

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
April 26, 2011**

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 11:44 a.m.

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

Staff Present: Christine Solich, 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 March 22, 2011 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Solich began her report by introducing Jennifer Gill, CAEATFA's new executive assistant, and acknowledged her broad variety of skills that she brings to CAEATFA from the private sector.

Ms. Solich continued to report that the Department of General Services had approved CAEATFA's contract with Blue Sky Consulting. Matt Newman of Blue Sky Consulting has been assisting Staff with the program development and implementation of Senate Bill 71

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(Padilla). Mr. Newman will continue to assist Staff through the regulation process and program modifications.

Ms. Solich further reported that on April 25, 2011 Staff held a public hearing on the SB 71 regulations and rulemaking process. The meeting was brief and Staff received one comment via email. Staff will be presenting the regulations to the Board at the June 28, 2011 meeting.

With regard to Agenda Item 3 – the enhanced pipeline report of SB 71 applications – Ms. Solich stated that Staff will be posting the pipeline to the website on a monthly basis. She continued that there had been inquiries regarding the SB 71 Program from interested parties wanting to know about the Program and the types of projects that the Board had approved. This pipeline includes additional information including the number of jobs being created and estimated environmental and fiscal benefits. She continued to report that, to date, the Board had approved \$87.5 million in sales and use tax exclusions, and that \$22.9 million of that amount had actually been used by the projects.

Ms. Solich then reported that CAEATFA would hold a Board meeting on May 18, 2011 to accommodate the California Debt Limit Allocation Committee's application deadline for Qualified Energy Conservation Bond (QECB) allocation requests. Staff plans to present SB 71 applications to the Board at the May 18, 2011 meeting as well, and thus there will not be a need for the previously scheduled May 24, 2011 Board meeting.

Ms. Solich ended her report by thanking Cindy Aronberg for her leadership and service to CAEATFA, and wished Ms. Aronberg well in her career and future endeavors. Ms. Aronberg had earlier notified the Board and Staff that she would no longer be representing the Controller on the Boards, Commissions and Authorities.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF FINANCIAL ASSISTANCE AGREEMENTS UNDER THE CALIFORNIA ETHANOL PRODUCERS INCENTIVE PROGRAM (CEPIP) (PURSUANT TO CAEATFA'S INTERAGENCY AGREEMENT WITH THE CALIFORNIA ENERGY COMMISSION)

Presented by: Cheryl Ide, Analyst

Staff introduced Pat Perez, Deputy Director of the California Energy Commission (CEC). Ms. Ide noted that CAEATFA assists the CEC in its administration of the California Ethanol Producers Incentive Program (CEPIP) via an interagency agreement. The CEPIP Program provides operators of existing corn ethanol production plants in California with temporary financial assistance, as funding is available, during periods of difficult economic operating conditions that is repayable under specifically identified favorable market conditions. The CEPIP Program is also designed to stimulate operation improvements at existing ethanol facilities and the use of advanced process technology to convert cellulose and other low carbon feed stocks into ethanol. The objectives of CEPIP are to increase statewide biofuel production, retain and create California jobs, and reduce greenhouse gas emissions.

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At the request of the CEC Staff recommended approval of three Financial Assistance Agreements, in amounts not to exceed \$2,000,000 per participating party for:

- 1) Calgren Renewable Fuels, LLC, Pixley (Tulare County),
- 2) AE Advanced Fuels Keyes, Inc., Keyes, (Stanislaus County), and
- 3) Pacific Ethanol Madera, LLC, Madera, (Madera County)

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

Mr. Reyes asked if these were the projects that had previously been heard and put on hold by the Board.

Ms. Redway confirmed that the Board had directed Staff to put these projects on hold at the request of the CEC until concerns regarding the CEP/IP Program could be addressed. The CEC was now prepared to move forward.

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

Ms. Redway asked if there was a motion.

Mr. ~~Perez~~ Reyes moved the items; upon a second, the items were unanimously approved.

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public.

Mr. Reyes commented that he understands that Staff is mainly involved with the administrative side of SB 71, but that he would like to see a focus on providing financial assistance to business or industries pursuant to statewide goals and coordination. He feels projects are being approved as they are received without any direction or “map” as to where the SB 71 Program is headed, or which specific industries or businesses should be targeted. He would like to know if Staff could possibly work with the Business, Transportation and Housing Agency (BT&H) or the CEC to try to focus its SB 71 Program efforts under an overall policy and to target industries the SB 71 Program should attract to California. Mr. Reyes believes the SB 71 Program provides a great incentive for businesses to move to the State and hopes outreach is not limited to those entities currently in California.

Ms. Redway clarified that Staff actively coordinates with the Governor’s Office of Economic Development (GoED) which has the purpose of conducting outreach to businesses considering moving to California.

Ms. Solich added that she had recently met with representatives of the U.S. Department of Commerce (USDOC) and other state agencies that were promoting green business development in California. The USDOC was very interested in the SB 71 Program’s

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potential to encourage businesses to move to California and to promote the export of goods and services from California. She further stated that Staff would continue to look for opportunities to coordinate with other State efforts.

Ms. Redway elaborated that Blue Sky Consulting had helped Staff with the transparency of the net benefits test and will continue to work with Staff to better understand the benefits to the State in return for the tax benefits.

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

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:54 a.m.

Respectfully submitted,

Christine Solich
Executive Director