February 18, 2014

NOTICE

TO: Plastic Market Development Payment Program Participants

SUBJECT: PMD Payment Funding For Calendar Year 2014

Public Resources Code (PRC) Section 14581(a)(9) authorizes the Department of Resources Recycling and Recovery (CalRecycle) to expend up to $10 million each calendar year until January 1, 2017, for the Plastic Market Development (PMD) payment program.

For calendar year 2014, CalRecycle will expend up to $10 million annual appropriation for PMD payments. To ensure that all eligible participants will have an opportunity to receive PMD payments throughout the year, CalRecycle will allocate $2.5 million per quarter (see table below).

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>1st Quarter (million)</th>
<th>2nd Quarter (million)</th>
<th>3rd Quarter (million)</th>
<th>4th Quarter (million)</th>
<th>Total (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2.5</td>
<td>$2.5</td>
<td>$2.5</td>
<td>$2.5</td>
<td>$10</td>
</tr>
</tbody>
</table>

As previously proposed in our last workshop held October 29, 2013, the Department’s plans are to enact new emergency regulations to issue PMDP payments to Certified Manufacturers only. However, until the new regulations are effective, the current payment structure and process paying both Certified Manufacturers and Processors/Reclaimers remains in effect until new regulations are approved and effective.

For 1st quarter (January, February & March), payments will be disbursed to Certified Entities (Processors/Reclaimers) and Certified Manufacturers.

Since CalRecycle is currently in the process of preparing regulatory changes for the PMD program, it is anticipated that Regulatory workshops will be held in the upcoming months. The Division will send notices to all participants informing them of workshops as soon as more information becomes available.

If you have any questions or inquiry regarding this notice, please contact Veronica Martin at (916) 445-0597 or Veronica.Martin@CalRecycle.ca.gov. Written comments may be sent via mail to 801 K Street, MS 17-24, Sacramento, CA 95814, or via facsimile to (916) 552-4513.