

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: June 5, 2018**

*Request to Approve Amendment of Initial
Resolution Reflecting Official Intent to Issue Revenue Bonds*

Prepared by: Solomita Malko

Applicant:	Renewable Sonoma LLC and/or its Affiliates	Amount Requested:	\$38,000,000
Project Location:	City of Santa Rosa (Sonoma County)	Application No.:	913(SB)
		Initial Resolution No.:	17-13
		Prior Action:	Original IR approved 9/19/2017

Summary. Renewable Sonoma LLC and/or its affiliates (the “Company”) request approval of an amendment to Initial Resolution (IR) 17-13 to increase the dollar amount not to exceed \$38,000,000. The IR was originally approved by the CPCFA Board on September 19, 2017 for an amount not to exceed \$29,630,000. The Company’s current request to increase the IR amount reflects an expanded scope of the project, including accommodation for costs associated with the residential and commercial food waste diversion requirements in Santa Rosa. Bond proceeds will be used to finance the acquisition and construction of anaerobic digesters that will process organic waste produced in Sonoma County.

Borrower. Renewable Sonoma LLC was organized on August 9, 2017 in California. The Company is in the business of organic waste processing, biogas production and composting. The Company also processes the organic waste that is produced throughout Sonoma County. The Company is a small business with 25 employees.

The principal stockholders of the Company are as follows:

Renewable Sonoma LLC:

Sonoma Compost Company LLC	<u>100%</u>
Total:	<u>100%</u>

Sonoma Compost Company LLC:

Alan Siegle	50%
William Bakx	<u>50%</u>
Total:	<u>100%</u>

Legal Status Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. No information was disclosed in the Legal Status Questionnaire portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. The Company plans to use bond proceeds to construct anaerobic digesters that will process approximately 120,000 tons per year of organic waste produced in Sonoma

County and to produce compost for sale. The biogas produced will fuel an installed generator at the City of Santa Rosa's Laguna Treatment Plant. The project will be located on land leased from the City of Santa Rosa at and/or adjacent to the Laguna Treatment Plant in the City of Santa Rosa. The Company's current request reflects an expanded scope of the project including additional costs to provide adequate funds for road and site improvements, as well as the accommodation of costs related to the anticipated residential and commercial food waste diversion. The increase in amount also relates to the City of Santa Rosa's request for significant increases in environmental quality controls, and significant costs for environmental mitigation.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation upon completion of the CEQA process which is estimated to be completed during the fourth quarter of 2018.

Financing Details. The Company anticipates the issuance of negotiated tax exempt bonds.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of an amendment of Initial Resolution No. 17-13 for Renewable Sonoma LLC and/or its affiliates for an amount not to exceed \$38,000,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**AMENDMENT OF
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
RENEWABLE SONOMA LLC AND/OR ITS AFFILIATES**

June 5, 2018

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, at the request of Renewable Sonoma LLC, a California limited liability company (the "Applicant"), and/or its affiliates (collectively, the "Company"), the Authority adopted its Initial Resolution No. 17-13 on September 19, 2017 (the “Initial Resolution”) in the amount of not to exceed \$29,630,000 to assist in financing the acquisition and construction of facilities for the processing of organic waste described as the “Project” in the Initial Resolution; and

WHEREAS, the Company has submitted an amendment to its application to the Authority and has requested the Authority to amend the Initial Resolution in order to increase its dollar amount to reflect Project cost increases;

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

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Company means any person or entity which controls, is controlled by, or is under common control with, the Company, 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. An Affiliate shall also be a “participating party” as defined in the Act.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$38,000,000 principal amount of bonds of the Authority for the Project, including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds. All references in the Initial Resolution to the dollar amount thereof shall be changed from “29,630,000” to “38,000,000.”

Section 3. Except as set forth in Section 2, all of the provisions of the Initial Resolution shall remain in full force and effect and are hereby ratified and confirmed. This Amendment shall take effect upon its adoption.

EXHIBIT A

NUMBER: 913(SB)
LOCATION: 4300 Llano Road, Santa Rosa, CA
TYPE: Solid Waste Disposal
AMOUNT: Up to \$38,000,000