

MINUTES

California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
July 22, 2009

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) meeting to order at 10:44 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Marcy Jo Mandel for John Chiang, State Controller
Tom Sheehy for Michael C. Genest, Director, Dept. of Finance
Paul Clanon for Michael R. Peevey, Director, Public Utilities
Commission
Panama Bartholomy for ~~Jackalyne Pfannenstiel~~ Karen Douglas, Chair,
California Energy Commission

Staff Present: Jan McFarland, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the October 22, 2008 meeting minutes. There were none.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Ms. McFarland reported that the Caltrans \$20 million Clean Renewable Energy Bonds (CREBs) deal closed in May with a 14-year term and an interest rate of 1.45%.

Ms. McFarland continued to report that the New Clean Renewable Energy Bonds (NCREBs) applications are due to the Internal Revenue Service (IRS) on August 4th. NCREBs Applications for public entities must be filed by an issuer. CAEATFA expects to file several NCREBs applications for Napa County and the Department of Motor Vehicles (DMV). Napa has forwarded 14 applications totaling \$5.53 million for several Photovoltaic (PV) installations throughout the county for IRS submittal. Staff is working with both the County of Napa, and DMV on the applications and plan to file them August 4th. Unlike the original

CREBs which provided a 100% tax credit to the bond purchaser, NCREBs will only provide a 70% credit to the bond purchaser.

Ms. McFarland continued to report that two new project applications have been received by CAEATFA and are expected to be heard at the upcoming August board meeting:

Aptera Motor Company a Zero Emission Vehicle (ZEV) manufacturing company located in Carlsbad, CA is requesting CAEATFA issue up to \$19.2 million in taxable bonds to purchase ZEV manufacturing equipment. Aptera's 2e vehicle has a top speed of 90 miles per hour with a range of 100 miles per charge. The manufacturing facility is expected to provide 200 full-time jobs by the end of 2010. As a participating party of CAEATFA, Aptera expects to take advantage of Sales Tax Exemptions (STE's) for their ZEV manufacturing equipment purchases.

Western GeoPower, Inc. (WGP) is proposing a taxable bond of up to \$170 million issued by CAEATFA to finance a 38.5 MW geothermal power plant located in the Geysers area in Sonoma County, CA. This project has a 20 year power sales contract with the Northern California Power Agency (NCPA). The project also involves clean-up of a former Pacific Gas & Electric (PG&E) power plant site that was abandoned in 2000. Contaminated soils and old power plant equipment and piping will be removed from the site. WGP also expects to receive a \$50 million grant from the U.S. Department of Energy.

George Longo of Raymond James & Associates, representing Western GeoPower, introduced himself. Mr. Long stated that the project, which is located at an abandoned PG&E building, started two years ago and drilling has begun. After a review of all documents, WGP hopes to close by the end of September. All necessary permits have been received, including the Conditional Use Permit (CUP) which was received just last week.

Mr. Clanon asked if WGP had finalized its purchase agreement with NCPA and if so how long is the term of the contract good for?

Mr. Longo responded that yes the agreement had already been made and that it was for a twenty year term.

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

4. BUSINESS ITEM

A) APPROVAL OF 2009 CALENDAR

Staff requested approval of the proposed 2009 meeting schedule. Presented by Brian Gorban.

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

Ms. Redway asked if there was a motion.

Mr. Clanon moved approval of the item; upon a second, the item was unanimously approved

B) APPROVAL OF CAEATFA BOND ISSUANCE GUIDELINES

During the past year, CAEATFA has received proposals from potential borrowers to consider various bond financing structures to issue either unrated debt or debt rated lower than “A-”. In developing the proposal, staff reviewed the issuance guidelines of other authorities within and outside of the STO. Staff further received comments from legal and financial bond professionals associated with the Authority as well as from potential borrowers. Staff believes that the proposed guidelines appropriately blend borrowers’ interests for greater issuance flexibility with the Authority’s interests that any bonds rated below “A-” and unrated bonds be placed only with appropriate investors. Presented by Brian Gorban.

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

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved

C) APPROVAL OF DELEGATION OF AUTHORITY TO THE EXECUTIVE DIRECTOR FOR THE BOND PROGRAM

Staff requested Board approval of a resolution authorizing delegation authority to the executive director of the California Alternative Energy and Advanced Transportation Financing Authority for certain routine matters with respect to the Authority’s bond program.

AB 1479, chaptered August 4, 2008, allows 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.” Presented by Brian Gorban.

Ms. Redway asked if the delegation was consistent with the other Authorities.

Bob Hedrick, from STO Legal, responded in the affirmative.

Mr. Sheehy stated that the resolution seemed broader and granted too much authority to the Executive Director.

Mr. Hedrick, confirmed that there was only one change made as CAEATFA does not have a Deputy Executive Director, otherwise the resolution is consistent with the other Authorities.

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

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

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved

D) APPROVAL FOR EMERGENCY REGULATIONS TO ESTABLISH FEE STRUCTURE FOR THE RENEWABLE ENERGY PROGRAM

Staff requested approval to amend and file emergency regulations to establish a fee structure for the renewable energy program. It is necessary to be adopted at this time to facilitate the consideration of applications for financial assistance for renewable energy projects. Presented by Brian Gorban.

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

Mr. Sheehy asked how the changes in fee structure would effect the current financial projections.

Mr. Gorban responded that there was no way of knowing what the effects would be.

Mr. Sheehy asked if staff could provide a midyear analysis.

Ms. McFarland agreed that staff would prepare an analysis and present it in January or February 2010.

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

Ms. Redway asked if there was a motion.

Mr. Sheehy moved approval of the item; upon a second, the item was unanimously approved

E) REQUEST TO APPROVE RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE REVENUE BONDS AND THE PURCHASE AND SALE OF ZERO EMISSION VEHICLE MANUFACTURING EQUIPMENT

1) **Aptera Motors, Inc. and/or its Affiliates- WITHDRAWN**

F) REQUEST TO APPROVE RELEASE OF JELD-WEN, INC. TO EXECUTE SATISFACTION OF MORTGAGE

CAEATFA was recently contacted by JELD-WEN, INC. to release a mortgage on a property in Klamath County, Oregon that was used to secure a \$3,100,000 bond issued on December 21, 1983 by the CAEATFA predecessor, the California Alternative Energy Source Financing Authority (CAESFA). The Company made timely payments and kept the bonds in good standing with the issue finally maturing on December 1, 1995. This should have been the time the Authority released the mortgage back to the Company, however, the Authority was dormant and not able to execute the agreement. Presented by Brian Gorban.

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

Ms. Redway asked if there was a motion.

Ms. Mandel moved approval of the item; upon a second, the item was unanimously approved

5. PUBLIC COMMENT

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

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting was adjourned at 11:06 a.m.

Respectfully submitted,

Jan E. McFarland
Executive Director