

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
January 19, 2016**

1. CALL TO ORDER & ROLL CALL

Alan Gordon, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or the Authority) meeting to order at 10:32 a.m.

Members Present: Alan Gordon for John Chiang, State Treasurer
Anne Baker for Betty T. Yee, State Controller
Eraina Ortega for Michael Cohen, Director,
Department of Finance
Kevin Barker for Robert B. Weisenmiller, Chair,
California Energy Commission
Nick Zanjani for Michael Picker, President, Public Utilities
Commission

Staff Present: Deana Carrillo, Executive Director

Quorum: The Chairperson declared a quorum.

2. MINUTES

Mr. Gordon asked if there were any questions or comments concerning the December 15, 2015 meeting minutes. There were none.

Mr. Gordon asked if there was a motion.

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

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Abstain
Nick Zanjani for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo reported that staff under the California Hub for Energy Efficiency Pilots have continued to work toward completing the infrastructure development to launch the first pilot, the Residential Energy Efficiency Loan Assistance Program. Staff are currently in the process of a 15-day public comment period of the regular rulemaking process. Depending on the receipt and consideration of additional comments, staff will be bringing these regulations to the Board in February.

Ms. Carrillo continued by reporting that in the 2015 Budget, CAEATFA was tasked by the Legislature to create a working group that will include key stakeholders to develop criteria for a comparative assessment of energy efficiency financing programs. CAEATFA will host a series of public workshops and webinars over the next several months to engage interested stakeholders; launching the process with a workshop on February 10th and a presentation by Lawrence Berkeley National Laboratory on their recent report, *Making it Count*. Staff plan to complete the process this spring.

Ms. Carrillo further stated that under the Sales and Use Tax Exclusion Program, staff have been working through potential program criteria and design to incorporate new eligible projects and competitive criteria. Staff intend to host the first public work on these efforts next month.

Under legislative updates, Ms. Carrillo added that there remains interest in a legislative bill that could increase the level of assistance under the Sales and Use Tax Exclusion Program, ranging from increasing the cap to establishing the equivalent of a carry-forward provision. The legislative deadline for new bills is in mid-February. Ms. Carrillo will keep the Board informed of new developments.

Ms. Carrillo stated that a new Staff member, Melinda Chan, has been added to CAEATFA under the CHEEF program as part of the administrative team.

There were no actions taken under her delegated authority this month.

Ms. Carrillo then concluded her report.

4. BUSINESS ITEMS

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

1. Atieva USA, Inc.
Presented by: Ashley Bonnett, Analyst

Ms. Bonnett reported that Atieva USA, Inc. (“Atieva”) is requesting a sales and use tax exclusion to relocate to an expanded headquarters location and to develop a new electric vehicle manufacturing facility located in Sacramento.

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The project will produce a new fully electric, four-door passenger vehicle that the applicant represents is anticipated to have a range up to 300 miles on a single charge. Atieva anticipates this electric vehicle will be the first in a series of vehicles and products, with the second vehicle planned for around 2020.

Atieva represented that manufacturing will commence in 2018, but customers may be able to begin placing orders in late 2016 or early 2017. Staff recommended approval of this resolution for Atieva USA, Inc.'s purchase of qualified property not to exceed \$530,750,000 anticipated to result in a sales and use tax exclusion of \$ \$44,689,150.

Ms. Ortega moved for approval and there was a second by Mr. Barker.

Mr. Gordon stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nick Zanjani for the Public Utilities Commission	Aye

2. Kite Pharma, Inc.. Presented by Nina Kapoor, Analyst

Ms. Kapoor reported that Kite Pharma, Inc. is a biopharmaceutical company focused on the development and commercialization of cancer immunotherapy products. Ms. Kapoor stated that the Applicant is requesting a sales and use tax exclusion for \$13,763,050 of qualified property to build a commercial manufacturing facility in El Segundo for the development and manufacture of a new product to treat lymphoma utilizing advanced science, engineering and information technologies to create a streamlined process that will minimize contamination and processing inconsistencies. The treatment involves the extraction and engineering of the patient's own white blood cells, which are then administered back to the patient with the ability to specifically target and destroy cancer cells. The Applicant represents that this treatment represents an advance over industry standard, which is currently chemotherapy, because it does not destroy other healthy cells nor does it utilize cytotoxic chemicals which are considered to be hazardous waste.

Staff recommended approval of a resolution for Kite Pharma's purchase of qualified property not to exceed \$13,763,050 anticipated to result in a sales and use tax exclusion amount of \$1,158,849.

Ms. Baker moved for approval and there was a second by Ms. Ortega
Mr. Gordon stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nick Zanjani for the Public Utilities Commission	Aye

3. rPlanet Earth Los, Angeles, LLC
Presented by James Shimp, Analyst

Staff introduced Bob Daviduk, Co-CEO and Joseph Ross, Co-Founder

Mr. Shimp reported that rPlanet Earth Los Angeles, LLC is planning to build a new facility that that uses post-consumer plastic bales to create a broad array of recycled plastic products. The project will utilize a vertically integrated model that consolidates multiple manufacturing processes under one roof. According to the Applicant, these manufacturing processes are typically completed at three separate facilities, thus necessitating transport of the unfinished intermediate product between each manufacturing facility.

Mr. Shimp continued by stating that the applicant represents that it will be the first company in the U.S. to install and operate a Krones recycling line. This equipment is different from other recycling lines in that it eliminates the "whole bottle wash" stage of decontamination, which would otherwise consume significant amounts of water. By eliminating this stage, the Applicant also claims to reduce water use and decontamination time, and avoid the toxic chemicals typically released by wet labels during the wash process.

Mr. Shimp added that an additional benefit of its proposed technology is the ability to work with plastic in flake form throughout the manufacturing process. The Applicant states that other manufacturers of recycled plastic products must use pelletized plastic as feedstock. This requires an additional step wherein plastic flake is melted down and reformed as pellets. By working with flake throughout, the energy costs associated with melting and reforming plastic are avoided.

Staff recommends approval of a resolution for rPlanet Earth Los Angeles, LLC's purchase of qualified property not to exceed \$119,800,000 anticipated to result in a sales and use tax exclusion of \$10,087,160.

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

Mr. Gordon stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nick Zanjani for the Public Utilities Commission	Aye

4. Escondido Bioenergy Facility, LLC
Presented by Nina Kapoor, Analyst

Ms. Kapoor reported that Escondido Bioenergy Facility, LLC is a wholly-owned subsidiary of Anaergia Services, a developer and operator of renewable energy facilities. The Applicant is requesting a sales and use tax exclusion for qualified property to install equipment to condition waste biogas from an existing anaerobic digestion process at a wastewater treatment plant owned by the City of Escondido. The existing treatment process involves the removal of solids from the City's wastewater stream and then processing them in digesters, releasing large quantities of biogas which is then disposed of with no beneficial use through flaring. The conditioned gas will be used to produce a renewable fuel to generate electricity to power with plant and to sell to the City of Escondido through a power purchase agreement.

Staff recommended approval of a resolution for Escondido Bioenergy Facility's purchase of qualified property not to exceed \$1,900,000 anticipated to result in sales and use tax exclusion of \$159,980.

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

Mr. Gordon stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nick Zanjani for the Public Utilities Commission	Aye

5. California Safe Soil, LLC
Presented by James Shimp, Analyst

Mr. Shimp reported that California Safe Soil, LLC is planning to expand beyond its current pilot facility and build a commercial scale organics recycling and soil amendment manufacturing facility in an 80,000 square foot warehouse in McClellan. The Applicant's business model involves collecting unsold food from participating grocery chains before it begins to rot or ferment. By using special insulated totes and buggies to keep food waste fresh, the Applicant's facilities can be permitted in urban areas, closer to the waste sources. This advantage eliminates the need for long distance hauling to a landfill or composting site, which in turn saves money and reduces GHG emissions.

Mr. Shimp further reported that at the California Safe Soil facility, food waste is put through a proprietary system that uses heat, mechanical action, and enzymes to convert food into a liquid soil amendment in only three hours. The applicant maintains that this new technology saves time and energy relative to composting.

Mr. Shimp continued by stating that the Applicant currently has an agreement with the Save Mart chain of grocery stores, which will recycle food waste from 120 markets at the proposed facility in McClellan. Currently, Save Mart ships organics to a composter, often hundreds of miles away. The Applicant represents that only a fraction of this food waste can be accommodated at the compost facility, because food waste must be kept in proportion to green waste in order to create a quality compost blend. Therefore, some of the food waste shipped to composters may end up in landfills instead. California Safe Soil will use 100% of the food waste it collects, reducing both solid waste and GHG emissions.

Staff recommended approval of a resolution for California Safe Soil, LLC's purchase of qualified property not to exceed \$3,750,000 anticipated to result in a sales and use tax exclusion of \$315,750.

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

Mr. Gordon stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nick Zanjani for the Public Utilities Commission	Aye

B. REQUEST TO APPROVE RESOLUTION FOR SALES AND USE TAX EXCLUSION AWARD TO CHANGE THE PARTICIPATING PARTY

Presented by James Shimp, Analyst

Mr. Shimp reported that on February 17, 2015, the CAEATFA Board approved an application by Silevo, Inc. for a project involving the expansion of an existing photovoltaic manufacturing facility into a 100 MW pilot line, with attached research and development laboratory. Prior to this approval, the applicant had entered into a merger agreement with SolarCity Corporation. The applicant made staff aware at the time of its original application that the merger would involve multiple steps to transfer ownership.

Mr. Shimp continued that on March 31, 2015, Silevo, Inc. merged with Sunflower Acquisition, LLC, a Delaware Limited Liability Company wholly owned by SolarCity Corporation. The terms of the merger recognized Sunflower Acquisition, LLC as the surviving entity, and amended its name to Silevo, LLC. On April 21, 2015, Silevo Inc. submitted a request to transfer the STE financial assistance from Silevo, Inc. to Silevo, LLC, which was approved at the May 19, 2015 Authority meeting.

Mr. Shimp added that since then, the transfer of ownership has been completed and the intermediary entity, Silevo LLC, is no longer needed. On October 26, 2015, Silevo LLC submitted a request to transfer the STE financial assistance from Silevo LLC to SolarCity Corporation. This change reflects the final stage in the consolidation of existing legal entities. To date, Silevo has purchased approximately \$60 million of equipment for the Project and does not anticipate any material changes to the original timeline or scope of the Project.

Staff recommended approval of an amendment to Resolution No. 15-SM003, changing Silevo, LLC, to SolarCity Corporation for the purchase of Qualified Property in an amount not to exceed \$106,551,184 anticipated to result in an approximate sales and use tax exclusion value of \$8,971,610.

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

Mr. Gordon stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

Agenda Item 2.

The item was passed by the following vote:

Tim Gordon for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Kevin Barker for the California Energy Commission	Aye
Nick Zanjani for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Mr. Gordon asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:56 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director