

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: August 21, 2018

*Request to Approve Amended and Restated Final Resolution Authorizing the
Issuance of Tax-Exempt Revenue Bonds*

Prepared by: Kris Luoma

Applicant:	Viridis Fuels, LLC and/or its affiliates	Amount Requested:	\$38,000,000
Project Location:	City of Oakland (Alameda County)	Application No.:	900(SB)
		Final Resolution No.:	18-01-589
		Prior Actions:	Amended IR 16-18 approved 7-17-2018 FR 18-01-589 approved 6-20-2018 IR 16-18 approved 12-13-2016

Summary. Viridis Fuels, LLC and/or its affiliates (“Viridis” or the “Company”) request approval of an Amended and Restated Final Resolution (FR) No. 18-01-589 to increase the bond amount from \$34,000,000 to \$38,000,000 to pay for project costs, which have increased due to the development costs being higher than were originally anticipated.

Background. The original FR was approved by the CPCFA Board on June 20, 2018, for an amount not to exceed \$34,000,000. The California Debt Limit Allocation Committee (CDLAC) approved the project for allocation in the amount of \$34,000,000 on July 18, 2018. The bond proceeds will be used to finance the construction of a biodiesel plant, acquisition and installation of equipment related to operation of the facility, the funding of capitalized interest, a debt reserve fund, and the cost of issuance.

TEFRA. CPCFA held two TEFRA hearings on May 10, 2018 and July 31, 2018 for the bond issue amounts of \$34,000,000 and \$38,000,000, respectively. There were no comments received in support of or in opposition to this Project.

Current Request. The Company’s FR was approved by the CPCFA Board for an amount not to exceed \$34,000,000 on June 20, 2018. CPCFA received a request to increase the bond amount an additional \$4,000,000 for a total amount not to exceed \$38,000,000. The additional bond amount requested is to pay for increased project costs, which are due to the development costs being higher than were originally anticipated. An amendment to the Initial Resolution was signed by CPCFA’s Executive Director, Reneé Webster-Hawkins, under her delegated authority, on July 17, 2018.

The project and the scope of work remains the same as stated in the original FR Staff Report, which was approved by the CPCFA Board at the June 20, 2018 CPCFA Board Meeting (See Attachment A).

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The anticipated project and issuance costs are listed below:

Costs to be paid from Bond Proceeds	Initial Request	Current Request
Acquisition and Installation of New Equipment	\$16,250,512	\$15,645,562
Site Preparation	\$ 6,615,245	\$ 6,615,245
Interest During Construction	\$ 4,080,000	\$ 6,080,000
Reserve Fund	\$ 3,400,000	\$ 3,800,000
Utilities Connection	\$ 1,151,570	\$ 1,151,570
Project Insurance and Contingency	\$ 1,027,050	\$ 2,000,000
Rehabilitation of Existing Buildings	\$ 795,623	\$ 795,623
Lease Payments	\$ 0	\$ 1,152,000
Bond Issuance Expense	<u>\$ 680,000</u>	<u>\$ 760,000</u>
Totals	<u>\$34,000,000</u>	<u>\$38,000,000</u>

Note: The project costs reported in the Borrower's application and shown here in staff's report are estimated costs. At the time this financing closes, the estimated project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

CDLAC Allocation: On July 18, 2018, the Company was approved for \$34,000,000 in allocation by CDLAC, application number 18-011. Viridis is requesting the approval of an additional \$4,000,000, for a total amount not to exceed \$38,000,000 in allocation at the September 19, 2018 CDLAC Meeting.

Fees. The Company will pay an administrative fee of up to \$71,000.

Permitting and Environmental Approvals. The Company has received the following California Environmental Quality Act (CEQA) documentation and permits:

CEQA SCH 2009112073	NOD Mitigated
Original Environmental Impact Report (EIR)	Received 2/7/2011
Modification to the EIR	Received 11/30/2015
Addendum to the EIR	Approved 10/11/2017
Bay Area Air Quality Management District (BAAQMD) Authority to Construct Permit	Approved 5/8/2018
Port of Oakland Executive Director Permit Approval	Approved 4/19/2017

The BAAQMD will issue the Final Air Permit within 90 days from the date of completion.

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Financing Details. The Company anticipates a limited public offering to qualified institutional buyers (QIBs) and Institutions of non-credit enhanced, fixed-rate, long-term and tax-exempt Solid Waste Disposal Revenue Bonds in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof and restrictions on transfers to QIBs and Institutions.

The Bonds will be secured by a debt service reserve fund. Loan repayments by the Company will be secured by a gross revenue pledge, a leasehold deed of trust on certain property of the Company, and a pledge and security agreement. In addition, the Company will agree not to incur additional indebtedness unless authorized by the Loan Agreement, and will agree to certain financial covenants, including a debt service coverage ratio covenant, a day's cash on hand covenant, and a capital maintenance covenant.

To assist with the marketing and sale of the Bonds, Westhoff, Cone & Holmstedt will enter into a distribution agreement with Piper Jaffray.

An official closing date has not yet been set, however, the CDLAC allocation will automatically revert to CDLAC if the Bonds are not issued by the close of business on October 16, 2018, unless an extension is granted.

Staff Recommendation. Staff recommends approval of the Amended and Restated FR No. 18-01-589 in an amount not to exceed \$38,000,000 for Viridis Fuels, LLC and/or its affiliates.

**AMENDED AND RESTATED
FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
FOR THE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF VIRIDIS FUELS, LLC AND/OR ITS AFFILIATES**

August 21, 2018

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Viridis Fuels, LLC (the “Borrower”) for financial assistance to finance or refinance for the Borrower and/or its affiliates, the acquisition, construction, rehabilitation, renovation, installation, improvement and/or equipping of solid waste disposal and recycling facilities, to be located in Alameda County, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, this Amended and Restated Resolution (the “Resolution”) amends and restates in its entirety the resolution adopted by the Authority on June 20, 2018 entitled “Final Resolution of the California Pollution Control Financing Authority Authorizing the Issuance of Revenue Bonds for the Solid Waste Disposal/Recycling Facilities and Equipment of Viridis Fuels, LLC and/or its Affiliates” (the “Original Resolution”); and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$38,000,000 to assist in the financing or refinancing of the Project; and

WHEREAS, the Authority has applied for a portion of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for bonds issued in tax-exempt mode for the Project as described in CDLAC Application No. 18-011, to finance or refinance certain costs of the Project and to pay certain costs of issuance of the Bonds (defined below), so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Bonds; and

WHEREAS, the proceeds of the Bonds will be loaned to the Borrower under the hereinafter referred loan agreement with the Authority; and

WHEREAS, final approval of the terms of the Bonds and certain documents relating to the Bonds is now sought; and

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division;

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

Section 1. The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Viridis Fuels, LLC Project) Series 2018 (AMT)” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$38,000,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series or sub-series separately or differently identified, and may be issued in a tax-exempt mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to make a loan to the Borrower to finance or refinance the Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the Project prior to the issuance of the Bonds) and to pay certain costs of issuance of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time on or before December 31, 2018, by negotiated sale, at such price and at such interest rate or rates as he may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Bonds at such times to be determined by the Authority pursuant to documents approved in Section 4 hereof, is hereby approved.

Section 4. The following documents:

(i) a loan agreement relating to the Bonds (the “Loan Agreement”) between the Authority and the Borrower;

(ii) an indenture relating to the Bonds (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”);

(iii) a bond purchase contract relating to the Bonds (the “Purchase Contract”) among the Authority, the Treasurer of the State of California, as agent for sale, and the underwriter named in the Term Sheet (the “Underwriter”), and as approved by the Borrower; and

(iv) a limited offering memorandum (in the form of either the “Preliminary Limited Offering Memorandum” or the final “Limited Offering Memorandum”) to be used in connection with the offering and sale of the Bonds;

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the

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Indenture and the Purchase Contract, and by delivery thereof in the case of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, and subject to the approval by CDLAC of Allocation for the Project, such approval to be conclusively evidenced by execution and delivery of a resolution by CDLAC (the “CDLAC Resolution”). The Underwriter is hereby authorized to distribute the Preliminary Limited Offering Memorandum for the Bonds to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver a final Limited Offering Memorandum for the Bonds to all actual purchasers of the Bonds.

Section 5. Any modification to the Project made prior to the issuance of the Bonds shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority. If such modification is approved by the Authority, the Executive Director of the Authority shall immediately report to the Executive Director of CDLAC. If the Executive Director of CDLAC determines such modification to be material in accordance with CDLAC’s regulations, CDLAC shall reconsider the modification to the Project before the Allocation may be used.

Section 6. Any material changes to the bond sale structure prior to the issuance of the Bonds are subject to further approval by the Authority. If material changes are approved by the Authority, the Executive Director of the Authority shall immediately report any material changes to the Executive Director of CDLAC. CDLAC may require approval of the material change by the Committee Chair or the Executive Director of CDLAC before the Allocation may be used.

Section 7. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, 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 8. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 9. The Bonds shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Bonds, when executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby

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approved. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriter thereof, upon payment of the purchase price thereof.

Section 10. The Allocation requested by the Authority, if approved by CDLAC, shall automatically revert to CDLAC unless the Authority has issued Bonds on behalf of the Borrower within ninety (90) days of the transfer of the Allocation. In a case of extreme hardship, the Executive Director of CDLAC may extend this date by up to five (5) business days. In addition, the Executive Director of CDLAC may also grant an additional extension of up to ninety (90) days. This extension will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited. The Authority shall return any unused Allocation to CDLAC.

Section 11. Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement and the Purchase Contract. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate.

Section 12. The provisions of Resolution No. 18-01-001 entitled "Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings" adopted by the Authority on January 23, 2018 (the "Delegation Resolution"), apply to the documents and actions approved in this Resolution, and the provisions of Resolution No. 18-01-001 are incorporated herein by reference. This Section 12 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority which replaces or supersedes the Delegation Resolution.

Section 13. The provisions of the Initial Resolution No. 16-18, adopted by the Authority on December 13, 2016, as amended on July 17, 2018, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 14. The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1st annually, until the project's Certificate of Completion has been submitted to the Authority, as provided in the Loan Agreement. A copy of the Certification of Compliance II and Certificate of Completion form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to demonstrate compliance may result in disqualification from future program participation.

Section 15. As required by the CDLAC Resolution, the Loan Agreement, the Indenture and the Purchase Contract expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in CDLAC's Resolution. Once the Bonds are issued and delivered, the terms and conditions set forth in CDLAC's Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

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Section 16. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 17. This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Viridis Fuels, LLC Project) Series 2018 (AMT)
Maximum Amount of Issue:	\$38,000,000
Issuer:	California Pollution Control Financing Authority (the "Authority") Sacramento, CA
Borrower:	Viridis Fuels, LLC
Purchaser:	Not applicable
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Trustee:	UMB Bank, N.A.
Underwriter:	Westhoff, Cone & Holmstedt
Remarketing Agent:	Not applicable
Project:	Bond proceeds will finance the acquisition, construction, rehabilitation, renovation, installation, improvement and/or equipping of land, buildings, facilities and/or equipment, all relating to a biodiesel plant, to be located at: 2500 Engineer Road, Oakland, California 94607
Maximum Bond Term:	Not to exceed thirty years
Type of Sale:	Limited public offering
Description of Minimum Denominations:	\$250,000 or any integral multiple of \$5,000 in excess thereof
Financing Structure:	Fixed Rate
Maximum Interest Rate:	Lesser of 12% or the maximum rate permitted by law

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Letter of Credit:	Not applicable
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	Unrated
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Mark Holmstedt, (925) 472-8747

Attachment A
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: June 20, 2018

*Request to Approve Final Resolution Authorizing the
Issuance of Tax-Exempt Revenue Bonds*

Prepared by: Kris Luoma

Applicant:	Viridis Fuels, LLC and/or its affiliates	Amount Requested:	\$34,000,000
Project Location:	City of Oakland (Alameda County)	Application No.:	900(SB)
		Final Resolution No.:	18-01-589
		Prior Actions:	IR 16-18 approved 12-13-2016

Summary. Viridis Fuels, LLC and/or its affiliates (“Viridis” or the “Company”) request approval of a Final Resolution for an amount not to exceed \$34,000,000 to finance the construction of a biodiesel plant, acquisition and installation of equipment related to operation of the facility, the funding of capitalized interest, a debt reserve fund, and the cost of issuance.

Borrower. Viridis Fuels, LLC was organized in 2012 in Delaware. The Company is a small business which will operate a converted commercial facility, located on the former United States (U.S.) Army Reserve Center in Oakland. The project is located in a federally designated disadvantaged and urban area with a median household income below the state average. The Company will create approximately 20 new jobs during construction, and approximately 28 new jobs upon completion of the project.

The Company has received a grant of approximately \$3.4 million from the California Energy Commission, which is being used for the acquisition of equipment and towards the engineering and development costs.

The principal stockholder of the Company is as follows:

Kathy Neal	<u>100%</u>
Total:	<u>100%</u>

Legal Status Questionnaire. The 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.

TEFRA. The TEFRA hearing was held on May 10, 2018. There were no comments received in support of or in opposition to this Project.

Fees. The Company has paid an application fee of \$5,000 and will pay an administrative fee of \$63,000 at closing.

SBAF Assistance. The Company is a small business, but it is not eligible for assistance from the Small Business Assistance Fund due to the par amount of the bond issue.

Prior Financings. None

Project Description. The Company will utilize the bonds to finance the construction of a biodiesel plant, located on Oakland’s former U.S. Army Reserve Center. Viridis will process approximately 16.5 million gallons of brown grease and/or other waste oils in order to produce approximately 15 million gallons of 100% standards-compliant, commercial-grade biodiesel while simultaneously refining 1.5 million gallons of crude glycerin, a residual bi-product of the biodiesel refining process, into technical-grade glycerin which is used in high-volume industrial chemicals such as propylene and acrylic acids. Viridis will acquire and install equipment related to the daily operation of this facility.

The biodiesel plant will help businesses and residents in the City of Oakland and customers of the East Bay Municipal Utility District (EBMUD), comply with the City of Oakland’s Municipal Code, Chapter 13.08 which prohibits the dumping of grease, fats and oils into the sewer system. The project site is a total of four acres and will include an internal roadway and a rail spur.

The Company has entered into a 25-year lease with the EBMUD, as lessor, with an additional five year extension option at the lessee’s option and subsequent 5-year extensions by mutual agreement of lessee and lessor. Additionally, Bond proceeds will be used for the funding of capitalized interest, a debt reserve fund and the cost of issuance. The project is expected to be operational by the fourth quarter of 2019.

The anticipated project and issuance costs are listed below:

Acquisition and Installation of New Equipment	\$16,250,512
Site Preparation	\$ 6,615,245
Interest During Construction	\$ 4,080,000
Reserve Fund	\$ 3,400,000
Utilities Connection	\$ 1,151,570
Project Insurance and Contingency	\$ 1,027,050
Rehabilitation of Existing Buildings	\$ 795,623
Bond Issuance Expense	\$ 680,000
Totals	<u>\$34,000,000</u>

Note: The project costs reported in the Borrower’s application and shown here in staff’s report are estimated costs. At the time this financing closes, the estimated project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the project as described, and that the average life tests required by federal

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law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

Anticipated Project Timeline. The project described herein is expected to take 12-18 months to complete and is expected to be placed into service by the fourth quarter of 2019.

CDLAC Allocation: The Company has applied to the California Debt Limit Allocation Committee (CDLAC), CDLAC application number 18-011, for Allocation at its July 18, 2018 Board Meeting for an amount not to exceed \$34,000,000.

Local Government. The Company has received letters of support from Keith Carson, Supervisor for the Alameda County, Board of Supervisors, Fifth District (Attachment A) and Laurence E. Reid, President of the Oakland City Council (Attachment B).

Pollution Control and/or Environmental Benefits. The Company represents the project will generate the pollution control and environmental benefits described below.

Waste Diversion. The City of Oakland prohibits the disposal of fats, oils and grease (FOG) into its sanitary sewer system under Oakland Municipal Code Chapter 13.08. The sanitary sewer system contains water and violators may be subject to the Federal Clean Water Act with possible fines of up to \$10,000 per day by the California Regional Water Quality Control Board (CRWQCB). This project will enable EBMUD customers to avoid being in violation and thereby subject to fines.

Ratepayer Benefits. Ratepayers using biodiesel produced locally, eliminates the cost of having to transport in biodiesel from remote locations, which, for the consumer results in lower energy costs.

Air Quality. The use of biodiesel will lessen greenhouse gas (GHG) emissions produced from fossil fuels. Studies have shown that there has been a 78.5% reduction in carbon dioxide emissions using biodiesel compared to the use of a petroleum fueled diesel motor. Biodiesel emits fewer air particulates than found in traditional diesel engine exhaust. Biodiesel has reduced GHG emissions, which help diminish the effects of global warming.

Energy Efficiency. Biodiesel uses up to 70%- 90% less fossil fuel than traditional petroleum diesel and up to 79% less water is used in its production.

Recycling of Commodities. Waste grease and oil are the primary materials used by Viridis to produce biodiesel. Brown grease, also known as “trap grease”, which is collected from restaurants is an energy rich resource. If grease is allowed to collect in wastewater, it can cause corrosion and pipe blockages. If disposed of in a landfill, the waste grease and oils decay thus releasing methane.

Safety and Compliance. Biodiesel being nonflammable is safer to store and transport than petroleum and conventional diesel fuel. The flash point of fuel is the lowest temperature it takes for the vapor from a combustible liquid to ignite. The flashpoint of Biodiesel is over 200 degrees Fahrenheit, where most traditional petroleum products flash point is 125 degrees Fahrenheit.

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Converting brown grease and oils into biodiesel is a safer method for the disposal of this type of solid waste, and it is compliant with Federal, State and local disposal regulations. Improper disposal of brown grease and oils is a violation of the Federal Clean Water Act enables the CRWQCB to levy fines of up to \$10,000 a day. The Company's biodiesel project provides EBMUD customers with a facility to properly dispose of waste grease and oils and avoid potential fines.

Consumer Cost Savings and Efficiencies. Reducing the consumer's dependence on traditional gasoline and oils will result in lower rate costs to the EBMUD rate payers and by having a local facility producing biodiesel will benefit rate payers by eliminating the need to transport biofuel from distant locations reduces transportation costs.

Job Creation. The Viridis project is located in West Oakland's urban disadvantaged, federal Historically Underutilized Business Zone (HUB Zone). The median family income for the neighborhood is below the State's average. The Company anticipates that the project will create 20 new construction jobs and 28 new jobs once the project begins production. Viridis has committed to hiring employees from the West Oakland area.

Permitting and Environmental Approvals. The Company has received the following California Environmental Quality Act (CEQA) documentation and permits:

CEQA SCH 2009112073	NOD Mitigated
Original Environmental Impact Report (EIR)	Received 2/7/2011
Modification to the EIR	Received 11/30/2015
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To assist with the marketing and sale of the Bonds, Westhoff, Cone & Holmstedt will enter into a distribution agreement with Piper Jaffray. The financing is estimated to take place in August or September of 2018.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Orrick Herrington & Sutcliffe
Issuer's Counsel: Office of the Attorney General
Trustee: UMB Bank, N.A.

Staff Recommendation. Staff recommends approval of Final Resolution No. 18-01-589 in an amount not to exceed \$34,000,000 for Viridis Fuels, LLC and/or its affiliates.

Attachment B



BOARD OF SUPERVISORS

*Keith Carson
Supervisor, 5th District*

Ms. René Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
801 Capitol Mall, 2nd Floor
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Approvals
Viridis Fuels, LLC Project

Dear Ms. Webster-Hawkins:

I am writing to lend my support to the Viridis Fuels application for project funding through the California Pollution Control Financing Authority. As the County Supervisor that represents the area where the Viridis project is located I have been following it since its early development and look forward to its completion, as it will bring multiple benefits to Alameda County.

The Viridis project creates new jobs, delivers environmentally responsible biofuel that helps to reduce air pollution and diminishes the requirement to manage waste oils and greases by converting them to a higher and better use. This project is especially notable because it is rare that a development and resulting business operation offer such a positive combination of publicly beneficial deliverables.

I hope that you will give the Viridis application the consideration it merits.

Sincerely,

A handwritten signature in cursive script that reads "Keith Carson".

Keith Carson
Supervisor, Fifth District

Attachment C

CITY OF OAKLAND



CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

LAURENCE E. REID
Council President
lreid@oaklandnet.com

(510) 238-7007
FAX (510) 238-6910
TDD (510) 839-6451

March 5, 2018

Ms. Reneé Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
801 Capitol Mall, 2nd Floor
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Approvals
Viridis Fuels, LLC Project

Dear Ms. Webster-Hawkins:

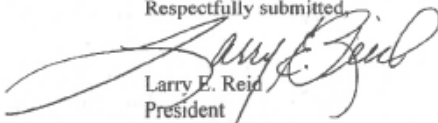
I write to you today on behalf of Viridis Fuels, LLC ("Viridis") relating to their Project for which approval will be requested by the California Pollution Control Financing Authority ("CPCFA"). The project involves the processing of waste oils and greases into 100% biodiesel ("Project"), a renewable fuel

I understand that Viridis is now ready for final approval of the financing and in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "Project" economics have been based, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project.

Realization of this Project is of value to the City of Oakland due to its job creation, environmentally beneficial and waste diversion impacts.

As President of the Oakland City Council, I recommend approval of the Viridis Fuels Project when it is considered by your agency. Thank you.

Respectfully submitted,


Larry E. Reid
President
Oakland City Council
Council Member, District 7



**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
FOR THE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF VIRIDIS FUELS, LLC AND/OR ITS AFFILIATES**

June 20, 2018

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Viridis Fuels, LLC (the “Borrower”) for financial assistance to finance or refinance for the Borrower and/or its affiliates, the acquisition, construction, rehabilitation, renovation, installation, improvement and/or equipping of solid waste disposal and recycling facilities, to be located in Alameda County, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$34,000,000 to assist in the financing or refinancing of the Project; and

WHEREAS, the Authority has applied for a portion of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for bonds issued in tax-exempt mode for the Project as described in CDLAC Application No. 18-011, to finance or refinance certain costs of the Project and to pay certain costs of issuance of the Bonds (defined below), so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Bonds; and

WHEREAS, the proceeds of the Bonds will be loaned to the Borrower under the hereinafter referred loan agreement with the Authority; and

WHEREAS, final approval of the terms of the Bonds and certain documents relating to the Bonds is now sought; and

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division;

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

Section 1. The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

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Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Viridis Fuels, LLC Project) Series 2018 (AMT)” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$34,000,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series or sub-series separately or differently identified, and may be issued in a tax-exempt mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to make a loan to the Borrower to finance or refinance the Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the Project prior to the issuance of the Bonds) and to pay certain costs of issuance of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time on or before December 31, 2018, by negotiated sale, at such price and at such interest rate or rates as he may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Bonds at such times to be determined by the Authority pursuant to documents approved in Section 4 hereof, is hereby approved.

Section 4. The following documents:

- (i) a loan agreement relating to the Bonds (the “Loan Agreement”) between the Authority and the Borrower;
- (ii) an indenture relating to the Bonds (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”);
- (iii) a bond purchase contract relating to the Bonds (the “Purchase Contract”) among the Authority, the Treasurer of the State of California, as agent for sale, and the underwriter named in the Term Sheet (the “Underwriter”), and as approved by the Borrower; and
- (iv) a limited offering memorandum (in the form of either the “Preliminary Limited Offering Memorandum” or the final “Limited Offering Memorandum”) to be used in connection with the offering and sale of the Bonds;

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Indenture and the Purchase Contract, and by delivery thereof in the case of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, and subject to the approval by CDLAC of Allocation for the Project, such approval to be conclusively evidenced by execution and delivery of a resolution by CDLAC (the “CDLAC Resolution”).

Section 5. Any modification to the Project made prior to the issuance of the Bonds shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority. If such modification is approved by the Authority, the Executive Director of the Authority shall immediately report to the Executive Director of CDLAC. If the Executive Director of CDLAC determines such modification to be material in accordance with CDLAC's regulations, CDLAC shall reconsider the modification to the Project before the Allocation may be used.

Section 6. Any material changes to the bond sale structure prior to the issuance of the Bonds are subject to further approval by the Authority. If material changes are approved by the Authority, the Executive Director of the Authority shall immediately report any material changes to the Executive Director of CDLAC. CDLAC may require approval of the material change by the Committee Chair or the Executive Director of CDLAC before the Allocation may be used.

Section 7. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an "Affiliate" of the Borrower means any person or entity which meets the definition of "Participating Party" in the Act and controls, is controlled by, or is under common control with, the Borrower, 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 8. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 9. The Bonds shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Bonds, when executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriter thereof, upon payment of the purchase price thereof.

Section 10. The Allocation requested by the Authority, if approved by CDLAC, shall automatically revert to CDLAC unless the Authority has issued Bonds on behalf of the Borrower within ninety (90) days of the transfer of the Allocation. In a case of extreme hardship, the Executive Director of CDLAC may extend this date by up to five (5) business days. In addition, the Executive Director of CDLAC may also grant an additional extension of up to ninety (90) days. This extension will result in a forfeiture of the Project's performance deposit to the extent that the

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performance deposit has not previously been forfeited. The Authority shall return any unused Allocation to CDLAC.

Section 11. Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement and the Purchase Contract. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate.

Section 12. The provisions of Resolution No. 18-01-001 entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on January 23, 2018 (the “Delegation Resolution”), apply to the documents and actions approved in this Resolution, and the provisions of Resolution No. 18-01-001 are incorporated herein by reference. This Section 12 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority which replaces or supersedes the Delegation Resolution.

Section 13. The provisions of the Initial Resolution No. 16-18, adopted by the Authority on December 13, 2016, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 14. The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1st annually, until the project's Certificate of Completion has been submitted to the Authority, as provided in the Loan Agreement. A copy of the Certification of Compliance II and Certificate of Completion form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to demonstrate compliance may result in disqualification from future program participation.

Section 15. As required by the CDLAC Resolution, the Loan Agreement, the Indenture and the Purchase Contract expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in CDLAC’s Resolution. Once the Bonds are issued and delivered, the terms and conditions set forth in CDLAC’s Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

Section 16. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 17. This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Viridis Fuels, LLC Project) Series 2018 (AMT)
Maximum Amount of Issue:	\$34,000,000
Issuer:	California Pollution Control Financing Authority (the "Authority") Sacramento, CA
Borrower:	Viridis Fuels, LLC
Purchaser:	Not applicable
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Trustee:	UMB Bank, N.A.
Underwriter:	Westhoff, Cone & Holmstedt
Remarketing Agent:	Not applicable
Project:	Bond proceeds will finance the acquisition, construction, rehabilitation, renovation, installation, improvement and/or equipping of land, buildings, facilities and/or equipment, all relating to a biodiesel plant, to be located at: 2500 Engineer Road, Oakland, California 94607
Maximum Bond Term:	Not to exceed thirty years
Type of Sale:	Limited public offering
Description of Minimum Denominations:	\$250,000 or any integral multiple of \$5,000 in excess thereof
Financing Structure:	Fixed Rate
Maximum Interest Rate:	Lesser of 12% or the maximum rate permitted by law

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Letter of Credit:	Not applicable
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	Unrated
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Mark Holmstedt, (925) 472-8747