

**CALIFORNIA ALTERNATIVE ENERGY AND  
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

*Request to Approve Project for SB 71 Sales and Use Tax Exclusion (STE)<sup>1</sup>*

**SOLIANT ENERGY, INC.  
Application No. 10-SM019**

**December 15, 2010**

Prepared By: *Cheryl Ide*

**SUMMARY**

**Applicant** – Soliant Energy, Inc.

**Location** – Monrovia, Los Angeles County

**Industry** – Solar: Concentrating Photovoltaic (CPV) Panels

**Project** – Facility Conversion for Solar Cell Production Manufacturing Facility

**Value of Qualified Property** – \$9,966,500

**Estimated Sales and Use Tax Exclusion Amount<sup>2</sup>** – \$906,952

**Estimated Net Benefits** - \$1,945,932

**Application Score** –

Fiscal Benefits Points:	1,886
<u>Environmental Benefits Points:</u>	<u>1,260</u>
<b>Net Benefits Score:</b>	<b>3,146</b>
<u>Additional Benefits Points:</u>	<u>40</u>
<b>Total Score:</b>	<b>3,186</b>

**Staff Recommendation** – Approval

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**THE APPLICANT**

Soliant Energy, Inc. (“Soliant” or “Applicant”) is a C-corporation, founded in 2005 and located in Monrovia, California. Soliant designs, manufactures and tests solar photovoltaic (PV)

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<sup>1</sup> All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate of 9.1%.

modules (solar panels) that will generate 40 Megawatts (MW) of peak power at full capacity on an annual basis.

The major shareholders (10.0% or greater) of Soliant Energy, Inc. are:

RockPort Capital  
Convexa Capital  
Nth Power

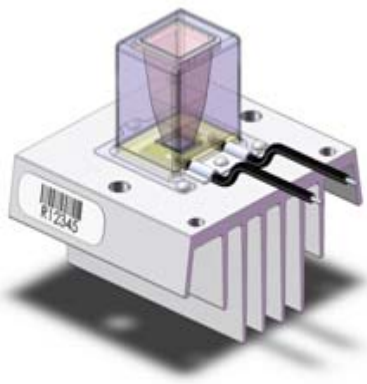
The corporate officers of Soliant Energy, Inc. are:

J. Terry Bailey, CEO and President  
Michael Deck, CFO and Treasurer  
Richard J. Russell, Vice President  
Joseph B. Jamison, Vice President  
Alan Talkington, Secretary

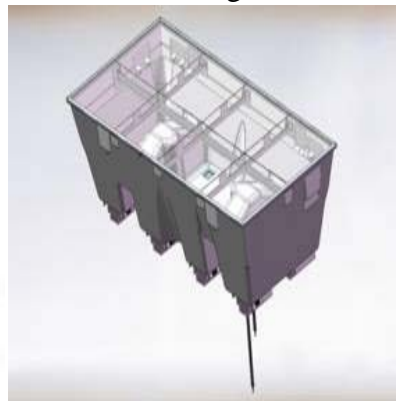
### **THE PROJECT**

Soliant has established a manufacturing facility in Monrovia that is currently constructing solar panels capable of producing 1 megawatt per year. The initial non-pilot manufacturing capability will be split between this factory in Monrovia which will manufacture the receiver component, and a different factory that will produce the panels. The location of the panel factory is not final; but if it is ultimately located in California, a subsequent CAEATFA application will be submitted for the equipment for the second factory. The current Monrovia facility will be converted to house the receiver manufacturing function, and ongoing headquarters and product development functions.

Soliant will assemble the core receiver component of its proprietary SE-1000X solar PV panels. These receivers are embedded in a tracking PV panel for commercial flat rooftops. Each Soliant SE-1000X panel is capable of producing 500 Watts peak direct current (Wpdc) of electricity with expected improvement in cells and optics to 600 Wpdc by 2015. The panels have eight module assemblies that automatically track the sun through the use of dual-axis tracking.



**Receiver Assembly**



**Module Assembly**



**Panel Assembly**

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Fully Automated Work Cell	\$ 2,000,000
Collating Robots	320,000
Curing Oven	360,000
Inline Automatic Light IV Tester	900,000
Automatic Wire Cut and Strip Machine	50,000
Inline Fully Automatic Welding and Conformal Coating Work Sell	1,500,000
Inline Fully Automatic Medal Can Replacement	1,200,000
Interconnecting Conveyor Systems	250,000
Packaging Work Cell	50,000
Automatic Case Sealer	940,000
Shop Floor Enternet Network	250,000
Pnuematic Air Supply Compressor	270,000
Material Handling Equipment	300,000
Glove Box, O2 Sensor, N2 Sensor	13,500
Microscopes	225,000
Software modules	45,000
Isuzu’s Transmission Measurement System	16,000
Beam Scan	15,000
XYZ Stages for Optical Measurement	7,000
5000lb Capacity Instron	20,000
Self Piercing Rivet Station	15,000
Sonic Welder	20,000
Dispenser	10,000
Sample Test Equipment	170,000
Weatherometer	40,000
Programmable Power Supplies	105,000
RA & Module Simulators	650,000
Cross Sectioning and Sample Prep Equipment	15,000
Indoor/Outdoor UV/Vis/NIR Spectrophotometer	130,000
Turntable Laser	50,000
Optical Power Meter	20,000
SMD Rework Station	10,000
<b>Total</b>	<b><u>\$ 9,966,500</u></b>

*Note: The Qualified Property purchases reported in the Application and shown here in staff’s report are estimated costs. At the termination of the conveyance/reconveyance agreement a finalized project equipment list will be prepared detailing the value of the Project equipment conveyed and reconveyed and detailing the actual tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variations from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons.*

## **TIMELINE**

Soliant's target date to commence development of its project is January 1, 2011 or earlier, with plans to begin shipping and distribution in October 2011.

## **PROJECT EVALUATION**

### **NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated at \$9,966,500 and the total net benefits are valued at \$1,945,932 for the Project. The Project received a Final Score of 3,186 which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 1,260 which exceeds the 100 point threshold.

- A. **Fiscal Benefits (1,886 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the company's sales taxes, personal income taxes paid by the company's employees, firm taxes on profits, property taxes and other indirect fiscal benefits of the Applicant which amounts to \$1,709,894 resulting in a Fiscal Benefits score of 1,886 points for the Project.
  
- B. **Environmental Benefits (1,260 points)**. The Project results in \$1,142,989 of total pollution benefits over the life of the Facility resulting in an Environmental Benefits Score of 1,260 points for the Project. These benefits derive from the capacity of solar PV modules that generate electricity from alternative sources, thereby reducing the need for traditionally generated electricity.
  
- C. **Additional Benefits (40 of 200 points)**. Applicants may earn up to 200 additional points for their Total Score. The applicant submitted information and received 40 additional points.
  - 1. **Permanent Jobs (0 of 40 points)**. The Applicant's Project will support a total of 33 jobs at the Facility. CAEATFA estimates that approximately 4 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs created does not meet required threshold.
  
  - 2. **Construction Jobs (0 of 20 points)**. The Applicant's Project will support a total of 5 construction jobs at the Facility. CAEATFA estimates that approximately 1 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs created does not meet required threshold.

3. **Non-CA Environmental Benefits (40 of 40 points)**. The Applicant's total value of out-of-state non-greenhouse gas pollution benefits are valued at \$310,093 resulting in a Non-CA Environmental Benefits Score of 40 points for the Project.

### **STATUS OF PERMIT/OTHER REQUIRED APPROVALS**

Soliant does not expect to require any permits beyond regular building permits for interior finishes, which are anticipated to be obtained in mid January 2011.

### **LEGAL QUESTIONNAIRE**

Staff reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

### **CAEATFA FEES**

In accordance with CAEATFA regulations,<sup>3</sup> the Applicant has paid CAEATFA an Application Fee of \$4,983.25 and will pay CAEATFA an Administrative Fee of up to \$39,866.

### **RECOMMENDATION**

Staff recommends approval of Resolution No. 10-SM019 for Soliant Energy, Inc.'s purchase of Qualified Property in an amount not to exceed \$9,966,500 anticipated to result in an approximate sales and use tax exclusion value of \$906,952.

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<sup>3</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A TITLE  
CONVEYANCE AGREEMENT WITH SOLIANT ENERGY, INC.**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Soliant Energy, Inc.** (the “Applicant”), for financial assistance in the form of a conveyance/reconveyance of title agreement (the “Agreement”) regarding tangible personal property for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to enter into the Agreement transferring title of Project equipment with an estimated cost not to exceed \$9,966,500 over a period of three years; and

WHEREAS, the Agreement will provide that the Applicant will, prior to any use of the Qualified Property, transfer title at no cost to the Authority from time to time as purchases of Qualified Property are made and the Authority will then transfer title back to the Applicant without having taken possession of the Qualified Property; and

WHEREAS, the Applicant believes that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of the Agreement and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority, to execute the necessary documents to effectuate the Agreement is now sought;

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

Section 1. The Project constitutes a “project” within the meaning of Public Resources Code Section 26003(g)(2).

Section 2. The requested conveyance agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(e)(2).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(f).

**Agenda Item – 4.B.3**  
**Resolution No. 10-SM019**  
**Application No. 10-SM019**

Section 4. The Executive Director, Deputy Executive Director, or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Agreement between the Applicant and the Authority, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Applicant the Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same, may require or approve, and with particular information inserted therein in substantial conformance with the staff summary and in the Applicant’s Application to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Agreement, the obligations of the Applicant may, under some circumstances be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates they may deem necessary or advisable in order to consummate the Agreement and otherwise effectuate the purposes of this resolution.

Section 7. The Applicant shall assure CAEATFA that all Qualified Property conveyance pursuant to the Agreement shall be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Agreement shall only apply to Qualified Property that the Applicant certifies will be installed, maintained and operated at facilities within the State of California.

Section 9. The adoption by the Authority of this Resolution for the Applicant shall not be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement, as defined in CAEATFA Regulations Section 10035(A), is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty days if necessary.