one million dollar cap that the program now imposes on small businesses that are eligible to participate.

SB 551 is a bill that would make changes to the CalCAP Small Business Program. It has evolved and has been amended substantially since last month's report to the Board. SSBCI retains the provision that staff supports which is to retain a broader fee schedule that a borrower and lender can elect to utilize to enroll a loan into the program. It also would establish a recapture of public funds to provide program sustainability. CPCFA continues to work with the Legislature and the bill's sponsor to revise the formula on how the recapture would function and hope that the information received from the CalCAP Symposium next week will inform stakeholders including the Legislature with good information and data to support any proposed recapture structure.

Mr. Juarez asked the Board if there were any questions, there were none. Mr. Juarez then asked Ms. Webster-Hawkins to restate the date and time of the CalCAP Symposium. Ms. Webster-Hawkins stated it was Tuesday, April 25<sup>th</sup> at 10:00 am.. Mr. Juarez asked if the Symposium would cover the full spectrum of the CalCAP programs. Ms. Webster-Hawkins stated that the primary focus was the CalCAP Small Business Program and the ARB Program, however comments will be accepted for the other programs as well.

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

## **4. BUSINESS ITEMS**

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

**1. Confluence Energy LLC and/or successor or related entity**

Presented by: Andrea Gonzalez, Associate Treasury Program Officer

Confluence Energy, LLC and/or successor or related entity requested approval of an Initial Resolution for an amount not to exceed \$6,500,000 to finance the acquisition of a 22 acre site located in Valley Springs, the refurbishment and assembly of a wood pellet manufacturing plant, as well as the purchase of related equipment.

Staff recommended approval of Initial Resolution No. 17-05 for Confluence Energy, LLC and/or successor or related entity for an amount not to exceed \$6,500,000.

Mr. Juarez asked if there were any sponsors present and Ms. Gonzalez stated there was not.

Mr. Juarez wanted to make sure that in creating the wood pellets that there was a permit and that they were not doing clear cutting, which would be problematic given the focus of the programs. He stated the company was able to confirm that they were adhering to their clearing permit which gave the Board comfort with moving forward.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

**2. Aemerge LLC, Aemerge RedPak Services Southern California, LLC and/or its Affiliates**

Presented by: Andrea Gonzalez, Associate Treasury Program Officer

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt and John Wang, Orrick, Herrington & Sutcliffe LLP

Aemerge, LLC, Aemerge RedPak Services Southern California, LLC and/or its Affiliates (the "Company") requested approval of an Initial Resolution for an amount not to exceed \$12,350,000.

In January of 2016, CPCFA issued \$28,250,000 in tax exempt bonds for Aemerge RedPak Services Southern California, LLC. The bonds financed the acquisition, construction,

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rehabilitation, renovation, installation, improvement and equipping of a patented Carbonizer system that treats and eliminates medical waste.

Currently, construction delays and additional requirements for earthquake safety and local construction issues have resulted in additional construction costs. The additional project costs will be paid from a combination of equity and bond proceeds.

Staff recommended approval of Initial Resolution No. 17-04 for Aemerge, LLC, Aemerge RedPak Services Southern California, LLC and/or its Affiliates for an amount not to exceed \$12,350,000.

Mr. Holmstedt introduced himself and stated that approximately a month ago the company started accepting medical waste that is processed in California instead of having to go outside of California. The initial unit handling the medical waste currently cannot process all of the work but is still processing medical waste. The Department of Health has qualified the facility to process all forms of medical waste which gives medical waste generators a place other than going out of state. Mr. Holmstedt stated that despite cost overruns the project continues on and is expected to be in full commercial operation by the end of 2017.

Mr. Wang stated he has nothing further to add and introduced himself as Bond Counsel.

Mr. Juarez asked if the Board, staff or the public had any questions. There were none.

Mr. Juarez congratulated the representatives and asked Mr. Holmstedt when the company expects to go to market. Mr. Holmstedt stated an approximate date of September 2017, given that the current bond holders did not expect the company to be borrowing additional monies, so they are working closely with them to assure them on the finances. The equity has been raised and is in place, and there is a meeting with a major bondholder in Hesperia in two weeks.

Mr. Juarez asked if the bondholders may be interested in purchasing additional debt. Mr. Holmstedt stated yes.

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

Mr. Juarez 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
Steve Juarez for the State Treasurer	Aye

### 3. Garden City Sanitation, Inc. and/or its Affiliates

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Presented by: Dmitri Godamunne, Staff Services Analyst

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt

Garden City Sanitation, Inc. and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$24,675,000 to finance the acquisition of land and equipment to support the Applicant's waste collection and transfer activities under a new franchise agreement with the City of Milpitas, CA.

Staff recommended approval of Initial Resolution No. 17-08 for Garden City Sanitation, Inc. and/or its Affiliates for an amount not to exceed \$24,675,000.

Mr. Juarez asked if Mr. Holmstedt had anything to add. Mr. Holmstedt stated no.

Mr. Juarez asked when the company will be back with a final resolution. Mr. Holmstedt stated late summer 2017 and that the company needs to be operating by the end of 2017. Mr. Holmstedt stated that the company has been trying to purchase land in the Silicon Valley and when they try to make a purchase they get outbid.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

#### 4. Mottra Corporation and/or its Affiliates, #907(SB\*), Solid Waste Disposal

Presented by: Dmitri Godamunne, Staff Services Analyst

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt

Mottra Corporation and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$6,125,000 to finance the acquisition of equipment such as collection vehicles, carts, bins and containers to support the Applicant's waste collection and transfer activities with the Cities of Los Angeles and Cerritos.

Staff recommended approval of Initial Resolution 17-06 for Mottra Corporation, Inc. and/or its Affiliates for an amount not to exceed \$6,125,000.

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

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Mr. Juarez 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
Steve Juarez for the State Treasurer	Aye

**5. Best Way Disposal Co., Inc. dba Advance Disposal and/or its Affiliates**

Presented by: Andrea Gonzalez, Associate Treasury Program Officer

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt

Best Way Disposal Co., Inc., dba Advance Disposal and/or its Affiliates requested approval of an Initial Resolution for an amount not to exceed \$7,655,000 to finance the construction of an organic processing facility and improvements to an existing materials recovery facility (MRF), and the acquisition and installation, if any, of related equipment.

Staff recommended approval of Initial Resolution No. 17-07 for Best Way Disposal Co., Inc., dba Advance Disposal and/or its Affiliates for an amount not to exceed \$7,655,000.

Mr. Juarez asked Mr. Holmstedt if he had any comments. Mr. Holmstedt stated that Best Way Disposal Co., Inc. is another example of the types of companies that will be seen more as a result of the legislation to divert food waste from landfills. Mr. Juarez stated to hurry up and that as long as there is capital, and it is a good project, then it will be bestowed upon them.

Ms. Ortega then stated to get someone to do this in Sacramento.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

**B. REQUEST TO APPROVE EXTENSION AND AMENDMENT OF INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS**

Recology, Inc. and/or its Affiliates

Presented by: Kris Luoma, Staff Services Analyst

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Staff introduced John Wang, Orrick, Herrington & Sutcliffe LLP and Andrew Alexander, Bank of America Merrill Lynch

Recology, Inc. and/or its Affiliates requested approval of an amendment to Initial Resolution No. 14-02 which includes an extension from May 20, 2017 to April 18, 2020, for an amount not to exceed \$100,000,000 to finance the acquisition of real property, and the acquisition, installation, construction and development of an anaerobic digester, solid waste disposal equipment, collection and street cleaning vehicles, and rolling stock.

Staff has reviewed the company's positive response to the questions contained in the Legal Status Questionnaire (LSQ) portion of the application. The Company's April 20, 2010 bond closing with CPCFA and the May 20, 2014 Initial resolution approved by the CPCFA Board, both had the same positive response in the LSQ section of the CDLAC and the CPCFA applications. In both prior applications and the current application the LSQ section was reviewed by and approved by legal counsel representing CPCFA. There is no indication that this issue affects the financial viability of the company.

Staff recommended approval of an amendment of Initial Resolution No. 14-02 for Recology, Inc. and/or its Affiliates for an amount not to exceed \$100,000,000.

Mr. Juarez asked what reason there was for the delay and if everything is under control in order to redo the Resolution.

Mr. Alexander stated the company had a number of business initiatives that has come their way over the last three years and the company would like to preserve the option for financing in the tax exempt market going forward so they would like to extend the Resolution.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Abstain
Steve Juarez for the State Treasurer	Aye

### **C. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE NOTES FOR NEW MONEY AND REFUNDING PURPOSES, SMALL BUSINESS ASSISTANCE FUND (SBAF) COSTS OF ISSUANCE ASSISTANCE AND TAX-EXEMPT VOLUME CAP ALLOCATION**

Recycling Industries, Inc. and/or its Affiliates



## Agenda Item 2.

Presented by: Kris Luoma, Staff Services Analyst

Staff introduced Mark Holmstedt, Westhoff, Cone & Holmstedt

Recycling Industries, Inc. and/or its Affiliates requested approval of a Final Resolution to issue revenue notes to refund the current outstanding California Pollution Control Financing Authority Recycling Industries, Inc. Series 2011 Bonds in an amount not to exceed \$5,375,000. The company is also requesting Volume Cap Allocation approval for an amount not to exceed \$2,650,000 to finance the acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities and equipment.

In addition, the company requested approval of a SBAF Resolution in an amount not to exceed \$172,400 to assist with the cost of issuances of this transaction.

Staff recommended approval of Final Resolution No. 562 for an amount not to exceed \$8,025,000, Volume Cap Allocation Resolution No. 14-148-02 for an amount not to exceed \$2,650,000, and a SBAF Resolution in an amount not to exceed \$172,400 for Recycling Industries, Inc. and/or its affiliates.

Mr. Juarez asked if Mr. Holmstedt had any comments. Mr. Holmstedt stated he did not but thanked the Board.

Mr. Juarez stated that this was a Sacramento project.

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

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

The item was passed by the following vote:

Eraina Ortega for the Director of Finance	Aye
Anne Baker for the State Controller	Aye
Steve Juarez for the State Treasurer	Aye

Before Mr. Juarez moved on to Public Comment Ms. Webster-Hawkins made a correction to her previously stated date of the CalCAP Stakeholder Symposium. Ms. Webster-Hawkins stated that the correct date of the CalCAP Symposium was on Wednesday, April 26<sup>th</sup> at 10:00 in the current conference room and not on Tuesday April 25<sup>th</sup> as previously stated. Ms. Webster-Hawkins stated that all of the CalCAP Symposium written notices are correct.

### 5. PUBLIC COMMENT

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

### 6. ADJOURNMENT

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There being no further business, public comments, or concerns, the meeting adjourned at 11:14 a.m.

**Respectfully submitted,**

(Originally signed by)

Reneé Webster-Hawkins  
Executive Director