

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

Competitive Criteria Process for the July 2019 Board Meeting

Tuesday, July 16, 2019

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SUMMARY

After the May 17, 2019, Application¹ deadline for the July 2019 CAEATFA Board meeting, CAEATFA staff (“Staff”) had received 12 Applications requesting over \$15.6 million in STE, which, including all sales and use tax exclusion (“STE”) awards made through the April 2019 Board meeting and the Applications pending for consideration in May and June, brought the total year-to-date request to \$112.7 million in STE. Attachment A includes the pipeline of 2019 Applications approved and under review after the May 17th deadline.

Because the total amount of STE requested exceeds the \$100 million statutory cap, STE Program Regulation section 10032(a)(7) requires that Applications submitted for consideration in July shall be reviewed by the Board in order of ranking based on competitive criteria points earned by each Applicant until CAEATFA reaches the \$100 million cap. If the STE amount requested in the last Application to be considered exceeds the STE available in the calendar year, the Board shall split the award between the 2019 and 2020 \$100 million allocations.

Pursuant to the established competitive process, CAEATFA staff is bringing three Applications before the Board at this meeting. Below is further background on the relevant regulatory provisions, as well as details on the process Staff took in determining the Competitive Criteria scores and rankings.

Table 1: July 2019 Application Competitive Criteria Scores								
Rank	Applicant	Qualified Property	Estimated STE	Unemploy. Rate Score	Corp. HQ Score	Small Business Score	New Applicant Score	Total Score
1	Lakeside Pipeline, LLC	\$16,508,315	\$1,380,095	2.70	1	1	5	9.70
2	Allogene Therapeutics, Inc.	\$36,351,130	\$3,038,954	0	1	1	5	7
3	South Bayside Waste Management Authority	\$11,260,000	\$941,336	0	1	0	5	6
4	East Valley Water District	\$60,328,000	\$5,043,421	0	1	0	5	6

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

Table 1: July 2019 Application Competitive Criteria Scores (Continued)								
Rank	Applicant	Qualified Property	Estimated STE	Unemploy. Rate Score	Corp. HQ Score	Small Business Score	New Applicant Score	Total Score
5	Merced Pipeline, LLC	\$31,922,542	\$2,668,725	2.83	1	1	0	4.83
6	Five Points Pipeline, LLC	\$15,017,114	\$1,255,431	2.66	1	1	0	4.66
7	Aemetis Biogas, LLC	\$1,285,457	\$107,464	2.41	1	1	0	4.41
8	Aemetis Biogas, LLC	\$1,356,240	\$113,382	2.41	1	1	0	4.41
9	Aemetis Biogas, LLC	\$6,090,000	\$509,124	2.41	1	1	0	4.41
10	Best Express Foods, Inc.	\$4,061,129	\$339,510	0	1	1	0	2
11	CR&R Incorporated	\$1,861,500	\$155,621	0	1	0	0	1
12	AltAir Paramount, LLC	\$1,200,000	\$100,320	0	0	0	0	0

BACKGROUND

CAEATFA first adopted regulations instituting the competitive criteria in August 2016 after the Program became oversubscribed in 2015 for the first time in Program history. Previous regulations established a first-come, first-served process for reviewing all Applications, even if the Program became oversubscribed. In light of the Program’s historic oversubscription, questions were raised as to whether this method of allocating awards provided the greatest possible benefit to the State.

To address the potential for oversubscription while also providing enough flexibility to meet the Applicants’ business needs for timely review and consideration, current STE Program regulations provide that, in the event that CAEATFA receives Applications requesting STE in excess of the statutory cap, Applications submitted for that particular Board meeting will be considered in the order in which they are ranked based on four criteria: (1) unemployment rate in the county of the facility, (2) presence of corporate headquarters in California, (3) status as a small business, and (4) being new to the Program.²

These criteria were chosen for two purposes. First, each of the criteria prioritizes Applicants that provide a benefit to the State. Secondly, the criteria are objective and verifiable by Staff at the time of application.

Each criterion is worth between one and five points. The Projects with the greatest point scores are reviewed and presented to the CAEATFA Board until the \$100 million cap is reached.

² Effective July 1, 2019, the Competitive Criteria also awards five points to Projects relocating or rebuilding due to a fire, flood, storm, or earthquake identified in a state of emergency proclamation made by the California State Governor within two years of the time of application. Because this criterion was not in effect when the Applications were submitted, it is not included in the scores.

Applications with the same number of points are considered in ascending order based on the STE amount requested, and if the STE amounts are identical, the Applications are considered in order of receipt.

If the amount requested in the final Application approved exceeds the STE available in the calendar year, the Authority shall split the Applicant's award such that the STE amount above the current year's cap shall be granted from the following calendar year's STE allocation. Any remaining Applications are placed on the waiting list. To the extent that additional STE becomes available during the calendar year, Applications on the waiting list will be reviewed and presented to the CAEATFA Board in the order in which they are ranked based on the Competitive Criteria. Applications on the waiting list that are not brought before the Board that year due to the statutory cap will be considered in the subsequent calendar year.

PROCESS

The 12 Applications under consideration for the July 2019 Board meeting were evaluated based on the following Competitive Criteria process:

Unemployment (up to 5 points)

Projects located in a county with an unemployment rate greater than 110% of the current statewide average unemployment rate received points based on the ratio of the local unemployment rate (Local Rate) to the Highest Unemployment Rate In the State (HUIS)³, pursuant to the following equation:

$$1 + ((\text{Local Rate} / \text{HUIS}) * 4)$$

Regulations stipulate that CAEATFA shall use the most current annual average unemployment rate information available from the California Employment Development Department at the time of the Application submission (2018 Annual Averages).

Basic assumptions used (rate is percentage of labor force in relevant area):

- Current statewide average unemployment rate: 5.2362
- 110% of current statewide average unemployment rate: 5.7598
- Highest Unemployment Rate In the State: 18.1

See Table 4 in Attachment B for a detailed breakdown of the unemployment rate points awarded.

Program regulations also provide that if a Project receives points for the unemployment rate of the proposed Project location and, after Board approval, the Applicant changes the Project location to a county with a lower unemployment rate such that the ranking of the Applicants would have been affected, the award shall be rescinded and awarded to the next awardee in line. An Applicant with a rescinded award may submit a revised Application with an updated Project location.

³ The highest unemployment rate in the State is the unemployment rate for the county with the highest countywide rate reported. Program Regulation Section § 10032(a)(7)(B)(i)c.

Corporate Headquarters in California (One Point)

Applicants with Corporate Headquarters located in California receive one point, provided that if the Applicant has a parent company with an ownership interest greater than 50%, the parent company also must have its Corporate Headquarters in California to receive the point. See Table 5 in Attachment B for a detailed breakdown of the points awarded.

Small Business (One Point)

Applicants that are classified as small businesses under U.S. Small Business Administration (“SBA”) guidelines (Title 13 of the Code of Federal Regulations) and have fewer than 500 employees receive one point, provided that if the Applicant has a parent company with an ownership interest greater than 50%, the parent company must also be classified as a small business under SBA guidelines and have fewer than 500 employees to receive the point. See Table 6 in Attachment B for a detailed breakdown of the small business points awarded.

New Applicant (Five Points)

Applicants that have not previously received an STE award shall receive five points, provided that if the Applicant has a parent company with an ownership interest greater than 50%, the parent company, and any of its subsidiaries or affiliates, also must not have previously received an STE award to receive the points. See Table 7 in Attachment B for a detailed breakdown of the points awarded.

APPLICATIONS FOR CONSIDERATION IN JULY

Based on the Competitive Criteria process established in Program regulations, the top four scoring Applicants are Lakeside Pipeline LLC, Allogene Therapeutics, Inc., South Bayside Waste Management Authority, and East Valley Water District. South Bayside Waste Management Authority and East Valley Water District each earned six points, therefore they are ranked in ascending order based on the amount of STE requested, placing South Bayside Waste Management Authority above East Valley Water District.

After the June 2019 Board meeting, CAEATFA has approximately \$5,170,855 in STE (or \$61,852,333.80 in Qualified Property) left to award in 2019 (Attachment C includes the pipeline of 2019 Applications approved and under review after the June 2019 Board Meeting), which is sufficient to fully award the top two ranked Applicants, Lakeside Pipeline LLC and Allogene Therapeutics, Inc., from the 2019 allocation. Pursuant to Program regulations, South Bayside Waste Management Authority’s recommended award is split between the 2019 and 2020 STE allocations.

See Table 2 on the following page for a breakdown of the recommended awards for Applications up for considerations at the July 2019 Board meeting.

Table 2: Applications for Consideration at the July 2019 Board Meeting		
Applicant	QP Request	Estimated STE
Lakeside Pipeline LLC	\$16,508,315.00	\$1,380,095
Allogene Therapeutics, Inc.	\$36,351,130.00	\$3,038,954
Remaining in 2019 After June Board Meeting	\$61,852,333.80	\$5,170,855
July Subtotal	\$54,059,445.00	\$4,519,370
Remaining in 2019	\$8,992,888.80	\$751,806
South Bayside Waste Management Authority	\$11,260,000.00	\$941,336
Award Effective Immediately (from 2019 Cap)	\$8,992,888.80	\$751,806
Award Effective 2020 (from 2020 Cap)	\$2,267,111.20	\$189,530

To the extent that additional STE becomes available during the 2019 calendar year, Applicants on the waitlist will be reviewed and presented to the Board for approval in the order in which they are ranked based on the Competitive Criteria. Applicants on the waitlist that are not considered in 2019 may submit updated Applications by the November deadline to be considered in 2020.

Table 3: 2019 STE Application Waitlist			
Applicant	Qualified Property	Estimated STE	Total Score
East Valley Water District	\$60,328,000	\$5,043,421	6
Merced Pipeline, LLC	\$31,922,542	\$2,668,725	4.83
Five Points Pipeline, LLC	\$15,017,114	\$1,255,431	4.66
Aemetis Biogas, LLC	\$1,285,457	\$107,464	4.41
Aemetis Biogas, LLC	\$1,356,240	\$113,382	4.41
Aemetis Biogas, LLC	\$6,090,000	\$509,124	4.41
Best Express Foods, Inc.	\$4,061,129	\$339,510	2
CR&R Incorporated	\$1,861,500	\$155,621	1
AltAir Paramount, LLC	\$1,200,000	\$100,320	0

ATTACHMENTS

- Attachment A: Pipeline of 2019 Applications Approved and Pending After the May 17th Application Deadline.
- Attachment B: Tables of Competitive Criteria Points Awarded
- Attachment C: Pipeline of 2019 Applications Approved and Pending After the June 2019 Board Meeting

**Attachment A: Pipeline of 2019 Applications Approved and Pending
After the May 17th Application Deadline**

January	QP Request	Estimated STE*
N/A		
Remaining in 2019	\$1,196,172,248.80	\$100,000,000

February	QP Request	Estimated STE
Biogas Energy, Inc.	\$3,867,000.00	\$323,281
Watonga RNG 1 LLC	\$5,500,000.00	\$459,800
Sanitation Districts of Los Angeles County	\$15,212,303.00	\$1,271,749
CR&R Incorporated	\$5,130,235.00	\$428,888
Intuitive Surgical Operations, Inc.	\$96,875,430.00	\$8,098,786
February Subtotal	\$126,584,968.00	\$10,582,503
To Date	\$126,584,968.00	\$10,582,503
Remaining in 2019	\$1,069,587,280.80	\$89,417,497

March	QP Request	Estimated STE
Graham Packaging PET Technologies, Inc.	\$10,347,274.00	\$865,032.11
March Subtotal	\$10,347,274.00	\$865,032.00
To Date	\$136,932,242.00	\$11,447,535.32
Remaining in 2019	\$1,059,240,006.80	\$88,552,464.68

April	QP Request	Estimated STE
Northrup Grumman Systems Corporation	\$211,964,787.00	\$17,720,256
Tesla, Inc.	\$81,906,672.00	\$6,847,398
April Subtotal	\$293,871,459.00	\$24,567,654
To Date	\$430,803,701.00	\$36,015,189
Remaining in 2019	\$765,368,547.80	\$63,984,811

May	QP Request	Estimated STE
Quantitative BioSciences, Inc.	\$875,511.00	\$73,193
SANCO Services, LP	\$15,216,783.00	\$1,272,123
Taft Ammonia Company, LLC	\$239,234,449.00	\$20,000,000
Fortis Solutions Group West, LLC	\$7,045,460.00	\$589,000
May Subtotal	\$262,372,203.00	\$21,934,316
To Date	\$693,175,904.00	\$57,949,505
Remaining in 2018	\$502,996,344.80	\$42,050,495

June	QP Request	Estimated STE
FirstElement Fuel (Beverly Hills)	\$2,503,766.00	\$209,315
FirstElement Fuel (Campbell)	\$2,202,766.00	\$184,151
FirstElement Fuel (Concord)	\$2,594,766.00	\$216,922
FirstElement Fuel (Culver City)	\$2,594,766.00	\$216,922
FirstElement Fuel (Fountain Valley)	\$2,594,766.00	\$216,922
FirstElement Fuel (Mission Hills)	\$2,503,766.00	\$209,315
FirstElement Fuel (Redwood City)	\$2,503,766.00	\$209,315
FirstElement Fuel (San Diego)	\$2,594,766.00	\$216,922
FirstElement Fuel (Sherman Oaks)	\$1,966,766.00	\$164,422
FirstElement Fuel (Studio City)	\$2,267,766.00	\$189,585

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June (Continued)	QP Request	Estimated STE
FirstElement Fuel (Sunnyvale)	\$2,202,766.00	\$184,151
Verdeco Recycling	\$13,118,950.00	\$1,096,744
Joby Aero, Inc.	\$73,473,675.00	\$6,142,399
HWY33 Pistachios, LLC	\$79,196,100.00	\$6,620,794
Edwards Lifesciences LLC	\$239,234,449.00	\$20,000,000
Sioneer Stockton, LLC	\$15,370,837.00	\$1,285,002
Entekra, LLC	\$20,750,000.00	\$1,734,700
June Subtotal	\$467,674,437.00	\$39,097,583
To Date	\$1,160,850,341.00	\$97,047,088
Remaining in 2019	\$35,321,907.80	\$2,952,912

July	QP Request	Estimated STE
Best Express Foods, Inc.	\$4,061,129.00	\$339,510
Aemetis Biogas LLC	\$6,090,000.00	\$509,124
Aemetis Biogas LLC	\$1,356,240.00	\$113,382
Aemetis Biogas LLC	\$1,285,457.00	\$107,464
South Bayside Waste Management Authority	\$11,260,000.00	\$941,336
Allogene Therapeutics, Inc.	\$36,351,130.00	\$3,038,954
Lakeside Pipeline LLC	\$16,508,315.00	\$1,380,095
Five Points Pipeline LLC	\$15,017,114.00	\$1,255,431
Merced Pipeline LLC	\$31,922,542.00	\$2,668,725
East Valley Water District	\$60,328,000.00	\$5,043,421
CR&R Incorporated	\$1,861,500.00	\$155,621
AltAir Paramount, LLC	\$1,200,000.00	\$100,320
July Subtotal	\$187,241,427.00	\$15,653,383
To Date	\$1,348,091,768.00	\$112,700,472
Remaining in 2019	-\$151,919,519.20	-\$12,700,472

*Estimated STE totals may not add up due to rounding.

Attachment B: Tables of Competitive Criteria Points Awarded

Table 4. Unemployment Rate Points				
Applicant	County	Unemployment Rate (Percent)	Unemployment Rate Greater than 110% of Current Annual Statewide Average?	Points Awarded
Best Express Foods, Inc.	Alameda	3	No	0
Aemetis Biogas, LLC	Stanislaus	6.4	Yes	2.41
Aemetis Biogas, LLC	Stanislaus	6.4	Yes	2.41
Aemetis Biogas, LLC	Stanislaus	6.4	Yes	2.41
South Bayside Waste Management Authority	San Mateo	2.2	No	0
Allogene Therapeutics, Inc.	Alameda	3	No	0
Lakeside Pipeline, LLC	Kings	7.7	Yes	2.70
Five Points Pipeline, LLC	Fresno	7.5	Yes	2.66
Merced Pipeline, LLC	Merced	8.3	Yes	2.83
East Valley Water District	San Bernardino	4	No	0
CR&R Incorporated	Riverside	4.4	No	0
AltAir Paramount, LLC	Los Angeles	4.7	No	0

Table 5. Corporate Headquarters Points				
Applicant	Location of HQ (State or Country)	Parent Company With Ownership Interest Greater Than 50%?	Parent Company HQ (if applicable)	Points Awarded
Best Express Foods, Inc.	California	Yes	California	1
Aemetis Biogas, LLC	California	Yes	California	1
Aemetis Biogas, LLC	California	Yes	California	1
Aemetis Biogas, LLC	California	Yes	California	1
South Bayside Waste Management Authority	California	No	N/A	1
Allogene Therapeutics, Inc.	California	No	N/A	1
Lakeside Pipeline, LLC	California	No	N/A	1
Five Points Pipeline, LLC	California	Yes	California	1
Merced Pipeline, LLC	California	Yes	California	1
East Valley Water District	California	No	N/A	1
CR&R Incorporated	California	No	N/A	1
AltAir Paramount, LLC	Massachusetts	Yes	Massachusetts	0

Table 6: Small Business Points						
Applicant	Applicant a Small Business?	Applicant have fewer than 500 employees?	Parent Company With Ownership Interest Greater Than 50%?	Parent Company a Small Business?	Parent Company have fewer than 500 employees?	Points Awarded
Best Express Foods, Inc.	Yes	Yes	Yes	Yes	Yes	1
Aemetis Biogas, LLC	Yes	Yes	Yes	Yes	Yes	1
Aemetis Biogas, LLC	Yes	Yes	Yes	Yes	Yes	1
Aemetis Biogas, LLC	Yes	Yes	Yes	Yes	Yes	1
South Bayside Waste Management Authority	No	Yes	N/A	N/A	N/A	0
Allogene Therapeutics, Inc.	Yes	Yes	No	N/A	N/A	1
Lakeside Pipeline, LLC	Yes	Yes	No	N/A	N/A	1
Five Points Pipeline, LLC	Yes	Yes	Yes	Yes	Yes	1
Merced Pipeline, LLC	Yes	Yes	Yes	Yes	Yes	1
East Valley Water District	No	Yes	N/A	N/A	N/A	0
CR&R Incorporated	No	No	N/A	N/A	N/A	0
AltAir Paramount, LLC	Yes	Yes	Yes	Yes	No	0

Table 7. New Applicant Points				
Applicant	Previously Approved for STE award?	Parent Company With Ownership Interest Greater Than 50%?	Parent Company (or its Subsidiary or Affiliate) Previously Approved for STE Award? (If Applicable)	Points Awarded
Best Express Foods, Inc.	Yes	Yes	Yes	0
Aemetis Biogas, LLC	No	Yes	Yes	0
Aemetis Biogas, LLC	No	Yes	Yes	0
Aemetis Biogas, LLC	No	Yes	Yes	0
South Bayside Waste Management Authority	No	No	N/A	5
Allogene Therapeutics, Inc.	No	No	N/A	5
Lakeside Pipeline, LLC	No	No	N/A	5
Five Points Pipeline, LLC	No	Yes	Yes	0
Merced Pipeline, LLC	No	Yes	Yes	0
East Valley Water District	No	No	N/A	5
CR&R Incorporated	Yes	No	N/A	0
AltAir Paramount, LLC	Yes	Yes	No	0

**Attachment C: Pipeline of 2019 Applications Approved and Pending After
the June 2019 Board Meeting**

January	QP Request	Estimated STE*
N/A		
Remaining in 2019	\$1,196,172,248.80	\$100,000,000

February	QP Request	Estimated STE
Biogas Energy, Inc.	\$3,867,000.00	\$323,281
Watonga RNG 1 LLC	\$5,500,000.00	\$459,800
Sanitation Districts of Los Angeles County	\$15,212,303.00	\$1,271,749
CR&R Incorporated	\$5,130,235.00	\$428,888
Intuitive Surgical Operations, Inc.	\$96,875,430.00	\$8,098,786
February Subtotal	\$126,584,968.00	\$10,582,503
To Date	\$126,584,968.00	\$10,582,503
Remaining in 2019	\$1,069,587,280.80	\$89,417,497

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March Subtotal	\$10,347,274.00	\$865,032
To Date	\$136,932,242.00	\$11,447,535
Remaining in 2019	\$1,059,240,006.80	\$88,552,465

April	QP Request	Estimated STE
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Tesla, Inc.	\$81,906,672.00	\$6,847,398
April Subtotal	\$293,871,459.00	\$24,567,654
To Date	\$430,803,701.00	\$36,015,189
Remaining in 2019	\$765,368,547.80	\$63,984,811

May	QP Request	Estimated STE
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Taft Ammonia Company, LLC	\$239,234,449.00	\$20,000,000
Fortis Solutions Group West, LLC	\$7,045,460.00	\$589,000
May Subtotal	\$262,372,203.00	\$21,934,316
To Date	\$693,175,904.00	\$57,949,505
Remaining in 2018	\$502,996,344.80	\$42,050,495

June	QP Request	Estimated STE
Verdeco Recycling	\$13,118,950.00	\$1,096,744
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Edwards Lifesciences LLC	\$239,234,449.00	\$20,000,000
Sioneer Stockton, LLC	\$15,370,837.00	\$1,285,002
Entekra, LLC	\$20,750,000.00	\$1,734,700
June Subtotal	\$441,144,011.00	\$36,879,639
To Date	\$1,134,319,915.00	\$94,829,145
Remaining in 2019	\$61,852,333.80	\$5,170,855

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July	QP Request	Estimated STE
Lakeside Pipeline LLC	\$16,508,315.00	\$1,380,095
Allogene Therapeutics, Inc.	\$36,351,130.00	\$3,038,954
Subtotal	\$52,859,445.00	\$4,419,050
Remaining in 2019	\$8,992,888.80	\$751,806
South Bayside Waste Management Authority	\$11,260,000.00	\$941,336
<i>Award Effective Immediately (from 2019 Cap)</i>	\$8,992,888.80	\$751,806
July Subtotal	\$61,852,333.80	\$5,170,855
Total To Date	\$1,196,172,248.80	\$100,000,000
Remaining in 2019	\$0.00	\$0
<i>Award Effective 2020 (from 2020 Cap)</i>	\$2,267,111.20	\$189,530

Wait List	QP Request	Estimated STE
Best Express Foods, Inc.	\$4,061,129.00	\$339,510
Aemetis Biogas LLC	\$6,090,000.00	\$509,124
Aemetis Biogas LLC	\$1,356,240.00	\$113,382
Aemetis Biogas LLC	\$1,285,457.00	\$107,464
Five Points Pipeline LLC	\$15,017,114.00	\$1,255,431
Merced Pipeline LLC	\$31,922,542.00	\$2,668,725
East Valley Water District	\$60,328,000.00	\$5,043,421
CR&R Incorporated	\$1,861,500.00	\$155,621
AltAir Paramount LLC	\$1,200,000.00	\$100,320
Total	\$123,121,982.00	\$10,292,998

*Estimated STE totals may not add up due to rounding.