

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Approval Date: May 1, 2024**

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

Prepared by: Tyler Hanks

<b>Applicant:</b>	Central Valley RNG LLC, VS Digester, LLC, MD Digester, LLC, DB Digester, LLC, and/or its affiliates
<b>Project Location:</b>	Cities of Escalon, Oakdale, Linden, Farmington, Modesto, and Stockton (San Joaquin County and Stanislaus County)
<b>Amount Requested:</b>	\$320,000,000
<b>Application No.:</b>	937(SB)
<b>Initial Resolution No.:</b>	20-05
<b>Prior Action:</b>	Original IR approved 9/9/2020

**Summary:** Central Valley RNG LLC; VS Digester, LLC; MD Digester, LLC; DB Digester, LLC; and/or its affiliates (the “Company”) request approval of an amendment to Initial Resolution (IR) No. 20-05, originally approved at the September 9, 2020 board meeting, to increase the not to exceed amount to \$320,000,000 in tax-exempt bonds.

Bond proceeds will be used to construct, acquire, operate, and maintain three anaerobic digesters and gas upgrade systems to process cow manure from land leased from three dairies (Vander Schaaf Dairy, Hilltop Holsteins, and Fred A. Douma Dairy Partnership). The anaerobic digesters are designed to produce pipeline quality renewable natural gas (RNG) which will be sold under contract to OPAL Fuels Station Services LLC and solids will be utilized as fertilizer or soil amendment (the “Project”).

**Current Request:** The current request to increase the amount from \$91,795,000 to \$320,000,000 reflects a rise in construction costs and labor costs at each of the host farms.

Furthermore, additional addresses were added to the Project. In the original 2020 IR, the Borrower did not contemplate capital expenditures at the support dairies and will now be making capital expenditures at the support dairies to aggregate manure to feed the host farm digesters.

**Borrower:** The Central Valley RNG LLC was organized on August 6, 2020, as a Delaware Limited Liability Corporation (LLC) and meets small business size standards with a total of 337 employees, including affiliates. Central Valley RNG LLC will own 100% of the Project’s underlying LLC entities: VS Digester, LLC; MD Digester, LLC; and

DB Digester, LLC. The Company is in the business of developing anaerobic digester projects.

The principal stockholders of the Company are as follows:

**Central Valley RNG LLC**

CV RNG HoldCo LLC	90%
Sierra Renewable Organics Management, LLC,	<u>10%</u>
<b>Total:</b>	<b><u>100%</u></b>

**Sierra Renewable Organics Management, LLC:**

Renewable Organics Management, LLC	50%
Sierra Energy Solutions, LLC	<u>50%</u>
<b>Total</b>	<b>100%</b>

**Renewable Organics Management, LLC:**

CH Four Biogas, LLC	80%
Ignacio Sanchez	<u>20%</u>
<b>Total:</b>	<b><u>100%</u></b>

**CH Four Biogas, LLC:**

Ethan Werner	100%
<b>Total:</b>	<b><u>100%</u></b>

**Sierra Energy Solutions, LLC:**

Jack Deliddo	100%
<b>Total:</b>	<b><u>100%</u></b>

**CV RNG HoldCo LLC:**

CV RNG Holdings LLC	100%
<b>Total:</b>	<b><u>100%</u></b>

**CV RNG Holdings LLC:**

OPAL RNG LLC	100%
<b>Total:</b>	<b><u>100%</u></b>

**OPAL Fuels Inc:**

OPAL Fuels LLC	100%
<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. The Company had no information to disclose in the Legal Status Questionnaire portion of the Application.

**Project Description:** The Company plans to use bond proceeds to construct, acquire, operate, and maintain three anaerobic digesters and gas upgrade systems that will process cow manure from three dairies to produce pipeline quality RNG. The use of anaerobic digesters for manure management will provide long-term sustainability and utilize proven technology that will create more environmentally friendly dairy operations.

The three digester projects (VS Digester, LLC, MD Digester, LLC, and DB Digester, LLC) will each be located on their own parcels of land and will have a site lease agreement for each respective dairy. The leases will be coterminous with the bond term. The VS Digester, LLC project will be located at the Vander Schaaf Dairy in Escalon, the MD Digester, LLC project will be located at Hilltop Holstein's dairy in Oakdale, and the DB Digester, LLC project will be located at the Fred A. Douma Dairy Partnership in Tracy. These dairies desire to improve the quality of their operations and this Project will help the dairies become more environmentally and economically sustainable.

The dairies' manure flushing systems collect manure into existing storage pit systems. This diluted manure is pumped to sloped screens to separate the solids from the water for digestion. The slurry is then reintroduced into the new manure handling system beginning at the thickening pits. A hydrolyzer and its pair of agitators are used to maintain a homogenous mixture and promote hydrolysis. Once the material in the hydrolyzer has undergone sufficient hydrolysis over approximately five days, the hydrolyzer pump delivers the mixture to the anaerobic digester for processing. The raw methane gas from the digester is upgraded to pipeline quality renewable natural gas, which will be sold under contract to OPAL Fuels Station Services LLC; solids will be utilized as fertilizer or soil amendment.

**Financing Details.** The Company anticipates the issuance of negotiated, tax-exempt bonds through a Limited Public Offering. The target date for financing is anticipated to be within the third quarter of 2024.

**Financing Team.**

**Underwriter:** Piper Sandler & Co.  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of an amendment to Initial Resolution No. 20-05 for Central Valley RNG LLC; VS Digester, LLC; MD Digester, LLC; DB Digester, LLC; and/or their affiliates for an amount not to exceed \$320,000,000.

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

*Any information related to the borrower, including any data or analysis related to the borrower's financial condition or ability to repay the financing, described in this staff*

*report is based on information provided by the borrower and was prepared solely for members of the CPCFA Board and to satisfy certain provisions of Health and Safety Code section 44500 et seq. Prospective investors should not rely on information in this staff report and must read the entire Preliminary Official Statement, if applicable, to obtain information essential to the making of an informed investment decision.*

**AMENDMENT OF  
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO  
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
CENTRAL VALLEY RNG LLC AND/OR ITS AFFILIATES**

**May 1, 2024**

**WHEREAS**, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds 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**, at the request of Central Valley RNG LLC (the “Applicant”) and/or its Affiliates (collectively, the “Company”), the Authority adopted its Initial Resolution No. 20-05 on September 9, 2020 (the “Initial Resolution”) in the amount of not to exceed \$91,795,000 to assist in financing or refinancing the acquisition, construction and/or equipping of facilities for three anaerobic digester and gas upgrade systems to process cow manure from three dairies to produce pipeline quality renewable gas described as the “Project” in the Initial Resolution; and

**WHEREAS**, the Company has submitted an amendment to its application to the Authority and has requested the Authority to amend the Initial Resolution in order to: (1) increase its dollar amount to reflect Project cost increases, and (2) incorporate revised Project addresses and activities;

**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 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. An Affiliate shall also be a “participating party” as defined in the Act.

**Section 2.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$320,000,000 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. All references in the Initial Resolution to the dollar amount thereof shall be changed from “91,795,000” to “320,000,000.”

**Section 3.** Exhibit A to the Initial Resolution is replaced by the attached Exhibit A, which reflects, among other things, revised Project addresses. Furthermore, the term “acquisition, construction and/or equipping” in the description of the Project is to be replaced by “acquisition, construction, equipping, operating and/or maintaining.”

**Section 4.** Except as set forth in Sections 2 and 3, all of the provisions of the Initial Resolution shall remain in full force and effect and are hereby ratified and confirmed. This Amendment shall take effect upon its adoption.

**EXHIBIT A**

**NUMBER:** 20-05

**LOCATIONS:** 13749 Murphy Road, Escalon, California  
10385 S Van Allen Road, Stockton, California  
9863 Van Allen Road, Stockton, California  
15355 S Van Allen Road, Escalon, California  
10408 Van Allen Road, Stockton, California  
19116 Lone Tree Road, Escalon, California  
19325 Lone Tree Road, Escalon, California  
16348 S Van Allen Road, Escalon, California  
1890 S Hewitt Road, Linden, California  
4700 Dodds Road, Oakdale, California  
27815 Dodds Road, Escalon, California  
25381 Dodds Road, Escalon, California  
11300 S Henry Road, Farmington, California  
29854 CA-4, Farmington, California  
3301 Ladd Road, Modesto, California  
2330 Ladd Road, Modesto, California  
28524 Kasson Road, Tracy, California

**TYPE:** Solid Waste Disposal

**AMOUNT:** Up to \$320,000,000