

**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

**Trojan Battery Company, LLC
Application No. 25-SM007**

Prepared By: *Willy Chen, Program Analyst*

SUMMARY

Applicant: Trojan Battery Company, LLC

Location: Santa Fe Springs, Los Angeles County

Industry: Battery Manufacturing

Project: Update and Expansion of an Existing Deep Cycle and Lithium-Ion Battery
Manufacturing Operation (Advanced Manufacturing)

Project Pool: Small

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$16,500,000	\$1,399,200

Estimated Net Benefit ³	Dollar Value	Points Earned ⁴
Estimated Fiscal Benefits	\$8,306,451	5,937
Estimated Environmental Benefits	N/A	30
Additional Benefits	N/A	219
Total	\$8,306,451	6,185
Estimated Quantifiable Net Benefit	\$6,907,251	N/A

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%.

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).)

⁴ Dollar values and point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

Previous Awards and Status: One previous award

- Award 1: App No. 22-SM028, Award Year 2022, 55% Expended, Active, Compliant on Required Reports

Competitive Criteria Score: 149

Staff Recommendation: Approval

THE APPLICANT

Trojan Battery Company, LLC (the “Applicant”), formed in Delaware as a limited liability company in 1925. Headquartered in Santa Fe Springs, California, the Applicant is a global leader in deep-cycle battery manufacturing. The company produces advanced energy storage solutions, including deep-cycle flooded, absorbed glass matt, gel, and lithium batteries for use in solar, automotive, transportation, floor care, and marine applications.

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 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
- Mara Williams, Chief Legal Officer and Secretary
- Christopher S. Litras, Chief Human Resources Officer
- Laurie Oswald, Chief Commercial Officer

THE PROJECT

Trojan Battery Company, LLC requests a sales and use tax exclusion (“STE”) award to upgrade and expand its existing deep cycle and lithium-ion battery manufacturing operation located in Santa Fe Springs (the “Project”).

According to the Applicant, the Project entails two buildings closely located in Santa Fe Springs. One of the Project locations involves expanding three lithium-ion battery production lines that the Applicant recently implemented as part of its previous STE award to meet growing demand in the low-speed vehicle (LSV), aerial platform, and uninterruptible power supply (UPS) markets. The Applicant states that it is modifying its product offerings and production processes in response to evolving industry needs,

such as the launch of street-legal LSVs, which require higher-capacity batteries, and the increased demand for backup power systems in data centers driven by artificial intelligence technologies. To support these changes, the Project includes reconfiguring existing manufacturing lines and introducing new lithium cell formats for larger-capacity and stationary applications, including products for telecommunications and server room backup systems. While operations mainly support the production of deep cycle batteries, lithium-ion batteries are estimated to be produced at a much more rapid pace over the course of the Project.

The Applicant states that the Project includes significant investments in automation and process improvements across both its lithium and lead-acid battery operations. Planned upgrades include the installation of advanced welding systems, improvements to material handling and assembly processes, and the integration of robotics to enhance worker safety and reduce lead exposure. According to the Applicant, these enhancements will improve operational efficiency, reduce environmental impact, and support long-term competitiveness. The Applicant further states that its vertically integrated approach—utilizing in-house production of battery components and proprietary process controls—will allow it to maintain high standards of quality while advancing its clean energy and sustainability goals.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Product Integration, Prismatic Cell Implementation, and Line Automation	\$6,900,000
Operations Facility Improvements	\$300,000
Finishing/Packaging Line System Modernization	\$250,000
Automated Stacking and Palletizing of Plates with Robotics Integration	\$500,000
Main Substation Breaker Replacement and Modernization	\$350,000
Advanced Short Shear Testing Equipment Deployment	\$300,000
Battery Cover Placement Robotics Installation	\$500,000
Anti-Acid Flooring Upgrades	\$400,000
Gravity Flow Grid Casting and Paste Process Technology	\$6,200,000
Welding System	\$800,000
Total	<u>\$16,500,000</u>

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

According to the Applicant, several phases of the Project will be implemented through 2027. The Applicant stated that the automation of cell feeding and strap burning has finished as of Q1 of 2025. The integration of automated stacking and palletizing robotics will follow in Q2 of 2025. In 2027, the Applicant plans to begin the continuous pasting project, which will modernize plate production by replacing legacy processes with advanced gravity grid casting and paste technologies.

Status of Permits/Other Required Approvals

According to the Applicant, various permits will be required across different phases of the Project. For the lithium battery expansion, necessary permits are expected to be secured by the end of Q2 of 2026. The enhanced gravity flow grid casting and continuous paste process technology component have already obtained construction permits, with an additional air quality permit from the South Coast AQMD anticipated in Q1 of 2027. The Applicant anticipates the electric permit for the main substation breaker replacement in Q1 of 2026 and the building permit for broader facility improvements by Q2 of 2025.

COMPETITIVE CRITERIA SCORE

The Applicant received 149 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 (4 of 50 points)**. The Applicant's Project is located in Los Angeles County, which has an average annual unemployment rate of 5.5%.⁵ When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant four points.
3. **Job Creation (55 of 75 points)**. The Applicant anticipates the Project will support a total of 491 production-related jobs at its Facilities. CAEATFA estimates that approximately 11.87 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 maintains its corporate headquarters in Santa Fe Springs, California, 15 points 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.

⁵ Unemployment rates are based on data available in October 2024.

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, battery manufacturing, is in an Emerging Strategic Industry, as defined by CAEATFA, 75 points awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 6,185 points, which exceeds the required 1,000-point threshold, and includes an Environmental Benefits Score of 30 points, exceeding the 20-point threshold.

1. **Fiscal Benefits (5,937 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 \$8,306,451, resulting in a Fiscal Benefits score of 5,937.
2. **Environmental Benefits (30 points)**. The Project earned an Environmental Benefits Score of 30. The Applicant received points in the following categories:
 - A. **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.
 - B. **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.
 - C. **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 new curing chambers that utilizes less water.
 - D. **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.
 - E. **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.

3. **Additional Benefits (219 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 219 Additional Benefits points.
- A. **Production Jobs (55 of 75 points)**. The Applicant anticipates the Project will support a total of 491 production-related jobs at its Facilities. CAEATFA estimates that approximately 11.87 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.
 - B. **Construction Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of 50 construction jobs at its Facilities. CAEATFA estimates that approximately 1.21 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 (4 of 50 points)**. The Applicant's Project is located in Los Angeles County, which has an average annual unemployment rate of 5.5%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant four points.
 - D. **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 battery manufacturing.
 - E. **Workforce Partnerships (25 of 25 points)**. The Applicant has a partnership 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.
 - F. **Industry Cluster (25 of 25 points)**. The Los Angeles County identified the industry associated with this Application as an industry cluster for the Project's location's region.
 - G. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental, & vision benefits, bonuses, pension plans, retirement contributions, dependent care & assistance reimbursement, education reimbursement, employee discounts, and paid leave benefits to its employees, earning the Applicant 25 points.
 - H. **Emerging Strategic Industry (40 of 40 points)**. The Project's industry, battery manufacturing, is in an Emerging Strategic Industry, earning the Applicant 40 points.

LEGAL STATUS QUESTIONNAIRE

Staff has reviewed the Applicant's responses to the Legal Status Questionnaire. The Executive Director, in consultation with legal counsel, has determined that the legal issues disclosed do not affect the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁶ the Applicant has paid CAEATFA an Application Fee of \$9,000 and will pay CAEATFA an Administrative Fee of up to \$66,000 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM007-01 for Trojan Battery Company, LLC's purchase of qualifying tangible personal property in an amount not to exceed \$16,500,000, anticipated to result in an approximate STE value of \$1,399,200. 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 seven years and six months, until December 17, 2032, for providing annual compliance reports.

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

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

June 17, 2025

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 \$16,500,000 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.