

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
December 16, 2014**

1. CALL TO ORDER & ROLL CALL

Michael Paparian, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 10:56 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 November 18, 2014. There were none.

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

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins began her report noting how bittersweet it was to be convening for the last Board meeting of the Lockyer Administration. She said the Treasurer had been an excellent steward of CPCFA's financing programs, and under his policy vision and leadership, the Authority had accomplished much even through the Great Recession.

Ms. Webster-Hawkins explained that the numbers told much of the story. In the last 8 years, CPCFA closed on 72 bond issues in the amount of \$2,736,224,937. The Authority was awarded \$84,000,000 in federal funding to expand their small business lending programs. CPCFA enrolled 7,698 loans for small businesses in the California Capital Access Program (CalCAP) loan loss reserve program, contributing over \$18,000,000 into loan loss reserve funds to enhance the credit of over \$544,000,000 in loans. The Authority contributed an additional \$1,200,000 in credit enhancements on behalf of borrowers located in Severely Affected Communities.

Ms. Webster-Hawkins stated under the new Collateral Support Program (CSP), CPCFA provided \$32,000,000 in cash collateral to lenders for 66 individual loans totaling \$73,000,000. On behalf of ARB, 5,563 loans were enrolled into the Heavy Duty Diesel Truck

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loan loss reserve program, which contributed over \$48,500,000 and supported the purchase of 5,715 trucks and the retrofit of 439 additional trucks.

California Recycle Underutilized Sites (CalReUSE) disbursed over \$44,000,000 to fund brownfield remediation. Seventeen projects were completed, including the remediation and the development of the project, resulting in 1,606 new housing units. Seven projects were completed with remediation with development underway. Six more projects are currently conducting remediation. The Proposition 1C (Prop 1C) program anticipates funding will assist in the creation of 6,139 new affordable housing units.

Ms. Webster Hawkins explained that beyond the numbers, CPCFA has earned a reputation in the lending and financing community as being prudent fiscal stewards while providing excellent customer service. The Authority nurtured their relationships with stakeholders and actively sought out the most accessible and efficient business flow possible. That reputation soared under Treasurer Lockyer's leadership, and particularly under Mr. Papanian's wing. Based on conversations with the Treasurer-Elect and his leadership team, CPCFA's ability to successfully meet critical financing needs in California is recognized and embraced as a go-to resource for future accomplishments. Ms. Webster-Hawkins expressed gratitude towards the Lockyer Administration for its guidance and support of CPCFA's programs, and explained the Authority is looking forward to working with Treasurer Chiang in support of his goals to advance the accessibility and effectiveness of the Bond and alternative financing programs.

Ms. Webster-Hawkins then reported that Deputy Executive Director Sherri Wahl retired from state service earlier in the month. She served under seven State Treasurers over 30 years, became a walking encyclopedia of every conduit bond financing transaction, and was a respected and steady resource to her colleagues and stakeholders alike.

Ms. Webster-Hawkins had no items to report under her Delegated Authority.

She expressed a heartfelt thank you to the Lockyer Administration for welcoming her so warmly into the STO family, and a joyful thank you to the Chiang Administration, for trusting in the ability of the management team to achieve its policy goals. She also thanked each and every member of the CPCFA team for bringing their "A" game every day. Happy holidays were wished to all.

4. BUSINESS ITEMS

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

CR&R Incorporated and/ or its Affiliates

Presented by: Andrea Gonzalez, Staff Services Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an amendment to Initial Resolution 13-03 to increase the dollar amount to an amount not to exceed \$31,000,000 to reflect increased project costs

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and to extend the expiration date of the Initial Resolution to December 16, 2017.

At the February 19, 2013 CPCFA Board Meeting, an Initial Resolution for CR&R Incorporated was approved for an amount not to exceed \$22,000,000. The request included financing for the construction and installation of an anaerobic digester and related equipment at its Perris operating site located in Riverside County. The amount has increased to reflect the increased scope of the project.

Staff recommended approval of an amendment to Initial Resolution 13-03.

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

Ms. Ortega inquired as to why the cost had increased. Mr. Cone responded noting that several delays and the rising cost of construction were the principal reasons.

Mr. Cone added a sincere thank you to the current administration, noting it has been one of the most pleasant periods in the just under 40 years that his firm has been bringing items to the Board for approval.

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.

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

Cal Ag, LLC, CalPlant I, LLC

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Jerry Umland of CalAg, LLC and Robert Feyer of Orrick, Herrington & Sutcliffe.

Staff requested approval of an amendment to Restated Final Resolution No. 511 for an amount not to exceed \$126,700,000 for CalAg, LLC and/or its Affiliates. The request includes an extension of the Final Resolution to June 30, 2015.

On June 17, 2014, CalAg, LLC and/or its Affiliates received approval from the CPCFA Board for an amendment and restatement of its Final Resolution in an amount not to exceed \$126,700,000 to finance a facility to utilize waste rice straw to manufacture medium density fiberboard. The current Final Resolution expires on December 31, 2014.

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The project remained the same as was presented at the June 2014 CPCFA meeting except that the Fireside Group, which maintained the majority ownership of the borrower, withdrew its equity support of the project. The departure of the Fireside group has left a \$42,500,000 gap in equity partners. The company continuously is working with several equity investors in order to fill this gap and obtain financing for the project. The company needed additional time to finalize the financing structure of the transaction and anticipated returning to CPCFA for volume cap allocation by June 2015.

Staff recommended approval of an amendment and extension to Restated Final Resolution No. 511.

Mr. Paparian addressed Mr. Uhland regarding the extensions. Mr. Uhland responded noting that with new investors, the company expected the project to move forward without any further delays.

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.

5. PUBLIC COMMENT

Mr. Paparian asked if there were any general comments from the public.

Mr. Feyer seconded Mr. Cone's comments regarding the past 8 years with the Lockyer administration. Mr. Paparian responded that with the dedicated staff, the STO has persevered through some tough years.

Mr. Paparian also thanked Mr. Cone and Mr. Feyer for their work, along with the dedicated leadership and staff at CPCFA.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:03 a.m.

Respectfully submitted,

Originally Signed By

Reneé Webster-Hawkins
Executive Director