

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
June 18, 2013**

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 10:54 a.m.

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

Staff Present: Saúl Acosta Gómez, 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 April 16, 2013 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

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

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Gomez began his report by introducing the Board to one of CAEATFA's new staff members, Sarah Taheri, who is an Associate Treasury Program Officer. Ms. Taheri graduated from UC Davis and worked in the Renewable Energy Office at the California Energy Commission (CEC) for about two and a half years. She will be working primarily on the Sales and Use Tax Exclusion Program (SB 71 Program). CAEATFA is happy to have her and she has already become an integral member of the team by leading on several projects.

Agenda Item 2.

Mr. Gomez continued his report by reporting on program updates. In regards to the SB 71 Program, CAEATFA will hold a workshop on June 25, 2013. Two subjects will be discussed at the workshop, the first is the implementation of Senate Bill 1128 (SB 1128). Staff will be presenting a program structure and concepts to the stakeholders on how CAEATFA will implement the bill, which includes advanced manufacturing. The workshop will also include a proposed structure for incorporating energy efficiency products into the program. As the Board may remember, about a year ago Staff came with a spectrum of choices on how to evaluate energy efficiency products under the SB 71 Program. The Board provided Staff with guidance on narrowing the options and looking for a third party certifier as one way to identify the kinds of products that could be eligible for the SB 71 Program. Prior to the workshop, CAEATFA will release a couple of short white papers on these subjects and those will be available to the Board upon their release.

Mr. Gomez then gave an update on the Loan Loss Reserve Program (ABX1-14 Program). The preliminary regulations were approved at the April 16, 2013 board meeting and became effective on May 27, 2013, making a larger pool of loans eligible for the program. Loan enrollments have doubled in the past two months and Staff has noticed that the participating financial institutions (PFIs) are becoming more familiar with the ABX1-14 Program and are getting applications through more efficiently. The program has two active PFIs and has been in contact with three other approved PFIs.

Mr. Gomez then reported on legislative updates and items that will impact CAEATFA through the budget. CAEATFA received approval for additional positions for the implementation of SB 1128 as well as a time extension to repay a loan used to get the SB 71 Program started. CAEATFA will pay that loan back by the end of 2015-2016 fiscal year. The PACE Loss Reserve Program also received approval which has \$10 million in local assistance, \$810,000 in administrative resources, and will include up to four PYs (personnel years). The intent of the program is to develop a credit enhancement that will allow residential PACE financing programs, managed by local jurisdictions throughout the state, to operate in agreement with the Federal Housing Finance Agency (FHFA). The FHFA has had issues with the PACE lien being in the first priority position and CAEATFA has been working to find a resolution that everybody can agree on.

Mr. Gomez gave an update on Assembly Bill 1131, by Nancy Skinner, which is moving through the legislative process. This bill would extend the sunset date of the ABX1-14 Program from January 1, 2015 to January 1, 2017. The bill is scheduled to be heard in the Senate Energy Committee on July 2, 2013. Another bill that will affect CAEATFA is Assembly Bill 1422, which is a committee bill by the Jobs Economic Development and the Economy Committee. This bill removes a study that the Governor's Office of Business Economic Development would have conducted as well as a peer review requirement in the event CAEATFA would have changed its evaluation of applications. The last bill is Assembly Bill 1021 by Assemblymember Eggman, which would add tangible property that processes or utilizes recycled feedstock to the project definition in the CAEATFA statute that is used for the SB 71 Program. This bill continues to move through the legislative process and is scheduled to be heard on June 26, 2013.

Mr. Gomez lastly reported on his delegated authority. He executed a contract amendment with the State Treasurer's Office for administrative services. The amendment is for the addition of an electronic filing service which costs \$3,902.00. The total cost for administrative services for the current fiscal year is \$119,820.00. This concludes the report.

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

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR SB 71 SALES AND USE TAX EXCLUSION

1) ABEC Bidart-Old River LLC

Presented by: Sarah Taheri, Analyst, and Alejandro Ruiz, Analyst

ABEC Bidart-Old River LLC (Applicant) requested approval for a Sales and Use Tax Exclusion for \$6,254,045 worth of qualified property in order to construct a new biogas production facility. The Applicant will use dairy cow manure to fuel an anaerobic digester paired with a combined heat and power system to generate heat and electricity for process use as well as electrical power for sale to Pacific Gas and Electric Company.

Staff recommended approval of this resolution for Applicant's purchase of qualified property, in an amount not to exceed \$6,254,045 anticipated to result in a Sales and Use Tax Exclusion of \$523,463.57.

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

Mr. Clanon welcomed Ms. Taheri, thanked her for the thorough briefing, and stated that he supports the recommendation.

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

Mr. Gordon moved for approval; upon a second, the item was unanimously approved.

B.

APPEAL OF EXECUTIVE DIRECTOR'S DENIAL OF THE APPLICATION OF AMERICA'S CHRISTIAN CREDIT UNION TO BECOME A PARTICIPATING FINANCIAL INSTITUTION IN THE CLEAN ENERGY UPGRADE PROGRAM

Participated via telephone: Terri Snyder, Chief Operating Officer, America's Christian Credit Union. Following are Ms. Snyder's comments presented in verbatim.

I am responding to a letter dated February 7, 2013 from Saúl Acosta Gómez where we were denied in participating because it appears it cannot be approved due to the

Agenda Item 2.

California's Constitution's prohibitions on providing funds to aid religious purposes to institutions. Mr. Calva actually has been the one in contact with you and unfortunately he is on an airplane right now so could not attend this meeting but he did provide a written appeal on June 5, 2013 regarding the various issues we have with this. Basically his last comment was on knowing the specific guidance to classify us as providing aids to religious purposes of institution. America's Christian Credit Union is a state chartered credit union by the State of California regulated by the Department of Financial Institutions. As you should be aware, credit unions serve very specific fields of memberships and our field of membership does include those that align themselves with the Wesleyan Christian doctrine, as well as employees, as well as immediate family living in our member's homes. Those are not all specifically Christian members if that is part of the concern that you have there. We serve both Christians and Non-Christians alike. We do provide, I think the question might have specifically come back from just some of our giveback that we provide to some of our partners. On our Visa program we do provide just a portion of income received off our Visa program to really improve communities. We're involved with the Dream Center in downtown L.A. who has Project Hope that is aiding women off the street with human sex trafficking and we feel like that is a very noble cause and contribute annually to them about \$12,000. It's not a large amount of money that's going back to them at any means. We know that other banks throughout the State of California do also provide back to various charities be they religious or non-religious. We were simply applying for this program as a way to aid our members to be able to get some available funds and guarantees at a lower rate which we thought would not only help our members but also the funds would go back into help boost some of the economy of California. I think that's what we are all trying to do is to not only improve ourselves but to improve the state. So we are appealing this because we feel like we have been kind of biased against the fact that we are a religious organization which we are not. We do serve Christian members but we are not a 501(3)(C) company nor the IRS does not acknowledge us as a religious organization and neither does the State of California. We are simply chartered to serve the memberships that I previously stated by the DFI, and in credit union land sort of speak, credit unions have very defined fields of membership and that is where our field of membership has been defined as. Just like a school credit union would serve people of school and has give back to various organizations in their communities. So we are a little bit concerned about the fact that it seems like we have been discriminated against for being a so called religious institution when in fact we are a credit union regulated by the State of California and we have no religious institution affiliation legally. So we would just like to ask for some reconsideration. We think it's a great program and that it would serve our members well. We are appealing the decisions that were made based upon the comments of the religious institution affiliation.

Ms. Redway thanked Ms. Snyder for her comments and also thanked Ms. Snyder for working with Staff. The Board members have a fairly complete packet of correspondence in their binders. Ms. Redway said she appreciated Ms. Snyder's willingness to work with Staff as both parties worked their way through this issue.

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

Agenda Item 2.

Mr. Gordon stated that the State Controller will not be supporting America's Christian Credit Union's (ACCU) appeal, not because of discrimination against ACCU as a Christian organization. Credit unions clearly have the right to limit their membership. However, in reading over ACCU's incorporation documents, in ACCU's statement of purpose, it clearly has a sectarian purpose. In the reading of the case law around this clause in the Constitution, CAEATFA is prohibited from providing state assistance or state money to any sectarian organization for any kind of religion. For that reason, Mr. Gordon will not be supporting ACCU's appeal.

Ms. Redway asked if there were further comments.

Mr. Clanon moved to ratify the Executive Director's action and there was a second.

Ms. Redway stated that there has been a motion and a second, and asked for any further comment from the Board or public. There were none, the action was ratified.

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 11:11 a.m.

Respectfully submitted,

Saúl Acosta Gómez
Executive Director