

**CALIFORNIA ALTERNATIVE ENERGY AND  
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

***Consideration of a Contract with Zions Bancorporation, National Association for  
Trustee Services for the California Hub for Energy Efficiency Financing Programs  
in an Amount Not to Exceed \$495,000***

**Tuesday, November 14, 2023**

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**REQUEST**

California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) staff (“Staff”) is requesting approval to enter into a contract (“Contract”) with Zions Bancorporation, National Association, (“Zions” or the “Trustee”) to provide assistance to CAEATFA with fund management administration for the several energy efficiency financing programs (“Programs”) authorized by the California Public Utilities Commission (“CPUC”), which are currently in various stages of implementation and development within the territories of the four California investor-owned utilities (collectively, the “IOUs”).

**Contract Amount.** Not to exceed a total aggregate of \$495,000 over the entire Contract term. Funds for the Contract are paid from a receivables contract between CAEATFA and the IOUs.

**Term of Contract.** The Contract term will be three years.

**SUMMARY**

**Background.** The California Hub for Energy Efficiency Financing (“CHEEF”) was first authorized by the California Public Utilities Commission in Decision D.13-09-044 (September 2013), and CAEATFA officially became the administrator of the CHEEF in 2014. The CHEEF was established to help the state reach its aggressive energy efficiency goals for the existing building sector. The CHEEF focuses on attracting and leveraging private capital to be made available for customer investments in energy efficiency. Lowering financing costs and expanding access to credit is critical for the State to meet its energy efficiency and greenhouse gas reduction goals, given that there are not enough ratepayer or taxpayer dollars to pay for the needed investment.

The CHEEF administers three Programs under the public-facing name, “GoGreen Financing,” serving the residential, affordable multifamily, and commercial sectors. The Programs are subject to CPUC-directed reporting and evaluations which look at many metrics, including the amount of private capital leveraged, realized energy savings, cost-effectiveness and percentage of administrative cost versus capital deployed, and increased access to financing for underserved customers.

Core to the GoGreen Programs is the use of a credit enhancement, in the form of a loan loss reserve. In exchange for the credit enhancement, participating finance companies are able to offer lower interest rates, longer payback terms, and broader approval criteria (e.g., lower minimum credit scores) than their

standard products. CAEATFA is in the process of developing the capacity to channel and deploy funds for Interest Rate Buy-Downs (IRBD) in order to lower the cost of financing for borrowers and incentivize particular types of projects, such as electrification projects. CAEATFA plans to deploy its first IRBD campaign in 2024..

### ***Overview of the Programs***

GoGreen Home Energy Financing (“GGH”) Program was launched in 2016 and serves residential properties. As of September 30, 2023, the Program has twelve enrolled and eight active lenders, who have enrolled 4,646 loans totaling more than \$76.4 million. There is expectation from the CPUC that GoGreen Home will scale significantly over the next several years. To facilitate this scaling, CAEATFA is working toward:

- Licensing of a “Loan & Project Management System” (LPMS), an online workflow tool that will help with project eligibility screening and web-based data submission which will help streamline participation for credit union lenders and contractors.
- Seeking and incorporating non-IOU ratepayer funding for loss reserve funding and other incentives, which will reduce complexity and allow use of the program in non-IOU jurisdictions and support general uptake of the Program.
- Adding a “single-originator” model to the Program, in which loans would be issued by a single company and other finance companies could purchase portfolios of loans after loans were closed and funded.

GoGreen Business Energy Financing (“GGB”) Program was launched in 2019, and has twenty-six (26) financings enrolled totaling more than \$3 million as of September 30, 2023. There are eight enrolled (three active) finance companies that offer a variety of financing products, including loans, leases, and energy service agreements. A recent IRBD pilot program has led to increased interest among contractors and an increase in uptake.

GoGreen Affordable Multifamily Energy Financing (“GGMF”) Program has been offering financing since 2019 but has yet to enroll its first project. Two finance companies providing leases and energy service agreements participate in the program. In late 2023 or early 2024, CAEATFA expects to combine the GoGreen Business and GoGreen Multifamily Programs, and their loss reserve accounts, to reduce complexity for lenders and potential customers. The combined loss reserve accounts will also provide greater risk mitigation for lenders considering financing an eligible multifamily property.

The CPUC also authorized On-Bill Repayment (OBR) for financing in the Commercial and Multifamily sectors, such that customers can repay financing charges to private finance companies via their utility bills from participating IOUs. OBR is now available for most IOU customers; with the last IOU OBR program expected to launch in Fall 2023.

The Trustee will assist CAEATFA with fund management administration under the CHEEF. The scope of work has been developed to enable the Programs to scale and provides the flexibility to expand to incorporate potential future financing approaches that encourage clean energy improvements statewide.

This will be the fourth contract<sup>1</sup> executed for these services since the inception of the CHEEF in 2014 and is a continuation of existing services. In each instance CAEATFA issued a competitive Request for Proposals (“RFP”) and engaged in a robust outreach process.

**Role of the Trustee.** Under direction from the CAEATFA Executive Director and management team, the Trustee will hold funds on behalf of CAEATFA, fund lenders’ loss reserve accounts, issue payment for claims, provide monthly account statements and other transactional reports, and provide on-demand electronic account viewing to CAEATFA and lenders participating in the Programs. Trustee responsibilities under the Contract also include the capability to support Operational Reserve Fund transactions for the On-Bill program, as well as a Debt Service Reserve Fund if requested.

The Trustee is critical to CAEATFA’s operation of the CHEEF Programs. The current contract is in its third year and expires on December 31, 2023.

**Request for Proposal Process.** On October 31, 2023, Staff advertised an RFP through the Department of General Services Contracts Register (Cal eProcure), as well as on the CAEATFA website. At the proposal deadline, November 13, 2023, the Authority received two proposals, which were considered responsive to the RFP.

Staff developed an evaluation process that included an evaluation committee consisting of CAEATFA staff and management. The proposal was evaluated based on the characteristics and point values outlined below, for a maximum of 100 possible points (minimum of 85 points to be considered responsive). Zions’ proposal received a total score of 96.5 points from the evaluation committee.

- 1) Evaluation of the firm’s overall experience demonstrating its ability to successfully complete the Scope of Work defined in the RFP. (28/30 points)
- 2) Evaluation of the firm’s experience as a contractor to state or other government entities for demonstration of the firm’s expertise specific to programs substantially similar to the CHEEF Programs. (19/20 points)
- 3) Evaluation of qualifications of the individuals to be assigned to the Contract on the basis of background and experience in related work as detailed in the RFP, including experience as a trustee and with similar types of programs. (14.5/15 points)
- 4) Evaluation of the actual fees proposed, including the reasonableness of rates, estimated cost detail and effectiveness (given value of services to be obtained), and cost effectiveness (given the experience and qualifications of firm and its personnel). For evaluation purposes, the Cost Proposal included potential volume Scenarios to establish reasonability of rates and project time allocations, and allowed for Proposers to structure their cost proposal using transaction-based or annual comprehensive fees (35/35 points)

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<sup>1</sup> Contract #CAEATFA06-14 was a 3-year contract (including extensions) for a maximum of \$180,000  
Contract #CAEATFA05-17 was a 3-year contract (including extensions) for a maximum of \$285,000;  
Contract #CAEATFA03-20 is a 3-year contract for a maximum of \$360,000.

**Overview of Zions Bancorporation, National Association.** Founded in 1873, Zions Bank is a division of Zions Bancorporation, National Association. Headquartered in Salt Lake City, Utah, Zions Bancorporation provides a full range of banking and related services through its locally managed divisions operating in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming. Its customer base includes a variety of issuing entities, including state agencies, housing authorities, student loan authorities, governmental agencies, municipalities, hospitals, and corporations demonstrating the knowledge, experience, and ability to manage financings and programs accurately and efficiently. Zions has provided reliable and accessible trustee services for several current and past CAEATFA programs, as well as for other authorities of the State Treasurer's Office.

The Zions office through which the CHEEF's account will be primarily serviced is located in Los Angeles. Their Los Angeles office opened in 2013 and staff in this office have provided trustee services for CAEATFA's Property Assessed Clean Energy ("PACE") Loss Reserve Program since inception in 2014, and California Pollution Control Financing Authority's California Capital Access Program since their initial appointment in 2017.

CAEATFA's account will be managed by Jacqueline (Jacki) Nowak, Relationship Manager, and Lovely Capiral, Corporate Trust Administrator Specialist. Ms. Nowak and Ms. Capiral have each been in the corporate trust industry for over 25 years and 14 years respectively and have recent experience with CAEATFA staff, demonstrating compliance with CAEATFA program requirements.

**Contract Terms.** The Contract term will be for three years. The compensation amount shall not exceed \$495,000 for the term of the Contract.

The Authority will compensate Zions for services satisfactorily rendered, and upon receipt and approval of invoices pursuant to the approved Fee Schedule. Invoices shall be provided to CAEATFA monthly and in arrears.

**Recommendation.** Staff recommends adoption of a resolution authorizing the execution of a contract with Zions Bancorporation, National Association, as Trustee for the CHEEF Programs in an amount not to exceed \$495,000 over three years.

**RESOLUTION OF THE CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED  
TRANSPORTATION FINANCING AUTHORITY AUTHORIZING THE EXECUTION OF A  
CONTRACT WITH ZIONS BANCORPORATION, NATIONAL ASSOCIATION, AS TRUSTEE  
FOR THE CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING PROGRAMS**

November 14, 2023

**WHEREAS**, the California Alternative Energy And Advanced Transportation Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Alternative Energy And Advanced Transportation Financing Authority Act (Division 16 (commencing with Section 26000) of the California Public Resources Code) (the “Act”);

**WHEREAS**, the Authority has determined it requires a trustee bank to continue to assist it with administration of the California Hub for Energy Efficiency Financing Programs currently in development and implementation within the service areas of the California investor-owned utilities and authorized by the California Public Utilities Commission;

**WHEREAS**, the Authority has undergone a competitive process to identify an appropriate contractor to perform trustee banking functions, with knowledge of and experience with trustee operations, practices, and requirements;

**NOW, THEREFORE, BE IT RESOLVED** by the Authority, as follows:

**Section 1.** The Authority hereby authorizes the execution of a contract in an amount not to exceed \$495,000 to retain Zions Bancorporation, National Association, to provide trustee services and other actions related thereto in connection with the California Hub for Energy Efficiency Financing programs.

**Section 2.** The term of the contract will commence upon execution and approval by the Department of General Services and will continue for three years, unless earlier terminated by the Authority.

**Section 3.** The Chair of the Authority and Executive Director are hereby authorized for and on behalf of the Authority to obtain trustee services, with the form and substance of those contracts to be reviewed and approved by legal counsel of the Authority.

**Section 4.** This resolution shall take effect immediately upon its approval.