

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

***Consideration of Millennium Space Systems, Inc.’s Request to Approve a Time Extension for
the Three Year Term of the Master Regulatory Agreement¹***

**Millennium Space Systems, Inc.
Application No. 15-SM020**

Tuesday, November 13, 2018

Prepared By: *Matthew Parsons, Analyst*

SUMMARY

Applicant – Millennium Space Systems, Inc.

Location – El Segundo, Los Angeles County

Industry – Aerospace

Project – Expansion of Existing Manufacturing Facility (Advanced Manufacturing)

Value of Qualified Property – \$4,284,672

Estimated Sales and Use Tax Exclusion Amount² – \$360,769

Amount of Time Requested –

- Two years, until December 15, 2020, for the Term of the Master Regulatory Agreement (five years from the date of the initial CAEATFA Board approval)

REQUEST

In December 2015, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Millennium Space Systems, Inc. (“Millennium” or the “Applicant”) for the purchase of \$4,284,672 of Qualified Property to build out 30,000 square feet of space at its El Segundo facility, which the Applicant represents will increase its capacity to design, manufacture, assemble, integrate, and test satellites and component parts (the “Project”). The Master Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of Board Approval to utilize its STE award. The initial term of the Agreement can be

¹ All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

² This amount is calculated based on the average statewide sales tax rate of 8.42%.

extended by the Board upon a finding that an extension is in the public interest and advances the purpose of the program.³

As of June 30, 2018, Millennium has reported \$1,668,878.98 in Qualified Property purchases (39% of the total Qualified Property amount approved), and the Applicant represents it will have purchased about 50% of the Qualified Property amount approved by December 15, 2018. Millennium is requesting to extend the Agreement initial term by two years to accommodate project timeline delays.

According to Millennium, it has focused on strategic equipment procurement following a capital expenditure cycle of: (1) large capital expenditure procured, (2) installation and implementation, (3) process improvements with smaller supporting capital expenditure, and (4) repeat. Millennium represents that to optimize its effectiveness, the company does not make capital purchases all at once, but rather limits expenditures to one project phase at a time, first purchasing the primary equipment, then installing the product(s) and purchasing any necessary supporting equipment, and finally hiring and training the required manufacturing technicians, before focusing on the next phase of the project. However, Millennium states that due to long order lead times and a shortage of qualified manufacturing technicians, these procurement cycles have taken longer than anticipated. According to Millennium, it has completed two of these capital expenditure cycles and intends to complete another cycle in late 2018 and a fourth in early 2019. The Applicant anticipates that, based on its historical rate of spending for the past two years, a two year extension will be adequate time to complete the Project.

About the Applicant

Millennium Space Systems, Inc., established in 2001, is a Delaware corporation based in El Segundo, where Millennium produces high-performance satellites for military, national security, and civil space applications for customers including NASA and the Department of Defense. Millennium's services include space system and mission concept development; spacecraft design, analysis, modeling, simulation, software development and verification testing; and mission operations training, simulation, and vehicle check-out operations.

Project Description

The Applicant plans to build out 30,000 square feet of space at its El Segundo facility, which the Applicant represents will increase its capacity to design, manufacture, assemble, integrate, and test satellites and component parts (the "Project"). The Applicant represents the manufacturing process will utilize advanced science, engineering, and information technologies enabling a more efficient automated manufacturing process to meet production goals.

The Project will include a Surface Mount Technology soldering line, a machine that uses linear motors and vacuum pressure to pick up electronic parts and place them on a printed circuit board within 55 micrometers of accuracy at a rate of up to 30,000 components per hour, and a vapor phase solder reflow machine that the Applicant represents provides a more reliable solder result.

³ The provision of the regulations allowing CAEATFA to waive the requirement that all purchases of Qualified Property be made within three years of the Application approval is in Regulation Section 10035(b)(1)(A).

The Applicant also represents the Project will use advanced materials including titanium alloys, composite thermoplastics, carbon fiber/graphic, and Invar, a nickel-iron alloy, and additive manufacturing to create component parts for reaction wheels, start trackers, and satellite buses.

The Applicant represents the Project will produce products that are up to 80% smaller in a significantly smaller facility with fewer people compared to industry standard, providing a corresponding reduction in its environmental impact. For example, the Applicant represents the Project will use 30% less water compared to industry standard through the use of high efficiency electric fan driven air chillers instead of water cooling towers, as used by competitors. The Applicant also represents the Project will use 80% less energy compared to industry standard because of the smaller facility size of 70,000 total square feet compared to more than 1 million square feet at competitor facilities, the use of LED lighting, high efficiency air conditioning, and insulation throughout, as well as the manufacturing process requiring fewer electronics.

Agreement Term Extension Request

Millennium has requested that the initial term of the Agreement be extended from December 15, 2018 to December 15, 2020 in order to accommodate project timeline delays.

Staff Evaluation

Millennium has indicated that it will have purchased nearly 50% of the total \$4,284,672 in Qualified Property amount approved by December 15, 2018, which has primarily supported its R&D capabilities, but that it will require additional time to complete the Project and expand into full-rate production. According to Millennium, an extension will allow for the outfitting of its facility with the proper equipment to compliment the larger capabilities that it has already strategically procured, and the Applicant represents it has already planned for larger capital expenditures for late 2018 into 2019. Despite the procurement timeline delays, Millennium states that it is confident an additional two years will be sufficient time to complete the Project, given its historical purchasing. Based on this information, staff believes that extending the term of the Agreement will allow for the Project to be completed, and is therefore in the public interest and advances the purpose of the program.

Fees

In accordance with CAEATFA Regulations,⁴ the Applicant will pay an Additional Administrative Fee of \$500 because extending the initial term requires a modification to the Applicant's Master Regulatory Agreement.

LEGAL QUESTIONNAIRE

Staff has 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.

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

RECOMMENDATION

Staff recommends that the Board approve Millennium Space System, Inc.’s request to extend the initial term of the Agreement by two years to December 15, 2020 as it is in the public interest and advances the purpose of the Program.

Attachments

Attachment A: Millennium’s letter requesting waiver (October 31, 2018)

Attachment B: Millennium’s staff summary at the time of approval

**RESOLUTION APPROVING A TIME EXTENSION FOR
MILLENNIUM SPACE SYSTEM’S INITIAL TERM FOR
THE MASTER REGULATORY AGREEMENT**

November 13, 2018

WHEREAS, on December 15, 2015 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 \$4,284,672 of Qualified Property for **Millennium Space Systems, Inc.** (the “Applicant”); and

WHEREAS, within three years of the approval by the Authority, the Applicant must make all purchases of the total amount of Qualified Property listed in the approval resolution (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 years of Application approval (Regulations Section 10035(b)(1)(A)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property within three years, due to unexpected delays in the Project timeline, extending the term by two years to December 15, 2020; and

WHEREAS, granting the waiver 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 that it is in the public interest and advances the purposes of the Authority to extend the initial term of the Agreement to December 15, 2020.

Section 2. This resolution shall take effect immediately upon its passage.

Attachment A: Millennium Space Systems Letter Requesting Waiver (October 31, 2018)



VIA: EMAIL

31 October 2018

Reference: MSS-18-SD-0176 Rev A

From: Stan Dubyn

To: California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)

Subject: CAEATFA Sales and Use Tax Exclusion Program Request for Time Extension

Millennium Space Systems requests an extension of the CAEATFA Sales and Use Tax Exclusion Program until December 15, 2020.

Starting approximately the beginning of 2016, a 70,000 square foot laboratory space expansion was completed at our facility in El Segundo. Since then, capital investments to outfit the labs with manufacturing equipment has taken place with surface mount soldering equipment, vibration test machine and a 5-axis machining center. The increased manufacturing expenditure parallels the managed growth that Millennium has been under-going, approximately 113 employees at end of 2015 to 257 employees today.

Although we have not consumed the entire \$4.2 million in Qualified Property procurements, the company has focused on strategic procurements that continue to improve our manufacturing quality and provide value to our customers. By Dec 15, 2018, we will have fulfilled nearly 50% of the \$4.2 million in Qualified Property. As a small business, Millennium wants to purchase the right equipment and not just spend to meet consume a budget. An extension of two years should allow us to fulfill the cumulative \$4.2 million while outfitting Millennium Space Systems with the proper equipment to compliment the larger capabilities that we have already procured. A few larger capital expenditures are already planned for late 2018 into 2019. These are a mezzanine expansion for additional manufacturing storage roughly \$200,000 and a new electric forklift roughly \$45,000.

Millennium has fully complied with the program requirements and exemplified the goal of the program by increasing Advanced Manufacturing presence and employment in the state of California. We welcome you to visit us, tour the facility and see how Millennium is changing the aerospace industry.

I sincerely appreciate your consideration of our request,

A handwritten signature in blue ink that reads "Stan Dubyn". The signature is fluid and cursive, with the first name "Stan" being more prominent than the last name "Dubyn".

Stan Dubyn
President and CEO

cc: Tiffany Guthrie, Millennium Space
David Hwang, Millennium Space
Rory Hofstatter, Millennium Space
Laura White, Millennium Space

Tel: (310) 683-5850 • Fax: (310) 943-6598
stan.dubyn@millennium-space.com

Supporting Backup Questions and Answers

1. Can you please provide an updated, more detailed explanation of why you are requesting the extension?

Millennium is requesting an extension because we have spent \$2 million in Qualified Property to-date. During the past two years, Millennium focused on strategic procurements to improve our manufacturing quality and provide value to our customers.

The capital expenditure cycle typically proceeds as follows:

1. Large capital expenditure is procured
2. Installation complete and implementation takes place
3. Process improvements take place and smaller capital expenditures take place to support the equipment and manufacturing flow
4. Repeat

We completed approximately two rounds of this capital expenditure cycle. During those 2 cycles there were many contributors to not meeting a three year completion.

The first contributor was the long order lead time of equipment.

Example 1: \$300k vibration shaker table was nine month lead time, as a result, additional purchases associated with that capability were delayed.

Example 2: \$250k 3D X-ray system was nine month lead time, as a result, additional purchases associated with that capability were delayed.

Example 3: Haas Machining Center was six month lead time, as a result, additional purchases with that capability were delayed.

The second contributor was hiring. Although we were very successful in hiring, the Aerospace industry has a current shortage on highly skilled technicians. In the last three years, hiring of manufacturing technicians has been approximately eight employees, the immediate need is nearly double. As a result, the amount of staff to operate new equipment and capability was limited and also limited additional procurements.

A last contributor example was Millennium's ability to negotiate customer purchase or rental of equipment which no longer is considered Qualified Property. The next round of capital expenditure has at least two large capital expenditures slated for late 2018 and early 2019. One item is a new electric fork lift to replace an aging propane fork lift. The second item is a mezzanine storage area for manufacturing inventory. After these procurements, there will be the typical outfitting of the space or equipment as we integrate it into our processes.

2. What has changed from the original application, meaning was there an issue with funding, did anticipated demand change, etc.?

During the time from 2016 until present, Millennium outfitted 10 Manufacturing or R&D labs. These labs include a machine shop, environmental test area, optics labs, harness lab, and other R&D labs. Our current state of manufacturing is closer to R&D manufacturing rather than the original goal of full rate satellite parts production. Although the entire \$4.2 million in capital expenditures could have been achieved, Millennium didn't want to spend budget to meet the program budget. There was no funding issue or anticipated demand change. In fact, Millennium concurrently let a sizeable portion of an equipment line of credit expire because procuring excessive capital equipment without proper integration planning and staffing would not have benefited Millennium or its customers. Anticipated demand has actually increased with customers requesting expanded scope on some of our contracts.

3. Why do you think two years will be a sufficient amount of time?

With the current capital expenditures slated for the end of this year and into 2019, and the historical rate of spending for the last two years, we believe that a two year extension would be sufficient to meet the \$4.2 million in Qualified Property. Millennium continues to grow. We anticipate a steady employee growth rate (144 employees in 2 years) and as such, possible expansion of facility space and manufacturing equipment (benches, tables, soldering workstations, electronics test equipment, etc).



Attachment B: Millennium Space System’s Staff Summary at the Time of Approval

Agenda Item – 4.A.2
Resolution No. 15-SM020
Application No. 15-SM020

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

Request to Approve Project for Sales and Use Tax Exclusion (STE)¹

**Millennium Space Systems, Inc.
Application No. 15-SM020**

Tuesday, December 15, 2015

Prepared By: *Ashley Bonnett, Analyst*

SUMMARY

Applicant – Millennium Space Systems, Inc.

Location – El Segundo, Los Angeles County

Industry – Aerospace

Project – Expansion of Existing Manufacturing Facility (Advanced Manufacturing)

Value of Qualified Property – \$4,284,672

Estimated Sales and Use Tax Exclusion Amount² – \$360,769

Application Score³ –

Fiscal Benefits Points:	3,850
<u>Environmental Benefits Points:</u>	<u>180</u>
Net Benefits Score:	4,030
<u>Additional Benefits Points:</u>	<u>159</u>
Total Score:	4,190

Staff Recommendation – Approval

¹ All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

² This amount is calculated based on the average statewide sales tax rate of 8.42%.

³ Point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

THE APPLICANT

Millennium Space Systems, Inc. (“Millennium” or the “Applicant”), established in 2001, is a Delaware corporation based in El Segundo, where Millennium produces high-performance satellites for military, national security, and civil space applications for customers including NASA and the Department of Defense. Millennium’s services include space system and mission concept development; spacecraft design, analysis, modeling, simulation, software development and verification testing; and mission operations training, simulation, and vehicle check-out operations.

The major shareholders (10.0% or greater) of Millennium Space Systems, Inc. are:

Stan Dubyn
Alex Lushtak
Selim Day

The corporate officers of Millennium Space Systems, Inc. are:

Stan Dubyn, Chief Executive Officer
Alex Lushtak, Treasurer
Selim Day, Secretary
Vince Deno, President

THE PROJECT

The Applicant plans to build out 30,000 square feet of space at its El Segundo facility, which the Applicant represents will increase its capacity to design, manufacture, assemble, integrate, and test satellites and component parts (the “Project”). The Applicant represents the manufacturing process will utilize advanced science, engineering, and information technologies enabling a more efficient automated manufacturing process to meet production goals.

The Project will include a Surface Mount Technology soldering line, a machine that uses linear motors and vacuum pressure to pick up electronic parts and place them on a printed circuit board within 55 micrometers of accuracy at a rate of up to 30,000 components per hour, and a vapor phase solder reflow machine that the Applicant represents provides a more reliable solder result. The Applicant also represents the Project will use advanced materials including titanium alloys, composite thermoplastics, carbon fiber/graphic, and Invar, a nickel-iron alloy, and additive manufacturing to create component parts for reaction wheels, star trackers, and satellite buses.

The Applicant represents the Project will produce products that are up to 80% smaller in a significantly smaller facility with fewer people compared to industry standard, providing a corresponding reduction in its environmental impact. For example, the Applicant represents the Project will use 30% less water compared to industry standard through the use of high efficiency electric fan driven air chillers instead of water cooling towers, as used by competitors. The Applicant also represents the Project will use 80% less energy compared to industry standard because of the smaller facility size of 70,000 total square feet compared to more than 1 million square feet at competitor facilities, the use of LED lighting, high efficiency air conditioning, and insulation throughout, as well as the manufacturing process requiring fewer electronics.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Concrete	\$ 41,120
Masonry	65,450
Metals	374,500
Woods and Plastics	212,167
Thermal and Moisture Protection	51,450
Doors and Windows	164,750
Finishes	715,279
Conveying Systems	78,000
Mechanical (Fire Sprinklers, Plumbing, HVAC)	486,598
Electrical (Power Infrastructure, Lighting)	745,608
Component Storage – Inovaxe Cart	50,000
Solder Paste Application	125,000
Stencil Cleaner	26,000
Pick and Place - Samsung SM482	150,000
Vapor Phase Reflow Oven	236,000
Automated Inspection System	60,000
Real Time X-ray with CT Capability	200,000
In-line Circuit Board Cleaner	77,000
Ionic Cleanliness Testing	14,000
Plated Through Hole Soldering	160,000
Surface Mount Technology Rework Station	23,000
Component Processing	4,000
Conformal Coat	100,000
Manual Inspection Microscopes	14,000
Storage Racks and Cabinets	14,250
Electrostatic Discharge Work Station/ Benches	45,000
Curing Ovens	22,000
Refrigerator / Freezer	1,000
Electrostatic Discharge Carts and Storage Totes	12,500
Cross Section Analysis	16,000
Total	<u>\$4,284,672</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the master regulatory agreement a finalized project equipment list will be prepared detailing the value of the Project equipment acquired and detailing the actual 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, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation, or for other reasons.

TIMELINE

The Applicant represents Project design began in July 2015 and construction will begin in February 2016. The anticipated placed in service date is June 2016.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated to be \$4,284,672. The Project received a Total Score of 4,190 points, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 180 points, which exceeds the 20 point threshold.

- A. **Fiscal Benefits (3,850 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes and other indirect fiscal benefits of the Applicant which amounts to \$1,389,088 resulting in a Fiscal Benefits score of 3,850 points for the Project.

- B. **Environmental Benefits (180 points)**. The Project will result in an Environmental Benefits Score of 180. The Applicant received points in the following categories:
 - 1. **Energy Consumption (30 of 30 points)**. The Applicant represents that its manufacturing process will result in an 80% reduction in energy consumption relative to the industry standard manufacturing process.

 - 2. **Water Use (30 of 30 points)**. The Applicant represents that its manufacturing process will result in a 30% reduction in water use relative to the industry standard manufacturing process.

 - 3. **Solid Waste (30 of 30 points)**. The Applicant represents that its manufacturing process will result in an 80% reduction in solid waste produced relative to the industry standard manufacturing process.

 - 4. **Hazardous Waste (30 of 30 points)**. The Applicant represents that its manufacturing process will result in an 80% reduction in hazardous waste produced relative to the industry standard manufacturing process.

 - 5. **Air Pollutants (30 of 30 points)**. The Applicant represents that its manufacturing process will result in an 80% reduction in air pollutants produced relative to the industry standard manufacturing process.

6. **Other Pollutants (30 of 30 points).** The Applicant represents that its manufacturing process will result in an 80% reduction in other pollutants produced relative to the industry standard manufacturing process.
- C. **Additional Benefits (159 points).** Applicants may earn additional points for their Total Score. The applicant submitted information and received 159 additional points.
1. **Permanent Jobs (40 of 75 points).** The Applicant's Project will support a total of 25 permanent jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Permanent Jobs Score of 40 points for the Project.
 2. **Construction Jobs (45 of 75 points).** The Applicant's Project will support a total of 30 construction jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Construction Jobs Score of 45 points for the Project.
 3. **Unemployment (9 of 50 points).** The Applicant's Project is located in Los Angeles County which has an average annual unemployment rate of 8.2%. This is above 110% of the statewide average annual unemployment rate which is currently 7.5% resulting in an Unemployment Score of 9 points for this Project.
 4. **Research and Development Facilities (25 points).** The Applicant has verified that it has a facility located in California that performs research and development functions related to satellite and component parts production.
 5. **Industry Cluster (40 points).** The industry associated with this Application has been identified by the Harvard Business School Institute for Strategy and Competitiveness as an industry cluster of the region of the Project's location.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant represents the Project will require permits including plan check and building permits from the City of El Segundo; electrical, mechanical, and plumbing permits; and fire sprinkler permits from El Segundo Fire Department, all of which the Applicant anticipates receiving by February 2016.

Agenda Item – 4.A.2
Resolution No. 15-SM020
Application No. 15-SM020

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 CAEATFA Regulations,⁴ the Applicant has paid CAEATFA an Application Fee of \$2,217 and will pay CAEATFA an Administrative Fee of up to \$17,138.69.

RECOMMENDATION

Staff recommends approval of Resolution No. 15-SM020 for Millennium Space Systems, Inc.'s purchase of Qualified Property in an amount not to exceed \$4,284,672 anticipated to result in an approximate sales and use tax exclusion value of \$360,769.

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER
REGULATORY AGREEMENT WITH MILLENNIUM SPACE SYSTEMS, INC.**

December 15, 2015

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of Millennium Space Systems, Inc. (the “Applicant”), for financial assistance in the form of a master regulatory agreement (the “Agreement”) regarding tangible personal property 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 has requested the Authority to enter into the Agreement to acquire Project equipment with an estimated cost not to exceed \$4,284,672 over a period of three years; 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 the Agreement and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority to execute the necessary documents to effectuate the Agreement is now sought;

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

Section 1. The Project constitutes a “project” within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The requested master 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, Deputy 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 Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

Agenda Item – 4.E.1

Agenda Item – 4.A.2
Resolution No. 15-SM020
Application No. 15-SM020

Section 5. The proposed form of the Agreement between the Applicant and the Authority, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Applicant the Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same may require or approve, and with particular information inserted therein in substantial conformance with the staff summary and in the Applicant's Application to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Agreement, the obligations of the Applicant may, under some circumstances, 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 a advisable in order to consummate the Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall assure CAEATFA that all Qualified Property listed in the semi-annual reports pursuant to the Agreement shall be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Agreement shall only apply to Qualified Property that the Applicant certifies will be installed, maintained and operated at facilities within the State of California.

Section 9. The adoption by the Authority of this Resolution for the Applicant shall not be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project or 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, as defined in CAEATFA Regulations Section 10035(a), is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty days if necessary.