

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

***Request to Approve an Extension of the 15% Purchase Requirement Timeframe
and the Initial Term of the Regulatory Agreement¹***

**MSBG Partners, LLC
Application No. 21-SM009**

Tuesday, December 12, 2023

Prepared By: *Jeannie Yu, Program Analyst*

SUMMARY

Applicant – MSBG Partners, LLC

Location – Goleta, Santa Barbara County

Industry – Landfill Gas to Renewable Natural Gas Production

Project – New Landfill Gas to Renewable Natural Gas Production Facility (Alternative Source)

Total Amount Qualified Property Approved– \$11,252,500

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$956,463

Amount of Time Requested –

- Requesting a one (1) year extension, until December 16, 2024, for the 15% purchase requirement timeframe (three (3) years and nine (9) months from the date of initial CAEATFA Board approval)
- Requesting a nine (9) month extension, until December 16, 2024, for the initial term of the Regulatory Agreement (three (3) years and nine (9) months 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 of 8.5%.

REQUEST

On March 16, 2021, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for MSBG Partners, LLC (the “Applicant”) for the purchase of up to \$11,252,500 in Qualified Property to build a new landfill gas (“LFG”) to renewable natural gas (“RNG”) production facility in Goleta (the “Project”). The Regulatory Agreement (“Agreement”) provided the Applicant with 18 months from the date of CAEATFA Board approval to purchase or execute purchase orders for at least 15% of the total Qualified Property amount approved.³ Also, the Agreement initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.⁴

On August 16, 2022, the CAEATFA Board approved the Applicant for a one-year and three-month extension of the 15% purchase requirement timeframe from its original execution date of September 16, 2022 to December 16, 2023 to accommodate permitting delays caused by two wildfires that damaged its facility; the first in October 2021 and the second in May 2022.

As of October 2023, the Applicant has not used any of the STE to make purchases of Qualified Property. The Applicant is requesting to extend the 15% purchase requirement timeframe for a second time by one year due to further permitting delays stemming from the same wildfires. The Applicant is also requesting to extend the Agreement’s initial term by nine months for the same accommodations.

The CAEATFA Board can extend the 15% purchase requirement timeframe upon a finding of extraordinary circumstances and that an extension is in the public interest and advances the purposes of the STE Program.⁵

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.⁶

At the time the Applicant received its first 15% purchase requirement extension, the Applicant stated it was in the process of responding to comments from the Santa Barbara County Air Pollution Control District (“SBC APCD”) and expected the permitting process to be complete by the end of 2022. Since then, additional modifications related to the Applicant’s facility biofilter that was destroyed by the October 2021 wildfire were required by the SBC APCD. According to the Applicant, the biofilter was considered to be the Best Available Control Technology (BACT) and was necessary for air permits in Santa Barbara County. To comply, the Applicant submitted a Petition for Variance and an extension application of the variance, however, it was recently determined by the SBC APCD’s engineering staff that the Applicant will not be required to rebuild the biofilter, and on October 4, 2023, the SBC APCD approved the extension application at a regular meeting. Additionally, in June 2023, the Applicant received confirmation its application to construct is pending and anticipates the approval will be made by the end of 2023

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

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

⁵ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

⁶ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(B)

now that the biofilter requirement has been waived. According to the Applicant, it plans to reach financial close in Q2 of 2024.

THE APPLICANT

MSBG Partners, LLC is headquartered in Newport Beach and is a California limited liability company formed in 2019 by Mustang Renewable Power Ventures, LLC (“Mustang”). Mustang was founded in 2008 and specializes in developing waste resource recovery projects, oftentimes structured as public-private partnerships. Mustang focuses on processing municipal solid waste that is currently sent to landfills into valuable renewable energy, recyclable commodities, and compost. In 2010, Mustang was selected to be the project developer for the Santa Barbara County Tajiguas Resource Recovery Project, and the Applicant was formed as a special purpose entity to handle the RNG portion of that project.

MSB Investors, LLC (“MSB”), an affiliate of Mustang, has received three previous STE awards related to the Santa Barbara County Tajiguas Resource Recovery Project. First, MSB received an STE award for the anaerobic digester portion of the Santa Barbara County Tajiguas Resource Recovery Project on May 20, 2014, for the purchase of up to \$17,696,003 in Qualified Property with an anticipated STE value of \$1,490,003. As of June 30, 2021, MSB has purchased 84% of the total Qualified Property amount approved and completed the project.

Second, on October 18, 2016, MSB received an STE award for the purchase of up to \$32,403,272 in Qualified Property for an estimated STE of \$2,728,356 for a materials recovery facility for the Santa Barbara County Tajiguas Resource Recovery Project. However, due to unexpected zoning and permitting issues, the Applicant was unable to meet the 15% purchase requirement and move forward with that award.

Third, MSB applied again for the MRF portion of the Santa Barbara County Tajiguas Resource Recovery Project, and on November 13, 2018, received an STE award for the purchase of up to \$44,661,209 in Qualified Property for an estimated STE of \$3,733,677. As of December 31, 2021, MSB has purchased 38% of the total Qualified Property amount approved and completed the project.

The major shareholders (10.0% or greater) of the Applicant are:
Mustang Renewable Power Ventures, LLC (40%)
Blue Sand Holdings (12.99%)

The major shareholders (10.0% or greater) of Mustang Renewable Power Ventures, LLC are:
The Dewey Family Trust (100%)

The company officers of the Applicant are:

Mustang - John Dewey, CEO

THE PROJECT

The Applicant received an STE award to build a new LFG to RNG production facility at the Santa Barbara County Tajiguas Landfill in Goleta. The Applicant explains the Project will capture, clean, and upgrade LFG to RNG, some of which will be compressed and used as fuel for on-site trucks and the remainder of which will be injected into the Southern California Gas Company (“SoCalGas”) pipeline. According to the Applicant, the Project has several key components, including the installation of new natural gas pipelines from the existing SoCalGas pipeline, the upgrade and expansion of existing LFG well fields, a new siloxane removal system, a new RNG upgrade system, and a grid pipeline interconnection and meter set assembly facility that the Applicant explains will meet the sampling and metering requirements to ensure the RNG injected into the natural gas pipeline meets the required biomethane standards.

15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST

The Applicant has requested that the 15% purchase requirement timeframe be extended from December 16, 2023 to December 16, 2024 in order to accommodate delays related to permitting.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from March 16, 2024 to December 16, 2024, in order to accommodate delays related to permitting.

Staff Evaluation

According to the Applicant, it took more than 18 months to obtain a completeness determination from the SBC APCD. The completeness determination has been issued, and the Applicant believes the Project will move forward as there are no changes to the investment plan nor the scope of the Project. The Applicant expects to reach financial close in Q2 of 2024 and will begin purchasing construction materials and equipment shortly thereafter. Despite the unforeseen circumstances, the Applicant has set forth plans to begin making bulk purchases of Qualified Property in the Q2 and Q3 of 2024, with all final purchases completed by Q4 of 2024.

Based on this information, Staff believes these are extraordinary circumstances, and that extending the 15% purchase requirement timeframe will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE Program. Staff also 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,⁷ the Applicant has paid an additional fee of \$2,250 because extending the 15% purchase requirement timeframe and 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 15% purchase requirement timeframe by one year to December 16, 2024 as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement by nine months to December 16, 2024 as it is in the public interest and advances the purposes of the STE Program.

Attachments

Attachment A: MSBG Partners, LLC's letter requesting waiver (September 22, 2023)
Attachment B: MSBG Partners, LLC's staff summary at the time of approval

⁷ California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(C)

**RESOLUTION APPROVING AN EXTENSION OF
MSBG PARTNERS, LLC’S 15% PURCHASE REQUIREMENT TIMEFRAME
AND THE INITIAL TERM UNDER THE REGULATORY AGREEMENT**

December 12, 2023

WHEREAS, on March 16, 2021 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 \$11,252,500 of Qualified Property for **MSBG Partners, LLC** (the “Applicant”); and

WHEREAS, within 18 months of approval by the Authority, the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property listed in the approval resolution (STE Program regulations Section 10035(b)(1)); and

WHEREAS, upon a finding of extraordinary circumstances and that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property within 18 months of Application approval (STE Program regulations Section 10035(b)(1)(A)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount within 18 months due to unexpected delays in the Project timeline, extending the term by one (1) year and three (3) months to December 16, 2023; and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount by December 16, 2023, due to unexpected delays in the Project timeline, extending the term by one (1) year to December 16, 2024; and

WHEREAS, the Applicant has demonstrated extraordinary circumstances as to why it cannot meet the 18-month 15% purchase requirement timeframe; 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)); 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 within three (3) years, due to unexpected delays in the Project timeline, extending the term by nine (9) months to December 16, 2024; and

WHEREAS, granting the waivers 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 these are extraordinary circumstances and that it is in the public interest and advances the purposes of the Program to extend the Applicant's deadline to meet the 15% purchase requirement to December 16, 2024.

Section 2. 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 December 16, 2024.

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

Attachment A: MSBG Partners, LLC's Letter Requesting Waiver (September 22, 2023)



17 Corporate Plaza Drive, Suite 200
Newport Beach, CA 92660
C: 805.259.9499

September 22, 2023

Xee Moua
Program Manager
California Alternative Energy and Advanced Transportation Financing Authority
915 Capitol Mall, Room 538
Sacramento, CA 95814

RE: Sales and Use Tax Exclusion Program – 15% Purchase Requirement Compliance for MSBG and Initial Term Extension Request

Dear Ms. Moua,

On March 16, 2021, MSBG Partners, LLC (MSBG) was granted a Sales and Use Tax Exclusion under SB 71 for the purchase of equipment for our Tajiguas Resource Recovery Project. To date, MSBG has not claimed all sales and use tax exemptions against our total authorized amount of \$11,252,500.

The reason for the lack of Qualified Property purchases has been due to project permitting delays. The air permit for the proposed is not yet finalized as it was dependent on the existing project (MRF & ADF) obtaining a revised permit due to the loss of the MRF biofilter resulting from the Alisal Fire which impacted the facilities in October 2021.

Permitting revisions to the existing project (i.e., the baseline project for CEQA) due to the Alisal Fire have taken more than 18 months to obtain a completeness determination from the Santa Barbara County Air Pollution Control District (SBC APCD). These delays were due to the complexity of not rebuilding the MRF biofilter, previously determined to be Best Available Control Technology (BACT is required for all air permits in Santa Barbara County) and now determined to be unnecessary. It has been determined that the MRF biofilter will not be rebuilt as it was deemed not necessary by the Air Pollution Control District (APCD) engineering staff. The related baghouse filters damaged in the fire will be replaced and will be supplemented with two emission exhaust stacks.

Please see the attached recent air permit variance extension application which was approved by the Santa Barbara County Air Pollution Control Hearing Board at their regular meeting on October 4, 2023 and Powerpoint which highlights the delays.

Now that the completeness determination has been issued (please see attached) we are confident that the air permit application for the proposed LFG to RNG project should be issued without much difficulty (i.e., within the next 4-5 months).

We are highly confident that the project permitting process can now be completed as the prior obstacles which led to the past 18 months of delay have been overcome.

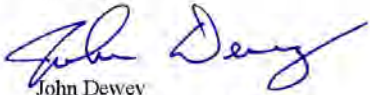
MSBG expects to reach financial close in Q2 2024 and begin purchasing construction materials and equipment thereafter. Therefore, we respectfully request a twelve (12) month extension of the December 16, 2023 deadline and an extension of the Initial Term to December 16, 2024 to complete the purchase of 100% of the Company's total Qualified Property amount. Please find attached Exhibit B – List of Qualified Property reflecting the anticipated schedule for purchasing the remainder of the Qualified Property. We realize this is a longer extension than is normally granted but it should facilitate our completion of the project's debt and equity financing.

Agenda Item – 4.C.2
Resolution No. 21-SM0009-02

There are no changes to the investors/ownership in MSBG Partners, LLC. There are no changes to the scope of the project either.

Thank you for your consideration of our request and we hope you are able to accommodate our need for additional time. Please let us know if you have any questions or need any additional information.

Sincerely,



John Dewey
CEO & Managing Member
MSB Investors, LLC
Mustang Renewable Power Ventures, LLC

Agenda Item – 4.C.2
Resolution No. 21-SM0009-02

MSBG Partners, LLC -- Exhibit B (09/08/23)

Qualified Property Item		Approximate Cost	Anticipated Purchase Date	Description & Purpose
	Item	\$xxx,xxx,xxx	Month, Year	Description of Item and Purpose as Related to the Manufacturing Process
1.	Upgrading Plant General Conditions & Site Work Materials	\$500,000	Q2 2024	Grading/drainage, fire hydrant/protection systems, paving, landscaping, mechanical, electrical
2.	LFG Evaporator & Site Work	\$500,000	Q2 2024	LFG Evaporator
3.	LFG/RNG Pipelines	\$1,350,000	Q3 2024	RNG/Grid Gas Pipelines
4.	LFG Blower and piping	\$500,000	Q2 2024	LFG Blower and Piping
5.	Grid Gas Monitoring and Meter Station Assembly	\$2,242,500	Q4 2024	Grid Pipeline Interconnection & Meter Set Assembly (MSA)-SoCalGas
6.	LFG to RNG Upgrade Equipment	\$6,160,000	Q4 2024	LFG to RNG Upgrade Equipment
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8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.	Total	\$11,252,500		

Attachment B: MSBG Partners, LLC’s Staff Summary at the Time of Approval

Agenda Item – 4.G.9
Resolution No. 21-SM009
Application No. 21-SM009

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**MSBG Partners, LLC
Application No. 21-SM009**

Tuesday, March 16, 2021

Prepared By: *Stefani Carruth, Program Analyst*

SUMMARY

Applicant – MSBG Partners, LLC

Location – Goleta, Santa Barbara County

Industry – Landfill Gas to Renewable Natural Gas Production

Project – New Landfill Gas to Renewable Natural Gas Production Facility (Alternative Source)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion ("STE") Amount ²
\$11,252,500	\$956,463

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$2,189,741	2,289
Estimated Environmental Benefits	\$736,177	770
Additional Benefits	N/A	40
Total	\$2,925,918	3,099
Estimated Quantifiable Net Benefit	\$1,969,455	

Competitive Criteria Score – 115

Staff Recommendation – Approval

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

² This amount is calculated based on the average statewide sales tax rate of 8.5%.

³ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(e)(6).)

Agenda Item – 4.C.2
Resolution No. 21-SM0009-02

Agenda Item – 4.G.9
Resolution No. 21-SM009
Application No. 21-SM009

THE APPLICANT

MSBG Partners, LLC (the “Applicant”), is headquartered in Newport Beach and is a California limited liability company formed in 2019 by Mustang Renewable Power Ventures, LLC (“Mustang”). Mustang was founded in 2008 and specializes in developing waste resource recovery projects, oftentimes structured as public-private partnerships. Mustang focuses on processing municipal solid waste that is currently sent to landfills into valuable renewable energy, recyclable commodities, and compost. In 2010, Mustang was selected to be the project developer for the Santa Barbara County Tajiguas Resource Recovery Project, and the Applicant was formed as a special purpose entity to handle the renewable natural gas (“RNG”) portion of that project.

MSB Investors, LLC (“MSB”), an affiliate of Mustang, has received three previous STE awards related to the Santa Barbara County Tajiguas Resource Recovery Project. First, MSB received an STE award for the anaerobic digester portion of the Santa Barbara County Tajiguas Resource Recovery Project on May 20, 2014, for the purchase of up to \$17,696,003 in Qualified Property with an anticipated STE value of \$1,490,003. As of December 31, 2020, MSB has purchased 80% of the total Qualified Property amount approved. Secondly, on October 18, 2016, MSB received an STE award for the purchase of up to \$32,403,272 in Qualified Property for an estimated STE of \$2,728,356 for a materials recovery facility (“MRF”) for the Santa Barbara County Tajiguas Resource Recovery Project. However, due to unexpected zoning and permitting issues, the Applicant was unable to meet the 15% purchase requirement and move forward with that award. Thirdly, MSB applied again for the MRF portion of the Santa Barbara County Tajiguas Resource Recovery Project, and on November 13, 2018, received an STE award for the purchase of up to \$44,661,209 in Qualified Property for an estimated STE of \$3,733,677. As of December 31, 2020, MSB has purchased 36% of the total Qualified Property amount approved.

The major shareholders (10.0% or greater) of the Applicant are:
Mustang Renewable Power Ventures, LLC (40%)
Blue Sand Holdings (12.99%)

The company officers of the Applicant are:
John Dewey, CEO

THE PROJECT

MSBG Partners, LLC, is requesting an STE award to build a new landfill gas (“LFG”) to RNG production facility at the Santa Barbara County Tajiguas Landfill in Goleta (the “Project”). The Applicant explains the Project will capture, clean, and upgrade LFG to RNG, some of which will be compressed and used as fuel for on-site trucks and the remainder of which will be injected into the Southern California Gas Company (“SoCalGas”) pipeline. According to the Applicant, the Project has several key components, including the installation of new natural gas pipelines from the existing SoCalGas pipeline, the upgrade and expansion of existing LFG well fields, a new siloxane removal system, a new RNG upgrade system, and a grid pipeline interconnection and meter set assembly facility that the Applicant explains will meet the sampling and metering

Agenda Item – 4.C.2
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Application No. 21-SM009

requirements to ensure the RNG injected into the natural gas pipeline meets the required biomethane standards.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Upgrading Plant General Conditions & Site Work Materials	\$500,000
LFG Evaporator & Site Work	\$500,000
LFG/RNG Pipelines	\$1,350,000
LFG Blower and Piping	\$500,000
Grid Gas Monitoring and Meter Station Assembly	\$2,242,500
LFG to RNG Upgrade Equipment	\$6,160,000
Total	<u>\$11,252,500</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 Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated 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, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

TIMELINE

According to the Applicant, the Project's construction is scheduled to begin in Quarter 1 of 2022, and is anticipated to be completed and fully operational in Quarter 2 of 2022.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant states the Project requires a Coastal Development Permit from the Santa Barbara County Department of Planning & Development, which it anticipates will be received by Quarter 4 of 2021. Additionally, the Applicant plans to prepare in Quarter 2 of 2021 an Addendum to the Santa Barbara County Tajiguas Resource Recovery Project Subsequent Environmental Impact Report and Addendum originally certified on November 14, 2017. The Applicant states the Project also will require amendments to the following existing permits, which are expected to be in place by Quarter 4 of 2021:

- Santa Barbara County Air Pollution Control District, Authority to Construct/Permit to Operate,
- Landfill Gas Collection and Treatment System, Conditional Use Permit, and
- Landfill Energy Project, Conditional Use Permit.

COMPETITIVE CRITERIA SCORE

In the event that the Applications received by CAEATFA requesting \$2 million or less in STE by the deadline for a particular Board meeting represent STE in excess of the \$20 million set-aside for that calendar year, the Applications submitted for that particular Board meeting will be reviewed and presented to the CAEATFA Board for approval in the order in which they are ranked based on Competitive Criteria.

The Applicant received 115 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Applicant's Project earned more than zero environmental benefits points, as calculated pursuant to the method for calculating points for environmental benefits for Advanced Transportation, Alternative Source, and Recycled Resource Extraction Applications in Section 10033(c)(4), and, therefore, 100 points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Santa Barbara County, which has an average annual unemployment rate of 7.4%.⁴ When compared to the statewide average annual unemployment rate of 9.1%, the Project location earned the Applicant zero points.
3. **Job Creation (0 of 75 points)**. The Applicant anticipates the Project will support one production-related job at its Facility. CAEATFA estimates that approximately 0.11 of this job will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
4. **California Headquarters (15 of 15 points)**. The Applicant has a California Corporate Headquarters, therefore, 15 points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.
6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points)**. The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.

⁴ Unemployment rates are based on data available in October 2020.

PROJECT EVALUATION

PROJECT BENEFITS

The Project received a Total Score of 3,099 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 770 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (2,289 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$2,189,741, resulting in a Fiscal Benefits score of 2,289.
- B. **Environmental Benefits (770 points).** The Project is anticipated to result in \$736,177 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 770 points. These benefits derive from the capture, cleaning, and redistribution of LFG to RNG and CNG, which eliminates the need for diesel fuel and reduces the need to flare additional gas.
- C. **Additional Benefits (40 points).** Applicants may earn additional points for their Total Score. The Applicant received 40 additional points.
 - 1. **Production Jobs (0 of 75 points).** The Applicant anticipates the Project will support one production-related job at its Facility. CAEATFA estimates that approximately 0.11 of this job will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
 - 2. **Construction Jobs (20 of 75 points).** The Applicant anticipates the Project will support a total of 11 construction jobs at its Facility. CAEATFA estimates that approximately 1.16 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 20 points.
 - 3. **Unemployment (0 of 50 points).** The Applicant's Project is located in Santa Barbara County, which has an average annual unemployment rate of 7.4%.⁵ When compared to the statewide average annual unemployment rate of 9.1%, the Project location earned the Applicant zero points.
 - 4. **Benefits and Fringe Benefits (20 of 25 Points).** The Applicant states it provides medical, dental, pension plans, and paid leave to its employees, earning the Applicant 20 points.

⁵ Unemployment rates are based on data available in October 2020.

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 CAEATFA Regulations,⁶ the Applicant has paid CAEATFA an Application Fee of \$6,153.50, and will pay CAEATFA an Administrative Fee of up to \$45,010.

RECOMMENDATION

Staff recommends the approval of Resolution No. 21-SM009 for MSBG Partners, LLC's purchase of qualifying tangible personal property in an amount not to exceed \$11,252,500, anticipated to result in an approximate STE value of \$956,463.

⁶ California Code of Regulations Title 4, Division 13, Section 10036

Agenda Item – 4.C.2
Resolution No. 21-SM0009-02

Agenda Item – 4.G.9
Resolution No. 21-SM009
Application No. 21-SM009

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH MSBG PARTNERS, LLC**

March 16, 2021

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **MSBG Partners, LLC** (the “Applicant”), for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10030(a), with the Applicant for the Project; and

WHEREAS, the Applicant has estimated the Project has an estimated cost not to exceed \$11,252,500 over a period of three years; and

WHEREAS, the Applicant asserts 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 Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

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

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The 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 or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to

Agenda Item – 4.C.2
Resolution No. 21-SM0009-02

Agenda Item – 4.G.9
Resolution No. 21-SM009
Application No. 21-SM009

the Project as the Authorized Signatories deem appropriate, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may 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 to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to 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 is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.