

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
May 18, 2021**

1. CALL TO ORDER AND ROLL CALL

Fiona Ma, CPA, Chair, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:32 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Mary-Ann Warmerdam for Betty T. Yee, State Controller
Gayle Miller for Keely Martin Bosler, Director, Department of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Grant Mack for Marybel Batjer, President, Public Utilities Commission

Staff Present: Derek Chernow, Executive Director

Quorum: The Chair declared a quorum.

Due to the recommended precautions and public health recommendations resulting from the novel coronavirus (COVID-19), members of the Board were instructed by the Governor’s Office that they may attend the meeting remotely, which is an exception to the usual requirement (Bagley-Keene Open Meeting Act – 1967) that they attend in person. CAEATFA staff (“Staff”) has implemented additional social distancing measures, and participants have been asked to also participate remotely. Ms. Ma attended the meeting in person. Ms. Warmerdam, Ms. Miller, Mr. Rider, and Mr. Mack all attended the meeting via internet conference line.

2. MINUTES

Ms. Ma asked if there were any questions or comments concerning the April 20, 2021, meeting minutes. There were none.

Ms. Ma asked if there was a motion.

Ms. Miller moved for approval of the minutes; upon a second from Mr. Mack, the minutes were approved.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Mary-Ann Warmerdam for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Chernow gave his report, highlighting CAEATFA activity and news since the April 20, 2021 Board meeting, which included:

- The Governor released his May Revise, which called for a one-time infusion of \$100 million for the Sales and Use Tax Exclusion ("STE") Program for additional sales and use tax award funding. This reflects what the Governor proposed in his January budget. Mr. Chernow stated that CAEATFA appreciates the continued confidence in the STE Program as Staff works to finalize expenditures from the current 2021 STE award allocation.
- CAEATFA and the California Pollution Control Financing Authority ("CPCFA") participated in a small business workshop hosted by the Cupertino Chamber of Commerce and Treasurer Ma.
- Mr. Chernow was proud to announce that the Residential Energy Efficiency Loan Assistance ("REEL") Program has now financed over \$20 million in loans.
- Mr. Chernow also reported that last week, he toured Garaventa Enterprises, Inc.'s ("Garaventa") facility in Pittsburg along with Treasurer Ma and Janae Davis from CPCFA. Garaventa has received both an STE award from CAEATFA and successfully closed a recent bond transaction with CPCFA.

Mr. Chernow then concluded his report.

Ms. Ma mentioned that Garaventa will be doing a ribbon-cutting event in around a month, and suggested Board members might wish to attend.

Ms. Miller stated that the Governor's inclusion of the additional award funding for the STE Program speaks to Staff's work and how much good the Program is doing for California. Ms. Ma added that the STE Program, along with the California Competes Tax Credit administered by the Governor's Office of Business and Economic Development, are the two incentive programs that are making a big difference in keeping businesses and manufacturers in California, as well as creating many good jobs.

Ms. Ma continued by asking for a reiteration of the STE Program's award funding history this year. Mr. Chernow replied that the normal \$100 million of STE award allocation was oversubscribed for this calendar year, and the additional proposed \$100 million will allow for another round of award funding. This additional funding will allow the State to help fund business opportunities in a broad array of different manufacturing categories that otherwise might not move forward in California.

4. BUSINESS ITEMS

A. CONSIDERATION OF APPLIED MEDICAL RESOURCES CORPORATION'S REQUEST TO AMEND NO. 21-SM025 TO ADD APPLIED MANUFACTURING, LLC, AS A PARTICIPATING PARTY TO THE REGULATORY AGREEMENT FOR A SALES AND USE TAX EXCLUSION PROGRAM AWARD

Presented by Xee Moua, Program Analyst

Staff introduced Zoran Falkenstein, Group President, Applied Medical Resources Corporation; Fazlia Seraj, Technical Lead, Applied Medical Resources Corporation; and Jeff Malin, Technical Lead, Applied Medical Resources Corporation; all of whom joined via internet conference line.

On March 16, 2021, the CAEATFA Board approved an STE award for Applied Medical Resources Corporation (the "Applicant") for the purchase of up to \$150,547,889 in Qualified Property to expand and upgrade its existing medical device manufacturing facility located in Rancho Santa Margarita (the "Project").

In the process of executing the Applicant's Regulatory Agreement, Staff was informed that the Applicant's subsidiary, Applied Manufacturing, LLC, had been delegated the responsibility of purchasing and acquiring the infrastructure, equipment, and machinery needed to support the Project.

Staff recommended that the Board approve Applied Medical Resources Corporation's request to amend Resolution No. 21-SM025 to add Applied Manufacturing, LLC, as a participating party to the authorizing resolution and Regulatory Agreement.

Mr. Rider moved for approval, and there was a second by Ms. Miller. Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Ms. Ma called for a vote.

The item was unanimously approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Mary-Ann Warmerdam for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

B. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR THE SALES AND USE TAX EXCLUSION PROGRAM

- 1) RNG Moovers, LLC, Chowchilla (Madera), Pixley (Tulare), and Madera (Madera), 21-SM030, Dairy Biogas Production – Alternative Source, \$29,475,049 of Qualified Property

Presented by Stefani Carruth, Program Analyst

Staff introduced Sheila Miller Burkholder, President, RNG Moovers, LLC, who joined via internet teleconference line.

RNG Moovers, LLC, is requesting an STE award to build new dairy digesters at four existing dairies located in Chowchilla, Madera, and Pixley, by covering existing lagoons and purifying biomethane into RNG, which will then be injected into the natural gas pipeline and eventually sold into California's renewable-fuel vehicle market.

Staff recommended the approval of Resolution No. 21-SM030 for RNG Moovers, LLC's purchase of qualifying tangible person property in an amount not to exceed \$29,457,049, anticipated to result in an approximate sales and use tax exclusion value of \$2,505,379.

Ms. Miller moved for approval, and there was a second by Ms. Warmerdam. Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or the public.

Ms. Burkholder stated that the Project will capture significant greenhouse gases that would otherwise be emitted, and that many dairies will not, or are not able to, invest in this technology without support.

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

The item was unanimously approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Mary-Ann Warmerdam for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

- 2) Northrop Grumman Systems Corporation, Northridge (Los Angeles), 21-SM031, Defense Manufacturing – Advanced Manufacturing, \$22,330,674 of Qualified Property

Mr. Chernow stated that this item was withdrawn at the request of the applicant.

- 3) CertainTeed, LLC, Chowchilla (Madera), 21-SM032, Insulation Manufacturing – Advanced Manufacturing, \$22,300,000 of Qualified Property

Presented by Matthew Jumps, Program Analyst

Staff introduced Mark Swan, Plant Manager, CertainTeed, LLC; and Leslie Rubin, President, Rubin Advisors Inc., both of whom joined via internet teleconference line.

CertainTeed, LLC ("CertainTeed"), is requesting an STE award to upgrade its existing insulation plant in Chowchilla, which manufactures insulation for residential homes (the "Project"). CertainTeed plans to upgrade its manufacturing equipment, resulting in reduced energy consumption and reduced carbon dioxide emissions.

Staff recommended the approval of Resolution No. 21-SM032 for CertainTeed's purchase of Qualified Property in an amount not to exceed \$22,300,000, anticipated to result in an approximate sales and use tax exclusion value of \$1,895,500.

Mr. Rider moved for approval, and there was a second by Ms. Miller. Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or the public.

Mr. Swan stated that the Project will help the company reduce its energy intensity in manufacturing an essential product in California, insulation, and will also help to reduce overall environmental impacts.

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

The item was unanimously approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Mary-Ann Warmerdam for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

- 4) Enovix Corporation, Fremont (Alameda), 21-SM033, Lithium Ion Battery Manufacturing – Advanced Manufacturing, \$49,075,888 of Qualified Property

Presented by Xee Moua, Program Analyst

Staff introduced Harrold Rust, CEO, Enovix Corporation, who joined via internet teleconference line.

Enovix Corporation ("Enovix") is requesting an STE award to upgrade and expand its existing rechargeable lithium ion battery manufacturing facility located in Fremont (the "Project").

Staff recommended the approval of Resolution No. 21-SM033 for Enovix's purchase of qualifying tangible personal property in an amount not to exceed \$49,075,888, anticipated to result in an approximate sales and use tax exclusion value of \$4,171,450.

Mr. Rider moved for approval, and there was a second by Ms. Miller. Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or the public.

Mr. Rust stated that Enovix has been an STE Program participant for several years, and that the STE awards have been critical in allowing the company's projects to move forward. He stated that Enovix is now building out its first manufacturing line to make its revolutionary battery in Fremont. He added that he believes the Project is important to California and the U.S., because it will create a domestic supply of batteries, which will be a critical technology going forward, and the company will provide a decent number of

technology-related jobs, which are important to the State.

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

The item was unanimously approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Mary-Ann Warmerdam for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Ms. Ma 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 10:49 a.m.

Respectfully submitted,

Derek Chernow
Executive Director