

**Proposed Changes to the Recycling Market Development
Revolving Loan Program Regulations**

May 9, 1997

Underline indicates the new language for the 45-day public review period.

~~Strike out~~ indicates the removal of existing language for the 45-day public review period.

~~Strike out and Underline~~ indicates new language added in the 45-day public review period draft that is removed by the 15 day public review period.

Redline indicates new language for the 15-day public review period.

~~Redline~~ indicates the removal of existing language for the 15 day public review period.

Title 14: Natural Resources

Division 7: California Integrated Waste Management Board

Chapter 4: Resources Conservation Program

**ARTICLE 1.1 RECYCLING MARKET DEVELOPMENT ~~ZONE LOW INTEREST~~
REVOLVING LOAN ~~FUND~~PROGRAM**

17930. Purpose of the ~~Revolving Loan Fund~~Recycling Market Development Revolving Loan Program (Program).

~~The Board may make loans directly from the Board's Recycling Market Development Revolving Loan Account to local governments and businesses located in designated Recycling Market Development Zones. The loans shall be used to~~The program assists the Board and local agencies in complying with Public Resources Code Sections 40051 and 41780, respectively, ~~to~~helps meet the market development goals ~~set forth~~ in the Zone plans ~~as~~ defined in Section 17907 of this Chapter, and ~~to~~fosters recycling-based business development within the Zones.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010, Public Resources Code.

17931. Definitions.

(a) "Applicant" means an entity which is applying for a Loan.

(b) "Application" means the information an Applicant must provide to the Board when seeking a loan.

(c) "Board Loan Committee" or "Loan Committee" means ~~a~~the committee referred to and established in Section 17935.5 of this Chapter. ~~not to exceed seven individuals appointed by the California Integrated Waste Management Board upon recommendation by the Market Development Committee for the purpose of considering staff analyses of loan requests and making~~

~~recommendations to the Board regarding approval or denial of the requested loans. The Loan Committee shall meet on a quarterly basis. Initially, three members shall be appointed for one year terms, and four members shall be appointed for two year terms. Subsequent appointments shall be for two year terms. Vacancies shall be filled using the same procedures as used for the initial appointments, and shall only be filled for the remaining portion of the respective terms. The Committee shall be comprised of representatives demonstrating expertise in financial analysis and credit evaluation who are from the public and private sectors, urban and rural areas, the lending community, and the Department of Commerce.~~

(d) "Borrower" means an Applicant whose application has been approved and who has executed a Loan Agreement.

(e) "Board" means California Integrated Waste Management Board.

(f) "CEQA" is the California Environmental Quality Act found in Public Resources Code Sections 21000, et. seq.

(g) ~~"Conditional Designation" means a Zone Applicant has received notification from the Board that its designation as a Recycling Market Development Zone is conditional and certain conditions must be satisfied in order to receive final designation.~~ "Capital Improvements" means physical improvements to publicly owned land, including buildings, structures and fixtures or attachments of a permanent or semi-permanent nature, including large equipment, erected on and affixed to the land."

(h) "Environmental Questionnaire" means a checklist completed by the Applicant to give the Board an indication of the possible risks from hazardous waste sources that may be encountered relative to the project.

(i) ~~"Final Designation" means a Zone Applicant has received written notification from the Board stating it has satisfactorily completed all the requirements for final designation as a Recycling Market Development Zone.~~

(j) "Infrastructure" means the basic facilities, such as sewer, water, transportation, and utility systems ~~needed by the participating jurisdictions to directly support recycling based businesses within a Zone.~~

(k) "Loan" means ~~a loan from the the lending of Recycling Market Development Revolving Loan Program Subaccount or the California Tire Recycling Management Fund funds pursuant to a Loan Agreement.~~

(l) "Loan Agreement" means a written agreement between a Borrower and the Board for a Loan made in accordance with this Article.

(m) "May" means a provision is permissive.

(n) "Must" means a provision is mandatory.

(o) "Onerous Debt" means debt with high interest rates and/or short terms that causes a negative impact on the Borrower's negative cash flow and jeopardizes the Borrower's ability to convert to or expand its diversion of recycled or secondary material. ~~hardship that can be directly alleviated by a lower interest rate and long term financing.~~

~~(p) "Participating jurisdiction" means any jurisdiction which has been identified as having a role in a Zone as evidenced by the letters of support and commitment required pursuant to Section 17905(d) of this Chapter.~~

(ep) "Phase I Assessment" means an assessment to be completed by a specialized engineering or consulting firm that provides a professional opinion, based on obvious evidence, as to the past and potential usage, storage, handling, or disposal of materials within the property that have been or may be toxic or hazardous, or may cause violations of state and/or federal laws, rules, or regulations pertaining to soil and water quality; and to identify past and potential off-site contaminant sources that did have, or may have an adverse environmental impact on the property. The assessment may be performed at the time of loan application or at any time during the life of the loan, as determined necessary by the Board. Hazardous materials and wastes that are to be identified include those meeting the definitions of Public Resources Code Section 40141 and Health and Safety Code Sections 25117 and 25501(k).

~~(rg) "Postconsumer waste material" means the same any product generated by a business or a consumer which has served its intended end use, and which has been separated from solid waste for the purposes of collection, recycling, and disposition and which does not include secondary waste material. This definition is as is defined in Public Resources Code Section 42002(b).~~

(r) "Project" means the activity for which a loan is requested.

(s) "Recycling Market Development Zone" or "Zone" is a geographic area as defined by Public Resources Code Section 42002(ed).

~~(t) "Secondary material" means the same industrial by products which would otherwise go to disposal facilities and wastes generated after completion of manufacturing processes, but does not include internally generated scrap commonly returned to industrial or manufacturing processes, such as home scrap and mill broke. This definition is as is defined in Public Resources Code Section 42002(d).~~

(u) "Source reduction" means the same as is defined in Public Resources Code Section 40196.

(v) "Value added product" means an item which has increased in value or and changed its character or composition through a manufacturing or reuse process.

~~(tw) "Zone administrator" means the same as is defined in Section 17901(j) of this Chapter. means the person selected by the Zone to administer the activities of the Zone, and report upon its activities to the Board.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(c) (62), Public Resources Code.

17932. Eligible Applicants.

An applicant's project, or in the case of mobile operations the primary business location, ~~All applicants must be located within the boundaries of Recycling Market Development Zones. Eligible applicants include:~~

- (a) Businesses and not-for-profit organizations who:
- (1) ~~Practice, or propose to practice, appropriate source reduction; or~~
 - (2) ~~utilize~~ Use or propose to use postconsumer or secondary waste materials to produce a value added product., ~~and local~~
- (b) ~~Local governments or agencies who support Subsection (a) of this section. the utilization of postconsumer or secondary waste materials, which are located within the boundaries of Recycling Market Development Zones are eligible to apply for Loans. Application procedures are detailed in Section 17935 of this Article.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(c) (62), Public Resources Code.

17932.1. Tire Recycling Projects.

Loans made with funds from the California Tire Recycling Management Fund may be carried out in accordance with the process and/or eligibility set forth in this Article.

- ~~(a) In the event that a proposed project, under this Article, involves the diversion of used tires from the landfill, or otherwise promotes alternative uses of used tires, such tire recycling projects may be administered through the Recycling Market Development Zone Loan program and funded from the California Tire Recycling Management Fund, established pursuant to Sections 42860-42889 of the Public Resources Code.~~
- ~~(b) Tire recycling projects under this section may be approved by the Board up to the amount of funds allocated by the Board from the California Tire Recycling Management Fund for loans pursuant to this Article.~~
- ~~(c) Eligible types of tire projects deemed to be appropriate to receive funding under this section shall be specified by the Board in its Tire Recycling Management Fund allocation process.~~
- ~~(d) All other provisions under this Article, including eligible project costs, shall apply to tire recycling projects.~~
- ~~(e) Recipients of loans under this section shall, on or before January 1 of each year, submit a report to the Board on the number of whole tires, or the equivalents by weight thereof, recycled or diverted from landfills.~~

Note: Authority cited: Sections 40502 and 42881, Public Resources Code.

Reference: Sections 42872, 42873, and 42874, Public Resources Code.

17933. Priority Projects.

Priority consideration shall be given to those projects which whereby:

(1) The applicant demonstrates an ability to repay the loan and that the project will increase market demand for recycling the project's type of postconsumer waste material; and satisfy PRC Section 42010(d)(3); and

~~(2) demonstrate the greatest use of other funds in the project and/or the highest degree of effort by the borrower to obtain other funds; and~~

(2) the project satisfies additional statewide recycling market development objectives as described in Section 17909 of this Chapter, and

(3) the project satisfies ~~The the~~ additional priorities that will be are determined by the Board. These priorities will be reviewed and revised as appropriate, on an annual basis. ~~periodically, upon the filing of these regulations with the Secretary of State, and annually thereafter by March 31 of each year.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(d)(3), Public Resources Code.

17934. Loan Amounts.

The maximum loan amount is the lesser of 50% of the cost of any project, or up to \$1 million, ~~whichever is greater. The Board may loan less than 50% of the cost of the project.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(d)(4), Public Resources Code.

17934.1. Uses of Funds.

(a) ~~For eligible~~ For loans to businesses and not-for-profit organizations ~~utilizing postconsumer or secondary waste materials applicants,~~ loan funds may be used for:

- (1) equipment purchases,
- (2) real property purchases,
- (3) working capital, or
- (4) refinancing of onerous debt.

(b) ~~For loans to eligible~~ local governmentals or agencies, loan funds shall be used only for publicly owned infrastructure and capital improvements located within the Zone which directly support recycling based business activities that would be eligible for a loan. eligible applicants described in Section 17932(a)(1) and (2) of this Chapter. ~~businesses that use postconsumer or secondary waste material.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010, Public Resources Code.

17934.3 Fees.

A ~~non-refundable~~ application fee of \$300.00 shall accompany each loan application. A loan ~~origination~~ fee of 3 ~~points percent~~ shall be charged upon loan closing. The Board reserves the right to periodically adjust the application and loan origination fees and the timing of the collection of loan fees when the loan fees are collected. The application fee and loan fee are considered part of the project cost and may be financed. ~~Points are an eligible loan expense and may be added to the requested loan amount.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(c)(7), Public Resources Code.

17934.5. Interest Rate.

The interest rate for loans is determined by the Board and is based on, but not necessarily equal to, the Pooled Money Investment Account (PMIA) rate. The Board reserves the right to periodically adjust the interest rate.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(d)(1), Public Resources Code.

17935. Application Process.

(a) Applicants may submit their applications to the Board at any time throughout the year. ~~Loan approvals shall be given by the Board on a quarterly basis. A schedule denoting submittal deadlines for the respective quarterly reviews shall be issued by the Board on the first day of September of each year. This annual announcement shall also specify the loan interest rate to be offered for that year.~~

(b) ~~Applications may be reviewed only by Board staff during a Zone's conditional designation status, but shall not be reviewed submitted for approval by the Board until a Zone receives final designation status, as defined in Section 17901(d) of this Chapter.~~

(c) ~~Applications shall be available from, and the~~ The Applicant must submit two (2) ~~three (3)~~ copies of the application with original signatures to, the Board.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010, Public Resources Code.

17935.1. Application Content.

(a) All applicants must complete and provide the information requested in form CIWMB 604 "Recycling Market Development Revolving Loan Application" (15/97), which is incorporated herein by reference. (See Appendix A). ~~sections (a) through (i) below.~~ Additional information required from businesses and not-for-profit organizations is described in section (b) below. ~~Additional information required from public~~ Local government or

agency applicants must also provide the information requested is detailed in sections (b) and (c) below.

~~(a) Name, address, and telephone number of the Applicant, and name and title of Applicant's principal contact person.~~

~~(b) A business plan describing the project for which funding is being requested, including all of the following:~~

~~(1) A description of the project to be funded;~~

~~(2) A detailed budget for the project including cost estimates and the source of the cost estimates;~~

~~(3) All sources and uses of funds for the project, including commitment letters from all other funding sources stating the loan terms and conditions;~~

~~(4) Types, amounts and sources of materials currently used and projected to be used as feedstock, specifying which materials are postconsumer or secondary waste. For public Applicants, this information must pertain to the businesses that will be directly supported by the proposed project to be funded;~~

~~(5) Participating jurisdictions' information relating to the supply of materials, including types and quantities of materials available;~~

~~(6) If the Applicant is a business, demonstration of a market for the business' product;~~

~~(7) Demonstration of the inadequate return on investment for the project, or of the financing gap between the debt and the equity participation in the project.~~

~~(c) Identification of any required federal, state or local permits necessary to carry out the project and evidence that the Applicant has, or is, securing these permits.~~

~~(d) A statement from the Applicant that it is, or shall be, prior to receiving a loan, in compliance with all local, state, and federal laws, regulations, requirements and rules, including the California Environmental Quality Act found in Public Resources Code Sections 21000, et. seq. The Board may request a copy of the applicable CEQA document.~~

~~(e) A completed Environmental Questionnaire Form Number Env. Ck. 1 (9/92), which is incorporated herein by reference. The Questionnaire shall include, but not be limited to, information concerning the possible risks from hazardous materials or waste sources as defined in Public Resources Code Section 40141 and Health and Safety Code Sections 25117 and 25501(k), relative to the project, including storage and transportation of such materials. After review of the questionnaire, the Board may request additional information, including, but not limited to, a Phase I Assessment concerning the project, if it is deemed necessary.~~

~~(f) Signature of the Zone Administrator certifying that the requested loan is compatible with the Zone plans and objectives required pursuant to Section 17907 of the Chapter.~~

~~(g) Loan amount and terms requested in addition to those specified in Section 17935.2 of this Article.~~

~~(h) Information or documents demonstrating that the Applicant is able to provide adequate collateral and repay the loan, including primary and secondary sources of repayment.~~

~~(bⁱ) Applicants shall provide any Any further information or documentation deemed necessary by the Board to determine the creditworthiness of the Applicant, or the Applicant's ability to secure and repay the loan.~~

~~(j) Applications for businesses and not for profit organizations must contain the following additional information:~~

~~(1) A description of the business or not for profit organization activity;~~

~~(2) The date the Applicant's business was established, financial statements and tax returns for the previous three years, and information regarding any guarantors;~~

~~(3) A corporate resolution to borrow money from the Board or a governing board resolution granting authority to make application to the Board for a loan commitment;~~

~~(4) Identification of the legal ownership structure of the business. If the business is a corporation or partnership, a list of officers or partners, with titles and percent ownership, is applicable;~~

~~(5) Personal financial statements and tax returns of officers, partners, or guarantors owning 10% or a greater amount of the business;~~

~~(6) Descriptions of Applicant's management structure and qualifications;~~

~~(7) Current and projected employment levels, annual payroll and pay per full time employee.~~

~~(ck) Applications from for public entities local governments or agencies must contain the following additional information:~~

~~(1) A description of the local government's or agency's activities and responsibilities;~~

~~(2) The local government's or agency's annual financial operating statements for the previous three years;~~

~~(3) A governing board resolution granting authority to make application to the Board for a loan commitment.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Sections 42010(d), Public Resources Code.

17935.2. Loan Agreement.

Each Loan Agreement shall include, but not be limited to, the following terms and conditions:

(a) The interest rate of the loan as specified in Section 17934.5 of this Article.

(b) The life-term of the loan shall not exceed 10 years. ~~Amortization schedules may exceed the length of the loan. Loan terms for machinery and equipment shall be limited to the useful life of the assets. The Board may take a subordinate position to a primary lender.~~

(c) A description of the security and conditions pertaining thereto, as determined by the Board, and agreed to by the Applicant.

(d) Timeframes for complying with the conditions of loan closing and any special conditions that must be satisfied prior to, or covenants which must be complied with after, the disbursement of funds.

(e) Identification of what is considered an event of default, including a A-provision that, upon failure to comply with the loan agreement, or if any information provided by the Applicant is found to be untrue, any remaining unpaid amount of the loan, with accrued interest, will be immediately due and payable, upon determination by the Board.

(f) A provision that the Borrower agrees to waive any claims against and to indemnify and hold harmless the State of California, including the California Integrated Waste Management Board, from and against any and all claims, costs, and expenses stemming from operation, maintenance, or environmental degradation at the site.

(g) Proof of adequate insurance for the business ~~the project~~, naming the Board as loss payee, and when appropriate, naming the Board as additional insured, up to the amount of the loan.

(h) Any other provision to which the parties agree.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(d), Public Resources Code.

17935.3. Process For Preliminary Review.

Upon receipt, Board staff shall review each application to determine whether the Applicant is eligible for a loan, pursuant to Section 17932 of this Article, and whether the application is complete, pursuant to Section 17935.1 of this Article. Within 10 working days of receiving the application, Board staff shall either do one of the following:

(1) Send a letter to the Applicant indicating that the application is incomplete, or that the Applicant is ineligible for a loan, and specifying the steps, if any, which the Applicant may take to correct identified deficiencies; or

(2) ~~Notify~~ Send a letter to the Applicant by letter that indicating the Applicant it is eligible for a loan, pursuant to Section 17932 of the Article, that its application is complete, and shall be evaluated by the Board staff; or

(3) Send a letter to the Applicant indicating that based on the analysis of the financial information provided and information obtained from credit reporting agencies, if applicable, the Applicant does not meet the credit standards for the program and will not be recommended for approval. The Applicant will also be advised of the process for appeal of the decision.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010(d), Public Resources Code.

17935.4. Process For Board Staff Review.

(a) The Board staff shall prepare an analysis of a summary of findings for each application. Applications which meet the following criteria shall be recommended for approval to the Loan Committee:

(1) The Applicant is found creditworthy, and
(2) and the collateral and the source of repayment are sufficient appropriate for the requested loan amount; and
(23) The Applicant has adequately demonstrated the appropriateness of the loan for use in the project as specified in Section 17935.1(b)(7) of this Article.

(b) Those applications which fulfill Subsection (a) (1), and (2), and (3) of this section, shall be ranked in order of their ability to meet the priorities identified in Section 17933, and then shall be presented by Board staff to the Loan Committee along with a complete analysis of the applicant and the project. ~~the summary of findings.~~

(c) Board staff shall also forward to the Loan Committee those applications which do not receive a recommendation for approval, in accordance with guidelines established by the Loan Committee and/or at the direction of the Board.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Sections 42010, Public Resources Code.

17935.5. Establishment of the Loan Committee. ~~Process for Loan Committee Review~~

(a) A Loan Committee is hereby established to assist the Board in meeting the goals of the Program.

(b) The Loan Committee shall be composed of not more than nine ~~twelve~~ individuals appointed by the Board.

(c) The Loan Committee shall be comprised of a balanced cross-section of individuals from the commercial lending community, both public and private sectors, from throughout the state who demonstrate expertise in financial analysis and credit evaluation.

(d) Members of the Loan Committee shall each be appointed to a three-year term, except that the newly added members terms may be adjusted so that a staggered schedule of terms is established where not more than four members terms shall expire during any single calendar year.

(e) Vacancies shall be filled using the same procedures as used for the initial appointments, and shall be filled for the remaining portion of the respective terms.

~~(f) The Loan Committee shall meet monthly or as needed. The concurrence of a majority of Committee members present at a meeting shall constitute a recommendation of the Committee.~~

~~(g) The Loan Committee shall review staff analyses of loan requests and make recommendations to the Board regarding approval or denial of the requested loans.~~

~~(ah) The Loan Committee shall evaluate only those applications presented by Board staff pursuant to the Review Process of~~

~~section 17935.4 of this Article, and shall make its recommendations for approval relative to those applications only. The evaluations and recommendations shall occur at the quarterly review respective to the submittal date of the application, as described in Section 17935 of this Article.~~

~~(bi) The Loan Committee shall recommend applications for approval based only on their financial soundness and their ability to meet the underwriting criteria as described in Sections 17935.4(a) (1), and (2), and (3) of this Article.~~

~~(cj) The list of recommended projects, submitted recommended by the Loan Committee for approval by the Board, on a quarterly basis, shall first be considered by the Market Development Committee for final recommendation to the full Board.~~

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Sections 42010, Public Resources Code.

17935.55. Process for Loan Committee Review.

- (a) The Loan Committee shall meet monthly or as needed.
- (b) The Loan Committee shall evaluate the staff analysis of loan requests presented by Board staff pursuant to the Review Process of section 17935.4 of this Article, or other processes approved by the Board for reconsideration of applications, and shall make its recommendations to the Board.
- (c) The Loan Committee shall recommend applications for approval based only on their financial soundness and their ability to meet the underwriting criteria as described in Sections 17935.4(a) (1) (2) and (3) of this Article.
- (d) The Loan Committee may advise the Board as requested on other aspects of the loan program.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Sections 42010, Public Resources Code.

17935.6. Board Approval.

- ~~(a) No sooner than 30 calendar days from the date upon which the Board staff mails the completeness letter pursuant to Section 17935.3, the Board shall notify the Applicant of its decision regarding the loan application.~~
- ~~(b) (a) If the Board approves a loan, the Applicant and the Board shall enter into a Loan Agreement pursuant to the terms specified in Section 17935.2 of this Article. Funds shall be disbursed according to the terms of the Loan Agreement.~~
- ~~(c) If the Board denies an application, the Applicant may reapply for consideration in a subsequent quarter.~~
- (b) The Board's loan commitment shall be in effect for a period of 90 days following Board approval. The loan commitment may be extended, for cause, for an additional 90 days. Extension of the loan commitment beyond the second 90 day period shall occur only if agreed to by both the Board and the Applicant.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 42010, Public Resources Code.

17936. Auditing of Expenditure of Loan Proceeds.

The Board, or the Department of Finance, may audit the expenditure of the proceeds of any loan made pursuant to this Article.

NOTE: Authority cited: Section 40502, Public Resources Code.
Reference: Section 420120(d)(65), Public Resources Code.

17937. Repealed.

17938. Repealed.

17939. Repealed.

**RECYCLING MARKET DEVELOPMENT
REVOLVING LOAN PROGRAM**

LOAN APPLICATION CHECKLIST

(Submit all attachments in the following order to the back of the completed application)

APPLICATION

BUSINESS FINANCIAL STATEMENTS

Annual (last 3 years) and interim (within 90 days) business financial statements for borrower, guarantors, and affiliated entities. The financial statements must include balance sheets, income statements, cash flow statements, an aging of accounts receivable and payable and ORIGINAL SIGNATURE(S) of the person(s) completing this application.

TAX RETURNS

Copies of executed federal tax returns for the last three years for borrower, guarantors, and affiliated entities.

OWNERS PERSONAL FINANCIAL STATEMENTS

Complete Exhibit A, Personal Financial Statement Form, with ORIGINAL SIGNATURES and date, for all persons owning ~~10%~~ 20% or more of the business, or any guarantors.

CREDIT AUTHORIZATION

~~Complete Exhibit B, Credit Authorization Form, with ORIGINAL SIGNATURES and date, for all persons owning 10% or more of the business, or any guarantors.~~

OWNERS PERSONAL TAX RETURNS

Copies of executed federal tax returns (last three years) for all persons owning ~~10%~~ 20% or more of the business, or any guarantors.

BUSINESS PLAN

Business Plan for the business and the proposed project. An outline of a typical business plan is provided.

LEASE/PURCHASE AGREEMENTS/SITE CONTROL

Copies of ~~title policy, deed of trust, or purchase agreement (if owned property) or an~~ executed lease or ~~purchase agreements, or contingent (upon financing) lease or purchase agreements~~ for the project site.

BUSINESS FINANCIAL PROJECTIONS

Two year financial projections for business (income statements and cash pro forma).

[OVER]

LOAN APPLICATION CHECKLIST

(continued)

PROJECT SOURCES AND USES OF FUNDS

Complete Exhibit **EB**, Project Sources and Uses of Funds Form.

FINANCING COMMITMENT LETTERS

Copies of commitments or other documentation for all other funding sources listed in Exhibit **EB** pertaining to this project. This documentation must include anticipated rates and terms for all financing, and the contact persons names and phone numbers.

PRESENT DEBT OBLIGATIONS

Complete Exhibit **DC**, Present Debt Obligations Form

ARTICLES OF INCORPORATION, BY-LAWS, PARTNERSHIP AGREEMENTS, ETC.

Articles of Incorporation, By-Laws, Partnership Agreements, Shareholder or Management Agreements, and other Corporate or Partnership Agreements affecting control or ownership of the entity.

ENVIRONMENTAL QUESTIONNAIRE

Complete Exhibit **ED**, Environmental Questionnaire.

BUSINESS LICENSE AND FICTITIOUS BUSINESS NAME STATEMENT

Copy of current business license and Fictitious Business Name Statement if dba is specified under Section I, Applicant Information.

ZONE ADMINISTRATOR'S CERTIFICATION

Complete Zone Administrator's Certification.

Note: Review your application and exhibits for completeness. Substantially incomplete packages will not be accepted.

**RECYCLING MARKET DEVELOPMENT
REVOLVING LOAN PROGRAM**

PRIVACY NOTICE

The information requested in this loan application will be used by the California Integrated Waste Management Board (CIWMB) for the purpose of determining the eligibility and creditworthiness of the loan Applicant, and the Applicant's ability to secure and repay the loan. In the event of sale or securitization of loans, information will be reviewed by public rating agencies, prospective investors or purchasers, or their agents. Such review will be subject to a confidentiality agreement.

Portions of the information in the application may be transferred to members of the CIWMB's Loan Committee and to other state agencies or its contractors assisting the CIWMB with administration and maintenance of this program, including but not limited to the Department of *Community Services and Development* ~~Economic Opportunities~~, the Office of the State Controller, the Department of General Services, the ~~Office of~~ Department of Real Estate *Design Services*, the Trade and Commerce Agency and the California ~~Department of Justice State Attorney General~~. Designated items provided in this application may also be entered into the CIWMB's Business Intake Database which will be accessible to the public.

This notice is required by Section 1798.17 of the Information Practices Act of 1977 (California Civil Code Sections 1798 *et. seq.* through ~~1798.78~~) and the Federal Privacy Act (5 USC 552a, subd. (e) (3)) whenever an agency requests personal information from an individual.

The information requested in this application is mandatory for all applicants, and is authorized by Public Resources Code section 42010 and the CIWMB's regulations found in Title 14 of the California Code of Regulations, Sections 17930 *et. seq.* through ~~17936~~. Failure to provide the information may result in an Applicant not receiving a loan from the CIWMB.

Applicants have the right to review their loan application files. The official responsible for maintenance of the loan application files is: Loan Administrator, Recycling Market Development Revolving Loan Program, California Integrated Waste Management Board, 8800 Cal Center Drive, Sacramento, CA, 95826

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

APPLICATION

Submit two (2) complete copies of the application and supporting documents with original signatures and a \$300 non-refundable application fee.

SECTION I. APPLICANT INFORMATION

Name of Business		d.b.a. (if used)		
Street Address	City	State	Zip Code	
Contact Name	Title	Phone	Fax	
<input type="checkbox"/> Corporation		<input type="checkbox"/> General Partnership		<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Sole Proprietorship				
How did you learn of the program?	<input type="checkbox"/> Board Staff (State)	<input type="checkbox"/> Zone Administrator (Local)		
	<input type="checkbox"/> Bank Referral	<input type="checkbox"/> Other (specify) _____		
Was a consulting or finder's fee paid? <input type="checkbox"/> Yes <input type="checkbox"/> No		If Yes, to whom was the fee paid? _____		
		Amount Paid: \$ _____		
Federal Tax I.D. No:	Date Business Established:	Date when operations began:		
Business Owner Name	Title	% of Ownership (must total 100%)		
Accountant Name	Street Address	City, State, Zip Code	Contact	Phone
Bank Name	Street Address	City, State, Zip Code	Contact	Phone

SECTION II. LOAN INFORMATION

Requested Loan Amount:	Requested Term of the Loan <i>(Typical terms are 3-5 years for working capital, 5-7 years for equipment purchase and leasehold improvements, and 10 years for real property purchase)</i>
Use of Funds:	
<input type="checkbox"/> Equipment Purchase Real Property	<input type="checkbox"/> Real Property Purchase Working Capital
<input type="checkbox"/> Working Capital Machinery and Equipment	<input type="checkbox"/> Other (Please describe) Site Improvements
<input type="checkbox"/> Other Debt Refinance	<input type="checkbox"/> Loan Origination Fee
Collateral offered for loan:	
<u>Type</u>	<u>Estimated Value</u>
<u>Description</u>	
Real Property (address, acreage, zoning) _____	
Machinery & Equipment _____	
Other Business Assets (Specify) _____	
Other Personal Assets (Specify) _____	
Site Information:	
<input type="checkbox"/> Own <i>(Submit a copy of the Deed of trust, title policy, or executed purchase agreement)</i>	
<input type="checkbox"/> Lease <i>(Submit a copy of the executed lease or purchase agreement.)</i>	

SECTION III. PROJECT INFORMATION

Provide brief summaries on the following items:

Product Description:	
Type of Recycled Material Utilized (i.e., HDPE, PP, crumb rubber):	
Source of Raw Material Recycled Feedstock :	
Major Customers:	
Competitors:	
Keys to Success:	
Current annual tons of postconsumer or secondary waste material diverted and utilized as feedstock:	Projected annual tons of postconsumer or secondary waste material that will be diverted and utilized as feedstock as a result of this loan:
Current Employment:	Number of new jobs to be created as a result of this loan:

SECTION IV. CREDIT AND LEGAL INFORMATION

If the answer to any of the following questions is yes, attach a written explanation.

Has the applicant business ever declared bankruptcy? Yes No

 If Yes: Chapter Filed: _____ Date Filed: _____ Case Number: _____

 Present Status: Case Dismissed Debts Discharged Payment Plan Pending

Has the applicant business ever experienced foreclosures, repossession, debt judgement or criminal penalty within the last seven years? Yes No

Are there any legal actions (claims, lawsuits, etc.) pending against the applicant business? Yes No

Is the applicant business an endorser, guarantor or co-maker for obligations not listed on its financial statements? Yes No

 If yes, list total contingent liability: _____

SECTION V. APPLICATION AGREEMENT AND SIGNATURES

I/We certify that all information in this application and all information provided in support of this application is true and complete to the best of my/our knowledge and belief. I/we authorize the California Integrated Waste Management Board to obtain business credit reports and conduct any other inquiries deemed necessary to determine the creditworthiness of the applicant business.

You are also authorized to verify information with various taxing entities, including, but not limited to, the State of California Franchise Tax Board, the State of California Board of Equalization, and the Internal Revenue Service. A photostat copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original.

Each person signing below certified that he/she is signing on behalf of the applicant business in the capacity indicated next to the signer's name and such signer is authorized to execute this application on behalf of the applicant business.

I/We certify that the business is in compliance with all local, State and Federal laws, regulations, requirements and rules, including the California Environmental Quality Act found in Public Resources code Sections 2100, et.seq.

I/We understand that information contained in Sections 1, 2, and 3 of this application (with the exception of Accountant name, Bank name, Source of ~~Raw Material/Feedstock~~, Customers, ~~Competitors~~ and Keys to Success) will become public information during the administration of this program, and that any loan agreement that I/we may sign and its attachments will be public information. All other information provided in this application should be considered trade secret, confidential or proprietary information as described in 14CCR 17041 through 17056 and be treated accordingly.

Authorized Signature	Print Name & Position Title	Date
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Authorized Signature	Print Name & Position Title	Date
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Authorized Signature	Print Name & Position Title	Date
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Authorized Signature	Print Name & Position Title	Date
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ZONE ADMINISTRATOR'S CERTIFICATION

The following must be signed by the Recycling Market Development Zone Administrator of the area in which the project is located.

I certify that the requested loan is compatible with the Zone plans and objectives required pursuant to Sections 17907 and 17909 of Title 14 of the California Code of Regulations and is otherwise fully supported by this Zone, and that by signing this certification I am attesting to the reasonableness of the employment and diversion projections of the project.

Zone:

Zone Administrator Signature

Printed Name

Date Signed

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

EXHIBIT A PERSONAL FINANCIAL STATEMENT

As of _____, 19____

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 240% or more interest and each general partner, or (3) each stockholder owning 240% or more of voting stock and each corporate officer and director, or (4) any other person or entity providing a guaranty on the loan.

Name	Name
Residence Address	Residence Phone <i>Business Phone:</i>
City, State & Zip Code	
Business Name of Applicant/Borrower	

ASSETS (Omit Cents)	LIABILITIES (Omit Cents)
Cash on Hand & in Banks\$ _____	Accounts Payable\$ _____
Savings Account in Banks\$ _____	Notes Payable to Banks and Others\$ _____ (Describe in Section 2)
IRA or Other Retirement Account\$ _____	Installment Account (Auto)\$ _____ Monthly Payments \$ _____
Accounts & Notes Receivable\$ _____	Installment Account (Other)\$ _____ Monthly Payments \$ _____
Life Ins. Cash Surrender Value Only\$ _____ (Complete Section 8)	Loans on Life Insurance\$ _____
Stocks and Bonds\$ _____ (Describe in Section 3)	Mortgages on Real Estate\$ _____ (Describe in Section 4)
Real Estate\$ _____ (Describe in Section 4)	Unpaid Taxes and Other Liabilities\$ _____ (Describe in Section 6)
Automobile-Present Value\$ _____	Other Liabilities\$ _____ (Describe in Section 3)
Other Personal Property\$ _____ (Describe in Section 5)	Total Liabilities\$ _____
Other Assets\$ _____ (Describe in Section 5)	Net Worth\$ _____
Total\$ _____	Total\$ _____

<p>Section 1. Source of Income</p> <p>Salary\$ _____</p> <p>Net Investment Income\$ _____</p> <p>Real Estate Income\$ _____</p> <p>Other Income (Describe)\$ _____</p>	<p>Contingent Liabilities</p> <p>As Endorser or Co-Maker\$ _____</p> <p>Legal Claims and Judgments\$ _____</p> <p>Provision for Federal Income Tax\$ _____</p> <p>Other Special Debt\$ _____</p>
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Description of Other Income in Section 1 (Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.)

Section 2. Notes Payable to Bank and Others (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (Monthly, etc.)	How Secured or Endorsed / Type of Collateral

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Name & Address of Title Holder			
Date Purchased / Original Cost			
Present Market Value			
Name & Address of Mortgage			
Mortgage Balance			
Amount of Payment per			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment, and if delinquent, describe delinquency.)

Section 6. Unpaid Taxes and Other Liabilities (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches).

Section 7. Other Liabilities (Describe in detail).

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries).

If the answer to any of the following questions is yes, attach a written explanation.

Have you ever declared personal bankruptcy? Yes No

If yes: Chapter Filed _____ Date Filed: _____ Case Number: _____
Present Status: Case Dismissed Payment Plan Debts Discharged Pending

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Have you ever experienced foreclosure, repossession, debt judgement or criminal penalty within the last seven years? Yes No

Are there any legal actions (claims, lawsuits, etc.) pending against you? Yes No

I/we hereby authorize the California Integrated Waste Management Board to initiate a credit check on my/our personal credit history. You are also authorized to verify information with various taxing entities, including, but not limited to, the State of California Franchise Tax Board and the Federal Internal Revenue Service. A photostat copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original. make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I/we certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan.

Signature:

Date:

Social Security Number:

EXHIBIT B
CREDIT CHECK AUTHORIZATION FORM

~~California Integrated Waste Management Board
Attn: Recycling Market Development Revolving Loan Program
8800 Cal Center Drive
Sacramento, CA 95826~~

~~RE: Credit Check Authorization~~

~~To Whom It May Concern:~~

~~This letter is to give authorization for the California Integrated Waste Management Board to initiate a credit check on my personal credit history in conjunction with the application for a Recycling Market Development Revolving Loan Program loan for _____
(Business Applicant)~~

~~With this certification, you are authorized to check my credit references. You are also authorized to verify information with various taxing entities, including, but not limited to, the State of California Franchise Tax Board, Board of Equalization and the Federal Internal Revenue Service.~~

~~A photostat copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original.~~

~~Sincerely,~~

Original Signature _____ Date Printed Name _____

Street Address _____ Social Security Number _____

City, State, Zip _____ Date of Birth _____

**RECYCLING MARKET DEVELOPMENT
REVOLVING LOAN PROGRAM**

**EXHIBIT B€
PROJECT SOURCES & USES OF FUNDS**

Indicate all sources and amounts of funding financing for the project in these columns and total at bottom. —Include rates, terms and annual debt service in Attachment 10 for each funding source listed below.

<p>SOURCES</p> <p>USES</p>	<p><i>Applicant</i></p>	<p><i>Recycling Market Development Revolving Loan Program</i></p>			<p>TOTALS</p>
<p><i>Equipment Purchase</i> <i>Land</i></p>					
<p><i>Working Capital</i> <i>Building Construction</i></p>					
<p><i>Real Property Purchase</i> <i>Machinery & Equipment</i></p>					
<p><i>Other (Describe):</i> <i>Furniture & Fixtures</i></p>					
<p><i>Leasehold Improvements</i></p>					

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Working Capital					
Loan Fees					
Contingencies					
TOTALS					

Note: Recycling Market Development Revolving Loan Program funds cannot exceed 50% of total project costs.

~~✓ Recycling Market Development Revolving Loan Program funds cannot be used to finance building construction.~~

~~✓ Recycling Market Development Revolving Loan Program funds cannot exceed 50% of total project costs.~~

**RECYCLING MARKET DEVELOPMENT
REVOLVING LOAN PROGRAM**

**EXHIBIT CØ
PRESENT DEBT OBLIGATIONS**

As of _____, 199_ *4*

Complete the following for all present debt obligations of the business. Do not include proposed debt pertaining to this project.

Loan Number	Creditor Name and Address	Original Date	Original Amount	Present Balance	Interest Rate	Maturity Date	Monthly Payment	P & I Annual Debt Service	Collateral	Current or Delinquent
			\$	\$			\$	\$		
			\$	\$			\$	\$		
			\$	\$			\$	\$		
			\$	\$			\$	\$		
			\$	\$			\$	\$		
TOTAL PRESENT BALANCE <i>4</i>				\$						

Note: Information must be the same date as the most recent financial statement submitted. The present balance must agree with the financial statement figures.

1 Same date as most recent financial statement.

2 Total must agree with balance shown on most recent balance sheet.

**RECYCLING MARKET DEVELOPMENT
REVOLVING LOAN PROGRAM**

**EXHIBIT DE
ENVIRONMENTAL QUESTIONNAIRE**

The purpose of this questionnaire is to discern the possible risks which may arise from hazardous waste or materials related to the project. It is intended to be completed by the applicant and is not meant to take the place of a professional hazardous waste assessment. A Phase One Environmental Assessments, *or other environmental information acceptable to the Board*, may be required on any commercial, industrial, or agricultural property offered as security for the loan *or used as the applicant's business facility*. A Phase Two and mitigation plan will be required on those projects with potential hazardous contamination findings.

Property Address: _____
Street, City, State Zip

1. Describe past/present nonresidential uses of the site and adjacent sites. Identify current owner, use of the property and current tenants.

2. Is the property, or are any of the adjacent properties, on federal, state, or local lists of hazardous waste sites (such as CERCLA Superfund, etc.)?

3. Is the property or any portion of the property the subject of environmental litigation or any regulatory enforcement action? Has it ever been the subject of such litigation or enforcement action?

4. Are there any easements on the property (i.e., roadways, pipelines) with potential environmental implications which could cause hazardous releases or spills? What is the current zoning of the property?

5. Describe physical signs of toxic/hazardous contamination on or around the site, including stained soil or concrete; vegetation damage; foul or unusual odors; oily sheen or discoloration of surface water; or evidence of excavation, filing or other earth moving activities.

6. Describe any actual or potential asbestos-containing materials present at the site or in the equipment, including sprayed-on fireproofing or acoustical ceilings; pipe wire; friable ceiling tiles; and acoustical plaster.

(over)

7. Is there any evidence of urea formaldehyde insulation at the site?

8. Are there now, or have there ever been, any underground storage tanks on the property?

9. Is there or has there been storage of hazardous waste, such as pesticides, solvents, petroleum hydrocarbons (i.e., gasoline, fuel oil) or explosives?

10. Are there electrical transformers or capacitors on the property which may contain polychlorinated biphenyls (PCBs)?

11. Are there ground water wells, sumps, ponds or lagoons or other contaminants on the property?

12. Are you aware of any previous environmental assessments, audits or inspections of the property? If so, describe and attach relevant documents.

PERSON COMPLETING QUESTIONNAIRE:

Signature Printed Name Date Signed

TITLE OR POSITION: _____

RESPONSIBILITIES OR DUTIES: _____

YEARS WITH COMPANY: _____

PHONE NUMBER: _____

The following are information sources which may assist you in your completion of the questionnaire. The list is not meant to be all-inclusive.

1. Review of chain of title.
2. Building, zoning, conditional use permit files--local building, planning departments. Also, local planning departments have list of identified hazardous waste sites.
3. Local Health Department.
4. Interviews with past and present owners.
5. Aerial photos--the local planning department may be a source for these.
6. Insurance Records.
7. Press reports, local newspapers.
8. Regional Water Quality Control Board.
9. California Integrated Waste Management Board.
10. State Department of Health Services, Toxic Substances Control Division, Site Evaluation Program.
11. U.S. Environmental Protection Agency.

EXHIBIT F
ZONE ADMINISTRATOR'S CERTIFICATION

The following must be signed by the Recycling Market Development Zone Administrator of the area in which the project is located:

I certify that the requested loan is compatible with the Zone plans and objectives required pursuant to Sections 17907 and 17909 of Title 14 of the California Code of Regulations and is otherwise fully supported by this Zone, and that by signing this certification I am attesting to the reasonableness of the employment and diversion projections of the project.

Zone: _____

Zone Administrator Signature

Printed Name

Date Signed

RECYCLING MARKET DEVELOPMENT REVOLVING LOAN PROGRAM

BUSINESS PLAN OUTLINE

1. Description of the Business
 - Name and location
 - Legal Structure
 - Principal owners
 - Nature of Business
 - History of the Business

2. Product or Service
 - Describe product line(s) or type(s) of service
 - Describe materials and supply sources
 - Methods of production
 - Quality and cost of production or service

3. Market Information
 - Market area and trends
 - Customers and potential new customers
 - Competition, names, locations and size
 - Advantage of your product/service over the competition

4. Advertising and Distribution
 - Methods of advertising and promotion
 - Sales Methods
 - Pricing Policy
 - Customer Service

5. Facilities
 - Location
 - Size, zoning, *required permits*
 - Age and condition
 - Expansion opportunities

6. Management and Personnel
 - Management expertise
 - Key personnel (position, qualifications)
 - Professional Services
 - Present and future manpower requirements
 - Personnel breakdown - skill levels, hours, wage rates, unionization, etc.

7. Benefits to the Community
 - Jobs created/retained
 - Meeting community needs
 - Increased community tax base

8. Summary of Future Plans
 - Short range and long range
 - Expansion
 - Relocation

Note: This outline is intended to assist in developing a business plan. A business should address the key areas in a way which best summarizes the business and/or project.