

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Approval Date: February 20, 2020**

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

Prepared by: *Andrea Gonzalez*

<b>Applicant:</b> Organic Energy Solutions, LLC and/or its affiliates	<b>Amount Requested:</b> \$34,000,000
<b>Project Location:</b> City of San Bernardino (San Bernardino County)	<b>Application No.:</b> 901
	<b>Initial Resolution No.:</b> 17-01
	<b>Prior Actions:</b> IR approved 2/21/2017

**Summary.** Organic Energy Solutions, LLC and/or its affiliates (“OES” or the “Company”) requests the approval of an amendment to Initial Resolution for an amount not to exceed \$34,000,000 of tax-exempt bonds to finance a biomass electric power generation system. Initial Resolution No. 17-01 was originally approved on February 21, 2017, and is set to expire on February 21, 2020.

**Borrower.** Organic Energy Solutions, Inc. was formed originally as a California S-corporation organized on February 20, 2014 and in 2019 filed an election under California law to convert the corporation to a California limited liability company. As part of the conversion, the legal name of the entity was changed to Organic Energy Solutions, LLC.

As part of its initial capitalization, the Company completed an energy investment tax credit transaction. At present, the Company is owned 99% by the energy investment tax credit purchaser, Seaboard Corporation, a publicly traded company. After a seven-year period that includes the energy investment tax credit recapture-period, the Company’s long-term principal stockholders will be as follows:

**Organic Energy Solutions, LLC**

Resource Recovery Managers LLC	70%
Seaboard Kansas Holdings, Inc.	<u>30%</u>
<b>Total:</b>	<b><u>100%</u></b>

**Ownership of Resource Recovery Managers LLC**

Inland Empire Resource Recovery LLC	50%
BSR Holding I, LLC	<u>50%</u>
<b>Total:</b>	<b><u>100%</u></b>

**Inland Empire Resource Recovery LLC**

Sergio Perez	80%
Michael Brown	<u>20%</u>
<b>Total:</b>	<b><u>100%</u></b>

**Biostar Renewables**

William Love	60%
John Martin	20%
Lee Ullman	20%
<b>Total:</b>	<b><u>100%</u></b>

**Legal Questionnaire.** 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 project, referred to as the San Bernardino Anaerobic Digestion and Power Production Facility, is to be located at 2586 Shenandoah Way in San Bernardino. The site is leased from CoWest Commodities. CoWest Commodities will also be one of multiple suppliers of processed food waste known as slurry that will be converted into biogas. No additional buildings are planned to be constructed as the site lease will include a portion of CoWest's existing office and warehouse space.

Additionally, OES has satisfied the requirements of the California Environmental Quality Act and has received a Conditional Use Permit from the City of San Bernardino. Furthermore, OES has received a \$4.2 million grant from the California Energy Commission covering a significant portion of the project development and construction costs.

Biogas produced by the anaerobic digester system will be used to fuel clean-burn, reciprocating engine generators for the production of renewable electricity for delivery to Southern California Edison through a long-term power purchase agreement under the Bio-RE MAT program.

**Volume Cap Allocation.** The Company anticipates applying to the Authority or the California Debt Limit Allocation Committee (CDLAC) for volume cap allocation in the 2<sup>nd</sup> quarter of 2020.

**Financing Details.** The Company anticipates the issuance of direct purchase, variable rate notes which will be purchased directly by a Bank.

**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 the amendment extending the Initial Resolution No. 17-01 to February 20, 2023 for Organic Energy Solutions, LLC and/or its affiliates for an amount not to exceed \$34,000,000.

*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  
ORGANIC ENERGY SOLUTIONS, LLC AND/OR ITS AFFILIATES**

**February 20, 2020**

**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 Organic Energy Solutions, LLC, a California limited liability company, and/or its affiliates (collectively, the “Company”), the Authority adopted its Initial Resolution No. 17-01 on February 21, 2017 (the “Initial Resolution”) in the amount of not to exceed \$34,000,000 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 to extend its effective date;

**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.** Section 7 of the Initial Resolution is hereby modified to provide that, subject to Section 6, the Initial Resolution shall cease to be effective on February 21, 2023 unless the Authority specifically adopts a further resolution extending the effective date of the Initial Resolution.

**Section 3.** Except as set forth in Sections 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.

