Agenda Item – 4.B
Resolution No. 23-11-4.B

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Request to Approve Modifications to the GoGreen Home Program under the Emergency Regulation Process

Tuesday, November 14, 2023

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REQUEST

Staff requests approval to adopt modifications to regulations ("Regulations") for the GoGreen Home Program under the emergency rulemaking process.[1] The purpose of these proposed modifications is to support efficient redeployment and rebalancing of Loss Reserve funding and establish the capacity to channel external funds for Interest Rate Buy-Downs in order to facilitate program scaling.

BACKGROUND

On behalf of the California Public Utilities Commission ("CPUC"), the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA") is the administrator of the California Hub for Energy Efficiency Financing ("CHEEF") and is currently responsible for operating three energy efficiency financing programs: GoGreen Home, GoGreen Business, and the GoGreen Multifamily funded with moneys collected from the ratepayers of the investor-owned utilities (IOUs). These programs collectively were authorized by the CPUC as pilot programs to support the State's broader energy efficiency and environmental policy goals through leveraging private capital for energy retrofits. GoGreen Home, the first pilot program to launch in July 2016 and to move beyond pilot to full program status, targets the single-family residential market. GoGreen Home mitigates the risk of default for Lenders by providing a credit enhancement for enrolled loans. This protection enables Participating Lenders to offer more attractive financing terms, such as reduced interest rates, longer terms, and larger amounts to a broader group of Borrowers.

In April 2020, the CPUC issued Resolution E-5072 that approved GoGreen Home's transition from a pilot program to a full program and permits CAEATFA to improve GoGreen Home in order to facilitate scaling. CPUC Decision 21.08.006 supported further expansion by authorizing GoGreen Home to utilize non-IOU ratepayer sources of funding for credit enhancements in order to set up more consistent project eligibility across utility jurisdictions. Under Decision 21.08.006, CAETAFA brought on the TECH Clean California program in 2022 and the City of Palo Alto Utilities (CPAU) in October 2023 as additional sources of credit enhancement funding, which has allowed GoGreen Home to finance electric projects in electric POU territories and to offer GoGreen Home for the first time to CPAU customers, which were previously excluded due to not receiving any IOU fuel services.

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[1] Sec. 26009, Public Resources Code

More recently, CPUC Decision 23-08-022 authorized additional expansion opportunities by allowing CAEATFA to use IOU ratepayer funds to credit enhance loans for comprehensive energy measures like solar, battery storage, and EV chargers. CAEATFA will also seek alternative sources of funding to credit enhance comprehensive energy measures. This measure expansion will be formalized in an early 2024 regulation modification.

In the past two years, the GoGreen Home program has seen significant growth. In Fiscal Year 22/23 alone, the program enrolled nearly 40% of total loan volume across all seven years of the program. The Regulation modifications proposed in this summary for the Board's approval will enable CAEATFA to meet and increase this growth.

Key Modifications

With much engagement of and support from participating Lenders, CAEATFA is making changes to its Loss Reserve Contribution and Rebalancing structures in order to facilitate more efficient and faster deployment of Loss Reserve funds. Updates to the Loss Reserve Contribution calculation methodology better reflect Lenders' actual underwriting practices and Borrower risk while reserving funds for more loans. CAEATFA is also establishing a new methodology by which Loss Reserve Accounts are "rebalanced". As GoGreen Home loans are paid off, Loss Reserve Contribution funds are no longer needed in the Lender's Loss Reserve Account for those loans. Rebalancing involves re-capturing unneeded Loss Reserve Contributions so that those funds may be redeployed for new loans. The new rebalance methodology better reflects Lenders' actual liabilities and continues to ensure appropriate loss coverage but will ensure funds are recycled and available for new loans in a shorter amount of time. As previously mentioned, both of these changes have been generated after several months of close engagement with GoGreen Home Lenders, and much forecasting and analysis of loan performance over the seven years that GoGreen Home has been enrolling loans and paying claims.

In addition, CAEATFA is adding the ability to channel funds from external sources to Participating Lenders in the form of an Interest Rate Buy Down ("IRBD"). Several entities have approached CAEATFA in recent months interested in working with CAEATFA to buy down Lender's rates, which will reduce the interest rates of GoGreen Home loans and make financing more attractive and affordable for Borrowers. IRBDs can also be used to incentivize particular types of upgrades and projects (for example, offering an IRBD for loans for a gas-to-electric heat pump conversion, or requiring a home energy audit in order to qualify for an IRBD).

While the funding would only be available to projects that meet the eligibility requirements of the external funder, a funder's requirements would only layer on top of, and never supersede, the rules and requirements promulgated in the GoGreen Home program Regulations. For example, individuals with a credit score under 580 are not eligible for GoGreen Home per the Regulations, and an external funder would not be able to change that with its own requirements. Further, CAEATFA will maintain the right to amend the IRBD terms to maintain compliance with any changes to regulatory requirements.

CAEATFA's establishing statutes allow it to utilize Board Resolutions to implement IRBD campaigns.[2] The process proposed in GoGreen Home's Regulations, briefly, would involve the Board's review and approval at the monthly Board meeting of an IRBD campaign "term sheet" –

[2] Sec. 26003, Public Resources Code

basically an overview of the terms of participating in the IRBD campaign, such as the total amount of financing and Eligible Loan limits, the method of calculating the IRBD amount and any eligibility requirements, and the process by which a Participating Lender may apply for access to the IRBD funds and how it will be disbursed. Reviewing and approving the term sheet in the monthly Board meeting will ensure opportunity for public participation. Once approved CAEATFA would then publish the IRBD term sheet and Lender application on the CAEATFA website, where Lenders could access it to apply to participate. CAEATFA would also work with other partners and participating entities, such as GoGreen Home Contractors, to facilitate uptake.

Outreach for GoGreen Home Regulatory Action
CAEATFA staff regularly solicits feedback from Participating Contractors and Lenders, and carefully monitors loan data to understand the Borrower experience and loan performance. As part of our Regulation modification process, CAEATFA met regularly with Lenders to solicit input and conducted a public workshop on October 23, 2023, followed by a five-day public comment period. Stakeholder feedback is represented in these proposed modifications.

PROPOSED MODIFICATIONS TO REGULATIONS

Below is a brief description of each of the most substantive changes to the Regulations. The specific modifications to the Regulations can be found in Attachment A, denoted in strikethrough and underlined text.

§10091.1: Definitions

This Section defines and describes the terms used throughout the GoGreen Home regulations.

§10091.1(i): "Credit-Challenged Borrower" was modified to expand the ceiling of high-risk credit scores from 640 to 700.

Necessity: CAEATFA's initial designation of a higher risk Credit-Challenged Borrower was a credit score of 640 and below. Lenders and industry data indicate indicates that defaults start to occur at a statistically significant pace for Borrowers with credit scores 680 and below, not 640 and below. CAEATFA has long-established reporting buckets of 580-640 and 641-700, so to better account for the risks that Lenders face lending to Borrowers with a 680 score or below, while staying congruent with our existing reporting structure, CAEATFA found it reasonable to raise the credit risk categorization of a Credit-Challenged Borrower to 700.

§10091.1(j): "Credit-Challenged Program" was removed.

Necessity: CAEATFA removed the Credit-Challenged Program for Lenders. The Credit-Challenged Program was an optional program that Lenders could choose to opt into. If they opted in, Lenders would receive a 20% Loss Reserve Contribution for loans made to Borrowers who qualify as a Credit-Challenged Borrower by specifically designating the loan as "Credit-Challenged" at loan enrollment. In order to reduce operational burdens for Lenders, CAEATFA has decided to automatically deploy a 20% Loss Reserve Contribution for loans to Borrowers meeting the definition of a Credit-Challenged Borrower, rather than make Lenders request it each time.

§10091.1(w): "Interest Rate Buy-Down" or "IRBD" was added as a defined term.

Necessity: CAEATFA added the capability to deploy funds for Interest Rate Buy-Downs (IRBDs) in a new section. This funding would be channeled through CAEATFA via external funders to buy down the interest rates of Eligible Loans to make financing more feasible and attractive to Borrowers. See the description of the addition of Section 10091.17 below for more information.

§10091.1(aa): "Low-to-Moderate Income" was modified as a defined term.

Necessity: This subsection was modified to remove household income as a trigger for a Borrower contribution of 20%. The higher Loss Reserve Contribution percentage is meant to support Lenders making loans to Borrowers who they may perceive as riskier. However, program experience has shown that Lenders are rarely adjusting their credit approval process based on the Borrower's household income and "Low Household Income" is rarely reported as a reason for a higher Loss Reserve Contribution rate because it is difficult for a Lender to reliably ascertain; income data can only be requested of an individual, not a household. This adjustment thus aligns with typical Lender practices of Borrower assessment during underwriting. As low credit score is a very reliable indicator of Borrower risk that can be assessed solely on the Borrower and not the household, CAEATFA is targeting changes in other areas of the regulations to focus on credit score when defining areas of Lender risk worthy of a higher Loss Reserve Contribution.

CAEATFA is also clarifying the source of the definition of "area median income" to be more accurate.

§10091.2: Eligible Financial Institution and Eligible Finance Lender Applications to Participate.

This section outlines the processes by which an Eligible Financial Institution ("EFI") or Eligible Finance Lender ("EFL") applies to become a Participating Financial Institution ("PFI") or Participating Finance Lender ("PFL"), describing the information it must provide in its application and responsibilities under GoGreen Home. This section has removed an enrollment attachment for EFI/EFL applicants as detailed below.

§10091.2(d)(6): This section was amended to remove the Credit-Challenged Program for Lenders to opt-in to as part of participation in GoGreen Home

Necessity: With the removal of the Credit-Challenged Program (see the modification to §10091.1(j) in the Definitions section above) this is a necessary cleanup. Lenders will no longer need to apply for this program to receive the 20% Loss Reserve Contribution for Credit-Challenged Borrowers as the higher contribution will now be automated based on reported Borrower credit score for each enrolled loan.

§10091.5. Loan Eligibility and Minimum Underwriting Criteria

This Section lays out the criteria a loan must meet to be eligible under the Program. It was designed to safeguard the use of ratepayer funds while maintaining the intent to allow Lenders the flexibility to broaden access to financing to a wider set of Borrowers while mitigating risk.

§10091.5(h): This subsection was amended to clarify that Lenders have no more than 5 business days to adjust their systems or processes to match the maximum allowable rate based on quarterly updates of the 10-year Treasury bonds.

Necessity: The maximum interest rate allowed to be charged by Lenders follows the interest rate on 10-year Treasury bonds and is updated quarterly based on the current rate of the bond. Lenders who run loan programs with more automation and technological and public-facing marketing components report needing a few days following every quarterly update to adjust the maximum rate across their system. This clarification specified a deadline by which all Lenders must adjust their processes and systems to reflect the new rate in their marketing materials and/or their underwriting/origination processes to prevent being out of compliance with GoGreen Home regulations.

§10091.7. Establishment and Funding of Loss Reserve Accounts

This section outlines the process by which each Lender's Loss Reserve Account(s) is established and funded under GoGreen Home by the Trustee Bank. Each time a loan is enrolled, CAEATFA makes a Contribution to the Lender's Loss Reserve Account based on calculating a percentage of the loan principal that is eligible to be reimbursed to the Lender in the event of a claim (the "Claim-Eligible Principal Amount"). What percentage is used to calculate the Loss Reserve Contribution amount depends on several factors about the loan and the Borrower. Modifications to those percentages are proposed below.

§10091.7(b)(1)(A)(i) This subsection was amended to clarify that only Microloans shall receive a 20% Loss Reserve Contribution when made to LMI Borrowers, as defined (see changes to subsection §10091.1(aa) in the Definitions section above).

Necessity: CAEATFFA has seven years of loan performance data for loans that are not Microloans which indicates there is no direct correlation between loan performance and LMI Borrower status. Hence, we removed LMI Borrower status as a trigger for a 20% Loss Reserve Contribution for loans that are not Microloans.

Microloans, however, were only introduced in 2021 and have not yet been widely utilized by all GoGreen Home Lenders. Feedback from Lenders whose business model is centered on issuing Microloans indicate more time is needed to analyze loan performance based on census tract. Microloans are any loan with a Claim-Eligible Principal Amount under $5,000, and thus are a unique financial product for many Lenders to offer. Therefore, CAEATFA finds it reasonable to keep the 20% Loss Reserve Contribution trigger for LMI Borrowers receiving Microloans. CAEATFA will continue to monitor Microloan performance based on Borrower census tract.

§10091.7(b)(1)(A)(ii) This subsection was amended to clarify that Microloans to Borrowers who are not Credit-Challenged Borrowers or LMI Borrowers shall receive an 11% Loss Reserve contribution.

Necessity: CAEATFA has seven years of loan performance data for loans that are not Microloans. The data indicates that for these loans a transition from an 11% to 5% Loss Reserve Contribution is appropriate for Borrowers who do not qualify as Credit-Challenged Borrowers. Hence, we propose to lower the contribution percentage for loans to non-Credit Challenged Borrowers or which are not Microloans to 5%. See the proposed modification discussed in §10091.7(b)(1)(D) below.

Microloans, however, were only introduced in 2021 and have not yet been widely utilized by all GoGreen Home Lenders. Feedback from Lenders whose business model is centered on issuing Microloans indicates that more time to analyze loan performance and loss reserve coverage is needed. Therefore, CAEATFA finds it is reasonable to keep the 11% Loss Reserve Contribution for Microloans made to not LMI Borrowers or who are not Credit-Challenged (those Borrowers shall receive a 20% contribution, as described above in §10091.7(b)(1)(A)(i)). CAEATFA will continue to monitor loan performance and Loss Reserve coverage needs for these loans.

§10091.7(b)(1)(B) This subsection was amended to remove Lender participation in the Credit-Challenged Program as the trigger for a 20% Loss Reserve Contribution for loans made to Credit-Challenged Borrowers.

Necessity: With the removal of the optional Credit-Challenged Program (see changes to subsection §10091.1(j) in the Definitions section above), this is a necessary cleanup. All loans to Credit-Challenged Borrowers will now automatically receive a 20% LLR contribution, not just the loans from Lenders who are enrolled in the Program.

§10091.7(b)(1)(D): This subsection was amended to change the Loss Reserve Contribution percentage for loans made to non-Credit-Challenged Borrowers from 11% to 5%.

Necessity: This change is necessary to allow CAEATFA to more efficiently and appropriately deploy Loss Reserve funds in support of more loans, with the goal of driving program scalability. An 11% Contribution amount was established at the beginning of the GoGreen Home program. After analysis of seven years of loan and claim data, CAEATFA has observed, and Lenders have confirmed, that 5% is an appropriate Loss Reserve Contribution amount for loans to non-Credit-Challenged Borrowers and which are not Microloans, that will continue to provide adequate coverage for Lenders. This does not apply to Microloans, which shall continue to receive an 11% Contribution (see the proposed change described above in 10091.7(b)(1)(A)(ii)).

§10091.7(e)(1): This subsection was amended to preserve the existing Loss Reserve Account rebalancing method for loans enrolled prior to January 1, 2024. Sub-points have been subordinated for consistency.

Necessity: CAEATFA introduced a new rebalancing method that will come into effect on January 1, 2024. Loans enrolled prior to the introduction of this new method must and will continue to be rebalanced according to the original method, and so that method must remain in the GoGreen Home regulations.

§10091.7(e)(2): This subsection was amended to establish January 1, 2024 as the start date for a new Loss Reserve rebalance method to come into effect. As is the nature of a revolving Loss Reserve credit enhancement structure, Loss Reserve Contributions which are no longer needed, because loans have been paid off, shall be recaptured during regular "rebalancing" to be redeployed for more loans. Under this new method, CAEATFA will annually rebalance Lenders' Loss Reserve Accounts by first recalculating the Loss Reserve Contribution amount using the same formula used when calculating the original Contribution. CAEATFA shall use the current outstanding Claim-Eligible Principal Amount rather than the original Claim-Eligible Principal Amount in this calculation. The sum of these recalculated Loss Reserve Contribution amounts will be considered a 'target' coverage balance, or the ideal Loss Reserve balance that would provide an appropriate amount of coverage considering current outstanding principal as well as any Borrower defaults that a Lender may experience. If the current balance of the Lender's Loss Reserve Account is higher than this target coverage balance, the rebalance amount shall be the difference between the current balance and the target coverage balance. If the current balance of the Loss Reserve Account is lower than the target coverage balance, for example because there have been enough claims against the Loss Reserve to bring the balance down, no funds will be rebalanced out of the Account. As some Loss Reserve Contribution amounts will be calculated and recalculated against the Borrower's credit score, and a Borrower's changing credit score can reflect a change in their risk profile for the Lender, Lenders will also have the opportunity to provide updated Borrower credit scores.

Necessity: This new rebalance methodology more accurately reflects actual risk to Lenders and the loss coverage they need and has been generated after much engagement with GoGreen Home Lenders and much forecasting and analysis of past defaults and loan performance over the seven years that GoGreen Home has been enrolling these loans and paying claims. This new method will ensure Lenders retain appropriate loss coverage while allowing CAEATFA to redeploy Loss Reserve Contributions more rapidly for more loans, as the entirety of the initial Loss Reserve Contribution will not be encumbered in the Loss Reserve Account for the entire term of the loan. Rather, as each loan's principal is paid off over the year, the corresponding Loss Reserve Contribution amount can be rebalanced and used to credit enhance other loans.

§10091.8. Loan Enrollment

This Section describes all the documentation and data required for a loan to be enrolled into the Program in order to receive a Loss Reserve Contribution. The Section covers documentation provided by the Contractor, Borrower, and Lender, though Lenders are responsible for compiling and submitting the package.

§10091.8 (c)(9): This subsection was amended to clarify that the census tract of an Eligible Property is only required for submission if the loan is a Microloan and the Lender is reporting the Borrower as an LMI Borrower for the purposes of receiving a 20% Loss Reserve Contribution.

Necessity: CAEATFA removed the Low Income Borrower via Census Tract designation as a trigger for a 20% Loss Reserve Contribution for all loans that are not Microloans. This amendment clarifies that Lenders only need to report the census tract of the Borrower's Eligible Property if the loan is a Microloan and the Lender is seeking a 20% Loss Reserve Contribution due to the Borrower residing in a Low Income Census Tract.

§10091.8 (c)(41) This subsection was amended to clarify that Lenders need to indicate if a Microloan should receive a 20% Loss Reserve Contribution due to the Borrower qualifying as an LMI Borrower.

Necessity: When there were three ways to qualify for a 20% Loss Reserve Contribution (Credit-Challenged Borrower, Low Income Borrower via Census Tract, or Low Income Borrower via Household Income), Lenders had to designate which option to enroll the loan under. Per the change described above to subsection §10091.7(b)(1)(A)(i), CAEATFA is limiting eligibility for a 20% Loss Reserve Contribution based on the Borrower qualifying as an LMI Borrower via Census Tract to Microloans, removing the Low Income via Household Income designation altogether, and automating the 20% Contribution based on Credit-Challenged Borrower status (see the changes described to subsection §10091.1(j) above). Therefore, this modification clarifies that only when the loan is a Microloan and the Borrower lives in a Low Income Censust Tract do Lenders need to report that the Borrower qualifies as an LMI Borrower for the purpose of the 20% Loss Reserve Contribution.

§10091.17. Interest Rate Buy Down (IRBD) Disbursement

This section was added to describe what CAEATFA will do if CAEATFA secures funding from an external source to administer an interest rate buy-down (“IRBD”), in the form of a payment provided by CAEATFA directly to a participating GoGreen Home Lender to reduce the interest rate of a GoGreen Home loan. If CAEATFA is able to secure this external funding, it will 1) work with the funding source to develop an overview of the IRBD campaign’s terms and requirements (a “term sheet”), including information about the amount of IRBD funding available, target interest rates or rate reduction amounts, any maximum amount of IRBD funding available per loan (if applicable), eligibility criteria and the process by which Lenders may apply to participate in the IRBD campaign; 2) adopt that term sheet via formal resolution of CAEATFA’s Board and 3) accept applications from Lenders to participate in the IRBD campaign.

Necessity: Interest Rate Buy-Downs (IRBDs) are a tool that financing programs can deploy to make financing offerings more attractive and increase uptake. IRBDs can deliver various benefits, such as incentivizing certain project types (e.g., whole building retrofits, or decarbonization/electrification projects), improving access for low- or moderate-income Borrower types, making projects more affordable for Borrowers, and driving Lender and Contractor participation in financing programs. Government- or utility-administered financing programs such as the Tennessee Valley Authority or MassSaves HEAT in Massachusetts have all successfully utilized IRBDs.

CAEATFA has identified a few potential sources of IRBDs for GoGreen Home, including federal, state, and local utility entities. Each funder has their own goals and requirements for eligibility; however an IRBD funder’s requirements will never supersede or amend, and instead will only be layered on top of, GoGreen Home’s existing eligibility criteria and requirements. This potential variability makes it necessary to have a new section that specifies broadly what will happen when CAEATFA secures IRBD funding, but still establishes a standardized, repeatable, and public process.

The necessity for specific provisions of §10091.17 are included below:

§10091.17(b): This provision was necessary to specify the information that will be developed and made publicly available about the IRBD campaign via a "term sheet". This information shall include information about the amount of IRBD funding available, target interest rates or rate reduction amounts, any maximum amount of IRBD funding available per loan (if applicable), eligibility criteria, and the process by which Lenders may apply to participate in the IRBD campaign. As mentioned, each source of funds may have dollar or timeline limits, geographic or measure restrictions, or other criteria for recipients and CAEATFA will need to explain the details and eligibility criteria of each IRBD campaign on a case-by-case basis. For example, an electric utility providing IRBD funding may decide that the IRBD should only be available for loans including gas-to-electric heat pump conversions.

§10091.17(c): This provision was necessary to establish that CAEATFA will utilize the public process of a CAEATFA Board meeting to approve and publish the terms of participating in an IRBD campaign. This ensures that the terms of each new or amended IRBD campaign term sheet is transparently discussed and affirmed through the public forum of CAEATFA's governing Board's meetings.

§10091.17(d) This provision was necessary to affirm that a GoGreen Home Lender must agree to the terms and processes outlined in the term sheet, and that their participation in an IRBD campaign is contingent upon CAEATFA's approval.

REGULATORY PROCESS TIMELINE

All of the future dates below are tentative and subject to change.

October 23, 2023	GoGreen Home Regulations workshop.
October 23-27, 2023	GoGreen Home Regulations workshop public comment period.
November 14, 2023	CAEATFA Board reviews and approves proposed modified Regulations.
November 27, 2023	CAEATFA posts the Finding of Emergency and begins the 5-day notice period.
December 5, 2023	Emergency regulations are submitted to Office of Administrative Law (OAL) for review. OAL has 10 calendar days to review the Emergency regulations.
December 16, 2023	OAL decision for approval of emergency regulations. Emergency regulations become effective for 180 days upon filing with the Secretary of State.

RECOMMENDATION

Staff recommends the adoption of Resolution 23-11-4.B to authorize the Chair and the Executive Director to adopt the emergency Regulations for the GoGreen Home Program.

Attachment: Attachment A: Proposed Modified Regulations. Modifications for Board consideration are shown with strikethrough and underlined text.

Agenda Item – 4.B
Resolution No. 23-11-4.B

RESOLUTION OF THE CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY APPROVING MODIFICATIONS TO REGULATIONS AND OTHER RELATED ACTIONS TO IMPLEMENT THE RESIDENTIAL ENERGY EFFICIENCY LOAN ASSISTANCE PROGRAM

November 14, 2023

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority ("Authority") is authorized by Section 26009 of the Public Resources Code to adopt emergency regulations to implement and make specific the statutory provisions governing the Authority; and

WHEREAS, the Authority has determined that, under its Memorandum of Agreement with the Public Utilities Commission and its contract with the investor-owned utilities to serve as the manager of the California Hub for Energy Efficiency Financing, it is necessary to adopt modifications to the current program regulations (the "Regulations") to implement the GoGreen Home Program (the "Program").

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority as follows:

Section 1. The proposed modified Regulations, on file with the Authority, are hereby approved. The Chair and Executive Director are hereby authorized to file the Regulations, with the supporting documentation required by law, with the Office of Administrative Law as regulations in the form currently on file with the Authority.

Section 2. The Chair and Executive Director are hereby authorized to proceed with the public notice and comment procedures required by the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) prior to submitting emergency and regular regulations to the Office of Administrative Law and completing the rulemaking process.

Section 3. The Chair and Executive Director are hereby authorized to take the actions necessary for the adoption of the Regulations, including making any necessary changes to the Regulations to secure approval by the Office of Administrative Law, and to execute and deliver any documents and take any steps the Chair and Executive Director may deem necessary or advisable to effectuate the purposes of this resolution.

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