

# Request for Approval

**To:** **Zoe Heller**  
Acting Deputy Director, Materials Management and Local Assistance Division

**From:** **Michelle Martin**  
Branch Chief, Financial Resources Management Branch

**Request Date:** June 14, 2022

**Decision Subject:** Approval of a Recycling Market Development Zone (RMDZ) Loan in the Amount of \$11,000,000 to Pinnpack Capital Holdings LLC (Recycling Market Development Revolving Loan Subaccount, Fiscal Year 2021–22)

**Action By:** June 22, 2022

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## Summary of Request

Staff requests approval of a Recycling Market Development Zone (RMDZ) Loan in the amount of \$11,000,000 to Pinnpack Capital Holdings LLC. The request is more fully described under Applicant Profile.

## Background and Findings

### Statutory Authority

The RMDZ Loan Program was established by Senate Bill 2310 (Bergeson, Statutes of 1990, Chapter 1543), and codified in Public Resources Code sections 42010-42024. Public Resources Code (PRC) Section 42023.1 (f) authorizes the California Department of Resources Recycling and Recovery (CalRecycle) to approve RMDZ loans to eligible private businesses, nonprofit organizations, and local governing bodies within recycling market development zones or in areas outside zones where making the loan will benefit a local jurisdiction or assist a local jurisdiction in complying with Section 40051. Regulations are contained in Title 14 of California Code of Regulations, sections 17901-17939.5.

### Program Background

CalRecycle administers the RMDZ Loan Program to encourage recycling businesses to site new manufacturing facilities and expand existing operations to create additional markets for recycled-content products. This program provides direct, low-interest loans for the purchase of equipment and other related business costs.

### Criteria and Process

The RMDZ Loan Program Eligibility Criteria was approved by CalRecycle on December 27, 2021. Loan applications are reviewed and evaluated in accordance with established procedures to ensure that the project meets current eligibility and underwriting criteria and that required permits have been obtained. The Loan Committee considers the financial soundness of the applicant and the terms of the proposed loan and recommends to CalRecycle that the loan request be either approved or declined. Upon conclusion of this process and Loan Committee's approval recommendation, CalRecycle senior management staff reviews the loan request and determines whether to make a commitment to approve and fund the loan.

## Applicant Profile

### Pinnpack Capital Holdings LLC

- The business has operated as a Manufacturer of rPET Food Grade Packaging containers in Ventura County since 1981. Current ownership acquired the company in 2021 and this manufacturer is fully operational and making product. Pinnpack website link: <http://www.pinnpack.com/>
- The loan proceeds of \$11,000,000 are to purchase equipment (Thermoform and Intrinsic Viscosity Machinery), refinance onerous debt, and fund working capital to expand manufacturing capacity, and modernize equipment in its 10+ acre site in Oxnard, CA.
- The RMDZ Administrator is aware of the project and confirmed that the project is located within the boundaries of the Ventura County RMDZ.

**Table 1. Diversion and Jobs (2022 – 2027)**

Diversion & Jobs	Current	Projected Increase	Total
Tons per Year	2,000	3,829	5,829
Jobs Created	190	10	200

## Legal Office

Legal Counsel, Shelly Bromberg, is not aware of any significant legal issues related to this RFA.

## Recommendation

Staff recommends approval of a RMDZ Loan to Pinnpack Capital Holdings LLC for \$11,000,000.

**Table 2. Funding**

Fund Source	Amount Available	Amount to Fund Item	Amount Remaining	Line Item
RMDZ Loan Subaccount (FY 2021–22)	\$35,222,000	\$11,000,000	\$24,222,000	Local Assistance / Direct Loan
TOTAL	\$35,222,000	\$11,000,000	\$24,222,000	

## Deputy Director Action

On the basis of the information and analysis in this Request for Approval (RFA) and the findings set out herein, I hereby conditionally approve a RMDZ Loan to Pinnpack Capital Holding LLC for \$11,000,000.

This approval is subject to:

1. All terms and conditions contained in the Loan Agreement and other loan documents to be prepared by loan program staff in accordance with applicable regulations, and such other

terms and conditions as duly authorized staff in their sole discretion deem necessary or advisable.

2. The Applicant's signing of loan documents within 90-days of approval of this RFA. The loan signature period may be extended, for cause, for an additional 90 days. Extension of the loan signature period beyond the second 90-day period shall occur only if agreed to by both CalRecycle and the Applicant.

I further direct staff to conduct all acts necessary to fund this loan, including but not limited to the preparation and execution of the Loan Agreement and other loan documents.

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Zoe Heller  
Acting Deputy Director, MMLA

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Dated