Summary. Sacramento Project Finance, Inc. as Borrower and Synagro Organic Fertilizer Company of Sacramento, Inc. as Operator, (collectively the “Company”) request approval of a Final Resolution to issue refunding revenue bonds for an amount not to exceed $13,800,000 in tax-exempt and taxable bonds ($13,720,000 and $80,000 respectively) and Volume Cap Allocation for an amount not to exceed $500,000.

Borrower. The Company is in the business of collecting, processing and monitoring the sludge, also known as biosolids, which is created by the treatment of wastewater.

Sacramento Project Finance, Inc. is 100% owned by Synagro Technologies, Inc.

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.

Prior 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 10/01/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacramento Biosolids Facility Project Series 2002A</td>
<td>12/23/2002</td>
<td>$20,075,000</td>
<td>$14,150,000</td>
</tr>
<tr>
<td>Sacramento Biosolids Facility Project Series 2002B</td>
<td>12/23/2002</td>
<td>$1,200,000</td>
<td>$0</td>
</tr>
<tr>
<td>TOTALS:</td>
<td></td>
<td>$21,275,000</td>
<td>$14,150,000</td>
</tr>
</tbody>
</table>

Background. The Company is in the business of collecting, processing and monitoring the sludge, also known as biosolids, which is created by the treatment of wastewater. The Company
performs these services for the Sacramento Regional County Sanitation District (the “District”). Once treated, the sludge is turned into fertilizer or simply stored.

On December 23, 2002, CPCFA issued Variable Rate Demand Solid Waste Disposal Revenue Bonds (Sacramento Biosolids Facility Project) Series 2002A and 2002B (the “Prior Bonds”) in the amount of $20,075,000 and $1,200,000, respectively. The Prior Bonds financed the design and construction of a biosolids recycling facility (the “Facility”) with the capacity of processing up to 7,300 tons of biosolid waste per year in Sacramento County. The Facility is located on District property for operations including the reception, storage, dewatering and heat drying of digested biosolids.

The Facility has been in operation since 2004.

The Project is complete and staff has received project completion certification.

**Current Request.** The Company currently requests approval of a Final Resolution to refund the $14,150,000 presently outstanding from the Series 2002A tax-exempt bonds. By applying funds on hand, the total refunding bond requested is $13,800,000 of which $80,000 will be a taxable bond used solely to pay costs of issuance which exceed the amount permitted by tax law regulations. Additionally, the Company is requesting up to $500,000 in tax-exempt volume cap allocation to fund a portion of costs of issuance and a portion of the reserve fund for the tax-exempt refunding bonds. Tax counsel has approved these uses of new allocation.

Staff has completed its analysis and due diligence of the transaction based in part on a tax analysis memo received from Bond Counsel. The tax analysis memo outlines the general requirements for the refunding of the bonds as well as permissible uses of the new volume cap allocation and how these particular items pertain to this transaction.

**Fees.** The Company has paid an application fee of $5,000 and will pay an administrative fee of $22,600 at closing.

**Financing Details.** The Company anticipates a private placement of fixed-rate tax-exempt bonds with Umpqua Bank, which is a Qualified Institutional Buyer (QIB) as defined in SEC Rule 144 under the Securities Act of 1933, in minimum denominations of $250,000 or any integral multiple of $5,000 in excess thereof. Additionally, the bonds will have a restriction on transfer to QIBs and require a traveling investor letter as set out in Attachment A of the Final Resolution. The target date for financing is November 25, 2014.

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

**Staff Recommendation.** Staff recommends approval of Final Resolution No. 540 for Sacramento Project Finance, Inc. as Borrower and Synagro Organic Fertilizer Company of
Agenda Item 4.B.

Sacramento, Inc. as Operator, and/or its Affiliates for an amount not to exceed $13,800,000 and Volume Cap Allocation Resolution No. 11-169-08 for an amount not to exceed $500,000.
WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Sacramento Project Finance, Inc., a Delaware corporation (the “Borrower”) and Synagro Organic Fertilizer Company of Sacramento, Inc. (the “Operator” and with the Borrower, collectively, the “Company”), for financial assistance to refinance the acquisition and construction of a biosolids processing and disposal facility located in Sacramento County, California, as more particularly described in the Term Sheet (the “Term Sheet”) attached hereto as Exhibit A and incorporated herein (the “Prior Project”); and

WHEREAS, the Authority has previously issued its California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Sacramento Biosolids Facility Project) Series 2002A (the “Prior Bonds”) pursuant to an Indenture of Trust, dated as of December 1, 2002 (the “Original Indenture”); and

WHEREAS, the Authority loaned the proceeds of the Prior Bonds to the Borrower, pursuant to a Loan Agreement dated as of December 1, 2002 (the “Original Loan Agreement”), to provide funds used by the Borrower for the Prior Project; and

WHEREAS, the Authority has previously entered into an Inducement Agreement dated as of December 1, 2002 with the Operator (the “Original Inducement Agreement”) concerning covenants relating to, among other things, the operation and maintenance of the Project; and

WHEREAS, the Company now wishes to refund the Prior Bonds; and

WHEREAS, the Company has requested the Authority to issue additional bonds under the Original Indenture as supplemented by a first supplemental indenture (the “First Supplemental Indenture, and collectively, the “Indenture”) in an amount not to exceed $13,800,000 to assist in the refunding of the Prior Bonds; and
WHEREAS, the proceeds of such additional bonds will be loaned to the Borrower, under the Original Loan Agreement as supplemented by a first supplemental loan agreement (the “First Supplemental Loan Agreement, and collectively, the “Loan Agreement”) with the Authority; and

WHEREAS, the Operator will enter into a first supplemental inducement agreement (the “First Supplemental Inducement Agreement,” and collectively with the Original Inducement Agreement, the “Inducement Agreement”) to extend its prior covenants to match the terms of the refunding bonds to be issued; and

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

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

Section 1. The Project constitutes a “project” and the Company 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 Solid Waste Disposal Refunding Revenue Bonds (Sacramento Biosolids Project) Series 2014A” (the “Series 2014A Bonds”), and “California Pollution Control Financing Authority Solid Waste Disposal Refunding Revenue Bonds (Sacramento Biosolids Project) Series 2014B (Taxable)” (the “Series 2014B Bonds” and together with the Series 2014A Bonds, the “Refunding Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed $13,800,000 are hereby authorized to be issued. The Refunding 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 First Supplemental Indenture as finally executed. The proceeds of the Refunding Bonds shall be used to make a loan to the Borrower to refinance the Project, to fund a portion of a Reserve Fund, and to pay the costs of issuance of the Refunding Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Refunding Bonds, at one time or from time to time on or before December 31, 2014, 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 hereinafter referred to Purchase Agreement.

Section 4. The following documents:

i. a First Supplemental Loan Agreement supplementing the Original Loan Agreement between the Authority and the Borrower;

ii. a First Supplemental Indenture supplementing the Original Indenture, between the Authority and the trustee named in the Term Sheet (the “Trustee”);
iii. a First Supplemental Inducement Agreement (the “First Supplemental Inducement Agreement”) between the Authority and the Operator; and

iv. a purchase contract relating to the Refunding Bonds among the Authority, the Treasurer of the State of California and the purchaser named in the Term Sheet (the “Purchaser”), and approved by the Borrower, (the “Purchase Agreement”)

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) 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 First Supplemental Loan Agreement, the First Supplemental Indenture, the First Supplemental Inducement Agreement and the Purchase Agreement.

Section 5. The Authority understands and agrees that pursuant to the terms of the Loan Agreement and the Inducement Agreement the obligations of the Borrower or the Operator may, under some circumstances, be carried out or assumed by a successor or assignee entity or by Affiliates of such Borrower or Operator. For purposes of this Resolution, an “Affiliate” 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 or the Operator, 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 Refunding Bonds shall be as provided in the First Supplemental Indenture, as finally executed.

Section 7. The Refunding 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 Refunding 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 Refunding Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Refunding Bonds, when duly executed and authenticated, to the Purchaser 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 Refunding Bonds to the Purchaser, upon payment of the purchase price thereof.

Section 8. The Authority hereby dedicates and confirms its allocation to the Refunding Bonds not to exceed $500,000 of a portion of the 2011 State Ceiling on qualified private activity bonds as previously received, carried forward or to be received from the California Debt Limit Allocation Committee to fund a portion of the Reserve Fund and pay a portion of the costs of issuance of the Refunding Bonds, so as to satisfy the requirements of Section 146(e) of the Internal
Agenda Item 4.B.

Revenue Code of 1986, with respect to the Refunding Bonds. The final amount of Volume Cap used will be set forth in the Tax Certificate for the Refunding Bonds.

Section 9. 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 Refunding Bonds, and otherwise to effectuate the purposes of this Resolution and the First Supplemental Indenture, the First Supplemental Loan Agreement, the First Supplemental Inducement Agreement and the Purchase Agreement. 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 10. 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 21, 2014, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 11. 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 12. This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this Resolution for the Borrower 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.
EXHIBIT A

TERM SHEET

Name of Issue: California Pollution Control Financing Authority Solid Waste Disposal Refunding Revenue Bonds (Sacramento Biosolids Project) Series 2014A and California Pollution Control Financing Authority Solid Waste Disposal Refunding Revenue Bonds (Sacramento Biosolids Project) Series 2014B (Taxable) (the “Refunding Bonds”)

Maximum Amount of Issue: $13,800,000

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

Borrower: Sacramento Project Finance, Inc., a Delaware corporation

Operator: Synagro Organic Fertilizer Company of Sacramento, Inc., a Delaware corporation

Trustee: The Bank of New York Mellon Trust Company, N.A., as successor in interest to BNY Western Trust Company

Underwriter: Not applicable

Purchaser: Umpqua Bank

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

Remarketing Agent: Not applicable

Prior Project: A portion of such Refunding Bond proceeds will refund a prior series of the Authority’s revenue bonds issued in December, 2002 (the “Prior Bonds”).

The Prior Bonds were used to finance costs of the permitting, acquisition, design, construction, improvement and equipping of a biosolids recycling facility located at 8521 Laguna Station Rd., Elk Grove, California.
<table>
<thead>
<tr>
<th><strong>Agenda Item 4.B.</strong></th>
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<tbody>
<tr>
<td><strong>Maximum Bond Term:</strong></td>
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<tr>
<td><strong>Type of Sale:</strong></td>
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<tr>
<td><strong>Description of Minimum Denominations:</strong></td>
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<tr>
<td><strong>Financing Structure:</strong></td>
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<tr>
<td><strong>Maximum Interest Rate:</strong></td>
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<td><strong>Letter of Credit:</strong></td>
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<td><strong>Other Credit Enhancement:</strong></td>
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<tr>
<td><strong>Anticipated Refunding Bond Rating:</strong></td>
</tr>
<tr>
<td><strong>Type of Financing:</strong></td>
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<td><strong>Prepared by:</strong></td>
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</table>
SALE AND REMARKETING GUIDELINES

1. Purchasers of the Bonds (in both primary and secondary markets) limited to “Qualified Institutional Buyers” (QIB), as QIBS are defined under SEC Rule 144A, promulgated under the Securities Act of 1933.

2. Bonds may be initially placed with and remarketed to no more than 35 QIBs in any one offering.

3. Bonds must be issued in minimum denominations of $250,000 or any integral multiple of $5,000 above this amount, with the requirement that all Bonds must equal the chosen denomination.

4. All sale restriction information must be prominently printed on the cover and described in the body of any offering materials. The Indenture’s “Registration and Transfer of Bonds” section must clearly describe all sale and purchase restrictions, and the Bond certificates in their legends must note all sale and purchase restrictions.

5. Sinking fund maturities must match the Bond denomination.

6. Participatory shares of Bonds in trusts which include any of the Bonds may be sold only to QIBs, and such trust shares must be sold only in increments equal to the Bond’s minimum denomination unless (i) the participatory shares are credit enhanced to an “A-“ level or higher and the purchasers of such shares are not exposed to credit risk of the borrower, or (ii) participatory shares are not directly made in the bonds, but are part of a diversified portfolio in a regulated investment company, where the bonds constitute not more than 5% of the total portfolio.

7. The initial purchaser and subsequent purchasers shall provide the Authority with an Investment Representation Letter.
WHEREAS, the California Pollution Control Financing Authority ("CPCFA") has received an application ("Application") from Sacramento Project Finance Inc. ("Project Sponsor") and Synagro Organic Fertilizer Company of Sacramento, Inc. ("Applicants") for approval of the issuance of revenue bonds; and

WHEREAS, on October 21, 2014 CPCFA approved Final Resolution No. 540 ("Final Resolution") authorizing the issuance of $13,800,000 of its solid waste disposal revenue bonds (Sacramento Biosolids Project) Series 2014A and 2014B ("Bonds"); and

WHEREAS, in seeking CPCFA approval of the Final Resolution, the Applicants 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 2011 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 “Regulations of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” ("CDLAC Regulations"); and

WHEREAS, it is appropriate for CPCFA to confirm the use of a portion of the 2011 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 up to $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, 2014. In a 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 and the amount of Volume Cap used.

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 Volume Cap used for the 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. 11-169-08
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Project Sponsor: Sacramento Project Finance, Inc.
2. Application #: 540
4. Project Name: Sacramento Biosolids Project
5. Location: 8521 Laguna Station Road
Elk Grove, CA 95758
6. Private Placement Purchaser: Umpqua Bank
7. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: up to $500,000