

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
August 19, 2014**

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 10:29 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Eraina Ortega for Michael Cohen, Director,
Department of Finance
Kristen Driskell for Robert B. Weisenmiller, Chair,
California Energy Commission
Carol Brown for Michael R. Peevey, President,
Public Utilities Commission

Staff Present: Deana J. Carrillo, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the June 17, 2014 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Mr. Gordon moved for approval of the minutes; upon a second from Ms. Ortega, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo began her report by providing program updates. She informed the Board that CAEATFA had been working through the process to execute the contract between the Investor Owned Utilities (IOU) and CAEATFA under the California Hub for Energy Efficiency Financing (CHEEF).

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In regard to the Clean Energy Upgrade Financing (CEUF) Program, there have been 300 loans enrolled across 16 counties, leveraging \$4,300,000 in private capital with approximately \$460,000 in public funds. The CEUF Program sunsets on December 31, 2014 and lenders had begun ramping down their efforts to ensure projects can be completed by the sunset date. Staff will continue to evaluate the program to identify lessons learned and best practices for future financing efforts.

Ms. Carrillo continued her report with legislative updates. She stated that Assembly Bill 2597, by Assemblymember Ting, had been approved by the State Senate and Assembly, and is on its way to the Governor for consideration and approval. This piece of legislation impacts CAEATFA's Property Accessed Clean Energy (PACE) Loss Reserve Program by increasing the maximum loan amount from 10 percent to 15 percent of the value of the property at the request of various PACE programs. Because the Program's current regulations require PACE programs to enroll all or none of the PACE financings in their portfolios, pending the Governor's approval, PACE administrators have asked CAEATFA to consider allowing PACE administrators to bifurcate their portfolios and begin issuing financing under the 15 percent criteria without enrolling them in the reserve prior to legislative enactment. Staff is evaluating that request and will bring it to the Board for consideration at a later date.

Ms. Carrillo continued her report with an update on personnel. She stated that it is with great excitement and pride, mixed with sadness, to announce that Nancee Trombley had accepted a promotional opportunity with IBank as the Supervising Finance Compliance Officer, CEA 1. Congratulations to Ms. Trombley, she is an amazingly strong public administrator, and had an incredible impact at CAEATFA and CPCFA. Ms. Trombley will be missed but everyone knows she will go on to do great work at the IBank.

Ms. Carrillo concluded her report by stating there had been no actions taken this month under the Executive Director's Delegated Authority.

4. BUSINESS ITEMS

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

- 1) nanoPrecision Products, Inc.
Presented by: Alejandro Ruiz, Analyst

Staff introduced Armando Sepulveda, Chief Financial Officer for nanoPrecision Products, Inc.

Mr. Ruiz stated that nanoPrecision Products, Inc. (nanoPrecision) is requesting approval of approximately \$8,000,000 worth of qualified property for an advanced manufacturing project in El Segundo and Camarillo, California. nanoPrecision will utilize advanced material processes and nano-stamping tools to manufacture optical ferrules. Optical ferrules are used to align optical fibers. nanoPrecision believes that this manufacturing process will consistently result in high quality optical ferrules that will meet the end user's requirements. Compared

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to traditional optical ferrules, which are made of ceramic and require a high temperature sintering processes, nanoPrecision's metal optical ferrules will be formed at a much lower temperature, resulting in less energy required for the process.

Mr. Ruiz stated that Staff recommends approval of a resolution for nanoPrecision Product's acquisition of \$7,963,972 worth of qualified property, resulting in a sales and use tax exclusion of \$670,566.

Discussion ensued between Mr. Sepulveda and Board members regarding nanoPrecision's manufacturing process, business history, and future plans.

Mr. Gordon moved for approval and there was a second from Ms. Ortega.

Ms. Redway 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 and the item was unanimously approved.

2) AltAir Paramount, LLC Presented by: Ashley Bonnett, Analyst

Staff introduced Bryan Sherbacow, President of AltAir Paramount, LLC.

Ms. Bonnett stated that AltAir Paramount, LLC (AltAir) is requesting approval of a sales and use tax exclusion to retrofit an existing fuel production facility located in Paramount, which will enable them to co-produce renewable diesel at the facility. This project will take animal and plant-based feedstock and use a hydrotreating process to create approximately 42,000,000 gallons of renewable diesel each year.

Ms. Bonnett continued to state that Staff recommends approval of a resolution for AltAir's purchase of qualified property not to exceed \$16,325,984 anticipated to result in a sales and use tax exclusion of \$1,374,648.

Discussion ensued between Mr. Sherbacow and Board members regarding AltAir's renewable diesel fuel, production process, business model, publicity and future plans.

Mr. Gordon moved for approval and there was a second from Ms. Ortega.

Ms. Redway 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 and the item was unanimously approved.

- 3) Mendota Bioenergy, LLC
Presented by: Alejandro Ruiz, Analyst

Staff introduced James Tischer, Regional Program Manager at the Center for Irrigation Technology, Fresno State University and Shawn Garvey, Founder of the The Grant Farm.

Mr. Ruiz stated that Mendota Bioenergy, LLC (Mendota) is requesting approval of the acquisition of \$2,200,000 worth of qualified property for an ethanol production plant in Five Points, California. Mendota will be converting sugar beets (also known as energy beets) into 200-proof ethanol that will be sold to local retailers, blenders and fueling stations. The project will produce about 1,000,000 gallons of ethanol per year. Mendota anticipates that this project will demonstrate the commercial viability of energy beet to ethanol production and will set the stage for the construction of a 30,000,000 gallon per year facility in Mendota, California sometime in the next few years.

Mr. Ruiz also stated that Staff recommends approval of a resolution for Mendota Bioenergy, LLC's acquisition of \$2,200,000 worth of qualified property, resulting in a sales and use tax exclusion of \$185,240.

Discussion ensued between Mr. Tischer and the Board members regarding Mendota's water use, the background of energy beets, the method for growing energy beets, the project's community impact, and Mendota's future plans.

Mr. Gordon moved for approval and there was a second from Ms. Brown.

Ms. Redway 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 and 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 11:08 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director