



# **Colorado Agricultural Value-Added Development Board**

## **Board Meeting MINUTES December 4, 2012**

The meeting was called to order at 1:32 p.m. by Chairman Mel Rettig. Board Members in attendance were: Ron Lambden, Robert Bray, John P. Cure, Randy Wilkes, and Brian Neufeld. Also in attendance were Don Stover, Kutak Rock; Jim Rubingh, Secretary; Tom Lipetzky, Jeff Stalter, Eric Lane and Lillie Collins of CDA.

- 1. Roll Call and Establishment of Quorum.** Six of seven board members were present so a quorum was in place.
- 2. Introduction of Guests.**
- 3. Approval of Agenda.** Agenda was accepted.
- 4. Approval of Prior Meeting Minutes.** Motion #1: Robert moved and Ron seconded that minutes from July 11, 2012 be accepted as written. The motion passed unanimously.
- 5. Funds Update – Tom Lipetzky.** Tom began by giving some background on the history of the Board to background new members. The Board was created to assist in developing and promoting value-added projects. Funding came from a tax credit which generated several hundred thousand dollars over a 2-3 year period. There is no revenue generated from the tax credit now and given the State's finances, it is unlikely that the Board will benefit from the tax credit in the foreseeable future. The Board' primary funding currently comes from an annual allocation from severance taxes collected by the State and these funds are to be utilized to promote renewable energy projects benefiting the agriculture industry. In past years, the Board has been allocated \$500,000 annually. Almost all previously funded projects are now completed. Two projects are still ongoing and include the Microgy biogas project and a biofuel testing project through CSU. Third party consultants had been retained in the past year to evaluate the overall body of projects completed. They found broad evidence of success and indicated the projects had generated a good return on investment. The consultants suggested the Board participate in broader projects going forward. We are at a nice clean jumping off point now to transition from diverse demonstration projects to broader projects that might serve as roadmaps for development of more targeted opportunities such as energy efficiency, micro-hydro, PV, etc.

Jeff stepped in to give some details on the fund status of the Agriculture Value Added Cash Fund. The fund balance is presently \$854,054; this amount is unencumbered and unexpended. The projected Severance Tax (STAX) Revenue for fiscal year 2013 is \$162,268 (estimated total). \$71,974 has been received to date and \$90,294 is remaining in STAX transfers. The total estimated available balance for fiscal year 2013 is \$944,348.

Jeff then detailed the Indirect Cost Assessment. The current fiscal year assessment is \$3,118. This is based on lower expenditure rates over the last year. Office Consolidation will involve an adjustment to the indirect cost model to support the new facility. This will be an 11% charge across all funds, with a few exceptions for statutory caps. The new indirect assessment would be \$98,183 based on the assumption of a 90% execution of the total budget and an 11% indirect assessment rate. However, assessment rates will vary with personal services and operating expenses charged at a higher rate. And flow-through grants, such as the Value Added Fund, will be charged at a lower rate. The typical indirect rate is around 1.5%, the actual rate for Value Added Fund is closer to 1.5% for grants, and the indirect assessment is closer to \$13,387. If the Office Consolidation project does not go through, we will stay as we are now.

- 6. ACRE Program, RPS Process – Eric Lane.** Eric started reaching out to other individuals and organizations working in renewable development and energy efficiency around the State. These contacts helped to get a sense of the current activity and will help to inform the RFP process. The Colorado Energy Office (CEO) is interested in working to do more in agriculture. CEO has funded a research project to identify opportunities that is expected to be completed this winter. We don't want to go out and do what someone else is already doing. When the market research is done on energy efficiency in agriculture, we will have a better idea of which direction to head in. One question is whether to expand the RFP to include biomass and geothermal. Eric is concerned that this might create 'mission creep' beyond the solar thermal aspect. Regarding micro-hydro, CEO had indicated they weren't interested in pursuing this project. Eric developed an RFP and sent it out to them for their review and they decided they were indeed interested. They are less interested in a strategic view, they want to put together a set of case studies to help people work through the permit process for MicroHydro. He is waiting for a documented quote from CEO now. They would like to put some money in pre-engineering. There would be some contract funding for someone to develop guidelines. We will stay open to market changes. Two people have come forward so far with spot projects. 1) Lighting retrofits at a dairy in NE Colorado. He sees this fitting in with the objectives. 2) San Luis Valley PV. He's not sure if this is a real opportunity. In early January look for an RFP to go out. Then there will be a month for responses to come in. He anticipates probably six submissions/proposals. Then he will make a roadmap to identify the low hanging fruit, the best places to spend the money. He will put together a team of parties (staff level) and then make recommendations to the Board.
- 7. Indirect Cost Update – Jeff Stalter.** See above, these comments were incorporated into the Funds Update.
- 8. Old Business.** None.
- 9. New Business.** None.

**Mel adjourned the meeting at 2:32 p.m.**