

**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

**AggrePlex of Modesto LLC
Application No. 25-SM020**

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

SUMMARY

Applicant: AggrePlex of Modesto LLC

Location: Modesto, Stanislaus County

Industry: Glass Recycling

Project: New Glass Recycling Facility (Recycled Resource Extraction)

Project Pool: General

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$26,522,315	\$2,249,092

Estimated Net Benefit ³	Dollar Value	Points Earned ⁴
Estimated Fiscal Benefits	\$5,943,174	2,642
Estimated Environmental Benefits	\$77,407	34
Additional Benefits	N/A	142
Total	\$6,020,581	2,819
Estimated Quantifiable Net Benefit	\$3,711,488	N/A

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).

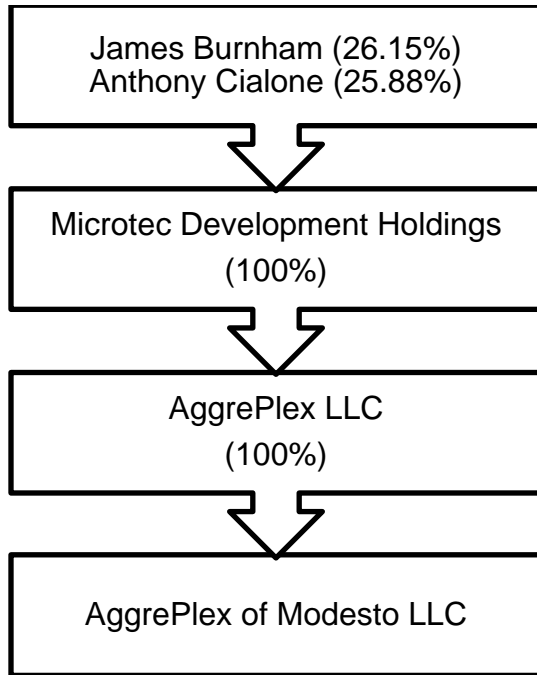
³ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

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

THE APPLICANT

AggrePlex of Modesto LLC (the “Applicant”) was formed in California in 2024. The Applicant is headquartered in Modesto. The Applicant uses recycled glass to produce ground glass pozzolan and engineered ground glass powders used in concrete production.

The ownership structure of the Applicant (10.0% or greater) is as follows:



The company officers of the Applicant are:

- Anthony Cialone, Chief Executive Officer & President
- James Burnham, Executive Vice President & Chief Financial Officer

THE PROJECT

AggrePlex of Modesto LLC requests a sales and use tax exclusion (“STE”) award to build a new facility located in Modesto (the “Project”).

The Applicant states it processes recycled glass that would otherwise be destined for landfills and uses the resulting product to make Activated Ground Glass Pozzolan (AGGP), a Supplementary Cementitious Material (SCM) used in concrete production. The Applicant collects the recycled glass from primary and secondary Material Recovery Facilities, municipal recycling programs, and industrial sources; cleans the glass to remove contaminants; mills it into a fine powder; and classifies it to ensure consistent particle size for optimal performance in concrete. The Applicant reports that, by replacing a portion of Portland cement, AGGP reduces greenhouse gas emissions while enhancing concrete durability, strength, and other performance characteristics.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Pre-Processing Equipment	\$5,892,105
Processing Equipment	\$17,148,423
Back-end Storage	\$3,369,787
Lighting Equipment	\$112,000
Total	<u>\$26,522,315</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff 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, common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline

The Applicant states it is currently in the engineering, design, and permitting phase, with construction of the facility anticipated to start in August 2025 and take approximately 14 months to complete.

Status of Permits/Other Required Approvals

The facility will need a construction permit. The Applicant reports that its engineering firm is actively finalizing the required documentation, with the submission anticipated by the end of Q2 2025. Once construction is complete, the Applicant will secure an operating permit from the San Joaquin Air Pollution District to commence full-scale operations.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 2,819 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 34 points, which exceeds the 20-point threshold.

- 1. Fiscal Benefits (2,642 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 \$5,934,174, resulting in a Fiscal Benefits score of 2,642.
- 2. Environmental Benefits (34 points).** The Project is anticipated to result in \$77,407 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 34 points. These benefits derive from the processing of recycled glass, which diverts waste from landfills.

3. **Additional Benefits (142 points)**. Applicants may earn “Additional Benefits” points in the categories listed below. The Applicant received 142 Additional Benefits points.
- A. **Production Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 35 production-related jobs at its Facility. CAEATFA estimates that approximately 3.21 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 30 points.
- B. **Construction Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 60 construction jobs at its Facility. CAEATFA estimates that approximately 5.51 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 30 points.
- C. **Unemployment (32 of 50 points)**. The Applicant’s Project is located in Stanislaus County, which has an average annual unemployment rate of 7.0%. When compared to the statewide average annual unemployment rate of 5.3%,⁵ the Project location earned the Applicant 32 points.
- D. **Workforce Partnerships (25 of 25 points)**. The Applicant has a partnership with UC Davis for the purpose of training of potential future workers.
- E. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental, & vision benefits, bonuses, education reimbursement, and paid leave to its employees, earning the Applicant 25 points.

LEGAL STATUS QUESTIONNAIRE

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

CAEATFA FEES

In accordance with STE Program regulations,⁶ the Applicant paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$106,089.26 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM020-01 for AggrePlex of Modesto LLC’s purchase of qualifying tangible personal property in an amount not to exceed \$26,522,315, anticipated to result in an approximate STE value of \$2,249,092. 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 15 years, until June 17, 2040, for providing annual compliance reports.

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

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

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH AGGREPLEX OF MODESTO LLC**

June 17, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **AggrePlex of Modesto 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 \$26,522,315 over a period of three 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.