

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

Board Meeting Date: Tuesday, December 10, 2024

***Request to Approve an Extension of the 15% Purchase Requirement Timeframe  
and the Initial Term of the Regulatory Agreement<sup>1</sup>***

**Hell's Kitchen LithiumCo 1 LLC  
Application No. 23-SM035**

**Tuesday, December 10, 2024**

Prepared By: *Joshua Moua, Program Analyst*

**SUMMARY**

**Applicant:** Hell's Kitchen LithiumCo 1 LLC

**Location:** Calipatria, Imperial County

**Industry:** Lithium Recovery and Processing

**Project:** New Lithium Recovery and Processing Facility (Advanced Manufacturing)

**Total Amount Qualified Property Approved:** \$179,425,837.32

**Estimated Sales and Use Tax Exclusion Amount at Approval:<sup>2</sup>** \$15,000,000

**Initial Board Approval Date:** July 18, 2023

**Amount of Time Requested:**

- Requesting a one-year and six-month extension, until July 18, 2026, for the 15% purchase requirement timeframe (three years from the date of initial CAEATFA Board approval)
- Requesting a one-year and six-month extension, until January 18, 2028, for the initial term of the Regulatory Agreement (four years and six months from the date of initial CAEATFA Board approval)

**Staff Recommendation:** Approval

---

<sup>1</sup> All capitalized terms not defined in this document are defined in the Sales and Use Tax Exclusion Program's statutes and regulations.

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate at the time of initial approval, which was 8.36%.

**BACKGROUND**

On July 18, 2023, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Hell’s Kitchen LithiumCo 1 LLC (the “Applicant”) for the purchase of up to \$119,617,224.88 in Qualified Property to build a new lithium extraction facility located in Calipatria (the “Project”). Subsequently, on December 12, 2023, the Company was approved for an amendment to its STE award, increasing the Qualified Property amount to \$179,425,837.32 for an estimated STE of \$15,000,000. The Regulatory Agreement (“Agreement”) provided the Applicant with 18 months from the date of CAEATFA Board approval to purchase or execute purchase orders for at least 15% of the total Qualified Property amount approved. Also, the Agreement initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.<sup>3</sup>

As of September 2024, Hell’s Kitchen LithiumCo 1 LLC has not used the STE to make purchases of Qualified Property. The Applicant is requesting to extend the 15% purchase requirement timeframe to accommodate delays in permitting and financing. The Applicant is also requesting to extend the Agreement’s initial term for the same accommodations.

**THE APPLICANT**

Hell’s Kitchen LithiumCo 1 LLC (the “Applicant”) is a California limited liability company that formed in 2020. The Applicant is developing and will own and operate a project at the Salton Sea geothermal field in Imperial County, where a substantial subsurface brine resource holds what may be the largest deposit of lithium in the world.

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

Controlled Thermal Resources (U.S.)  
Inc. (100%)

**The company officers of the Applicant are:**

Rodney Colwell, Chief Executive Officer  
James Turner, President  
Jeff Garber, Chief Legal Officer & Corporate  
Secretary.

**THE PROJECT**

The Applicant received an STE award to build a new lithium extraction facility located in Calipatria. The Applicant states it is a fully integrated, closed loop, direct lithium extraction (“DLE”) facility located in the CA Lithium Valley industry cluster in Imperial County. According to the Applicant, the Project is unique in that it is a green field development project that is designed with battery minerals as its primary product (as opposed to geothermal power). The Applicant states although the DLE technology it utilizes is used by other lithium extraction facilities around the world, the technology at its facility is unprecedented because it combines an innovative process flow that enables successful mineral extraction at volume. Its process also provides the ability to deliver large quantities of battery minerals without the environmental impacts associated with more traditional mining methods. The battery minerals extracted will be used to produce lithium batteries, including batteries for electric vehicles.

---

<sup>3</sup> California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

**15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST**

The Applicant has requested that the 15% purchase requirement timeframe be extended from January 18, 2025, to July 18, 2026, in order to accommodate delays in permitting and financing.

**AGREEMENT INITIAL TERM EXTENSION REQUEST**

The Applicant has requested that the initial term of the Agreement be extended from July 18, 2026 to January 18, 2028, in order to accommodate delays in permitting and financing.

**STAFF EVALUATION**

The CAEATFA Board can extend the 15% purchase requirement timeframe upon a finding of extraordinary circumstances and that an extension is in the public interest and advances the purposes of the STE Program.<sup>4</sup>

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.<sup>5</sup>

The Applicant experienced significant delays with permitting. According to the Applicant, permits are required in order to receive project financing and the most cumbersome permits are expected by Q1 2025. The Applicant states it has received a Conditional Use Permit from Imperial County, but the issuance process is being challenged. Additionally, the Applicant is awaiting its Army Corps 404 permit. This permit is taking the longest and is the primary hurdle to financing, resulting to a later than anticipated start of construction. In addition, the Applicant is in advanced conversations with lending institutions and strategic partners to provide the necessary capital required for the Project by June 2025.

Staff has considered that the scope of the project has not changed and the Applicant remains committed to the Project. The expected permits in January 2025 will be followed by a notice to proceed with construction in June 2025. Construction is expected to take 24 months, and as such, the Applicant believes all Qualified Property would be purchased by December 2027. Staff also considered that the Applicant is in the advanced stages of securing capital with the anticipation of it closing in the 2nd quarter of 2025. According to the Applicant, it has administered a feasibility study while working on the Project's engineering activities.

Based on this information, Staff believes these are extraordinary circumstances, and that extending the 15% purchase requirement timeframe will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE Program. Staff also believes extending the initial term of the Agreement will allow

---

<sup>4</sup> California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

<sup>5</sup> California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(B)

for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE Program.

**LEGAL QUESTIONNAIRE**

Staff has reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the extension request. 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,<sup>6</sup> the Applicant has paid an additional fee of \$2,250 because extending the 15% purchase requirement timeframe and the initial term qualifies as a modification to the Applicant’s Agreement.

**RECOMMENDATION**

Staff recommends that the Board approve the Applicant’s request to extend the 15% purchase requirement timeframe by one year and six months, until July 18, 2026, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

Staff recommends that the Board approve the Applicant’s request to extend the initial term of the Agreement by one year and six months, until January 18, 2028, 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 16 years and six months until January 18, 2040, for providing annual compliance reports.<sup>7</sup>

**ATTACHMENTS**

Attachment A: Hell’s Kitchen LithiumCo 1 LLC’s letter requesting waiver (November 6, 2024)

Attachment B: Hell’s Kitchen LithiumCo 1 LLC’s staff summary at the time of approval

---

<sup>6</sup> California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(C)

<sup>7</sup> California Code of Regulations Title 4, Division 13, Section 10035(a)(2)

**RESOLUTION APPROVING AN EXTENSION OF HELL’S KITCHEN  
LITHIUMCO 1 LLC’S 15% PURCHASE REQUIREMENT TIMEFRAME  
AND THE INITIAL TERM UNDER THE REGULATORY AGREEMENT**

**December 10, 2024**

WHEREAS, on July 18, 2023, 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 \$119,617,224.88 of Qualified Property for **Hell’s Kitchen LithiumCo 1 LLC** (the “Applicant”); and

WHEREAS, on December 12, 2023, the Authority approved an increase in the amount of Qualified Property not to exceed \$179,425,837.32; provided, however, all other statutory deadlines established by the initial approval date of July 18, 2023 remain the same; and

WHEREAS, within 18 months of approval by the Authority, the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property listed in the approval resolution (STE Program regulations Section 10035(b)(1)); and

WHEREAS, upon a finding of extraordinary circumstances and that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property within 18 months of Application approval (STE Program regulations Section 10035(b)(1)(A)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount within 18 months due to unexpected delays in the Project timeline, extending the term by one (1) year and six (6) months to July 18, 2026; and

WHEREAS, the Applicant has demonstrated extraordinary circumstances as to why it cannot meet the 18-month 15% purchase requirement timeframe; 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

**Agenda Item – 4.A.10**  
**Resolution No. 23-SM035-02**

Project timeline, extending the term by one (1) year and six (6) months to January 18, 2028; and

WHEREAS, granting the waivers 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 these are extraordinary circumstances and that it is in the public interest and advances the purposes of the Program to extend the Applicant's deadline to meet the 15% purchase requirement to July 18, 2026.

Section 2. 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 January 18, 2028.

Section 3. This resolution shall take effect immediately upon its passage.

**Attachment A: Hell’s Kitchen LithiumCo 1 LLC’s Letter Requesting Waiver  
(November 6, 2024)**



November 6, 2024

**To:** CAEATFA – Jeannie Yu and Joshua Moua

**From:** Controlled Thermal Resources – Eric Thayer, *Chief Financial Officer*

**Re:** Extension of Purchase Requirement and Initial Term

CTR is seeking to amend the CAEATFA award by changing both the Initial Term of the award and the Purchase Requirement timeframe.

Please find the answers to the below questions requested for a time extension of purchase requirement per your request. Thank you for your consideration of our request for an extension.

What is the specific amount of time requested for the extension?

- CTR is respectfully requesting an extension of 18 months for both the Initial Term and the Purchase Requirement.

What is the anticipated schedule for purchasing the remainder of the Qualified Property?

- We have yet to complete a purchase of Qualified Property, however, we anticipate purchase of all Qualified Property by 12/31/2027.

Please provide a rationale for why this specific amount of time is needed:

- CTR has experienced significant delays in permitting and financing resulting in a later than anticipated start of construction. The permitting delays have a cascading effect on financing. One cannot happen without the other. Unfortunately, permitting is largely outside our control. We submit permit applications but then cannot force the permitting agency to speed up a decision. Financing of the project has the receipt of permits as a “gating” item needed before approving funding.
- We believe that the most cumbersome permits will be received by June 2025. That would be followed by notice to proceed with construction in July 2025. It should take about 30 months to construction the entire plant. That would mean all Qualified Property would be purchased by December 2027.



Please provide an explanation for why the extension is necessary (i.e. why the 18-month timeframe will not be met):

- Unanticipated delays in permitting of the project has had a cascading impact on the overall project construction schedule. Permits are required to receive project financing and project financing is needed to complete the purchase of equipment. As a result, CTR is unable to complete purchases of equipment according to the schedule originally provided in the CAEAFTA Sales & Use Tax Exclusion application.

Please provide an explanation of what assurances there are that the new timeline will be met:

- CTR is in advanced conversations with lending institutions and strategic partners to provide the necessary capital required for the completion of the project. We are confident in our ability to meet the capital need. We recently completed a Definitive Feasibility Study showing the viability of the project and we are currently working on FEL 3.0 engineering. Furthermore, our permitting processes are proceeding. While we can't definitively control the permitting timeline, we feel the requested extension will provide us with enough time to meet CAEAFTA requirements.

Amount of Qualified Property purchased to date:

- None.

Please provide information on whether the scope of the project has changed:

- The scope has not changed. It remains a fully integrated geothermal power combined with battery material production facility, capable of producing 50 MW of power and up to 25,000 tonnes/annum of Lithium Hydroxide Monohydrate.

Please provide any additional information to support Board approval of a waiver of the Purchase Requirement:

- CTR remains committed to the project. The Sales & Use Tax Exclusion Program is a critical component to reduce overall project cost and to enable CTR to obtain needed capital.



**Attachment B: Hell’s Kitchen LithiumCo 1 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.2  
Resolution No. 23-SM035-01

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

*Request to Amend Resolution for Sales and Use Tax Exclusion<sup>1</sup>*

**Hell’s Kitchen LithiumCo 1 LLC  
Application No. 23-SM035 (Amended)**

**Tuesday, December 12, 2023**

Prepared By: *Stefani Wilde, Program Analyst*

**SUMMARY**

**Applicant** – Hell’s Kitchen LithiumCo 1 LLC

**Location** – Calipatria, Imperial County

**Industry** – Lithium Recovery and Processing

**Project** – New Lithium Recovery and Processing Facility (Advanced Manufacturing)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount <sup>2</sup>
\$179,425,837.32	\$15,000,000

Estimated Net Benefit <sup>3</sup>	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$36,117,257	2,408
Estimated Environmental Benefits	N/A	90
Additional Benefits	N/A	220
Total	\$36,117,257	2,718
Estimated Quantifiable Net Benefit	\$21,117,257	

**Competitive Criteria Score** – 140

**Staff Recommendation** – Approval. The Program held additional Application periods for lithium extraction related projects, however, no additional Applications were received. Per Program regulations, the Applicant may be eligible to receive additional STEs from the lithium project pool if any remains at the end of the calendar year. If approved, the existing Regulatory Agreement will be amended to increase the Qualified Property amount from \$119,617,224.88 to \$179,425,837.32 with the estimated STE value increasing from \$10,000,000 to \$15,000,000.

<sup>1</sup> All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate of 8.36%.

<sup>3</sup> 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).)

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

This Staff Report reflects the changes to the original Staff Report related to Resolution No. 23-SM035-01 approved on July 18, 2023. Staff recommends approval of Resolution No. 23-SM035-01, as amended, increasing Hell’s Kitchen LithiumCo 1 LLC’s purchase of qualifying tangible personal property in an amount not to exceed \$179,425,837.32, anticipated to result in an approximate STE value of \$15,000,000.

---

*(Report continues on following page)*

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

**THE APPLICANT**

Hell’s Kitchen LithiumCo 1 LLC (the “Applicant”) is a California limited liability company that formed in 2020. The Applicant is developing and will own and operate a project at the Salton Sea geothermal field in Imperial County, where a substantial subsurface brine resource holds what may be the largest deposit of lithium in the world.

The major shareholders (10.0% or greater) of the Applicant are: Controlled Thermal Resources (U.S.) Inc. (100%)	The company officers of the Applicant are: Rodney Colwell, CEO James Turner, COO Eric Thayer, CFO Jeff Garber, General Counsel & Corporate Secretary
--	--

**THE PROJECT**

The Applicant is requesting a sales and use tax exclusion (“STE”) award to build a new lithium extraction facility located in Calipatria (the “Project”). The Applicant states it is a fully integrated, closed loop, direct lithium extraction (“DLE”) facility located in the CA Lithium Valley industry cluster in Imperial County. According to the Applicant, the Project is unique in that it is a green field development project that is designed with battery minerals as its primary product (as opposed to geothermal power). The Applicant states although the DLE technology it utilizes is used by other lithium extraction facilities around the world, the technology at its facility is unprecedented because it combines an innovative process flow that enables successful mineral extraction at volume. Its process also provides the ability to deliver large quantities of battery minerals without the environmental impacts associated with more traditional mining methods. The battery minerals extracted will be used to produce lithium batteries, including batteries for electric vehicles.

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Koch Lithium Extraction System	\$84,000,000.32
Aquatech (South Process Equipment)	\$14,517,225.00
Standard Pressure & Low-Pressure Crystallizers	\$21,100,000.00
Brine Pre-Conditioning Equipment	\$59,808,612.00
<b>Total</b>	<b><u>\$179,425,837.32</u></b>

*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*

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

*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 Applicant states the Project plans are on track and anticipates breaking ground at the end of December 2023, with the plant being placed in service by July 2025.

**STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

The Applicant states permits are in process, undergoing review, or have been approved and the permitting process is on track to be completed by the end of December 2023.

**COMPETITIVE CRITERIA SCORE**

The Applicant received 140 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 (50 of 50 points)**. The Applicant's Project is located in Imperial County, which has an average annual unemployment rate of 14.3%.<sup>4</sup> When compared to the statewide average annual unemployment rate of 4.3%, the Project location earned the Applicant 50 points.
3. **Job Creation (0 of 75 points)**. The Applicant anticipates the Project will support a total of 71 production-related jobs at its facility. CAEATFA estimates that approximately 5.93 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.
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 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.

---

<sup>4</sup> Unemployment rates are based on data available in October 2022.

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

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 recovery and production, is in an Emerging Strategic Industry, and, therefore, 75 points are awarded.

**PROJECT EVALUATION**

**PROJECT BENEFITS**

The Project received a Total Score of 2,718 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 90 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (2,408 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 \$36,117,257, resulting in a Fiscal Benefits score of 2,408 points.
- B. **Environmental Benefits (90 points)**. The Project earned an Environmental Benefits Score of 90. The Applicant received points in the following categories:
  1. **Water Use (30 of 30 points)**. The Applicant anticipates the Project will result in an 83% reduction in water use relative to the industry standard manufacturing process.
  2. **Air Pollutants (30 of 30 points)**. The Applicant anticipates the Project will result in nearly 100% reduction in air pollutants produced relative to the industry standard manufacturing process. This is achieved because the Project is a "greenfield" project so there are no emissions from operations when compared to open pit mining operations.
  3. **Other Pollutants (30 of 30 points)**. The Applicant anticipates the Project will result in nearly 100% reduction in other pollutants produced relative to the industry standard manufacturing process where NO<sub>x</sub>, SO<sub>x</sub>, and other fugitive pollutants are generated. This is achieved because the Project is a "greenfield" project and can be designed with nearly zero pollutants when compared to open pit mining operations.
- C. **Additional Benefits (220 points)**. Applicants may earn additional points for their Total Score. The Applicant received 220 additional points.

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

1. **Production Jobs (0 of 75 points).** The Applicant anticipates the Project will support a total of 71 production-related jobs at its facility. CAEATFA estimates that approximately 5.93 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.
2. **Construction Jobs (30 of 75 points).** The Applicant anticipates the Project will support a total of 250 construction jobs at its facility. CAEATFA estimates that approximately 20.89 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.
3. **Unemployment (50 of 50 points).** The Applicant’s Project is located in Imperial County, which has an average annual unemployment rate of 14.3%.<sup>5</sup> When compared to the statewide average annual unemployment rate of 4.3%, the Project location earned the Applicant 50 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 recovery and production.
5. **Workforce Partnerships (25 of 25 points).** The Applicant has a partnership with Imperial Valley College and San Diego State University 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 the State of California as a Lithium Valley 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, and vision benefits, bonuses, education reimbursement, and paid leave to its employees, earning the Applicant 25 points.
8. **Emerging Strategic Industry (40 of 40 points).** The Project’s industry, lithium recovery and production, is in an Emerging Strategic Industry, earning the Applicant 40 points.

---

<sup>5</sup> Unemployment rates are based on data available in October 2022.

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

**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.

**CAEATFA FEES**

In accordance with STE Program regulations,<sup>6</sup> the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$350,000.

**RECOMMENDATION**

Statute limits CAEATFA to awarding up to \$115 million in sales and use tax exclusion each calendar year, of which \$15 million in STE is designated for lithium extraction projects in years 2022-2024.

With certain exceptions, Program regulation Section 10032(a)(5) provides that an Application shall be capped at \$10 million of STE per Applicant, per calendar year.

On July 18, 2023, the CAEATFA Board awarded the Applicant an STE award for \$119,617,224.88 in Qualified Property for an STE value of \$10,000,000. CAEATFA held its last application cycle ending October 9, 2023, at which no additional lithium extraction Applications were received. Pursuant to Program regulation section 10032(a)(5)(A), if STEs will be available at the last application period of the calendar year after all Applications are considered, the Authority may provide additional STEs to qualified Applicants that were capped. In this case, the Applicant qualified for additional STEs but was originally subject to the \$10 million cap.

Accordingly, Staff recommends the approval of Resolution No. 23-SM035-01, as amended, increasing Hell’s Kitchen LithiumCo 1 LLC’s purchase of qualifying tangible personal property in an amount not to exceed \$179,425,837.32 anticipated to result in an approximate STE value of \$15,000,000.

---

<sup>6</sup> California Code of Regulations Title 4, Division 13, Section 10036

**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

**RESOLUTION AMENDING ORIGINAL RESOLUTION NO. 23-SM035-01  
AND AUTHORIZING AMENDMENT TO REGULATORY AGREEMENT  
WITH HELL’S KITCHEN LITHIUMCO 1 LLC**

December 12, 2023

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) received the Application of **Hell’s Kitchen LithiumCo 1 LLC** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8 in the form of a regulatory agreement (the “Agreement”) regarding tangible personal property utilized to process Recycled Feedstock, utilized in an Advanced Manufacturing process or for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); 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 was approved for a Sales and Use Tax Exclusion on July 18, 2023 pursuant to Resolution No. 23-SM035-01 and entered into the Agreement on August 18, 2023 to acquire Project equipment with an estimated cost not to exceed \$119,617,224.88 over a period of three (3) years; and

WHEREAS, the Applicant has requested the Authority increase the amount of Qualified Property to an amount not to exceed \$179,425,837.32 over a period of three (3) years as more particularly described in the amended Staff Report presented at the meeting; and

WHEREAS, the Applicant believes 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 Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of an amendment to original Resolution No. 23-SM035-01 and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority to execute the necessary documents to effectuate the same is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The July 18, 2023 Hell’s Kitchen LithiumCo 1 LLC Resolution No. 23-SM035-01 is amended to replace the \$119,617,224.88 in Qualified Property with \$179,425,837.32. With the exception of the changes described above, all other terms of said resolution shall remain in full force and effect.

Section 2. The Executive Director, Deputy Executive Director, or Chair of the Authority is hereby authorized to execute an amendment to the Agreement to effectuate the changes and



**Agenda Item – 4.A.10  
Resolution No. 23-SM035-02**

**Agenda Item – 4.A.2  
Resolution No. 23-SM035-01**

purposes described above. With the exception of the changes described above, all other provisions, terms, obligations, and covenants contained in the Agreement shall remain in full force and effect.