

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

Board Meeting Date: Tuesday, December 10, 2024

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

**Aptera Motors Corp.
Application No. 23-SM012**

Prepared By: *Jeannie Yu, Program Analyst*

SUMMARY

Applicant: Aptera Motors Corp.

Location: Carlsbad, San Diego County; Vista, San Diego County

Industry: Solar Electric Vehicle and Related Components Manufacturing

Project: Upgrade of Existing Solar Vehicle Manufacturing Facilities
(Advanced Transportation)

Total Amount Qualified Property Approved: \$81,180,644

Estimated Sales and Use Tax Exclusion Amount at Approval:² \$6,786,702

Initial Board Approval Date: July 18, 2023

Amount of Time Requested:

- Requesting a nine-month extension, until October 18, 2025, for the 15% purchase requirement timeframe (two years and three months from the date of initial CAEATFA Board approval)
- Requesting a six-month extension, until January 18, 2027, for the initial term of the Regulatory Agreement (three years and six months 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 at the time of initial approval, which was 8.36%.

BACKGROUND

On July 18, 2023, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for Aptera Motors Corp. (the “Applicant”) for the purchase of up to \$81,180,644 in Qualified Property to upgrade its existing solar electric vehicle manufacturing facilities located in Carlsbad and Vista (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 The Agreement initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.⁴

As of September 2024, the Applicant has used the STE to purchase \$72,953 of Qualified Property. The Applicant is requesting to extend the 15% purchase requirement timeframe to accommodate delays in raising capital. The Applicant is also requesting to extend the Agreement’s initial term for the same accommodation.

THE APPLICANT

Aptera Motors Corp. is a Delaware corporation that formed in 2019. The Applicant is a solar mobility company that produces innovative, efficient solar-electric vehicles at its locations in Carlsbad and Vista.

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

Michael Edious Johnson (15.46%)
Steve Fambro (15.76%)
Christopher Lee Anthony (15.76%)

The corporate officers of the Applicant are:

Chris Lee Anthony, Co-Chief Executive Officer, Director and Chief Financial Officer
Steve Fambro, Co-Chief Executive Officer, Director and Secretary

THE PROJECT

The Applicant received an STE award to upgrade its existing solar electric vehicle manufacturing facilities located in Carlsbad and Vista. The Applicant states its solar electric vehicle requires no charging for most daily use, which reduces environmental impact. According to the Applicant, its Project aims to manufacture an affordable vehicle that can deliver up to 40 miles of grid-free daily driving and up to a 1,000-mile range. According to the Applicant, it has a large group of subject matter experts which will contribute to the Project’s production line manufacturing, as well as mechanical, and electrical capabilities. The Applicant states its goal is to have its semi-automated line installed and online for high volume manufacturing of 10,000 vehicles per shift per year, including subassembly manufacturing. With two shifts held per day, the Applicant will be able to produce an average of 20,000 vehicles per year when at full capacity.

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)

15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST

The Applicant has requested that the 15% purchase requirement timeframe be extended from January 18, 2025 to July 18, 2025, to accommodate delays in raising capital.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from July 18, 2026 to January 18, 2027, in order to accommodate delays in raising capital.

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

According to the Applicant, it has launched a \$60 million convertible note raise in July 2024 and there has been a delay for the funding to close. The Applicant states it raised over \$20 million from new investors in 2024, but the investment bank it's working with indicated it may take until the end of the year to raise the full requested amount of \$60 million. Due to the delay in fundraising and a change in certain investors, the Applicant will need to postpone its capital purchases by an additional three to six months. The Applicant anticipates 90% of its Qualified Property to be purchased between March 2025 and March 2026.

Staff has reviewed the Applicant's extension request and taken into consideration that despite the delay in capital fundraising, the Applicant continues to make significant progress since the approval of its STE award and the extensions do not deviate significantly from its original timeline. According to the Applicant, it has successfully raised over \$136 million through crowdfunding campaigns and private parties and collected approximately \$4 million in fees from 48,000 vehicle reservations as of September 2024. The Applicant has established a network of suppliers for its capital equipment and bill of materials. It created a robust intellectual property portfolio and developed five drivable prototype vehicles. Additionally, as of June 2024, it has also conducted validation and durability testing on production parts to confirm the reliability of its design and showcased its vehicle publicly. With the closing of its \$60 million convertible note at the end of 2024 and 90% of purchases anticipated in 2025 to early 2026, the Applicant states a nine-month extension of its obligations is reasonable to sufficiently complete the Project.

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

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)

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 this Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁷ the Applicant has paid an additional fee of \$2,250 because extending the 15% purchase requirement timeframe and the initial term qualifies as a modification to the Applicant’s Agreement.

RECOMMENDATION

Staff recommends that the Board approve the Applicant’s request to extend the 15% purchase requirement timeframe by nine months, until October 18, 2025, as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

Staff recommends that the Board approve the Applicant’s request to extend the initial term of the Agreement by six months, until January 18, 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 five years and six months, until January 18, 2029, for providing annual compliance reports.⁸

ATTACHMENTS

Attachment A: Aptera Motors Corp.’s letter requesting waiver (November 4, 2024)
Attachment B: Aptera Motors Corp.’s staff summary at the time of approval

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

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

**RESOLUTION APPROVING AN EXTENSION OF
APTERA MOTORS CORP.'S 15% PURCHASE REQUIREMENT TIMEFRAME
AND THE INITIAL TERM UNDER THE REGULATORY AGREEMENT**

December 10, 2024

WHEREAS, on July 18, 2023, 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 \$81,180,644 of Qualified Property for **Aptera Motors Corp.** (the “Applicant”); and

WHEREAS, within 18 months of approval by the Authority, the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property listed in the approval resolution (STE Program regulations Section 10035(b)(1)); and

WHEREAS, upon a finding of extraordinary circumstances and that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that the Applicant must purchase or execute purchase orders for at least 15% of the total amount of Qualified Property within 18 months of Application approval (STE Program regulations Section 10035(b)(1)(A)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase or execute purchase orders for at least 15% of the Qualified Property amount within 18 months due to unexpected delays in the Project timeline, extending the term by nine (9) months to October 18, 2025; and

WHEREAS, the Applicant has demonstrated extraordinary circumstances as to why it cannot meet the 18-month 15% purchase requirement timeframe; and

WHEREAS, within three (3) years of approval by the Authority, the Applicant must make all Qualified Property purchases (STE Program regulations Section 10035(b)(1)); and

WHEREAS, upon a finding that it is in the public interest and advances the purposes of the Program, the Authority may waive the requirement that all purchases of Qualified Property be made within three (3) years of Application approval (STE Program regulations Section 10035(b)(1)(B)); and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property within three (3) years, due to unexpected delays in the Project timeline, extending the term by six (6) months to January 18, 2027; 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

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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 October 18, 2025.

Section 2. The Authority finds that it is in the public interest and advances the purposes of the Program to extend the Applicant's initial term of the Regulatory Agreement to January 18, 2027.

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

**Attachment A: Aptera Motors Corp.'s Letter Requesting Waiver
(November 4, 2024)**



November 4, 2024

California Alternative Energy and Advanced Transportation Financing Authority

Subject: APTERA MOTORS CORP REQUEST FOR EXTENSION

Request: This letter requests a 9-month extension to execute purchase orders of at least 15% of the Company's total qualified property amount awarded. Our original period is set to end on January 18, 2025. We are requesting a 9-month extension to October 18th, 2025. We anticipate that 90% of the qualified property will be purchased between March 2025 and March 2026 with the remaining 10% to be purchased.

Reason for Extension: We have experienced a delay in fundraising. We launched a \$60 million convertible note raise in July of 2024 that is taking longer to close than anticipated. We have raised over \$20 million dollars so far in 2024 including a handful of investors into this new Convertible note round but the investment bank we are working with has indicated it could take until the end of the year to fill up the full \$60 million we are seeking. Due to this delay we needed to postpone capital purchases by an additional 3-6 months.

Ability to Meet New Timeline: As of September 2024, we have successfully raised over \$136 million and amassed over 48,000 vehicle reservations. With that funding we have accomplished the following:

- Established a network of suppliers for capital equipment and bill of materials;
- Built five drivable prototype vehicles;
- Conducted validation and durability testing on production parts to confirm the reliability of our design;
- Created a robust intellectual property portfolio.

We are confident that we can continue to make progress towards the goals defined in our application and begin purchasing the production equipment next year.

Here are a couple of links to our social media content that give an overview of recent progress

[October Update](#)

[September Update](#)

[August Update](#)

Qualified Property Purchased to Date: \$72,953

Project Scope Status: The scope of the project has remained unchanged.

Extension of Initial Term: We are also requesting a 6-month extension on our initial term to complete purchase orders of all qualified property before July 18th, 2026. While we are still on target to purchase all the property before July 2026 we are taking the opportunity to request this extra 6 months in case there are small amounts of property purchases that are pushed out beyond July 2026.

Regards, *Blake Ryan*
Blake Ryan VP of Finance

Attachment B: Aptera Motors Corp.’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

**Aptera Motors Corp.
Application No. 23-SM012**

Tuesday, July 18, 2023

Prepared By: *Stefani Wilde, Program Analyst*

SUMMARY

Applicant – Aptera Motors Corp.

Location – Carlsbad, San Diego County; Vista, San Diego County

Industry – Solar Electric Vehicle and Related Components Manufacturing

Project – Upgrade of Existing Solar Vehicle Manufacturing Facilities
(Advanced Transportation)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$81,180,644	\$6,786,702

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$6,934,479	1,022
Estimated Environmental Benefits	\$1,815,971	268
Additional Benefits	N/A	131
Total	\$8,750,450	1,421
Estimated Quantifiable Net Benefit	\$1,963,748	

Competitive Criteria Score – 170

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 8.36%.

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).)

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THE APPLICANT

Aptera Motors Corp. (the “Applicant”) is a Delaware corporation that formed in 2019. The Applicant is a solar mobility company that produces innovative, efficient solar-electric vehicles at its locations in Carlsbad and Vista.

The Applicant received a grant from the California Energy Commission (“CEC”) for \$22 million to support its solar electric vehicle manufacturing facilities. The Applicant entered into an agreement with the CEC in March of 2023.

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

- Michael Johnson Properties, Ltd. (27.38%)
- Chris Anthony (26.92%)
- Steve Fambro (26.92%)
- Patrick H. Quilter Trust (10.27%)

The corporate officers of the Applicant are:

- Chris Anthony, Co-Chief Executive Officer
- Steve Fambro, Co-Chief Executive Officer & Secretary
- Dong Lui, Director
- Brian W. Snow, Director

THE PROJECT

The Applicant is requesting a sales and use tax exclusion (“STE”) award to upgrade its existing solar electric vehicle manufacturing facilities located in Carlsbad and Vista. (the “Project”). The Applicant states its solar electric vehicle requires no charging for most daily use, which reduces environmental impact. According to the Applicant, its Project aims to manufacture an affordable vehicle that can deliver up to 40 miles of grid-free daily driving and up to a 1,000-mile range. According to the Applicant, it has a large group of subject matter experts which will contribute to the Project’s production line manufacturing, as well as mechanical, and electrical capabilities. The Applicant states its goal is to have its semi-automated line installed and online for high volume manufacturing of 10,000 vehicles per shift per year, including subassembly manufacturing. With two shifts held per day, the Applicant will be able to produce an average of 20,000 vehicles per year when at full capacity.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Wheel Pants, Powertrain, Thermal, Vision Systems, Accessories, Integration, Warehouse, Restraint System.	\$4,541,885
Closure Mechanism Production Tooling	\$1,605,000
Central Infotainment Display Tooling and Equipment	\$1,806,000
Tooling for Trim	\$2,028,840
AVG Lines, Tire Assembly & Final Inspection Station	\$3,058,000
Tooling for Light Series Installation	\$3,115,100
Interior Cross Car Beam Tooling, Seatbelt	\$13,129,262
Full Solar Program	\$22,683,314

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Battery Module Assembly and BMS Tooling	\$29,213,243
Total	\$81,180,644

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 the Project is currently partially constructed and operational as it has been working on prototypes for the last few years. Additional construction build out will not be required to install the requested Qualified Property and the Applicant anticipates having the facility online by Q3 of 2024.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

According to the Applicant, additional building permitting will not be required, although an EPA emissions sticker will be required for each vehicle that is produced and that process has been started.

COMPETITIVE CRITERIA SCORE

The Applicant received 170 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has a Project that produces an Advanced Transportation Technology Project, and, therefore, 100 points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Facilities are located in San Diego County, which has an average annual unemployment rate of 3.5%.⁴ When compared to the statewide average annual unemployment rate of 4.3%, the Project location earned the Applicant zero points.
3. **Job Creation (55 of 75 points)**. The Applicant anticipates the Project will support a total of 584 production-related jobs at its Facilities. CAEATFA estimates that approximately 45.78 of these jobs will be attributable to a marginal increase in jobs

⁴ Unemployment rates are based on data available in October 2022.

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created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 55 points.

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

PROJECT EVALUATION

PROJECT BENEFITS

The Project received a Total Score of 1,421 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 268 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (1,022 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 \$6,934,479, resulting in a Fiscal Benefits score of 1,022.
- B. **Environmental Benefits (268 points)**. The Project is anticipated to result in \$1,815,971 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 268 points. These benefits derive from the manufacturing of solar electric vehicles since these vehicles deliver a net reduction in energy consumption and CO₂ emissions relative to comparable gasoline powered vehicle.
- C. **Additional Benefits (131 points)**. Applicants may earn additional points for their Total Score. The Applicant received 131 additional points.
 1. **Production Jobs (55 of 75 points)**. The Applicant anticipates the Project will support a total of 584 production-related jobs at its facilities. CAEATFA

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estimates that approximately 45.78 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.

2. **Construction Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of 25 construction jobs at its facilities. CAEATFA estimates that approximately 1.96 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 (0 of 50 points)**. The Applicant's Facilities are located in San Diego County, which has an average annual unemployment rate of 3.5%.⁵ When compared to the statewide average annual unemployment rate of 4.3%, the Project location earned the Applicant zero points.
4. **Non-CA Environmental Benefits (1 of 40 points)**. The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at \$17,433.93 resulting in a Non-CA Environmental Benefits Score of one point for the Project.
5. **Research and Development Facilities (25 of 25 points)**. The Applicant has verified that it has a facility located in California that performs research and development functions related to the production of solar electric vehicles.
6. **Workforce Partnerships (25 of 25 points)**. The Applicant has a partnership with National Society of Black Engineers, Mira Costa College, Urban Teens Exploring Tech, for the purpose of assisting in the training of potential future workers, including workers from disadvantaged communities consisting of women and racial minorities.
7. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental, and vision benefits, bonuses, retirement contributions, profit sharing, transportation subsidies, retirement contributions, profit sharing, education reimbursement, employee discounts and paid leave 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.

⁵ Unemployment rates are based on data available in October 2022.

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CAEATFA FEES

In accordance with STE Program regulations,⁶ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$324,722.58.

RECOMMENDATION

Staff recommends the approval of Resolution No. 23-SM012-01 for Aptera Motors Corp.'s purchase of qualifying tangible personal property in an amount not to exceed \$81,180,644 anticipated to result in an approximate STE value of \$6,786,702.

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

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**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH APTERA MOTORS CORP.**

July 18, 2023

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Aptera Motors Corp.** (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 \$81,180,644 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.