

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

Board Meeting Date: Tuesday, March 18, 2025

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

**Blue Mountain Electric Company LLC
Application No. 22-SM001**

Prepared By: *Jeannie Yu, Program Analyst*

SUMMARY

Applicant: Blue Mountain Electric Company LLC

Location: Wilseyville, Calaveras County

Industry: Biomass Processing and Fuel Production

Project: New Biomass Processing and Fuel Production (Alternative Source)

Total Amount Qualified Property Approved: \$17,030,696

Estimated Sales and Use Tax Exclusion Amount at Approval:² \$1,447,609

Initial Board Approval Date: June 21, 2022

Amount of Time Requested:

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

BACKGROUND

On June 21, 2022, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Blue Mountain Electric Company LLC (the “Applicant”) for the purchase of up to \$17,030,696 in Qualified Property to build a new biomass processing and fuel production facility in Wilseyville, Calaveras County (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

First Extension – On December 12, 2023, the CAEATFA Board approved the Applicant for a six-month extension of the 15% purchase requirement timeframe from its original execution date of December 21, 2023, to June 21, 2024, to accommodate delays in securing Project funding.

Second Extension – On May 21, 2024, the CAEATFA Board approved the Applicant’s second extension to the 15% purchase requirement timeframe extending its execution date from June 21, 2024, to June 21, 2025, to accommodate delays in securing Project funding.

As of January 2025, the Applicant has used the STE to purchase approximately \$24,000 of Qualified Property (0.14% of the total Qualified Property approved). The Applicant is now requesting a third extension to the 15% purchase requirement timeframe to accommodate financial delays. Accordingly, the Applicant also requests an extension to the Agreement’s initial term for the same reasons.

THE APPLICANT

Blue Mountain Electric Company LLC is a California entity that was formed in 2017. The Applicant is headquartered in California and located in one of the most fire threatened regions of the Central Sierra. The property was purchased by Calaveras Water District and serve as its landlord.

The major shareholders (10.0% or greater) of the Applicant are:
Phoenix Biomass Energy Inc. (50%)
Gregory John Stangl (50%)

The company officers of the Applicant are:
Gregory John Stangl, Managing Member

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)

THE PROJECT

The Applicant received an STE award to develop a 3 MW bioenergy facility in Wilseyville that will convert local forest biomass into syngas and biochar using a gasification process. By doing so, the Applicant will be able to reduce open burning of forestry waste. According to the Applicant, the Project’s gasification technology will thermally convert (analogous to baking) woodchips derived from forest waste wood to create syngas, and the waste heat from the syngas production will be reused in the drying process of its incoming feedstock. The syngas will power a 3 MW engine that will produce electricity to sell back to the grid to Pacific Gas and Electric. Biochar is the residual byproduct of the gasification process and is a low energy content, high fixed carbon solid that will then be sold for use in soil amendments or as activated carbon for water and other filtration applications, effectively sequestering carbon and making the entire renewable energy generation process carbon negative.

Consistent with CAEATFA policy at the time of Application, the Qualified Property in this Application will be used to manufacture syngas; the Qualified Property also includes a portion of the power generation equipment used to power the facility. The Project’s equipment will consume approximately 15 percent of the total amount of available energy generated from syngas combustion; therefore, 15 percent of the power generation equipment is eligible for a sales and use tax exclusion. However, 85 percent of the power generation equipment is not included in this Application, as it represents the proportion of available energy in the form of electricity that will be sold to PG&E.

15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST

The Applicant has requested that the 15% purchase requirement timeframe be extended from June 21, 2025, to December 31, 2026, in order to accommodate delays in securing 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 in securing funding.

STAFF EVALUATION

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

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 states the Project schedule has been impacted by unforeseen delays in the approval process of their USDA-backed bank loan. According to Applicant, the USDA had required their Chief Executive Officer to sign a personal guarantee for \$25 million, however, that requirement has been removed and modified to adding a closing condition that requires the Applicant to raise additional capital for debt service and contingency. Such funding is expected to close by the end of March 2025. Furthermore, the Applicant is working actively to raise an additional \$4 million from new investors, and the Applicant's bank partners have agreed to modify existing loan terms to accommodate the schedule delays resulting from the delays of the USDA loan.

Staff has reviewed the Applicant's extension request and has taken into consideration that the Applicant has working diligently with federal, state, and local governments to write letters of support for the Project and move USDA from its previous position. Quickly after receiving USDA funding in March 2025, the Applicant intends to make all Qualified Property purchases, with the goal of finalizing equipment design and procurement, including deliveries by Q3 of 2025, and starting construction and equipment installation by Q4 of 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 Legal Status portion of the extension request. No information was disclosed concerning the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁷ the Applicant's request to extend the 15% purchase requirement timeframe and the initial term qualifies as a modification to the Applicant's Agreement, incurring additional fees. The Applicant has paid the additional fee of \$2,250.

RECOMMENDATION

Staff recommends that the Board approve the Applicant's request to extend the 15% purchase requirement timeframe by 1 year, 6 months, and 10 days, until December 31, 2026, 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 1 year, 6 months, and 10 days, until December 31, 2026, as it

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

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is in the public interest and advances the purposes of the STE Program, and the remaining term shall be for a period of 11 years, 6 months, and 10 days until December 31, 2033, for providing annual compliance reports.⁸

ATTACHMENTS

- Attachment A: Blue Mountain Electric Company’s Letter Requesting Waiver (January 28, 2025)
- Attachment B: Blue Mountain Electric Company LLC’s Staff Summary at the Time of Approval

⁸ California Code of Regulations Title 4, Division 13, Section 10035(a)(2)

**RESOLUTION APPROVING AN EXTENSION OF
BLUE MOUNTAIN ELECTRIC COMPANY LLC’S 15% PURCHASE REQUIREMENT
TIMEFRAME AND THE INITIAL TERM UNDER THE REGULATORY AGREEMENT**

March 18, 2025

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 \$17,030,696 of Qualified Property for **Blue Mountain Electric Company LLC’s** (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 had previously requested waivers of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount within 18 months due to unexpected delays in the Project timeline, extending the term by six (6) months to June 21, 2024; and then by one (1) year to June 21, 2025; and

WHEREAS, the Applicant has further requested another waiver of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount by June 21, 2025 due to unexpected delays in the Project timeline, further extending the term by one (1) year, six (6) months, and ten (10) days to December 31, 2026; and

WHEREAS, the Applicant has further 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

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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 ten (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, 2026.

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 3. This resolution shall take effect immediately upon its passage.

**Attachment A: Blue Mountain Electric Company LLC's
Letter Requesting Waiver (January 28, 2025)**



28 January 2025

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

Subject: Request for an 18-Month Extension of Initial Term – Application No. 22-SM001**

Dear CAEATFA Board,

On behalf of Blue Mountain Electric Company (BMEC), We formally request an 18-month extension of the Purchase Requirement and 15% initial purchase under the Sales and Use Tax Exclusion Program Regulatory Agreement for Application No. 22-SM001.

Initial Term: We respectfully request an extension through **31 December 2026**, allowing us to complete the purchase of all Qualified Property. This additional time is needed to accommodate delays in the project schedule, with construction now expected to commence in Q2 of 2025.

15% Purchase Requirement: We also request an extension of the 15% purchase requirement to 31 December 2026. While we believe that we will have completed this requirement well before the expiration of the extended Term, we wish to establish consistent deadlines.

BMEC anticipates closing on project funding by March 31, 2025. The anticipated schedule for purchasing the remaining Qualified Property is as follows:

- **Q3 2025:** Finalize equipment design and procurement, issue purchase orders, and begin equipment deliveries.
- **Q3 2025 - Q4 2026:** Sequential installation of equipment and systems as construction progresses.

The 18-month timeframe initially outlined in the agreement has been impacted by unforeseen delays in the USDA's approval process for our loan guarantee. Most of the funding for equipment is tied to this USDA-backed bank loan. The USDA had required our CEO to sign a personal guarantee for \$25 million, which was unacceptable. The USDA has recently removed this requirement, but is now adding a closing condition that we raise additional capital for debt service and contingency. We are amid this fund raise, which we hope to close by March 2025.

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This additional request is essentially the same as our previous extension request, but the loan approval process has taken much longer than anticipated. We believe we have satisfied the major closing requirements, but the introduction of these new conditions – as well as recent actions by the new Presidential Administration - adds a continued element of uncertainty to timing. We have spent an inordinate amount of time and effort working with federal, state, and local governments to write letters of support for this project and move USDA from its previous position. With the recent Los Angeles wildfires, we see renewed interest in projects like ours. Over the past year and a half, while we have been pushing to close bank financing, our partners and vendors have remained steady and supportive.

We are targeting new investors for the additional fundraising of approximately \$4 million. However, we have not brought in any new investors apart from the current lending institutions. With that said, our banking partners have agreed to modify their loan terms to accommodate the schedule delays resulting from our issues with USDA.

To date, BMEC has purchased approximately **\$23,915** of Qualified Property. This was to build a security system for the project site to activate the project's CUP permit with Calaveras County.

There have been no changes to the scope of the project. The 3 MW bioenergy facility remains as originally envisioned, using forest biomass to produce renewable local energy and biochar while contributing to wildfire mitigation and local economic development.

This project will provide significant environmental and economic benefits to the community, including carbon-negative electricity production and sustainable job creation in Wilseyville, a disadvantaged community. Delaying construction and procurement further would jeopardize these critical benefits.

Thank you for your consideration of this request. Should you have any questions or need further clarification, please contact me at machado@phoenixenergy.net or (209) 564-0087

Todd Machado, Operations Director

Phoenix Energy

**Attachment B: Blue Mountain Electric Company LLC’s
Staff Summary at the Time of Approval**

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

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Blue Mountain Electric Company LLC
Application No. 22-SM001**

Tuesday, June 21, 2022

Prepared By: *Xee Moua, Program Analyst*

SUMMARY

Applicant – Blue Mountain Electric Company LLC

Location – Wilseyville, Calaveras County

Industry – Biomass Processing and Fuel Production

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

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$17,030,696	\$1,447,609

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$1,719,760	1,188
Estimated Environmental Benefits	\$2,938,804	2,030
Additional Benefits	N/A	90
Total	\$4,658,564	3,308
Estimated Quantifiable Net Benefit	\$3,210,955	

Competitive Criteria Score – 145

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(e)(6).)

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THE APPLICANT

Blue Mountain Electric Company LLC (the “Applicant”) is a California limited liability company that was formed in 2017. The Applicant is headquartered in California and located in one of the most fire threatened regions of the Central Sierra. The project that is up for consideration was initially led by the Calaveras Healthy Impact Product Solutions (“CHIPS”), a 501(c)(3) organization that will co-locate with the Applicant and serve as its landlord.

The Applicant received authorization from the Sierra Nevada Conservancy on March 2, 2022, for a Resilient Communities Grant for \$400,000.

The major shareholders (10.0% or greater) of the Applicant are:
Gregory Stangl (50%)
Phoenix Biomass Energy, Inc. (50%)

The company officers of the Applicant are:
Gregory Stangl, Managing Member

THE PROJECT

The Applicant is developing a 3 MW bioenergy facility in Wilseyville that will convert local forest biomass into syngas and biochar using a gasification process (the “Project”). By doing so, the Applicant will be able to reduce open burning of forestry waste. According to the Applicant, the Project’s gasification technology will bake the woodchips to create syngas, and the waste heat from the syngas production will be reused in the drying process of its incoming feedstock. The syngas will power a 3 MW engine that will produce electricity to sell back to the grid to Pacific Gas and Electric. Biochar is the residual byproduct of the gasification process and is a low energy content, high fixed carbon solid that will then be sold for use in soil amendments or as activated carbon for water and other filtration applications.

Consistent with CAEATFA policy, the Qualified Property in this Application will be used to manufacture syngas; the Qualified Property also includes a portion of the power generation equipment used to power the facility. The Project’s equipment will consume approximately 15 percent of the total amount of available energy generated from syngas combustion; therefore, 15 percent of the power generation equipment is eligible for a sales and use tax exclusion. However, 85 percent of the power generation equipment is not included in this Application, as it represents the proportion of available energy in the form of electricity that will be sold to PG&E.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Building Improvements and Construction Materials	\$1,666,534
Utilities, Electrical, Sewer and Water Equipment	\$2,447,066
Process Equipment	\$12,917,096
Total	<u>\$17,030,696</u>

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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

According to the Applicant, Project activities have started as of July 2020, and it is in the process of obtaining detailed engineering for construction. The Applicant states its bid packs are expected to be issued by fall of 2022, with the gasifier being ordered by September 2022. Project construction will begin between summer and fall of 2022 and is anticipated to be completed by the end of 2023.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant states that the Calaveras County Planning Department approved the Project in November 2021 and filed a Mitigated Negative Declaration. The Applicant has been approved for its conditional use permit, Renewables Portfolio Standards Eligibility Certificate, CEQA and Health Risk Assessment.

COMPETITIVE CRITERIA SCORE

The Applicant received 145 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has a Project that produces an Alternative Source product, component, or system, and, therefore, 100 points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Calaveras County, which has an average annual unemployment rate of 5.8%.⁴ When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant zero points.
3. **Job Creation (30 of 75 points)**. The Applicant anticipates the Project will support a total of 14 production-related 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 STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 30 points.

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

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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 Facility 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 3,308 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 2,030 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (1,188 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 \$1,719,760 resulting in a Fiscal Benefits score of 1,188.
- B. **Environmental Benefits (2,030 points)**. The Project is anticipated to result in \$2,938,804 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 2,030 points. These benefits derive from the production of syngas, which offsets the need for use of fossil fuel.
- C. **Additional Benefits (90 points)**. Applicants may earn additional points for their Total Score. The Applicant received 90 additional points.
 1. **Production Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 14 production-related 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 STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 30 points.

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2. **Construction Jobs (35 of 75 points)**. The Applicant anticipates the Project will support a total of 24 construction jobs at its Facility. CAEATFA estimates that approximately four of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 35 points.
3. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Calaveras County, which has an average annual unemployment rate of 5.8%. When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant zero points.
4. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental and vision benefits, bonuses, a pension plan, retirement contributions, 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.

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 \$68,122.78.

RECOMMENDATION

Staff recommends the approval of Resolution No. 22-SM001-01 for Blue Mountain Electric Company LLC's purchase of qualifying tangible personal property in an amount not to exceed \$17,030,696 anticipated to result in an approximate STE value of \$ 1,447,609.

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

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**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH
BLUE MOUNTAIN ELECTRIC COMPANY LLC**

June 21, 2022

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Blue Mountain Electric Company LLC** (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 \$17,030,696 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

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the Project as the Authorized Signatories deem appropriate, provided that the amount of the 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.