

Approved MINUTES
Clean Energy Development Fund (CEDF) Board Meeting
April 27, 2011
1:30 – 4:49

In Attendance:

Board Members

	Attending	Absent
Robert Dostis (RD) – Green Mountain Power		X
Sam Swanson (SS) – Pace Energy & Climate Center	X	
Jo Bradley (JB) – VT Economic Development Authority	X (by phone)	
Tom Evslyn (TE) – Private Citizen	X	
Ellen Kahler (EK) – VT Sustainable Jobs Fund	X (at 2:15)	
Mary Lintermann – DEW Construction	X	
Rich Sedano (RS) – Regulatory Assistance Project	X	
Mark Sinclair (MS) – Clean Energy Group	X	
Beth Pearce (BP) – VT State Treasurer	<i>Steve Wisloski (Deputy Treasurer) at start, BP at 2:45</i>	

Staff

Andrew Perchlik (AP) – CEDF Director	X	
--------------------------------------	---	--

Public Attendees for Board Meeting present at start of meeting: Leigh Seddon (Alteris), Andrew Savage (All Earth), Martha Staskus (VERA and REV).

I. Minutes (3/23/11)

TE moved to accept the draft minutes of the Board's 3/23/11 meeting, seconded by ML. Vote to approve the motion was unanimous.

II. Director's Report

- A. AP reported on the legislature's action on the energy bill (H.56) and the CEDF restructuring language as well as the Governor's proposal to offer grants in-lieu of the business solar tax credits.
- B. Sheri Rockcastle and Karin McNeil of the Department of Public Service (DPS) gave a presentation of the work being done by the DPS and CEDF in preparation for a federal audit and of the draft grantee monitoring manual. They passed around the draft monitoring manual for members to look at.

III. CEDF and ARRA Finances

- A. AP gave an update of the CEDF and ARRA monthly finances and went over the monthly finance reports.

Ellen Kahler (EK) arrived.

- B. Georgia Mountain Wind loan

AP gave an update on this loan approved in October 2010 that Georgia Mountain Wind LLC (GMW) has not acted on. There was discussion on the

loan and project. It was agreed that GMW needs to make a written request to the Board for an extension of the loan commitment and that the request should include a new budget. The Board agreed that they will revoke the loan w/o adequate assurance from GMW that the funds will be spent as originally approved. TE made a motion that GMW be notified of the Board's intent to revoke the loan unless assurance is provided that the project will be completed on time and that it will use the loan funds for the purposes originally allocated. MS seconded the motion. The motion passed with unanimous support.

C. Redstone/Bolton wind project loan reconsideration

AP went over the letter that Redstone had sent to the Board. There was still concern about the icing issue and agreement that the letter didn't provide any additional information. Leigh and Martha provided some information on the project from their involvement in the project and wind industry.

No action was taken on the letter and AP was asked to convey to Redstone that no action was taken, but that they could submit additional information if they wanted the Board to consider future action on their loan request.

IV. ANR Funding Proposal

ANR Secretary Deb Markowitz gave a presentation on ANR's request for funds to do a natural resource mapping project which ANR felt would assist the agency's efforts to communicate effectively with wind power (and possibly other renewable energy) developers. ANR will commit \$50,000 of agency resources to the project and requests the CEDB provide \$100,000 in grant support.

Beth Pearce (BP) arrived.

John Groveman arrived and joined Secretary Markowitz in presenting the request. Secretary Markowitz gave the overview and Mr. Groveman gave specifics about how the work product might positively impact renewable energy projects.

Martha Staskus spoke from the wind developer perspective expressing concern that the project would not have a positive impact on wind development. Representing Renewable Energy Vermont, Ms Staskus stated that REV preferred that CEDF funds go to supporting a renewable energy project rather than this mapping project.

There was general discussion of the project budget, schedule and objectives. Secretary Markowitz explained that ANR believes that the maps this project will produce will communicate quickly and consistently how important siting issues relate to Vermont geography. She explained that ANR believes that the availability of this new mapping tool will increase the likelihood that the sites selected for development will reflect early stage consideration of key siting issues.

Secretary Markowitz explained that this project would assist ANR communicate important information believes project developers want on a timely basis in the face of reductions if ANR Staff resources. She indicated that ANR would not delay facility siting deliberations pending the completion of this project.

SS moved to allocate \$100K from ARRA funds (if allowed under ARRA) to fund the ANR request. SS clarified that if ARRA funds are not available then CEDF funds would be used. TE seconded the motion. The motion passed on a vote of 7(yes) to 1(MS voting no).

V. Montpelier District Heating Project

William Fraser, Gwendolyn Hallsmith from the City of Montpelier and Tim Maker, working as an advisor/consultant to the City were present to speak to the Board about the Montpelier district heating project and the possibility of financial support from the CEDF of the project.

Bill Fraser gave an update on the project. They need to have financing of the project in place by June 14th to secure the DOE funding. They risk losing the DOE grant if the project funding is not in place by June.

There was general discussion of the project request of \$1.75 million grant. The City said they could proceed with this project if part of the grant request was provided as a loan. They suggested \$750,000 could be a low interest loan if payments didn't start until the project started generating savings/revenue for the City. The City emphasized that this is not a district heating project built from scratch but is a demonstration of a project that is interconnecting with an existing system.

In response to comments that the full amount could be a loan the City representatives said that if the CEDB provided only a loan then the City would need a loan that significantly larger than their \$1.75M request.

BP asked if there are private use restrictions for any loans awarded by the CEDB since it is tax exempt financing. BP will look into this further.

TE suggested that the loan/grant could have a contingency that is tied to the price of oil, which is a proxy for the savings of the project. The City would only need to pay back the loan if oil prices are high. The City had many questions about how/if such a contingency would work.

MS said he would support the full request of \$1.75 million as a 2% loan. JB suggested that VEDA could possibly waive their 1% fee if that was a stumbling block to making the project happen. ML stated that she would abstain from voting on this funding request as DEW construction was a bidder on work related to the project.

SS introduced a motion to grant \$1.75 million to the City per their request. RS seconded the motion. There was discussion on the motion. MS made a motion to

amend SS's motion changing the grant to a loan of \$1.75 million for the project at 1%. TE seconded the motion. MS explained that payments would not be required to start until a time when revenue/savings from the project begin. The motion to amend failed to pass on a vote of 2(TE and MS voting yes) to 5(no) with ML abstaining.

TE made a motion to amend SS motion to a \$1M loan at a 1% interest rate and a \$750K grant. JB seconded the motion. TE's motion to amend failed on a vote of 3 (TE, MS, and JB voting yes) to 4 (no) with ML abstaining.

TE made a motion to amend SS motion to a \$1M grant and a \$750K loan at a 1% interest rate. As part of the discussion TE confirmed that payments would not be required to start until revenue and/or cost savings from the project begin. RS seconded the motion. This motion to amend passed on a vote of 6 (yes) to 1(MS voting no) with ML abstaining.

The amended motion passed on a vote of 6 (yes) to 1(MS voting no) with ML abstaining.

V. New Loan Applications

A. PV system at the Farm at South Village

Tom Porter, loan officer for VEDA, gave a presentation of his underwriting analysis of the loan application.

SS said he would abstain from voting on this loan request because he serves on the South Burlington Energy Committee that has endorsed the plans to sell power from this project to the City of South Burlington.

TE asked a question about why the CEDF should fund the loan when the project already had a loan with VEDA at 5.5%. Will Raap, the loan applicant, gave a background of the project and responded to TE's question as to why the project needs the 2% instead of the 5.5%. Mr. Raap explained that this project is not simply a PV project but is a special demonstration project that tests an innovative business model that ties the PV investments to the local farming initiative, taking advantage of the lower interest rate available to farms.

MS moved to approve the loan. EK seconded the motion. During discussion of the motion TE said he could not vote for such a loan. There was discussion about this loan not being able to pass a "but/for" test, but members discussed that the Board didn't have a but/for test and they could make a loan to this project even if a CEDF loan may not be required for the project to get built. The motion passed on a vote of 6 (yes) to 1(TE voted no), with SS abstaining.

B. SBE Electronics

AP described the loan request received from SBE electronics of Barre, and that he and the Board co-chairs had thought the Board should discuss the

loan before it was sent to VEDA for underwriting since it is not a project loan, but a business development loan.

Bob Britt of SBE gave a presentation of SBE and their loan request. After brief discussion EK made a motion that the loan request should be sent to VEDA for underwriting analysis. RS seconded the motion and the motion passed with unanimous support.

Meeting was adjourned at 4:49

The Board opened the quarterly Public Comment Session, but because no one appeared to provide comments the session adjourned at 4:50.