



California Pollution Control Financing Authority

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Economic Incentives Workshop
June 15, 2009 Sacramento

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>
<i>Total Contributions (6%)</i>	<i>\$6,000</i>

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

California Integrated Waste Management Board as IC

- Has enrolled 16 loans totaling \$3,390,000
- Paid \$135,606.04 in premiums
- Examples of loans; Vermi-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,
 - 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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