

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

***Request to Approve a Time Extension for the
Initial Term of the Regulatory Agreement¹***

**Sioneer Stockton, LLC
Application No. 19-SM030**

Tuesday, May 17, 2022

Prepared By: *Stefani Wilde, Program Analyst*

SUMMARY

Applicant – Sioneer Stockton, LLC

Location – Jurupa Valley, Riverside County (originally Stockton, San Joaquin County)

Industry – Glass Recycling and Pozzolan Manufacturing

Project – New Glass Recycling Facility (Recycled Resource Extraction)

Total Amount Qualified Property Approved– \$15,370,837

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$1,285,002

Amount of Time Requested –

- Two years, until June 18, 2024, for the Initial Term of the Regulatory Agreement (five years from the date of initial CAEATFA Board approval)

Staff Recommendation – Approval

¹ All capitalized terms not defined in this document are defined in the Sales and Use Tax Exclusion Program's statutes and regulations.

² This amount is calculated based on the average statewide sales tax rate at the time of initial approval, which was 8.36%.

REQUEST

On June 18, 2019, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Sioneer Stockton, LLC (the “Applicant”) for the purchase of up to \$15,370,837 in Qualified Property to expand its existing glass recycling facility located in Stockton (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.³

As of January 2022, the Applicant has used the STE to purchase approximately \$4,180,610 of Qualified Property (27% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term by two years to accommodate delays related to the COVID-19 pandemic and securing financing, which pushed back the Project’s timeline.

The CAEATFA Board can extend the initial term of the Agreement upon a finding that an extension is in the public interest and advances the purposes of the STE Program.⁴

The Applicant explains it originally planned to fund a plant expansion at the Port of Stockton with a tax-exempt bond through the California Pollution Control Financing Authority (“CPCFA”), but that by the end of 2019, the bond financing fell through due to market conditions not directly related to the Applicant. The Applicant has since found a new Project site in Jurupa Valley and has entered into a Joint Venture Agreement, which will provide Project funding. The Applicant states that the COVID-19 pandemic also limited operations and extended the Project timeline. The Applicant explains that in 2020 it focused on surviving the pandemic economic turndown, and that now, due to global supply chain delays and uncertainty, its vendors have requested more time to supply equipment.

THE APPLICANT

The Applicant, a wholly owned subsidiary of Glass Processing Solutions, LLC, is an Ohio limited liability company that formed in 2017 to recycle glass and manufacture pozzolan. The technology the Applicant uses cleans and processes 100% of the glass it receives to be sold to numerous markets such as bottle and fiberglass manufacturing, pozzolan, silica flour, abrasives, filtration, specialty sands, and agriculture.

The major shareholders (10.0% or greater) of Glass Processing Solutions are:

Douglas Jackson (45%)
Cynthia Andela (45%)

The corporate officers of the Applicant are:

Douglas Jackson, President & CEO
Wendy Wright, VP of Finance
Brett Wilhelm, Director of New Facilities

³ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

⁴ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(B)

THE PROJECT

The Applicant requested a sales and use tax exclusion to expand its existing glass recycling facility located in Stockton. According to the Applicant, when glass is recycled at a material recovery facility, it is cleaned, sorted, and then transported to new glass manufacturers. This process leaves behind fines or other unsorted glass that is collected and then transported to a landfill for disposal. According to the Applicant, it will divert this waste material from the landfill and recycle the fines and other unsorted glass into pozzolan for use in portland cement. The fines and unsorted glass will undergo an initial grinding process, a sanitization treatment process, a drying process, and a final grind. The resulting material will be a fine glass powder, which will be transported to concrete manufacturers. The Applicant explains the incorporation of pozzolan significantly improves the durability of concrete, thereby saving time, energy, materials, maintenance, and replacement costs over the life of the product.

The production of portland cement, which is the most commonly used cement in the world, releases approximately 0.88 tons of CO₂ per ton of cement produced (EPA 2015), and is reported to be responsible for 5-8% of global anthropogenic carbon emissions annually. According to the Applicant, pozzolan as a replacement in portland cement can reduce greenhouse gas (GHG) emissions by an estimated 83%, pound-for-pound. Based on the projected production of 72,000 tons of glass pozzolan per year, the net impact will be a GHG emission reduction of 60,048 tons of MTCO₂e annually.

The Applicant received an income tax credit for the Project under the Greenhouse Gas Reduction Recycled Fiber, Plastic, and Glass Grant Program administered by CalRecycle in 2017 for \$2,400,000.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from June 18, 2022 to June 18, 2024, in order to accommodate delays related to the COVID-19 pandemic and securing financing, which pushed back the Project's timeline.

Staff Evaluation

The Applicant states that due to factors outside of its control, it will require an additional 24 months to complete the Project. Those factors include shipping and procurement delays due to the COVID 19 pandemic, as well as a bond pursuit and initial financing that was unsuccessful, and a change of venue for its project. Although the Applicant has experienced several challenges, mostly related to the pandemic, it has found a logical path forward to continue with the Project. The Applicant states that it has identified new financing opportunities which will allow it to not only continue with the Project, but also to expand it to create a much larger facility than was originally anticipated. The location for the Project has been moved from the Port of Stockton to a larger facility in Jurupa Valley in Riverside County. This new location will allow for the Applicant to increase its output significantly, over the initial facility in Stockton. According to the Applicant, it expects to have all Qualified Property purchased and prepared to be in service in

the next 12 months; however, the Applicant wanted to ensure there is sufficient time to allow for any additional unforeseen delays. The Applicant states it has used the last three years to improve its initial product, and it believes its end-product will allow the state to decrease its reliance on out of state concrete suppliers.

Based on this information, Staff believes extending the initial term of the Agreement will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE Program.

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 STE Program regulations,⁵ the Applicant has paid an additional fee of \$2,000 because extending the initial term qualifies as a modification to the Applicant's Agreement.

RECOMMENDATION

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement by two years to June 18, 2024, as it is in the public interest and advances the purposes of the STE Program.

Attachments

- Attachment A: Sioneer Stockton, LLC's letter requesting waiver (March 18, 2022)
- Attachment B: Sioneer Stockton, LLC's staff summary at the time of approval

⁵ California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(B)

**RESOLUTION APPROVING A TIME EXTENSION FOR
SIONEER STOCKTON, LLC'S INITIAL TERM FOR
THE REGULATORY AGREEMENT**

Tuesday, May 17, 2022

WHEREAS, on June 18, 2019, the California Alternative Energy and Advanced Transportation Financing Authority (the "Authority"), a public instrumentality of the State of California, approved a Sales Tax Exclusion ("STE") in the amount of \$15,370,837 of Qualified Property for **Sioneer Stockton, LLC** (the "Applicant"); and

WHEREAS, within three (3) years of approval by the Authority, the Applicant must make all Qualified Property purchases (STE Program regulations Section 10035(b)(1)(B)); and

WHEREAS, upon a finding that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that all purchases of Qualified Property be made within three (3) years of Application approval (STE Program regulations Section 10035(b)(1)(B)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property by June 18, 2022, due to unexpected delays in the Project timeline, extending the term by two years, to June 18, 2024; and

WHEREAS, granting the waiver will allow the Project to proceed and the state to receive the anticipated environmental and economic benefits that justified the initial approval of the Project in accordance with the law, thereby advancing both the public interest and the purposes of the Program.

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

Section 1. The Authority finds that it is in the public interest and advances the purposes of the Program to extend the Applicant's initial term of the Regulatory Agreement to June 18, 2024

Section 2. This resolution shall take effect immediately upon its passage.

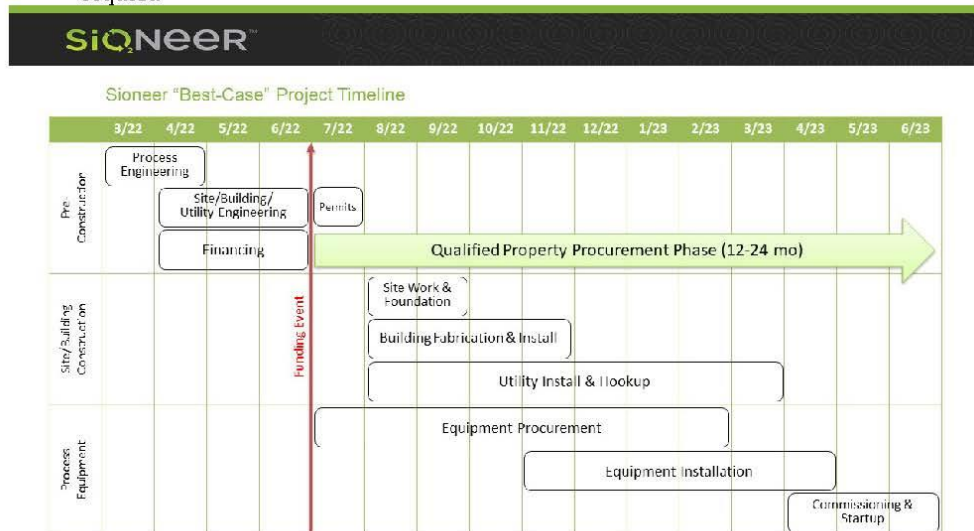
Attachment A: Sioneer Stockton's Letter Requesting Waiver (March 18, 2022)



To: California Alternative Energy and Advanced Transportation Financing Authority
From: Brett Wilhelm – Director of New Facilities - Sioneer
Date: March 18, 2022
Re: Sioneer Stockton CAEATFA STE Extension Request Letter

A. A request for a time extension, including the specific amount of time requested, an anticipated schedule for purchasing the remainder of the Qualified Property, and rationale for why this specific amount of time is needed

- a. Sioneer Stockton, LLC is in the process of securing full project financing by June 30, 2022. Immediately following that financing event, deposits will be paid on all long lead-time Qualified Property, which accounts for 25-50% of the cost of each unit, depending on individual vendor payment terms. Most vendors will then require payment of the remaining balance upon shipment, with Sioneer Stockton retaining ~10% until the unit is delivered, installed and commissioned to meet all vendor specifications. The duration of this process was originally estimated for 10 months from June 2019-March 2020. Sioneer is now estimating a best-case scenario for 12 months from July 2022 to June 2023 as our vendors have requested 2 additional months for procurement due to global supply chain delays and uncertainty. See Project Schedule below.
- b. Although our best-case scenario assumes a financing commitment by June 30, 2022 and 12 months for procurement, construction and commissioning, Sioneer Stockton is requesting a 24 month extension to our STE award, to allow for unforeseen delays from global economic disruptions, as was experienced with COVID-19.
- c. These disruptions could include delays in funding, materials, labor or permitting but are not realistically expected to extend our Qualified Property purchasing past 16 months worst-case, with a 50% conservative buffer of an additional 8 months, leading us to our 24-month extension request.



B. An explanation of why the extension is necessary (i.e. why the initial term deadline will not be met)

- a. Sioneer Stockton, LLC originally received the STE award in 2019 for a plant located at the Port of Stockton, in Stockton, CA, anticipating full plant funding to be completed by 12/31/19 through a California Pollution Control Tax-Exempt Bond (CPCFA). That bond pursuit ultimately failed at the end of 2019 due to bond market issues, not directly related to Sioneer Stockton or its merits.
- b. In Q1 2020, Sioneer Stockton withdrew from our lease at the Port of Stockton and pivoted our focus to surviving the CODID-19 Pandemic downturn, including finding a new plant site and financial partner in California, and further developing our Pozzolan product "Centurion" for use in large-scale low-carbon concrete projects.
- c. Since Q1 of 2021, Sioneer Stockton entered into a Joint Venture Agreement to build a glass processing facility at 3500 B Pyrite Street, Jurupa Valley, CA 92509 and completed significant design improvements and preconstruction work to expedite construction once funding is received in Q2 2022.
- d. The original completion date of June 18, 2022 is no longer viable due to the structure of payments to our Qualified Property vendors being spread across 12 or more months of the procurement process.

C. An explanation of what assurances there are that the new timeline will be met

- a. The purchase of the Qualified Property is singularly contingent on the receipt of funds through Sioneer Stockton's JV Partner in Jurupa Valley. That partner is contributing funds to the JV leveraging the existing and future rental proceeds of the total property, unrelated to the glass recycling operation. In addition, the partner will pledge the full value of the 196 acre plot, including the current granite quarry as collateral to secure the necessary funding. This eliminates the need for a financial institution to complete due diligence on a "start-up" technology with no existing income or assets, which was a hurdle with the CPCFA Bond and other potential lenders.
- b. The other factors potentially impacting the timeline have been unchanged or improved upon since the original application in 2019 and pose little risk to the procurement process.
 - i. The glass feedstock market in Southern California is arguably the most robust in the nation, given its population density and recycling collection incentives.
 - ii. The technology and production processes are conceptually identical to the original Stockton design, only the Ton Per Hour (TPH) capacity has been increased in each Zone from 20 to 40 TPH since our new location allows for a larger facility to be built from scratch. We have designed a 120,000 sq ft plant in Jurupa Valley, compared to our Stockton building's 50,000 sq ft.
 - iii. 100% of the production is now for our "Glass Pozzolan in Concrete" product, Centurion. Although we will still retain the ability to produce any of the alternative glass products in the event of a Pozzolan market disturbance (abrasives, bottle cullet, filtration media, silica fume), the sheer size, high demand and low supply of the Pozzolan Market in Southern California practically eliminates the need to sell into any other market.

D. Amount of Qualified Property purchased to date

- a. Sioneer Stockton has purchased \$4,180,610.90 in Qualified Property as of December 2021, which calculates to 27% of the total Qualified Property amount approved. Those purchases were made with funds raised through equity investments unrelated to the CPCFA Bond or current financing pursuits.

E. Information on whether the scope of the project has changed

- a.** The scope of the project has changed in the following ways:
- i. Plant location – Per Section B, we have moved our plant site from the Port of Stockton to Jurupa Valley, CA. The proportion of State of California VS non-California waste glass supply, equipment procurement and end-market sales are not projected to change. The vast majority of glass supply and offtake will be Southern California based and any equipment that is competitively available in California will be sourced locally, including labor.
 - ii. Product mix – Per Section C.b.iii, virtually all production will be for Centurion, Sioneer Stockton's patent pending and revolutionary "Glass Pozzolan in Concrete" which has been tested and verified to meet industry standards both through Sioneer sponsored and independent third-party laboratories based in California, utilizing local concrete ingredients. This product exhibits a significantly higher value per-ton in the market, both in pricing and carbon-reduction.
 - iii. Product volume – The original Stockton plant was designed to produce 120,000 TPY of all glass products, 72,000 of which were Pozzolan. The new design will utilize the original funds to produce the 72,000 TPY of Pozzolan, and additional funds will be required by Sioneer Stockton to increase the total plant capacity to 120,000 tons at startup, then 240,000 TPY with an additional infusion of funds for an expansion of zone 6 production capacity. Sioneer Stockton will apply for additional STE awards in future years to cover these expenditures, as needed and as is available from CAEATFA. See table below for budgetary estimates.
 - iv. **Approved STE Budget vs Projected Budget and Future Applications:**

	<u>Stockton/STE Budget</u>	<u>Phase 1 Jurupa</u>	<u>Phase 2 Jurupa</u>
Estimated QP Purchasing Timeline	2019	2022	2024?
Total Plant Tons Per Hour (Zones 1-5)	20	40	40
Pozzolan Tons Per Hour (Zone 6)	6.5	20	40
Max Pozzolan Tons Per Year	72,000	120,000	240,000
Pulverizer Systems	\$1,982,917	\$1,358,000	\$0
Dryer and Non-Glass Removal System	\$1,631,987	\$2,725,000	\$0
Optical Sorting Equipment	\$2,305,093	\$3,400,000	\$0
Size Reduction and Screening Equipment	\$833,078	\$1,508,000	\$0
Alt-Infeed Screening Equipment	\$77,715	\$77,715	\$77,715
Wet Digestion, Grinding, and Drying Equipment	\$4,381,727	\$10,329,289	\$10,329,289
Air Conveying and Storage	\$1,067,996	\$1,067,996	\$1,067,996
Contingency Equipment	\$1,240,324	\$1,815,800	\$0
Construction Materials	\$1,850,000	TBD	TBD
	\$15,370,837	\$22,281,800	\$11,475,000
Qualified Property under 2019 STE Budget	Moved to Jurupa	\$15,370,837	
Qualified Property under new 2023 Application		\$6,910,963	
Qualified Property under final Application			\$11,475,000

Agenda Item - 4.A.3
Resolution No. 19-SM030-02

Any additional information to support Board approval of an extension of the Purchase Requirement

- b. Although we have faced unanticipated challenges in raising funds since our award, Sioneer has not wasted that time. There have been significant improvements to our flagship product and overall project in the past 3 years, making our potential value to CAEATFA and the State of California stronger than ever.
- c. The concrete markets in Southern California and throughout the US have seen unprecedented high demand for lower-carbon concrete solutions, and at the same time, drastically shrinking availability of traditional materials to achieve them, such as Fly Ash from disappearing coal burning power plants. Sioneer's development of a unique glass pozzolan that uses locally available, high-volume waste products from the same community it is creating jobs for and providing low-carbon concrete materials for, is an unparalleled solution to multiple societal issues under a single roof.
- d. It is also a uniquely replicable concept in the industrial minerals sector since it is not tied to a geographic "mine". The two things that Sioneer needs to thrive, waste glass supply and demand for concrete both inherently exist anywhere there is enough population to sustain a plant. The municipalities of California will no longer build their highways, buildings and bridges with concrete materials produced in Chicago, Pennsylvania or Alabama that get trucked across the country. They will instead take hundreds of thousands, or potentially millions of tons of glass out of their own waste streams every year and use them in their own back yards.

Attachment B: Sioneer Stockton, LLC's Staff Summary at the Time of Approval

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

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

Request to Approve Project for Sales and Use Tax Exclusion (STE)¹

**Sioneer Stockton, LLC
Application No. 19-SM030**

June 18, 2019

Prepared By: *Matthew Parsons, Program Analyst*

SUMMARY

Applicant – Sioneer Stockton, LLC

Location – Stockton, San Joaquin County

Industry – Glass Recycling and Pozzolan Manufacturing

Project – Expansion of Existing Glass Recycling Facility (Recycled Resource Extraction)

Value of Qualified Property – \$15,370,837

Estimated Sales and Use Tax Exclusion Amount² – \$1,285,002

Estimated Quantifiable Net Benefits – \$618,859

Application Score³ –

Fiscal Benefits Points:	1301
<u>Environmental Benefits Points:</u>	<u>180</u>
Net Benefits Score:	1,482

<u>Additional Benefits Points:</u>	<u>90</u>
Total Score:	1,572

Staff Recommendation – Approval

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

² This amount is calculated based on the average statewide sales tax rate of 8.36%.

³ Point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

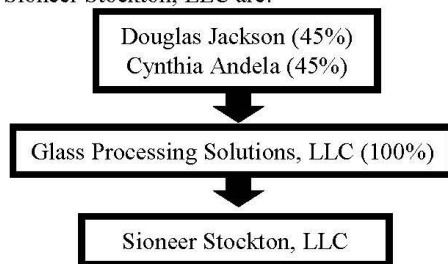
Agenda Item - 4.A.3
Resolution No. 19-SM030-02

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

THE APPLICANT

Sioneer Stockton, LLC (“Sioneer” or the “Applicant”), an Ohio limited liability company formed in 2017 and located in Stockton, is a glass recycler and pozzolan manufacturer. The technology Sioneer uses cleans and processes 100% of the glass it receives to be sold to numerous markets such as bottle and fiberglass manufacturing, pozzolan, silica flour, abrasives, filtration, specialty sands, and agriculture.

The major shareholders (10.0% or greater) of Sioneer Stockton, LLC are:



The corporate officers of Sioneer Stockton, LLC are:

Douglas Jackson, President & CEO
Wendy Wright, VP of Finance
Brett Wilhelm, Director of New Facilities

THE PROJECT

Sioneer is requesting a sales and use tax exclusion to expand its existing glass recycling facility located in Stockton (the “Project”). According to the Applicant, when glass is recycled at a material recovery facility, it is cleaned, sorted, and then transported to new glass manufacturers. This process leaves behind fines or other unsorted glass that is collected and then transported to a landfill for disposal. According to Sioneer, it will divert this waste material from the landfill and recycle the fines and other unsorted glass into pozzolan for use in portland cement. The fines and unsorted glass will undergo an initial grinding process, a sanitization treatment process, a drying process, and a final grind. The resulting material will be a fine glass powder, which will be transported to concrete manufacturers. According to the Applicant, the incorporation of pozzolan significantly improves the durability of concrete, thereby saving time, energy, materials, maintenance, and replacement costs over the life of the product.

The production of portland cement, which is the most commonly used cement in the world, releases approximately 0.88 tons of CO₂ per ton of cement produced (EPA 2015), and is reported to be responsible for 5-8% of global anthropogenic carbon emissions annually. According to the Applicant, pozzolan as a replacement in portland cement can reduce greenhouse gas (GHG) emissions by an estimated 83%, pound-for-pound. Based on the projected production of 72,000 tons of Sioneer glass pozzolan per year, the net impact will be a GHG emission reduction of 60,048 tons of MTCO₂e annually.

Sioneer received an income tax credit for the Project under the Greenhouse Gas Reduction Recycled Fiber, Plastic, and Glass Grant Program administered by CalRecycle in 2017 for

Agenda Item - 4.A.3
Resolution No. 19-SM030-02

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

\$2,400,000. Sioneer also received a Tax-Exempt Revenue Bond through the California Pollution Control Financing Authority in the amount of \$16,650,000 in May of 2019.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Pulverizer Systems	\$ 1,982,917
Dryer and Non-Glass Removal System	1,631,987
Optical Sorting Equipment	2,305,093
Size Reduction and Screening Equipment	833,078
Alt-Infeed Screening Equipment	77,715
Wet Digestion, Grinding, and Drying Equipment	4,381,727
Air Conveying and Storage	1,067,996
Contingency Equipment	1,240,324
Construction Materials	1,850,000
Total	<u>\$15,370,837</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the master regulatory agreement a finalized project equipment list will be prepared detailing the value of the Project equipment acquired and detailing the actual tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance 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) over 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

According to the Applicant, construction and equipment purchases are expected to begin in June 2019. By the end of 2019, Sioneer expects to complete site preparation, building its facility, and equipment installation. Final occupancy will take place in March of 2020.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated to be \$15,370,837 and the total quantifiable net benefits are valued at \$618,859 for the Project. The Project received a Total Score of 1,572 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 180 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (1,301 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

taxes, and other indirect fiscal benefits of the Applicant, which amounts to \$1,672,361, resulting in a Fiscal Benefits score of 1,301 points for the Project.

Environmental Benefits (180 points). The Project will result in \$231,501 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 180. These benefits derive from the processing and recycling of glass which thereby diverts 63,600 tons from landfills, according to the Applicant.

- B. Additional Benefits (90 points).** Applicants may earn additional points for their Total Score. The Applicant submitted information and received 90 additional points.
1. **Production Jobs (20 of 75 points).** The Applicant represents that the Project will support a total of 13 production-related jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE, resulting in a Permanent Jobs Score of 20 points for the Project.
 2. **Construction Jobs (20 of 75 points).** The Applicant represents that the Project will support a total of 15 construction jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE, resulting in a Construction Jobs Score of 20 points for the Project.
 3. **Unemployment (50 of 50 points).** The Applicant's Project is located in San Joaquin County which has an average annual unemployment rate of 7.6%. This is above 110% of the statewide average annual unemployment rate which was 5.1% in 2017, the dataset used in the application. This results in an Unemployment Score of 50 points for this Project.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

According to the Applicant, a tenant improvement set permit was approved by the City of Stockton in May of 2019. Additionally, the Project was granted a steambed alteration agreement permit in February of 2018, a water quality certification in January of 2018, an authority to construct permit in July of 2018, and various other required worksite permits issued by the United States Army Corps of Engineers from December 2018 to March of 2019.

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.

Agenda Item - 4.A.3
Resolution No. 19-SM030-02

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

CAEATFA FEES

In accordance with CAEATFA Regulations,⁴ the Applicant has paid CAEATFA an Application Fee of \$7,685.42 and will pay CAEATFA an Administrative Fee of up to \$61,483.35.

RECOMMENDATION

Staff recommends approval of Resolution No. 19-SM030 for Sioneer Stockton, LLC's purchase of Qualified Property in an amount not to exceed \$15,370,837, anticipated to result in an approximate sales and use tax exclusion value of \$1,285,002.

⁴ California Code of Regulations Title 4, Division 13, Section 10036

Agenda Item - 4.A.3
Resolution No. 19-SM030-02

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER
REGULATORY AGREEMENT WITH SIONEER STOCKTON, LLC**

June 18, 2019

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Sioneer Stockton, LLC** (the “Applicant”), for financial assistance in the form of a master regulatory agreement (the “Agreement”) regarding tangible personal property utilized in an Advanced Manufacturing process or 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 to acquire Project equipment with an estimated cost not to exceed \$15,370,837 over a period of three years; 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(a)(8)(B).

Section 2. The requested master regulatory agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(a)(7).

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.

Agenda Item - 4.A.3
Resolution No. 19-SM030-02

Agenda Item – 4.A.16
Resolution No. 19-SM030
Application No. 19-SM030

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 listed in the semi-annual reports 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.