CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY

Board Meeting Date: Tuesday, September 15, 2026

Request to Approve Project for a Sales and Use Tax Exclusion[1]

GreenWaste Recovery, LLC and Affiliates
Application No. 26-SM032

Prepared By: *Joshua Moua, Program Analyst*

SUMMARY

Applicant: GreenWaste Recovery, LLC and Affiliates

Location: Gilroy, Santa Clara County; San Jose, Santa Clara County; Hayward, Alameda County; Sacramento, Sacramento County; Stockton, San Joaquin County

Industry: Compost Products

Project: Expansion of Existing Compost Products Manufacturing Facility (Recycled Feedstock Extraction)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion ("STE") Amount[2]
$93,600,000	$7,956,000

Estimated Net Benefit[3]	Dollar Value	Points Earned
Estimated Fiscal Benefits	$8,836,544	1,111
Estimated Environmental Benefits	$807,507	101
Additional Benefits	N/A	165
Total	**$9,644,051**	**1,377**
Estimated Quantifiable Net Benefit	$1,688,051	N/A

Previous Awards and Status: Two previous awards

- Award 1: Application No. 16-SM021, Award Year 2016, 100% Expended, Status: Complete, Compliant on Required Reports

[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).)

- Award 2: Application No. 18-SM013, Award Year 2018, 78% Expended, Status: Complete, Compliant on Required Reports

Competitive Criteria Score: 195

Staff Recommendation: Approval

THE APPLICANT

GreenWaste Recovery, LLC and Affiliates (the "Applicant"), formed in California as a limited liability company in 1991. Headquartered in San Jose, the Applicant produces recycled feedstock products from yard trimmings, food waste, and mixed organic streams. The processing at the anaerobic digestion facility also produces renewable biogas as a byproduct.

The major shareholder (10.0% or greater) of the Applicant is:

- MIP V Waste (100%)

The major shareholder (10.0% or greater) of MIP V Waste is:

- Macquarie Asset Management

The corporate/company officers of the Applicant are:

- Clete Elms, Chief Executive Officer
- Kevin DiVincenzo, Chief Operating Officer
- James Redmond , Chief Financial Officer

THE PROJECT

GreenWaste Recovery, LLC and Affiliates requests a sales and use tax exclusion ("STE") award to upgrade and expand its existing compost products manufacturing facility located in Gilroy (the "Project"). The Applicant produces soil amendments using recycled organic feedstocks, including yard trimmings, post-consumer food waste, mixed organic materials from households and businesses, mixed municipal solid waste, and digestate from anaerobic digestion. From these recycled materials, the Applicant produces Organic Materials Review Institute (OMRI)-certified organic agriculture amendments, secondary soiled amendment products, soil conditioners, landscaping amendments, mulch and related organic products.

The Project includes targeted upgrades to the Applicant's in-vessel composting (IVC) system, anaerobic digestion system, and pre-processing operations. Improvements to the IVC system will increase processing efficiency, improve material quality, and support higher compost production. According to the Applicant, the Project will also bring additional anaerobic digestion systems online, enabling increased production of renewable biogas and digestate without significant added energy use.

The expanded anaerobic digestion capacity will improve recovery of organic materials, with biogas converted to renewable energy and digestate reused as compost feedstock. Additionally, upgrades to sorting and material handling equipment will also enhance recovery of recyclable materials and expand the facility's ability to process additional organic waste streams, resulting in greater landfill diversion and increased production of recycled soil amendments.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Machinery & Equipment	$40,200,000
Infrastructure Upgrades	$23,000,000
Production Software	$300,000
Trucks	$21,070,000
Containers	$9,030,000
Total	**$93,600,000**

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 Project is currently in the planning and procurement phase, with equipment purchases anticipated to begin in Q4 2026. Construction of the new pre-processing line is expected to begin in Q4 2026, with installation and setup activities starting in Q4 2026 and project operations anticipated to commence by the end of Q2 2027.

Status of Permits/Other Required Approvals

All permits for the facility expansion, including Air, Use, and Building/Grading permits, have been received. The Applicant currently holds a Conditional Use Permit issued in Q3 2024, which is valid for four years. Additional required permits, including state, local, building, electrical, mechanical, and equipment-related permits, are anticipated to be submitted in Q4 2026/Q1 2027.

COMPETITIVE CRITERIA SCORE

The Applicant received 195 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points).** The Application has a Recycled Feedstock Project, and, therefore, 100 points are awarded.

2. **<u>Unemployment (0 of 50 points)</u>.** The Project's primary Facility is located in Santa Clara County, which has an average annual unemployment rate of 4.3%.[4] When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero points.

3. **<u>Job Creation (30 of 75 points)</u>.** The Applicant anticipates the Project will support a total of 83 production-related jobs at its Facilities. CAEATFA estimates that approximately 11 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.

4. **<u>California Headquarters (15 of 15 points)</u>**. The Applicant maintains its Corporate Headquarters in San Jose, California, 15 points are awarded.

5. **<u>Natural Disaster Relief (0 of 50 points)</u>.** 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. **<u>Eligibility for Manufacturing and Research and Development Equipment Exemption (50 of 50 points)</u>.** The Applicant is not eligible to use any of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, 50 points are awarded.

7. **<u>Emerging Strategic Industry (0 of 75 points)</u>.** The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, therefore, zero points are awarded.

<u>PROJECT EVALUATION</u>

Project Benefits

The Project received a Total Score of 1,377 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 101 points, which exceeds the 20-point threshold.

1. **<u>Fiscal Benefits (1,111 points)</u>.** 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 $8,836,544, resulting in a Fiscal Benefits score of 1,111 points.

2. **<u>Environmental Benefits (101 points)</u>.** The Project is anticipated to result in $807,507 of total pollution benefits over the life of the Project, resulting in an

[4] Unemployment rates are based on data available in March 2026.

Environmental Benefits Score of 101 points. These benefits derive from the processing of mixed organics, which diverts waste from landfills.

3. **Additional Benefits (165 points).** Applicants may earn “Additional Benefits” points in the categories listed below. The Applicant received 165 Additional Benefits points.

   A. **Production Jobs (30 of 75 points).** The Applicant anticipates the Project will support a total of 83 production-related jobs at its Facilities. CAEATFA estimates that approximately 11 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 (35 of 75 points).** The Applicant anticipates the Project will support a total of 158 construction jobs at its Facilities. CAEATFA estimates that approximately 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 35 points.

   C. **Unemployment (0 of 50 points).** The Applicant’s Project is located in Santa Clara County, which has an average annual unemployment rate of 4.3%. When compared to the statewide average annual unemployment rate of 5.5%, the Project location earned the Applicant zero 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 improving the composting process, including testing new methods to reduce contamination, optimize preprocessing and composting conditions, increase throughput and yield, and ensuring finished compost products meet required specifications.

   E. **Workforce Partnerships (25 of 25 points).** The Applicant will partner with Cristo Rey Network’s Corporate Work Study (CWS) program for the purpose of assisting in the training of potential future workers.

   F. **Industry Cluster (25 of 25 points).** The industry associated with this Application has been identified by CalRecycle as a Green Industry cluster of the region of the Project’s location.

   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 and assisting reimbursement, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

LEGAL STATUS QUESTIONNAIRE
Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. 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.

WORKFORCE REQUIREMENT
The Applicant, individually or with its parent corporation and subsidiaries, employs 500 or more employees, and has certified that it, along with its contractors, will do all of the following:

(1) Provide comparatively good wage and benefits to the employees of the applicant or its subcontractors, relative to the industrial sector of the applicant or its subcontractors, occupation, and labor market of those employees.

(2) Invest in employee training, growth, and development, such as through comprehensive workforce training programs or apprenticeship programs.

(3) Adopt mechanisms to include worker voice and agency in the workplace.

CAEATFA FEES
In accordance with STE Program regulations,[5] the Applicant paid CAEATFA an Application Fee of $10,000 and will pay CAEATFA a total Administrative Fee of up to $350,000 should the Applicant be approved for an award. Upon execution of the Regulatory Agreement, the Applicant shall pay $175,000.

RECOMMENDATION
Staff recommends the approval of Resolution No. 26-SM032-01 for GreenWaste Recovery, LLC and Affiliates' purchase of qualifying tangible personal property in an amount not to exceed $93,600,000 anticipated to result in an approximate STE value of $7,956,000. The initial term of the Regulatory Agreement will be for a period of five years, until September 15, 2031, and the full term shall be for a period of twelve years, until September 15, 2038, 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 GREENWASTE RECOVERY, LLC AND AFFILIATES

September 15, 2026

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the "Authority") has received the Application of **GreenWaste Recovery, LLC and Affiliates** (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 $93,600,000 over a period of five (5) 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:

<u>Section 1</u>. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

<u>Section 2</u>. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

<u>Section 3</u>. 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 that do not affect eligibility, 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 the date of this Resolution. The Executive Director may extend the thirty (30) days for up to an additional thirty (30) days, if necessary.