

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: July 23, 2019**

***Request to Approve Final Resolution Authorizing the Issuance of Tax-Exempt Revenue Bonds
(Green Bonds) and Resolution Dedicating Tax-Exempt Volume Cap Allocation***

Prepared by: *Alison French-Tubo*

<p>Applicant: CalPlant I, LLC and/or its affiliates</p> <p>Project Location: Willows (Glenn County)</p>	<p>Amount Requested: \$80,000,000</p> <p>Application No.: 927(SB)</p> <p>Final Resolution No.: 19-01-596</p> <p>Allocation Resolution No.: 19-073-01</p> <p>Prior Actions: IR 19-01 approved 03/28/19</p>
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Summary. CalPlant I, LLC and/or its affiliates (the “Company”) requests approval of a Final Resolution for the issuance of subordinate revenue green bonds in an amount not to exceed \$80,000,000 (the “2019 Bonds”), approval of a Resolution for the dedication of volume cap allocation , and acknowledgment that the Borrower has self-certified 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 (ICMA) Green Bond Principles (GBP). The Company will use bond proceeds to finance and refinance additional costs relating to the treatment and disposal of solid waste consisting of a plant for the recycling of waste rice straw (collectively, the “Plant”).

Borrower. The Company is a small business with 28 employees. CalPlant is constructing the Plant to use a patented method licensed to the Company (US Patent 6,596,209) to recycle waste rice straw (a waste product from the farming and harvesting of rice) into medium density fiberboard (MDF) in Willows, Glenn County. Construction is approximately 75% mechanically complete with first board production expected in the fourth quarter of 2019.

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:

Occator Agricultural Properties, LLC ¹	32.245%
CalAg, LLC	21.382%
ZC CalAg LLC	25.667%
Columbia Forest Products, Inc.	15.772%
Siempelkamp Maschinen- und Anlagenbau GmbH	2.295%
CalAg Preferred Investor, LLC	1.652%
Not Wood, LLC	<u>0.0987%</u>
Total:	<u>100.000%</u>

¹ A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America

Legal Questionnaire. The Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

TEFRA. The TEFRA hearing was held on June 20, 2019. There were no comments received in support of or in opposition to this project.

Fees. The Company has paid an application fee of \$5,000 and will pay an administrative fee of up to \$155,000 at closing.

SBAF Assistance. The Company is a small business, but it is not eligible for assistance from the Small Business Assistance Fund due to the par amount of the bond issue.

Prior Financings. CPCFA issued \$228,165,000 in tax-exempt green bonds on June 14, 2017 (the "2017 Bonds"). The current amount outstanding is \$228,165,000. The 2019 Bonds will be subordinate to the 2017 Bonds.

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

The project is located on 275 acres outside the town of Willows in Glenn County within the Sacramento Valley region where the overwhelming majority of rice is grown in California (approximately 550,000 acres each year). 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 Plant will occupy about 25 acres and rice straw bales will be stored on 200 acres, with the remaining 50 acres left undeveloped for future uses such as additional straw storage, solar energy, co-generation and/or value-added manufacturing.

The Company purchased the plant site in April 2008 and construction of the Plant began November of 2017. As of May 2019, the Plant is about 75% mechanically complete and the production of the first fiberboard is anticipated to take place in the fourth quarter of 2019.

The Company represents that the plant will be contractually guaranteed to produce approximately 112 million square feet (MMsf $\frac{3}{4}$ " basis) of MDF per year; it has been designed to be capable of producing 160 MMsf $\frac{3}{4}$ " once in full operation. In addition to rice straw, which the Company expects to obtain from Sacramento Valley rice producers, a formaldehyde-free polymeric Methylenediphenyl Diisocyanate (pMDI) resin binder will be used to manufacture the MDF.

The project and issuance costs anticipated to be funded from proceeds of the bonds (after taking into account amounts anticipated to be funded from equity) are listed below:

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Site Preparation	\$2,275,667
Construction of New Building(s)	\$41,375,423
Utilities Connection	\$97,500
Acquisition of New Equipment	\$18,064,430
Engineering/Architecture	\$1,145,415
Legal, Permits, etc.	\$622,729
Bond Issuance Expenses	\$1,400,000
Construction Management & Technical Consulting	\$2,095,594
Debt Service Reserve 2019 Bonds	\$2,800,000
Misc. including site power and grouting	\$123,242
Subtotal	\$70,000,000
Contingency	\$10,000,000
Total:	<u>\$80,000,000</u>

Note: The project costs reported in the Borrower's application and shown here in staff's report are estimated costs. At the time this financing closes, the estimated project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

Anticipated Project Timeline. The Company began construction in November 2017. The equipment purchases began in June 2017 with a scheduled completion date of November 2019. As of May 2019, the Plant is 75% mechanically complete with production of the first fiberboard anticipated in the fourth quarter of 2019. Completion of all remaining components of the Plant and full-scale commercial operations at guaranteed performance levels are expected to occur in the first quarter of 2020.

Local Government. Letters of Support were received from the following government representatives:

- Jim Nielsen, CA State Senator, 4th District (Attachment A)
- Gavin Newsom, Lt. Governor (Attachment B)
- Rene Vercreussen, Vice President, Knife River Construction, An MDU Resources Company (Attachment C)
- Celeste Cantu, General Manager, Santa Ana Watershed Project Authority (Attachment D)
- Panorea Avdis, Chief Deputy Director, Governor's Office of Business and Economic Development (Attachment E)
- Dan Logue, CA State Assemblyman, 3rd District (Attachment F)
- Wally Herger, Member of Congress, United States House of Representatives (Attachment G)

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

Waste Diversion. The objectives of the plant are to recycle rice straw—an annually renewable agricultural waste.

Air Quality. 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.

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 at least 20 times more VOC emissions than the same sized CalPlant straw-based MDF plant.

Water Conservation. By not using water to decompose post-harvest rice straw, the project will save approximately 55,000 acre feet (17.8 billion gallons) of water each year. Most of this water use reduction would result from reducing seasonal fall water diversions from the Sacramento, Yuba and Feather Rivers. This could also help protect the fall-run Chinook salmon (a species federally listed as threatened and endangered), steelhead, striped bass, and other valuable California fish.

Energy Efficiency. The Company estimates that the rice straw-based MDF plant will require approximately 15% less energy than a similarly sized wood-based MDF plant.

Recycling of Commodities. The plant will recycle approximately 275,000 tons of California grown rice straw annually. Of that collected material, approximately 99% of the straw will be utilized in the manufacture of MDF.

Permitting and Environmental Approvals. The Company has provided staff with copies of all applicable permits for the construction of the project, including discretionary approvals under the California Environmental Quality Act.

Green Bonds. The Company engaged its technical advisor, Stephen Vajda Consulting (“SVC”), to analyze whether the project meets the Green Bond Principles of the International Capital Market Association (“ICMA”). SVC has delivered its final report dated July 3, 2019 opining that the project meets many of the categories for Green Bond Principles and State of California 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.

SVC's 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 CO₂ 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 VOC 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. Lower air pollutant emissions from transportation of rice straw feedstock to the plant, compared to wood, as all of the plant's needs will be met within a 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.

CPCFA 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, CPCFA 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 Company anticipates a limited offering of subordinate fixed-rate tax-exempt bonds to Qualified Institutional Buyers and Institutional Accredited Investors as set forth in Exhibit A of the Final Resolution. The Company has requested that CPCFA allow the transfer of 2019 Bonds to Institutional Accredited Investors to enhance the initial sale of the 2019 Bonds. The Indenture for the 2019 Bonds includes provisions restricting the transfer of 2019 Bonds during the Restricted Period (as defined in the Indenture for the 2019 Bonds) to Qualified

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Institutional Buyers and Institutional Accredited Investors in accordance with the transfer provisions included in the Indenture for the 2017 Bonds.

The Company has self-certified the 2019 Bonds as Green Bonds based on the report from Stephen Vajda Consulting (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 for the SVC Report).

As part of the effort to market the 2019 Bonds, a draft Preliminary Limited Offering Memorandum (“PLOM”) has been prepared and is also being presented to the Authority for approval. A link to the PLOM can be found here. <https://orrick.app.box.com/s/jsz3cl9sbl7ek56b6a0megdoj7x61thj>

Each initial investor will deliver an Investor Representation 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 SEC Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). The 2019 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 termination of the Restricted Period. The 2019 Bonds may be sold with an original issue discount. UMB Bank, N.A. will serve as the bond trustee and collateral agent. The target closing date for financing is August 7, 2019.

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

Staff Recommendation. Staff recommends approval of Final Resolution No. 19-01-596 and Volume Cap Allocation Resolution No. 19-073-01 for an amount not to exceed \$80,000,000 for CalPlant I, LLC and/or its affiliates. Additionally, staff recommends acknowledgement of the issuance as a Green Bond.

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF SOLID WASTE DISPOSAL SUBORDINATE
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 23, 2019

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 (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 Bonds”) to finance a portion of the costs of the acquisition and construction of facilities for 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 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 Loan Agreement”), by and between the Authority and the Borrower; and

WHEREAS, the 2017 Bonds were issued pursuant to an Indenture, dated as of June 1, 2017 (the “Original Indenture”), by and between the Authority and UMB Bank, National Association, as trustee (the “Senior Trustee”); and

WHEREAS, following the issuance of the 2017 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 mezzanine financing arrangements for approximately \$33 million of net proceeds (the “Mezzanine Facility”) (collectively, the “2018 Financings”); and

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

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WHEREAS, the Authority has heretofore approved the application of the Borrower for financial assistance to finance 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 subordinate revenue bonds (the "Subordinate Bonds") to finance a portion of the costs of the Project; 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) 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 Required Bondholders to such amendment or modification; and

WHEREAS, on May 17, 2019, the Borrower delivered to the Authority a Post-Issuance Request Form requesting the execution and delivery of a supplemental indenture amending the Senior Indenture (the "Second Supplemental Indenture") and an amendment to the Senior Loan Agreement (the "Second Amendment to Loan Agreement") (collectively, the "2019 Senior Bond Amendments"); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated and Citigroup Global Markets Inc., as co-underwriters of the 2017 Bonds (collectively, the "Underwriters"), and the Borrower have had discussions with Holders (as such term is defined in the Senior Indenture) of the 2017 Bonds, and the Borrower has caused a Consent Solicitation Statement (the "Consent Solicitation") to be distributed to the Holders requesting the written consent of the Holders to the 2019 Senior Bond Amendments, the requested issuance of Subordinate Bonds and replacing the Mezzanine Facility for purposes of financing of Project costs (as further described in the Consent Solicitation, the "2019 Financings"); and

WHEREAS, the Underwriters began discussions with potential investors concerning the Project, operational models relating thereto, and the credit and security structure for the financing, including the Subordinate Bonds, and in order to facilitate such discussions and comply with applicable securities laws, the Borrower and the Underwriters have caused a draft preliminary limited offering memorandum describing the Project, the 2019 Financings, the 2019 Senior Bond Amendments, the preliminary financing structure and the forms of certain financing documents to be prepared and distributed to potential investors; and

WHEREAS, the 2019 Senior Bond Amendments will become effective upon (i) issuance of the Subordinate Bonds in a principal amount of at least \$70,000,000; (ii) delivery by the Borrower of a Required Bondholders Approval Certificate (as such term is defined in the Senior Indenture) to the effect that the Required Bondholders have provided their consents to the 2019 Financings and the 2019 Senior Bond Amendments; (iii) execution and delivery of the 2019 Senior Bond Amendments; (iv) Holdco securing additional equity amount in a minimum amount

of \$20,000,000; and (v) satisfaction of financial conditions described in the Consent Solicitation, including delivery by the Borrower of certificates to the effect that the Mezzanine Facility has been retired and that the amount of the contingency funds available to the Plant is not less than \$25,000,000; and

WHEREAS, forms of the Second Supplemental Indenture and the Second Amendment to Loan Agreement have been prepared and presented to the Authority, and final approval of the terms of the 2019 Senior Bond Amendments and such documents relating to the 2019 Senior Bond Amendments is now sought; and

WHEREAS, forms of a subordinate indenture (the “Subordinate Indenture”), by and between the Authority and UMB Bank, National Association, as trustee (the “Subordinate Trustee”), a subordinate loan agreement (the “Subordinate Loan Agreement”), by and between the Authority and the Borrower, a subordinate bond purchase agreement (the “Subordinate Purchase Agreement”), by and among the Underwriters, the Treasurer of the State of California (the “Treasurer”), the Authority and the Borrower, and a subordinate limited offering memorandum (the “Subordinate Limited Offering Memorandum,” and, together with the Subordinate Indenture, the Subordinate Loan Agreement and the Subordinate Purchase Agreement, the “Subordinate Bond Documents”) have been prepared and presented to the Authority, and final approval of the Subordinate Bonds and such documents relating to the Subordinate Bonds is now sought; and

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with 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 has 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 (“ICMA”) 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 investors and the application to the Authority; and

WHEREAS, the approval of the 2019 Senior Bond Amendments and the issuance of the Subordinate Bonds is now sought; and

WHEREAS, on July 17, 2019, the California Debt Limit Allocation Committee (“CDLAC”) adopted a resolution entitled “A Resolution Transferring a Portion of the 2019 State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Program and Converting a Carryforward Allocation of 2018 State Ceiling to a Carryforward Allocation of 2018 State Ceiling for an Exempt Facility Program” (the “CDLAC Resolution”), which transfers to the Authority a portion of the 2019 State Ceiling on Qualified Private Activity Bonds and a portion of the remaining 2018 Carryforward Allocation on Qualified Private Activity Bonds (as further described in the CDLAC Resolution, the “2018 Carryforward Allocation”) for use by the Authority for the issuance of bonds for exempt facility projects; and

WHEREAS, the Borrower has applied for a portion of the 2018 Carryforward Allocation from the Authority; and

WHEREAS, the Authority has determined that it is appropriate to authorize the transfer of a portion of the 2018 Carryforward Allocation to benefit the Project;

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. The Second Supplemental Indenture and Second Amendment to Loan 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 Holders of the 2017 Bonds) as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery of the Second Supplemental Indenture and Second Amendment to Loan Agreement.

Section 3. Pursuant to the Act, the Authority hereby approves and authorizes the issuance of the Subordinate Bonds in an aggregate amount not to exceed \$80,000,000, subject to the limitations stated in 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 Subordinate Bonds may be issued in a tax-exempt mode at one time, or from time to time, in one or more series separately or differently identified, all in accordance with the Subordinate Indenture as finally executed. The proceeds of the Subordinate Bonds shall be used to make a loan to the Borrower to finance the Project and to pay costs of issuance of the Subordinate Bonds.

Section 4. The Treasurer is hereby authorized to sell the Subordinate 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, 2019, by negotiated sale, at such price and at such interest rate or rates as she may determine, such determination to be as set forth in the Subordinate Purchase Agreement.

Section 5. The Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Limited Offering Memorandum (in the form of either the “Preliminary Limited Offering Memorandum” or the final “Limited Offering Memorandum”) and the Subordinate 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 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 in the case of the Subordinate Indenture, the Subordinate Loan Agreement and the Subordinate Purchase Agreement, and by delivery thereof

in the case of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

Section 6. Any modification to the Project made prior to the issuance of the Subordinate Bonds shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority.

Section 7. Any material changes to the bond sale structure prior to the issuance of the Subordinate Bonds are subject to further approval by the Authority.

Section 8. The Authority understands and agrees that pursuant to the terms of the Senior Loan Agreement and the Subordinate 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 which 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 9. 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 Subordinate Bonds shall be as provided in the Subordinate Indenture, as finally executed.

Section 10. The Subordinate Bonds shall be sold through a limited offering by the Underwriters. Subject to the limitations set forth in Exhibit B hereto, the Underwriters are hereby authorized to distribute the Preliminary Limited Offering Memorandum 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 Subordinate Bonds in connection with such limited offering. The Underwriters are hereby directed to deliver a copy of the final Limited Offering Memorandum to all actual purchasers of the Subordinate Bonds.

Section 11. The Subordinate 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 Subordinate Bonds, when executed, shall be delivered to the Subordinate Trustee under the Subordinate Indenture for authentication by the Subordinate Trustee. The Subordinate Trustee is hereby requested and directed to authenticate the Subordinate Bonds by executing the Subordinate Trustee's certificate of authentication appearing thereon. The Subordinate Trustee is hereby requested and directed to deliver the Subordinate 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 Subordinate Bonds to DTC, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

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Section 12. The Authority hereby dedicates and confirms its allocation to the Subordinate Bonds of \$80,000,000 of the 2018 Carryforward Allocation to finance certain costs of the Project and to pay certain costs of issuance of the Subordinate Bonds, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 with respect to the Subordinate Bonds. Such portion of the 2018 Carryforward Allocation shall automatically revert to the Authority unless the Authority has issued the Subordinate Bonds on behalf of the Borrower by the close of business ninety (90) days from the date of the approval of such portion of the 2018 Carryforward Allocation by the Authority. In a case of extreme hardship, the Executive Director of CDLAC may extend this date by up to five (5) business days. In addition, the Executive Director of CDLAC may also approve a maximum of two (2) extensions of up to ninety (90) days each, which approval shall not be unreasonably withheld. Any extension beyond the original deadline to issue will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited, unless waiver of forfeiture is approved by CDLAC consistent with Section 5052 of CDLAC's regulations.

Section 13. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Subordinate Bonds, and otherwise to effectuate the purposes of this Resolution, the Subordinate Bond Documents and the 2019 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 14. 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" adopted by the Authority on January 15, 2019 (the "Delegation Resolution"), apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference. This Section 14 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority which replaces or supersedes the Delegation Resolution.

Section 15. The provisions of the Initial Resolution No. 19-01, approved by the Executive Director of the Authority, on behalf of the Authority, on March 28, 2019, pursuant to her delegation authority, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 16. The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1st annually, until the project's Certificate of Completion has been submitted to the Authority, as provided in the Subordinate 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 17. The Subordinate Loan Agreement, the Subordinate Indenture and the Subordinate Purchase Agreement expressly provide that CDLAC is a third-party beneficiary of the terms and conditions set forth in the CDLAC Resolution. Once the Subordinate Bonds are

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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 18. 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 2019 Senior Bond Amendments and the 2019 Financings and in furtherance of the purposes of this Resolution. .

Section 19. 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 2019 Subordinate Bonds
(AMT)(Green Bonds) (the “Subordinate Bonds”)

Maximum Amount of Issue: \$80,000,000

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: UMB Bank, N.A.

Subordinate Trustee: UMB Bank, N.A.

Underwriters: Stifel, Nicolaus & Company, Incorporated and Citigroup
Global Markets Inc.

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 to be located at
6101 State Highway 162, Willows, Glenn County, California.

Maximum Bond Term: Not to exceed 25 years

Type of Sale: During the “Restricted Period,” as defined in the Indenture,
purchasers of the 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

Agenda Item 4.A.

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 Bonds have been rated at least “A3/A-” by Moody’s Investors Service, Inc., Standard & Poor’s Ratings Group 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 Subordinate 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:	Jake Campos Stifel, Nicolaus & Company, Incorporated (213) 443-5017

EXHIBIT B

SALE AND REMARKETING GUIDELINES

1. During the “Restricted Period,” as defined in the Subordinate Indenture, purchasers of the Subordinate 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. Subordinate Bonds may be initially placed with and marketed to no more than 35 Qualified Purchasers in any one offering.
3. During the “Restricted Period”, 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 Subordinate Bonds must equal the chosen denomination.
4. All sale restriction information must be prominently printed on the cover and described in the body of any offering materials. The Subordinate Indenture’s “Registration and Transfer of Bonds” section must clearly describe all sale and purchase restrictions, and the Subordinate Bond certificates in their legends must note all sale and purchase restrictions.
5. Sinking fund maturities must match the Subordinate Bond denomination.
6. Participatory shares of Subordinate Bonds in trusts which include any of the Subordinate Bonds may be sold only to Qualified Purchasers, and such trust shares must be sold only in increments equal to the 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 Subordinate Bonds, but are part of a diversified portfolio in a regulated investment company, where the Subordinate Bonds constitute not more than 5% of the total portfolio.
7. The initial purchasers shall provide (i) the Authority with an Authority Investor Letter and (ii) the Borrower and the Underwriters with a Borrower/Underwriters Investor Letter, each in the respective form attached as an appendix to the Subordinate Limited Offering Memorandum.

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 19-073-01

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

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from CalPlant I, LLC (“Project Sponsor”) for approval of the issuance of subordinate revenue green bonds or other obligations; and

WHEREAS, on July 23, 2019 CPCFA approved Final Resolution No. 19-01-596 (“Final Resolution”) authorizing the issuance of up to \$80,000,000 of its subordinate Solid Waste Disposal Revenue Bonds (CalPlant I Project) Series 2019 Subordinate Bonds (Green Bonds) (“Bonds”); and

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

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

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

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of \$80,000,000 is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

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

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

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

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

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

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

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

Section 9. In accordance with California Code of Regulations, title 4, section 5145, subdivision (b), the Project Sponsor or its successor in interest shall submit to CPCFA each year by February 1, an annual Certification of Compliance II until the Project Sponsor has completed the Project and submitted a Certificate of Completion. CPCFA shall confirm receipt of the certificates to CDLAC by March 1 annually via the online compliance certification system until

Agenda Item 4.A.

project completion. Copies of the certification forms may be found at <http://www.treasurer.ca.gov/cdlac>. Failure to submit the required certifications may result in disqualification from future dedications of the State Ceiling on Qualified Private Activity Bonds.

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

RESOLUTION NO. 19-073-01

(AN EXEMPT FACILITY PROJECT)

EXHIBIT A

1. Project Sponsor: CalPlant I, LLC and/or its affiliates
2. Application #: 927 (SB)
3. Project User: Same as Project Sponsor
4. Project Name: CalPlant I, LLC Project
5. Location: 6101 State Highway 162
Willows, California 95988
Glenn County
6. Amount of Allocation: \$80,000,000
7. Pursuant to Section 5145(d) of the CDLAC Regulations, CDLAC must be designated in the bond documents to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.

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:

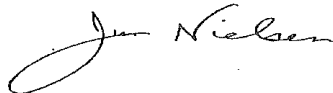
I am writing to convey my support of CalAg LLC's efforts to build a manufacturing plant for medium density fiberboard in Willows, California. The project meets the needs of Sacramento Valley rice farmers while providing much-needed jobs in this region that is still striving to recover economically.

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
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,

A handwritten signature in black ink, appearing to read "Gavin Newsom".

Lt. Governor Gavin Newsom

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



Attachment C



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

www.kniferiver.com

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

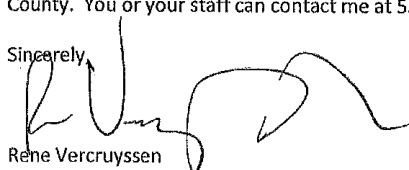
Dear Director:

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

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

RE: CalAg

Celeste Cantú
General
Manager

Dear Michael:

Eastern
Municipal
Water
District

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.

Inland
Empire
Utilities
Agency

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

Orange
County
Water
District

- 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.

San
Bernardino
Valley
Municipal
Water
District

Western
Municipal
Water
District

Thank you for this opportunity and the best to you.

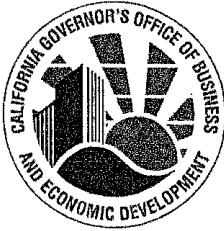
Sincerely,


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,

A handwritten signature in black ink, appearing to read "Panorea Avdis".

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,
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
342 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-5076

DISTRICT OFFICES
2636 FORTY-FIFTH AVENUE, SUITE 100
EMERY, CA 94507-3
925-833-4262

410 HERBERT DRIVE, SUITE 115
REDWOOD, CA 96002
925-223-5898

herger.house.gov



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

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEE
HARRING 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
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, 2019**

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 and approximately \$70,000,000 of Subordinate bonds, the proceeds of which will be used to make a secured loan to CalPlant I, LLC. The bond proceeds 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.

Attachment H

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 I, LLC 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 agreement with CPCFA and the Collateral Agency Agreement lay out a strict protocol whereby expenditures from bond proceeds must be approved by a Construction Monitor and a Technical Advisor. Furthermore, the Bond indenture 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 Bonds 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 agreement related to the Bonds requires CalAg 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.

Attachment H

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.

Attachment H

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 ³ / ₄ "/year	Project Specification
Unit Straw Consumption	1.952 tons/Msf ³ / ₄ "	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/techttool/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 use 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

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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 foremissions 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.

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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.

As regards 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 I'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.

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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 CalAg's rice straw will be sourced from within a 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 CO₂ 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.

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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 a 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.