

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

***Consideration of nanoPrecision Products, Inc.’s Request to Approve a Time Extension for the  
Three Year Term of the Master Regulatory Agreement<sup>1</sup>***

**nanoPrecision Products, Inc.  
Application No. 14-SM009**

**Tuesday, December 18, 2018**

Prepared By: *Xee Moua, Analyst*

**SUMMARY**

**Applicant** – nanoPrecision Products, Inc.

**Location** – El Segundo, Los Angeles County and Camarillo, Ventura County

**Industry** – Optical Ferrule Manufacturing

**Project** – New Optical Ferrule Manufacturing Line (Advanced Manufacturing)

**Value of Qualified Property** – \$7,963,972

**Estimated Sales and Use Tax Exclusion Amount<sup>2</sup>** – \$670,566

**Amount of Time Requested** –

- One year, until December 19, 2019, for the Term of the Master Regulatory Agreement (five years and four months from the date of initial CAEATFA Board approval)

**REQUEST**

On August 19, 2014, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for nanoPrecision Products (“nanoPrecision” or the “Applicant”) for the purchase of \$7,963,972 of Qualified Property for the construction of a new manufacturing line that will utilize advanced materials and high-precision tools to manufacture optical ferrules (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 extended by the Board upon a finding that an extension is in the public interest and advances the purposes of the program.<sup>3</sup>

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

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

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

On August 15, 2017, the CAEATFA Board approved the Applicant for an extension of the initial term of the Agreement from its original expiration date of August 19, 2017 to December 19, 2018 to accommodate Project delays related to technical issues. The Project experienced issues with its stamping manufacturing process, leading to delays with transitioning into the production stage and producing qualified parts. Although nanoPrecision stated it was able to produce some qualified parts in June 2017, it also anticipated facing long lead times for future equipment purchases, with subsequent installation plans extending its timeline even further. Additionally, the Applicant indicated relying on sales to reach a specific target before it could procure other production lines.

As of July 31, 2018, nanoPrecision has used the STE to purchase \$5,049,657 of Qualified Property (63% of the total Qualified Property approved). nanoPrecision is now requesting to extend the Agreement's initial term by one additional year to accommodate financial and technical issues, which resulted in the reorganization of its business plan. Initially the Applicant had anticipated producing four different products under its nanoBench Product line: 1) The Ferrollder, 2) The FootballFerrule, 3) The Micro Optical Bench ("MOB"), and 4) Multi-Layer Packages. nanoPrecision attempted to establish the pilot production line for the Ferrollder and FootballFerrule products but various technical issues arose, which affected its ability to secure funding in Q1 2018, causing the Applicant to shift its focus exclusively to the MOB and Multi-Layer Package products at this time.

According to nanoPrecision, it has conducted a product study for its private business investor to convey that its business shift is feasible and ensure the same setbacks will not reoccur; which has been accepted. nanoPrecision represents a one-year extension will help scale up its current production line, and provide sufficient time to fine tune its products and make equipment purchases for the MOB and Multi-Layer Packages during this phase.

### **About the Applicant**

nanoPrecision Products, Inc. was incorporated in 2002 in the State of Delaware. nanoPrecision uses complex material forming with nanometer accuracies and tolerances to manufacture complex, nano-scale components. nanoPrecision's markets include telecommunications, data communications, military and aerospace, consumer electronics, medical devices, automobiles, and supercomputers.

### **Project Description**

nanoPrecision is in the process of developing a new manufacturing line that will utilize advanced materials and high-precision tools to manufacture optical ferrules (the "Project"). Optical ferrules are used to terminate optical fibers onto optical cables that allow for the fiber to be connected to another interface. Optical ferrules must be manufactured accurately since they align optical fibers to facilitate optimum physical contact between each mated fiber pair.

nanoPrecision's optical ferrule manufacturing process represents a breakthrough of the current industry standard, according to the Applicant. Traditionally, optical ferrules use a ceramic base that is aligned and glued together with the optical fiber using epoxy, which has to be cured with a

heat treatment. The alignment and gluing are normally completed manually by optical ferrule manufacturers. nanoPrecision has eliminated these steps in its manufacturing process by using ultra-high precision metal forming and laser end face polishing.

The Applicant claims its process will result in a higher quality end product than the traditional process used to manufacture ceramic optical ferrules. With ceramic optical ferrules, a customer will only be able to use some of the ferrules since many will not meet the user's requirements. With nanoPrecision's optical ferrules, essentially all of the ferrules will meet or exceed the user's requirements.

Additionally, by using metal instead of ceramic, nanoPrecision will use less energy to manufacture its optical ferrule. Ceramic ferrules need a sintering process at 2,715° C, whereas metal ferrules are produced at a melting point of 1,650° C.

### **Agreement Term Extension Request**

nanoPrecision has requested that the initial term of the Agreement be extended from December 19, 2018 to December 19, 2019 to accommodate financial and technical delays that have pushed out the Project timeline.

### **Staff Evaluation**

nanoPrecision has indicated that although their Project experienced technical and financial delays, it has made the proper adjustments to its business plans to ensure success. The Company has informed staff that its CEO has been soliciting and engaging with customers to gauge business interest and form developmental partnerships. The Applicant also states its technical team has been able to produce quality parts at sample rates and is working towards an increase in production. Furthermore, since the Applicant is focusing on two of its simpler products at this time, it believes the production process will be more efficient. The Applicant anticipates fine tuning the production process for its first two products by the end of this year and scaling production through June 2019, after which the Applicant will begin purchases for mass production. 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,<sup>4</sup> 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.

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

**RECOMMENDATION**

Staff recommends that the Board approve nanoPrecision Products, Inc.’s request to extend the initial term of the Agreement by one additional year to December 19, 2019 as it is in the public interest and advances the purpose of the program.

**Attachments**

Attachment A: nanoPrecision Products Inc.’s letter requesting waiver (November 18, 2018)

Attachment B: nanoPrecision Products Inc.’s staff summary at the time of approval

**RESOLUTION APPROVING A TIME EXTENSION FOR  
NANOPRECISION PRODUCTS, INC.’S INITIAL TERM FOR  
THE MASTER REGULATORY AGREEMENT**

**December 18, 2018**

WHEREAS, on August 19, 2014 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 \$7,963,972 of Qualified Property for **nanoPrecision Products, 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 had 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 one year and four months to December 19, 2018; and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property within four years and four months, due to technical and financial delays, and requests extension of the term from December 19, 2018 to December 19, 2019; 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 19, 2019.

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

**Attachment A: nanoPrecision Products, Inc.'s Letter Requesting Waiver (November 18, 2018)**



**Liz Lee**  
*Chief Financial Officer*  
Phone: 310-597-4991, ext 250  
llee@nanoprecision.com

November 18, 2018

Attn: CAEATFA Program Office  
915 Capital Mall  
Sacramento, CA 95814  
caeatfa@treasurer.ca.gov

Re: Sales and Use Tax Exclusion Program – Request Waiver for a Time Extension of Purchase Requirement

Dear Sir or Madam,

I am writing to request a time extension for the purchase requirements of nanoPrecision Products' (nPP) California Alternative Energy and Advanced Transportation Financing Authority Sales and Use Tax Exclusion program for the facility located at 802 Calle Plano, Camarillo CA 93012.

nanoPrecision Products would like to request an additional extension of 12 months, expiring December 19, 2019, to allow time to purchase the remaining qualified property. Earlier this year, nPP experienced some financial and technical setbacks that severely impacted our company and resulted in a drastic reorganization. We are now re-establishing our operating rhythm and have a business plan for moving forward which I will detail for you, but before that, please allow me to elaborate on the situation that occurred earlier this year.

nPP was established primarily as a research & development (R&D) company with plans to establish a manufacturing capability for the following products: Ferrolider, FootballFerrule, Micro Optical Bench (MOB) and Multi-Layer Packages. As an R&D organization, we rely heavily on funds from our investors and our engineering service contracts with various Government entities. Over the years, nPP has tried to establish the pilot production line for the Ferrolider and FootballFerrule products as the first priority. During this time, various technical issues arose that delayed progress to begin production. In the 1<sup>st</sup> quarter of 2018, the technical issues and delayed progress became an issue for nPP when trying to secure additional funding. Due to the lack of funding, we had a major reorganization and shifted our focus to the MOB and Multi-Layer Packages.

802 Calle Plano, Camarillo, CA 93012 • Phone: (310) 597-4991

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Currently, nPP is funded by a private investor who has contributed to our organization in the past. As a condition to the continued investment, nPP has had to do a product feasibility study to prove the new product-line is feasible and will not experience the same setbacks at the previous product lines. The current team has been able to show positive results from this feasibility study and the investor committed to continuing investments provided there is market validation and a production plan in place. We are currently working on this market validation and production plan.

Over the past couple of months, our CEO, Ryan Vallance has been focused on meeting with various customers to gauge their interest on the product and/or establish a developmental partnership. Every customer he has met with has express interest, and we are making progress with each customer on moving forward. Our first quotation has been submitted to a customer. Additionally, the technical team at nPP has been able to produce quality parts at sample rates and is now working on tuning the process for an increase in production rate. So far, they have not experienced the technical issues that were present in the previous production lines. This is because the product is simpler, materials are different, and the production process is more efficient.

With regards to the 12-month extension from December 2018 to December 2019, nPP would like to use the time as follows:


- Oct – Dec 2018, Establish and fine tune the production process to begin production.
- Jan – Jun 2019, Scale up production to fully utilize the current equipment and begin purchasing equipment to set up second production line.
- Jul – Dec 2019, Begin to purchase equipment setup a third production line for mass production.

There are several reasons nPP is planning on waiting for a short period of time prior to purchasing additional equipment, but the primary two are: 1) Without the sales, we would not have working capital needed for the additional purchases. 2) The additional equipment will have a major impact to our operations that can be disruptive in the current stage.

Presently, the remaining balance available for qualified purchases is approximately \$4.3M, which is 40% of the original agreement of \$7.97M. We plan on making our purchases in three rounds, Q1-2019, Q2-2019, and Q4-2019. The first round, estimated spend would be approximately \$800K, while the second and third would be approximately \$1.75M each, totaling \$4.3M.

As a small R&D company, the acceptance into this Sales Tax Exclusion program has been extremely helpful and beneficial to the continued operation of nPP. We hope to be able to continue in this program. I thank the Board for their consideration of nPP's request for a time extension

Kind Regards,

  
Liz Lee

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**Attachment B: nanoPrecision Products, Inc.’s staff summary at the Time of Approval**

**Agenda Item – 4.A.1  
Resolution No. 14-SM009  
Application No. 14-SM009**

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

*Request to Approve Project for Sales and Use Tax Exclusion (STE)<sup>1</sup>*

**nanoPrecision Products, Inc.  
Application No. 14-SM009**

**Tuesday, August 19, 2014**

Prepared By: *Alejandro Ruiz*

**SUMMARY**

**Applicant** – nanoPrecision Products, Inc.

**Location** – El Segundo, Los Angeles County and Camarillo, Ventura County

**Industry** – Optical Ferrule Manufacturing

**Project** – New Manufacturing Line (Advanced Manufacturing)

**Value of Qualified Property** – \$7,963,972

**Estimated Sales and Use Tax Exclusion Amount<sup>2</sup>** – \$670,566

**Application Score** –

Fiscal Benefits Points:	1,253
<u>Environmental Benefits Points:</u>	<u>40</u>
<b>Net Benefits Score:</b>	<b>1,293</b>
 <u>Additional Benefits Points:</u>	 <u>96</u>
<b>Total Score:</b>	<b>1,389</b>

**Staff Recommendation** – Approval

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



**THE APPLICANT**

nanoPrecision Products, Inc. (“nanoPrecision” or the “Applicant”) was incorporated in 2002 in the State of Delaware. nanoPrecision uses complex material forming with nanometer accuracies and tolerances to manufacture complex, nano-scale components. nanoPrecision’s markets include telecommunications, data communications, military and aerospace, consumer electronics, medical devices, automobiles and supercomputers.

The major shareholders (10.0% or greater) of nanoPrecision Products, Inc. are:  
Easton Invest AG

The corporate officers of nanoPrecision Products, Inc. are:  
Wilford Dean Baker, Chairman  
Michael K. Barnoski, President & CEO  
Joshua Mendelsohn, Treasurer

**THE PROJECT**

nanoPrecision is in the process of developing a new manufacturing line that will utilize advanced materials and high-precision tools to manufacture optical ferrules (the “Project”). Optical ferrules are used to terminate optical fibers onto optical cables that allow for the fiber to be connected to another interface. Optical ferrules must be manufactured accurately since they align optical fibers to facilitate optimum physical contact between each mated fiber pair.

nanoPrecision’s optical ferrule manufacturing process represents a breakthrough of the current industry standard, according to the Applicant. Traditionally, optical ferrules use a ceramic base that is aligned and glued together with the optical fiber using epoxy, which has to be cured with a heat treatment. The alignment and gluing are normally completed manually by optical ferrule manufacturers. nanoPrecision has eliminated these steps in its manufacturing process by using ultra-high precision metal forming and laser end face polishing.

The Applicant claims its process will result in a higher quality end product than the traditional process used to manufacture ceramic optical ferrules. With ceramic optical ferrules, a customer will only be able to use some of the ferrules since many will not meet the user’s requirements. With nanoPrecision’s optical ferrules, essentially all of the ferrules will meet or exceed the user’s requirements.

Additionally, by using metal instead of ceramic, nanoPrecision will use less energy to manufacture its optical ferrule. Ceramic ferrules need a sintering process at 2,715° C, whereas metal ferrules are produced at a melting point of 1,650° C.

Agenda Item – 4.A.1  
Resolution No. 14-SM009  
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Figure 1. From left to right, single fiber metallic ferrule connector, “Ferrolider,” 12 fiber metallic ferrule connector and hermetic fiber optic subassembly.



#### ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Vision Inspection System	\$ 34,658
Motorized Stock	175,012
Press	2,097,070
Ultrasonic Cleaner	129,146
Rectifier	420,000
Reflectometer	20,000
Anodization Line	740,396
Manufacturing Line – Servo, Press, Automated Robotic Arms, and Control Systems	1,043,008
Cleanroom	144,998
Precision Tooling and Measuring	2,254,794
Tooling and Support Parts	904,890
<b>Total</b>	<b><u>\$7,963,972</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 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 began acquisition of Qualified Property in October 2013 and plans to begin production in September or October 2014.

**PROJECT EVALUATION**

**NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated to be \$7,963,972 and the total net benefits are valued at \$169,514 for the Project. The Project received a Total Score of 1,389 points, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 40 points, which exceeds the 20 point threshold.

- A. **Fiscal Benefits (1,253 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 \$840,081 resulting in a Fiscal Benefits score of 1,253 points for the Project.
- B. **Environmental Benefits (40 points).** The Project will result in an Environmental Benefits Score of 40. The Applicant received points in the following categories:
  1. **Environmental Sustainability Plan (20 of 20 points).** The Applicant will implement an environmental sustainability plan for its Project that will track energy use and solid and hazardous waste generated. The Applicant will set initiatives to reduce resource use.
  2. **Energy Consumption (10 of 30 points).** The Applicant's manufacturing process will result in a 10% reduction in energy consumption relative to the industry standard manufacturing process.
  3. **Solid Waste (10 of 30 points).** The Applicant's manufacturing process will result in a 10% reduction in solid waste produced relative to the industry standard manufacturing process.
- C. **Additional Benefits (96 points).** Applicants may earn additional points for their Total Score. The applicant submitted information and received 96 additional points.
  1. **Permanent Jobs (40 of 75 points).** The Applicant's Project will support a total of 40 permanent jobs at its Facility. CAEATFA estimates that approximately three of these jobs will be attributable to a marginal increase in

**Agenda Item – 4.A.1  
Resolution No. 14-SM009  
Application No. 14-SM009**

jobs created due to the approved STE resulting in a Permanent Jobs Score of 40 points for the Project.

2. **Construction Jobs (20 of 75 points).** The Applicant's Project will support a total of ten construction jobs at its Facility. CAEATFA estimates that approximately one 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 20 points for the Project.
3. **Unemployment (11 of 50 points).** The Applicant's Project is located in Los Angeles County which has an average annual unemployment rate of 10%. This is above 110% of the average annual statewide unemployment rate which is currently 8.8% resulting in an Unemployment Score of 11 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 metal forming and stamping.

**STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

The Applicant has all required permits.

**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,<sup>3</sup> the Applicant has paid CAEATFA an Application Fee of \$3,981.99 and will pay CAEATFA an Administrative Fee of up to \$31,855.88.

**RECOMMENDATION**

Staff recommends approval of Resolution No. 14-SM009 for nanoPrecision Products, Inc.'s purchase of Qualified Property in an amount not to exceed \$7,963,972 anticipated to result in an approximate sales and use tax exclusion value of \$670,566.

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<sup>3</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER  
REGULATORY AGREEMENT WITH THE NANOPRECISION PRODUCTS, INC.**

August 19, 2014

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **nanoPrecision Products, 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 \$7,963,972 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.B.1**

### **Agenda Item – 4.A.1 Resolution No. 14-SM009 Application No. 14-SM009**

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 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.