

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

***Request to Approve an Extension of the  
15% Purchase Requirement Timeframe<sup>1</sup>***

**HZI Lancaster, LLC  
Application No. 21-SM023**

**Tuesday, August 16, 2022**

Prepared By: *Matthew Jumps, Program Analyst*

**SUMMARY**

**Applicant** – HZI Lancaster, LLC

**Location** – Lancaster, Los Angeles County

**Industry** – Biogas Capture and Production

**Project** – New Biogas Capture and Production Facility (Alternative Source)

**Total Amount Qualified Property Approved** – \$27,231,400

**Estimated Sales and Use Tax Exclusion Amount at Approval<sup>2</sup>** – \$2,314,669

**Amount of Time Requested** –

- One year and six months, until March 16, 2024, for the 15% purchase requirement timeframe (three years from the date of initial CAEATFA Board approval)

**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 of 8.5%.

**REQUEST**

On March 16, 2021, the CAEATFA Board approved a sales and use tax exclusion (“STE”) for HZI Lancaster, LLC (the “Applicant”) for the purchase of up to \$27,231,400 in Qualified Property to build a new biogas capture and production facility located in Lancaster (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.<sup>3</sup>

As of June 30, 2022, HZI Lancaster, LLC has not used the STE to purchase any Qualified Property. The Applicant is requesting to extend the 15% purchase requirement timeframe by one year and six months to accommodate delays stemming from a geotechnical survey that caused the facility to be re-designed and re-engineered.

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.<sup>4</sup>

According to the Applicant, a geotechnical survey in late 2021 unearthed unexpected issues with the facility site. The geotechnical survey determined that the previous site had poor subsurface soil conditions, which caused the Applicant to re-design and re-engineer the entire Project so that the facility can be constructed over suitable land. Due to the re-design and re-engineering process, the permitting, procurement of Qualified Property, and construction have all been significantly delayed. The Applicant states that it had to pause its conditional use permit application due to the re-design and expects to submit the permit application within 90 days of its extension request letter. The Applicant intends to begin making purchases of Qualified Property once the conditional use permit is approved.

**THE APPLICANT**

HZI Lancaster, LLC, is a California limited liability company that formed in 2020. The Applicant is a wholly owned subsidiary of Hitachi Zosen Inova U.S.A. Holding, Inc. (“HZIU Holding”), which has been the owner and developer of Kompogas anaerobic digestion projects in the United States since 1991.

HZIU Kompogas SLO Inc., a subsidiary of HZIU Holding, received an STE award on February 21, 2017, for the purchase of up to \$7,104,020 in Qualified Property for an estimated STE of \$598,158 to build a new biomass processing and fuel production facility in San Luis Obispo, which is complete and began operations at the end of 2018.

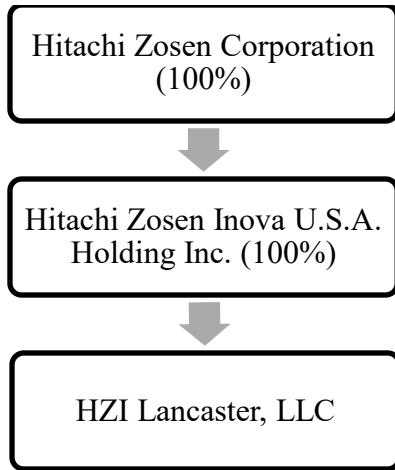
The chain of ownership of the Applicant is as follows:

The company officers of the Applicant are:

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

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



Heath Jones, Managing Member  
Mike Phillips, CFO & Director  
Autumn Huskins, Secretary

**THE PROJECT**

HZI Lancaster, LLC, received an STE award to build a new biogas capture and production facility located in Lancaster. The Applicant states that the Project will be developed in partnership with Waste Management and will be located at Waste Management’s Lancaster Landfill & Recycling Center. The Project will use an anaerobic digester to convert organic waste into biogas, compost, and liquid fertilizer. The Project will then process the biogas through a gas cleanup system to produce Renewable Natural Gas (“RNG”). The Applicant states that the RNG will be injected into the Southern California Gas Company (“SoCalGas”) pipeline to be used as transportation fuel.

**15% PURCHASE REQUIREMENT TIMEFRAME EXTENSION REQUEST**

The Applicant has requested that the 15% purchase requirement timeframe be extended from September 16, 2022 to March 16, 2024 in order to accommodate delays stemming from a geotechnical survey that caused the facility to be re-designed and re-engineered.

**Staff Evaluation**

According to the Applicant, delays in the purchases of Qualified Property were outside the Applicant’s control due to unexpected issues arising from a geotechnical survey. The Applicant explains that the previous siting of the facility was determined to be unsuitable due to poor subsurface soil conditions. This resulted in a loss of 30% of land that the Applicant intended to use for the facility. The Applicant has completed a costly re-design and re-engineering of the facility so that the Project may continue. Though this re-design has delayed the purchase of Qualified Property, the Applicant has demonstrated that the Project and purchases will continue, ultimately providing important infrastructure for California’s efforts to divert organic waste from landfills and cut down on harmful pollutants.

**Agenda Item – 4.B.3**  
**Resolution No. 21-SM023-01**

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 completed, and is, therefore, in the public interest and advances the purposes of the STE Program.

**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 STE Program regulations,<sup>5</sup> the Applicant has paid an additional fee of \$1,500 because extending the 15% purchase requirement timeframe 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 one year and six months to March 16, 2024 as the Applicant has demonstrated extraordinary circumstances, and it is in the public interest and advances the purposes of the STE Program.

**Attachments**

- Attachment A: HZI Lancaster, LLC’s letter requesting waiver (June 15, 2022)
- Attachment B: HZI Lancaster, 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)(A)

**RESOLUTION APPROVING AN EXTENSION OF  
HZI LANCASTER, LLC’S 15% PURCHASE REQUIREMENT TIMEFRAME  
UNDER THE REGULATORY AGREEMENT**

August 16, 2022

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 \$27,231,400 of Qualified Property for **HZI Lancaster, LLC** (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 one (1) year and six (6) months to March 16, 2024; and

WHEREAS, the Applicant has demonstrated extraordinary circumstances as to why it cannot meet the 18-month 15% purchase requirement timeframe; 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 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 March 16, 2024.

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

Attachment A: HZI Lancaster, LLC’s Letter Requesting Waiver (June 15, 2022)



Hitachi Zosen Inova U.S.A. LLC  
10100 Global Way, Suite 210  
Knoxville, TN 37932  
USA

Phone: + 1 865-777-7400  
www.hz-inova.com

June 15, 2022

Mr. Matthew Jumps  
STE Program Analyst  
California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)  
915 Capital Mall, Room 538  
Sacramento, CA 95814

Copy: [CAEATFA@sto.ca.gov](mailto:CAEATFA@sto.ca.gov)

RE: Sales and Use Tax Exclusion Program – 15% Purchase Requirement Compliance for HZI Lancaster, LLC

Dear Mr. Jumps:

HZIU Kompogas-SLO Inc. (HZIU) is formally requesting an 18-month time extension on the above project. Due to unfortunate circumstances that will be explained in depth below, HZIU will not be able to complete the project in the initial term. The extension will provide the time HZIU will need to complete the permitting, procurement of equipment and construction of the LOW-C facility, an important plant critical to fulfilling CA SB1383 organics diversion legislation in the state.

**Justification for Extension:**

There has been an unexpected issue that arose during a geotechnical survey in late 2021. Part of the site has been deemed unsuitable due to poor subsurface soil conditions. This has caused changes throughout the entire design of the facility. HZIU has since re-designed and re-engineered the facility to fit within the land that is suitable for construction; however, this process has significantly delayed the project and increased the cost, which had to go out for re-bidding. The subsequent permitting, procurement and construction have been delayed as well.

The initial geotechnical survey was done in 2021 by SCS Engineers and Atlas Technical Consultants LLC. The early report indicated potential issues that required further investigation and borings. The extended amount of work along with COVID-19 related complications made scheduling and



investigative work quite difficult. Finally, two more site investigations were conducted to identify the appropriate boundary for new construction. As mentioned, the conclusion to the geotechnical surveys was completed in Q3 2021 and more work has been done to push this environmentally positive project forward.

On the following page, the plan with diagonal hash marks indicates approximately 30% of the lost usable area for new construction. Building enclosures have to be located far from this area while one of the plant's original core operations, the aerobization hall, has to be replaced due to the large footprint of its built concrete enclosure. The replacement solution to the aerobization hall was outsourced to a subcontractor whom we had to identify and work with extensively. The redesign changed the plant's mass balances as well, so a detailed financial analysis was required to support this new design. Unfortunately, due to multiple levels of hardships no purchase order has yet been made for the Qualified Property specified in our initial application: however, millions of dollars has been expended by HZI and its global team to achieve the significant work completed to date.

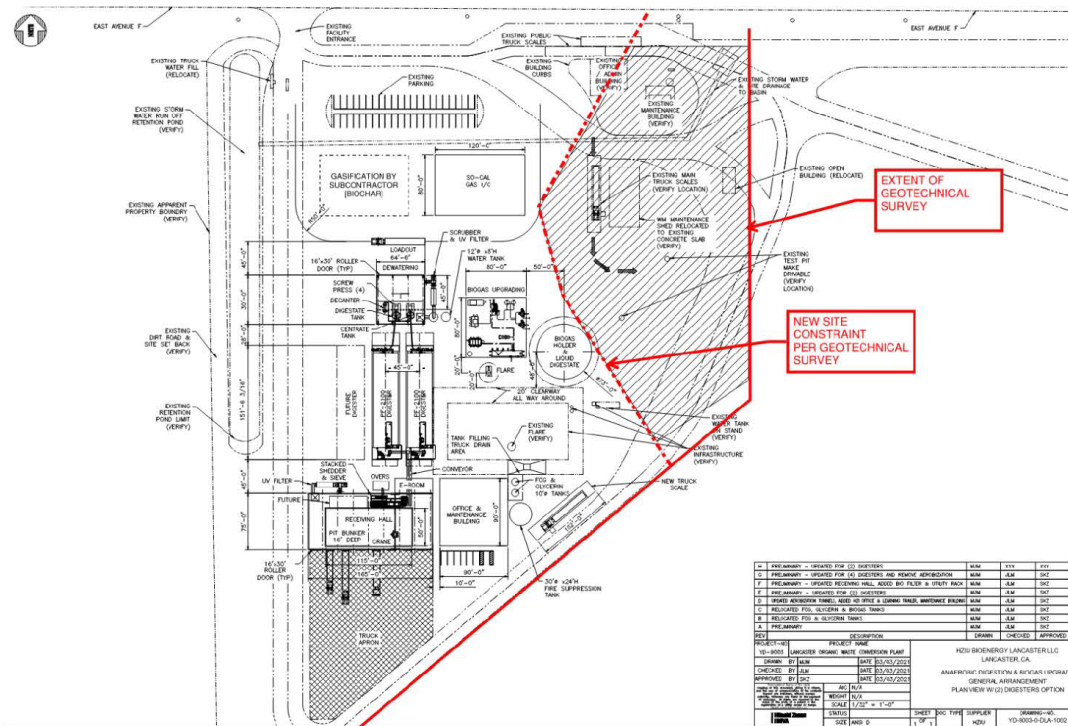


Figure 1. General Arrangement Plan, revised to accommodate site constraint



**Progress to Date:**

Although the project met with unexpected challenges from subsurface conditions and COVID-19 delays and complications, the resulting design has an equally positive environmental impact on Southern California. The project will divert over 98,000 tons of organic waste and eliminate 16,000 tons of carbon dioxide annually.

In parallel with the geotechnical survey, HZIU was performing construction bidding and equipment procurement processes for the original design. When the unfavorable subsurface condition was fully understood, we were forced to revisit construction bids for a superseded design. Because of this, as well as COVID-19 delays and numerous supply chain issues, in addition to higher than expected inflation, we hired CDM Smith to perform value engineering for this important project. Construction costs have increased substantially from the estimate done in 2020 when the application for Sales Tax Exemption was first submitted. We further invested a significant amount of time in the investigation of a more compact replacement solution to the original design of the back-end aerobization hall. The result is that we arrived at a new solution on the back-end for carbonaceous digestate such that the facility will fit within a smaller footprint and construction costs could be minimized. A smaller pilot unit of the new back-end solution is currently being implemented at another project operated by Hitachi Zosen Inova.

Your patience with the HZIU Kompogas-SLO Inc. will be met with further environmental benefits and innovations. Our new back-end technology solution could open the door to the potential for hydrogen generation. Your approval of our request for an extension to this promising project may generate unexpected positive consequences as well. We plan to re-engage with the contractors and subcontractors to rebid on the redesigned plant, and our approach has required significant flexibility and commitment to finding solutions.

The project team also maintained engagement with the communities and continued to raise awareness of organics diversion and sustainability, by promoting green fuel sources such as green hydrogen. During the early spread of COVID-19, which severely challenged families' access to food, we donated a heavy-duty tent to South Antelope Valley Emergency Services (SAVES), our community benefits agreement partner, to aid their food distribution operation. In February 2022, we were called to action again and donated another tent to SAVES. For the City of Lancaster, we serve as its advisor on its hydrogen energy master plan to further decarbonize and detach from its dependency on fossil fuel. The project's sponsor company, Hitachi Zosen Inova, has experience in multiple methods of hydrogen production. Lancaster envisions a future that relies on decarbonized renewable gas and fuels, and we have great support from a wide range of senior California elected officials that support this project and Lancaster's transition.



**Agenda Item – 4.B.3  
Resolution No. 21-SM023-01**



As for the permitting, we hired AECOM to file a CUP minor modification in 2021; however, due to the complications discussed above, that effort was paused. We have restarted the process and expect to submit our permit package in approximately 90 days. After our permit is granted, the purchase order for the Qualified Property will be completed.

We believe that this is a highly innovative project, poised to change the way organics are processed in California, that is worthy of your patience and support. We very much thank the California Alternative Energy and Advanced Transportation Financing Authority for understanding the hardships we have faced. Please feel free to reach out if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Heath Jones", with a horizontal line underneath.

Heath Jones  
Managing Director  
Hitachi Zosen Inova U.S.A. LLC  
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**Attachment B: HZI Lancaster, 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.23  
Resolution No. 21-SM023  
Application No. 21-SM023

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

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

**HZI Lancaster, LLC  
Application No. 21-SM023**

**Tuesday, March 16, 2021**

Prepared By: *Matthew Jumps, Program Analyst*

**SUMMARY**

**Applicant** – HZI Lancaster, LLC

**Location** – Lancaster, Los Angeles County

**Industry** – Biogas Capture and Production

**Project** – New Biogas Capture and Production Facility (Alternative Source)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount <sup>2</sup>
\$27,231,400	\$2,314,669

Estimated Net Benefit <sup>3</sup>	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$5,215,414	2,253
Estimated Environmental Benefits	\$1,678,109	725
Additional Benefits	N/A	128
<b>Total</b>	<b>\$6,893,523</b>	<b>3,106</b>
<b>Estimated Quantifiable Net Benefit</b>	<b>\$4,578,854</b>	

**Staff Recommendation** – Approval

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<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> 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.3  
Resolution No. 21-SM023-01**

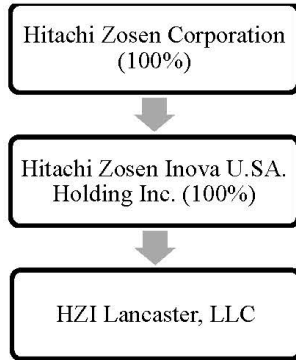
**Agenda Item – 4.G.23  
Resolution No. 21-SM023  
Application No. 21-SM023**

**THE APPLICANT**

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HZIU Kompogas SLO Inc., a subsidiary of HZIU Holding, received an STE award on February 21, 2017, for the purchase of up to \$7,104,020 in Qualified Property for an estimated STE of \$598,158 to build a new biomass processing and fuel production facility in San Luis Obispo, which is complete and began operations at the end of 2018.

The chain of ownership of the Applicant is as follows:



The company officers of the Applicant are:

Heath Jones, Managing Member  
Mike Phillips, CFO & Director  
Autumn Huskins, Secretary

**THE PROJECT**

HZI Lancaster, LLC, is requesting an STE award to build a new biogas capture and production facility located in Lancaster (the “Project”). The Project will be developed in partnership with Waste Management and will be located at Waste Management’s Lancaster Landfill & Recycling Center. The Project will use an anaerobic digester to convert organic waste into biogas, compost, and liquid fertilizer. The Project will then process the biogas through a gas cleanup system to produce Renewable Natural Gas (“RNG”). The Applicant states that the RNG will be injected into the Southern California Gas Company (“SoCalGas”) pipeline to be used as transportation fuel.

**Agenda Item – 4.B.3  
Resolution No. 21-SM023-01**

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Application No. 21-SM023**

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Anaerobic Digester	\$13,181,000
Gas Cleanup System	\$11,950,400
Interconnection to Grid	\$2,100,000
<b>Total</b>	<b><u>\$27,231,400</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**

According to the Applicant, it has completed the design and engineering of the Project and is nearing completion of the permitting process. The Applicant states that the anaerobic digester, the gas cleanup system, and the interconnection to the SoCalGas pipeline are on track to be constructed by the end of 2022 and begin operations by July 2023.

**STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

The Applicant states it is in discussion with the South Coast Air Quality Management District ("SCAQMD") to obtain an Authority to Construct permit and expects to obtain approval by June 2021. The Applicant states it will apply for a Permit to Operate from SCAQMD by November 2022. The Project will also require two separate National Pollutant Discharge Elimination System permits from the Lahontan Regional Water Quality Control Board, including a stormwater pollution prevention plan, for both construction and operations. The Applicant also states that it has acquired a foundation construction permit from the Los Angeles County and will be required to secure permits for building and grading as the Project progresses. The Applicant explains the Project will be built at an existing facility that has a Conditional Use Permit ("CUP"), which has been approved under the California Environmental Quality Act, and the Applicant is planning to file a modification to the CUP with Los Angeles County by the end of March 2021.

**Agenda Item – 4.B.3  
Resolution No. 21-SM023-01**

**Agenda Item – 4.G.23  
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**PROJECT EVALUATION**

**PROJECT BENEFITS**

The Project received a Total Score of 3,106 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 725 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (2,253 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant’s sales and use taxes, personal income taxes paid by the firm’s employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$5,215,414, resulting in a Fiscal Benefits score of 2,253.
  
- B. **Environmental Benefits (725 points)**. The Project is anticipated to result in \$1,678,109 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 725 points. These benefits derive from the production of biogas, which offsets the need for the use of fossil methane.
  
- C. **Additional Benefits (128 points)**. Applicants may earn additional points for their Total Score. The Applicant received 128 additional points.
  1. **Production Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of 17 production-related jobs at its Facility. CAEATFA estimates that approximately 1.65 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 20 points.
  2. **Construction Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 46 construction jobs at its Facility. CAEATFA estimates that approximately 4.47 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 30 points.
  3. **Unemployment (28 of 50 points)**. The Applicant’s Project is located in Los Angeles County, which has an average annual unemployment rate of 11.6%.<sup>4</sup> When compared to the statewide average annual unemployment rate of 9.1%, the Project location earned the Applicant 28 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 biomass conversion and biogas production.

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<sup>4</sup> Unemployment rates are based on data available in October 2020.

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

**CAEATFA FEES**

In accordance with CAEATFA Regulations,<sup>5</sup> the Applicant has paid CAEATFA an Application Fee of \$10,000, and will pay CAEATFA an Administrative Fee of up to \$108,925.60.

**RECOMMENDATION**

Staff recommends the approval of Resolution No. 21-SM023 for HZI Lancaster, LLC's purchase of qualifying tangible personal property in an amount not to exceed \$27,231,400, anticipated to result in an approximate STE value of \$2,314,669.

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<sup>5</sup> California Code of Regulations Title 4, Division 13, Section 10036.

**Agenda Item – 4.B.3  
Resolution No. 21-SM023-01**

**Agenda Item – 4.G.23  
Resolution No. 21-SM023  
Application No. 21-SM023**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A  
REGULATORY AGREEMENT WITH HZI LANCASTER, LLC**

**March 16, 2021**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **HZI Lancaster, LLC** (the “Applicant”), for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10030(a), with the Applicant for the Project; and

WHEREAS, the Applicant has estimated the Project has an estimated cost not to exceed \$27,231,400 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).

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

**Agenda Item – 4.B.3**  
**Resolution No. 21-SM023-01**

**Agenda Item – 4.G.23**  
**Resolution No. 21-SM023**  
**Application No. 21-SM023**

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.