

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
December 13, 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 10:34 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Tony Sertich for Betty T. Yee, State Controller
Gayle Miller for Joe Stephenshaw, Director, Department of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Grant Mack for Alice Reynolds, President, Public Utilities Commission

Staff Present: Shela Tobias-Daniel, Interim Executive Director

Quorum: The Chair declared a quorum.

Pursuant to Government Code Section 11133, et.seq., CAEATFA Board members may participate remotely from teleconferencing locations. CAEATFA staff (“Staff”) has implemented additional social distancing measures, and participants have been asked to also participate remotely. Ms. Ma, Mr. Sertich, and Ms. Tobias-Daniel attended the meeting in person. Ms. Miller, Mr. Rider, and Mr. Mack attended the meeting via internet conference line.

2. MINUTES

Ms. Ma asked if there were any questions or comments from the Board concerning the October 18, 2022, meeting minutes. There were none.

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

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. Mr. Mack joined the meeting after the Minutes were presented, and Ms. Ma held the item open so he might be included in the vote. 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

Ms. Tobias-Daniel gave a report on CAEATFA activity and news since the October 18, 2022, Board meeting:

- In October, Ms. Tobias-Daniel and Xee Moua accompanied the Treasurer on a site tour to Newlight Technologies, Inc., a biotech company producing advanced sustainable materials located in Huntington Beach.
- In January, Ms. Tobias-Daniel reported two outreach events: Sales and Use Tax Exclusion (STE) program staff (Xee Moua and Stefani Wilde) will join the Treasurer on a site tour of West Coast Waste's new plant in Fresno. With the closure of the majority of California's biomass combustion plants, West Coast Waste took on the role of designing a new plant that combines gasification and anaerobic digestion technologies to convert orchard and green wastes into renewable energy. Additionally, Staff are preparing for a tour of TAE Technologies (Orange County) with the Treasurer.
- Later this month, Staff will post the 2023 STE application periods to begin in January. In addition, updates to the STE application to reflect tax and unemployment rates in the state will be made.
- On the CHEEF side, following years of complex coordination with the investor-owned utilities, the GoGreen Business program enrolled its first On-Bill Repayment (OBR) project in October! The customer, a food service facility, will repay the installation of energy efficient warehouse doors right on their Southern California Edison utility bill. Staff believes this to be the first OBR program in the nation involving multiple utilities and multiple lenders.
- In November, program specialist Kelly Delaney presented on GoGreen Home at the Institute for Heating and Air Conditioning Industries' annual trade show in Pasadena. Staffers Jonathan Verhoef and Traci Hukill attended as well.
- The GoGreen Home program is on pace to reach an all-time total of more than \$46 million in enrolled energy efficiency loans by the end of the year. The program has helped more than 2,600 Californians invest in home energy upgrades.
- Ms. Tobias-Daniel stated that no actions were taken under her delegated authority since the last board meeting.

Ms. Tobias-Daniel then concluded her report. Ms. Ma asked if there were any questions or comments from the Board.

Mr. Sertich complimented Staff on the OBR enrollment news, encompassing years of work and preparation.

Mr. Mack joined the meeting at approximately 10:40 a.m.

Ms. Ma asked if there were any other questions or comments from the Board or the public. There were none.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICATION FOR SALES AND USE TAX EXCLUSION AWARD

- 1) EnergySource Minerals LLC and its subsidiary, ESM ATLiS LLC, Calipatria (Imperial), No. 22-SM016, Lithium Recovery and Processing – Advanced Manufacturing, \$176,740,588.24 of Qualified Property

Presented by Xee Moua, Program Manager

Staff introduced Carmen Rene, CFO, EnergySource Minerals LLC, Derek Benson, COO, EnergySource Minerals LLC, and Vince Signorotti, VP Real Estate, EnergySource Minerals LLC, all of whom joined via internet teleconference line.

EnergySource Minerals LLC and its subsidiary, ESM ATLiS LLC (the “Applicant”) requested an STE award to build a new lithium recovery and processing facility in Calipatria (the “Project”).

According to the Applicant, the Project will extract lithium and other minerals from geothermal brine that flows through the adjacent Featherstone geothermal plant. The Applicant states the intent of the Project is to extract lithium hydroxide monohydrate and other battery-spec materials that can be utilized in the manufacturing of electric car batteries, energy storage, cell phones, and other vital services.

Staff recommended that the Board approve Resolution No. 22-SM016 for EnergySource Minerals LLC and its subsidiary, ESM ATLiS LLC’s purchase of qualifying tangible personal property in an amount not to exceed \$176,740,588.24, anticipated to result in an approximate sales and use tax exclusion value of \$15,000,000.

Ms. Ma noted that this is the first application under AB 209, which authorized an additional \$15 million in STE funding for lithium projects annually for 2022, 2023, and 2024.

Mr. Mack thanked Staff for moving so quickly to administer the additional funding for 2022, and Ms. Miller for her work on AB 209.

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 other questions or comments from the Board or the public. There were none, and 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 Department of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

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

- 1) IF CoPack, LLC, dba Initiative Foods, Sanger (Fresno), No. 18-SM002, Advanced Food Production – Advanced Manufacturing, \$17,115,645 of Qualified Property

Presented by Stefani Wilde, Program Analyst

Staff introduced James Ypma, Project Manager, Initiative Foods, who joined via internet conference line.

IF CoPack, LLC dba Initiative Foods (the “Applicant”) was approved for an STE award in January 2018 for the purchase of approximately \$17.1 million in Qualified Property for an estimated \$1.4 million in STE to upgrade and expand an existing foods manufacturing facility in Sanger (the “Project”).

The Applicant was also approved for an extension of the initial term in January 2021, to accommodate timeline delays in construction, utility connections, and pandemic related delays in equipment imports and funding.

The Applicant is now requesting a two-year extension until January 16, 2025, to accommodate construction delays related to the prolonged pandemic as well as delivery scheduling miscalculations for necessary equipment. The Applicant states it is now on schedule and investors are committed to rapid growth over the next year and anticipate Project completion within the same timeframe.

Staff recommended that the Board approve IF CoPack LLC dba Initiative Foods’ request to extend the initial term of the agreement by two years, to January 16, 2025.

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 other questions or comments from the Board or the public. There were none, and 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 Department of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

- 2) WET, Sun Valley (Los Angeles), No. 18-SM018, Water Feature Manufacturing – Advanced Manufacturing, \$4,927,301 of Qualified Property

Presented by Stefani Wilde, Program Analyst

Staff introduced Maria Villamil, Vice President, WET, who joined via internet conference line.

WET (the “Applicant”) was approved for an STE award in June 2018 for the purchase of approximately \$4.9 million in Qualified Property, for an estimated \$400,000 in STE to expand its existing facility in Sun Valley (the “Project”). The Applicant was also approved for an extension of the initial term in June 2021 to accommodate several delays due to the COVID-19 pandemic.

WET is now requesting an extension to accommodate delays with procurement as well as previous orders that were placed on hold during the pandemic. Several orders in its pipeline were cancelled or suspended, which reduced the available funding needed to move the Project forward. The Applicant states it has resumed previous contracts and secured several new contracts and anticipates being able to complete purchases of Qualified Property by December 2024.

Staff recommended that the Board approve WET’s request to extend the initial term of the agreement by two years and 12 days to December 31, 2024.

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 other questions or comments from the Board or the public. There were none, and 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 Department 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 10:50 a.m.

Respectfully submitted,

Shela Tobias-Daniel
Interim Executive Director