

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 110
Sacramento, California
March 18, 2014**

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 10:48 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Eraina Ortega for Michael Cohen, Director,
Department of Finance
Sekita Grant for Robert B. Weisenmiller, Chair,
California Energy Commission

Members Absent: Paul Clanon for Michael R. Peevey, President,
Public Utilities Commission

Staff Present: Deana J. Carrillo, 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 February 18, 2014 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Ms. Ortega moved for approval of the minutes; upon a second from Mr. Gordon, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo began her Executive Director's report by informing the Board that Nancee Trombly joined CAEATFA on March 1, 2014 as the new Treasury Program Manager II.

Agenda Item 2.

Staff is very excited to have Ms. Trombley; she is a great asset to the team and has hit the ground running.

Ms. Carrillo continued her report by providing an update on CAEATFA's Property Assessed Clean Energy (PACE) Loss Reserve Program. She explained that the regulations for that program were enacted on March 10, 2014 and approved by the Office of Administrative Law. Staff has been informed by the existing local PACE programs that they are going through the necessary administrative steps to apply within the time period. Staff is expecting to see applications in late May or early June of this year.

Ms. Carrillo continued her report by noting that in regard to the California Public Utilities Commission's (PUC) Energy Efficiency Financing Pilots, Staff is continuing to navigate the request to carry out the California Hub for Energy Efficiency Financing through the budget process.

Ms. Carrillo concluded her report by stating that there had been no actions taken under the Executive Director's delegated authority.

Mr. Gordon asked if Staff has heard anything from the Federal Housing Finance Agency (FHFA) regarding its consideration of whether the PACE Loss Reserve Program addresses its concern.

Ms. Carrillo explained that the Governor's office and CAEATFA, as well as a representative from the California Energy Commission, briefed FHFA on the program several weeks ago and have not heard any indication from FHFA to date whether there are any specific issues or concerns. FHFA is currently reviewing the structure; CAEATFA has invited FHFA to provide comments and proposals that CAEATFA may address in the regular rulemaking process for the program.

4. BUSINESS ITEMS

A. NOTICE TO BOARD OF EXECUTIVE DIRECTOR'S DETERMINATIONS FOR SPECIFIC PARAMETERS UNDER THE SALES AND USE TAX EXCLUSION PROGRAM (INFORMATION ITEM)

Presented by: Alejandro Ruiz

Mr. Ruiz stated that about once a year CAEATFA updates the parameters used to score applications for the Sales and Use Tax Exclusion Program (STE Program). These parameters are used to measure the fiscal cost and benefits as well as the environmental benefits associated with potential projects brought before the Board for consideration. The STE Program regulations provide CAEATFA's Executive Director the ability to update the parameters when necessary. This item is an informational item presented to the Board and no action is required.

Mr. Ruiz continued by providing a list of the main parameters that are being updated, including: the discount rate, the current statewide average sales tax rate, the ratio of state and local government revenues to gross state output, local property tax rates,

unemployment rates for the state as a whole and for each county, as well as various pollution cost measures used to quantify the benefits of a project. The data for the updated parameters was collected from various local, state and federal agencies as well as from academic literature.

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

B. DISCUSSION AND CONSIDERATION OF APPLICATION FOR SALES AND USE TAX EXCLUSION

- 1) CleanWorld
Presented by: Alejandro Ruiz, Analyst

Staff introduced Shawn Garvey, Vice President of Communications and Public Affairs for CleanWorld.

Mr. Ruiz stated that CleanWorld is requesting approval of a project to construct an anaerobic digester in San Bernardino for \$6,698,715 worth of Qualified Property. The anaerobic digester will convert food and other organic waste into biogas that will provide energy for the operation of two on-site waste management companies.

CleanWorld has previously brought similar projects to the CAEATFA board for approval: once in October 2012 for a Sacramento anaerobic digester and a second time in January 2013 for a UC Davis anaerobic digester.

Staff recommended approval of the resolution for CleanWorld's purchase of Qualified Property in an amount not to exceed \$6,698,715, anticipated to result in an approximate sales and use tax exclusion value of \$564,032.

Ms. Redway asked if there is any difference in the technology with this new project.

Mr. Garvey stated that the core technology is the same, however, recent advancements have brought down the cost of projects, mostly in the preprocessing of the material. Most companies are adopting a Doda technology, which is a grinding and preprocessing technology that strips out plastics and contaminants from an organic waste stream.

Mr. Garvey further explained that this process at the Sacramento and UC Davis project locations is taking out 99.6 percent of contaminants. Other improvements in technology are in gas optimization and gas cleaning. These technology improvements help tremendously in cost, by reducing the price of an anaerobic digester in this instance by about \$17,000,000.

Agenda Item 2.

Mr. Gordon asked what the waste stream looks like after the process is complete and if there is any toxic waste that needs to be disposed of.

Mr. Garvey stated that there is no toxic waste. All the contaminants from the preprocessing get recycled, and the remaining parts of the organic waste stream are sent to a water treatment facility or sold commercially and agriculturally in bulk as compost.

Mr. Gordon asked if there is any actual waste that needs to be buried after the anaerobic digestion process.

Mr. Garvey stated that this process is a zero waste technology. No waste needs to be buried at any time.

Ms. Redway asked where the main supply of the organic waste is coming from.

Mr. Garvey stated that initial feasibility studies suggested that the organic waste would mainly come from prisons and agricultural producers. However, the majority of the organic waste is coming from package waste that comes from grocery stores and food processing facilities. This is because the food is packaged wrong, mishandled, or expired. He further explained that the food supply chain is much more complicated than previously anticipated, and comprises 65 percent of the organic waste stream used for some anaerobic digestion projects.

Mr. Gordon moved for approval and there was a second from Ms. Grant.

Ms. Redway stated there was a motion and a second and asked if there were any further questions or comments from the Board or public. There were none. 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 11:02 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director