

MINUTES
California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
June 16, 2015

1. CALL TO ORDER & ROLL CALL

Alan Gordon, Chairperson, called the California Pollution Control Financing Authority (CPCFA or the Authority) meeting to order at 10:55 a.m.

Members Present: Alan Gordon for John Chiang, State Treasurer
 Anne Baker for Betty T. 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. Gordon asked if there were any questions or comments concerning the meeting minutes from the meeting held May 19, 2015. There were none.

Ms. Baker moved approval of the minutes; there was a second.

The item was passed by the following vote:

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

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins started her report with an update on legislation. Assembly Bill 1393 (AB 1393) was not opposed through the Assembly, and had been moving through the committees in the Senate. The Bill would expand CPCFA's ability to offer the Loan Loss Reserve Program to support consumer loans.

Ms. Webster-Hawkins reported that CPCFA's newest program, the Electric Vehicle Charging Station (EVCS) Financing Assistance Program, was officially launched. The Department of General Services (DGS) approved the Interagency Agreement with the California Energy Commission (CEC). A joint press release by the Treasurer and CEC was issued last week. She stated that to date, six lenders have signed up to participate in the program, and that additional targeted marketing was underway to attract additional participation.

Ms. Webster-Hawkins reported that as statutory deadlines governing encumbrance and disbursement of Proposition 1C (Prop 1C) funding are approaching, the Authority's California Recycle Underutilized Sites (CALReUSE) program has been communicating with awardees who have not yet applied for reimbursement of their total allocation for remediation costs in order to determine whether there will be any unused funds. Upon the Authority's determination of the total amount of available funding, redistribution of funds may be possible. The Authority will further apprise the Board Members of the project and funding status in more detail at that time.

In personnel, CPCFA said a bittersweet good-bye to California Capital Access Program's (CalCAP) Emily Jarrett and the Bond Program's John Weir, who pursued opportunities with the Authority's closest sister agencies: the Governor's Office of Business and Economic Development (GO-Biz) and the California Infrastructure and Economic Development Bank (I-Bank). Ms. Webster-Hawkins also welcomed three new staff members: Kris Luoma joined the Authority as a Staff Services Analyst in the Bond Program and Ryan Mallory and Erin Loriaux-Jimenez joined CPCFA's Administrative team as Office Technicians.

Ms. Webster-Hawkins reported on two items under her delegated authority. The first was an Interagency Agreement with the Department of Housing and Community Development (HCD) to extend the term of the contract as well as to shift funding allocated to HCD for administrative costs to CPCFA to use for additional program and administrative expenditures. Another was the formal execution of the Interagency Agreement with the CEC for the EVCS Financing Program.

4. BUSINESS ITEMS

A. REQUEST FOR APPROVAL OF AMENDMENT 2 TO AN INTERAGENCY AGREEMENT WITH THE CALIFORNIA AIR RESOURCES BOARD (ARB) REGARDING THE CALIFORNIA CAPITAL ACCESS PROGRAM (CALCAP) INDEPENDENT CONTRIBUTOR PROGRAM

Presented by: Robert Canepa, Staff Services Analyst

Staff introduced Peter Christensen of the Air Resources Board.

Staff requested the approval of Amendment 2 for Interagency Agreement 13-606 (IA 13-606) with the Air Resources Board (ARB).

Sustained success of the ARB On-Road Program required CalCAP and ARB to make short and long term programmatic changes due to the increased demand in the program. Changes included in the recommendation were an extension of the expiration date of the program to December 31, 2016; modifications to the contribution amounts deposited into the lender loss reserve accounts; as well as an increase in the allocated amount dedicated to the program to \$35,000,000. The changes would also allow CPCFA the option to use funds from the Small Business Assistance Fund (SBAF) in the case of a temporary cash-flow shortfall.

Agenda Item 2.

Staff recommended approval to execute Amendment 2 of the Interagency Agreement 13-606 with the California Air Resources Board in an amount not to exceed \$35,000,000.

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

Ms. Ortega asked for clarification to ensure the Authority had not committed more loans than funds were available. Ms. Webster-Hawkins clarified, noting that loans are not approved prior to knowing that the Authority has the funds to support those loans.

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

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

Ms. Webster-Hawkins noted her appreciation of ARB staff for their support of the program and the increased allocation being recommended to their Board members at the next meeting.

The item was passed by the following vote:

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

B. REQUEST FOR APPROVAL OF A LOAN FROM THE AUTHORITY'S SMALL BUSINESS ASSISTANCE FUND (SBAF) FOR THE ARB ON-ROAD INDEPENDENT CONTRIBUTOR PROGRAM

Presented by: Robert Canepa, Staff Services Analyst

Staff requested approval of a temporary loan of Small Business Assistance Fund monies to the CalCAP ARB On-Road Program to cover a potential lag in program funding.

Expenditures under the program accelerated, primarily due to three changes in the California economy which include higher prices of newer vehicles due to improved technology; increased lending institution participation; and approaching compliance deadlines for small trucking companies. As a result, the demand for the program exceeded the annual allocation of Air Quality Improvement Program (AQIP) funding from ARB of approximately \$10 million.

The requested loan would not exceed \$5,000,000 and would be repaid by ARB in advance of AQIP dollars, funding program contributions.

Staff recommended approval of a short term, no interest loan of SBAF monies in an amount not to exceed \$5,000,000 to support the ARB On-Road Program, in the event of a temporary shortfall in program funding.

Agenda Item 2.

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

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

The item was passed by the following vote:

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

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

CalAg, LLC, CalPlant I, LLC and /or its Affiliates

Presented by: Deanna Hamelin, Associate Treasury Program Officer

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

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 (MDF). The current Final Resolution was set to expire on June 30, 2015.

The company had been continuously working with several equity investors in order to 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 2016.

Staff recommended approval of an Amendment to Restated Final Resolution No. 511 to June 30, 2016 for an amount not to exceed \$126,700,000 for CalAg, LLC and/or its Affiliates.

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

Ms. Ortega inquired as to why the project continues to request extensions versus withdrawing and reapplying.

Mr. Feyer addressed the question, noting there are two elements to this. The first being for federal tax law purposes, it would be necessary to have a resolution such as this which would indicate the Authority's intent to ultimately finance the project. It would also allow the company to reimburse itself for costs they may incur prior to the time the bonds are issued. Secondly, in terms of public perception for CalAg's negotiation with investors, it would be important that the investors see that the Authority supports the project.

Agenda Item 2.

Ms. Webster-Hawkins also noted for the record that Deputy Attorney General, Gisele Ranier made herself available via teleconference for the Board if advice is needed.

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

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

The item was passed by the following vote

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

D. REQUEST TO APPROVE FINAL RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE NOTES AND TO APPROVE TAX-EXEMPT VOLUME CAP ALLOCATION

California Waste Solutions, Inc. and/or its Affiliates

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced: Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of a Final Resolution to issue revenue notes for a total amount not to exceed \$40,000,000 and that consisted of \$20,955,000 in new money allocations, and a refunding in the amount of \$19,045,000 and a Volume Cap Allocation resolution for an amount not to exceed \$20,955,000. The note proceeds would be used to finance the acquisition of waste collection and processing equipment for use at the waste processing sites that are located in Alameda and Santa Clara Counties, to refund the 2002 and 2007 Series Solid Waste Disposal Revenue Bonds that were previously issued by CPCFA, and pay certain costs of issuance.

The company was awarded a new franchise agreement with the City of Oakland to collect and process all recyclables. Additionally, the company needed to upgrade and replace waste collection and processing equipment associated with its City of San Jose contract. In order to support these contracts with the cities of San Jose and Oakland, the company intended to use the new money and note proceeds to purchase waste related equipment including compressed natural gas (CNG) fueled trucks, carts, containers, tractors, forklifts, sort lines, a fueling station, and office computers and administrative equipment for the materials recovery facility.

Staff recommended approval of Final Resolution Number 542 for an amount totaling 40,000,000 and a Volume Cap Allocation Resolution No. 12-141-02 for an amount not to exceed \$20,955,000.

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

Agenda Item 2.

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

The item was passed by the following vote:

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

5. PUBLIC COMMENT

Mr. Gordon 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 11:15 a.m.

Respectfully submitted,

Reneé Webster-Hawkins
Executive Director