



AGENDA ITEM 2 (ACTION ITEM)

Approval of Minutes

From Tuesday, May 21, 2024, at 10:30 a.m.

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Paul Bonderson State Office Building
901 P Street, Room 102
Sacramento, CA 95814

PUBLIC PARTICIPATION CALL-IN NUMBER VIA ZOOM

(877) 853-5257, Meeting ID: 987 6693 6958, Passcode: 560284

Interested members of the public may use this number to call in to listen to and/or comment on items before CAEATFA. Additional instructions will be provided to callers once they call the indicated number. This call-in number is provided as an option for public participation.

1. Call to Order & Roll Call

Khaim Morton, Deputy Treasurer, called the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA" or the "Authority") meeting to order at 10:33 a.m.

Members Present:

Khaim Morton for Fiona Ma, CPA, State Treasurer (Chair)
David Oppenheim for Malia M. Cohen, State Controller
Michele Perrault for Joe Stephenshaw, Director of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Khalil Johnson for Alice Reynolds, President, Public Utilities Commission

Staff Present: Jennifer Gill, Senior Manager, Core Programs

Quorum: The Chair declared a quorum.

2. Minutes

Mr. Morton asked if there were any questions or comments from the Board concerning the April 16, 2024, meeting minutes. There were none.

Ms. Perrault moved for approval of the minutes, and there was a second by Mr. Oppenheim. Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were none. Mr. Morton called for a vote.

The item was approved by the following vote:

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| Khaim Morton for the State Treasurer | Aye |
| David Oppenheim for the State Controller | Aye |
| Michele Perrault for the Director of Finance | Aye |
| Ken Rider for the California Energy Commission | Aye |
| Khalil Johnson for the Public Utilities Commission | Aye |



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3. Executive Director's Report

Ms. Gill gave a report on CAEATFA activities since the April 16, 2024, board meeting on behalf of Dr. Claudia Quezada, CAEATFA Executive Director, who could not be present:

For program updates, Ms. Gill reported the following:

- Review of first round of 2024 Sales and Use Tax Exclusion ("STE") applications continues. The remaining STE 2024 rounds are anticipated for July 1st through 19th and September 23rd through October 11th.

At today's meeting, there will be three presentations by CAEATFA staff ("Staff"):

- STE Analyst, Jeannie Yu, will present three STE extension requests.
- The newly hired Contracts Analyst, Justin Gustafson, will present the annual interagency agreement with the State Treasurer's Office ("STO") for executive and administrative support services.
- GoGreen Analyst, Geoff Fattig, will present the readoption of the GoGreen Home Energy Financing Program Emergency Regulations.

Ms. Gill reported that since the last board meeting, no actions were taken under the Executive Director's delegated authority.

Ms. Gill then concluded her report. Mr. Morton asked if there were any comments or questions from the Board or public. There were none.

4. Business Items

A. Consideration of Applicant's Request to Extend the Initial Term of the Regulatory Agreement of an STE Award

- 1) Sioneer Stockton, LLC, Vernon, Los Angeles (originally Stockton, San Joaquin), No. 19 SM030, Glass Recycling and Pozzolan Manufacturing – Advanced Manufacturing, \$15,370,837 of Qualified Property

Presented by Jeannie Yu, Program Analyst

Staff introduced Brett Wilhelm, Director of New Facilities, Sioneer Stockton, LLC, who joined via internet conference line.

Ms. Yu reported that Sioneer Stockton, LLC (the "Applicant") was originally approved for an STE Program award in June 2019 for approximately \$15 million in Qualified Property purchases, for an estimated value of \$1,285,002 million in



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sales and use tax exclusion, to expand its existing glass recycling facility located in Vernon (the "Project").

As of December 2023, the Applicant has used its award to purchase approximately \$4.2 million of Qualified Property (28% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term by an additional two years, four months, and 13 days to October 31, 2026, to accommodate delays related to Project financing. The Applicant has reported it is currently in the process of securing an agreement for full project funding and anticipates it to be completed by July 31, 2024. Once the company completes the legal agreements and receives full funding, it will begin the product procurement, construction, and commissioning process within the next 24 months.

Staff recommended approval of Sioneer Stockton, LLC's request to extend the initial term by two years, four months, and 13 days to October 31, 2026.

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

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were no comments and Mr. Morton called for a vote.

The item was approved by the following vote:

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| Khaim Morton for the State Treasurer | Aye |
| David Oppenheim for the State Controller | Aye |
| Michele Perrault for the Director of Finance | Aye |
| Ken Rider for the California Energy Commission | Aye |
| Khalil Johnson for the Public Utilities Commission | Aye |

B. Consideration of Applicant's Request to Extend the 15% Purchase Requirement of the Regulatory Agreement of an STE Award

- 1) Blue Mountain Electric Company, Wilseyville (Calaveras), No. 22 SM001, Biomass Processing and Fuel Production – Alternative Source, \$17,030,696 of Qualified Property

Presented by Jeannie Yu, Program Analyst

Staff introduced Todd Machado, Operations Manager, Blue Mountain Electric Company, who joined via internet conference line.

Ms. Yu reported that Blue Mountain Electric Company ("Blue Mountain" or the "Applicant") was originally approved for an STE Program award in June 2022 for approximately \$17 million in Qualified Property purchases, for an estimated value



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of \$1,447,609 in sales and use tax exclusion, to build a new biomass processing and fuel production facility in Wilseyville, Calaveras County (the “Project”).

As of April 2024, the Applicant has not used its STE award to make any purchases. The Applicant is requesting to extend the 15% purchase requirement timeframe by one additional year to June 21, 2025, to accommodate delays in Project funding.

The Applicant is experiencing continued delays in securing funding due to rising interest rates and strict lending requirements. However, the Applicant is confident that its loan from the USDA REAP program is at the final stage and an additional 12 months will allow adequate time to finish the loan approval process and complete the purchase requirement.

Staff recommended approval of Blue Mountain Electric Company’s request to extend the initial term by one year to June 21, 2025.

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

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public.

Mr. Machado thanked the Board for its consideration of Blue Mountain’s request and stated that the STE Program has been vital to economic development in Sierra County communities.

There were no further comments and Mr. Morton called for a vote.

The item was approved by the following vote:

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| Khaim Morton for the State Treasurer | Aye |
| David Oppenheim for the State Controller | Aye |
| Michele Perrault for the Director of Finance | Aye |
| Ken Rider for the California Energy Commission | Aye |
| Khalil Johnson for the Public Utilities Commission | Aye |

C. Consideration of Applicant’s Request to Extend the 15% Purchase Requirement of the Regulatory Agreement of an STE 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

Staff introduced Carmen Rene, Chief Financial Officer, EnergySource Minerals LLC and its subsidiary, ESM ATLiS LLC, who joined via internet conference line.



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Ms. Yu reported that EnergySource Minerals LLC and its subsidiary, EMS ATLiS LLC ("EnergySource" or the "Applicant") was originally approved for an STE Program award in December 2022 for approximately \$176.7 million in Qualified Property purchases, for an estimated value of \$15 million in sales and use tax exclusion, to build a new lithium recovery and processing facility in Calipatria, Imperial (the "Project").

As of January 2024, EnergySource has not used its award to make any purchases. The Applicant is requesting to extend the 15% purchase requirement timeframe by three years and two days to June 15, 2027, to accommodate delays in raising funding. The Applicant is also requesting to extend the Agreement's initial term by one year, six months, and two days to June 15, 2027, for the same accommodations.

Staff recommended approval of EnergySource Minerals LLC and its subsidiary, ESM ATLiS LLC's request to extend the 15% purchase requirement timeframe by three years and two days to June 15, 2027, and the Agreement initial term by one year, six months, and two days to June 15, 2027.

Ms. Rene reported that the Project had been challenging but it has been well received by the investment community, the debt community, and that EnergySource has a strong relationship with the Department of Energy. Ms. Rene stated that she is appreciative of Staff's assistance and that the Project was taking significantly longer than initially anticipated, but that the company is still committed to its completion.

Mr. Johnson asked why the request for the extension is for three years rather than shorter, even though the Applicant was expecting to place purchase orders at the end of 2024. Ms. Rene replied that because Q4 is hard on companies, EnergySource is requesting extra time, so it does not have to return to the Board for an additional extension request. Ms. Rene stated that EnergySource anticipates that Qualified Property purchases could take up to 18 to 24 months for some of the more expensive items. Ms. Rene explained that the company is requesting additional time to accommodate potential delays due to unpredictable procurement lead times, though it expects to complete its purchases much sooner.

Ms. Perrault asked whether the California Competes Tax Credit ("CCTC"), which usually has a five-year term, or the California Energy Commission ("CEC") grant associated with the Project could expire before the company has made all of its purchases, and if this money falling off will create any more hurdles for the completion of the Applicant's project. Ms. Rene responded that the CEC grant in the amount of \$2.5 million was awarded several years ago and has since been spent on important intellectual property development. She continued by stating



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that EnergySource anticipates the Project will be completed prior to the CCTC expiration but would still be viable without the funding.

Mr. Morton asked if there were any further questions or comments from the public.

Jacob Rodriguez, Imperial County Organizer at Jobs to Move America (“JMA”), commented that direct lithium extraction at scale remains to be unproven, but that JMA is hopeful and optimistic this technology will strengthen the State’s green economy and bring economic opportunities. Mr. Rodriguez explained that there are significant environmental concerns that remain unresolved. These include but are not limited to air quality, substantial water consumption, and the cumulative effect of both.

Mr. Rodriguez stated that Imperial County should not be the testing ground for this; instead, developers like EnergySource should continue partnering with frontline community organizations through community benefits agreements (“CBAs”) to ensure strong environmental mitigations and processes to guarantee the delivery of specific economic opportunities to residents. Mr. Rodriguez named two examples of these mutually beneficial partnerships within Jobs to Move America’s CBAs with BYDRide and newFlyer. Mr. Rodriguez stated that through these CBAs, both companies were able to create apprenticeships and outreach programs for historically disadvantaged communities. Through these partnerships, Mr. Rodriguez heard from community members that they finally have careers they are proud of while working locally and closer to family. According to Mr. Rodriguez, these CBAs were also used to help these companies with State grant procurement.

Mr. Rodriguez explained that these CBAs are a win for the developers, workers, and the community. He stated that State investments like the STE Program are not just an investment in energy sources, but he hopes to see it used as a tool in Imperial County. Mr. Rodriguez cited the CEC’s joint partnership program with CALSTART, Inc., called the PowerForward – Battery Manufacturing Grant Program, for including a requirement for companies to adopt community benefits plans as part of their application. Mr. Rodriguez ended his statement by asking for the Board’s consideration in the implementation of community power plans or something of this nature in the future.

Rebecca Diltz, a representative from the United Auto Workers (“UAW”), stated that UAW believes energy work is an opportunity to support the community. Ms. Diltz continued the discussion on CBAs, adding that CBAs ensure local residents can take advantage of the economic opportunities that the projects like EnergyWorks are creating and that they are particularly important for disadvantaged communities. Ms. Diltz added that CBAs can also serve an



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important role in creating high-road jobs with safe working conditions and other benefits such as union representation.

Mr. Johnson asked Ms. Rene whether the Applicant has had, or plans to have, any engagement with the community. Ms. Rene responded that the Applicant has partnered with Imperial Valley College on certification programs that prepare students for the type of work that the Applicant will be hiring for soon. The objective was to ensure that the necessary skills for jobs such as those for the ATLiS project would be readily available to local candidates. According to Ms. Rene, the Applicant had also traveled for community engagement and forums to present the Project. The company shared job specifications and the benefits the Project will bring to the Imperial Valley. The Applicant has shared this technology with the community, which was previously contained within its facilities, to promote outreach opportunities. Ms. Rene reiterated the importance of their Imperial Valley College outreach that will create a pool of candidates for the Applicant to hire from when the hiring process begins.

Mr. Rider addressed the earlier two public comments by adding that there are competitive criteria in place that address the community that the companies are building in, air quality impact, job prospects, and job development criteria. All STE Program applicants are graded on these criteria, and Mr. Rider encouraged Mr. Rodriguez and Ms. Diltz to look over the competitive criteria process and return with input or questions and can reach out to Staff so that adjustments and/or additions may be considered.

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

Mr. Morton stated there was a motion, and a second, and asked if there were any further comments or questions. There were no further comments and Mr. Morton called for a vote.

The item was approved by the following vote:

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| Khaim Morton for the State Treasurer | Aye |
| David Oppenheim for the State Controller | Aye |
| Michele Perrault for the Director of Finance | Aye |
| Ken Rider for the California Energy Commission | Aye |
| Khalil Johnson for the Public Utilities Commission | Aye |

D. Consideration of an Interagency Agreement With the State Treasurer's Office for Executive, Administrative, and Information Technology Services in any Amount Not to Exceed \$422,608

Presented by Justin Gustafson, Contracts Analyst.



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Staff requested approval of CAEATFA Fiscal Year (“FY”) 2023-24 interagency agreement with the State Treasurer’s Office to provide executive, administrative, and information technology support to CAEATFA in the amount of \$422,608 during the term between July 1, 2023, through June 30, 2024.

Through annual interagency agreements the STO provides executive, administrative, and information technology services including but not limited to accounting, budgeting, legal, information technology, information security, personnel, and business services for the boards, commissions, and authorities (“BCAs”) chaired by the State Treasurer. The total cost is allocated among the BCAs based on each agency’s personnel years.

Prior contract amounts for FY 2010/11 through FY 2022/23 as well as the current contemplated agreement amount for FY 2023/24 are listed in the staff summary. The increase in cost for FY 2023/24 was due to the addition of new CAEATFA staff positions and the corresponding increase in personnel years.

Staff recommended the approval of Resolution No. 24-05-4D authorizing the executive director, Dr. Claudia Quezada, to execute the interagency agreement with the STO for executive and support services for Fiscal Year 2023-2024.

Mr. Oppenheim moved for approval, and there was a second by Ms. Perrault.

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were no comments and Mr. Morton called for a vote.

The item was approved by the following vote:

| | |
|--|-----|
| Khaim Morton for the State Treasurer | Aye |
| David Oppenheim for the State Controller | Aye |
| Michele Perrault for the Director of Finance | Aye |
| Ken Rider for the California Energy Commission | Aye |
| Khalil Johnson for the Public Utilities Commission | Aye |

E. Request to Approve Readoption, Without Modifications, of the Emergency Regulations for the GoGreen Home Energy Financing Program (Article 5 (Commencing With Section 10091.1) of Division 13 of Title 4 of the California Code of Regulations) Initially Effective on December 22, 2023

Presented by Geoff Fattig, GoGreen Analyst.

Staff requested approval to proceed with the readoption of separate emergency regulation packages that were enacted in December 2023 and April 2024 for the GoGreen Home Energy Financing Program (“GoGreen Home”).



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GoGreen Home is a program that provides a loss reserve fund for participating lenders to mitigate risk and allows them to offer below market financing to a wide variety of borrowers looking to make home energy efficiency upgrades and improvements.

This readoption will feature no changes to the original emergency regulations. The reason that Staff is seeking Board approval is because GoGreen was advised by the Office of Administrative Law ("OAL") of the need to readopt the provisions in the December package so that the amendments remain valid while GoGreen works to finalize the Certificate of Compliance that will complete the regular rulemaking process.

In a brief review of the December regulations, Mr. Fattig stated an update to the lender-loss reserve methodology and calculation rates, revising the annual rebalancing method, and enabling the program to receive annualized new types of funding. The April amendments included the addition of a Project Developer role and the incorporation of financing for new clean energy measures that were authorized by the Public Utilities Commission ("PUC") August 2023. These measures included EV chargers and solar panel and battery solar systems which are eligible for financing beginning May 21, 2024.

Upon Board approval, Staff will submit the readoption of the emergency regulations to the OAL allowing GoGreen to extend the regulations a further 90 days. During this time, Staff will complete the finalization of both the December and April packages through one Certificate of Compliance. With the goal of obtaining Board approval for the comprehensive California Resources Corporation in July and making both sets of regulations permanent by the end of August 2024.

Ms. Perrault moved for approval, and there was a second by Mr. Johnson.

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were no comments and Mr. Morton called for a vote.

The item was approved by the following vote:

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|--|-----|
| Khaim Morton for the State Treasurer | Aye |
| David Oppenheim for the State Controller | Aye |
| Michele Perrault for the Director of Finance | Aye |
| Ken Rider for the California Energy Commission | Aye |
| Khalil Johnson for the Public Utilities Commission | Aye |



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Public Comment

Mr. Morton asked if there were any comments or questions from the public. There were none.

5. Adjournment

There being no further business, public comments, or concerns, the meeting adjourned at 11:06 a.m.

Respectfully submitted,

Claudia Quezada, Ed.D., Executive Director