

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

***Request to Approve an Extension of the  
15% Purchase Requirement Timeframe<sup>1</sup>***

**Hat Creek Bioenergy, LLC  
Application No. 20-SM018**

**Tuesday, August 17, 2021**

Prepared By: *Matthew Jumps, Program Analyst*

**SUMMARY**

**Applicant** – Hat Creek Bioenergy, LLC

**Location** – Burney, Shasta County

**Industry** – Biomass Processing and Fuel Production

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

**Total Amount Qualified Property Approved**– \$12,680,000

**Estimated Sales and Use Tax Exclusion Amount at Approval<sup>2</sup>** – \$1,060,048

**Amount of Time Requested** –

- Six months and 15 days, until April 1, 2022, for the 15% purchase requirement timeframe (two years and 15 days 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 8.36%.

## **REQUEST**

On March 17, 2020, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Hat Creek Bioenergy, LLC (the “Applicant”), for the purchase of up to \$12,680,000 in Qualified Property to build a new biomass processing and fuel production facility in Burney (the “Project”). The Regulatory Agreement (“Agreement”) provided the Applicant with 18 months from the date of CAEATFA Board approval to purchase or execute purchase orders for at least 15% of the total Qualified Property amount approved.<sup>3</sup>

As of July 31, 2021, the Applicant has used the STE award to purchase \$1,407,312.54 of Qualified Property (11% of the total Qualified Property amount approved). The Applicant is requesting to extend the 15% purchase requirement timeframe by six months and 15 days to accommodate delays due to the COVID-19 pandemic.

The CAEATFA 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 STE Program.<sup>4</sup>

The Applicant states that the COVID-19 pandemic forced it to re-prioritize its operational timeline. The Applicant explains that the unanticipated COVID-19 restrictions impacted supply chain and logistical issues at the Project, including equipment procurement and construction, causing the Applicant to extend its timeline for purchasing equipment. The Applicant has already purchased 11% of the total Qualified Property approved, is currently drafting purchasing rights to biomass feedstock compatible with its planned facility, and is awaiting equipment currently under production from its vendors that will be invoiced within the next six months.

## **THE APPLICANT**

The Applicant is a California limited liability company formed in 2017 to convert sustainably sourced wood into a renewable gaseous fuel (termed producer gas) that can be used to produce heat and electricity at the Project.

The major shareholders (10.0% or greater) of the Applicant are:  
Peter T. Paul Living Trust (100% owner)

The company officers of the Applicant are:  
Peter T. Paul, President and CEO  
Kristen Decker, Secretary and CFO

## **THE PROJECT**

The Applicant’s Project will convert raw forest biomass to producer gas that can ultimately be used for renewable heat and electricity. The Project will use gasification to extract the gaseous fuel from biomass feedstock collected from nearby forest restoration projects. Specifically, the

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<sup>3</sup> California Code of Regulations Title 4, Division 13, Section 10035(b)(1)

<sup>4</sup> California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

Applicant plans to obtain the biomass feedstock from nearby forest restoration projects, including dead trees resulting from years of drought and the related bark from beetle infestation of fir and pine trees throughout the California Sierra Nevada and 11 nearby states. According to the Applicant, the biomass feedstock would otherwise be piled and burned or chipped and left to decay in forests.

The Project will utilize approximately 32,000 bone dry tons (BDT) of woody biomass per year to produce 546,000 MMBtu of producer gas. The Applicant states that a feedstock supply study conducted by the Watershed Research and Training Center of Hayfork, California, identified an annual available feedstock supply of 363,000 BDT of woody biomass harvested within a 50-mile radius of the Project site, confirming a significant excess supply of forest feedstock in the region. The Project will procure its biomass feedstock from both public and private landowners.

In addition to producer gas, the Project can be operated to generate biochar as a value-added co-product. Biochar is a material with high levels of fixed carbon that can be used as a soil amendment or for filtration media. According to the Applicant, biochar enhances the soil's biological productivity and its water-holding and fertilizer-holding capacity, which provides crop nutrition and improves plant growth.

The producer gas created at the Project will be used to generate 3,600 kW of electricity, of which 600 kW will be used to power the facility and 3,000 kW will be exported to Pacific Gas & Electric ("PG&E") through the Bioenergy Market Adjusting Tariff program. The Applicant has already secured a power purchase agreement with PG&E. The portion of the electricity generating equipment needed to prepare the biomass and operate the gasification process was included in the Application.

The Project received a \$5 million competitive Electric Program Investment Charge (EPIC) grant from the California Energy Commission in 2017.

### **15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST**

The Applicant has requested that the 15% purchase requirement timeframe be extended from September 17, 2021, to April 1, 2022, to accommodate delays in production due to the COVID-19 pandemic.

### **Staff Evaluation**

According to the Applicant, delays in the purchases of Qualified Property were outside the Applicant's control due to the extraordinary circumstances of the COVID-19 pandemic. The Applicant explains the pandemic caused an unanticipated delay in the facility's construction and purchasing timeline. The Applicant has demonstrated a commitment to meeting the 15% purchase requirement, including purchasing 11% of total Qualified Property approved and working on finalizing purchase orders within the next six months for additional equipment. Moreover, the Applicant is progressing with the Project through negotiations to secure biomass feedstock and an outlet for produced fuel and energy.

Based on this information, Staff believes these are extraordinary circumstances, and that extending the 15% purchase requirement timeframe will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE 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 STE Program regulations,<sup>5</sup> the Applicant has paid an additional fee of \$1,500 because extending the 15% purchase requirement timeframe qualifies as a modification to the Applicant's Agreement.

### **RECOMMENDATION**

Staff recommends that the CAEAFTA Board approve the Applicant's request to extend the 15% purchase requirement timeframe by six months and 15 days to April 1, 2022, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

### **Attachments**

Attachment A: Hat Creek Bioenergy, LLC's letter requesting waiver (June 24, 2021)

Attachment B: Hat Creek Bioenergy, LLC's staff summary at the time of approval

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<sup>5</sup> California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(A)

**RESOLUTION APPROVING AN EXTENSION OF  
HAT CREEK BIOENERGY, LLC’S 15% PURCHASE REQUIREMENT TIMEFRAME  
UNDER THE REGULATORY AGREEMENT**

August 17, 2021

WHEREAS, on March 17, 2020, 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 \$12,680,000 of Qualified Property for **Hat Creek Bioenergy, 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, 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, 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 six (6) months and 15 days to April 1, 2022; 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 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 these are extraordinary circumstances and that it is in the public interest and advances the purposes of the Program to extend the Applicant’s deadline to meet the 15% purchase requirement to April 1, 2022.

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

**Attachment A: Hat Creek Bioenergy, LLC's Letter Requesting Waiver (June 24, 2021)**

West Biofuels LLC  
in conjunction with Hat Creek LLC  
14958 County Road 100B  
Woodland, CA 95776

California Alternative Energy and  
Advanced Transportation Financing Authority  
(CAEATFA)  
915 Capitol Mall  
Sacramento, CA 95814

Thursday, June 24, 2021

Dear Board members,

The last year has had some great opportunity paired with inconceivable challenges. The group at West Biofuels in conjunction with Hat Creek developers are incredibly grateful that your committee found our project, to enhance the lives of people in the Shasta community by providing a technology to supply electricity in-concert with preserving the bounty of the environment, worthy of acceptance into the tax exemption program. Margins to bring this technology that will benefit the industry and the region run razor thin and the reprieve you allowed us, approving us for tax exclusion, translates mere optimism into confidence in the success of this project and to meeting the objectives of our partnerships.

With the unprecedented and unpredictable arrival of Covid-19 bringing uncertainty, our organization was forced to re-prioritize our operational timeline and goals. We are requesting an extension on our timeline of securing assets for this project under or tax exclusion status. We are requesting an additional 6-months of qualified purchasing to compensate for the time Covid-19 guidance set limitations restricting our daily operations, including the procurement of materials slated for tax exclusion program. Our projection of annual operations including the start of the Hat Creek project had to be adjusted because of the affects Covid-19 had on our ability to be productive and operational. We experienced negative impacts to our supply chain, logistics both domestically and internationally, vendors' ability to provide their contractual obligations supporting engineering and fabrication necessities, to our own ability to safely execute daily objectives and to the project planning and scheduled milestone attainment. The requested 6-months will provide an opportunity for our group to meet our original procurement timetable with a mere shift to the window of the project timeline. In essence the extension would provide the means to account for a delayed start of the Hatcreek project without having to modify our execution and proven methods of successful operations.

We have spent \$ 1,407,312.54 to date that qualify for tax exclusion. We have finalized all terms on the property and biomass feedstock rights and will reach our 15% purchasing threshold by 04/01/2022. Purchasing rights to biowaste that is compatible with the function of this green sourced power plant are being drafted. Equipment production for Hat Creek by our vender partners, that grants us their specific expertise, are currently in production and will be invoiced in the next 6 months.

Our technology provides a green energy solution that is reliable despite cloud cover or atmospheric winds and reduces the amount of biomaterial being disposed of in our waste facilities or left decaying on the forest floor. Unmanaged biomass feedstock has a direct correlation to an increasing risk of wildfires which harm the woodland and neighboring communities. We are currently working with the local utility company PG&E to help identify the best options to store and distribute electricity produced from the collected biomass feedstock. This collaborative effort will result in the purchasing of equipment that supports this process of the operation no later than spring of 2022. Worksite construction starting will solidify our participation and utilization of the CAEATFA program

adjustment to projections reflects a gross amount that will exceed our \$12,680,000 approval amount likely with additional cost coming from an inflation rate that has far exceeded our projections and is causing a direct impact on the cost of raw materials and fuels for heavy equipment.

The scope of the Hatcreek Project and the partnerships we have fostered to bring all elements of the project to market remain true to the original plans previously submitted. We are anticipating the completion of this project in the winter of 2022 anticipating full commercial operations to commence in spring 2023.

If there is any underlying documentation the board requires to process and approve our request, I will be happy to provide it. We thank the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) for the consideration you are extending to us now and the benefits awarded us from continuing partnership. Please contact me if any additional information is needed to process our extension request.



*Matt Summers*  
Operations Manager



**Attachment B: Hat Creek Bioenergy, 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>6</sup>***

**Hat Creek Bioenergy, LLC  
Application No. 20-SM018**

**Tuesday, March 17, 2020**

Prepared By: *Matthew Newman, Blue Sky Consulting Group, on Behalf of CAEATFA, with  
Ashley Emery, Program Manager*

**SUMMARY**

**Applicant** – Hat Creek Bioenergy, LLC

**Location** – Burney, Shasta County

**Industry** – Biomass Processing and Fuel Production

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

**Value of Qualified Property** – \$12,680,000

**Estimated Sales and Use Tax Exclusion Amount<sup>7</sup>** – \$1,060,048

**Estimated Quantifiable Net Benefits** – \$1,899,124

**Competitive Criteria Score** – 152 points

**Application Score<sup>8</sup> –**

Fiscal Benefits Points:	1,945
<u>Environmental Benefits Points:</u>	<u>847</u>
<b>Net Benefits Score:</b>	<b>2,792</b>
 <u>Additional Benefits Points:</u>	 <u>37</u>
<b>Total Score:</b>	<b>2,828</b>

**Staff Recommendation** – Approval

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<sup>6</sup> All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

<sup>7</sup> This amount is calculated based on the average statewide sales tax rate of 8.36%.

<sup>8</sup> Point values in the staff summary may not add up correctly due to rounding in the Application worksheet.



## **THE APPLICANT**

Hat Creek Bioenergy, LLC (“Hat Creek” or the “Applicant”) is a California limited liability company formed in 2017 to convert sustainably sourced wood to into a renewable gaseous fuel (termed producer gas) that can be used to produce heat and electricity at the Hat Creek Bioenergy facility. The facility is a partnership between Hat Creek Construction & Materials, which will lease the facility to Hat Creek, and West Biofuels, LLC, which will provide the equipment and technology for the gasification and fuel production process.

The major shareholders (10.0% or greater) of Hat Creek Bioenergy, LLC are:

Peter Paul Living Trust (100% owner)

The company officers of Hat Creek Bioenergy, LLC are:

Peter T. Paul, Manager

## **THE PROJECT**

Hat Creek is requesting a sales and use tax exclusion to build a new biomass processing and fuel production facility in Burney (the “Project”). The Hat Creek bioenergy facility will convert raw forest biomass to a gaseous alternative source fuel—producer gas—that can ultimately be used for renewable heat and electricity. The Project will use gasification to extract the gaseous fuel from biomass feedstock collected from nearby forest restoration projects. Specifically, Hat Creek plans to obtain the biomass feedstock from nearby forest restoration projects, including dead trees resulting from years of drought and the related bark beetle infestation in fir and pine trees throughout the California Sierra Nevada and 11 nearby states. According to the Applicant, the biomass feedstock would otherwise be piled and burned or chipped and left to decay in forests.

The facility will utilize approximately 32,000 bone dry tons (“BDT”) of woody biomass per year to produce 546,000 MMBtu of producer gas. The Applicant states that a feedstock supply study conducted by the Watershed Research and Training Center of Hayfork, California, identified an annual available feedstock supply of 363,000 BDT of woody biomass harvested within a 50-mile radius of the plant site, confirming a significant excess supply of forest feedstock in the region. The facility will procure its biomass feedstock from both public and private landowners.

In addition to producer gas, the facility can be operated to generate biochar as a value-added co-product. Biochar is a material with high levels of fixed carbon that can be used as a soil amendment or for filtration media. According to the Applicant, biochar enhances the soil’s biological productivity and its water-holding and fertilizer-holding capacity, which provides crop nutrition and improves plant growth.

The producer gas created at the facility will be used to generate 3,600 kW of electricity, of which 600 kW will be used to power the facility and 3,000 kW will be exported to Pacific Gas & Electric (“PG&E”) through the Bioenergy Market Adjusting Tariff (“BioMAT”) program. The Applicant has already secured a power purchase agreement with PG&E. The portion of the electricity generating equipment needed to prepare the biomass and operate the gasification process is included in the Application.

The Project received a \$5 million competitive EPIC grant from the California Energy Commission in 2017.

### ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Biomass Unloading, Storage and Conveyance	\$ 2,500,000
Gasifier and Integrated Thermal Oil Heater	3,480,000
Organic Rankine Cycle Generator	750,000
Biochar Hopper and Conveyance	300,000
Flue Gas Cleanup Hardware	1,200,000
Structures	1,450,000
Base of Plant Equipment (Electrical, Plumbing, Insulation)	3,000,000
<b>Total</b>	<b><u>\$12,680,000</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 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 has completed the preliminary engineering for the project, including a construction timeline. The Applicant plans to begin purchasing equipment in June 2020 and begin site construction in October 2020. Equipment installation is anticipated to begin in March 2021, and commercial operation is expected to begin in January 2022.

### COMPETITIVE CRITERIA SCORE

In the event that CAEATFA receives Applications in excess of the statutory \$100 million cap for that calendar year, the order in which the Applications shall be considered in the same month will be ranked based on five Competitive Criteria.

The Applicant received 152 Competitive Criteria points as follows:

1. **Environmental Benefits (100 points)**. The Applicant's Project earned more than zero Total Pollution Benefits points (i.e. had environmental benefits that could be monetized and scored pursuant to the Program's regulations<sup>9</sup>), therefore 100 points are awarded.

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<sup>9</sup> California Code of Regulations Title 4, Division 13, Section 10033(c)(4)

2. **Unemployment (17 of 50 points).** The Applicant's Project is located in Shasta County, which has an average annual unemployment rate of 4.7%. When compared to the statewide average annual unemployment rate, which was 4.1% in 2019, the dataset used in the Application, the Project location earned the Applicant an Unemployment Score of 17 points.
3. **Job Creation (20 of 75 points).** The Applicant represents that the Project will support a total of 10 production-related 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 STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 20 points.
4. **California Headquarters (15 points).** The Applicant has a California Corporate Headquarters, therefore 15 points are awarded.
5. **Natural Disaster Relief (0 points).** The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in the state of emergency proclamation made by the California State Governor within two years of the time of application, therefore zero points are awarded.

## **PROJECT EVALUATION**

### **NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated to be \$12,680,000 and the total quantifiable net benefits are valued at \$1,899,124 for the Project. The Project received a Total Score of 2,828 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 847 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (1,945 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 \$2,061,725, resulting in a Fiscal Benefits score of 1,945 points for the Project.
- B. **Environmental Benefits (847 points).** The Project will result in \$897,448 of total pollution benefits over the life of the Project resulting in an Environmental Benefits Score of 847 points for the Project. These benefits derive from the production of producer biogas, which can be used to generate electricity, and offsets the need for use of fossil-fuel produced electricity
- C. **Additional Benefits (37 points).** Applicants may earn additional points for their Total Score. The Applicant submitted information and received 37 additional points.

1. **Production Jobs (20 of 75 points).** The Applicant represents that the Project will support a total of 10 production-related 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 STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 20 points.
2. **Construction Jobs (0 of 75 points).** The Applicant represents that the Project will support a total of 5 construction jobs at its Facility. CAEATFA estimates that approximately one of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
3. **Unemployment (17 of 50 points).** The Applicant's Project is located in Shasta County, which has an average annual unemployment rate of 4.7%. When compared to the statewide average annual unemployment rate, which was 4.1% in 2019, the dataset used in the Application, the Project location earned the Applicant an Unemployment Score of 17 points.

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

According to the Applicant, Shasta County approved a Conditional Use Permit (CUP) in August 2019. The CUP application triggered CEQA, and a CEQA review was completed as an Addendum to an existing Environmental Impact Report. The Applicant expects the Shasta County Air Quality Management District to issue an air permit based upon the air quality impact analysis performed as part of the CEQA analysis. The Applicant expects to submit an application to the Shasta County Air Quality Management District for an Authority to Construct permit in March 2020. The Applicant further expects approval of its Permit to Construct application in June 2020 and of its Permit to Operate in February 2022.

## **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>10</sup> the Applicant has paid CAEATFA an Application Fee of \$7,500 and will pay CAEATFA an Administrative Fee of up to \$50,720.

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<sup>10</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RECOMMENDATION**

Staff recommends approval of Resolution No. 20-SM018 for Hat Creek Bioenergy, LLC's purchase of Qualified Property in an amount not to exceed \$12,680,000, anticipated to result in an approximate sales and use tax exclusion value of \$1,060,048.

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER  
REGULATORY AGREEMENT WITH HAT CREEK BIOENERGY, LLC**

March 17, 2020

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Hat Creek Bioenergy, 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 \$12,680,000 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.

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.