

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

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

**Trademark Brewing, LLC
Application No. 17-SM062**

Tuesday, September 17, 2024

Prepared By: *Jeannie Yu, Program Analyst*

SUMMARY

Applicant – Trademark Brewing, LLC

Location – Long Beach, Los Angeles County

Industry – Beverage Production

Project – New Craft Beer Manufacturing Facility (Advanced Manufacturing)

Total Amount Qualified Property Approved– \$1,854,741

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$156,169

Amount of Time Requested –

- Requesting a three (3) year, one (1) month and seventeen (17) day extension, until December 31, 2027, for the Initial Term of the Regulatory Agreement (a total of ten (10) years, one (1) month and seventeen (17) days from the date of initial CAEATFA Board approval of November 14, 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 November 14, 2017, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Trademark Brewing, LLC (the “Applicant”) for the purchase of up to \$1,854,741 in Qualified Property to develop a facility utilizing an advanced process to produce craft beer (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of Board approval to utilize its STE award.³

On October 20, 2020, the CAEATFA Board approved the Applicant for a two-year extension of the initial term of the Agreement from its original termination date of November 14, 2020 to November 14, 2022 to accommodate significant Project delays due to the COVID-19 pandemic.

On October 18, 2022, the CAEATFA Board approved the Applicant for a two-year extension of the initial term of the Agreement from November 14, 2022 to November 14, 2024 to further accommodate the long-term effects of the COVID-19 pandemic.

As of July 2024, the Applicant has used the STE award to purchase approximately \$1.1 million of Qualified Property (60% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term by an additional three years, one month and seventeen days to accommodate its delayed expansion plans.

According to the Applicant, as a hospitality-related business and supplier, it had been operating at a net loss in years 2020, 2021 and 2022 due to the pandemic. However, in 2023 the Applicant saw a rebound in customer demand, which allowed its facility to operate near full capacity. The Applicant states it has collaborated with a new distribution company and expanded its distribution radius from 20 miles to nearly 200 miles.

As of April 2024, the Applicant has doubled its outside distribution sales to bars, restaurants, grocery stores, and more. According to the Applicant, it is in the final stages of procurement and expects to spend approximately \$200,000 on pasteurization equipment before the end of the year, and an additional \$200,000 on particle separators by Quarter 3 of 2025. The Applicant will also be making purchases of additional tanks, laboratory equipment, and related machinery and robotics in 2025. With long upfront processes for design specifications and long lead times, the acquisition of equipment may extend into 2026, with additional anticipated purchases being made in 2027 when extrapolating for continued growth.

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

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 APPLICANT

Trademark Brewing, LLC is a limited liability company located in Long Beach. The Applicant was established in 2013 with plans to open a production-scale commercial facility.

The major shareholders (10.0% or greater) of Trademark Brewing, LLC are: Ilana Steffen (40%) Sterling Steffen (39%)	The corporate officers of Trademark Brewing, LLC are: Sterling Steffen, Co-Founder Ilana Steffen, Co-Founder
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THE PROJECT

The Applicant received a STE award to produce craft beer utilizing an advanced brewing system engineered by IDD Equipment, a manufacturer of advanced brewing equipment located in Moorpark, California, that the Applicant states will increase efficiency and reduce the environmental impact of the brewing process compared to the industry standard. The Applicant notes several ways in which the Project improves the industry standard for manufacturing craft beer. According to the Applicant, the Project will use advanced materials in a polymer mash filtration unit and high precision computer-controlled equipment to control the process of physically separating spent malt and grain from the liquid wort, which will become beer. According to the Applicant, by precisely controlling the pressure, temperature, timing, and pH balance throughout the process with computer technology, the system produces beer more efficiently to increase production compared to the standard industry technique that relies on gravity and time for separation.

In addition to a greater yield, the Applicant states the Project will generate several environmental benefits. The Applicant anticipates reducing energy consumption by 50 percent compared to the industry standard by implementing advanced heat exchangers for energy recovery and an advanced kettle boiling system. According to the Applicant, by precisely separating wort from malt, the Project reduces water consumption by 50 percent because the process allocates more water to the wort used to make beer than the spent malt, a waste by-product, compared to industry standard. The Applicant identifies an additional 20 percent reduction in water use (for a total of 70 percent) during the processes that clean storage tanks and kegs by recycling water for multiple uses as well as eliminating user error and waste in the automated sanitization process. According to the Applicant, the cleaning process also reduces hazardous waste by 50 percent compared to industry standard by re-using cleaning chemicals for 5-8 uses. The Applicant also represents the Project will reduce air pollutants by using a certified Low NOx high pressure steam boiler, which, combined with the reduction in energy consumption, reduces polluting emissions by 30 percent relative to the industry standard.

The Applicant also represents it uses an innovative business model by redefining the role of its workforce. Standard industry practice requires repetitive heavy lifting, which demands a certain level of physical strength and stamina from workers. According to the Applicant, the Project's advanced process reduces the physical requirements of standard beer production methods, which enables the Applicant to diversify its workforce and allows staff to sample different roles and

functions in the organization. In contrast to the industry standard, the Applicant maintains that the advanced process utilizes a high-performance workforce that works with the advanced machinery in versatile roles, which enables the workforce to create new products utilizing the latest technology.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from November 14, 2024 to December 31, 2027, in order to accommodate delayed expansion plans.

Staff Evaluation

Staff has reviewed the Applicant's extension request and taken into consideration that as a relatively newer, small-scale beverage supplier company, the effects of the COVID-19 pandemic will be more impactful to the Applicant's business operations and customer base. While there was a halt with the initial business growth plans, the Applicant is now seeing a rebound in customer demand and overall product sales growth as the economy recovers. This has enabled recent purchase orders of equipment to move forward with the Applicant's expansion plans.

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 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,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 three years, one month and seventeen days to December 31, 2027, 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: Trademark Brewing, LLC's letter requesting waiver (July 19, 2024)
- Attachment B: Trademark Brewing, LLC's staff summary at the time of approval

**RESOLUTION APPROVING A TIME EXTENSION FOR
TRADEMARK BREWING, LLC’S INITIAL TERM FOR
THE REGULATORY AGREEMENT**

September 17, 2024

WHEREAS, on November 14, 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 \$1,854,741 of Qualified Property for **Trademark Brewing, LLC** (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 two (2) years to November 14, 2022; and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property by November 14, 2022, due to unexpected delays in the Project timeline, extending the term by two (2) years to November 14, 2024; and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property by November 14, 2024, due to unexpected delays in the Project timeline, extending the term by three (3) years, one (1) month and seventeen (17) days to December 31, 2027; 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 December 31, 2027.

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

Attachment A: Trademark Brewing, LLC’s Letter Requesting Waiver (July 19, 2024)

Trademark Brewing, LLC
233 E Anaheim Street
Long Beach, CA 90813
562-308-7722

July 19, 2024

California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Board

Re: Trademark Brewing, LLC CAEATFA Extension

To Whom It May Concern:

From inception, Trademark Brewing has established itself as a leader in environmentally-friendly sustainable brewing practices. We’ve made significant investments in specialized equipment and processes that reduce our water consumption by 50%, and energy use by 30% when compared to other similar craft breweries (as measured by units of water and energy required to make each delicious pint of craft beer).

I’m writing today to request an extension of our participation in the CAEATFA program. To date, we have purchased approximately \$1,110,000 of Qualified Property or our original \$1,854,741 exclusion amount.

Our business supplies the hospitality sector, and was dramatically impacted by Covid-19. Trademark Brewing was basically closed in some form or another for nearly a year, and our customers (bars, restaurants, etc) were also similarly affected. This significantly impacted our initial growth plans, which in turn impacted our capability to utilize CAEATFA for new equipment and Qualifying Property purchases. It has only been in the last year that our business has started to grow as we originally planned.

We are requesting that our term be extended until the end of 2027. In the next 4 months we are planning for expansion, including approximately \$200,000 of Qualifying Property purchases, and we anticipate an additional \$200,000 of purchases by Q3 of 2025. Between these presently-planned purchases and other elements of organic growth within the company, we completely utilize our \$1,854,741 exclusion before the end of our requested extension.

Thank you for your time and consideration. Trademark Brewing is proud to be an industry leader in Sustainable Brewing, and the CAEATFA program has been critical to our success and capability to invest in the equipment required to make sustainable beer. We don’t just make great beer, we make great beer better!

Warm Regards,

Sterling Steffen
Co-Founder and Brewer
Trademark Brewing

Attachment B: Trademark Brewing, LLC’s Staff Summary at the Time of Approval

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

Agenda Item – 4.A.2
Resolution No. 17-SM062
Application No. 17-SM062

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

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

**Trademark Brewing, LLC
Application No. 17-SM062**

Tuesday, November 14, 2017

Prepared By: *Katrina Connolly, Blue Sky Consulting Group with Ashley Bonnett, Program Manager*

SUMMARY

Applicant – Trademark Brewing, LLC

Location – Long Beach, Los Angeles County

Industry – Beverage Production

Project – New Craft Beer Manufacturing Facility (Advanced Manufacturing)

Value of Qualified Property – \$1,854,741

Estimated Sales and Use Tax Exclusion Amount² – \$156,169

Application Score –

Fiscal Benefits Points:	5,178
<u>Environmental Benefits Points:</u>	<u>140</u>
Net Benefits Score:	5,318
 <u>Additional Benefits Points:</u>	 <u>154</u>
Total Score:	5,472

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.B.1
Resolution No. 17-SM062-01

Agenda Item – 4.A.2
Resolution No. 17-SM062
Application No. 17-SM062

THE APPLICANT

Trademark Brewing, LLC (“Trademark Brewing” or the “Applicant”) is a limited liability company located in Long Beach, California. The Applicant established Trademark Brewing in 2013 and plans to open a production-scale commercial facility in 2018.

The major shareholders (10.0% or greater) of Trademark Brewing, LLC are:
Sterling Steffen (46%)
Ilana Steffen (46%)

The corporate officers of Trademark Brewing, LLC are:
Sterling Steffen, Co-Founder
Ilana Steffen, Co-Founder

THE PROJECT

Trademark Brewing is requesting a sales and use tax exclusion to produce craft beer utilizing an advanced brewing system engineered by IDD Equipment, a manufacturer of advanced brewing equipment located in Moorpark, California, that the Applicant represents will increase efficiency and reduce the environmental impact of the brewing process compared to the industry standard (the “Project”). The Applicant notes several ways in which the Project improves the industry standard for manufacturing craft beer. According to the Applicant, the Project will use advanced materials in a polymer mash filtration unit and high precision computer-controlled equipment to control the process of physically separating spent malt and grain from the liquid wort, which will become beer. According to the Applicant, by precisely controlling the pressure, temperature, timing, and pH balance throughout the process with computer technology, the system produces beer more efficiently to increase production compared to the standard industry technique that relies on gravity and time for separation.

In addition to a greater yield, the Applicant represents the Project will generate several environmental benefits. The Applicant anticipates reducing energy consumption by 50 percent compared to the industry standard by implementing advanced heat exchangers for energy recovery and an advanced kettle boiling system. According to the Applicant, by precisely separating wort from malt, the Project reduces water consumption by 50 percent because the process allocates more water to the wort used to make beer than the spent malt, a waste by-product, compared to industry standard. The Applicant identifies an additional 20 percent reduction in water use (for a total of 70 percent) during the processes that clean storage tanks and kegs by recycling water for multiple uses as well as eliminating user error and waste in the automated sanitization process. According to the Applicant, the cleaning process also reduces hazardous waste by 50 percent compared to industry standard by re-using cleaning chemicals for 5-8 uses. The Applicant also represents the Project will reduce air pollutants by using a certified LowNOx high pressure steam boiler, which combined with the reduction in energy consumption, reduces polluting emissions by 30 percent relative to the industry standard.

The Applicant also represents it uses an innovative business model by redefining the role of their workforce. Standard industry practice requires repetitive heavy lifting, which requires a certain level of physical strength and stamina from workers. According to the Applicant, the Project’s

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Resolution No. 17-SM062-01

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advanced process reduces the physical requirements of standard beer production methods, which enables the Applicant to diversify its workforce and allows staff to sample different roles and functions in the organization. In contrast to the industry standard, the Applicant maintains that the advanced process utilizes a high-performance workforce that works with the advanced machinery in versatile roles, which enables the workforce to create new products utilizing the latest technology.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Brewing Equipment	\$1,333,712
Facility Upgrade	128,000
Finished Product Handling	47,529
Laboratory Equipment	53,500
Packaging Equipment	165,000
Warehouse Equipment	<u>127,000</u>
Total	<u>\$1,854,741</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

Trademark Brewing has started updating the facility and will upgrade utilities and install a new brewing floor and manufacturing space in 2017. The Applicant plans to receive and install equipment between November 2017 and February 2018. Trademark Brewing plans to begin producing and selling products in 2018.

PROJECT EVALUATION

NET BENEFITS

The Project received a Total Score of 5,472 points, which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 140 points, which exceeds the 20 point threshold.

- A. Fiscal Benefits (5,178 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

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taxes and other indirect fiscal benefits of the Applicant which amounts to \$808,675 resulting in a Fiscal Benefits score of 5,178 points for the Project.

B. Environmental Benefits (140 points). The Project will result in an Environmental Benefits Score of 140. The Applicant received points in the following categories:

1. **Environmental Sustainability Plan (20 of 20 points).** The Applicant will implement an environmental sustainability plan for its Project that it represents will result in water, energy, and materials efficiencies.
2. **Energy Consumption (30 of 30 points).** The Applicant represents that its manufacturing process will result in a 50 percent reduction in energy consumption relative to the industry standard manufacturing process.
3. **Water Use (30 of 30 points).** The Applicant represents that its manufacturing process will result in a 70 percent reduction in water use relative to the industry standard manufacturing process.
4. **Hazardous Waste (30 of 30 points).** The Applicant represents that its manufacturing process will result in a 50 percent reduction in hazardous waste produced relative to the industry standard manufacturing process.
5. **Air Pollutants (30 of 30 points).** The Applicant represents that its manufacturing process will result in a 30 percent reduction in air pollutants produced relative to the industry standard manufacturing process.

C. Additional Benefits (154 points). Applicants may earn additional points for their Total Score. The Applicant submitted information and received 154 additional points.

1. **Permanent Jobs (60 of 75 points).** The Applicant represents that the Project will support a total of 25 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 60 points for the Project.
2. **Construction Jobs (60 of 75 points).** The Applicant represents that the Project will support a total of 25 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 60 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 8.2%. This is above 110% of the statewide average annual unemployment rate which

Agenda Item – 4.B.1
Resolution No. 17-SM062-01

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was 7.5% in 2014, the dataset used in the application. This results in an Unemployment Score of 9 points for this Project.

- 4. Research and Development Facilities (25 points).** The Applicant has verified that it has a facility located in California that performs research and development functions related to craft beer production.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The small business loan that will finance the equipment purchases is expected to be finalized in November or December. The Applicant represents the Project will require several permits for construction and operation, including a demolition permit, new construction permit, California Alcoholic Beverage Control and Federal Tobacco Tax and Trade Bureau manufacturing permits, and business licensing from the City of Long Beach, all of which are anticipated by January 1, 2018.

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 \$927.37 and will pay CAEATFA an Administrative Fee of up to \$15,000.

RECOMMENDATION

Staff recommends approval of Resolution No. 17-SM062 for Trademark Brewing, LLC's purchase of Qualified Property in an amount not to exceed \$1,854,741 anticipated to result in an approximate sales and use tax exclusion value of \$156,169.

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

Agenda Item – 4.B.1
Resolution No. 17-SM062-01

Agenda Item – 4.A.2
Resolution No. 17-SM062
Application No. 17-SM062

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER
REGULATORY AGREEMENT WITH TRADEMARK BREWING, LLC**

November 14, 2017

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Trademark Brewing, LLC** (the “Applicant”), for financial assistance in the form of a master regulatory agreement (the “Agreement”) regarding tangible personal property utilized in an Advanced Manufacturing process or for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to enter into the Agreement to acquire Project equipment with an estimated cost not to exceed \$1,854,741 over a period of three years; and

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

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

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

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

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

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

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

Agenda Item – 4.B.1
Resolution No. 17-SM062-01

Agenda Item – 4.A.2
Resolution No. 17-SM062
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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.