

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: April 14, 2021

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

Prepared by: *Solomita Malko*

Applicant:	Valley Green Fuels LLC, and/or its affiliates	Amount Requested:	\$325,000,000
Project Location:	Kern County	Application No.:	943(SB)
		Initial Resolution No.:	20-10
		Prior Action:	Original IR approved 12/16/2020

Summary. Valley Green Fuels LLC, and/or its affiliates (the “Company”) requests approval of an amendment to Initial Resolution (“IR”) 20-10 to increase the dollar amount from \$250,000,000 to an amount not to exceed \$325,000,000 in tax-exempt bonds, and to change the project site location to Santiago Road in rural Kern County near Taft. The IR was originally approved on December 16, 2020, for an amount not to exceed \$250,000,000 and included a project site location of 1134 Manor Street in Bakersfield. The Company explained that the amount requested has increased because the proposed project will now include the expense of cost-certainty provided by a well-established engineering, procurement and construction contractor. Bond proceeds will be used to build a renewable fuels refinery near Taft (the “Project”).

Applicant. Valley Green Fuels LLC, which was organized on December 30, 2019, in Delaware, is a renewable fuels firm that converts solid waste to low-carbon transportation fuel.

The principal stockholders of the Company are as follows:

Valley Green Fuels LLC

NTR VGF LLC	51.8%
California Renewable Fuels LLC	10.7%
KND9 Partners LLC	12.5%
Oestmann LLC	12.5%
Sewanee Vero, LLC	<u>12.5%</u>
Total:	<u>100.0%</u>

NTR VGF LLC

Mario Rodriguez Family	<u>100%</u>
Total:	<u>100%</u>

California Renewable Fuels LLC

Marshall Bell	<u>100%</u>
Total:	<u>100%</u>

<u>KND9 Partners LLC</u>	
David Hackett	50%
Katherine Hackett	50%
Total:	<u>100%</u>

<u>Oestmann LLC</u>	
Jeff Oestmann	100%
Total:	<u>100%</u>

<u>Sewanee Vero, LLC</u>	
Buford Ortale	100%
Total:	<u>100%</u>

Legal Status Questionnaire. The Authority staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. The information disclosed in the Legal Status Questionnaire portion of the Application does not raise concerns regarding the financial viability or legal integrity of this applicant.

Project Description and Current Request. The Company plans to build a renewable fuels refinery that is scheduled to be in production in the first half of 2023. The capacity of the refinery will be 15,000 barrels per day (630,000 gallons per day). The renewable fuels process will replace petroleum diesel by recycling non-edible products, like tallow (i.e. rendered animal fat) and used cooking oil, into ultra-clean diesel fuel and naphtha. Naphtha can be used as a solvent, fuel or for other industrial purposes. Bond proceeds will be used for: construction costs; engineering fees; initial catalyst inventory; legal fees; development fees; site and land costs; and other startup costs.

The Company plans to purchase approximately 149.51 acres of unoccupied land from the South Kern Industrial Center (“SKIC”) located on Santiago Road in Kern County. The assessor parcel numbers for the three adjoining parcels are 220-110-82, 220-110-83 and 220-110-84. SKIC is represented by Fred Porter of Porter and Associates. The anticipated renewable fuels plant is expected to employ about 100 people. The economic benefit is estimated at over \$35 million per year. The Company represents that during the construction phase of the Project, it will create about 300 union jobs.

The new facility will be engineered to minimize criteria air pollutant and greenhouse gas emissions. The Company expects that emissions of smog-forming oxides of nitrogen will be reduced by about 840 metric tons per year, and that carbon dioxide emissions will be reduced by 2 million metric tons per year.

Volume Cap Allocation. The Company anticipates applying to the California Debt Limit Allocation Committee for a volume cap allocation in the second quarter of 2021.

Financing Details. The Company anticipates requesting final approval from the Authority for the issuance of negotiated tax-exempt bonds. The target date for financing is anticipated to be within the third quarter of 2021.

Financing Team.

Underwriter: J.P. Morgan Securities LLC

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends the approval of an Amendment to Initial Resolution No. 20-10 for Valley Green Fuels LLC, and/or its affiliates, for an amount not to exceed \$325,000,000 and approval of the Project's new site location.

Note: An Initial Resolution approval is not a commitment that the Authority's 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
VALLEY GREEN FUELS LLC AND/OR ITS AFFILIATES**

April 14, 2021

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 Valley Green Fuels LLC, a Delaware limited liability company (the "Applicant"), and/or its affiliates (collectively, the "Company"), the Authority approved its Initial Resolution No. 20-10 on December 16, 2020, (the “Initial Resolution”) in the amount of not to exceed \$250,000,000 to assist in financing or refinancing the acquisition, construction and/or equipping of a renewable fuels refinery 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 (1) increase the dollar amount to reflect Project cost increases and (2) amend references to the Project location;

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

Section 1. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$325,000,000 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 “250,000,000” to “325,000,000.” In addition, the reference to the Project address in the Initial Resolution shall be changed from “1134 Manor Street, Bakersfield, California” to “Santiago Road, Taft, California.”

Section 2. Exhibit A to the Initial Resolution is replaced by the attached Exhibit A.

Section 3. Except as set forth in Sections 1 and 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: 943(SB)
LOCATION: Santiago Road, Taft, California
TYPE: Solid Waste Disposal
AMOUNT: Up to \$325,000,000