SUMMARY OF REQUEST. The Ratto Group of Companies, Inc. and/or its Affiliates (the “Company”) requests approval of a reinstatement and amendment to Initial Resolution number 04-19 for an amount not to exceed $23,135,000, representing the balance of prior IRs and other actions as described below under “Background Information”. The Company previously issued bonds in the amount of $42,600,000 from this inducement. Taking into account projects added and deleted at the time of the 2007 bond issue, the net induced amount remaining is $23,135,000. The Company’s current request is to extend and amend the Initial Resolution to add a new project site, and reallocate project costs.

BORROWER. The Company was incorporated on February 12, 1999 in Delaware. The Company provides residential waste and recycling services.

The principal stockholders of the Company are as follows:

The James Ratto Descendants’ Trust 47.5%
The Deana Ratto Descendants’ Trust 47.5%
James and Deana Ratto 5.0%
Total: 100.0%

LEGAL QUESTIONNAIRE. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

PRIOR ACTIONS AND FINANCINGS. Prior financings are listed below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Bond Issue</th>
<th>Original Amount</th>
<th>Amount Outstanding as of 01/27/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ratto Group of Companies, Inc.</td>
<td>11/14/01</td>
<td>$ 9,845,000</td>
<td>$ 2,910,000</td>
</tr>
<tr>
<td>The Ratto Group of Companies, Inc.</td>
<td>07/09/07</td>
<td>42,600,000</td>
<td>27,800,000</td>
</tr>
<tr>
<td><strong>TOTALS:</strong></td>
<td></td>
<td><strong>$52,445,000</strong></td>
<td><strong>$30,710,000</strong></td>
</tr>
</tbody>
</table>
Background Information.

- Initial Resolution Number 02-18 was approved June 24, 2002 in the amount of $7,585,000.
- Initial Resolution Number 04-19 was approved December 14, 2004 in the amount of $28,625,000.
- Initial Resolution Number 02-18 was combined with Initial Resolution Number 04-19, and Initial Resolution Number 04-19 was further amended to add an additional $23,390,000 to the resolution, bringing the total amount to $59,600,000, which was approved on December 12, 2006.
- Final Resolution Number 466 was approved on March 20, 2007 in the amount of $42,600,000. This Final Resolution was amended on June 19, 2007 to add two new project sites representing $13,550,000 of new costs which were not included in the 2006 Initial Resolution. With the issuance of $42,600,000 of bonds, and taking into account the new projects added and projects which the Company withdrew from possible financing, the remaining amount under the Initial Resolution was $23,135,000.
- Series 2007A Bonds (The Ratto Group of Companies, Inc. Project) were issued on July 9, 2007 in the amount of $42,600,000. On January 6, 2010, the Company optionally redeemed $14,800,000 of these bonds to reflect its decision not to proceed with some of the projects initially funded.
- The 2006 Initial Resolution expired by its terms on December 12, 2009.

A spreadsheet outlining the above stated prior actions and the remaining inducements is attached (Attachment A).

Current Request. The Company currently requests to reinstate, amend and extend the Initial Resolution to add a new location site.

The new site is located at 5601 Nicasio Road in Nicasio (Marin County). The Company intends to purchase MRF equipment at this site. The Company is no longer acquiring and developing a previously identified MRF site in Santa Rosa.

The requested new project in Nicasio represents a cost of $500,000. The Company does not request an increase in the amount of the Initial Resolution, but expects to reduce other costs as outlined below:

<table>
<thead>
<tr>
<th></th>
<th>2006 IR Approval</th>
<th>2010 IR Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conveyors at Santa Rosa location</td>
<td>$2,501,919</td>
<td>$2,001,919</td>
</tr>
<tr>
<td>MRF Equipment at Nicasio Site</td>
<td>0</td>
<td>500,000</td>
</tr>
<tr>
<td>Total</td>
<td>$2,501,919</td>
<td>$2,501,919</td>
</tr>
</tbody>
</table>
Agenda Item 4.B.1.

The anticipated Project and issuance costs for the amended Initial Resolution are listed below:

- Construction of New Buildings: $9,883,200
- New Equipment and Vehicles: $12,401,919
- Bond Issuance Expenses: $384,440
- Credit Enhancement: $462,700
- Contingency: $2,741
- **Total**: $23,135,000

**Anticipated Timeline.** The Company began equipment purchases in November 2005 and anticipates completion in the spring of 2010. Building Renovation commenced in 2008 and was completed in 2009.

**Pollution Control and/or Environmental Benefits.** The Company represents the Project will generate pollution control and environmental benefits.

**Permits.** The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation in 2010.

**Financing Details.** The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 25 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is first quarter 2010.

**Financing Team.**
- **Underwriter:** Westhoff, Cone & Holmstedt
- **Bond Counsel:** Orrick, Herrington & Sutcliffe
- **Financial Advisor:** Andrew S. Rose
- **Issuer’s Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of a reinstatement and amendment to Initial Resolution No. 04-19 for The Ratto Group of Companies, Inc. and/or its Affiliates for an amount not to exceed $23,135,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*
AGENDA ITEM 4.B.1.

Initial Resolution No. 04-19
Application Nos. 707(SB) and 761(SB)

AMENDMENT TO AND REINSTATEMENT OF
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
THE RATTO GROUP OF COMPANIES, INC. AND/OR ITS AFFILIATES

January 27, 2010

WHEREAS, the California Pollution Control Financing Authority ("Authority"), a public
instrumentality, is authorized and empowered by the provisions of the California Pollution
Control Financing Authority Act ("Act") to issue bonds for the purpose of defraying the cost of
facilities for the disposal of solid and liquid waste products, including resource recovery and
energy conversion facilities; and

WHEREAS, at the request of The Ratto Group of Companies, Inc., a California
corporation (the "Applicant"), under application No. 707(SB) (the "2002 Application") the
Authority adopted its Initial Resolution No. 02-18 on June 24, 2002 (the "2002 Initial
Resolution") in the amount of $7,585,000 to assist in financing solid waste
collection/disposal/recycling facilities to be owned and operated by the Applicant or an Affiliate
thereof (defined below), (collectively, the "2002 Facilities") to be owned and operated by the
Company, as shown in Exhibit "A" attached to the 2002 Initial Resolution and the 2002
Application; and

WHEREAS, at the request of the Applicant, under application No. 761(SB) (the "2004
Application") the Authority adopted its Initial Resolution No. 04-19 on December 14, 2004 (the
"2004 Initial Resolution") in the amount of $28,625,000 to assist in financing solid waste
collection/disposal/recycling facilities to be owned and operated by the Applicant or an Affiliate
thereof, (collectively, the "2004 Facilities") to be owned and operated by the Company, as
shown in Exhibit "A" attached to the 2004 Initial Resolution and the 2004 Application; and

WHEREAS, the Applicant previously submitted an amendment to both the 2002 and
2004 Applications to the Authority and requested the Authority to amend and restate the 2002
and 2004 Initial Resolutions by resolution adopted on December 12, 2006 (the "2006 Initial
Resolution") in order to: (1) update the description of the 2002 Facilities and 2004 Facilities as
set forth in Exhibit "A" to the 2006 Initial Resolution and the cost estimates relating thereto, and
(2) add $23,520,746 to its funding request to include certain additional project components (the
"2006 Additional Facilities") as set forth in Exhibit "A" to the 2006 Initial Resolution and the
Applicant’s amended Application (the 2002 Facilities, 2004 Facilities and 2006 Additional
Facilities collectively referred to herein as the "Prior Facilities"); and

WHEREAS, taking into account the amendments, the 2006 Initial Resolution expressed
the intent of the Authority to issue up to $59,600,000 of bonds for the Prior Facilities; and

WHEREAS, the California Pollution Control Financing Authority ("Authority"), a public
instrumentality, is authorized and empowered by the provisions of the California Pollution
Control Financing Authority Act ("Act") to issue bonds for the purpose of defraying the cost of
facilities for the disposal of solid and liquid waste products, including resource recovery and
energy conversion facilities; and

WHEREAS, at the request of The Ratto Group of Companies, Inc., a California
corporation (the "Applicant"), under application No. 707(SB) (the "2002 Application") the
Authority adopted its Initial Resolution No. 02-18 on June 24, 2002 (the "2002 Initial
Resolution") in the amount of $7,585,000 to assist in financing solid waste
collection/disposal/recycling facilities to be owned and operated by the Applicant or an Affiliate
thereof (defined below), (collectively, the "2002 Facilities") to be owned and operated by the
Company, as shown in Exhibit "A" attached to the 2002 Initial Resolution and the 2002
Application; and
WHEREAS, in 2007 the Company requested and the Authority approved issuance of $42,600,000 of revenue bonds to finance a portion of the costs of the Prior Facilities, which bonds were issued on July 9, 2007 (the “2007 Bonds”); and

WHEREAS, prior to issuance of the 2007 Bonds the Company requested the Authority to modify the projects to be financed from the 2007 Bonds, by adding certain additional projects totaling $13,550,000 which had not been included among the Prior Facilities, which request was approved on June 19, 2007; and

WHEREAS, after taking into account the new projects added on June 19, 2007, the issuance of the 2007 Bonds, and the removal of approximately $7,600,000 of the Prior Facilities which the Company indicated it no longer planned to acquire or construct, the remaining authorization under the 2006 Initial Resolution totaled $23,135,000; and

WHEREAS, the 2006 Initial Resolution expired by its terms on December 12, 2009; and

WHEREAS, the Company has submitted an amended application to the Authority requesting (i) reinstatement and extension of the 2006 Initial Resolution, and (ii) addition of a new project in the estimated amount of $500,000 (but without increasing the total amount of the Authority’s resolution of intent); and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act to amend and reinstate the 2006 Initial Resolution, and to include certain additional project components as set forth in Exhibit “A” (the "New Additional Facilities");

WHEREAS, the Authority desires to encourage the Applicant to provide solid waste disposal facilities and equipment which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the remainder of the Prior Facilities and the New Additional Facilities (collectively, the "Facilities") be acquired at the earliest practicable date, but the Applicant requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Facilities; and

WHEREAS, the Applicant expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that additional debt obligations in an amount not expected to exceed $23,135,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Facilities; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of a subsequent borrowing;
NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity which meets the definition of “participating party” in the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to $23,135,000 principal amount of bonds of the Authority for the Facilities; including for the purpose of reimbursing the Applicant or any Affiliate thereof (hereafter, the “Company”) any costs incurred for the Facilities prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Facilities. Each bond shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond."

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the bond proceeds to finance the Facilities; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute "some other similar official action" towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.
Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on January 20, 2013 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company’s application, and an explanation of the status of the Project.

Section 8. This Resolution restates and incorporates the 2006 Initial Resolution, and with respect to the Prior Facilities, it is intended to relate back, as applicable, to the initial adoption of the 2002 Initial Resolution, the 2004 Initial Resolution and the 2006 Initial Resolution.
EXHIBIT A

NUMBER: 04-19

LOCATIONS:
1. 3400 and 3417 Standish Avenue, Santa Rosa
2. 2543 Petaluma Blvd. South, Petaluma
3. 3555-3565 Standish Avenue and 309-335 Sutton Place,
4. 3283 and 3296 Dutton Avenue, Santa Rosa
5. 5601 Nicasio Road, Nicasio [New Additional Project]

Trucks may be housed at any of the above locations or at Applicant’s location at 3151 Taylor Drive, Ukiah.

Carts and bins will be located at customer’s sites in the Applicant’s service areas in Sonoma, Marin, Lake and Mendocino Counties.

TYPE: Solid Waste Collection/Disposal/Resource Recovery

AMOUNT: Up to $23,135,000
## ATTACHMENT A

### Agenda Item 4.B.1.

### Table of Project Costs

<table>
<thead>
<tr>
<th>Project Area</th>
<th>Cost Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Acquisition and Improvement</td>
<td>Woodeshire and Woodeshire Processing Projects</td>
</tr>
<tr>
<td>B. Buildings and Equipment Purchase</td>
<td>for New Single-Stream Collection and Recycling Facilities</td>
</tr>
<tr>
<td>C. Equipment For Collection and Recycling</td>
<td>Santa Rosa Location</td>
</tr>
<tr>
<td>D. Equipment For Collection and Recycling</td>
<td>Ranta Location</td>
</tr>
<tr>
<td>E. The Banta Group of Companies 2004</td>
<td>Build and Sale for Single-Stream Collection and Recycling Facilities</td>
</tr>
<tr>
<td>F. Equipment For Collection and Recycling</td>
<td>Peninsular Location</td>
</tr>
<tr>
<td>G. New Building Construction</td>
<td></td>
</tr>
<tr>
<td>H. Land and Buildings</td>
<td></td>
</tr>
<tr>
<td>I. Equipment</td>
<td></td>
</tr>
<tr>
<td>J. Equipment</td>
<td></td>
</tr>
</tbody>
</table>

### Cost Breakdown

- **Subtotal**: $7,189,000
- **Issuance Enhancement**: $239,641
- **Issuance Expenses**: $151,700
- **Total**: $7,578,351

### Notes

- The Company has requested to move the amounts indicated in December 2006 for projects highlighted in D and G above, for a total amount of $7,500,000, which will not be financed in any future bonds.

### Other Information

- **Remaining Bond Proceeds**: $23,135,000
- **Future Induced Expenses**: $5,675,000
- **Total Induced Amount**: $7,600,000

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**Attorney's Note:**

- The Company has requested to move the amounts indicated in December 2006 for projects highlighted in D and G above, for a total amount of $7,500,000, which will not be financed in any future bonds.