

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
January 16, 2018**

1. CALL TO ORDER AND ROLL CALL

Vince Brown, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:30 a.m.

Members Present: Vince Brown for John Chiang, State Treasurer
Anne Baker for Betty T. Yee, State Controller
Kari Krogseng for Michael Cohen, Director,
Department of Finance
Michael Murza for Robert B. Weisenmiller, Chair,
California Energy Commission
Grant Mack for Michael Picker, President, Public Utilities Commission

Staff Present: Deana Carrillo

Quorum: The Chairperson declared a quorum.

2. MINUTES

Mr. Brown asked if there were any questions or comments concerning the December 19, 2017 meeting minutes. There were none.

Mr. Brown asked if there was a motion.

Ms. Baker moved for approval of the minutes; upon a second from Ms. Krogseng, the minutes were approved.

The item was passed by the following vote:

Vince Brown for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Kari Krogseng for the Director of Finance	Aye
Michael Murza for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Abstain

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo began her report by summarizing recent activity under CAEATFA's programs. Under the Sales and Use Tax Exclusion ("STE") Program, she reported that if both of the applications before the Board are approved, CAEATFA will have awarded approximately 2% of the total STE for the calendar year, leaving \$98.4 million to award. CAEATFA currently has two applications under review, and if they are both approved, \$78 million in STE would be remaining for the rest of the year.

Ms. Carrillo stated that in response to the Board's request for updates regarding Tesla's conditional award that was provided in December, staff is continuing to work with Tesla to collect and analyze the necessary information to update its application. CAEATFA is currently on-track for that application to come back before the Board in February or March, dependent on Tesla's response to CAEATFA's most recent follow-up questions.

Ms. Carrillo reported that under the California Hub for Energy Efficiency Financing (the "CHEEF"), staff held a public workshop last week to discuss the final modifications to the Residential Energy Efficiency Loan ("REEL") Program during the pilot period. These regulations will be the subject of an extra board meeting CAEATFA will be holding on February 12th, which is necessary to accommodate the rulemaking schedule.

Ms. Carrillo added that there were staffing updates under the CHEEF, specifically the hiring of Susan Mills, who joined the CHEEF team as a specialist and comes from the California Debt and Investment Advisory Commission ("CDIAC"), and Lynn Wiley, who joined the CHEEF team as a marketing analyst and joins CAEATFA from the Department of Community Services and Development. Ms. Carrillo also announced that Justin Gustafson has joined the staff as an Office Technician.

Ms. Carrillo further reported that AB 1547 – the bill which was initially designed to consolidate CAEATFA, the California Pollution Control Financing Authority ("CPCFA") and the California Industrial Development Financing Advisory Commission ("CIDFAC") – was amended to focus solely on CPCFA's California Capital Access Program ("CalCAP") which focuses on assisting small businesses in becoming compliant with the Americans with Disabilities Act. Committee staff at the Assembly Committee of Jobs, Economic Development, and the Economy indicated that there continues to remain interest in holding an oversight hearing in February or March. AB 1547 as it is currently written was approved by the Committee on January 9, 2018.

Ms. Carrillo reported that under her delegated authority, she had no specific actions to report, but the Department of General Services ("DGS") approved both the contract for Trustee Services for the CHEEF Loss Reserve with U.S. Bank on January 8, 2018 and the CHEEF Master Servicer contract (CAEATFA04-17) with Concord Servicing Corporation, effective January 1, 2018.

Ms. Carrillo then concluded her report.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR SALES AND USE TAX EXCLUSION

- 1) IF Copack, LLC dba Initiative Foods
Presented by Melanie Holman, Analyst

Staff introduced John Ypma, President, IF Copack, LLC dba Initiative Foods.

Ms. Holman reported that IF Copack, LLC dba Initiative Foods (“Initiative Foods” or the “Applicant”) has applied to CAEATFA as an Advanced Manufacturer and is requesting approval of a sales and use tax exclusion award to purchase \$17,115,645 in Qualified Property to purchase manufacturing equipment for the company’s new baby food production facility in Sanger, California. This Advanced Manufacturing equipment has been carefully selected to decrease energy consumption, water use, solid waste generation, the emission of air pollutants, and hazardous waste generation, according to the Applicant. The Advanced Manufacturing equipment to be purchased includes a state-of-the-art refrigeration system that does not use the industry standard ammonia refrigerant and new computer systems that will monitor energy usage and prevent overages. As a manufacturer of premium organic baby food, the company represents that a minimal use of hazardous materials is standard protocol in its facility in order to maintain a clean workplace. The Project has passed all of CAEATFA’s scoring thresholds.

Staff recommends approval of a resolution for IF Copack LLC, dba Initiative Foods’s purchase of no more than \$17,115,645 of Qualified Property, anticipated to result in a sales and use tax exclusion of \$1,430,868.

Ms. Baker moved for approval and there was a second by Mr. Mack.

Mr. Brown stated there was a motion and a second and asked if there were any other questions or comments from the Board or public.

There were no further comments and Mr. Brown called for a vote. The item was unanimously approved.

The item was passed by the following vote:

Vince Brown for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Kari Krogseng for the Director of Finance	Aye
Michael Murza for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

2) Mid-Valley Recycling, LLC
Presented by Xee Moua, Analyst

Staff introduced Joe Heisdorf, Chief Financial Officer, Mid-Valley Recycling, LLC.

Ms. Moua reported on October 18, 2016, the CAEATFA Board approved Mid-Valley Disposal (“MVD”) for two STE awards. One award was for the purchase of up to \$6,821,909 in Qualified Property for an estimated STE value of \$574,405 to replace a mixed recyclables processing line in Fresno, and the other award was for the purchase of up to \$3,739,543 in Qualified Property for an estimated STE value of \$314,870 to construct a new self-contained organics composting facility in Kerman that is controlled by Mid-Valley Recycling, LLC (“MVR,” “Mid-Valley Recycling” or the “Applicant”). To meet the growing demands of the Kerman facility, MVR is now seeking an STE award to expand its composting operation.

Ms. Moua reported that MVR plans to expand its current Sustainable Generation Mega™ system, which consists of concrete bunkers with built in aerations covered by large GORETEX tarps (the “Project”). The Applicant represents that the Project creates a pressurized controlled environment that reduces up to 95% of greenhouse gas emissions when compared to traditional open row composting. The Project will combine post-consumer food wastes with other organic materials that were destined for landfills to produce a variety of premium compost products. According to MVR, the installation of additional bunkers and covers will increase capacity by 50%, enabling the facility to produce an additional 30,000 tons of compost each year.

Ms. Moua stated that the total cost of the Qualified Property is anticipated to be \$1,970,000 and the total net benefits are valued at -\$3,374. Even though the cumulative fiscal and environmental benefits fall short of the estimated STE amount resulting in a negative benefit, the Project received additional employment related benefits that are not quantifiable in fiscal terms. Following the California Code of Regulations Title 4, Division 13, section 10033(c)(6), “Complete Applications receiving both a total score greater than or equal to the threshold value of 1,000 and a total pollution benefit score greater than 20 may be recommended for a sales and use tax exclusion.” MVR received a Total Score of 1,120 points, which exceeds the required 1,000 point threshold, and a total Environmental Benefits Score of 100 points, which exceeds the 20 point threshold.

Staff recommends approval of a resolution for Mid-Valley Recycling, LLC’s purchase of Qualified Property in an amount not to exceed \$1,970,000 anticipated to result in an approximate sales and use tax exclusion value of \$164,692.

Ms. Baker moved for approval and there was a second by Ms. Krogseng.

Mr. Brown stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none.

The item was passed by the following vote:

Vince Brown for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Kari Krogsgang for the Director of Finance	Aye
Michael Murza for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Mr. Brown asked if there were any comments from the public and there were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:45 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director