



# RMDZ Loan Criteria --Draft

Zone Works, Oct 2018

# Session Objective

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- Share updates of the draft revised RMDZ Loan criteria prepared by the RMDZ Working Group
- Solicit Additional Input

# Eligibility Criteria: Eligible Applicants

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- Private, for-profit entities
- Nonprofit organizations (except private schools)
- Government entities
  - Cities and Counties
  - Regional or local sanitation agencies, waste agencies, or joint power authorities

# Eligibility Criteria: Funding

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- Clarified matching fund requirements
- Added what Government entities can use RMDZ loan funds for

# Eligibility Criteria: Funding

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- Machinery and Equipment
  - Entire assembly line



# Eligibility Criteria: Funding

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- Real Estate Purchases
  - Maximum up to \$1 million
- Real Estate and Leasehold Improvements



# Eligibility Criteria: Funding

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- Working Capital
- Refinance of Onerous Debts that result in additional diversion
- Loan Closing Points



# Eligibility Criteria: Feedstock

Waste material:

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- Generated in CA
- Typically landfilled
- Does not have to be currently landfilled if used to manufacture a value-added feedstock/finished product
- One key criterion: project results in expanded market demand for recycled materials

# Eligibility Criteria: Location

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- Project's physical address must be located in a RMDZ
- Use the RMDZ Zone Map Search to confirm

# Eligibility Criteria: Permits

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- Added information about the types of permits that must be approved before the funding is placed in escrow

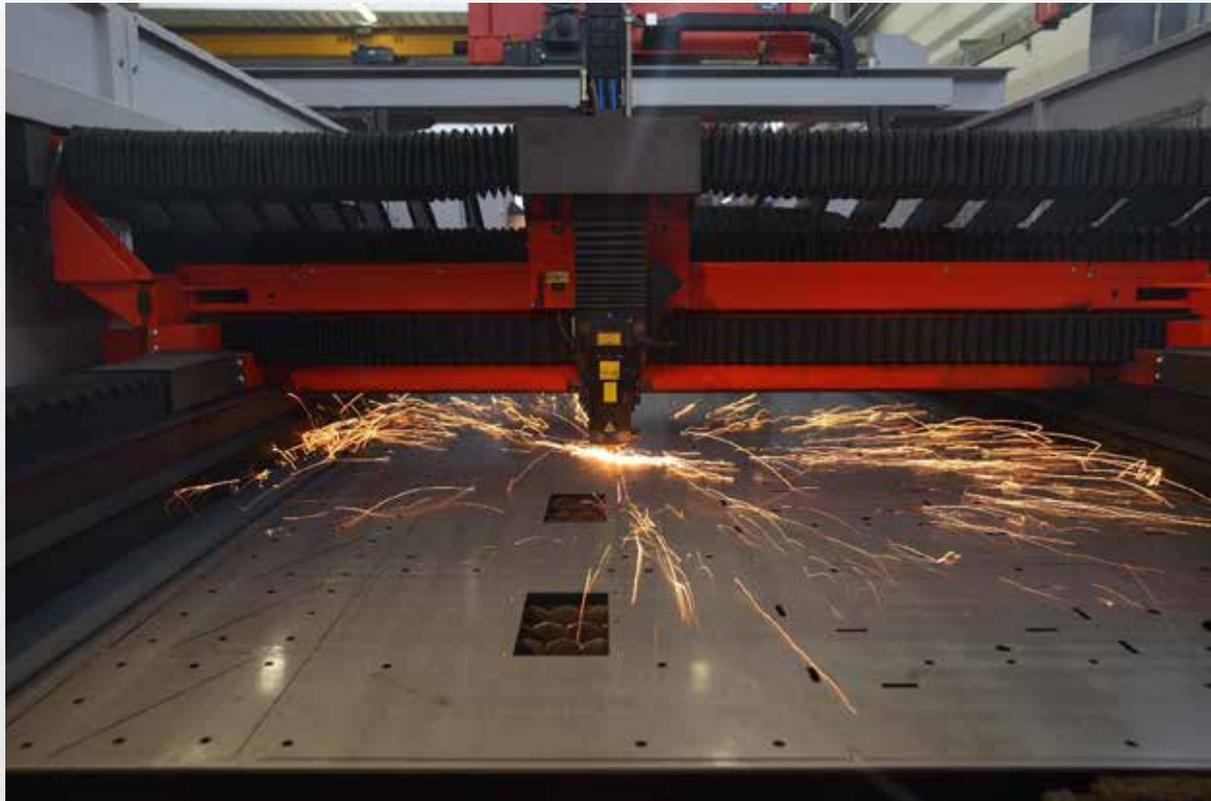
# RMDZ Eligible Project Types: Waste Prevention

- *Definition:*

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- Change the process by which products are made, resulting in a net reduction of feedstock(s) used and/or waste generated
- Modifying equipment or processes, improving operations and maintenance, and changing materials in manufacturing
- Results in less waste generated during the manufacturing process

# RMDZ Eligible/Ineligible Project Types: Waste Prevention

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# RMDZ Eligible Project Types: Reuse

- *Definition:*
- Prolong the useful life of a product,
- Delaying final disposal or recycling,
- May involve the repair, repurposing, reconditioning, washing, or treatment of a worn or used product
  - Makes the product useable again for its originally intended purpose or for a similar purpose.
- Edible food recovery includes collection, storage, and redistribution

# RMDZ Eligible/Ineligible Project Types: Reuse

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# RMDZ Eligible Project Types: Reuse

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## **Thrift Stores:**

1. Collecting and sorting of usable unwanted items (i.e. clothing, jewelry) for resale
2. Collecting and sorting of usable unwanted material (clothing, jewelry) and assigning points on quality of product for resale
3. Creating subscription based service on donated unwanted items in return for products of equal value through point system

# RMDZ Eligible Project Types: Recycling, Composting, Anaerobic Digestion

- *Definition:*

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- Types of recycling manufacturers:
  1. Processing a feedstock into a finished product
  2. Producing a value-added feedstock for use by other manufacturers that produce a value-added or finished product

# RMDZ Eligible Project Type: Recycling—Intermediate Product



# RMDZ Eligible Project Type: Composting--Finished Product

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# RMDZ Eligible Project Type: Anaerobic Digestion--Finished Product

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# RMDZ Eligible Project Type: Recycling—Finished Product



# RMDZ Eligible Project Type: Recycling—Finished Product

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# RMDZ Eligible Project Type: Recycling—Finished Product

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# RMDZ Eligible Project Type: Recycling—Finished Product

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# RMDZ Eligible Project: Recycling, Composting, Anaerobic Digestion

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Projects related to using **feedstock from Tree Mortality waste**

**Eligible:** if supporting documentation that the feedstock would be disposed otherwise.



# RMDZ Ineligible Project Types: Recycling, Composting, Anaerobic Digestion

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# RMDZ: Ineligible Matching Funds

Collateral cannot be used for matching funds.

Examples:

- Personal property (i.e., personal residence, car, boat, rv, etc.).
- Intangible items (patents, copyrights, etc.).
- Machinery and equipment purchased outside of the last 6 months.
- Machinery and equipment that is unrelated to the project.
- IOU's



# Eligible Collateral

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- Equipment purchased with loan funds
- Equipment purchased with project matching funds.
- Other owned equipment
- Real Estate (excluding personal residence)
- Inventory
- Accounts Receivable



# Ineligible Collateral

- Personal Residence
- Personal Vehicles
- Retirement Accounts
- Foreign Accounts
- Liquid Assets



# Personal and/or Business Guarantee

- Generally required for owners and key managers.
- Required for business parent companies and related entities, such as subsidiary companies.



# Assignment of Life Insurance

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- Assignment of life insurance on business owners is typically required.



# Loan Term, Interest Rate and Cost

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- Term: 10 years when secured by assets or 15-year when secured by real estate
- Interest Rate: 4%
- Cost:
  - Application fee is \$300
  - Loan closing fee is .5%

# Facilitated Discussion to Provide Input

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- What is missing/Needs to be changed/added????

# Next Steps

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- Approval of RMDZ Loan criteria at monthly meeting
- Post on website