CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: July 20, 2021

Request to Approve a Final Resolution Authorizing the Issuance of Tax-Exempt or Taxable Solid Waste Disposal Revenue Bonds and the Execution and Delivery of Amendments in Connection with Existing Solid Waste Disposal Revenue Bonds and Request to Approve a Resolution for Small Business Assistance Fund Costs of Issuance Assistance

Prepared by: Andrea Gonzalez

Applicant:	CalPlant I, LLC, and/or its affiliates	**Final Resolution Amount Requested:**	$18,000,000
		SBAF Resolution Amount Requested:	up to $210,000
		Application No.:	950(SB)
		Final Resolution No.:	21-01-614
Project Location:	City of Willows (Glenn County)	**SBAF Resolution No.:**	21-01-04
		Prior Actions:	IR 21-07 approved 5/20/21

Summary. CalPlant I, LLC, and/or its affiliates (the "Borrower") requests the approval of a Final Resolution for the issuance of solid waste disposal revenue bonds in an amount not to exceed $18,000,000, the approval of a Small Business Assistance Fund (SBAF) Resolution for an amount not to exceed $210,000, and an acknowledgment that the Borrower has self-certified that this is a Green Bond transaction based on a report by an independent consultant using guidelines that are consistent with the International Capital Market Association's ("ICMA") Green Bond Principles.

Borrower. The Borrower has represented to the California Pollution Control Financing Authority (the "Authority") that the Borrower will use bond proceeds to finance the costs related to the commissioning and startup of a newly-constructed plant that will use California-grown rice straw (a solid waste product) as feedstock for a manufacturing process to produce high quality and competitively priced medium density fiberboard (MDF) (collectively, the "Plant"). The Borrower is a small business that currently has 117 employees and at full operation, the Borrower expects to have 140 employees. The Borrower has constructed and will operate the Plant using a patented method (U.S. Patent 6,596,209) licensed to the Borrower to recycle California-grown rice straw (a solid waste product from the farming and harvesting of rice) into MDF in Willows, Glenn County (the "Project").

CalPlant I, LLC, was formed on January 24, 2008. CalPlant I, LLC, is owned by CalPlant I Holdco, LLC, which was formed on March 8, 2016.

The owners of CalPlant I Holdco, LLC are:

ZC CalAg LLC	30.66%
Occator Agricultural Properties, LLC[1]	29.94%
CalAg, LLC	19.85%
Columbia Forest Products, Inc.	14.64%
Siempelkamp Maschinen- und Anlagenbau GmbH	2.58%
CalAg Preferred Investor, LLC	2.33%
Total:	**100.00%**

Legal Status Questionnaire. The Authority staff has reviewed the Borrower's responses to the questions contained in the Legal Status Questionnaire portion of the Application. The information disclosed in the Legal Status Questionnaire portion of the Application does not raise concerns regarding the financial viability or legal integrity of this applicant. The Borrower has informed the Authority staff that the January 2021 interest payments and sinking fund payments on the 2017 Senior Bonds (defined below) and the December 2020 and June 2021 interest payments on the 2019 Subordinate Bonds (defined below) have not been made, as anticipated by non-acceleration agreements that the Borrower entered into with the majorities of the 2017 Senior Bond and the 2019 Subordinate Bond holders in 2020.

Tax Equity and Fiscal Responsibility Act (TEFRA). The TEFRA hearing was held on June 11, 2021. 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 up to $31,000 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 the bond issue is above $13,750,000. The Borrower is a small business, and may be eligible for assistance from the SBAF depending on the par amount of the bond issue. If the final par amount is reduced to an allowable amount under SBAF policy at closing, the Borrower may receive SBAF assistance in an amount not to exceed $210,000.

[1] Wholly-owned subsidiary of Teachers Insurance and Annuity Association of America.

Prior Financings. Prior financings of the Borrower and its affiliates are listed below.

Description	**Date of Bond Issue**	**Original Amount**	**Amount Outstanding as of 6/30/21**
CalPlant I, LLC, Series 2017 (AMT)	06/14/2017	$228,165,000	$228,165,000
CalPlant I, LLC, Series 2019	08/07/2019	73,685,000	73,685,000
CalPlant I, LLC, Series 2020	10/13/2020	42,000,000	42,000,000
TOTALS:		**$343,850,000**	**$343,850,000**

Project Description. According to the Borrower, it is a small business that proposes to use a patented method (U.S. Patent 6,596,209) licensed to the Borrower to manufacture MDF from rice straw—a solid waste product from the farming and harvesting of rice. According to the Borrower, its patented method of producing rice straw-based MDF results in an engineered composite panel that meets or exceeds all American National Standards Institute standards for wood-based MDF.

The Project is located on 275 acres outside of the City of Willows in Glenn County, within the Sacramento Valley region, where the overwhelming majority of California's rice is grown (approximately 550,000 acres each year). The Plant occupies about 25 acres, rice straw bales are stored on 200 acres and the remaining 50 acres are currently undeveloped. Future use of this undeveloped portion may include additional straw storage, solar energy, co-generation and/or value-added manufacturing. The 300,000-square-foot Plant is expected to recycle rice straw into MDF from approximately 100,000 acres annually, nearly 20% of California's annual rice acreage.

The Borrower purchased the Plant site in April 2008, and construction of the Plant began in November 2017. As of June 2021, the Plant is 100% mechanically complete, and the first production of MDF occurred in November 2020. The Borrower anticipates that the Siempelkamp guaranteed performance levels of 112 million square feet (MMSF) (on a ¾-inch basis) on an annualized based will be achieved later in the current year, with the ramp up to full-scale commercial operations, 150 MMSF (on a ¾-inch basis) expected to be achieved by the end of 2023.

The Borrower represents that the Plant will be contractually guaranteed to produce approximately 112 MMSF (on a ¾-inch basis) of MDF per year. The Plant was designed to be capable of producing 150 MMSF (on a ¾-inch basis) once it is in full operation. In addition to rice straw obtained from Sacramento Valley rice producers, a formaldehyde-free Polymeric methylene diphenyl diisocyanate resin binder is used to manufacture the MDF.

The anticipated Project costs are listed below:

Project and Issuance Costs	**To Be Paid from Bond Proceeds**
Construction of New Building	$828,428
Acquisition and Installation of New Equipment	
(a) Invoice	12,992,688
(b) Installation	299,800
Bond Issuance Expenses	720,000
Interest During Construction	1,080,000
Construction Management and Technical Consulting	279,084
Debt Service Reserve 2021 Bonds	1,800,000
Total	**$18,000,000**

Note: The Project costs reported in the Borrower's application and shown here in the Authority 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 the increased cost of certain components of the Project from original estimates, and other reasons. In addition, those costs may vary after closing due also to increased costs, as well as design and equipment modifications during construction, differences in equipment due to future changes in statutes and regulations or for other reasons. However, the Borrower confirms, through the 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, if issued as tax-exempt bonds, will be used to complete the Project (or reimburse the Borrower for equity funds used to complete the Project) as described, and, if tax-exempt bonds are issued, the average life tests required by federal law and described in the Tax Certificate will continue to be met.

Anticipated Project Timeline. According to the Borrower, as of June 2021, the Plant is 100% mechanically complete, with the first production of MDF having occurred in November 2020. The Borrower anticipates that the Siempelkamp guaranteed performance levels of 112 MMSF (on a ¾-inch basis) on an annualized based will be achieved later in the current year, with the ramp up to full-scale commercial operations, 150 MMSF (on a ¾-inch basis) expected to be achieved by the end of 2023.

California Debt Limit Allocation Committee (CDLAC) Volume Cap Allocation. The Authority has applied on the Borrower's behalf to CDLAC for an exempt facility allocation in an amount not to exceed $18,000,000 to be considered at its August 11, 2021, meeting.

Local Government. The following government representatives have provided Letters of Support over the years for the Project:

- Jim Nielsen, CA State Senator, 4th District, dated May 5, 2014 (Attachment A)
- Gavin Newsom, former Lt. Governor, dated June 19, 2013 (Attachment B)
- Rene Vercruyssen, Vice President, Knife River Construction, An MDU Resources Company, dated January 22, 2010 (Attachment C)
- Celeste Cantu, former General Manager, Santa Ana Watershed Project Authority, dated October 11, 2010 (Attachment D)
- Panorea Avdis, former Chief Deputy Director, Governor's Office of Business and Economic Development, dated October 25, 2012 (Attachment E)
- Dan Logue, former CA State Assemblymember, 3rd District, dated May 9, 2014 (Attachment F)
- Wally Herger, former Member of Congress, United States House of Representatives, dated October 15, 2010 (Attachment G)

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

Waste Diversion. The Borrower represents that the objective of the Plant is to recycle rice straw—an annually renewable agricultural waste.

Air Quality. The Borrower states, "The Project will eliminate substantial annual emissions of methane gas. Preliminary studies indicate that decomposing straw from re-flooded fields releases an estimated 500 to 1,250 pounds of methane per acre. Since the straw used by the Project would not undergo the decomposition process, the Project will result in the abatement of approximately 57,000 tons of methane annually, assuming the higher range of the methane estimate. This amount of methane is the greenhouse gas reduction equivalent of 1.2 million tons of CO^2, or the equivalent of removing approximately 270,000 cars from California's roadways each year."

"The Project could potentially contribute significantly to indoor air quality, both because MDF made from rice straw (a water-resistant aquatic plant) is highly mold and mildew resistant and because CalPlant's process will produce MDF with zero urea formaldehyde (UF) emissions."

"The Project is also anticipated to reduce Volatile Organic Compound (VOC) emissions. Wood-based MDF plants produce approximately 20 times more VOC emissions than the same sized CalPlant straw-based MDF plant."

Water Conservation. The Borrower states, "The Project will save approximately 55,000 acre-feet (17.8 billion gallons) of water each year, the equivalent water consumption of approximately 500,000 San Francisco Bay area households each year. Most of this water use reduction would result from reducing seasonal fall water diversions from the Sacramento, Yuba and Feather Rivers. This will help protect the fall-run Chinook salmon (a species federally listed as threatened and endangered), steelhead, striped, bass, and other valuable California fisheries."

Environmental Conservation. The Borrower states, “The Project will save over 4,200 acres of mature forests (the equivalent of more than one million trees) from needing to be clear-cut each year by using an annually renewable raw material (rice straw), rather than wood byproducts, as an MDF raw material source.”

Permitting and Environmental Approvals. The Borrower represents that it has provided staff with copies of all applicable permits for the construction of the Project, including discretionary approvals under the California Environmental Quality Act (Division 13 (commencing with Section 21000 of the Public Resources Code).

Green Bonds. The Borrower engaged its technical advisor, Stephen Vajda Consulting (“SVC”), to analyze whether the project meets the ICMA’s Green Bond Principles. SVC has delivered its final report (the “SVC Report”) dated July 3, 2021, opining that the Project meets many of the categories for Green Bond Principles and the State of California's environmental goals and policies, such as: (i) reduction of air pollution; (ii) reduction of climate pollution; (iii) water conservation; (iv) increasing energy efficiency; and (v) stewarding natural resources.

The SVC Report examines four core components of the ICMA’s Green Bond Principles and concludes that the Project meets the standards for “Use of Proceeds,” “Management of Proceeds” and “Reporting” by virtue of the fact that this is a single project where bond proceeds will be monitored by a bond trustee and SVC will report on project metrics, including, among others, construction progress and general compliance with design specifications. With respect to the fourth component, “Process for Project Evaluation and Selection,” SVC’s report summarizes the environmental benefits of the Project (based on both comparison to other methods of disposing of waste rice straw and the conventional manufacturing process for MDF using wood feedstock) as follows:

1. Water use reduction of approximately 59,600 acre-feet (19.4 million gallons) per year.
2. Reduction of methane emissions of approximately 24,800 to 62,100 tons per year, which is a carbon dioxide equivalent reduction of 521,000 to 1.3 million tons per year.
3. Reduction in the use of fungicides and other chemicals in the fields, with benefits to water quality and farmworker health and safety.
4. Offset of the use of wood as a feedstock, which can be put to other, better uses, equivalent to approximately 4,200 acres of forest harvest per year.
5. Reduction of emissions of volatile organic compounds from the Plant due to the use of rice straw in place of wood in the process, with the corresponding ability to reduce the need for air pollution control equipment in the Plant.
6. Reduction of heat and electricity usage in the Plant compared to the use of wood feedstock.

7. Lower air pollutant emissions from the transportation of rice straw feedstock to the Plant, compared to wood, as all of the Plant's needs will be met within an average 25-mile radius.
8. Improved indoor air quality at the homes and buildings using the end product, compared to conventional MDF, by the use of formaldehyde-free resin in the rice straw-based process.

The Authority staff acknowledges the quantification of the environmental benefits of the Project, principally the significant benefits supporting well-established State objectives to improve air quality and reduce water consumption. In consultation with its advisors including bond counsel, and recognizing the Borrower's self-certification that the Project is consistent with the ICMA's Green Bond Principles, the Authority staff also confirms that the technical report prepared in connection with the financing is consistent with the Green Bond Principles set forth by ICMA and recommends that the Authority, in approving the tax-exempt financing of the Project, also recognize the Borrower's self-certification of the issuance as a Green Bond.

Financing Details. The Borrower anticipates a limited offering of senior fixed-rate bonds to Qualified Institutional Buyers and Institutional Accredited Investors, as set forth in Exhibit A of the Final Resolution. The Indenture for the 2021 Bonds includes provisions restricting the transfer of 2021 Bonds during the Restricted Period, as defined in the Indenture for the 2021 Bonds, to Qualified Institutional Buyers and Institutional Accredited Investors, similar to the transfer provisions included in the Indenture for the 2017 Bonds, 2019 Bonds and 2020 Bonds.

The Borrower has self-certified the 2020 Bonds as Green Bonds based on the SVC Report using guidelines that are consistent with the ICMA's Green Bond Principles, all as further described in the attached SVC Report. (See Attachment H).

Each purchaser will be required to deliver an Investor Letter stating that it is a Qualified Institutional Buyer (as defined in SEC Rule 144A promulgated under the Securities Act of 1933) or an Institutional Accredited Investor (which is an entity described in SEC Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). The 2021 Bonds will be sold in minimum denominations of $250,000 or any integral multiple of $5,000 in excess thereof during the Restricted Period and $5,000 or any integral multiple thereof upon the termination of the Restricted Period. The 2021 Bonds may be sold with an original issue discount of up to 5%. BOKF, NA, will serve as the bond trustee and collateral agent. The Borrower anticipates a target closing date for financing in the 3rd Quarter of 2021.

Financing Team.

Underwriters:	Citigroup Global Markets Inc. and Stifel, Nicolaus & Company, Incorporated
Bond Counsel:	Orrick Herrington & Sutcliffe LLP

Issuer's Counsel:	Office of the Attorney General
Trustee:	BOKF, N.A.

Staff Recommendation. Staff recommends the approval of Final Resolution No. 21-01-614 for an amount not to exceed $18,000,000 and SBAF Resolution No. 21-01-04 for an amount not to exceed $210,000 for CalPlant I, LLC, and/or its affiliates.

Attachment A

CAPITOL OFFICE
STATE CAPITOL
SACRAMENTO, CA 95814
(916) 651-4004

CHICO DISTRICT OFFICE
2653 FOREST AVE., STE. 110
CHICO, CA 95928
(530) 879-7424

CRESCENT CITY DISTRICT OFFICE
1080 MASON MALL, STE. 4
CRESCENT CITY, CA 95531
(707) 464-1255

ROSEVILLE DISTRICT OFFICE
2200A DOUGLAS BLVD., STE. 100
ROSEVILLE, CA 95765
(916) 772-0571

YUBA CITY DISTRICT OFFICE
409 CENTER ST., STE. C
YUBA CITY, CA 95993
(530) 751-8657

California State Senate

COMMITTEES
BUDGET & FISCAL REVIEW
HEALTH
INSURANCE
VETERANS AFFAIRS

SENATOR
JIM NIELSEN
FOURTH SENATE DISTRICT

May 5, 2014

Mr. Jerry Uhland
President & Co-Founder
CalAg, LLC
1719 County Road D
Willows, CA 95988

Dear Mr. Uhland:

I am writing to convey my support of CalAg LLC's efforts to build a manufacturing plant for medium density fiberboard in Willows, California. The project meets the needs of Sacramento Valley rice farmers while providing much-needed jobs in this region that is still striving to recover economically.

The disposal of rice straw is a critical component of the rice farming industry, and this project offers a viable alternative while also creating cost savings that are estimated to be as much as $25 million annually for farmers who use the Willows plant for rice straw removal.

In addition, this project will employ an estimated 250 to 300 full-time workers during construction. Upon completion it will employ approximately 85 full-time employees with an annual payroll of about $11 million. Another 400 to 450 workers will be employed by the baling and transportation companies during the five-month straw collection season. This single plant will translate into more income circulating in the local community and will benefit other businesses associated with the plant and its workers.

For these reasons, I am pleased to add my support to this endeavor and look forward to hearing about the project's progress after construction begins later this year and witnessing the plant in operation in early 2016.

Sincerely,

Jim Nielsen

JIM NIELSEN
Senator, Fourth District

JN:ln

Attachment B

GAVIN NEWSOM
LIEUTENANT GOVERNOR

June 19, 2013

Jerry Uhland, President
CalAg, LLC
PO Box 1338
Willows, CA 95988

Dear Jerry,

It is my pleasure to write in support of CalAg's proposal for a Medium Density Fiberboard (MDF) facility to be built in Willows, California. This project will bring strong economic benefits to the state, specifically creating a number of employment opportunities in high unemployment areas of northern California.

What is uniquely appealing about CalAg's efforts is that the proposed MDF facility's economic benefits do not come at the expense of the environment. The MDF facility will utilize disposed rice straw as its raw material. This solves a dilemma that farmers across California face every year by providing an environmentally, economically sound option for the disposal of the leftover rice straw, which is otherwise burned or improperly discarded. This facility not only brings these ample benefits to the local economies of California, but allows the state to compete with neighboring states' MDF facilities, furthering the potential economic growth that the project promises.

California has historically been a leader in innovative production of goods and sound environmental policies. A project such as CalAg's MDF facility will encourage environmentally friendly innovation in our state, and for this reason, I am in support of their efforts.

Sincerely,

Lt. Governor Gavin Newsom

STATE CAPITOL, ROOM 1114, SACRAMENTO, CALIFORNIA 95814 • PHONE (916) 445-8994

Attachment C

KNIFE RIVER CONSTRUCTION
AN MDU RESOURCES COMPANY
www.kniferiver.com

Northern California Division - Chico
1764 Skyway
Chico, CA 95928-8333

January 22, 2010

Glenda Humiston
USDA Rural Development state director
430 G street Agency 4169
Davis, CA 95616

Re: Job Growth Opportunity in Glenn County in the Northern Sacramento Valley in Northern California

Dear Director:

There is a significant opportunity to spur job growth in rural Glenn County, CA in the form of constructing a building-material factory. This factory would use locally grown waste rice straw as its raw material. Rice straw is a sustainable locally grown material that is perfect for being up-cycled into a needed and marketable material. Currently rice straw in the region is considered a waste product that must be burned or otherwise remediated every year in the Sacramento Valley north of Sacramento. We now have an exciting opportunity to put people to work, spur the local economy and significantly improve the air quality in our region.

Medium density fiber (MDF) board is an important building material in construction and is currently made with wood chips. But in recent years technological advancements have made it feasible to manufacture MDF with waste rice straw. CalAg is a partnership of forward looking investors who seek to bring this idea to fruition. Neither I, nor my company have any direct financial ties to CalAg. However, the company I manage in the region, Knife River Construction, is a union company dedicated to building quality projects for our public and private customers. Should my company or a similar company be retained to construct the site work portion of the proposed project, 50,000 union labor hours would be added to our area for this first phase of construction alone. Many more hours would be needed to build the structures and mechanical factory components. After construction, 80 full-time jobs and 400 part-time positions would be created to up-cycle a locally grown waste product into a sustainable building material.

I cannot think of a project more deserving of your attention than the CalAg MDF-from-waste-rice-straw project in Glenn County. You or your staff can contact me at 530.891.6555 for more information.

Sincerely,

Rene Vercruyssen
GM/VP
Cc: Jerry Uhland

Attachment D

Santa Ana Watershed Project Authority

CELEBRATING 40 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP

SAWPA

October 11, 2010

Mr. Michael Paparian
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

Terry Catlin
Commission
Chair

Celeste Cantú
General
Manager

Eastern
Municipal
Water
District

Inland
Empire
Utilities
Agency

Orange
County
Water
District

San
Bernardino
Valley
Municipal
Water
District

Western
Municipal
Water
District

RE: CalAg

Dear Michael:

As someone who has worked for many years to balance the economic and environmental concerns of Californians, I am pleased to support the California Pollution Control Financing Authority's approval for the allocation of solid waste private activity revenue bonds that would constitute part of the financing for the rice straw-based MDF plant to be built by CalAg, LLC in Willows, California. I am particularly pleased to support the project as an economically sustainable, cost-effective way of making an estimated 50,000 acre feet (16.3 billion gallons) of additional water available each year during the crucial fall season— a season when water flow is crucial to California's fisheries and its environment. Just as important, the project achieves water conservation while reducing, rather than increasing, production costs to California rice farmers.

The CalAg project will result in many other environmental and economic benefits as well, among the most important of which are the following:

- It will substantially reduce the methane emissions that result from current rice straw disposal methods. These reductions could be as much as 52,000 tons of methane a year—enough to constitute an important part of California's greenhouse gas reduction goals.
- It will provide a source of environmentally sustainable building products made from an annually renewable resource (rice straw), reducing the stress on California's forests.
- During construction, it will provide 250 well-paid, full-time jobs in one of the most economically depressed regions of the state.
- Once operating, the plant will provide 85 professional, full-time jobs in a disadvantaged community whose leaders are eager for the economic and community-building opportunities that the plant will provide.
- It will be a high-visibility project that will demonstrate California's leadership in building industries that are economically and environmentally responsible and sustainable.

Thank you for this opportunity and the best to you.

Sincerely,

Celeste

Celeste Cantú
General Manager

11615 Sterling Avenue, Riverside, CA 92503 • (951) 354-4220
www.sawpa.org • Administration FAX (951) 785-7076 • Planning FAX (951) 352-3422

Attachment E

GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
STATE OF CALIFORNIA • OFFICE OF GOVERNOR EDMUND G. BROWN JR.

October 25, 2012

Jerry Uhland, President
CalAg, LLC
PO Box 1338 (or 1719 County Road D)
Willows, CA 95988

Dear Jerry,

On behalf of the Governor's Office of Business and Economic Development (GO-Biz), I am writing this letter in support of CalAg's efforts to secure private activity revenue bonds for a Medium Density Fiberboard (MDF) facility to be constructed in Willows, California. This project offers a robust jobs and economic impact as well as environmental benefits.

CalAg estimates the project will generate approximately 250 to 300 full time jobs during the 18-month construction of the facility and also support some 450 jobs during the annual 4-month rice straw harvest. As well as, approximately 85 full time, well-paying jobs in the high-unemployment rural region of Northern California. Because the project will have an inexpensive raw material source in rice straw, it will be extremely cost-competitive with other MDF facilities in the western U.S., which must use increasingly scarce wood byproducts as their raw material resource.

Our office serves as the single point of contact within state government for businesses that need assistance with site selection, expansion and relocation, permit streamlining, regulatory issues and more. As such, GO-Biz is actively engaged with several companies that are identifying environmentally-friendly methods for production of goods and we are supportive of CalAg and their efforts to build a facility in California that will provide jobs for the surrounding area.

Sincerely,

Panorea Avdis
Chief Deputy Director
Governor's Office of Business & Economic Development

(916) 322-0694 • Business.ca.gov • 1400 10th Street 2nd Floor, Sacramento, California 95814

Attachment F

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0003
(916) 319-2003
FAX (916) 319-2103
DISTRICT OFFICE
150 AMBER GROVE DRIVE, SUITE 154
CHICO, CA 95973
(530) 895-4217
FAX (530) 895-4219
EMAIL
Assemblymember.Logue@assembly.ca.gov

Assembly
California Legislature

DAN LOGUE
CHIEF REPUBLICAN WHIP
ASSEMBLYMEMBER, THIRD DISTRICT

COMMITTEES
BUDGET
BUDGET SUBCOMMITTEE #3 ON
RESOURCES AND TRANSPORTATION
ELECTIONS AND REDISTRICTING
TRANSPORTATION

May 9, 2014

Mr. Jerry Uhland
President & Co-Founder
CalAg, LLC
1719 County Road D
Willows, CA 95988

Dear Mr. Uhland,

I am writing to convey my support of CalAg_LLC's efforts to build a manufacturing plant for medium density fiberboard in Willows, California. The project meets the needs of Sacramento Valley rice farmers while providing much-needed jobs in our region which is still striving to recover economically.

The disposal of rice straw is a critical component of the rice farming industry, and this project offers a viable alternative while also creating cost savings that are estimated to be as much as $25 million annually for farmers who are working with the Willows plant for a cleaner most cost effective means of rice straw disposal.

In addition, this project will employ an estimated 250 to 300 full-time workers during construction. Upon completion it will employ approximately 85 full-time employees with an annual payroll of about $11 million. Another 400 to 450 workers will be employed by the baling and transportation companies during the five-month straw collection season. This single plant will translate into more income circulating in the local community and will benefit other businesses associated with the plant and its workers.

For these reasons, I am pleased to add my support to this endeavor and look forward to hearing about the project's progress after construction begins later this year and witnessing the plant in operation in early 2016.

Sincerely,

Dan Logue

Dan Logue,
Assemblyman, 3rd District

Representing Tehama, Glenn, Butte, Colusa, Sutter and Yuba Counties

Printed on Recycled Paper

Attachment G

WALLY HERGER
2ND DISTRICT, CALIFORNIA

PLEASE REPLY TO

☐ WASHINGTON OFFICE
242 CANNON HOUSE OFFICE BUILDING
(202) 225-3076

DISTRICT OFFICES
☒ 2635 FOREST AVENUE, SUITE 100
CHICO, CA 95928
(530) 893-8363

☐ 410 HEMSTED DRIVE, SUITE 115
REDDING, CA 96002
(530) 223-5898

herger.house.gov

Congress of the United States
House of Representatives
Washington, DC 20515–0502

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEES

RANKING MEMBER
HEALTH

TRADE

October 15, 2010

Sherri K. Wahl, Deputy Director
CA Pollution Control Financing Authority
915 Capitol Mall, Suite 457
Sacramento, CA 95814

Dear Sherri,

I represent the Second Congressional District of California, and I am taking this opportunity to offer my support of CalAg, LLC in their efforts to secure private activity revenue bonds for a Medium Density Fiberboard project in my district. This project will utilize excess rice straw from California.

Rice farming has long been an integral part of Northern California's economy. However, rice farming presents several challenges to growers. In particular, the question of how to dispose of rice straw has been an ongoing challenge for many farmers. That is why I am pleased to be able to loan my support to CalAg, LLC. Not only does their program offer an alternative to farmers for rice straw elimination, it does so in an environmentally sensitive way that will create many jobs and better the economy of Northern California. Thank you for your careful consideration of this project.

Sincerely,

Wally Herger

WALLY HERGER
Member of Congress

WH:rk

Attachment H

Stephen Vajda Consulting

Composite and Engineered Panel Products

Independent Consultant's Report Confirming that the CalPlant I Project Is Consistent with the Green Bond Principles and California's Environmental Objectives
July 3, 2021

The California Pollution Control Financing Authority (CPCFA) has authorized the issue of Tax Exempt Revenue Bonds, in an aggregate principal amount up to $228,165,000 of Senior bonds, $73,685,000 of Subordinate bonds, $42,000,000 of Senior equivalent bonds, and currently up to $18,000,000 of series 2021 bonds, the proceeds of which have been and will be used to make secured loans to CalPlant I, LLC (CalPlant). The bond proceeds have been and will be used exclusively to finance the construction and startup of a medium density fiberboard (MDF) plant (the Project) to be built at Willows in Glenn County CA.

These bonds are designated as "Green Bonds" as defined by the International Capital Market Association (ICMA). www.icmagroup.org/greenbonds. The ICMA developed a set of principles and guidelines for issuing Green Bonds (the "Green Bond Principles"), available at: http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/green-bond-principles/.

Stephen Vajda Consulting (SVC), the author of this Independent Consultant's Report, provides here a brief analysis confirming that the Project meets the requirements of ICMA's Green Bond Principles, as well as supporting multiple of California's environmental policy objectives.

Green Bond Principles have four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

A complete description of the four components is contained in the Green Bond Principles document, which can be found at the web link above.

These components are written in contemplation that bond proceeds may be part of a larger bond issuance program of an issuer, unallocated to specific projects at the time of issue, and may be used to finance multiple projects. By contrast, the CalPlant I Project for which the Bonds are issued here represents a single, specific project with known environmental benefits, which simplifies the confirmation of the four core components.

Use of Proceeds

The cornerstone of a Green Bond is that essentially all proceeds from the bond offering be used for Green Projects. The definition of Green Project, as discussed in detail below, is a project with clear environmental benefits, which will be assessed, and, where feasible, quantified by the bond issuer. As the Project has multiple clear environmental benefits, as assessed and qualified below, it is clear that the Project qualifies as a Green Project. Since the Bonds here are exclusively dedicated to the CalPlant I Project, and represent approximately 70% of the total financing required to complete the Project; we can therefore confirm that this component of the Green Bond Principles is met.

Management of Proceeds

This principle is meant to ensure that Green Bond proceeds which may go into general investment funds are managed and tracked in a transparent manner to demonstrate that the proceeds are being used to finance Green Projects and not to other projects managed by the general investment fund that may not qualify as Green Projects.

CalPlant has no other projects that it is constructing or developing, and is a single-purpose entity that is constrained by both debt and equity documents from any other activities besides constructing and operating the Project. The loan agreements with CPCFA and the Collateral Agency Agreements lay out a strict protocol whereby expenditures from bond proceeds must be approved by a Construction Monitor and a Technical Advisor. Furthermore, the Bond indentures contains specific requirements that ensure that the Bond proceeds will be spent only on the Project. Therefore, the management of funds to ensure that the Green Bond proceeds are exclusively used for the intended project will be straightforward and easily tracked. Thus, the Management of Proceeds component is satisfied as well.

Reporting

Issuers of Green Bond should make available up-to-date information on the use of the Green Bond proceeds periodically until full allocation. This reporting contemplates that proceeds may be used to finance more than one Green Bond project.

Here SVC will be acting as Technical Advisor to the Project during the construction and start-up phases. As part of this assignment SVC will report on Project progress and expenditures, general compliance with design specifications, changes to project design or specifications and the impact on technical and financial performance. In addition, both debt and equity investors in the Project will receive monthly reports from the Borrower during construction and ramp-up. Finally, the loan agreements related to the Bonds requires CalPlant to report each year that the Project has not changed in a manner that would materially adversely affect the environmental benefits of the Project. Therefore, this component is clearly fulfilled.

Process for Project Evaluation and Selection

The Green Bond Principles explicitly recognize several broad categories of projects that are eligible as "Green Projects". The ICMA Green Bond Principles recommend that Green Bond issuers outline a process to determine how the project fits within these eligible Green Project categories. These categories are not exclusive:

1. Renewable energy
2. Energy efficiency
3. Pollution prevention and control
4. Sustainable management of living natural resources

5. Terrestrial and aquatic biodiversity conservation
6. Clean transportation
7. Sustainable water management
8. Climate change adaptation
9. Eco-efficient products, production technologies and processes

Similarly, the State of California has its own set of environmental goals and policies, which broadly include, but are not limited to the following.

1. Reduction of air pollution
2. Reduction of climate pollution
3. Reduction of water pollution
4. Water conservation
5. Increasing energy efficiency
6. Stewarding natural resources

The Project fulfills many of these categories in the above two lists, as shown below.

Background and Information

Most of the environmental benefits of the Project stem from the raw material used to make the finished MDF products. The raw material is rice straw, a waste product of the rice farming industry. In the Sacramento Valley, rice straw used to be burned after the harvest, until the passing of the Connelly-Areias-Chandler Rice Straw Burning Reduction Act (AB 1378, Ch787, 1991) by the California Air Resources Board (CARB), which prohibited this practice to improve air quality. The ban was implemented in 1991 and by 2001 all burning ended (except in special cases to help destroy certain diseases). Since then, straw has been re-incorporated into the soil to decompose, and the fields are re-flooded to accelerate this process. Additionally, the decomposition process results in the formation of methane, a strong greenhouse gas. When straw is removed from the fields for other uses such as making MDF, post-harvest water usage can thus be reduced significantly, and the methane gas generated by the decomposition process reduced significantly as well.

The amount of water conserved and methane gas decreased is based on the acres of rice cultivation required to supply the total fiber requirements of the MDF plant. This is determined as follows.

Annual MDF Production	140,000 Msf ¾"/year	Project Specification
Unit Straw Consumption	1.952 tons/Msf ¾"	From Financial Model
Annual Straw Consumption	273,280 tons/year	By Calculation
Straw Production per Acre	> 2.75 tons/acre	See reference below this table
Acres required for CalPlant I Project	99,375 acres/year	By Calculation

Straw production reference: https://www.arb.ca.gov/smp/techtool/waste-burn-emission-factors6.pdf
2016 Report by Randall Mutters, PhD prepared for CalAg, LLC: "Assessment of the availability of rice straw in Sacramento Valley of California for us in the manufacture of medium density fiberboard". p.8.

Water Conservation

As described above, removing straw from the field eliminates the need to re-flood the fields to start the decomposition process. The amount of water conserved is determined as follows.

Acres required for CalPlant I Project	99,375 acres/year	From Table above
Unit water use for decomposition	0.60 acre-feet/acre	See reference below this table
Water use reduction	59,625 acre-feet	By Calculation
Gallons per acre-foot	325,851 gal/acre-foot	See reference below this table
Water use reduction (gallons)	19,429 million g/year	By Calculation

Water used for straw decomposition: http://www.calrice.org/Environment/Balance+Sheet/Chapter+2+-+Water+Supply.htm
Volume conversion reference: https://en.wikipedia.org/wiki/Acre-foot

Assuming the average per capita water use in the Bay area is 60 gallons per day, the amount of water conserved represents the water consumption of 887,000 residents.
http://www.swrcb.ca.gov/press_room/press_releases/2015/pr040715_rgcpd_febconservation.pdf

Reduction of Climate Pollution

When straw is incorporated into the soil and the fields flooded to start decomposition, the oxygen- starved environment promotes anaerobic decomposition, which produces methane gas emissions. A similar process takes place in landfills deep below the surface. The removal of straw from fields eliminates this process and the methane gas emissions. The quantity of methane gas and CO2 equivalents for emissions avoided is shown in the table below.

Acres required for CalPlant I Project	99,375 acres/year	From Table above
Methane emissions per acre	500 to 1250 lbs./acre	See reference below this table
Methane emissions per acre	0.25 to 0.625 tons/acre	Unit conversion – 2,000 lbs./ton
Methane emissions reduction	24,844 to 62,109 tons/year	By Calculation
CO_2 greenhouse gas equivalent	21	See reference below this table
CO_2 Equivalent Tons Abated	521,724 to 1,304,289 tons/year	By Calculation

Methane emission reference: California Rice Commission: Phone Conversation with Jerry Uhland about preliminary results of scientific protocol study in progress.
CO2 equivalent of methane: http://www.treepower.org/globalwarming/CO2-EPRI-EvanHughes.pdf

Reduction in Toxins

The current practice of water-assisted decomposition has led to an increase in soil and crop diseases. This is countered by application of fungicides and other chemicals. Removing straw for MDF production reduces the use of these chemicals and the corresponding negative effects they have on ground and surface water quality. At this time we are unable to quantify of the amount of chemical application reduction and the related effects on water quality.

There are also unquantifiable benefits to farm worker health and safety due to the reduction or elimination of handling these chemicals in fields where straw has been removed for MDF production.

Stewarding Natural Resources

Current MDF plants almost exclusively use wood as the raw material input. Wood in all its forms--whole logs or residues from primary and secondary processing operations--is almost always used nowadays for economic benefit. Mill residues such as sawdust and shavings can therefore no longer be considered a waste product as they were in the 1950s through 80s.

CalPlant I's technology for using rice straw therefore represents a method to reduce non-waste raw product consumption. If all the fiber for CalPlant I were to come from logs harvested from forests, it is estimated that 4,200 acres of forests would be harvested annually. While the CalPlant I plant may not guarantee that those acres would not be harvested, the wood from them could be used for other purposes and products where rice straw cannot be used.

Increasing Energy Efficiency

The use of rice straw will result in the reduction of volatile organic compounds (VOC) compared to a typical wood-based MDF plant. The primary VOC emitting processes in a MDF plant are the fiber dryers and the panel press where the fiber material is heated. The amount of VOC emission is governed by the temperature of the process, as well as by the quantity of organic compounds naturally found in the fiber. Wood contains significant amounts of organic resins which is evident by the odor of fresh cut wood. The higher the temperature the wood is exposed to, the greater will be the amount of the organic resins that will be converted to gases and be driven off from the wood.

Rice straw contains far fewer organic resins than wood, and can be dried at lower temperatures because the moisture content is lower than that of most forms of wood used by MDF plants. The exception would be the use of sawdust and shavings generated from processing of kiln-dried lumber.

A further benefit of the reduced VOC emission potential of rice straw is the elimination of air emission reduction equipment required to meet target emission levels, such as wet thermal oxidizers which consume natural gas and electrical power, which in turn produce have their own air quality and greenhouse gas contributions.

Eco-efficient products, production technologies and processes

The technology employed in the CalPlant I facility will consume comparatively less thermal and electrical energy per unit of production than that used in most wood-based MDF plants.

We estimate from various benchmarking reports that CalPlant I's electrical power consumption will be about 80% of the average power consumption of North American MDF plants. The reason for this is twofold. The refining equipment which converts the raw material to fibrous material uses large electric motors and energy input is 250 to 400 kWh/ton. The energy required to refine rice straw is lower, more in the area of 150 kWh/ton. As noted above, the emission profile of the CalPlant I technology requires less air emission control equipment; these devices can have large fans with motors over 1,000 hp.

In regards to thermal energy, the low moisture content of rice straw compared to wood reduces the energy consumed for fiber drying. For a plant the size of CalPlant's, and assuming the moisture content of the straw fiber entering the dryer is 30% lower than that of wood, the reduction in thermal energy consumption is estimated at 30 million BTU/hr (net heat input). This is equivalent to 240 million cubic feet of natural gas per year.

The CalPlant I project also requires much lower transportation fuel consumption for the delivery of raw material than is the case with most wood-based MDF plants. Due to the competition for wood and wood byproducts from several industries--including animal bedding, wood pellets and fuel, as well as particleboard and MDF--the distances that wood is transported to many plants is upwards of 300 miles. The average is likely lower, perhaps in the 150-mile range, but by comparison all of CalPlant's rice straw will be sourced from within an average 25-mile radius.

Improved Indoor Air Quality

Most MDF in North America is made with formaldehyde-based resins or adhesives. This results in off gassing of formaldehyde into homes, offices and other places where MDF-based products such as furniture, cabinets, flooring and millwork are found. In April 2007, CARB adopted an Airborne Toxic Control Measure (ATCM) that requires manufacturers of composite wood products, including MDF, to reduce formaldehyde emissions from their products. The regulation was implemented in two phases. Phase 1 came into effect in January 2009, and Phase 2 in January 2011. Phase 1 brought California in line with current regulations that were adopted in Europe and Japan over a decade ago; Phase 2 made California the world leader in limiting formaldehyde emissions from MDF and other composite panel products. CalPlant I's MDF will use a formaldehyde-free adhesive with near zero formaldehyde off gassing, and is therefore in full compliance with the CARB regulation and the Project will contribute to improved indoor air quality. Moreover, rice straw is very resistant to mold and mildew formation, which will also contribute to a higher quality of indoor air.

Conclusion

In our opinion, the Project meets the criteria for Green Bond principles developed by the International Capital Markets Association and State of California environmental goals and policies. By reference specifically to the ICMA Principles, this Project meets the standards for Use of Proceeds, Management of Proceeds and Reporting, by virtue of the fact that this is a single project, where proceeds are monitored by a bond trustee. Environmental benefits of the Project, based on both comparison to other methods of disposing of waste rice straw, and the conventional manufacturing process for medium density fiberboard using wood feedstock, can be summarized as follows:

1. Water use reduction of approximately 59,600 acre-feet (19.4 million gallons) per year.
2. Reduction of methane emissions of approximately 24,800 to 62,100 tons per year, which is a CO_2 equivalent reduction of 521,000 to 1.3 million tons per year.
3. Reduction in the use of fungicides and other chemicals in the fields, with benefits to water quality and farm worker health and safety.
4. Offset of use of wood as a feedstock, which can be put to other, better uses, equivalent to approximately 4,200 acres of forest harvest per year.
5. Reduction of emission of volatile organic compounds from the plant due to use of rice straw in place of wood in the process, with corresponding ability to reduce the need for air pollution control equipment in the plant.
6. Reduction of heat and electricity usage in the plant compared to use of wood feedstock.
7. Reduced air pollutant emissions from transportation of feedstock to the plant, compared to wood, as all the Plant's needs will be met within an average 25-mile radius.
8. Improved indoor air quality at the homes and buildings using the CalPlant I product, compared to conventional wood-based MDF, by the use of a formaldehyde-free resin in the CalPlant I process.

FINAL RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF TAX-EXEMPT OR TAXABLE SOLID WASTE DISPOSAL REVENUE BONDS AND THE EXECUTION AND DELIVERY OF AMENDMENTS IN CONNECTION WITH EXISTING SOLID WASTE DISPOSAL REVENUE BONDS RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES FOR CALPLANT I, LLC, AND/OR ITS AFFILIATES

July 20, 2021

WHEREAS, the California Pollution Control Financing Authority (the "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) (the "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, the Authority has previously issued its Solid Waste Disposal Revenue Bonds (CalPlant I Project) Series 2017 (AMT) in the aggregate principal amount of $228,165,000 (the "2017 Senior Bonds") to finance a portion of the costs of the acquisition and construction of facilities for the treatment and disposal of solid waste consisting of a plant for the recycling of waste rice straw (collectively, the "Plant") by loaning the proceeds of the 2017 Senior Bonds to CalPlant I, LLC, a California limited liability company (the "Borrower") pursuant to a Loan Agreement, dated as of June 1, 2017, (the "Original Senior Loan Agreement") by and between the Authority and the Borrower; and

WHEREAS, the 2017 Senior Bonds were issued pursuant to an Indenture, dated as of June 1, 2017, (the "Original Senior Indenture") by and between the Authority and BOKF, NA (as successor trustee to UMB Bank, N.A., the "Senior Trustee"); and

WHEREAS, following the issuance of the 2017 Senior Bonds, (i) the Borrower entered into agreements for a new multi-contractor, multi-prime construction arrangement with various contractors providing supply, construction and professional services, (ii) certain members of CalPlant I Holdco, LLC, the parent entity of the Borrower ("Holdco"), committed to provide approximately $13.5 million of additional equity to the Borrower, and (iii) Holdco entered into mezzanine financing arrangements for approximately $33.0 million of net proceeds (the "Mezzanine Facility") (collectively, the "2018 Financings"); and

WHEREAS, in connection with, and to effect, the 2018 Financings, the Original Senior Indenture was amended and supplemented pursuant to the First Supplemental Indenture, dated as of December 20, 2018, (the "First Supplemental Senior Indenture") by and between the Authority and the Senior Trustee, and the Original Senior Loan Agreement was amended and supplemented pursuant to the First

Amendment to Loan Agreement, dated as of December 20, 2018, (the "First Amendment to Senior Loan Agreement") by and between the Authority and the Borrower; and

WHEREAS, the Authority has previously issued its Solid Waste Disposal Revenue Bonds (CalPlant I Project) Series 2019 Subordinate Bonds (AMT) in the aggregate principal amount of $73,685,000 (the "2019 Subordinate Bonds") to finance additional costs related to the construction of the Plant by loaning the proceeds of the 2019 Subordinate Bonds to the Borrower pursuant to a Loan Agreement, dated as of August 1, 2019, (the "Subordinate Loan Agreement") by and between the Authority and the Borrower; and

WHEREAS, the 2019 Subordinate Bonds were issued pursuant to an Indenture, dated as of August 1, 2019, (the "Subordinate Indenture") by and between the Authority and UMB Bank, National Association, as trustee (the "Subordinate Trustee"); and

WHEREAS, in connection with, and to effect, the issuance of the 2019 Subordinate Bonds, the Original Senior Indenture was further amended and supplemented pursuant to the Second Supplemental Indenture, dated as of August 7, 2019, (the "Second Supplemental Senior Indenture") by and between the Authority and the Senior Trustee, and the Original Senior Loan Agreement was further amended and supplemented pursuant to the Second Amendment to Loan Agreement, dated as of August 7, 2019, (the "Second Amendment to Senior Loan Agreement") by and between the Authority and the Borrower; and

WHEREAS, the Authority has previously issued its Solid Waste Disposal Revenue Bonds (CalPlant I Project) Series 2020 (AMT) in the aggregate principal amount of $42,000,000 (the "2020 Senior Bonds" and, together with the 2017 Senior Bonds, the "Senior Bonds") to finance additional costs related to the construction of the Plant by loaning the proceeds of the 2020 Senior Bonds to the Borrower pursuant to a Third Amendment to Senior Loan Agreement, dated as of October 13, 2020, (the "Third Amendment to Senior Loan Agreement" and, together with the Original Senior Loan Agreement, the First Amendment to Senior Loan Agreement and the Second Amendment to Senior Loan Agreement, the "Senior Loan Agreement"); and

WHEREAS, in connection with, and to effect the issuance of the 2020 Senior Bonds, the Original Senior Indenture was further amended and supplemented pursuant to a Third Supplemental Indenture, dated as of October 13, 2020, (the "Third Supplemental Senior Indenture" and, together with the Original Senior Indenture, the First Supplemental Senior Indenture and the Second Supplemental Senior Indenture, the "Senior Indenture") by and between the Authority and the Senior Trustee; and

WHEREAS, the Borrower has notified the Authority that certain Events of Default (as defined in the Senior Indenture) have occurred under the Senior Indenture and certain Loan Default Events (as defined in the Senior Loan Agreement) have occurred under the Senior Loan Agreement (collectively, the "Existing Specified Senior Defaults"), and that in connection with, and in anticipation of, such Existing Specified Senior Defaults, the Borrower and the Senior Trustee entered into that certain Non-Acceleration Agreement, dated as of October 13, 2020, (the "Senior Non-Acceleration Agreement"), pursuant to which the Senior Trustee agreed not to accelerate the Senior Bonds, or exercise remedies under certain collateral instruments delivered by the Borrower, during the effective period of the Senior Non-Acceleration Agreement by reason of the Existing Specified Senior Defaults or certain additional anticipated defaults specified in the Senior Non-Acceleration Agreement (collectively, the "Senior Specified Defaults"), which include, among others, the Borrower's failure or anticipated failure to make debt service payments on the 2017 Senior Bonds on July 1, 2020, January 1, 2021, and July 1, 2021; and

WHEREAS, the Borrower has notified the Authority that, as anticipated by the Senior Non-Acceleration Agreement, the Borrower did not timely make debt service payments on the 2017 Senior Bonds on January 1, 2021, and July 1, 2021; and

WHEREAS, the Borrower has notified the Authority that certain Events of Default (as defined in the Subordinate Indenture) have occurred under the Subordinate Indenture and certain Loan Default Events (as defined in the Subordinate Loan Agreement) have occurred under the Subordinate Loan Agreement (collectively, the "Existing Specified Subordinate Defaults"), and that in connection with, and in anticipation of, such Existing Specified Subordinate Defaults, the Borrower and the Subordinate Trustee entered into that certain Non-Acceleration Agreement, dated as of October 13, 2020, (the "Subordinate Non-Acceleration Agreement"), pursuant to which the Subordinate Trustee agreed not to accelerate the 2019 Subordinate Bonds, or exercise remedies under certain collateral instruments delivered by the Borrower, during the effective period of the Subordinate Non-Acceleration Agreement by reason of the Existing Specified Subordinate Defaults or certain additional anticipated defaults specified in the Subordinate Non-Acceleration Agreement (collectively, the "Subordinate Specified Defaults"), which include, among others, the Borrower's failure or anticipated failure to make debt service payments on the 2019 Subordinate Bonds on June 1, 2020, December 1, 2020, and June 1, 2021; and

WHEREAS, the Borrower has notified the Authority that, as anticipated by the Subordinate Non-Acceleration Agreement, the Borrower did not timely make debt service payments on the 2019 Subordinate Bonds on December 1, 2020, and June 1, 2021; and

WHEREAS, the Borrower has notified the Authority that the Borrower is currently in negotiations with Holders of the Senior Bonds (as such term is further defined in the Senior Indenture, the "Senior Holders") and Holders of the 2019 Subordinate Bonds (as such term is further defined in the Subordinate Indenture, the "Subordinate Holders") to approve the issuance of additional bonds to finance and refinance certain costs of completing the Plant and the commencement of operations thereof; and

WHEREAS, the Authority has been notified by the Borrower that it is diligently pursuing full-time operations thereof in order to generate sufficient cash flow to cure the Senior Specified Defaults and Subordinate Specified Defaults; and

WHEREAS, the Authority has heretofore approved the application of the Borrower for financial assistance to finance and refinance costs related to the construction of the Plant (as more fully described in the Borrower's application and as further described in Exhibit A hereto, the "Project"); and

WHEREAS, the Borrower has requested that the Authority issue revenue bonds (the "2021 Senior Bonds") to finance and refinance a portion of the costs of the Project necessary to complete the Plant and commence full-time operations thereof; and

WHEREAS, pursuant to Section 9.01(a) of the Senior Indenture, the Senior Indenture may be modified or amended from time to time and at any time by a supplemental indenture, which the Authority and the Senior Trustee may enter into with the written consent of the Required Bondholders (as such term is defined in the Senior Indenture, the "Senior Required Bondholders") and the Borrower; and

WHEREAS, pursuant to Section 10.4 of the Senior Loan Agreement and Sections 6.07(b) and 6.07(c) of the Senior Indenture, the Senior Loan Agreement may be modified or amended with the written consent of the Senior Required Bondholders to such amendment or modification; and

WHEREAS, in connection with, and to effect the issuance of the 2021 Senior Bonds, the Borrower has requested the execution and delivery of a supplemental indenture amending the Senior Indenture (the "Fourth Supplemental Senior Indenture") and an amendment to the Senior Loan Agreement (the "Fourth Amendment to Senior Loan Agreement") (collectively, the "2021 Senior Bond Amendments"); and

WHEREAS, the Borrower has had discussions with potential investors concerning the Project, operational models relating thereto and the credit and security structure for the financing, including the 2021 Senior Bonds, and in order to facilitate such discussions and comply with applicable law, the Borrower has provided the information requested by such potential investors relating to the Borrower and the 2021 Senior Bonds; and

WHEREAS, the 2021 Senior Bond Amendments will become effective upon (i) issuance of the 2021 Senior Bonds in a principal amount not to exceed $18,000,000; (ii) delivery by the Borrower of a Required Bondholders Approval Certificate (as such term is defined in the Senior Indenture, the "Senior Required Bondholders Approval Certificate") to the effect that the Senior Required Bondholders have provided their consents to, among other things, the requested issuance of the 2021 Senior Bonds and the 2021 Senior Bond Amendments; (iii) delivery by the Borrower of a Required Bondholders Approval Certificate (as such term is defined in the

Subordinate Indenture, the "Subordinate Required Bondholders Approval Certificate") to the effect that the Subordinate Required Bondholders have provided their consents to, among other things, the requested issuance of the 2021 Senior Bonds; and (iv) execution and delivery of the 2021 Senior Bond Amendments; and

WHEREAS, forms of the Fourth Supplemental Senior Indenture, the Fourth Amendment to Senior Loan Agreement and a bond purchase agreement (the "Purchase Agreement" and, together with the Fourth Supplemental Senior Indenture and the Fourth Amendment to Senior Loan Agreement, the "2021 Senior Bond Documents"), by and among Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc., as co-underwriters (collectively, the "Underwriters"), the Treasurer of the State of California, as agent for sale (the "Treasurer"), the Authority and the Borrower, have been prepared and presented to the Authority, and the final approval of the 2021 Senior Bonds and the terms of the 2021 Senior Bond Amendments and such documents relating to the 2021 Senior Bond Amendments is now sought; and

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

WHEREAS, the Borrower and/or its affiliates have represented to the Authority (i) that all or a portion of the Project will meet the green bond requirements of the International Capital Market Association, as reflected in its Green Bond Principles, (ii) that it expects to receive third-party certification or provide self-certification (accompanied by third-party verification) that all or a portion of the Project meets the requirements of the International Capital Market Association's Green Bond Principles (collectively, the "Green Bond Certification") and (iii) that certain information concerning such certification and related environmental attributes of the Project is included in materials prepared for potential investors and the application to the Authority; and

WHEREAS, the approval of the 2021 Senior Bond Amendments and the issuance of the 2021 Senior Bonds is now sought; and

WHEREAS, the Authority has applied for an allocation of the State Ceiling on Qualified Private Activity Bonds from the California Debt Limit Allocation Committee ("CDLAC") to finance and refinance certain costs of the Project and to pay certain costs of the issuance of the 2021 Senior Bonds in the aggregate amount of $18,000,000 (the "Allocation");

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 Act.

Section 2. Pursuant to the Act, the Authority hereby approves and authorizes the issuance of the 2021 Senior Bonds in an aggregate amount not to exceed $18,000,000, subject to the limitations stated in the Term Sheet attached as Exhibit A hereto (the "Term Sheet") and Exhibit B hereto. Moreover, the Authority hereby recognizes the certification of all or a portion of the issuance as Green Bonds consistent with the Green Bond Principles, subject to receipt of the Green Bond Certification in a form acceptable to the Executive Director of the Authority. The 2021 Senior Bonds may be issued in a tax-exempt or taxable mode at one time, or from time to time, in one or more series separately or differently identified, all in accordance with the Fourth Supplemental Senior Indenture as finally executed. The proceeds of the 2021 Senior Bonds shall be used to make a loan to the Borrower to finance and refinance the Project and to pay costs of issuance of the 2021 Senior Bonds.

Section 3. The Treasurer is hereby authorized to sell the 2021 Senior Bonds, subject to the terms and conditions set forth in the Term Sheet and Exhibit B hereto, at one time or from time to time before December 31, 2021, by negotiated sale, at such price and at such interest rate or rates as the Treasurer may determine, such determination to be as set forth in the Purchase Agreement.

Section 4. The Fourth Supplemental Senior Indenture, the Fourth Amendment to Senior Loan Agreement and the Purchase Agreement are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect business terms agreed upon between the Borrower and the potential investors) 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.

Section 5. The Authority understands and agrees that pursuant to the terms of the Senior Loan Agreement, as amended and supplemented by the Fourth Amendment to Senior Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity or by Affiliates of such Borrower. For purposes of this Resolution, an "Affiliate" of the Borrower means any person or entity that meets the definition of "Participating Party" in the Act and which 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 6. 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 each series of the 2021 Senior Bonds shall be as provided in the Fourth Supplemental Senior Indenture, as finally executed.

Section 7. The 2021 Senior Bonds shall be sold through a limited offering by the Underwriters to "Qualified Institutional Buyers," as they are defined under the Securities and Exchange Commission Rule 144A, promulgated under the Securities Act of 1933, and "Institutional Accredited Investors," which are entities described by Securities and Exchange Commission Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, who may be interested in the purchase of the 2021 Senior Bonds in connection with such limited offering.

Section 8. The 2021 Senior Bonds 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). The 2021 Senior Bonds, when executed, shall be delivered to the Senior Trustee under the Senior Indenture for authentication by the Senior Trustee. The Senior Trustee is hereby requested and directed to authenticate the 2021 Senior Bonds by executing the Senior Trustee's certificate of authentication appearing thereon. The Senior Trustee is hereby requested and directed to deliver the 2021 Senior Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York ("DTC"), on behalf of the Underwriters 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 2021 Senior Bonds to DTC, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 9. The Authority hereby dedicates and confirms the allocation to the 2021 Senior Bonds of $18,000,000 to be received from CDLAC, if approved, to finance and refinance certain costs of the Project and to pay certain costs of the issuance of the 2021 Senior Bonds, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 with respect to the 2021 Senior Bonds. The allocation shall automatically revert to CDLAC unless the Authority has issued the 2021 Senior Bonds on behalf of the Borrower within one hundred eighty (180) days of the transfer of the allocation. The Executive Director of CDLAC may approve an extension of up to ninety (90) days, which approval shall not be unreasonably withheld. This extension will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not been previously forfeited. The Authority shall return any unused allocation to CDLAC.

Section 10. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all acts that the officer may deem necessary or advisable in order to consummate the issuance, sale and delivery of the 2021 Senior Bonds, and otherwise to effectuate the purposes of this Resolution, the 2021 Senior Bond Documents and the 2021 Senior Bond Amendments. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any certifications and one or more tax certificates.

Section 11. The provisions of the resolution of the Authority entitled "Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings," Resolution No. 21-01-001, adopted by the Authority on January 19, 2021, (the "Delegation Resolution") apply to the documents and actions approved in this Resolution, and the provisions of the Delegation Resolution are incorporated herein by reference. This Section 11 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 12. The provisions of the Initial Resolution No. 21-07, approved by the Interim Executive Director of the Authority, on behalf of the Authority, on May 20, 2021, pursuant to their delegation authority, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 13. The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1 annually, until the project's Certificate of Completion has been submitted to the Authority, as provided in the Senior Loan Agreement, as amended and supplemented, including by the Fourth Amendment to Senior Loan Agreement. These forms may be found at this website location: http://www.treasurer.ca.gov/cdlac. Failure to demonstrate compliance may result in disqualification from future allocations of the State Ceiling on Qualified Private Activity Bonds.

Section 14. The Fourth Amendment to Senior Loan Agreement, the Fourth Supplemental Senior Indenture and the Purchase Agreement expressly provide that CDLAC is a third-party beneficiary of the terms and conditions set forth in the CDLAC Resolution. Once the 2021 Senior Bonds are issued, the terms and conditions set forth in the CDLAC Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

Section 15. The Authority hereby approves, confirms and ratifies all actions heretofore taken by its officers, agents, members and employees prior to the date hereof with respect to the requested issuance of the 2021 Senior Bonds, the 2021 Senior Bond Amendments and in furtherance of the purposes of this Resolution.

Section 16. 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 Solid Waste Disposal Revenue Bonds (CalPlant I Project), Series 2021 (AMT) (Green Bonds) (the "2021 Senior Bonds")
Maximum Amount of Issue:	$18,000,000 (tax-exempt and/or taxable)
Issuer:	California Pollution Control Financing Authority (the "Authority"), Sacramento, CA
Applicant:	CalPlant I, LLC, a California limited liability company
Borrower:	CalPlant I, LLC, a California limited liability company. CalPlant I, LLC, is a wholly-owned subsidiary of CalPlant I Holdco, LLC. CalAg LLC, formerly the parent company of CalPlant I, LLC, will be one of the owners of CalPlant I Holdco, LLC, along with other investors.
Senior Trustee:	BOKF, NA
Underwriters:	Citigroup Global Markets Inc. and Stifel, Nicolaus & Company, Incorporated
Bond Counsel:	Orrick Herrington & Sutcliffe LLP, San Francisco, CA
Project:	Land acquisition, construction, rehabilitation, improvement and/or installation of buildings and related facilities and the acquisition of equipment for a plant to recycle waste rice straw or other agricultural wastes materials into medium density fiberboard, such plant and facilities located at 6101 State Highway 162, Willows, Glenn County, California.
Maximum Bond Term:	Not to exceed 30 years
Type of Sale:	During the "Restricted Period," as defined in the Indenture, purchasers of the 2021 Senior Bonds (in both primary and secondary markets) limited to "Qualified Institutional Buyers" ("QIBs"), as QIBs are defined in Securities and Exchange Commission ("SEC") Rule 144A, promulgated under the Securities

	Act of 1933 (the "Securities Act") or "Institutional Accredited Investors" ("IAIs") which are entities described by SEC Rule 501(a)(1), (2), (3) or (7) under the Securities Act. IAIs together with QIBs are referred to herein as "Qualified Purchasers." The Restricted Period terminates upon approval of the Authority, which shall not be unreasonably withheld if the Borrower provides evidence that the 2021 Senior Bonds have been rated at least "A3/A-" by Moody's Investors Service, Inc., S&P Global Ratings or Fitch Ratings and any other conditions specified in the Indenture are met.
Description of Minimum Denominations:	$250,000 or any integral multiple of $5,000 in excess thereof during the Restricted Period as defined in the Senior Indenture, as amended and supplemented by the Fourth Supplemental Senior Indenture; should the Restricted Period terminate as described above, $5,000 or any integral multiple thereof.
Financing Structure:	Fixed rate bonds; sale can include up to 5% original issue discount.
Maximum Interest Rate:	12%
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	None
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Cameron Parks Citigroup Global Markets Inc. (213) 486-7130 Jake Campos Stifel, Nicolaus & Company, Incorporated (213) 443-5017

EXHIBIT B

SALE AND REMARKETING GUIDELINES

1. During the "Restricted Period," as defined in the Senior Indenture, as amended and supplemented, including as amended and supplemented by the Fourth Supplemental Senior Indenture, purchasers of the 2021 Senior Bonds (in both primary and secondary markets) limited to "Qualified Institutional Buyers" ("QIBs"), as QIBs are defined in Securities and Exchange Commission ("SEC") Rule 144A, promulgated under the Securities Act of 1933 (the "Securities Act") or "Institutional Accredited Investors" ("IAIs") which are entities described by SEC Rule 501(a)(1), (2), (3) or (7) under the Securities Act. IAIs together with QIBs are referred to herein as "Qualified Purchasers."

2. 2021 Senior Bonds may be initially placed with and marketed to no more than 35 Qualified Purchasers in any one offering.

3. During the "Restricted Period", 2021 Senior Bonds must be issued in minimum denominations of $250,000 or any integral multiple of $5,000 in excess thereof, and following the "Restricted Period," in minimum denominations of $5,000 or any integral multiple thereof, in each case with the requirement that all 2021 Senior Bonds must equal the chosen denomination.

4. The "Registration and Transfer of Bonds" section of the Senior Indenture, as amended and supplemented, including as amended and supplemented by the Fourth Supplemental Senior Indenture, must clearly describe all sale and purchase restrictions, and the 2021 Senior Bond certificates in their legends must note all sale and purchase restrictions.

5. Sinking fund maturities must match the 2021 Senior Bond denomination.

6. Participatory shares of 2021 Senior Bonds in trusts which include any of the 2021 Senior Bonds may be sold only to Qualified Purchasers, and such trust shares must be sold only in increments equal to the 2021 Senior Bond's minimum denomination unless (i) the participatory shares are credit enhanced to an "A-" level or higher and purchasers of such shares are not exposed to credit risk of the borrower, or (ii) participatory shares are not directly made in the 2021 Senior Bonds, but are part of a diversified portfolio in a regulated investment company, where the 2021 Senior Bonds constitute not more than 5% of the total portfolio.

7. Purchasers of the 2021 Senior Bonds shall provide the Authority with an Authority Investor Letter satisfactory to the Authority.

8. Purchasers of the 2021 Senior Bonds shall provide the Borrower and the Underwriters with a Borrower/Underwriters Investor Letter.

**RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL BUSINESS ASSISTANCE FUND
FOR CALPLANT I, LLC, AND/OR ITS AFFILIATES**

July 20, 2021

WHEREAS, the California Pollution Control Financing Authority (the "Authority") has approved the application of CalPlant I, LLC, a California limited liability company (the "Borrower"), for financial assistance to finance a portion of the costs of the acquisition and construction of facilities for the treatment and disposal of solid waste consisting of a plant for the recycling of waste rice straw located at 6101 State Highway 162, Willows, California 95988-9641, all as more particularly described in Application No. 950(SB) of the Borrower (the "Project") and has adopted its Resolution No. 21-01-614 (the "Final Resolution") authorizing the issuance of bonds to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the "Fund") in Section 8041 of Title 4 of the California Code of Regulations to assist small businesses with obtaining pollution control financing through the issuance of tax-exempt revenue bonds (the "Bonds"); and

WHEREAS, the Authority has received and accepted an application from the Borrower for assistance from the Fund; and

WHEREAS, the Borrower is a "small business" as defined in Section 8020 of Title 4 of the California Code of Regulations and classified pursuant to Subpart A of Part 121 of Title 13 of the Code of Federal Regulations, or it has 500 employees or less, and is otherwise eligible for assistance from the Fund; and

WHEREAS, the Project constitutes a "project" within the meaning of the California Pollution Control Financing Authority Act (Division 27 (commencing Section 44500) of the Health and Safety Code); and

WHEREAS, authorization of assistance from the Fund is now sought;

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

Section 1. The Authority hereby authorizes and approves up to $210,000 of assistance from the Fund to the Borrower to be used for the payment of certain costs of the issuance of the Bonds. The actual amount of assistance not to exceed $210,000 shall be determined by the Executive Director or Deputy Executive Director of the Authority based upon the final terms of the sale of the Bonds and based on the financing amount eligible for the allocation of volume cap.

Section 2. The Executive Director or the Deputy Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which they may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 3. This resolution shall take effect immediately upon adoption hereof. 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.