

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

***Request to Approve a Time Extension for the
Initial Term of the Regulatory Agreement¹***

**Sanitation Districts of Los Angeles County
Application No. 19-SM004**

Tuesday, February 15, 2022

Prepared By: *Stefani Wilde, Program Analyst*

SUMMARY

Applicant – Sanitation Districts of Los Angeles County

Location – Whittier, Los Angeles County

Industry – Mixed Recycling

Project – Upgrade of Existing Materials Recovery Facility (Recycled Resource Extraction)

Total Amount Qualified Property Approved – \$15,212,303

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$1,271,749

Amount of Time Requested –

- Two years, until February 19, 2024, for the Initial Term of the Regulatory Agreement (five years 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 initial approval, which was 8.36%.

REQUEST

On February 19, 2019, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for the Sanitation Districts of Los Angeles County (the “Applicant”) for the purchase of up to \$15,212,303 in Qualified Property to upgrade its existing Puente Hills materials recovery facility located in Whittier that will process Municipal Solid Waste (“MSW”) and mixed recyclables (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.³

As of December 31, 2021, the Applicant has used the STE to purchase \$11,617,222.02 of Qualified Property (76% of the total Qualified Property amount approved). The Applicant is requesting to extend the Agreement initial term by two years to accommodate significant delays related to the COVID-19 pandemic.

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.⁴

According to the Applicant, it has experienced significant delays directly related to the COVID-19 pandemic. Specifically, staffing shortages limited equipment availability, as well as a reduction in recyclables, has extended the Project timeline. The Applicant explains the COVID-19 related impacts to recycling and waste markets has led to a slower ramp up in processing than had originally been anticipated. However, the Applicant states that the sort-line portion of the Project is already fully functional, and it plan on expediting the purchase of the remaining Qualified Property once the equipment is available to purchase.

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 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.

On July 18, 2017, the CAEATFA Board granted the Applicant an STE award for the purchase of up to \$11,928,310 in Qualified Property for an estimated STE value of \$1,004,364 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 to be used as transportation fuel. The Applicant has reported \$8,504,957.32 in Qualified Property purchases (approximately 71% of the total Qualified Property amount approved) through June 30, 2021.

³ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

⁴ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(B)

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

Katherine Lee (Alhambra)

Ali Sajjad Taj (Artesia)

Ali Saleh (Bell)

Marco Barcena (Bell Gardens)

Raymond Dunton (Bellflower)

Grace Hu (Cerritos)

Leonard Mendoza (Commerce)

Emma Sharif (Compton)

Claudia Frometa (Downey)

Robert Garcia (Long Beach)

Nury Martinez (Los Angeles City)

Kimberly Ann Cobos-Cawthorne (Montebello)

Yvonne Yiu (Monterey Park)

Jennifer Perez (Norwalk)

Brenda Olmos (Paramount)

Raul Elias (Pico Rivera)

Chin Ho Liao (San Gabriel)

Al Rios (South Gate)

Melissa Ybarra (Vernon)

Joe Vinatieri (Whittier)

Holly Mitchell (Los Angeles County)

THE PROJECT

The Applicant is upgrading its existing Puente Hills materials recovery facility located in Whittier that will process Municipal Solid Waste (“MSW”) and mixed recyclables (the “Project”). The Applicant states the implementation of a new mixed waste processing system will contribute to recovering old corrugated containers, old newspaper, mixed paper, office pack, polyethylene terephthalate, high-density polyethylene-colored, mixed plastic 3-7, aseptic, tin cans, aluminum, mixed rigid plastic, film, and glass. According to the Applicant, the facility currently receives approximately 3,000 tons of MSW and commingled recyclables per day but is only able to process between 75-100 tons per day (“tpd”). With modern equipment, the Applicant states it will divert commodities that were not previously recoverable through MSW processing, increasing its capacity to approximately 550 tpd, which has helped jurisdictions in Los Angeles County meet the required 75% diversion rate by 2020.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from February 19, 2022, to February 19, 2024, in order to accommodate delays related to the COVID-19 pandemic.

Staff Evaluation

In making its recommendation, Staff took into consideration the adverse effect caused by the COVID-19 pandemic, which not only impacted the Applicant’s industry but other industries that are essential to the completion of the Project. Staff also notes that the Applicant has purchased nearly 80% of the Qualified Property amount approved. Although the Applicant has experienced delays related to staffing issues, as well as equipment availability, the Applicant has continued to make progress toward completion and states that it has a plan to expedite the procurement of the remaining equipment when it becomes available.

Based on this information, Staff believes extending the 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 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.

CAEATEFA FEES

In accordance with STE Program Regulations,⁵ the Applicant has paid an additional fee of \$2,000 because extending the initial term qualifies as a modification to the Applicant's Agreement.

RECOMMENDATION

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement by two years to February 19, 2024, 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 (December 16, 2021)
- Attachment B: Sanitation Districts of Los Angeles County's staff summary at the time of approval

⁵ 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**

February 15, 2022

WHEREAS, on February 19, 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 \$15,212,303 of Qualified Property for **Sanitation Districts of Los Angeles County** (the “Applicant”); and

WHEREAS, within three (3) years of approval by the Authority, the Applicant must make all Qualified Property purchases (STE Program regulations Section 10035(b)(1)(B)); 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 has requested a waiver of the requirement to purchase all of the Qualified Property by February 19, 2022, due to unexpected delays in the Project timeline, extending the term by two (2) years to February 19, 2024, 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 Applicant’s initial term of the Regulatory Agreement to February 19, 2024.

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

**Attachment A: Sanitation Districts of Los Angeles County's Letter Requesting Waiver
(December 16, 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

December 16, 2021

CAEATFA
Attn: Ms. Stefani Wilde, STE Analyst
915 Capitol Mall, Room 538
Sacramento, CA 95814

**Sales and Use Tax Exclusion Program
Request to Extend the Initial Term of the Master Regulatory Agreement**

On February 19, 2019, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) approved the Los Angeles County Sanitation Districts (Districts) project application (19-SM004). The project is to upgrade the existing system that processes mixed waste and recyclables at the Puente Hills Materials Recovery Facility. As a result of that approval, CAEATFA and the Districts executed a master regulatory agreement (Agreement) to facilitate the Sales and Use Tax Exclusion (STE) program. The Agreement allows up to \$15,212,303.00 in Qualified Property purchases related to the upgrade project to be exempt from being charged sales and use tax. The Agreement has an initial term of three years after CAEATFA's approval of the project application or until the aggregate price of \$15,212,303.00 is reached.

Per the STE program and regulation Section 10035(b)(1)(B), the Districts is requesting a time extension because the project is in the public interest and advances the purposes of the program. The following is the Districts response to request for information in CAEATFA's email dated December 1, 2021.

1. A request for a time extension, including the specific amount of 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 time extension for an additional two years (expiration on February 19, 2024). This extension will allow for the purchase of remaining equipment.

2. An explanation of why the extension is necessary (i.e. why the initial term deadline will not be met).

COVID-19 has negatively affected and caused substantial delays to the project due to shortages in availability of staff and equipment for all involved parties. In addition, the COVID-19 related impacts to recycling and waste markets have led to a slower ramp up in processing operations than expected.

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

The Districts plans on expediting the procurement of the remaining equipment when it is available for purchase and commensurate with increased processing needs as the recycling and waste markets stabilize. The Districts will be tracking and maintaining the expected purchase dates to the best of its availability.

DOC 6405905

-2-

December 16, 2021

4. Amount of Qualified Property purchased to date.

As of July 1, 2021, the Districts have reported \$11,569,905.52 in Qualified Property purchases, which calculates to 76% of the total Qualified Property amount approved.

5. Information on whether the scope of the project has changed; and any additional information to support Board approval of an extension of the Purchase Requirement.

In part due to COVID-19, the purchasing schedule has been delayed. However, the overall goal and scope of the project and all Qualified Property has not changed. The Districts fully intend to provide the public with essential services needed to comply with state laws and utilize "Advanced Transportation Technologies" which are Electric, renewable natural gas and renewable diesel.

Enclosed herein is the completed company ownership information and legal status questionnaire for the extension request. The fee check for \$2,000.00 will be separately mailed to you by December 24, 2021 or within five business days from the time extension request deadline of December 17, 2021.

We appreciate CAEATFA's continued support for the Puente Hills MRF through the Sales and Use Tax Exclusion Program.

Please contact Navnit Padival at npadival@lacsdc.org or (562) 908-4288, extension 2438, if you have any questions or need additional information.

Very truly yours,

Matthew A. Eaton

Matthew A. Eaton
Department Head
Financial Management

MAE:NP:gc
Attachments

cc: Mark Revilla

**Attachment B: Sanitation Districts of Los Angeles County’s
Staff Summary at the Time of Approval**

The original award staff summary can be found [on the CAEATFA website](#).

Agenda Item – 4.A.3
Resolution No. 19-SM004
Application No. 19-SM004

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

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

**Sanitation Districts of Los Angeles County
Application No. 19-SM004**

Tuesday, February 19, 2019

Prepared By: *Xee Moua, Program Analyst*

SUMMARY

Applicant – Sanitation Districts of Los Angeles County

Location – Whittier, Los Angeles County

Industry – Mixed Recycling

Project – Upgrade of Existing Materials Recovery Facility (Recycled Resource Extraction)

Value of Qualified Property – \$15,212,303

Estimated Sales and Use Tax Exclusion Amount² – \$1,271,749

Estimated Quantifiable Net Benefits – \$1,151,345

Application Score –

Fiscal Benefits Points:	2,161
<u>Environmental Benefits Points:</u>	<u>31</u>
Net Benefits Score:	2,192

<u>Additional Benefits Points:</u>	<u>35</u>
Total Score:	2,227

Staff Recommendation – Approval

¹ All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

² This amount is calculated based on the average statewide sales tax rate of 8.36%.

**Agenda Item – 4.A.1
Resolution No. 19-SM004-02**

**Agenda Item – 4.A.3
Resolution No. 19-SM004
Application No. 19-SM004**

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.

On July 18, 2017, the CAEATFA Board granted LACSD an STE award for the purchase of up to \$11,928,310 in Qualified Property for an estimated STE value of \$1,004,364 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 to be used as transportation fuel. LACSD has reported \$987,524 in Qualified Property purchases (approximately 8% of the total Qualified Property amount approved) through June 30, 2018.

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

Jeffrey K. Maloney (Alhambra)	Jack Hadjinian (Montebello)
Tony Lima (Artesia)	Peter Chan (Monterey Park)
Fidencio Joel Gallardo (Bell)	Jennifer Perez (Norwalk)
Alejandro Cortez (Bell Gardens)	Diane J. Martinez (Paramount)
Sonny R. Santa Ines (Bellflower)	Brent Tercero (Pico Rivera)
Mark Pulido (Cerritos)	John Harrington (San Gabriel)
Hugo Argumedo (Commerce)	Maria Belen Bernal (South Gate)
Aja Brown (Compton)	Yvette Woodruff-Perez (Vernon)
Richard Rodriguez (Downey)	Joe Vinatieri (Whittier)
Robert Garcia (Long Beach)	Janice Hahn (Los Angeles County)
Herb Wesson, Jr. (Los Angeles City)	

THE PROJECT

LACSD is requesting a sales and use tax exclusion to upgrade its existing Puente Hills materials recovery facility located in Whittier that will process Municipal Solid Waste (“MSW”) and mixed recyclables (the “Project”). LACSD states the implementation of a new mixed waste processing system will contribute to recovering old corrugated containers, old newspaper, mixed paper, office pack, polyethylene terephthalate, high-density polyethylene-colored, mixed plastic 3-7, aseptic, tin cans, aluminum, mixed rigid plastic, film, and glass. According to the Applicant, the facility currently receives approximately 3,000 tons of MSW and commingled recyclables per day but is only able to process between 75-100 tons per day (“tpd”). With modern

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Resolution No. 19-SM004-02**

**Agenda Item – 4.A.3
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equipment, the Applicant states it will divert commodities that were not previously recoverable through MSW processing, increasing its capacity to approximately 550 tpd in anticipation to helping jurisdictions in Los Angeles County meet the required 75% diversion rate by 2020.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Balers	\$ 606,220
Chain Belts	855,103
Conveyors	2,659,534
Forklifts	160,000
Gates	212,113
Grapples	1,300,072
Infrastructure	2,284,878
Loaders	1,353,691
Sorting Equipment	3,292,422
Trailers	900,000
Trucks	1,095,000
Walking Floor	492,250
Total	<u>\$15,212,303</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 LACSD, it has started construction of the Project as of October 2018 and anticipates operation of the new mixed waste processor by November 2019.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated to be \$15,212,303 and the total quantifiable net benefits are valued at \$1,515,345 for the Project. The Project received a Total Score of 2,227 points, which exceeds the required 1,000 point threshold, and a total Environmental Benefits Score of 31 points, which exceeds the 20 point threshold.

**Agenda Item – 4.A.1
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- A. **Fiscal Benefits (2,161 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 \$2,747,895, resulting in a Fiscal Benefits score of 2,161 points for the Project.
- B. **Environmental Benefits (31 points)**. The Project will result in \$39,199 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 31 points for the Project. These benefits derive from the processing of mixed recyclables for use in another product which thereby diverts approximately 60,000 tons from landfills, according to the Applicant.
- C. **Additional Benefits (35 points)**. Applicants may earn additional points for their Total Score. The Applicant submitted information and received 35 additional points.
1. **Production Jobs (35 of 75 points)**. The Applicant represents that the Project will support a total of 60 production-related jobs at its Facility. CAEATFA estimates that approximately four 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 35 points for the Project.
 2. **Construction Jobs (0 of 75 points)**. The Applicant represents that the Project will support a total of five construction jobs at its Facility. CAEATFA estimates that none of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs does not meet the required threshold.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

According to the Applicant, all existing permits are sufficient for the Project.

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.

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CAEATFA FEES

In accordance with CAEATFA Regulations,³ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$60,849.21.

RECOMMENDATION

Staff recommends approval of Resolution No. 19-SM004 for Sanitation Districts of Los Angeles County's purchase of Qualified Property in an amount not to exceed \$15,212,303, anticipated to result in an approximate sales and use tax exclusion value of \$1,271,749.

³ California Code of Regulations Title 4, Division 13, Section 10036

Agenda Item – 4.A.1
Resolution No. 19-SM004-02

Agenda Item – 4.A.3
Resolution No. 19-SM004
Application No. 19-SM004

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

February 19, 2019

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **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 \$15,212,303 over a period of three years; and

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

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

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

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

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

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

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

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Resolution No. 19-SM004-02

Agenda Item – 4.A.3
Resolution No. 19-SM004
Application No. 19-SM004

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.