

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
February 17, 2015**

1. CALL TO ORDER & ROLL CALL

Alan Gordon, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or Authority) meeting to order at 10:47 a.m.

Members Present: Alan Gordon for John Chiang, State Treasurer
Anne Baker for Betty T. Yee, State Controller
Eraina Ortega for Michael Cohen, Director,
Department of Finance
Kristen Driskell for Robert B. Weisenmiller, Chair,
California Energy Commission
Michael Picker, President,
Public Utilities Commission

Staff Present: Deana J. Carrillo, Executive Director

Quorum: The Chairperson declared a quorum.

2. MINUTES

Mr. Gordon asked if there were any questions or comments concerning the January 20, 2015, meeting minutes. There were none.

Mr. Gordon asked if there was a motion.

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

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kristen Driskell for the California Energy Commission	Aye
Michael Picker for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo began her report with program updates. She reported that the semi-annual reports submitted under CAEATFA's Sales and Use Tax Exclusion Program (STE Program) show that the 66 active projects have purchased approximately \$182 million in manufacturing equipment during the last half of 2014. Staff is currently reviewing the STE Program reports and will be preparing a presentation on project activities for the Board. In addition, under the Property Accessed Clean Energy Loss Reserve Program (PACE Program), participating programs are preparing their semi-annual reports and Staff will prepare those updates for later this year.

Ms. Carrillo continued her report by providing personnel updates, and announced that Kirshain Ward was recently promoted to an analyst position under the California Hub for Energy Efficiency Financing (CHEEF) program, to assist in contract management and compliance of that program. She also noted that James Shimp will be moving into a longer-term position and will continue to assist in the STE and PACE Program.

Ms. Carrillo concluded her report by stating that under the Executive Director's delegated authority, she executed an annual contract for rent and security with the State Treasurer's Office in the amount of \$48,969.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR SALES AND USE TAX EXCLUSION

- 1) Silevo Inc.
Presented by: James Shimp, Analyst

Staff introduced Jeff Osorio, Senior VP of Finance and Dan Chia, Director of Policy & Electricity Markets

Mr. Shimp stated that Silevo Inc. (Silevo), a wholly owned subsidiary of SolarCity Corporation, is applying for a sales and use tax exclusion in order to expand its existing solar photovoltaic pilot into a 100 MW production line. The expanded pilot will continue to produce higher efficiency photovoltaic modules utilizing a cross between tunneling oxide layers found in the semi-conductor industry and thin film passivation layers traditionally associated with solar photovoltaics. The facility will complement the company's production lines in New York and China, while maintaining a manufacturing and research and development presence here in California.

Mr. Shimp recommended approval of a resolution for Silevo's purchase of qualified property not to exceed \$106,551,184 anticipated to result in a sales and use tax exclusion of \$8,971,610.

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Discussion ensued regarding Silevo's foreseen challenges and best uses for their product.

Mr. Picker moved for approval and there was a second from Ms. Ortega.

Mr. Gordon 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.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kristen Driskell for the California Energy Commission	Aye
Michael Picker for the Public Utilities Commission	Aye

B. DISCUSSION AND CONSIDERATION OF APPLICANT'S REQUESTS TO EXTEND THE TERM OF THE TITLE CONVEYANCE AGREEMENT OF STE AWARD

- 1) Soraa, Inc.
Presented by James Shimp, Analyst

Mr. Shimp noted that Soraa Inc. (Soraa), whose project was approved for a sales and use tax exclusion in February of 2012, is requesting an extension of the initial three year purchasing requirement. Soraa is a manufacturer of high efficiency Light-Emitting Diodes (LEDs). During the early stages of the project, Soraa experienced a lower than forecasted demand in the LED market, resulting in delays to their anticipated timeline. As of January 1, 2015 Soraa has conveyed approximately 25% of their \$57 million award. At this point Soraa anticipates using approximately \$40 million total for the project. This reduction in Qualified Property does not reflect a material change in the nature of the project; rather it is due to the purchase of refurbished equipment and the repurposing of existing equipment.

Mr. Shimp recommended approval of a resolution to extend Soraa's three year purchase requirement by 18 months, with a new expiration date of August 21, 2016.

Mr. Picker moved for approval and there was a second from Ms. Driskell.

Mr. Gordon stated there was a motion and a second and asked if there were any questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kristen Driskell for the California Energy Commission	Aye
Michael Picker for the Public Utilities Commission	Aye

C. REQUEST TO APPROVE REGULATIONS FOR THE PROPERTY ASSESSED CLEAN ENERGY (PACE) LOSS RESERVE PROGRAM

Presented by: Ashley Bonnett, Analyst

Ms. Bonnett stated that the PACE Program has been operating under emergency regulation since the program's launch in March of 2014. In August of 2014 Staff began the process for adopting the regulations pursuant to the regular rulemaking process. During this process Staff issued two separate notices proposing modifications to the program's regulations: first to incorporate statutory changes made by Assembly Bill 2597, and second to suspend the program's administrative fee requirement.

Ms. Bonnett requested final approval of these modifications to the program's regulations to allow CAEATFA to complete the regular rulemaking process.

Ms. Ortega moved for approval and there was a second from Ms. Driskell.

Mr. Gordon stated there was a motion and a second and asked if there were any questions or comments from the Board or public. There were none and the item was approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kristen Driskell for the California Energy Commission	Aye
Michael Picker for the Public Utilities Commission	Aye

D. DISCUSSION AND CONSIDERATION OF EMERGENCY REGULATIONS FOR THE RESIDENTIAL ENERGY EFFICIENCY LOAN ASSISTANCE PROGRAM

Presented by: Sarah Taheri, Treasury Program Manager

Ms. Taheri stated that the item for consideration and approval is the proposed regulations for the Residential Energy Efficiency Loan Assistance Program (REEL Assistance Program), which is the first of the CHEEF's pilot programs to launch. The program will

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provide a loan loss reserve to financial institutions and finance lenders that offer loan products for energy efficiency improvements made to residential properties that are serviced by investor owned utilities (IOU). The program is designed to leverage existing IOU energy efficiency rebate and incentive program structures while also providing an alternative pathway to those existing programs.

Ms. Taheri noted that the primary goals of this program are to attract a greater amount of private capital to the energy efficiency retrofit market by reducing risk to lenders, to broaden the availability of financing to individuals who might not have otherwise been able to access it, and to address the upfront cost barrier to energy efficiency retrofits in residential projects.

Ms. Taheri stated that these proposed regulations reflect several months of Staff due diligence and stakeholder engagement. After entering into a contract with the IOUs in September of 2014, the first stakeholder roundtables were held in October of 2014, and CAEATFA subsequently issued the first draft of proposed regulations for comment in December of 2014. After that time, another public workshop was held to solicit comments, and CAEATFA issued a second draft of the regulations after incorporating those comments in January of 2015. Overall, Staff had received over 30 sets of public comment for this program and had many follow-up discussions with stakeholders to incorporate their requests. Staff thinks that this program and the regulations in front of the Board today find a strong balance of the right amount of flexibility to promote transaction volume for the program, while still ensuring the projects completed are an effective and responsible use of ratepayer funding.

Ms. Taheri recommended approval of a resolution to approve the proposed emergency regulations establishing the REEL Assistance Program and to authorize Staff to undertake emergency and regular rulemaking proceedings and other actions related to promulgation of these regulations.

Discussion ensued regarding reaching out to low to middle class markets, residential project cost effectiveness, and contract provisions.

Ms. Ortega moved for approval and there was a second from Ms. Baker.

Mr. Gordon 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 approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kristen Driskell for the California Energy Commission	Aye

Michael Picker for the Public Utilities Commission Aye

5. PUBLIC COMMENT

Mr. Gordon 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 11:01 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director