

Department Of Resources, Recycling and Recovery (CalRecycle)



April 16, 2013

Recycling Market Development Zone
Loan Program Changes

Welcome Remarks

Goal

- ✓ 75% Target

Potential Resource

- ✓ Cap & Trade Funds

PRC § 42023.1(f)

“The department may expend the money in the subaccount to make loans to local governing bodies, private businesses, and nonprofit entities within recycling market development zones, or in areas outside zones where partnerships exist with other public entities to assist local jurisdictions to comply with PRC § 40051.”

Define Partnership

Examples:

- ✓ City or County
- ✓ School
- ✓ Economic Development Office
- ✓ Small Business Development Center

RMDZ Funds - Outside of Zones

Example #1:

First \$3,000,000 inside of zones; remainder for outside of zones

Example #2:

Funds not utilized after Jan. 1 available outside zones

Example #3:

Do not allow RMDZ funds to be used outside of zones

Use Of Loan Funds

Limit use of Loan Funds

- ✓ For equipment purchase only, to improve the collateral supporting the loan.
- ✓ Discontinue funding working capital, real estate purchase and improvements, and refinance of other debt.

Loan Criteria

- ✓ Add: definition of partnership
- ✓ Add: limitation – equipment only
- ✓ Add: require diversion of non-hazardous solid waste from CA landfills, both inside and outside zones.

Cap & Trade Funds

Options:

- ✓ Use before RMZD SubAccount funds
- ✓ Demonstrate reduction of greenhouse gas emissions
- ✓ Loan criteria identical to RMDZ loan criteria (including equipment only)

Other Potential Changes

- ✓ Simplify loan application
- ✓ Update regulatory definition of applicant
- ✓ Allow changes to the interest rate during the term of a loan
- ✓ Allow application of loan payments to interest, principal and fees
- ✓ Allow reversal of late payment fees
- ✓ Ability to refinance or consolidate an RMDZ loan

Agenda

1. Welcome Remarks
2. Potential Program Changes
 - a. Eligibility and Allowed Use of RMDZ Funds
 - i. Define Partnership
 - ii. Availability of RMDZ Funds Outside of Zones
 - iii. Limit RMDZ Funds to Purchase of Equipment
 - iiii. Loan Criteria Changes
 - b. Options for Using Cap & Trade Funds
3. Other Potential Changes

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