

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
901 P Street, Room 102
Sacramento, California
December 12, 2023**

1. CALL TO ORDER AND ROLL CALL

Fiona Ma, CPA, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:31 a.m.

Members Present: Fiona Ma, CPA, State Treasurer (Chair)
David Oppenheim for Malia M. Cohen, State Controller
Erica Gonzales for Joe Stephenshaw, Director, Department of Finance
David Hochschild, Chair, California Energy Commission (via
teleconference)
Khalil Johnson for Alice Reynolds, President, Public Utilities Commission
(via teleconference)

Staff Present: Claudia Quezada, Ed.D., Executive Director

Quorum: The Chair declared a quorum.

2. MINUTES

Chair Ma asked if there were any questions or comments concerning the November 14, 2023, meeting minutes. There were none.

Mr. Hochschild moved for approval of the minutes, and there was a second by Mr. Oppenheim.

Chair Ma stated there was a motion and a second and asked if there were any questions or comment from the public. There were none. Chair Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
David Hochschild for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Dr. Quezada reported on recent CAEATFA activity:

- On October 9, Dr. Quezada, along with Sales and Use Tax Exclusion (STE) senior manager Jennifer Gill, joined Treasurer Ma, Chief Deputy Treasurer Patrick Henning, Deputy Treasurer Khaim Morton, California Energy Commission (CEC) Commissioner Noemí Gallardo and her Chief of Staff Erik Stokes, and staff from the Sacramento Municipal Utility District (SMUD), and the United Auto Workers (UAW), for a site visit to Sparkz, Inc.'s battery component manufacturing facility in Rancho Cordova. Sparkz, Inc. is the first lithium-ion battery component manufacturer in the United States and will be applying for an STE Program award in 2024.
- On October 11, Kelly Delaney and Jonathan Verhoef, GoGreen Financing Program ("GoGreen") specialists, attended the annual Sacramento Public Agency Consortium (SACPAC), which connects small businesses to resources in government agencies like CAEATFA. Ms. Delaney joined a panel on building electrification in Sacramento and Mr. Verhoef staffed a table for public information and outreach.
- On October 13 and 14, Xee Moua, STE Program Manager, along with Katrina Walters-White, STE Program analyst, attended the California Economic Summit in Southern California to gain insights into how the STE Program can better meet its goal of making California's economy greener and to meet with stakeholders for program outreach. The event featured topics including transportation, natural resources, jobs, finance, clean technology, and education.
- On October 16 and 18, Ms. Delaney represented CAEATFA at the American Council for an Energy-Efficient Economy (ACEEE) conference in Philadelphia, exploring efficiency efforts nationwide.
- On November 6 and 7, GoGreen staff traveled to Pasadena for the Institute of Heating and Air Conditioning Industries (IHACI) Trade Show, to promote the GoGreen Home and GoGreen Business Programs to contractors who may be interested in partnering with the GoGreen team. Dr. Quezada also mentioned that the program's marketing efforts include giveaways of branded promotional items, such as high-quality water bottles with the GoGreen Financing logo. These bottles were also given to the members of the CAEATFA Board to help illustrate the experience.
- On November 7, GoGreen staff hosted a webinar to engage with the California Certified Organic Farmers to see how CAEATFA's programs can help the farming industry in California to become more energy-efficient.
- On November 8, Traci Hukill, GoGreen marketing specialist, attended a NorCal Small Business Development event at the Google Campus in Mountain View to promote the GoGreen Financing Programs. She was joined by staff from the California Pollution Control Financing Authority (CPCFA) and CalSavers Retirement Savings Program. During the event, a member of the event's staff approached Ms. Hukill to ask if CAEATFA could present at

the Fremont Chamber of Commerce to educate the Chamber about CAEATFA's programs.

- Also on November 8, Dr. Quezada along with several members of the GoGreen team, including Bill Heberger, GoGreen Home Program manager, Kristi Cortez, marketing analyst, Mr. Verhoef, and Ms. Delaney, attended the California Efficiency and Demand Management Council's (CEDMC) Fall Conference in Oakland. At the event, California Energy Commission (CEC) Commissioner Andrew McAllister, Ph.D., was awarded the Art Rosenfeld Achievement Award for his championing of energy efficiency and efforts in advocacy for decarbonization in California and around the United States and the world. Dr. Quezada mentioned that Dr. McAllister is known to travel to Europe frequently to promote the green energy transition.
- On November 13, GoGreen staff attended the Heat Pump Summit in Berkeley, which is a training and trade show where industry professionals can learn and network with contractors, business owners, and government representatives related to HVAC, plumbing, and solar power.
- On November 14, Dr. Quezada attended the Asian Pacific Economic Cooperation in San Francisco, at which, Treasurer Ma was one of the co-chairs for "The Future Starts in California," which focused on innovation, inclusion, and representation of top Asian-Pacific companies, industry, government and business leaders. Dr. Quezada was also able to promote the GGF and the STE Program to business leaders at the event.
- On November 17, Dr. Quezada and Ms. Delaney co-presented, with Ms. Delaney presenting remotely, for the Hayward Chamber of Commerce's Latino Business Roundtable. Dr. Quezada noted that Hayward is a city with a large manufacturing presence, including manufacturing in the biotechnology space. Dr. Quezada mentioned that the chair of the roundtable (the Honorable Francisco Zermeno) was recently voted in as the Mayor Pro Tempore of the City of Hayward, and it is anticipated that he will continue be a valuable contact for CAEATFA's programs.
- On December 1, Ms. Hukill attended a follow-up event at the Fremont Chamber of Commerce to market the GoGreen Financing Programs.
- Throughout the months of December and January, CAEATFA has scheduled several meet-and-greet events to promote its programs, both in person and online. The upcoming meetings include Beyond Plastics, Blink Charging, CalPine Corporation, Sacramento Regional Transit District (SacRT), and Eenergy Renewable Energy, whose CEO, Atticus Francken is under 30 years of age, known as a "sub-30 CEO." Eenergy is a contact whom Dr. Quezada made at APEC SF and this company has as a primary goal to electrify all the US school buses.
 - Dr. Quezada thanked Deputy Treasurer Khaim Morton for his help in making the introductions to several of these companies.

For program updates, Dr. Quezada shared the following:

- Earlier this month, CAEATFA posted notice of the Sales and Use Tax Exclusion Program’s 2024 application cycle. The application materials are now available on the CAEATFA webpage, and the first application period will be from January 1 through January 19.
 - The STE Program’s competitive criteria process for the calendar year is also posted on the CAEATFA webpage.
- Under the STE Program for 2023, if all the applications brought before the Board today are approved, the program will have awarded its full \$115 million allocation for the year, including the \$15 million pool for projects involving lithium extraction and production.
- At the start of the fourth quarter, the GoGreen Financing team relaunched the program’s webpage to modernize it and make it more user-friendly. Dr. Quezada also wished to thank RIESTER Advertising Agency, which is a GoGreen marketing partner.
- The GoGreen Financing Programs will now be available to the City of Palo Alto due to a new Memorandum of Agreement that allows the programs to operate in the municipal utility district. Previously, the programs’ offerings were available only to borrowers whose service was provided by one of the four major investor-owned utilities (IOUs) in the state.
 - To date, the GoGreen Home Energy Efficiency Financing Program has helped to provide financing to upgrade the energy efficiency of over 4,000 households in California worth over \$85 million.
 - For the month of December so far, from the 1st through the 11th, over \$13 million in loans have been authorized under the GoGreen Financing Programs. For comparison, in December 2019, \$10 million in loans were authorized for the entire month.
 - It is anticipated that by the next CAEATFA board meeting, the GoGreen Financing Programs will have issued over \$100 million in loans to upgrade the energy efficiency of California’s homes and businesses.

Dr. Quezada reported that no items had been approved under her delegated authority since the last CAEATFA board meeting.

Dr. Quezada then concluded her report.

Mr. Oppenheim stated that CAEATFA’s activity and achievements are impressive and thanked Dr. Quezada and CAEATFA staff (“Staff”) for their efforts. Ms. Gonzales also thanked Staff for working toward a greener future for California.

Chair Ma mentioned that Dr. Quezada’s background in marketing and public relations has been very useful in helping with CAEATFA outreach, and she appreciates the efforts Dr. Quezada and Staff have undertaken to help bring more attention to CAEATFA’s programs.

There were no further comments.

4. BUSINESS ITEMS

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

- 1) Northrop Grumman Systems Corporation, Palmdale (Los Angeles), Manhattan Beach (Los Angeles), Redondo Beach (Los Angeles), Northridge (Los Angeles), Woodland Hills (Los Angeles), Sunnyvale (Santa Clara), No. 23-SM010, Aerospace Manufacturing – Advanced Manufacturing, \$193,094,835 of Qualified Property

Presented by Jeannie Yu, Program Analyst

Staff introduced Joe Ahn, State and Local Government Affairs Manager, Northrop Grumman Systems Corporation; Robert Gray, Tax Director, Northrop Grumman Systems Corporation; Lori Nieto, Tax Director, Northrop Grumman Systems Corporation; and Amanda Heemeyer, Tax Senior Manager, Northrop Grumman Systems Corporation, all of whom joined via internet conference line.

Ms. Yu reported that Northrop Grumman Systems Corporation (“Northrop Grumman” or the “Applicant”) is requesting a Sales and Use Tax Exclusion award to upgrade and expand its existing aerospace manufacturing facilities located in Los Angeles and Santa Clara counties (the “Project”). The Applicant plans to renovate and build facilities that will utilize advanced materials and automated and robotic systems to produce lighter and more efficient classified aircraft, airframes, and aircraft components for its Palmdale Aircraft Programs. Other Purchased equipment will be used in component manufacturing, environmental testing, and machining utilized in the development and production of satellites and payloads.

The Applicant originally requested approximately \$193 million in qualified property, which is equivalent to approximately \$16.1 million in sales and use tax exclusions, but due to the limited amount of remaining funds, the Applicant was recommended to take a portion of its request (approximately \$2 million in sales and use tax exclusions). Also, since Northrop Grumman is the last applicant of the year, it is entitled to an extra \$2 million in sales and use tax exclusions from next year’s funding pool.

Staff recommended the approval of Resolution No. 23-SM010-01 for Northrop Grumman Systems Corporation’s purchase of qualifying tangible personal property in an amount not to exceed \$47,184,041.92, anticipated to result in an approximate sales and use tax exclusion value of \$3,944,586.

Mr. Oppenheim moved for approval and there was a second by Ms. Gonzales.

Chair Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or public.

Sameena Usman, government affairs consultant for the Council on American-Islamic Relations (CAIR) Los Angeles, stated that military equipment and weaponry produced by Northrop Grumman are being used in the conflict in the Gaza region of Palestine, where over 20,000 have been killed to date, about one third of which have been children. Due to

the human rights violations occurring in the conflict, and the overall loss of life, Ms. Usman urged the Board to deny the Applicant’s request, stating that the funds would be put to better use helping companies in California make a transition to a greener economy rather than helping a company that engages in or supports warfare.

Amanda Chang, Program Manager of Equitable Development at Urban Habitat, and graduate of Pitzer College in Claremont, where she studied environmental justice, stated that a green weapons manufacturer is an oxymoron. Warfare and weaponry by their very nature are destructive to the environment, in addition to the loss of life in conflicts. She stated that the only way to make companies like Northrop Grumman green is to stop demand for their products. She also asked the Board to vote against the approval of Northrop Grumman’s request.

A third speaker also spoke about the environmental destruction and loss of life in Gaza, stating that it would be hypocritical to award funds to a company engaging in warfare, as it is the opposite of a green endeavor. She also mentioned that Northrop Grumman has a track record of being complicit in attacks against Palestinians, with incidents in 2008, 2009, 2012, 2014, 2021, and 2022. She also asked that the Board deny Northrop Grumman’s request for more funding.

Ayesha Syed, student at UCLA, stated that funding Northrop Grumman would cause more harm than good. Even though it may help the company to conduct its business in a more environmentally friendly way, it endorses the company’s operations, including its complicity in the Gaza conflict. Instead, she suggested the award funds should be given to a company not actively supporting in warfare. Ms. Syed stated the Board should deny Northrop Grumman’s request for additional funding.

There were no further comments, and Chair Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
David Hochschild for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

- 2) Hell’s Kitchen LithiumCo 1 LLC, Calipatria (Imperial), No. 23-SM035, Lithium Recovery and Processing – Advanced Manufacturing, \$179,425,837.32 of Qualified Property

Presented by Stefani Wilde, Program Analyst

Staff introduced Eric Thayer, Chief Financial Officer, Hell’s Kitchen LithiumCo 1 LLC, who joined via teleconference line.

Ms. Wilde reported that Hell’s Kitchen LithiumCo 1 LLC (the “Applicant”) received an STE Program award to build a new lithium extraction facility in Calipatria. The Applicant

was originally granted its award on July 18, 2023, for \$119,617,224.88 in Qualified Property for a sales and use tax exclusion value of \$10,000,000.

CAEATFA held its last application cycle of the calendar year, for which no additional Lithium Extraction applications were received. Pursuant to STE Program regulations, if STE Program award funds are available during the last application period of the calendar year, after all other STE Program applications are considered, the Authority may provide additional sales and use tax exclusions to qualified applicants that were capped by the normal per applicant award cap of \$10,000,000 in sales and use tax exclusions.

Accordingly, Staff recommended approval of Resolution No. 23-SM035-01, as amended, increasing Hell's Kitchen LithiumCo 1 LLC's purchase of qualifying tangible personal property to an amount not to exceed \$179,425,837.32, anticipated to result in an approximate STE award value of \$15,000,000.

Mr. Hochschild moved for approval and there was a second by Ms. Gonzales.

Chair Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or public.

Mr. Oppenheim commented that the STE Program has been very helpful in creating good jobs and empowering companies in the Imperial Valley, which has historically struggled with high quality jobs as well as equity and diversity.

Theo Figurasin, researcher for Jobs Move America, which is part of the Lithium Valley Community Coalition ("Coalition"), described the Coalition, made up of labor, community members, and environmental organizations from Imperial County, which was formed to ensure that the interests of the community and environment in Imperial County are respected in regard to the extraction and processing of the county's vast lithium reserves. He mentioned that the Department of Energy commissioned a report by the Lawrence Berkeley National Laboratory on the subject, which found that there is an estimated 18 million metric tons of lithium carbonate in Imperial County, enough to support the manufacture of about 380 million electric vehicles and help fuel the US transition to a green economy. Mr. Figurasin stated that the Coalition wants to safeguard the area against exploitation of its natural resources; to that end, the Coalition believes it would be in the best interest of Imperial Valley to create a legally binding community benefits agreement ("CBA") with Controlled Thermal Resources ("CTR"), the Applicant's parent company, which would ensure that the lithium industry in the area creates good jobs, that there are important hiring and training opportunities for community members, and that there are mechanisms in place to protect the environment during the extraction and production phases.

Chair Ma asked when the Lithium Valley Community Coalition was created.

Mr. Figurasin replied that the Coalition was founded in 2021 and has been growing since.

Martin Barrera, Senior Workforce Equity Coordinator at Jobs Move America, stated that in order to ensure that the Applicant's project benefits the community in Imperial County,

it is important that the company works with community groups like the Coalition to create community focused training and apprenticeship programs. Mr. Barrera also mentioned that a significant percentage of the community is made up of historically disadvantaged groups, such as black, Latino, and low-income earners. Workforce programs can help to empower the people of Imperial County to secure the necessary training for high paying jobs. To that end, Mr. Barrera also called for CTR to sign a community benefits agreement with Imperial County.

Patrick Dexter, international representative with the United Auto Workers Union (“UAW”), which represents over 100,000 active and retired members in California and is the fastest growing manufacturing union in the nation, stated that CTR’s estimates for this project indicate that it will create 250 construction and 71 production jobs. Mr. Dexter stated that UAW is committed to the adoption of electric vehicles, and this project is an opportunity to help speed the transition to a cleaner future to fight climate change. He stated that the most effective way to do this is by creating high quality jobs and partnering with the community. He stated that UAW believes that creating a legally binding CBA with Controlled Thermal Resources will help the project be as useful to the Program’s mission as possible and will provide good jobs and other community benefits to Imperial County.

There were no further comments, and Chair Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
David Hochschild for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

B. CONSIDERATION OF APPLICANT’S REQUEST TO EXTEND THE 15% PURCHASE REQUIREMENT OF THE REGULATORY AGREEMENT OF AN STE AWARD

Given the number of items remaining for discussion and approval at today’s meeting, Mr. Oppenheim suggested that the format for the remaining items be streamlined in order to limit the duration of this public gathering, and suggested items be moved as a group for voting. Mr. Hochschild seconded the idea. Chair Ma stated that the items should still be presented by Staff individually to ensure the public is fully aware of the items for consideration, and while still ensuring public participation and comment periods. The Board decided that it would vote on items 4.B.1 and 4.B.2 after presentation and discussion of those items, and then again for items 4.C.1-4.C.6, unless it was indicated by a Board member that an item should be voted on separately.

- 1) Blue Mountain Electric Company LLC, Wilseyville (Calaveras), No. 22-SM001, Biomass Processing and Fuel Production – Alternative Source, \$17,030,696 of Qualified Property

Presented by Katrina Walters-White, Program Analyst

Staff introduced Todd Machado, Plant Operations, Blue Mountain Electric Company LLC, who joined by phone.

Ms. Walters-White reported that Blue Mountain Electric Company LLC (the “Applicant”) was originally approved for an STE Program award in June 2022 for approximately \$17 million in Qualified Property purchases, for an estimated value of \$1.4 million in sales and use tax exclusion, to build a new biomass processing and fuel production facility in Calaveras County. To date, the Applicant has not made any purchases of Qualified Property. The Applicant is requesting a six-month extension of the 15% purchase requirement timeframe to accommodate delays related to obtaining financing.

Staff recommended approval of Blue Mountain Electric Company LLC’s request to extend the 15% purchase requirement timeframe by six months to June 2025, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

- 2) California Safe Soil, LLC, McClellan (Sacramento), No. 22-SM029, Mixed Organics Recycling – Recycled Resource Extraction, \$23,089,719 of Qualified Property

Presented by Katrina Walters-White, Program Analyst

Staff introduced Todd Machado, Plant Operations, California Safe Soil, LLC, who joined via internet conference line.

Ms. Walters-White reported that California Safe Soil, LLC (“California Safe Soil” or the “Applicant”) was approved for an STE award in 2022 for the purchase of approximately \$23 million in Qualified Property, for an estimated sales and use tax exclusion value of \$1.9 million, to upgrade its existing organic recycling and soil amendment manufacturing facilities in McClellan. As of October 2023, California Safe Soil has purchased approximately \$446,000 of Qualified Property. The Applicant is requesting a one-year extension of the 15% purchase requirement timeframe to accommodate delays related to obtaining financing.

Staff recommended approval of California Safe Soil, LLC’s request to extend the 15% purchase requirement timeframe of its STE award by one year to December 2024, as it is in the public interest and advances the purposes of the STE Program.

Mr. Oppenheim moved for approval of items 4.B.1 and 4.B.2, and there was a second by Ms. Gonzales.

Chair Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or public on items 4.B.1 or 4.B.2. There were no comments or questions, and Chair Ma asked for a vote.

The items were approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
David Hochschild for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

C. CONSIDERATION OF APPLICANT’S REQUEST TO EXTEND THE 15% PURCHASE REQUIREMENT AND THE INITIAL TERM OF THE REGULATORY AGREEMENT OF AN STE AWARD

Per the Board’s discussion during items 4.B.1 and 4.B.2, for items 4.C.1-4.C.6, Staff was asked to present each item separately, after which the Board would ask for discussion and would vote on the items as a group.

- 1) Zanker Road Resource Management, LLC, dba Z-Best Composting Facility, Gilroy (Santa Clara), No. 20-SM013, Mixed Organics – Recycled Resource Extraction, \$24,395,182 of Qualified Property

Presented by Katrina Walters-White, Program Analyst

Ms. Walters-White reported that Zanker Road Resource Management, LLC, dba Z-Best Composting Facility (“Zanker” or the “Applicant”) was approved for an STE award in March 2020 for the purchase of approximately \$24.4 million in Qualified Property, worth an estimated \$2 million in sales and use tax exclusion, to upgrade its existing composting facility, Z-Best, located in Gilroy. Zanker has indicated that it has experienced purchasing delays related to its environmental impact report approval with the Santa Clara County Board. As of November 2023, the Applicant has not made any Qualified Property purchases under its STE award but anticipates the project will be approved by the Santa Clara County Board by the end of December or beginning of January. Zanker is requesting a one-year and six-month extension of the 15% purchase requirement timeframe and a one-year and six-month extension of the initial term to accommodate these delays.

Staff recommended approval of Zanker Road Resource Management, LLC, dba Z-Best Composting Facilities request to extend the 15% purchase requirement timeframe by one year and six months to July 2025 and the initial term by one year and six months to July 2026, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

- 2) MSBG Partners, LLC, Goleta (Santa Barbara), No. 21-SM009, Landfill Gas to Renewable Natural Gas Production Facility – Alternative Source, \$11,252,500 of Qualified Property

Presented by Jeannie Yu, Program Analyst

Staff introduced Trevor Leiphardt, Renewable Energy Projects Manager and Operator, MSBG Partners, LLC; and Jeff Bicknell, Project Manager, MSBG Partners, LLC, both of whom joined via internet conference line.

Ms. Yu reported that MSBG Partners, LLC (“MSBG Partners” or the “Applicant”) was originally approved in March 2023 for approximately \$11,252,500 in Qualified Property to build a new landfill gas to renewable natural gas production facility in Goleta (the “Project”). As of December 2023, the Applicant has not used the award to purchase any Qualified Property.

MSBG Partners received a one-year and three-month extension in August 2022 to accommodate permitting delays caused by two wildfires that damaged its facility: one in October 2021 and the second in May 2022. The Applicant is now requesting a one-year extension for the 15% purchase requirement and a nine-month extension for the initial term to accommodate permitting delays stemming from the same wildfires.

According to the Applicant, it took more than 18 months to obtain a completeness determination from the Santa Barbara County Air Pollution Control District. MSBG Partners states the completeness determination has been issued as there are no changes to the investors nor the scope of the Project.

Staff recommended approval of MSBG Partners, LLC’s request to extend the 15% purchase requirement by one year to December 2024 and the initial term by nine months to December 2024, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advanced the purposes of the STE Program.

- 3) West Coast Waste Co., Inc., Fresno (Fresno), No. 22-SM013, Biomass Processing and Fuel Production – Alternative Source, \$72,555,098.32 of Qualified Property

Presented by Katrina Walters-White, Program Analyst

Staff introduced Michael Brown, Project Engineer, West Coast Waste Co., Inc., who joined via internet conference line..

Ms. Walters-White reported that West Coast Waste Co., Inc. (the “Applicant”) was approved in August 2022 for the purchase of approximately \$72.5 million in Qualified Property, for an estimated sales and use tax exclusion value of \$6 million, to build its new biomass processing and fuel production facility in Fresno. As of October 2023, the Applicant has made purchases of approximately \$6.4 million of Qualified Property. The Applicant is now requesting a one-year extension of the 15% purchase requirement timeframe and a one-year and six-month extension of the initial timeframe to accommodate delays in the project due to the pushback and enforcement of

Senate Bill 1383 (SB 1383), related to organic waste recycling and food recovery from landfills.

Staff recommended approval of West Coast Waste Co., Inc.'s request to extend the 15% purchase requirement timeframe by one year to February 2025, and the initial term by six months to February 2027, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

- 4) Sugar Valley, LLC, Brawley (Imperial), No. 22-SM014, Biomass Processing and Fuel Production – Advanced Manufacturing, \$117,647,058.82 of Qualified Property

Presented by Stefani Wilde, Program Analyst

Staff introduced Dave Rubenstein, CEO/President, Sugar Valley Energy, LLC.

Ms. Wilde reported that Sugar Valley Energy, LLC (“Sugar Valley Energy” or the “Applicant”) was approved for an STE award in June 2022 for the purchase of approximately \$117.6 million in Qualified Property, anticipated to result in an approximate sales and use tax exclusion value of \$10 million, to build a new biomass processing and fuel production facility in Brawley. The Applicant has not used any of the award to date.

Sugar Valley Energy is requesting an 18-month extension of the 15% purchase requirement and an 18-month extension of the initial term to accommodate delays related to obtaining financing.

Staff recommended approval of Sugar Valley Energy, LLC's request to extend the 15% purchase requirement to June 2025, and the initial term by 18 months to December 2026, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

Mr. Rubenstein thanked the Board for its consideration and elaborated on Sugar Valley Energy's project and its journey in establishing its presence in Imperial County, as well as the struggles it has faced in obtaining financing and navigating government processes. He stated that the Sugar Valley Energy venture is the parent company, California Ethanol & Power, LLC's, first project, and it has come with some growing pains. The company was in the process of securing funding through the US Department of Energy's Loan Guarantee Program about a year ago, but Sugar Valley Energy backed out of the process due to incompatibility with the Loan Program's requirements. He explained that Sugar Valley Energy worked with the Department of Energy for about seven months of due diligence before it realized the program would not provide the assistance the company had anticipated. In addition to work preparing to enter the program, the total delay for the project was about 14 months and cost the company hundreds of thousands of dollars, but that the company learned a great deal about navigating government processes, and the kinds of financing that was available.

Mr. Rubenstein continued, stating that Sugar Valley Energy is now ready to move the project forward. He stated the company has its entitlements in place and has a good relationship with the community in the project area, including interest related to job opportunities. Sugar Valley Energy has already established sugar cane farming and harvest operation and is in the process of expanding its footprint.

Mr. Rubenstein also mentioned that in the last couple of years, increasing interest in sustainable aviation fuel has provided a new opportunity for Sugar Valley Energy, and the company will be able to provide the lowest carbon intensive ethanol on the market that can be converted into jet fuel. Sugar Valley Energy has been in talks with some major airlines to establish offtake agreements, which he said are required for the company to secure bond financing. He added that, in all, the project will be for about \$1.4 billion, and the company is excited to become fully funded and operational.

Chair Ma thanked Mr. Rubenstein for his commitment to this important project. She mentioned that with the State's potential for a major budgetary deficit in the near future, it is important for financial resources like the STE Program to get agreements in place.

Ms. Gonzales also thanked Mr. Rubenstein for his comments and asked how he would compare the company's project now to when it first applied for an STE award, given that Sugar Valley Energy's first award was cancelled. Mr. Rubenstein replied that when the company first applied for an STE award, it did not have all of the conditional use permits, authority to construct facilities, or public hearings necessary to conduct its business, mainly due to inexperience navigating a business venture of this size. He added that Sugar Valley Energy is now in the process of purchasing property, that it has all of the necessary permits in place, and about two years ago, it was able to qualify for an Investment Tax Credit related to clean energy projects. Overall, the company is on the right track, and is excited about its future. Ms. Gonzales stated she is glad to hear that the company was able to apply its experience and lessons learned to move the project forward.

- 5) Swift Solar, Inc., San Carlos (San Mateo), No. 22-SM021, Solar Photovoltaic Manufacturing – Advanced Manufacturing, \$8,490,000 of Qualified Property

Presented by Stefani Wilde, Program Analyst

Staff introduced Patrick Millham, Chief of Staff, Swift Solar, Inc., who joined via teleconference line.

Ms. Wilde reported that Swift Solar, Inc. ("Swift Solar" or the "Applicant") was approved for an STE award for the purchase of approximately \$8.5 million in Qualified Property, anticipated to result in an approximate sales and use tax exclusion value of \$721,000, to build a new solar photovoltaic manufacturing facility in San Carlos. As of July 2023, Swift Solar has used about five percent of its award.

Swift Solar is requesting a one-year extension of the 15% purchase requirement and a one-year extension of the initial term to accommodate delays related to the recent economic downturn, which slowed its venture capital by more than a year.

Staff recommended approval of Swift Solar, Inc.’s request to extend the 15% purchase requirement to December 2024, and the initial term by one year to June 2026, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

- 6) Ampaire, Inc., Hawthorne (Los Angeles) and Camarillo (Ventura), No. 22-SM032, Aircraft Hybrid Electric Powertrain Production – Advanced Transportation, \$29,889,143 of Qualified Property

Presented by Katrina Walters-White, Program Analyst

Staff introduced Ed Lovelace, CTO, Ampaire, Inc.

Ms. Walters-White reported that Ampaire, Inc. (the “Applicant”) was approved for an STE award in June 2022 for the purchase of approximately \$29.9 million in Qualified Property, worth an estimated \$2.5 million in sales and use tax exclusion, to expand its existing electric powertrain facility in Hawthorne. The Applicant is now requesting a two-year and 10-day extension of the 15% purchase requirement timeframe and a one-year, six-month, and 10-day extension of the initial term to accommodate delays related to obtaining financing.

Staff recommended approval of Ampaire, Inc.’s request to extend the 15% purchase requirement timeframe by two years and 10 days to December 31, 2025, and the initial term by one year, six months, and ten days to December 31, 2026, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

Mr. Hochschild moved for approval of items 4.C.1 through 4.C.6, and there was a second by Mr. Oppenheim.

Chair Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or public on items 4.C.1 through 4.C.6. There were no comments or questions, and Chair Ma asked for a vote.

The items were approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
David Hochschild for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

D. APPROVAL OF 2024 BOARD MEETING CALENDAR

Presented by Xee Moua, Manager, Core Programs

Pursuant to the California Code of Regulations Title 4, Article 1, Section 10010(a), regular meetings of the Authority will be held on the fourth Tuesday of each month at Sacramento, California unless otherwise ordered by the Authority.

Staff recommended approval of the proposed meeting schedule for calendar year 2024, which changes the January through October meetings to the third Tuesday of the month, and the November and December meetings to the second Tuesday of the month.

Ms. Gonzales moved for approval and there was a second by Mr. Oppenheim.

Chair Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or public.

Chair Ma stated that the Board and Staff are working to update CAEATFA regulations to allow for more flexibility with future board meeting scheduling, rather than have a prescribed meeting schedule, in order to better accommodate program needs. She mentioned that other boards, commissions, and authorities (BCAs) housed under the Treasurer’s Office share similar requirements, and that the Treasurer’s Office is working to update those requirements as well. Mr. Oppenheim stated that he supports the decision to update the regulations.

There were no further comments and Chair Ma asked for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
David Hochschild for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Chair Ma asked if there were any comments from the public.

Gregory Stangl, CEO for Phoenix Biomass Energy, Inc. (“Phoenix Energy”) and representative for Blue Mountain Electric Company, the subject of item 4.B.1, wished to express the company’s gratitude to the Board for its continued support, and stated that if not for the STE Program funding, many of the projects that come before the Board for approval would not be able to go forward. He also stated that he would be pleased to have Dr. Quezada bring her marketing and networking expertise to Sierra communities to help spread the word about CAEATFA’s programs; he also offered an invitation to members of the Board or CAEATFA staff visit any of Phoenix Energy’s project sites. Chair Ma stated that she has enjoyed visits to Calaveras County and would be interested in visiting the company’s facilities in the future.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:26 a.m.

Respectfully submitted,

Claudia Quezada, Ed.D.
Executive Director