

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
October 20, 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 11:29 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
Rohimah Moly for Marybel Batjer, President, Public Utilities Commission

Staff Present: Nancee Robles, Executive Director, California Pollution Control Financing Authority (“CPCFA”)
Derek Chernow, Executive Director, CAEATFA

Quorum: The Chairperson declared a quorum.

Due to the recommended precautions and public health recommendations resulting from the novel coronavirus (COVID-19), members of the Board were instructed by the Governor’s Office that they may attend the meeting remotely, which is an exception to the usual requirement (Bagley-Keene Open Meeting Act – 1967) that they attend in person. CAEATFA staff (“Staff”) has implemented additional social distancing measures, and participants have been asked to also participate remotely. Ms. Ma attended the meeting in person. Ms. Wong-Hernandez, Ms. Miller, Mr. Rider, and Ms. Moly all attended the meeting via internet conference line.

2. MINUTES

Ms. Ma asked if there were any questions or comments concerning the September 15, 2020, meeting minutes. There were none.

Ms. Ma asked if there was a motion.

Ms. Miller moved for approval of the minutes; upon a second from Mr. Rider, 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	Aye
Ken Rider for the California Energy Commission	Aye
Rohimah Moly for the Public Utilities Commission	Aye

Ms. Robles then introduced Derek Chernow, CAEATFA’s new Executive Director, and shared information on his background and experience.

Ms. Robles then recommended the Board address Item 4.A of today’s agenda, Approval of the Appointment of CAEATFA’s Executive Director, before moving to other agenda items.

(Agenda Item 3 was moved to follow Agenda Item 4.A)

4. BUSINESS ITEMS

A. APPROVAL OF THE APPOINTMENT OF THE EXECUTIVE DIRECTOR

Presented by Nancee Robles, Executive Director, California Pollution Control Financing Authority

Ms. Robles stated that CAEATFA appoints the Executive Director of the Authority and designates to him or her such power as is necessary to conduct the business of the Authority. The State Treasurer, who serves as Chair of the Authority, is recommending the appointment of Derek Chernow to serve as Executive Director of CAEATFA.

Staff recommended approval of a resolution to appoint Derek Chernow as the Executive Director of CAEATFA.

Mr. Rider 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 questions or comments from the Board or public.

Ms. Ma thanked Ms. Robles for her support of CAEATFA’s administration during the transitional period, especially given that she herself is new to the Executive Director position at CPCFA.

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
Rohimah Moly for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR’S REPORT

Mr. Chernow began his report by acknowledging the Board and thanking them for their support.

Mr. Chernow reported that CAEATFA now has a Twitter page, which will help strengthen outreach and increase the Authority’s online presence. This page is accessible at the following link: <https://twitter.com/CAEATFA>.

Mr. Chernow continued by reporting that CAEATFA exercised the pre-approved optional time and funds extension for SB 99 Bond Audit services with Gilbert CPAs (CAEATFA01-18). The contract was extended for one year, to September 24, 2021, and the new contract amount is \$32,600, which is an increase of \$11,200 over the original amount. Gilbert CPAs plans to begin its annual audit of the 2019-20 bond program in early December.

Under the California Hub for Energy Efficiency Financing (“CHEEF” or the “Hub”), Mr. Chernow reported that Concord Servicing Corporation was selected as Master Servicer for the CHEEF (CAEATFA01-20). The contract term will be for two years, plus two (2) one-year optional extensions valued at \$1 million each, for a total anticipated cost not to exceed \$5.5 million over the entire contract term, including optional extensions. The new contract will begin October 22, 2020. Mr. Chernow also reported that the request for proposals for CHEEF Trustee services (CAEATFA03-20) was posted October 6, 2020, and the contract is anticipated to come before the Board for approval at the November meeting. The proposed maximum contract amount is \$375,000 over a three-year term. The current CHEEF Trustee contract with US Bank (CAEATFA05-17) expires December 31, 2020.

Mr. Chernow continued by stating that Staff hosted a webinar as part of the Statewide Energy Efficiency Collaborative’s virtual Energy Efficiency Forum this year. The webinar featured participation by some of the Residential Energy Efficiency Loan Assistance (“REEL”) Program’s lenders and contractors and was designed to help local governments across the state plug into financing offerings through the CHEEF that may benefit their constituents. Mr. Chernow reported that by the end of September, the REEL Program had reached 910 enrolled loans and over \$15 million financed.

Mr. Chernow stated that CAEATFA is working with CPCFA to draft an Interagency Agreement (“IA”) to reimburse CPCFA for security costs at the building. This is a recurring annual IA similar to the IA for building rent.

Mr. Chernow then concluded his report.

4. BUSINESS ITEMS (CONT'D)

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

1) Ontario CNG Station, Inc.

Presented by Matthew Jumps, Program Analyst

Staff introduced Natalie Danesh, President, Ontario CNG Station, Inc., and Atabak Youssefzadeh, Project Manager, Ontario CNG Station, Inc., both of whom joined by phone.

Mr. Jumps reported that Ontario CNG Station, Inc. ("Ontario CNG") was approved for a sales and use tax exclusion in November 2017 to construct a renewable hydrogen production facility in Ontario that would use an electrolyzer powered by renewable electricity from onsite solar to produce the hydrogen (the "Project"). Ontario CNG is requesting a three-year extension of the initial term of the Regulatory Agreement to accommodate delays in securing cost-effective solar technology for the Project. Mr. Jumps explained that during the extension period, Ontario CNG expects to find newer, cost-effective solar technologies deployable at a commercial scale, and to find more government grants and financing options to make the solar installation feasible, particularly given California's recently reiterated goals to reach zero emissions, including Governor Newsom's Executive Order N-79-20 setting a goal of requiring newly sold cars to produce zero emissions by 2035.

Staff recommended approval of Ontario CNG Station, Inc.'s request to extend the initial term of the Regulatory Agreement by three years, to November 14, 2023, to purchase up to \$2 million in Qualified Property, anticipated to result in a sales and use tax exclusion of \$168,400.

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.

Ms. Ma asked what challenges Ontario CNG has faced due to the COVID-19, and if the pandemic had contributed to the company's need for an extension of its STE award. Ms. Danesh replied that, with regard to the solar portion of the Project, due to pandemic restrictions, Ontario CNG has not been able to get the needed consultants, contractors, and engineers to come out to the Project site to determine needs and costs.

There were no further comments, and Ms. Ma asked 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
Rohimah Moly for the Public Utilities Commission	Aye

2) Trademark Brewing, LLC

Presented by Stefani Carruth, Program Analyst

Staff introduced Sterling Steffen, Co-Founder and Brewer, Trademark Brewing, LLC, who joined by phone.

Ms. Carruth reported that Trademark Brewing, LLC (“Trademark Brewing”) was approved for a sales and use tax exclusion in November 2017 to construct an advanced craft brewing system in Long Beach (the “Project”). Ms. Carruth stated Trademark Brewing is requesting a two-year extension of the initial term of the Regulatory Agreement to accommodate delays due to the COVID-19 pandemic, which required Trademark Brewing to stop normal operations and limited its sales for over six months, impacting its ability to fund the Project. Trademark Brewing explains that the sales and use tax exclusion is imperative to the financial viability of the Project, and it anticipates being able to purchase equipment in the third and fourth quarters of 2021, with finishing touches on existing laboratory equipment being completed by the third quarter of 2022.

Staff recommended approval of Trademark Brewing, LLC’s request to extend the initial term of the Regulatory Agreement by two years, to November 14, 2022, to purchase up to \$1,854,741 in Qualified Property, anticipated to result in a sales and use tax exclusion of \$156,741.

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

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 about the shutdown of Trademark Brewing’s business due to COVID-19. Mr. Steffen stated that the company’s brewery was closed to the public for about seven months, and was only able to reopen two weeks ago. In addition, Trademark Brewing’s wholesale customers, mostly bars and restaurants, were closed or operating at lower capacity during that time, which had an effect on sales volume.

There were no further comments, and Ms. Ma asked 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
Rohimah Moly for the Public Utilities Commission	Aye

3) CR&R Incorporated

Presented by Xee Moua, Program Analyst

Staff introduced Michael Silva, Vice President, CR&R Incorporated, who joined by phone.

Ms. Moua reported that CR&R Incorporated (“CR&R”) was approved for a sales and use tax exclusion in November 2017 to upgrade its transfer and materials recovery facility in Stanton (the “Project”). CR&R is requesting a one-year extension of the initial term of the Regulatory Agreement to accommodate Project timeline delays. Ms. Moua explained that the COVID-19 pandemic required CR&R to stop its recycling operations and limit its organics processing for several months. Additionally, Senate Bill 1383 (Lara, Ch. 395, Statutes of 2016) requires the Department of Resources Recycling and Recovery (“CalRecycle”) to adopt regulations to achieve specified targets to reduce the landfill disposal of organics. However, CalRecycle is still in the rulemaking process, with the most recent formal comment period having ended May 20, 2020. Ms. Moua reported that CR&R states it will be in a better position to move forward with selecting equipment for the Project once the regulation text is released, setting a specific timeline of organic waste reduction goals and tonnages.

Staff recommended approval of CR&R Incorporated’s request to extend the initial term of the Regulatory Agreement by one year to November 14, 2021, to purchase up to \$8,389,685 in Qualified Property, anticipated to result in a sales and use tax exclusion of \$706,411.

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. Ma asked about the impact the pandemic has had on CR&R’s business operations. Mr. Silva explained that the company’s recycling operations had to close for three to four months to retool its facilities and implement the social distancing requirements. He added that there has been a significant increase in residential waste, with a simultaneous drop in commercial waste, which provides a large portion of CR&R’s income.

There were no further comments, and Ms. Ma asked 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
Rohimah Moly for the Public Utilities Commission	Aye

C. APPROVAL OF 2021 MEETING CALENDAR

Staff recommended the Board approve the proposed 2021 meeting schedule presented below for CAEATFA Board meetings.

Month	Day	Time	Date
January	Tuesday	10:30 a.m.	1/19/2021
February	Tuesday	10:30 a.m.	2/16/2021
March	Tuesday	10:30 a.m.	3/16/2021
April	Tuesday	10:30 a.m.	4/20/2021
May	Tuesday	10:30 a.m.	5/18/2021
June	Tuesday	10:30 a.m.	6/15/2021
July	Tuesday	10:30 a.m.	7/20/2021
August	Tuesday	10:30 a.m.	8/17/2021
September	Tuesday	10:30 a.m.	9/21/2021
October	Tuesday	10:30 a.m.	10/19/2021
November	Tuesday	10:30 a.m.	11/16/2021
December	Tuesday	10:30 a.m.	12/14/2021

Ms. Ma asked if there were any questions or comments from the Board or public. There were none.

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 11:54 a.m.

Respectfully submitted,

Derek Chernow
Executive Director