Summary. The Ratto Group of Companies, Inc. and/or its Affiliates (the “Company”) requests approval of a Final Resolution for an amount not to exceed $16,500,000 to finance improvements to its Materials Recovery Facilities (“MRF”), acquisition and installation of new equipment for MRFs and transfer stations, CNG collection vehicles and containers. The Company most recently issued bonds in 2007 in the amount of $42,600,000 from previous Initial Resolutions, which were amended a number of times to account for changing project needs. $23,135,000 remains from Initial Resolution Number 04-19, which will be used for the current Final Resolution request.¹

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 in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

TEFRA. On September 17, 2012, Staff received written comments from the California Environmental Protection Association concerning the project. TEFRA hearings were held on September 18 and October 11, 2012; no verbal comments were presented at the hearings. The

¹ See the “Prior Actions” below for a detailed breakdown of the Initial and Final Resolution history.
written comments were provided to the Board Members and will be made a part of the TEFRA Hearing record for the bonds.

**Fees.** The Company paid an application fee of $5,000 and will pay an administrative fee of $28,000 upon closing.

**SBAF Assistance.** The Company is a small business, but is not eligible for assistance from the Small Business Assistance Fund due to the par amount of the bond issuance.

**Prior Financings.** Prior actions and financings are listed below. As part of an acquisition, Petaluma Refuse & Recycling, a subsidiary of the Company, assumed the loan for a 2006 bond issue in the original amount of $12,315,000 in March 2010.

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Bond Issue</th>
<th>Original Amount</th>
<th>Amount Outstanding as of 10/16/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ratto Group of Companies, Inc Series 2001</td>
<td>11/14/2001</td>
<td>$9,845,000</td>
<td>$2,910,000</td>
</tr>
<tr>
<td>The Ratto Group of Companies, Inc Series 2007</td>
<td>07/09/2007</td>
<td>$42,600,000</td>
<td>$27,800,000</td>
</tr>
<tr>
<td>Petaluma Refuse &amp; Recycling, Inc Series 2006A</td>
<td>01/06/2006</td>
<td>$12,315,000</td>
<td>$9,845,000</td>
</tr>
<tr>
<td><strong>TOTALS:</strong></td>
<td></td>
<td><strong>$64,760,000</strong></td>
<td><strong>$40,555,000</strong></td>
</tr>
</tbody>
</table>

**Prior Actions.**
- 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 (04-19) expired by its terms on December 12, 2009.
- Initial Resolution Number 04-19 was extended and amended on January 27, 2010 to add a new project site and reallocate project costs.
Project Description. The Company plans to upgrade its MRF facilities at two Santa Rosa sites. The upgrades will include new sort lines, conveyors, balers, and loaders. At one of the Santa Rosa sites, the Company will install a new roof as well as upgrade parts of the building’s infrastructure related to utilities and HVAC.

At one of the Company’s Petaluma sites, the upgrades to its MRF facility will include the MRF upgrades described above as well as the construction of additional buildings, new pavement, a water collection and pretreatment system, and other general site improvements. A transfer station in Petaluma will receive new loaders, balers, sort line improvements and conveyors.

Additionally, collection vehicles, containers and transfer station equipment will be purchased and used throughout the Company’s service area and housed at various corporate yards and transfer stations owned by the Company.

The anticipated Project and issuance costs are listed below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of New Buildings</td>
<td>$ 4,000,000</td>
</tr>
<tr>
<td>Acquisition and Installation of New Equipment</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Bond Issuance Expenses</td>
<td>330,000</td>
</tr>
<tr>
<td>Letter of Credit Fee</td>
<td>164,230</td>
</tr>
<tr>
<td>Contingency</td>
<td>5,770</td>
</tr>
<tr>
<td><strong>Total Bond Amount</strong></td>
<td><strong>$16,500,000</strong></td>
</tr>
</tbody>
</table>

Note: The Project costs reported in the Borrower’s application and shown here in staff’s report are estimated costs. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the Project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

Anticipated Timeline. The Company has already begun upgrading its facilities and anticipates that the project will be completed within the next two years.

Local Government. The Company received a letter of support from Ms. Marjie Pettus, City Manager of the City of Healdsburg (Attachment A). The Company also received letters of support from service area representatives, including the Novato Sanitary District of Novato and the Marin County Hazardous and Solid Waste Joint Powers Authority (Attachments B and C).

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

Air Quality. The use of CNG collection vehicles will reduce the amount of particulate matter released into the air compared to diesel fueled vehicles currently in use.
Agenda Item 4.C.1.

**Water Quality.** The facilities will operate on a paved surface instead of exposed ground areas, preventing seepage of waste materials into the ground.

**Energy Efficiency.** CNG is primarily a domestically produced product that will reduce our reliance on foreign oil.

**Recycling of Commodities.** The Company will recycle all practicably recyclable solid waste delivered to its MRFs, including, but not limited to, paper, glass aluminum, plastic and other recyclable material.

**Permitting and Environmental Approvals.** The Company has obtained all of the required discretionary permits and approvals for the proposed project sites.

**Financing Details.** The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit issued by Union Bank, N.A. that is rated at least “A” by Fitch Rating Agency or equivalent. The target date for financing is October 31, 2012.

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

**Staff Recommendation.** Staff recommends approval of Final Resolution No. 527 and Volume Cap Allocation Resolution No. 09-136-08 for an amount not to exceed $16,500,000 for The Ratto Group of Companies and/or its Affiliates.
September 26, 2012

Mr. Michael Paparian, Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, California 95814

Dear Mr. Paparian:

I write to you today on behalf of The Ratto Group of Companies, Inc. relating to their environmental project for which approval will be requested at the California Pollution Control Financing Authority (“CPCFA”) meeting in October.

My staff and I have worked with the management of The Ratto Group of Companies, Inc. over the last few years in their development and permitting of the proposed project and they now are ready for final approval of the financing. I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the “project” economies have been based, that CPCFA must grant part of the State’s allocation for “private activity” bonds as defined by the federal government to the Project.

We and The Ratto Group of Companies, Inc. agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of Healdsburg I would appreciate it if you would approve The Ratto Group of Companies, Inc. Project at your meeting in October. Thank you.

Sincerely,

[Signature]

Marjie Pettus, City Manager
September 27, 2012

Mr. Michael Paparian  
Executive Director  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Approvals  
The Ratto Group of Companies, Inc. Project

Dear Mr. Paparian:

I write to you today on behalf of The Ratto Group of Companies, Inc. relating to their environmental project for which approval will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in October.

My staff and I have worked with the management of The Ratto Group of Companies, Inc. over the last few years in their development and permitting of the proposed project and they now are ready for final approval of the financing. I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "project" economics have been based, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project.

We and The Ratto Group of Companies, Inc. agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the Novato Sanitary District, I would appreciate it if you would approve The Ratto Group of Companies, Inc. Project at your meeting in October.

Sincerely,

Beverly B. James,  
Manager-Engineer

Attachment B
September 28, 2012

Mr. Michael Paparian  
Executive Director  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Approvals – The Ratto Group of Companies, Inc. Project

Dear Mr. Paparian:

I write to you today on behalf of The Ratto Group of Companies, Inc. relating to their environmental project for which approval will be requested at the California Pollution Control Financing Authority (“CPCFA”) meeting in October.

I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the “project” economics have been based, that CPCFA must grant part of the State’s allocation for “private activity” bonds as defined by the federal government to the Project.

We and The Ratto Group of Companies, Inc. agree that the implementation of this project is a cost effective addition to our overall programs, taking into account cost, technology and expected waste diversion.

On behalf of the Marin County Hazardous and Solid Waste Management Joint Powers Authority we would appreciate it if you would approve The Ratto Group of Companies, Inc. project at your meeting in September. Thank you.

Sincerely,

Steve Devine  
Program Manager
FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO FINANCING AND/OR REFINANCING OF SOLID WASTE DISPOSAL
FACILITIES AND EQUIPMENT FOR
THE RATTO GROUP OF COMPANIES, INC. AND/OR ITS AFFILIATES

October 16, 2012

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of The Ratto Group of Companies, Inc., a Delaware corporation (the “Borrower”), for financial assistance to finance and/or refinance the acquisition, construction and rehabilitation of solid waste disposal facilities and equipment, located in Sonoma, Marin and Mariposa Counties, and all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (the “Project”); and

WHEREAS, the Authority has adopted its initial resolution expressing its intent to issue bonds on behalf of the Borrower, in its IR No. 04-19, most recently amended and reinstated on January 27, 2010, for a net remaining amount of up to $23,135,000 (following issuance of bonds in 2007); and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed $16,500,000 to assist in the financing and/or refinancing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority; and

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

WHEREAS, in order to enhance the marketability of the bonds, the Borrower has arranged for the financial institution named in the Term Sheet to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal
Revenue Bonds (The Ratto Group of Companies, Inc. Project), Series 2012” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed $16,500,000 are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax exempt or taxable mode, in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance and/or refinance the Project and to pay a portion of the costs of issuance of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time on or before December 31, 2012, by negotiated sale, at such price, at such interest rate or rates and in such mode (taxable or tax-exempt) as he may determine, such determination to be as set forth in the herinafter referred to Purchase Agreement.

Section 4. The following documents:

i. a Loan Agreement relating to the Bonds between the Authority and the Borrower (the “Loan Agreement”);

ii. an Indenture relating to the Bonds (the “Indenture”), between the Authority and the trustee named in the Term Sheet (the “Trustee”)

iii. a bond purchase agreement relating to the Bonds among the Authority, the Treasurer of the State of California and the underwriter named in the Term Sheet (the “Underwriter”), and approved by the Borrower, (the “Purchase Agreement”); and

iv. the official statement relating to the Bonds (in the form of either the “Preliminary Official Statement” or the final “Official Statement”).

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) in substantial conformance with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreement, the Indenture and the Purchase Agreement and by delivery thereof in the case of the Preliminary Official Statement or the Official Statement.

Section 5. The Authority understands and agrees that pursuant to the terms of the Loan Agreement the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity or by Affiliates of such Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower 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 Borrower, 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 6. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of each series of the Bonds shall be as provided in the Indenture, as finally executed.

Section 7. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriter is
hereby directed to deliver a copy of the final Official Statement to all actual purchasers of the Bonds.

Section 8. The Bonds shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Bonds, when executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriter in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriter thereof, upon payment of the purchase price thereof.

Section 9. The Authority hereby dedicates and confirms its allocation to the Bonds of $16,500,000 of a portion of the 2009 State Ceiling on qualified private activity bonds as previously received from the California Debt Limit Allocation Committee and carried forward by the Authority to finance and/or refinance certain costs of the Project and to pay certain costs of issuance of the Bonds, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Bonds.

Section 10. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Purchase Agreement and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any certifications and one or more tax certificates.

Section 11. The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on January 17, 2012, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 12. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 13. This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this Resolution for the Borrowers shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

Section 14. Upon the issuance of the Bonds pursuant to this Resolution, IR 04-19 will remain in effect for an amount of up to $6,635,000, unless further amended after the date hereof.
EXHIBIT A

TERM SHEET

Name of Issue: California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (The Ratto Group of Companies, Inc. Project), Series 2012 (the “Bonds”)

Maximum Amount of Issue: $16,500,000

Issuer: California Pollution Control Financing Authority (the “Authority”), Sacramento, CA

Borrower: The Ratto Group of Companies, Inc.

Trustee: The Bank of New York Mellon Trust Company, N.A.

Senior Underwriter or Placement Agent: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick, Herrington & Sutcliffe LLP, San Francisco, CA

Remarketing Agent: Westhoff, Cone & Holmstedt

Project: The Bond proceeds will finance

1. Acquisition, construction, improvement, renovation, rehabilitation and/or installation of a materials recycling facility, shop, offices and related facilities and equipment to be located at locations (a), (b) and/or (c) on the Project Location List attached hereto.

2. Acquisition of trucks and other solid waste vehicles and equipment, used for the collection, handling, processing or disposal of solid waste, to be located at any of the locations on the Project Location List attached hereto.

3. Solid waste carts, bins and containers, which will be located at its customers’ locations in Sonoma, Marin and Mariposa counties.

All financed assets will be owned and operated by the Company. The vehicles and containers
Agenda Item 4.C.1.

will be used to service the Company’s customers throughout the Company’s service territories in Sonoma, Marin and Mariposa Counties, and the containers will be located at the addresses of the Company’s customers.

Maximum Bond Term: Not to exceed 30 years
Type of Sale: Negotiated sale
Description of Minimum Denominations: $100,000 or any integral multiple of $5,000 in excess thereof while in variable rate mode
Financing Structure: Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
Maximum Interest Rate: 12%
Letter of Credit: Union Bank, N.A.
Westamerica Bank, Administrative Agent
Other Credit Enhancement: Not applicable
Anticipated Bond Rating: Minimum “A”
Type of Financing: Solid waste disposal revenue bonds
Prepared by: Tony Cone, (925) 472-8750
Agenda Item 4.C.1.

Project Location List

(a) 3400, 3417 and 3555-3565 Standish Avenue, Santa Rosa, California 94507
(b) 2543 Petaluma Blvd. South, Petaluma, California 94952
(c) 309-335 Sutton Place, Santa Rosa, California 94507
(d) 500 Mecham Road, Petaluma, California 94952
(e) 3284 & 3296 Dutton Avenue, Santa Rosa, California 95407
(f) 1309 Dynamic Avenue, Petaluma, California 94952
(g) 33549 Annapolis Road, Annapolis, California 95412
(h) 13450 Pocket Drive, Guerneville, California 95446
(i) 166 Alexander Valley Road, Healdsburg, California 95448
(j) 4376 Stage Gulch Road, Sonoma, California 95476
(k) 7085 Gravenstein Highway, Cotati, California 94931
(l) 4705 Highway 49, Mariposa, CA 95338
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 09-136-08

A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2009 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN EXEMPT FACILITY PROJECT

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from The Ratto Companies, Inc and/or its Affiliates (“Project Sponsor”) for approval of the issuance of revenue bonds; and

WHEREAS, on October 16, 2012, CPCFA approved Final Resolution No. 527 (“Final Resolution”) authorizing the issuance of up to $16,500,000 of its solid waste disposal revenue bonds (The Ratto Companies, Inc Project) Series 2012 (“Bonds”); and

WHEREAS, in seeking CPCFA approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA which were relied upon by CPCFA in approving the Final Resolution; and

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2009 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and procedures. Accordingly, capitalized terms not otherwise defined shall have the meanings ascribed to them in the “Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Procedures”); and

WHEREAS, it is appropriate for CPCFA to confirm the use of a portion of the 2009 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Bonds as set forth in the Final Resolution;

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of $16,500,000 is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.
Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

Section 4. The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Bonds for the Project have been issued by CPCFA by the close of business on December 31, 2012. In case of extreme hardship, the Deputy Executive Director or the Executive Director may extend this date by up to thirty (30) business days.

Section 5. Within twenty-four (24) hours of issuing the Bonds, CPCFA shall notify CDLAC via the email or the fax number as provided in Section 5140 of the CDLAC Regulations that the Bonds have been issued. This notice shall identify the Project Sponsor, the project or program, the date and amount of the Bonds issued.

Section 6. Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting the appropriate completed Report of Action Taken in a form prescribed by and made available by CDLAC.

Section 7. Any differences between the amount of Bonds issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

Section 8. In consideration of the CPCFA Allocation dedicated in Section 1 of this resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 9. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by CDLAC or CPCFA.

Section 10. This Resolution shall take effect immediately upon its adoption.
**RESOLUTION NO. 09-136-08**  
*(AN EXEMPT FACILITY PROJECT)*  
**EXHIBIT A**

1. **Project Sponsor:** The Ratto Companies, Inc and/or its Affiliates
2. **Application #:** 707 (SB) & 761 (SB)
3. **Project User:** The Ratto Companies, Inc and/or its Affiliates
4. **Project Name:** The Ratto Companies, Inc Project and/or its Affiliates
5. **Locations:** Santa Rosa, Petaluma, Annapolis, Guerneville, Healdsburg, Sonoma, Cotati (Sonoma County), and Mariposa (Mariposa County)
6. **Credit Enhancement or Private Placement Purchaser:** Union Bank, N.A.
7. The Credit Enhancement Provider/Private Placement Purchaser at the time of issuance will be the same as represented in the application.
8. **Amount of Allocation:** $16,500,000