

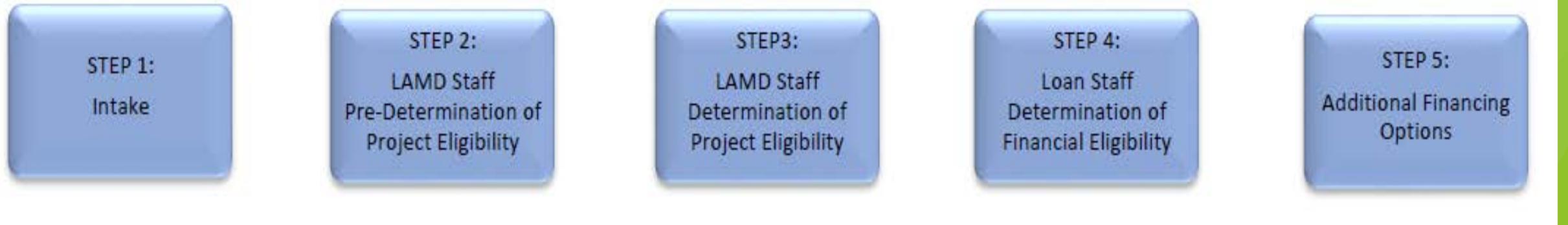
Overview of CalRecycle's Business Assistance Process for Recycling Manufacturers

- ▶ Marshalle Graham
- ▶ Bruce Quigley
- ▶ Julie Trueblood
- ▶ Frank Severson

Reasons for the LAMD/Loan Process

- ▶ Identifies which staff are responsible for the various steps.
- ▶ Identifies the Loan Prospect's Financial and Non-Financial business needs.
- ▶ Introduces Loan Prospects to other "Key State" partners for assistance.
- ▶ Requires utilization of the Zone Information Reporting System (ZIRS) so that CalRecycle Staff and local Zone Administrators can track the Business and status of the project eligibility research.
- ▶ Confirms that Loan Prospects meet the "Project Eligibility Criteria" (Non-Financial) for either RMDZ and/or GHG Programs.
- ▶ Includes a step whereby "Project Eligible Prospects" will be introduced to the Loan Unit for financial and loan eligibility assessment.

Loan Process Flow Diagram



Project is Eligible and is Transferred to Loan Unit. Now what happens ?

Loan Unit Activities

- A telephone conference call is scheduled between the Loan Unit and the Business. The focus of the call is to confirm the business understands our Loan Program General Criteria, disclose where an application can be found, and discuss what information should accompany the application.
- A site visit is scheduled if needed, to include ZA, ZL, Loan Unit, and the Borrower.

Loan Program General Criteria (RMDZ & GHG)

RMDZ

- Maximum loan amount per application: \$2,000,000
- Maximum borrowing per business: \$3,000,000
- Loan Fee: \$300.
- Loan Closing Points: ½% of loan amount
- Interest Rate: 4% Fixed
- Loan Term: 10 Years. 15 Years if secured by Real Estate.
- Eligible Applicants: Private and non-profits.
- Permitted Fund usage: Machinery & equipment purchases, working capital, Real Estate & Real Estate improvements (all related to increased diversion & recycled content products).

GHG

- Maximum loan amount per application: \$2,000,000
- **Maximum borrowing per business: \$5,000,000**
- Loan Fee: \$300.
- Loan Closing Points: ½% of loan amount
- Interest Rate: 4% Fixed
- Loan Term: 10 Years. 15 Years if secured by Real Estate.
- **Eligible Applicants: Private, non-profits, and government.**
- **Permitted Fund usage: Machinery & equipment purchases, Real Estate & Real Estate improvements (all related to increased diversion & recycled content products).**
- **Must receive a passing GHG score (30 out of 60) from STAR (Statewide Technical and Analytical Resources Branch).**

Reasons Why A Loan Request May Be Declined

5 C's of Credit Analysis

- **Capacity:** Is there enough cash generated to pay our loan as structured?
- **Capital:** How much money does ownership have in the business, and what other non-borrowing sources are available to them?
- **Collateral:** What is being offered as collateral and is there enough to payoff our loan if it was liquidated?
- **Conditions:** What is the money being used for? Industry Trends, Economic Trends, and Guarantor Acquisition
- **Character:** Ownership/Management Experience, Trustworthiness, and Succession

Our Experiences

- **Cash Flow Problems:** Unable to generate enough \$ to pay business expenses and/or pay loan obligations.
- **Under-Capitalization:** Not enough cash from ownership in the business.
- **Insufficient Collateral:** Typically for every \$1.00 borrowed, \$1.33 in collateral is required.
- **Difficult Conditions:** Industry-specific difficulties which create uncertainty as to the success of the business (inadequate feedstock, unproven technology).
- **Management:** Unproven, not experienced, previous business failures.
- **Bad Credit:** Slow bill pay, bankruptcies, tax liens, criminal history, etc.

Aqua Blue Environmental Services

Staff predetermination of loan eligibility.

At this point, LAMD staff do not have enough information to make to a project eligibility determination.



Eligibility Determination		Is Eligible	Determined On	Determined By
Location?	<input type="text"/>	<input type="checkbox"/>		
Registered with Secretary of State?	<input type="text"/>	<input type="checkbox"/>		
U.S. Customers?	<input type="text"/>	<input type="checkbox"/>		
Feedstock?	<input type="text"/>	<input type="checkbox"/>		
Manufacturing process?	<input type="text"/>	<input type="checkbox"/>		
Recycled-Content End Product?	<input type="text"/>	<input type="checkbox"/>		

The T-shirt Guy

Loan Eligibility

What is the eligible category for the proposed loan project?

What is/are the proposed use(s) for the loan funds? Click all that Apply

- Equipment
- Real Estate
- Leasehold/Capital Improvement
- Working Capital (RMDZ Only)
- Loan Fee (RMDZ Only)
- Onerous Debt (RMDZ Only)
- Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount?

Staff predetermination of loan eligibility.

Not enough information yet.

Eligibility Determination		Is Eligible	Determined On	Determined By
Location?	<input type="text" value="TBA"/>	<input type="checkbox"/>	11/14/2016 09:42 AM	Trueblood, Julie
Registered with Secretary of State?	<input type="text" value="no"/>	<input type="checkbox"/>	11/14/2016 09:42 AM	Trueblood, Julie
U.S. Customers?	<input type="text" value="yes - San Francisco"/>	<input checked="" type="checkbox"/>	11/14/2016 09:42 AM	Trueblood, Julie
Feedstock?	<input type="text" value="yes"/>	<input checked="" type="checkbox"/>	11/14/2016 09:42 AM	Trueblood, Julie
Manufacturing process?	<input type="text" value="reuse"/>	<input checked="" type="checkbox"/>	11/14/2016 09:42 AM	Trueblood, Julie
Recycled-Content End Product?	<input type="text" value="clothing"/>	<input checked="" type="checkbox"/>	11/14/2016 09:42 AM	Trueblood, Julie

Drought Diet Products

Loan Eligibility Questions

Staff predetermination of loan eligibility:
Staff have not yet made a predetermination of project eligibility, as the business has not yet found a location.

Question	Answer	Is Eligible	Determined On	Determined By
Location?	TBD	<input type="checkbox"/>	11/9/2016 09:37 AM	Graham, Marshalle
Registered with Secretary of State?	C3887505	<input checked="" type="checkbox"/>	11/9/2016 09:42 AM	Graham, Marshalle
U.S. Customers?		<input checked="" type="checkbox"/>	11/14/2016 07:06 PM	Graham, Marshalle
Feedstock?	ag plastic	<input checked="" type="checkbox"/>	11/9/2016 09:37 AM	Graham, Marshalle
Manufacturing process?		<input checked="" type="checkbox"/>	11/14/2016 07:06 PM	Graham, Marshalle
Recycled-Content End Product?	ag products	<input checked="" type="checkbox"/>	11/9/2016 09:42 AM	Graham, Marshalle

What is the eligible category for the proposed loan project?

Waste Prevention
 Reuse
 Recycling
 Composting
 Anaerobic Digestion/In-Vessel Digestion

What is/are the proposed use(s) for the loan funds? Click all that Apply

Equipment
 Real Estate
 Leasehold/Capital Improvement
 Working Capital (RMDZ Only)
 Loan Fee (RMDZ Only)
 Onerous Debt (RMDZ Only)
 Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount? 3000000.00

JD Recycling

Loan Eligibility Questions

Staff predetermination of loan eligibility:
LAMD staff predetermined this project meets the project eligibility criteria, held a pre-Transfer and Transfer meetings with Loans on 6/14/16. Feedstock certification was discussed and a copy of the document and instructions were provided to the business.

Question	Answer	Is Eligible	Determined On	Determined By
Location?	Oakland/Berkley RMDZ	<input checked="" type="checkbox"/>	6/9/2016 01:01 PM	Graham, Marshalle
Registered with Secretary of State?	Yes and active	<input checked="" type="checkbox"/>	6/9/2016 01:01 PM	Graham, Marshalle
U.S. Customers?		<input checked="" type="checkbox"/>	11/14/2016 07:17 PM	Graham, Marshalle
Feedstock?	mixed construction and	<input checked="" type="checkbox"/>	11/14/2016 07:17 PM	Graham, Marshalle
Manufacturing process?	sort, shake, etc.	<input checked="" type="checkbox"/>	6/9/2016 01:01 PM	Graham, Marshalle
Recycled-Content End Product?	asphalt, concrete, gyps	<input checked="" type="checkbox"/>	6/9/2016 01:01 PM	Graham, Marshalle

What is the eligible category for the proposed loan project?

Waste Prevention
 Reuse
 Recycling
 Composting
 Anaerobic Digestion/In-Vessel Digestion

What is/are the proposed use(s) for the loan funds? Click all that Apply

Equipment
 Real Estate
 Leasehold/Capital Improvement
 Working Capital (RMDZ Only)
 Loan Fee (RMDZ Only)
 Onerous Debt (RMDZ Only)
 Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount? 1000000.00

Vodka Distiller

Loan Eligibility Questions

Staff predetermination of loan eligibility:
LAMD staff made the predetermination that this project meets the project eligibility criteria, and held the pre-Transfer & Transfer mtgs with Loans on 8/30/16. LAMD staff continue to work with the business with respect to feedstock certification.

Question	Answer	Is Eligible On	Determined On	Determined By
Location?	San Diego	<input checked="" type="checkbox"/>	8/18/2016 07:06 AM	Graham, Marshalle
Registered with Secretary of State?	Entity #C3827909	<input checked="" type="checkbox"/>	8/18/2016 07:06 AM	Graham, Marshalle
U.S. Customers?	bars, restaurants and p	<input checked="" type="checkbox"/>	11/14/2016 07:24 PM	Graham, Marshalle
Feedstock?	used bread	<input checked="" type="checkbox"/>	11/9/2016 01:15 PM	Graham, Marshalle
Manufacturing process?	recycling	<input checked="" type="checkbox"/>	11/9/2016 01:15 PM	Graham, Marshalle
Recycled-Content End Product?	vodka	<input checked="" type="checkbox"/>	11/9/2016 01:15 PM	Graham, Marshalle

What is the eligible category for the proposed loan project?

Waste Prevention
 Reuse
 Recycling
 Composting
 Anaerobic Digestion/In-Vessel Digestion

What is/are the proposed use(s) for the loan funds? Click all that Apply

Equipment
 Real Estate
 Leasehold/Capital Improvement
 Working Capital (RMDZ Only)
 Loan Fee (RMDZ Only)
 Onerous Debt (RMDZ Only)
 Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount?

St. Vincent De Paul Society of Lane County Inc. (Yolo site)

Business Loans: St. Vincent De Paul Society of Lane County Inc (Yolo site)

Summary Detail Tons/Jobs/Assistance Addresses Contacts **Loans** Activities Products Feedstocks Web App

Region: North Area Zone: Yolo

Back Edit Delete

Loan Eligibility Questions

Staff predetermination of loan eligibility:
LAMD staff made predetermination of project eligibility criteria being met and had pre-transfer meeting with Loans Team on 5/7/15 with transfer to Loans on 5/11/15. Loan staff has received sufficient documentation from the applicant, that confirms the mattresses are and will be obtained from landfills (per Jim L. in 9/29/15 communication).

Question	Answer	Is Eligible	Determined On	Determined By
Location?	Woodland	<input checked="" type="checkbox"/>	11/9/2016 02:14 PM	Graham, Marshalle
Registered with Secretary of State?	active	<input checked="" type="checkbox"/>	11/9/2016 02:14 PM	Graham, Marshalle
U.S. Customers?		<input checked="" type="checkbox"/>	11/9/2016 02:16 PM	Graham, Marshalle
Feedstock?	mattresses	<input checked="" type="checkbox"/>	11/9/2016 02:14 PM	Graham, Marshalle
Manufacturing process?	shredding and recycling	<input checked="" type="checkbox"/>	11/9/2016 02:16 PM	Graham, Marshalle
Recycled-Content End Product?	steel, poly-foam, fiber f	<input checked="" type="checkbox"/>	11/9/2016 02:16 PM	Graham, Marshalle

What is the eligible category for the proposed loan project?

Waste Prevention
 Reuse
 Recycling
 Composting
 Anaerobic Digestion/In-Vessel Digestion

What is/are the proposed use(s) for the loan funds? Click all that Apply

Equipment
 Real Estate
 Leasehold/Capital Improvement
 Working Capital (RMDZ Only)
 Loan Fee (RMDZ Only)
 Onerous Debt (RMDZ Only)
 Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount? 549000.00

West Coast Rubber, Central Coast RMDZ

Loan Eligibility Questions

Staff predetermination of loan eligibility:
Business is a prior RMDZ recipient and is looking at expanding existing facility to also recycle carpet. This would meet the project eligibility criteria.

Question	Answer	Is Eligible	Determined On	Determined By
Location?	Central Coast RMDZ	<input checked="" type="checkbox"/>	7/19/2016 07:12 PM	Graham, Marshalle
Registered with Secretary of State?	Active	<input checked="" type="checkbox"/>	7/19/2016 07:12 PM	Graham, Marshalle
U.S. Customers?	yes	<input checked="" type="checkbox"/>	11/15/2016 12:17 PM	Severson, Frank
Feedstock?	Tires	<input checked="" type="checkbox"/>	7/19/2016 07:12 PM	Graham, Marshalle
Manufacturing process?	Recycling	<input checked="" type="checkbox"/>	7/19/2016 07:12 PM	Graham, Marshalle
Recycled-Content End Product?	Crumb rubber products	<input checked="" type="checkbox"/>	11/15/2016 12:18 PM	Severson, Frank

What is the eligible category for the proposed loan project?

Waste Prevention
 Reuse
 Recycling
 Composting
 Anaerobic Digestion/In-Vessel Digestion

What is/are the proposed use(s) for the loan funds? Click all that Apply

Equipment
 Real Estate
 Leasehold/Capital Improvement
 Working Capital (RMDZ Only)
 Loan Fee (RMDZ Only)
 Onerous Debt (RMDZ Only)
 Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount?

West Coast Rubber (Merced County RMDZ)

Staff predetermination of loan eligibility.

Staff are still collecting information in order to make a predetermination.

Eligibility Determination		Is Eligible	Determined On	Determined By
Location?		<input type="checkbox"/>		
Registered with Secretary of State?		<input checked="" type="checkbox"/>	9/9/2016 02:19 PM	Graham, Marshalle
U.S. Customers?	CRM Rubber which is o	<input checked="" type="checkbox"/>	9/9/2016 02:19 PM	Graham, Marshalle
Feedstock?	tires -- additional accou	<input checked="" type="checkbox"/>	9/9/2016 02:19 PM	Graham, Marshalle
Manufacturing process?		<input checked="" type="checkbox"/>	9/9/2016 02:19 PM	Graham, Marshalle
Recycled-Content End Product?	crumb rubber	<input checked="" type="checkbox"/>	9/9/2016 02:19 PM	Graham, Marshalle

US Corrugated

Loan Eligibility Questions

Staff predetermination of loan eligibility:

Existing borrower who has applied for an additional \$1,000,000 in funds to provide working capital. Our original RMDZ loan was funded in 2015 to purchase equipment to manufacture various size corrugated boxes in a large scale production. A recent site visit attended to by the ZL and the Loan Unit confirmed the company has exceeded there original sales expectations and added cash was needed in order to fund the growth and acquire other machinery.

Question	Answer	Is Eligible On	Determined On	Determined By
Location?	Santa Fe Springs, Calif	<input checked="" type="checkbox"/>	11/16/2016 04:24 PM	Quigley, Bruce
Registered with Secretary of State?	Yes. Secretary of State	<input checked="" type="checkbox"/>	11/16/2016 04:24 PM	Quigley, Bruce
U.S. Customers?	West Coast Customer	<input checked="" type="checkbox"/>	11/16/2016 03:40 PM	Brannan, Tim
Feedstock?	RCP corrugated cardbo	<input checked="" type="checkbox"/>	11/16/2016 03:40 PM	Brannan, Tim
Manufacturing process?	Making boxes using RC	<input checked="" type="checkbox"/>	11/16/2016 03:40 PM	Brannan, Tim
Recycled-Content End Product?	Boxes that contain RCP	<input checked="" type="checkbox"/>	11/16/2016 03:40 PM	Brannan, Tim

What is the eligible category for the proposed loan project?

- Waste Prevention
- Reuse
- Recycling
- Composting
- Anaerobic Digestion/In-Vessel Digestion

What is/are the proposed use(s) for the loan funds? Click all that Apply

- Equipment
- Real Estate
- Leasehold/Capital Improvement
- Working Capital (RMDZ Only)
- Loan Fee (RMDZ Only)
- Onerous Debt (RMDZ Only)
- Public Project (GHG Only)

If the business is interested in a loan, what would be the desired amount?

Ineligible Projects

- ▶ Not an eligible applicant
- ▶ Feedstock is a HW
- ▶ Feedstock is not generated in CA
- ▶ Feedstock is not a material that would otherwise be landfilled (feedstock certification)
- ▶ Project not in RMDZ (RMDZ only)
- ▶ Project does not result in new diversion (GHG Reduction only)
- ▶ Technology is:
 - ▶ Pyrolysis/transformation
 - ▶ Crushing, grinding or baling recyclables for ease of transport.
 - ▶ Using recyclables as alternative daily cover at landfills.
- ▶ Production of single use plastic bags.
- ▶ Production of polystyrene food containers.
- ▶ They do not have a match
- ▶ Use of RMDZ funds is not eligible

Conclusion

- ▶ [LAMD-Loan Desk Manual](#) now located in Chapter 1 of ZA 101 Handbook on RMDZ SharePoint.

- ▶ Q&A