

**Iowa Power Fund Board
Meeting Minutes August 12, 2009
The Iowa Theatre Artists Company
Amana, Iowa**

Call to Order:

Fred Hubbell, Chair, called the meeting to order at 12:45 P.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			ExOfficio Members		
Fred Hubbell, Chair	X		Gregory Geoffroy		X
Tom Wind, Vice Chair	X		Bill Giddings		X
Rob Berntsen	Joan Conrad		Kent Henning		X
John Bilsten		X	Senator Hubert Houser		X
Shearon Elderkin	X		Senator Roger Stewart	X	
Peter Hemken	X		Rep. Nathan Reichert	X	
Patricia Higby	X		Rep. Chuck Soderberg		X
Richard Leopold	Aaron Brees		<i>Due Diligence Committee</i>		
Bill Northey	X		Kevin Nordmeyer	Franklin Codel	X
Lucy Norton	X		Ted Crosbie	Vern Gebhart	
Mike Tramontina		X	Curt Hunter	Fred Hubbell	X
			Patricia Higby	Roya Stanley	X

OEI staff in attendance: Roya Stanley, Brian Crowe, Bob Mulqueen, Rob Grayson, Jennifer Wright, Sherry James. AG's office: Julie Pottorff

Approval of Agenda:

Action: Mr. Hemken moved, Mr. Northey seconded, to approve the agenda as printed. All members present voted "aye".

Approval of Minutes:

Ms. Higby reported there were a couple of errors on the July 8 minutes: page 4, she voted "no" on the 21st Century Green Energy Project and the misspelling of Courtney Schiappa's name under "public comments".

Action: Ms. Elderkin moved, Ms. Norton seconded, to approve the July 8, 2009 Power Fund Board minutes as amended. All members present voted "aye".

Chair's Remarks:

Chair Fred Hubbell thanked the OEI staff for organizing the tours of the Power Fund Projects. He reported it was very useful to actually see the projects and determine what results have been successful.

There was a lengthy discussion on recent articles targeting the Iowa Power Fund for job creation results. Since the original statute did not require immediate job creation funding criteria, the board has not focused on this. Conversely, the Board has always been focused on economic development potential from investments in Power Fund projects as a result of the successful R and D and early stage commercialization projects, which clearly supports job creation. It was suggested that the staff provide for the Board a summary articulating the guiding goals of the Power Fund investments including: potential investment in Iowa of nonstate funds as a result of the project; strategic leadership in a technology area that positions Iowa for further investment of federal and/or private sector funds; intellectual property ownership in Iowa or that would benefit the Iowa economy; potential tax benefit to Iowa's from Power Fund investments; environmental benefits such as greenhouse gas emissions reductions. It was also suggested that staff provide an economic analysis and that one source of information is the Department of Revenue. The economic analysis should specifically include the leveraging of federal and private funds for investment into the state of Iowa. An assessment of longer term job potential from success projects would be included in an economic analysis.

There was continued discussion on the creation of the Green Jobs taskforce and the intent of the taskforce. Senator Stewart reported that when the legislators were putting the bill together, it was his opinion that there was never an emphasis on creating jobs. Representative Reichert reported that it is the DED's position to create jobs and it is the Power Fund's position to set the stage for commercialization, R & D, and education and then initially hand the project off to DED.

Mr. Northey suggested putting communication together that would offer an opportunity to educate the political candidates of why the Power Fund was created and the mission and vision for the Office. He reported the Board and the office need to move forward with very clear and accurate information for immediate jobs and have a projection for intermediate and long term jobs. He also suggested tracking the jobs of potential investments. Representative Reichert suggested tracking potential patents.

There was discussion regarding the policy for peer reviews for DDC applications to lend another layer of scientific review.

Director's Remarks:

Director Roy Stanley reported the Office has completed the physical relocation from the Lucas Building to the Wallace Building. The office has several new positions filled and several more to be filled in the near future.

The deadline for State Energy Program (SEP) applications is August 12, 2009. Grants have been set aside for public energy projects, technology demonstration projects, innovative projects, and training and information projects. Low-interest loans will also be available for the private sector and non-profit entities. OEI is still waiting for the approval of our \$9.5 million application to the Department of Energy for Block Grant funding for Iowa's cities and counties. Additionally, OEI will meet with Iowa's energy providers on August 11, 2009 regarding the \$2.8 million State Energy Efficient Appliance Rebates Program. That program application will be due to the Department of Energy on October 15, 2009.

There was discussion regarding the turnaround time for the SEP applications. Director Stanley reported the goal is 30 days. The AG's office will be reviewing the contracts and the office will be reviewing a process to score the applications.

Public Comments:

There were no comments given for public comments.

Committee Reports:

Administrative Rules: Rob Grayson reported the Administrative Rules were filed as notice of intended action following Board approval at the July meeting. There were some comments received during the public comment period and those comments have been reviewed by staff with some changes made to the draft rules.

Action: Mr. Hemken moved, Mr. Wind seconded, to approve the Rules as presented to be filed as Final Adoption. All members present voted “aye”.

Due Diligence: Brian Crowe reported the DDC will meet on August 26 to review 20 pre-applications and 5 full applications. It is possible a second DDC meeting will be scheduled due to the length of the meeting in order to review all of the pre-applications.

Planning: Rob Grayson reported the public forum held at the Council Bluffs location was not well attended. There will be a public energy forum on Monday, August 17 in the media center at the Iowa State Fair beginning at 1:00. A full draft of the Plan is scheduled to be presented at the October 14 Power Fund Board meeting for board’s review. A planning subcommittee meeting will be scheduled to discuss next steps.

Application: A process is being created to allow the applications and pre-applications to be viewed electronically for the DDC and Power Fund Board members. The state is going all electronic with their grant system. It is expected this will be completed by October 1, 2009. A Power Point demonstration will be given to the members in advance of this.

Term Sheets

◇ *I-Renew Energy and Sustainable Expo 2009* – the goals and objectives for the program are to provide more lowans with information about their energy choices, increase energy conservation and efficiency and expose more lowans to renewable energy, energy efficiency, renewable fuels and green building in order to increase renewable energy production in the state of Iowa. Specifically funds from the Iowa Power fund would provide funding for a statewide advertising campaign with the goal to increase attendance by 25%.

Action: Ms. Elderkin moved, Mr. Wind seconded, to approve an award to I-Renew Energy & Sustainable Expo 2009, in the amount of \$30,000 on the terms and conditions described in the Term Sheet presented. A roll call vote resulted as follows: Northey, yes; Hubbell, yes; Conrad, yes; Norton, yes; Hemken, yes; Brees, yes; Higby, recuse; Wind, yes; Elderkin, yes. *Motion carried.*

Contracts

◇ *Iowa Alliance for Wind Innovation & Novel Development (IAWIND) – University of Iowa Power Fund Award: \$3 million Matching Funds: \$1.5 million* – a project to help IAWIND implement research and training for large-scale gearbox testing facilities to support the continued growth of turbine manufacturing in Iowa. IAWIND affiliates include universities, private and community colleges, industry, state and local governments.

Action: Mr. Wind moved, Ms. Conrad seconded, to approve the contract for Iowa Alliance for Wind Innovation & Novel Development (IAWIND) in the amount of \$3,000,000 as presented. A roll call vote resulted as follows: Northey, yes; Hubbell, yes; Conrad, yes; Norton, yes; Hemken, yes; Brees, yes; Higby, recuse; Wind, yes; Elderkin, yes. Motion carried.

◇ Biodiesel Education Program – Iowa Biodiesel Board Power Fund Award: \$50,000 Matching Funds: \$95,000 – a project to help Iowa Biodiesel Board (IBB) develop a curriculum to educate diesel mechanics on biodiesel, reinforce its function in diesel engines, and troubleshooting protocol.

Action: Ms. Higby moved, Mr. Northey seconded, to approve the contract for Biodiesel Education Program - Iowa Biodiesel Board in the amount of \$50,000 as presented. A roll call vote resulted as follows: Northey, yes; Hubbell, yes; Conrad, yes; Norton, yes; Hemken, yes; Brees, yes; Higby, yes; Wind, yes; Elderkin, yes. Motion carried.

◇ I-Renew Energy & Sustainability Expo 2009 – Iowa Renewable Energy Association Power Fund Award: \$30,000 Matching Funds: \$110,000 – a project to help the Iowa Renewable Energy Association hold the Energy & Sustainability Expo, which is aimed at educating Iowans about their energy choices and increasing energy efficiency and conservation across the state.

Action: Mr. Wind moved, Mr. Northey seconded, to approve the contract for I-Renew Energy & Sustainability Expo in the amount of \$30,000 as presented. A roll call vote resulted as follows: Northey, yes; Hubbell, yes; Conrad, yes; Norton, yes; Hemken, yes; Brees, yes; Higby, recuse; Wind, yes; Elderkin, yes. Motion carried.

Chairman Hubbell reviewed the monthly report from Melanie Johnson, DED. The report gave a status of pending Power Fund contracts stating that there have been 20 awards made and of these 20 awards, 17 contracts have been signed and 3 do not yet have final signed contracts. Two of those 3 contracts are scheduled for action at this August 12 board meeting.

Project Status Report

Chairman Hubbell reported there would be several project updates reported at each Power Fund Board meeting to give the board a sense of where the project is in terms of reaching their goals, any successes or changes they have made, etc.

Amana Farms, Inc. – they are striving to find the input formula that maximizes energy output. The digestion cycle takes 21 days so any changes to the input formula take approximately one month before they know the positive or negative effects of the change. The project is not operating at its full potential. They have experienced some pump failure and the original three pumps have been replaced with six new pumps with a more robust design. They continue to learn about the daily operations regarding mixtures and inputs. Amana Farms has utilized 100% of the product by applying on Amana Farm's crop ground. The educational facility construction is completed. The project has created 3 full time jobs with Amana Farms.

Cellencor Corporation – has been conducting intensive pre-deployment development activities using its pilot microwave system located at the Iowa Energy Center/BECON facility in Nevada. They have installed a large microwave processing system; Cellencor's board does not have an agreement with any ethanol plant sites at this time; and had restructuring of management.

Green Plains Renewable Energy, Inc. – the Shenandoah pilot plant design has been completed, all equipment items purchased and construction of the skid unit is currently in progress at the company's plant in Portsmouth, RI with an ETA at the Shenandoah ethanol plant. The project is on time.

Iowa State University - for the clean burner development they have designed a new burner; on the upgrade of the BECON gasifier, they have successfully installed a gas conditioning system, baseline gas burner, and combustion chamber at BECON; for the syngas-to-ethanol catalyst development, they are investigating the optimal loading. A new stainless steel 250ml condenser has been designed, fabricated and installed on the fixed reactor system. In the meantime, they are designing another reactor with smaller size that is capable of screening catalyst material more efficiently.

There was discussion regarding the board's agreement that not all projects would be successful since that is the reason for the research and development component of the project. The applicant and the Board felt the project was worthy and would prove successful or they wouldn't have developed the project. But everyone learns from their technology whether successful or not and that is the importance of the project. They must try the technology in order to know if it is going to be successful.

It was the consensus of the board that staff make added comments from the Office's perspective on the project updates in addition to the applicant's updates.

Public Comments:

There were no public comments given at this time.

Other Business:

Joan Conrad reported the ground breaking for the new building that will house Office of Consumer Advocate and Iowa Utility Board has been scheduled for August 20 at 9:30. This building will use 63% less energy than similar buildings of size and structure by using renewable of solar and wind.

Adjournment:

There being no further business to discuss at this time, Ms. Norton moved, Mr. Wind seconded, the meeting be adjourned at 4:00 P.M. All members present voted "aye". The next Power Fund Board meeting will be held on Wednesday, September 9, 2009.

Fred Hubbell, Chair

Sherry James, Recording Secretary