

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
December 17, 2019**

1. CALL TO ORDER AND ROLL CALL

Fiona Ma, CPA, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:32 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Jacqueline Wong-Hernandez for Betty T. Yee, State Controller
Gayle Miller for Keely Martin Bosler, Director, Department of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Grant Mack for Marybel Batjer, President, Public Utilities Commission

Staff Present: Deana J. Carrillo, Executive Director

Quorum: The Chairperson declared a quorum.

2. MINUTES

Ms. Ma asked if there were any questions or comments concerning the November 19, 2019, meeting minutes. There were none.

Ms. Ma asked if there was a motion.

Ms. Wong-Hernandez moved for approval of the minutes; upon a second from Mr. Mack, the minutes were approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Gayle Miller for the Director of Finance	Absent
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

Ms. Miller arrived at 10:35 a.m. and was acknowledged by the Chair.

3. EXECUTIVE DIRECTOR’S REPORT

Ms. Carrillo welcomed Treasurer Ma as Board Chair, and then began her report by summarizing

recent activity under CAEATFA's programs. She reported that under the PACE Loss Reserve Program, Crowe LLP, auditor for the Program, is in the process of finalizing its reports on its audits of the various PACE programs. She stated that the reports are anticipated to be wrapped up in the first quarter of 2020, and a summary of the findings will be provided to the Board late in the first or in the second quarter of 2020.

Under the California Hub for Energy Efficiency Financing ("CHEEF" or the "Hub"), Ms. Carrillo reported that the Residential Energy Efficiency Loan ("REEL") Assistance Program has now reached \$10 million in private capital leveraged, with over 600 loans funded. She stated that approximately 43% of this loan volume occurred over this past year, nearly \$4.4 million alone in 2019 since the Program enrolled its first loan in 2016. Ms. Carrillo stated that this milestone is demonstrative of the time intensity involved to develop such a program, and to the time Staff spent to advocate for improvements to the Program. Ms. Carrillo thanked Staff for their efforts, persistence, and commitment toward solving climate issues. She also stated that CHEEF staff has been working on several administrative efforts, including:

- 1) Under the REEL Program, the evaluation process established by the California Public Utilities Commission ("CPUC") has continued to be delayed. Current pilot funding will carry the Program through the 2020 calendar year, and while the CPUC has indicated support of the long-term administration of enrolled loans, Staff is working on aligning the various administrative and deliberative processes to identify the appropriate next steps for the State budget process. Ms. Carrillo also thanked Mr. Mack for elevating this issue so it may be more effectively resolved.
- 2) While the Affordable Multifamily Financing Program is now open for business, it does not currently meet the CPUC's definition of "launched" as established in its administrative decisions. As such, CAEATFA has requested a one-year extension through the standard process.

Ms. Carrillo added that there was a new Staff appointment to the Hub with the hiring of Kaylee D'Amico as Marketing Specialist for the CHEEF. Ms. D'Amico has a background working for the University of California at Davis.

Under the Sales and Use Tax Exclusion ("STE") Program, Ms. Carrillo reported that Staff has been working diligently to enact the new regulations that were approved under the emergency rulemaking process at the November Board meeting. She stated that the regulations were approved by the Office of Administrative Law on December 16th, and CAEATFA has begun taking STE Program applications for consideration at the February Board meeting. Ms. Carrillo added that a draft application was available on the CAEATFA website during the interim period, and notices on the process have been sent out to Program stakeholders via listserv, as well as on the website. Ms. Carrillo stated that the deadline for consideration at the February Board meeting is Friday, December 20.

Ms. Carrillo stated that Staff is working to develop a more specific timetable for the upcoming regular rulemaking process for the STE Program; concurrently, Staff has been deliberating on the issues raised by the Board at the November meeting, specifically regarding the Board's interest in supporting large transformative projects while also ensuring a broad distribution of awards. Now that the regulations have been enacted, Staff will explore a modified structure, and intend to bring

options to the Board for discussion in January.

Ms. Carrillo also reported that an item at today's Board meeting is related to updating the processes and procedures of CAEATFA's Bond Program. Staff has been exploring new growth opportunities for bond financing to strengthen CAEATFA's climate impact, and will update the Board as new information on this effort becomes available. Ms. Carrillo stated that in addition, CAEATFA's annual bond audit, which will be performed by Gilbert CPAs, will begin this month.

Ms. Carrillo reported that under her delegated authority, CAEATFA is extending its contract with Concord Servicing for an additional year; Concord Servicing is working under an existing master servicer contract for the CHEEF in the amount of \$1,500,000. CHEEF activity will necessitate a master servicer beyond the current contract; CAEATFA anticipates issuing a Request for Proposals ("RFP") on a new master servicer contract in 2020. Also under her delegated authority, Ms. Carrillo reported that CAEATFA has issued a new RFP in the amount of \$800,000 for a five year period for a new contract for technical assistance under the STE Program. The RFP was posted and publicly noticed on December 13, 2019. The current contract for technical assistance, held by Blue Sky Consulting Group, LLC, is for a term of three years in an amount of \$500,000, and is set to expire on March 14, 2020.

Ms. Carrillo then concluded her report.

Mr. Rider thanked Ms. Carrillo and CAEATFA Staff for a successful year. Ms. Ma thanked Staff for keeping the Board aware of the importance the STE Program has had for the State and the Program's applicants. She stated that she has heard from awardees that the Program has been a deciding factor in whether or not companies decide to locate or remain in California. Ms. Ma suggested that members of the Board might join her in touring some of the awardees' project sites.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICANT'S REQUEST TO EXTEND THE TERM OF THE MASTER REGULATORY AGREEMENT OF STE AWARD

- 1) North Fork Community Power, LLC
Presented by Xee Moua, Analyst

Staff introduced Gregory Stangl, Chief Executive Officer, Phoenix Biomass Energy, Inc., and René Webster-Hawkins, Executive Director, California Pollution Control Financing Authority.

Ms. Moua reported that in January 2017, the CAEATFA Board approved a sales and use tax exclusion for North Fork Community Power, LLC ("North Fork" or the "Applicant") to convert harvested forest biomass into syngas and biochar using a gasification process (the "Project").

North Fork has used its award to purchase approximately 40% of the total Qualified Property approved to date. North Fork is requesting an extension due to delays resulting

from complications with executing contracts with Pacific Gas & Electric (“PG&E”) and securing financing due to PG&E’s bankruptcy and the recent wildfires.

North Fork received a \$15 million bond issued by the California Pollution Control Financing Authority (“CPCFA”), and a \$5 million Investment Tax Credit authorized by the California Debt Limit Allocation Committee (“CDLAC”) for its Project. The Applicant shares that it recently sought and received extensions from both government agencies for the financings received.

According to North Fork, its agreement with PG&E has been executed and it is hopeful PG&E’s bankruptcy will be resolved by July 2020 given Assembly Bill 1054 (Holden, 2019), which requires PG&E to settle its bankruptcy no later than June 30, 2020. Following, the Applicant believes its facility will be operational by the third or fourth quarter of 2021.

Staff recommended that the Board approve North Fork Community Power, LLC’s request to extend the initial term of the Master Regulatory Agreement to July 17, 2021 to make purchases of up to \$6,819,733 in Qualified Property, anticipated to result in a sales and use tax exclusion of \$643,283.

Ms. Wong-Hernandez moved for approval and there was a second by Ms. Miller.

Ms. Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or public.

Mr. Stangl stated that PG&E had a large part in delaying the Project, as they did not sign their contract with North Fork for over a year. He also stated that North Fork was scheduled to close its bond financings with CPCFA in January 2019, but the announcement of PG&E’s bankruptcy filing caused some investors to pull out of the Project. Mr. Stangl continued by stating that North Fork has since been able to restructure the deal it had with its investor group, and the bond purchaser has moved its closing date from January 2020 to December 30, 2019.

Mr. Mack asked where North Fork procures most of its woody biomass. Mr. Stangl replied that North Fork is co-located with the Madera County Biomass Disposal Yard, and most of the feedstock is sourced from about 1,000 feet away.

Ms. Ma asked if the facility is currently operational. Mr. Stangl replied that North Fork’s log yard is up and running and has been for some time, but with the necessity of this extension, much of the rest of the facility is not currently operating. He added that another biomass company, Rio Bravo Fresno, withdrew from the Biomass Renewable Auction Mechanism (BioRAM) program, and thus are no longer pulling forestry material, so North Fork hopes to work in that community, as well.

Ms. Miller asked that North Fork inform CAEATFA if its finance agreements with CPCFA and CDLAC are not complete by the December 31, 2019 deadline. Mr. Stangl replied that North Fork would be sure to keep CAEATFA Staff informed.

There were no further comments and Ms. Ma called for a vote. The item was unanimously approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

2) Atara Biotherapeutics, Inc.
Presented by Xee Moua, Analyst

Staff introduced David Tucker, Vice President of Finance, Atara Biotherapeutics, Inc., who attended by phone.

Ms. Moua reported that in January 2017, the Board approved a sales and use tax exclusion for Atara Biotherapeutics, Inc. (“Atara” or the “Applicant”) to build a new T-cell manufacturing facility at the Conejo Spectrum Development Project in Thousand Oaks.

To date, Atara has used its award to purchase approximately 65% of the total Qualified Property approved and opened its T-cell Operations and Manufacturing facility in June 2018.

According to the Applicant, there are two reasons why there were delays in building out the manufacturing suites within its facility. First, the Applicant implemented design changes to the manufacturing process of its Phase 3 allogenic T-cell therapy (Tab-cel[®]). Second, the Applicant’s plan of transferring a third-party manufacturing line to California as part of the Project took longer than expected as the Applicant decided to first focus on qualifying its Tab-cel[®] production for future commercial sale.

Atara states that the facility is currently operational and has built out five of six suites needed for production. The sixth suite is expected to be fully equipped and operational in one to two years’ time.

Staff recommended that the Board approve Atara’s request to extend the initial term of the Master Regulatory Agreement to January 17, 2022 to make purchases of up to \$16,285,217 in Qualified Property, anticipated to result in a sales and use tax exclusion of \$1,371,215.

Ms. Wong-Hernandez moved for approval and there was a second by Mr. Rider.

Ms. Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or public.

Mr. Tucker stated that Atara was considering locating its facility at a site in Denver, Colorado, but the STE Program award, in addition to an award from the Governor's Office of Business and Economic Development, were deciding factors that contributed toward locating the Project facility in California. He also expressed his thanks to the Board and Staff for their support during this process.

There were no further comments and Ms. Ma called for a vote. The item was unanimously approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

B. REQUEST TO APPROVE A RESOLUTION OF THE CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY DELEGATING CERTAIN POWERS AND AUTHORIZING CERTAIN ACTIONS RELATED TO BOND FINANCINGS

Presented by Ashley Emery, Program Manager

Ms. Emery reported that Staff is requesting that the Board approve a resolution authorizing delegation authority to the Executive Director for certain discretionary routine matters with respect to the Authority's Bond Program.

Public Resources Code Section 26008 provides that, "The authority may, by resolution, delegate to its executive director, or any other employee of the authority, or the Treasurer's designee any powers and duties that it may deem proper, including, but not limited to, the power to enter into contracts on behalf of the authority."

Ms. Emery stated that the previous resolution expired on December 31, 2017. The Authority's approval of this request would provide an expiration date of December 31, 2021 for the delegation authority (a two-year period).

Ms. Emery continued by stating that this resolution also adds to the previous delegation resolution the ability for the Executive Director to approve Initial Resolutions, as authorized under Public Resources Code Section 26015(a), which provides that, "The authority, or the executive director of the authority, if authorized to do so by resolution of the authority, shall take official action towards the issuance of bonds with respect to any participating party at the next meeting of the authority occurring more than 30 days following receipt of such application or if by the executive director within 45 days of such receipt. The executive director may be authorized to take such action in a resolution of general authority." The CAEATFA Board will still retain the authority to approve Final Resolutions.

Ms. Miller moved for approval and there was a second by Mr. Mack.

Ms. Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or public.

Mr. Mack asked what CAEATFA's bonding authority cap is. Ms. Carrillo replied that she believes it is \$200 million, but that she will provide the information to the Board at the next Board meeting. Ms. Ma asked if CAEATFA's bond cap is an annual allocation amount. Ms. Carrillo replied that it is. She added that the bond authority is similar to the bond authority adopted at CPCFA and the State Treasurer's Office's other conduit bond issuers.

Ms. Wong-Hernandez asked if the delegated authority bond process would involve Staff legal counsel during the approval stage, per the regular process. Ms. Carrillo replied that it would.

There were no further comments and Ms. Ma called for a vote. The item was unanimously approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Jacqueline Wong-Hernandez for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Ms. Ma asked if there were any comments from the public and there were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:58 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director