November 11, 2021

Honorable Board of Directors
California Alternative Energy and Advanced Transportation Financing Authority
915 Capitol Mall C-15
Sacramento, CA 95814

RE: Sugar Valley Energy, LLC Appeal to Continue the Sales and Use Tax Exclusion agreement awarded on November 19, 2019

Dear Honorable Directors,

Thank you very much for the opportunity to appear before you at the upcoming November 16 meeting of the Board. We respectfully disagree with and wish to appeal staff's recommendation to terminate our award, as we believe it would significantly interrupt the financing phase now in process for our project and harmfully impact our project timeline.

Since the time the CAEATFA Board voted to approve the extension to our STE program award in 2019, CE+P has run a gauntlet of milestones toward building Sugar Valley Energy, with only the sale of equity instruments and green bonds remaining. I have attached an updated list of milestones achieved and look forward to highlighting these accomplishments in person at the meeting.

With this financing process scheduled to close in Q1 of 2022, we anticipate the purchasing process for the required Qualifying Purchases will proceed throughout calendar years 2022 and 2023. As our existing 2019 award provides us until December 2023 to make these purchases, we stipulate that we will not require another extension.

I have also provided letters of support for Sugar Valley Energy from:

- CA Senator Ben Hueso, 40th District
- CA Assemblymember Eduardo Garcia, District 56
- Michael Kelley, District 3 Supervisor/Chairman, Imperial County Board of Supervisors
- Timothy Kelley, CEO, Imperial Valley Economic Development Corporation

In addition, the following individuals will attend and present on behalf of the project:

- Ian Parker, Managing Director, RBC Capital Markets
- Dan Consie, VP, Strategic Initiatives, IHI Power Services Corp.
- Peter C. Brinzey, Vice President, Business Development, MasTec

While adopting the staff recommendation can potentially jeopardize our financing efforts, the process of reapplying for STE program approval would represent an unnecessary delay to our schedule. We implore this Board to allow our project to remain on course and thank you for your consideration.

Sincerely,

David Rubenstein
CEO and President

cc: Derek Chernow, Executive Director

Attachments

CE+P

Powering the future

CE+P/Sugar Valley Energy
SIGNIFICANT MILESTONES ACHIEVED
since the November 2020, CAEATFA Board Update

- **December 2020**: Finalized the Ethanol Purchasing/Marketing Agreement with CHS, Inc. ($30+ billion annual revenue agriculture cooperative) who will market our ethanol into the California market

- **January 2021**: Received second party opinions from Kestrel Verifiers that the bonds being issued will be certified as Green Bonds

- **June 2021**: Agreed to all terms, conditions and costs with Booker-Tate Limited, the Owners Engineer during construction

- **June 2021**: IHS Markit finalized an updated detailed market report for the project's revenue projections

- **July 2021**: Formally filed an application with CDLAC to obtain benefits under their bond financing program

- **August 2021**: Received a draft of the project's proposed Operating & Maintenance/ Asset Management agreement with IHI Power Services

- **October 2021**: Agreed to all terms, conditions and costs with Constellation/Exelon who will market both our electricity and biogas into the California market

- **October 2021**: Executed a 524-page, $620 million Engineering, Procurement and Construction (EPC) agreement with a Fortune 500 infrastructure company

- **October 2021**: Finalized the project's Independent Engineering report with Black & Veatch

- **October 2021**: Planted sugarcane on an additional 35 acres in Imperial County bringing the total acreage to 135 acres

- **October 2021**: Royal Bank of Canada (RBC) and Baker Tilly US, LLP officially launched the financing for the project

- **November 2021**: Began discussions with multiple entities interested in providing equity for the project

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California State Senate

SENATOR
BEN HUESO
FORTIETH SENATE DISTRICT

STANDING COMMITTEES
ENERGY, UTILITIES, AND COMMUNICATIONS
CHAIR
VETERANS AFFAIRS
VICE-CHAIR
BANKING & FINANCIAL INSTITUTIONS
GOVERNMENTAL ORGANIZATION
NATURAL RESOURCES AND WATER

To: CAEATFA Board members

FIONA MA, CHAIR, State Treasurer
BETTY T. YEE, State Controller
KEELY MARTIN BOSLER, Director of Finance
DAVID HOCHSCHILD, Chair Energy Commission
MARYBEL BATJER, President, Public Utilities Commission

Honorable Board Members,

This letter is in support of the Sugar Valley Energy project, urging the CAEATFA Board of Directors to maintain project approval status under the agency's Sales and Use Tax Exemption (STE) Program. Approval under the program was granted in 2019 and does not expire until December 2023.

The Sugar Valley Energy project is a critical component of Imperial County's vision for job creation and economic development. It is projected to generate nearly 10,000 jobs and more than $900 million in economic activity within the County, boosting our industrial development efforts, enhancing our region's agricultural economy through sugarcane production, while increasing our region's output of low-carbon energy for the benefit of the entire state.

CE+P / Sugar Valley Energy have demonstrated significant recent progress in readying the project for construction by early next year, recently finalizing an engineering, procurement and construction agreement.

Marketing of the green energy bonds and financing is now underway and could be hampered if the Board were to terminate STE program approval prematurely, having significant financial consequences for our district and its constituents.

Once again, we respectfully urge you to maintain program approval for Sugar Valley Energy. Thank you for your consideration.

Sincerely,

BEN HUESO
Senator, 40th District
BH/jg

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IMPERIAL COUNTY DISTRICT OFFICE
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Assembly California Legislature

EDUARDO GARCIA
ASSEMBLYMEMBER, FIFTY-SIXTH DISTRICT

STANDING COMMITEES

CHAIR: WATER, PARKS AND WILDLIFE APPROPRIATIONS
UTILITIES AND ENGERY
COMMUNICATIONS AND CONVEYANCE
GOVERNMENTAL ORGANIZATION

CHAIR: SELECT COMMITTEE ON BOYS AND MEN OF COLOR

November 11, 2021

To: CAEATFA Board Members

Fiona Ma, Chair, State Treasurer
Betty T. Yee, State Controller
Keely Martin Boslet, Director of Finance
David Hoahschild, Chair Energy Commission
Marybel Batjer, President, Public Utilities Commission

RE: California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Support Letter

Honorable Board Members:

As the Assemblymember representing the 56th District, which includes the County of Imperial, I write this letter in support of the Sugar Valley Energy project, and the continuation of the sales and use tax exclusion (STE) award for the project. Once completed this project will serve to boost the local economy, while simultaneously advancing low carbon fuels, which will serve to help the State progress towards our greenhouse gas emission goals.

Imperial County, where this project will be located, historically has some of the highest unemployment rates in the Nation; the Sugar Valley project will create an estimated 10,000 jobs and over $900 million in economic activity. These benefits will be seen throughout the region by way of, boosting the county's industrial development capacity, creating a more robust agricultural economy through the production of sugarcane, and creating new high-paying jobs at the Sugar Valley site. Beyond all this, this facility will increase the output of low-carbon energy for the entire State and serve as a model for the production of alternative fuels.

Given current conditions and recent progress made by the Sugar Valley team, the project plans to be ready for construction by early next year. They have recently finalized agreements for construction, engineering, and procurement. Furthermore, they have begun to market green energy bonds and are securing additional finical investment all of which will be in jeopardy if the STE award were to be terminated.

For these reasons, I would like to reiterate my staunch support of the Sugar Valley Energy Project and respectfully urge the CAEATFA board to maintain the current approval status under the agency's STE program.

Thank you for your time and consideration. If you have any questions regarding our support, please feel free to contact my office at (760) 355-8656.

Sincerely,

Eduardo Garcia
Assemblymember, District 56

MICHAEL W. KELLEY
SUPERVISOR – DISTRICT 3
940 MAIN STREET, SUITE 209
EL CENTRO, CA 92243

Board of Supervisors
County of Imperial

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E-MAIL: mkelley@co.imperial.ca.us

November 3, 2021

To: CAEATFA Board members

Fiona Ma, Chair, State Treasurer
Betty T. Yee, State Controller
Keely Martin Bosler, Director of Finance
David Hochschild, Chair Energy Commission
Marybel Batjer, President, Public Utilities Commission

RE: California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Support Letter

Honorable Board Members,

As Chairman of the Imperial County Board of Supervisors, I am writing in support of the Sugar Valley Energy project, and to urge the CAEATFA Board of Directors to maintain project approval status under the agency's Sales and Use Tax Exemption (STE) Program.

The Sugar Valley Energy project is a critical component of Imperial County's vision for job creation and economic development. It is projected to generate nearly 10,000 jobs and more than $900 million in economic activity, boosting our industrial development efforts, enhancing our region's agricultural economy through sugarcane production, while increasing our region's output of low-carbon energy for the benefit of the entire state.

CE+P / Sugar Valley Energy have demonstrated significant recent progress in readying the project for construction by early next year, recently finalizing an engineering, procurement and construction agreement. Marketing of the green energy bonds and financing is underway and could be hampered if the Board were to terminate STE program approval, having significant financial consequences for the County.

Once again, we respectfully urge you to maintain program approval for Sugar Valley Energy. Thank you for your consideration.

Sincerely,

Michael W. Kelley

Michael W. Kelley,
District 3 Supervisor, Chairman
Imperial County Board of Supervisors

cc: Derek Chernow, Executive Director, derek.chernow@treasurer.ca.gov

IVEDC
IMPERIAL VALLEY ECONOMIC DEVELOPMENT CORPORATION

Nov 9, 2021

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY (CAEATFA) SUPPORT LETTER

To CAEATFA Board members:

FIONA MA, CHAIR, State Treasurer
BETTY T. YEE, State Controller
KEELY MARTIN BOSLER, Director of Finance
DAVID HOCHSCHILD, Chair Energy Commission
MARYBEL BATJER, President, Public Utilities Commission

CC to: Derek Chernow, Executive Director. derek.chernow@treasurer.ca.gov

Honorable Board Members,

As CEO of Imperial Valley Economic Development Corporation (IVEDC), I write to inform you that IVEDC has a long-standing relationship with Sugar Valley Energy assisting with procurement, workforce, financing. This project has continually moved forward despite the ups and downs of the economy and is closer than ever to achieving success. We urge the CAEATFA Board of Directors to maintain project approval status under the agency's Sales and Use Tax Exemption (STE) Program.

The Sugar Valley Energy project is a critical component of Imperial County's vision for job creation and economic development. It is projected to generate nearly 10,000 jobs and more than $900 million in economic activity, boosting our industrial development efforts, enhancing our region's agricultural economy through sugarcane production, while increasing our region's output of low-carbon energy for the benefit of the entire state.

CE+P / Sugar Valley Energy have demonstrated significant recent progress in readying the project for construction by early next year, recently finalizing an engineering, procurement, and construction agreement. Marketing of the green energy bonds and financing is underway and could be hampered if the Board were to terminate STE program approval, having significant financial consequences for the County.

Once again, we respectfully urge you to maintain program approval for Sugar Valley Energy. Thank you for your consideration.

Sincerely,

Timothy E. Kelley
CEO
Imperial Valley Economic Development Organization
tim@ivedc.com