

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

Board Meeting Date: Tuesday, March 18, 2025

***Request to Approve a Time Extension for the
Initial Term of the Regulatory Agreement, and to Amend the
Sales and Use Tax Exclusion Resolution to Add a Participating Party¹***

**Quidel Corporation and Ortho-Clinical Diagnostics, Inc.
Application No. 22-SM036**

Prepared By: *Joshua Moua, Program Analyst*

SUMMARY

Applicant: Quidel Corporation and Ortho-Clinical Diagnostics, Inc.

Location: Carlsbad and San Diego, San Diego County

Industry: Medical Diagnostic Test Production

Project: Update and Expansion of Existing Medical Diagnostic Test Production Facility
(Advanced Manufacturing)

Total Amount Qualified Property Approved: \$23,150,000

Estimated Sales and Use Tax Exclusion Amount at Approval:² \$1,967,750

Initial Board Approval Date: June 21, 2022

Amount of Time Requested:

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

Staff Recommendation: Approval

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

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

BACKGROUND

On June 21, 2022, the CAEATFA Board approved a Sales and Use Tax Exclusion (“STE”) award for Quidel Corporation (“Quidel”) for the purchase of up to \$23,150,000 in Qualified Property to update and expand its existing medical diagnostic test production facilities located in Carlsbad and San Diego (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three years from the date of CAEATFA Board approval to utilize its STE award.³

As of December 2024, Quidel has used the STE award to purchase approximately \$15,486,500 of Qualified Property (67% of the total Qualified Property approved).⁴ Quidel is requesting to extend the Agreement initial term to accommodate the merger with Ortho Clinical Diagnostics Holdings plc, which required Quidel to redirect its resources towards integrating the two businesses.

On January 17, 2025, Quidel submitted a request to add Ortho-Clinical Diagnostics, Inc. (Ortho), a newly formed corporation as a result of the Ortho merger, as a participating party on the STE award approval resolution.

THE APPLICANT

Quidel and Ortho (collectively the “Applicant”) are corporations established in Delaware and New York, respectively. Quidel formed in 1987 and is headquartered in San Diego and Ortho formed in 2023 and headquartered in New Jersey. Quidel began with a focus on dipstick-based pregnancy tests and now produces a wide range of rapid diagnostic testing solutions for medical conditions including infectious diseases, cardiovascular diseases and conditions, thyroid diseases, gastrointestinal diseases, autoimmune diseases, women’s health, and bone health. Quidel states it was one of the first companies to develop and receive FDA Emergency Use Authorization to rapidly test for COVID-19.

Through the merger, parent company, QuidelOrtho Corporation was formed. QuidelOrtho Corporation wholly owns both Quidel and Ortho and is publicly traded on the NASDAQ under the ticker QDEL.

The corporate officers of the QuidelOrtho Corporation are:

- Brian J. Blaser, President & Chief Executive Officer
- Lee Bowman, Chief Human Resources Officer
- Joseph M. Busky, Chief Financial Officer
- Michelle A. Hodges, Chief Legal Officer
- Phil McLellan, Chief Operations Officer
- Jonathan Siegrist, Ph.D., Executive Vice President of Research & Developments & Chief Technology Officer

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

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

THE PROJECT

The Applicant received an STE award to update and expand its existing medical diagnostic test production facilities located in Carlsbad and San Diego. The Applicant explains the Project will utilize high-precision tools and methods, incorporating more automation, and a high-performance workforce to produce its medical diagnostic tests. For example, the Applicant states its tests often contain just a few milligrams of its proprietary liquid chemicals and enzymes to create the test reactions and visual results. The Applicant explains the Project will use automated lasers and vision systems that continuously monitor the strips throughout the production process and are able to determine among the hundreds of thousands of tiny test strips which should not continue in the manufacturing process by identifying tiny air bubbles or misalignment of parts within the strip that measure less than one millimeter.

Additionally, the Applicant states the Project will be able to automatically cut portions of the test strip that need to be rejected without having to stop the production process, whereas previous manufacturing processes only alerted an operator who would need to pause the production line to manually remove the defective portions.

The Applicant also states the company released an environmental sustainability plan in 2020 that details initiatives and systems to help conserve energy. The Applicant explains the Project will include upgrading to LED lighting and using battery storage to reduce energy consumption during peak hours. The Applicant also states the Project's ability to reduce the need to stop and start production lines will help reduce energy costs.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from June 21, 2025 to June 21, 2027, in order to accommodate the merging of Quidel and Ortho, which required the Applicant to redirect its resources towards integrating the two businesses.

STAFF EVALUATION

The CAEATFA Board can extend the initial term of the Agreement upon a finding that an extension is in the public interest and advances the purposes of the STE Program.⁵

Quidel states its merger with Ortho took place in May 2022 (a month before the STE award was approved) and is primarily responsible for the delays in the Project. The Applicant had to redirect its resources to integrating the two entities into one. The integration process involved aligning strategies, systems, and teams, which left limited resources to focus on the Project. According to the Applicant, the environment with the merger has eased up, and the Applicant has shifted its focus to the utilization of the award.

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

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

Staff has taken into consideration that the Applicant has been able to overcome the hurdles with the merger as the integration process took time and effort. Additionally, the scope of the Project remains unchanged and the spend on Qualified Property is expected to exceed the awarded amount. With the approval of the budget from the Applicant's Board of Directors and existing contracts in place, the Applicant believes two years' time will be sufficient to fully exhaust the STE award.

Statute limits the use of CAEATFA's sales and use tax exclusion to any "participating party" (Revenue and Taxation Code Section 6010.8). Public Resources Code Section 26003(a)(7)(B) defines "participating party" as an entity that seeks financial assistance pursuant to Section 26011.8, which establishes the Sales and Use Tax Exclusion Program. Section 3 of the approval resolution provides that the Applicant is a "participating party" within the meaning of Public Resources Code Section 26003(a)(7).

Amending the resolution to add Ortho-Clinical Diagnostics, Inc. as a participating party will allow the proposed Project to continue and the state to receive the estimated benefits of the original Project.

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,⁶ the Applicant's request to add a participating party and extend the initial term qualifies as a modification to the Applicant's Agreement, incurring additional fees. The Applicant has paid the additional fee of \$2,500.

RECOMMENDATION

Staff recommends that the Board approve the Applicant's request to extend the initial term of the Agreement by two years, until June 21, 2027, as it is in the public interest and advances the purposes of the STE Program, and the remaining term shall be for a period of nine years and six months, until December 21, 2031, for providing annual compliance reports.⁷

Staff recommends that the Board approve the Applicant's request to amend Resolution No. 22-SM036-01 to add Ortho-Clinical Diagnostics, Inc. as a participating party.

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

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

ATTACHMENTS

Attachment A: Quidel Corporation and Ortho-Clinical Diagnostics, Inc. Letter
Requesting Waiver (January 17, 2025)

Attachment B: Quidel Corporation and Ortho-Clinical Diagnostic Inc.'s Staff Summary at
the Time of Approval

**RESOLUTION APPROVING A TIME EXTENSION FOR QUIDEL
CORPORATION’S INITIAL TERM FOR THE REGULATORY AGREEMENT
AND AMENDING RESOLUTION NO. 22-SM036-01 TO ADD
ORTHO-CLINICAL DIAGNOSTICS INC. AS A PARTICIPATING PARTY**

March 18, 2025

WHEREAS, on June 21, 2022, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”), a public instrumentality of the State of California, approved a Sales Tax Exclusion (“STE”) in the amount of \$23,150,000 of Qualified Property for **Quidel Corporation and Ortho-Clinical Diagnostics, Inc.** (the “Applicant”); and

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

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

WHEREAS, the Applicant has requested a waiver of the requirement to purchase all of the Qualified Property within three (3) years, due to unexpected delays in the Project timeline, extending the term by two (2) years to June 21, 2027; and

WHEREAS, granting the waiver will allow the Project to proceed and the state to receive the anticipated environmental and economic benefits that justified the initial approval of the Project in accordance with the law, thereby advancing both the public interest and the purposes of the Program.

WHEREAS, Quidel Corporation and Ortho-Clinical Diagnostics, Inc. have the authority and responsibility to complete a portion of the Project as described in the Application; and

WHEREAS, the Applicant requests the Authority amend the Regulatory Agreement by amending Resolution No. 22-SM036-01 to include Ortho-Clinical Diagnostics as a participating party.

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Authority finds that it is in the public interest and advances the purposes of the Program to extend the Applicant’s initial term of the Regulatory Agreement to June 21, 2027.

Agenda Item – 4.B.1
Resolution No. 22-SM036-02

Section 2. Resolution No. 22-SM036-01 dated June 21, 2022 is amended to add Ortho-Clinical Diagnostics, Inc. as a participating party to the Regulatory Agreement.

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

Attachment A: Quidel Corporation and Ortho-Clinical Diagnostic, Inc.'s
Letter Requesting Waiver (January 17, 2025)



January 17, 2025

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

RE: CAEATFA STE Master Regulatory Agreement ("MRA") Extension Request – Quidel Corporation (22-SM036)

Dear CAEATFA Board Members & Staff,

Quidel Corporation ("Quidel") respectfully requests a twenty-four (24) month extension on its CAEATFA STE MRA award, until June 21, 2027, to procure the remaining CAEATFA STE Qualified Property.

Quidel's CAEATFA STE award became effective as of June 21, 2022, and in May of 2022 Quidel officially announced a merger with Ortho Clinical Diagnostics Holdings plc ("Ortho"). The acquisition required the company to focus all its efforts on the integration of the two businesses. Since award approval, Quidel has been working tirelessly, seamlessly to align the synergies of Quidel and Ortho with a continued combined mission to deliver advanced diagnostics to improve human health. Unfortunately, that has left little resources to focus on the Project and utilization of the CAEATFA STE which has resulted in Project delays.

Despite the delay, the scope for the Project remains unchanged, and the total expected Qualified Property spend is still expected to far exceed the remaining amount awarded. Based on existing contracts in place and Project budget, Quidel is confident the full CAEATFA award will be exhausted within the requested extension deadline requested herein.

In conjunction with this request, we kindly request to add Quidel's newly formed corporation, Ortho-Clinical Diagnostics, Inc. Due to the merger, Quidel will make purchases for its project in this newly formed entity. Nothing in the business or project has changed in comparison to its original application. As such, at the earliest opportunity, Quidel kindly requests that Ortho-Clinical Diagnostics, Inc. be added to its MRA.

For reference, please see the attached California SOS registration for Ortho-Clinical Diagnostics, Inc. We would anticipate that the revised MRA would carry the name below.

Quidel Corporation and Ortho-Clinical Diagnostics, Inc.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Tran".

Alex Tran
Consultant Representative

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

**Attachment B: Quidel Corporation and Ortho-Clinical Diagnostic, Inc.’s
Staff Summary at the Time of Approval**

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

Agenda Item - 4.A.9
Resolution No. 22-SM036-01

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Quidel Corporation
Application No. 22-SM036**

Tuesday, June 21, 2022

Prepared By: *Ashley Emery, Program Manager*

SUMMARY

Applicant – Quidel Corporation

Location – Carlsbad and San Diego, San Diego County

Industry – Medical Diagnostic Test Production

Project – Update and Expansion of Existing Medical Diagnostic Test Production Facility
(Advanced Manufacturing)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$23,150,000	\$1,967,750

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$7,036,749	3,576
Estimated Environmental Benefits	N/A	35
Additional Benefits	N/A	150
Total	\$7,036,749	3,761
Estimated Quantifiable Net Benefit	\$5,068,999	

Competitive Criteria Score – 90

Staff Recommendation – Approval

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

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

³ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

**Agenda Item - 4.A.9
Resolution No. 22-SM036-01**

THE APPLICANT

Quidel Corporation (the “Applicant”) is a Delaware corporation that formed in 1987 and is headquartered in San Diego. The Applicant began with a focus on dipstick-based pregnancy tests, and now produces a wide range of rapid diagnostic testing solutions for medical conditions including infectious diseases, cardiovascular diseases and conditions, thyroid diseases, gastrointestinal diseases, autoimmune diseases, women’s health, and bone health. The Applicant states it was one of the first companies to develop and receive FDA Emergency Use Authorization to rapidly test for COVID-19.

The Applicant is publicly traded on the NASDAQ under the symbol: QDEL.

The corporate officers of the Applicant are:

Douglas C. Bryant, President & CEO
Joseph M. Busky, CFO
Robert J. Bujarski, COO
Werner Kroll, SVP of R&D
Michael D. Abney, Jr., SVP North American Sales & Distribution

THE PROJECT

Quidel Corporation is requesting an STE award to update and expand its existing medical diagnostic test production facilities located in Carlsbad and San Diego (the “Project”).

The Applicant explains the Project will utilize high-precision tools and methods, incorporating more automation, and a high-performance workforce to produce its medical diagnostic tests. For example, the Applicant states its tests often contain just a few milligrams of its proprietary liquid chemicals and enzymes to create the test reactions and visual results. The Applicant explains the Project will use automated lasers and vision systems that continuously monitor the strips throughout the production process and are able to determine among the hundreds of thousands of tiny test strips which should not continue in the manufacturing process by identifying tiny air bubbles or misalignment of parts within the strip that measure less than one millimeter. Additionally, the Applicant states the Project will be able to automatically cut portions of the test strip that need to be rejected without having to stop the production process, whereas previous manufacturing processes only alerted an operator who would need to pause the production line to manually remove the defective portions.

The Applicant also states the company released an environmental sustainability plan in 2020 that details initiatives and systems to help conserve energy. The Applicant explains the Project will include upgrading to LED lighting and using battery storage to reduce energy consumption during peak hours. The Applicant also states the Project’s ability to reduce the need to stop and start production lines will help reduce energy costs.

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

**Agenda Item - 4.A.9
Resolution No. 22-SM036-01**

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Buildout of Facilities, Upgrades & Real Property Improvements	\$6,750,000
Manufacturing Equipment, Machinery, & Related Property	\$7,900,000
Design, Engineering, Research & Development Property	\$2,750,000
Laboratory Devices & Instruments	\$1,000,000
Quality Control/Testing Equipment & Related Property	\$1,250,000
Logistics, Storage Systems & Related Property	\$1,000,000
IT & Computer Property	\$2,500,000
Total	<u>\$23,150,000</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

TIMELINE

The Applicant states it began equipment purchases in Q4 of 2021 and plans to build out more than 100,000 square feet with substantial completion by Q4 of 2022.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant states it has already secured some permits and anticipates having all remaining building, installation, and operational permits by Project completion.

COMPETITIVE CRITERIA SCORE

The Applicant received 90 Competitive Criteria points as follows:

1. **Environmental Benefits (0 of 100 points)**. The Application does not have a Recycled Resource Extraction Project or Project that produces an Advanced Transportation Technology or an Alternative Source product, component, or system. Therefore, no points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Project is located in San Diego County, which has an average annual unemployment rate of 6.8%.⁴ When compared

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

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

**Agenda Item - 4.A.9
Resolution No. 22-SM036-01**

to the statewide average annual unemployment rate of 7.89%, 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 1,401 production-related jobs at its Facilities. CAEATFA estimates that approximately 41.94 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 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 3,761 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 35 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (3,576 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 \$7,036,749, resulting in a Fiscal Benefits score of 3,576.
- B. **Environmental Benefits (35 points)**. The Project earned an Environmental Benefits Score of 35. The Applicant received points in the following categories:
 1. **Environmental Sustainability Plan (5 of 5 points)**. The Applicant has an environmental sustainability plan that seeks to minimize environmental impacts by reducing greenhouse gas emissions, protect water resources, and

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

**Agenda Item - 4.A.9
Resolution No. 22-SM036-01**

maximize the recovery of resources in the Applicant's waste management process.

2. **Energy Consumption (30 of 30 points)**. The Applicant anticipates the Project will result in a 30% reduction in energy consumption compared to the Applicant's previous manufacturing process through the use of LED lighting, energy storage, and more energy-efficient machinery and automated processes.
- C. **Additional Benefits (150 points)**. Applicants may earn additional points for their Total Score. The Applicant received 150 additional points.
1. **Production Jobs (75 of 75 points)**. The Applicant anticipates the Project will support a total of 1,401 production-related jobs at its Facilities. CAEATFA estimates that approximately 41.94 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 (0 of 75 points)**. The Applicant anticipates the Project will support a total of 10 construction jobs at its Facilities. CAEATFA estimates that approximately 0.30 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 Project is located in San Diego County, which has an average annual unemployment rate of 6.8%. When compared to the statewide average annual unemployment rate of 7.89%, 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 diagnostic test production.
 5. **Industry Cluster (25 of 25 points)**. The industry associated with this Application has been identified by the California State Assembly 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, dependent care and assistance reimbursement, transportation subsidies, education reimbursement, gym subsidies, employee discounts, and paid leave benefits to its employees, earning the Applicant 25 points.

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

**Agenda Item - 4.A.9
Resolution No. 22-SM036-01**

LEGAL QUESTIONNAIRE

Staff reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

CAEATFA FEES

In accordance with CAEATFA regulations,⁵ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$92,600.

RECOMMENDATION

Staff recommends the approval of Resolution No. 22-SM036-01 for Quidel Corporation's purchase of qualifying tangible personal property in an amount not to exceed \$23,150,000 anticipated to result in an approximate STE value of \$1,967,750.

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

**Agenda Item – 4.B.1
Resolution No. 22-SM036-02**

**Agenda Item - 4.A.9
Resolution No. 22-SM036-01**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH QUIDEL CORPORATION**

June 21, 2022

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Quidel 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 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$23,150,000 over a period of three (3) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Authorized Signatories deem appropriate, provided that the amount of the

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Resolution No. 22-SM036-02

Agenda Item - 4.A.9
Resolution No. 22-SM036-01

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.