

**MINUTES**

**California Alternative Energy and Advanced  
Transportation Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
October 16, 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 10:45 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  
Sekita Grant for Robert B. Weisenmiller, Chair,  
California Energy Commission  
Paul Clanon for Michael R. Peevey, President,  
California Public Utilities 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 September 18, 2012 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Mr. Reyes 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 on CAEATFA’s Clean Energy Upgrade Financing – Loan Loss Reserve program. Over the last two months Staff has enrolled three financial institutions, Safe Credit Union, the Sacramento Municipal Utilities District (SMUD) and the Bank of Stockton, as lenders under the program. Staff recently approved a fourth lender, Matadors Credit Union, located in Los Angeles, California. Matadors Credit Union

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provides statewide coverage. Staff continues to set up internal processes and train lenders in anticipation of loan enrollments, which Staff expects will begin soon.

She continued to report on the Sales and Use Tax Exclusion (STE) Program (SB 71). The Governor recently signed Senate Bill 1128 (SB 1128) which adds advanced manufacturing to the STE program and imposes a \$100 million annual cap on the program overall. The bill takes effect on January 1, 2013. Staff is identifying resource needs, and also initiating meetings with stakeholders, including the Governor's Office of Business Development (GoBiz) as Staff implements this legislation.

Ms. Solich reported that First Solar had contacted Staff and is downsizing its operation and moving equipment out of state. Consistent with the regulations, First Solar was required to repay the STEs on the equipment that was moved out of state. First Solar has repaid the STE in the amount of \$377,927.37 which was remitted to the Board of Equalization (BOE) on July 31, 2012.

She then reported that CAEATFA had completed the bond program financial transactions report as required annually under Senate Bill 99 (SB 99).

Ms. Solich announced that Alejandro Ruiz had accepted an analyst position with CAEATFA. Mr. Ruiz is a UC Berkeley graduate and has been working as an analyst in the California Pollution Control Financing Authority for one and a half years.

Ms. Solich reminded the Board that she would be retiring at the end of November and this would be her last Board meeting. She added that it has been a pleasure working with Ms. Redway and the entire CAEATFA Board as the Board has shown steadfast support to the Staff and programs administered at CAEATFA. She thanked the Board for the guidance that they had provided.

She then took the opportunity to publicly acknowledge and thank the exceptional Staff at CAEATFA: Sherri, Deana, Martha, Cheryl, Jennifer, Kirshain and Alejandro. CAEATFA began with a borrowed staff and after two solid years has grown to seven very talented individuals. CAEATFA began with the implementation of the STE program for green manufacturers and has been through the thrill of testing out the Tesla Roadster to the disappointing news that Solyndra had shut its doors. She took time to recognize all the hard work, from the Board meeting setting to all that goes on behind the scenes in the program.

CAEATFA staff administered the ethanol incentive program for the California Energy Commission (CEC), working with CEC staff to develop program criteria. She continued to say that Staff had been through the fits and starts of developing the PACE Bond Reserve Program and more recently the launch of Clean Energy Upgrade Program – which is one year in the making with eight public workshops and countless ongoing meetings with stakeholders to try to develop a truly useful program.

Ms. Solich ended her report by saying, that Staff is the brain-thrust that moves CAEATFA forward each and every day. They are brilliant and committed to the very important work

here and she cannot say enough about the quality and integrity of this fine staff.

Ms. Redway thanked Ms. Solich for her leadership and reminded the Board that the State Treasurer's retirement party for Ms. Solich would be held October 23, 2012 at 2:45 p.m.

Mr. Reyes also thanked Ms. Solich for her service and for the responsiveness of the Staff.

Mr. Clanon commented that he is familiar with the challenges of being an executive director being a liaison between the staff and the Board members. His observation of Ms. Solich is that she is equally responsive and establishes an equal degree of credibility in both directions. He then stated that in all of the Boards he has served on and all the staffs he's been a part of, he's never seen anyone do their job better.

#### **4. BUSINESS ITEMS**

##### **A. APPROVAL OF 2013 MEETING CALENDAR**

Presented by: Deana Carrillo

Staff requested approval of the proposed 2013 meeting schedule presented to the Board for the California Alternative Energy and Advanced Transportation Financing Authority.

Mr. Reyes moved approval of the item through February 2013; there was a second. In the short term, staff was instructed to investigate whether the remainder of the 2013 calendar year could be coordinated with the board meeting schedules of its sister authorities.

Ms. Redway asked if there were any questions or comments from the public. There were none. The item was unanimously approved.

##### **B. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR THE SB 71 SALES AND USE TAX EXCLUSION**

Mr. Reyes moved approval of agenda items 4.B.1 – 4.B.3; there was a second.

###### **1) Electric Vehicles International, LLC**

In its Stockton facility, EVI intends to commercialize and produce two pure electric medium duty trucks under this Project, and eventually a range of hybrid medium duty advanced transportation trucks.

EVI represents that its innovative manufacturing process will revolutionize the manufacturing of medium- and heavy-duty alternative energy vehicles (AEVs) by developing automated manufacturing and assembly techniques and complete component manufacturing under one roof. In May 2011, EVI was awarded a \$3.9 million grant from the California Energy Commission to expand and modernize its facility – which will assist in financing this Project – and demonstrate lower

production costs for AEVs.

In 2010, EVI and UPS worked together to develop an alpha-prototype vehicle to meet the needs of the parcel delivery service. In August 2011, EVI was awarded a purchase order from UPS for 100 pure electric commercial delivery vehicles for deployment in locations throughout California. In addition, in March 2012 EVI was awarded a purchase order from PepsiCo's Frito-Lay.

EVI plans to begin production using its new state-of-the-art production line later this year, as soon as testing the manufacturing equipment and the calibration of the production line is complete.

Staff recommended approval of Resolution No. 12-SM010 for Electric Vehicles International, LLC's purchase of Qualified Property in an amount not to exceed \$5,744,962 anticipated to result in an approximate sales and use tax exclusion value of \$465,342.

**2) Clean World partners LLC**

The Applicant's Organic Waste Recycling Facility at the South Area Transfer Station ("SATS") in Sacramento will convert food waste -- collected by Atlas Disposal Industries from area food processing companies, restaurants and supermarkets -- through an anaerobic digestion process to produce renewable natural gas, heat and electricity, as well as fertilizer and high-quality soil amendments.

Phase I of the project will scale-up to process 25-ton-per-day of food waste, and Phase II of the project will increase to 100-ton-per day capacity. When Phase II is complete, Clean World will produce enough RNG to fuel Atlas Disposal Industries' fleet of 20 waste hauling trucks used at the Facility, and make additional RNG available for other local fleets. The process will also generate energy in the form of heat for use at the facility and power to sell to the Sacramento Municipal Utility District (SMUD) under a net metering agreement. A portion of the equipment, which does not qualify for the SB 71 sales and use tax exclusion, is a microturbine that produces electricity.

In addition, CWP has received a \$6 million grant from the California Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program to assist in financing the project.

Staff recommended approval of Resolution No. 12-SM011 for Clean World Partners LLC's purchase of Qualified Property in an amount not to exceed \$11,796,759 anticipated to result in an approximate sales and use tax exclusion value of \$955,537.

**3) ABEC New Hope LLC**

ANH's Project is the installation of a Continuous Stirred Tank Reactor ("CSTR")

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style anaerobic digester system (“AD”) and a 450kW combined heat and power unit (“CHP”). The CHP is an ultra-clean burning and - high efficiency low - NOx emissions biogas fueled - combined heat and power system. The Project intends to capture the biogas (methane) generated in the AD then use the CHP to convert that methane to energy, both in the form of heat for use in the plant, and as power to sell to the Sacramento Municipal Utility District (“SMUD”), preventing the methane from being released in to the atmosphere in the process. A power purchase agreement has been executed with SMUD. Heat produced by the CHP will used as essential process heat to maintain digester temperatures in the plant thus avoiding the use of propane and natural gas - fueled heaters.

There are two major technology components of the project: first the AD where in dairy cow manure is digested by bacteria, releasing biogas (~60% methane); and second, the CHP system which uses the biogas to generate heat and produce electricity. The Qualified Property (“QP”) will be used to capture and produce (or condition) dairy manure biogas into a fuel - grade energy source (or product). A portion of the QP has been prorated due to partial eligibility. The biogas produced by bacteria in this dairy’s existing open manure storage lagoon is currently being vented to the atmosphere, as the naturally occurring bacteria break down manure’s volatile solids suspended in the flush water. New Hope Dairy will scrape and divert its manure to the CSTR AD which is designed to destroy manure’s volatile solids and capture all the methane - rich biogas that would otherwise be vented to the atmosphere. The flush water volume at the dairy will also be greatly reduced as a result of the new manure collection process.

Staff recommended approval of Resolution No. 12-SM009 for ABEC New Hope LLC’s purchase of Qualified Property in an amount not to exceed \$2,633,359, anticipated to result in approximate sales and use tax exclusion value of \$213,302.

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

Shawn Garvey, Vice President of Public Affairs and Communications for Clean World Partners, stated that the Sacramento bio-refinery #1 will be the largest anaerobic digester in the United States once it is built. It will be fully on-line at 100 tons per day in May 2013. It is currently under construction at the South Area Transfer Station. The technology was developed at the University of California Davis in a long partnership of the CEC and the Air Resources Board (ARB). The technology takes organic waste, green and food waste and converts it to a variety of products. The facility will provide enough gas each day for 40 vehicles and will be powering the Atlas truck fleet as well as some school districts that use renewable natural gas. It will be only CNG station that runs off of renewable electricity. It also produces heat, fertilizer, soil products and more than 500 gallons a year of liquid fertilizers that will be re-applied to farms in the region. It also effectively captures greenhouse gases and other air contaminants and has no added water. He then thanked the Board for helping make this project possible. He then thanked Ms. Solich, Cheryl and Deana for the accountability within the Staff.

Ms. Redway thanked Mr. Garvey.

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Mr. Gordon asked where the feedstock would be coming from.

Mr. Garvey answered that a portion of the feedstock would be coming from Atlas, who has a collection system in the greater Sacramento area. Some of the feedstock would also be coming from Raleys, Safeway, area restaurants, and food processing facilities.

Mr. Gordon asked if there was a remaining waste stream that has to be disposed of at the end of the process.

Ms. Oliver, Environmental Engineer for Clean World, answered that when pure food waste is put into the digester it produces about 98% reduction and 2% solids and as you move toward more paper products Clean World is expecting about 8%. That 8% will be split into a solid and a liquid waste stream. The liquid stream will be used to fertilize the liquid fertilizer products and the solids will be mixed to form a compost product so both waste streams will be used. The only waste that there would be are the contaminants.

Ms. Redway commented that all three of the projects seemed to further along in the process than earlier applicants, which is a healthy sign that the program is working.

Ms. Redway stated that there was already a motion and a second on the above items. She then asked if there were any more comments from the Board or the public. There were none. Items 4.B.1, 4.B.2 and 4.B.3 were unanimously approved.

### 5. PUBLIC COMMENT

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

Mr. Newman, Blue Sky Consulting Group, commented that it was a pleasure working with Ms. Solich over the past two years and he admired her professionalism. He added that he really appreciated her commitment to do the right thing by the program, the taxpayers and looking out for the Board's interest.

### 6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:04 a.m.

**Respectfully submitted,**

Sherri Kay Wahl  
Deputy Executive Director