

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by: Richard Fischer

Applicant: California Pollution Control Financing Authority

Allocation Amount Requested: \$21,000,000

Project Information:

Name: SIONEER Stockton, LLC
Project Address: 713-A Luce Avenue
Project City, County, Zip Code: Stockton, San Joaquin, 95203

Project Sponsor Information:

Name: Glass Processing Solutions, LLC d.b.a. SIONEER
Address: 713-a Luce Avenue
Stockton, CA 95203
Principals: Douglas L. Jackson, Paul Dodds, Steve McMahon, Steve
Martin and Wendy Wright
Contact: Douglas Jackson
Phone: (703) 430-8572

Project User Information:

Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: Westhoff, Cone & Holmstedt
Credit Enhancement Provider: N/A
Private Placement Purchaser: N/A
TEFRA Adoption Date: August 9, 2018

Project Sponsor's Principal Activity:

According to the Applicant, the principal activity is glass recycling.

First Tier Business (Yes/No): Yes

Regulatory Mandate (Yes/No): No

Details of Transaction:

Sources of Funds:

Tax-Exempt Bond Proceeds	\$	21,000,000	
Borrower's Equity	\$	3,615,151	REVISED
Cal Recycle Grant	\$	2,400,000	REVISED
Total Sources	\$	27,015,151	

Uses of Funds:

Construction of New Buildings	\$	7,971,083	
Site Preparation and Improvements	\$	360,200	
New Equipment Purchase & Installation	\$	14,348,717	
Cost of Issuance (incl. discount)	\$	765,151	
Interest During Construction	\$	1,470,000	
Bond Reserve Fund	\$	2,100,000	
Total Uses	\$	27,015,151	

Description of Proposed Project:

According to the Applicant, the construction of the new recycling facility will generate finished products of a specialty sand (abrasive, filtration, etc.) and a high quality pozzolan used in concrete.

Environmental Impact:

- 1) Air Quality:
The Project will reduce greenhouse gas ("GHG") emissions. The SiONEER Stockton process reduces GHG by diverting glass fines that are currently being landfilled and making this material into a high quality pozzolan that replaces portland cement on a ton-for-ton basis as a substitute for cement in making concrete. The net GHG emission reduction will be 0.834 metric tons of CO2 for each ton of glass pozzolan that replaces a ton of portland cement. Based on the projected production of 72,000 tons per year of SiONEER Glass Pozzolan per year, the net impact will be a GHG emission reduction of 60,048 metric tons per year of CO2.
- 2) Water Quality:
The facility will operate on concrete surfaces in enclosed buildings, not on exposed ground areas. This prevents any seepage of undesirable materials into the ground water. The facilities are not in close proximity to environmentally sensitive wetlands and coastal areas that could be affected by pollution.
- 3) Energy Efficiency:
N/A
- 4) Recycling of Commodities:
The Project will divert 72,000 tons per year of post-consumer glass fines from local landfills.
- 5) Safety and Compliance:
The Project will result in safe disposal of waste glass in compliance with all applicable State and Federal environmental regulations regarding solid waste disposal. It is important to note that both the California Integrated Waste Management Act of 1989 (AB 939) and the United States Resource Conservation and Recovery Act (RCRA) mandate the need to minimize the amount of material landfilled and maximize recycling opportunities, both of which the Project will achieve.
- 6) Consumer Costs Savings and Efficiencies
N/A
- 7) Jobs:
SiONEER Stockton estimates that the Project will create approximately 30 new full-time equivalent jobs at Project completion.

Local Government Support:

Letters of support have been received from Port of Stockton.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the Project Sponsor.

Recommendation:

Staff recommends that the Committee approve \$21,000,000 in tax exempt bond allocation on a carryforward basis.