

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

Board Meeting Date: Tuesday, June 17, 2025

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Force Energy Corporation
Application No. 25-SM009**

Prepared By: *Matthew Newman, Blue Sky Consulting Group, on behalf of CAEATFA*

SUMMARY

Applicant: Force Energy Corporation

Location: Sonora, Tuolumne County

Industry: Biomass Processing and Fuel Production

Project: New Forestry Waste Processing and Fuel Production Facility
(Alternative Source)

Project Pool: Small

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$10,510,900	\$891,324

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$1,657,994	1,860
Estimated Environmental Benefits	\$1,576,611	1,769
Additional Benefits	N/A	128
Total	\$3,234,605	3,757
Estimated Quantifiable Net Benefit	\$2,343,281	N/A

Competitive Criteria Score: 153

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 8.48% (rate at time of application).

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).)

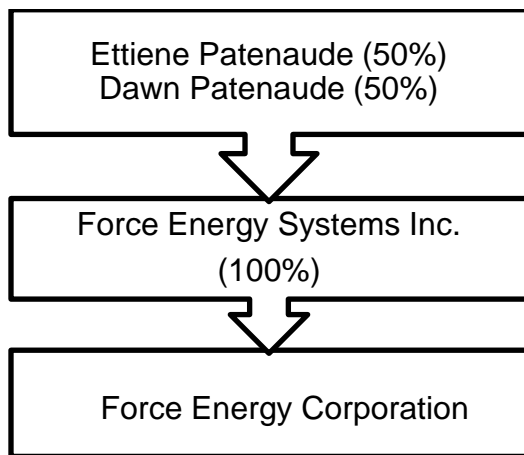
THE APPLICANT

Force Energy Corporation (the “Applicant”) was formed in California as a corporation in 2021. The Applicant’s facility and company headquarters are both located in Sonora in Tuolumne County. The Applicant utilizes waste biomass from forestry operations to produce wood pellets.

The Applicant has secured a grant in the amount of \$1 million from CAL FIRE’s Wood and Workforce Development Program in August 2022.

Additionally, the Applicant has secured a grant in the amount of \$2.4 million from the Rural Community Assistance Corporation’s Biomass Utilization Fund in August 2022.

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



The corporate officers of the Applicant are:

- Etienne Patenaude, Chief Executive Officer
- Dawn Patenaude, Secretary

THE PROJECT

Force Energy Corporation requests a sales and use tax exclusion (“STE”) award to build a new forestry waste processing facility located in Sonora, California (the “Project”).

According to the Applicant, the Project utilizes waste biomass from sustainable forestry operations, including timber harvesting and wildfire mitigation and recovery projects. The woody biomass is typically burned in piles, emitting pollution. The Applicant will recover and process the forest residues into wood pellets. By recovering woody waste and converting it into energy pellets, the use of fossil fuels in heating and electrical generation applications can be avoided. The wood pellets will be sold for retail and commercial energy applications.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Biomass Recovery and Transport Equipment	\$3,182,157
Wood Chip Handling and Conditioning Equipment	\$1,337,307
Facility Improvements, Furnishings, and IT Equipment	\$1,338,656
Energy and Process Control Equipment	\$3,294,081
Wood Pellet Production and Packaging	\$1,358,699
Total	\$10,510,900

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with 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

The plant site and building are under construction and 95% of equipment purchases have been delivered to the adjacent storage facility. The start-up and commissioning phases are expected to take place in late July or early August of 2025.

Status of Permits/Other Required Approvals

The Applicant reports that the Project has received NEPA and CEQA environmental acceptance and development and building permits have been approved.

COMPETITIVE CRITERIA SCORE

The Applicant received 153 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has an Alternative Source product, component, or system, and, therefore, 100 points are awarded.
2. **Unemployment (3 of 50 points)**. The Applicant's facility is located in Tuolumne County, which has an average annual unemployment rate of 5.4%.⁴ When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant three points.
3. **Job Creation (35 of 75 points)**. The Applicant anticipates the Project will support a total of 25 production-related jobs at its facility. CAEATFA estimates that approximately 2.51 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 35 points.

⁴ Unemployment rates are based on data available in October 2024.

4. **California Headquarters (15 of 15 points)**. The Applicant maintains its corporate headquarters in Sonora, California, 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.
7. **Emerging Strategic Industry (0 of 75 points)**. The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, zero points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 3,757 points, which exceeds the required 1,000-point threshold, and includes an Environmental Benefits Score of 1,769 points, exceeding the 20-point threshold.

1. **Fiscal Benefits (1,860 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 \$1,657,994, resulting in a Fiscal Benefits score of 1,860.
2. **Environmental Benefits (1,769 points)**. The Project is anticipated to result in \$1,576,611 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 1,769 points. These benefits derive from the production of alternative source fuel (wood pellets), which offset the need for fossil fuel use.
3. **Additional Benefits (128 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 128 Additional Benefits points.
 - A. **Production Jobs (35 of 75 points)**. The Applicant anticipates the Project will support a total of 25 production-related jobs at its Facility. CAEATFA estimates that approximately 2.51 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 35 points.
 - B. **Construction Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of 10 construction jobs at its Facility. CAEATFA estimates that

approximately one 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.

- C. Unemployment (3 of 50 points).** The Applicant's Project is located in Tuolumne County, which has an average annual unemployment rate of 5.4%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant three points.
- D. Workforce Partnerships (25 of 25 points).** The Applicant has a partnership with Mother Lode Job Training for the purpose of assisting in the training of potential future workers, 25 points awarded.
- E. Industry Cluster (25 of 25 points).** CalFIRE's Wood Products and Bioenergy team identified the industry associated with this Application as an industry that can maintain and enhance California's forest sector workforce and businesses, 25 points awarded.
- F. Benefits and Fringe Benefits (20 of 25 points).** The Applicant states it provides medical benefits, bonuses, education reimbursement and paid leave to its employees, earning the Applicant 20 points.

LEGAL STATUS QUESTIONNAIRE

The Applicant had nothing to report on the Legal Status Questionnaire.

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant paid CAEATFA an Application Fee of \$5,714.32 and will pay CAEATFA an Administrative Fee of up to \$42,043.60 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM009-01 for Force Energy Corporation's purchase of qualifying tangible personal property in an amount not to exceed \$10,510,900, anticipated to result in an approximate STE value of \$891,324. The initial term of the Regulatory Agreement will be for a period of three years, until June 17, 2028, and the remainder shall be for a period of 12 years and six months, until December 17, 2037, for providing annual compliance reports.

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

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH FORCE ENERGY CORPORATION**

June 17, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Force Energy Corporation** (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 \$10,510,900 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 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

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the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.