



**MASTER CLIENT AGREEMENT FOR
RECYCLE BOND PROGRAM
SUMMARY AND RECOMMENDATIONS**

Action: Approval

Purpose: Establishing One or More Accounts for the CMFA Multifamily Housing Bond Volume Cap Allocation Recycling Program

Activity: Preservation and Recycling of Private Activity Bond Volume Cap

Meeting: December 2, 2022

Background:

The CMFA and RBC Capital Markets, LLC (“RBCCM” or the “Bank”) established a Tax-Exempt Multifamily Housing Bond Recycling Program in 2021. The current program requires a significant amount of administration to align the timing of the financing with the timing of the revolving credit facility draw and related investments of draw proceeds. RBC has proposed streamlining the process by utilizing bank account time deposits at the Royal Bank of Canada (“RBC”) which will require one or more new accounts to be established.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve new accounts for the Preservation of Private Activity Bond Volume Cap at RBC.



AYMIUM WILLIAMS PROJECT SUMMARY AND RECOMMENDATIONS

Applicant:	National Carbon Technologies – California, LLC
Action:	Final Resolution
Amount:	\$150,000,000
Purpose:	Finance Certain Public Capital Improvements, Including the Acquisition, Construction, Improvement, Development, Equipping, Furnishing and Installation of Certain Solid Waste Disposal Facility, to be located in the City of Williams, County of Colusa, California
Activity:	Pollution Control
Meeting:	December 2, 2022

Background:

NCT Holdco, LLC (d/b/a Aymium) (“**Aymium**”) is a privately-held, environmental technology company and global leader in producing sustainably-sourced, renewable biocarbon engineered to replace fossil fuels in large global markets including energy, metals production, agriculture, and filtration and purification. Aymium’s core strategy is to provide renewable drop-in replacements for fossil-based carbons that provide both superior operational performance plus substantial decarbonization benefits. Aymium is the ultimate owner of the Company and the sponsor of the Facility.

The Company is a single-purpose limited liability company organized in the State of Delaware, registered as a foreign limited liability company qualified to do business in California, for the purpose of developing, owning, and operating the Facility (hereinafter defined). The sole member of the Company is California Renewable Carbon, LLC (“**CRC**”), a Delaware limited liability company. The Company’s offices are located at the Facility at 6229 Myers Road, Williams, California.

The Facility is located on an approximately 50-acre site on Interstate 5 near Williams, Colusa County, California (the “**Site**”), which Site the Company acquired in late 2021. The Company will repurpose a previously-closed tomato processing plant for biocarbon production. At full capacity utilization, the Facility is expected to process approximately 500,000-550,000 BDTs

bone dry tons (“**BDTs**”) per year of sustainably-sourced biomass obtained from within a 75-mile radius of the Site. Operating 24 hours/day, 365 days/year (excluding planned downtime for maintenance), the Facility is estimated to produce between 200,000 – 270,000 metric tons (“**MTs**”) of energy and metallurgical biocarbon products annually, which the Company, through CRC, will mainly sell under long-term offtake contracts to customers in Asian markets.

The Facility will be capable of producing a wide variety of biocarbon products, but will principally produce: (1) energy biocarbon for use as a direct replacement for coal in power generation; and (2) metallurgical biocarbon that will substitute for fossil-based coal or coke in iron production and steelmaking, serving as a critical thermochemical reagent in those processes (collectively, (1) and (2) are referred to herein as the “**Products**”).

The Project:

Proceeds of the Series 2022 Bonds will finance, in part, a state-of-the-art biocarbon production facility that will convert sustainably-sourced woody biomass such as forest byproducts, orchard trimmings and rotations, into advanced biocarbon formulations that are direct ‘drop-in’ replacements for fossil-based fuels and other fossil-based carbon reagents (e.g., coal, coke, and natural gas) (the “**Facility**”). The Facility’s development will include new construction and equipment as well repurposing of existing improvements on the Site and upgrading vehicle and rail access, among other things. The Company expects the Facility to be mechanically completed by April 2024 and operating at full capacity by October 2024.

The County of Colusa:

The County of Colusa became a member of the CMFA and held a TEFRA hearing on June 21, 2022. Upon closing, the County will receive approximately \$36,500 as part of CMFA’s sharing of Issuance Fees. Additionally, local non-profits will also benefit through charitable donations.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bond Proceeds:	\$ 115,000,000
Equity:	<u>\$ 161,288,849</u>
Total Sources:	\$ 276,288,849

Uses of Funds:

Development Costs:	\$ 14,410,000
Engineering Costs:	\$ 13,329,555
Procurement Cost:	\$ 86,135,850
Construction Cost:	\$ 101,912,630
Ancillary Equipment Cost:	\$ 2,200,000
Contingency	\$ 22,734,148
Finance Charge	\$ 4,900,000
Reserves	<u>\$ 30,666,666</u>
Total Uses:	\$ 276,288,849

Terms of Transaction:

Amount:	\$150,000,000
Estimated Rating:	Unrated
Maturity:	December 15, 2042
Collateral:	First lien on all assets of the Company subject to certain agreed upon carveouts, pledge of certain material accounts including reserve accounts, Mortgage / Deed of Trust, assignment of material contracts, licenses and permits, and pledge of membership interest/units in the Company
Estimated Closing:	December 2022

Public Benefit:

The Company's project will provide several significant public and environmental benefits:

- Reduces use of fossil fuels (e.g., coal) by customers in the steel and electricity production end-use markets
- Cogenerates "green" electricity from excess heat to provide a source of renewable power
- Eliminates the need to dispose (through open-air burning, landfilling, or otherwise) of orchard and other biomass feedstocks, reducing CO2 and other pollutants

The net result is that the Company's products are "CO2 negative", significantly reducing CO2, GHG's and other emissions. In addition, the Facility will also create 60-65 full-time, attractive jobs, requiring highly-skilled, trained workers.

Finance Team:

Underwriter:	Morgan Stanley & Co. LLC
Underwriter Counsel:	Ballard Spahr LLP
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Borrower Counsel:	McGuireWoods LLP
Issuer Counsel:	Jones Hall, APLC
Trustee:	UMB Bank, N.A.

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution in the amount of up to \$150,000,000 to finance certain public capital improvements, including the acquisition, construction, improvement, development, equipping, furnishing and installation of a biomass-based facility and related operations, owned and operated by Aymium to be located in the City of Williams, County of Colusa, California.

*The information mandated by California Government Code Section 5852.1, including the true interest cost, finance charge, amount of proceeds received from the sale, and the total payment amount to final maturity is attached to this report.