MINUTES

California Alternative Energy and Advanced Transportation Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
April 16, 2019

1. CALL TO ORDER AND ROLL CALL

Jovan Agee, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA" or the "Authority") meeting to order at 10:30 a.m.

Members Present:	Jovan Agee for Fiona Ma, CPA, State Treasurer Anne Baker for Betty T. Yee, State Controller Karen Finn for Keely Martin Bosler, Director, Department of Finance Ken Rider for David Hochschild, Chair, California Energy Commission Grant Mack for Michael Picker, President, Public Utilities Commission
Staff Present:	Deana J. Carrillo, Executive Director
Quorum:	The Chairperson declared a quorum.

2. MINUTES

Mr. Agee asked if there were any questions or comments concerning the March 19, 2019, meeting minutes. There were none.

Mr. Agee asked if there was a motion.

Ms. Baker moved for approval of the minutes; upon a second from Mr. Rider, the minutes were approved.

The item was passed by the following vote:

Jovan Agee for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Karen Finn 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

Ms. Carrillo reported that under her delegated authority, she executed an optional one-year time extension for Sales and Use Tax Exclusion ("STE") Program Consulting Services with Blue Sky Consulting. The contract's new expiration date is March 14, 2020, with a cost not to exceed $500,000; the amount spent on the contract prior to the extension was approximately $200,000.

Also under her delegated authority, Ms. Carrillo executed a contract for technical assistance under the California Hub for Energy Efficiency Financing ("CHEEF" or "Hub") in an amount not to exceed $299,999 for the two-year contract, with an optional one-year extension. The contract was made effective March 1, 2019. The Request for Proposals was issued on December 20th and CAEATFA received two responses. CAEATFA's evaluation team selected Energy Futures Group, Inc.'s proposal as the winning bid. Ms. Carrillo reported that CAEATFA submitted its 2018 annual report to the Legislature at the end of March, as required by statute. She also reported that CAEATFA completed its Annual Bond Audit, as required by Senate Bill 99 of 2010 for all conduit bond issuers. The audit report had no findings.

Under legislative updates and policy efforts, Ms. Carrillo reported that Senate Bill 162, authored by Senator Galgiani and sponsored by Treasurer Ma, extends the STE Program sunset from January 1, 2021 to January 1, 2030. The bill was heard on April 10th in the Senate Governance and Finance Committee and moved to the Appropriations Committee on a unanimous 7-0 vote. She also reported that Assembly Bill 176, authored by Assemblymember Cervantes, which originally also extended the STE Program, has now been amended to add future reporting requirements. Ms. Carrillo stated that there are other bills that mention CAEATFA, and which are being tracked by CAEATFA staff ("Staff"). These include Assembly Bill 1583, related to recycling market development, and Assembly Bill 56, related to the power purchaser of last resort.

Ms. Carrillo then summarized recent activity under CAEATFA's programs, beginning with the California Hub for Energy Efficiency Financing. Ms. Carrillo reported that the Residential Energy Efficiency Loan ("REEL") Assistance Program continues to grow. The REEL Program hit a new milestone of enrolling 400 loans, with a current outstanding portfolio of over $6.5 million. Also under the Hub, Ms. Carrillo reported that Staff has been working on the infrastructure and recruitment necessary for the limited or soft launch of the Small Business Commercial Energy Efficiency Financing Program ("Commercial Program") pilot. Two lenders have been enrolled in the Commercial Program to date, and Staff has been recruiting contractors and project developers, and have connected with three of the Investor-Owned Utilities commercial contractor networks. Some contractors and project developers have enrolled in the program and there are more in the pipeline. Ms. Carrillo stated that Staff has pre-approved its first project under the Commercial Program with another in the pipeline, and that the program is ramping up activity quickly. She added that Staff has been working to prepare the regulations for the Affordable Multifamily Energy Efficiency Financing Program pilot, and is bringing the item before the Board for approval at this meeting. She stated that Staff has also spent time at the recent California Association of Economic Development conference, providing outreach to industry stakeholders and professionals regarding CAEATFA's programs.

Under the Sales and Use Tax Exclusion Program, Ms. Carrillo reported that if all of the applications before the Board are approved, CAEATFA will have awarded approximately 36% of the total exclusions for the year, leaving $64 million left to award. CAEATFA currently has 17 additional applications under review; if they are all approved, just over $37 million of the $100 million cap would remain for 2019. The deadline for applications to be considered for the June Board meeting is Friday, April 19th.

Ms. Carrillo then gave an overview of the STE Program for the new Board members, specifically with regard to Tesla Inc.'s ("Tesla") participation in the program. She stated that in late 2015, Tesla submitted its initial application for $1.26 billion in Qualified Property, the equivalent to approximately $106 million in exclusion value, for its Model 3 project. During that time, because the program was oversubscribed for the first time in its history and Assembly Bill 199 (Eggman, 2015) had recently passed as an urgency statute adding recyclers to the program, the Board voted to suspend accepting and considering new applications until regulations to evaluate projects eligible under the bill became effective. The Board also set aside at least $15 million in exclusions under the 2016 annual cap for projects under the bill. Ms. Carrillo continued, stating that Staff spent several months modifying regulations in order to:

- add competitive criteria that would apply when the program was oversubscribed,
- place a per applicant cap of $20 million per year in exclusions,
- accommodate both small and large transformative projects by allowing those larger projects to be eligible for any exclusions remaining at the end of the calendar year not requested by other applicants,
- add a requirement that 15% of the Qualified Property purchases be made within the first year of the award as an indicator of readiness (this provision is established in the award contracts and cannot be waived by the Board), and
- prioritize recycling projects in the short term.

Ms. Carrillo stated that in 2016, the STE Program was reopened. On December 13, 2016, Tesla was approved for an award in an amount not to exceed the remainder of the 2016 sales and use tax exclusion allocation after all other applicants were considered. This amount supported $560.9 million in Qualified Property, the equivalent of approximately $47.2 million in exclusion value. Tesla was also given leave to submit applications in the future for additional assistance for its Model 3 project under the newly revised regulations imposing the $20 million in exclusions each calendar year cap. Ms. Carrillo stated that on January 17, 2017, Tesla received a second award for the Model 3 project, and was capped at $20 million in sales and use tax exclusions with the ability to seek more at the end of the year. On December 19, 2017, the Board approved Tesla for the leftover 2017 exclusions after all applications had been considered, which came to $4,192,540 in sales and use tax exclusion value; however, because of the changes to the Model 3 project's production estimates since the application was initially considered, new legal disclosures, and the short time Staff had to review the application, the award was made conditional, providing Staff with more time to review the information. On March 20, 2018, the Board approved Tesla's request for additional sales and use tax exclusions under the 2017 allocation as well as its third application for $20 million in exclusions for 2018, consistent with program regulations. Further, given the amount of the cumulative award, changing production timetable and challenges, an ongoing investigation at the National Labor Relations Board, and continued media reports on health and safety issues, the 2018 award was made subject to Tesla providing additional reports to the Board through 2021 with regard to Tesla's:

- progress in meeting its production goals,
- progress in improving the health and safety at its facilities, and
- providing an updated Legal Status Questionnaire.

Ms. Carrillo further explained that during this period, Staff has been asked to better assess and provide context for various claims and assertions made by the press and stakeholders, specifically those regarding health and safety, while CAEATFA, as a financing entity, must rely on other State agencies and regulators that oversee and have jurisdiction over these and related issues. Ms. Carrillo stated that in CAEATFA's talks with some of these agencies—the California Department of Labor, the Department of Industrial Relations ("DIR"), the Workers' Compensation Insurance Rating Bureau, and the Division of Occupational Safety and Health ("Cal/OSHA") under the DIR—and in CAEATFA's request for additional data and discussion with regulatory staff, Staff and the Board have gained a broader context within which to assess Tesla's progress. She noted that in this process, CAEATFA has not identified substantive outliers in regard to the health and safety at Tesla facilities compared to the broader industry. Over the course of its reports to the Board, Tesla has acknowledged it has made mistakes and has shown it has made efforts toward improvement. It created a new position, Vice President of Environmental Health and Safety, conducts internal audits and evaluations, and has developed new programs such as the "Find-It, Fix-It" program, as well as incorporating ergonomic and athletic trainers on the factory production lines, in addition to establishing an onsite occupational health clinic.

Mr. Rider stated that the impacts of the STE Program, with hundreds of jobs created in California in 2018, shows the kind of economic differences the program can make.

Mr. Mack raised Assembly Bill 56 to the Board's attention. He noted that the development of a statewide energy procurement backstop was included in the Governor's report on wildfires, climate change, and the clean energy future released on April 12th, and that it will be important to pay attention for further updates.

Ms. Carrillo then concluded her report.

4. BUSINESS ITEMS

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

1) Northrop Grumman Systems Corporation
   Presented by Matthew Parsons, Analyst

   Staff introduced Robert B. Gray, Tax Director and Senior Tax Counsel, Northrop Grumman Systems Corporation; and Russel Mann, Director of Global Operations, Northrop Grumman Systems Corporation.

   Mr. Parsons reported that Northrop Grumman Systems Corporation ("Northrop" or the "Applicant") is requesting a sales and use tax exclusion to upgrade and expand its existing aerospace manufacturing facility in Palmdale (the "Project"). The facility itself is dedicated to the development and production of a major classified program, as well as work on the F-35 Lightning II fuselage, RQ-4 Global Hawk, Triton, EuroHawk, and various other aircraft systems, and maintenance and upgrades on the U.S. Air Force's fleet of B-2 Spirit bombers. The Project will enable the use of composite materials and robotic systems to produce lighter and more efficient classified aircraft, airframes, and aircraft components. Northrop states that it will utilize advances in programming, machining, and technology to reduce overall time and assembly costs, and upgrades to their environmental controls will result in a reduction in out-of-cycle downtime in their production area caused by the inoperability of their evaporative cooling units. The Applicant represents that the upgrades within their production areas will result in a reduction of 40 million gallons of water annually compared to previous practices. Northrop also represents that infrastructure upgrades are anticipated to reduce overall energy consumption by approximately 1M kWh (one million kilo watts per hour) annually compared to previous practices. The infrastructure upgrades include hangar lighting retrofits, light-emitting diode (LED) lighting, replacement of inefficient evaporative cooling units, and upgrades to the facility's boiler system, among others.

Staff recommended approval of a resolution for Northrop Grumman Systems Corporation's purchase of Qualified Property in an amount not to exceed $211,964,787, anticipated to result in an approximate sales and use tax exclusion value of $17,720,256.

Ms. Baker moved for approval and there was a second by Ms. Finn.

Mr. Agee 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 when the Project's primary facility was initially built, and if this was the first time Northrop had come before the CAEATFA Board. Mr. Gray stated that the facility was built in the early 1980s. Mr. Parsons stated that this was the first time Northrop has applied for a sales and use tax exclusion through CAEATFA. Mr. Gray added that some of the questions that are asked of STE Program applicants were difficult to answer prior to the current timeframe because of classified programs and aircraft systems.

Ms. Finn asked how large a portion of Northrop's business the federal government represents. Mr. Gray stated that due to regulations on who can own most of the equipment Northrop produces, federal government contracts make up 95-98% of Northrop's business.

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

The item was passed by the following vote:

Jovan Agee for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Karen Finn for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

2) Tesla, Inc. (FKA Tesla Motors, Inc.)

Presented by Xee Moua, Analyst

Staff introduced Erin Bradley, Associate General Counsel, Tax Incentives, Tesla, Inc.; Laurie Shelby, Vice President of Environmental Health and Safety, Tesla, Inc.; and Matthew Le, Senior Manager of EHS, Tesla, Inc.

Ms. Moua reported that Tesla, Inc. (FKA Tesla Motors, Inc.) ("Tesla" or the "Applicant") is the largest auto manufacturer in the state of California, providing long-term, high-value-added jobs while being committed to energy conservation, greenhouse gas emissions reduction, and transportation efficiency through the production of electric vehicles. Tesla currently provides 10,000 jobs at its Fremont factory, 20,000 jobs in California, and 40,000 jobs worldwide. Tesla's products include the Model S sedan, the Model X crossover, the Model 3; the recently identified Model Y SUV and Semi truck additions to the line; and previously, the Roadster.

In late 2015, Tesla submitted an application for approximately $1.17 billion in Qualified Property for an estimated STE amount of $98 million to expand its body shop, stamping line, vehicle assembly, plastics shop, production control, tooling, and prototyping to design and manufacture its Model 3 electric vehicle at its Fremont factory (the "Project"). Tesla represents the Project will launch the first phase of production on the Model 3 and provide the capacity to produce and deliver approximately 250,000 units per year once the Project is ramped up.

As mentioned in the Executive Director's report, while approving STE awards for Tesla's Model 3 project, CAEATFA underwent some programmatic changes. Additionally, due to specific concerns raised regarding health and safety and production numbers, Tesla was subject to additional reporting for the two resolutions passed in March of 2018.

The current Application to be considered is for the remainder of the initial Model 3 Project request, which is approximately $82 million in Qualified Property. This will support 842 jobs of the anticipated 4,113 jobs at its facility related to the Model 3 Project.

Tesla has been regularly reporting to the Board pursuant to its last two resolutions and has made substantial progress in getting on track with its production goals and demonstrated an understanding and commitment to improve health and safety at its Fremont facility. For continued transparency into this larger award, Staff recommended conditional approval of Tesla Inc.'s purchase of Qualified Property in an amount not to exceed $81,906,653, anticipated to result in an approximate STE value of $6,847,396, subject to the following conditions:

1. Tesla agrees to continue to update the CAEATFA Board in writing and in person every four months with regard to the following:
    a. Progress in meeting its production goals.
    b. Progress in improving the health and safety at its facilities.
    c. Providing an updated Legal Status Questionnaire.

2. This reporting will be in addition to Tesla's semi-annual reporting to CAEATFA, with the first report due at the July 16, 2019 Board meeting and subsequent reports due every four months thereafter for three years.

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

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

Mr. Rider noted the nearly $1 million in environmental benefits that are expected to result from this project and asked how CAEATFA calculates this amount. Ms. Carrillo replied that for projects that qualify for the STE Program under the advanced transportation and alternative source eligibility pathways, a comparison is made between the product produced under the project and a comparable product for the industry. In this case, it is the difference between the Model 3 electric vehicle Tesla produces and the average gasoline-fueled car. The costs of carbon and other pollutants are calculated for the marginal increase in production as a result of the exclusion award. She added that every year, Staff reevaluates the standards for comparison.

Ms. Baker asked if this award would conclude the total request sales and use tax exclusion for Tesla's Model 3 production. Ms. Carrillo replied that this award would be for the remainder of the sales and use tax exclusion awards under Tesla's 2015 request for expansion of their Model 3 production line. She added that she had been informed that this project constitutes phase one of the Model 3 expansion at Tesla. Ms. Bradley stated that Tesla is still determining when it will make its next request for further STE awards, and for how much.

Mr. Mack asked if any of the representatives from Tesla would like to respond to some of the media reports concerning health and safety at its facilities that have surfaced since last month's report to the Board. Ms. Shelby responded by stating that she found that some of the reports contradicted each other and she believes that both Cal/OSHA's review of its recordkeeping as well as the report given by Richard Fairfax at the last Board meeting demonstrate that Tesla's reporting is accurate.

Mr. Mack stated that President Picker believes that the additional reporting by Tesla, once every four months, per their resolution for their most recent awards, creates an important opportunity for public dialogue, and asked for Tesla's stance on continued reporting.
Ms. Bradley stated that Tesla finds the continued reports to the Board to be amicable.

Mr. Agee stated that the recent reports Tesla has given to the Board have shown the company's improvements in the culture of reporting within Tesla, and the inclusion of new thought leaders to give input on best practices on health and safety is both welcomed by the Board and encouraging.

Ms. Ammary Soeun, a production associate at Tesla stated that the company is very committed to the safety of the workers at its factory. She described how the "Find-It, Fix-It" program makes the workplace safer by encouraging employees to speak up whenever they see something that needs fixing or could use improvement from a safety or ergonomic standpoint.

Mr. Armand Sahakian, a safety representative at Tesla, stated that the safety teams at Tesla are an integral part of improving the safety at Tesla's factory. He described the job of a safety team associate at Tesla. He stated that these employees do regular surveys of the factory floor, talk to associates about potential issues, and actively work to make the ergonomic environment better on a regular basis. Mr. Sahakian elaborated by stating that ergonomic adjustments such as lifting or lowering a vehicle being worked on are common types of improvements that are made on a regular basis, and that the "Find-It, Fix-It" program is very important to worker safety at the factory.

Mr. Rider asked how reporting in the "Find-It, Fix-It" program works. Mr. Sahakian replied that the system is electronic, and that before and after pictures are displayed in the factory to show associates that their input is appreciated and acted upon.

Mr. Peter Kern, a Tesla data analytics employee who used to work on the production line, described his journey to transfer from production to computing. He stated that after he suffered a knee injury on the production line, he looked into getting a job working with computers for the company, and because he already had some experience in this area, the transition was both easy and facilitated by management. Mr. Agee stated that it is good to hear from a worker who is more experienced in his career and how Tesla works for such employees, in order to gain a broader perspective on worker stories.

There were no further comments and Mr. Agee called for a vote.

The item was passed by the following vote:

Jovan Agee for the State Treasurer	Aye
Anne Baker for the State Controller	Abstain
Karen Finn for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

B. Discussion and Consideration of Contract with Frontier Energy, Inc. for Universal Contractor Management Services for the California Hub for Energy Efficiency Financing (CHEEF) Pilot Programs in an Amount Not to Exceed $1,500,000

Presented by Jessica Arceo, Analyst

Staff requested approval to enter into a contract with Frontier Energy, Inc. ("Frontier") for Universal Contractor Management Services for the California Hub for Energy Efficiency Financing Pilot Programs in an amount not to exceed $1,500,000 during the two-year contract term, including an optional one-year extension.

Ms. Arceo stated that Frontier will provide services related to energy efficiency contractor engagement, including education and outreach, training, and compliance verification.

On February 26th, Staff advertised a Request for Proposals through the Department of General Services Contracts Register, as well as on CAEATFA's website. Two proposals were received at the proposal deadline. CAEATFA's evaluation team determined that Frontier was the most qualified proposer.

Since October 2017, Frontier has served as the current Contractor Manager for the Residential Energy Efficiency Loan Assistance Program under a previous contract. Ms. Arceo stated that Frontier has been a good partner to CAEATFA and that Staff looks forward to continuing to work with the company.

Staff recommended adoption of a resolution authorizing the execution of a contract with Frontier Energy, Inc. as Universal Contractor Manager for the CHEEF Pilot Programs in an amount not to exceed $1,500,000 over three years.

Ms. Baker moved for approval and there was a second by Ms. Finn.

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

Mr. Rider asked what the training of contractors entails for the program and Frontier. Miriam Joffe-Block, Senior Manager for the CHEEF Programs, stated that the CHEEF offers trainings for contractors through an online system, through webinars, and live seminars at times. She stated that this multifaceted approach has been the most effective, as many contractors have not been available to attend a live training, so the online options are the most often used, but some contractors prefer the live seminar setting. She stated Frontier hosts an optional monthly webinar that contractors can sign up for, and will do them as well if they get a request.
Ms. Joffe-Block added that with the Commercial Program, the CHEEF is exploring the idea of launching coordinated events with the Investor-Owned Utilities for additional training opportunities.

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

The item was passed by the following vote:

Jovan Agee for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Karen Finn for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

C. DISCUSSION AND CONSIDERATION OF EMERGENCY REGULATIONS FOR THE AFFORDABLE MULTIFAMILY ENERGY EFFICIENCY FINANCING PROGRAM PILOT

Presented by Susan Mills, Program Specialist

Staff requested approval of regulations for the Affordable Multifamily Energy Efficiency Financing Program (“Affordable Multifamily Program” or “Program”). Ms. Mills reported that the Program will be the third of the financing pilot programs (the “Pilots”) under the California Hub for Energy Efficiency Financing.

Ms. Mills stated that the Hub is comprised of four Pilots launching sequentially:
1. Residential Energy Efficiency Loan Assistance Program
2. Commercial Energy Efficiency Financing Program (“Commercial Program”)
3. Affordable Multifamily Energy Efficiency Financing Program
4. Non-Residential Program, including On-Bill Repayment

Ms. Mills stated that the REEL Program, the first of the Pilots to launch, was approved by the Board in February 2015, with its first loan enrolled in 2016. She stated that the Commercial Program, the second Pilot to launch, was approved by the Board in November 2018, and currently has two lenders enrolled. The Affordable Multifamily Program is the third and last of the off-bill Pilots to launch, and consistent with the other Pilots, gives a credit enhancement to finance companies. This Program is designed to be easy to use, to attract and support a variety of finance companies offering a range of financial products that can accommodate the complexities of financing affordable multifamily housing projects, and to fill a gap by facilitating deep energy efficiency projects. She stated that the Non-Residential Program, along with On-Bill Repayment, will be the fourth and last of the Pilots to be developed, and is intended to provide financing repayment on the utility bill with no credit enhancement.

Ms. Mills then gave an overview of the Affordable Multifamily Program development. She stated the Program targets affordable multifamily properties, and its structure is designed comparably to that of the Commercial Program. Most of the Program’s definitions and much of the regulation text for both programs are substantively similar.

Ms. Mills stated that the Affordable Multifamily Program differs from the Commercial Program in that properties must have five or more units, must have at least five years remaining on a recorded affordability deed restriction or covenant, and must restrict occupancy for at least 50% of the total units to households meeting the requirements of the income limits no greater than “moderate” published annually in the California State Income Limits by the California Department of Housing and Community Development. Ms. Mills continued by stating that the Program integrates not only with the Investor-Owned Utilities ("IOU"), Regional Energy Networks ("REN"), and Community Choice Aggregators ("CCA"), but also with state energy efficiency, demand response, or distributed generation programs, collectively known as Program Partners.

Ms. Mills stated that eligible projects under the Program may qualify by either one of two pathways:

1. Measures are on the Energy Savings Measures list (the preapproved method), which works in the same way as the Commercial Program, or
2. The new Program Partner Method, in which customers are required to provide CAEATFA with the IOU, REN, CCA, or other state program energy audit and reservation letter in order to verify that the measures were approved by a Program Partner.

She also stated that the Program includes a 15% credit enhancement on up to $1 million of an enrolled financing agreement for a project, which would be considered "claim-eligible" in the case of a default and charge-off.

Ms. Mills stated that Staff has received public comments and input on the structure and design of the Program from over 50 industry stakeholders after holding two public workshops and participating in multiple industry conferences. Any re-adoptions of the emergency regulations, and the undertaking of the regular rulemaking process, will include modifications to incorporate lessons learned from early Program implementation. She continued by stating that if the Program's regulations were approved, CAEATFA would submit the emergency regulations to the Office of Administrative Law ("OAL") by April 29th, after giving public notice. The OAL decision deadline is May 10th, after which the emergency regulations would be in effect for 180 days. Staff plans to begin finance company outreach in mid-May, and by June of 2019 expects the first of the finance companies to be enrolled in the Program. Staff will undertake the regular rulemaking process in the fall, and the end of the 180-day effective period of the emergency regulations would take place on November 13, 2019.

Staff recommended adoption of a resolution to approve the proposed emergency regulations establishing the Affordable Multifamily Energy Efficiency Financing Program and authorization for Staff to undertake emergency and regular rulemaking proceedings and other actions related to promulgation of the regulations.

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

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

Ms. Finn asked about self-installation without a contractor's license, a feature that appears in the regulations. Ms. Mills stated that the most common examples of self-installed items would be new, energy-efficient lighting or appliances.

Ms. Carrillo stated that the Program also allows and encourages buildings to come up to code. She stated that approximately 80% of California's building stock was built before the enactment of Title 24, and the Program gives some flexibility beyond the typical rebate programs that only assist those deep energy efficiency building retrofits. Ms. Carrillo also added a clarification that the fourth of the planned Pilots, the Non-Residential Program, will be unable to launch this year due to Staff vacancies in the CHEEF, but that On-Bill Repayment is being developed to be added to the other programs.

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

The item was passed by the following vote:

Jovan Agee for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Karen Finn 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. Agee 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 11:25 p.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director