

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

Consideration of Cummins Electrified Power NA, Inc.’s Request to Amend Resolution 15-SM006 to Change the Participating Party from Efficient Drivetrains, Inc. to Cummins Electrified Power NA, Inc. and to Approve a Time Extension for the Initial Term of the Master Regulatory Agreement¹

**Cummins Electrified Power NA, Inc.
Application No. 15-SM006**

Tuesday, March 19, 2019

Prepared By: *Matthew Parsons, Program Analyst*

SUMMARY

Applicant – Cummins Electrified Power NA, Inc. (previously applied as Efficient Drivetrains, Inc.)

Location – Milpitas, Santa Clara County and Dixon, Solano County

Industry – Electric Vehicle Drivetrain Manufacturing

Project – Expansion of Electric Vehicle Drivetrain Manufacturing Facility

Value of Qualified Property – \$5,008,800

Estimated Sales and Use Tax Exclusion Amount² – \$421,741

Amount of Time Requested –

- Six months, until September 30, 2019, for the Initial Term of the Master Regulatory Agreement (four years, three months, and fifteen days from the date of initial CAEATFA Board approval)

REQUEST

In June 2015, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Efficient Drivetrains, Inc. (“EDI”) for the purchase of \$5,008,800 of Qualified Property to expand its electric drivetrain manufacturing operations by opening a new 30,000 square foot facility in Milpitas that will manufacture drive and powertrain components for light, medium, and heavy-duty alternative fuel vehicles (the “Project”). The Master Regulatory Agreement (“Agreement”) initial term provided EDI with three years from the date of Board Approval to utilize its STE

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 at the time of award which was 8.42%.

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.³

On May 15, 2018, the CAEATFA Board approved EDI for a nine-month and fifteen-day extension of the initial term of the Agreement from its original expiration date of June 16, 2018 to accommodate Project delays related to funding issues. EDI stated that the Project lost a large investor and the decrease in funding slowed progress significantly. EDI represented that in 2017 it worked to find replacement investors and was able to do so in August of 2018. With funding issues addressed, EDI represented that it was ready to move ahead with the remaining purchases with a timeline to obtain all remaining Qualified Property by Q1 of 2019, particularly in light of the timeline for a grant received from the California Energy Commission, which runs through March 31, 2019.

In August of 2018, an acquisition took place merging CEPNA Holdco, Inc. and EDI as Cummins Electrified Power NA, Inc. (“Cummins” or the “Applicant”). The Applicant is requesting the STE award granted to EDI be transferred to Cummins and is requesting an extension of the Agreement initial term by six months (until September 30, 2019) to accommodate delays in purchasing.

As of February 2019, the Applicant has reported purchases of \$1,169,308.46 of Qualified Property (23% of the total Qualified Property approved), and according to Cummins, the remainder of the Qualified Property will be ordered by the end of March 2019. Although the Applicant anticipates all costs will be incurred by March 31st, because of long lead times, some equipment will not be received until June 30, 2019. Therefore, Cummins is requesting an extension of the Agreement initial term by an additional six months to ensure all Qualified Property is purchased, received, and processed before the end of the initial term.

About the Applicant

Cummins Electrified Power NA, Inc., a Delaware Corporation, is a wholly-owned subsidiary of Cummins, Inc., a publicly traded corporation under the symbol CMI. Cummins was established to design and manufacture plug-in hybrid electric vehicles and electric drivetrains in California.

The corporate officers of Cummins are:

Tom Linebarger, CEO
Pat Ward, CFO
Mark Sifferlen, Treasurer

Project Description

Cummins plans to expand its electric drivetrain manufacturing operations by opening a new 30,000 square foot facility in Milpitas that will manufacture drive and powertrain components for light, medium, and heavy-duty alternative fuel vehicles. Cummins’ range of products includes prototype and production drivetrains, demonstration/proof of concept vehicles, master

³ 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).

software, clutching systems and controls, continuously variable transmission technology, battery modules, electric motors, and charging systems.

The expansion will allow the Applicant to meet demand among existing US customers, including PG&E, Siemens, Moore Fans, Duke Energy, VanDyne, Toyota, Ford, GreenKraft, Ankai, Shaanxi Automotive, and others. The facility will also allow the Applicant to accelerate manufacturing for export to committed, strategic global partners in China, Canada, India and Taiwan. According to the Applicant, the facility will be one of the largest of its type in the United States. Cummins also operates its “North American Hybrid and Electric Vehicle Support Center” in Dixon, California. Both facilities are engaged in the manufacture, testing, and demonstration of electric drivetrain technology. The Qualified Property is anticipated to be located at the Milpitas facility, though some transfer between the two facilities may be possible, as they are engaged in producing the same qualified products.

Agreement Term Extension Request

Cummins has requested that the initial term of the Agreement be extended from March 31, 2019 to September 30, 2019 to accommodate purchasing delays which have pushed out the Project timeline.

Staff Evaluation

Although the Project initially experienced delays after financing fell through, this no longer an issue with necessary funding in place after the acquisition by Cummins. The Applicant represents the purchasing of Qualified Property is on schedule, and orders have been placed or will be by the end of March. 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 has paid an additional fee of \$500 because extending the initial term and transferring the award from EDI to Cummins requires a modification to the Applicant’s Master Regulatory Agreement.

LEGAL STATUS QUESTIONNAIRE

Staff reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Extension. 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 the Board approve Cummins Electrified Power NA, Inc.’s request to amend Resolution 15-SM006 to change all references of Efficient Drivetrains to Cummins Electrified Power NA, Inc. to reflect Cummins Electrified Power NA, Inc.’s assumption of rights and responsibilities for the Project approved by the CAEATFA Board on June 16, 2015, and to extend the initial term of the Agreement by six months to September 30, 2019, as it is in the public interest and advances the purpose of the program.

Attachments

- Attachment A: Cummins Electrified Power NA, Inc.’s letter requesting extension and award transfer (February 7, 2019)
- Attachment B: Efficient Drivetrains, Inc.’s staff summary at the time of approval

**RESOLUTION AMENDING RESOLUTION NO. 15-SM006 TO APPROVE AND
AUTHORIZE TRANSFER OF SALES AND USE TAX EXCLUSION
FROM EFFICIENT DRIVETRAINS TO CUMMINS ELECTRIFIED POWER NA, INC.
AND APPROVING A TIME EXTENSION FOR THE INITIAL TERM FOR THE
MASTER REGULATORY AGREEMENT**

March 19, 2019

WHEREAS, on June 16, 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 \$5,008,800 of Qualified Property for **Efficient Drivetrains, Inc.** (the “Applicant”); and

WHEREAS, the Project has not been modified since the Authority approved Financial Assistance for Efficient Drivetrains, Inc. on June 16, 2015; and

WHEREAS, the Applicant has merged with CEPNA Holdco Inc. and a new entity was created Cummins Electrified Power NA Inc.; and

WHEREAS, Cummins Electrified Power NA, Inc. has the authority and responsibility to complete the Project as described in the Application; and

WHEREAS, approval for amending the resolution is sought; 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 initially requested and received 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 timeline by nine months and fifteen days to March 31, 2019; and

WHEREAS, the Applicant has now requested a waiver of the requirement to purchase all of the Qualified Property within three years, nine months, and fifteen days, due to delayed purchasing timelines, extending the term by six months to September 30, 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:

Agenda Item – 4.B
Application No. 15-SM006

Section 1. The June 16, 2015 Efficient Drivetrains, Inc. Resolution No. 15-SM006 is amended to replace all occurrences of “Efficient Drivetrains, Inc.” with “Cummins Electrified Power NA, Inc.”

Section 2. 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 September 30, 2019.

Section 3. Except as specifically amended in Sections 1 and 2 hereof, all provisions and conditions of the June 16, 2015 Efficient Drivetrains, Inc. Resolution No. 15-SM006 shall remain unchanged and in full force and effect.

Section 4. This resolution shall take effect immediately upon its passage.

Attachment A: Cummins Electrified Power NA, Inc.'s Letter Requesting Extension and Name Change (February 7, 2019)



February 7, 2019

Deana J. Carrillo
Executive Director
California Alternative Energy and Advanced Transportation Financing Authority
915 Capitol Mall
Sacramento, CA 95814

**Re: Request for a Time Extension of Cummins Electrified Power NA Inc.
CAEATFA Project**

Dear Ms. Carrillo,

Cummins Electrified Power NA Inc. (CEP-NA) would like to respectfully request a no cost time extension of its CAEATFA project to expand its advanced vehicle manufacturing facilities in California from March 31, 2019 to September 30, 2019.

Below, please find the anticipated schedule for purchasing the remainder of qualified property.

	Total QP Purchases Q1 2019	Total QP Purchases Q2 2019
Total Qualified Property	\$2,300,000	\$1,250,000

On August 16th, 2018, Cummins Inc. (Cummins) acquired Silicon Valley-based Efficient Drivetrains, Inc.. While Efficient Drivetrains, Inc. (EDI) is the surviving entity that was acquired, the official name has been changed to Cummins Electrified Power NA Inc. (CEP-NA) as indicated in the attached Certificate of Merger. The headquarters of the business will remain at 1181 Cadillac Court, Milpitas, CA 95035. Cummins can provide the following to demonstrate that the acquisition and name change are in accordance with applicable law:

- Purchase agreement,
- EDI member/BoD approval of sale,
- Cummins BoD approval of sale,
- Change of name notice filed in the State,
- The opinion of legal counsel from Cummins Inc. stating that the merger was properly affected under applicable law and the effective date of the purchase.

The addition of EDI to the Cummins portfolio is the latest step forward in Cummins' efforts to become a global electrified power leader. CEP-NA is a critical component of Cummins' Electrified Power Business Unit and will continue to design, test, improve, enhance and manufacture PHEV and EV drivetrains in California. Cummins' goal over the next three years is to successfully commercialize EDI's PHEV and EV drivetrain

Cummins Electrified Power NA, Inc.
1181 Cadillac Court
Milpitas, CA 95035
cummins.com



product line, starting with the PowerDrive 7000ev drivetrain system that is currently sold to Blue Bird and Thomas Built Bus for Type C and D school buses.

The no-cost time extension of CEP-NA CAEATFA Project is necessary to guarantee the successful completion of the project and will allow for sufficient time to submit all the necessary paperwork, complete all the required reporting and properly close out the project with the State. Cummins is investing significant resources in California through CEP-NA and all the remainder qualified property is already on order or about to be ordered within the next seven weeks. It is expected that all costs will be incurred before March 31, 2019. However, some qualified property with long lead times will not be received until June 30, 2019. Extending the project will allow for all qualified property to be purchased, received and properly documented.

With the backing of Cummins, a Fortune 500 company, CEP-NA has the necessary funding to purchase the remainder of qualified property and accelerate its growth. In addition, CEP-NA is the recipient of a California Energy Commission grant (Grant Number: ARV-14-047) to develop, set-up, commission, and operate a manufacturing facility. The period of performance for this grant runs through March 31, 2019 and it is critical for CEP-NA to complete this grant within the remaining timeframe. Under the terms of this grant, all costs have to be incurred during the term of the agreement and all equipment has to have been received before the liquidation of the grant funding on June 30, 2019. Lastly, CEP-NA is experiencing strong growth and requires all of the remaining qualified property to successfully fulfill large orders in time and with the quality required by our customers. CEP-NA has secured beachhead relationships with major truck and bus OEMs including Blue Bird Corp., Thomas Built Bus, Freightliner, Freightliner Custom Chassis, and more that have positioned the organization for growth in the coming years.

On behalf of Cummins, I would like to thank you for your consideration in approving this time extension. If you have any questions regarding this request, please contact me at (408) 273-3540 (408) 439-3865 or joerg.ferchau@cummins.com.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Joerg Ferchau'.

Joerg Ferchau
General Manager, Systems Group, Electrified Power Business Unit
Cummins Inc.

Cummins Electrified Power NA, Inc.
1181 Cadillac Court
Milpitas, CA 95035
cummins.com

Attachment B: Efficient Drivetrains, Inc.’s Staff Summary at the Time of Approval

**Agenda Item – 4.A.3
Resolution No. 15-SM006
Application No. 15-SM006**

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

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

**Efficient Drivetrains, Inc.
Application No. 15-SM006**

June 16, 2015

Prepared By: *James Shimp*

SUMMARY

Applicant – Efficient Drivetrains, Inc.

Location – Milpitas, Santa Clara County and Dixon, Solano County

Industry – Electric Vehicle Drivetrain Manufacturing

Project – Expansion of Electric Vehicle Drivetrain Manufacturing Facility

Value of Qualified Property – \$5,008,800

Estimated Sales and Use Tax Exclusion Amount² – \$421,741

Estimated Net Benefits – \$1,983,797

Application Score³ –

Fiscal Benefits Points:	2,302
<u>Environmental Benefits Points:</u>	<u>3,401</u>
Net Benefits Score:	5,704
 <u>Additional Benefits Points:</u>	 <u>90</u>
Total Score:	5,794

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.

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THE APPLICANT

Efficient Drivetrains, Inc. (“EDI” or the “Applicant”) was founded in April 2006 as a Research and Development Partnership with the University of California, Davis Hybrid Electric Vehicle Center. EDI develops, manufactures, and markets a range of proprietary drivetrain products and technologies for direct application in zero emission vehicles (ZEVs), including battery electric vehicles (BEVs), zero emission electric vehicles with range extension capabilities, and plug in hybrid electric vehicles (PHEVs).

The major shareholders (10.0% or greater) of Efficient Drivetrains, Inc. are:
Joerg Ferchau, 17%
Andy Frank, 18%
Stuart Kaler, 11.4%

The corporate officers of Efficient Drivetrains, Inc. are:
Joerg Ferchau, Chief Executive Officer
Andrew A Frank, Treasurer and Chief Financial Officer
Laurie A Miller, Vice President and Secretary

THE PROJECT

EDI plans to expand its electric drivetrain manufacturing operations by opening a new 30,000 square foot facility in Milpitas that will manufacture drive and powertrain components for light, medium and heavy-duty alternative fuel vehicles (the “Project”). EDI’s range of products includes prototype and production drivetrains, demonstration/proof of concept vehicles, master software, clutching systems and controls, continuously variable transmission technology, battery modules, electric motors, and charging systems.

The expansion will allow the Applicant to meet demand among existing US customers, including PG&E, Siemens, Moore Fans, Duke Energy, VanDyne, Toyota, Ford, GreenKraft, Ankai, Shaanxi Automotive, and others. The facility will also allow the Applicant to accelerate manufacturing for export to committed, strategic global partners in China, Canada, India and Taiwan. According to the Applicant, the facility will be one of the largest of its type in the United States. EDI also operates its “North American Hybrid and Electric Vehicle Support Center” in Dixon, California. Both facilities are engaged in the manufacture, testing, and demonstration of electric drivetrain technology. The Qualified Property is anticipated to be located at the Milpitas facility, though some transfer between the two facilities may be possible, as they are engaged in producing the same qualified products.

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ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

MIG (Metal Inert Gas) Welder	\$	20,000
CNC(Computer Numerical Control) Mill for machining		60,000
Lathe		20,000
CMM (Coordinate Measuring Machine) Measuring Tool		15,000
Automotive Tool Sets and Equipment		196,000
High Voltage Equipment		30,000
Power Infrastructure Equipment		20,000
Machine Foundations		20,000
Safety Equipment		10,000
Dyno (Dynamometer) Cell		50,000
Equipment Shelve		40,000
Battery Storage		40,000
Hazard Material Storage		20,000
Office Equipment		40,000
Redundant Server Infrastructure		30,000
4 Wheel Drive Chassis Dyno 1000 kw		604,800
Drivetrain Dynamometer		800,000
Vehicle Lift-Light Duty		60,000
Vehicle Lift-Post Heavy Duty		180,000
Overhead Crane		80,000
Emission Test Equipment		208,000
Fork Lift		60,000
Equipment Transport (TRUCK)		342,000
Transmission Dynamometer		390,000
Battery Test Equipment		800,000
Drivetrain Installation Equipment		16,000
Movable Cranes		3,000
Compressed Air Supply Equipment		57,000
CAD (Computer Aided Design) Software		150,000
Engineering Analysis Equipment and Tools		255,000
Simulation Equipment and Tools		100,000
ERP (Enterprise Resource Planning) Software (Software)		185,000
Building Controls		7,000
Building Way-Finding Equipment		100,000
	\$	<u>5,008,800</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

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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

EDI plans to complete installation and commissioning of all equipment at the new facility by November 2016.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated to be \$5,008,800 and the total net benefits are valued at \$1,983,797 for the Project. The Project received a Total Score of 5,884 points, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 3,401 points, which exceeds the 100 point threshold.

- A. **Fiscal Benefits (2,302 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 \$970,990 resulting in a Fiscal Benefits score of 2,302 points for the Project.
- B. **Environmental Benefits (3,401 points).** The Project will result in \$1,434,548 of total pollution benefits over the life of the Facility resulting in an Environmental Benefits Score of 3,401 points for the Project. These benefits derive from the manufacturing of electric vehicles since these vehicles deliver a net reduction in energy consumption and CO2 emissions relative to a comparable gasoline powered vehicle.
- C. **Additional Benefits (90 points).** Applicants may earn additional points for their Total Score. The applicant submitted information and received 180 additional points.
 1. **Permanent Jobs (55 of 75 points).** The Applicant's Project will support a total of 49 permanent jobs at its Facility. CAEATFA estimates that approximately three 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 55 points for the Project.
 2. **Construction Jobs (20 of 75 points).** The Applicant's Project will support a total of eight 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.

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- 3. Non-CA Environmental Benefits (15 of 40 points).** The Applicant's total value of out-of-state non-greenhouse gas pollution benefits are valued at \$12,851 resulting in a Non-CA Environmental Benefits Score of 15 points for the Project.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

EDI has all required permits for the project.

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, the Applicant has paid CAEATFA an Application Fee of \$2,504.40 and will pay CAEATFA an Administrative Fee up to \$20,035.20.⁴

RECOMMENDATION

Staff recommends approval of Resolution No. 15-SM006 for Efficient Drivetrains, Inc.'s purchase of Qualified Property in an amount not to exceed \$5,008,800 anticipated to result in an approximate sales and use tax exclusion value of \$421,741.

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

Agenda Item – 4.A.3
Resolution No. 15-SM006
Application No. 15-SM006

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER
REGULATORY AGREEMENT WITH EFFICIENT DRIVETRAINS, INC.**

June 16, 2015

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Efficient Drivetrains, 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 \$5,008,800 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.

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Application No. 15-SM006**

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.