

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
May 15, 2012**

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 11:14 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Director,
Department of Finance
Paul Clanon for Michael R. Peevey, President,
Public Utilities Commission
Saul Gomez 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 April 17, 2012 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 with an update of CAEATFA’s programs. Staff participated as panelists at the Green Summit Conference in Sacramento on April 26 and 27, 2012. Heather Williams, Associate Treasury Program Officer (ATPO), participated on a panel discussion regarding State assistance for green manufacturers and provided an overview of CAEATFA’s Sales and Use Tax Exclusion (STE) program. Representatives from the California Pollution

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Control Financing Authority (CPCFA), the California Industrial Development Financing Advisory Committee (CIDFAC) and the California Energy Commission (CEC) also presented on various programs created to provide financial assistance to the green sector.

Martha Alvarez, ATPO, participated in a panel discussion with representatives from the California Public Utilities Commission (CPUC) and the CEC regarding State assistance for energy efficiency financing. Deana Carrillo, Program Manager, was a moderator for both panels and also stood in for a panelist who could not attend and provided an overview of the Governor's Office of Business and Economic Development (GoBiz). Staff received positive feedback on their outreach efforts and look forward to participating in these types of opportunities in the future.

Ms. Solich continued that as mentioned last month, Staff is working on criteria for energy efficiency and energy storage under the SB 71 program. CAEATFA has had interest from projects that fall under these categories. To date, Staff's efforts include working with CAEATFA's consultant, Matt Newman at Blue Sky Consulting Group, to identify relevant resources, literature and conducting meetings with experts in the field. This will help Staff analyze criteria and develop regulations that Staff anticipates bringing to the Board for approval within the next several months.

She then reported that the emergency regulations for a loan loss reserve program under ABx1 14 were approved by the Office of Administrative Law (OAL) on May 7, 2012. CAEATFA also awarded a trustee contract to First Northern Bank located in Sacramento. Once the bank is under contract, Staff will move forward with outreach to enroll interested financial institutions and subsequently energy efficiency loans in the program. Staff hopes to start enrollment of interested financial institutions in June 2012.

With regard to Agenda Item 3 – the pipeline report of the SB 71 Program applications – Ms. Solich reported that Staff would be recommending three projects for Board approval. Upon approval of the applicants the total active STEs will be approximately \$96 million on \$1.1 billion in expected purchases of qualified property and the creation of approximately 550 jobs attributed to the program.

She then ended her report.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICATION FOR SB 71 SALES AND USE TAX EXCLUSION

1) John Galt Biogas Inc.

Presented by: Cheryl Ide, Associate Treasury Program Officer

Staff introduced Daryl Maas, CEO of John Galt Biogas Inc.

John Galt Biogas Inc.'s project will use an anaerobic manure digester combined with

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heat and power Genset Engine that is paired with an electrical generator to produce biogas fuel. The digester is a covered lagoon design which is an air-tight cover over an existing manure pond at an existing 1,200 cow dairy located in Galt, California.

The raw manure from the dairy will go into the new covered lagoon, where it will break down and produces biogas. All of the biogas that is produced in the digester will be routed to an equipment container on the project site. There, the biogas will be burned in an internal combustion engine that will produce two outputs. The mechanical energy output from the engine is delivered to a generator where it is converted into electricity for sale to the grid. The thermal energy output from the engine is delivered to the heat recovery skid, where it is converted into hot water for use in heating the covered lagoon digester. The applicant represents that heating the digester is essential to biogas production since the anaerobic bacteria in the covered lagoon produce greater volumes of biogas when they operate at higher temperatures, thus making the whole process more efficient and self-sustaining.

Staff recommended approval of Resolution No. 12-SM006 for John Galt Biogas Inc.'s purchase of qualified property in an amount not to exceed \$1,025,769 anticipated to result in an approximate sales and use tax exclusion value of \$83,087.

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

Mr. Maas stated that he looked forward to working with Staff.

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

Ms. Redway asked if there was a motion.

Mr. Reyes moved approval of agenda item 4.A.1; upon a second, the item was unanimously approved.

2) **Soitec Solar Industries LLC**

Presented by Cheryl Ide, Associate Treasury Program Officer

Staff introduced Landon Stone, Consultant and Hall Kessler, Consultant

Soitec manufactures and sells concentrated photovoltaic (CPV) modules and plans to retrofit a 200 MegaWatt ("MW") capacity manufacturing facility in San Diego, California. The applicant's Concentrix™ technology uses multi-junction solar cells comprised of three different types of stacked solar cells that are mounted on a base plate of a module. Modules are then fitted to a two-axis tracking system to ensure that concentrated sunlight remains focused on the solar cells with a high degree of precision throughout the day, delivering constant power output. The applicant represents the precision and quality of the modules can yield efficiencies of 30% on

average.

Soitec has formed a joint venture with Reflexite Energy Solutions Inc– Reflexite Soitec Optical Technology, LLC (“Reflexite”). Reflexite has also applied to the Program and will produce the optical lens component of the CPV modules. In addition, Reflexite will own the machinery and equipment used to produce the lenses. All other machinery and equipment at the San Diego facility to produce the finished CPV modules will be owned and operated by Soitec. Both the lenses and completed modules will be manufactured within the San Diego facility.

Soitec, with the lenses manufactured by Reflexite, intends to manufacture solar modules that will supply utility-scale CPV power plants in Southern California and throughout the U.S. Southwest. Specifically, the modules required for Soitec’s five power purchase agreements with San Diego Gas & Electric will represent a total of 155 MW of power (out of the 200 MW) and will be manufactured at the new San Diego facility.

Staff recommended approval of Resolution No. 12-SM004 for Soitec Solar Industries LLC’s purchase of qualified property in an amount not to exceed \$104,381,342 anticipated to result in an approximate sales and use tax exclusion value of \$8,454,889.

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

Mr. Clanon commented that the letter the Board received in opposition of Agenda Item 4.A.2 was in regard to energy generating plants and not the items under consideration at this meeting– the manufacturing equipment and the STEs award. He also added that the power purchase agreements were reviewed and approved in 2011. He then commented that Staff had done an excellent analysis of the project.

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

Mr. Gordon moved approval of Agenda Item 4.A.2; upon a second, the item was unanimously approved.

3) Reflexite Soitec Optical Technology LLC

Presented by Cheryl Ide, Associate Treasury Program Officer

Staff introduced Landon Stone Consultant and Hall Kessler, Consultant

Soitec and Reflexite Corporation have formed a joint venture, Relexite Soitec Optical Technology LLC, to produce the optical lens component of the of the Soitec CPV panels. Soitec manufactures and sells CPV modules and plans to build a 200 MegaWatt (“MW”) capacity manufacturing facility in San Diego, California.

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Reflexite will own the machinery and equipment used to produce the optical lens component for the CPV modules. All other machinery and equipment at the San Diego facility used to produce the finished CPV modules will be owned and operated by Soitec. Both the lenses and completed modules will be manufactured within the San Diego facility. All of Reflexite's output will be provided to Soitec under the joint venture agreement.

Together, Soitec and Reflexite intend to manufacture solar modules that will supply utility-scale CPV power plants in Southern California and throughout the U.S. Southwest. Specifically, the modules required for Soitec's five power purchase agreements with San Diego Gas & Electric will produce 155 MW and manufactured at the new San Diego facility.

Staff recommended approval of Resolution No. 12-SM007 for Reflexite Soitec Optical Technology LLC's purchase of qualified property in an amount not to exceed \$24,500,000 anticipated to result in an approximate sales and use tax exclusion value of \$1,984,500.

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

Ms. Redway asked if there was a motion.

Mr. Gordon moved approval of agenda item 4.A.3; upon a second, 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 11:23 a.m.

Respectfully submitted,

Christine Solich
Executive Director