



# California Pollution Control Financing Authority



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Treasury Program Manager II  
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Pacific Organics Recycling Conference  
September 23, 2009



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# California Pollution Control Financing Authority (CPCFA)

## CPCFA Financing Programs

- California Capital Access Program (CalCAP)
  - Small business loan assistance
  - Special Assistance for diesel equipment, trucks and recyclers
- Bond Financing
  - Tax exempt bonds for qualifying waste and recycling facilities
  - Taxable Bonds for waste, recycling and pollution control
- California Recycle Underutilized Sites (CalReUSE)
  - Grants and loans to clean up contaminated lands
  - Loans for site assessments



# CPCFA Board Members



**State Treasurer**  
**Bill Lockyer, Chair**



**State Controller**  
**John Chiang**



**Director of Finance**  
**Michael Genest**

# California Capital Access Program (CalCAP)

- Administered by CPCFA, helps small-business borrowers obtain loans through participating financial institutions
- CalCAP contributes to the loan loss reserves of a financial institution, allowing the lender to provide loans to business which might not be able to obtain financing



# CalCAP Requirements

- Business must have 100 employees or less
- Average less than \$10 million annual income over 3 years
- The maximum size of a CalCAP loan is \$1.5 million and there is no minimum size

# How CalCAP Works

- Step 1: Small business applies to Lender for CalCAP loan. Lender determines loan terms and provides loan
- Step 2: Lender deposits premium and borrower premium into Lender's CalCAP loss reserve account

# How CalCAP Works

- Step 3: Lender submits CalCAP loan enrollment application for approval
- Step 4: CalCAP reviews the application for eligibility
- Step 5: CalCAP deposits funds to the lender's loss reserve account



# How CalCAP Works

***Example: Lender makes a \$100,000 loan to a borrower:***

<i>Borrower Premium (2%)</i>	<i>\$2,000</i>
<i>Lender Premium (2%)</i>	<i>2,000</i>
<i>CPCFA Premium (2%)</i>	<i>2,000</i>
<b><i>Total Contributions (6%)</i></b>	<b><i>\$6,000</i></b>

# CalCAP Independent Contributor Program

- An Independent Contributor (IC) provides another incentive for a Lender to approve a potential borrower
- IC's pay the premium for the Borrower if the Borrower's business is related to what the IC does
- The regulations were recently changed to allow the IC to pay the premiums of the Lender and CPCFA as well

# CIWMB as IC

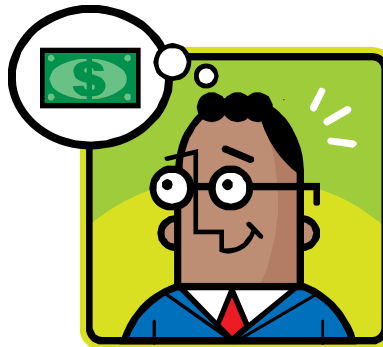
- Has enrolled 16 loans totaling \$3,390,000
- Paid \$135,606.04 in premiums
- Examples of loans; Verma-compost, mulch, and various other types of recycling

# CPCFA Tax Exempt Waste/Recycling Bonds

- CPCFA's Tax Exempt Bond Financing Program gives California businesses help with:
  - acquisition or construction of qualified pollution control, waste disposal, or recycling facilities,
  - and the acquisition and installation of new equipment

# Bond Financing

- Cheaper than typical financing
- Terms of the bond can be up to 120% of the project life
- Typically, tax-exempt bond issues exceed \$2.5 million.



# Tax Exempt Bonds

- Types of projects, which may qualify for tax-exempt bond financing:
  - Solid waste disposal or recycling facilities
  - Waste conversion facilities such as anaerobic digestors
  - Certain types of biomass conversion facilities
  - Privately owned sewage/wastewater treatment facilities
  - Purchase of collection vehicles and residential waste containers

# Tax Exempt Bonds

- Potential Uses of Bond Proceeds
  - Buildings and equipment
  - Machinery and furnishings
  - Land
  - Costs of architects, engineers, attorneys and permits
  - Costs of bond issuance



# Bond Financing Process

- Submit an application to CPCFA
- CPCFA considers an Initial Resolution (helpful for tax purposes)
- A Final Resolution (FR) is later approved by CPCFA after a more detailed review



# [ Bond Financing Process Cont. ]

- An FR authorizes a bond sale for a project within a certain period (usually 180 days)
- Allocation under state tax-exempt bond ceiling is obtained
- The Office of the State Treasurer schedules the bonds for sale

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