

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: December 10, 2019**

***Request to Approve a Second Amended and Restated Final Resolution Authorizing the Issuance of Tax-Exempt and Taxable Solid Waste Disposal Revenue Green Bonds and Request to Approve a Resolution for the Dedication of Volume Cap Allocation***

*Prepared by: Kris Luoma*

<b>Applicant:</b>	North Fork Community Power, LLC and/or its affiliates	<b>Amount Requested:</b>	\$15,120,000
		<b>Allocation Amount Requested:</b>	\$1,125,000
		<b>Application No.:</b>	921(SB)
		<b>Final resolution No.:</b>	18-01-585
		<b>Prior Actions:</b>	Amended and Restated FR Approved on 7/23/19 Allocation Extended on 2/1/19, 5/22/19 & 9/5/19 Allocation Approved 12/12/18 FR Originally Approved 11/13/18 IR 18-01 Approved 2/20/18
<b>Project Location:</b>	North Fork (County of Madera)		

**Summary.** North Fork Community Power, LLC and/or its affiliates (“North Fork” or the “Company”) request approval of (i) a second amended and restated Final Resolution (FR) No. 18-01-585 for an amount not to exceed \$15,120,000 comprised of \$10,430,000 in tax-exempt bonds and \$4,690,000 in taxable bonds and (ii) Volume Cap Allocation for an amount not to exceed \$1,125,000, in each case to finance the construction of a forestry residue fueled biomass power plant in North Fork (the “Project”). The Company has obtained independent validation that the issuance meets the guidelines to be classified as “Green Bonds” under the International Capital Market Association’s Green Bond Principles. The Company is a small business and a Limited Liability Company (LLC) organized on May 20, 2013.

**Procedural Background.** On November 13, 2018, the CPCFA Board approved a Final Resolution authorizing the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$14,205,000. The bonds were to be comprised of \$9,305,000 in tax-exempt bonds and \$4,900,000 in taxable bonds.

On December 12, 2018, the California Debt Limit Allocation Committee (“CDLAC”) approved Allocation Resolution No. 18-128 and transferred to CPCFA an amount not to exceed \$9,305,000 of the 2018 State Ceiling on Qualified Private Activity Bonds (“CDLAC Allocation”) on a carryforward basis.

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On July 23, 2019, the CPCFA Board approved an increase in the total financing amount to \$14,805,000, increasing the taxable bonds to \$5,500,000 to account for cost increases related to the Company's electric grid interconnection with Pacific Gas & Electric Company ("PG&E") and associated delays.

On September 18, 2019, the Company amended its application for tax-exempt bonds, seeking additional tax-exempt financing and volume cap allocation in the amount of \$1,125,000, together with a corresponding reduction in the taxable amount. Pursuant to an agreement with CDLAC, CPCFA may approve this supplemental allocation ("CPCFA Allocation") at the same time it considers the amended financing application.

Meanwhile, the Executive Director of CDLAC approved extensions of the CDLAC Allocation's expiration date until December 31, 2019 pursuant to letters dated February 1, 2019, May 22, 2019 and September 5, 2019, respectively. For the first two extensions, the Board of CDLAC approved waivers of the associated performance deposit forfeitures, pursuant to letters dated April 8, 2019 and July 17, 2019. For the third extension, even though the expiration of the CDLAC Allocation was extended until December 31, 2019, CDLAC staff rejected the Company's request to waive the forfeiture of the performance deposit, in the amount of \$46,525. The Company is appealing that staff decision, and the appeal will be heard at CDLAC's Board Meeting on December 11, 2019. (Note: the Company submitted a supplemental performance deposit with its September 18, 2019 amended application in the amount of \$5,625, and that amount remains unaffected by the appeal of the requested waiver.)

**Project Description.** The Company will procure forestry sourced feedstock from suppliers that collect dead and felled trees from local forested areas. The feedstock is then subjected to heat without sufficient oxygen to enable combustion and is thus converted from a solid into a hydrogen rich gas and a solid carbon co-product ("biochar"). The gas is collected and used to fuel two generators which produce electricity. The electricity produced from this process will be sold to PG&E.

**Financing Details.** In this request for a second amended and restated Final Resolution submitted September 18, 2019, North Fork seeks an increase in the tax-exempt amount to \$10,430,000 and a decrease in the taxable amount to \$4,690,000. The increase in the tax-exempt amount requires additional volume cap allocation in the amount of \$1,125,000, which the Authority may approve pursuant to a recently approved delegation of authority by CDLAC.

North Fork anticipates the following financial and offering terms: (i) a Limited Offering to Lapis Advisers, LP, which is a Qualified Institutional Buyer ("QIB") as defined in Rule 144A promulgated under the Securities Act of 1933, as amended; (ii) non-credit enhanced obligations; (iii) fixed interest rates (8.50% for tax-exempt Bonds and 15% for taxable Bonds); (iv) a term not to exceed 30 years; (v) sales subject to an Investor Letter; (vi) bonds issued in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof and (vii) restrictions allowing transfers to QIBs only. The Company engaged Edgar & Associates, Inc. to determine whether the Project meets the Green Bond Principles ("GBP") of the International Capital Market Association ("ICMA"). Edgar & Associates, Inc. delivered its final report on November 2, 2018, which concludes that the Project aligns to the four components of the GBP,

which address use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

An updated Limited Offering Memorandum (LOM) has been prepared and is also being presented to the Authority for approval. The revised LOM can be found here: <https://mcguirewoods.sharefile.com/d-s5a3f1a7dbc8455a8>

While the Project has not changed since the Authority's prior approvals of the Final Resolution and CDLAC's approval of the Allocation Resolution (please see Attachment A for the previously approved staff reports), the financing structure has been subject to ongoing discussion and negotiation. In addition to the increase in the tax-exempt amount and decrease in the taxable amount, the bond purchaser, Lapis Advisers, LP, has indicated that its purchase of the bonds is contingent on the participation of an Investment Tax Credit ("ITC") purchaser, to inject additional equity into the Project in exchange for the ITC generated by the Project. On Thursday, December 5, 2019, the ITC purchaser, Sustainable Conservation Ventures, LLC ("Investor"), signed the term sheet for the ITC purchase. In exchange for an equity contribution in the amount of \$5,150,472, the Investor will receive (i) 99% of the ITC generated by the Project and (ii) 75% of the Company's gains, losses and distributable cash until the fifth (5<sup>th</sup>) anniversary of the placed in service date of the facility. The Company will own and develop the Project. The Investor will claim the credits and other benefits in connection with the Project upon its completion in the year 2022. The ITC financing will be structured with the intent to qualify the Project as a qualified investment credit facility as defined in Section 48(a)(5)(C) of the Internal Revenue Code of 1986, as amended. Since it is not uncommon for such purchases to describe possessory interests in all or part of the project under specified conditions, the CPCFA staff is endeavoring to make a determination that the ITC purchase will align with the related terms and conditions in the bond documents presented to the Authority as substantially final.

Due to the belated production of documents in this transaction, CPCFA staff has not yet completed its review of all documents as of the publication of this report. Additionally, CPCFA staff will not be certain as of the Board meeting whether the ITC purchase agreement, which will not be complete until December 20, 2019, will align with the related terms and conditions in the bond documents currently before the Authority. However, CPCFA staff has advised the Company and all members of the financing team that no material changes will be made to the bond documents prior to closing, and to ensure that nothing in the ITC purchase agreement or related documents will necessitate any amendments to the CPCFA bond documents at any point in the future.

**Current Request for Financing.** The Company is requesting CPCFA to (i) increase the aggregate principal amount of the tax-exempt bonds authorized to be issued from an amount not to exceed \$9,305,000 to an amount not to exceed \$10,430,000, an increase of \$1,125,000, and (ii) decrease the aggregate principal amount of taxable bonds authorized to be issued from an amount not to exceed \$5,500,000 to an amount not to exceed \$4,690,000, a decrease of \$810,000. The increase in the aggregate principal amount of tax-exempt bonds authorized to be issued is intended to cover certain costs of the project that have recently been determined to qualify for tax-exempt financing.

The updated use of the Bond proceeds is estimated as follows:

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<b>Use of Bond Proceeds</b>					
<b>Description of Cost</b>	<b>Original Cost</b>	<b>Amended Cost</b>	<b>Second Amended Cost</b>		
			<b>Tax-Exempt</b>	<b>Taxable</b>	<b>Total</b>
Site Preparation and Improvements	\$698,560.00	\$1,057,350.00	\$1,057,350.00	\$0.00	\$1,057,350.00
Acquisition and Installation of New Equipment	\$5,981,087.00	\$7,537,133.00	\$5,887,220.00	\$0.00	\$5,887,220.00
Bond Issuance Expense	\$896,656.00	\$1,168,958.00	\$208,600.00	\$902,686.00	\$1,111,286.00
IBank Loan Payoff	\$0.00	\$1,206,000.00	\$0.00	\$1,206,000.00	\$1,206,000.00
Utilities Connection	\$956,405.00	\$0.00	\$0.00	\$0.00	\$0.00
Project Management	\$1,035,230.00	\$600,000.00	\$600,000.00	\$0.00	\$600,000.00
Interest during Construction	\$3,051,850.00	\$2,962,529.00	\$1,593,363.83	\$1,189,223.67	\$2,782,587.50
Working Capital	\$429,148.00	\$0.00	\$0.00	\$0.00	\$0.00
Clearinghouse CDFI Loan	\$0.00	\$0.00	\$0.00	\$1,392,090.33	\$1,392,090.33
Pre-Development Expenses	\$0.00	\$0.00	\$35,454.30	\$0.00	\$35,454.30
Contingency Costs	\$1,156,064.00	\$273,030.00	\$1,044,412.67	\$0.00	1,044,412.67
Bond Rounding Factor	\$0.00	\$0.00	\$3,599.20	\$0.00	\$3,599.20
<b>Total</b>	<b>\$14,205,000.00</b>	<b>\$14,805,000.00</b>	<b>\$10,430,000.00</b>	<b>\$4,690,000.00</b>	<b>\$15,120,000.00</b>

**Current Request for Allocation:** In addition to the request for the amended financing, the Company is seeking supplemental CPCFA Allocation in the amount of \$1,125,000. If the Board approves this amended financing request, staff recommends that the Board also approve the CPCFA Allocation, and to align the expiration of such supplemental allocation with the December 31, 2019 expiration of the CDLAC Allocation.

**Staff Recommendation.** Staff’s recommendation is subject to the staff’s final review of the documents currently before the Board, which will be updated at the Board meeting on December 10, 2019. To ensure that tax-exempt allocation is prioritized for projects ready to successfully close on the financing, staff’s recommendation is further subject to the Board’s confidence that Company can successfully close this transaction by December 31, 2019. As with all financings, each of the parties has several “outs” which it may exercise prior to the closing. To address the Board’s heightened desire for certainty, staff has recommended that the Company invite the Bond Purchaser and any other parties to the Board meeting to address questions about the finality of this Bond sale.

If the Board is satisfied, and subject to a final review of the documents currently before the Board, the staff recommends approval of the Second Amended and Restated Final Resolution No. 18-01-585 approving the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$15,120,000, and Volume Cap Allocation Resolution No. 19-073-03 in an amount not to

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exceed \$1,125,000. Together with allocation previously granted from CDLAC in the amount of \$9,305,000, the total allocation amount will equal \$10,430,000 in tax-exempt bonds. Together with taxable bonds in an amount not to exceed \$4,690,000, the total amount requested for approval will equal \$15,120,000 for North Fork Community Power, LLC and/or its affiliates.

**SECOND AMENDED AND RESTATED  
FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
AUTHORIZING THE ISSUANCE OF REVENUE BONDS  
TO FINANCE SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT  
OF NORTH FORK COMMUNITY POWER, LLC AND/OR ITS AFFILIATES**

**December 10, 2019**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) previously received the application of North Fork Community Power, LLC, a California limited liability company (the “Borrower”), for financial assistance for the Borrower and/or its affiliates to finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County, California, all of which is more particularly described in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) and incorporated herein (the “Project”); and

**WHEREAS**, the Authority, by the adoption of its resolution on November 23, 2018 entitled “Final Bond Resolution of the California Pollution Control Financing Authority Authorizing the Issuance of Revenue Bonds to Finance Solid Waste Disposal Facilities and Equipment of North Fork Community Power, LLC and/or Its Affiliates” (the “Original Final Resolution”), previously approved the issuance of its revenue bonds to assist in the financing or refinancing of the Project from time to time in an aggregate principal amount not to exceed \$14,205,000, consisting of tax-exempt bonds in an aggregate principal amount not to exceed \$9,305,000 and taxable bonds in an aggregate principal amount not to exceed \$4,900,000; and

**WHEREAS**, after the Authority’s adoption of the Original Final Resolution, the Borrower incurred additional Project costs and, pursuant to a supplemental filing with the Authority, requested the Authority to increase the aggregate principal amount of taxable bonds authorized to be issued from \$4,900,000 to \$5,500,000, resulting in an aggregate amount not to exceed \$14,805,000 of its revenue bonds; and

**WHEREAS**, the Authority, by the adoption of its resolution on July 23, 2019 entitled “Amended and Restated Final Bond Resolution of the California Pollution Control Financing Authority Authorizing the Issuance of Revenue Bonds to Finance Solid Waste Disposal Facilities and Equipment of North Fork Community Power, LLC and/or Its Affiliates” (the “First A&R Final Resolution”), amended and restated in its entirety the Original Final Resolution to approve an increase in the aggregate principal amount of taxable bonds authorized to be issued from \$4,900,000 to \$5,500,000, resulting in an aggregate amount not to exceed \$14,805,000 of its revenue bonds; and

**WHEREAS**, the Authority previously applied for a portion of the 2018 State Ceiling on Qualified Private Activity Bonds (“Original Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for bonds issued in the federally tax-exempt mode for the Project as described in CDLAC Application No. 18-025, to (i) finance or refinance certain costs of the Project, (ii) fund certain reserves (if any) for the Bonds (defined below) and the Project, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs of issuance of the Bonds (collectively, the “Project Costs”), all so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 with respect to the Bonds; and

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**WHEREAS**, CDLAC previously transferred \$9,305,000 of the Original Allocation to the Authority for the Project on a carryforward basis as evidenced by its adoption of Resolution No. 18-128 on December 12, 2018 entitled “A Resolution Transferring a Portion of the 2018 State Ceiling on Qualified Private Activity Bonds for a Exempt Facility Project” (the “CDLAC Resolution”), and the Executive Director of CDLAC extended the Original Allocation’s expiration date until December 31, 2019 pursuant to letters February 1, 2019, May 22, 2019, and September 5, 2019 (collectively, the “Extension Letters”); and

**WHEREAS**, since the Authority’s adoption of the First A&R Final Resolution, the Borrower has incurred additional Project costs and, pursuant to a supplemental filing with the Authority, has requested the Authority to increase the aggregate principal amount of tax-exempt bonds authorized to be issued from \$9,305,000 to \$10,430,000 and to decrease the amount of taxable bonds authorized to be issued from \$5,500,000 to \$4,690,000, resulting in an aggregate amount not to exceed \$15,120,000 of its revenue bonds, all as further described herein; and

**WHEREAS**, on July 17, 2019, CDLAC adopted its Resolution No. 19-073 entitled “A Resolution Transferring a Portion of the 2019 State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Program and Converting a Carryforward Allocation of 2018 State Ceiling to a Carryforward Allocation of 2018 State Ceiling for an Exempt Facility Program” (the “CDLAC Transfer Resolution”), which resolution transfers to the Authority a portion of the 2019 State Ceiling on Qualified Private Activity Bonds and a portion of the remaining carryforward 2018 State Ceiling on Qualified Private Activity Bonds (as further described in the CDLAC Transfer Resolution, the “2018 Carryforward Allocation”) for use by the Authority for the issuance of bonds for exempt facility projects; and

**WHEREAS**, the Borrower has requested an additional \$1,125,000 portion of the 2018 Carryforward Allocation from the Authority; and

**WHEREAS**, the Borrower has represented to the Authority that the proceeds of the Bonds will be loaned to the Borrower under the hereinafter referred to Loan Agreement with the Authority, and Phoenix Biomass Energy, Inc., a Delaware corporation (the “Guarantor”), will, subject to the terms of the hereinafter referred to Guaranty Agreements, guaranty the payments by the Borrower under such Loan Agreement; and

**WHEREAS**, the Borrower has affirmed its previously provided documentation to the Authority that demonstrates 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**, the Borrower has affirmed its previous representations to the Authority that (i) the Bonds meet the guidelines to be classified as “Green Bonds” under the International Capital Market Association’s Green Bond Principles (the “Green Bond Principles”), (ii) the Borrower has received third-party verification that the Bonds align with the requirements of the Green Bond Principles, in the form of an Independent Consultant’s Report delivered by Edgar & Associates, Inc. (the “Green Bond Certification”) and (iii) the Green Bond Certification and related criteria and reporting requirements will be described in materials prepared for potential purchasers of the Bonds; and

**WHEREAS**, in light of the foregoing, final approval of the terms of the Bonds and certain documents relating to the Bonds is now sought again, and the Authority now desires to amend and restate the First A&R Final Resolution, and accordingly, this Second Amended and Restated Final Bond Resolution (the “Resolution”) amends and restates in its entirety the First A&R Final Resolution.

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

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

**Section 2.** Pursuant to the Act, revenue obligations of the Authority in an aggregate principal amount not to exceed \$15,120,000, consisting of tax-exempt obligations in an aggregate principal amount not to exceed \$10,430,000 and taxable obligations in an aggregate principal amount not to exceed \$4,690,000, respectively designated as the “California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)” (the “Tax-Exempt Bonds”) and the “California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019B (Taxable) (Green Bonds)” (the “Taxable Bonds,” and collectively with the Tax-Exempt Bonds, the “Bonds”), or, in each case, such alternate designation as may be approved by the Executive Director of the Authority, are hereby authorized to be issued. As set forth above, the Authority hereby designates each series of the Bonds as “Green Bonds”, based upon the receipt of the Green Bond Certification. The Bonds may be issued at one time, or from time to time, in one or more series or sub-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 make a loan to the Borrower to (i) finance or refinance the Project (including without limitation, reimbursing the Borrower and/or its Affiliates (as hereinafter defined) for qualifying costs incurred for the Project prior to the issuance of the Bonds), (ii) fund certain reserves (if any) for the Bonds and the Project, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs of issuance 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 on or before December 31, 2019 or, in the event of the allocation of new State Ceiling on Qualified Private Activity Bonds (“New Allocation”) for the Bonds, before the ninetieth (90<sup>th</sup>) day following such allocation, by negotiated sale, at such price and at such interest rate or rates and in such mode (taxable or tax-exempt) as she may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Bonds at such times to be determined by the Authority pursuant to documents approved in Section 4 hereof, is hereby approved.

**Section 4.** The following documents:

(i) a Loan Agreement relating to the Bonds (the “Loan Agreement”) between the Authority and the Borrower;

(ii) an Indenture relating to the Bonds (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”);

(iii) a Bond Purchase Contract relating to the Bonds (the “Purchase Contract”) among the Authority, the Treasurer, as agent for sale, and the underwriter named in the Term Sheet (the “Underwriter”), and approved by the Borrower;

(iv) a Limited Offering Memorandum (in the form of either the “Preliminary Limited Offering Memorandum” or the final “Limited Offering Memorandum”) to be used in connection with the offering and sale of the Bonds; and

(v) an Intercreditor and Subordination Agreement (the “Intercreditor Agreement”) among the Trustee, the Authority, the Borrower and Central Valley NMTC Sub VII, LLC;

are hereby approved in substantially the forms on file with the Authority as of the date of this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) reviewing, executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Indenture, the Purchase Contract and the Limited Offering Memorandum, and by delivery thereof in the case of any Preliminary Limited Offering Memorandum, subject to the allocation of New Allocation, if applicable. The Underwriter is hereby authorized to distribute any Preliminary Limited Offering Memorandum to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver a final Limited Offering Memorandum to all actual purchasers of the Bonds.

**Section 5.** Any modification to the Project made prior to the issuance of the Bonds shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority. If such modification is approved by the Authority, the Executive Director of the Authority shall immediately report to the Executive Director of CDLAC. If the Executive Director of CDLAC determines such modification to be material in accordance with CDLAC's regulations, CDLAC shall reconsider the modification to the Project before the Original Allocation may be used.

**Section 6.** Any material changes to the bond sale structure prior to the issuance of the Bonds are subject to further approval by the Authority. If material changes are approved by the Authority, the Executive Director of the Authority shall immediately report any material changes to the Executive Director of CDLAC. CDLAC may require approval of the material change by the Committee Chair or the Executive Director of CDLAC before the Original Allocation may be used.

**Section 7.** 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 one or more Affiliates 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 directly or indirectly 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 8.** The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption (including any applicable premiums), terms of any purchase in lieu of redemption, tender rights or put and call rights (including any applicable purchase prices) and other terms of each series of the Bonds shall be as provided in the Indenture, as finally executed.

**Section 9.** The Bonds shall be executed by the manual or facsimile signature of the Chairperson or any Deputy to the Chairperson and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Bonds, when 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 or through the facilities of The Depository Trust Company, New York, New York, on behalf of the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Bonds to or through the facilities of The Depository Trust Company, on behalf of the Underwriter, upon payment of the purchase price thereof.

**Section 10.** The Original Allocation received by the Authority pursuant to the CDLAC Resolution, as extended by the Extension Letters, shall automatically revert to CDLAC unless the Authority has issued Tax-Exempt Bonds on behalf of the Borrower on or before December 31, 2019 pursuant to the terms of the Extension Letters. The Authority shall return any unused Original Allocation to CDLAC.

**Section 11.** The Authority hereby dedicates and confirms its allocation to the Bonds of \$1,125,000 of a portion of its private activity bond limit, as previously received, carried forward or to be received from CDLAC (the “Additional Allocation”), to fund the Project Costs, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 with respect to the Bonds. The Additional Allocation shall automatically revert to the Authority unless the Authority has issued Tax-Exempt Bonds on behalf of the Borrower on or before December 31, 2019. The failure to timely issue the Bonds will result in a forfeiture of the Borrower’s performance deposit for the Project to the extent that the performance deposit has not previously been forfeited, unless a waiver of forfeiture is approved by the CDLAC Board consistent with Section 5052 of CDLAC’s regulations.

**Section 12.** Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale, delivery or, if any, remarketing of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Contract, the Limited Offering Memorandum and the Intercreditor Agreement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any guaranty agreement, any certifications, including, one or more tax certificates.

**Section 13.** The provisions of Resolution No. 19-01-001 entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings,” adopted by the Authority on January 15, 2019 (the “Delegation Resolution”), apply to the documents and actions approved in this Resolution, and the provisions of such Delegation Resolution are incorporated herein by reference. This Section 13 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority that replaces or supersedes the Delegation Resolution.

**Section 14.** The provisions of the Initial Resolution No. 18-01, adopted by the Authority on February 20, 2018, apply to the documents and actions approved in this Resolution, and the provisions of such Initial Resolution are incorporated herein by reference.

**Section 15.** The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1<sup>st</sup> annually, until the Project's Certificate of Completion has been submitted to the Authority, as provided in the Loan Agreement. A copy of the Certification of Compliance II and Certificate of Completion form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to demonstrate compliance may result in disqualification from future program participation.

**Section 16.** As required by the CDLAC Resolution, the Loan Agreement, the Indenture and the Purchase Contract expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in CDLAC’s Resolution. Once the Bonds are issued and delivered, the terms and conditions set forth in CDLAC’s Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

**Section 17.** The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

**Section 18.** This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this Resolution for the Borrower 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**

**Name of Issue:** California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)

California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019B (Taxable) (Green Bonds)

**Maximum Amount of Issue:** Tax-Exempt Bonds in an aggregate principal amount not to exceed \$10,430,000

Taxable Bonds in an aggregate principal amount not to exceed \$4,690,000

**Issuer:** California Pollution Control Financing Authority, Sacramento, CA

**Borrower:** North Fork Community Power, LLC

**Guarantor:** Phoenix Biomass Energy, Inc.

**Trustee:** UMB Bank, N.A.

**Underwriter:** Westhoff, Cone & Holmstedt

**Bond Counsel:** McGuireWoods LLP  
San Francisco, CA

**Remarketing Agent:** To be determined prior to the undertaking of a remarketing, if any, pursuant to the Indenture

**Project:** Bond proceeds will finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County. The specific location of the Project will be on an approximately 10-acre portion of a larger tract of approximately 40 acres, which in turn is part

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of a total mill site of approximately 110 acres with an address of 57839 Road 225, North Fork, California 93643. The addresses of the Project site and the mill site are subject to change pending subdivision and the assignment of permanent addresses by Madera County.

<b>Maximum Bond Term:</b>	Not to exceed thirty years
<b>Type of Sale:</b>	Limited offering
<b>Description of Minimum Denominations:</b>	\$250,000 or any integral multiple of \$5,000 in excess thereof
<b>Financing Structure:</b>	Fixed Rate
<b>Maximum Interest Rate:</b>	8.5% on the Tax-Exempt Bonds and 15.0% on the Taxable Bonds, in each case subject to any higher rates determined in accordance with the Indenture, including the default rate
<b>Credit Enhancement:</b>	Not applicable
<b>Miscellaneous:</b>	Mandatory redemption, optional redemption, purchase in lieu of redemption, tender rights and put and calls rights as provided for in the Indenture
<b>Anticipated Bond Rating:</b>	Unrated
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Mark Holmstedt, (925) 472-8747

**THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**RESOLUTION NO. 19-073-03**

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2018 STATE  
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN  
EXEMPT FACILITY PROJECT**

**WHEREAS**, the California Pollution Control Financing Authority (“CPCFA” or the “Authority”) has received an application (“Application”) from North Fork Community Power, LLC (“Project Sponsor”) for approval of the issuance of tax-exempt revenue bonds; and

**WHEREAS**, the Project Sponsor originally requested financing in the amount of \$9,305,000 in revenue bonds; and

**WHEREAS**, the Authority previously applied for a portion of the carryforward 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) in the amount of \$9,305,000 for bonds issued in tax-exempt mode for the Project as described in CDLAC Application No. 18-025, to finance or refinance certain costs of the Project and to pay certain costs of issuance of the Bonds (defined below), so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Bonds, and such allocation was awarded by CDLAC on December 12, 2018 in CDLAC Resolution No. 18-128 (“CDLAC Resolution”); and

**WHEREAS**, the Project Sponsor has requested additional financing in the amount of \$1,125,000, for the Authority to issue its revenue bonds from time to time in an amount not to exceed \$10,430,000 to assist in the financing or refinancing of the Project; and

**WHEREAS**, on December 10, 2019 the Authority approved Second Amended and Restated Final Resolution No. 18-01-585 (“Final Resolution”) authorizing, among other things, the issuance of tax-exempt obligations in an aggregate principal amount not to exceed \$10,430,000, designated as the “California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)” (the “Bonds”); and

**WHEREAS**, in seeking Authority approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA which were relied upon by the Authority in approving the Final Resolution; and

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**WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to the Authority a portion of the 2018 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Authority to issue bonds or other obligations in a manner consistent with CDLAC’s policies and regulations. Accordingly, capitalized terms (with the exception of “Executive Director” which shall mean the Executive Director of CPCFA) not otherwise defined shall have the meanings ascribed to them in the “Regulations of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Regulations”); and

**WHEREAS**, it is appropriate for the Authority to confirm the use of a portion of the 2018 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Bonds as set forth in the Final Resolution;

**NOW, THEREFORE**, CPCFA resolves as follows:

**Section 1.** CPCFA Allocation in the amount of \$1,125,000 is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

**Section 2.** The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

**Section 3.** Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

**Section 4.** The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Bonds for the Project have been issued by CPCFA by the close of business ~~ninety~~ on December 31, 2019. Failure to timely issue the Bonds will result in a forfeiture of the Project’s performance deposit to the extent that the performance deposit has not previously been forfeited, unless waiver of forfeiture is approved by the CDLAC Board consistent with section 5052 of CDLAC’s Regulations.

**Section 5.** Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting the appropriate completed Report of Action Taken in a form prescribed by and made available by CDLAC.

**Section 6.** Any differences between the amount of Bonds issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor

## **Agenda Item 4.A.**

determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

**Section 7** In consideration of the CPCFA Allocation dedicated in Section 1 of this Resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

**Section 8.** CPCFA will not approve the issuance of any Bonds in connection with this Allocation until the Project Sponsor has demonstrated to CPCFA's satisfaction that all environmental permits and other state and local approvals are in place.

**Section 9.** In accordance with California Code of Regulations, title 4, section 5145, subdivision (b), the Project Sponsor or its successor in interest shall submit to CPCFA each year by February 1, an annual Certification of Compliance II until the Project Sponsor has completed the Project and submitted a Certificate of Completion. CPCFA shall confirm receipt of the certificates to CDLAC by March 1 annually via the online compliance certification system until project completion. Copies of the certification forms may be found at <http://www.treasurer.ca.gov/cdlac>. Failure to submit the required certifications may result in disqualification from future dedications of the State Ceiling on Qualified Private Activity Bonds.

**Section 10.** This Resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 19-073-03**  
**(AN EXEMPT FACILITY PROJECT)**  
**EXHIBIT A**

1. Project Sponsor: North Fork Community Power, LLC and/or its affiliates
2. Application #: 921 (SB)
3. Project User: Same as Project Sponsor
4. Project Name: North Fork Community Power, LLC Project
5. Location: 57839, 59700 Road 225  
North Fork, California 93643  
Madera County  
(The addresses are subject to change pending subdivision and the assignment of permanent addresses by Madera County)
6. Amount of Allocation: \$1,125,000
7. Pursuant to Section 5145(d) of the CDLAC Regulations, CDLAC must be designated in the bond documents to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.

Attachment A

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: July 23, 2019**

*Request to Approve Amended and Restated Final Resolution Authorizing the Issuance of Tax-Exempt and Taxable Solid Waste Disposal Revenue Green Bonds*

Prepared by: Kris Luoma

<b>Applicant:</b>	North Fork Community Power, LLC and/or its affiliates	<b>Amount Requested:</b>	\$14,805,000
		<b>Application No.:</b>	921(SB)
<b>Project Location:</b>	North Fork (County of Madera)	<b>Final Resolution No.:</b>	18-01-585
		<b>Prior Actions:</b>	Allocation Extended on 2/1/19 & 5/22/19 Allocation Approved 12/12/18 FR Originally Approved 11/13/18 IR 18-01 Approved 2/20/18

**Summary.** North Fork Community Power, LLC and/or its affiliates (“North Fork” or the “Company”) request approval of an amended and restated Final Resolution for an amount not to exceed \$14,805,000 comprised of \$9,305,000 in tax-exempt bonds and \$5,500,000 in taxable bonds to finance the construction of a forestry residue fueled biomass power plant in North Fork (the “Project”). The Company has obtained independent validation that the issuance meets the guidelines to be classified as “Green Bonds” under the International Capital Market Association’s Green Bond Principles.

**Background.** On November 13, 2018, the CPCFA Board approved a Final Resolution (“Resolution”) authorizing the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$14,205,000. The bonds were to be comprised of \$9,305,000 in tax-exempt bonds and \$4,900,000 in taxable bonds. On December 12, 2018, the California Debt Limit Allocation Committee (“CDLAC”) approved Allocation Resolution No. 18-128 and transferred to CPCFA an amount not to exceed \$9,305,000 of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) on a carryforward basis, and the Executive Director of CDLAC extended the Allocation’s expiration date until September 10, 2019 pursuant to letters dated February 1, 2019 and May 22, 2019. Likewise, CDLAC waived the forfeiture of the Company’s performance deposit on March 20, 2019. The Company is a small business and is a Limited Liability Company (LLC) which was organized on May 20, 2013.

The Company will procure forestry sourced feedstock from suppliers that collect dead and felled trees from local forested areas. The feedstock is then subjected to heat without sufficient oxygen

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to enable combustion and is thus converted from a solid into a hydrogen rich gas and a solid carbon co-product (“biochar”). The gas is collected and used to fuel two generators which produce electricity. The electricity produced from this process will be sold to Pacific Gas and Electric Company (“PG&E”).

North Fork anticipates the following financial and offering terms: (i) a Limited Offering to Lapis Advisers, LP, which is a Qualified Institutional Buyer (“QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as amended; (ii) non-credit enhanced obligations;

(iii) fixed interest rates (8.50% for tax-exempt Bonds and 15% for taxable Bonds); (iv) a term not to exceed 30 years; (v) sales subject to an Investor Letter; (vi) bonds issued in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof and (vii) restrictions allowing transfers to QIBs only.

A draft Preliminary Limited Offering Memorandum (PLOM) has been prepared and is also being presented to the Authority for approval. A link to the PLOM can be found here: <https://mcguirewoods.sharefile.com/d-s9f8ac3792cb44d5a>.

The Company engaged Edgar & Associates, Inc. to determine whether the Project meets the Green Bond Principles (“GBP”) of the International Capital Market Association (“ICMA”). Edgar & Associates, Inc. delivered its final report on November 2, 2018, which concludes that the Project aligns to the four components of the GBP, which address use of proceeds, process for project evaluation and selection, management of proceeds and reporting.

Other than the increase in the aggregate principal amount of taxable bonds to be issued, the Project has not changed since the Authority’s approval of the Final Resolution and CDLAC’s approval of the Allocation Resolution. (Please see Attachment A for the previously approved staff report).

**Current Request.** The Company is requesting CPCFA to increase the aggregate principal amount of taxable bonds authorized to be issued from an amount not to exceed \$4,900,000 to an amount not to exceed \$5,500,000, an increase of \$600,000. The increase is necessary because the Company has incurred additional Project costs as a direct result of delays related to its electric grid interconnection application due to PG&E’s bankruptcy. This delay also resulted in increased costs of issuance (including any additional fees for legal, consulting and engineering services), which the Company will fund using moneys designated for contingency costs.

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<b>Description of Cost</b>	<b>Original Cost</b>	<b>Revised Cost</b>
Site Preparation	\$698,560	\$1,057,350
Acquisition and Installation of New Equipment	\$5,981,087	\$7,537,133
Bond Issuance Expense	\$896,656	\$1,168,958
IBank Loan Payoff	\$0.00	\$1,206,000
Utilities Connection	\$956,405	\$0.00
Engineering / Architecture	\$1,035,230	\$600,000
Interest during Construction	\$3,051,850	\$2,962,529
Working Capital	\$429,148	\$0.00
Contingency Costs	<u>\$1,156,064</u>	<u>\$273,030</u>
<b>Total</b>	<u>\$14,205,000</u>	<u>\$14,805,000</u>

**Staff Recommendation.** Staff recommends approval of Amended and Restated Final Resolution No. 18-01-585 approving the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$14,805,000, comprised of an aggregate principal amount not to exceed \$9,305,000 in tax-exempt bonds and an aggregate principal amount not to exceed \$5,500,000 in taxable bonds, to finance solid waste disposal facilities and equipment of North Fork Community Power, LLC and/or its affiliates.

**Final Resolution No. 18-01-585  
Application No. 921(SB)**

**AMENDED AND RESTATED  
FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
AUTHORIZING THE ISSUANCE OF REVENUE BONDS  
TO FINANCE SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT  
OF NORTH FORK COMMUNITY POWER, LLC AND/OR ITS AFFILIATES**

**July 23, 2019**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) previously received the application of North Fork Community Power, LLC, a California limited liability company (the “Borrower”), for financial assistance for the Borrower and/or its affiliates to finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County, California, all of which is more particularly described in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) and incorporated herein (the “Project”); and

**WHEREAS**, the Authority, by the adoption of its resolution on November 23, 2018 entitled “Final Bond Resolution of the California Pollution Control Financing Authority Authorizing the Issuance of Revenue Bonds to Finance Solid Waste Disposal Facilities and Equipment of North Fork Community Power, LLC and/or Its Affiliates” (the “Original Final Resolution”), previously approved the issuance of its revenue bonds as green bonds, to assist in the financing or refinancing of the Project from time to time in an aggregate principal amount not to exceed \$14,205,000, consisting of tax-exempt bonds in an aggregate principal amount not to exceed \$9,305,000 (Series 2018A (AMT)(Green Bonds)) and taxable bonds in an aggregate principal amount not to exceed \$4,900,000 (Series 2018B (Taxable)(Green Bonds)); and

**WHEREAS**, the Authority previously applied for a portion of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for the bonds issued in the federally tax-exempt mode for the Project as described in CDLAC Application No. 18-025, to (i) finance or refinance certain costs of the Project, (ii) fund certain reserves (if any) for the Bonds (defined below) and the Project, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs of issuance of the Bonds, all so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 with respect to the Bonds; and

**WHEREAS**, CDLAC previously transferred \$9,305,000 of the Allocation to the Authority for the Project on a carryforward basis as evidenced by its adoption of Resolution No. 18-128 on December 12, 2018 entitled “A Resolution Transferring a Portion of the 2018 State Ceiling on Qualified Private Activity Bonds for a Exempt Facility Project” (the “CDLAC Resolution”), and

the Executive Director of CDLAC extended the Allocation's expiration date until September 10, 2019 pursuant to letters dated February 1, 2019 and May 22, 2019 (the "Extension Letters"); and

**WHEREAS**, since the Authority's adoption of the Original Final Resolution, the Borrower has incurred additional Project costs and, pursuant to a supplemental filing with the Authority, has requested the Authority to increase the aggregate principal amount of the taxable bonds authorized to be issued from \$4,900,000 to \$5,500,000, resulting in an aggregate amount not to exceed \$14,805,000 of its revenue bonds, all as further described herein; and

**WHEREAS**, the Borrower has represented to the Authority that the proceeds of the Bonds will be loaned to the Borrower under the hereinafter referred to Loan Agreement with the Authority, and Phoenix Biomass Energy, Inc., a Delaware corporation (the "Guarantor"), will, subject to the terms of the hereinafter referred to Guaranty Agreements, guaranty the payments by the Borrower under such Loan Agreement; and

**WHEREAS**, the Borrower has affirmed its previously provided documentation to the Authority that demonstrates 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**, the Borrower has affirmed its previous representations to the Authority that (i) the Bonds meet the guidelines to be classified as "Green Bonds" under the International Capital Market Association's Green Bond Principles (the "Green Bond Principles"), (ii) the Borrower has received third-party verification that the Bonds align with the requirements of the Green Bond Principles, in the form of an Independent Consultant's Report delivered by Edgar & Associates, Inc. (the "Green Bond Certification") and (iii) the Green Bond Certification and related criteria and reporting requirements will be described in materials prepared for potential purchasers of the Bonds; and

**WHEREAS**, in light of the foregoing, final approval of the terms of the Bonds and certain documents relating to the Bonds is now sought again, and the Authority now desires to amend and restate the Original Final Resolution, and accordingly, this Amended and Restated Final Bond Resolution (the "Resolution") amends and restates in its entirety the Original Final Resolution.

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

**Section 1.** The Project constitutes a "project," and the Borrower is a "participating party," both within the meaning of the California Pollution Control Financing Authority Act (the "Act").

**Section 2.** Pursuant to the Act, revenue obligations of the Authority in an aggregate principal amount not to exceed \$14,805,000, consisting of tax-exempt obligations in an aggregate principal amount not to exceed \$9,305,000 and taxable obligations in an aggregate principal amount not to exceed \$5,500,000, respectively designated as the "California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)" (the "Tax-Exempt Bonds") and the

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“California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019B (Taxable) (Green Bonds)” (the “Taxable Bonds,” and collectively with the Tax-Exempt Bonds, the “Bonds”), or, in each case, such alternate designation as may be approved by the Executive Director of the Authority, are hereby authorized to be issued. As set forth above, the Authority hereby designates each series of the Bonds as “Green Bonds”, based upon the receipt of the Green Bond Certification. The Bonds may be issued at one time, or from time to time, in one or more series or sub-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 make a loan to the Borrower to (i) finance or refinance the Project (including without limitation, reimbursing the Borrower and/or its Affiliates (as hereinafter defined) for qualifying costs incurred for the Project prior to the issuance of the Bonds), (ii) fund certain reserves (if any) for the Bonds and the Project, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs of issuance 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 on or before September 10, 2019, or in the event of further extension by CDLAC of such Allocation or the transfer of new State Ceiling on Qualified Private Activity Bonds (“New Allocation”) from CDLAC to the Authority, before the expiration of such extension or the ninetieth (90<sup>th</sup>) day following such transfer, respectively, by negotiated sale, at such price and at such interest rate or rates and in such mode (taxable or tax-exempt) as she may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Bonds at such times to be determined by the Authority pursuant to documents approved in Section 4 hereof, is hereby approved.

**Section 4.** The following documents:

- (i) a Loan Agreement relating to the Bonds (the “Loan Agreement”) between the Authority and the Borrower;
- (ii) an Indenture relating to the Bonds (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”);
- (iii) a Bond Purchase Contract relating to the Bonds (the “Purchase Contract”) among the Authority, the Treasurer, as agent for sale, and the underwriter named in the Term Sheet (the “Underwriter”), and approved by the Borrower;
- (iv) a Limited Offering Memorandum (in the form of either the “Preliminary Limited Offering Memorandum” or the final “Limited Offering Memorandum”) to be used in connection with the offering and sale of the Bonds;

are hereby approved in substantially the forms on file with the Authority as of the date of this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) reviewing, executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Indenture, the Purchase Contract and the Limited Offering

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Memorandum, and by delivery thereof in the case of the Preliminary Limited Offering Memorandum, subject to the transfer by CDLAC of New Allocation, if applicable. The Underwriter is hereby authorized to distribute the Preliminary Limited Offering Memorandum to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver a final Limited Offering Memorandum to all actual purchasers of the Bonds.

**Section 5.** Any modification to the Project made prior to the issuance of the Bonds shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority. If such modification is approved by the Authority, the Executive Director of the Authority shall immediately report to the Executive Director of CDLAC. If the Executive Director of CDLAC determines such modification to be material in accordance with CDLAC's regulations, CDLAC shall reconsider the modification to the Project before the Allocation may be used.

**Section 6.** Any material changes to the bond sale structure prior to the issuance of the Bonds are subject to further approval by the Authority. If material changes are approved by the Authority, the Executive Director of the Authority shall immediately report any material changes to the Executive Director of CDLAC. CDLAC may require approval of the material change by the Committee Chair or the Executive Director of CDLAC before the Allocation may be used.

**Section 7.** 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 one or more Affiliates 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 directly or indirectly 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 8.** The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption (including any applicable premiums), terms of any purchase in lieu of redemption, tender rights or put and call rights (including any applicable purchase prices) and other terms of each series of the Bonds shall be as provided in the Indenture, as finally executed.

**Section 9.** The Bonds shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Bonds, when 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 or through the facilities of The Depository Trust Company, New York, New York, on behalf of the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Bonds to

or through the facilities of The Depository Trust Company, on behalf of the Underwriter, upon payment of the purchase price thereof.

**Section 10.** The Allocation received by the Authority pursuant to the CDLAC Resolution, as extended by the Extension Letters, shall automatically revert to CDLAC unless the Authority has issued Tax-Exempt Bonds on behalf of the Borrower on or before September 10, 2019 pursuant to the terms of the Extension Letters. In addition to the Allocation extension granted by the Executive Director of CDLAC in the Extension Letters, in a case of extreme hardship, the Executive Director of CDLAC may extend this date by up to five (5) business days. In addition, the Executive Director of CDLAC may also grant an additional extension of up to ninety (90) days. This extension will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited. The Authority shall return any unused Allocation and New Allocation, if applicable, to CDLAC.

**Section 11.** Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale, delivery or, if any, remarketing of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Contract and the Limited Offering Memorandum. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any guaranty agreement, any certifications, including, one or more tax certificates.

**Section 12.** The provisions of Resolution No. 19-01-001 entitled "Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings," adopted by the Authority on January 15, 2019 (the "Delegation Resolution"), apply to the documents and actions approved in this Resolution, and the provisions of such Delegation Resolution are incorporated herein by reference. This Section 12 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority that replaces or supersedes the Delegation Resolution.

**Section 13.** The provisions of the Initial Resolution No. 18-01, adopted by the Authority on February 20, 2018, apply to the documents and actions approved in this Resolution, and the provisions of such Initial Resolution are incorporated herein by reference.

**Section 14.** The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1<sup>st</sup> annually, until the project's Certificate of Completion has been submitted to the Authority, as provided in the Loan Agreement. A copy of the Certification of Compliance II and Certificate of Completion form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to demonstrate compliance may result in disqualification from future program participation.

**Section 15.** As required by the CDLAC Resolution, the Loan Agreement, the Indenture and the Purchase Contract expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in CDLAC's Resolution. Once the Bonds are issued and delivered, the terms and conditions set forth in CDLAC's Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

**Section 16.** The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

**Section 17.** This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this Resolution for the Borrower 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

**Name of Issue:** California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)  
California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019B (Taxable) (Green Bonds)

**Maximum Amount of Issue:** Tax-Exempt Bonds in an aggregate principal amount not to exceed \$9,305,000  
Taxable Bonds in an aggregate principal amount not to exceed \$5,500,000

**Issuer:** California Pollution Control Financing Authority, Sacramento, CA

**Borrower:** North Fork Community Power, LLC

**Guarantor:** Phoenix Biomass Energy, Inc.

**Trustee:** UMB Bank, N.A.

**Underwriter:** Westhoff, Cone & Holmstedt

**Bond Counsel:** McGuireWoods LLP  
San Francisco, CA

**Remarketing Agent:** To be determined prior to the undertaking of a remarketing, if any, pursuant to the Indenture

**Project:** Bond proceeds will finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power

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generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County. The specific location of the Project will be on an approximately 10-acre portion of a larger tract of approximately 40 acres, which in turn is part of a total mill site of approximately 110 acres with an address of 57839 Road 225, North Fork, California 93643. The addresses of the Project site and the mill site are subject to change pending subdivision and the assignment of permanent addresses by Madera County.

<b>Maximum Bond Term:</b>	Not to exceed thirty years
<b>Type of Sale:</b>	Limited offering
<b>Description of Minimum Denominations:</b>	\$250,000 or any integral multiple of \$5,000 in excess thereof
<b>Financing Structure:</b>	Fixed Rate
<b>Maximum Interest Rate:</b>	8.5% on the Tax-Exempt Bonds and 15.0% on the Taxable Bonds, in each case subject to any higher rates determined in accordance with the Indenture, including the default rate
<b>Credit Enhancement:</b>	Not applicable
<b>Miscellaneous:</b>	Mandatory redemption, optional redemption, purchase in lieu of redemption, tender rights and put and calls rights as provided for in the Indenture
<b>Anticipated Bond Rating:</b>	Unrated
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Mark Holmstedt, (925) 472-8747