

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: May 28, 2021**

Request to Approve Initial Resolution Reflecting Official Intent to Issue Revenue Bonds

Prepared by: Alison French-Tubo

Applicant:	AgLand Renewables LLC and/or its affiliates	Amount Requested:	\$540,000,000
Project Location:	City of Lemoore (Kings County)	Application No.:	945 (SB)
		Initial Resolution No.:	21-02

Summary. AgLand Renewables LLC and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$540,000,000 in tax-exempt bonds. Bond proceeds will be used to defray the costs of facilities for the processing, recycling or converting of and materials recovery from solid waste, including animal waste, to produce fertilizer, renewable energy, renewable natural gas (“RNG”) and other byproducts (the “Project”).

Borrower. AgLand Renewables LLC, which was organized on August 20, 2020, in California, is an owner and developer of bio-conversion facility projects that provide sustainable processing and conversion of chicken poultry litter¹. The Company is a small business that together with its affiliates has 10 employees. AgLand Renewables LLC is 100% owned by CleanBay Renewables Inc., which in turn is owned by multiple entities, which in turn are owned by other entities.

The principal stockholders of CleanBay Renewables Inc. are as follows:

<u>CleanBay Renewables Inc.</u>	
Merope USA Inc. (see ownership below)	27.14%
Donal Buckley	16.86%
CleanBay Shareholders LLC (see ownership below)	10.54%
Thomas Spangler	6.35%
Bryan A. Train	5.19%
BioMass Technology LLC (see ownership below)	5.02%
Kevin Hill	4.00%
John Wall	3.07%
Other owners (none owning 3% or more)	21.84%
Total:	<u>*100.00%</u>

*Totals to more than 100% due to rounding.

¹ “Poultry litter may be defined as ‘chicken manure, spilled feed, excess feathers, and other poultry-house materials.’” <https://www.ars.usda.gov/news-events/news/research-news/2017/maximizing-profits-with-poultry-litter/>

<u>Merope USA Inc.</u>	
Merope Unlimited (Ireland) (100% owned by Carlo Babini Merlo)	<u>100.00%</u>
Total:	<u>100.00%</u>
<u>CleanBay Shareholders LLC</u>	
Thomas Spangler	22.95%
Courtney M. Spangler	20.01%
Spangler 2015 Family Trust (Irrevocable trust beneficiaries are Luke Spangler and Chloe Spangler; trustee is Thomas McGrath)	17.65%
Jason Levine	11.93%
Shawn Freitas	7.06%
Other owners (none owning 3% or more)	<u>20.40%</u>
Total:	<u>100.00%</u>
<u>BioMass Technology LLC</u>	
Diahn McGrath	<u>100.00%</u>
Total:	<u>100.00%</u>

Legal Questionnaire. The California Pollution Control Financing Authority (“CPCFA”) 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. The Company plans to use bond proceeds for the acquisition of land and construction, engineering, design, acquisition and installation of process equipment to include dilution tanks, mixing-feed tanks, anaerobic digesters, renewable energy and RNG processing equipment, solids concentration, water treatment equipment and associated buildings. Through anaerobic digestion, it is anticipated that the Project will recycle and reuse a target of 185,000 tons of poultry litter annually to produce more than 750,000 MMBtus (one million British Thermal Unit) of RNG, which can be used as a renewable energy source or transportation fuel. The Company represents that the Project is expected to abate over 500,000 tons of carbon dioxide equivalent annually as well as create over 100,000 tons of organic, controlled-release fertilizer each year, which will reduce nitrate and phosphorus runoff to protect water supplies. The Project will be located on 156 contiguous acres in Lemoore, Kings County, for which the Company has entered into two leaseholds, each with an option to purchase the leased property.

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

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

Financing Team.

Financial Advisor:	Stephens Inc.
Underwriter:	Goldman Sachs & Co. LLC
Bond Counsel:	McGuireWoods LLP
Issuer's Counsel:	Office of the Attorney General

Staff Recommendation. Staff recommends the approval of Initial Resolution No. 21-02 for AgLand Renewables LLC and/or its affiliates for an amount not to exceed \$540,000,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
AGLAND RENEWABLES LLC,
AND/OR ITS AFFILIATES
May 28, 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 (the “Act”) to issue bonds for the purpose of defraying the cost of facilities for the processing, recycling or converting of and materials recovery from solid waste, including animal waste, to produce fertilizer, renewable energy, renewable natural gas and other byproducts; and

WHEREAS, AgLand Renewables LLC, a California limited liability company (the “Applicant”), and/or its affiliates (collectively, the “Company”), has submitted an application (the “Application”) requesting that the Authority assist in the financing or refinancing of the acquisition, construction, installation and equipping of solid waste treatment, processing, disposal, recycling and conversion facilities, to include the processing of solid waste, including animal waste, to produce fertilizer, renewable energy, renewable natural gas and other byproducts, all as more fully described in the Application (collectively, the “Project”) to be owned and operated by the Company, and has presented an estimate of the maximum cost of such Project, as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste treatment, disposal, conversion and recycling facilities and equipment that will serve the public of the State of California; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the acquisition, construction, installation and equipping of the Project commence at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Project; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this Initial Resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$540,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures associated with the Project; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

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 Initial Resolution, an “Affiliate” of the Company means any person or entity that meets the definition of “participating party” in the Act and 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.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$540,000,000 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.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each bond shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond.”

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds that are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is authorized under Authority Resolution No. 21-01-001 to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

Section 6. It is intended that this Initial Resolution shall constitute “some other similar official action” towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement

of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Initial Resolution ceases to be effective for other purposes.

Section 7. This Initial Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6 above, this Initial Resolution shall cease to be effective on the date three years after the approval date unless prior thereto the Authority or the Executive Director specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the Project and any additional information requested by the Authority to supplement the Company’s Application.

EXHIBIT A

NUMBER: 21-02

LOCATION: At or near 18612 Idaho Avenue, Lemoore, California 93245, having Kings County Assessor Parcel Numbers (APNs) 024-052-059-000; 024-052-067-000; 024-052-068-000; and 024-052-076-000.

TYPE: Processing, Recycling, Converting and Disposing of and Materials Recovery from Solid Waste

AMOUNT: \$540,000,000