

NASEO Financing Task Force Call Notes
Thursday, December 1, 2011; 3-4pm ET

Attendees:

NY	AHRI
NC	Energy Programs Consortium
AL	Chevron Energy Solutions
MI	Seattle NW Securities
MN	Cadmus Group
MO	Summit Energy Strategies

Welcome and Introductions

Jeff Pitkin, NYSERDA

Jeff Pitkin, Treasurer of NYSERDA and Chair of the NASEO State Energy Financing Task Force, opened the call and provided an overview of the call objectives and agenda)

The December call was a follow up to the Task Force's November call in which we discussed Qualified Energy Conservation Bonds (QECCBs) and bonding authority. During the last call, the Task Force discussed challenges and barriers in utilizing QECCBs as well as the small percentage bonds that have been issued to date (only about 17%).

The December call was used to discuss a data collection effort developed by NASEO and Energy Programs Consortium (EPC) to gather a more complete and accurate picture of state and local use of QECCBs to make a case for the value of QECCBs in the case that the program is targeted by Congress for budget cuts. EPC and NASEO have put together a data collection template for each state and would like to request Task Force members' assistance in completing these data templates.

Data Collection Effort Background and Objectives

Jeff Genzer, NASEO General Counsel

Congress is heavily scrutinizing unspent funds at the state level, and there is a real risk that QECCBs may be recaptured. Because QECCBs are susceptible to recapture, we'd like to do what we can to get a better sense of who intends to utilize the funds and who needs assistance in issuing bonds in order to better prepare for what's to come. At this point, it's impossible to say what the chances are of a QECCB reversion happening; however, it is safe to assume that no program is safe in the unpredictable budget debate.

Jeff Pitkin added that in order to mitigate this potential risk, New York is revisiting its state bond issuance schedule and may expedite issuances in case the QECCB funding is recaptured. New York is now aiming to issue in early 2012. If other states are considering similar risk mitigation measures, please communicate to NASEO what you are considering and what you may change. Contact Diana Lin (dlin@naseo.org) if you have any perspective to share from your state.

Data Collection Process

Diana Lin, NASEO

In order to collectively prepare for this possibility, NASEO, working with EPC has developed an effort to systematically catalogue information at the state and local levels on QECCB status. We hope to learn not only what has been issued, but what may be in the pipeline. Because U.S. Treasury does not publicly disclose the status of issuances, we need to gather this information state by state.

To start with, NASEO circulated a spreadsheet that we're hoping states can help us with. The intention is not to make this a burdensome activity, and if the SEO is not the issuing authority in your state, please let us know who the appropriate point of contact is and we can do the leg work to follow up with them.

Rebekah King, EPC

Rebekah King from EPC provided a description of the spreadsheet template and how states can help to fill it out. After the call, NASEO and EPC will send individual templates for each state. We filled in as much information as possible already for each state as well as an instructions page on the first tab of the document. Please take a minute to verify what's listed and notify us of any gaps or to tell us who may follow-up with to learn more information.

- In most cases Government Entity and Allocation amount will already be completed for you.
- If a local government did not receive an original QECCB allocation but applied for a re-allocation of QECCBs (after some bonds were waived back to the state), we may not have that information so if those local governments are missing from your state, please add them.
- The first few columns are for local governments that have issued their bonds
- The last few columns focus on local governments that have NOT issued bonds
- Please make note of any real or perceived barriers in Notes (Column K)

NASEO and EPC request that the templates be returned to Diana Lin (dlin@naseo.org) and Rebekah King (rking@energyprograms.org) by December 15th. This will give us time to assist states and follow up with local governments as needed before the end of 2011.

Q&A/Discussion:

- Is there a chance that the QECCBs issuing authority will be rescinded?
 - Jeff Genzer – I don't want to unnecessarily alarm anyone, but do want to make sure the group is aware that this is a possibility. This data collection effort should better position all of us with a better understanding of how QECCBs are being used and what may come in the future.
- Robert Jackson, MI: We have recently done a thorough analysis of our bond spending in our state, to whom, where, and what. We've found that the impediment to locals using QECCBs is all based upon the interest rate that would be associated with the bond on the day of the sale. When local governments can find better rates, they decide not to go through with it.

- Jeff – has the state asked those local governments to waive the bonds back to the state?
- Michigan – we're developing a letter to Treasury to ask them to issue a recommendation to the local municipalities to waive those bonds back to the state.
- Jim Ploger, NASEO – Noticed that Kansas was able to issue all bonds and had the local governments revert authority back to the state in order to accomplish this. Jim volunteered to follow-up with Kansas to learn how they managed to successfully issue all bonds and/or get local governments to revert authority to see if there are some lessons to take to other states.

Completing the State and Local Allocations Template – Diana Lin

NASEO and EPC will send out individual templates for each state this week. We ask that you fill in the gaps and let us know who the appropriate issuing authority/contact person is. Please review the existing data for inaccuracy and fill in gaps in data. Please let us know if you would like help in reaching out to your local governments.

Next Call:

The next call is scheduled for Thursday, January 5, from 3-4pm ET.