

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
May 17, 2022**

1. CALL TO ORDER AND ROLL CALL

Tim Schaefer, Chair, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:31 a.m.

Members Present: Tim Schaefer for Fiona Ma, CPA, State Treasurer
Tony Sertich 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 Alice Busching Reynolds, President, Public Utilities Commission

Staff Present: Derek Chernow, Executive Director

Quorum: The Chair declared a quorum.

2. MINUTES

Mr. Schaefer asked if there were any questions or comments from the Board concerning the April 19, 2022, meeting minutes. There were none.

Ms. Miller moved for approval of the minutes, and there was a second by Mr. Sertich.

Mr. Schaefer stated there was a motion and a second and asked if there were any questions or comments from the public. There were none. Mr. Schaefer called for a vote, and the minutes were approved.

The item was passed by the following vote:

Tim Schaefer for the State Treasurer	Aye
Tony Sertich 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	Abstain

3. EXECUTIVE DIRECTOR’S REPORT

Mr. Chernow gave a report highlighting CAEATFA activity and news since the April 19, 2022, Board meeting, which included:

- With the California Energy Commission (“CEC”) as lead, CAEATFA was asked to be part of a multi-agency Lithium Valley budget proposal for geothermal energy development and lithium extraction and processing activities, which was incorporated in the Governor’s May Revision Budget. Part of the proposal would allocate \$15 million more per year to the Sales & Use Tax Exclusion (“STE”) Program over the next three calendar years. The additional STE would be made available only to projects that manufacture, process, or recover lithium to support companies extracting and processing lithium in California. CAEATFA staff (“Staff”) greatly appreciate the Governor, Department of Finance, and CEC for including CAEATFA in this package. It is an honor and real testament to the program, as well as a nod to the recent Emerging Strategic Industry designation instituted last year.
- Leading up to Earth Day last month, the Treasurer issued a press release highlighting CAEATFA’s inaugural “Deemed Energy Savings Report.” This was a significant occasion for the GoGreen Home Program and helped demonstrate the program’s impact on the environment and the steady increase in energy savings over the past several years. Mr. Chernow thanked Staff and Energy Futures Group, the program’s Technical Advisor, for all the effort that went into the report.
- In April, Mr. Chernow had the honor of speaking with two Eisenhower Fellows – one from Ghana and one from Rwanda – about state-sponsored green financing programs. Eisenhower Fellowships connect innovative leaders through a global network to achieve a more prosperous and just world. Mr. Chernow was joined by Shela Tobias-Daniel, Executive Director of the California Pollution Control Financing Authority, and Dan Adler, Deputy Director for Climate Finance of the California Infrastructure and Economic Development Bank.
- This month, Mr. Chernow attended the Advanced Clean Transportation Expo (ACTExpo) in Long Beach where he had the opportunity to meet with several electric vehicle and battery companies to discuss the STE Program. The ACTExpo is North America’s largest clean fleet and clean tech event.
- Last week, Staff participated in a California Public Utilities Commission (“CPUC”) Clean Energy Financing Workshop. This is the third workshop for potential new CPUC rulings slated for October. Staff is asking to (1) re-authorize the public buildings/large commercial program, and (2) expand beyond energy efficiency to a comprehensive list of clean energy measures for home and business loans. Miriam Joffe-Block presented on behalf of CAEATFA.
- On April 27th, Staff hosted an on-bill repayment roundtable for GoGreen Business contractors to promote and explain the new on-bill repayment feature.
- Ashley Emery will be leaving CAEATFA to join the CEC. Ms. Emery has been with CAEATFA since 2014 and has been an integral part of CAEATFA’s growth and success as an organization.

Mr. Chernow then concluded his report. Mr. Schaefer asked if there were any questions or comments from the Board.

Ms. Miller thanked Ms. Emery for her years of service to CAEATFA. Mr. Rider, Mr. Mack, Mr. Sertich, and Mr. Schaefer echoed Ms. Miller's comments.

Mr. Mack thanked Mr. Chernow and Staff for participating in the CPUC Clean Energy Financing Workshop.

Ms. Miller thanked Mr. Chernow for his leadership in the lithium sphere, noting the importance of not just recovering lithium in the State, but also how that translates to processing and manufacturing and fulfilling the Governor's electric vehicle goals, including the manufacturing of electric vehicles in the State.

Mr. Rider explained that the price of lithium has gone up four-fold since September 2021, which is affecting the price of batteries while the State is trying to secure battery storage for the grid for peak demand periods and ramp up electric vehicle procurement. Therefore, promoting lithium recovery in the State is important not just for growing business in California, but also for the State's clean energy future.

Mr. Rider continued by stating another critical technology is heat-pump water heaters, which currently has a national demand of only 100,000 units. With just California policies in place, the State will double national demand, making manufacturing of heat pump water heaters important.

Mr. Schaefer echoed the importance of lithium initiatives in California to the State and growing other industries and thanked Staff for its work.

Mr. Schaefer asked if there were any other questions or comments from the Board or the public. There were none.

4. BUSINESS ITEMS

A. CONSIDERATION OF APPLICANT'S REQUEST TO EXTEND THE INITIAL TERM OF THE REGULATORY AGREEMENT OF A SALES AND USE TAX EXCLUSION AWARD

- 1) Joby Aero, Inc., Marina (Monterey), No. 19-SM027, Electric Take-Off and Landing (eVTOL) Aircraft Manufacturing – Advanced Transportation, \$73,473,675 of Qualified Property

Presented by Matthew Jumps, Program Analyst

Staff introduced Dan Coughlin, Special Projects, Joby Aero, Inc.; James McCormack, Accounting, Joby Aero, Inc.; and Amy Gross, Sustainability Manager, Joby Aero, Inc.

Joby Aero, Inc. (the "Applicant") was approved for a sales and use tax exclusion (STE) award in June 2019 to build a production facility in Marina for electric vertical take-off and landing aircraft. The Applicant is requesting an initial term extension to accommodate delays caused by the COVID-19 pandemic and subsequent shutdown of construction,

delays in National Environmental Policy Act and Federal Aviation Administration reviews, and a delay in PG&E assuring sufficient power connections. The Applicant has used 46% of its STE award to renovate existing facilities and construct a low-rate production pilot line. The Applicant is now moving forward with its high-rate production facility.

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Regulatory Agreement by three years to June 18, 2025.

Mr. Coughlin thanked the Board for its consideration.

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

Mr. Schaefer stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Mr. Schaefer called for a vote.

The item was approved by the following vote:

Tim Schaefer for the State Treasurer	Aye
Tony Sertich 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) Edwards Lifesciences LLC, Irvine (Orange), No. 19-SM029, Cardiovascular Technology Manufacturing – Advanced Manufacturing, \$239,234,449 of Qualified Property

Presented by Xee Moua, Program Analyst

Staff introduced Alex Tran, Consultant, and Kirk Merriman, Sr. Director of Indirect Taxes, Edwards Lifesciences

In June 2019, the CAEATFA Board approved a sales and use tax exclusion ("STE") for Edwards Lifesciences LLC (the "Applicant") to upgrade and expand its existing cardiovascular technology design and manufacturing facility located in Irvine (the "Project"). The Applicant is requesting to extend the Regulatory Agreement initial term by one year to accommodate delays as a result of the COVID-19 pandemic, which impacted the Project's purchasing, redesign, and construction timelines. The Applicant states it has addressed these issues and is on schedule to completing the Project by spring of 2023.

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement to June 18, 2023, to make purchases of up to \$239,234,449 in Qualified Property, anticipated to result in an STE amount of \$20,000,000.

Mr. Merriman thanked the Board for the award, which has been a huge driver for expanding the Applicant's facility and employment. Mr. Merriman explains the Applicant

has used almost 80% of the STE award and is looking forward to completing the last phase of the Project.

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

Mr. Schaefer stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Mr. Schaefer called for a vote.

The item was approved by the following vote:

Tim Schaefer for the State Treasurer	Aye
Tony Sertich 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

- 3) Sioneer Stockton, LLC, Jurupa Valley (Riverside), No. 19-SM030, Glass Recycling and Pozzolan Manufacturing – Recycled Resource Extraction, \$15,370,837 of Qualified Property

Presented by Stefani Wilde, Program Analyst

Staff introduced Brett Wilhelm, Director of New Facilities, Sioneer Stockton

Sioneer Stockton, LLC (the “Applicant”) was approved for a sales and use tax exclusion (“STE”) award in June 2019 for the purchase of approximately \$15 million in Qualified Property for an estimated STE value of \$1.2 million to expand its existing glass recycling facility located in Stockton. As of January 2022, the Applicant has used the STE to purchase approximately 27% of the total Qualified Property amount approved.

The Applicant is requesting a two-year extension of the initial term of the Regulatory Agreement, until June 18, 2024, to accommodate delays related to the COVID-19 pandemic, securing financing, and a relocation to a facility in Riverside County. Although Project relocations are not common, CAEATFA has previously approved initial term extensions involving relocation, and the Applicant explains the move is part of its new Joint Venture Agreement, which will provide Project funding, and that the new location will allow the Applicant to increase its output significantly over the initial facility in Stockton.

Staff recommends the Board approves the Applicant’s request to extend the initial term of the Regulatory Agreement by two years to June 18, 2024.

Mr. Wilhelm thanked the Board for consideration, and Staff for assistance.

Mr. Schaefer asked if there were any questions or comments from the Board.

Ms. Miller recommended considering a bonus for timely purchase of Qualified Property for future regulatory updates given that the COVID-19 pandemic will likely continue to affect project timelines for the foreseeable future.

Mr. Rider agreed with the idea raised by Ms. Miller that CAEATFA should find a solution to further encourage shovel-ready projects. Mr. Rider also noted that requests for project relocation should be reviewed with additional scrutiny given that project location impacts applicants' competitive criteria scores.

Mr. Mack suggested Staff include consideration of whether timelines are realistic in new applications.

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

Mr. Schaefer stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Mr. Schaefer called for a vote.

The item was approved by the following vote:

Tim Schaefer for the State Treasurer	Aye
Tony Sertich 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. CONSIDERATION OF INTERAGENCY AGREEMENT (AGREEMENT NO. CAEATFA04-21) WITH THE STATE TREASURER'S OFFICE FOR SUPPORT PROVIDED BY THE STATE TREASURER'S EXECUTIVE OFFICE, ADMINISTRATION DIVISION, AND INFORMATION TECHNOLOGY DIVISION FOR FISCAL YEAR 2021/2022 IN AN AMOUNT NOT TO EXCEED \$387,962

Presented by Jessica Arceo, Analyst

Staff recommends the approval of Resolution No. 22-05-4.B authorizing the Executive Director to execute the Interagency Agreement ("IA") CAEATFA04-21 with the State Treasurer's Office ("STO") for Executive and Support Services for Fiscal Year 2021/22.

Through annual IAs, the STO provides executive, administrative, and information technology services, including, but not limited to, accounting, budgeting, legal, information technology, information security, personnel, and business services for the Boards, Commissions, and Authorities ("BCAs") chaired by the State Treasurer. The total cost is allocated among the BCAs based on each agency's personnel-years.

Mr. Schaefer asked if there were any questions or comments from the Board.

Ms. Miller asked if the draft contract had been sent to Board members. The Board representatives confirmed they had received the contract.

Mr. Rider suggested raising the Executive Director's delegated authority limit for contracts in the future.

Mr. Sertich moved for approval, and there was a second by Mr. Rider.

Mr. Schaefer stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Mr. Schaefer called for a vote.

The item was approved by the following vote:

Tim Schaefer for the State Treasurer	Aye
Tony Sertich 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

C. REQUEST TO APPROVE SECOND READOPTION OF EMERGENCY REGULATIONS FOR THE GOGREEN HOME ENERGY FINANCING PROGRAM (ARTICLE 5 (COMMENCING WITH SECTION 10091.1) OF DIVISION 13 OF TITLE 4 OF THE CALIFORNIA CODE OF REGULATIONS)

Presented by Kelly Delaney, Program Analyst

Staff recommends the Board approve a second readoption of the emergency regulations of the GoGreen Home Energy Financing Program, with no additional modifications.

These emergency regulations were first approved by the Board in March 2021 and became effective on May 24th. They were readopted with modifications in February 2022 and became effective in March.

With these modifications, Staff has been able to implement a number of important improvements to drive program growth, including:

- Adding several new measures and financial product options, such as leases and service agreements, to provide consumers more options when making energy efficiency upgrades.
- Launching a point-of-sale financing option for efficient appliance purchases through the utility marketplaces.
- Setting a framework to further simplify the program by allowing GoGreen Home to utilize non-ratepayer sources of funding for credit enhancements which will allow for more uniform measure eligibility across IOU and POU territories.

CAEATFA executed its first Memorandum of Agreement with an organization providing funding outside of the Public Purpose Program Funds in March and has since enrolled several loans under this expanded eligibility here in SMUD, LADWP,

and Modesto Irrigation District territories, several of which included heat pump measures.

The readoption is necessary to ensure the amendments previously approved remain in effect until the regular rulemaking is complete. Staff is proceeding concurrently with the regular rulemaking process and will submit the certificate of compliance to the Office of Administrative Law in August or September of 2022.

Mr. Schaefer asked if there were any questions or comments from the Board.

Mr. Mack asked if Staff has been looking at other sources of funding. Ms. Delaney stated that it has. Mr. Mack continued to ask if a budget change proposal would be forthcoming for the coming year to utilize any surplus funds, noting that the CPUC is sensitive to using ratepayer funds given issues with the affordability of electric bills but is interested in supplementing the use of ratepayer funds to expand the program. Mr. Chernow responded Staff has been in conversations with other state agencies and federal government about other sources of funding.

Ms. Miller asked if Staff had talked to the U.S. Department of Energy (“DOE”) about potential funding. Mr. Chernow responded that they have had conversations with Jigar Shah and staff at the DOE. Ms. Miller explained that it is difficult for the State to invest general funds in consumer lending, but that programs like GoGreen Home are important to energy loan affordability. Mr. Chernow stated that now that CAEATFA is authorized to use other sources of funding, the conversations to expand the program will continue and Staff hopes to report on progress made in the future.

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

Mr. Schaefer stated there was a motion and a second and asked if there were any other questions or comments from the Board or the public. There were none. Mr. Schaefer called for a vote.

The item was approved by the following vote:

Tim Schaefer for the State Treasurer	Aye
Tony Sertich 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

Mr. Schaefer asked if there were any comments from the public, and there were none.

Mr. Schaefer noted several items had been mentioned that would require Staff consideration. He asked that progress on these items be reported in subsequent Executive Director reports.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:12 a.m.

Respectfully submitted,

Derek Chernow
Executive Director