

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

Board Meeting Date: Tuesday, March 18, 2025

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

**Califia Farms, LLC
Application No. 22-SM035**

Prepared By: *Joshua Moua, Program Analyst*

SUMMARY

Applicant: Califia Farms, LLC

Location: Bakersfield, Kern County

Industry: Plant-Based Dairy Free Beverage Manufacturing

Project: Expansion and Upgrade of Existing Plant-Based Dairy Free Beverage
Manufacturing Facility (Advanced Manufacturing)

Total Amount Qualified Property Approved: \$23,500,000

Estimated Sales and Use Tax Exclusion Amount at Approval:² \$1,997,500

Initial Board Approval Date: June 21, 2022

Amount of Time Requested:

- Requesting a two-year extension, until June 21, 2027, for the Initial Term of the Regulatory Agreement (a total of five years from the date of initial CAEATFA Board approval of June 21, 2022)

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”) award for Califia Farms, LLC (the “Applicant”) for the purchase of up to \$23,500,000 in Qualified Property to expand and upgrade its existing plant-based dairy free beverage manufacturing facility located in Bakersfield (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.³

As of December 2024, the Applicant has used the STE award to purchase approximately \$8,100,000 of Qualified Property (34% of the total Qualified Property approved).⁴ The Applicant is requesting to extend the Agreement initial term to accommodate delays caused by its previous third-party contractor in charge of the Project.

THE APPLICANT

Formed in California in 2010, Califia Farms, LLC is headquartered in Los Angeles with main operations in Bakersfield. The Applicant is a plant-based dairy free manufacturer that specializes in a variety of beverages such as cold brew coffees, creamers, milk, and juices. The Applicant states it is able to create sustainable dairy-free products that have the same consistency, appearance, flavor as dairy products without the lactose, cholesterol, and extra calories.

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

- SG Growth Partners III Grove AIV 1 & II, LP (18.85%)
- Ambrosia CF, Inc. & CF2, LLC (22.43%)
- QIA Almond, LLC (19.36%)
- Parry Peak Investments, LLC (24.87%)

The company officers of the Applicant are:

- Dave Ritterbush, Chief Executive Officer
- Mike Castle, Chief Financial Officer
- Suzanne Ginestro, Chief Marketing Officer
- Kevin Morgan, Chief Commercial Officer
- Cassandra Todd, Chief Supply Chain Officer
- Rajneesh Hora, Chief Science Officer
- Bobbie Jo Chi, Chief Human Resources Officer

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

⁴ Based on the 2024 2nd half semi-annual compliance report that has been received but not yet processed.

THE PROJECT

Califia Farms, LLC received an STE award to expand and upgrade its existing plant-based dairy free beverage manufacturing facility located in Bakersfield. As part of the expansion, the Applicant will add an additional 20,000 square feet of space to the existing 100,000+ square foot facility to accommodate the installation of a new blow mold. The Applicant explains the blow mold operation will help the Applicant create its own bottle supply in-house, which will reduce transportation expenses for shipment of empty bottles purchased from outside vendors. The Applicant states the Project will also upgrade its manufacturing equipment and research and design facilities by implementing state-of-the-art equipment and making refinements to its operations to help increase production capacity and product quality.

As part of the Project, the Applicant states the Project will use highly precise tools and methods to sort, kit, liquify, batch, pasteurize, homogenize, chill, bottle, label, package, and ship its products. For instance, the Applicant uses a series of load cells and flow measurement meters that can precisely measure the exact amount of ingredients and water required for each batch of product. The Applicant also uses advanced FOGG brand filling systems to sanitize, fill, and cap each individual bottle. The Applicant explains this type of automated system can fill 250 48-ounce bottles per minute. Additionally, the Applicant states its pasteurization process consists of an ultra-high temperature system, which uses indirect tubular heating to warm up the dairy-free milk to eliminate any microorganisms, thus creating a product with a longer shelf life. The Applicant states it will use smart systems such as predictive maintenance technology to help monitor its operations. According to the Applicant, the monitoring sensors record the plant activities and send the data to a third party to screen for any irregularities and to help prevent machines from failing.

To conserve energy, the Applicant states it will install large skylights, high-efficiency fixtures, and an LED motion sensor light system in the facility’s packaging area. To conserve water, the Applicant states it will repurpose more than 90% of its post-production byproduct, which is mostly a water solution. The Applicant explains that 100% of that water solution flows into a pond located outside the facility and can be used for irrigation at nearby farms. Additionally, the Applicant states the Project will include cardboard bailers and trash compactors to reduce its landfill waste by 20-25% compared to the past year.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from June 21, 2025, to June 21, 2027, to accommodate delays caused by its previous third-party contractor in charge of the project.

STAFF EVALUATION

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.⁵

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

According to the Applicant, it originally hired a third-party contractor to manage the Project. The Applicant states that due to poor communication and workmanship, the initial financial projections fell short. The Applicant has since cut ties with this contractor and is currently in discussions with new contractors.

However, a majority of construction has been completed. The Applicant states it will closely monitor any new third party contractor and require that they utilize the STE award through signed written agreements to ensure project completion. Staff also noted that the Applicant has its board's approval and the capital to complete upgrades.

Based on the current financial planning and analysis budget and approved capital expenditure spend, the Applicant estimates the award to be exhausted by no later than Q1 of 2027. According to the Applicant, vendors and secondary contractors are still in place to meet the new timeline.

Based on this information, Staff believes extending the initial term of the Agreement will allow for the Applicant to complete the Project, and 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,⁶ the Applicant's request to extend the initial term qualifies as a modification to the Applicant's Agreement, incurring additional fees. The Applicant has paid the additional fee of \$2,000.

RECOMMENDATION

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement by two years, until June 21, 2027, as it is in the public interest and advances the purposes of the STE Program, and the remaining term shall be for a period of eight years and six months, until December 21, 2030, for providing annual compliance reports.⁷

ATTACHMENTS

Attachment A: Califia Farms, LLC's letter requesting waiver (December 30, 2024)
Attachment B: Califia Farms, LLC's staff summary at the time of approval

⁶ California Code of Regulations Title 4, Division 13, Section 10036(c)(1)(B)

⁷ California Code of Regulations Title 4, Division 13, Section 10035(a)(2)

**RESOLUTION APPROVING A TIME EXTENSION FOR
CALIFIA FARMS, LLC’S INITIAL TERM FOR
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 23,500,000 of Qualified Property for **Califia Farms, 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 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 two (2) years to June 21, 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 June 21, 2027.

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

**Attachment A: Califia Farms, LLC’s Letter Requesting Waiver
(December 30, 2024)**

DocuSign Envelope ID: 97A01DCE-ABE9-4A1A-8FEF-5DBA640F5668A



December 30, 2024

CAEATFA
Attn: Jeannie Yu, Program Analyst
915 Capitol Mall Room 587
Sacramento, CA 95814

RE: CAEATFA STE Master Regulatory Agreement (“MRA”) Extension Request – Califia Farms, LLC (22-SM035)

Dear CAEATFA Board Members & Staff,

Califia Farms, LLC (“Califia”) respectfully requests a twenty-four (24) month extension on its CAEATFA STE MRA award, until June 21, 2027, in order to procure the remaining CAEATFA STE Qualified Property.

Califia’s CAEATFA STE award became effective as of June 21, 2022, and has since purchased more than \$8M of Qualified Property as of June 2024. A large portion of Califia’s budget for this award was to build-out the facility in order to increase production volume. However, since inception there have been significant delays with the third-party contractor in charge of managing the project which has caused the initial spend projections for CAEATFA certificate to fall below its initial projections. Califia has done its very best to ensure the CAEATFA exclusion was utilized to the full extent over the past two years and will continue to ensure utilization of the award for the remaining spend from both existing and new contractors.

The scope of the project has not changed, and the total expected Qualified Property spend is still expected to far exceed the remaining amount awarded. Based on historic and projected spend in California, Califia is confident that the correct processes are in place with both vendors and contractors to fully exhaust the CAEATFA award during this extension period.

Please reach out to us with any questions. Thank you in advance for your time and careful consideration.

Sincerely,

Signed by:

R403029DF353411
Mike Castle
Chief Financial Officer

cc: CAEATFA@sto.ca.gov
jeannie.yu@treasurer.ca.gov
alex.tran@CALincentives.com
sarah.neufeld@CALincentives.com

Attachment B: Califia Farms, 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.11
Resolution No. 22-SM035-01

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Califia Farms, LLC
Application No. 22-SM035**

Tuesday, June 21, 2022

Prepared By: *Xee Moua, Program Analyst*

SUMMARY

Applicant – Califia Farms, LLC

Location – Bakersfield, Kern County

Industry – Plant-Based Dairy Free Beverage Manufacturing

Project – Expansion and Upgrade of Existing Plant-Based Dairy Free Beverage Manufacturing Facility (Advanced Manufacturing)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$23,500,000	\$1,997,500

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$5,920,554	2,964
Estimated Environmental Benefits	N/A	40
Additional Benefits	N/A	124
Total	\$5,920,554	3,127
Estimated Quantifiable Net Benefit	\$3,923,054	

Competitive Criteria Score – 89

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.A.6
Resolution No. 22-SM035-02**

**Agenda Item – 4.A.11
Resolution No. 22-SM035-01**

THE APPLICANT

Califia Farms, LLC (the “Applicant”), is a California limited liability company that formed in 2010. The Applicant is headquartered in California and has facilities in Los Angeles and Bakersfield. The Applicant is a plant-based dairy free manufacturer that specializes in a variety of beverages such as cold brew coffees, creamers, milk, and juices. The Applicant states it is able to create sustainable dairy-free products that have the same consistency, appearance, flavor as dairy products without the lactose, cholesterol, and extra calories.

The Applicant received an income tax credit under the California Competes Tax Credit Program⁴ administered by the Governor’s Office of Business and Economic Development on November 16, 2017.

The major shareholders (10.0% or greater) of the Applicant are:
SG Growth Partners III Grove AIV 1 & II, LP (18.85%)
Ambrosia CF, Inc. & CF2, LLC (22.43%)
QIA Almond, LLC (19.36%)
Parry Peak Investments, LLC (24.87%)

The company officers of the Applicant are:
Joe Michelsen, VP, Controller
Mike Castle, CFO
Cassandra Todd, Chief Supply Chain Officer

THE PROJECT

Califia Farms, LLC, is requesting an STE award to expand and upgrade its existing plant-based dairy free beverage manufacturing facility located in Bakersfield (the “Project”). As part of the expansion, the Applicant will add an additional 20,000 square feet of space to the existing 100,000+ square foot facility to accommodate the installation of a new blow mold. The Applicant explains the blow mold operation will help the Applicant create its own bottle supply in-house, which will reduce transportation expenses for shipment of empty bottles purchased from outside vendors. The Applicant states the Project will also upgrade its manufacturing equipment and research and design facilities by implementing state-of-the-art equipment and making refinements to its operations to help increase production capacity and product quality.

As part of the Project, the Applicant states the Project will use highly precise tools and methods to sort, kit, liquify, batch, pasteurize, homogenize, chill, bottle, label, package, and ship its products. For instance, the Applicant uses a series of load cells and flow measurement meters that can precisely measure the exact amount of ingredients and water required for each batch of product. The Applicant also uses advanced FOGG brand filling systems to sanitize, fill, and cap each individual bottle. The Applicant explains this type of automated system can fill 250 48-ounce bottles per minute. Additionally, the Applicant states its pasteurization process consists of an ultra-high temperature system, which uses indirect tubular heating to warm up the dairy-free milk to eliminate any microorganisms, thus creating a product with a longer shelf life. The Applicant states it will use smart systems such as predictive maintenance technology to help

⁴ California Code of Regulations, Title 10, Chapter 13, Article 1 (commencing with Section 8000).

**Agenda Item – 4.A.6
Resolution No. 22-SM035-02**

**Agenda Item – 4.A.11
Resolution No. 22-SM035-01**

monitor its operations. According to the Applicant, the monitoring sensors record the plant activities and send the data to a third party to screen for any irregularities and to help prevent machines from failing.

To conserve energy, the Applicant states it will install large skylights, high-efficiency fixtures, and an LED motion sensor light system in the facility’s packaging area. To conserve water, the Applicant states it will repurpose more than 90% of its post-production byproduct, which is mostly a water solution. The Applicant explains that 100% of that water solution flows into a pond located outside the facility and can be used for irrigation at nearby farms. Additionally, the Applicant states the Project will include cardboard bailers and trash compactors to reduce its landfill waste by 20-25% compared to the past year.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Manufacturing & Processing Machinery and Equipment	\$6,500,000
Research and Development Property	\$1,000,000
Logistics, Transport, Storage Systems, and Related Property	\$500,000
Tools, Repairs, Spare, and Component Parts	\$1,500,000
Quality Control, Safety, Testing and Related Property	3,500,000
Computers and IT Property	\$500,000
Facility Buildout, Upgrades, and Infrastructure Materials	\$500,000
Total	<u>\$23,500,000</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 renovation of its facility began in Q1 of 2022, and that upgrades, equipment purchases, and installation have been scheduled through 2023.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

Per the Applicant, all permits needed for the Project from the city of Bakersfield including building, installation, and operational permits will be timely secured and the Applicant is in good standing with the city of Bakersfield.

COMPETITIVE CRITERIA SCORE

The Applicant received 89 Competitive Criteria points as follows:

1. **Environmental Benefits (0 of 100 points)**. The Application does not have a Recycled Resource Extraction Project or Project that produces an Advanced Transportation Technology or an Alternative Source product, component, or system. Therefore, no points are awarded.
2. **Unemployment (29 of 50 points)**. The Applicant’s Project is located in Kern County, which has an average annual unemployment rate of 10.1%.⁵ When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant 29 points.
3. **Job Creation (45 of 75 points)**. The Applicant anticipates the Project will support a total of 288 production-related jobs at its Facility. CAEATFA estimates that approximately 10 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 45 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 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 3,127 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 40 points, which exceeds the 20-point threshold.

⁵ Unemployment rates are based on data available in December 2021.

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Resolution No. 22-SM035-02**

**Agenda Item – 4.A.11
Resolution No. 22-SM035-01**

- A. Fiscal Benefits (2,964 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 \$5,920,554, resulting in a Fiscal Benefits score of 2,964.
- B. Environmental Benefits (40 points).** The Project earned an Environmental Benefits Score of 40. The Applicant received points in the following categories:
- 1. Energy Consumption (18 of 30 points).** The Applicant anticipates the Project will result in a 18% reduction in energy consumption compared to the Applicant’s previous manufacturing process by installing high-efficiency LED light fixtures, motion censored lights, and skylights.
 - 2. Solid Waste (23 of 30 points).** The Applicant anticipates the Project will result in a 23% reduction in solid waste produced relative to the Applicant’s previous manufacturing process through the use of cardboard balers and trash compactors.
- C. Additional Benefits (124 points).** Applicants may earn additional points for their Total Score. The Applicant received 124 additional points.
- 1. Production Jobs (45 of 75 points).** The Applicant anticipates the Project will support a total of 288 production-related jobs at its Facility. CAEATFA estimates that approximately 10 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 45 points.
 - 2. Construction Jobs (0 of 75 points).** The Applicant anticipates the Project will support a total of 10 construction jobs at its Facility. CAEATFA estimates that none of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
 - 3. Unemployment (29 of 50 points).** The Applicant’s Project is located in Kern County, which has an average annual unemployment rate of 10.1%. When compared to the statewide average annual unemployment rate of 7.89%, the Project location earned the Applicant 29 points.
 - 4. 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 plant-based dairy free beverage manufacturing that is the subject of this Application.

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Resolution No. 22-SM035-02**

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5. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental, and vision benefits, bonuses, retirement contributions, educational 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.

CAEATFA FEES

In accordance with CAEATFA regulations,⁶ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$94,000.

RECOMMENDATION

Staff recommends the approval of Resolution No. 22-SM035-01 for Califia Farms, LLC's purchase of qualifying tangible personal property in an amount not to exceed \$23,500,000 anticipated to result in an approximate STE value of \$1,997,500.

⁶ California Code of Regulations Title 4, Division 13, Section 10036

**Agenda Item – 4.A.6
Resolution No. 22-SM035-02**

**Agenda Item – 4.A.11
Resolution No. 22-SM035-01**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH CALIFIA FARMS, LLC**

June 21, 2022

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Califia Farms, 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 \$23,500,000 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.