

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: November 17, 2020

***Request To Approve Final Resolution Authorizing the Issuance of Tax-Exempt Revenue
Notes for New Money Purposes, and a Resolution
Dedicating a Partial Tax-Exempt Volume Cap Allocation***

Prepared by: Solomita Malko

Applicant:	Organic Energy Solutions, LLC, and/or its affiliates	Amount Requested:	\$29,000,000
Project	City of San Bernardino	Application No.:	901(SB)
Location:	(San Bernardino County)	Final Resolution No.:	20-01-602
		Allocation Resolution No.:	19-073-06
		Prior Action:	Original IR approved on 2/21/2017 IR extension approved on 2/20/2020

Summary. Organic Energy Solutions, LLC, and/or its affiliates (the “Borrower”) request approval of a Final Resolution for an amount not to exceed \$29,000,000 in tax-exempt notes. The Borrower is also requesting approval of a Resolution for the dedication of a Volume Cap Allocation in the amount of \$5,322,776. The remaining allocation amount of \$23,677,224 to total \$29,000,000 has been requested from CDLAC and will be presented at the November 18, 2020, meeting. The Borrower has developed an anaerobic digestion/renewable energy system. Note proceeds will be used for pre-development expenses and for the acquisition and installation of anaerobic digester equipment for the system to accept approximately 300 tons per day of food waste comprised of 80 tons per day of commercial source separated food waste delivered in pumpable form with an approximate 20% solids content and an additional 220 tons per day of food industry waste (collectively the “Project”).

Borrower. Organic Energy Solutions, Inc., which was formed originally as a California S-corporation organized on March 14, 2014, filed an election in 2019 under California law to convert the corporation to a California limited liability company. As part of the conversion, the legal name of the entity was changed to Organic Energy Solutions, LLC.

As part of its initial capitalization, the Borrower completed an energy investment tax credit transaction. At present, the Borrower is owned 99% by the energy investment tax credit purchaser, Seaboard Kansas Holdings, Inc., an affiliate of Seaboard Corporation, a publicly traded company. After a seven-year period that includes the energy investment tax credit recapture-period, the Borrower’s long-term principal stockholders will be as follows:

<u>Organic Energy Solutions, LLC</u>	
Resource Recovery Managers LLC	70%
Seaboard Kansas Holdings, Inc.	<u>30%</u>
Total:	<u>100%</u>

<u>Ownership of Resource Recovery Managers LLC</u>	
Inland Empire Resource Recovery LLC	50%
BSR Holding I, LLC	<u>50%</u>
Total:	<u>100%</u>

<u>Inland Empire Resource Recovery LLC</u>	
Sergio Perez	80%
Michael Brown	<u>20%</u>
Total:	<u>100%</u>

<u>BSR Holding I LLC</u>	
BioStar Renewables, LLC	60%
John Martin	20%
Lee Ullman	<u>20%</u>
Total:	<u>100%</u>

<u>Biostar Renewables</u>	
William Love	60%
John Martin	20%
Lee Ullman	<u>20%</u>
Total:	<u>100%</u>

Legal Status Questionnaire. Staff has reviewed the Borrower’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.

Tax Equity and Fiscal Responsibility Act (TEFRA). The TEFRA hearing was held on October 9, 2020. There were no comments received in support of or in opposition to this project.

Fees. The Borrower has paid an application fee of \$5,000 and will pay an administrative fee of \$53,000 at closing.

Small Business Assistance Fund (SBAF) Eligibility. The SBAF, established in Section 8041 of Division 11 of Title 4 of the California Code Regulations, is funded by fees collected from large-business borrowers with more than 500 employees to help offset the costs of issuance for small businesses that participate in the program. The SBAF assistance is available on a sliding scale to small-business borrowers, defined in Section 8020(l) of Division 11 of Title 4 of the California Code of Regulations as those who employ no more than 500 employees, unless the par amount of

Agenda Item 4.B.
Resolution No. 20-01-602

the bond issue is above \$13,750,000. The Borrower is a small business, but it is not eligible for assistance from the Small Business Assistance Fund due to the par amount of the note issue.

Project Description. The Project, referred to as the San Bernardino Anaerobic Digestion and Power Production Facility, is located at 2586 Shenandoah Way in San Bernardino. The site is leased from Imperial Western Product (“IWP”). The site is the principal place of business for Co-West Commodities (“Co-West”), a division of IWP.

The lease agreement includes approximately one acre of paved area on the north edge of Co-West’s facility. The existing project site consists of approximately 10,000 square feet where all the receiving, processing, digestion, biogas clean-up, power generation and wastewater treatment equipment will be installed. No additional buildings are planned to be constructed, as the site lease will include a portion of Co-West’s existing office and warehouse space.

The anaerobic digestion/renewable energy system is anticipated to be at full operation by the end of 2020. At full capacity, the system will accept approximately 300 tons per day of food waste comprised of 80 tons per day of commercial source separated food waste delivered in pumpable form with an approximate 20% solids content (“FW Slurry”) and an additional 220 tons per day of food industry waste. The FW Slurry will be delivered from three primary sources as follows:

- 80 tons per day of source-separated food waste collected by Burrtec Waste Industries (“Burrtec”) West Valley MRF,
- 190 tons per day of industrial food waste collected and processed by IWP/Co-West at their San Bernardino site, and
- 30 tons per day of industrial food waste received directly from food processing industrial firms, including Baker Commodities.

Burrtec, Co-West and Baker Commodities processed food waste known as FW Slurries are being supplied to the Borrower under existing long-term contracts. Additional industrial FW Slurry sources are being procured under short-term contracts and an on-the-spot market to obtain the high tipping fees associated with disposal of this type of waste. There is a tipping fee for all incoming waste and the ones under contract with the Borrower have agreed upon a tipping fee. If there is capacity and a customer wants to deliver waste on a non-contract basis, the tipping fee may be higher, or less. Some waste may have a higher tipping fee.

The FW Slurry is accepted at the Borrower’s project site and fed into the anaerobic digestion (“AD”) system. The biogas produced by the AD system is used to fuel clean-burn, reciprocating engine generators for the production of renewable electricity for delivery to Southern California Edison. The Company and Southern California Edison have a 20-year long-term power purchase agreement under the Renewable Market Adjusting Tariff (“RE MAT Program”). The RE MAT Program is a feed-in tariff program for small renewable generators less than 3 MW in size. Through the RE MAT program, 226 MW of capacity are available to eligible projects through a fixed-price standard contract to export electricity to Southern California Edison.

The solid byproducts will be transported to Burrtec and other local compost operations. Wastewater will be utilized to manufacture organic liquid fertilizer by an affiliated company with

Agenda Item 4.B.
Resolution No. 20-01-602

the treated clean water used on-site as process water and at Burrtec’s West Valley MRF. The wastewater will also be used at compost sites for dust control, compost and food waste moisture adjustment. If any wastewater remains, it will be discharged at the site along with Co-West’s treated wastewater into the City of San Bernardino’s sewer system and possibly the Inland Empire Brine Line.

Furthermore, the Borrower received a \$4,000,000 grant from the California Energy Commission (“CEC”) covering a significant portion of the project development and construction costs. Funds from the CEC grant have been received and spent. The Project is very close to completion and full operational status is anticipated in the next several months.

The anticipated Project and issuance costs are listed below:

Pre-Development Expenses	\$1,049,000
Acquisition and Installation of New Equipment	\$25,621,000
Bond Issuance Expenses	\$1,430,000
Bond Reserve Fund	<u>\$900,000</u>
Total:	<u>\$29,000,000</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 note documents, that all assets purchased with note 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 has been initiated, and all proceeds are expected to be spent at closing or shortly thereafter.

Volume Cap Allocation. In conjunction with the approval of the Final Resolution, the Borrower has applied for \$5,322,776 of the 2018 carryforward exempt facility private activity bond allocation that CPCFA received from the California Debt Limit Allocation Committee. CPCFA has also submitted an application on behalf of the Borrower to be considered for a volume cap allocation in the amount of \$23,677,224 from the California Debt Limit Allocation Committee at its November 18, 2020 meeting.

Local Government. The Borrower received a letter of support from Oliver Mujica, Planning Division Manager for the City of San Bernardino (Attachment A).

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

Agenda Item 4.B.
Resolution No. 20-01-602

Air Quality. The Borrower states, “By diverting up to 300 tons per day of food waste from landfills, the Project is expected to reduce greenhouse gas emissions in accordance with State mandates, including SB 1383.”

Water Quality. The Borrower states, “The Project will recycle up to 80,000 gallons of water, extracted from the food waste slurry. This will be reclaimed from the digestate by running it through a series of screens, ultra-filters, reverse osmosis system and a proprietary ammonia extraction process. The reclaimed water will be used on site at Co-West and our AD process and delivered to composters and waste treatment plant operators for use in their composting, food waste slurring and dust control activities.”

Energy Efficiency. The Borrower states, “The Project creates over 20 million kilowatt hours per year of renewable electricity, enough to power over 3,000 homes. A portion of the energy generated would be used onsite, thereby reducing the demand for energy from local suppliers. The plant incorporates state-of-the-art energy efficiency systems, including high efficiency pumps and motors, process automated controls, insulation and thermal energy recovery systems on both power generation modules for digester heating.”

Recycling. The Borrower states, “The Project is intended to annually convert approximately 105,000 tons of food waste into approximately 2.6MW of renewable electricity from methane generated in the process. The project will also reclaim reusable water and compostable solids.”

Safety and Compliance. The Borrower states, “Implementation of the Project would result in the safe disposal of food waste, in compliance with all applicable State and Federal environmental regulations regarding solid waste disposal. It is important to note that the California Integrated Waste Management Act of 1989 (AB 939), AB 32, SB32, and AB 1826 as well as the United States Resource Conservation and Recovery Act (RCRA) mandate the need to minimize the amount of organic material landfilled, which the Project will achieve.”

Consumer Cost Savings and Efficiencies. The Borrower states, “Utilization of CPCFA tax-exempt financing will lower interest cost. The lower interest rate compared to conventional financing assisted in a reduced tipping fee cost to the food waste generators making their cost to comply with food waste diversion affordable.”

Permitting and Environmental Approvals. The Borrower has provided a signed letter from Sergio Perez, President and Co-Managing Member of Organic Energy Solutions, articulating that that the Project is operating pursuant to an Operating permit from the County of San Bernardino. The Company has satisfied the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code)(CEQA) and has received a Notice of Determination and a conditional use permit from the City of San Bernardino. It does not require a new CEQA process nor any additional discretionary permits.

Financing Details. The Borrower anticipates a direct bank purchase of negotiated tax-exempt notes with Live Oak Banking Company, which is a Qualified Institutional Buyer (QIB) as defined in SEC Rule 144A under the Securities Act of 1933, in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof. Subsequent transfer is restricted to the transfer

Agenda Item 4.B.
Resolution No. 20-01-602

of the note in whole. The target date for financing is December 15, 2020. This financing structure will provide significant cost savings to the Borrower.

Financing Team.

Municipal Advisor to Borrower: Westhoff, Cone & Holmstedt
Note Counsel: Orrick, Herrington & Sutcliffe LLP
Issuer's Counsel: Office of the Attorney General
Trustee: The Bank of New York Mellon Trust Company, N.A.

Staff Recommendation. Staff recommends approval of Final Resolution No. 20-01-602 in an amount not to exceed \$29,000,000 and a Volume Cap Allocation Resolution No. 19-073-06 in the amount of \$5,322,776 for Organic Energy Solutions, LLC, and/or its affiliates.

Attachment A



City of
San Bernardino

Community & Economic Development | Oliver Mujica, Planning Division

September 14, 2020

Mr. Larry Flood
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

**SUBJECT: California Debt Limit Allocation Committee, Exempt Facility Approvals
Organic Energy Solutions, LLC Project**

Dear Mr. Flood:

I write to you today on behalf of Organic Energy Solutions, LLC relating to their environmental project for which approval will be requested at the next California Debt Limit Allocation Committee ("CDLAC") meeting.

My staff and I have worked with the management of Organic Energy Solutions over the last few years in their development and permitting of the proposed project and they now are ready for final approval of the financing. I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "project" economics have been based, that CDLAC must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project.

We and Organic Energy Solutions agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of San Bernardino, I would appreciate it if you would approve the Organic Energy Solutions, LLC Project at your next meeting.

Should you have any questions regarding this matter, please do not hesitate to contact me directly at (909) 384-7272 extension 3332 or via email at mujica_ol@sbcity.org.

Respectfully,

A handwritten signature in blue ink, appearing to read "O. Mujica", followed by a horizontal line.

Oliver Mujica
Planning Division Manager

290 North D St, San Bernardino, CA 92401 | P: 909-384-7272 | F: 909-384-5155 | www.SBCity.org

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE NOTES
FOR THE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF ORGANIC ENERGY SOLUTIONS, LLC, AND/OR ITS AFFILIATES**

November 17, 2020

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Organic Energy Solutions, LLC, a California limited liability company (the “Borrower”) for financial assistance to finance and/or refinance a portion of the costs of acquisition, construction, rehabilitation, improvement, and/or installation of buildings and related facilities and the acquisition of equipment for an anaerobic digestion/renewable energy facility that processes solid waste, consisting of commercial and industrial food waste, source separated from municipal solid waste, to be located at 2586 Shenandoah Way, San Bernardino, California, 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 notes from time to time in an amount not to exceed \$29,000,000 to assist in the financing or refinancing of the Project; and

WHEREAS, the Authority has applied for a portion of the 2020 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for notes executed in tax-exempt mode for the Project as described in CDLAC Application No. 20-007, to finance or refinance certain costs of the Project and to pay certain costs of issuance of the Notes (defined below), so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Notes; and

WHEREAS, the Borrower has requested that the Notes be delivered in installments as described in the hereinafter referred indenture; and

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

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

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with California Environmental Quality Act (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 (Division 27 (commencing with Section 44500) of the Health and Safety Code) (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Notes (Organic Energy Solutions, LLC Project), Series 2020” (the “Notes”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$29,000,000, are hereby authorized to be issued. The Notes 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 Notes 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 Notes) and to pay certain costs of issuance of the Notes. The Notes may be issued as a single issue for federal tax purposes with delivery of the Notes against proceeds done in periodic installments under a draw down mechanism.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Notes, at one time or from time to time on or before December 31, 2021, 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 Notes 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 Notes (the “Loan Agreement”) between the Authority and the Borrower;

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

(iii) a note purchase contract relating to the Notes (the “Purchase Contract”) among the Authority, the Treasurer of the State of California, as agent for sale, and the bank named in the Term Sheet, as purchaser (the “Purchaser”), and as approved by the Borrower

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, 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 Notes 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 or Notes 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 Notes shall be as provided in the Indenture, as finally executed.

Section 9. The Notes shall be executed by the manual or facsimile signature of the Chair or any Deputy to the Chair 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 Notes, 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 Notes by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Notes, when duly executed and authenticated, to the Purchasers 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 Notes to the Purchasers upon payment of the purchase price thereof either in one payment or installments, as applicable.

Section 10. The Allocation requested by the Authority, if approved by CDLAC, shall automatically revert to CDLAC unless the Authority has executed Notes 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.

Agenda Item 4.B.
Resolution No. 20-01-602

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 Notes, 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. 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 Resolution No. 19-01-001 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. 17-01, adopted by the Authority on February 21, 2017, and the Amendment of Initial Resolution No. 17-01, adopted by the Authority on February 20, 2020, 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, Indenture and Purchase Contract expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in CDLAC's Resolution. Once the Notes are executed 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 Variable Rate Demand Solid Waste Disposal Revenue Notes (Organic Energy Solutions, LLC, Project), Series 2020 (the “Notes”)
Maximum Amount of Issue:	\$29,000,000
Issuer:	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
Borrower:	Organic Energy Solutions, LLC
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Underwriter:	Not applicable
Purchaser:	Live Oak Banking Company
Note Counsel:	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
Remarketing Agent:	Not applicable
Project:	The Project consists of the financing and/or refinancing of a portion of the costs of acquisition, construction, rehabilitation, improvement, and/or installation of buildings and related facilities and the acquisition of equipment for an anaerobic digestion/renewable energy facility that processes solid waste, consisting of commercial and industrial food waste, source separated from municipal solid waste, to be located at 2586 Shenandoah Way, San Bernardino, California 92407; and payment of associated costs of the financing.
Maximum Note Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale; private placement

Agenda Item 4.B.
Resolution No. 20-01-602

Description of Minimum Denominations:	Initially \$250,000 and any integral multiple of \$5,000 above that amount
Financing Structure:	Initially fixed rate notes based, convertible to variable or other fixed rate modes. Notes will be transferable by Purchaser to either an affiliate of the Purchaser or, upon delivery of a purchaser letter, a “Qualified Institutional Buyer”, as defined in Rule 144A of the Securities Act of 1933.
Maximum Interest Rate:	Lesser of 12% or the maximum rate permitted by law
Letter of Credit:	Not applicable
Other Credit Enhancement:	Not applicable
Anticipated Note Rating:	Unrated
Type of Financing:	Solid waste disposal revenue notes
Prepared by:	Andre Ospital-Cone (925) 472-8750

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 19-073-06

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2018 STATE
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN
EXEMPT FACILITY PROJECT**

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from Organic Energy Solutions, LLC (“Project Sponsor”) for approval of the issuance of revenue notes or other obligations; and

WHEREAS, on November 17, 2020, CPCFA approved Final Resolution No. 20-01-602 (“Final Resolution”) authorizing the issuance of up to \$29,000,000 of its solid waste disposal revenue notes (Organic Energy Solutions, LLC Project) Series 2020 (“Notes”); and

WHEREAS, in seeking CPCFA approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA, which were relied upon by CPCFA in approving the Final Resolution; and

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2018 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and regulations. Accordingly, capitalized terms (with the exception of “Executive Director,” which shall mean the Executive Director of CPCFA) not otherwise defined shall have the meanings ascribed to them in the regulations of CDLAC implementing the Allocation of the State Ceiling on Private Activity Bonds under Division 9.5 of Title 5 of the California Code of Regulations (“CDLAC Regulations”); and

WHEREAS, it is appropriate for CPCFA to confirm the use of a portion of the 2018 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Notes as set forth in the Final Resolution;

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of \$5,322,776 is hereby dedicated to the issuance of the Notes. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Notes for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

Agenda Item 4.B.
Resolution No. 20-01-602

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Notes, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Notes must be reported to the Executive Director and shall require reconsideration by the CPCFA before the CPCFA Allocation may be used for the Project.

Section 4. The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Notes for the Project have been issued by CPCFA by the close of business ninety (90) days from the date hereof. In a case of extreme hardship, the CDLAC Executive Director may extend this date by up to five (5) business days. In addition, the CDLAC Executive Director may also approve a maximum of two (2) extensions of up to ninety (90) days each, which approval shall not be unreasonably withheld. Any extension beyond the original deadline to issue will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited, unless the waiver of forfeiture is approved by CDLAC consistent with section 5052 of the CDLAC Regulations.

Section 5. Within fifteen (15) calendar days of the Note closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Notes by submitting the appropriate completed Report of Action Taken in a form prescribed by and made available by CDLAC.

Section 6. Any differences between the amount of Notes issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

Section 7 In consideration of the CPCFA Allocation dedicated in Section 1 of this resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Notes. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Noteholders. In addition, CPCFA shall ensure that the Note documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 8. CPCFA will not approve the issuance of any Notes in connection with this Allocation until the Project Sponsor has demonstrated to CPCFA's satisfaction that all environmental permits and other state and local approvals are in place.

Section 9. In accordance with Section 5145(b) of Title 4 of the California Code of Regulations, the Project Sponsor or its successor in interest shall submit to CPCFA each year by

Agenda Item 4.B.
Resolution No. 20-01-602

February 1 an annual Certification of Compliance II until the Project Sponsor has completed the Project and submitted a Certificate of Completion. CPCFA shall confirm the receipt of the certificates to CDLAC by March 1 annually through the online compliance certification system until project completion. Copies of the certification forms may be found at <http://www.treasurer.ca.gov/cdlac>. Failure to submit the required certifications may result in the disqualification from future dedications of the State Ceiling on Qualified Private Activity Bonds.

Section 10. This Resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 19-073-05
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A**

1. Project Sponsor: ORGANIC ENERGY SOLUTIONS, LLC, AND/OR ITS AFFILIATES
2. Application #: 901(SB)
3. Project User: Same as Project Sponsor
4. Project Name: San Bernardino Anaerobic Digestion and Power Production Facility
5. Project Locations: 2586 Shenandoah Way
San Bernardino, CA 92407
6. Direct Bank Purchaser: Live Oak Banking Company
7. Amount of Allocation: \$5,322,776
8. Pursuant to Section 5145(d) of the CDLAC Regulations, CDLAC must be designated in the bond documents to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.