

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

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

Prepared by: Alison French-Tubo

Applicant:	Renewable Energy California, LLC, and/or its affiliates	Amount Requested:	\$106,505,000
		Application No.:	948 (SB)
Project Location:	City of Fresno (County of Fresno)	Initial Resolution No.:	21-05

Summary. Renewable Energy California, LLC, and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$106,505,000 to defray the costs of constructing facilities for the disposal of solid organic waste products, including resource recovery and energy conversion facilities (the “Project”).

Borrower. The Company is a limited liability corporation and was organized in California on November 18, 2020. It is a biomass energy production company located in Fresno and is solely owned by David Balakian. The Company is a small business with no affiliates and currently has zero employees. However, it is anticipated that it will have 20 employees when commercial operation is underway.

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 states, “The Project will process approximately 250 tons a day of organic waste from the City of Fresno in an anaerobic digester to produce renewable natural gas to be delivered to the adjacent PG&E pipeline for sale as a vehicle fuel. In addition, the Project will process up to 150 tons per day of orchard waste in a gasifier to produce 3 MW of renewable electricity that will be sold to PG&E pursuant to the BioMAT tariff program and an additional up to 2 MW for onsite power requirements. The thermal energy from the gasifier will also be used to heat the anaerobic digesters and possibly for fuel drying if needed.” The Project will be known as the Fresno Renewable Energy Station.

Volume Cap Allocation. The Company anticipates applying to the California Debt Limit Allocation Committee for a volume cap allocation on August 11, 2021.

Financing Details. The Company anticipates the issuance of negotiated, limited offering non-rated tax-exempt bonds. The target date for financing is anticipated to be within the fourth quarter of 2021.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick Herrington & Sutcliffe LLP

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends the approval of Initial Resolution No. 21-05 for Renewable Energy California, LLC, and/or its affiliates for an amount not to exceed \$106,505,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO FINANCE
A SOLID WASTE DISPOSAL FACILITY FOR
RENEWABLE ENERGY CALIFORNIA, 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 disposal of solid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Renewable Energy California, LLC, a California limited liability company (the "Applicant" and, together with its affiliates, the "Company") has submitted an application (the "Application") requesting that the Authority assist in the financing or refinancing the acquisition, construction and/or equipping of an organic waste processing facility, as more fully described in the Application (collectively, the "Project"), a portion of which will be owned and/or operated by the Company, and have 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 disposal and resource recovery facilities and equipment that will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be constructed 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 \$106,505,000 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 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. The Authority declares its official intent to issue, at one time or from time to time, in one or more series, an aggregate of up to \$106,505,000 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 to 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, this Initial Resolution shall cease to be effective on the date three years after the approval date unless prior thereto the Authority or 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: 21-05
LOCATIONS: 3077 S. Golden State Frontage Road, Fresno, California
TYPE: Solid Waste Disposal
AMOUNT: Up to \$106,505,000