

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

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

**Inland Empire Utilities Agency
Application No. 20-SM016**

Tuesday, February 20, 2024

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

SUMMARY

Applicant – Inland Empire Utilities Agency

Location – Chino, San Bernardino County

Industry – Wastewater and Food Waste Biogas Capture and Production

Project – Expansion of Existing Wastewater and Food Waste Biogas Capture and Production Facility (Alternative Source)

Total Amount Qualified Property Approved – \$76,377,224

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$6,385,136

Amount of Time Requested –

- Requesting a one (1)-year, ten (10)-month, and fourteen (14)-day extension, until January 31, 2026, for the Initial Term of the Regulatory Agreement (a total of five (5) years, ten (10) months, and fourteen (14) days from the date of initial CAEATFA Board approval of March 17, 2020.

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 8.36%.

REQUEST

On March 17, 2020, the CAEATFA Board approved a Sales and Use Tax Exclusion (“STE”) award for Inland Empire Utilities Agency (the “Applicant”) for the purchase of up to \$76,377,224 in Qualified Property to expand its existing Regional Water Recycling Plant (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 November 2023, the Applicant has used the STE award to purchase approximately \$60,900,000 of Qualified Property (80% of the total Qualified Property approved). The Applicant is requesting to extend the Agreement initial term by one (1) year, ten (10) months, and fourteen (14) days to accommodate delays in the supply chain.

According to the Applicant, the Company has been affected by COVID-19 supply chain issues, which caused a delay in obtaining the necessary materials for the project. The construction schedule has also been impacted by one year as a result of the delays. The Applicant continues to work closely with the general contractor to ensure materials are procured and invoices are tracked accordingly so that the new timeline can be met. The general contractor, together with Applicant, is constantly collaborating on opportunities to expedite the equipment submittal process and alternative equipment options to mitigate further procurement delays. The alternative materials acted as a temporary solution to ensure the project can progress and will be replaced before the completion of construction. The Applicant does not intend to use the alternative equipment as a part of the qualified property.

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.⁴

THE APPLICANT

Inland Empire Utilities Agency (“IEUA” or the “Applicant”) is a regional wastewater treatment agency and wholesale distributor of imported water formed in 1950. IEUA serves approximately 875,000 people over 242 square miles in the western area of San Bernardino County. IEUA sources its wastewater and wastewater biosolids from seven contracting agencies under the Chino Basin Regional Sewage Service Contract: the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and the Cucamonga Valley Water District in the city of Rancho Cucamonga. The Applicant secures and supplies imported water, collects and treats wastewater, produce renewable products, and promotes the sustainable use of groundwater and development of local water supplies.

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

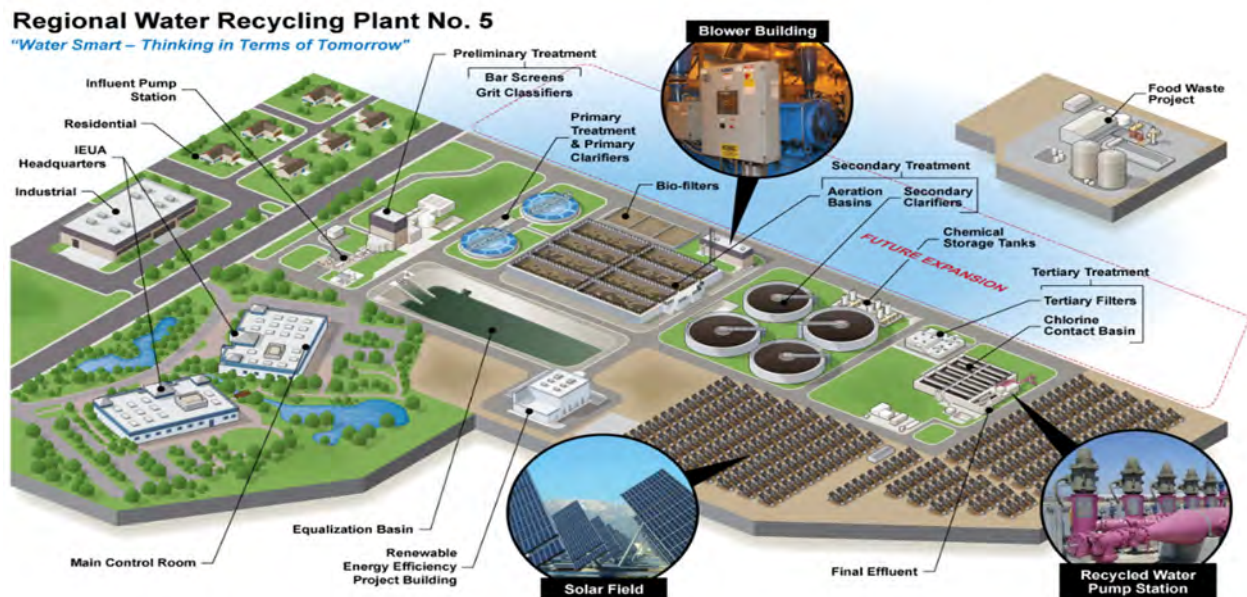
⁴ California Code of Regulations Title 4, Division 13, Section 10035(b)(1)(B)

The Board of Directors for IEUA are:
Marco Tule – President
Steven J. Elie – Vice President
Jasmin A. Hall – Secretary/Treasurer
Michael Camacho – Director
Paul Hofer – Director

THE PROJECT

IEUA is requesting a Sales and Use Tax Exclusion award to expand its existing Regional Water Recycling Plant No. 5 (RP-5) to convert raw wastewater and food waste into low carbon biogas in Chino (the “Project”) as part of an extensive \$350 million upgrade project to build a new wastewater treatment plant. IEUA stated it will modify and improve the facility, which includes installing new influent pump stations, headworks, primary clarifiers, secondary/tertiary treatment and off-spec storage to increase its current liquid processing capacity from 15 million gallons per day (mgd) to 22.5 mgd. Additionally, IEUA will upgrade its solids treatment facility, which will be capable of accepting an average of 50,000 gallons of pre-processed slurry per day. The wastewater and solid food waste will be converted to biogas to be used by the plant’s two existing co-generation engines or three boilers.

In December 2017, IEUA received a \$500,000 grant from the State of California’s Clean Water State Revolving Fund as loan forgiveness for the creation of planning level documents.



AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from March 17, 2024, to January 31, 2026, in order to accommodate electrical equipment delivery delays and supply chain issues.

Staff Evaluation

As stated in its request, the Applicant cited that the pandemic and its collateral effect on the economy have impacted the Project’s timeline. Namely, delays in procurement of materials have resulted in a 365-day delay in the project completion date.

The Applicant was able to overcome some of the delays to this critical path by sequencing and using alternative materials and equipment, however, not all delays were able to be mitigated. The Applicant will continue to work closely with the general contractor to ensure materials are procured and invoices are being tracked to meet the new timeline. In addition, the Applicant will collaborate with the general contractor to pursue opportunities to expedite submittal process and alternative equipment options.

Based on this information, Staff believes extending the initial term of the Agreement will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE Program.

LEGAL QUESTIONNAIRE

Staff has reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. The Executive Director, in consultation with legal counsel, has determined that the legal issues disclosed do not affect the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant has paid an additional fee of \$2,000 because extending the initial term qualifies as a modification to the Applicant’s Agreement.

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

RECOMMENDATION

Staff recommends that the Board approve the Applicant’s request to extend the initial term of the Agreement by one (1) year, ten (10) months, and fourteen (14) days to January 31, 2026, as it is in the public interest and advances the purposes of the STE Program.

Attachments

- Attachment A: Inland Empire Utilities Agency’s letter requesting waiver (November 27, 2023)
- Attachment B: Inland Empire Utilities Agency’s staff summary at the time of approval

**RESOLUTION APPROVING A TIME EXTENSION FOR
INLAND EMPIRE UTILITIES AGENCY’S INITIAL TERM FOR
THE REGULATORY AGREEMENT**

February 20,2024

WHEREAS, on March 17,2020, 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 \$76,377,224 of Qualified Property for **Inland Empire Utilities Agency** (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 four (4) years/by March 17, 2024, due to unexpected delays in the Project timeline, extending the term by one (1) year, ten (10) months, and fourteen (14) days to January 31, 2026; 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 January 31, 2026.

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

Attachment A: Inland Empire Utilities Agency’s Letter
Requesting Waiver (November 27, 2023)



6075 Kimball Avenue • Chino, CA 91708
P.O. Box 9020 • Chino Hills, CA 91709
TEL (909) 993-1600 • FAX (909) 993-1985
www.ieua.org

November 27, 2023

California Alternative Energy and Advanced Transportation Financing Authority
915 Capital Mall
Sacramento, CA 95814
Attn: David Palsha, Analyst
CAEATFA@treasurer.ca.gov

Re: CAEATFA STE Program (20-SM016) Extension Request

Mr. Palsha,

We are writing to request an extension on agreement 20-SM016 between Inland Empire Utilities Agency (IEUA) and the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA). Please see below details regarding the time extension request:

- I. A request for a time extension, including the specific amount of time requested, an anticipated schedule for purchasing the remainder of the Qualified Property, and rationale for why this specific amount of time is needed.

The current term of the agreement will end on 3/17/2024 and IEUA is requesting an extension to 1/31/2026, or 685 calendar days. It is anticipated that all purchases will be completed prior to December of 2025.

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

Electrical equipment delivery delays and supply chain issues related to COVID-19 have resulted in a 365-day delay to the project completion date. Delays in procurement of materials and thus progress of the work, have created many impacts to the construction schedule both on and off the critical path. Some impacts could be recovered and mitigated by sequencing and alternative materials/equipment, but not all. For example, the procurement delays for electronic components in the generator breaker control system and plant automation system could not be mitigated because the system is standardized around Rockwell components by IEUA for resiliency, redundancy, and

Water Smart - Thinking in Terms of Tomorrow

Marco Tule
President

Steven J. Elle
Vice President

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Secretary/Treasurer

Michael Camacho
Director

Paul Hofer
Director

Shivaji Deshmukh
General Manager

serviceability reasons. Therefore, there are no alternatives for these items, or the alternatives are also delayed.

A significant number of new facilities included in the project scope of work cannot be completed or put in service without the new power and control systems in place, thus delaying subsequent phases of construction. For example, the start of construction for the Membrane Bioreactor (MBR) Phase 2 Facility, which is tax exempt, is delayed to July 2024 with an anticipated completion of August 2025. Since the MBR facility includes many tax-exempt materials that cannot be procured until construction begins, we are unable to make these purchases within the original timeline.

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

IEUA continues to work closely with the general contractor to ensure materials are procured and invoices are tracked accordingly so that the new timeline can be met. The general contractor, together with IEUA, are constantly collaborating on opportunities to expedite the equipment submittal process and alternative equipment options to mitigate further procurement delays.

IV. Amount of Qualified Property purchased to date.

Of the original \$76,377,224 in qualified property outlined in the agreement, \$15,472,813.57 in purchases remain.

V. Information on whether the scope of the project has changed.

The original scope of the project has not changed.

VI. Any additional information to support Board approval of an extension of the Purchase Requirement.

The project is complex and has significant sequencing constraints which were all planned prior to COVID-19 and did not anticipate any of the supply chain effects or labor impacts that have occurred and are still ongoing as there are materials and equipment sourced around the country and world. Additionally, IEUA would like to extend a formal invitation to host a tour for any members of the board or staff to witness the size and complexity of this project in person as well as the progress. The following link has several videos to help demonstrate the progress of this project:

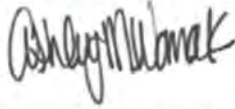
[Regional Water Recycling Plant No. 5 Expansion Project | IEUA](#)

As a result of the forementioned procurement delays and COVID-19 impacts, we are requesting an extension from the original completion date of 3/17/2024 to 1/31/2026 to allow sufficient time to complete construction and make the necessary tax-exempt purchases.

**Agenda Item – 4.A.2
Resolution No. 20-SM016-01**

Thank you for your consideration and please contact Ashley Womack at awomack@ieua.org or by phone at 909-925-7205 for additional questions or information needed.

Thank you,



Ashley Womack, MBA
Grants and Government Affairs Officer

**Attachment B: Inland Empire Utilities Agency’s
Staff Summary at the Time of Approval**

Agenda Item – 4.F.11
Resolution No. 20-SM016
Application No. 20-SM016

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

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

**Inland Empire Utilities Agency
Application No. 20-SM016**

Tuesday, March 17, 2020

Prepared By: *Xes Moua, Program Analyst*

SUMMARY

Applicant – Inland Empire Utilities Agency

Location – Chino, San Bernardino County

Industry – Wastewater and Food Waste Biogas Capture and Production

Project – Expansion of Existing Wastewater and Food Waste Biogas Capture and Production Facility (Alternative Source)

Value of Qualified Property – \$76,377,224

Estimated Sales and Use Tax Exclusion Amount² – \$6,385,136

Estimated Quantifiable Net Benefits – \$3,158,724

Competitive Criteria Score – 115

Application Score –

Fiscal Benefits Points:	1,475
<u>Environmental Benefits Points:</u>	<u>20</u>
Net Benefits Score:	1,495

<u>Additional Benefits Points:</u>	<u>55</u>
Total Score:	1,550

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 8.36%.

THE APPLICANT

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The Board of Directors for IEUA are:

- Kati Parker, President
- Jasmin A. Hall, Vice President
- Steven J. Elie, Secretary and Treasurer
- Michael Camacho, Director
- Paul Hofer, Director

THE PROJECT

IEUA is requesting a sales and use tax exclusion to expand its existing Regional Water Recycling Plant No. 5 (RP-5) to convert raw wastewater and food waste into low carbon biogas in Chino (the “Project”) as part of an extensive \$350 million upgrade project to build a new wastewater treatment plant. IEUA states it will modify and improve the facility, which includes installing new influent pump stations, headworks, primary clarifiers, secondary/tertiary treatment and off-spec storage to increase its current liquid processing capacity from 15 million of gallons per day (mgd) to 22.5 mgd. Additionally, IEUA will upgrade its solids treatment facility, which will be capable of accepting an average of 50,000 gallons of pre-processed slurry per day. The wastewater and solid food waste will be converted to biogas to be used by the plant’s two existing co-generation engines or three boilers.

In December 2017, IEUA received a \$500,000 grant from the State of California’s Clean Water State Revolving Fund as loan forgiveness for the creation of planning level documents.



Figure 1: RP-5 Facilities

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Membrane Bioreactor Treatment System	\$23,895,000
Liquids & Solids Odor Control	7,336,000
Solids Thickening Facility	9,760,000
Digestion	30,371,224
Dewatering, Cake Storage Silos, & Truck Loading Facility	5,015,000
Total	<u>\$76,377,224</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 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

IEUA represents that procurement and construction are expected to commence in Q2 2020. The Applicants states its solids facility will conclude May 2023, liquids facilities will conclude May 2024, and the Project will be completed July 2024.

COMPETITIVE CRITERIA SCORE

In the event that CAEATFA receives Applications in excess of the statutory \$100 million cap for that calendar year, the order in which the Applications shall be considered in the same month will be ranked based on five Competitive Criteria.

The Applicant received 115 Competitive Criteria points as follows:

1. **Environmental Benefits (100 points)**. The Applicant's Project earned more than zero Total Pollution Benefits points (i.e. had environmental benefits that could be monetized and scored pursuant to the Program's regulations¹), therefore 100 points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Project is located in San Bernardino County, which has an average annual unemployment rate of 3.8%. When compared to the statewide average annual unemployment rate, 4.1% in 2019, the dataset used in the Application, the Project location earned the Applicant an Unemployment Score of zero points.
3. **Job Creation (0 of 75 points)**. The Applicant represents that the Project will support a total of 23 production-related 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 zero points.
4. **California Headquarters (15 points)**. The Applicant has a California Corporate Headquarters, therefore 15 points are awarded.
5. **Natural Disaster Relief (0 points)**. The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in the state of emergency proclamation made by the California State Governor within two years of the time of application, therefore zero points are awarded.

PROJECT EVALUATION

NET BENEFITS

The total cost of the Qualified Property purchases is anticipated to be \$76,377,224 and the total quantifiable net benefits are valued at \$3,158,724. The Project received a Total Score of 1,550

¹ California Code of Regulations Title 4, Division 13, Section 10033(c)(4)

points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 20 points, which meets the 20-point threshold.

- A. **Fiscal Benefits (1,475 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant’s sales taxes, personal income taxes paid by the firm’s employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant, which amounts to \$9,416,157, resulting in a Fiscal Benefits score of 1,475 points for the Project.
- B. **Environmental Benefits (20 points).** The Project will result in \$127,703 of total pollution benefits over the life of the Project resulting in an Environmental Benefits Score of 20 points for the Project. These benefits derive from the production of biogas, which offsets the need for use of fossil methane.
- C. **Additional Benefits (55 points).** Applicants may earn additional points for their Total Score. The Applicant submitted information and received 55 additional points.
 1. **Production Jobs (0 of 75 points).** The Applicant represents that the Project will support a total of 23 production-related 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 zero points.
 2. **Construction Jobs (55 of 75 points).** The Applicant represents that the Project will support a total of 300 construction jobs at its Facility. CAEATFA estimates that approximately 53 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 55 points.
 3. **Unemployment (0 of 50 points).** The Applicant’s Project is located in San Bernardino County, which has an average annual unemployment rate of 3.8%. When compared to the statewide average annual unemployment rate, 4.1% in 2019, the dataset used in the Application, the Project location earned the Applicant an Unemployment Score of zero points.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

According to IEUA, it plans to secure all permits such as building, air, construction, fire protection, and encroachment permits needed for the Project by July 2020.

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.

FINDING OF PUBLIC INTEREST

As mentioned above, the Project is part of a larger \$350 million expansion project to build a new wastewater treatment facility. Due to the long-term nature of the entire expansion project, the Applicant is requesting a term of four years to make all Qualified Property purchases pursuant to Program regulation section 10035(b)(1)(B). The Applicant represents that they will be making Qualified Property purchases over the next four years. Based on the information presented, staff believes waiving the three-year purchase requirement of the initial term is in the public interest and advances the purposes of the Program.

CAEATFA FEES

In accordance with CAEATFA Regulations,⁴ the Applicant has paid CAEATFA an Application Fee of \$10,000.00 and will pay CAEATFA an Administrative Fee of up to \$305,508.90.

RECOMMENDATION

Staff recommends approval of Resolution No. 20-SM016 for Inland Empire Utilities Agency's purchase of Qualified Property in an amount not to exceed \$76,377,224, anticipated to result in an approximate sales and use tax exclusion value of \$6,385,136.

Staff also recommends that pursuant section 10035(b)(1)(B) of the California Code of Regulations, the three-year purchase requirement of the initial term be waived to provide IEUA with a four-year initial term in which it can acquire Qualified Property.

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

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A MASTER
REGULATORY AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY**

March 17, 2020

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of **Inland Empire Utilities Agency** (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 \$76,377,224 over a period of four years; 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 years of Application approval (Regulations Section 10035(b)(1)(B));

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

**Agenda Item – 4.A.2
Resolution No. 20-SM016-01**

Agenda Item – 4.F.11
Resolution No. 20-SM016
Application No. 20-SM016

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.

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. The Authority finds that it is in the public interest and advances the purposes of the Program to waive the requirement that all purchases of Qualified Property be made within three years of Application approval and instead require that all purchases of Qualified Property be made within four years of Application approval.

Section 11. 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.