

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM

Meeting Date: July 24, 2007

Executive Summary

Request for Amendment and Restatement of Final Resolution

Prepared by: Michael Smith

<b>Borrower and Operator:</b>	CalPlant I LP CalAg, LLC,	<b>Amount Requested:</b> \$175,000,000
<b>Applicant:</b>	CalPlant I, LP and/or their Affiliates	<b>Application No.:</b> 664 (SB) <b>Final Resolution No.:</b> 464
<b>Project Location:</b>	Willows (Glenn County), CA	<b>Prior Actions:</b> IR Approved 04/26/2000 Reinstated & Extended 05/01/2001 Extended 05/30/2002 Extended 05/25/2004 Extended & Amount Increased 10/24/2006 FR Approved 03/20/2007

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**Background:** CalAg, LLC, CalPlant I, LP, and/or their Affiliates (“CalAg” or “Company”) is a development stage company whose primary business will be to utilize waste rice straw to manufacture medium density fiberboard (MDF).

The Company received Final Resolution approval for \$175,000,000 and SBAF Resolution approval not to exceed \$250,000 on March 20, 2007. At the time of approval, the Company anticipated a negotiated, tax-exempt and taxable variable rate bond issue backed by an irrevocable direct pay Letter of Credit from Union Bank of California, N.A. Since approval of the Final Resolution, the proposed financing structure has changed from one in which credit enhanced variable rate demand bonds are sold in a public offering to one in which a note is privately placed with a Qualified Institutional Buyer (“QIB” as defined in SEC Rule 144 under the Securities Act of 1933)<sup>1</sup>, namely Deutsche Bank Securities Inc.

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<sup>1</sup> Rule 144A of the Securities Act of 1933 reads, in part: *...qualified institutional buyer* shall mean...Any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity...Any *insurance company* as defined... Any *investment company* registered under the Investment Company Act or any *business development company* as defined... Any *Small Business Investment Company* licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958...Any *plan* established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees...Any *employee benefit plan* within the meaning of title I of the Employee Retirement Income Security Act of 1974...Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified...Any *business development company* as defined... Any organization described in section 501(c) (3) of

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## Agenda Item – 4.C.1.

In addition, at the March 2007 meeting of the Authority, staff reported that CalPlant I, LP had two partners, each of which had 50% ownership: CalAg, LLC, made up of the founding group of equity investors, as the General Partner, and Morgan Stanley & Co. Incorporated as a Limited Partner. The Company represented that, as a Limited Partner, Morgan Stanley did not control the operations and management of the Company or the proposed Project and therefore should not be considered an affiliate for the purpose of determining whether or not the Company qualified as a small business under CPCFA's regulations.

Subsequent to FR approval in March 2007, the Company changed its ownership structure. CalPlant I, LP, which will be the Borrower in the proposed CPCFA bond financing, now consists of three partners: CalAg, LLC as Limited Partner with 49% interest, a Morgan Stanley-owned and -controlled investment entity as Limited Partner with 50% interest, and CalPlant I GP, LLC as General Partner with 1% interest. The General Partner, CalPlant I GP, LLC, is owned 100% by CalAg, LLC. CalPlant I GP, LLC includes a five-member Approval Board which, according to the Borrower, will be consulted on extraordinary matters only (e.g. sale or refinance of assets) and will not participate in decisions made in the ordinary course of business and that affect the day-to-day operations of the Company and the Project (see Attachment A).

According to the Borrower, the Approval Board will be comprised of two members selected by Morgan Stanley, two members selected by CalAg, LLC, and one member selected by Columbia Forest Products, which has agreed to purchase MDF board produced by the CalAg project. Columbia Forest Products does not have any common ownership or affiliation with CalAg or Morgan Stanley. The two Approval Board members selected by Morgan Stanley will be neither an affiliate nor an employee of Morgan Stanley. Each "extraordinary decision" will be approved by a majority (i.e., 51% or more) of the Approval Board. Upon approval, CalAg will be authorized to carry out the decision either on behalf of CalPlant I GP, LLC or CalPlant I LP.

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the Internal Revenue Code, corporation...partnership, or Massachusetts or similar business trust...Any *investment adviser* registered under the Investment Advisers Act...Any *dealer* registered pursuant to section 15 of the Exchange Act, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$10 million in securities of issuers that are not affiliated with the dealer...Any *dealer* registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer...Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies...Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and...Any *bank* as defined...any savings and loan association or other institution as referenced...or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial statements...

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Borrower’s counsel is currently reviewing the operational and partnership documents and a certificate of Borrower, and is expected to provide an opinion as to whether the Borrower, along with its affiliates, qualifies as a small business under CPCFA regulations.

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**Current Request:** The Company requests that the Authority approve an amendment and restatement of the Final Resolution to allow the issuance of the \$175,000,000 of Bonds as unenhanced, fixed-rate, tax-exempt and taxable bonds and the private placement of such Bonds to a QIB as identified in Exhibit A to the attached Amended and Restated Final Resolution.

In addition, the Company requests that the Authority approve the sale and remarketing guidelines for this transaction that contain a change from the guidelines CPCFA has recently applied to private placements. CPCFA’s private placement guidelines incorporate the issuance guidelines adopted by the Authority in April 2002 for the lowest investment-grade rated bond issues (i.e., BBB-/BBB-/Baa3) and, in addition, require that each QIB purchasing the bonds at closing or at subsequent remarketings submit an investor letter to the Authority to confirm its status as a QIB and therefore its ability to assess the risk of the bonds.

The Company has requested that we change our provision regarding the sale of participatory shares of the bonds in a trust for this transaction. Currently, the guidelines restrict the sale of any participatory shares of a trust which may hold the bonds to QIBs. The guidelines read as follows:

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**Participatory shares of bonds in trusts may be sold only to QIBs. Trust shares must be sold only in increments equal to the bond’s minimum denomination** [which is \$250,000 or above in increments of \$5,000].

The Company's Private Placement Agent has requested that we change this provision as follows (see the underlined text):

**Participatory shares of Bonds in trusts which include any of the Bonds may be sold only to QIBs, and such trust shares must be sold only in increments equal to the Bond’s minimum denomination unless (i) the participatory shares are credit enhanced to an "A-" level or higher and purchasers of such shares are not exposed to credit risk of the borrower, or (ii) participatory shares are not directly made in the bonds, but are part of a diversified portfolio in a regulated investment company, where the bonds constitute not more than 5% of the total portfolio.**

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The Private Placement Agent represents that, without these adjustments, the sale of the bonds to a private purchaser would be impossible. According to the Private Placement Agent, with these changes, investors who purchase interests in a trust or a fund which holds the Bonds would be protected against loss of their investment as a result of a decline in value of the Bonds, and none of these participation interests would be marketed as a participation in these specific Bonds.

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In the first situation, the Bonds would be placed in a trust. Credit-enhanced participations in the trust (with at least an “A-“ rating) would be sold to investors. The credit enhancer of the trust would assume the risk of loss with respect to the Bonds. In the second circumstance, the Bonds would be placed by the QIB (in this case a regulated investment company) in a “high yield” fund, with the restriction that the Bonds could not constitute more than 5% of the total investment of the fund. Although the fund could lose value in the event that the Company fails to

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make debt service payments on the Bonds, the loss of any investor in the fund would be mitigated by the small portion that the Bonds represented of the overall fund investments.

CPCFA Staff and its counsel have reviewed the request. Based upon that review, staff recommends approval of the change to CPCFA’s private placement guidelines [for the CalAg transaction](#) with the understanding that [this](#) approval is not a decision by the Authority to make a permanent change to its guidelines. Staff will conduct a more general review and analysis of issuance guidelines for private placement of bonds, and it anticipates that it will present draft guidelines to the Board for approval by the end of 2007. In the meantime, any future requests for variations from the guidelines will be considered on a case-by-case basis.

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**Public Benefits:** The Company represents that the Project is designed to generate the public benefits described in the approved Final Resolution which is attached as Attachment B.

**SBAF Assistance:** [The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \\$250,000.](#)

**Financing Team:**

**Private Placement Agent:** Wells Fargo Institutional Securities, LLC

**Private Placement Investor:** Deutsche Bank Securities Inc.

**Borrower’s Counsel:** Quateman, LLC

**Bond Counsel:** Orrick, Herrington & Sutcliffe, LLP

**Issuers Counsel:** Stradling Yocca Carlson & Rauth

**Staff Recommendation:** Staff recommends approval of the Amendment and Restatement to the Final Resolution.

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AMENDED AND RESTATED  
FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES  
FOR CALAG, LLC, CALPLANT I, LP AND/OR THEIR AFFILIATES

July 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of CalAg, LLC, a California limited liability company (the “Applicant”), for financial assistance to finance the land acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings and related facilities and the acquisition of equipment for a plant to process waste rice straw into medium density fiberboard, and all as more particularly described in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$175,000,000 to assist in the financing of the Project; and

WHEREAS, the Authority adopted its Final Resolution No. 464 (the “Final Resolution”) on March 20, 2007 authorizing the issuance of up to \$175,000,000 of revenue bonds to make a loan to the Borrower (as defined in the Term Sheet) for the project; and

WHEREAS, the Borrower now desires to make certain amendments to the Final Resolution in order to modify the financing provisions of the Final Resolution and the Term Sheet to provide for private placement of the bonds; and

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WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act to amend and restate the Final Resolution; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under the Loan Agreement with the Authority; and

WHEREAS, the Applicant has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Project constitutes a “project” and the Applicant and the Borrower is each a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority designated as the “California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (CalAg LLC Project) Series 2007\_\_” (the “Bonds”) in an aggregate principal amount not to exceed \$175,000,000 are hereby authorized to be issued, subject to limitation as stated in Exhibit A. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance and/or refinance the Project and to pay costs of issuance of the Bonds.

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Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before December 31, 2007, by negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority (collectively the “Authorized Signatories,” and each, individually, an “Authorized Signatory”), are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds and insertions, deletions or changes reflecting additional covenants or other obligations on the part of the Borrower) as the Authorized Signatories executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, and with particular information, financial or other covenants, or other obligations of the Borrower inserted therein to reflect the business terms agreed upon between the Borrower and Deutsche Bank Securities Inc., as initial purchaser (the “Purchaser”) of the Bonds, and approved by said Authorized Signatories with the advice of the Attorney General, such approval to be conclusively evidenced by execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as

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shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 5. The proposed form of Indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee approved by this Authority as set forth in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatories executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet and the business terms agreed upon between the Borrower and the Purchaser and approved by said Authorized Signatories with the advice of the Attorney General, such approval to be conclusively evidenced by the execution and delivery thereof. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 6. The bonds shall be sold through private placement. The proposed form of Private Placement Agreement (the “Placement Agreement”) among the placement agent or placement agents named in the Term Sheet (the “Placement Agents”), the Treasurer, the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Authority hereby authorizes and approves the execution of the Placement Agreement, in substantially the form approved by the Authority, by an Authorized Signatory, acting alone, for and on behalf and in the name of the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same, with the advice of the Attorney General, may require or

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approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$175,000,000, in accordance with the finally executed and delivered Indenture and the form of bond set forth therein.

Section 8. The Bonds, when so executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Placement Agents in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, acting alone, which instructions said Authorized Signatory is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Placement Agents thereof, upon payment of the purchase price thereof.

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Section 9. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the “Tax-Exempt Bonds”) of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

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Section 10. As requested by the Applicant, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 11. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) to execute and deliver any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 12. Whenever in this resolution, an Authorized Signatory is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that Authorized Signatory may take such actions with the advice of other counsel retained by the Authority as issuer's counsel, if the retention of such counsel has been approved by the Attorney General.

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Section 13. The adoption by the Authority of this final resolution for the Applicant shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

Section 14. This amendment and restatement of Final Resolution No. 464 supersedes Final Resolution No. 464 adopted on March 20, 2007 in its entirety. The Authority also reconfirms its resolution adopted on March 20, 2007 allocating funds from the Small Business Assistance Fund to the Bonds (the “SBAF Resolution”) with the understanding that, consistent with

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this Resolution, the Applicant has demonstrated a financial capability to make loan payments to the satisfaction of Deutsche Bank Securities Inc., as initial purchaser of the Bonds, rather than Union Bank of California, N.A. This resolution shall take effect immediately upon its passage.

**EXHIBIT A**

**TERM SHEET FOR AMENDMENT AND RESTATEMENT**

**Name of Issue:** California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (CalAg LLC Project), Series 2007A and 2007B (the “Bonds”)

**Maximum Amount of Issue:** \$175,000,000 total: \$100,000,000 (tax-exempt) and \$75,000,000 (taxable)

**Issuer:** California Pollution Control Financing Authority (the “Authority”), Sacramento, CA

**Applicant:** CalAg, LLC

**Borrower:** CalPlant I, LP

**Affiliate:** “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

**Trustee:** Wells Fargo Bank, National Association

**Placement Agent:** Wells Fargo Institutional Securities, LLC

**Purchaser:** Deutsche Bank Securities Inc.

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP, San Francisco, CA

**Project:** Land acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings and related facilities and acquisition of equipment for a plant to process waste rice straw into medium density fiberboard.

**Maximum Bond Term:** Not to exceed 30 years

**Type of Sale:** Private placement; restriction on transfer to Qualified Institutional Buyers as set out in Exhibit B

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**Description of Minimum Denominations:** \$250,000 or any integral multiple of \$5,000 above \$250,000

**Financing Structure:** Fixed rate bonds.

**Maximum Interest Rate:** 12%

**Other Credit Enhancement:** Not applicable

**Anticipated Bond Rating:** None

**Type of Financing:** Solid waste disposal revenue bonds

**Prepared by:** Margo Kairoff, (213) 614-3327

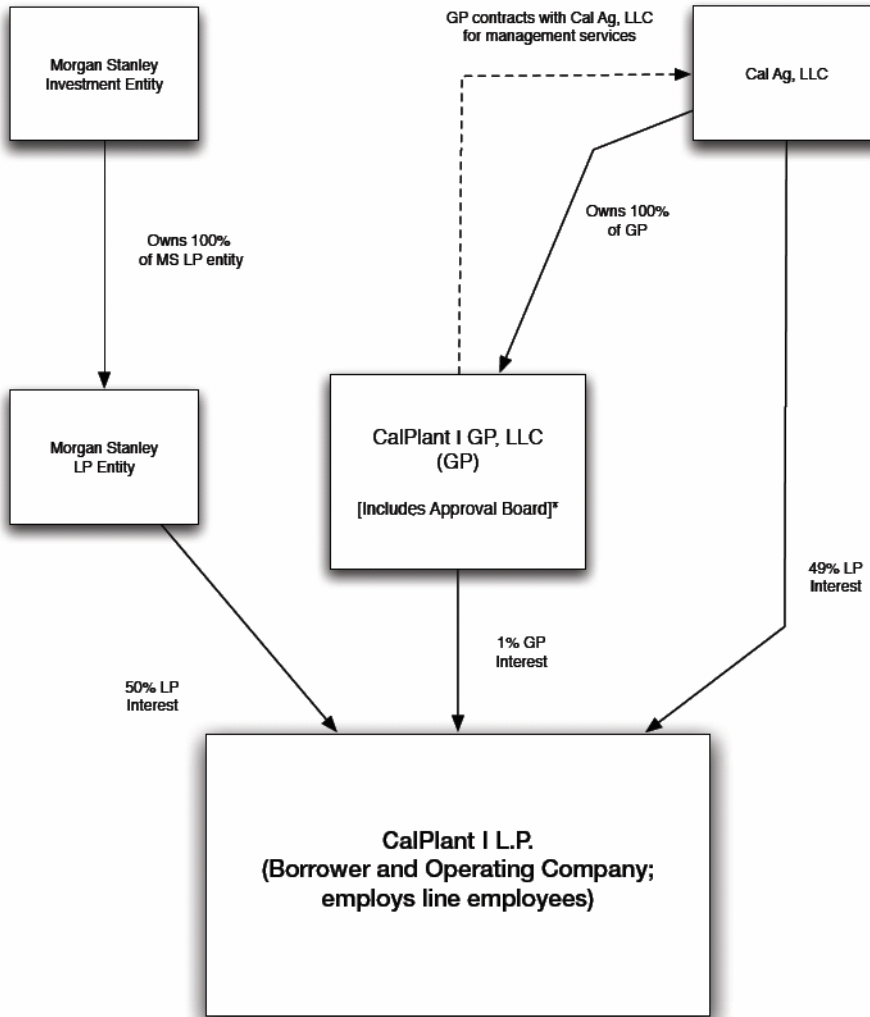
**EXHIBIT B**

SALE AND REMARKETING GUIDELINES

1. Purchasers of the Bonds (in both primary and secondary markets) limited to “Qualified Institutional Buyers” (QIB), as QIBs are defined under SEC Rule 144A, promulgated under the Securities Act of 1933.
2. Bonds may be initially placed with and remarketed to no more than 35 QIBs in any one offering.
3. Bonds must be issued in minimum denominations of \$250,000 or any integral multiple of \$5,000 above this amount, with the requirement that all Bonds must equal the chosen denomination.
4. All sale restriction information must be prominently printed on the cover and described in the body of any offering materials. The Indenture’s “Registration and Transfer of Bonds” section must clearly describe all sale and purchase restrictions, and the Bond certificates in their legends must note all sale and purchase restrictions.
5. Sinking fund maturities must match the Bond denomination.
6. Participatory shares of Bonds in trusts which include any of the Bonds may be sold only to QIBs, and such trust shares must be sold only in increments equal to the Bond’s minimum denomination [unless (i) the participatory shares are credit enhanced to an “A-” level or higher and purchasers of such shares are not exposed to credit risk of the borrower, or (ii) participatory shares are not directly made in the bonds, but are part of a diversified portfolio in a regulated investment company, where the bonds constitute not more than 5% of the total portfolio].
7. The initial purchaser and subsequent purchasers shall provide the Authority with an Investment Representation Letter.

ATTACHMENT A

Proposed Cal Ag Structure Chart



\* 5-seat Approval Board to be consulted on extraordinary decisions only (other than ordinary course of business decisions; e.g. sale or refinance of assets); ~~Representatives to Approval Board will not create "affiliates" other than small businesses within the definitions contained in § 121.103 Title 13, Part 121, Subpart A of the Code of Federal Regulations.~~

ATTACHMENT B

**CALAG, LLC, CALPLANT I, LP,  
and/or their Affiliates**  
**Bond Amount: \$175,000,000**  
 Willows (Glenn County), CA  
 Application No. 664 (SB)  
 March 20, 2007

**STAFF SUMMARY – CPCFA**

**Prepared by:** *Michael Smith*

**ISSUE:**

CalAg, LLC, CalPlant I, LP, and/or their Affiliates (the “Company”) requests approval of (i) Final Resolution No. 464 for an amount not to exceed \$175,000,000 to finance a facility to utilize waste rice straw to manufacture medium density fiberboard (MDF) and (ii) a SBAF Resolution in an amount not to exceed \$250,000.

**CDLAC Allocation.** The Company applied to CDLAC on January 19, 2007 and anticipates receiving allocation of up to \$175,000,000 at the March 21, 2007 CDLAC meeting.

**TEFRA.** The TEFRA hearing was held on February 13, 2007. There were no comments received in support of or in opposition to this Project.

**SBAF Assistance.** The Company is a small business eligible for assistance from SBAF in an amount not to exceed \$250,000.

**BORROWER:**

The Borrower will be CalPlant I, LP, a California Limited Partnership, (the “Borrower”), an Affiliate of CalAg, LLC. CalPlant I, LP will be organized in California on or about March 16, 2007. CalAg, LLC was organized in California on January 16, 1997. The Company currently has three employees. However, the Company represents that the project will employ 115 full-time employees directly in the proposed mill and an additional 450 will be employed during the five-month straw collection and transportation period, equating to approximately 302 employees over a 12-month period when in full operation.

The principal stockholders for CalAg, LLC are as follows:

Michael McGowan	20.7%
Eleemosynary, LP	14.8
Susan Boyd	13.4
Gerald Uhland	13.4
Jupiter Partners, LP	8.6
Haas & Najarian, LLP	6.7
James Boyd, III & Phyllis Boyd Living Trust	6.6
Victor Gallo	5.4
Felix Hernandez	3.3
13 others with less than 3% ownership	<u>7.1</u>
<b>Total</b>	<b>100.0%</b>



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The limited partnership CalPlant I, LP consists of two entities, each of which have 50% ownership. CalAg, LLC, the founding group of equity investors, has 50% partnership interest and is the General Partner, and Morgan Stanley & Co. Incorporated has the other 50% partnership interest and is a Limited Partner.

**Legal Questionnaire.** Staff has reviewed the Company's responses to the questions contained in the legal status portion of the application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

**Prior Actions and Financings.** Initial Resolution No. 00-06 was approved on April 26, 2000 for \$89,160,000. Subsequent amendments to the IR include: reinstatement and extension on May 1, 2001 to May 30, 2002; extension on May 30, 2002 to May 30, 2004; extension on May 25, 2004 to May 25, 2007 and an increase in bond amount of not more than \$175,300,000; and, IR extension on October 24, 2006 to October 24, 2009.

**PROJECT INFORMATION:**

CalAg is a small business, which proposes to use its patented method (U.S. Patent 6,596,209) to The Company proposes to use its patented method (U.S. Patent 6,596,209) to manufacture medium density fiberboard from rice straw, which is a waste product from the farming and harvesting of California grown rice. According to CalAg and Metso Panel Board ("MP"), which will manufacture and install the equipment for the new facility, and which is providing product quality guarantees as part of its equipment contract, its patented method of producing rice straw-based MDF results in an engineered composite panel which meets or exceeds all American National Standards Institute (ANSI) standards for wood-based MDF.

The proposed project, which will be located on 276 acres outside of the town of Willows in Glenn County, will recycle 265,000 tons of rice straw annually into MDF. The site also will accommodate the storage of approximately 370,000 large rice straw bales (4'x 4'x 8') at any one time. The location is within the Sacramento Valley region, where the overwhelming majority of rice is grown in California.

CalAg represents that the proposed plant will be designed and contractually guaranteed by MP to produce 150 million square feet (MMSF), 3/4" basis, of MDF per year. In addition to rice straw, which CalAg will obtain from California rice producers, a polymeric Methylene Diphenyl Diisocyanate (pMDI) resin binder will be used along with pressure and heat (up to 350°F) to manufacture the MDF.

CalAg represents that it has executed multiple 15-year raw material supply and service contracts, and that it has executed a 15-year purchase and distribution agreement with Columbia Forest Products for a minimum of 150 million square feet, which is the proposed plant's guaranteed annual MDF production. In addition, CalAg represents that it has completed the design and preliminary engineering of the MDF plant, executed an equipment supply contract (which includes plant production and product quality guarantees) with MP, and executed an installation and construction contract (which includes schedule guarantees) with CH2M Hill ("CH2M").

ATTACHMENT B

Total costs of the MDF recycling facility, including start-up costs and initial inventory, are estimated to be approximately \$249 million. The difference between the amount funded with the Bonds and total costs will be derived from the equity group and mezzanine debt. Based on advice from bond counsel, the tax-exempt bond portion of the project costs (hereafter called the "Project") will finance capital expenses relating to the receipt, storage and handling of waste rice straw, pretreatment and drying of the straw, and forming the straw with resin into large sheets of commercial grade MDF. After that point in the process, equipment used for the cutting, handling, storage, wrapping, and shipping of the commercial grade MDF sheets will not be financed with the tax exempt Bonds.

The anticipated Project and issuance costs are listed below:

Project:	
Processing Equipment	\$ 77,730,000
Site Preparation and Construction	91,164,000
Other Capitalized Construction	2,606,000
Cost of issuance*	<u>3,500,000</u>
Total	<u>\$175,000,000</u>

\*Actual cost of issuance is expected to reach \$4 million or more.

*Note: The Project costs reported in the Borrower’s application and shown here in staff’s report are estimated costs. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the Project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.*

**PUBLIC BENEFITS:**

The Company represents that the Project is designed to generate the public benefits described below.

**Waste Disposal.** For each of the approximately 500,000 acres of rice grown each year in the Sacramento Valley, approximately three tons of waste rice straw is created. Rice straw typically is not diverted to landfill for disposal. Past legislation restricts burning of the rice straw to no more than 25% of the planted acres each year and only as a disease control measure. In practice, approximately 13% to 15% is actually burned, and the remainder of the rice straw has to be managed by other means, such as soil incorporation coupled with flooding to cause decomposition. The methods for managing waste rice straw all have affects on the environment. With the proposed project, the Company anticipates removing approximately 265,000 tons per year of waste rice straw from farmers’ fields and recycling the waste into MDF, a product that will be incorporated back into the economy. Further, the Company represents that its MDF product will qualify for “green building” credits under several categories of the Leadership in

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Energy and Environmental Design (LEED) Green Building Rating System administered by the U.S. Green Building Council.<sup>2</sup>

**POLLUTION CONTROL:**

The Company represents that the Project will generate the pollution control benefits described below.

**Air Quality.** Rice farmers in the Sacramento Valley have traditionally burned rice straw waste, which generates significant air pollution. Currently, most rice straw is tilled into the soil and fields are then re-flooded to accelerate the straw decomposition process and prepare the fields for next year's crop, nevertheless, the incorporation of rice straw into the soil results in the release of greenhouse gases when the fields are flooded. In addition, in a December 2003 report titled "2003 Progress Report on the Phase-Down of Rice Straw Burning in the Sacramento Valley Air Basin" issued by the California Air Resources Board ("CARB") and the Department of Food and Agriculture, CARB noted that air emissions (particulate matter, NO<sub>x</sub>, SO<sub>x</sub>, Carbon Monoxide, and reactive organic gases) per acre are much higher for burning than for soil incorporation alternatives. Offsite removal of rice straw has the lowest emissions levels of all management practices. The Company proposes the offsite removal process of removing approximately 265,000 tons of waste rice straw per year from nearly 120,000 acres of farmers' fields.

Further, in its application, CalAg writes that, through its proposed use of the pMDI resin binder instead of the more traditional formaldehyde-based resins, it will produce "...a rice straw based panelboard which has 'zero formaldehyde emissions'" and thereby "...provides a cleaner and healthier indoor air environment where this product is used."

Based upon staff's research and discussions with local and state regulators, it appears that pMDI is a preferred and commonly used alternative to formaldehyde-based resins traditionally used in the manufacture of composite products like MDF. MDF manufactured with pMDI resins emits relatively minimal levels of volatile organic compounds (VOCs) compared to MDF and similar products containing formaldehyde-based resins. The concern with pMDI seems to be largely one of safe transport and occupational exposure. CARB is in the process of proposing measures to reduce formaldehyde emissions from such products and will complete an environmental impact assessment of its proposed regulations regarding formaldehyde emissions. As pMDI is a common substitute for formaldehyde-based resins, the assessment will include an evaluation of pMDI. On March 9, 2007, CARB posted the rulemaking documents for the Composite Wood Product ATCM for public comment. In the meantime, CARB has released the following information concerning formaldehyde emissions:

The Air Resources Board (ARB) staff is proposing an airborne toxic control measure (ATCM) to limit formaldehyde emissions from composite wood panels (i.e., hardwood plywood, particleboard, and medium density fiberboard) and composite wood used in finished goods, such as furniture and kitchen cabinets. Composite wood products contain

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<sup>2</sup> The U.S. Green Building Council (USGBC) is a nationally recognized coalition of representatives from various sectors of the building industry which works to promote buildings that are environmentally responsible, profitable and healthy places to live and work. The LEED rating system is a nationally accepted benchmark for the design, construction, and operation of green buildings.

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formaldehyde, which is a known human carcinogen. Formaldehyde is also designated as a toxic air contaminant (TAC) in California with no safe level of exposure, and state law requires ARB to take action to reduce human exposure to TACs. In addition, formaldehyde has non-cancer effects, such as eye, nose, and respiratory irritation. Formaldehyde exposure has also been linked to the exacerbation of asthma in formaldehyde-sensitive individuals, and possibly other asthmatics. Formaldehyde is emitted from composite wood products into the air from new home construction; remodeling construction; truck, rail, and ship transportation; lumberyards; and through windows, doors, and ventilation systems in homes and other buildings.

As part of the air permit process, CalAg will design the pertinent portions of its manufacturing facility to address potential occupational exposure to pMDI (e.g., proper ventilation systems and a “clean room” with restricted access for the handling of pMDI). The Company represents also that it will properly outfit its workers who handle pMDI (e.g., gloves and respirators) and will provide appropriate training for workers on the safe handling of pMDI.

**PERMITTING & ENVIRONMENTAL APPROVALS:**

The Company represents that it has obtained all necessary permits to begin construction. The Company has provided copies of all discretionary permits.

**ANTICIPATED TIMELINE:**

The Company anticipates construction and equipment purchases to begin in June 2007 and per contractual schedule guarantees that the plant will be fully operational by April 2009.

**FINANCING DETAILS:**

The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the Project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Union Bank of California, N.A. that is rated at least “A-“ by Standard and Poor’s or equivalent. The target date for financing is May 19, 2007.

**FINANCING TEAM:**

**Underwriter:** Wells Fargo Institutional Securities, LLC

**Bond Counsel:** Orrick, Herrington & Sutcliffe, LLP

**Outside Issuer’s Counsel:** Hawkins Delafield & Wood LLP

**RECOMMENDATION:**

Staff recommends approval of Final Resolution No. 464 for an amount not to exceed \$175,000,000 and a SBAF Resolution in an amount not to exceed \$250,000 for CalAg, LLC, CalPlant I, LP, and/or their Affiliates.

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Final Resolution No. 464  
Application No. 664

FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES  
FOR CALAG, LLC , CALPLANT I, LP AND/OR THEIR AFFILIATES

March 20, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of CalAg, LLC, a California limited liability company (the “Applicant”), for financial assistance to finance the land acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings and related facilities and the acquisition of equipment for a plant to process waste rice straw into medium density fiberboard, and all as more particularly described in Application No. 664 of the Applicant and in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$175,000,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower (as defined in the Term Sheet) under the Loan Agreement with the Authority; and

WHEREAS, the Applicant has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division;

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

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WHEREAS, in order to enhance the marketability of the bonds, Union Bank of California, N.A. has agreed to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Project constitutes a “project” and the Applicant and the Borrower is each a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority designated as the “California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (CalAg LLC Project), Series 2007\_” (the “Bonds”) in an aggregate principal amount not to exceed \$175,000,000 are hereby authorized to be issued, subject to limitation as stated in Exhibit A. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode, all as may be approved by the Executive Director, such approval to be conclusively evidenced by the execution and delivery of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before December 31, 2007, by negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit

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enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet attached hereto as Exhibit A, such approval to be conclusively evidenced by execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of a “participating party” as defined in the Act and which controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 5. The proposed form of Indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee approved by this Authority as set forth in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

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Section 6. The proposed form of Bond Purchase Contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer, the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Authority hereby authorizes and approves the execution of the Purchase Contract, in substantially the form approved by the Authority, by the Chairman or the Executive Director of the Authority, for and on behalf and in the name of the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The proposed form of Official Statement (the “Official Statement”) as filed with the Authority prior to this meeting, is hereby approved. The Chairman or the Executive Director of the Authority is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute and deliver copies of the Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. The Chairman or the Executive Director of the Authority is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority’s disclosure set forth in the form of Official Statement approved by the Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.



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Section 8. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$175,000,000, in accordance with the finally executed and delivered Indenture and the form of bond set forth therein.

Section 9. The Bonds, when so executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority by the Chairman or the Executive Director of the Authority, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 10. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the “Tax-Exempt Bonds”) of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

Section 11. As requested by the Applicant, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

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Section 12. The Chairman or the Executive Director of the Authority is each hereby authorized and directed, acting alone, to do any and all ministerial acts, including (without limitation) to execute and deliver any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution, and to execute and deliver any amendments or supplements to the Official Statement which, upon the advice of the Attorney General, they may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 13. Whenever in this resolution, an officer is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that officer may take such actions with the advice of other counsel retained by the Authority as issuer's counsel, if the retention of such counsel has been approved by the Attorney General. Such counsel may also approve or require changes to the Official Statement pursuant to the terms of Section 7 hereof.

Section 14. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Applicant shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

**EXHIBIT A****TERM SHEET**

<b>Name of Issue:</b>	California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (CalAg LLC Project), Series 2007A (the “Bonds”)
<b>Maximum Amount of Issue:</b>	\$175,000,000 (tax-exempt)
<b>Issuer:</b>	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
<b>Applicant:</b>	CalAg, LLC, a California limited liability company
<b>Borrower:</b>	CalPlant I, LP, a California limited partnership, and CalPlant I, LP, an Affiliate of the Applicant.
<b>Affiliate:</b>	“Affiliate” of the Applicant means any person or entity which meets the definition of “Participating Party” under the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.
<b>Trustee:</b>	Wells Fargo Bank, National Association
<b>Senior Underwriter or Placement Agent:</b>	Wells Fargo Institutional Securities, LLC
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
<b>Remarketing Agent:</b>	Wells Fargo Brokerage Services, LLC
<b>Project:</b>	Land acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings and related facilities and acquisition of equipment for a plant to process waste rice straw into medium density fiberboard.

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<b>Maximum Bond Term:</b>	Not to exceed 30 years
<b>Type of Sale:</b>	Negotiated sale
<b>Description of Minimum Denominations:</b>	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
<b>Financing Structure:</b>	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
<b>Maximum Interest Rate:</b>	12%
<b>Letter of Credit:</b>	Provided by Union Bank of California, N.A. or another bank approved by the Chairman or the Executive Director that is rated at least “A-”.
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	“A+/A-1” or better
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Margo Kairoff, (213) 614-3327

RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO ASSISTANCE FROM  
THE SMALL BUSINESS ASSISTANCE FUND  
FOR CALAG, LLC, CALPLANT I, LP AND/OR THEIR AFFILIATES

March 20, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of CalAg, LLC, a California limited liability company (the “Applicant”), for financial assistance to finance the land acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings and related facilities and the acquisition of equipment for a plant to process waste straw into medium density fiberboard, and all as more particularly described in Application No. 664 of the Applicant (the “Project”), and has adopted its Resolution No. 464 (the “Final Resolution”) authorizing the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds (the “Bonds”); and

WHEREAS, the Authority has received and accepted an application from the Applicant for assistance from the Fund; and

WHEREAS, the Applicant has demonstrated a financial capability to make loan payments to the satisfaction of Union Bank of California, N.A., as the issuer of a direct pay irrevocable letter of credit securing the Bonds, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

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Section 1. The Applicant and the Borrower (as defined in the Final Resolution) is each and together a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$250,000 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director or the Deputy Executive Director of the Authority based upon the final terms of the sale of the Bonds.

Section 4. The Executive Director and the Deputy Executive Director of the Authority are each hereby authorized and directed, acting alone, to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon adoption hereof. The adoption by the Authority of this resolution for the Applicant shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.