

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

Board Meeting Date: Tuesday, March 18, 2025

***Request to Approve a Time Extension for the
Initial Term of the Regulatory Agreement¹***

**Trojan Battery Company, LLC
Application No. 22-SM028**

Prepared By: *Joshua Moua, Program Analyst*

SUMMARY

Applicant: Trojan Battery Company, LLC

Location: Santa Fe Springs, Los Angeles County

Industry: Lithium-Ion Battery Manufacturing

Project: Upgrade and Expansion of Existing Lithium-Ion Battery Manufacturing Facilities
(Advanced Manufacturing)

Total Amount Qualified Property Approved: \$36,566,109

Estimated Sales and Use Tax Exclusion Amount at Approval:² \$3,108,119

Initial Board Approval Date: June 21, 2022

Amount of Time Requested:

- Requesting a one-year, six-month, and ten-day extension, until December 31, 2026, for the Initial Term of the Regulatory Agreement (a total of four years, six months, and ten days from the date of initial CAEATFA Board approval of June 21, 2022)

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 rate of 8.5%.

BACKGROUND

On June 21, 2022, the CAEATFA Board approved a Sales and Use Tax Exclusion (“STE”) award for Trojan Battery Company, LLC (the “Applicant”) for the purchase of up to \$36,566,109 in Qualified Property to upgrade and expand its existing lithium-ion battery manufacturing facilities located in Santa Fe Springs (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.³

As of December 31, 2024, the Applicant has used the STE award to purchase approximately \$20 million of Qualified Property (55% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term to accommodate permitting delays, challenges with supply chain issues and performance, and a delay in corporate capital funding for procurement.

THE APPLICANT

Trojan Battery Company, LLC is a Delaware company headquartered in Santa Fe Springs that formed in 1925 as a manufacturer of golf cart batteries and has since become a leading manufacturer of deep-cycle solar and automotive batteries, including deep-cycled flooded, absorbed glass mat (“AGM”), gel and lithium battery technology.

The major shareholders (10.0% or greater) of the Applicant are:

Trojan Battery Holdings, LLC (100%)

The major shareholders (10.0% or greater) of Trojan Battery Holdings, LLC are:

Joule ACQCO, LLC (100%)

The company officers of the Applicant are:

Richard A. Heller, Chief Executive Officer, President and Chairperson
Alexander Dimitrijevic, Chief Financial Officer and Treasurer
Bryan Couch, Chief Operating Officer
Jon Anderson, Chief Technology Officer
Christopher S. Litras, Chief Human Resources Officer
Mara Williams, Chief Legal Officer
Laurie Oswald, Chief Sales Officer

THE PROJECT

Trojan Battery Company, LLC received an STE award to upgrade and expand its existing lithium-ion battery manufacturing facilities located in Santa Fe Springs.

The Applicant states it plans to make several improvements to its current facilities. These improvements include an upgrade of 175,000 square feet of additional space. The first phase of the Project includes a baghouse dust collection system, human assist technology, a continuous casting line, a storm water system, and three new lithium lines. According to the Applicant, it anticipates producing 25,000 lithium

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

batteries in 2022, and nearly doubling that in 2023. The Applicant anticipates continuing to add to its current highly skilled workforce, including machinists, technicians, and engineers.

The Applicant states its focus is on recycling and clean energy initiatives and that it has reduced its CO2 emissions from its manufacturing processes by over 12 million pounds per year. The Applicant also explains its batteries are ninety-nine percent recyclable. The Applicant plans to expand its new lithium-ion battery line which will include the use of advanced materials, like lithium-ion cells, and automated robotics and welders. The Applicant states it plans to improve air circulation and temperature controls in its facility by installing a new dust collection system. In an effort to reduce lead consumption in its manufacturing processes, it has also implemented the use of a new continuous casting technology. According to the Applicant, using advanced materials with this technology will reduce its use of raw material resources while continuing to provide more consistency and improvement in its processes.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from June 21, 2025, to December 31, 2026, in order to accommodate permitting delays, challenges with supply chain issues and performance, and a delay in corporate capital funding for procurement.

STAFF EVALUATION

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.⁴

The Applicant states delays stemmed from supplier issues, permitting challenges, and reallocation of corporate funding for the Project. As it relates to supplier issues, the Applicant states a new assembly line was delayed by 12 weeks due to a shortage of raw materials. In another instance, a supplier failed to provide sufficient expertise and support to help troubleshoot equipment that did not work properly, thus both internal and external resources were required to address operational issues. Lastly, the Applicant's baghouse supplier had supplied equipment that was inconsistent with the design drawings. This led to an internal rework due to an expired supplier warranty.

In regard to permitting issues, there were multiple factors that impacted the Project's progress. First, a permit for construction from the Fire Department on Lithium Infrastructure was delayed by six months due to regulation changes that occurred in January 2023. Secondly, the Applicant states that a permit for its baghouse construction was delayed by 18 months because the City of Santa Fe Springs required additional changes to comply with the aesthetic design of the equipment. Thirdly, there was a nine-month delay as South Coast Air Quality Management District (AQMD) was in the process of assessing emissions criteria. The Applicant states the AQMD process also

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

prolonged its permitting process with the City of Sante Fe. Fourthly, there has been a lack of available city inspectors.

As it relates to corporate funding, the Applicant states that Qualified Property purchases projected for fiscal period 2023-2024 were delayed to fiscal period 2025-2026 as corporate had to make a difficult decision to prioritize other projects. According to the Applicant, funds have now been reallocated and approved for purchases.

Staff has taken into consideration that the Applicant is past mid-point in procuring equipment and has been able to overcome the initial roadblocks with supply chain issues. Staff also considered that the Applicant has been able to effectively troubleshoot to maintain consistency in the sequence of equipment operations by sourcing external expertise, and worked through any design issues. According to the Applicant, the scope of the project has not changed, and all permits have been secured as of October 2023.

Based on this information, Staff 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 Legal Status portion of the extension request. No information was disclosed concerning the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant's request to extend the initial term qualifies as a modification to the Applicant's Agreement, incurring additional fees. The Applicant has paid the additional fee of \$2,000.

RECOMMENDATION

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement by one year, six months, and ten days, until December 31, 2026, as it is in the public interest and advances the purposes of the STE Program, and the remaining term shall be for a period of nine years and ten days, until July 1, 2031, for providing annual compliance reports.⁶

ATTACHMENTS

Attachment A: Trojan Battery Company, LLC's Letter Requesting Waiver
(February 3, 2025)

Attachment B: Trojan Battery Company, LLC's Staff Summary at the Time of Approval

⁵ California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(B)

⁶ California Code of Regulations Title 4, Division 13, Section 10035(a)(2)

**RESOLUTION APPROVING A TIME EXTENSION FOR
TROJAN BATTERY COMPANY, LLC'S INITIAL TERM FOR
THE REGULATORY AGREEMENT**

March 18, 2025

WHEREAS, on June 21, 2022, 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 \$36,566,109 of Qualified Property for **Trojan Battery Company, LLC** (the "Applicant"); 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 one (1) year, six (6) months, and ten (10) days to December 31, 2026; and

WHEREAS, granting the waiver 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 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 31, 2026.

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

**Attachment A: Trojan Battery Company, LLC's
Letter Requesting Waiver (February 3, 2025)**

Docusign Envelope ID: 53AB83EA-12D0-43B6-BCFE-FCD775A2B5BA



February 24, 2025

Ms. Jeannie Yu
Analyst
California Alternative Energy and Advanced Transportation Finance Authority
P O Box 942809
Sacramento, CA 94209-001

RE: Trojan Battery Company, LLC (22-SM028)

Dear Ms. Yu,

I am writing to request a time extension of the awarded \$36,566,109 tax exemption on Qualified property under Trojan Battery Company, LLC (22-SM028). The initial term will be expiring on June 21, 2025. Our reported spend through end of first half of 2024 was \$16,163,379, and our anticipated spend for the second half of 2024 is approximately \$4M. The combined total of these two periods from inception of program through the end of 2024 will approximate \$23,163,379 or 63.3% of the total Qualified Property Award. Beyond the current spend to date, our company is forecasting a total spend of approximately \$7M in the first half of 2025 and additional spending requirements for Qualified Property under this STE award totaling an additional \$1,750,000 for the second half of 2025, and \$7,650,000 during calendar year 2026. We are requesting an extension of \$9,400,000 for eighteen months, following the current deadline of June 21, 2025, through end of calendar year 2026.

Attached is a summary schedule of the projected remaining spend. There are no significant scope changes to the submitted projects that have impacted our timeline for execution. As part of our review, there are two primary drivers behind the experienced delays: (1) Delays for reasons external to our company due to supplier circumstances and supplier performance and (2) delays with permitting from city and regulatory agencies. Delays related to external circumstances due to supplier performance and permitting are as follows:

- (1) Supplier Bosch for Lithium Expansion delayed delivery of new assembly line by twelve weeks (due to shortage of raw materials), impacting timeline on other projects, as well.
- (2) Human Assist was delayed due to supplier, JR Automation, not providing the level of expertise and support to effectively troubleshoot equipment that did not operate consistently as intended. We have had to deploy internal resources, as well as other external resources specializing in this field to remediate equipment operating gaps identified post initial equipment implementation.
- (3) Wheelabrator, our baghouse supplier, had multiple assembly gaps when compared to design drawings. We had to rework internally due to expired warranty period from supplier due to the length of time transpired related to permit delays (also reference permit related comments in section below).

C&D TECHNOLOGIES
200 Precision Road Suite 150, Horsham, Pennsylvania 19044
Tel 215.619.2700 | Toll-Free 800.543.8630
cdtechno.com

TROJAN BATTERY COMPANY
12380 Clark Street, Santa Fe Springs, CA 90670
Tel 562.236.3000 | Toll-Free 800.423.6569
trojanbattery.com

Agenda Item – 4.A.4 Resolution No. 22-SM028-02

Docusign Envelope ID: 53AB83EA-12D0-43B6-BCFE-FCD775A2B5BA



All required permitting to bring these projects to completion are now secured. However, the details related to permitting delays initially experienced are as follows:

- (1) Permit for construction from the Fire Department on Lithium Infrastructure was delayed by six months due to changes in regulation in January 2023 related to CA Fire Code 2022, Sections 322.
- (2) Permit for baghouse construction delayed from City of Santa Fe Springs by 18 months due to additional requirements from the city, to further comply with aesthetics of the equipment as visually presented from street view. We were required to submit several iterations of plans to address specific demands, primarily related to visual appeal. In addition, the delay in permit from AQMD (item 3 below) also adversely impacted the timeline for the final approval from the city, which required the AQMD permit details.
- (3) Permit delay on baghouse from AQMD by 9 months related to their process for assessing that our new baghouse would meet emissions criteria.
- (4) Availability of city inspectors delayed construction timeline.

We are confident that the requested eighteen-month extension and related timeline will ensure Trojan brings the total of these projects to completion. We believe this revised timeline will be met primarily for the following key reasons:

- (5) The potential for permit delays is now behind us on these key projects, as we near completion.
- (6) Both the Baghouse and Continuous Casting projects are far along in the implementation that any initial roadblocks from external suppliers have been removed and we have greater internal control and a clearer path to deliver on the current timeline.
- (7) With our Human Assist Automation project, we have identified the remaining operating issues related to consistency in the sequence of equipment operations, and have a targeted approach to resolution through combining internal dedicated resources and additional external expertise in robotics and PLC.
- (8) Finally, design issues with our One Pack Mid-Size Lithium battery, which was initially too wide for the application required by a key customer has been resolved and the project is fully moving forward.

In Summary, as we are now well past the mid-point on these key projects, which are the foundation for driving our future growth and continuous improvement. We currently have a clear path to completion. We ask that you consider the individual circumstances, as detailed above, that prompted some key project delays. Our request for an eighteen-month extension would allow us to complete the projects as submitted. Please also advise if we could provide any additional information to facilitate your review.

Sincerely, FE33F787E4C24D0...

Shelly Stratton
Vice President, Human Resources – Global Operations

Enclosure: Schedule of Expenditures

C&D TECHNOLOGIES
200 Precision Road Suite 150, Horsham, Pennsylvania 19044
Tel 215.619.2700 | Toll-Free 800.543.8630
cdtechno.com

TROJAN BATTERY COMPANY
12380 Clark Street, Santa Fe Springs, CA 90670
Tel 562.236.3000 | Toll-Free 800.423.6569
trojanbattery.com

**Attachment B: Trojan Battery Company, LLC’s
Staff Summary at the Time of Approval**

The original award staff summary can be found on the [CAEATFA website](#).

**Agenda Item – 4.A.17
Resolution No. 22-SM028-01**

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Trojan Battery Company, LLC
Application No. 22-SM028**

Tuesday, June 21, 2022

Prepared By: *Stefani Wilde, Program Analyst*

SUMMARY

Applicant – Trojan Battery Company, LLC

Location – Santa Fe Springs, Los Angeles County

Industry – Lithium-ion Battery Manufacturing

Project – Upgrade and Expansion of Existing Lithium-ion Battery Manufacturing Facilities
(Advanced Manufacturing)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$36,566,109	\$3,108,119

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$14,315,313	4,606
Estimated Environmental Benefits	N/A	30
Additional Benefits	N/A	228
Total	\$14,315,313	4,864
Estimated Quantifiable Net Benefit	\$11,207,193	

Competitive Criteria Score – 178

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(c)(6).)

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Resolution No. 22-SM028-02**

**Agenda Item – 4.A.17
Resolution No. 22-SM028-01**

THE APPLICANT

Trojan Battery Company, LLC (the “Applicant”), is a Delaware limited liability company headquartered in Santa Fe Springs that formed in 1925 as a manufacturer of golf cart batteries and has since become a leading manufacturer of deep-cycle solar and automotive batteries, including deep-cycled flooded, absorbed glass mat (“AGM”), gel and lithium battery technology.

The major shareholders (10.0% or greater) of the Applicant are:

Trojan Battery Holdings, LLC (100%)

The major shareholders (10.0% or greater) of Trojan Battery Holdings, LLC, are:

Joule AcqCo LLC (100%)

The major shareholders (10.0% or greater) of Joule AcqCo LLC are:

C&D Technologies, Inc. (100%)

The major shareholders (10.0% or greater) of C&D Technologies, Inc., are:

KPS Capital Partners, LP

The company officers of the Applicant are:

Rick Heller, Chief Executive Officer
Jon Anderson, Chief Technology Officer
Chris Litras, Chief Human Resources Officer
Mara Williams, Chief Legal Officer
Frederik Klaarenbeek, Chief Marketing Officer
Laurie Oswald, Chief Sales Officer

THE PROJECT

Trojan Battery Company, LLC is requesting an STE award to upgrade and expand its existing lithium-ion battery manufacturing facilities located in Santa Fe Springs (the “Project”).

The Applicant states it plans to make several improvements to its current facilities. These improvements include an upgrade of 175,000 square feet of additional space. The first phase of the Project includes a baghouse dust collection system, human assist technology, a continuous casting line, a storm water system, and three new lithium lines. According to the Applicant, it anticipates producing 25,000 lithium batteries in 2022, and nearly doubling that in 2023. The Applicant anticipates continuing to add to its current highly skilled workforce, including machinists, technicians, and engineers.

The Applicant states its focus is on recycling and clean energy initiatives and that it has reduced its CO₂ emissions from its manufacturing processes by over 12 million pounds per year. The Applicant also explains its batteries are ninety nine percent recyclable. The Applicant plans to expand its new lithium-ion battery line which will include the use of advanced materials, like lithium-ion cells, and automated robotics and welders. The Applicant states it plans to improve air circulation and temperature controls in its facility by installing a new dust collection system. In an effort to reduce lead consumption in its manufacturing processes, it has also implemented the use of a new continuous casting technology. According to the Applicant, using advanced

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materials with this technology will reduce its use of raw material resources while continuing to provide more consistency and improvement in its processes.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Manufacturing Equipment, tooling & infrastructure	\$8,100,000
Dust Collector & air make-up unit	\$8,092,493
Manufacturing equipment, robotics & tooling	\$6,708,584
Flow Through Units	\$3,000,000
Continuous casting equipment	\$3,000,000
Metal Housing Enclosure	\$1,000,000
Water Filtration system	\$1,200,000
Mixer Equipment	\$800,000
Welder Equipment	\$800,000
Air Conditioning Compressors & Dryer	\$800,000
New Concrete Flooring	\$1,087,816
Acid Mixing Equipment	\$1,300,000
Grid Molds & Trim Dies	\$333,608
Tooling for Post-burning & heat seal plates	\$343,608
Total	<u>\$36,566,109</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, it anticipates construction of the baghouse phase of the Project by the end of August 2022. The human assist technology project at its original location is currently in construction, and the Applicant expects the second and third lines to be complete in the second quarter of 2022. The human assist technology project at its new location is scheduled to begin in the fourth quarter of 2022, and be completed by the end of the second quarter of 2024. The continuous casting portion of the project is expected to begin in the first quarter of 2023, and completed by the end of 2023.

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STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant states all necessary permits for lithium production have been secured. Permits for additional construction will be secured pending approval from the city and air quality management district prior to its implementation date of August 31, 2022.

COMPETITIVE CRITERIA SCORE

The Applicant received 178 Competitive Criteria points as follows:

1. **Environmental Benefits (0 of 100 points)**. The Application does not have a Recycled Resource Extraction Project or Project that produces an Advanced Transportation Technology or an Alternative Source product, component, or system. Therefore, no points are awarded.
2. **Unemployment (33 of 50 points)**. The Project's primary Facilities are located in Los Angeles County, which has an average annual unemployment rate of 10.5%.⁴ When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant 33 points.
3. **Job Creation (55 of 75 points)**. The Applicant anticipates the Project will support a total of 479 production-related jobs at its Facilities. CAEATFA estimates that approximately 22 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 55 points.
4. **California Headquarters (15 of 15 points)**. The Applicant has a California Corporate Headquarters, and, therefore, 15 points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate the Applicant's Facilities 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.
7. **Emerging Strategic Industry (75 of 75 points)**. The Project's industry, lithium-ion battery manufacturing, is in an Emerging Strategic Industry, and, therefore, 75 points are awarded.

⁴ Unemployment rates are based on data available in December 2021.

PROJECT EVALUATION

PROJECT BENEFITS

The Project received a Total Score of 4,868 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 30 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (4,606 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 \$14,315,313, resulting in a Fiscal Benefits score of 4,606.
- B. **Environmental Benefits (30 points)**. The Project earned an Environmental Benefits Score of 30. The Applicant received points in the following categories:
1. **Environmental Sustainability Plan (5 of 5 points)**. The Applicant has an environmental sustainability plan that it states outlines its annual plans to reduce landfill waste and energy usage.
 2. **Energy Consumption (5 of 30 points)**. The Applicant anticipates the Project will result in a 5% reduction in energy consumption compared to the Applicant's previous manufacturing process by upgrading the lighting and installing sensors for automatic shutdown of equipment.
 3. **Water Use (5 of 30 points)**. The Applicant anticipates the Project will result in a 5% reduction in water use relative to the Applicant's previous manufacturing process by installing equipment that utilizes less water.
 4. **Solid Waste (10 of 30 points)**. The Applicant anticipates the Project will result in a 10% reduction in solid waste produced relative to the Applicant's previous manufacturing process by recycling cardboard and plastics, as well as using recycled materials wherever possible.
 5. **Hazardous Waste (5 of 30 points)**. The Applicant anticipates the Project will result in a 5% reduction in the hazardous waste produced relative to the Applicant's previous manufacturing process by installing automated systems to reduce scrap material.
- C. **Additional Benefits (228 points)**. Applicants may earn additional points for their Total Score. The Applicant received 228 additional points.
1. **Production Jobs (55 of 75 points)**. The Applicant anticipates the Project will support a total of 479 production-related jobs at its Facilities. CAEATFA estimates that approximately 22 of these jobs will be attributable to a marginal

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increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 55 points.

2. **Construction Jobs (0 of 75 points).** The Applicant anticipates the Project will support a total of 30 construction jobs at its Facilities. CAEATFA estimates that approximately 1.38 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 zero points.
3. **Unemployment (33 of 50 points).** The Applicant's Project is located in Los Angeles County, which has an average annual unemployment rate of 10.5%. When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant 33 points.
4. **Research and Development Facilities (25 of 25 points).** The Applicant has verified that it has a facility located in California that performs research and development functions related to lithium-ion battery manufacturing.
5. **Workforce Partnerships (25 of 25 points).** The Applicant has partnerships with University of California Irvine, University of Southern California, California State University Long Beach, California State University Fullerton, Cerritos College, Fullerton College, and Whittier College for the purpose of assisting in the training of potential future workers
6. **Industry Cluster (25 of 25 points).** The industry associated with this Application has been identified by Los Angeles County as an industry cluster of the region of the Project's location.
7. **Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental, vision, bonuses, retirement contributions, dependent care & assistance reimbursement, employee discounts, and paid leave benefits to its employees, earning the Applicant 25 points.
8. **Emerging Strategic Industry (40 of 40 points).** The Project's industry, lithium-ion battery manufacturing, is in an Emerging Strategic Industry, earning the Applicant 40 points.

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.

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CAEATFA FEES

In accordance with CAEATFA regulations,⁵ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$146,264.44.

RECOMMENDATION

Staff recommends the approval of Resolution No. 22-SM028-01 for Trojan Battery Company, LLC's purchase of qualifying tangible personal property in an amount not to exceed \$35,566,109 anticipated to result in an approximate STE value of \$3,108,119.

⁵ California Code of Regulations Title 4, Division 13, Section 10036

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Resolution No. 22-SM028-01**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH TROJAN BATTERY COMPANY, LLC**

June 21, 2022

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Trojan Battery Company, 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 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$35,566,109 over a period of three (3) 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 the Project as the Authorized Signatories deem appropriate, provided that the amount of the

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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.