

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

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

**Abbott Laboratories and its Subsidiary, Pacesetter, Inc.
Application No. 21-SM027**

Tuesday, February 20, 2024

Prepared By: *Stefani Wilde, Program Analyst*

SUMMARY

Applicant – Pacesetter, Inc. and Abbott Laboratories

Location – Sylmar, Los Angeles County

Industry – Medical Device Manufacturing

Project – Update and Expansion of Existing Cardiovascular Medical Device Manufacturing Facility (Advanced Manufacturing)

Total Amount Qualified Property Approved – \$34,950,000

Estimated Sales and Use Tax Exclusion Amount at Approval² – \$2,970,750

Amount of Time Requested –

- Requesting a one (1)-year and six (6)-month extension, until September 16, 2025, for the Initial Term of the Regulatory Agreement (a total of four (4) years and six (6) months from the date of initial CAEATFA Board approval of March 16, 2021)

Staff Recommendation – Approval

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

² This amount is calculated based on the average statewide sales tax rate at the time of initial approval, which was 5%.

REQUEST

On March 16, 2021, the CAEATFA Board approved a Sales and Use Tax Exclusion (“STE”) award for Pacesetter, Inc. (the “Applicant”) for the purchase of up to \$34,950,000 in Qualified Property to upgrade and expand its existing cardiovascular medical device manufacturing facility located in Sylmar (the “Project”). The Regulatory Agreement (“Agreement”) initial term provided the Applicant with three (3) years from the date of CAEATFA Board approval to utilize its STE award.³

As of August 2023, the Applicant has used the STE award to purchase approximately \$8,160,078 of Qualified Property (23% of the total Qualified Property approved) The Applicant is requesting to extend the Agreement initial term by one (1) year and six (6) months to accommodate purchasing delays related to reallocation of resources from the COVID-19 pandemic.

The Applicant notes it experienced several delays as a result of the pandemic. The Applicant states it reallocated resources to comply with strict health and safety practices to minimize spread of the COVID-19 virus, in compliance with the guidelines set by the CDC. Additionally, it states the uncertain global markets, particularly surrounding the healthcare industry, caused it to halt discretionary spending and refocus on expenditures. According to the Applicant, it also experienced significant delays in its supply chain due to government mandated shutdowns.

Additionally, on October 6, 2023, Pacesetter, Inc. submitted a request to add Abbott Laboratories as a participating party on the STE award approval resolution. The Applicant states its parent company, Abbott Laboratories has consolidated its procurement and makes purchases on behalf of its subsidiaries. The scope of the Project has not changed and is not anticipated to change with the addition of Abbott Laboratories.

The CAEATFA Board can extend the initial term of the Agreement upon a finding that an extension is in the public interest and advances the purposes of the STE Program.⁴

THE APPLICANT

Pacesetter, Inc. (“Pacesetter” or the “Applicant”), is a Delaware corporation that formed in 1994. The Applicant is wholly owned by Abbott Laboratories, which is publicly traded on the New York Stock Exchange under the ticker symbol ABT. The Applicant designs, manufacturers, and distributes medical devices to treat patients with heart arrhythmia conditions.

The corporate officers of the Applicant are:

- Robert B. Ford – Chairman and Chief Executive Officer
- Hubert L. Allen - EVP, General Counsel & Secretary
- Robert E. Funck, Jr. - EVP, Finance
- Lisa D. Earnhardt - EVP, Medical Devices

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

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

THE PROJECT

Pacesetter, Inc. requested an STE award to upgrade and expand its existing cardiovascular medical device manufacturing facility located in Sylmar. According to the Applicant, the Project will include the upgrade of its production, research, design, and quality control equipment, as well as the renovation of its over 400,000 square-foot facility to improve its design and production space.

The Applicant states it uses high performance tools and advanced materials to ensure its devices, namely pacemakers, can operate properly within the human body for years. Additionally, the Applicant explains it is continually innovating by manufacturing smaller and smaller products, which requires an extremely high degree of precision. To that end, the Applicant states the Project will use hermetic laser sealing techniques to produce impenetrable devices, and quality control testing to ensure devices are leak-free.

The Applicant also has an Environmental Sustainability Plan that seeks to reduce the Applicant’s environmental impact. In an effort to reduce energy consumption, the Applicant explains the Project will include the installation of higher-energy-efficient chiller systems, voltage optimizers, and high-efficiency LED light fixtures with motion sensors. The Applicant states that the Project will also include reuse and recycling programs to reduce solid waste and minimize the impact of waste from its packaging and manufacturing process.

AGREEMENT INITIAL TERM EXTENSION REQUEST

The Applicant has requested that the initial term of the Agreement be extended from March 16, 2024, to September 16, 2025, in order to accommodate purchasing delays related to reallocation of resources from the COVID 19 pandemic.

Staff Evaluation

The Applicant has requested to add Abbott Laboratories as a participating party on the regulatory agreement. As previously stated, Abbott Laboratories, the parent company, has consolidated and makes purchases on behalf of Pacesetter. Statutes limit the use of CAEATFA’s STE to any “participating party” (Section 6010.8 of the Revenue and Taxation Code). A “participating party” is defined as an entity that seeks financial assistance (Section 26003(a)(7)(B) of the Public Resources Code) as part of the Sales and Use Tax Exclusion Program (Section 26011.8 of the Public Resources Code). Section 3 of the Applicant’s Resolution No. 21-SM027 provides that the Applicant is a “participating party” within the meaning of the Sales and Use Tax Exclusion Program.

The Applicant states that despite the challenges it has faced, it continues to experience growth and increased demands for the products it manufactures. Additionally, its revenue projections remain strong and anticipates the expansion and upgrade of its facilities to coincide with several

upcoming projects. The Applicant states it expects to procure the remaining qualified property by summer of 2025.

Based on this information, Staff believes extending the initial term of the Agreement and amending the resolution to add Abbott Laboratories as a participating party will allow for the Project to be completed, and is, therefore, in the public interest and advances the purposes of the STE Program.

LEGAL QUESTIONNAIRE

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

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant has paid an additional fee of \$2,500 because extending the initial term, and adding a participating party, qualifies as a modification to the Applicant’s Agreement.

RECOMMENDATION

Staff recommends that the Board approve the Applicant’s request to extend the initial term of the Agreement by one (1) year and six (6) months to September 16, 2025, as it is in the public interest and advances the purposes of the STE Program.

Staff also recommends that the Board approve Pacesetter, Inc. and Abbott Laboratories’ request to amend Resolution No. 21-SM027 to add Abbott Laboratories as a participating party.

Attachments

- Attachment A: Pacesetter, Inc.’s letter requesting waiver (October 6, 2023)
- Attachment B: Pacesetter, Inc.’s staff summary at the time of approval

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

**RESOLUTION APPROVING A TIME EXTENSION FOR PACESETTER, INC.’S
INITIAL TERM FOR THE REGULATORY AGREEMENT AND AMENDING
RESOLUTION NO. 21-SM027 TO ADD ABBOTT LABORATORIES AS A
PARTICIPATING PARTY**

February 20, 2024

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 \$34,950,000 of Qualified Property for **Pacesetter, 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 one (1) year and six (6) months to September 16, 2025; 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, Abbott Laboratories has 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. 21-SM027 to include Abbott Laboratories 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 September 16, 2025.

Section 2. Resolution No. 21-SM027 dated March 16, 2021, is amended to add Abbott Laboratories as a participating party to the Regulatory Agreement.

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

Attachment A: Pacesetter Inc.’s Letter Requesting Waiver (October 6, 2023)



October 6, 2023

CAEATFA
Attn: Xee Moua, Program Analyst
915 Capitol Mall Room 587
Sacramento, CA 95814

RE: CAEATFA STE Master Regulatory Agreement (“MRA”) Extension Request – Pacesetter, Inc. (21-SM027)

Dear CAEATFA Board Members & Staff,

Pacesetter, Inc. (“Pacesetter”) respectfully requests an eighteen (18) month extension on its CAEATFA STE MRA award, until August 24, 2025, in order to procure the remaining CAEATFA STE Qualified Property.

Pacesetter’s CAEATFA STE award became effective as of March 24, 2021, which unfortunately occurred during the COVID-19 pandemic which caused massive economic shutdowns across the globe. Pacesetter’s plans to build-out and expand its’ current R&D and production facilities in Sylmar were delayed. As a result of COVID-19, Pacesetter experienced the following delays:

- Resources required to be reallocated to aid in the implementation of strict health and safety practices and procedures to minimize the spread within the production facility in accordance with CDC guidelines.
- Uncertainty in the global markets, specifically in the healthcare sector, caused increased focus on expenditures and management to halt discretionary spending including fixed asset upgrades and R&D.
- Setbacks in supply chain caused shortages in production inputs coupled with mandated COVID-19 government shut-downs caused significant reduction in planned expansions due to shipping delays and supplier shortages.

Despite the obstacles presented by COVID-19, the Company continues to see growth and high demand for its’ products. As of June 2022, the company has purchased approximately \$8.2M or 23.4% of Qualified Property. With strong revenue projections, Pacesetter anticipates the expansion and upgrade of their California facilities to move with several projects in the works including an expansion of its lab and logistics areas. Pacesetter fully expects to acquire qualified property to exhaust the remainder of the award by Summer of 2025.

In conjunction with this request, we kindly request to add Pacesetter’s parent company, Abbott Laboratories (“Abbott”) to Pacesetter’s MRA (CAEATFA Award No. 21-SM027) originally executed March 24, 2021. For ease, Abbott has consolidated its procurement and makes purchases on behalf of its subsidiaries. As such, Abbott Laboratories makes purchases of CAEATFA qualified property to be used in Pacesetter’s Project. Nothing in the business or project has changed in comparison to its original application.

As such, at the earliest opportunity, Pacesetter kindly requests that its parent company, Abbott be added to their MRA. For reference, please see the attached California SOS registration for Abbott Laboratories. We would anticipate that the revised MRA would carry the names below.

Abbott Laboratories and its Subsidiary, Pacesetter, Inc.

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

Sincerely,



Alex Tran
Consultant Representative

cc: CAEATFA@sto.ca.gov
xee.moua@treasurer.ca.gov
alex.tran@CALincentives.com
sarah.hoyt@CALincentives.com

Attachment B: Pacesetter Inc.’s Staff Summary at the Time of Approval

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

Agenda Item – 4.G.27
Resolution No. 21-SM027
Application No. 21-SM027

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Pacesetter, Inc.
Application No. 21-SM027**

Tuesday, March 16, 2021

Prepared By: *Matthew Jumps, Program Analyst*

SUMMARY

Applicant – Pacesetter, Inc.

Location – Sylmar, Los Angeles County

Industry – Medical Device Manufacturing

Project – Update and Expansion of Existing Cardiovascular Medical Device Manufacturing Facility (Advanced Manufacturing)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$34,950,000	\$2,970,750

Estimated Net Benefit ³	Dollar Value	Points Earned ⁴
Estimated Fiscal Benefits	\$2,656,610	894
Estimated Environmental Benefits	N/A	51
Additional Benefits	N/A	163
Total	\$2,656,610	1,109
Estimated Quantifiable Net Benefit	-\$314,140	

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).)

⁴ 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.8
Resolution No. 21-SM027-01**

**Agenda Item – 4.G.27
Resolution No. 21-SM027
Application No. 21-SM027**

THE APPLICANT

Pacesetter, Inc. (the “Applicant”), is a Delaware corporation that formed in 1994. The Applicant is wholly-owned by Abbott Laboratories, which is publicly traded on the New York Stock Exchange under the ticker symbol ABT. The Applicant designs, manufacturers, and distributes medical devices to treat patients with heart arrhythmia conditions.

The corporate officers of the Applicant are:

- Miles White, Executive Chairman of the Board
- Robert Ford, CEO
- Hubert Allen, EVP, General Counsel & Secretary
- Robert Funck, EVP, Finance & CFO
- Lisa Earnhardt, EVP, Medical Devices

THE PROJECT

Pacesetter, Inc., is requesting an STE award to upgrade and expand its existing cardiovascular medical device manufacturing facility located in Sylmar (the “Project”). According to the Applicant, the Project will include the upgrade of its production, research, design, and quality control equipment, as well as the renovation of its over 400,000 square-foot facility to improve its design and production space.

The Applicant states it uses high performance tools and advanced materials to ensure its devices, namely pacemakers, can operate properly within the human body for years. Additionally, the Applicant explains it is continually innovating by manufacturing smaller and smaller products, which requires an extremely high degree of precision. To that end, the Applicant states the Project will use hermetic laser sealing techniques to produce impenetrable devices, and quality control testing to ensure devices are leak-free.

The Applicant also has an Environmental Sustainability Plan that seeks to reduce the Applicant’s environmental impact. In an effort to reduce energy consumption, the Applicant explains the Project will include the installation of higher-energy-efficient chiller systems, voltage optimizers, and high-efficiency LED light fixtures with motion sensors. The Applicant states that the Project will also include reuse and recycling programs to reduce solid waste and minimize the impact of waste from its packaging and manufacturing process.

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

Manufacturing/Production Equipment, Machinery & Related Property	\$11,125,000
Laboratory Devices & Instruments	\$2,225,000
Logistics, Storage Systems & Related Property	\$2,000,000

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Quality Control/Testing Equipment & Related Property	\$3,250,000
Computers & IT Property	\$750,000
Design, Engineering, Research & Development Property	\$2,850,000
Buildout of Facilities, Upgrades & Real Property Improvements	\$12,750,000
Total	<u>\$34,950,000</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

According to the Applicant, the upgrade of its manufacturing equipment and build-out of its facility will commence in the second quarter of 2021 and continue over the term of the award.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

According to the Applicant, it has secured or will timely secure all necessary building, installation, and operational permits from Sylmar and Los Angeles County.

PROJECT EVALUATION

PROJECT BENEFITS

The Project received a Total Score of 1,109 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 51 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (894 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 \$2,656,610, resulting in a Fiscal Benefits score of 894.
- B. **Environmental Benefits (51 points)**. The Project earned an Environmental Benefits Score of 51. The Applicant received points in the following categories:

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1. **Environmental Sustainability Plan (20 of 20 points)**. The Applicant will implement an environmental sustainability plan for its Project that aims to better manage water use, reduce carbon emissions through expanding renewable energy use, and reduce solid waste through reuse and recycling programs.
 2. **Energy Consumption (21 of 30 points)**. The Applicant anticipates the Project will result in a 21% reduction in energy consumption compared to the Applicant's previous manufacturing process through the replacement of less efficient lighting with high-efficiency LED light fixtures and motion sensors.
 3. **Solid Waste (10 of 30 points)**. The Applicant anticipates the Project will result in a 10% reduction in the solid waste produced relative to the Applicant's previous manufacturing process through the use of higher efficiency waste compactors (e.g. packaging materials from raw goods), as well as the implementation of higher efficiency organic waste programs.
- C. **Additional Benefits (163 points)**. Applicants may earn additional points for their Total Score. The Applicant received 163 additional points.
1. **Production Jobs (60 of 75 points)**. The Applicant anticipates the Project will support a total of 1,045 production-related jobs at its Facility. CAEATFA estimates that approximately 29.84 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 60 points.
 2. **Construction Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of 18 construction jobs at its Facility. CAEATFA estimates that approximately 0.5 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 (28 of 50 points)**. The Applicant's Project is located in Los Angeles County, which has an average annual unemployment rate of 11.6%.⁵ 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 cardiovascular medical device manufacturing.

⁵ Unemployment rates are based on data available in October 2020.

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5. **Workforce Partnerships (25 of 25 points)**. The Applicant has partnerships with California universities, including USC, UC Berkeley, Stanford, and Cal Poly, for the purpose of assisting in the training of potential future workers.
6. **Benefits and Fringe Benefits (25 of 25 Points)**. The Applicant states it provides medical, health, dental, vision, bonuses, retirement contributions, dependent care & assistance reimbursement, education reimbursement, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

LEGAL QUESTIONNAIRE

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

CAEATFA FEES

In accordance with CAEATFA Regulations,⁶ the Applicant has paid CAEATFA an Application Fee of \$10,000, and will pay CAEATFA an Administrative Fee of up to \$139,800.

RECOMMENDATION

Staff recommends the approval of Resolution No. 21-SM027 for Pacesetter, Inc.’s purchase of qualifying tangible personal property in an amount not to exceed \$34,950,000, anticipated to result in an approximate STE value of \$2,970,750.

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

**Agenda Item – 4.A.8
Resolution No. 21-SM027-01**

**Agenda Item – 4.G.27
Resolution No. 21-SM027
Application No. 21-SM027**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH PACESETTER, INC.**

March 16, 2021

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Pacesetter, Inc.** (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 \$34,950,000 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

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qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.