

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
June 17, 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 10:31 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
Kristen Driskell for Robert B. Weisenmiller, Chair,
California Energy Commission
Paul Clanon for Michael R. Peevey, President,
Public Utilities Commission

Staff Present: Deana J. Carrillo, Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the May 20, 2014 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo began her Executive Director's report with program updates, stating that CAEATFA had received its first applications under the Property Accessed Clean Energy (PACE) Loss Reserve Program. She noted that eight programs have applied to date; representing 282 cities and 28 counties and Staff is currently reviewing those applications. She continued by providing an update on the Sales and Use Tax Exclusion Program

(SB 71 Program), noting that the statewide sales and use tax exemption for all California manufacturers that is administered by the California Board of Equalization would become effective in July 2014. She explained that Staff had been monitoring the development of this new program and would bring an information item to the Board in the next few months to discuss the extent to which the programs interact.

Ms. Carrillo continued her report with legislative updates, stating that she was pleased to report that the legislature approved CAEATFA's budgetary authority to assist the California Public Utilities Commission (CPUC) in launching its energy efficiency financing pilots. Ms. Carrillo took a moment to thank Staff, CAEATFA's legal counsel, and the CPUC staff for their hard work to get CAEATFA to this point. She explained that in July CAEATFA would take the necessary steps to act as the California Hub for Energy Efficiency Financing (CHEEF). The first of CAEATFA's actions will be to enter into a Memorandum of Agreement (MOA) with the CPUC as well as a contract with the Investor Owned Utilities – both of which the Board had previously approved last November.

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

Ms. Carrillo noted that Agenda Item 4.A was removed from the agenda, and Staff would bring this item to the Board at a later date.

4. BUSINESS ITEMS

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

- 1) Niagara Bottling, LLC
Presented by: Alejandro Ruiz, Analyst

Staff introduced Brad Barbosa, Energy Engineer for Niagara Bottling, LLC and Derieth Sutton, Economic Development & Government Relations Manager for Niagara Bottling, LLC.

Mr. Ruiz stated that Niagara Bottling, LLC (Niagara) is requesting approval of a project for the purchase of qualified property in the amount of \$30,000,000 to construct a new water bottling facility. Niagara is currently in the process of selecting the site for its project and is deciding between the cities of Riverside and San Bernardino and a site located in the state of Nevada. Niagara is also still going through the California Competes process and will be applying in the second phase of the incentive program.

Mr. Ruiz explained that Niagara's project is considered advanced manufacturing due to the unique business model that it uses by vertically integrating all aspects of the water bottling manufacturing facility, relative to other comparable water bottling facilities. Niagara also uses integrated computational materials engineering to consistently reduce the weight and materials that go into each

Agenda Item 2.

package of bottled water. Relative to the industry standard, Niagara stated that the weight of its packages of bottled water are approximately 30 percent lighter, which results in less solid waste and plastic being used. Furthermore, Niagara is making very large strides in reducing the amount of water that is actually used in the water bottling process. Traditionally, many water bottling manufacturers will intake about 80 percent of the water and the remaining portion is often discharged. Its new facility will have efficiency rates up to 98 percent and only two percent will be discharged.

Mr. Ruiz stated that Staff recommended approval of a resolution for Niagara's purchase of qualified property not to exceed \$30,000,000 anticipated to result in an approximate sales and use tax exclusion of \$2,526,000.

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

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

Mr. Gordon asked if Niagara would explain how 20 percent of water is wasted in the process of manufacturing water in the traditional process.

Mr. Barbosa clarified that 20 percent of water is lost in purifying the water, not manufacturing it. The industry standard reverse-osmosis unit has an 80 percent recovery. For example, one would put in 1.25 gallons and get 1 gallon back. Normally the quarter gallon goes down the drain, but sometimes it is recovered by the municipality and used for recycled water. Niagara is implementing a high efficiency reverse-osmosis unit which has a 98 percent recovery rate.

Mr. Gordon asked what the source of the water is for Niagara's bottled water.

Ms. Sutton stated that typically when Niagara is in expansion mode it always works with the local municipality on the front-end for the source. Niagara has different locations across the country with different sources. Some, sources come from a well, but most of the time it is the municipal source that is used. There are also trucks that bring in natural spring water.

Mr. Clanon asked what Niagara does to reduce the solid waste.

Mr. Barbosa stated that Niagara has two industry leading projects called Eco Bottle and Nested Packs. Eco Bottle is just reduction in the raw plastic contained in the bottle. In 2006 each Niagara bottle contained 14 grams of plastic and currently each bottle contains nine grams of plastic. Through very advanced engineering design a lot of the plastic has been removed while maintaining the structural integrity of the package. Niagara has also completely removed corrugate cardboard from packaging, which is called the Nested Pack. The Nested Pack is packaged with only the plastic shrink film; the corrugate tray has been completely removed. He explained that it took very in-depth engineering to make sure the structural integrity of the package stayed the same.

Ms. Redway stated there was a motion and a second, and asked if there were any other questions or comments from the Board or public. There were none and 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 10:40 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director