

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
January 15, 2013**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or Authority) meeting to order at 10:56 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Director, Department of Finance
Paul Clanon for Michael R. Peevey, President,
Public Utilities Commission
Sekita Grant for Robert B. Weisenmiller, Chair,
California Energy Commission

Staff Present: Saúl Acosta Gómez, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the December 11, 2012 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Gómez began his report by thanking the CAEATFA Staff for taking the time to brief him on their work. Mr. Gómez specifically thanked Deana Carrillo and Sherri Wahl who kept business moving over the last couple months without having a permanent Executive Director. Mr. Gómez then thanked the Board for giving him the opportunity to serve as CAEATFA's Executive Director.

Mr. Gómez continued his report by informing the Board that CAEATFA would be holding a

Agenda Item 2.

public hearing on the Sales and Use Tax Exclusion (STE) Program (SB 71) regular rulemaking process on January 29, 2013, which will close the 45-day public comment period. These regulations mirror the emergency regulations that were previously approved by the Board. CAEATFA is not expecting much public comment and the process should move relatively quickly.

Mr. Gómez then reported that in respect to the SB 71 pipeline, between November 30, 2012 and December 31, 2012, CAEATFA did not grant any new awards nor did any projects fall off the pipeline. However, CAEATFA did have three companies utilize over \$940,000 of their awards.

Mr. Gómez continued his report with an update on the Clean Energy Upgrade Program (AB X1 14). Over the past month CAEATFA received five new loans. Ten loans total have been submitted in the program. CAEATFA is also commencing the regular rulemaking process; draft regulations were submitted to the Office of Administrative Law (OAL). The 45 day comment period started on January 4, 2013. CAEATFA has two workshops scheduled, one on January 23, 2013, and the other on February 20, 2013. As of last week, Staff has already started consultation with both the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC).

Mr. Gómez stated that there was no new legislation to report; however, he expects that to change between February and March. CAEATFA Staff has been talking with Assemblymember Nancy Skinner's office about doing follow-up legislation on AB X1 14. Ms. Skinner was the author of the bill that created the Program and is considering extending the Program for a few years.

Ms. Redway asked Mr. Gómez about CAEATFA's loan extension in the Budget Act of 2013.

Mr. Gómez answered by stating that the Budget Act of 2013 (SB 65) includes an extension of CAEATFA's repayment of a \$2,400,000 loan from the Renewable Resources Trust Fund. The repayment will be extended to the year 2016, assuming it remains in the budget.

Mr. Gómez concluded his report by stating that with respect to delegated authority, CAEATFA has updated six parameters of the SB 71 Program. As a Business Item on the Agenda, Alejandro Ruiz will provide a much more thorough update on this issue.

Ms. Redway asked if there were any further questions or comments from the Board members.

Mr. Clanon commented that it is great to have Mr. Gómez as Executive Director of CAEATFA, and welcomed him aboard.

Ms. Redway asked if there were any comments from the public or Board members. There were none.

4. BUSINESS ITEMS

A. NOTICE TO BOARD OF EXECUTIVE DIRECTOR'S DETERMINATION FOR SPECIFIC PARAMETERS UNDER THE SB 71 SALES AND USE TAX EXCLUSION PROGRAM (INFORMATION ITEM)

Presented by: Alejandro Ruiz, Analyst

The regulations for the SB 71 Sales and Use Tax Exclusion Program (SB 71 Program) contain several provisions that require the Executive Director of CAEATFA to determine various parameters for use by the Authority when evaluating applications for the SB 71 Program.

These parameters can be updated by the Executive Director when it is determined that an adjustment of parameters will further advance the goals of the SB 71 Program, is required by the regulations, or will otherwise improve the accuracy of Application evaluations. The ability to adjust parameters provides CAEATFA with an important tool to respond to the dynamic nature of the technologies and industries served by the SB 71 Program.

This item is presented for the Board's information only. No action is required due to regulations enacted on September 28, 2011, which delegated authority to the Executive Director to modify parameters as required by the SB 71 Program.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

B. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR SB 71 SALES AND TAX EXCLUSION

1) CleanWorld

Presented by: Alejandro Ruiz, Analyst

Staff introduced Shawn Garvey, Vice President of Communications and Public Affairs, for CleanWorld.

The Applicant, in partnership with the University of California, Davis, will construct, install, and operate a Renewable Energy Anaerobic Digester (READ) in the west campus area of UC Davis. The READ facility will convert agricultural waste, animal manure and bedding, food waste from campus commons, and the organic component of municipal solid waste generated on campus into organic soil amendment products and biogas that will generate heat and electricity.

The READ facility will be able to handle up to 50 tons per day of organic waste, diverting a significant amount of waste that would otherwise flow from campus food and agricultural waste to local landfills. The Project will consist of a few processes. First, organic material is received and then prepared for the anaerobic digester by a bio separator, which removes non-organic materials and grinds the organic waste

Agenda Item 2.

into slurry. Next, the slurry is converted by the anaerobic digester into biogas. The biogas is then refined before being used to produce electricity with a 0.8 MW microturbine – the microturbine that produces electricity does not qualify for the SB 71 sales and use tax exclusion.

Staff recommended approval of Resolution No. 13-SM001 for CleanWorld's purchase of Qualified Property in an amount not to exceed \$5,851,298 anticipated to result in an approximate sales and use tax exclusion value of \$489,754.

Ms. Redway asked if there were any questions or comments from the Board.

Mr. Clanon asked Mr. Garvey how the current project and the other CleanWorld project that was previously approved by CAEATFA interact with each other.

Mr. Garvey answered by stating that the two projects are distinct. One of them is at that South Area Transfer Station on Fruitridge Road in Sacramento. It is a 100 ton per day of organic waste Anaerobic Digester System. The project being considered by the Board today is distinct, and is called the UC Davis READ Project. This project takes 20,000 tons per year of campus waste, dining commons waste, animal manure and bedding, and combines it with landfill gas to create biogas.

Mr. Clanon then asked a series of questions concerning project specifics that were answered by Mr. Garvey.

Mr. Garvey further stated that CAEATFA is one of the most accommodating and efficient government programs he has worked with. In all of CleanWorld's experience working with various agencies, CAEATFA is quite profoundly, singular in its efficiency and professionalism.

Ms. Redway asked Deana Carrillo to respond to Mr. Clanon's question regarding following-up on Applicants.

Ms. Carrillo stated that CAEATFA has two methods to monitor and evaluate awarded projects. One is that CAEATFA evaluates each Applicant's purchases, and progress to purchase and install the equipment under the timelines in the program. The second is the annual reporting requirement under which Applicants provide their sales, production and other data for each calendar year. That data will enable CAEATFA to evaluate the outcomes of the program and take a look at past estimates to evaluate how the program is doing. The annual reports for 2012 are due January 31, 2013. CAEATFA will compile the data from the reports and present its findings to the Board at a later date.

Mr. Gordon asked Mr. Garvey what the waste stream looks like after the anaerobic digestion process takes place.

Mr. Garvey answered by stating that, with organic and food waste, 75% to 80% of the product that comes out of the backend of the project is liquid. The methane is

stripped-out inside the digesters which is conditioned and turned into biogas. There is about 96% of the material left and 75% of it is liquid, and the remaining quarter is solid. The solid is easily used as a compostable soil product, and CleanWorld has enhanced the liquid to meet commercial agricultural needs for a spray-on fertilizer product.

Mr. Reyes moved approval and there was a second.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none. The item was unanimously approved.

C. REQUEST FOR APPROVAL OF RESOLUTION DELEGATING CERTAIN POWERS AND AUTHORIZING CERTAIN ACTIONS RELATED TO BOND FINANCINGS

Presented by: Cheryl Ide, Analyst

Staff requested Board approval of a resolution authorizing delegation authority to the Executive Director and Deputy Executive Director of California Alternative Energy and Advanced Transportation Financing Authority for certain routine matters with respect to the Authority's bond program. Public Resources Code 26008 provides that, "The authority may, by resolution, delegate to one or more of its members, its executive director, or any other official or employee of the authority any powers and duties that it may deem proper, including, but not limited to, the power to enter into contracts on behalf of the authority."

The resolution differed from the prior delegation resolution by extending the terms of the delegation authority from one year to two years to be in force through January 31, 2015.

Mr. Reyes moved approval, and there was a second.

Ms. Redway asked if there were any comments from the Board of public. There were none. The item was unanimously approved

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:19 a.m.

Respectfully submitted,

Saúl Acosta Gómez
Executive Director