

AMENDED IN ASSEMBLY APRIL 1, 2013
AMENDED IN ASSEMBLY MARCH 19, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 122

Introduced by Assembly Member Rendon

January 14, 2013

An act to add Chapter 13 (commencing with Section 25987.1) to Division 15 of the Public Resources Code, relating to energy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 122, as amended, Rendon. Energy: energy assessment: nonresidential buildings: financing.

Existing law requires the State Energy Resources Conservation and Development Commission to implement a program to provide financial assistance for energy efficiency projects.

This bill would enact the Nonresidential Building Energy Retrofit Financing Act of 2013 and would require the commission to establish the Nonresidential Building Energy Retrofit Financing Program and to develop a request for proposal for a third-party administrator by July 1, 2014, to develop and operate the program to provide financial assistance, through authorizing the issuance of, among other things, revenue bonds, to owners of eligible nonresidential buildings for implementing energy improvements for their properties. The bill would require that the bonds be secured by the recording of an energy remittance repayment agreement *lien*, as defined, on the deed of the property for which the improvements are performed. The bill would require the State Board of Equalization to collect installment payments

from owners of eligible properties whose applications have been approved by the commission.

The bill would require the commission to meet for the purpose of approving applicants to participate in the program. The bill would authorize the California Alternative Energy and Advanced Transportation Financing Authority, on behalf of the commission, to issue and renew the negotiable revenue bonds to generate moneys to finance energy improvements for approved applicants.

The bill would establish the Nonresidential Building Energy Retrofit Debt Servicing Fund in the State Treasury and the Loan Loss Reserve Account and Administration Account within the fund. The bill would require the State Board of Equalization to deposit the installment payment received from the owners of eligible buildings into the fund and certain fees collected into the specified accounts. The bill would continuously appropriate the moneys in the fund and the accounts to repay the principal and interest on the bonds, and to cover the administrative costs incurred by the authority, the commission, and the State Board of Equalization, thereby making an appropriation.

The bill would require the Director of Finance to transfer, as a loan, up to \$1,000,000, to the authority, and up to \$7,000,000, to the commission, from the General Fund for the purposes of implementing the program. The bill would require the loans to be repaid on or before January 1, 2024.

Existing law establishes incentives in the form of grants and loans to low-income residents, small businesses, and residential property owners for constructing and retrofitting buildings to be more energy efficient.

The bill would require the State Energy Resources Conservation and Development Commission, to the extent it determines necessary to effectively complete its duties under the act, to analyze and evaluate specified standards developed for nonresidential energy building retrofits.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 13 (commencing with Section 25987.1)
- 2 is added to Division 15 of the Public Resources Code, to read:

1 invest in new energy improvements, including building energy
2 efficiency improvements that qualify for investor-owned utility or
3 publicly owned utility programs, water efficiency improvements,
4 and renewable energy improvements, by enacting this division to
5 establish, develop, finance, implement, and administer a new
6 energy improvement program that provides for both building
7 energy efficiency improvements and renewable energy
8 improvements and to assist those owners who choose to participate
9 in the program to complete new energy improvements to their
10 properties because of the following:

11 (1) New energy improvements, including building energy
12 efficiency improvements and renewable energy improvements,
13 can provide positive cashflow when the costs of the improvements
14 are spread out over a long enough time that a building's cumulative
15 utility bill cost savings exceed the amount of the liens recorded
16 on the eligible building to ensure payment for the improvements.

17 (2) Many owners of eligible nonresidential buildings are unable
18 to fund a new energy improvement because the owners do not
19 have sufficient liquid assets to directly fund the improvement or
20 are unable or unwilling to incur the negative net cashflow likely
21 to result if the owner uses a typical existing loan program to fund
22 the improvement.

23 (f) Reduction in the amount of emissions of greenhouse gases
24 and environmental pollutants, resulting from increased efficiencies
25 and the resulting decreased use of traditional nonrenewable fuels,
26 will improve air quality and may help to mitigate climate change.

27 (g) The nonresidential building owners who participate in the
28 program established pursuant to this division to assist them in
29 completing new energy improvements, including building energy
30 efficiency improvements and renewable energy improvements, to
31 the building shall do so voluntarily.

32 25987.4. Unless the context otherwise requires, for the purposes
33 of this chapter, the following terms have the following meanings:

34 (a) (1) "Alternative sources of energy" or "alternative energy
35 sources" means energy from renewable cogeneration or gas-fired
36 cogeneration technology that meets the greenhouse gas emissions
37 and efficiency standards applicable to the Self-Generation Incentive
38 Program in effect at the time of the application, energy storage
39 technologies, or energy from solar, biomass, wind, or geothermal

1 systems, or fuel cells, the efficient use of which will reduce the
2 use of conventional energy fuels.

3 (2) The system shall be sized appropriately to offset part or all
4 of the applicant’s own electricity demand and shall be located on
5 the same ~~premises of the application~~ *property* where the applicant’s
6 own electrical demand is located.

7 (b) “Applicant” means a person, or an entity or group of entities,
8 engaged in business or operations in the state, whether organized
9 for profit or not for profit that owns a nonresidential building and
10 applies for financial assistance from the commission for the
11 purpose of implementing a project in a manner prescribed by the
12 commission.

13 (c) “Authority” means the California Alternative Energy and
14 Advanced Transportation Financing Authority established pursuant
15 to Section 26004.

16 (d) “Board” means the State Board of Equalization.

17 (e) “Building energy efficiency improvement” means one or
18 more installations or modifications, for which a building permit
19 is issued after January 1, 2014, to an eligible building that either
20 qualifies for an investor-owned utility or publicly owned utility
21 energy efficiency program or is designed to reduce the energy
22 consumption of the building, and that may include, but is not
23 limited to, all of the following to the extent they qualify:

24 (1) High-efficiency mechanical equipment.

25 (2) High-efficiency electrical equipment.

26 (3) Capturing or reducing heat gain or solar shading, including
27 the roof and south and west walls, and not just glazing.

28 (4) High-efficiency water heating.

29 (5) Insulation in walls, roofs, floors, and foundations and in
30 heating and cooling distribution systems.

31 (6) Fenestration and door replacements, and door modifications
32 that reduce energy consumption.

33 (7) Automatic energy control systems.

34 (8) Heating, ventilating, or air conditioning and distribution
35 system modifications or replacements.

36 (9) Caulking and weather stripping.

37 (10) Replacement or modification of luminaries to increase the
38 energy efficiency of the system, or additional lighting controls to
39 reduce electric lighting during periods of vacancy.

40 (11) Energy recovery systems.

- 1 (12) Daylighting systems and associated lighting controls for
2 daylight harvesting.
- 3 (13) A modification, installation, or remodeling approved as a
4 utility cost-savings measure by the commission or the Public
5 Utilities Commission and utilized by investor-owned utilities and
6 energy efficiency specialists participating in their Energy Efficiency
7 programs.
- 8 (14) Plug load solutions.
- 9 (15) Building commissioning or retrocommissioning.
- 10 (f) “Conventional energy fuel” means any of the following:
- 11 (1) A fuel derived from petroleum deposits, including, but not
12 limited to, oil, heating oil, gasoline, and fuel oil.
- 13 (2) Natural gas, including liquefied natural gas.
- 14 (3) Nuclear fissionable materials.
- 15 (4) Coal.
- 16 (g) “Demand response” means reductions or shifts in electricity
17 consumption by customers in response to either economic or
18 reliability signals.
- 19 (h) “Eligible building” means a nonresidential building that
20 completed construction on or before January 1, 2014, and is located
21 within the boundaries of the state.
- 22 (i) “Energy remittance repayment agreement” means a
23 contractual agreement between an eligible building owner and the
24 commission, secured by a lien, as described in Section 25987.21,
25 recorded in the county where the property is situated and on an
26 eligible building specially benefited by a new energy improvement
27 for which the commission will make reimbursement or a direct
28 payment to the party financing the energy improvements, and
29 “contractual energy remittance” means that reimbursement or
30 direct payment. The amount to be repaid pursuant to the energy
31 remittance repayment agreement shall include the costs necessary
32 to finance the building energy efficiency improvements less any
33 rebates, grants, and other direct financial assistance received by
34 the owner pursuant to other law and a loan loss reserve fee in an
35 amount to be established by the third-party administrator in
36 consultation with the commission and the warehouse financier
37 under contract entered into pursuant to paragraph (8) of subdivision
38 (a) of Section 25987.25 to insure against nonperformance of the
39 loan and other losses of the program, and a program administrative
40 cost fee.

- 1 (j) “Energy efficiency specialist” means an individual or
2 business authorized or certified by rules of the commission to
3 analyze, evaluate, or install a renewable energy source, building
4 energy efficiency improvement, or water efficiency improvement
5 for eligible property.
- 6 (k) “Financial assistance” means either of the following:
- 7 (1) Loans, loan loss reserves, interest rate reductions, secondary
8 loan purchase, insurance, guarantees or other credit enhancements
9 or liquidity facilities, contributions of money, property, labor, or
10 other items of value, or any combination thereof, as determined
11 and approved by the commission.
- 12 (2) Other types of assistance the commission determines are
13 appropriate.
- 14 (l) “Loan balance” means the outstanding principal balance of
15 loans secured by a mortgage or deed of trust with a first or second
16 lien on eligible property.
- 17 (m) “Loan loss reserve fee” means a fee that serves as collateral
18 in the event of a loan default.
- 19 (n) “Nonresidential Building Energy Retrofit Bond” means a
20 bond issued pursuant to Section 25987.31 that is secured by an
21 energy remittance repayment agreement on property entered into
22 voluntarily to finance the installation of renewable energy sources,
23 building energy efficiency improvement or retrofits, or water
24 efficiency improvements.
- 25 (o) “Participant” means a person, or an entity or group of
26 entities, engaged in business or operations in the state, whether
27 organized for profit or not for profit, that, as a qualified applicant
28 is approved for financial assistance pursuant to Article 2
29 (commencing with Section 25987.5) and has entered into an energy
30 remittance repayment agreement with the commission for the
31 purpose of implementing a project in a manner prescribed by the
32 commission.
- 33 (p) “Portfolio” means an aggregation of approved applications.
- 34 (q) “Program” means the Nonresidential Building Energy
35 Retrofit Financing Program established by the commission in
36 accordance with Section 25987.7.
- 37 (r) “Program administration cost fee” means a fee imposed for
38 the costs incurred by the commission, the authority, and the State
39 Board of Equalization to administer the program.

1 (s) “Project” means an improvement to an eligible building that
2 constitutes a water efficiency improvement, alternative source of
3 energy, or building energy efficiency improvement.

4 (t) “Qualified applicant” means a person or business entity who
5 does all of the following:

6 (1) Owns an eligible building that has a ratio of loan balance to
7 its appraised value not to exceed 85 percent and subject to
8 adjustment by the program administrator at the time the person’s
9 program application is approved, as shown in the records of the
10 county assessor, unless the holder of the deed of trust or mortgage
11 recorded against the eligible property that has priority over all
12 other deeds of trust or mortgages recorded against the eligible
13 property has consented in writing to the recording of an energy
14 remittance repayment agreement pursuant to this division against
15 the eligible property.

16 (2) Timely submits to the commission a complete application,
17 which notes the existence of any priority mortgage or deed of trust
18 on the eligible property and the identity of the holder of the
19 mortgage or deed of trust, to join the program and consents to the
20 levying of a special assessment on the property pursuant to this
21 chapter.

22 (3) Meets standard of credit worthiness that the commission
23 may establish.

24 (u) “Renewable energy” means heat, processed heat, space
25 heating, water heating, steam, space cooling, refrigeration,
26 mechanical energy, electricity, fuel cells, or energy in any form
27 convertible to these uses, and including energy storage
28 technologies, that does not expend or use conventional energy
29 fuels, and that uses any of the following electrical generation
30 technologies:

31 (1) Biomass.

32 (2) Solar thermal.

33 (3) Photovoltaic.

34 (4) Wind.

35 (5) Geothermal.

36 (v) “Renewable energy improvement” means one or more
37 fixtures, products, systems, or devices, or an interacting group of
38 fixtures, products, systems, or devices, that directly benefit an
39 eligible building or that are installed on the customer side of a
40 meter of an eligible building and that produce renewable energy

1 from renewable resources, including, but not limited to,
2 photovoltaic, solar thermal, small wind, biomass, fuel cells, or
3 geothermal systems such as ground source heat pumps, as may be
4 approved by the commission.

5 (w) “Third-party administrator” means an entity selected by the
6 commission through a request for proposal to manage project
7 applications and make recommendations to the commission as to
8 individual project’s compliance with this chapter.

9 (x) “Warehouse financier” means a financial entity, bank, or
10 pension fund, chosen by the commission through a request for
11 proposal to provide an ongoing and revolving source of financing
12 for projects approved pursuant to Section 25987.20.

13

14 Article 2. Nonresidential Building Energy Retrofit Financing
15 Program

16

17 25987.5. The purpose of the Nonresidential Building Energy
18 Retrofit Financing Program is to help provide the special benefits
19 of water efficiency improvements, alternative energy, and building
20 energy efficiency improvements to owners of eligible buildings
21 who voluntarily participate in the program by establishing,
22 developing, financing, and administering a program to assist those
23 owners in completing improvements.

24 25987.6. The commission shall have and exercise all rights
25 and powers necessary or incidental to or implied from the specific
26 powers granted to the commission by this chapter. Those specific
27 powers shall not be considered as a limitation upon any power
28 necessary or appropriate to carry out the purposes and intent of
29 this chapter.

30 25987.7. (a) The commission shall establish, develop, finance,
31 and administer, pursuant to Section 25987.9, the Nonresidential
32 Building Energy Retrofit Financing Program. The commission
33 shall provide general direction and oversight to the authority and
34 board as they complete duties specified in this chapter. The
35 program shall be designed to provide financial assistance for an
36 owner of an eligible building to use one or more energy efficiency
37 specialists to retrofit the property with one or more alternative
38 energy sources or renewable energy improvements, building energy
39 efficiency improvements, or water efficiency improvements, by
40 applying to the commission for inclusion of the owner’s project

1 in a portfolio that will be financed through the use of the revenue
2 bonds issued pursuant to this chapter. These bonds shall be secured
3 by revenues generated through energy remittance repayment
4 agreements recorded on the buildings benefited by the projects in
5 the portfolio.

6 (b) (1) The program shall provide financial assistance for
7 improvements when the total energy and water cost savings
8 realized by the property owner, and any successor or successors
9 to the property owner, during the useful life of the improvements,
10 as determined by an analysis required pursuant to subdivision (i)
11 of Section 25987.13 are expected to equal or exceed the total costs
12 incurred by the owner pursuant to the program.

13 (2) The commission may waive the requirements of paragraph
14 (1) by adopting a specific finding that additional improvements
15 may be undertaken that significantly increase energy efficiency
16 and improve public health.

17 (c) In developing rules to certify an energy efficiency specialist,
18 the commission shall consult with the Public Utilities Commission,
19 the investor-owned utilities, the contractor community, and other
20 entities the commission deems appropriate and consider existing
21 trade certifications or licensing requirements applicable to
22 occupations that perform work contemplated pursuant to this
23 chapter.

24 25987.8. To receive financial assistance pursuant to this
25 chapter, a qualified applicant shall contractually agree to the
26 recording of an energy remittance repayment agreement on the
27 eligible building that is being retrofitted.

28 25987.9. By July 1, 2014, the commission shall develop a
29 request for proposal to develop the program by a third-party
30 administrator. The third-party administrator shall administer the
31 program and establish an automated, asset-based underwriting
32 system for all eligible buildings in the state. The third-party
33 administrator shall provide consultation to the commission in
34 developing guidelines for the program. The party selected as the
35 third-party administrator shall only be selected if the program
36 proposal submitted by the party requires all costs, including startup
37 costs of the program, to be covered by the loan recipients, the
38 administrator, the bond purchasers, or some combination thereof.
39 The program selected shall not include General Fund costs or

1 liabilities, with the exception of loans from the General Fund
2 pursuant to Section 25987.41 utilized for startup costs.

3 25987.10. The third-party administrator shall establish
4 underwriting guidelines that consider an applicant's qualifications,
5 and other appropriate factors, including, but not limited to, credit
6 reports and loan-to-value ratios, consistent with good and
7 customary lending practices, necessary for the authority to obtain
8 a bond rating for bonds issued pursuant to Article 3 (commencing
9 with Section 25987.29) for a successful bond sale.

10 25987.11. The third-party administrator shall disclose to an
11 owner of a nonresidential building all fees imposed pursuant to
12 this chapter, including the loan loss reserve fee, the program
13 administration cost fee, and the interest rate charged, prior to the
14 submission of an application by the building owner.

15 25987.12. (a) An owner of an eligible building who wishes to
16 undertake an improvement shall submit to the third-party
17 administrator an application to participate in the program.

18 (b) The submission of an application is deemed to be a voluntary
19 agreement by the owner for the commission to record the energy
20 remittance repayment agreement on the deed of the eligible
21 building upon the approval of the application.

22 (c) The application form developed by the third-party
23 administrator shall include a statement in no less than 12-point
24 type stating the following:

25
26 SUBMISSION OF THIS APPLICATION CONSTITUTES THE
27 VOLUNTARY CONSENT OF THE APPLICANT FOR THE
28 RECORDATION OF THE ENERGY REMITTANCE
29 REPAYMENT AGREEMENT ON THE DEED OF THE
30 ELIGIBLE PROPERTY. UPON THE APPROVAL BY THE
31 COMMISSION OF THE APPLICATION AND THE
32 RECORDATION OF THE ENERGY REMITTANCE
33 REPAYMENT AGREEMENT, A LIEN IN THE AMOUNT
34 SPECIFIED IN THE ENERGY REMITTANCE REPAYMENT
35 AGREEMENT SHALL BE SECURED BY THE PROPERTY.
36

37 25987.13. The owner of an eligible building shall include all
38 of the following information in the application:

39 (a) The name, business address, and email address of the owners
40 of the eligible building.

- 1 (b) The names of all entities that hold a secured lien on the
2 eligible building and their contact information.
- 3 (c) The total dollar amount of liens that have been recorded on
4 the eligible building.
- 5 (d) An appraisal of the value of the eligible building that has
6 been conducted within the past six months or during an appropriate
7 timeframe consistent with industry practices for underwriting of
8 nonresidential buildings.
- 9 (e) A detailed description of the building energy efficiency
10 improvements being funded.
- 11 (f) The name of the financial institution providing interim
12 financing for the improvements or the warehouse line of credit
13 developed pursuant to Section 25987.26.
- 14 (g) The structure of the loan financing the building energy
15 efficiency improvements.
- 16 (h) Any information that the commission or third-party
17 administrator requires to verify that the owner will complete the
18 project.
- 19 (i) An analysis performed by an energy efficiency specialist to
20 quantify the costs of the energy and water efficiency improvements,
21 and total energy and water cost savings realized by the owner, or
22 his or her successor during the effective useful life of, and
23 estimated carbon impacts of, the improvements, including an
24 annual cashflow analysis.
- 25 (j) Copies of an application that have been made for energy
26 efficiency incentives identified pursuant to subdivision (d) of
27 Section 25987.19 for any applicable retrofits.
- 28 (k) Other information deemed necessary by the commission or
29 the third-party administrator.
- 30 25987.14. (a) In addition to the information required under
31 Section 25987.13, an applicant shall provide in the application a
32 detailed description of all of the following:
- 33 (1) The eligible building.
- 34 (2) The transactional activities associated with the eligible
35 improvements, including the transactional costs.
- 36 (3) Other information deemed necessary by the commission or
37 the third-party administrator.
- 38 (b) An applicant shall agree in the application to remit repayment
39 installments due by an electronic funds transfer under procedures
40 prescribed by the board.

1 25987.15. (a) The third-party administrator shall make
2 recommendations to the commission regarding the approval or
3 disapproval of an application.

4 (b) The commission may approve and accept an applicant into
5 the program if both of the following conditions are met:

6 (1) The applicant is a qualified applicant.

7 (2) Prior to receiving funding for renewable energy improvement
8 or alternative energy sources, the applicant shall show both of the
9 following:

10 (A) Evidence of intent to make feasible energy efficiency
11 upgrades recommended by the analysis required pursuant to
12 subdivision (i) of Section 25987.13.

13 (B) Evidence of intent to enroll in eligible demand response
14 programs, if appropriate.

15 (c) The commission shall determine appropriate guarantees
16 necessary to ensure cost neutrality of the improvements that may
17 include the requirement that the owner of the eligible building
18 obtain insurance issued by an A.M. Best “A” or better rated
19 insurance carrier or a similar product as approved by the
20 commission.

21 25987.16. (a) Upon the mutual agreement of the participant
22 and the third-party administrator, the third-party administrator
23 shall establish an annualized schedule for the repayment required
24 by the energy remittance repayment agreement, including the
25 interest charged, administrative cost fee, and loan loss fee.

26 (b) The board shall collect the repayment installments that
27 become due and payable.

28 (c) (1) The period for repayment of the energy remittance
29 repayment agreement shall not exceed the effective useful life of
30 the improvements or 20 years, whichever is shorter.

31 (2) The calculated effective useful life of the building energy
32 efficiency improvements shall be calculated using methodologies
33 adopted by the commission, in consultation with the Public Utilities
34 Commission.

35 (d) Upon the failure of the participant to pay any installment
36 toward the repayment of the energy remittance repayment
37 agreement when the installment becomes due and owing pursuant
38 to the schedule for repayment, the board shall assess a penalty on
39 the delinquent payment of 10 percent of the unpaid installment.

1 (e) Within 60 days of a failure to pay the scheduled energy
2 remittance payment, the board shall issue a demand letter to the
3 participant with notice provided to the commission and provide
4 the participant with 30 days to cure the default.

5 (f) (1) If the participant fails to cure the default within the time
6 allotted, the board may declare the entire outstanding energy
7 remittance repayment agreement balance, including any interest
8 due, penalties assessed, and costs of collection incurred,
9 immediately due and owing and foreclose on the energy remittance
10 repayment agreement by either judicial or nonjudicial foreclosure.

11 (2) Revenue generated from the sale of the eligible building
12 shall be distributed to satisfy liens on the eligible building in
13 accordance with the priority of the liens as provided by law.

14 (g) Upon the full repayment of the balance of the energy
15 remittance repayment agreement, and interest and penalties that
16 had accrued, the board shall notify the commission of that
17 repayment. Within 30 days of the receipt of the notice, the board
18 shall record with the county in which the eligible building is located
19 a release of the energy remittance repayment agreement.

20 25987.17. (a) A participant shall remit repayment installments
21 due by an electronic funds transfer to the board under procedures
22 prescribed by the board.

23 (b) Any participant remitting amounts due pursuant to
24 subdivision (a) shall perform electronic funds transfers in
25 compliance with the due dates prescribed in the schedule for
26 repayment. Payment is deemed complete on the date the electronic
27 funds transfer is initiated if settlement to the state's demand account
28 occurs on or before the banking day following the date the transfer
29 is initiated. If settlement to the state's demand account does not
30 occur on or before the banking day following the date the transfer
31 is initiated, payment is deemed to occur on the date settlement
32 occurs.

33 (c) Any participant who remits a repayment installment by
34 means other than appropriate electronic funds transfer shall pay a
35 penalty of 10 percent of the repayment installment incorrectly
36 remitted.

37 (d) The board may prescribe, adopt, and enforce guidelines
38 relating to the collection of the energy remittance repayment
39 installments. The guidelines adopted pursuant to this section shall
40 be exempt from the requirements of the Administrative Procedure

1 Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of
2 Division 3 of Title 2 of the Government Code).

3 25987.18. (a) Prior to approving an application for inclusion
4 into a loan portfolio and the recordation of the energy remittance
5 repayment agreement, or a modification of an approved application,
6 the commission shall conduct a public meeting on the proposed
7 application or modification.

8 (b) The commission shall post a notice of the hearing on the
9 commission's Internet Web site and provide the notice, in writing,
10 to all lienholders of the eligible building no later than 30 days prior
11 to the public meeting.

12 (c) The notice shall specify all of the following:

13 (1) The name of the qualified applicant.

14 (2) The address of the eligible meeting.

15 (3) The amount required to be repaid by the energy remittance
16 repayment agreement proposed to be recorded on the eligible
17 building.

18 (4) The date and place of the public meeting.

19 (5) The schedule for repayment of the contractual energy
20 remittance and associated costs as agreed upon between the
21 qualified applicant and the commission.

22 (6) The interest rate assessed pursuant to the energy remittance
23 repayment agreement.

24 (7) A detailed description of the proposed modification, if
25 applicable.

26 (d) The notice shall inform the lienholder that any complaints
27 or objections to either the approval of the application and the
28 recordation of the energy remittance repayment agreement on the
29 eligible building or the modification of an approved application
30 shall be submitted, in writing, to the commission not less than 10
31 days prior to the public meeting.

32 25987.19. In evaluating the eligibility of an applicant, the
33 commission shall consider the creditworthiness of the applicant
34 and the effectiveness of the improvements applying the following
35 criteria, which may include, but not be limited to, all of the
36 following:

37 (a) Whether applicants are legal owners of the underlying
38 property.

39 (b) Whether applicants are current on any outstanding mortgage
40 and property tax payments.

1 (c) Whether applicants are in default or in bankruptcy
 2 proceedings.

3 (d) Whether applicants have applied for incentives available
 4 through the energy efficiency programs offered by an electrical or
 5 gas corporation.

6 (e) Whether improvements financed by the program follow
 7 applicable standards including any guidelines adopted by the
 8 commission.

9 25987.20. (a) The commission shall approve an application
 10 at a business meeting. Upon approval of an application, the
 11 commission shall authorize a recording of the energy remittance
 12 repayment agreement on the deed of the eligible building.

13 (b) The commission shall specify the amount required to be
 14 paid to the board pursuant to the energy remittance repayment
 15 agreement, the schedule of repayment, and the interest rate charged.

16 (c) The commission shall approve a modification of an approved
 17 application at a business meeting.

18 25987.21. (a) The energy remittance repayment agreement
 19 *lien* that is secured by a lien recorded pursuant to this section,
 20 shall have ~~the force, effect, and priority of a judgment lien, and~~
 21 ~~shall be subordinate to any and all secured mortgage liens recorded~~
 22 ~~against the deed of the eligible building at the time of recording~~
 23 ~~of the energy remittance repayment agreement.~~ *a prominent header*
 24 *on the document that reads “Energy Remittance Repayment*
 25 *Agreement Lien” in 14-point type and contains all of the following*
 26 *information related to the affected real property:*

- 27 (1) *The assessor’s parcel number.*
- 28 (2) *The owners of record.*
- 29 (3) *The legal description.*
- 30 (4) *The street address.*

31 (b) Except as otherwise required by law, the energy remittance
 32 repayment agreement shall be superior in priority to all subsequent
 33 liens recorded on the deed of the eligible building except where
 34 the first mortgage is refinanced, in which case the energy
 35 remittance repayment agreement shall remain secondary to the
 36 primary mortgage.

37 (c) The sale of the eligible building to enforce the payment of
 38 general ad valorem taxes shall not extinguish the energy remittance
 39 repayment agreement recorded on the eligible building.

1 (d) In the event of foreclosure, the energy remittance repayment
2 agreement installments shall not be due and owing during such
3 time when the building is owned by a financial institution taking
4 title by way of foreclosure. The installments owing pursuant to
5 the energy remittance repayment agreement shall, however,
6 continue to accrue and shall become due 60 days after a new,
7 nonfinancial owner takes title.

8 (e) Notwithstanding any other law, in the event of a foreclosure
9 of the property, the energy remittance repayment agreement shall
10 not be extinguished, unless the outstanding balance of the energy
11 remittance repayment agreement, including the interest accrued
12 and all penalties and fees assessed prior to the foreclosure, is fully
13 paid through the foreclosure proceeding.

14 25987.22. (a) No later than 30 days after the approval of an
15 application, the commission shall forward the agreement and any
16 other information necessary to collect the installment repayments
17 to the board which shall record with the county in which the
18 eligible building is located the energy remittance repayment
19 agreement on the deed of the eligible building. The board shall
20 notify the commission upon the recordation of the energy
21 remittance repayment agreement.

22 (b) Within 60 days of the notice of recording of the energy
23 remittance repayment agreement, the commission shall include
24 the approved application in a portfolio posted on the commission's
25 Internet Web site.

26 25987.23. (a) The board shall deposit into the Nonresidential
27 Building Energy Retrofit Debt Servicing Fund established pursuant
28 to Section 25987.38 any moneys collected pursuant to this chapter.

29 (b) The board may charge a program administration cost fee on
30 the owner of an eligible building to cover its costs as well as the
31 authority's and the commission's costs in implementing this
32 chapter.

33 (c) Nothing in this chapter shall be construed to require
34 investor-owned utilities or municipal utilities to serve in the role
35 as a third-party private guarantor or loan servicer or otherwise
36 provide credit support for the loan program.

37 25987.24. (a) A local government that has issued revenue
38 bonds pursuant to a program providing financial assistance to
39 owners of nonresidential buildings undertaking a renewable energy,
40 water efficiency, or energy efficiency retrofit improvement on the

1 buildings may apply to the commission for participation in the
2 program.

3 (b) Upon the approval of an application submitted by the local
4 government, the authority may purchase all those outstanding
5 revenue bonds issued by the local government.

6 (c) Upon the purchase of the revenue bonds issued by the local
7 government by the authority, the authority succeeds to all rights
8 conferred upon the bondholder by those revenue bonds and the
9 local government shall remit revenue that is used to secure those
10 revenue bonds to the board.

11 25987.25. (a) To the extent that the commission determines
12 necessary to effectively complete the duties specified by this
13 chapter, the commission shall do all of the following:

14 (1) (A) Analyze and evaluate standards for nonresidential
15 energy building retrofits previously developed by various national
16 and international organizations to provide uniformity and
17 transparency for financial institutions evaluating loan proposals
18 for energy improvements to nonresidential buildings. To the extent
19 that the commission determines necessary, this evaluation shall
20 be completed not later than January 1, 2015.

21 (B) The evaluation shall review existing protocols or a
22 combination of elements of existing measurement protocols and
23 shall be made available in an electronic format to financial
24 institutions and local governments initiating loans pursuant to this
25 chapter.

26 (2) Establish those standards, guidelines, and procedures,
27 through regulation, including, but not limited to, standards of credit
28 worthiness for qualification of program applicants, that are
29 necessary to ensure the financial stability of the program and
30 otherwise prevent fraud and abuse.

31 (3) Establish those measurement and verification standards
32 necessary to ensure that the building energy efficiency
33 improvements financed pursuant to this chapter are realized at a
34 level specified by the commission.

35 (4) Consider reliance on existing trade certifications or licensing
36 requirements applicable to occupations that perform the work
37 contemplated under this chapter.

38 (5) Establish qualifications for the certification of contractors
39 to construct or install building energy efficiency improvements.

1 (6) Contract with a party, public or private, to do any of the
2 following:

3 (A) Ensure that appropriate and reasonable steps are taken to
4 monitor and verify the quality and longevity of building energy
5 efficiency improvements financed pursuant to this division and
6 measure the total energy savings achieved by the program.

7 (B) Monitor the total number of program participants.

8 (C) Determine the average amount, in aggregate, paid to
9 contractors and financial institutions pursuant to the program.

10 Notwithstanding the California Public Records Act (Chapter 3.5
11 (commencing with Section 6250) of Division 7 of Title 1 of the
12 Government Code), upon a finding pursuant to Section 6255 of
13 the Government Code that the public interest is served by not
14 disclosing information clearly outweighs the public interest served
15 by disclosing information, the commission shall not disclose
16 payments made by an applicant or a program participant to
17 individual contractors or financial institutions.

18 (D) Calculate the number of jobs created by the program, the
19 number of defaults by program participants, and the total losses
20 from the defaults, and calculate the total dollar amount of bonds
21 issued by the authority to reimburse program participants.

22 (7) Develop a model energy aligned lease provision that
23 modifies, upon the agreement between the owner and tenants of
24 an eligible building, a commercial lease agreement allowing the
25 owners to recover the costs of the renewable energy, water
26 efficiency, or energy efficiency retrofit improvements that result
27 in operational savings based on the useful life of the retrofit while
28 protecting tenants from underperformance of the building energy
29 efficiency improvements.

30 (8) Develop a request for proposal to contract with one or more
31 financial institutions to secure a short-term, revolving credit facility
32 (warehouse line of credit) for the purpose of creating an interim
33 financing mechanism for the loans that would be aggregated for
34 the purposes of issuance of a revenue bond pursuant to Section
35 25987.29. The warehouse line of credit shall be drawn by the
36 third-party administrator for origination of direct loans to qualified
37 applicants.

38 (9) Adopt a standard notice and disclosure form for the purposes
39 of Section 25987.27.

1 (b) In implementing this chapter, the commission shall do all
 2 of the following:

3 (1) Consult with the Public Utilities Commission, representatives
 4 from the investor-owned and publicly owned utilities, local
 5 governments, real estate licensees, commercial builders,
 6 commercial property owners, small businesses, financial
 7 institutions, commercial property appraisers, energy rating
 8 organizations, and other entities the commission deems appropriate.

9 (2) Hold at least one public hearing.

10 (3) Adopt guidelines and standards for the purposes of
 11 implementing this chapter at a publicly noticed meeting offering
 12 all interested parties an opportunity to comment. For the initial
 13 adoption of the guidelines and standards, the commission shall
 14 provide a written public notice at least 30 days prior to the meeting.
 15 For the adoption of any substantive change to the guidelines and
 16 standards, the commission shall provide a written public notice at
 17 least 10 days prior to the meeting. Notwithstanding any other law,
 18 guidelines or standards adopted pursuant to this section shall be
 19 exempt from the requirements of Chapter 3.5 (commencing with
 20 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
 21 Code.

22 25987.26. Credit issued under the warehouse line of credit
 23 shall not be deemed to constitute a debt or liability of the state or
 24 of any political subdivision thereof, or a pledge of the full faith
 25 and credit of the state or of any political subdivision, but shall be
 26 payable solely from the funds provided therefor. All credit
 27 instruments shall contain a statement to the following effect:

28
 29 “Neither the faith and credit nor the taxing power of the State
 30 of California is pledged to the payment of principal and interest
 31 on this credit instrument.”

32 25987.27. (a) From the date upon which financial assistance
 33 is approved by the commission pursuant to Section 25987.20 and
 34 for all subsequent transactions entered into pursuant to this chapter,
 35 a seller of real property subject to an energy remittance repayment
 36 agreement shall deliver to the buyer an energy remittance
 37 repayment agreement notice and disclosure as adopted by the
 38 commission pursuant to paragraph (9) of subdivision (a) of Section
 39 25987.25.

1 (b) (1) Upon the delivery of the completed notice and disclosure
2 form to the buyer of real property, the seller and his or her agent
3 is not required to provide additional information relative to the
4 energy remittance repayment agreement.

5 (2) The information in the notice and disclosure form is deemed
6 sufficient to provide notice to the buyer of the existence of the
7 energy improvements, the energy remittance repayment agreement,
8 and the repayment obligation that will be assigned to, and assumed
9 by, the buyer upon taking title.

10 25987.28. No later than June 30, 2015, and no later than June
11 30 of every fifth year thereafter, the State Auditor shall conduct,
12 or cause to be conducted, a performance audit of the program. The
13 State Auditor shall prepare a report and recommendations on each
14 audit conducted and present the report and recommendations to
15 the President pro Tempore of the Senate and the Speaker of the
16 Assembly.

17
18 Article 3. Nonresidential Building Energy Retrofit Bond

19
20 25987.29. The authority, on behalf of the commission, may
21 incur indebtedness and issue and renew negotiable bonds, notes,
22 debentures, or other securities of any kind or class. All
23 indebtedness, however evidenced, shall be payable solely from
24 moneys received pursuant to this chapter and the proceeds of its
25 negotiable bonds, notes, debentures, or other securities and shall
26 not exceed the sum of two billion dollars (\$2,000,000,000).

27 25987.30. The Legislature may, by statute, authorize the
28 authority to issue bonds, as defined in Section 25987.31 in excess
29 of the amount provided in Section 25987.29.

30 25987.31. (a) On a semiannual basis, the authority shall
31 conduct a meeting for the purpose of authorizing the issuance of,
32 by the adoption of a resolution, negotiable bonds, notes, debentures,
33 or other securities (collectively called “bonds”) for the purposes
34 of generating sufficient moneys to fund the approved applications
35 in the portfolio at the time of the meeting or to repay an outstanding
36 balance of the participant on whose behalf the commission has
37 provided funds through the warehouse line of credit. In anticipation
38 of the sale of bonds as authorized by Section 25987.29, or as may
39 be authorized pursuant to Section 25987.30, the authority, on behalf
40 of the commission, may issue negotiable bond anticipation notes

1 and may renew the notes from time to time. The bond anticipation
2 notes may be paid from the proceeds of sale of the bonds of the
3 authority in anticipation of which they were issued. Notes and
4 agreements relating to the notes and bond anticipation notes
5 (collectively called “notes”) and the resolution or resolutions
6 authorizing the notes may contain any provisions, conditions, or
7 limitations that a bond, agreement relating to the bond, and bond
8 resolution of the authority may contain. However, a note or renewal
9 of the note shall mature at a time not exceeding two years from
10 the date of issue of the original note.

11 (b) Every issue of its bonds, notes, or other obligations shall be
12 general obligations of the authority payable from revenues or
13 moneys received pursuant to this chapter. Notwithstanding that
14 the bonds, notes, or other obligations may be payable from a special
15 fund, they are for all purposes negotiable instruments, subject only
16 to the provisions of the bonds, notes, or other obligations for
17 registration.

18 (c) Subject to the limitations in Sections 25987.29 and 25987.30,
19 the bonds may be issued as serial bonds or as term bonds, or the
20 authority, in its discretion, may issue bonds of both types. The
21 bonds shall be authorized by resolution of the authority and shall
22 bear the date or dates, mature at the time or times, not exceeding
23 30 years from their respective dates, bear interest at the rate or
24 rates, be payable at the time or times, be in the denominations, be
25 in the form, either coupon or registered, carry the registration
26 privileges, be executed in a manner, be payable in lawful money
27 of the United States of America at a place or places, and be subject
28 to terms of redemption, as the resolution or resolutions may
29 provide. The sales may be a public or private sale, and for the price
30 or prices and on the terms and conditions, as the authority shall
31 determine after giving due consideration to the recommendations
32 of any participating party to be assisted from the proceeds of the
33 bonds or notes. Pending preparation of the definitive bonds, the
34 authority may issue interim receipts, certificates, or temporary
35 bonds that shall be exchanged for the definitive bonds. The
36 authority may sell bonds, notes, or other evidence of indebtedness
37 at a price below their par value. However, the discount on a security
38 sold pursuant to this section shall not exceed 6 percent of the par
39 value.

1 (d) A resolution or resolutions authorizing bonds or an issue of
2 bonds may contain provisions that shall be a part of the contract
3 with the holders of the bonds to be authorized, as to all of the
4 following:

5 (1) Pledging the moneys collected pursuant to this chapter from
6 the portfolio of approved applications that are funded by the bonds,
7 to secure the payment of the bonds or of any particular issue of
8 bonds, subject to the agreements with bondholders as may then
9 exist.

10 (2) The setting aside of reserves or sinking funds, and the
11 regulation and disposition of the reserves or sinking funds.

12 (3) Limitations on the right of the authority or the commission
13 or their agent to restrict and regulate the use of the project or
14 projects to be financed out of the proceeds of the bonds or any
15 particular issue of bonds.

16 (4) Limitations on the purpose to which the proceeds of sale of
17 an issue of bonds then or thereafter to be issued may be applied
18 and pledging those proceeds to secure the payment of the bonds
19 or the issue of the bonds.

20 (5) Limitations on the issuance of additional bonds, the terms
21 upon which additional bonds may be issued and secured, and the
22 refunding of outstanding bonds.

23 (6) The procedure, if any, by which the terms of a contract with
24 bondholders may be amended or abrogated, the amount of bonds
25 the holders of which must consent to the amendment or abrogation,
26 and the manner in which that consent may be given.

27 (7) Limitations on expenditures for operating, administrative,
28 or other expenses of the authority or commission.

29 (8) Defining the acts or omissions to act that constitute a default
30 in the duties of the authority or commission to holders of its
31 obligations and providing the rights and remedies of the holders
32 in the event of a default.

33 (e) The authority, the commission, and any person executing
34 the bonds or notes shall not be liable personally on the bonds or
35 notes or be subject to personal liability or accountability by reason
36 of the issuance of the bond or note.

37 (f) The authority shall have power out of any funds available
38 for these purposes to purchase its bonds or notes. The authority
39 may hold, pledge, cancel, or resell those bonds, subject to and in
40 accordance with agreements with bondholders.

1 (g) The commission, the authority, and the board may enter into
2 a memorandum of understanding providing for the transfer of
3 energy remittance payments between the three agencies in
4 furtherance of this chapter.

5 (h) Should there be insufficient project valuation or insufficient
6 demand for the revenue bonds authorized by this chapter, the board
7 shall continue to collect the energy remittance payments and
8 service the loans. Failure to sell the revenue bonds shall not create
9 any liability for the state.

10 25987.32. In the discretion of the authority, any bonds issued
11 under the provisions of this article may be secured by a trust
12 agreement by and between the authority and a corporate trustee
13 or trustees, which may be the authority or any trust company or
14 bank having the powers of a trust company within or without the
15 state. Such trust agreement or the resolution providing for the
16 issuance of such bonds may pledge or assign the revenues to be
17 received pursuant to this chapter, to be financed out of the proceeds
18 of such bonds. Such trust agreement or resolution providing for
19 the issuance of such bonds may contain such provisions for
20 protecting and enforcing the rights and remedies of the bondholders
21 as may be reasonable and proper and not in violation of law,
22 including particularly such provisions as have herein above been
23 specifically authorized to be included in any resolution or
24 resolutions of the commission authorizing bonds thereof. Any bank
25 or trust company doing business under the laws of this state which
26 may act as depository of the proceeds of bonds or of revenues or
27 other moneys may furnish such indemnifying bonds or pledge such
28 securities as may be required by the authority. Any such trust
29 agreement may set forth the rights and remedies of the bondholders
30 and of the trustee or trustees, and may restrict the individual right
31 of action by bondholders. In addition to the foregoing, any such
32 trust agreement or resolution may contain such other provisions
33 as the authority may deem reasonable and proper for the security
34 of the bondholders. Notwithstanding any other law, the authority
35 shall not be deemed to have a conflict of interest by reason of
36 acting as trustee pursuant to this chapter.

37 25987.33. Bonds issued under the provisions of this article
38 shall not be deemed to constitute a debt or liability of the state or
39 of any political subdivision thereof, other than the authority, or a
40 pledge of the faith and credit of the state or of any such political

1 subdivision, but shall be payable solely from the funds herein
2 provided therefor. All such bonds shall contain on the face thereof
3 a statement to the following effect: “Neither the faith and credit
4 nor the taxing power of the State of California is pledged to the
5 payment of the principal of or interest on this bond.” The issuance
6 of bonds under the provisions of this article shall not directly or
7 indirectly or contingently obligate the state or any political
8 subdivision thereof to levy or to pledge any form of taxation
9 whatever therefor or to make any appropriation for their payment.
10 Nothing contained in this section shall prevent or be construed to
11 prevent the authority from pledging its full faith and credit to the
12 payment of bonds or issue of bonds authorized pursuant to this
13 chapter.

14 25987.34. (a) The authority is hereby authorized to provide
15 for the issuance of bonds of the authority for the purpose of
16 refunding any bonds, notes, or other securities of the authority
17 then outstanding, including the payment of any redemption
18 premium thereon and any interest accrued or to accrue to the
19 earliest or subsequent date of redemption, purchase, or maturity
20 of such bonds.

21 (b) The proceeds of any such bonds issued for the purpose of
22 refunding outstanding bonds, notes, or other securities may, in the
23 discretion of the authority, be applied to the purchase or retirement
24 at maturity or redemption of such outstanding bonds either on their
25 earliest or any subsequent redemption date or upon the purchase
26 or retirement at the maturity thereof and may, pending such
27 application, be placed in escrow to be applied to such purchase or
28 retirement at maturity or redemption on such date as may be
29 determined by the authority.

30 (c) Pending such use, any such escrowed proceeds may be
31 invested and reinvested by the authority in obligations of, or
32 guaranteed by, the United States of America, or in certificates of
33 deposit or time deposits secured by obligations of, or guaranteed
34 by, the United States of America, maturing at such time or times
35 as shall be appropriate to ensure the prompt payment, as to
36 principal, interest, and redemption premium, if any, of the
37 outstanding bonds to be so refunded. The interest, income, and
38 profits, if any, earned or realized on any such investment may also
39 be applied to the payment of the outstanding bonds to be so
40 refunded. After the terms of the escrow have been fully satisfied

1 and carried out, any balance of such proceeds and interest, income,
2 and profits, if any, earned or realized on the investments thereof
3 may be returned to the authority for use by it in any lawful manner.

4 (d) All such bonds shall be subject to the provisions of this
5 division in the same manner and to the same extent as other bonds
6 issued pursuant to this chapter.

7 25987.35. Bonds issued by the authority are legal investments
8 for all trust funds, the funds of all insurance companies, banks,
9 both commercial and savings, trust companies, savings and loan
10 associations, and investment companies, for executors,
11 administrators, trustees, and other fiduciaries, for state school
12 funds, and for any funds which may be invested in county,
13 municipal, or school district bonds, and such bonds are securities
14 which may properly and legally be deposited with, and received
15 by, any state or municipal officer or agency or political subdivision
16 of the state for any purpose for which the deposit of bonds or
17 obligations of the state, is now, or may hereafter be, authorized by
18 law, including deposits to secure public funds if, and only to the
19 extent that, evidence of indebtedness or debt securities of the
20 participating party receiving financing through the issuance of
21 such bonds qualify or are eligible for such purposes and uses.

22 25987.36. The state hereby pledges and agrees with the holders
23 of the bonds and with a participant with an approved application
24 that the state will not limit, alter, restrict, or impair the rights vested
25 in the authority or the commission or the rights or obligations of
26 a person or entity with which the commission contracts to fulfill
27 the terms of an agreement made pursuant to this chapter. The state
28 further agrees that it will not in any way impair the rights or
29 remedies of the holder of the bonds until the bonds have been paid
30 or until adequate provision for payment has been made. The
31 authority may include this provision and undertaking for the
32 authority in its bonds.

33 25987.37. (a) Bonds issued pursuant to this division shall be
34 exempt from all taxation and assessment imposed pursuant to state
35 law.

36 (b) No later than February 1, 2014, the commission shall apply
37 to the United States Department of the Treasury under the Energy
38 Tax Incentives Act of 2005 (Title XIII of Public Law 109-58) for
39 the authority to issue tax advantage bonds under the federal Clean

1 Renewable Energy Bonds program or any other applicable
2 programs.

3

4 Article 4. Nonresidential Building Energy Retrofit Debt
5 Servicing Fund
6

7 25987.38. (a) The Nonresidential Building Energy Retrofit
8 Debt Servicing Fund is hereby established in the State Treasury.
9 Notwithstanding Section 13340 of the Government Code, the
10 moneys in the fund are hereby continuously appropriated to the
11 authority without regard to fiscal year for the purposes of paying
12 the principal and interest on bonds issued by the authority pursuant
13 to Section 25987.29, servicing the warehouse line of credit, and
14 defraying any direct and indirect costs incurred by the Treasurer
15 in executing duties required by this chapter.

16 (b) All interest and income derived from the deposit and
17 investment of moneys in the fund shall be credited to the fund,
18 and all unexpended and unencumbered moneys in the fund at the
19 end of any fiscal year shall remain in the fund.

20 25987.39. The Loan Loss Reserve Account is hereby
21 established in the Nonresidential Building Energy Retrofit Debt
22 Servicing Fund. The board shall deposit the portion of the
23 contractual energy remittance that is the loan loss reserve fee into
24 the account. Notwithstanding Section 13340 of the Government
25 Code, the moneys in the account are hereby continuously
26 appropriated to the authority without regard to fiscal year for the
27 purposes of paying outstanding balances due under an energy
28 remittance repayment agreement on a building that has been
29 foreclosed upon if the proceeds generated from the foreclosure
30 proceedings are insufficient to pay any past due payments past due
31 under the energy remittance repayment agreement, including
32 accrued interest, penalties, and fees. All interest and income derived
33 from the deposit and investment of moneys in the account shall
34 be credited to the account, and all unexpended and unencumbered
35 moneys in the account at the end of any fiscal year shall remain
36 in the account.

37 25987.40. The Administration Account is hereby established
38 in the Nonresidential Building Energy Retrofit Debt Servicing
39 Fund. The authority shall deposit into the account the program
40 administration fee collected pursuant to subdivision (b) of Section

1 25987.23 and penalties collected pursuant to Section 25987.16.
2 Notwithstanding Section 13340 of the Government Code, moneys
3 in the account shall be continuously appropriated to the authority,
4 the commission, and the board for the costs of implementing this
5 chapter.

6 25987.41. (a) The Director of Finance shall transfer, as a loan,
7 up to one million dollars (\$1,000,000) from the General Fund to
8 the board to implement this chapter.

9 (b) The Director of Finance shall transfer, as a loan, up to seven
10 million dollars (\$7,000,000) from the General Fund to the
11 commission to implement this chapter.

12 (c) Any loan made pursuant to this section shall be repaid on
13 or before January 1, 2024, with interest at the pooled money
14 investment rate, from energy remittance repayment collected
15 pursuant to this chapter.

16 (d) If the fees authorized for collection pursuant to subdivision
17 (b) of Section 25987.23 are not sufficient to support the loans made
18 pursuant to this section, the Director of Finance shall discuss
19 alternative repayment terms with the borrowing agencies.

20 25987.42. (a) The commission, the board, and the authority
21 shall be authorized to promulgate necessary regulations to
22 implement and administer this chapter.

23 (b) Guidelines for the purposes of implementing this chapter
24 shall be adopted by the commission, board, or authority at a
25 publicly noticed meeting offering all interested parties an
26 opportunity to comment. For the initial adoption of the guidelines
27 and standards, the commission, board, or authority shall provide
28 a written public notice at least 30 days prior to the meeting. For
29 the adoption of any substantive change to the guidelines and
30 standards, the commission, board, or authority shall provide a
31 written public notice at least 10 days prior to the meeting.
32 Notwithstanding any other law, guidelines or standards adopted
33 pursuant to this section shall be exempt from the requirements of
34 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
35 3 of Title 2 of the Government Code.