

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

Board Meeting Date: Tuesday, February 18, 2025

***Request to Approve a Time Extension for the  
Initial Term of the Regulatory Agreement<sup>1</sup>***

**Applied Medical Resources Corporation and its Subsidiary, Applied  
Manufacturing, LLC  
Application No. 21-SM025**

Prepared By: *Jeannie Yu, Program Analyst*

**SUMMARY**

**Applicant:** Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC

**Location:** Rancho Santa Margarita, Orange County

**Industry:** Medical Device Manufacturing

**Project:** Expansion of Existing Medical Device Manufacturing Facility

**Total Amount Qualified Property Approved:** \$150,547,889

**Estimated Sales and Use Tax Exclusion Amount at Approval:<sup>2</sup>** \$12,796,571

**Initial Board Approval Date:** March 16, 2021

**Amount of Time Requested:**

- Requesting a one-year extension, until March 16, 2026, for the Initial Term of the Regulatory Agreement (a total of five years from the date of initial CAEATFA Board approval of March 16, 2021)

**Staff Recommendation:** Approval

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<sup>1</sup> All capitalized terms not defined in this document are defined in the Sales and Use Tax Exclusion Program's statutes and regulations.

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate at the time of initial approval, which was 8.5%.

**BACKGROUND**

On March 16, 2021, the CAEATFA Board approved a Sales and Use Tax Exclusion (“STE”) award for Applied Medical Resources Corporation for the purchase of up to \$150,547,889 in Qualified Property to expand and upgrade its existing medical device manufacturing facility located in Rancho Santa Margarita (the “Project”). On May 18, 2021, the CAEATFA Board approved the addition of Applied Manufacturing, LLC as a participating party.

The Regulatory Agreement (“Agreement”) initial term provided Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC (collectively the “Applicant”) with three years from the date of Board Approval to utilize its STE award.<sup>3</sup> On February 20, 2024, the CAEATFA Board approved the Applicant for a one year extension of the initial term of the Agreement from its original termination date of March 16, 2024 to March 16, 2025, to accommodate supply chain delays.

As of December 2024, the Applicant has purchased approximately \$146 million of Qualified Property (97% of the total Qualified Property approved). The Applicant requests to extend the Agreement initial term for a second time to March 16, 2026, to accommodate the additional supply chain delays.

**THE APPLICANT**

Applied Manufacturing, LLC is a California limited liability company wholly owned by Applied Medical Resources Corporation. Applied Medical Resources Corporation formed in 1987 in California and is wholly owned by Applied Medical Corporation. AMC Family Holdings, LLC owns 37% of Applied Medical Corporation.

The Applicant, a medical device company headquartered in Rancho Santa Margarita, specializes in advanced medical research and development, clinical testing, manufacturing, sales, distribution, servicing, and education. The Applicant states its surgical tools are used for minimally invasive and general surgeries, as well as specialized treatments related to cardiology, urology, bariatrics, obstetrics, gynecology, and vascular and colorectal conditions. To date, the Applicant serves more than 75 countries worldwide.

The company officers of Applied Manufacturing, LLC are:  
Tom Wachli, President  
Samir Tall, Chief Financial Officer  
Hany Louis, Chief Accounting Officer

The corporate officers of Applied Medical Corporation are:  
Said Hilal, President & CEO  
Nabil Hilal, Group President of Strategic Infrastructures  
Gary Johnson, Group President of Advanced Energy  
Jeremy Albrecht, Group President of Critical Missions  
Zoran Falkenstein, Group President of Advanced Technologies

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

Dima Hilal, Group President of Brand & Community  
Serene Wachli, Group President of Horizon II  
Tom Wachli, Group President of Advanced Processing  
Samir Tall, CFO & Secretary

**THE PROJECT**

Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC received an STE award to expand and upgrade its existing medical device manufacturing facility located in Rancho Santa Margarita. The Applicant states its vertically integrated business allows mass production to occur in-house, which helps to control costs, better manage supply lines, and improve quality control, availability, and compliance. The Applicant explains other production advancements include the use of additive manufacturing and advanced materials, such as gel technologies, thermoplastics, and thermosets. Additionally, the Applicant states the Project will utilize tools and methods to manufacture complex product components made of metals, plastics, or ceramic, such as computer numerical control machinery, electrical discharge, precision design, and metal stamping machineries, to perform detailed machining actions down to 0.000001 of an inch.

The Applicant states it has adopted an environmental sustainability plan to help the Project reduce energy, water, and material consumption. For example, the Project is anticipated to save energy through the use of solar panels and improved cogeneration and combined heat and power systems. Additionally, the Applicant states the Project will reduce the amount of material waste generated due to the use of resource-efficient machinery, such as new injection molding machines.

**AGREEMENT INITIAL TERM EXTENSION REQUEST**

The Applicant requests that the initial term of the Agreement be extended from March 16, 2025 to March 16, 2026, to accommodate delays in the supply chain.

**STAFF EVALUATION**

The initial term of the Agreement can be extended by the Board upon a finding that an extension is in the public interest and advances the purposes of the STE Program.<sup>4</sup>

According to the Applicant, there continues to be a supply chain issue for goods and services stemming from the COVID-19 pandemic, creating conditions beyond the control of the Applicant. For example, the electrical switchgear required for some construction projects previously had a lead time of 30 weeks; since the pandemic, the lead time had increased to more than 80 weeks. Projects that usually take 12 to 14 months to complete are now requiring up to 24 months for completion. Another example is the tray thermoformer machine and tooling, ordered in mid-June 2023—the machine did not arrive until just recently at the end of 2024.

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

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

The Applicant states that based on historical projects and purchasing timelines, a one-year extension would be sufficient to commission the Project and put its equipment and machinery into service.

Staff reviewed the Applicant's extension request and considered that the Project is nearly complete, the Applicant has been working closely with vendors to release previously put-on-hold purchases, and the Applicant adjusted project time schedules accordingly.

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 extension request. 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,<sup>5</sup> 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 one year, to March 16, 2026, 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 12 years until March 16, 2033, for providing annual compliance reports.<sup>6</sup>

**ATTACHMENTS**

Attachment A: Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC's letter requesting waiver (December 5, 2024)

Attachment B: Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC's staff summary at the time of approval

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

<sup>6</sup> California Code of Regulations Title 4, Division 13, Section 10035(a)(2)

**RESOLUTION APPROVING A TIME EXTENSION FOR  
APPLIED MEDICAL RESOURCES CORPORATION AND ITS SUBSIDIARY,  
APPLIED MANUFACTURING, LLC'S INITIAL TERM FOR  
THE REGULATORY AGREEMENT**

February 18, 2025

WHEREAS, on March 16, 2021, 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 \$150,547,889 of Qualified Property for **Applied Medical Resources Corporation and its subsidiary, Applied Manufacturing, LLC** (the "Applicant"); and

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

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

WHEREAS, the Applicant previously had requested a waiver of the requirement to purchase all of the Qualified Property within three (3) years due to unexpected delays in the Project timeline, extending the term by one (1) year to March 16, 2025; and

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property by March 16, 2025, due to unexpected delays in the Project timeline, extending the term by one (1) year to March 16, 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 March 16, 2026.

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

**Attachment A: Applied Medical Resources Corporation and its Subsidiary,  
Applied Manufacturing, LLC's Letter Requesting Waiver (December 5, 2024)**



December 5, 2024

Ms. Christina Sarron  
Executive Director, California Alternative Energy and Advanced Transportation Financing  
Authority (CAEATFA)  
901 P Street  
Sacramento, CA 95814

**Re: Regulatory Agreement Extension Request**

Dear Ms. Sarron,

Applied Medical Resources Corporation (AMR) is a medical device manufacturer based in Rancho Santa Margarita, California. AMR requests that CAEATFA's Board consider a second 12-month extension to its regulatory agreement to complete the remaining scheduled purchases of Qualified Property for the following reasons:

- The global health pandemic caused significant delays in the supply chain for goods and services, creating a force majeure condition beyond AMR's control. This situation had a domino effect, leading to delays in the completion of projects as initially planned.
- To date, we have purchased \$146,083,810.89 worth of Qualified Property. This extension is necessary to finalize the commissioning of qualified equipment purchases that have not been placed into service by March 16, 2025.
- The scope of our project has not changed.

We appreciate your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Zoran Falkenstein". The signature is written in a cursive, flowing style.

Zoran Falkenstein  
Group President



January 07, 2025

Ms. Jeannie Yu  
Analyst, California Alternative Energy and Advanced Transportation Financing Authority  
901 P Street  
Sacramento, CA 95814

**Re: Response to staff questions about our extension request letter**

Dear Ms. Yu,

The following letter is in response to your email dated January 2, 2025, attached here for reference.

- Q.1.a. How did the Company come up with this amount of time?  
*A.1.a. The timeline was established based on historical project and purchasing timelines.*
- Q.1.b. Is it based on past purchasing history or investor timelines?  
*A.1.b. Our basis was established considering our purchasing history, not investor timelines.*
- Q.1.c. Are there any known purchase and lead dates?  
*A.1.c. During and after the pandemic and resulting supply chain issues, our suppliers informed us of delivery delays, and we amended our project schedule accordingly. This situation had a domino effect, leading to delays in project completion. The time extension is necessary to complete the remaining purchases of Qualified Property for the Project and mainly to finalize the commissioning of the qualified property. We acknowledge that Program Regulation §10035(a)(2) provides that if an Applicant is granted an extension, the term shall be extended for an equal amount of time.*
- Q.2. Does the company have an updated purchase timeline?  
*A.2. Yes. We released previously put-on-hold purchases and updated project time schedules.*
- Q.3. What are some examples of the delays the Company is facing?  
*A.3. An example of procurement delays is the electrical switchgear required for some of the construction projects. Prior to COVID, the lead time for procuring this item was approximately 30 weeks; currently, it is about 80+ weeks and beyond. Projects that took us 12 to 14 months to complete are now 18 to 24 months.*

Q.4. Are there any new investors?

A.4. *No.*

Q.5. What assurances are there that the new timeline will be met?

A.5. *The company cannot foresee the future; however, information received from our suppliers supports the idea that the new timeline will be met within the new term. As the global supply chain stabilized to some extent, our suppliers' delays have been mitigated. For some purchases, alternate vendors were procured.*

Q.6. How is this extension request different from the last?

A.6. *As of the end of 2024, we have procured roughly 97% of the total qualified property. We also have purchase orders in place with our suppliers to cover the remaining balance. The primary purpose of the second extension is to provide us with the time needed to commission and put the qualified property into service, as required by § 10032 Application Requirements.*

Q.7. Have the obstacles been overcome?

A.7. *Yes. We continue to make purchases, receive, and install Qualified Property to benefit the Project.*

Company Ownership Information – Applied Medical Resources Corporation

- What is the ownership interest amount for AMC Family Holdings A, LLC  
*See attachment.*

LSQ

- Casson v. Applied Medical Canada Corporation et al.
  - Is it still pending? What is the outcome of the case?
    - *Yes, the lawsuit is still pending. Right now, we are waiting for the plaintiff to begin discovery, since it is his responsibility to do so.*
  - Does the company believe the outcome will affect the financial viability of the Project or Company?
    - *No*
- Rodriguez et al. v. Applied Medical Resources Corporation et al.
  - Provide all relevant dates.
    - *Discovery Cut-off: June 20, 2025*
    - *Dispositive Motion Filing Deadline: June 27, 2025*
    - *Trial: Late August 2025 (specific date not yet assigned)*
  - Is it still pending? What is the outcome of the case?
    - *Case is in the discovery phase.*
  - Does the company believe the outcome will affect the financial viability of the Project or Company?
    - *No*



**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

- MacDougall v. Applied Medical Resources Corporation et al
  - Provide all relevant dates.
    - *Fact Discovery Cutoff: 6/11/2025*
    - *Expert Deposition Cutoff: 9/15/2025*
    - *Dispositive Motion Cutoff: 10/15/2025*
    - *Trial Date: No trial date has been scheduled yet by the Court.*
  - Is it still pending? What is the outcome of the case?
    - *Yes, the lawsuit is still pending. We are in the discovery phase.*
  - Does the company believe the outcome will affect the financial viability of the Project or Company?
    - *No*
- Heiber v. Applied Medical Manufacturing, LLC
  - Does the company believe the outcome will affect the financial viability of the Project or Company?
    - *No*

Sincerely,



Zoran Falkenstein  
Group President

Attachments

CAEATFA Staff E-mail dated January 6, 2025

**Attachment B: Applied Medical Resources Corporation and its Subsidiary,  
Applied Manufacturing, LLC’s Staff Summary at the Time of Approval**

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

Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025

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

*Request to Approve Project for a Sales and Use Tax Exclusion<sup>1</sup>*

**Applied Medical Resources Corporation  
Application No. 21-SM025**

**Tuesday, March 16, 2021**

Prepared By: *Xee Moua, Program Analyst*

**SUMMARY**

**Applicant** – Applied Medical Resources Corporation

**Location** – Rancho Santa Margarita, Orange County

**Industry** – Medical Device Manufacturing

**Project** – Expansion of Existing Medical Device Manufacturing Facility  
(Advanced Manufacturing)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount <sup>2</sup>
\$150,547,889	\$12,796,571 <sup>3</sup>

Estimated Net Benefit <sup>4</sup>	Dollar Value	Points Earned <sup>5</sup>
Estimated Fiscal Benefits	\$29,076,792	2,272
Estimated Environmental Benefits	N/A	85
Additional Benefits	N/A	180
<b>Total</b>	<b>\$29,076,792</b>	<b>2,537</b>
<b>Estimated Quantifiable Net Benefit</b>	<b>\$16,280,222</b>	

**Competitive Criteria Score** – 90

**Staff Recommendation** – Approval

<sup>1</sup> All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate of 8.5%.

<sup>3</sup> At the first Board meeting of the calendar year, \$15 million in STE is available for Applicants wishing to exceed the \$10 million in STE cap (California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)).

<sup>4</sup> 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).)

<sup>5</sup> Dollar values and point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025**

**THE APPLICANT**

Applied Medical Resources Corporation (the “Applicant”) is a California corporation that formed in 1987 and is a wholly-owned subsidiary of Applied Medical Corporation. The Applicant is a medical device company headquartered in Santa Rancho Margarita that specializes in advanced medical research and development, clinical testing, manufacturing, sales, distribution, servicing, and education. The Applicant states its surgical tools have been used for minimally invasive and general surgeries, as well as specialized treatments related to cardiology, urology, bariatrics, obstetrics, gynecology, and vascular and colorectal conditions. To date, the Applicant serves more than 75 countries worldwide.

The major shareholders (10.0% or greater) of Applied Medical Corporation are:  
AMC Family Holdings A, LLC

The corporate officers of the Applicant are:

Said Hilal, President & Chief Executive Officer  
Samir Tall, Chief Financial Officer  
Nabil Hilal, Group President, Strategic Infrastructures  
Gary Johnson, Group President, Advanced Energy  
Ted Stanley, Group President, Field Implementation  
Jeremy Albrecht, Group President  
Zoran Falkenstein, Group President  
Dima Hilal, Group President  
Serene Wachli, Group President  
Tom Wachli, Group President  
Hany Louis, Chief Accounting Officer

**THE PROJECT**

Applied Medical Resources Corporation is requesting an STE award to expand and upgrade its existing medical device manufacturing facility located in Rancho Santa Margarita (the “Project”). The Applicant states its vertically integrated business allows mass production to occur in-house, which helps to control costs, better manage supply lines, and improve quality control, availability, and compliance. The Applicant explains other production advancements include the use of additive manufacturing and advanced materials, such as gel technologies, thermoplastics, and thermosets. Additionally, the Applicant states the Project will utilize tools and methods to manufacture complex product components made of metals, plastics, or ceramic, such as computer numerical control machinery, electrical discharge, precision design, and metal stamping machineries, to perform detailed machining actions down to 0.000001 of an inch.

The Applicant states it has adopted an environmental sustainability plan to help the Project reduce energy, water, and material consumption. For example, the Project is anticipated to save

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025**

energy through the use of solar panels and improved cogeneration and combined heat and power systems. Additionally, the Applicant states the Project will reduce the amount of material waste generated due to the use of resource-efficient machinery, such as new injection molding machines.

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Building Improvements	\$33,450,000
Cogeneration and Energy Storage System	\$73,976,224
IT and Network Equipment	\$10,218,665
Production Equipment	\$14,308,000
Production Machines	\$11,125,000
Production Presses and Printers	\$5,970,000
Sterilization Equipment	\$1,500,000
<b>Total</b>	<b><u>\$150,547,889</u></b>

*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 anticipates the Project construction will begin in Quarter 1 of 2021, with a place-in-service date of Quarter 2 of 2021.

**STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

According to the Applicant, building permits have been secured as of Quarter 2 of 2020. The Applicant states there are no outstanding permits needed for the Project; however, additional permits may be necessary as Qualified Property purchases continue.

**COMPETITIVE CRITERIA SCORE**

For Applicants wishing to exceed the \$10 million in STE cap, \$15 million in STE will be available to award to Applicants in addition to the \$10 million in STE cap at the first Board

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025**

meeting of the calendar year. The Applications will be reviewed and presented to the CAEATFA Board for approval in the order in which they are ranked based on Competitive Criteria.

The Applicant received 90 Competitive Criteria points as follows:

1. **Environmental Benefits (0 of 100 points)**. The Applicant's Project did not earn any environmental benefits points, as calculated pursuant to the method for calculating points for environmental benefits for Advanced Transportation, Alternative Source, and Recycled Resource Extraction Applications in Section 10033(c)(4). Therefore, no points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Orange County, which has an average annual unemployment rate of 7.5%.<sup>6</sup> When compared to the statewide average annual unemployment rate of 9.1%, the Project location earned the Applicant zero points.
3. **Job Creation (75 of 75 points)**. The Applicant anticipates the Project will support a total of 5,108 production-related jobs at its Facility. CAEATFA estimates that approximately 273.47 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 75 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/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.

**PROJECT EVALUATION**

**PROJECT BENEFITS**

The Project received a Total Score of 2,537 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 85 points, which exceeds the 20-point threshold.

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<sup>6</sup> Unemployment rates are based on data available in October 2020.

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025**

- A. **Fiscal Benefits (2,272 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 \$29,076,792, resulting in a Fiscal Benefits score of 2,272.
- B. **Environmental Benefits (85 points)**. The Project earned an Environmental Benefits Score of 85. The Applicant received points in the following categories:
1. **Environmental Sustainability Plan (20 of 20 points)**. The Applicant will implement an environmental sustainability plan for the Project that focuses on reducing energy usage, water consumption, greenhouse gas emissions, and waste generation.
  2. **Energy Consumption (28 of 30 points)**. The Applicant anticipates the Project will result in a 28% reduction in energy consumption compared to the Applicant's previous manufacturing process through the use of solar panels and improved cogeneration and combined heat and power systems.
  3. **Solid Waste (30 of 30 points)**. The Applicant anticipates the Project will result in a 30% reduction in the solid waste produced relative to the Applicant's previous manufacturing process by improving materials recycling rates and converting to form-fitting packaging.
  4. **Hazardous Waste (7 of 30 points)**. The Applicant anticipates the Project will result in a 7% reduction in the hazardous waste produced relative to the Applicant's previous manufacturing process through increased waste recycling and other sustainability efforts.
- C. **Additional Benefits (180 points)**. Applicants may earn additional points for their Total Score. The Applicant received 180 additional points.
1. **Production Jobs (75 of 75 points)**. The Applicant anticipates the Project will support a total of 5,108 production-related jobs at its Facility. CAEATFA estimates that approximately 273.47 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 75 points.
  2. **Construction Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 500 construction jobs at its Facility. CAEATFA estimates that approximately 26.77 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 30 points.

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025**

3. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Orange County, which has an average annual unemployment rate of 7.5%.<sup>7</sup> When compared to the statewide average annual unemployment rate of 9.1%, the Project location earned the Applicant zero 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 medical device manufacturing.
5. **Industry Cluster (25 of 25 points)**. The industry associated with this Application has been identified by the Orange County Workforce Development Board as an industry cluster of the region of the Project's location.
6. **Benefits and Fringe Benefits (25 of 25 Points)**. The Applicant states it provides medical, health, dental, vision, bonuses, retirement contributions, transportation subsidies, education reimbursement, and paid leave to its employees, earning the Applicant 25 points.

**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 CAEATFA Regulations,<sup>8</sup> the Applicant has paid CAEATFA an Application Fee of \$10,000, and will pay CAEATFA an Administrative Fee of up to \$350,000.

**RECOMMENDATION**

Staff recommends the approval of Resolution No. 21-SM025 for Applied Medical Resources Corporation's purchase of qualifying tangible personal property in an amount not to exceed \$150,547,889, anticipated to result in an approximate STE value of \$12,796,571.

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<sup>7</sup> Unemployment rates are based on data available in October 2020.

<sup>8</sup> California Code of Regulations Title 4, Division 13, Section 10036

**Agenda Item – 4.A.1  
Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25  
Resolution No. 21-SM025  
Application No. 21-SM025**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A  
REGULATORY AGREEMENT WITH  
APPLIED MEDICAL RESOURCES CORPORATON**

**March 16, 2021**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Applied Medical Resources Corporation** (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 10030(a), with the Applicant for the Project; and

WHEREAS, the Applicant has estimated the Project has an estimated cost not to exceed \$150,547,889 over a period of three 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).



**Agenda Item – 4.A.1**  
**Resolution No. 21-SM025-02**

**Agenda Item – 4.G.25**  
**Resolution No. 21-SM025**  
**Application No. 21-SM025**

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 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.