

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: October 4, 2019

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

Prepared by: *Alison French-Tubo*

Applicant: Aemetis Advanced Products Riverbank, Inc. and/or its affiliates	Amount Requested: \$200,000,000 Application No.: 928(SB)
Project Location: Modesto (Stanislaus County)	Initial Resolution No.: 19-02

Summary. Aemetis Advanced Products Riverbank, Inc. and/or its affiliates, including, Aemetis Riverbank, Inc., and Aemetis Properties Riverbank, Inc. (the “Company” or “Aemetis”) requests approval of an Initial Resolution for an amount not to exceed \$200,000,000 to finance costs relating to the construction of facilities for treatment and disposal of solid waste consisting of a plant for the conversion of solid agricultural waste into ethanol (collectively, the “Project”).

Borrower. The Company is a small business with 140 employees at its existing locations in California and India. Aemetis is constructing the Project to use a licensed gasification and fermentation technology to convert solid waste from agricultural sources (wood waste and nut shells) into cellulosic ethanol.

Aemetis Advanced Products Riverbank, Inc. was formed October 3, 2019 and is owned by Aemetis Riverbank, Inc. along with sister company Aemetis Properties Riverbank, Inc. Aemetis Advanced Products Keyes, Inc. is a related entity which received a Sales Tax Exclusion award from our sister agency, CAETFA, of \$12,797,224 on December 18, 2018. See line item 92 here <https://www.treasurer.ca.gov/caeatfa/meeting/2019/20190716/staff/3.pdf>

Legal Questionnaire. 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.

Project Description. The Company will use bond proceeds to finance the acquisition of property at 5300 Claus Road, Modesto, CA 95357 and to build an ethanol production plant there which when finished will use 540 tons per day of locally sourced agricultural green waste biomass (agricultural wood waste and nutshells) as feedstock. The licensed gasification and fermentation technology is expected to produce 12.54 million gallons of ethanol per year. The Company is experienced in this production at its existing ethanol production location in Keyes, CA. The Company also has an integrated fuels and chemical production facility in Kakinada, India.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in December of 2019.

Financing Details. The Company anticipates the issuance of tax-exempt bonds through a limited public offering.

Financing Team.

Underwriters: JP Morgan Securities LLC

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Initial Resolution No. 19-02 for Aemetis Advanced Products Riverbank, Inc. and/or its affiliates for an amount not to exceed \$200,000,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES
FOR AEMETIS ADVANCED PRODUCTS RIVERBANK, INC. AND/OR ITS
AFFILIATES**

October 4, 2019

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds or notes for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Aemetis Advanced Products Riverbank, Inc., a Delaware corporation (“Applicant”), has requested that the Authority assist in financing or refinancing the acquisition, construction, or equipping of facilities for the processing of agricultural waste-to-ethanol (the “Project” or “Facilities”), and has presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide agricultural waste-to-ethanol facilities which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Facilities be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds or notes of the Authority will be made available to finance such Facilities; and

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

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$200,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Facilities; and

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

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

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant 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 Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$200,000,000 principal amount of notes of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities prior to the issuance of the bonds or notes.

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

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

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

Section 5. The Executive Director of the Authority has authority under Authority Resolution 19-01-001 to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of notes within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on date three years after approval date unless prior thereto the Authority or Executive Director specifically adopts a further resolution extending the effective date of this Initial

Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the project and any additional information requested by the Authority to supplement the Company's application.

EXHIBIT A

NUMBER: 928(SB)

PROJECT LOCATION: 5300 Claus Road, Modesto, California 95357

PROJECT DESCRIPTION: Acquisition, construction, or equipping of an ethanol production plant designed to produce cellulosic ethanol using locally sourced agricultural green waste biomass as feedstock

TYPE: Agricultural Waste-to-Ethanol Facility

AMOUNT: Up to \$200,000,000