

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Approval Date: December 16, 2020**

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

Prepared by: *Solomita Malko*

<b>Applicant:</b>	Valley Green Fuels LLC, and/or its affiliates	<b>Amount Requested:</b>	\$250,000,000
<b>Project Location:</b>	City of Bakersfield (Kern County)	<b>Application No.:</b>	943(SB)
		<b>Initial Resolution No.:</b>	20-10

**Summary.** Valley Green Fuels LLC, and/or its affiliates (the “Company”) requests approval of an Initial Resolution (“IR”) for an amount not to exceed \$250,000,000 in tax-exempt bonds. Bond proceeds will be used to finance the conversion of an asphalt and biofuels terminal to a renewable fuels refinery (the “Project”).

**Borrower.** Valley Green Fuels LLC, which was organized on December 30, 2019, in Delaware, is a renewable fuels firm that converts solid waste to low-carbon transportation fuel.

The principal stockholders of the Company are as follows:

Valley Green Fuels LLC

NTR VGF LLC	51.0%
California Renewable Fuels LLC	24.0%
KND9 Partners LLC	12.5%
Oestmann LLC	<u>12.5%</u>
<b>Total:</b>	<b><u>100%</u></b>

NTR VGF LLC

Mario Rodriguez Family	<u>100%</u>
<b>Total:</b>	<b><u>100%</u></b>

California Renewable Fuels LLC

Marshall Bell	<u>100%</u>
<b>Total:</b>	<b><u>100%</u></b>

KND9 Partners LLC

David Hackett	50%
Katherine Hackett	<u>50%</u>
<b>Total:</b>	<b><u>100%</u></b>

Oestmann LLC

Jeff Oestmann	<u>100%</u>
<b>Total:</b>	<b><u>100%</u></b>

**Legal Status 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 plans to convert the Tricor Refining, LLC, facility in Bakersfield from an asphalt and biofuels terminal to a renewable fuels refinery with a capacity of 15,000 barrels per day (630,000 gallons per day). The renewable fuels process will replace petroleum diesel by recycling non-edible products, like tallow (i.e. rendered animal fat) and used cooking oil, into ultra-clean diesel fuel and naphtha. Naphtha can be used as a solvent, fuel or for other industrial purposes. The Project repurposes the old crude oil refinery into a state-of-the-art ultra-low-emissions plant. The facility is scheduled to be in production in the first half of 2022.

Bond proceeds will be used for construction costs, engineering fees, initial catalyst inventory, legal fees, development fees and other startup costs, as well as site and land costs. Two separate pieces of real estate will be purchased. One of the real properties is the site of the Tricor Refining, LLC, facility, which is located at 1134 Manor Street in Bakersfield. The other parcel, which is identified as the Polk Fee property, is immediately adjacent to the Tricor Refining, LLC, facility and is currently owned by Chevron U.S.A. Inc. The latter is an unoccupied and undeveloped plot of land. The facilities will include equipment, such as dual-train feed pretreatment units, a hydro-processing and isomerization unit, a hydrogen plant, tanks, boilers and rail and truck loading facilities.

The Company anticipates that the renewable fuels plant in Bakersfield will employ about 100 people, and the 30 employees currently employed at the Tricor Refining, LLC, facility will be offered employment with Valley Green Fuels LLC. The Company also anticipates that the construction phase of the project will create about 300 union jobs, and estimates that the plant's economic benefit will exceed \$35 million per year.

The new facility will be engineered to minimize criteria air pollutant and greenhouse gas ("GHG") emissions. The Company expects that emissions of smog-forming oxides of nitrogen will be reduced by about 840 metric tons per year, and that carbon dioxide emissions will be reduced by 2 million metric tons per year.

**Financing Details.** The Company anticipates requesting final approval from the Authority for the issuance of negotiated tax-exempt bonds. The target date for financing is anticipated to be within the second quarter of 2021.

**Financing Team.**

**Underwriter:** J.P. 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. 20-10 for Valley Green Fuels LLC, and/or its affiliates for an amount not to exceed \$250,000,000.

*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  
A SOLID WASTE DISPOSAL FACILITY FOR  
VALLEY GREEN FUELS LLC, AND/OR ITS AFFILIATES**

**DECEMBER 16, 2020**

**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 (Division 27 (commencing with section 44500) of the Health and Safety Code) ("Act") to issue bonds 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**, Valley Green Fuels LLC, a Delaware limited liability company (the "Applicant" and, together with its affiliates, the "Company"), has submitted an application (the "Application") requesting that the Authority assist in financing or refinancing the acquisition, construction and/or equipping of a renewable fuels refinery, as more fully described in the Application (collectively, the "Project"), which will be owned and/or operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit "A" attached hereto; and

**WHEREAS**, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment, 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 Project be constructed at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Project; and

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

**WHEREAS**, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$250,000,000 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 Project; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with 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 \$250,000,000 principal amount of bonds of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds.

**Section 3.** The bonds 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 Project. Each bond 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 bond."

**Section 4.** The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds 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 No. 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 bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of "official action" or "official intent" by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

**Section 7.** This Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on the date three years after the 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:** 943(SB)  
**LOCATIONS:** 1134 Manor Street, Bakersfield, California  
**TYPE:** Solid Waste Disposal  
**AMOUNT:** Up to \$250,000,000