

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
October 18, 2016**

1. CALL TO ORDER & ROLL CALL

Alan Gordon, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or the Authority) meeting to order at 10:37 a.m.

Members Present: Alan Gordon for John Chiang, State Treasurer
Anne Baker for Betty T. Yee, State Controller
Eraina Ortega for Michael Cohen, Director,
Department of Finance
Kevin Barker for Robert B. Weisenmiller, Chair,
California Energy Commission
Gibran Maciel for Michael Picker, President,
Public Utilities Commission

Staff Present: Deana Carrillo, Executive Director

Quorum: The Chairperson declared a quorum.

2. MINUTES

Mr. Gordon asked if there were any questions or comments concerning the July 19, 2016 meeting minutes. There were none.

Mr. Gordon asked if there was a motion.

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

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Abstain
Gibran Maciel for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo reported that under the Sales and Use Tax Exclusion (STE) Program, the Board will be considering the first recycling and recycled feed stock projects under the new regulations today. The November board meeting will also be targeted to these projects and in December the program will open to all projects.

Ms. Carrillo stated that since the last Board meeting on July 19, 2016, CAEATFA has approved one additional program for the Property Assessed Clean Energy (PACE) Program – the California Municipal Finance Authority PACE Program. There are currently 14 programs enrolled in PACE. Program reports were due October 3, 2016. Staff will have updates on PACE activity at a future board meeting. CAEATFA staff have been working on reviewing the PACE regulations to better evaluate the underwriting criteria and expand the data reporting requirement. This process, along with a public hearing, will begin in the next quarter. CAEATFA is developing a request for proposal to select an entity to assist in auditing participating PACE programs.

CAEATFA staff are working on the implementation of the Residential Energy Efficiency Loan program and the development of On-Bill Repayment. Two new lenders have been enrolled in the program and staff are working with the lenders on operational protocols. In addition, staff continues with on-going contractor recruitment.

Ms. Carrillo reported that CAEATFA is hosting a series of workshops over the next two quarters to develop regulations for the remaining programs. Staff are concurrently working with the CPUC to identify ways to streamline the pilots and extend CAEATFA's budget authority.

Ms. Carrillo reported on two bills CAEATFA was tracking the past legislative session:

- AB 2334, by Assemblymember Mullin, originally increased the cap of the STE program, but did not move forward during the last legislative session. The annual \$100 million program cap remains, and CAEATFA is exploring whether another effort is viable at this time.
- AB 2693, authored by Assembly Dababneh, established consumer protection criteria for residential PACE programs and was approved and signed by the governor.

Ms. Carrillo reported a number of staffing changes:

- Ellen Hildebrand joined the STE staff.
- Margaret Oldeimeji, Jesse Nix, Jonathan Verhoef, and Charles Gray have joined the CHEEF program.
- James Shimp is leaving CAEATFA to pursue a career in education.

Ms. Carrillo also reported that under her delegated authority on July 27, 2016, CAEATFA entered an Interagency Agreement for repayment of moving-related expenses to the California Pollution Control Financing Authority (CPCFA) associated with the office relocation for the amount of \$25,193.88 (Interagency Agreement CAEATFA 07-15).

Ms. Carrillo then concluded her report.

4. BUSINESS ITEMS

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

1. Waste Management of Alameda County
Presented by Ellen Hildebrand, Analyst

Staff introduced Shawn Tackitt, Corporate Director of Finance

Ms. Hildebrand reported that Waste Management of Alameda County is requesting an STE to build a new Organics Material Recovery Facility and Organics Material Composting Facility in Alameda County. The Project will incorporate a new processing system, shredders, and separation systems to remove recyclables, and an 8 track processing system to pretreat and process organic materials. The Applicant represents that the Project will process an additional 312,000 tons of waste per year that is currently being sent directly to the landfill, and will allow recovery of organic materials for the first time. Of these 312,000 tons per year, 195,000 tons per year will be recycled, a diversion rate of 65%.

Staff recommends approval of a resolution for Waste Management of Alameda County's purchase of Qualified Property not to exceed \$77,272,550 anticipated to result in an amount of \$6,506,349.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

2. Waste Management Recycling and Disposal Services of California
Presented by Ellen Hildebrand, Analyst

Staff introduced Mike Hammer, Director of Operations

Waste Management Recycling and Disposal Services of California is requesting an STE to purchase an Organic Waste Material Recovery Facility in Sun Valley, Los Angeles. The project will replace equipment that is currently at the end of its

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life. The new equipment will process residential curbside green waste into soil amendment. Currently, highly contaminated loads received by this facility are sent to landfill. The new Material Recovery Facility is capable of processing these highly contaminated loads, which the Applicant states will increase recycling rates.

Staff recommends approval of a resolution for Waste Management and Recycling Services of California's purchase of Qualified Property not to exceed \$3,500,000, anticipated to result in an STE amount of \$294,700.

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

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

3. SANCO Services, LP
Presented by James Shimp, Analyst

Staff introduced Steve South, Chief Executive Officer

Mr. Shimp reported that SANCO Services LP is seeking an STE award in order to expand its Escondido materials recovery facility to include new single stream and mixed solid waste processing lines. The facility currently processes a mixture of recycled feedstocks. According to the Applicant, the proposed expansion will more than double current production capacity, broaden the range of accepted waste input, and increase diversion rates and quality of recycled output.

SANCO represents that its new single stream processing line will utilize advanced high speed sorting optics and robotics to process over 100,000 tons of recycled feedstock each year. The Applicant also represents that improvements in efficiency and separation technologies will pull more recyclables from the waste stream, thus diverting more from landfills. SANCO represents that the new mixed solid waste recycling line will use the same advanced technologies to divert over 93,000 tons of recyclable materials from landfills each year. The mixed solid waste line will also allow for input of construction and demolition materials, and green waste feedstock.

Staff recommends approval of a resolution for SANCO Service LP's purchase of qualified property not to exceed \$24,190,000 anticipated to result in an STE of

\$2,036,798.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

4. Recology San Francisco
Presented by Ashley Bonnett, Analyst

Staff introduced Meghan Butler, Technology and Processing Program Manager

Ms. Bonnett reported that Recology San Francisco is requesting a sales and use tax exclusion to upgrade and expand an existing materials recovery facility located in San Francisco. The Applicant represents the Project will integrate advanced sorting technologies to increase capacity and improve efficiency and accuracy of materials separation. As well as increasing system-wide sorting capabilities, the Project will improve recovery of specific recyclables, such as metals, mixed paper, and film plastic.

Staff recommends approval of a resolution for Recology San Francisco's purchase of qualified property in an amount not to exceed \$7,917,170, anticipated to result in an STE of \$666,626.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

5. Monterey Regional Waste Management District
Presented by Ashley Bonnett, Analyst

Staff Introduced Tim Flanagan, General Manager

Monterey Regional Waste Management District is requesting an STE to replace an existing materials recovery facility located in Marina. The proposed Project will replace the facility's construction and demolition line to provide a nearly 50% processing improvement, and will add two new processing lines to handle mixed commercial waste, single-stream recyclables, and organics.

Staff recommends approval of a resolution for Monterey Regional Waste Management District's purchase of qualified property in an amount not to exceed \$11,401,677, anticipated to result in an STE of \$960,021.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

6. CRM Co., LLC
Presented by James Shimp, Analyst

Staff introduced Steve Krauss, Plant Manager

Mr. Shimp reported that CRM Co., LLC is seeking an STE award in order to convert its storage and transfer station in Stockton into a crumb rubber manufacturing facility. CRM's process takes scrap tires and feeds them into various shredders and granulators to reduce the tires to sizes varying from 2" chips to 80 mesh crumb rubber, which is approximately the consistency of fine grit sand. The recycled rubber is then used as mulch, sold to artificial turf manufacturers, added to asphalt, or used in numerous other molded rubber products, such as exercise mats.

CRM currently has a production facility in Los Angeles, but due to a projected increase in scrap tires diverted from landfill, the Applicant has decided to upgrade its Stockton storage and transfer station to include crumb rubber manufacturing as well. The Applicant estimates that it will be able to produce

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40,000 tons of recycled rubber annually, which it represents is an important step in addressing the 40 million scrap tires generated in California each year.

Staff recommends approval of a resolution for CRM Co., LLC's purchase of qualified property not to exceed \$3,400,000 anticipated to result in an STE of \$286,280.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

7. Mid-Valley Disposal Presented by James Shimp, Analyst

Staff introduced Joe Heisdorf, Chief Financial Officer

Mr. Shimp reported that Mid-Valley Disposal (16-SM017) is seeking an STE award in order to replace the equipment on its existing mixed recycling line in Fresno, which will process over 65,000 tons of mixed recyclables annually. The facility was originally built in 2001 by Sunset Waste Paper primarily to separate newsprint, mixed paper, and cardboard from a waste stream generated by the city of Fresno. Mid-Valley Disposal acquired the facility in 2014 and began using the existing equipment to process mixed recycling from over 20 different cities, including both residential and commercial sources.

The Applicant represents that the equipment now needs to be replaced, in part because it is beyond its useful lifespan, and also because the existing equipment was designed for a waste stream composition that has changed over time. By replacing the current equipment with more updated technology, the Applicant believes it can achieve greater landfill diversion and improve processing efficiency by consolidating operations from multiple sites, increasing overall capacity, and improving the recovery rate of recyclables within the waste stream.

Mid-Valley Disposal has an additional application being considered at this meeting for \$3.7 million in qualified property, anticipated to result in an estimated STE of just over \$300,000 to construct a new organics composting facility at its Kerman facility.

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Staff recommends approval of a resolution for Mid-Valley Disposal's purchase of qualified property not to exceed \$6,821,909 anticipated to result in an STE of \$574,405.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

8. Mid-Valley Disposal Presented by James Shimp, Analyst

Staff Introduced Joe Heisdorf, Chief Financial Officer

Mr. Shimp reported that Mid-Valley Disposal (16-SM018) is seeking an STE award in order to build a new 60,000 ton organic materials composting facility. The facility will utilize concrete bunkers with built in aeration systems that are covered by large GORE-TEX tarps. The Applicant represents that this system creates a pressurized controlled environment that reduces up to 95% of greenhouse gas emissions when compared to traditional open row composting.

The covered composting system is designed to accept post-consumer food waste that can be blended with other organic material that would otherwise be disposed of in landfills. In addition to landfill diversion, the process will create a variety of finished grades of compost which will largely be marketed to the local agricultural community.

Staff recommends approval of a resolution for Mid-Valley Disposal's purchase of qualified property not to exceed \$3,739,543 anticipated to result in a sales and use tax exclusion of \$314,870.

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

Mr. Gordon 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.

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The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

9. MSB Investors, LLC

Presented by Alejandro Ruiz, Analyst

Staff Introduced John Dewey, Chief Executive Officer

Mr. Ruiz reported that MSB Investors is requesting an STE award to construct a new materials recovery facility (“MRF”) to recover recyclables from municipal solid waste and commingled source-separated recyclables collected from residential, commercial, and institutional customers in Santa Barbara County, which will divert 123,585 tons annually from a landfill.

Staff recommends approval of Resolution No. 16-SM019 for MSB Investor LLC’s purchase of Qualified Property in an amount not to exceed \$32,403,272 anticipated to result in an STE of \$2,728,356.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

10. EDCO Disposal Corporation

Presented by James Shimp, Analyst

Staff Introduced Steve South, Chief Executive Officer

Mr. Shimp reported that EDCO Disposal Corporation is seeking an STE award in order to expand its San Diego MRF to include a new mixed solid waste processing line. The facility currently processes a mixture of recycled

feedstocks. According to the Applicant, the proposed expansion will increase current production capacity and improve diversion rates and quality of recycled output.

The Applicant represents that its new mixed solid waste recycling line will utilize advanced high speed sorting optics and robotics to process 95,000 tons of recycled feedstock each year. Improvements in efficiency and separation technologies, including improved optical sorters, will pull more recyclables from the waste stream, thus diverting more from landfills.

Staff recommends approval of a resolution for EDCO Disposal Corporation's purchase of qualified property not to exceed \$10,000,000 anticipated to result in an STE of \$842,000.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibran Maciel for the Public Utilities Commission	Aye

10. EDCO Transport Services

Presented by James Shimp, Analyst

Staff Introduced Steve South, Chief Executive Officer

EDCO Transport Services, LLC is seeking an STE award in order to expand its Signal Hill MRF to include a new single stream processing line and a new mixed solid waste processing line. The facility currently processes a mixture of recycled feedstocks, including mixed and corrugated fibers, plastic, metals, and glass containers. In addition to these, the facility will also process construction and demolition and green waste materials.

The Applicant represents that the proposed expansion will utilize advanced high speed sorting optics and robotics to process over 90,000 tons of recyclable feedstock delivered by its affiliated companies. The Applicant also represents that the proposed equipment will increase diversion rates and improve the quality of the facility output.

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Staff recommends approval of a resolution for EDCO Transport Services, LLC's purchase of qualified property not to exceed \$10,500,000 anticipated to result in an STE of \$884,100.

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

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Gibrán Maciel for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Mr. Gordon asked if there were any comments from the public.

Nick Lapis from Californians Against Waste stated that he was delighted to see the AB199 projects becoming eligible for the STE program and that staff had worked diligently enabling the implementation.

Sean Garvey from Grant Farm echoed Mr. Lapis' sentiments and encouraged the staff and the Board to be diligent in seeking appropriate measures for innovative projects that may need a different type of criteria to evaluate the environmental impact.

Ms. Carrillo indicated that staff will be looking at many different types of criteria in order to evaluate the effectiveness of the program and its measures, including the impact on projects eligible under AB199.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:14 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director