

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: June 27, 2025

***Request to Approve an Initial Resolution Reflecting Official
Intent to Issue Bonds or Notes***

Prepared by: *Tyler Hanks*

Applicant:	Anchor J Dairy Biogas, LLC and/or its affiliates
Project Location:	City of Stevinson (Merced County)
Amount Requested:	\$9,000,000
Application No.:	975 (SB)
Initial Resolution No.:	25-04

Summary: Anchor J Dairy Biogas, LLC and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$9,000,000 in tax-exempt bonds. The Company will use the bond proceeds for the construction of a new covered lagoon dairy digester to be installed as part of a ground lease, manure supply, and profit-sharing agreement at an existing dairy facility owned by Anchor J Dairy Biogas and located at 24000-24998 1st Avenue in Stevinson, California (the “Project”).

Borrower: The Company, organized in California on September 24, 2024, aims to use byproducts of dairy farming to manufacture renewable biomethane. The Company employs approximately 208 employees, qualifying as a small business.

The owners of the Company are as follows:

Anchor J Dairy Biogas, LLC:

Maas Energy Works, LLC	49.00%
James J Stevinson, a Corporation	<u>51.00%</u>
Total:	100.00%

The Company’s key officials are:

Daryl Maas	Chief Executive Officer
Stephen Hatley	Chief Financial Officer
Robert D. Kelley	Chief Executive Officer

Legal Status Questionnaire: California Pollution Control Financing Authority (“CPCFA”) staff reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of their application. The Company stated that it had nothing to disclose regarding any legal, regulatory, or investigative action that would materially impact the financial viability of the project or applicant or that involved fraud, corruption, or health and safety issues. Staff also conducted an online search and found nothing of note.

Project Description: The Anchor J Dairy Digester Project will construct a new covered lagoon dairy digester facility for the purposes of capturing manure methane emissions to create carbon-negative transportation fuel and increasing the environmental sustainability of the host dairy, Anchor J Dairy, which is located at 24000-24998 1st Avenue in Stevenson, California. The biogas created by the digester will be desulfurized and dehumidified and then the partially conditioned biogas will be transported through a private pipeline to a community gas conditioning facility that is being built concurrently with this project. The community gas facility will remove the carbon dioxide and other constituents to create pure renewable biomethane which will then be injected into a utility pipeline for delivery to compressed natural gas stations throughout California. This joint venture partnership between the host dairy and Maas Energy Works includes a manure supply and profit-sharing agreement.

Financing Details: The Company anticipates the issuance of negotiated tax-exempt bonds through a Limited Public Offering. The target date for financing is anticipated to be within the fourth quarter of 2025.

Financing Team:

Underwriter:	The Frazer Lanier Company
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Issuer's Counsel:	Office of the Attorney General

Staff Recommendation: Staff recommends approval of Initial Resolution 25-04 for Anchor J Dairy Biogas, LLC and/or its affiliates for an amount not to exceed \$9,000,000. Pursuant to CPCFA Resolution 25-01-001, Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings, an initial resolution may be approved by the CPCFA Executive Director and then reported to the CPCFA Board at the next meeting.

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

Any information related to the applicant described in this staff report, including any data or analysis related to the applicant's financial condition or ability to repay the financing, is based on information provided by the applicant and was prepared solely for members of the CPCFA and to satisfy certain provisions of Health and Safety Code section 44500 et seq. Prospective investors should not rely on information in this staff report and must read the entire offering document (e.g., Preliminary Official Statement, Official Statement), if applicable, to obtain information essential to the making of an informed investment decision.

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS OR NOTES TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
ANCHOR J DAIRY BIOGAS LLC AND/OR ITS AFFILIATES**

June 27, 2025

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality of the State of California (the “State”), is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the Health and Safety Code) (“Act”) to issue bonds or other debt obligations 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, Anchor J Dairy Biogas LLC, a California partnership (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 construction of facilities and equipment for collection, processing, recycling, transportation, and disposal of solid waste, as more fully described in the Application (collectively, the “Project”) to be owned and 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 Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds or notes of the Authority will be made available to finance the 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 resolution the Authority reasonably expects that bonds or notes in an amount not expected to exceed \$9,000,000 will be issued and that certain of the proceeds of such bonds or notes 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 the 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 Resolution, an “Affiliate” of the Applicant 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 Applicant, 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 \$9,000,000 principal amount of bonds or notes 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 or notes.

Section 3. The bonds or notes shall 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 or note, consistent with the Act, 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 local agency is pledged to the payment of the principal of, premium, if any, or any interest on this [bond][note]."

Section 4. The bonds or notes 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 or notes 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) to the extent required, an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds or notes which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized 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 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 Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6, this

Resolution shall cease to be effective three years after the approval date unless prior to such date the Authority or its Executive Director specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension 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: 25-04

LOCATIONS: 24000-24998 1st Ave, Stevinson, CA 95374

TYPE: Solid Waste Disposal

AMOUNT: Up to \$9,000,000