

**MINUTES**

**California Alternative Energy and Advanced  
Transportation Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
April 16, 2013**

**1. CALL TO ORDER & ROLL CALL**

Katie Carroll, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or Authority) meeting to order at 10:39 a.m.

Members Present: Katie Carroll for Bill Lockyer, State Treasurer  
Alan Gordon for John Chiang, State Controller  
Tom Dyer for Ana J. Matosantos, Director,  
Department of Finance  
Paul Clanon for Michael R. Peevey, President,  
Public Utilities Commission  
Sekita Grant for Robert B. Weisenmiller, Chair,  
California Energy Commission

Staff Present: Saúl Acosta Gómez, Executive Director  
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

**2. MINUTES**

Ms. Carroll asked if there were any questions or comments concerning the March 19, 2013 meeting minutes. There were none.

Ms. Carroll asked if there was a motion.

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

**3. EXECUTIVE DIRECTOR'S REPORT**

Mr. Gomez started his report by giving program updates. Under the Sales and Use Tax Exclusion Program (SB 71 Program) CAEATFA has received the annual reports from the awardees. Staff will be analyzing those reports and providing findings in a future board meeting. With respect to the Loan Loss Reserve Program (ABX1 14 Program) CAEATFA received 16 new loans for consideration. CAEATFA has received its first solar loan from Matadors Community Credit Union. CAEATFA has also submitted its Programs Annual

## Agenda Item 2.

Report to the legislature. All the Board members should have received electronic copies; hard copies are available if desired.

Mr. Gomez continued his report by providing legislative updates. Staff is happy to report that CAEATFA's budget request has been approved by the sub-committees in both the Assembly and in the Senate; that is a request for a position for Senate Bill 1128 (SB 1128) as well as the extension of a loan repayment related to the SB 71 Program. There are three bills that Staff is following that would affect CAEATFA. One is Assembly Bill 122 by Assemblymember Anthony Rendon; this would establish a non-residential energy retrofit financing program at the California Energy Commission (CEC). CAEATFA would serve as the issuer of the bonds that would finance the retrofits approved by the CEC. This bill was approved in the Assembly Banking and Finance Committee last week, and will be heard in the Assembly Utilities and Commerce committee on April 22, 2013. The second is Assembly Bill 1021 by Assemblymember Eggman; this would add the processing and utilization of recycled feedstock to the project definition in the CAEATFA statute which would make it eligible for the SB 71 Program. This bill will be heard in the Assembly Natural Resources Committee on April 29, 2013. The third is Assembly Bill 1131 by Assemblymember Skinner; this would extend the sunset date of the ABX1 14 Program from January 1, 2015 to January 1, 2017, as well as remove the cap on loan amounts which is currently set at 10% of property value. This bill will also be heard in the Assembly Natural Resources Committee on April 29, 2013.

Mr. Gomez lastly reported on his use of the Executive Director's delegated authority. At the request of Buster Biofuels, LLC, Mr. Gomez extended the date to execute the SB 71 Program Master Agreement from April 15, 2013 to April 30, 2013.

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

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

##### **A. CONSIDERATION OF AMENDED POST ISSUANCE TAX COMPLIANCE PROCEDURES FOR THE BOND PROGRAM**

Presented by: Cheryl Ide, Analyst

Ms. Ide informed the Board that in 2011 CAEATFA adopted Post-Issuance Compliance Tax Procedures for the bond program. Since that time, the IRS has released updates regarding compliance procedures for conduit issuers. This action intends to align CAEATFA's current procedures with the new updates. A notable addition is a designation of a Compliance Officer to annually review borrower's bond documents as detailed in the staff summary.

Staff recommended the Board approve a resolution to adopt the amended Post-Issuance Tax Compliance Procedures.

Ms. Carroll asked the Board if they had any questions or comments.

Mr. Clanon stated that he is thankful to the Staff for the briefing he received last week. It

was complete and the documents looked terrific.

Ms. Carroll requested a motion.

Mr. Gordon moved approval and there was a second.

Ms. Carroll stated there had been a motion and a second, then asked for any public comment. There was none. The item was unanimously approved.

**DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR SB 71 SALES AND USE TAX**

**B. EXCLUSION**

**1) E.J. Harrison and Sons Rentals, Inc.**

Presented by: Alejandro Ruiz, Analyst

Mr. Ruiz presented E.J. Harrison and Sons Rentals, Inc.'s request for approval of a Sales and Use Tax Exclusion worth \$1,212,095 of qualified property for construction of a biogas capture and production facility. The applicant will use organic materials collected throughout Ventura County to fuel an anaerobic digester to produce methane that will then be fed into a generator to produce electricity.

Staff recommended approval of Resolution No. 13-SM004 for EJ Harrison and Sons Rentals, Inc.'s purchase of Qualified Property in an amount not to exceed \$1,212,095, anticipated to result in an approximate sales and use tax exclusion value of \$101,452.

Mr. Gordon moved approval.

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

Mr. Clanon stated that although this project is close to the minimum net benefit requirement, he looked at the project reasonably closely and is supportive of the Staff recommendation.

Ms. Carroll stated there had been a motion and a second, then asked for any public comment. There was none. The item was unanimously approved.

**2) Vitriflex, Inc.**

Presented by: Cheryl Ide, Analyst

Staff introduced David Preische, Vice President, Vitriflex, Inc.

Ms. Ide presented Vitriflex, Inc.'s request for a Sales and Use Tax Exclusion for \$16,330,000 to purchase qualified property for a new manufacturing facility to produce a solar module component known as flexible ultra-barriers in San Jose, California.

## Agenda Item 2.

Staff recommended approval of Resolution No. 13-SM005 for Vitriflex, Inc.'s purchase of Qualified Property in an amount not to exceed \$16,330,000, anticipated to result in an approximate sales and use tax exclusion value of \$1,366,821.

Mr. Gordon moved approval and there was a second.

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

Mr. Clanon asked what a thin film barrier does.

Mr. Preische stated that the thin film barrier protects the solar module from moisture and oxygen which extends the life of the module 20 to 25 years. The distinguishing feature of the solar module is that it is flexible.

Mr. Clanon asked if this is a product that Vitriflex, Inc. has already been producing.

Mr. Preische stated that Vitriflex, Inc. just finished development and is in the process of signing the lease on a new facility. The first piece of equipment should arrive in either June or July of 2013.

Mr. Clanon then stated that he wanted to point out to fellow Board Members that this project exceeds the minimum net benefit score significantly.

Ms. Carroll stated there had been a motion and a second, then asked for any public comment. There was none. The item was unanimously approved.

### **C. CONSIDERATION OF APPLICANT'S REQUEST FOR WAIVER OF TIME REQUIREMENTS TO PURCHASE QUALIFIED PROPERTY UNDER THE SB 71 PROGRAM**

#### **1) Zero Waste Energy Development Company, LLC**

Presented by: Alejandro Ruiz, Analyst

Staff introduced Don Dean, Chief Financial Officer, Zero Waste Energy Development Company, LLC.

Mr. Ruiz presented Zero Waste Energy Development Company, LLC's (Zero Waste) request for a second waiver to extend the 25% purchase requirement until November 15, 2013 due to unforeseen permitting delays. This would be an extension of 6.5 months after the first waiver extension and two years after the initial Board approval in November of 2011.

Zero Waste received its first waiver of the 25% purchase requirement in November of 2012. However, Zero Waste was unable to acquire its construction permit until January of 2013 due to the complexity of the project. Now that Zero Waste has acquired its construction permit, it has conveyed about ten percent of qualified property and anticipates completing the project before the end of 2013.

Staff recommended that the Board find it is in the public interest and advances the purposes of the Program to extend the 25% Purchase Requirement for Zero Waste Energy Development Company LLC to November 15, 2013.

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

Ms. Grant asked what were some examples of the specific complexities that were unique to this project that resulted in additional permitting issues.

Mr. Dean stated that there is not another project like this in the United States. Both the technology and the complexity of the structure itself required the City of San Jose staff to spend additional time to review the plans before they would issue the permit.

Mr. Gordon moved approval and there was a second.

Ms. Carroll stated there had been a motion and a second, then asked for any public comment. There was none. The item was unanimously approved.

**D.**

**CONSIDERATION OF REGULATIONS FOR THE LOAN LOSS RESERVE PROGRAM UNDER THE CLEAN ENERGY UPGRADE FINANCING PROGRAM (ABX1 14)**

Presented by: Jennifer Gill, Analyst and Deana Carrillo, Program Manager

Ms. Gill requested approval of the regulations for the ABX1 14 Program. CAEATFA established the ABX1 14 Program under the Clean Energy Upgrade Financing Program and has been administering that program under the emergency regulations approved in July of 2012. CAEATFA Staff invited and considered extensive stakeholder input to develop the initial program structure and emergency regulations in late 2011 and 2012.

Staff's early implementation experience and discussions with stakeholders throughout the process have helped to define a regular rulemaking process. The regular rulemaking process began in January 2013. It was modified in late March 2013 and has been through three public workshops, two public comment periods, and extensive discussions with lenders, contractors, the California Energy Commission (CEC), and the Public Utilities Commission (PUC), that all helped to finalize these regulations.

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

Mr. Gordon moved approval and there was a second.

Mr. Gomez stated that CAEATFA Staff appreciated all the help the CEC and PUC gave in making these regulations, and Staff looks forward to future collaboration.

Ms. Carroll stated there had been a motion and a second, then asked for any public comment. There was none. The item was unanimously approved.

**5. PUBLIC COMMENT**

Ms. Carroll 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 10:53 a.m.

**Respectfully submitted,**

Saúl Acosta Gómez  
Executive Director