

**MINUTES**

**California Alternative Energy and Advanced  
Transportation Financing Authority  
801 Capitol Mall, Room 150  
Sacramento, California  
February 20, 2018**

**1. CALL TO ORDER AND ROLL CALL**

Steve Juarez, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 11:21 a.m.

Members Present: Steve Juarez for John Chiang, State Treasurer  
Jacqueline Wong-Hernandez for Michael Cohen, Director,  
Department of Finance  
Michael Murza for Robert B. Weisenmiller, Chair,  
California Energy Commission  
Rohimah Moly for Michael Picker, President, Public Utilities Commission

Members Absent: Betty T. Yee, State Controller

Staff Present: Deana J. Carrillo, Executive Director

Quorum: The Chairperson declared a quorum.

**2. MINUTES**

Mr. Juarez asked if there were any questions or comments concerning the February 12, 2018 meeting minutes. There were none.

Mr. Juarez asked if there was a motion.

Ms. Wong-Hernandez moved for approval of the minutes; upon a second from Mr. Murza, the minutes were approved.

The item was passed by the following vote:

Steve Juarez for the State Treasurer	Aye
Betty T. Yee for the State Controller	Absent
Jacqueline Wong-Hernandez for the Director of Finance	Aye
Michael Murza for the California Energy Commission	Aye
Rohimah Moly for the Public Utilities Commission	Abstain

### **3. EXECUTIVE DIRECTOR'S REPORT**

Ms. Carrillo summarized recent activity under the Property Assessed Clean Energy (“PACE”) Loss Reserve Program (“Program”). She reported that CAEATFA has selected Blue Sky Consulting under a Request for Offer (“RFO”) to perform a risk analysis of the PACE Loss Reserve. The RFO is currently under review by the Department of General Services (“DGS”). If approved, Blue Sky Consulting will analyze what portfolio size is supportable by the Loss Reserve, how long the \$10 million reserve will last, and how the Loss Reserve can be appropriately sized so as to be self-sustaining for the foreseeable future.

Ms. Carrillo stated that the Program was funded with a one-time appropriation of \$10 million, and that there are currently over 119,000 outstanding PACE Financings enrolled, totaling \$2.8 billion. This represents activity through the period of June 30, 2017. To date, there are 18 PACE programs that are approved to participate in the Loss Reserve Program. CAEATFA receives semi-annual reports from the enrolled programs on the first of March and the first of October. CAEATFA will receive the December 31, 2017 reports in March of 2018. Ms. Carrillo stated that the Board will be informed on those reports in the April Board meeting.

Ms. Carrillo continued by explaining that although the \$10 million is leveraging \$2.8 billion in Financings, the Loss Reserve only covers specific direct losses to first mortgage lenders: PACE assessments paid while a first mortgage lender is in possession of the property during a foreclosure, and losses incurred by a first mortgage lender resulting from PACE assessments being paid before the outstanding balance in a forced sale, up to the outstanding PACE payment amount.

Mr. Juarez asked if it was possible that the money taken from the reserve could be replenished by the sale of the property, and if money ever returns to the fund. Ms. Carrillo replied that the Program wasn't designed to replenish its funds from property sales.

Ms. Carrillo then concluded her report.

### **4. BUSINESS ITEMS**

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

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 (“BEF” or the “Applicant”) has applied to CAEATFA as an Advanced Manufacturer and is requesting approval of a sales and use tax exclusion award to purchase \$4,293,330 in Qualified Property expand its food manufacturing facility located in Stockton (the “Project”). Previously, on April 18, 2017, the CAEATFA Board granted Best Express Foods, Inc. a Sales and Use Tax Exclusion (“STE”) award for \$3,502,976 in Qualified Property for an estimated STE value of \$294,951 to convert its manual snack foods production process into a fully automated process.

According to the Applicant, the Project involves incorporating advanced machinery to the previously approved equipment, and consolidating the various equipment used to create its taco chips. By adding a smart feeder, flour silos, a new tray oil unit, and a tunnel oven, there will be a reduction in solid wastes. For example, the tunnel oven system will result in less product rejects when compared to older “rack” style ovens due to built-in sensors capable of detecting when baked goods are over and undercooked. Additionally, the Project will combine high pressure steam boilers, oil storage tanks, and a masa generator to help conserve water and oil usage when producing taco chips. According to BEF, the new taco chip line will reduce up to 8% of the 80,000 pounds of vegetable oil used each month, and eliminate the need to purge the entire system of oil six times a year and transporting it to solid waste dumps. The Project has passed all of CAEATFA’s scoring thresholds.

Staff recommends approval of a resolution for Best Express Foods, Inc.’s purchase of no more than \$4,293,330 of Qualified Property, anticipated to result in a sales and use tax exclusion of \$358,992.

Mr. Juarez asked for clarification about the ability to recover excess oil in BEF’s production facilities.

Mr. Hurwich provided two examples, and explained that the taco chip line will now be a closed system, which will not allow oil to dissipate, and the muffin pan oiling system will now spot spray only the cavities of the pan, reducing oil overspray substantially.

Ms. Wong-Hernandez moved for approval and there was a second by Mr. Murza.

Mr. Juarez 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 Mr. Juarez called for a vote. The item was unanimously approved.

The item was passed by the following vote:

Steve Juarez for the State Treasurer	Aye
Betty T. Yee for the State Controller	Absent
Jacqueline Wong-Hernandez for the Director of Finance	Aye
Michael Murza for the California Energy Commission	Aye
Rohimah Moly for the Public Utilities Commission	Aye

## 5. PUBLIC COMMENT

Mr. Juarez 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 11:36 a.m.

**Respectfully submitted,**

Deana J. Carrillo  
Executive Director