

**MINUTES**

**California Alternative Energy and Advanced  
Transportation Financing Authority  
915 Capitol Mall, Room 587  
Sacramento, California  
April 6, 2010**

**1. CALL TO ORDER & ROLL CALL**

Bettina Redway, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) meeting to order at 10:32 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer  
Dave O'Toole for John Chiang, State Controller  
Jennifer K. Rockwell for Ana J. Matosantos, Department of Finance  
Paul Clanon for Michael R. Peevey, Director, Public Utilities  
Commission

Members Absent: Karen Douglas, Chair, California Energy Commission

Staff Present: Jan E. McFarland, Executive Director

Quorum: The Chairperson declared a quorum.

**2. MINUTES**

Ms. Redway asked if there were any questions or comments concerning the October 28, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Mr. Clanon moved approval of the minutes; upon a second, the minutes were approved.

Mr. O'Toole of the SCO abstained.

**3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)**

Ms. McFarland reported that Senate Bill (SB) 71, passed two weeks ago, which is the Economic Development Sales and Use Tax Exclusions Environmental Policy Act (the Act). It is intended to provide for sales and use tax exemptions for manufacturing facilities for advance transportation and alternative energy facilities. CAEATFA will be developing evaluation criteria. The Legislative Analyst's Office staff will be evaluating the program in 2019. There is a \$100,000,000 cap with the 20-year notice to the legislature. Regulations will be required to implement the Act in terms of evaluation, scoring and definitions. Currently, CAEATFA staff is working with the Board of Equalization (BOE) staff and Department of Finance (DOF) staff and will be setting up a timeline and a workshop

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schedule. CAEATFA staff is looking forward to expanding its program.

Ms. McFarland provided a description of SB 77, (Pavley Bill) which is designed to provide a \$50,000,000 reserve fund for the Property Assessed Clean Energy (PACE) Program. These are the instruments that are set-up through the local property tax assessment districts. CAEATFA will be establishing criteria for the use of the fund, such as legal ownership and whether homeowners are current on their mortgages. The goal of the program is to reduce the costs to local governments, small businesses and residences. These are programs where property owners get a loan to do energy efficiency and distributed generation retrofits in their own homes and businesses. It is expected that this program will help lower the interest rates that property owners will have to pay, which right now is between 7% and 9%.

Ms. McFarland reported that the sales tax exemption project with Tesla is up and running. The program is working well and Bob Hedrick pushed through the conveyance agreement. CAEATFA staff learned that the Tesla employees named their new manufacturing facilities the "CAEATFA plant."

Ms. McFarland reported that the CAEATFA regulations that unify the program fees should be finalized by the end of April 2010 or the beginning of May 2010. She acknowledged Samantha Russell for her hard work on the regulations.

Ms. McFarland welcomed two new staff members: Jane Heinz, loaned staff member from the California Energy Commission (CEC) and Heather Williams who came from STO's Public Finance Department, who was also a Senate Fellow. Ms. McFarland also thanked and expressed appreciation to CPCFA staff for assisting CAEATFA especially to Michael Papanian, Sherri Wahl, Pattie Tanous, Samantha Russell, Maricar Ignacio, Kristina McElfresh, Margie Gliatto and Bob Hedrick.

Ms. Redway asked if there were any questions.

Mr. Clanon asked Ms. McFarland about the status of the Pavley bill.

Ms. McFarland responded that the bill is with the Assembly now, will then go to the Floor and then goes back to the Senate.

Mr. Clanon asked that if the bill is enacted, will the role of CAEATFA be to set criteria for property owners to qualify for \$50,000,000 in backing loans.

Ms. McFarland responded that it is a reserve fund. When bonds are issued, CAEATFA can set aside up to 10% of the par amount of the bond as a reserve.

Ms. Redway commented that CAEATFA will not be involved with the individual home loans and those will be done through a county or a program. It is the city or county that will come as an applicant to CAEATFA with its program. CAEATFA will help the applicant get financing through the bond.

Ms. Redway asked if the Pavley Bill has much opposition.

Ms. McFarland responded, not the current version and it is also an urgency bill; regulations will be set up immediately to implement the program.

**4. BUSINESS ITEMS**

**A. Request to Approve Initial Resolutions authorizing CAEATFA to serve as applicant to CDLAC for Re-allocations of Qualified Energy Conservation Bonds (QECCB) Allocations**

**1) Castaic Lake Water Agency (CLWA)**

Presented by: Samantha Russell

Staff introduced Steve Nielsen, Financial Advisor, of Munibond Solar

Staff requested approval of an Initial Resolution for an amount not to exceed \$7,600,000 to finance the purchase and installation of a photovoltaic (PV) solar electric system for Castaic Lake Water Agency (CLWA). In authorizing this Initial Resolution CAEATFA is to serve as an applicant to California Debt Limit Allocation Committee (CDLAC) for QECCB re-allocation. CLWA anticipates a reduction in operating costs after the system is installed. If approved by CDLAC, CLWA will request CAEATFA to issue this proposed project's QECCB.

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

Mr. Clanon asked if staff is looking at the information given in the answers to the questions in the application, specifically the financial viability and the legal integrity of the entity itself.

Ms. Russell responded in the affirmative and staff also looks at greenhouse gas emissions and jobs.

Ms. Redway explained to Mr. Clanon that the applications are at inducement stage, so there should be more details as the project gets finalized.

Ms. Redway asked if the jobs were mostly construction jobs.

Mr. Nielsen responded that they will mostly be temporary construction jobs based on the calculator that has been used. In theory, there will be permanent jobs, but they have not been measured yet.

Ms. Rockwell asked if there will be local sales tax.

Mr. Nielson responded yes and they will be by the solar vendor.

Mr. O'Toole asked when the applicant would come back to the Board since the start date is August 2010.

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Mr. Nielsen responded that they will return to the May 26, 2010 Board meeting to get the CAEATFA Board members' approval of the projects and take advantage of the available QECEBs allocation through CDLAC, which will have the same meeting date as CAEATFA.

Ms. Redway questioned whether the QECEBs get allocation, bonds will be issued within 90 days of the allocation.

Mr. Nielsen responded in the affirmative.

Ms. Redway asked if the QECEBs have sunset dates.

Mr. Nielsen responded that QECEBs do not have sunset dates, but the State has determined that they be issued quickly to help the economy.

Ms. McFarland added that CDLAC is making sure that the allocations get used in the State, so they are pushing people to have milestones.

Mr. Nielsen added that if the allocations do not get used, they will be taken back and will be allocated to applicants that will use them. The six agencies that he is working with have been trying to finance solar projects and many of them have tried to get Clean Renewable Energy Bonds to bring subsidy financing to their projects so that they pencil out. The agencies are very pleased about the allocation of the QECEBs and hope for the entire amount of their project financing. With the recent jobs bill changes this enhances the subsidies on the bonds and will further attract interest to the projects.

Ms. Redway asked if there were any further comments from the Board, or the public. There were none.

### 2) **Fallbrook Public Utility District (FPUD)**

Presented by: Samantha Russell.

Staff requested approval of an Initial Resolution for an amount not to exceed \$7,227,000 to finance the purchase and installation of a PV solar electric system for Fallbrook Public Utility District (FPUD). In authorizing this Initial Resolution CAEATFA is to serve as an applicant to CDLAC for QECEB re-allocation. FPUD anticipates a reduction in operating costs after the system is installed. If approved by CDLAC, FPUD will request CAEATFA to issue this proposed project's QECEB.

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

Mr. O'Toole asked if the temporary jobs are assumed as construction.

Mr. Nielsen responded in the affirmative.

Ms. Redway asked if there were any further comments from the Board, or the public. There were none.

**3) Oakland Unified School District (OUSD)**

Presented by: Heather Williams

Staff requested approval of an Initial Resolution for an amount not to exceed \$7,500,000 to finance the purchase and installation of a PV solar electric system for Oakland Unified School District (OUSD). In authorizing this Initial Resolution CAEATFA is to serve as an applicant to CDLAC for QECB re-allocation. OUSD anticipates a reduction in operating costs after the system is installed. If approved by CDLAC, OUSD will request CAEATFA to issue this proposed project's QECB.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

**4) Rancho California Water District (RCWD)**

Presented by: Heather Williams

Staff requested approval of an Initial Resolution for an amount not to exceed \$11,500,000 to finance the purchase and installation of a PV solar electric system for Rancho California Water District (RCWD). In authorizing this Initial Resolution CAEATFA is to serve as an applicant to CDLAC for QECB re-allocation. RCWD anticipates a reduction in operating costs after the system is installed. If approved by CDLAC, RCWD will request CAEATFA to issue this proposed project's QECB.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

**5) Oxnard Union High School District (OUHSD)**

Presented by: Heather Williams

Staff requested approval of an Initial Resolution for an amount not to exceed \$25,148,709 to finance the purchase and installation of a PV solar electric system for Oxnard Union High School District (OUHSD). In authorizing this Initial Resolution CAEATFA is to serve as an applicant to CDLAC for QECB re-allocation. OUHSD anticipates a reduction in operating costs after the system is installed. If approved by CDLAC, OUHSD will request CAEATFA to issue this proposed project's QECB.

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

Mr. Clanon asked how much megawatts the OUHSD project will be using.  
Mr. Nielsen responded approximately four megawatts.

Mr. Clanon asked if the OUHSD project and the Lodi Unified School District (LUSD) are the biggest projects out of the six projects that are currently in front of the Board. He also asked how much megawatts the LUSD will be using.

Mr. Nielsen responded 2.1 megawatts.

Ms. Redway asked if there were any further comments from the Board, or the public. There were none.

**6) Lodi Unified School District (LUSD)**

Presented by: Heather Williams

Staff requested approval of an Initial Resolution for an amount not to exceed \$16,900,000 to finance the purchase and installation of a PV solar electric system for Lodi Unified School District (LUSD). In authorizing this Initial Resolution CAEATFA is to serve as an applicant to CDLAC for QECB re-allocation. LUSD anticipates a reduction in operating costs after the system is installed. If approved by CDLAC, LUSD will request CAEATFA to issue this proposed project's QECB.

Ms. Redway asked if the QCEB projects presented to the Board are going to be public use.

Mr. Nielsen responded yes and that there are no proposals for any private use of the QCEBs. The projects are 100% owned by the districts presented.

Ms. Redway asked if there were any further comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion in regard to agenda items 4.A.1., 4.A.2., 4.A.3., 4.A.4., 4.A.5., and 4.A.6.

Mr. Clanon moved approval of the items 4.A.1., 4.A.2., 4.A.3., 4.A.4., 4.A.5., and 4.A.6.; upon a second, the items were unanimously approved.

**B. Request to Approve Master Interagency Agreement (Master IA) between California Energy Commission (CEC) and CAEATFA**

Presented by: Jane Heinz

Staff requested Board approval of the Master IA with CEC to administer up to \$100 Million in Assembly Bill 118, (AB 118, Nunez , Chapter 750, Statutes of 2007) funds to develop financing programs for vehicle component manufacturing, biofuel production plant, and ethanol incentives programs. If the CAEATFA Board approves, CEC staff will present the Master Interagency Agreement at its April 7th Business Meeting for Commission approval. Upon Board and Commission approval, the agreement may be signed by both parties and CAEATFA may commence work on AB 118 funded advanced transportation financing programs.

Ms. Heinz mentioned that CAEATFA staff worked very cooperatively with the CEC under Ms. McFarland's direction. She thanked CPCFA staff for their assistance to the CAEATFA program especially to Michael Papanian, Sherri Wahl, Samantha Russell, Dona Yee, and Robert Hedrick of the legal department who was very instrumental with the CAEATFA program.

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Ms. Redway stated that the CEC has the legislature appropriated funds to them under AB 118, and then this sets-up a framework for them to divert some of the funds to CAEATFA to run the three programs to provide financial assistance to green businesses and the specifics of those programs are generally outlined, but they will be worked out. This is just the Master agreement.

Ms. Heinz responded that there will be three and possibly more CAEATFA programs and other agreements that would specify details of those particular programs.

Ms. Redway asked if CAEATFA staff will be going back to the Board with the specific programs.

Ms. McFarland responded in the affirmative and possible changes in the future. This agreement with CEC goes out several years and will provide the ability to bring new programs to CAEATFA as time goes on. The first appropriation is going to be \$40,000,000 and the Master IA is up to \$100,000,000. If programs change or there is additional funding from AB 118, CAEATFA will again go back to the Board for approval.

Ms. Heinz commented that the CEC is very pleased about the Master IA. AB 118 goes out seven years, to 2015, and \$120,000,000 a year was allocated. The CEC has a very large technical advisory committee that has to approve a yearly plan. She pointed out that this is fiscal year 2009-2010 money, so the approval of the different programs and what they intend to do with them have already been vetted and gone through CEC's technical advisory committee.

Ms. McFarland added that AB 118 also provides program start up funding for CAEATFA so staff can develop the programs. In addition, when all the subsequent IAs are in place, and have been approved by the CEC Board, CAEATFA staff will come back to the CAEATFA Board for approval to have each program up and running.

Ms. Rockwell asked if the program needs to be encumbered by the end of the fiscal year.

Ms. Redway responded that CEC would like the program encumbered and CAEATFA staff had a meeting with DOF and that everything seemed to be all squared away.

Ms. Redway asked if there were any further comments from the Board, or the public.

Mr. O'Toole commented that the CAEATFA staff has worked on the program very hard, but the staff report came together a little bit later than the normal schedule. His comment was for the benefit of the public; it is not routine for staff report items to come up a day before the Board meeting.

Ms. McFarland responded that CAEATFA staff understands and appreciated the Board's forgiveness.

Ms. Redway asked if there were any further comments from the Board, or the public. There were none.

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Ms. Redway asked if there was a motion.

Mr. Clanon moved approval of the item; upon a second, 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 11:00 a.m.

**Respectfully submitted,**

Sherri Kay Wahl  
Deputy Executive Director