

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
January 18, 2022**

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 10:35 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Tony Sertich 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 Alice Reynolds, President, Public Utilities Commission

Staff Present: Derek Chernow, Executive Director

Quorum: The Chair declared a quorum.

Due to public health recommendations resulting from the novel coronavirus (COVID-19), and currently amended requirements (AB 361, 2021) under the Bagley-Keene Open Meeting Act of 1967, members of the Board were afforded the option to attend the meeting remotely. CAEATFA staff (“Staff”) has implemented additional social distancing measures, and participants have been asked to also participate remotely. Mr. Chernow attended the meeting in person. Ms. Ma, Mr. Sertich, 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 from the Board concerning the December 14, 2021, meeting minutes. There were none.

Ms. Miller moved for approval of the minutes, and there was a second by Mr. Sertich.

Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the public. There were none. Ms. Ma called for a vote.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich 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 December 14, 2021, Board meeting, which included:

- With the Governor's budget released last week, it was very encouraging to see the proposed impressive investment in building decarbonization, green tax credits, and Lithium Valley. As a reminder, CAEATFA named Lithium Valley as a "Strategic Emerging Industry" at our November Board Meeting.
- CAEATFA's Budget Change Proposal was included in the Governor's budget. This gives authorization to hire additional staff over the next five years, in alignment with the California Public Utilities Commission's recent Decision to continue administering the California Hub for Energy Efficiency Financing programs.
- The window for applications to our Sales Tax Use & Exclusion (STE) program ended on January 7, 2022. CAEATFA received over 50 applications, and Staff is doing its due diligence to determine completeness and scoring. Staff plans to bring the applications for consideration and discussion at the April 2022 meeting.
- Earlier this month, Staff held a workshop for the proposed modifications to regulations for the GoGreen Home program. The changes included additions and clarifications that will assist with program expansion in the year ahead. CAEATFA has enrolled two new lenders and 77 contractors, and CAEATFA is seeing \$6.45 of dollars leveraged per \$1 investment. Staff will bring the modifications to you next month for discussion and vote.
- The GoGreen Home Program has made microloans to 298 low and moderate income borrowers, with an average microloan of \$1,378.
- CAEATFA welcomes Kristi Cortez to our team as an Office Assistant. Kristi has a Master's in film and brings good experience and positive attitude to our team.

Mr. Chernow then concluded his report. Ms. Ma asked if there were any questions or comments from the Board or the public. There were none.

4. BUSINESS ITEMS

A. CONSIDERATION OF APPLICANT’S REQUEST TO EXTEND THE INITIAL TERM OF THE REGULATORY AGREEMENT OF A SALES AND USE TAX EXCLUSION AWARD

- 1) California Safe Soil, LLC, McClellan (Sacramento), No. 16-SM006, Advanced Manufacturing – Soil Amendments, \$3,750,000 of Qualified Property

Presented by Xee Moua, Program Analyst

Ms. Moua introduced Daniel Morash, Founder

In January 2016, the CAEATFA Board approved an STE for California Safe Soil, LLC (the “Applicant”) to build a commercial-scale organics recycling and soil amendment manufacturing facility (the “Project”). The Applicant has requested that the initial term of the Regulatory Agreement be extended for one year from its current initial term expiration date of January 19, 2022, to accommodate delayed Project growth and earnings resulting from the coronavirus pandemic. Currently, the Applicant has shifted its focus to producing animal feed and plans on more than doubling its initial projection to compensate for the loss of its soil amendment sales. The Applicant states it has hired a global engineering and construction firm with the goal of ramping up production within the next year to get the Project back on course.

Staff recommended that the Board approve the Applicant’s request to extend the initial term of the Regulatory Agreement to January 19, 2023, to make purchases of up to \$3,750,000 in Qualified Property, anticipated to result in an STE amount of \$315,750.

Mr. Sertich asked for clarification as to whether the Applicant has been making progress toward completing the project and plans to complete it in the next year.

Ms. Moua responded that the Applicant has reported purchasing approximately 59% of the Qualified Property and plans to complete the Project in the next year.

Mr. Morash stated that the Applicant plans to increase production capacity from 5,000 to 30,000 tons per year.

Mr. Sertich moved for approval, and there was a second by Mr. Rider.

Ms. Ma stated there was a motion and a second and asked if there were any more questions or comments from the Board or the public. There were none. Ms. Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich 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) Intuitive Surgical, Inc. and its Subsidiary, Intuitive Surgical Operations, Inc., Sunnyvale (Santa Clara), No. 19-SM006, Advanced Robotic Surgical Systems and Tools – Advanced Manufacturing, \$96,875,430 of Qualified Property

Presented by Xee Moua, Program Analyst

Ms. Moua introduced Norberto Amoranto, Sr. Manager – State Tax

In February 2019, the CAEATFA Board approved an STE for Intuitive Surgical, Inc., and its subsidiary, Intuitive Surgical Operations, Inc. (the “Applicant”) to upgrade and expand its existing design and manufacturing facility to produce advanced robotic surgical systems and related instruments and accessories (the “Project”).

The Applicant explains that most of the Project delays resulted from the coronavirus pandemic. In addition to spending unplanned time implementing appropriate safety protocols and measures at its facility to prevent the spread of the coronavirus, the Applicant states it also had long approval times for the local permits needed to complete the Project and encountered construction-related delays. The Applicant explains that it has since overcome the delays and is preparing to purchase the remaining Qualified Property in first half of 2022.

Staff recommended that the Board approve the Applicant’s request to extend the initial term of the Regulatory Agreement to February 19, 2023, to make purchases of up to \$96,875,430 in Qualified Property, anticipated to result in an STE amount of \$8,098,786.

Ms. Ma asked Mr. Amoranto to provide an update on the status of the Project.

Mr. Amoranto stated there had been many delays, including construction delays due to issues with getting contractors and negotiating contracts, and permitting approval timeline delays. Mr. Amoranto reported that as of now, the Applicant has leveled the lot for the Project facility.

Mr. Sertich 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 approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich 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 10:47 a.m.

Respectfully submitted,

Derek Chernow
Executive Director