

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: July 23, 2019**

*Request to Approve Amended and Restated Final Resolution Authorizing the
Issuance of Tax-Exempt and Taxable Solid Waste Disposal Revenue Green Bonds*

Prepared by: Kris Luoma

Applicant:	North Fork Community Power, LLC and/or its affiliates	Amount Requested:	\$14,805,000
		Application No.:	921(SB)
Project Location:	North Fork (County of Madera)	Final Resolution No.:	18-01-585
		Prior Actions:	Allocation Extended on 2/1/19 & 5/22/19 Allocation Approved 12/12/18 FR Originally Approved 11/13/18 IR 18-01 Approved 2/20/18

Summary. North Fork Community Power, LLC and/or its affiliates (“North Fork” or the “Company”) request approval of an amended and restated Final Resolution for an amount not to exceed \$14,805,000 comprised of \$9,305,000 in tax-exempt bonds and \$5,500,000 in taxable bonds to finance the construction of a forestry residue fueled biomass power plant in North Fork (the “Project”). The Company has obtained independent validation that the issuance meets the guidelines to be classified as “Green Bonds” under the International Capital Market Association’s Green Bond Principles.

Background. On November 13, 2018, the CPCFA Board approved a Final Resolution (“Resolution”) authorizing the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$14,205,000. The bonds were to be comprised of \$9,305,000 in tax-exempt bonds and \$4,900,000 in taxable bonds. On December 12, 2018, the California Debt Limit Allocation Committee (“CDLAC”) approved Allocation Resolution No. 18-128 and transferred to CPCFA an amount not to exceed \$9,305,000 of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) on a carryforward basis, and the Executive Director of CDLAC extended the Allocation’s expiration date until September 10, 2019 pursuant to letters dated February 1, 2019 and May 22, 2019. Likewise, CDLAC waived the forfeiture of the Company’s performance deposit on March 20, 2019. The Company is a small business and is a Limited Liability Company (LLC) which was organized on May 20, 2013.

The Company will procure forestry sourced feedstock from suppliers that collect dead and felled trees from local forested areas. The feedstock is then subjected to heat without sufficient oxygen to enable combustion and is thus converted from a solid into a hydrogen rich gas and a solid carbon co-product (“biochar”). The gas is collected and used to fuel two generators which produce

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electricity. The electricity produced from this process will be sold to Pacific Gas and Electric Company (“PG&E”).

North Fork anticipates the following financial and offering terms: (i) a Limited Offering to Lapis Advisers, LP, which is a Qualified Institutional Buyer (“QIB”) as defined in Rule 144A promulgated under the Securities Act of 1933, as amended; (ii) non-credit enhanced obligations;

(iii) fixed interest rates (8.50% for tax-exempt Bonds and 15% for taxable Bonds); (iv) a term not to exceed 30 years; (v) sales subject to an Investor Letter; (vi) bonds issued in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof and (vii) restrictions allowing transfers to QIBs only.

A draft Preliminary Limited Offering Memorandum (PLOM) has been prepared and is also being presented to the Authority for approval. A link to the PLOM can be found here:

<https://mcguirewoods.sharefile.com/d-s9f8ac3792cb44d5a>.

The Company engaged Edgar & Associates, Inc. to determine whether the Project meets the Green Bond Principles (“GBP”) of the International Capital Market Association (“ICMA”). Edgar & Associates, Inc. delivered its final report on November 2, 2018, which concludes that the Project aligns to the four components of the GBP, which address use of proceeds, process for project evaluation and selection, management of proceeds and reporting.

Other than the increase in the aggregate principal amount of taxable bonds to be issued, the Project has not changed since the Authority’s approval of the Final Resolution and CDLAC’s approval of the Allocation Resolution. (Please see Attachment A for the previously approved staff report).

Current Request. The Company is requesting CPCFA to increase the aggregate principal amount of taxable bonds authorized to be issued from an amount not to exceed \$4,900,000 to an amount not to exceed \$5,500,000, an increase of \$600,000. The increase is necessary because the Company has incurred additional Project costs as a direct result of delays related to its electric grid interconnection application due to PG&E’s bankruptcy. This delay also resulted in increased costs of issuance (including any additional fees for legal, consulting and engineering services), which the Company will fund using moneys designated for contingency costs.

Description of Cost	Original Cost	Revised Cost
Site Preparation	\$698,560	\$1,057,350
Acquisition and Installation of New Equipment	\$5,981,087	\$7,537,133
Bond Issuance Expense	\$896,656	\$1,168,958
IBank Loan Payoff	\$0.00	\$1,206,000
Utilities Connection	\$956,405	\$0.00
Engineering / Architecture	\$1,035,230	\$600,000
Interest during Construction	\$3,051,850	\$2,962,529
Working Capital	\$429,148	\$0.00
Contingency Costs	<u>\$1,156,064</u>	<u>\$273,030</u>
Total	<u>\$14,205,000</u>	<u>\$14,805,000</u>

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Staff Recommendation. Staff recommends approval of Amended and Restated Final Resolution No. 18-01-585 approving the issuance of Solid Waste Disposal Revenue Green Bonds in an amount not to exceed \$14,805,000, comprised of an aggregate principal amount not to exceed \$9,305,000 in tax-exempt bonds and an aggregate principal amount not to exceed \$5,500,000 in taxable bonds, to finance solid waste disposal facilities and equipment of North Fork Community Power, LLC and/or its affiliates.

**Final Resolution No. 18-01-585
Application No. 921(SB)**

**AMENDED AND RESTATED
FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
TO FINANCE SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT
OF NORTH FORK COMMUNITY POWER, LLC AND/OR ITS AFFILIATES**

July 23, 2019

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) previously received the application of North Fork Community Power, LLC, a California limited liability company (the “Borrower”), for financial assistance for the Borrower and/or its affiliates to finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County, California, all of which is more particularly described in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) and incorporated herein (the “Project”); and

WHEREAS, the Authority, by the adoption of its resolution on November 23, 2018 entitled “Final Bond Resolution of the California Pollution Control Financing Authority Authorizing the Issuance of Revenue Bonds to Finance Solid Waste Disposal Facilities and Equipment of North Fork Community Power, LLC and/or Its Affiliates” (the “Original Final Resolution”), previously approved the issuance of its revenue bonds as green bonds, to assist in the financing or refinancing of the Project from time to time in an aggregate principal amount not to exceed \$14,205,000, consisting of tax-exempt bonds in an aggregate principal amount not to exceed \$9,305,000 (Series 2018A (AMT)(Green Bonds)) and taxable bonds in an aggregate principal amount not to exceed \$4,900,000 (Series 2018B (Taxable)(Green Bonds)); and

WHEREAS, the Authority previously applied for a portion of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for the bonds issued in the federally tax-exempt mode for the Project as described in CDLAC Application No. 18-025, to (i) finance or refinance certain costs of the Project, (ii) fund certain reserves (if any) for the Bonds (defined below) and the Project, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs of issuance of the Bonds, all so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 with respect to the Bonds; and

WHEREAS, CDLAC previously transferred \$9,305,000 of the Allocation to the Authority for the Project on a carryforward basis as evidenced by its adoption of Resolution No. 18-128 on December 12, 2018 entitled “A Resolution Transferring a Portion of the 2018 State Ceiling on Qualified Private Activity Bonds for a Exempt Facility Project” (the “CDLAC Resolution”), and

the Executive Director of CDLAC extended the Allocation's expiration date until September 10, 2019 pursuant to letters dated February 1, 2019 and May 22, 2019 (the "Extension Letters"); and

WHEREAS, since the Authority's adoption of the Original Final Resolution, the Borrower has incurred additional Project costs and, pursuant to a supplemental filing with the Authority, has requested the Authority to increase the aggregate principal amount of the taxable bonds authorized to be issued from \$4,900,000 to \$5,500,000, resulting in an aggregate amount not to exceed \$14,805,000 of its revenue bonds, all as further described herein; and

WHEREAS, the Borrower has represented to the Authority that the proceeds of the Bonds will be loaned to the Borrower under the hereinafter referred to Loan Agreement with the Authority, and Phoenix Biomass Energy, Inc., a Delaware corporation (the "Guarantor"), will, subject to the terms of the hereinafter referred to Guaranty Agreements, guaranty the payments by the Borrower under such Loan Agreement; and

WHEREAS, the Borrower has affirmed its previously provided documentation to the Authority that demonstrates 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; and

WHEREAS, the Borrower has affirmed its previous representations to the Authority that (i) the Bonds meet the guidelines to be classified as "Green Bonds" under the International Capital Market Association's Green Bond Principles (the "Green Bond Principles"), (ii) the Borrower has received third-party verification that the Bonds align with the requirements of the Green Bond Principles, in the form of an Independent Consultant's Report delivered by Edgar & Associates, Inc. (the "Green Bond Certification") and (iii) the Green Bond Certification and related criteria and reporting requirements will be described in materials prepared for potential purchasers of the Bonds; and

WHEREAS, in light of the foregoing, final approval of the terms of the Bonds and certain documents relating to the Bonds is now sought again, and the Authority now desires to amend and restate the Original Final Resolution, and accordingly, this Amended and Restated Final Bond Resolution (the "Resolution") amends and restates in its entirety the Original Final Resolution.

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," both within the meaning of the California Pollution Control Financing Authority Act (the "Act").

Section 2. Pursuant to the Act, revenue obligations of the Authority in an aggregate principal amount not to exceed \$14,805,000, consisting of tax-exempt obligations in an aggregate principal amount not to exceed \$9,305,000 and taxable obligations in an aggregate principal amount not to exceed \$5,500,000, respectively designated as the "California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)" (the "Tax-Exempt Bonds") and the

“California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019B (Taxable) (Green Bonds)” (the “Taxable Bonds,” and collectively with the Tax-Exempt Bonds, the “Bonds”), or, in each case, such alternate designation as may be approved by the Executive Director of the Authority, are hereby authorized to be issued. As set forth above, the Authority hereby designates each series of the Bonds as “Green Bonds”, based upon the receipt of the Green Bond Certification. 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 or taxable 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 (i) finance or refinance the Project (including without limitation, reimbursing the Borrower and/or its Affiliates (as hereinafter defined) for qualifying costs incurred for the Project prior to the issuance of the Bonds), (ii) fund certain reserves (if any) for the Bonds and the Project, (iii) fund capitalized interest on the Bonds and (iv) 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 September 10, 2019, or in the event of further extension by CDLAC of such Allocation or the transfer of new State Ceiling on Qualified Private Activity Bonds (“New Allocation”) from CDLAC to the Authority, before the expiration of such extension or the ninetieth (90th) day following such transfer, respectively, by negotiated sale, at such price and at such interest rate or rates and in such mode (taxable or tax-exempt) as she 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, as agent for sale, and the underwriter named in the Term Sheet (the “Underwriter”), and approved by the Borrower;
- (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 as of the date of this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) reviewing, 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, the Purchase Contract and the Limited Offering

Memorandum, and by delivery thereof in the case of the Preliminary Limited Offering Memorandum, subject to the transfer by CDLAC of New Allocation, if applicable. The Underwriter is hereby authorized to distribute the Preliminary Limited Offering Memorandum to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver a final Limited Offering Memorandum 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 one or more Affiliates 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 directly or indirectly 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 (including any applicable premiums), terms of any purchase in lieu of redemption, tender rights or put and call rights (including any applicable purchase prices) and other terms of each series 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 or through the facilities of 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

or through the facilities of The Depository Trust Company, on behalf of the Underwriter, upon payment of the purchase price thereof.

Section 10. The Allocation received by the Authority pursuant to the CDLAC Resolution, as extended by the Extension Letters, shall automatically revert to CDLAC unless the Authority has issued Tax-Exempt Bonds on behalf of the Borrower on or before September 10, 2019 pursuant to the terms of the Extension Letters. In addition to the Allocation extension granted by the Executive Director of CDLAC in the Extension Letters, 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 and New Allocation, if applicable, 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, delivery or, if any, remarketing of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Contract and the Limited Offering Memorandum. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any guaranty agreement, any certifications, including, one or more tax certificates.

Section 12. The provisions of Resolution No. 19-01-001 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 15, 2019 (the "Delegation Resolution"), apply to the documents and actions approved in this Resolution, and the provisions of such Delegation Resolution 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 that replaces or supersedes the Delegation Resolution.

Section 13. The provisions of the Initial Resolution No. 18-01, adopted by the Authority on February 20, 2018, apply to the documents and actions approved in this Resolution, and the provisions of such Initial 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 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 Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019A (AMT) (Green Bonds)

California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2019B (Taxable) (Green Bonds)

Maximum Amount of Issue: Tax-Exempt Bonds in an aggregate principal amount not to exceed \$9,305,000

Taxable Bonds in an aggregate principal amount not to exceed \$5,500,000

Issuer: California Pollution Control Financing Authority, Sacramento, CA

Borrower: North Fork Community Power, LLC

Guarantor: Phoenix Biomass Energy, Inc.

Trustee: UMB Bank, N.A.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: McGuireWoods LLP
San Francisco, CA

Remarketing Agent: To be determined prior to the undertaking of a remarketing, if any, pursuant to the Indenture

Project: Bond proceeds will finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power

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generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County. The specific location of the Project will be on an approximately 10-acre portion of a larger tract of approximately 40 acres, which in turn is part of a total mill site of approximately 110 acres with an address of 57839 Road 225, North Fork, California 93643. The addresses of the Project site and the mill site are subject to change pending subdivision and the assignment of permanent addresses by Madera County.

Maximum Bond Term:	Not to exceed thirty years
Type of Sale:	Limited offering
Description of Minimum Denominations:	\$250,000 or any integral multiple of \$5,000 in excess thereof
Financing Structure:	Fixed Rate
Maximum Interest Rate:	8.5% on the Tax-Exempt Bonds and 15.0% on the Taxable Bonds, in each case subject to any higher rates determined in accordance with the Indenture, including the default rate
Credit Enhancement:	Not applicable
Miscellaneous:	Mandatory redemption, optional redemption, purchase in lieu of redemption, tender rights and put and calls rights as provided for in the Indenture
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: November 13, 2018**

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

Prepared by: Kris Luoma

Applicant: North Fork Community Power, LLC and/or its affiliates	Amount Requested: \$14,205,000
	Application No.: 921(SB)
	Final Resolution No.: 18-01-585
Project Location: North Fork (County of Madera)	Prior Actions: IR 18-01 approved 2/20/18

Summary. North Fork Community Power, LLC and/or its affiliates (“North Fork” or the “Company”) request approval of a Final Resolution for an amount not to exceed \$14,205,000 comprised of \$9,305,000 in tax-exempt bonds and \$4,900,000 in taxable bonds to finance the construction of a forestry residue fueled biomass power plant in North Fork. The Company has obtained independent validation that the issuance meets the principles of a green bond.

Borrower. The Company is a small business which anticipates having approximately 12 - 20 employees upon completion. North Fork is a Limited Liability Corporation (LLC) which was organized on May 20, 2013. The Company will procure forestry sourced feedstock from suppliers that collect dead and felled trees from local forested areas. The feedstock is then subjected to heat without sufficient oxygen to enable combustion and is thus converted from a solid into a hydrogen rich gas and a solid carbon co-product (“biochar”). The gas is collected and used to fuel two generators which produce electricity. The electricity produced from this process will be sold to Pacific Gas and Electric (PG&E). On June 12, 2018, PG&E entered into an agreement to purchase the power from North Fork.

The principal stockholders of the Company are as follows:

North Fork Community Development Council, Inc.	44.55%
Phoenix Biomass Energy, Inc.	44.55%
Reliable Renewables, LLC	9.90%
Two Separate Entities	1.00%
Total:	<u>100.00%</u>

North Fork Community Development Council, Inc. is a 501(c)(3) for the North Fork community and is made up of the following Board of Directors members:

<u>Name</u>	<u>Officer/Partner/Member</u>
Dan Rosenberg	President (At large)
Sandy Chaille	Vice President (NF Fire Auxiliary)
Wade Wheeler	Treasurer (At large)
Barbara Colliander	Secretary (At large)

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Cathey Thornburg	(NF Boosters)
Tom Burdette	(At large)
Marcie Favelo	(At large)
Taylor Olney	(At large)
Gary Walker	(NF Mono Rancheria)
Mary Proper	(NF Women's Club)
Chris Salazar	(NF Chamber Of Commerce)
Ryan Schulte	(At large)
Claudia VanDenBergh	(Chawanakee Unified School District)
Maryanne Welton	(At large)

Phoenix Biomass Energy, Inc.

Kosciuszko Partners, LLC	35.263%
Gregory Stangl	23.152%
Ankur Scientific Energy Technologies Pvt. Ltd.	18.373%
Charlie & Alexis Galvin 2007 Living Trust	6.737%
17 separate entities owning less than 2% each	<u>16.475%</u>
Total:	<u>100.000%</u>

Kosciuszko Partners, LLC

Mirek Showron	19.80%
Gregory Stangl	46.90%
Marek Zdanowicz	<u>33.30%</u>
Total:	<u>100.00%</u>

Ankur Scientific Energy Technologies Pvt. Ltd.

Ankur Jain	100.00%
Total:	<u>100.00%</u>

Reliable Renewables, LLC

Zachary Scott, an individual	100.00%
Total:	<u>100.00%</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 February 8, 2018. There were no comments received in support of or in opposition to this Project.

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Fees. The Company has paid an application fee of \$5,000 and will pay an administrative fee of \$23,410 at closing.

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

Prior Financings. None.

Project Description. The Company intends to develop, build, own and operate a forestry residue-fueled biomass power plant. Bond proceeds will be used to construct the power plant, purchase and install gasification equipment, a fuel handling system, a power generator (a Jenbacher J612 engine) and utility interconnections to be used in the daily operation of the power plant. Bond proceeds will also be used for site improvements, working capital, capitalized interest and a bond reserve fund. Other sources of financing for the project include a grant in the amount of \$4,965,420 from the California Energy Commission (CEC) through its Electric Program Investment Charge (EPIC) grant program, and a federal New Market Tax Credit (NMTC) of \$811,480.

The power plant is being constructed on an approximately ten acre parcel of land that contains an abandoned saw mill and a decommissioned 10 megawatt power plant. The land is leased to North Fork Community Power, LLC by North Fork Community Council, Inc., which is a 501(c)(3) and part owner of North Fork Community Power, LLC.

The anticipated project and issuance costs are listed below:

Acquisition and Installation of New Equipment	\$ 5,981,087
Interest During Construction: 24 Months	\$ 3,051,850
Contingency	\$ 1,156,064
Engineering / Architecture	\$ 1,035,230
Utilities Connection	\$ 956,405
Bond Issuance Expenses	\$ 896,656
Site Preparation	\$ 698,560
Working Capital	\$ 429,148
Total	<u>\$14,205,000</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.

Anticipated Project Timeline. The project is anticipated to take approximately one year to construct and will be completed by the fourth quarter of the year 2020.

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CDLAC Allocation. The Company has applied to the California Debt Limit Allocation Committee (CDLAC), application number 18-025, for Allocation at its December 12, 2018 Board Meeting for an amount not to exceed \$9,305,000.

Local Government. The Company received a letter of support from Tom Wheeler, District Five, Board of Supervisors, County of Madera (See Attachment A).

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

Air Quality. By removal of the dead and dying trees, the Project will reduce the occurrence of wildfires. By reducing the number of wildfires, the air quality will improve because the number of days the air is filled with smoke has been reduced. The project will use sustainably harvested forest biomass which is currently being open pile burned and/or disposed of as feedstock creating emissions of short lived climate pollutants. The project helps the Governor meet the mandate of SB 1383 requiring reduction of such emissions, SB1122 requiring small scale bioenergy procurement, as well as meet the Governor’s October 2015 Tree Mortality Emergency Declaration.

Water Quality. The Project protects watersheds, because the majority of watersheds are replenished from water which flows through forested lands. As long as healthy forest ecosystems exist, sustainable volumes of high quality water will continue to flow into the watersheds. The water collected in the watersheds is used for drinking and agricultural usage.

Energy Efficiency. There is a tree mortality crisis in California. Many forested areas are experiencing a high volume of damaged and diseased trees mainly from bark beetle infestations. The North Fork Community Power Forest Bioenergy facility is one of the first forest-sourced biomass gasification power plants in California. The power plant facility will utilize sustainably harvested materials from forested lands, which are themselves a renewable source of energy.

Safety and Compliance. The Company will comply with all regulations regarding the safe removal of dead or diseased trees and the safe operation of the biomass power plant.

Reduced Rate Payer Costs. Clearing out dead and damaged trees will help reduce the risk of forest fires. As forest fire risk decreases, the cost of fire insurance paid by the rate payers may also decrease. Utilities infrastructure, which includes transmission lines, distribution lines, substations and power plants are vulnerable to fires. Reducing the risk of fire-related damage to the utility infrastructure, has a significant cost savings which is passed down to the rate payer.

Permitting and Environmental Approvals. The Company has received the following California Environmental Quality Act (CEQA) Notice of Determination (NOD), San Joaquin Valley Air Pollution Control District (SJVAPCD) permits, Madera County conditional Use Permit (CUP) and the Pacific Gas & Electric (PG&E) Power Purchase Agreement (PPA).

CEQA SCH 2015049017	NOD Mitigated Negative
CEQA NOD	Issued 4/28/2015

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SJVAPCD Authority to Construct Permit (Air)	Issued 3/20/2018
Madera County CUP Resolution # PCR 2013-16	Issued 6/03/2013
PG&E PPA	Signed 6/12/2018

The Authority to Construct Permits from SJVAPCD are only for the construction of the project and are in effect for two years. At the end of the two years from the date of issuance, North Fork is responsible for ordering an inspection of the project site to verify completion of the construction. After the inspection, the Company anticipates that the SJVAPCD will issue a Permit to Operate.

Green Bonds. The Company has engaged Edgar & Associates, Inc. to analyze whether the Project meets the Green Bond Principles (GBP) of the International Capital Market Association (ICMA) in connection with this financing. Edgar & Associates, Inc. delivered its final report on November 2, 2018, opining that the project meets such criteria for GBP and State of California environmental goals and policies, including: (i) renewable energy; (ii) environmental management of a sustainable living natural resource; (iii) wildfire mitigation; (iv) waste reduction; (v) biochar production; and (vi) use of land.

Edgar & Associates, Inc.’s independent assessment of the Project is that it meets the GBPs because it provides clear environmental benefits as below (the list is not exhaustive):

Environmental Impacts		
Benefit	Amount	Unit/Year
Mega Watt Hours (MWh) Produced	15,000	MWh
Tree Mortality Management - Black Derman Toy Model (BDT)	15,295	BDT
GHG Benefit of Biochar Metric tons – Metric Tons of Carbon Dioxide (MTCO _{2e})	3,945	MTCO _{2e}
Particulate Matter 10 Reduction – Metric Weight (MW)	38.2	tons/MW
Sulphur Oxides (SO _x) Reduction	.22	tons/MW
Carbon Monoxide (CO) Reduction	408.31	tons/MW
Volatile Organic Compound (VOC) Reduction	64.60	tons/MW
Nitrogen Oxide (NO _x) Increase (based on two MW power generators)	3.54	tons/MW

Emissions Source	Projected Greenhouse Gas Emissions (CO_{2e})
Construction Emissions	150.4 tons
	5 tons/year ²²
Project Emissions	14,590 tons/year
Mobile Operations	1,197 tons/year
Biochar	-1,043 tons/year
Reduced Open Burning	-13,729 tons/year
Total:	1,020 tons/year

Agenda Item 4.B.

- **Establishing an Independent Energy Facility** - The successful implementation of the biomass facility will support the economy in North Fork and serve as an example for a clean alternative to conventional incineration.
- **Addressing California's Tree Mortality Blight** - Due to prolonged drought, the increase of bark beetle pests, and progressively warmer years, California has been left with over 100 million of tree mortalities which continues to be a potential wildfire threat. This project creates an economic outlet to support forest health and remove dead and dying trees.
- **Prevent Environmental Damage** – The North Fork Project is to be completed without a significant impact on the environment which can occur as a direct / indirect result from the project. Fuel for the project will be sourced from sustainable existing dead trees and will not result in additional tree mortality. Furthermore, the gasification of the wood will not produce any significant air pollutants.

Pursuant to the Green Bond Principles, the Borrower will publish and provide to the Authority an annual report providing an overview of the Project financed. The following information, at a minimum, will be published quarterly upon commencement of the Project:

- Tonnage of feedstock, in bone dry tons, used for gasification during the quarter.
- Energy production, in Megawatt hours, produced from gasification.
- Estimate of avoided greenhouse gas emissions, in avoided metric tons of Carbon Dioxide Equivalent (MTCO_{2e}), from producing alternative energy.
- Amounts of conventional fuel, such as diesel fuel or gasoline, consumed from the project and its supporting activities.
- Expenditure of bond funds, by category, spent on project costs.
- A qualitative assessment of the project to provide verbal context to the environmental data presented.
- A summary estimate of emissions *caused* by the project.
- Estimates of environmental benefits produced from project outset, year to date, and per bond dollar invested.

CPCFA staff acknowledges the quantification of the environmental benefits of the Project, principally the significant benefits supporting well-established State objectives to improve energy efficiency, reduce greenhouse gases prevent and control pollution. In consultation with its advisors including bond counsel, CPCFA staff confirms that the technical report finalized by Edgar & Associates and delivered in connection with the financing is consistent with the commonly accepted Green Bond Principles, and recommends that the Authority in approving the financing of the Project also recognize the Borrower's self-certification of the issuance as a Green Bond.

Financing Details. The Company anticipates a Limited Public Offering to Lapis Advisors, LP a Qualified Institutional Buyer (QIB) as defined in SEC Rule 144A under the Securities Act of 1933, non-credit enhanced obligations, fixed-rate (8.50% tax-exempt Bonds and 15% taxable Bonds), term not to exceed 30 years, Solid Waste Disposal Revenue Bonds, subject to an Investor Letter

Agenda Item 4.B.

and minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof and restrictions on transfers to QIBs.

The Bonds may be secured by a debt service reserve fund. Loan repayments by the Company will be secured by a gross revenue pledge, a 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, which may include a debt service coverage ratio requirement, a day's cash on hand requirement, and a capital replacement fund requirement. The Company's obligations under the loan agreement will further be secured by a guaranty from Phoenix Biomass Energy, Inc.

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

As part of this effort, a draft Preliminary Limited Offering Memorandum (PLOM) has been prepared and is also being presented to the Authority for approval. A link to the PLOM can be found here: <https://mcguirewoods.sharefile.com/d-sca16bd4c91d4ccd9>

The target date for closing is December of 2018. The Bonds will be designated as "Green Bonds" and the Company has provided self-certification (with supporting third-party verification) that the Bonds meet the requirements of Green Bond principles, all as further described in the attached Final Resolution and independent report.

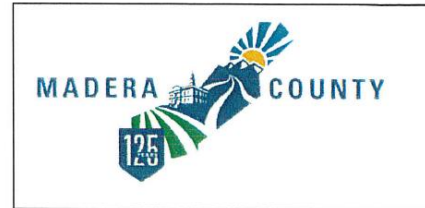
Financing Team.

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

Staff Recommendation. Staff recommends approval of Final Resolution No. 18-01-585 for an amount not to exceed \$14,205,000, which is comprised of \$9,305,000 in tax-exempt and \$4,900,000 in taxable bonds, for North Fork Community Power, LLC and/or its affiliates.

Attachment A

BOARD OF SUPERVISORS
Office of Supervisor
Tom Wheeler, District 5
200 West 4TH Street
Madera, CA 93637
559-662-6050



January 17, 2017

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
North Fork Community Power Project

Dear Ms. Webster-Hawkins:

I write to you today on behalf of North Fork Community Power relating to their environmental project for which approval will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in March. My staff and I have worked with the management of North Fork Community Power over the last few years in their development and permitting of the proposed project.

They now are ready for final approval of the financing and I understand that in order to receive approval the CPCFA must grant part of the State's allocation for "private activity" bonds, as defined by the federal government, to the project. The implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

I would appreciate it if you would approve the North Fork Community Power Project at your meeting in March. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Tom Wheeler".

**FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS
TO FINANCE SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT
OF NORTH FORK COMMUNITY POWER, LLC AND/OR ITS AFFILIATES**

November 13, 2018

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of North Fork Community Power, LLC, a California limited liability company (the “Borrower”), for financial assistance for the Borrower and/or its affiliates to finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County, California, as more particularly described in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”) and incorporated herein (the “Project”); and

WHEREAS, to assist in the financing or refinancing of the Project, the Borrower has requested the Authority to issue its revenue bonds from time to time in an aggregate principal amount not to exceed \$14,205,000, consisting of tax-exempt bonds in an aggregate principal amount not to exceed \$9,305,000 and taxable bonds in an aggregate principal amount not to exceed \$4,900,000, all as further described herein; 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. 18-025, to (i) finance or refinance certain costs of the Project, (ii) fund certain reserves (if any) for the Bonds (defined below) and the Project, (iii) fund capitalized interest on the Bonds and (iv) pay certain costs of issuance of the Bonds, all 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 to Loan Agreement with the Authority, and Phoenix Biomass Energy, Inc., a Delaware corporation (the “Guarantor”), will, subject to the terms of the hereinafter referred to Guaranty Agreements, guaranty the payments by the Borrower under such Loan Agreement; 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; and

WHEREAS, the Borrower has represented to the Authority that (i) the Bonds meet the guidelines to be classified as “Green Bonds” under the International Capital Market Association’s

Agenda Item 4.B.

Green Bond Principles (the “Green Bond Principles”), (ii) the Borrower has received third-party verification that the Bonds align with the requirements of the Green Bond Principles, in the form of an Independent Consultant’s Report delivered by Edgar & Associates, Inc. (the “Green Bond Certification”) and (iii) the Green Bond Certification and related criteria and reporting requirements will be described in materials prepared for potential purchasers of the Bonds; and

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

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,” both within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority in an aggregate principal amount not to exceed \$14,205,000, consisting of tax-exempt obligations in an aggregate principal amount not to exceed \$9,305,000 and taxable obligations in an aggregate principal amount not to exceed \$4,900,000, respectively designated as the “California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2018A (AMT) (Green Bonds)” (the “Tax-Exempt Bonds”) and the “California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2018B (Taxable) (Green Bonds)” (the “Taxable Bonds,” and collectively with the Tax-Exempt Bonds, the “Bonds”), or, in each case, such alternate designation as may be approved by the Executive Director of the Authority, are hereby authorized to be issued. As set forth above, the Authority hereby designates each series of the Bonds as “Green Bonds”, based upon the receipt of the Green Bond Certification. 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 or taxable 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 (i) finance or refinance the Project (including without limitation, reimbursing the Borrower and/or its Affiliates (as hereinafter defined) for qualifying costs incurred for the Project prior to the issuance of the Bonds), (ii) fund certain reserves (if any) for the Bonds and the Project, (iii) fund capitalized interest on the Bonds and (iv) 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 the ninetieth (90th) day following the transfer of the Allocation from CDLAC to the Authority, by negotiated sale, at such price and at such interest rate or rates and in such mode (taxable or tax-exempt) 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, as agent for sale, and the underwriter named in the Term Sheet (the “Underwriter”), and approved by the Borrower;
- (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 as of the date of this meeting, with such insertions, deletions or changes therein in substantial conformance with the Term Sheet as the officer(s) reviewing, 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, the Purchase Contract and the Limited Offering Memorandum, and by delivery thereof in the case of the Preliminary 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 to persons who may be interested in the purchase of the Bonds. The Underwriter is hereby directed to deliver a final Limited Offering Memorandum 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 one or more Affiliates of the Borrower. For

purposes of this Final Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and directly or indirectly 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 (including any applicable premiums), terms of any purchase in lieu of redemption, tender rights or put and call rights (including any applicable purchase prices) and other terms of each series 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 or through the facilities of 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 or through the facilities of The Depository Trust Company, on behalf of the Underwriter, 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 Tax-Exempt 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, delivery or, if any, remarketing of the Bonds, and otherwise to effectuate the purposes of this Final Resolution and the Indenture, the Loan Agreement, the Purchase Contract and the Limited Offering Memorandum. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any guaranty agreement, any certifications, including, one or more tax certificates.

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 Final Resolution, and the provisions of such Delegation Resolution 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 that replaces or supersedes the Delegation Resolution.

Section 13. The provisions of the Initial Resolution No. 18-01, adopted by the Authority on February 20, 2018, apply to the documents and actions approved in this Final Resolution, and the provisions of such Initial 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 Final Resolution.

Section 17. This Final 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 Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2018A (AMT) (Green Bonds)

California Pollution Control Financing Authority Senior Lien Solid Waste Disposal Revenue Bonds (North Fork Community Power, LLC Project), Series 2018B (Taxable) (Green Bonds)

Maximum Amount of Issue: Tax-Exempt Bonds in an aggregate principal amount not to exceed \$9,305,000

Taxable Bonds in an aggregate principal amount not to exceed \$4,900,000

Issuer: California Pollution Control Financing Authority, Sacramento, CA

Borrower: North Fork Community Power, LLC

Guarantor: Phoenix Biomass Energy, Inc.

Trustee: UMB Bank, N.A.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: McGuireWoods LLP
Richmond, VA

Remarketing Agent: To be determined prior to the undertaking of a remarketing, if any, pursuant to the Indenture

Project: Bond proceeds will finance or refinance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a solid waste, wood and forestry residue fueled community scale biomass power

Agenda Item 4.B.

generation facility, including associated equipment, improvements and appurtenances, to be located in Madera County. The specific location of the Project will be on an approximately 10-acre portion of a larger tract of approximately 40 acres, which in turn is part of a total mill site of approximately 110 acres with an address of 57839 Road 225, North Fork, California 93643. The addresses of the Project site and the mill site are subject to change pending subdivision and the assignment of permanent addresses by Madera County.

Maximum Bond Term:	Not to exceed thirty years
Type of Sale:	Limited offering
Description of Minimum Denominations:	\$250,000 or any integral multiple of \$5,000 in excess thereof
Financing Structure:	Fixed Rate
Maximum Interest Rate:	8.5% on the Tax-Exempt Bonds and 15.0% on the Taxable Bonds, in each case subject to any higher rates determined in accordance with the Indenture, including the default rate
Credit Enhancement:	Not applicable
Miscellaneous:	Mandatory redemption, optional redemption, purchase in lieu of redemption, tender rights and put and calls rights as provided for in the Indenture
Anticipated Bond Rating:	Unrated
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Mark Holmstedt, (925) 472-8747