

**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. 17-SM052**

Tuesday, May 16, 2023

Prepared By: *Jeannie Yu, 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 Approval² – \$1,004,364

Amount of Time Requested –

- Requesting a two-year extension, until July 18, 2025, for the Initial Term of the Regulatory Agreement (a total of eight years from the date of initial CAEATFA Board approval of July 18, 2017)

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 8.42%.

REQUEST

On July 18, 2017, the CAEATFA Board approved a Sales and Use Tax Exclusion (“STE”) award to 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 the 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 CAEATFA Board approval to utilize its STE award.³ The initial term of the Agreement can be extended by the Board upon a finding that an extension is in the public interest and advances the purposes of the STE Program.⁴

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.

On June 15, 2021, the CAEATFA Board approved the Applicant for a second extension of the initial term of the Agreement by two years from its previous termination date of July 18, 2021 to accommodate a pushback in the approval of the design-build contract for the Applicant’s JWPCP CNG Station.

As of April 2023, the Applicant has used the STE award to purchase approximately \$9.4 million of Qualified Property (79% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term for a third time by an additional two years to accommodate the additional time needed to expand the JWPCP CNG Station, and for the design, permitting, and construction of its JWPCP Biogas Conditioning Skid 2 (“BCS-2”).

The Applicant states the extension is necessary as many projects under the Applicant’s Food Waste Recycling Program (“FWR Program”) were put on hold as it was not able to acquire the sufficient volume of food waste feedstock to generate enough biogas to support the projects. The Applicant claims the volatility of feedstock availability stemmed from the coronavirus pandemic and the delay in CalRecycle’s implementation of SB 1383, a bill that seeks to reduce emissions of short-lived climate pollutants by reducing organic waste disposal to 50% by 2020 and 75% by 2025.

At the time of the Applicant’s last extension request, the Applicant had built about 80% of its Slurry Receiving Facilities and solicited a construction contractor for facility expansion. Since, the Applicant has selected Tetra Tech BAS Inc. as its design-build contractor and contracted with 13 food waste slurry haulers to consistently bring in the amount of feedstock needed to receive the full approval to complete the BCS-2. According to the Applicant, the JWPCP CNG Station will be completed by the end of 2023 and the design and permitting of the BCS-2 will begin around June 2023. The Applicant states it is incentivized to meet the new timeline because

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

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

it is currently flaring excess biogas that could otherwise be converted into renewable natural gas for vehicle fuel. Furthermore, the Applicant states it is applying for a \$10 million organics grant with CalRecycle and in order to claim reimbursement, costs would need to be incurred by the end of 2025.

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:

- | | |
|--|--|
| Mayor Adele Andrade Stadler (Alhambra) | Mayor Ema Sharif (Compton) |
| Mayor Monica Manalo (Artesia) | Mayor Rex Richardson (Long Beach) |
| Mayor Monica Arroyo (Bell) | Council President Paul Krekorian (Los Angeles) |
| Mayor Alejandra Cortex (Bell Gardens) | Mayor David Torres (Montebello) |
| Mayor Sonny Santa Ines (Bellflower) | Mayor Jose Sanchez (Monterey Park) |
| Mayor Chuong Vo (Cerritos) | Mayor Ana Valencia (Norwalk) |
| Mayor Oralía Rebollo (Commerce) | Mayor Vilma Cuellar Stallings (Paramount) |
| Mayor Erik Lutz (Pico Rivera) | Mayor Tony Ding (San Gabriel) |
| Mayor Maria del Pila Avalos (South Gate) | Mayor Leticia Lopez (Vernon) |
| Mayor Joe Vinatieri (Whittier) | LA County Board of Supervisors Chair Janice Hahn (LA County) |

THE PROJECT

The Applicant received an STE 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 a 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 it has five existing anaerobic digestors with excess capacity located at the JWPCP that will be utilized to produce biomethane, which will be upgraded to and 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, 2023 to July 18, 2025, in order to accommodate the additional time needed to expand the JWPCP CNG Station, and for the design, permitting, and construction of the BCS-2.

Staff Evaluation

The Applicant states that while the coronavirus pandemic affected many of its projects under the FWR Program and CalRecycle’s timeline for implementing SB 1383, it has since overcome these obstacles. The Applicant also states it has received final approval to proceed with completing its JWPCP Station. The Applicant has provided Staff with a new timeline outlining the various activities taking place over the next two years to complete the Project. The Applicant believes the Project will move forward because it is currently producing a surplus of biogas that is unnecessarily being flared. The Applicant mentioned it is in the process of drafting an agreement with Tetra Tech BAS Inc. to design, build, and operate the BCS-2, which includes provisions for liquidated damages if the Project is not completed on time.

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.

CAEATFA 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 July 18, 2025 as it is in the public interest and advances the purposes of the STE Program.

⁵ California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(B)

Attachments

- Attachment A: Sanitation Districts of Los Angeles County’s letter requesting waiver (March 31, 2023)
- Attachment B: Sanitation Districts of Los Angeles County’s staff summary at the time of approval

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

May 16, 2023

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 (3) 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 previously had requested a waiver of the requirement to purchase all of the Qualified Property 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, the Applicant previously had requested a waiver of the requirement to purchase all of the Qualified Property by July 18, 2023, due to unexpected delays in the Project timeline, extending the term by two (2) years to July 18, 2025; 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 July 18, 2025.

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

Attachment A: Sanitation Districts of Los Angeles County’s Letter Requesting Waiver
(March 31, 2023)



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

March 31, 2023

Xec 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 July 1, 2021, CAEATFA approved the Districts’ request for a time extension of the initial term. The Agreement was amended and extended to July 18, 2023. 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, 2025). This extension will provide additional time needed to incur costs for the design, permitting and construction of the Joint Water Pollution Control Plant (JWPCP) Biogas Conditioning Skid 2 (BCS-2) Project. Anticipated schedule is as follows:

RFP Solicitation:	September 28, 2022 – November 30, 2022
Contract Award:	May 10, 2023
Design and Permitting:	June 2023 – December 2023
Equipment Purchases:	January 2024 – December 2024
Construction & Commission:	January 2025 – June 2025
Completion:	July 2025

The Districts have selected Tetra Tech BAS Inc. (Tetra Tech) as the design-build contractor for the BCS-2 Project through a competitive request for proposals. The anticipated schedule projects completion in 2025. The estimated total of qualified purchases available for the BCS-2 Project is \$6 million. The Districts anticipate using the remaining balance of available qualified purchases in amount of \$2,481,565.68. In June 2023, the Districts intend to apply for a separate agreement within the STE Program to cover costs for the remaining qualified purchases unclaimed with the current Agreement.

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Resolution No. 17-SM052-04**

Xee Moua

-2-

March 29, 2023

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

Many projects under the Districts' FWR Program were put on hold and did not meet the original timeline of the Agreement because of insufficient volume of food waste feedstock to generate enough biogas to justify a project like the BCS-2. This was impacted by the Covid-19 pandemic and CalRecycle's timeline for implementation of SB1383 (reduction of greenhouse gases through organic diversion from landfills). Since then, the Districts have contracted with 13 food waste slurry haulers bringing in consistent volume needed to generate biogas. With this, the Districts were comfortable to move forward with the BCS-2 Project, although later than originally anticipated.

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

The Districts are incentivized to meet the new timeline because we are currently flaring excess biogas that could otherwise be converted into renewable natural gas for vehicle fuel. The Districts are currently drafting an agreement with Tetra Tech to design, build, and operate the BCS-2 which includes provisions for liquidated damages that will be charged if the project is not completed on time. Lastly, the Districts are applying for CalRecycle's Organics Grant in April 2023. If awarded, the Districts are incentivized to utilize grant funding up to \$10 million dollars for the BCS-2 Project. To claim reimbursement, cost for the project would need to be incurred by the end of 2025.

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

To date, the Districts have reported \$9,446,744.32 in total qualified purchases.

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

The original scope and schedule of the FWR Program supplied in the Districts' application has significantly evolved due to market fluctuations, Covid-19 impacts and lessons learned from the early phases. 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 conversion of anaerobic digestion derived biogas into a renewable source of energy.

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,



Mark Revilla
Department Head
Solid Waste Management Department

RA:JD:mew
Enclosures
Attachment 1: Ownership Information Form
Attachment 2: Legal Status Questionnaire

cc: W. Chen, J. Deguzman, P. Prestia

DOC 6876142

A Century of Service

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

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

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. 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 Amount² – \$1,004,364

Estimated Net Benefits – \$1,190,772

Application Score –

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

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

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 8.42%.

**Agenda Item – 4.C.2
Resolution No. 17-SM052-04**

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

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)	Vivian Romero (Montebello)
Ali Sajjad Taj (Artesia)	Teresa Real Sebastian (Monterey Park)
Fidencio Joel Gallardo (Bell)	Luigi Vernola (Norwalk)
Jose J Mendoza (Bell Gardens)	Peggy Lemons (Paramount)
Ron Schnablegger (Bellflower)	Bob Archuleta (Pico Rivera)
Grace Hu (Cerritos)	Juli Costanzo(San Gabriel)
Ivan Altamirano (Commerce)	Maria Davila (South Gate)
Aja Brown (Compton)	Melissa Ybarra (Vernon)
Fernando Vasquez (Downey)	Joe Vinatieri (Whittier)
Robert Garcia (Long Beach)	Mark Ridley-Thomas (Los Angeles County)
Herb Wesson, Jr. (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 (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
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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	3,583,000
Total	<u>\$11,928,310</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

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.

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**Agenda Item – 4.A.2
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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,³ the Applicant has paid CAEATFA an Application Fee of \$5,964 and will pay CAEATFA an Administrative Fee up to \$47,713.

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

**Agenda Item – 4.C.2
Resolution No. 17-SM052-04**

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

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.

**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.

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Resolution No. 17-SM052-04

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.