

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: July 11, 2024**

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

Prepared by: Tyler Hanks

Applicant:	Matos Dairy Biogas, LLC and/or its affiliates
Project Location:	City of Merced (Merced County)
Amount Requested:	\$7,000,000
Application No.:	964
Initial Resolution No.:	24-04

Summary: Matos Dairy Biogas, LLC and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$7,000,000 in tax-exempt bonds.

Bond proceeds will be used to construct a methane emissions covered lagoon dairy digester facility at the host dairy, Matos Energy Dairy, located in Merced (the “Project”).

Borrower: Maas Energy Works, LLC, the sole owner of the Company, was founded in 2010 in California and is a small business with a total of 135 employees including affiliates. Maas Energy Works, LLC has since served as the lead developer on 60 new or upgraded dairy digester facilities that currently process manure from nearly 70 farms, making the company the most experienced dairy digester developer on the continent. Maas Energy Works coordinates project teams, designs, schedules, permits, grants, and utilities, while selecting custom equipment and contractors for each dairy facility.

The principal stockholders of the Company are as follows:

Matos Dairy Biogas, LLC:

Maas Energy Works, LLC	100%
Total:	100%

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 reports no information to disclose.

Project Description: The Project will include the construction of a new covered lagoon dairy digester facility for the purpose of capturing manure methane emissions to create carbon-negative transportation fuel while increasing the environmental sustainability of Matos Energy Dairy, which is located at 100 South Quinley Avenue in Merced, California and is owned by Larry Matos. The captured methane will be upgraded to pipeline specifications by onsite biogas conditioning equipment. Purified biomethane will be transported to a nearby community utility injection point owned by Merced Pipeline LLC.

The Company is the applicant entity for the Project under a ground lease and manure supply agreement that includes a profit share with Matos Energy Dairy.

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 fourth quarter of 2024.

Financing Team:

Underwriter: The Frazer Lanier Company
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Issuer's Counsel: Office of the Attorney General

Staff Recommendation: Staff recommends approval of Initial Resolution 24-04 for Matos Dairy Biogas, LLC and/or its affiliates for an amount not to exceed \$7,000,000.

Note: An Initial Resolution approval is not a commitment that the California Pollution Control Financing Authority 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 California Pollution Control Financing Authority 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.

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS OR NOTES TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
MATOS DAIRY BIOGAS LLC AND/OR ITS AFFILIATES**

July 11, 2024

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality of the State of California (the “State”), is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the Health and Safety Code) (“Act”) to issue bonds, notes, or other obligations for the purpose of defraying the cost of facilities and equipment for the disposal of waste products to prevent, reduce, or eliminate environmental pollution, remediate contamination, enable alternative and renewable sources of energy, and encourage beneficial reuse; and

WHEREAS, Matos Dairy Biogas LLC (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in the financing or refinancing of the construction of facilities and purchase of equipment for collection, processing, recycling, transportation, and disposal of solid waste, as more fully described in the Application (collectively, the “Project”) to be owned and operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment that will serve the public of the State; and

WHEREAS, the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds or notes of the Authority will be made available to finance the Project; and

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

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that bonds or notes in an amount not expected to exceed \$7,000,000 will be issued and that certain of the proceeds of such bonds or notes will be used to reimburse the Company for its prior expenditures associated with the Project; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with the proceeds of a subsequent borrowing;

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

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity that meets the definition of “participating party” in the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$7,000,000 principal amount of bonds or notes 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 or notes.

Section 3. The bonds or notes shall be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each bond or note, consistent with the Act, shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or of any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this [bond][note]."

Section 4. The bonds or notes shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds or notes and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) to the extent required, an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds or notes which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective three years after the approval date unless prior to such date the Authority or its Executive Director specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the Project and any additional information requested by the Authority to supplement the Company's application.

EXHIBIT A

NUMBER: 24-04
LOCATIONS: 100 South Quinley Ave., Merced, CA 95341
TYPE: Solid Waste Disposal
AMOUNT: Up to \$7,000,000