

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
February 16, 2016**

1. CALL TO ORDER & ROLL CALL

Alan Gordon, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or the Authority) meeting to order at 10:34 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
Kevin Barker for Robert B. Weisenmiller, Chair,
California Energy Commission
Nicolas Chaset for Michael Picker, President,
Public Utilities Commission

Staff Present: Deana Carrillo, Executive Director

Quorum: The Chairperson declared a quorum.

2. MINUTES

Mr. Gordon asked if there were any questions or comments concerning the January 19, 2016 meeting minutes. There were none.

Mr. Gordon asked if there was a motion.

Ms. Baker moved for approval of the minutes; upon a second from Ms. Ortega, the minutes were 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
Kevin Barker for the California Energy Commission	Aye
Nicolas Chaset for the Public Utilities Commission	Not Present

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo reported that under the California Hub for Energy Efficiency Financing (CHEEF) Pilots, staff has completed the regular rulemaking process for the REEL regulations – item 4.B on the agenda – and are busy finalizing the program infrastructure for launch.

Ms. Carrillo stated that under the Sales and Use Tax Exclusion (STE) Program, staff has continued to work through potential program criteria of recycled feedstock projects, which were made eligible by Assembly Bill (AB) 199. Staff intends to have a public workshop next month to get input on proposed modifications and kick-off the rulemaking process.

Ms. Carrillo reported that the Assembly Committee on Revenue & Taxation is holding an informational hearing, “Tax Incentives for Economic Growth” on February 22nd, highlighting three programs: CAEATFA’s STE program, the California Competes Tax Credit administered by the Governor’s Office of Business and Economic Development (GoBiz), and the State Tax Exemption program administered by the Board of Equalization.

Ms. Carrillo added that under legislative action, the STO is sponsoring a bill that will be joint-authored by Assemblymember Ting and Assemblymember Mullin to amend CAEATFA’s STE Program statute. The bill is being drafted and will be introduced by the February 19th legislative deadline. The bill will increase the cap to \$350 million, includes a roll-over provision and clarifies that subcontractors may utilize the STE program. In addition, a second legislative vehicle, AB 1683, was introduced by Assemblymember Eggman and will increase the STE program cap to \$200 million annually and allow for unallocated amounts to roll over to the following calendar year.

Ms. Carrillo stated that CAEATFA is hosting a series of public workshops, in consultation with the California Public Utilities Commission (CPUC), to seek stakeholder engagement and formulate the legislatively required working group to develop criteria for a comparative assessment of energy efficiency financing programs. CAEATFA Analyst, Ashley Bonnett, is spearheading this effort. The initial meeting was held last week, and featured Lawrence Berkeley National Laboratory (LBNL)’s presentation of a new study on evaluating energy efficiency financing, “Making it Count.” The second workshop will include presentations by the Evaluation Monitoring and Verification team hired by the CPUC to evaluate the CHEEF, and a presentation on the IOU-administered On-Bill Financing programs. The third workshop will be a presentation by various Property Assessed Clean Energy (PACE) program administrators and their evaluation of commercial and residential PACE. The fourth workshop will be a meeting of the working group to discuss a proposal for criteria.

Ms. Carrillo specified that CAEATFA is seeking interested parties who would like to serve on the working group. Staff will be bringing the working group members to the Board next month for approval.

There were no actions taken under her delegated authority this month.

Mr. Chaset arrived during the Executive Director’s report and was acknowledged by the

Chairperson.

Ms. Carrillo then concluded her report.

4. BUSINESS ITEMS

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

1. The Gill Corporation and Its Subsidiary, Castle Industries
Presented by: Nina Kapoor, Analyst

Ms. Kapoor introduced Ms. Tanya Erbe, representing The Gill Corporation (“Gill”) and its subsidiary, Castle Industries. Ms. Kapoor reported that Gill is a privately-held company that produces build-to-order composite products for use in commercial and military aircraft. Castle Industries is a wholly-owned subsidiary of Gill that manufactures metallic sub-assemblies for use in those composite products

Ms. Kapoor stated that the Applicant is requesting a sales and use tax exclusion for \$8,472,000 in qualified property to build a new 140,000 square foot manufacturing facility for Gill in El Monte and to upgrade an existing Castle Industries manufacturing facility in Ontario. The Ontario facility will be upgraded with cutting-edge equipment that will enable the machining of advanced high-temperature titanium alloys using a three-dimensional modeling process and high-performance machining tools to create titanium intercostals and fittings. The El Monte facility will then use the intercostals and fittings produced in Ontario as component parts to manufacture floor panels. The El Monte facility will add a woven prepreg machine to increase the production of floor panels by increasing production of the outer layer of the panel known as the skin.

Ms. Kapoor reported that the Applicant’s manufacturing process is estimated to result in a thirty-five percent reduction in overall energy consumption relative to the industry standard.

Ms. Kapoor stated that staff recommends approval of a resolution for The Gill Corporation’s and its subsidiary, Castle Industries’ purchase of qualified property in an amount not to exceed \$8,472,000, anticipated to result in a sales and use tax exclusion amount of \$713,342.

Ms. Baker moved for approval and there was a second by 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
Kevin Barker for the California Energy Commission	Aye
Nicolas Chaset for the Public Utilities Commission	Aye

B. REQUEST TO APPROVE REGULATIONS FOR THE RESIDENTIAL ENERGY EFFICIENCY LOAN ASSISTANCE PROGRAM

Presented by Elizabeth Marsolais, Analyst

Ms. Marsolais reported that staff requests approval of the regulations for the Residential Energy Efficiency Loan assistance Program under the California Hub for Energy Efficiency Financing, which were promulgated under the regular rulemaking process. The regulations were initially adopted and made effective for 180 days through the emergency rulemaking process on March 9, 2015. Amended regulations were approved by the Board on August 18, 2015 and readopted for two additional 90-day periods.

Ms. Marsolais stated that these regulations have been modified since the Board had last seen them on August 18, 2015; the modifications predominantly include lessons learned from early implementation to streamline data collection, add clarity for users, and accommodate the partial enrollment of loans.

Ms. Marsolais reported that these regulations were provided to the public for both a 45-day and a 15-day public comment period. No comments were received.

Ms. Marsolais stated that staff requests Board approval of the resolution approving these regulations.

Ms. Ortega moved for approval and there was a second by 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 unanimously approved.

The item was passed by the following vote:

Tim Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nicolas Chaset 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 10:44 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director