

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

***Consideration of Organic Energy Solutions, LLC’s Request to Amend Resolution 17-SM023  
to Change the Participating Party from Organic Energy Solutions, Inc. to Organic Energy  
Solutions, LLC and to Approve a Time Extension for the Initial Term of the Master  
Regulatory Agreement<sup>1</sup>***

**Organic Energy Solutions, LLC  
Application No. 17-SM023**

**Tuesday, June 16, 2020**

Prepared By: *Stefani Carruth, Program Analyst*

**SUMMARY**

**Applicant** – Organic Energy Solutions, LLC (previously applied as Organic Energy Solutions, Inc.)

**Location** – San Bernardino, San Bernardino County

**Industry** – Biomass Processing and Fuel Production

**Project** – New Biomass Processing and Fuel Production Facility (Alternative Source)

**Total Amount Qualified Property Approved**– \$24,440,000

**Estimated Sales and Use Tax Exclusion Amount at Approval<sup>2</sup>** – \$2,057,848

**Amount of Time Requested** –

- Two years, until June 30, 2022, for the Initial Term of the Master Regulatory Agreement (five years from the date of initial CAEATFA Board approval)

**Staff Recommendation** – Approval

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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 at the time of initial approval, which was 8.42%.

**REQUEST**

On June 20, 2017, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Organic Energy Solutions, Inc. for the purchase of up to \$24,440,000 in Qualified Property to fabricate, construct, and install a renewable energy anaerobic digester in San Bernardino (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.

In January 2019, Organic Energy Solutions, Inc. filed documents with the California Secretary of State to convert from a corporation to a limited liability company, Organic Energy Solutions, LLC (“OES” or the “Applicant”). The Applicant is requesting the STE award granted to Organic Energy Solutions, Inc. be transferred to OES and is requesting an extension of the Agreement initial term by two years to accommodate delays due to the system interconnection that needs to be completed by Southern California Edison (“SCE”), due in part to COVID-19’s impact on SCE’s staff and operations, as well as additional delays due to COVID-19’s impact on OES’s construction and operations.

As of May 11, 2020, OES has used the STE to purchase \$21,383,720 of Qualified Property (87% of the total Qualified Property approved) and began production in December 2019. According to the Applicant, it is working with SCE to complete a system interconnection in order to fully complete the Project. SCE has indicated that this interconnection may not be completed until late in 2020. The Applicant states it remains in close contact with SCE on a weekly basis to stay updated on the status. Additional delays in manufacturing, supply, and contractors are expected due to COVID-19, as well. OES explains that equipment manufacturers and suppliers have had delays due to mandatory shut-downs. The Applicant states it is also experiencing feedstock delivery delays, which are necessary for testing purposes prior to construction completion and ramp up of the Project. Additionally, construction contractors are unable to travel from out of state due to COVID-19; as well, some of those individuals are in the “high risk” category for the virus and are unable to travel for health concerns. However, the Company anticipates it will be able to complete the Project within the two-year extension timeframe.

**THE APPLICANT**

Organic Energy Solutions, LLC is a California limited liability company managed by Resource Recovery Manager, LLC. The Applicant was established to develop the San Bernardino BioDigester.

In April 2015, OES received a \$4,200,000 grant from the California Energy Commission for a demonstration bioenergy project under the Electric Program Investment Charge Program.

The major owners (10.0% or greater) of Organic Energy Solutions, LLC are:

Seaboard Kansas Holdings, Inc.

Resource Recovery Manager, LLC

The major owners (10.0% or greater) of Resource Recovery Manager, LLC are:

Inland Empire Resource Recovery, LLC  
BSR Holding I, LLC

The major owner (10.0% or greater) of Seaboard Kansas Holdings, Inc. is:

Seaboard Corporation

The major owner (10.0% or greater) of BSR Holding I, LLC is:

BioStar Renewables LLC

The major owners (10.0% or greater) of Inland Empire Resource Recovery, LLC are:

The Sergio and Wendy Perez Revocable Trust dated May 30, 2008  
Michael Brown and Mary Lore Brown Revocable Trust dated May 29, 2018

## **THE PROJECT**

OES is fabricating, constructing and installing a renewable energy anaerobic digester in San Bernardino, California. The Project combines heating and process subsystems provided by CleanWorld with Suez’s proprietary anaerobic digestion technology. The facility accepts waste products from the food processing and food services industry, processes the waste in an anaerobic digester system, and uses the resulting biogas to generate useful process heat and renewable electricity. The Applicant projects that the facility will handle up to 300 tons per day of organic waste composed of food industry waste slurries from a pre-existing on-site food waste treatment facility and pre-consumer food wastes, collected by local waste haulers in accordance with SB 1383, California’s mandatory organic waste diversion requirements.

Consistent with CAEATFA policy, the Qualified Property in this Application will be used to manufacture syngas; the Qualified Property also includes a portion of the power generation equipment used to power the facility. The Project’s equipment will consume approximately 59 percent of the total amount of available energy generated from syngas combustion; therefore 59 percent of the power generation equipment is eligible for a sales and use tax exclusion under SB 71. However, 41 percent of the power generation equipment is not included in this Application, as it represents the proportion of available energy in the form of electricity that will be sold to SCE.

## **AGREEMENT INITIAL TERM EXTENSION REQUEST**

OES has requested that the initial term of the Agreement be extended from June 20, 2020 to June 30, 2022 in order to accommodate delays due to the system interconnection that needs to be completed by SCE, as well as additional delays manufacturing, supply, and travel delays due to COVID-19.

## **Staff Evaluation**

OES has purchased approximately 87% of the total \$24,440,000 in Qualifying Property, however SCE needs to complete the system interconnection before the Project can be fully completed.

The Applicant states that it has regular meetings with SCE to track progress of the interconnection, and at this time OES have been advised that it may not be completed until late 2020. COVID-19 and the restrictions associated with the virus have caused delays both for SCE and OES. Once the interconnection is completed by SCE, the Applicant anticipates additional COVID-19 related delays with manufacturers, suppliers and contractors, which Staff recognizes is a reality for all manufacturers at this time. The Company anticipates a two-year extension will provide sufficient time for moving forward and completing the project.

Based on this information, Staff believes 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.

### **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 an additional fee of \$500 because extending the initial term requires a modification to the Applicant’s Master Regulatory Agreement.

### **RECOMMENDATION**

Staff recommends that the Board approve Organic Energy Solutions, LLC’s request to amend Resolution 17-SM023 to change all references of Organic Energy Solutions, Inc. to Organic Energy Solutions, LLC to reflect the Applicant’s conversion to a limited liability company, and to extend the initial term of the Agreement by two years to June 30, 2022 as it is in the public interest and advances the purpose of the program.

### **Attachments**

- Attachment A: Organic Energy Solutions, LLC’s letters requesting waiver (April 10, 2020 and June 4, 2020)
- Attachment B: Organic Energy Solutions, LLC’s staff summary at the time of approval

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

**RESOLUTION AMENDING RESOLUTION NO. 17-SM023 TO APPROVE AND AUTHORIZE TRANSFER OF SALES AND USE TAX EXCLUSION FROM ORGANIC ENERGY SOLUTIONS, INC. TO ORGANIC ENERGY SOLUTIONS, LLC AND APPROVING A TIME EXTENSION FOR THE INITIAL TERM FOR THE MASTER REGULATORY AGREEMENT**

Tuesday, June 16, 2020

WHEREAS, on June 20, 2017 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 \$24,440,000 of Qualified Property for **Organic Energy Solutions, Inc.** (the “Applicant”); and

WHEREAS, the Applicant has converted from a corporation to a limited liability company, Organic Energy Solutions, LLC; and

WHEREAS, Organic Energy Solutions, LLC 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 two 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 June 30, 2022; 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 June 20, 2017 Organic Energy Solutions, Inc. Resolution No. 17-SM023 is amended to replace all occurrences of “Organic Energy Solutions, Inc.” with “Organic Energy Solutions, LLC.”

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 June 30, 2022.

Section 3. Except as specifically amended in Sections 1 and 2 hereof, all provision and conditions of the June 20, 2017 Organic Energy Solutions, Inc. Resolution No. 17-SM023 shall remain unchanged and in full force and effect.

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

Attachment A: Organic Energy Solutions, LLC’s Letters Requesting Waiver (April 10, 2020 and June 4, 2020)



*Organic Energy Solutions*

April 10, 2020

California Alternative Energy and Advanced  
Transportation Financing Authority  
915 Capital Mall  
Sacramento, CA 95814  
Attn: Executive Director  
Via US Mail and email: [caeatfa@sto.ca.gov](mailto:caeatfa@sto.ca.gov)

Re: Organic Energy Solutions

The purpose of this letter is to request an extension of time under that certain Master Regulatory Agreement dated July 20, 2017 between CAEATFA and Organic Energy Solutions (OES). Under the Agreement, OES has 3 years from the approval date of June 20, 2017 to purchase Qualified Property. OES hereby requests a waiver and an extension of the time during which purchases of Qualified Property for the Project can be made until November 30, 2020.

Project construction cannot be fully completed until the system interconnection with Southern California Edison (SCE) has been finished. OES has been working with SCE on the necessary interconnection activities for many months, but SCE has indicated that it is possible that the interconnection will not be completed until August 2020. OES has weekly conferences with SCE and will continue to work with SCE to complete the interconnection as soon as possible. However, OES requests an extension of the time to purchase additional Qualified Property under the CAEATFA agreement during a reasonable period of time after the SCE interconnection activities are expected to be completed. OES requests an extension until November 30, 2020.

Although Project specific details have evolved over time, the overall scope of the renewable energy anaerobic digester Project has not changed from the original application and described in the CAEATFA Agreement.

Attached is a completed Legal Status Questionnaire and Ownership Information per your request and \$500 fee.

Thank you for your consideration of this request. Please let me know if you have any questions or need additional information.

Organic Energy Solutions, LLC

By: Inland Empire Resource Recovery, LLC,  
Co-Manager

By:   
Sergio Perez, Manager

*2586 Sacramento Way – San Francisco, CA 92407*



*Organic Energy Solutions*

June 4, 2020

California Alternative Energy and Advanced  
Transportation Financing Authority  
915 Capital Mall  
Sacramento, CA 95814  
Attn: Stefani Carruth  
Via email: [stefani.carruth@treasurer.ca.gov](mailto:stefani.carruth@treasurer.ca.gov)

Re: Organic Energy Solutions – Amended Extension Request

The purpose of this letter is to request an extension of time under that certain Master Regulatory Agreement dated July 20, 2017 between CAEATFA and Organic Energy Solutions (OES). Under the Agreement, OES has 3 years from the approval date of June 20, 2017 to purchase Qualified Property. OES submitted an initial request dated April 6, 2020 for an extension until November 30, 2020; however, OES has determined that additional time may be needed. OES hereby amends this initial request for a waiver and an extension of the time during which purchases of Qualified Property for the Project can be made until June 30, 2022.

Project construction cannot be fully completed until the system interconnection with Southern California Edison (SCE) has been finished. OES has been working with SCE on the necessary interconnection activities for many months, but SCE has indicated that it is possible that the interconnection will not be completed until late in 2020, with delays in part due to COVID-19's impact on SCE's staff and operations. OES has weekly conferences with SCE and will continue to work with SCE to complete the interconnection as soon as possible.

OES anticipates that there could be additional delays in the purchase of other Qualified Property for the Project after the SCE interconnection activities are completed. Specifically, certain project equipment manufacturers and suppliers have had delays due to mandatory COVID-related shut-downs. Our feedstock providers are also experiencing interruptions in operations due to COVID-19, resulting in feedstock delivery delays needed for testing and to enable completion of the Project's construction and ramp up to full operation. We are also experiencing work slow-down from our engineering, equipment procurement and construction (EPC) Contractor and our Construction Manager has been unable to come to the site for several months due to his being from another state and in a high health risk category.

Although Project specific details have evolved over time, the overall scope of the renewable energy anaerobic digester Project has not changed from the original application and described in the CAEATFA Agreement. OES requests an extension until June 30, 2022. Thank you for your consideration of this amended request.

Organic Energy Solutions, LLC  
By: Inland Empire Resource Recovery, LLC,  
Co-Manager, Resource Recovery Manager, LLC

  
Sergio Perez, Manager

*2586 Stevanovich Way – San Bernardino, CA 92407*



**Attachment B: Organic Energy Solutions, LLC’s Staff Summary at the Time of Approval**

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

*Request to Approve Project for Sales and Use Tax Exclusion (STE)<sup>4</sup>*

**Organic Energy Solutions  
Application No. 17-SM023**

**Tuesday, June 20, 2017**

Prepared By: *Joel Schwartz, Blue Sky Consulting with Ellen Hildebrand, Analyst*

**SUMMARY**

**Applicant** – Organic Energy Solutions

**Location** – San Bernardino, San Bernardino County

**Industry** – Biomass Processing and Fuel Production

**Project** – New Biomass Processing and Fuel Production Facility (Alternative Source)

**Value of Qualified Property** – \$24,440,000

**Estimated Sales and Use Tax Exclusion Amount<sup>5</sup>** – \$2,057,848

**Estimated Net Benefits** – \$97,085

**Application Score<sup>6</sup>** –

Fiscal Benefits Points:	754
<u>Environmental Benefits Points:</u>	<u>293</u>
<b>Net Benefits Score:</b>	<b>1,047</b>
<u>Additional Benefits Points:</u>	<u>66</u>
<b>Total Score:</b>	<b>1,114</b>

**Staff Recommendation** – Approval

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<sup>4</sup> All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

<sup>5</sup> This amount is calculated based on the average statewide sales tax rate of 8.42%.

<sup>6</sup> Point values in the staff summary may not equal the total score due to rounding in the Application worksheet.

**THE APPLICANT**

Organic Energy Solutions (“OES” or the “Applicant”) is a special purpose California Corporation established to develop the San Bernardino BioDigester.

The major shareholders (10.0% or greater) of Organic Energy Solutions are:	The corporate officers of Organic Energy Solutions are:
Sergio Perez 80%	Sergio Perez
Michael Brown 20%	Michael Brown

**THE PROJECT**

OES, in partnership with CleanWorld and Anaergia (providers of anaerobic digestion technology), will fabricate, construct, and install a renewable energy anaerobic digester in San Bernardino, California (the “Project”). The Project will combine the Anaerobic Digester provided by CleanWorld with Anaergia’s proprietary food waste processing and anaerobic digestion technology. The facility will accept waste products from the food processing and food services industry, process the waste in an anaerobic digester system, and use the resulting biogas to generate useful process heat, renewable electricity, and possibly transportation fuel. The Applicant projects that the facility will handle up to 300 tons per day of organic waste composed of food industry waste slurries from a pre-existing on-site food waste treatment facility and pre-consumer food wastes, primarily from large grocery and restaurant chains, including Walgreens and the Cheesecake Factory.

OES has received a \$5,000,000 grant from the California Energy Commission, and plans to utilize tax exempt private activity bonds from the California Pollution Control Financing Authority. Additionally, OES recently applied for a CalRecycle grant, and plans to apply for a low interest Greenhouse Gas Loan from CalRecycle.

Consistent with CAEATFA policy, the Qualified Property in this Application will be used to manufacture syngas; the Qualified Property also includes a portion of the power generation equipment used to power the facility. The Project’s equipment will consume approximately 59 percent of the total amount of available energy generated from syngas combustion; therefore 59 percent of the power generation equipment is eligible for a sales and use tax exclusion under SB 71. However, 41 percent of the power generation equipment is not included in this Application, as it represents the proportion of available energy in the form of electricity that will be sold to PG&E.

A similar project on the same site was approved by the CAEATFA Board on March 18, 2014 for CleanWorld. CleanWorld did not execute a Master Regulatory Agreement or move forward with the Project due to permitting concerns. OES represents that the permitting issues that stalled the former Project have been resolved and the new Project is on track.

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below.

Pre-Processing and Material Input Modules	\$ 4,200,000
Anaerobic Digester Tanks	4,500,000
Anaerobic Digester Tank Supporting Equipment	2,600,000
Processing Skids and Equipment	800,000
Site Mechanical and Electrical Components and Controls	4,000,000
Heating Systems	800,000
Combined Heat and Power Engines	3,540,000
Gas Processing Skids	1,500,000
Backend Effluent Management Skid	1,500,000
<b>Total</b>	<b><u>\$24,440,000</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 plants to begin site-work and construction in August 2017. In October 2017, delivery of equipment and components will begin, with start-up and commercial operation planned for March 2018.

**PROJECT EVALUATION**

**NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated to be \$24,440,000 and the total net benefits are valued at \$97,085 for the Project. The Project received a Total Score of 1,114 points, which exceeds the required 1,000-point threshold and a total Environmental Benefits Score of 293 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (754 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 \$1,552,332 resulting in a Fiscal Benefits score of 754 points for the Project.
- B. **Environmental Benefits (293 points)**. The Project will result in \$602,601 of total pollution benefits over the life of the Project resulting in an Environmental Benefits

Score of 293 points for the Project. These benefits derive from the production of biogas, which offsets the need for use of fossil fuel methane.

- C. **Additional Benefits (66 points)**. Applicants may earn additional points for their Total Score. The applicant submitted information and received 66 additional points.
1. **Permanent Jobs (0 of 75 points)**. The Applicant represents that the Project will support a total of six permanent 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. Zero points were awarded because the marginal increase in jobs does not meet the required threshold.
  2. **Construction Jobs (55 of 75 points)**. The Applicant represents that the Project will support a total of 100 construction jobs at its Facility. CAEATFA estimates that approximately 16 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 55 points for the Project.
  3. **Unemployment (11 of 50 points)**. The Applicant’s Project is located in San Bernardino County, which has an average annual unemployment rate of 8.4%. This is above 110% of the statewide average annual unemployment rate which was 7.5% in 2014, the dataset used in the application. This results in an Unemployment Score of 11 points for this Project.

## **STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

The Applicant has obtained a City of San Bernardino Conditional Use Permit, and has received a negative declaration under the California Environmental Quality Act. OES has submitted a South Coast Air Quality Management District (SCAQMD) authority to construct permit application, and is currently addressing SCAQMD’s review comments.

## **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>7</sup> the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$97,760.

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<sup>7</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RECOMMENDATION**

Staff recommends approval of Resolution No. 17-SM023 for Organic Energy Solutions purchase of Qualified Property in an amount not to exceed \$24,440,000 anticipated to result in an approximate sales and use tax exclusion value of \$2,057,848.

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER REGULATORY AGREEMENT WITH THE ORGANIC ENERGY SOLUTIONS, INC.**

June 20, 2017

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Organic Energy Solution, 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 \$24,440,000 over a period of two 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.

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.