

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
January 21, 2020**

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
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 December 17, 2019, meeting minutes. There were none.

Ms. Ma asked if there was a motion.

Mr. Hochschild moved for approval of the minutes; upon a second from Mr. Mack, the minutes were approved.

Gayle Miller, representative for the Director of Finance, arrived after the vote and asked that the minutes be recalled so that she may vote. She voted in the affirmative.

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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo began her report by providing an overview of CAEATFA accomplishments in 2019. Under the PACE Loss Reserve Program, CAEATFA staff ("Staff") launched the first audits of the PACE providers and coordinated with the Department of Business Oversight, the California Public Utilities Commission, and the Contractors State License Board on solar consumer protection issues.

Under the California Hub for Energy Efficiency Financing ("CHEEF" or the "Hub"):

- the Residential Energy Efficiency Loan ("REEL") Assistance Program reached a milestone of \$10.4 million in private capital leveraged in over 610 home energy efficiency projects across the State—44% of this loan volume occurred in 2019, which represents an 18% increase in the number of projects assisted from the prior year. By the end of 2019, there were 391 contractors enrolled in the Program.
- the Small Business Energy Efficiency Financing Program ("Small Business Program") Pilot was launched in 2019, and Staff hosted numerous public workshops and completed emergency and regular rulemakings for the Program. The Small Business Program website was launched as a public-facing platform for Program participants and small business owners in partnership with a marketing implementer. The Small Business Program enrolled three new finance companies in 2019, as well as 28 new contractors and 12 new Project Developers. An online project portal was also developed and deployed to streamline Program user experience.
- the Affordable Multifamily Energy Efficiency Financing Program ("AMF Program") Pilot was launched in 2019, by networking to affordable housing developers across the State and completing the emergency rulemaking process. The first financing company was enrolled in the AMF Program and the Pilot timetable was successfully extended.

Under the Sales and Use Tax Exclusion ("STE") Program in 2019, Ms. Carrillo reported that the Program's sunset date was extended from January 1, 2021 to January 1, 2026, with the passage of Assembly Bill 1583 (Eggman). Also in 2019, CAEATFA awarded the full \$100 million yearly award allocation, directly helping manufacturers to grow in California. Additionally, STE Program regulations were modified under the emergency rulemaking process to better address the growing interest in the Program in time for the 2020 awards.

Ms. Carrillo continued by reporting that today's STE Projects for consideration were waitlisted in 2019 due to the Program's oversubscription for the year and were evaluated using the regulations in effect at the time of application. All new Applications submitted for consideration in 2020 will fall under the new regulations. She stated that as of the December 20, 2019 deadline for applications to be considered at the February 2020 Board meeting, CAEATFA received 21 applications, 19 of which were considered complete, with the requests in excess of the yearly allocation cap by approximately \$11 million. When including requests over the \$10 million per-Applicant award cap, the oversubscription amount is approximately \$43 million. This triggers the competitive process for the STE Program Applicants considered after this month. Ms. Carrillo stated that Staff is working to thoroughly evaluate the Applications under the competitive process, and expects to bring them before the Board for approval in March. During this time, CAEATFA will not be accepting any additional STE Program Applications. She also stated that Staff is

developing a demand survey to better assess demand for the Program. She added that Staff is working in coordination with the Governor's Office of Business and Economic Development to help to determine its pipeline of upcoming projects and potential demand for the Program. Ms. Carrillo stated that due to the rapid oversubscription of the STE Program this year, Staff would work to make further modifications to the STE Program regulations during the regular rulemaking process. Ms. Carrillo also stated that, as the Board has expressed interest in advocating for additional STE allocation for the Program in the past, and Staff has been advised that this type of request should be part of the State's budgeting process, the Chair has asked Staff to develop a Spring Finance Letter for consideration for the Governor's May Revision of the budget.

Ms. Carrillo reported that under her delegated authority, no actions were taken.

Ms. Carrillo then concluded her report.

Mr. Hochschild commended Staff for their efforts, and stated that CAEATFA has not received enough credit for its efforts toward meeting the State's climate goals. He stated that California now has 17 electric vehicle manufacturers, and that environmental efforts in the last year, including those of CAEATFA, have helped elevate the electric vehicle sector from the number eight to the number one export for the State.

Ms. Ma asked if there is a list of approved Projects under the STE Program on the CAEATFA webpage, and whether there is a way to find out how much sales and use tax exclusion remains to be awarded for the year. Ms. Carrillo replied that the website includes a list of approved Projects, updated monthly, and that she gives an announcement every month to report on the anticipated amount of STE award allocation remaining for the year. Ms. Ma asked how the list of Projects is broken down. Ms. Carrillo stated that the list is broken down by industry and eligibility pathway.

Ms. Ma stated that she is continuing to do tours of the STE Project sites, and would be touring four companies in the Santa Cruz, San Jose, and Fremont areas on Tuesday, January 28.

4. BUSINESS ITEMS

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

- 1) Best Express Foods, Inc.
Presented by Xee Moua, Analyst

Staff introduced Joe Hurwich, Chief Financial Officer, Best Express Foods, Inc.

Ms. Moua reported that Best Express Foods, Inc. ("BEF" or the "Applicant") is requesting a sales and use tax exclusion to expand its existing food manufacturing facilities located in Stockton (the "Project"). The expansion will include three major activities:

- 1) implementation of a new 600 square foot walk-in cooler with an overall net refrigeration run time savings of about 50%, 2) installation of a solar panel system to generate power for manufacturing activities as allowed under the Program to help reduce its electricity bill by 45%, and 3) installation of additional production equipment to the

front-end and back-end of its current machineries to help increase production and reduce waste.

Staff recommended approval of Resolution 20-SM001 for Best Express Foods, Inc.'s purchase of Qualified Property in an amount not to exceed \$5,568,292, anticipated to result in an approximate sales and use tax exclusion value of \$465,509.

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. Hurwich stated that BEF was awarded for a similar project in 2018, involving automation upgrades to its food manufacturing lines, and wished to thank CAEATFA for its help in assisting the growth of the company. He reported that the 2018 award enabled BEF to reduce its packaging staff for its Aussie Bites from 25-30 to 12-13 people, which made it possible to create a second shift. Mr. Hurwich stated that in the last five to six years, BEF has increased its sales volume two and a half to three times, which would not have been possible without automating some of the food production processes. He explained that the company has been challenged to hire sufficient workers to expand operations in line with demand, and since the recent relocation to Stockton, where the labor market is a little better, the company is still having issues hiring an adequate amount of staff. Mr. Hurwich further stated that BEF has continued to increase the number of employees working for the company, even with the higher levels of automation. Mr. Hurwich also extended an offer to the Board members to tour BEF's production facility.

Ms. Ma asked where BEF's products are sold. Mr. Hurwich replied that approximately 80% of the company's products are sold through the Costco network. In addition, BEF's products are sold in supermarkets including Safeway and Raley's, as well as some convenience stores.

Ms. Wong-Hernandez asked how much equipment had been purchased under the 2018 award, and what the company's progress is in terms of installation and production. Mr. Hurwich replied that all equipment that has not already been installed has been ordered, and the equipment that has been put to use has allowed the company to grow those production lines.

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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

2) East Valley Water District
Presented by Xee Moua, Analyst

Staff introduced Kelly Malloy, Director of Strategic Services, East Valley Water District; and James Dumont, Consultant, The Grant Farm Inc. dba Momentum.

Ms. Moua reported that East Valley Water District (“East Valley” or the “Applicant”), a California special district that provides water and wastewater services, is requesting a sales and use tax exclusion to convert raw wastewater and source-separated food waste into biogas at its Sterling Natural Resource Center in Highland (the “Project”). The Applicant states that it will accept an estimated average of 7.7 million gallons of raw wastewater and 90,000 gallons of food waste per day over the lifetime of the Qualified Property to produce a carbon negative biogas.

Staff recommended approval of Resolution No. 20-SM003 for East Valley Water District’s purchase of Qualified Property in an amount not to exceed \$60,328,000, anticipated to result in an approximate sales and use tax exclusion value of \$5,043,421.

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

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.

Ms. Malloy stated that in addition to wastewater treatment, East Valley is also working to create a recycled water supply to be used for groundwater replenishment. She also stated that as an added bonus by diverting bio-waste from landfills, the Project has also allowed for energy generation. Ms. Malloy stated that the biogas produced by the Project creates enough energy to power the entire facility. She added that this has the added benefit of lowering rates for customers in the area.

Mr. Mack asked how the biogas was utilized to create the electricity, and if biogas in excess of the needs of the plant would be sold. Ms. Malloy replied that the biogas produces electricity through a combustion process, and any excess would be sold to Southern California Edison (“SoCal Edison”) through its Bioenergy Market Adjusting Tariff program. Mr. Mack asked where East Valley was in the process to sell to SoCal Edison. Ms. Malloy replied that East Valley is currently in the permitting 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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

3) AltAir Paramount, LLC
Presented by Xee Moua, Analyst

Staff introduced Erin Donnette, Director of Community and Government Relations, AltAir Paramount, LLC; Mohsen Ahmadi, Plant Manager, AltAir Paramount, LLC; and Kathy Gleeson, Environmental Director, AltAir Paramount, LLC.

Ms. Moua reported that AltAir Paramount, LLC (“AltAir” or the “Applicant”) is requesting a sales and use tax exclusion to expand its existing renewable diesel refinery located in Paramount (the “Project”). According to AltAir, it will utilize non-food grade vegetable oils and beef fat to create renewable diesel, jet fuel, and byproducts such as renewable gasoline (“naphtha”) and propane.

AltAir submitted its Application in May 2019 requesting \$1.2 million in Qualified Property for an estimated sales and use tax exclusion value of \$100,320, with the intention of being considered at the July 2019 Board meeting; however, CAEATFA became oversubscribed that month. As such, Staff applied the Competitive Criteria to all Applications submitted for consideration in July 2019, and awarded Applicants with the greatest point scores. Un-awarded Applicants, including AltAir, were placed on a wait list for the 2020 STE award allocation.

At that time, CAEATFA stopped accepting Applications and Staff worked to make regulatory modifications that would help address the early oversubscription. One of those changes included reducing the per-Applicant per-calendar year cap from \$20 million in sales and use tax exclusion value to \$10 million, with the ability to receive additional financial assistance if there were any remaining STE at the end of the calendar year. The proposed regulations became effective on December 16, 2019, at which time CAEATFA began accepting Applications through December 20, 2019 for consideration at the February 2020 Board meeting. By the end of that Application deadline, the Program became oversubscribed for the 2020 calendar year.

In the meantime, Applicants placed on the waitlist for the 2020 calendar year were requested by Staff to update their Applications given the six-month time gap since the initial Application submission. AltAir submitted a revised Application on November 21, 2019, prior to the revised regulations going into effect and prior to the Program becoming over-subscribed, increasing the requested award amount from \$100,320 to \$11,004,900 in STE. Because the Application was submitted prior to the December 16, 2019 effective date of the revised Program regulations, this Application is subject to the prior regulations in effect at that time.

However, to better effectuate the purpose of the Program and the public interest, and in light of the recent regulation changes and competitive nature of the Program, Staff recommended approval of Resolution No. 20-SM004 for AltAir's purchase of Qualified Property in an amount not to exceed \$119,617,224, anticipated to result in an approximate sales and use tax exclusion value of \$10,000,000, with leave to submit an Application for the remaining \$1,004,900 in sales and use tax exclusion value for consideration in 2021.

Mr. Hochschild 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.

Ms. Wong-Hernandez asked for clarification regarding the increased Qualified Property amount requested in this Application, specifically whether the scope of the Project remained the same. She stated that this increase was somewhat concerning, as it seemed to encourage companies to submit Applications as a kind of placeholder in order to be grandfathered in for the next year's STE allocation. Ms. Carrillo responded by stating that Staff followed the Program's previous precedent of allowing Applicants to update their Applications throughout the Staff evaluation process prior to Board consideration. She stated that the timing of this change does show how the waitlist from one year to another, especially with the next year's allocation falling under the competitive process, can be problematic, and that Staff is considering this issue for the upcoming regular rulemaking process for the STE Program. Ms. Carrillo added that the Board has chosen to limit projects in the past during transitions to new regulations. Ms. Wong-Hernandez asked that Staff report to the Board on potential changes to the regulations with regard to the Competitive Criteria and waitlist as the Program moves through the Regular Rulemaking process.

Ms. Donnette offered some clarification regarding the Project's increased Qualified Property amount. She stated that when AltAir originally applied in May 2019, the company was only ready to begin a small amount of its purchases for the facility, and that it had intended to submit a second Application for additional STE for the same facility, but that the delay due to being wait-listed caused the Project's timeline to include what would have fallen under a second Application.

Ms. Carrillo asked about the sale of the biofuels by AltAir. Ms. Donnette replied that the main customer for AltAir's renewable jet fuel is United Airlines, but that the company also sells the jet fuel to a number of other companies, and AltAir sells its renewable diesel to FedEx and UPS, among others. She added that AltAir is the only company in the world that produces renewable jet fuel for the commercial market, and that the pollution benefits are directly felt by those near airports, like the Los Angeles International Airport (LAX), because the highest emissions are produced during takeoff and landing.

Ms. Ma asked about the future of the waitlist for Applicants that fall under the Competitive Criteria process. Ms. Carrillo further noted that Staff is reexamining the use of the waitlist, and is considering options for the upcoming regulatory process, including the possibility of eliminating the waitlist altogether.

Ms. Miller asked for clarification regarding the treatment of the 2019 Applicants, specifically whether they were all treated with equal consideration for changes to Qualified Property amounts during the evaluation process. Ms. Carrillo stated that all of the wait-listed Applicants were treated equally during the evaluation process consistent with the way in which the STE Program has been administered under the regulations. She added that one company did ask to increase its application amount, but was denied, as the request was only made after Staff's evaluation and after the agenda had been noticed to the public and to the Board.

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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

4) Merced Pipeline LLC
Presented by Ashley Emery, Program Manager

Staff introduced Stephen Hatley, Director of Finance, Maas Energy Works Inc.

Ms. Emery reported that Merced Pipeline LLC ("Merced Pipeline" or the "Applicant") is requesting a sales and use tax exclusion to build a dairy digester cluster in Merced County (the "Project"). The Applicant has contracted with 11 neighboring dairy facilities to build covered lagoon digester systems on each farm. The captured biogas will be treated and injected into a private pipeline to be constructed as part of the Project, and sent to a centralized biogas conditioning facility to produce renewable natural gas for use as transportation fuel.

Staff recommended approval of Resolution No. 20-SM005 for Merced Pipeline LLC's purchase of Qualified Property in an amount not to exceed \$31,922,542, anticipated to result in an approximate sales and use tax exclusion value of \$1,245,431.

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

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.

Ms. Ma asked to whom the fuel would be sold. Mr. Hatley replied that Merced Pipeline has a contact for most of the gas under this Project with a large private fleet, but that he cannot say with whom for confidentiality reasons. He stated that the rest of the gas will be delivered to conditioned natural gas stations throughout California.

Mr. Mack asked if the current Pacific Gas and Electric (“PG&E”) bankruptcy would impact any agreements Merced Pipeline might have to inject the gas into the PG&E systems or otherwise. Mr. Hatley stated that it is Merced Pipeline’s understanding that the California Public Utilities Commission (“CPUC”) has mandated that PG&E work with the company for this Project, and Merced Pipeline has been working closely with PG&E thus far. He added that PG&E has started its part of the construction on the Project.

Mr. Mack stated that this Project, as well as those of Five Points Pipeline LLC and Aemetis Biogas LLC, which are being considered at this meeting, are great examples of companies leveraging State financial assistance pathways to the fullest extent possible to make their projects feasible. Ms. Ma added that when she was on the Committee on Agriculture under the California State Assembly, many dairies were trying to utilize digesters to manufacture biogas, and those companies often had the issue of not being able to connect to the PG&E network, so it is good to see these projects moving forward. Ms. Miller also offered her accolades to the CPUC for its assistance of these and similar projects.

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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

5) Five Points Pipeline LLC
Presented by Ashley Emery, Program Manager

Staff introduced Stephen Hatley, Director of Finance, Maas Energy Works Inc.

Ms. Emery reported that Five Points Pipeline LLC (“Five Points Pipeline” or the “Applicant”) is requesting a sales and use tax exclusion to build a dairy digester cluster in Fresno County (the “Project”). The Applicant has contracted with five neighboring dairy facilities to build covered lagoon digester systems on each farm. The captured biogas will be treated and injected into a private pipeline to be constructed as part of the Project, and sent to a centralized biogas conditioning facility to produce renewable natural gas for use as transportation fuel.

Staff recommended approval of Resolution No. 20-SM006 for Five Points Pipeline LLC’s purchase of Qualified Property in an amount not to exceed \$15,017,114, anticipated to result in an approximate sales and use tax value of \$1,255,431.

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. Hatley stated that this Project is being built on top of a pre-existing biogas conditioning facility, so much of the Project's infrastructure is already in place. He stated that because of this, there is very little involvement the company needs from PG&E to get started, so Five Points Pipeline does not expect the PG&E bankruptcy to be of concern.

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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

6) Aemetis Biogas LLC
Presented by Ashley Emery, Program Manager

Staff introduced Andy Foster, Executive Vice President, Aemetis Biogas LLC.

Aemetis Biogas LLC ("Aemetis") is requesting a sales and use tax exclusion to build a new dairy digester cluster spanning portions of Stanislaus and Merced Counties (the "Project"). The Project will include covered lagoon digester technology that will capture and treat biogas at two dairies, Ackerman Dairy and Double D Dairy. The biogas will then be transmitted via a private pipeline to a central biogas upgrading facility to produce renewable natural gas, which will be used for direct sale at an on-site conditioned natural gas fueling station as transportation fuel, or will be injected into the PG&E natural gas pipeline.

Mr. Foster gave some detail on Aemetis' Project by stating that that the first of the two dairies, in Ceres, is approximately 80% complete with the construction phase, and Aemetis plans to begin constructing the connecting pipeline in about a month. He stated that the area in Stanislaus County where the new cluster is being built, as well as much of the northern part of the Central Valley, have largely been left out of dairy digester development to this point. Mr. Foster added that Aemetis has 17 additional dairies signed up to be part of another cluster.

Staff recommended approval of Resolution No. 20-SM007 for Aemetis Biogas LLC's purchase of Qualified Property in an amount not to exceed \$8,772,605, anticipated to result in an approximate sales and use tax exclusion value of \$733,390.

Mr. Hochschild 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. Mack asked if Aemetis had applied to PG&E's Senate Bill 1383 pilot program, related to short-lived climate pollutants. Mr. Foster replied that Aemetis is not eligible to apply to that program, as its Project is still in the development phase and could not meet the program's deadline. He added that Aemetis did receive grants for two of its dairies through the Dairy Digester Research and Development Program administered by the California Department of Food and Agriculture. Mr. Foster added that the company applied for, but did not receive grants at its most recent site, but plans to reapply. Mr. Foster also stated that Aemetis has raised over \$30 million in equity funding for the Project.

Ms. Miller asked if the PG&E bankruptcy would affect the Project. Mr. Foster replied that Aemetis had been assured that the Project would move forward. Mr. Mack asked about the funding for the PG&E interconnection. Mr. Foster replied that Aemetis would be seeking a grant through the CPUC, but has to wait, as the program requires 60 days of production prior to application.

Ms. Ma asked how much of the yearly sales and use tax award allocation remained after this item for 2020. Ms. Carrillo stated that approximately \$80 million would remain of the \$100 million allocation.

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
David Hochschild, Chair, California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

B. REQUEST FOR APPROVAL OF CONTRACT WITH BLUE SKY CONSULTING GROUP, LLC FOR TECHNICAL CONSULTING SERVICES FOR CAEATFA'S SALES AND USE TAX EXCLUSION PROGRAM IN AN AMOUNT NOT TO EXCEED \$800,000

Presented by Jessica Arceo, Contract Analyst

Staff introduced Matthew Newman, Partner, Blue Sky Consulting Group, LLC.

Ms. Arceo reported that Staff is requesting approval to enter into contract with Blue Sky Consulting Group, LLC ("Blue Sky" or "Technical Consultant") for Technical Consulting Services for the Sales and Use Tax Exclusion ("STE") Program in an amount not to exceed \$800,000 during the five-year contract term, and optional one-year extension.

Blue Sky will assist with Program implementation and development, including: refinement of application evaluation processes in response to Assembly Bill 176, and, as needed, to enhance Program effectiveness, public workshops, data analysis, drafting and modification of regulations assistance with reporting requirements, and review and evaluation of application materials as needed.

On December 13, 2019, Staff advertised a Request for Proposals (“RFP”); although the RFP was sent out widely, one offer was received at the proposal deadline, which CAEATFA’s evaluation team determined was complete, responsive, and well prepared.

Since 2010, Blue Sky has served as the STE Program Technical Consultant. Blue Sky has been a good partner to CAEATFA and Staff looks forward to continuing to work with the company.

Staff recommended adoption of a resolution authorizing execution of a contract with Blue Sky Consulting Group, LLC as Technical Consultant for the STE Program in an amount not to exceed \$800,000 over six years.

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

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

Mr. Hochschild asked for more detail about the Technical Consultant role for the STE Program. Ms. Carrillo explained that the Technical Consultant assists STE Program staff by evaluating environmental and fiscal benefits of projects, as well as conducting research and assisting in the design of the structure of the Program’s evaluation process. She stated that the Technical Consultant also helps to be a bridge for analyst staff for the Program, and helps to improve the expertise of new analysts to the Program. Ms. Carrillo added that Blue Sky also helped in the initial STE Program design and would help with future modifications.

Ms. Wong-Hernandez asked if the Board could have access to the Technical Consultant to answer questions related to the STE Program at the CAEATFA Board meetings. Ms. Carrillo stated that this would be possible, so long as the costs could be controlled and it is consistent with the scope of the contract. Ms. Wong-Hernandez asked if it would be agreeable for the Board members to individually reach out to Staff to ask the Technical Consultant questions. Ms. Carrillo stated this would not present any problems.

Ms. Miller asked if the Board could work to review the net benefits test, given the new information available since the Program’s inception and the opportunity presented by a new contract. Ms. Carrillo responded by stating that Staff and the Board could have a discussion about the parameters of the net benefits test, and clarified that any changes to the net benefits test would have to go through the regular rulemaking process. She further stated that Blue Sky’s position is to assist Staff, and that it does not make unilateral decisions regarding STE project scoring.

Ms. Miller asked about Blue Sky's role in evaluating individual STE Program Applications, and whether the contract's language would protect confidential and taxpayer information. Ms. Carrillo replied that Blue Sky is contracted to act as an agent of the State of California, and is required to keep certain knowledge, such as taxpayer or proprietary information, confidential. She added that though Blue Sky might assist with certain parts of the process to bring projects before the Board, its role is largely advisory, and it does not receive a copy of every project or Application. Ms. Miller asked if language on confidentiality could be added to the resolution to approve the contract. Ms. Carrillo replied that it has not been standard practice to include that type of language in the resolution, and clarified that the purpose of the resolution is to allow CAEATFA to enter into an agreement with the contractor, while the contract language itself spells out the terms of the agreement. Ms. Miller stated that she would like to be sure that the contract language was sufficient to protect taxpayer information and other information the Applicants may wish to be kept confidential. Ms. Ma asked why the contract itself was not included as an attachment to the staff report. Ms. Carrillo stated that it had not previously been standard procedure to do so, but that Staff would be happy to provide the contract language in the future. She added that a draft of the contract was advertised with the Request for Proposals for the contract, which was posted publicly well in advance of the Board meeting date.

Mr. Newman explained some of the tasks Blue Sky takes on as STE Technical Consultant. He stated that a large portion of Blue Sky's job is to field questions from CAEATFA staff about particular Applications, such as how fiscal benefits might accrue to the State, what the economic impact might be, or to evaluate the particular technologies used as part of the projects. He stated that Blue Sky does not score STE Applications, as that duty lies with Program staff. Mr. Newman added that Blue Sky does have access to some application materials, including some information requested by Applicants to be kept confidential, and it is in Blue Sky's contract with CAEATFA that it holds any such information to be confidential. Mr. Newman also stated that Blue Sky would have no objection to addition of stronger language regarding confidentiality if the Board decided it was preferred.

Ms. Ma asked if the Board members would like to hold the item until the February Board meeting, so that they would have adequate time to review the contract language. Mr. Mack asked if such a delay would impact the consulting services currently provided by Blue Sky. Ms. Arceo stated that the contract expires in mid-March, and a delay in approval would leave a gap in consulting coverage. Ms. Carrillo explained that once the contract is approved by the Board, it can take up to eight weeks to be fully enacted.

Mr. Mack stated that he was withdrawing his move for approval on this item until the Board had been able to review the contract for its handling of confidential information.

Ms. Ma asked if it would be acceptable to have a recess in order to review the language in the contract that deals with confidentiality and conflicts of interest. Mr. Hochschild agreed. Ms. Ma then declared a recess at 11:53 a.m., and stated that the meeting would resume at 12:30 p.m.

Ms. Ma called for the resumption of the meeting at 12:30 p.m.

Ms. Ma stated that during the recess, the contract was distributed to the Board members for review in order to evaluate its handling of confidential information.

Mr. Spencer Walker, Esq., State legal counsel, explained that in the contract before the Board, the confidentiality provisions in Exhibit D could be interpreted in two different ways: to mean that only the State must keep information confidential, or that this requirement also applies to contractors of the State. He stated that he would recommend that the Board approve the contract, and then that CAEATFA enter into a non-disclosure agreement with the contractor. Ms. Ma asked if there were a standard form of non-disclosure agreement, and Mr. Walker stated that he would draft a non-disclosure agreement for CAEATFA and Blue Sky to enter into regarding this contract. Ms. Ma suggested that a similar non-disclosure agreement for all contracts with the State Treasurer's Office Boards, Commissions and Authorities would provide comfort to Board members. Ms. Miller stated her appreciation for this suggestion, and for Mr. Walker's initial suggestion of a separate non-disclosure agreement for the contract under consideration. She also noted the conflict of interest clause in the contract was satisfactory. Ms. Ma asked if the resolution before the Board needed to be adjusted, and Ms. Miller said it did not.

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

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.

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
David Hochschild, Chair, 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 12:33 p.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director