

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

*Request to Approve a Time Extension for the  
Initial Term of the Regulatory Agreement<sup>1</sup>*

**Sanitation Districts of Los Angeles County  
Application No. 17-SM052**

**Tuesday, June 15, 2021**

Prepared By: *Stefani Carruth, Program Analyst*

**SUMMARY**

**Applicant** – Sanitation Districts of Los Angeles County

**Location** – Whittier, Los Angeles County

**Industry** – Biomass Processing and Fuel Production

**Project** – Expansion of an Existing Food Waste System to Include Integrated Pre-Processing of Organic Waste and Anaerobic Digestion (Alternative Source)

**Total Amount Qualified Property Approved**– \$11,928,310

**Estimated Sales and Use Tax Exclusion Amount at Approval<sup>2</sup>** – \$1,004,364

**Amount of Time Requested** –

- Two years, until July 18, 2023, for the Initial Term of the Regulatory Agreement (six 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 Sales and Use Tax Exclusion Program’s statutes 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 July 18, 2017, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Sanitation Districts of Los Angeles County (the “Applicant”) for the purchase of up to \$11,928,310 in Qualified Property to build an integrated food waste pre-processing and anaerobic digestion system at the Applicant’s Puente Hills Materials Recovery Facility in Whittier, and Joint Water Pollution Control Plant (“JWPCP”) in Carson, which will divert food waste from landfills and convert it to renewable natural gas (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of Board approval to utilize its STE award. The CAEATFA Board can extend the initial term of the Agreement upon a finding that an extension is in the public interest and advances the purposes of the STE Program.

On June 16, 2020, the CAEATFA Board approved the Applicant for a one-year extension of the initial term of the Agreement from its original termination date of July 18, 2020, to accommodate fluctuating market conditions of organic feedstock and the COVID-19 pandemic, which changed the timetable of the Project.

As of February 11, 2021, the Applicant has used the STE to purchase approximately \$8,255,040 of Qualified Property (69% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term by an additional two years to accommodate a pushback in the approval of the design-build contract for the JWPCP resulting from COVID-19.

According to the Applicant, the Project was initially delayed due to fluctuating market conditions, lower supplies of organic feedstock, and increased capital costs, which was the subject of the original initial term extension request. Due to the volatility of feedstock availability, the Applicant wasn’t able to run its Slurry Receiving Facilities at the capacity needed to proceed with expanding the JWPCP Compressed Natural Gas (“CNG”) Station. Instead the Applicant shared that it had to incrementally build its Slurry Receiving Facilities in alignment with the availability of feedstock. To date, the Applicant states that the previous portions of the Project, which include slurry receiving, biogas conveyance, and biogas conditioning, are all 80% complete. The Applicant is currently soliciting a construction contractor to expand the JWPCP CNG Station, which is expected to be approved this month. The timeline has been updated to more accurately reflect the progress of the JWPCP CNG Station Expansion portion of the Project. According to the Applicant, while the schedule has changed, the scope and overall goals of the Food Waste Recycling Program remain the same.

**THE APPLICANT**

The Applicant is a public agency providing wastewater and solid waste management for 5.6 million people in Los Angeles County. The Applicant has been providing services in the region since 1923, when the first districts were formed. The Applicant is a confederation of 24 independent sanitation districts that work cooperatively under a regional management system. Seventeen of those districts are signatories to a joint agreement under which they jointly own and

operate the wastewater conveyance, treatment, and disposal facilities. Under the terms of that agreement, District No. 2 serves as the administrative agent responsible for all matters pertaining to those shared facilities, including the Project.

The Board of Directors of District No. 2 of the Applicant are:

S. Perez (Alhambra)	Solis (Los Angeles County)
Taj (Artesia)	Cobos-Cawthorne (Montebello)
Saleh (Bell)	Yiu (Monterey Park)
Barcena (Bell Gardens)	J. Perez (Norwalk)
Koops (Bellflower)	Lemons (Paramount)
Solanki (Cerritos)	Elias (Pico Rivera)
Altamirano (Commerce)	Mechaca (San Gabriel)
Brown (Compton)	Davila (South Gate)
Frometa (Downey)	Lopez (Vernon)
Garcia (Long Beach)	Vinatieri (Whittier)
Martinez (Los Angeles City)	

## **THE PROJECT**

The Applicant seeks to build an integrated food waste pre-processing and anaerobic digestion system that will divert food waste from landfills and convert it to renewable natural gas (“RNG”) to be used as transportation fuel. Pre-processing activities will take place at the Applicant’s Puente Hills Materials Recovery Facility (“MRF”) located in Whittier. Utilizing DODA bio-separators, the Applicant intends to produce at the Puente Hills MRF liquid slurry, which will be transported to the Applicant’s JWPCP in Carson. The Applicant represents that they have five existing anaerobic digesters with excess capacity located at the JWPCP that will be utilized to produce biomethane, which will be upgraded to an estimated 2,085 diesel gallon equivalents of RNG daily. This RNG is expected to be distributed at an existing fueling station of the Applicant. The Applicant predicts that the Project will offset 38,367 metric tons of carbon dioxide equivalent emissions per year.

## **AGREEMENT INITIAL TERM EXTENSION REQUEST**

The Applicant has requested that the initial term of the Agreement be extended from July 18, 2021, to July 18, 2023, in order to accommodate years to accommodate a pushback in the approval of the design-build contract for the JWPCP resulting from COVID-19.

## **Staff Evaluation**

The Applicant states that fluctuating market conditions, low organic feedstock, and increased delays to previous portions of the project changed the timetable over the previous four years. The Project has several phases that need to be completed in sequential order. The JWPCP CNG Station Expansion is the last phase of the Project and was delayed because prior phases were also delayed. The previous phase of the Project, which included two smaller-scale Slurry Receiving

Facilities, was addressed in the first extension request in July 2020, and that portion is 80% complete with all Qualified Property purchases completed. The COVID-19 pandemic also created a six-month delay in the previous phase of the Project due to a significant reduction in available feedstock. The JWPCP CNG Station Expansion portion is the subject of the second extension request and is expected to begin in June 2021. The Applicant states the JWPCP CNG Station Expansion portion of the Project is on track for a timely completion by December 2022. According to the Applicant, the released request for proposals requires Project completion by December 2022, and liquid damages will apply if the contracting company fails to meet the completion deadline.

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 STE Program.

### **LEGAL QUESTIONNAIRE**

Staff has reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. The Executive Director, in consultation with legal counsel, has determined that the legal issues disclosed do not affect the financial viability or legal integrity of the Applicant.

### **CAEATFA FEES**

In accordance with CAEATFA Regulations,<sup>3</sup> the Applicant has paid an additional fee of \$2,000 because extending the initial term requires a modification to the Applicant’s Regulatory Agreement.

### **RECOMMENDATION**

Staff recommends that the Board approve Sanitation Districts of Los Angeles County’s request to extend the initial term of the Agreement by two years to July 18, 2023, as it is in the public interest and advances the purposes of the STE Program.

### **Attachments**

- Attachment A: Sanitation Districts of Los Angeles County’s letter requesting waiver (April 1, 2021)
- Attachment B: Sanitation Districts of Los Angeles County’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(c)(1)(B)

**RESOLUTION APPROVING A TIME EXTENSION FOR  
SANITATION DISTRICTS OF LOS ANGELES COUNTY’S INITIAL TERM FOR  
THE REGULATORY AGREEMENT**

June 15, 2021

WHEREAS, on July 18, 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 \$11,928,310 of Qualified Property for **Sanitation Districts of Los Angeles County** (the “Applicant”); and

WHEREAS, within three years of approval by the Authority, the Applicant must make all Qualified Property purchases (STE Program 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 (3) years of Application approval (STE Program regulations Section 10035(b)(1)(B)); and

WHEREAS, the Applicant previously had requested a waiver of the requirement to purchase all of the Qualified Property within three (3) years due to unexpected delays in the Project timeline, extending the term by one (1) year to July 18, 2021; and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property within three (3) years by July 18, 2021, due to unexpected delays in the Project timeline, extending the term by two (2) years to July 18, 2023; and

WHEREAS, granting the waiver will allow the Project to proceed and the state to receive the anticipated environmental and economic benefits that justified the initial approval of the Project in accordance with the law, thereby advancing both the public interest and the purposes of the Program.

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

Section 1. The Authority finds that it is in the public interest and advances the purposes of the Program to extend the initial term of the Agreement to July 18, 2023.

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

**Attachment A: Sanitation Districts of Los Angeles County’s Letter Requesting Waiver  
(April 1, 2021)**



**LOS ANGELES COUNTY  
SANITATION DISTRICTS**  
Converting Waste Into Resources

**Robert C. Ferrante**  
Chief Engineer and General Manager

1955 Workman Mill Road, Whittier, CA 90601-1400  
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998  
(562) 699-7411 • www.lacsd.org

April 1, 2021

Xee Moua  
CAEATFA  
915 Capital Mall  
Sacramento, CA 95814

Dear Ms. Moua:

**California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)  
Agreement Request to Extend Agreement Term**

On July 18, 2017, the CAEATFA approved the Los Angeles County Sanitation Districts’ (Districts) project application (17-SM052) and adopted a resolution approving and authorizing execution of a master regulatory agreement (Agreement). Under the Sales and Use Tax Exclusion Program (STE Program), the Agreement pre-approved up to \$11,928,310 of qualified property purchases related to the Districts’ Food Waste Recycling Program (FWR Program) to be exempt from being charged sales and use tax. The Districts’ Board of Directors approved and executed this Agreement on August 9, 2017. On June 29, 2020, CAEATFA approved the Districts request for a time extension of the initial term. The Agreement was amended and extended to July 18, 2021. Per the STE Program regulation Section 10035(b)(1)(B), the Districts can request a waiver for an additional time extension. The Districts’ responses to CAEATFA’s request for information are provided below:

1. *A request for a time extension, including the specific time requested, an anticipated schedule for purchasing the remainder of the Qualified Property, and rationale for why this specific amount of time is needed.*

The Districts request a waiver for a time extension for two additional years (expiration on July 18, 2023). This extension will allow for the design, permitting and construction of the Joint Water Pollution Control Plant (JWPCP) Compressed Natural Gas (CNG) Station Expansion Project. Anticipated schedule is as follows:

RFP Solicitation:	February 11 - Mar 25, 2021
Contract Award:	June 2021
Design and Permitting:	July 2021 – February 2022
Equipment Purchases:	January 2022 – April 2022
Construction & Commission:	April 2022 – November 2022
Completion:	December 2022

The Districts are currently soliciting a design-build contractor for the station expansion. The anticipated schedule includes eight months for design and permitting, which is based on experience with Puente Hills Materials Recovery Facility CNG Station Upgrade. The Districts estimate \$1.4 million in qualified purchases for the JWPCP CNG Station Expansion Project.

**Agenda Item – 4.C.3**  
**Resolution No. 17-SM052-03**

1. *An explanation of why the extension is necessary (i.e., why the initial deadline will not be met).*

The JWPCP CNG Station Expansion is a final step in the Districts' FWR Program and necessarily follows other projects for slurry receiving, biogas conveyance and biogas conditioning. Since a small CNG station existed at JWPCP, the Districts focused on developing FW processing, receiving and biogas conditioning infrastructure as well as completing the PHMRF CNG Station Upgrade. COVID-19 caused an additional six-month delay to the JWPCP CNG Station Expansion project when food waste slurry tonnage dropped in the spring of 2020 before rebounding.

2. *An explanation of what assurances there are that the new timeline will be met.*

The Districts issued a request for proposal (RFP) for a design-build project on February 11, 2021. The RFP requires for project completion in December of 2022. Liquidated damages will apply if the contractor fails to complete the station on time.

3. *Amount of Qualified Property purchased to date.*

To date, the Districts have reported \$8,255,039.87 in total qualified purchases.

4. *Information on whether the scope of the project has changed.*

The original schedule supplied in the Districts' application was an early forecast which has since changed due to the FWR Program modifications in scope, schedule and budget, in part due to COVID-19, preventing the Agreement term's deadline from being met. Although the project schedule has changed, the overall goals of the FWR Program has not. The Districts fully intend to provide the public with essential services needed to comply with state laws regarding food waste diversion from landfills and utilize biogas resources generated through anaerobic digestion for upgrading into renewable natural gas to be used as vehicle fuel.

We appreciate CAEATFA's continued support for our FWR Program. Please contact Johnmar Deguzman at (562) 908-4288, extension 2765, if you have any questions or need additional information.

Very truly yours,

*Robert Asgian*

Robert Asgian  
Department Head  
Solid Waste Management Department

**Attachment B: Sanitation Districts of Los Angeles County’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>*

**Sanitation Districts of Los Angeles County  
Application No. 17-SM052**

**Tuesday, July 18, 2017**

Prepared By: *Melanie Holman, Analyst*

**SUMMARY**

**Applicant** – Sanitation Districts of Los Angeles County

**Location** – Whittier and Carson, Los Angeles County

**Industry** – Biomass Processing and Fuel Production

**Project** – Expansion of an Existing Food Waste System to Include Integrated Pre-Processing of Organic Waste and Anaerobic Digestion (Alternative Source)

**Value of Qualified Property** – \$11,928,310

**Estimated Sales and Use Tax Exclusion Amount<sup>5</sup>** – \$1,004,364

**Estimated Net Benefits** – \$1,190,772

**Application Score** –

Fiscal Benefits Points:	2,091
<u>Environmental Benefits Points:</u>	<u>95</u>
<b>Net Benefits Score:</b>	<b>2,186</b>

<u>Additional Benefits Points:</u>	<u>69</u>
<b>Total Score:</b>	<b>2,255</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%.



**THE APPLICANT**

The Sanitation Districts of Los Angeles County (“LACSD” or the “Applicant”) is a public agency providing wastewater and solid waste management for 5.6 million people in Los Angeles County. LACSD has been providing services in the region since 1923, when the first districts were formed. LACSD is a confederation of 24 independent sanitation districts that work cooperatively under a regional management system. Seventeen of those districts are signatory to a joint agreement under which they jointly own and operate the wastewater conveyance, treatment, and disposal facilities. Under the terms of that agreement, District No. 2 serves as the administrative agent responsible for all matters pertaining to those shared facilities, including this proposed project.

The Board members of District Number 2 of the Sanitation Districts of Los Angeles County are:

- David Mejia (Alhambra)
- Ali Sajjad Taj (Artesia)
- Fidencio Joel Gallardo (Bell)
- Jose J Mendoza (Bell Gardens)
- Ron Schnablegger (Bellflower)
- Grace Hu (Cerritos)
- Ivan Altamirano (Commerce)
- Aja Brown (Compton)
- Fernando Vasquez (Downey)
- Robert Garcia (Long Beach)
- Herb Wesson, Jr. (Los Angeles City)
- Vivian Romero (Montebello)
- Teresa Real Sebastian (Monterey Park)
- Luigi Vernola (Norwalk)
- Peggy Lemons (Paramount)
- Bob Archuleta (Pico Rivera)
- Juli Costanzo(San Gabriel)
- Maria Davila (South Gate)
- Melissa Ybarra (Vernon)
- Joe Vinatieri (Whittier)
- Mark Ridley-Thomas (Los Angeles County)

**THE PROJECT**

The Applicant seeks to build an integrated food waste pre-processing and anaerobic digestion system that will divert food waste from landfills and convert it to renewable natural gas (RNG) to be used as transportation fuel (the “Project”). Pre-processing activities will take place at the Applicant’s Puente Hills Materials Recovery Facility (MRF) located in Whittier, California. Utilizing DODA bio-separators, the Applicant intends to produce liquid slurry at the Puente Hills MRF which will be transported to LACSD’s Joint Water Pollution Control Plant (JWPCP) in Carson, California. LACSD represents that they have five existing anaerobic digesters with excess capacity located at the JWPCP that will be utilized to produce biomethane which will be upgraded to an estimated 2,085 diesel gallon equivalents (DGE) of RNG daily. This RNG is expected to be distributed at an existing LACSD fueling station. The Applicant predicts that the Project will offset 38,367 metric tons of carbon dioxide equivalent emissions per year.

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Food Waste Processing Station	\$ 1,051,810
Food Waste Receiving and Co-Digestion Station	2,443,500
Biogas Upgrading to Renewable Natural Gas	3,250,000
Upgrade and Expansion of Fueling Stations	1,600,000
Trucks and Tractors for Facility Operations	<u>3,583,000</u>
<b>Total</b>	<b><u>\$11,928,310</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 represents that startup activities at their Puente Hills MRF will begin in mid-2018. Upgrades and expansion are slated to continue throughout 2018 and 2019 with full capacity operation at the JWPCP facility predicted to begin in January 2020.

## **PROJECT EVALUATION**

### **NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated to be \$11,928,310 and the total net benefits are valued at \$1,190,772 for the Project. The Project received a Total Score of 2,255 points, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 95 points, which exceeds the 20 point threshold.

- A. Fiscal Benefits (2091 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 \$2,099,961 resulting in a Fiscal Benefits score of 2,091 points for the Project.
- B. Environmental Benefits (95 points).** The Project will result in \$95,175 of total pollution benefits over the life of the Project resulting in an Environmental Benefits Score of 95 points for the Project. These benefits derive from the production of biogas, which offsets the need for use of fossil methane.
- C. Additional Benefits (69 points).** Applicants may earn additional points for their Total Score. The applicant submitted information and received 69 additional points.

  - 1. Permanent Jobs (30 of 75 points).** The Applicant represents that the Project will support a total of 22 permanent jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Permanent Jobs Score of 30 points for the Project.
  - 2. Construction Jobs (30 of 75 points).** The Applicant represents that the Project will support a total of 19 construction jobs at its Facility. CAEATFA estimates that approximately two of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Construction Jobs Score of 30 points for the Project.
  - 3. Unemployment (9 of 50 points).** The Applicant’s Project is located in Los Angeles County which has an average annual unemployment rate of 8%. 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 9 points for this Project.

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

LACSD has completed a CEQA exemption for the Puente Hills MRF in support of the Project as no environmental impacts at this site are anticipated. CEQA compliance is in progress for the JWPCP facility, though the Applicant represents that any environmental impacts at this site are expected to be mitigatable. The Applicant does not anticipate the need for Authority to Construct or permit to operate permits, but they have indicated that they are prepared to acquire these permits if required by the South Coast Air Quality Management District. As the Project does not alter wastewater discharge volumes, the Applicant does not anticipate the need for an updated National Pollutant Discharge Elimination System (NPDES) permit. LACSD also represents that, as a public agency, they are exempt from building permits.

## **LEGAL QUESTIONNAIRE**

Staff reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

## **CAEATFA FEES**

In accordance with CAEATFA Regulations,<sup>6</sup> the Applicant has paid CAEATFA an Application Fee of \$5,964 and will pay CAEATFA an Administrative Fee up to \$47,713.

## **RECOMMENDATION**

Staff recommends approval of Resolution No. 17-SM052 for the Sanitation Districts of Los Angeles County's purchase of Qualified Property in an amount not to exceed \$11,928,310 anticipated to result in an approximate sales and use tax exclusion value of \$1,004,364.

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<sup>6</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER  
REGULATORY AGREEMENT WITH THE SANITATION DISTRICTS OF  
LOS ANGELES COUNTY**

July 18, 2017

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of the **Sanitation Districts of Los Angeles County** (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 \$11,928,310 over a period of three years; and

WHEREAS, the Applicant believes that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of the Agreement and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority to execute the necessary documents to effectuate the Agreement is now sought;

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

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

Section 2. The requested master regulatory agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director, Deputy Executive Director, or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

**Agenda Item – 4.A.2**  
**Resolution No. 17-SM052**  
**Application No. 17-SM052**

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.