

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

***Request to Approve an Extension of the 15% Purchase Requirement Timeframe
and the Initial Term of the Regulatory Agreement¹***

**Ampaire, Inc.
Application No. 22-SM032**

Tuesday, December 12, 2023

Prepared By: *Katrina Walters-White, Program Analyst*

SUMMARY

Applicant – Ampaire, Inc.

Location – Hawthorne, Los Angeles County; Camarillo, Ventura County

Industry – Aircraft Hybrid Electric Powertrain Production

Project – Expansion of an Existing Electric Powertrain Facility (Advanced Transportation)

Total Amount Qualified Property Approved– \$29,889,143

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$2,540,577

Amount of Time Requested –

- Requesting a two (2) year and 10 day extension, until December 31, 2025, for the 15% purchase requirement timeframe (three (3) years, six (6) months, and 10 days from the date of initial CAEATFA Board approval)
- Requesting a one (1) year, six (6) month, and 10 day extension, until December 31, 2026, for the initial term of the Regulatory Agreement (four (4) years, six (6) months, and 10 days from the date of initial CAEATFA Board approval)

Staff Recommendation – Approval

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

² This amount is calculated based on the average statewide sales tax rate of 8.5%.

REQUEST

On June 21, 2022 the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Ampaire, Inc. (the “Applicant”) for the purchase of up to \$29,889,143 in Qualified Property to expand its existing aircraft hybrid electric powertrain production facility in Hawthorne (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.³ Also, the Agreement initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.⁴

As of June 30, 2023, the Applicant has used the STE to purchase approximately \$134,000 of Qualified Property (4% of the total Qualified Property approved). The Applicant is requesting to extend the 15% purchase requirement timeframe by two years and 10 days to accommodate delays in funding. The Applicant is also requesting to extend the Agreement’s initial term by one year for the same accommodation.

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.⁵

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.⁶

According to the Applicant, its Series B funding was postponed due to challenging market conditions of 2022 and 2023. As market conditions progress, the Applicant has prepared investor materials for the upcoming round and is working to complete raising capital around Q1 of 2024. The Applicant states it has also secured additional contracts that will partially be dedicated to Qualified Property purchases and anticipates the initial contracts will lead to additional larger contracts and a reduction in the need to acquire Series B funding at the rate previously sought.

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)(A)

⁵ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(A)

⁶ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(B)

THE APPLICANT

Ampaire, Inc. is a California corporation that formed in 2016. The Applicant is currently engaged in research, design, and development of a first-of-its-kind commercial hybrid electric aircraft at its headquarters in Hawthorne.

The major shareholders (10.0% or greater) of the Applicant are:
Cory Combs (17.2%)
Kevin Noertker (24.5%)

The corporate officers of the Applicant are:
Kevin Noertker, Co-Founder and CEO
Cory Combs, Co-Founder, Executive Tech Fellow
Ed Lovelace, CTO
Mahu Vijay, CFO
Susan Ying, VP of Global Partnerships

THE PROJECT

The Applicant received an STE award to expand its existing aircraft hybrid electric powertrain production facility located in Hawthorne. The Applicant stated it is in the process of researching, designing, developing, and producing a first-of-its-kind nine seat commercial hybrid electric aircraft, called the EcoCaravan, that will transport passengers and cargo regionally. The Applicant currently operates out of hangar space and office space at Hawthorne airport, as well as Camarillo Airfield, where the Applicant conducts flight testing. According to the Applicant, due to its powertrain technology, which includes an innovative propulsion system from its signature electrification platform, the EcoCaravan will introduce new powertrain technologies into commercial aviation powertrain processes. The Applicant explains the electrification platform is a combination of a downsized sustainable aviation fuel engine, an electric motor, power electronics, software, and a high voltage lithium battery system. The Applicant states these technologies are anticipated to result in savings of up to 50% on fuel use and emissions, as well as up to a 25% reduction in operating costs as compared to its conventional counterparts.

15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST

The Applicant has requested that the 15% purchase requirement timeframe be extended from December 21, 2023 to December 31, 2025 in order to accommodate delays with funding.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from June 21, 2025 to December 31, 2026, in order to accommodate delays with funding.

Staff Evaluation

According to the Applicant, it will require additional time to meet the 15% and initial term due to the challenges in raising capital caused by market conditions but has worked to mitigate the financial impact to the Project by obtaining over \$13.8 million in contracts. The Applicant states winning these contracts has reduced its reliance on investors. According to the Applicant, it plans on continuing to raise \$30 million of capital during their Series B round, which will accelerate the Project work. The Applicant anticipates all Qualified Property to be purchased by April 2026 and the Project to be completed by December 2026.

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. Staff also 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 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,⁷ the Applicant has paid an additional fee of \$2,250 because extending the 15% purchase requirement timeframe and 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 15% purchase requirement timeframe by two years and 10 days to December 31, 2025, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

Staff recommends that the Board approve the Applicant’s request to extend the initial term of the Agreement by one year, six months, and 10 days to December 31, 2026, as it is in the public interest and advances the purposes of the STE Program.

⁷ California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(C)

Attachments

Attachment A: Ampaire, Inc.'s letter requesting waiver (September 18, 2023)

Attachment B: Ampaire, Inc.'s staff summary at the time of approval

**RESOLUTION APPROVING AN EXTENSION OF
AMPAIRE, INC.’S 15% PURCHASE REQUIREMENT TIMEFRAME
AND THE INITIAL TERM UNDER THE REGULATORY AGREEMENT**

December 12, 2023

WHEREAS, on June 21, 2022 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 \$29,889,143 of Qualified Property for **Ampaire, Inc.** (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 two (2) years and 10 days to December 31, 2025; and

WHEREAS, the Applicant has demonstrated extraordinary circumstances as to why it cannot meet the 18-month 15% purchase requirement timeframe; 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 has 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, six (6) months, and 10 days to December 31, 2026; and

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

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

Section 1. The Authority finds these are extraordinary circumstances and that it is in the public interest and advances the purposes of the Program to extend the Applicant’s deadline to meet the 15% purchase requirement to December 31, 2025.

Section 2. 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 December 31, 2026.

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

Attachment A: Ampaire, Inc.'s Letter Requesting Waiver (September 18, 2023)



September 18, 2023

Attn: CAEATFA Board

To the members of the CAEATFA Board:

Ampaire, Inc. would like to request an extension of the remaining portion of our 15% (\$4,349,014.21) spend to December 31, 2025.

Additionally, we would like to extend the initial term of our contract (originally set to expire on June 21, 2025) to be December 31, 2026.

The rationale for this new timeline is the unanticipated delay in our funding round given current market conditions. We have worked to mitigate the impact to our program from the delay in funding availability by pursuing and winning contracts to continue our work, as discussed below.

Our anticipated schedule for purchasing the remainder of the Qualified Property is shown in our updated Exhibit B, included in our extension request packet.

This updated timeline is requested due to the economic challenges of the past 18 months, which have coincided with a challenging capital raising environment that has delayed our Series B raise. We continue to monitor market conditions and are working towards completing our funding round in Q1 2024. Additionally, we have won over \$13.8 million in contracts since the start of our STE award period. Furthermore, we have a high degree of confidence that we will win additional contracts, both as follow-on contracts to those we have already won, as well as new contracts in the coming months and years. A meaningful portion of the funds from these contracts are dedicated to the purchase of STE equipment. These contracts allow us the opportunity to continue our planned work, albeit at a more measured pace, which is reflected in the schedule extensions we are seeking.

We can assure the Board that the new timeline laid out above will be successful because we are now not relying solely on our ability to raise significant equity capital in the near term, given the considerable scale of the contracts we have already secured and the expected follow-on contracts, to fulfill our request. Our updated timeline therefore reflects both the delays in our series B funding round as well as the new contracts we have secured. The new contracts, along with a modest Series B raise will completely fund the company through the start of commercial production, allowing for us to purchase all of the necessary STE equipment within the updated timeline requested.





As of June 30th, 2023 we have purchased \$134,357.24 in Qualified Property. The scope of our project remains unchanged.

Thank you,

A handwritten signature in black ink, appearing to read 'Alison Matthews', is written over a faint, light-colored signature line.

Alison Matthews
Accounting Manager
Ampaire. Inc.



Attachment B: Ampaire, Inc.’s Staff Summary at the Time of Approval

Agenda Item – 4.A.16
Resolution No. 22-SM032-01

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Ampaire, Inc.
Application No. 22-SM032**

Tuesday, June 21, 2022

Prepared By: *Stefani Wilde, Program Analyst*

SUMMARY

Applicant – Ampaire, Inc.

Location – Hawthorne, Los Angeles County; Camarillo, Ventura County

Industry – Aircraft Hybrid Electric Powertrain Production

Project – Expansion of Existing Electric Powertrain Facility (Advanced Transportation)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$29,889,143	\$2,540,577

Estimated Net Benefit ³	Dollar Value	Points Earned ³
Estimated Fiscal Benefits	\$4,413,720	1,737
Estimated Environmental Benefits	\$13,497,790	5,313
Additional Benefits	N/A	146
Total	\$17,911,510	7,196
Estimated Quantifiable Net Benefit	\$15,370,933	

Competitive Criteria Score – 178

Staff Recommendation – Approval

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

² This amount is calculated based on the average statewide sales tax rate of 8.5%.

³ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

**Agenda Item – 4.C.6
Resolution No.22-SM032-02**

**Agenda Item – 4.A.16
Resolution No. 22-SM032-01**

THE APPLICANT

Ampaire, Inc. (the “Applicant”), is a California corporation that formed in 2016. The Applicant is currently engaged in research, design, and development of a first-of-its-kind commercial hybrid electric aircraft at its headquarters in Hawthorne.

The major shareholders (10.0% or greater) of the Applicant are:

- Cory Combs (18%)
- Kevin Noertker (26%)

The corporate officers of the Applicant are:

- Kevin Noertker, Co-founder and CEO
- Cory Combs, Co-founder, Secretary, CFO and Executive Tech fellow
- Ed Lovelace, CTO
- Doug Shane, General Manager
- Susan Ying, VP of Global Partnerships

THE PROJECT

Ampaire, Inc. is requesting an STE award to expand its existing aircraft hybrid electric powertrain production facility located in Hawthorne (the “Project”).

The Applicant states it is in the process of researching, designing, developing, and producing a first-of-its-kind nine seat commercial hybrid electric aircraft, called the EcoCaravan, that will transport passengers and cargo regionally. The Applicant currently operates out of hangar space at Hawthorne airport, as well as Camarillo Airfield, where the Applicant conducts flight testing. According to the Applicant, due to its powertrain technology, which includes an innovative propulsion system from its signature electrification platform, the EcoCaravan will introduce new powertrain technologies into commercial aviation powertrain processes. The Applicant explains the electrification platform is a combination of a downsized sustainable aviation fuel engine, an electric motor, power electronics, software, and a high voltage lithium battery system. The Applicant states these technologies are anticipated to result in savings of up to 50% on fuel use and emissions, as well as up to a 25% reduction in operating costs as compared to its conventional counterparts.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Thermal Management, Thermal Environment Measurement, Thermal Testing of Equipment, Thermal Recording of Equipment	\$133,990
Additional Testing Equipment for FAA Certification	\$10,920,000
Data Collection and Synthesis Equipment	\$77,190
Electrical Measurement & Electric Motor Testing Equipment	\$1,807,995
Mechanical Testing & Measurement Equipment	\$270,000
Energy Storage Pilot Production Machinery & Equipment	\$10,000,000
Power Analysis & Power Supplies for Testing of Electric Power Systems	\$4,597,368

**Agenda Item – 4.C.6
Resolution No.22-SM032-02**

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Resolution No. 22-SM032-01**

Safety Equipment	\$1,000,000
Battery Assembly & Testing Equipment	\$1,082,600
Total	<u>\$29,889,143</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 Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated 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, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

TIMELINE

The Applicant states it expects to start expanding its existing space at Hawthorne airport beginning July 1, 2022, with improvements and some equipment placed in service by the end of the year. Additional expansion at that facility is anticipated in 2023. The Applicant anticipates completing the rest of the expansion and ordering the remaining equipment in 2023, and having all equipment in service by the first quarter of 2024.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant states it requires permits through Southern California Edison for facility power upgrades, which the Applicant plans to receive in the next year, prior to its planned upgrades.

COMPETITIVE CRITERIA SCORE

The Applicant received 178 Competitive Criteria points as follows:

- 1. Environmental Benefits (100 of 100 points).** The Application has a Project that produces an Advanced Transportation Technology, and, therefore, 100 points are awarded.
- 2. Unemployment (33 of 50 points).** The Project's primary Facility is located in Los Angeles County, which has an average annual unemployment rate of 10.5%.⁴ When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant 33 points.
- 3. Job Creation (30 of 75 points).** The Applicant anticipates the Project will support a total of 96 production-related jobs at its Facilities. CAEATFA estimates that approximately 5.89 of these jobs will be attributable to a marginal increase in jobs

⁴ Unemployment rates are based on data available in December 2021.

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Resolution No.22-SM032-02**

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created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 30 points.

4. **California Headquarters (15 of 15 points)**. The Applicant has a California Corporate Headquarters, and, therefore, 15 points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate the Applicant's Facilities due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.
6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points)**. The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.
7. **Emerging Strategic Industry (0 of 75 points)**. The Project's industry is not in an Emerging Strategic Industry, and, therefore, zero points are awarded.

PROJECT EVALUATION

PROJECT BENEFITS

The Project received a Total Score of 7,196 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 5,313 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (1,737 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$4,413,720, resulting in a Fiscal Benefits score of 5,313.
- B. **Environmental Benefits (5,313 points)**. The Project is anticipated to result in \$13,497,790 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 5,313 points. These benefits derive from the production of hybrid electric aircraft, as these vehicles deliver a net reduction in energy consumption and carbon dioxide emissions relative to gasoline powered vehicles.
- C. **Additional Benefits (146 points)**. Applicants may earn additional points for their Total Score. The Applicant received 146 additional points.
 1. **Production Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 96 production-related jobs at its Facilities. CAEATFA

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Resolution No.22-SM032-02**

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estimates that approximately 5.89 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 30 points.

2. **Construction Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of six construction jobs at its Facilities. CAEATFA estimates that approximately 0.37 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 (33 of 50 points)**. The Applicant's Project is located in Los Angeles County, which has an average annual unemployment rate of 10.5%. When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant 33 points.
4. **Non-CA Environmental Benefits (7 of 40 points)**. The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at \$36,630 resulting in a Non-CA Environmental Benefits Score of 7 points for the Project.
5. **Research and Development Facilities (25 of 25 points)**. The Applicant has verified that it has a facility located in California that performs research and development functions related to hybrid electric aircraft.
6. **Industry Cluster (25 of 25 points)**. The industry associated with this Application has been identified by Los Angeles County Economic Development Corporation as an industry cluster of the region of the Project's location.
7. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental, vision, bonuses, retirement contributions, education reimbursement, employee discounts, and paid leave benefits to its employees, earning the Applicant 25 points.

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.

**Agenda Item – 4.C.6
Resolution No.22-SM032-02**

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CAEATFA FEES

In accordance with CAEATFA regulations,⁵ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$119,556.57.

RECOMMENDATION

Staff recommends the approval of Resolution No. 22-SM032-01 for Ampaire, Inc.'s purchase of qualifying tangible personal property in an amount not to exceed \$29,889,143 anticipated to result in an approximate STE value of \$2,540,577.

⁵ California Code of Regulations Title 4, Division 13, Section 10036

**Agenda Item – 4.C.6
Resolution No.22-SM032-02**

**Agenda Item – 4.A.16
Resolution No. 22-SM032-01**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH AMPAIRE, INC.**

June 21, 2022

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Ampaire, Inc.** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$29,889,143 over a period of three (3) years; and

WHEREAS, the Applicant asserts 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 Project pursuant to Revenue and Taxation Code Section 6010.8; and

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

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

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The 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 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 Authorized Signatories deem appropriate, provided that the amount of the

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qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may 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 to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to 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 is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.