

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
August 29, 2011**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or “Authority”) meeting to order at 1:32 p.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Director, Department of Finance
Paul Clanon for Michael R. Peevey, President,
Public Utilities Commission
Saúl Gómez for Robert B. Weisenmiller, Chair,
California Energy Commission

Staff Present: Christine Solich, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the July 26, 2011 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR’S REPORT

Ms. Solich began her report by welcoming Saúl Gómez, from the California Energy Commission (CEC), to the Board.

She continued her report by advising the Board that on August 26, 2011, CAEATFA approved an interagency agreement with the State Treasurer’s Office (STO) for fiscal year 2011-2012 wherein the STO agrees to provide administrative support services including, but not limited to, accounting, budgeting, legal services, information technology services,

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information security office, personnel, business services, and the Executive Office. The contract is for \$115,918, a \$7,155 increase from fiscal year 2010-2011. The increase is a direct result of increased staffing, as well as services provided by the Office of Information Security and Privacy Protection (OISPP).

Ms. Solich then reported that ABx1 14 (Skinner) was approved by the Governor on August 2, 2011 and Staff would be moving forward with program development. The legislation requires CAEATFA and the CEC to administer a Clean Energy Upgrade Program using up to \$50 million from the funds originally appropriated to the SB 77 PACE Bond Reserve Program. These funds are appropriated until January 1, 2015.

The legislation allows for CAEATFA to provide financial assistance in the form of loan loss reserves, or other credit enhancements as approved by the Board. The financial assistance will be made available to financial institutions providing loans to finance the installation of distributed generation renewable energy sources, electric vehicle charging infrastructure, or energy or water efficiency improvements on residential or commercial properties. This program will facilitate energy efficiency financing for residential properties that were put on hold when PACE assessment programs were stalled due to concerns raised by banking regulators.

Ms. Solich advised the Board that CAEATFA has the ability to implement emergency regulation authority and Staff would be holding a workshop on August 30, 2011. During the workshop Staff will provide a framework for a loan loss reserve program to assist financial institutions and will seek constructive comments for further development of the program. She then provided a potential timeline for the program. Following the workshop Staff will develop regulations, hold one or two additional workshops, take additional comments, present regulations to the Board in November 2011, look for approval of regulations by the Office of Administrative Law (OAL) in December 2011 and begin enrolling banks in January 2012.

Ms. Solich continued her report by reminding the Board of the letter CAEATFA recently sent to the Legislature providing notification of reaching \$100 million in Sales and Use Tax Exclusions (STEs) approved. To date, Staff has had no response to the letter.

With regard to Agenda Item 3, the pipeline report of SB 71 Program applications, Ms. Solich reported that Staff would be presenting three new projects to the Board under the program totaling \$15.5 million in STEs. Together with previously approved STEs this will take the program to \$104 million in STEs representing over \$1 billion in qualified property purchased. However, to date only \$30 million has been used. Over half of the companies approved have not yet conveyed property for the STEs and the program regulations require that 25% of qualified property be purchased within the first year. Staff has been following up with each company to notify them of the requirement, however, Staff expects that many of the companies will have to come back to the Board in November 2011 for an extension and they will be required to articulate the cause of delay and new timeline.

She further reported that the regulations Staff brought to the Board in June 2011 were approved by OAL and will be effective as of September 28, 2011.

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Ms. Solich then ended her report.

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

Mr. Clanon asked, in regards to waivers for time extensions, if Staff would be using a general viability screen.

Ms. Solich explained that individual applicants would be asked for specific reasons for delays in the project—weakness in the broader economy is one of the reasons many of the projects have not moved forward. Staff will continue to follow up with applicants and ask them to substantiate the reasons for delays and provide a new timeline.

Mr. Clanon commented that in terms of both fiscal and environmental benefits, the State receives \$1.60 for every \$1.00 of STEs granted. He added that SB 71 is a program that people should feel good about.

Mr. Reyes moved approval of Agenda Items 4.A.1 – 4.A.3.

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

Upon a second, the items were unanimously approved.

Ms. Redway commented that the cooperation of the CE Obsidian Energy staff in regard to answering questions and addressing concerns was appreciated.

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 1:41 p.m.

Respectfully submitted,

Christine Solich
Executive Director