

**MINUTES**

**California Alternative Energy and Advanced  
Transportation Financing Authority  
801 Capitol Mall, Room 150  
Sacramento, California  
June 20, 2017**

**1. CALL TO ORDER AND ROLL CALL**

Steve Juarez, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or the “Authority”) meeting to order at 11:20 a.m.

Members Present: Steve Juarez for John Chiang, State Treasurer  
Anne Baker for Betty T. Yee, State Controller  
Eraina Ortega for Michael Cohen, Director, Department of Finance  
Michael Murza for Robert B. Weisenmiller, Chair,  
California Energy Commission  
Grant Mack for Michael Picker, President, Public Utilities Commission

Staff Present: Deana Carrillo

Quorum: The Chairperson declared a quorum.

**MINUTES**

Mr. Juarez asked if there were any questions or comments concerning the May 16, 2017 meeting minutes. There were none.

Mr. Juarez 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:

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| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

### 3. EXECUTIVE DIRECTOR'S REPORT

Ms. Carrillo reported that under the Sales and Use Tax Exclusion (STE) Program, staff has been working to review applications and is bringing 11 applications before the Board for consideration today. Due to the heavy volume of applications, Blue Sky Consulting – CAEATFA's technical consultant – assisted by evaluating some of today's applications.

Ms. Carrillo reported that if the applications under consideration today are approved, CAEATFA will have awarded 73% of the total STE for the Calendar year, leaving \$27 million to award under the \$100 Million annual STE Program Cap. CAEATFA has 10 other applications under review, and if they are all approved, \$18 million would be remaining for the rest of the year.

Ms. Carrillo reported that under CAEATFA's Bond Program CAEATFA has completed the annual audit statutorily required. CAEATFA staff is currently overseeing four outstanding bonds with an outstanding principal balance of \$58.4 million. The audit had one finding: CAEATFA had invoiced its annual fee on a calendar-year basis as provided under its regulations, not on the fiscal-year as recommended by GAAP accounting practices. CAEATFA has addressed this concern through modifying and strengthening its procedures and coordination with the accounting unit at the State Treasurer's Office

Ms. Carrillo reported a number of staffing changes:

- Ellen Hildebrand is leaving CAEATFA for an opportunity at the County of Sacramento.
- Kirshain Ward is leaving CAEATFA, but remaining in State service.
- Alejandro Ruiz is leaving CAEATFA to pursue educational goals.
- Ashley Bonnett has been promoted to Program Manager over the core programs.

Ms. Carrillo also reported that there were no actions taken under her delegated authority.

Mr. Juarez indicated that he would like to have a discussion on the auditing process as part of the Board's fiduciary responsibility and Ms. Carrillo indicated that CAEATFA would welcome that opportunity for a dialogue on the auditing process with the Board.

Ms. Carrillo then concluded her report.

**4. BUSINESS ITEMS**

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

1. CR&R Incorporated

Presented by Ellen Hildebrand, Analyst

Staff introduced Clark Pauley, Vice President, CR&R Incorporated

Ms. Hildebrand reported CR&R applied to the STE Program as an Alternative Source Biofuels Applicant and is requesting a Sales and Use Tax Exclusion for the purchase of \$11,610,900 in Qualified Property to build a regional anaerobic digester to recycle green waste and food waste at its existing materials recovery facility in Perris. The application also includes equipment for a composting center in Lakeview, which will process the organic residuals for the digester in Perris. The digester will produce renewable natural gas to fuel CR&R's fleet of compressed natural gas vehicles.

Staff recommends approval of a resolution for CR&R's purchase of no more than \$11,610,900 in Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$977,638.

Mr. Pauley reported that the each phase of the CR&R Project will generate about a million gallons of fuel.

Mr. Juarez 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.

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

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| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

2. Advance International, Inc.  
Presented by Ellen Hildebrand, Analyst

Staff introduced Arman Ghorbani, Vice President Corporate Development and Business Development, Advance International, Inc.

Ms. Hildebrand reported that Advance International applied to the STE Program as an Advanced Manufacturing Applicant and is requesting a Sales and Use Tax Exclusion for the purchase of \$2,283,000 in Qualified Property to build an advanced food production facility in Livermore. Due to CAEATFA staff workload, Blue Sky Consulting, our technical consultant, assisted in the review of this application and preparation of the staff summary. Advance International's facility will employ a patented process to produce protein powder, omega-3 oil, and double-distilled water from manufacturing sustainable fish. The Project is advanced over the industry standard of manufacturing protein in several ways. The process is capable of producing more protein powder per month in less space than standard manufacturing systems, and uses 61% less energy, and 100% less water than the industry standard process.

Staff recommends approval of a resolution for Advance International's purchase of no more than \$2,283,000 in Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$192,229.

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

Mr. Juarez 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.

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|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

3. Organic Energy Solutions  
Presented by Ellen Hildebrand, Analyst

Staff introduced Michele C. Wong, President and Chief Executive Officer, CleanWorld

Ms. Hildebrand reported that Organic Energy Solutions applied to the STE Program as an Alternative Source Biofuels Applicant and is requesting a Sales and Use Tax Exclusion for the purchase of \$24,440,000 in Qualified Property to build an anaerobic digester in San Bernardino. Blue Sky Consulting also assisted with the review of this application and preparation of the staff summary. Organic Energy Solutions, in partnership with CleanWorld and Anaergia, will build an anaerobic digester combined with food waste processing technology. The Project will process up to 300 tons per day of food industry waste, including pre-consumer food wastes from large grocery and restaurant chains. The resulting biogas will be used to generate heat, renewable energy, and transportation fuel.

Staff recommends approval of a resolution for Organic Energy Solutions' purchase of no more than \$24,440,000 in Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$2,057,848.

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

Mr. Juarez 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.

|  |     |
|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

#### 4. Aranda Tooling

Presented by Ellen Hildebrand, Analyst

Staff introduced Lorraine Collyer, Chief Financial Officer, Aranda Tooling

Ms. Hildebrand reported that Aranda Tooling (“Aranda”) applied to the STE Program as an Advanced Manufacturing Applicant and is requesting a Sales and Use Tax Exclusion for the purchase of \$10,035,231 in Qualified Property to build a new tooling and metal stamping facility in Chino. Aranda is a family held business which has recently experienced significant growth due to the rise in demand for electric vehicle parts. This expansion will provide metal fastener parts for the production of the Model 3 electric vehicle. If Aranda had not been able to supply these parts, Tesla would have had to purchase them from outside of California, adding additional shipping costs and related

environmental impacts. In addition, the new equipment will reduce energy consumption by 35% compared to Aranda's current manufacturing process.

Staff recommends approval of a resolution for Aranda Tooling's purchase of no more than \$10,035,231 in Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$844,966.

Ms. Ortega asked what impact the proposed robotic welding would have on the workforce. Ms. Collyer replied that the machinery would need operators and that, in California, it was difficult to find the appropriate work force for the work performed by the machinery.

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

Mr. Juarez 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.

|  |     |
|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

5. Sunergy California LLC  
Presented by Ashley Bonnett, Program Manager

Staff Introduced Sally Zhou, Chief Executive Officer, Sunergy California LLC

Ms. Bonnett reported that Sunergy California LLC is requesting a Sales and Use Tax Exclusion to build a new solar photovoltaic manufacturing facility located in McClellan. Sunergy California is a subsidiary of Chinese-based solar manufacturer China Sunergy; this Project represents their first U.S. facility. The Project will consist of two automated production lines with a total production capacity of about 400MW, utilizing the most up-to-date fully automatic production techniques and equipment to substantially optimize costs, time, and product quality. The Project will produce solar modules for residential, commercial, and utility-scale projects.

Staff recommends approval of a resolution for Sunergy California LLC's purchase of Qualified Property in an amount not to exceed \$7,823,286 anticipated to result in an approximate Sales and Use Tax Exclusion value of \$658,721.

Mr. Mack wanted to know why Sunergy, a Chinese Company, would choose to manufacture in California. Ms. Zhou replied that there was good transportation, a skilled work force and proximity to its marketing base for the product.

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

Mr. Juarez 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.

|  |     |
|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

6. U.S. Corrugated of Los Angeles

Presented by Ashley Bonnett, Analyst

Staff introduced Dennis Meheil, President and Chief Executive Officer, U.S. Corrugated of Los Angeles

Ms. Bonnett reported that U.S. Corrugated of Los Angeles is requesting a Sales and Use Tax Exclusion to build a new corrugated packaging sheet plant located in Cerritos. The Project will rely on automation, engineering processes, and information technologies to reduce costs, increase productivity, and limit the Project's environmental impact compared to current industry standards. For example, the Project will include a software system that allows the facility to use lightweight materials, reducing packaging content by up to 20%, and software to calculate the most spatially efficient way to load a truck for deliveries, reducing delivery costs and truck carbon emissions.

Staff recommends approval of a resolution for U.S. Corrugated of Los Angeles, Inc.'s purchase of Qualified Property in an amount not to exceed \$5,834,792 anticipated to result in an approximate Sales and Use Tax Exclusion value of \$491,289.

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

Mr. Juarez 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.

|  |     |
|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

7. Crimson Renewable Energy, LP  
Presented by Melanie Holman, Analyst

Ms. Holman reported that Crimson Renewable Energy LP is an Alternative Source Applicant producing biodiesel. The company has applied to the STE program for the purchase of \$21,833,100 of Qualified Property to build a new third generation biodiesel production facility on the site of an existing facility in Kern County. The Applicant anticipates that it will be capable of producing one million gallons per month of low-carbon biodiesel by 2019. The Project is anticipated to have around \$6,056,996 in net benefits to the state and has met all of the STE program's scoring thresholds.

Crimson was previously approved for an STE award in November 2013. They requested and were granted an extension to this award in November 2016. Crimson has clarified with CAEATFA staff that this extension was necessary due to unavoidable permitting and construction delays. No more delays are anticipated with roughly 55% of Qualified Property purchased to date and most of the work complete. Construction of the new 3<sup>rd</sup> generation facility on the same site is not dependent on completion of the prior project; however the earlier projects have laid the groundwork of essential infrastructure that is anticipated to help this new Project move faster.

Staff recommends approval of a resolution for Crimson Renewable Energy LP's purchase of no more than \$21,833,100 in Qualified Property, anticipated to result in an STE of \$1,838,347.

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

Mr. Juarez 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.

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|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |



8. Tracey Renewable Energy, LLC  
Presented by Melanie Holman, Analyst

Staff introduced Frank Schubert, Owner, Tracey Renewable Energy, LLC

Ms. Holman reported that Tracy Renewable Energy LLC is an Alternative Source Applicant producing renewable ethanol. The company has applied to the STE program for the purchase of \$52,246,456 of Qualified Property to build a renewable ethanol production plant on the Tracy Integrated Campus in Tracy, California. The plant will use sugar beets as feedstock, converting them to renewable ethanol through a process of liquefaction, fermentation, and distillation. The Project is estimated to have around \$13,135,585 in net benefits to the state and has met all of the STE program's scoring thresholds.

Staff recommends approval of a resolution for Tracy Renewable Energy LLC's purchase of no more than \$52,246,456 in Qualified Property, anticipated to result in an STE of \$4,399,152.

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

Mr. Juarez 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.

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|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

9. Circular Polymers, LLC  
Presented by Melanie Holman, Analyst

Staff Introduced Jeff Kupets, Chief Executive Officer, Circular Polymers, LLC

Ms. Holman reported that Circular Polymers LLC is an Advanced Manufacturing Applicant producing recycled components of used carpet. The company has applied to the STE program for the purchase of \$7,548,500 of qualified property to improve their carpet recycling operations and purchase a new patent-pending model of carpet recycling technology known as Rotary Impact Separator (RIS) units. The Applicant represents that these units are advancement in the field of carpet recycling as they are more efficient than standard models, recycling more components of the carpet while using less power, no water, and no chemicals. The Project is estimated to have approximately \$541,886 in net benefits to the state and has met all of the STE program's scoring thresholds.

Staff recommends approval of a resolution for Circular Polymers LLC's purchase of no more than \$7,548,500 in Qualified Property, anticipated to result in an STE of \$635,584.

Mr. Juarez asked for a point of clarification on whether the Project was breaking down carpet to make more carpet and Mr. Kupets stated that the Project was to break down the carpet to its base polymers to produce small plastic pellets to be used in a wide variety of ways.

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

Mr. Juarez 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.

|  |     |
|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

10. eco.logic brands

Presented by Ellen Hildebrand, Analyst

Staff Introduced Gregory A. Rodriguez, Chief Executive Officer and Fred Round, Chief Financial Officer, eco.logic.brands

Ms. Hildebrand reported that eco.logic brands applied to the STE Program as an Advanced Manufacturing Applicant and is requesting a Sales and Use Tax Exclusion for the purchase of \$6,944,000 in Qualified Property to build a recycled paper bottle manufacturing facility in Manteca. Eco.logic has developed a patented paper eco bottle that is a better environmental alternative to plastic and glass bottles. The bottle is comprised of a recycled fiber shell and a thin plastic liner. The Applicant's proprietary technology allows the bottle to ship and stack in a nested position, reducing the empty space and air being shipped, which is 3-5 times more efficient than shipping rigid plastic bottles. In addition, eco.logic's manufacturing process produces zero wastewater and uses 50% less water than the traditional manufacturing process. The manufacturing process also uses 48% less energy, and produces 59% less solid waste and 42% less hazardous waste than the industry standard manufacturing process.

Staff recommends approval of a resolution for eco.logic brands' purchase of no more than \$6,944,000 in Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$584,685.

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

Mr. Juarez 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.

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|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

11. Schlosser Forge Company  
Presented by Ashley Bonnett, Program Manager

Staff Introduced Andy Blanda, Project Manager, Schlosser Forge Company

Ms. Bonnett reported that Schlosser Forge Company, doing business as Arconic Fastener Systems and Rings Rancho Cucamonga, is requesting a Sales and Use Tax Exclusion to install a new 10,000 ton hydraulic press at a new facility in Rancho Cucamonga. The company produces large aero engine rings, which enclose the fan, combustion, and turbine sections of an aircraft engine. The new hydraulic press will enable the Applicant to produce more complex components in an efficient and cost-effective manner. The facility will use control software to monitor outputs and has the ability to flag real-time quality alerts to reduce rework and scrap. The Project will also use advanced materials, such as nickel alloys, titanium, aluminum and other propriety alloys allow for higher operating temperatures in the engine and are lighter weight.

Staff recommends approval of a resolution for Schlosser Forge Company dba Arconic Fastener Systems and Rings Rancho Cucamonga's purchase of Qualified Property in an amount not to exceed \$53,568,357 anticipated to result in an approximate Sales and Use Tax Exclusion value of \$4,510,456.

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

Mr. Juarez 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.

|  |     |
|--|-----|
| Steve Juarez for the State Treasurer               | Aye |
| Anne Baker for the State Controller                | Aye |
| Eraina Ortega for the Director of Finance          | Aye |
| Michael Murza for the California Energy Commission | Aye |
| Grant Mack for the Public Utilities Commission     | Aye |

**5. PUBLIC COMMENT**

Mr. Juarez asked if there were any comments from the public and there were none.

**6. ADJOURNMENT**

There being no further business, public comments, or concerns, the meeting adjourned at 11:59 a.m.

**Respectfully submitted,**

Deana J. Carrillo  
Executive Director