



AGENDA ITEM 2 (ACTION ITEM)

Approval of Minutes

From Tuesday, February 18, 2025, 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

Fiona Ma, State Treasurer, called the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA" or the "Authority") meeting to order at 10:30 a.m.

Members Present:

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

Members Absent: None

Staff Present: Christina Sarron, Executive Director

Quorum: The Chairperson declared a quorum

2. Minutes (Action Item)

Ms. Ma asked the Board members if there were any questions or comments concerning the meeting minutes from the January 21, 2025, board meeting. There were none.

Ms. Ma asked if there were any public comments. There were none.

Ms. Perrault moved approval of the minutes; Mr. Oppenheim provided the second.

The minutes were approved.



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The item was passed by the following vote:

Fiona Ma, 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

3. Executive Director's Report

Presented by Christina Sarron, Executive Director.

Ms. Sarron gave a report on CAEATFA programs and their activities in the month of February.

For personnel updates:

- CAEATFA is currently advertising for a Staff Services Manager I (Specialist) for the CHEEF/GoGreen programs, the final filing date is 2/20/2025.
- In January, Willy Chen was promoted to Associate Governmental Program Analyst to the Core Side, which consists of STE, PACE, and board functions. Willy has been with CAEATFA since January 2024 as an Office Technician.

For Sales and Use Tax Exclusion ("STE") program updates, Ms. Sarron reported the following:

- The STE application due date for the first round of awards was January 30, 2025. STE received 36 applications requesting approximately \$94 million in STE. Staff and the consultants at BlueSky are in the midst of reviewing applications. Staff expects to bring the recommendations for awards to the June 2025 board meeting.

For GoGreen updates, Ms. Sarron reported the following:

- The GoGreen Home Program signed statewide lender, California Coast Capital Credit Union, to the Interest Rate Buydown ("IRBD") Program. The IRBD program is funded through an agreement with the CEC. The IRBD program will focus on Low-Income Households in designated Low-Income or Disadvantaged Communities (LI/DAC). IRBD is expected to launch in March.
- Ms. Sarron opened a map of California separated by counties with each county listing the number of GoGreen Home ("GGH") loans enrolled. Ms. Sarron explained that the map demonstrates good coverage, although there are areas that have yet to be covered because of the lack of Investor-Owned Utility ("IOU") in certain counties. The new CEC money should allow GGH to acquire projects in those areas.



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- Ms. Sarron then showed a Racial/Ethnicity chart with a breakdown of GoGreen Home customers from Q3 2016-Q2 2024.
- Ms. Sarron showed a chart of customer motivation by household income for GoGreen Home customers from Q3 2016 – Q2 2024. She noted that the number one reason for customers to establish a loan is to update old equipment and the number two reason is to save on energy bill. Ms. Sarron added that there will be more people borrowing in the less than \$50,000 range due to a new 0% interest free financing option that will be available soon.

Ms. Ma asked how GoGreen Home is doing their outreach. Ms. Sarron states that CAEATFA is looking to hire an outreach person or outreach group and that they are working through the Department of Government Services (“DGS”) process to make this happen. Ms. Sarron stated that it is important that CAEATFA reaches customers and contractors through resources such as local Chambers of Commerce.

Ms. Ma asked if GoGreen has a flyer for reference. Ms. Sarron stated that the GoGreen website (<https://www.gogreenfinancing.com/>) is an excellent resource.

Bill Heberger, manager of the GoGreen Home Financing Program, explained how GoGreen Home and the IRBD program works. He stated that the IRBD Project has to be based on heat pumps, meaning heat pump water heaters or heat pump HVAC systems. The customer can add additional measures like insulation in order to do a whole house retrofit. Mr. Heberger explained that in addition to their heat pump project, the customer is able to finance other GoGreen projects up to \$30,000. The customers are encouraged to add on to the 0% interest free financing for duct projects and insulation as needed.

Mr. Johnson asked whether a part of this program can be roof top solar. Mr. Heberger responded that roof top solar is a part of the basic program, and not the IRBD program.

Ms. Ma asked if there are application deadlines to which Mr. Heberger stated that there are rolling applications and a pool of money from the CEC in the amount of \$30,000,000 of which \$9,000,000 is for the IRBD program. Mr. Heberger stated that GoGreen Home has more than enough money to continue for quite a long time. Ms. Sarron stated that California Coast Credit Union signed on to provide services under the IRBD Program.

Ms. Perrault asked about the extent of the survey and how many people were included. Ms. Sarron replied that there were 707 respondents to the survey.

Ms. Sarron showed a new breakdown of Financing Agreements Enrolled with the GoGreen Business Program. These were broken down by dollar amount, region of installation, IOU, and finance companies. Also included in this report were the top three energy efficiency categories of lighting, HVAC, and water heating, and their number of projects within GoGreen Business.



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Ms. Sarron outlined some outreach events and conferences attended by CAEATFA Staff:

- GoGreen Business staff have been meeting with various DCFIs in the multifamily space for program participation.
- Ms. Sarron attended an event held by the California Manufacturers Technology Associate (CMTA), meeting several STE awardees in attendance.
- Ms. Sarron traveled with the Treasurer to tour the Cepheid facility, an STE awardee, in Lodi. Cepheid manufactures test cartridges that allow for real time PCR testing, the machine is small enough to fit right in a doctor's office. Cepheid employs approximately 4,000 Californians.

Ms. Sarron reported that under her delegated authority, since the last board meeting, CAEATFA entered into a contract (CAEATFA03-24) with Inclusive Prosperity Capital, Inc. ("IPC") for a one-year license for the GoGreen Contractor portal, NGEN, for a total amount not to exceed \$100,000 over the one-year contract term of February 1, 2025, through January 31, 2026.

Ms. Sarron explained that IPC's Software as a Service ("SaaS") system, NGEN is a workflow management and data reporting system used by GoGreen Home lenders, energy upgrade contractors and program administrators for the input, capture, validation, and reporting of project loan details for the loan enrollment process.

Ms. Ma asked if there were any public comments. There were none.

4. Business Items

A.1 Applied Medical Resources Corporation and its Subsidiary, Applied Manufacturing, LLC, Rancho Santa Margarita (Orange), 21-SM025, Medical Device Manufacturing – Advanced Manufacturing, \$150,547,889 of Qualified Property

Presented by Jeannie Yu, Program Analyst

Ms. Yu stated that Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC was originally approved for an STE award in March 2021 for approximately \$150.5 million of Qualified Property to expand and upgrade its existing medical device manufacturing facility located in Rancho Santa Margarita. As of December 2024, the Applicant has used the STE award to purchase approximately \$146 million of Qualified Property (97% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement's initial term by one additional year to March 16, 2026, to accommodate supply chain delays.

Ms. Yu stated that Staff is recommending approval of the applicant's extension request.



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Ms. Ma asked if there were any public comments. There were none.

Ms. Ma asked if there were any questions from the Board before proceeding.

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

Ms. Ma stated there was a motion and a second and called for a vote.

The item was passed by the following vote:

Fiona Ma, 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

A.2 Brightmark Vlot RNG LLC, Chowchilla (Madera), No. 21-SM028, Dairy Biogas Production – Alternative Source, \$29,698,976 of Qualified Property

Presented by Joshua Moua, Program Analyst

Mr. Moua stated that on March 16, 2021, the CAEATFA Board approved an STE award for Brightmark Vlot RNG LLC (the “Applicant”), formerly known as Chowchilla RNG Energy, LLC, for the purchase of up to \$29,698,976 in Qualified Property to build a new dairy biogas production facility in Chowchilla. As of December 2024, the Applicant has used the STE award to purchase approximately \$25.9 million of Qualified Property (87% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term by one additional year to accommodate continued engineering and permitting delays.

Mr. Moua stated that staff recommends that the Board approve the Applicant’s extension request.

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

Ms. Ma called for a motion and a second.

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

Ms. Ma stated there was a motion and a second and called for a vote.



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The item was passed by the following vote:

Fiona Ma, 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

A.3 Raven SR S1 LLC, Richmond (Contra Costa), No. 23-SM021, Renewable Hydrogen Production – Alternative Source, \$29,824,330 of Qualified Property

Presented by Joshua Moua, Program Analyst

Mr. Moua stated that on September 19, 2023, the CAEATFA Board approved an STE award for Raven SR S1 LLC (the “Applicant”) for the purchase of up to \$29,824,330 in Qualified Property to build a new renewable hydrogen facility located in Richmond. As of December 2024, Raven SR S1 LLC has used the STE to purchase approximately \$490,000 of Qualified Property (2% of the total Qualified Property approved). The Applicant is requesting to extend the 15% purchase requirement timeframe by one additional year to accommodate delays with permitting and financing.

Mr. Moua stated that Staff recommends that the Board approve the Applicant’s extension request and if there are any questions Matthew Scanlon, President and Interim CFO, is available remotely.

Mr. Scanlon explains that the reason for the 2% purchased qualified property is due to delays in permitting. Progress has picked up due to getting attention from higher level officials in the Bay Area. Mr. Scanlon explained that they have also solved issues with CalRecycle by moving to a biomass conversion facility instead of a solid waste facility. He explained that because the technology is new, there are no regulations for it just yet. Once they have the regulations, progress will pick up quickly.

Mr. Oppenheim stated that he appreciates the background that Mr. Scanlon provided in regard to ground regulations. He stated that he will be watching this project diligently in the future due to the lack of movement in percentages. Ms. Ma added that this is a competitive program and that they’d rather people who are ready be given these awards.

Mr. Johnson asked Mr. Scanlon about the type of technology that Raven SR S1 LLC makes. Mr. Scanlon explained that their technology is their own proprietary technology made in the 1990s made by a UC Berkeley professor and has been deployed on a small scale by the Air Board. The technology has been demonstrated at many sites around the world but due to the scale of this project it is harder to get approved. This technology can convert many types of waste into hydrogen.



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Mr. Scanlon explained that he is just as eager as the Board to be spending money on qualified property as soon as possible.

Mr. Rider asked if Mr. Scanlon could describe what the air permit is and where Raven SR S1 LLC is with it. Mr. Rider also asked about the upgrade to a landfill gas generator and how it is related to the project.

Mr. Scanlon addressed the landfill gas generator question by stating that their old generators are slower because they're older and that in West Contra Costa County they have been handed a landfill gas operation with the management rights and needed new landfill gas generators to lessen methane in the air, they produce 60% of the power that they need on site and would like to hopefully increase that percentage over time. As for the air quality question, Mr. Scanlon responded that they are on their third assessment and that where the problems lie are due to assumptions. For example, the Air Board assumed that the landfill flare would be operated every day, but it is only operated once a month.

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

Ms. Ma called for a motion and a second.

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

Ms. Ma stated there was a motion and a second and called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, 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 Report on the Performance of the Sales and Use Tax Exclusion Program (Informational)

Presented by Matt Newman, Blue Sky Consulting Group, LLC

Mr. Newman started his presentation of the CAEATFA STE Program by stating that he was going to go through the data of the last ten-year period. His presentation highlighted the background on business tax incentives and the STE Program, the data of the entire STE portfolio, and the analysis of actual performance of STE applicants.



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Mr. Newman explained that an STE award is an exclusion from sales tax to qualifying manufacturers. Successful applicants receive an exclusion from sales tax of roughly 8.4% statewide. Eligible applicants must pass CAEATFA's net benefit test, which compares the cost of the STE to the anticipated fiscal and environmental benefits of the project. Only the projects anticipated to produce a net benefit are approved.

Mr. Newman stated that having a net benefits test is important as many programs like the STE Program do not include one, often claiming higher numbers than actually were from that business' expenses.

Mr. Newman stated that STE is important because when customers spend money into a company, that money doesn't always stay in California. Offering an STE award precludes companies from importing outside of California and requires that items and machines be purchased within state lines, allowing California businesses to grow within the state.

Mr. Johnson asked if the STE Program is capturing data that validates the claim that manufacturers exporting or reducing the need for imports has a great impact on the economy. Mr. Newman responded stating that the STE Program indeed evaluates whether a company will have a great or low economic benefit and calculate from there how the supply chain will be affected. Then there is a calculation for the number of jobs created and this is all calculated towards the net benefit.

Mr. Newman showed graphs of projects approved, and total STE awarded from 2015 to 2024. He then showed the share of approval and STE award from 2015 to 2024. He went on to the distribution of STE award amounts from 2015 to 2024. After this data, Mr. Newman showed a distribution map of the state by county and a map of projects per one million residents.

Mr. Newman explained that by examining the post economic benefit and growth of projects, the STE program can assess whether the correct metrics were used to determine economic benefits. Mr. Newman indicated that the analysis was done on 102 projects, a little over half of the projects that were approved from 2015 to 2024 and focused on data that was submitted in annual reports from 2015 to 2021. The reason for not including more recent data is because some businesses have not ramped up productions yet. Mr. Newman showed a bar graph demonstrating a net benefit of \$144 million to the state economy.

Mr. Newman showed a bar graph demonstrating the distribution of benefits as percentage of application estimates. This graph demonstrated that while there were projects that produced 0% of their estimated benefit, there are enough benefits from other areas that do produce a net benefit.



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Mr. Johnson asked whether the disparities between expected and real values were expected based on the application questions and if Staff have explored other means of determining real project values.

Ms. Sarron responded that this recent disparity comes from the post COVID-19 pandemic and many businesses not being able to have the project pencil out due to high interest rates. Also, when businesses supply their projections, they have “pie in the sky” estimates.

Mr. Newman stated that Mr. Johnson’s question is exactly the right question, and that Staff have been working towards answering this for some time. He agreed with Ms. Sarron that the COVID-19 pandemic has made this question more difficult to accurately answer in recent years. Mr. Newman stated that when calculating a net benefit, Staff relies on the company to provide reasonable estimates but that these aren’t always fully accurate or are unexpected to the company as well. Mr. Newman stated that the information provided by companies is generally assumed to be truthful because of SEC regulations and the trouble that companies can incur due to misrepresentation of numbers. Mr. Newman ended his answer with an explanation that the net benefits test is designed so that even if the projected evaluations came up slightly short, there would still be an economic benefit to the state of California.

Mr. Rider expressed his concern for the number of projects that never achieved higher than a 0% in their analysis sample performance; distribution of full-time equivalents (“FTE”), supplier purchases, and sales as percentage of application estimates. He stated that he understands that COVID was hard for many people but that sometimes it can be unencouraging to be giving out multiple extensions when these monies could be redistributed to companies that will spend it.

Ms. Sarron responded that CAEATFA management have been discussing how to mitigate this problem. Ms. Ma asked how long these projects must reach the 15% purchasing requirement. Ms. Sarron responded with 18 months and then it is 3 years to complete the project in full. Ms. Sarron explained that extensions are submitted to the Board when deadlines are not met..

Mr. Oppenheim stated that he has a more positive view on the project timelines and returns. He stated that if he could get a 56% ROI, which is the estimate for the STE program that Blue Sky provided, that he would consider this a success over many investments. He additionally stated that in comparison to other programs this is likely one of the most thorough analyses of a value of a tax expenditure and being able to quantify it in a robust statistical model is appreciated, He believes there isn’t enough of that from the state. He also believes that this is an underestimate because of the value of not having to clean up wastes that would have been made had these companies not been able to renew. Mr. Oppenheim continued by stating that California has the weakness of having a high tax rate but the strength of companies coming to do



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business inside of our borders. He stated that seeing the empirical success of a program like this is highly encouraging and exciting for the future. He also stated that he would love to see more of these reports and complimented Staff and Blue Sky on their hard work.

Mr. Johnson added that he appreciated the insights and seeing the growth is encouraging. He added that he is excited about in the future making the program better.

Ms. Ma stated that it is very important to keep landfills as empty as possible and the STE program is very pivotal in doing this. She also stated that for the STE program specifically, an evaluation could take place to indicate that the 18-month time frame might not be well adapted to the different types of projects.

Mr. Newman concluded his presentation by stating that the program is a very impressive program and that all Staff should be proud of the work that they have accomplished.

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

5. Public Comment

Ms. Ma asked if there were any comments or questions from the public. There was one.

Phillip Herrera, Managing Partner at Herrera & Company, stated that they have introduced a bill that would extend the CAEATFA program. He is pleased to report that they have helped secure one if not two bills. SB 86 introduced by Senator McNerney would extend CAEATFA indefinitely and would extend the funding from \$100 million to \$300 million. Additionally, Mr. Herrera is tracking a bill in the assembly that may propose a 5-year extension with no change in funding. He urged all stakeholders to contact him to get SB 86 signed into law. Mr. Herrera expressed his gratitude to Treasurer Ma and CAEATFA for coming out to Lodi to meet up with him and tour their facility. He also stated that Mr. Newman did a great job on his presentation.

Ms. Ma stated that the tour they took was interesting and it was good to see the great job they are doing out in Lodi. Ms. Ma asked if there were any more public comments. There were none.



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6. Adjournment

There being no further business, public comments, or concerns, the meeting adjourned at 11:40 a.m.

Respectfully submitted,

Christina Sarron, Executive Director