

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

***Request to Approve a Time Extension of the
15% Purchase Requirement Timeframe and the
Initial Term of the Regulatory Agreement¹ of STE Award***

**Taft Ammonia Company, LLC
Application No. 19-SM026**

Tuesday, November 17, 2020

Prepared By: *Xee Moua, Program Analyst*

SUMMARY

Applicant – Taft Ammonia Company, LLC

Location – Taft, Kern County

Industry – Ammonia Fertilizer Manufacturing

Project – New Ammonia Fertilizer Manufacturing Plant (Advanced Manufacturing)

Total Amount Qualified Property Approved– \$239,234,449

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$20,000,000

Amount of Time Requested –

- One year, six months, and 10 days, until May 31, 2022, for the 15% purchase requirement timeframe (three years and 10 days from the date of initial CAEATFA Board approval)
- Two years and 10 days, until May 31, 2024, for the Initial Term of the Regulatory Agreement (five years and 10 days from the date of initial CAEATFA Board approval)

Staff Recommendation – Approval

¹ All capitalized terms not defined in this document are defined in the Sales and Use Tax Exclusion Program’s statutes and regulations.

² This amount is calculated based on the average statewide sales tax rate at the time of approval, which was 8.36%.

REQUEST

On May 21, 2019, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Taft Ammonia Company, LLC (“Taft”) for the purchase of up to \$239,234,449 in Qualified Property to construct an ammonia fertilizer manufacturing plant in Taft (the “Project”). The Regulatory Agreement (“Agreement”) provided Taft with 18 months from the date of Board approval to purchase or execute purchase orders for at least 15% of the total Qualified Property amount approved. The Board can extend the 15% purchase requirement timeframe upon a finding of extraordinary circumstances and that an extension is in the public interest and advances the purposes of the Sales and Use Tax Exclusion Program (“Program”).³ Furthermore, the initial term of the Agreement provided Taft 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.

As of October 2020, Taft has not made any Qualified Property purchases. Taft is requesting to extend the 15% purchase requirement timeframe by one year, six months, and 10 days, and is requesting to extend the three-year initial term by two years and 10 days, to accommodate Project delays due to the COVID-19 pandemic.

Taft represents that the primary reason the Project has been delayed is due to a lag in the closing of its financial agreement following the onset of the COVID-19 pandemic. Taft states that funding rates for projects like Taft’s have increased due to perceived risks in the markets, and investors involved in infrastructure funding that would provide equity to similar projects are waiting for market conditions to improve before approving borrowers. Taft also explains that the current climate has caused tasks that generally would take only days to take weeks or months to complete, causing multiple timeline changes. Taft represents that it does not foresee the Project financing being back on track until March 2021, causing to be delayed all subsequent Project phases, such as engineering, permitting, construction, and purchasing activities.

Although the onset of the COVID-19 pandemic has contributed to major setbacks, Taft states that it has continued with administration activities, finalized site approvals and permits, and received union support. Moreover, Taft has partnered with a major industrial gas company to help accelerate construction, design, and deployment in anticipation of capital being obtained. According to Taft, its counterpart’s business deploys similar technology and has been successful since December 2019. Taft believes the partnership may also help address the debt and equity market challenges it has encountered. Taft anticipates that the additional time for the 15% purchase requirement will be sufficient to allow market conditions to normalize, close financing, and finalize its operating partnership. Taft states it is ready to begin purchasing and construction once financing closes and its operating partnership is finalized, after which the Project will take approximately two years to construct.

³ The Sales and Use Tax Program’s emergency regulations took effect on November 4, 2020.

THE APPLICANT

Taft is a Delaware limited liability company that formed in November of 2015, and the legal entity of an ammonia fertilizer manufacturing plant in Kern County. The project entity is operated in partnership by Grannus LLC, CALAMCO, and the Project’s investors.

Grannus LLC (“Grannus”) was formed in 2012 to develop next-generation fertilizer production technologies. These technologies are intended to have minimal environmental impact, lower installed costs per ton than best-in-class designs in the market, higher operating efficiencies, lower operating costs, and a size appropriate for regional consumption, which mitigates shipping costs.

CALAMCO is a California-based cooperative made up of approximately 1,100 California growers, as well as fertilizer dealers, and an industry partner, the J. R. Simplot Company. CALAMCO was started in 1957 as the California Ammonia Co. for the purpose of manufacturing and selling anhydrous ammonia to its stockholder-patrons. CALAMCO currently imports ammonia fertilizer from foreign sources at a high price, and is interested in securing a California-based source of ammonia to reduce costs and the carbon footprint of its operations.

The major shareholders (10.0% or greater) of Taft Ammonia Company, LLC are:
Grannus LLC (90%)
CALAMCO (10%)

The corporate officers of Taft Ammonia Company, LLC are:
Matthew Cox, CEO

THE PROJECT

The Project originally was granted an STE award in April 2017 for the purchase of up to \$107,607,827 in Qualified Property for an estimated STE value of \$9,060,579 to build an ammonia fertilizer manufacturing facility; however, due to delays in financing and the inability to meet the minimum 15% purchase requirement, the Regulatory Agreement was terminated. According to Taft, Project specifications have since changed, particularly in magnitude, technology, and estimated profitability. To successfully carry out the Project, a collaboration between Grannus and CALAMCO was formed and new financing was sought.

Subsequently, in May 2019, Taft was granted a second STE award to resume the Project, which is the award being considered for an initial term extension. CALAMCO, the largest agricultural cooperative and ammonia distributor in the state, has been importing nitrogen fertilizer from foreign sources at a high relative price, due to the substantial transportation costs involved in getting the product to the California market. CALAMCO has been trying to secure a California-based source of ammonia to reduce costs, to secure a production pricing advantage, and to reduce the carbon footprint of its operations. According to Taft, the Project will use next generation Grannus Process™ technology, which partially oxidizes natural gas for the manufacture of synthetic gas that is then used to produce ammonia as well as saleable food grade carbon dioxide byproduct. This process uses advanced materials in several ways, including in the refractory of the partial oxidation reactor and in the plasma coatings for high temperature and

corrosion protection.

Taft represents that the use of the Grannus technology will allow the plant to have a near-zero emission profile from an air permitting perspective, and a substantial reduction in air pollutant emissions compared to previous practices. Additionally, the Project will eliminate the transportation-related emissions currently generated by CALAMCO's imports of ammonia from Canada and Trinidad and Tobago. According to Taft, another advantage of the facility design is that the cost per ton of ammonia produced by the Project is expected to be 25% less than best-in-class designs currently on the market, giving CALAMCO growers a competitive advantage. Grannus also intends to use the facility to test other new technologies in a parallel process test center.

15% PURCHASE REQUIREMENT TIMEFRAME AND INITIAL TERM EXTENSIONS

Taft has requested that the 15% purchase requirement timeframe be extended from November 21, 2020, to May 31, 2022, and the initial term of the Agreement be extended from May 21, 2022, to May 31, 2024, in order to accommodate Project financing delays due to the COVID-19 pandemic.

Staff Evaluation

In making its recommendation, Staff understands that many businesses, including Taft's business, have been impacted by the COVID-19 pandemic during this unprecedented time. CAEATFA recently adopted regulations that removed a previous limitation that a lack of funding did not constitute an extraordinary circumstance, recognizing that the COVID-19 pandemic's market impact was not foreseen when the regulations were initially adopted. While Taft's original timeline was affected, it has conveyed to Staff that administrative activities related to its patented technology has continued, and that site permits have been finalized. With businesses permitted to reopen at partial or full capacity, Taft believes the additional time will allow market conditions to improve and Project planning to resume upon securing financing in 2021. Additionally, Taft's collaboration with a successful industrial gas company to form an operating partnership is underway, and will help expedite the Project activities as both companies have already been in discussion about new business ventures and plant expansion.

Based on this information, Staff believes these are extraordinary circumstances, and that extending the 15% purchase requirement timeframe and initial term of the Agreement will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the Program.

LEGAL QUESTIONNAIRE

Staff reviewed Taft'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 STE Program regulations,⁴ Taft has paid an additional fee of \$500 because extending the 15% purchase requirement timeframe and initial term qualifies as a modification to Taft’s Regulatory Agreement.

RECOMMENDATION

Staff recommends that the Board approve Taft’s request to extend the 15% purchase requirement timeframe by one year, six months, and 10 days to May 31, 2022, and the initial term of the Agreement by two years and 10 days to May 31, 2024.

Attachments

- Attachment A: Taft Ammonia Company, LLC’s letter requesting waiver (October 27, 2020)
- Attachment B: Taft Ammonia Company, LLC’s staff summary at the time of approval

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

**RESOLUTION APPROVING AN EXTENSION OF
TAFT AMMONIA COMPANY, LLC’S 15% PURCHASE REQUIREMENT
TIMEFRAME AND INITIAL TERM UNDER THE REGULATORY AGREEMENT**

November 17, 2020

WHEREAS, on May 21, 2019, 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 \$239,234,449 of Qualified Property for **Taft Ammonia Company, LLC** (the “Applicant”); and

WHEREAS, within 18 months of approval by the Authority, the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property listed in the approval resolution (STE Program regulations Section 10035(b)(1)); and

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

WHEREAS, upon a finding of extraordinary circumstances and that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property within 18 months of Application approval (STE Program regulations Section 10035(b)(1)(A)); 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 (STE Program regulations Section 10035(b)(1)(B)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount within 18 months, due to unexpected delays in the Project timeline, extending the term by one year, six months, and 10 days to May 31, 2022; 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 and 10 days to May 31, 2024; and

WHEREAS, the Applicant has demonstrated extraordinary circumstances as to why it cannot meet the 18-month 15% purchase requirement timeframe; and

WHEREAS, granting the waivers 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 these are extraordinary circumstances and that it is in the public interest and advances the purposes of the Program to extend the deadline to meet the 15% purchase requirement to May 31, 2022.

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 Regulatory Agreement to May 31, 2024.

Section 3. This resolution shall take effect immediately upon its passage.

**Attachment A: Taft Ammonia Company, LLC’s Letter Requesting Waiver
(October 27, 2020)**



Office of the State Treasurer
CAEATFA
915 Capitol Mall
Sacramento, CA 95814

Dear Sir/Madam:

The purpose of this letter is to formally request a waiver of the 15% purchase requirement as agreed upon in our Master Agreement which has an upcoming deadline of November 21, 2020. Like many investments throughout the country, our project has been temporarily delayed due to COVID-19. As a result, we will not be able to meet the purchase deadline and we not been able to utilize any of the STE to date. Without this waiver we will lose the benefit of the sales tax exemption which is a key financial consideration in our efforts to move our project forward.

COVID has had a variety of effects on the finance process for our project. Despite a decrease in global governmental interest rates, the rates charged on project debt have increased substantially due to the contagion of perceived risk in the markets. Further, the types of infrastructure funds that provide equity to projects like Taft have taken a “wait and see” approach to investing for similar reasons. In order to proceed with finance, Taft requires both the debt and equity markets to return to normal. Resultingly, our financial timeline has been delayed and altered several times since March 2020 at the outbreak of the pandemic. Due to these delays, our project timeline has been significantly altered and we do not foresee it being on track until the end of the 1st quarter 2021 (approximately March 2021) as we continue to work through an operating partnership with an industrial gas company that may also help to address the aforementioned debt and equity market challenges. Subsequently the balance of our original schedules and milestones will experience a similar one-year delay which will include all detailed engineering and construction timelines as well as our executed purchase orders that will be required to meet the 15% purchase requirement.

It should be noted that over the intervening period from the initial award of the waiver, the market for mobility hydrogen in CA has started to take off. One key strategic goal of the partnership that Taft is forming with an industrial gas company is to expand the production footprint of Taft in order to supply hydrogen into this market. The nascent market for mobility hydrogen enjoys broad support throughout the government of California and continued support from CAEATFA in the area of sales tax would be meaningful, effective and consistent with the overall strategic goals of the State.

With respect to overall project progress, the project has finalized all site related approvals and permits, enjoys union support, and is ready to proceed to construction once financial markets return to normal and the partnership with the industrial gas company has been finalized. Taken together, all of these developments have yielded a project that uniquely solves a number of strategic issues for all stakeholders and enjoys a strong expectation of success.



We appreciate your consideration of our request and kindly ask that you grant an eighteen-month extension of the initial 15% purchase requirement to May 31, 2022 as well as a two-year extension to the original 100% purchase requirement to May 31, 2024. In totality, this extension allows for the negative COVID effects to dissipate and for the project to reach financial close thereafter sometime in 2021. After first purchases of equipment, the project will take around 24 months to construct for a total needed extension ending in 2024.

Very truly yours,

A handwritten signature in black ink that reads "Matthew E. Cox".

Matthew E. Cox
Manager

Taft Ammonia Company, LLC

Attachment B: Taft Ammonia Company, 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)⁵

**Taft Ammonia Company, LLC
Application No. 19-SM026**

Tuesday, May 21, 2019

Prepared By: *Matthew Parsons, Program Analyst*

SUMMARY

Applicant – Taft Ammonia Company, LLC

Location – Taft, Kern County

Industry – Ammonia Fertilizer Manufacturing

Project – New Ammonia Fertilizer Manufacturing Plant (Advanced Manufacturing)

Value of Qualified Property – \$239,234,449

Estimated Sales and Use Tax Exclusion Amount⁶ – \$20,000,000

Application Score –

Fiscal Benefits Points:	2,084
<u>Environmental Benefits Points:</u>	<u>70</u>
Net Benefits Score:	2,154

<u>Additional Benefits Points:</u>	<u>120</u>
Total Score:	2,274

Staff Recommendation – Approval

⁵ All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

⁶ This amount is calculated based on the average statewide sales tax rate of 8.36%.

THE APPLICANT

Taft Ammonia Company, LLC (“Taft” or the “Applicant”), a Delaware limited liability company formed in November of 2015, is the legal entity of an ammonia fertilizer manufacturing plant in Kern County. The plant is operated in partnership by Grannus LLC, CALAMCO, and the project’s investors.

Grannus LLC (“Grannus”) was formed in 2012 to develop next generation fertilizer production technologies. These technologies are intended to have minimal environmental impact, lower installed costs per ton than best in class designs in the market, higher operating efficiencies, lower operating costs, and a size appropriate for regional consumption, which mitigates shipping costs.

CALAMCO is a California-based cooperative made up of approximately 1,100 California growers, as well as fertilizer dealers and an industry partner, the J. R. Simplot Company. CALAMCO was started in 1957 as the California Ammonia Co. for the purpose of manufacturing and selling anhydrous ammonia to its stockholder-patrons. CALAMCO currently imports ammonia fertilizer from foreign sources at a high price, and is interested in securing a California based source of ammonia to reduce costs and the carbon footprint of its operations.

The major shareholders (10.0% or greater) of Taft Ammonia Company, LLC are:
Grannus LLC (30%)
CALAMCO (70%)

The corporate officers of Taft Ammonia Company, LLC are:
Matthew Cox, CEO

THE PROJECT

The Project was originally granted an STE award on April 18, 2017 for the purchase of up to \$107,607,827 in Qualified Property for an estimated STE value of \$9,060,579 to build an ammonia fertilizer manufacturing facility; however, due to delays in financing and the inability to meet the regulatory minimum 15% purchase requirement, the Master Agreement was terminated. According to the Applicant, financing for the project has now been secured and the project is being expanded to increase capacity.

Taft is requested sales and use tax exclusion to construct its ammonia fertilizer manufacturing plant located in Taft (the “Project”). CALAMCO, the largest agricultural cooperative and ammonia distributor in the state, has been importing nitrogen fertilizer from foreign sources at a high relative price, due to the substantial transportation costs involved in getting the product to the California market. CALAMCO has been trying to secure a California-based source of ammonia to reduce costs, to secure a production pricing advantage, and to reduce the carbon footprint of its operations. According to the Applicant, the Project will be the first facility to use next generation Grannus Process™ technology, which partially oxidizes natural gas for the manufacture of synthetic gas that is then used to produce ammonia as well as saleable food grade carbon dioxide byproduct. This process uses advanced materials in several ways, including in the refractory of the partial oxidation reactor and in the plasma coatings for high temperature and

corrosion protection.

The Applicant represents that the use of the Grannus technology will allow the plant to have a near-zero emission profile, a substantial reduction in air emissions compared to previous practices. Additionally, the Project will eliminate the transportation-related emissions currently generated by CALAMCO’s imports of ammonia from Canada and Trinidad & Tobago. According to Taft, another advantage of the facility design is that the cost per ton of ammonia produced by the Project is expected to be 25% less than best-in-class designs currently on the market, giving CALAMCO growers a competitive advantage. Grannus also intends to use the facility to test other new technologies in a parallel process test center.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Ammonia Plant Equipment for Production & Storage	\$ 155,715,274
Air Separation Unit(s)	22,354,484
Ammonia Compressor(s)	2,511,328
Ammonia Converter(s)	6,574,746
Cogeneration Unit(s)	27,256,004
Heat Recovery Steam Generator(s) & Combined Cycle Gas Turbine(s)	24,822,613
Total	<u>\$239,234,449</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

According to the Applicant, the Project is currently on schedule for construction in 2019, and is expected to be fully operational by 2022.

PROJECT EVALUATION

NET BENEFITS

The Project received a Total Score of 2,274 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 70 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (2,084 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 \$41,686,059, resulting in a Fiscal Benefits score of 2,084 points for the Project.

- B. **Environmental Benefits (70 points)**. The Project will result in an Environmental Benefits Score of 70. The Applicant received points in the following categories:
 1. **Energy Consumption (10 of 30 points)**. The Applicant represents that the Project will result in a 10% reduction in energy consumption compared to the industry standard manufacturing process.

 2. **Water Use (30 of 30 points)**. The Applicant represents that the Project will result in a 90% reduction in water use relative to the industry standard manufacturing process.

 3. **Air Pollutants (30 of 30 points)**. The Applicant represents that the Project will result in a 99% reduction in air pollutants produced relative to the industry standard manufacturing process.

- C. **Additional Benefits (120 points)**. Applicants may earn additional points for their Total Score. The Applicant submitted information and received 120 additional points.
 1. **Construction Jobs (20 of 75 points)**. The Applicant represents that the Project will support a total of 100 construction jobs at its Facility. CAEATFA estimates that approximately 14 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.

 2. **Unemployment (50 of 50 points)**. The Applicant’s Project is located in Kern County which has an average annual unemployment rate of 9.8%. This is above 110% of the statewide average annual unemployment rate which was 5.1% in 2017, the dataset used in the application. This results in an Unemployment Score of 50 points for this Project.

3. **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 ammonia fertilizer manufacturing.
4. **Workforce Partnerships (25 points)**. The Applicant will partner with America’s Job Center for the purpose of training the workers at the Facility.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

According to the Applicant, the site for the Project will be the SKI Center, which was developed under a California Site Specific Plan as a heavy industrial zoned complex specifically permitted for ammonia production. Additionally, the Applicant states that because the plant has a near-zero emissions profile, no Air Permit is required.

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,⁷ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee up to \$350,000.

RECOMMENDATION

Staff recommends approval of Resolution No. 19-SM026 for Taft Ammonia Company, LLC’s purchase of Qualified Property in an amount not to exceed \$239,234,449, anticipated to result in an approximate sales and use tax exclusion value of \$20,000,000.

⁷ California Code of Regulations Title 4, Division 13, Section 10036

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER REGULATORY AGREEMENT WITH TAFT AMMONIA COMPANY, LLC

May 21, 2019

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Taft Ammonia Company, LLC** (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 \$239,234,449 over a period of four 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.