

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: July 17, 2018**

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

Prepared by: *Kris Luoma*

Applicant:	Viridis Fuels, LLC and/or its affiliates	Amount Requested:	\$38,000,000
Project Location:	City of Oakland (Alameda County)	Application No.:	900(SB)
		Initial Resolution No.:	16-18
		Prior Actions:	FR 18-01-589 approved 6-20-18 IR 16-18 approved 12-13-2016

Summary. Viridis Fuels, LLC and/or its affiliates (the “Company”) requests approval of an Amended Initial Resolution for an amount not to exceed \$38,000,000 to finance the construction of a biodiesel plant, acquisition and installation of equipment related to operation of the facility, the funding of capitalized interest, a debt reserve fund, and the cost of issuance. The original Initial Resolution in the amount of \$24,165,000 was approved on December 13, 2016. A Final Resolution (FR) was approved by the CPCFA Board for the project in an amount not to exceed \$34,000,000 on June 20, 2018. An amended FR in an amount not to exceed \$38,000,000 is scheduled for presentation at the August 21, 2018 CPCFA Board Meeting.

Borrower. Viridis Fuels, LLC was organized in 2012 in Delaware. The Company is in the business of biodiesel fuel production. It has entered into a 25-year lease with the East Bay Municipal Utilities District, as lessor, with an additional 5-year extension option at lessee’s option and subsequent 5-year extensions by mutual agreement of lessee and lessor. The Company is a small business and expects to have approximately 28 employees when in stabilized production upon project completion. Viridis Fuels, LLC is 100% owned by Kathy Neal.

The principal stockholders of the Company are as follows:

Kathy Neal	<u>100%</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 will utilize bonds to finance (a) the construction of a biodiesel plant that will process approximately 16.5 million gallons of brown grease and/or other waste oils in order to produce approximately 15 million gallons of 100% standards-compliant, commercial-grade biodiesel while simultaneously refining 1.5 million gallons of crude glycerin into technical-grade glycerin, (b) the acquisition and installation of equipment related to operation of the facility, (c) the lease of land, as well as (d) the funding of the capitalized interest, the reserve fund, and the

costs of issuance. The Project is expected to require 12-18 months to complete and to be placed into service by the end of 2018.

Volume Cap Allocation. The Applicant anticipates applying for volume cap allocation to the California Debt Limit Allocation Committee at its scheduled July 18, 2018 (\$34,000,000) and September 19, 2018 (\$4,000,000) meetings.

Final Resolution. The Company has requested an amended FR to increase the amount from \$34,000,000 to \$38,000,000 and is scheduled for CPCFA Board approval at the August 21, 2018 CPCFA Board Meeting.

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

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick, Herrington & Sutcliffe

Issuer's Counsel: Office of the Attorney General

Trustee: UMB Bank, N.A.

Staff Recommendation. Staff recommends approval of Amended Initial Resolution No. 16-18 for Viridis Fuels, 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
VIRIDIS FUELS, LLC AND/OR ITS AFFILIATES

July 17, 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 Viridis Fuels, LLC, a Delaware limited liability company (the “Applicant”) and/or its Affiliates (collectively, the “Company”), the Authority adopted its Initial Resolution No. 16-18 on December 13, 2016 (the “Initial Resolution”) in the amount of not to exceed \$24,165,000 to assist in financing the acquisition, construction and/or equipping of facilities for the collection and processing of solid 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 and to update the address of the Project location;

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 Applicant means any person or entity which 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. 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 “\$24,165,000” to “\$38,000,000.”

Section 3. Exhibit A to the Initial Resolution is replaced by the attached Exhibit A.

Section 4. Except as set forth in Sections 2 and 3, 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.

Section 5. The Executive Director of the Authority is authorized under Authority Resolution No. 18-01-022 to approve this amendment to the Initial Resolution.

EXHIBIT A

NUMBER: 16-18

LOCATION: 2500 Engineer Road
Oakland, CA 94607

TYPE: Solid Waste Disposal

AMOUNT: Up to \$38,000,000