

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: April 24, 2007
Executive Summary
Request for Approval of Assistance from the Small Business Assistance Fund

Prepared by: *Aaron Todd*

Applicant:	The Ratto Group of Companies, Inc. and/or its Affiliates	Amount Requested:	\$250,000
		Application No.:	761 (SB)
Project Location:	City of Santa Rosa (County of Sonoma)	Final Resolution No.:	466
		Prior Actions:	IR 02-18 approved 06/24/2002 IR 04-19 approved 12/14/2004 IR 04-19 approved 12/12/2006 FR 466 approved 3/20/07

Type of Business: The Ratto Group of Companies, Inc. and/or its Affiliates (the “Company”) provide residential waste collection and recycling services.

Current Request: At the March 20, 2007 Board Meeting, Final Resolution No. 466 for \$42,600,000 was approved. The Small Business Assistance Fund (SBAF) Resolution for \$250,000 which was also discussed at the Board meeting was inadvertently omitted from the Board packages. According to counsel, this omission requires that we seek Authority approval of the SBAF Resolution. For additional information on the project or borrower, please see the attached staff report (Attachment I) that was presented at the March 20, 2007 Board Meeting.

SBAF Assistance: The Company is a small business eligible for Small Business Assistance Fund (SBAF) assistance in an amount not to exceed \$250,000.

Staff Recommendation: Approval of a SBAF Resolution for an amount not to exceed \$250,000 for The Ratto Group of Companies and/or its Affiliates.

RESOLUTION OF THE CALIFORNIA
POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL
BUSINESS ASSISTANCE FUND FOR
THE RATTO GROUP OF COMPANIES, INC., AND/OR ITS AFFILIATES

April 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of The Ratto Group of Companies, Inc., and/or its affiliates (the “Applicant”), for financial assistance to finance, (1) land acquisition and/or construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities and equipment for storage and maintenance of solid waste collection vehicles and related equipment to be located in Sonoma County, California, (2) acquisition of trucks and other solid waste vehicles and equipment, and (3) acquisition of solid waste carts, bins and containers, all of which will be used to serve the Applicant’s customers throughout its service territory in Lake County, Mariposa County, Mendocino County, Marin County and Sonoma County, California, and all as more particularly described in Application No. 761(SB) of the Applicant (the “Project”) and has adopted its Resolution No. 466 (the “Final Resolution”) authorizing the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds (the “Bonds”); and

WHEREAS, the Authority has received and accepted an application from the Applicant for assistance from the Fund; and

WHEREAS, the Applicant has demonstrated a financial capability to make loan payments to the satisfaction of Westamerica Bank, as the issuer of a direct pay irrevocable letter of credit securing the Bonds, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

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

Section 1. The Applicant and Borrower (as defined in the Final Resolution) is a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$250,000 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director or the Deputy Executive Director of the Authority based upon the final terms of the sale of the Bonds.

Section 4. The Executive Director and the Deputy Executive Director of the Authority are each hereby authorized and directed, acting alone, to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon adoption hereof.

The adoption by the Authority of this resolution for the Applicant 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.

ATTACHMENT I

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY BOND FINANCING PROGRAM

Meeting Date: March 20, 2007

Executive Summary

Request for Final Resolution Approval and Assistance from the Small Business Assistance Fund

Prepared by: *Deana Carrillo*

Applicant: The Ratto Group of Companies, Inc. and/or its Affiliates	Amount Requested: \$42,600,000
Project	Application No.: 761 (SB)
Location: City of Santa Rosa (County of Sonoma)	Final Resolution No.: 466
	Prior Actions: IR 02-18 approved 06/24/2002 IR 04-19 approved 12/14/2004 IR 04-19 approved 12/12/2006

Type of Business: The Ratto Group of Companies, Inc. and/or its Affiliates (the "Company") provide residential waste collection and recycling services.

Project Description: The proposed Project expands the Company's current operations, and includes the purchase of two parcels of land by Predawn Investment, LLC, and an existing building to house a portion of the Company's collection fleet. The two parcels of land, each approximately 2.4 acres, are located at 3555-3565 Standish Avenue and 309-335 Sutton Place in Santa Rosa, California and will be leased to the Company by Predawn Investment, LLC. The two sites will act as corporate yards for the Company, and will be used for truck maintenance, washing and parking, container storage, and administrative offices.

The Project also includes the acquisition of waste collection vehicles and waste containers to be located at various customer locations throughout the applicant's service area or at any of the Company's operating sites. The applicant's service area consists of the Cities of Santa Rosa, Rohnert Park, Windsor, Ukiah, Clear Lake, Novato and Mariposa and portions of unincorporated Counties of Mariposa, Marin, Sonoma, Lake and Mendocino.

Public Benefits: The Company represents that the Project will result in the public benefits described below.

Waste Diversion. The Project will assist the communities served in meeting AB 939 requirements.

Ratepayer Benefit. Access to the tax-exempt financing for this Project will enable the Company to prevent certain increases to its operating costs and thereby will prevent certain increases to customer services fees and charges.

Pollution Control: The Company represents that the Project is designed to result in the pollution control benefits noted below.

Air Quality. The new low-emission California Air Resources Board (CARB) compliant trucks will emit less particulate matter and NOx emissions.

Energy Efficiency. The use of split body trucks will allow for more efficient truck routes as these trucks are capable of picking up two types of waste at once. The reduced travel time coupled with the improved fuel efficiency of the new trucks will result in approximately 100 to

ATTACHMENT I

150 gallon reduction of gasoline and diesel used per year and approximately 1,500 to 2,000 fewer miles traveled.

SBAF Assistance: The Company is a small business eligible for Small Business Assistance Fund (SBAF) assistance in an amount not to exceed \$250,000.

Permits: No discretionary permits or approvals are necessary for the Project being financed. The truck maintenance facilities will operate in compliance with the site's existing zoning requirements.

Anticipated Financing Details: The Company anticipates a public offering of a 7-day variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct-pay Letter of Credit from Westamerica Bank that is rated "A-" or better by Fitch Ratings.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick Herrington & Sutcliffe

Financial Advisor: Andrew S. Rose

Issuer's Counsel: State Attorney General's Office

Legal Questionnaire: Staff has reviewed the Company's responses to the questions contained in the legal status portion of the application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of this applicant. See Attachment A for the complete legal review.

Staff Recommendation: Staff recommends approval of (i) Final Resolution No. 466 for an amount not to exceed \$42,600,000 and (ii) a SBAF Resolution for an amount not to exceed \$250,000 for The Ratto Group of Companies and/or its Affiliates.

ATTACHMENT I

**The Ratto Group of Companies, Inc.
and/or its Affiliates**
Bond Amount: \$42,600,000
Santa Rosa (Sonoma County), CA
Application No. 761
March 20, 2007

STAFF SUMMARY – CPCFA

Prepared by: Deana Carrillo

ISSUE:

The Ratto Group of Companies, Inc. and/or its Affiliates (the “Company”) requests approval of (i) Final Resolution 466 for an amount not to exceed \$42,600,000 to finance vehicle and equipment purchases, land and building acquisition and the renovation of an existing building and (ii) a SBAF Resolution in an amount not to exceed \$250,000.

CDLAC Allocation. The Company has applied to the California Debt Limit Allocation Committee for allocation at its scheduled March 21, 2007 meeting.

TEFRA. A TEFRA hearing was held on February 13, 2007. No comments were received in support of or in opposition to the financing.

SBAF. The Company is a small business eligible for SBAF assistance in an amount not to exceed \$250,000.

BORROWER:

The Company was incorporated on February 12, 1999 in Delaware and represents that it, along with its Affiliates, employs 350 individuals.

The principal shareholders for 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.%

The following are subsidiaries of the Borrower:

- Mariposa County Total Waste Systems, Inc.
- North Bay Corporation
- Novato Disposal Service, Inc.
- Pacific Coast Disposal
- Predawn Investments LLC
- Reward Leasing, Inc.
- Rohnert Park Disposal, Inc.
- Santa Rosa Recycling & Collection, Inc.
- Solid Waste Systems, Inc.
- Sunrise Garbage Service, Inc.
- Timber Cove Recycling, Inc.
- Timberline Disposal Services
- Total Waste Systems, Inc.
- Ukiah Valley Transfer, Inc.
- Unicycler LLC
- West Sonoma County Disposal Service, Inc.
- West Sonoma County Transfer, Inc.
- Windsor Refuse & Recycling, Inc.

ATTACHMENT I

Legal Questionnaire. Staff has reviewed the Company's responses to the questions contained in the legal status portion of the application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of this applicant. See Attachment A for the complete legal review.

Prior Actions. Initial Resolution No. 02-18 was approved on June 24, 2002 in the amount of \$7,585,000; Initial Resolution No. 04-19 was approved on December 14, 2004 in the amount of \$28,625,000, amended and approved again on December 12, 2006 in the amount of \$59,600,000.

Prior Financings: Prior CPCFA financings for the Company are shown below.

<u>ISSUE</u>	<u>ISSUE DATE</u>	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING AS OF MARCH 1, 2007</u>
The Ratto Group of Companies, Inc.	11/14/2001	<u>\$9,845,000</u>	<u>\$6,845,000</u>
TOTAL:		<u>\$9,845,000</u>	<u>\$6,845,000</u>

PROJECT DESCRIPTION:

The proposed Project expands the Companies current operations and includes the purchase of two parcels of land and an existing building to house a portion of its collection fleet. The two parcels of land, each approximately 2.4 acres, are located at 3555-3565 Standish Avenue and 309-335 Sutton Place in Santa Rosa, California and will be leased to the Company by Predawn Investment, LLC. The two sites will act as corporate yards for the Company and will be used for truck maintenance, washing and parking, container storage, and administrative offices.

The land purchase anticipated to be funded by the Bond proceeds described above took place in the first quarter of 2007. It was purchased by one of the Company's Affiliates, Predawn Investments LLC, equally owned by Steven and Louis Ratto. Upon receipt of the Bond proceeds, an internal fund transfer will take place to reimburse Predawn Investments for the purchase of the land.

The Project also includes the acquisition of waste collection vehicles and waste containers to be located at various customer locations throughout the applicant's service area or at any of the Company's operating sites. The applicant's service area consists of the Cities of Santa Rosa, Rohnert Park, Windsor, Ukiah, Clear Lake, Novato and Mariposa and portions of unincorporated Counties of Mariposa, Marin, Sonoma, Lake and Mendocino.

Costs associated with the Project include:

Land	\$5,000,000
Buildings	\$5,000,000
Building Improvements	\$750,000
Collection Vehicles	\$23,260,000
Containers	\$6,925,000
Letter of Credit Fees	\$807,895
Bond Issuance Expenses	\$852,000
Contingencies	<u>\$5,105</u>
Total:	<u>\$42,600,000</u>

ATTACHMENT I

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, determination by bond counsel that certain costs do not qualify for tax-exempt financing, 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.

PUBLIC BENEFITS:

The Company represents that the Project will result in the public benefits described below.

Waste Diversion. The Project will assist the communities served in meeting AB 939 requirements.

Ratepayer Benefit. Access to the tax-exempt financing for this Project will enable the Company to prevent certain increases to its operating costs and thereby will prevent certain increases to customer services fees and charges.

POLLUTION CONTROL:

The Company represents that the Project is designed to result in the pollution control benefits noted below.

Air Quality. The new low-emission, California Air Resources Board (CARB) compliant trucks will emit less particulate matter and NOx emissions.

Energy Efficiency. The use of split body trucks will allow for more efficient truck routes as these trucks are capable of picking up two types of waste at once. The reduced travel time coupled with the improved fuel efficiency of the new trucks will result in approximately 100 to 150 gallon reduction of gasoline and diesel used per year and approximately 1,500 to 2,000 fewer miles traveled.

PERMITTING & ENVIRONMENTAL APPROVALS:

No discretionary permits or approvals are necessary for the Project being financed. The truck maintenance facility will operate in compliance with the sites' existing zoning requirements.

ANTICIPATED TIMELINE:

The Company began equipment purchases in November 2005 and are anticipated to be completed in Spring 2010. The land was purchased in January 2007. Building renovations are anticipated to begin in June 2007 with completion scheduled for June 2008.

ATTACHMENT I

FINANCING DETAILS:

The Company anticipates a public offering of a 7-day variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct-pay Letter of Credit from Westamerica Bank that is rated "A-" or better by Fitch Ratings.

FINANCING TEAM:

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick Herrington & Sutcliffe LLC

Financial Advisor: Andrew S. Rose

Issuer's Counsel: State Attorney General's Office

RECOMMENDATION:

Staff recommends approval of (i) Final Resolution No.466 for an amount not to exceed \$42,600,000 and (ii) a SBAF Resolution for an amount not to exceed \$250,000, for The Ratto Group of Companies, Inc. and/or its Affiliates.

ATTACHMENT I

Attachment A

Legal Review for The Ratto Group of Companies

APPLICANT

The Ratto Group of Companies (“the Company” or “Ratto”), a small company incorporated on February 12, 1999 in Delaware, provides residential waste collection and recycling services in the Cities of Santa Rosa, Rohnert Park, Windsor, Ukiah, Clear Lake, Novato, and Mariposa, and portions of unincorporated Counties of Mariposa, Marin, Sonoma, Lake and Mendocino. The principal shareholders of the Company are James and Deana Ratto and their descendents. The following is a list of affiliates and subsidiaries:

- Mariposa County Total Waste Systems, Inc.
- North Bay Corporation
- Novato Disposal Service, Inc.
- Pacific Coast Disposal
- Reward Leasing, Inc.
- Rohnert Park Disposal, Inc.
- Solid Waste Systems, Inc
- Sunrise Garbage Service, Inc.
- Timber Cove Recycling, Inc.
- Timberline Disposal Services
- Total Waste Systems, Inc.
- West Sonoma County Disposal Service, Inc.
- West Sonoma County Transfer, Inc.
- Windsor Refuse & Recycling, Inc.

REQUEST

Ratto is requesting approval of a \$42,600,000 Final Resolution to finance the (i) purchase of two parcels of land to be used as corporate yards in the City of Santa Rosa and (ii) acquire new waste collection vehicles and containers to be located throughout its service area.

LEGAL DISCLOSURE

The Company did not disclose any legal matters on its latest legal questionnaire.

STAFF FINDINGS IN 2007

For the current 2007 request for a Final Resolution, staff queried the California Integrated Waste Management Board (CIWMB) database to determine whether any violations or enforcement actions have occurred since the approval of the Initial Resolution in 2006. The CIWMB database revealed several violations in 2006 by an affiliate, Timberline Disposal Service, in Lake County. Staff was unsuccessful in contacting the Local Enforcement Agency. However, the violations do not appear to be remarkable or unusual for a solid waste disposal company of this size. Given that no enforcement actions have been filed, we believe the violations at Timberline Disposal Service do not raise serious concerns about the Company’s ongoing financial viability.

STAFF RECOMMENDATION

Staff recommends approving the Company’s request for a Final Resolution at the March 20, 2007 meeting.

ATTACHMENT I

Final Resolution No. 466
Application No. 761(SB)

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

March 20, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of The Ratto Group of Companies, Inc., a Delaware corporation (the “Applicant”), for financial assistance to finance, (1) land acquisition and/or construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities and equipment for storage and maintenance of solid waste collection vehicles and related equipment to be located in Sonoma County, California, (2) acquisition of trucks and other solid waste vehicles and equipment, and (3) acquisition of solid waste carts, bins and containers, all of which will be used to serve the Applicant’s customers throughout its service territory in Lake County, Mariposa County, Mendocino County, Marin County and Sonoma County, California, and all as more particularly described in Application No. 761(SB) of the Applicant and in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$42,600,000 to assist in the financing of the Project; and

ATTACHMENT I

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower (as defined in the Term Sheet) under a loan agreement with the Authority; and

WHEREAS, the Applicant 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;

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

WHEREAS, in order to enhance the marketability of the bonds, the Applicant has arranged for a financial institution, as 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 Applicant and 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 2007A” (the “Bonds”) in an aggregate principal amount not to exceed \$42,600,000, 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, all as approved by the

ATTACHMENT I

Executive Director, such approval to be conclusively evidenced by the execution and delivery of such 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 before December 31, 2007, by negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the "Loan Agreement"), between the Authority and the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form filed with or approved by the Authority, 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) as the officer executing the same, with the advice of the Attorney General of the State of California (the "Attorney General"), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by execution and delivery thereof. 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 an Affiliate of the 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.

ATTACHMENT I

Section 5. The proposed form of Indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee named in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form filed with or approved by the Authority, 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) as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. 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 the Bonds shall be as provided in the Indenture, as finally executed.

Section 6. The proposed form of Bond Purchase Contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority and approved by the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Authority hereby authorizes and approves the execution and delivery of the Purchase Contract, in substantially the form filed with or approved by the Authority, by the Chairman or the Executive Director of the Authority, for and on behalf and in the name of the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

ATTACHMENT I

Section 7. The proposed form of Official Statement (the “Official Statement”) as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman or the Executive Director of the Authority is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute and deliver copies of the Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. The Chairman or the Executive Director of the Authority is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority’s disclosure set forth in the form of Official Statement filed with or approved by the Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.

Section 8. The forms of the Loan Agreement, the Indenture, the Purchase Contract and the Official Statement described in Sections 4, 5, 6 and 7 hereof, respectively, shall, if not on file with the Authority, be substantially similar to the Loan Agreement, the Indenture, the Purchase Contract and the Official Statement executed in connection with the issuance of the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Rainbow Disposal Co. Inc. Project) Series 2006A with particular information inserted therein in conformance with the Term Sheet.

ATTACHMENT I

Section 9. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$42,600,000, in accordance with the fully executed and delivered Indenture and the form of bond set forth therein.

Section 10. The Bonds, when so 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 Underwriters in accordance with written instructions executed on behalf of the Authority by the Chairman or the Executive Director of the Authority, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 11. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the "Tax-Exempt Bonds") of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

ATTACHMENT I

Section 12. As requested by the Applicant, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 13. The Chairman or the Executive Director of the Authority are each hereby authorized and directed, acting alone, to do any and all ministerial acts, including (without limitation) to execute and deliver any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 14. Whenever in this resolution, an officer is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that officer may take such actions with the advice of other counsel retained by the Authority as issuer's counsel, if the retention of such counsel has been approved by the Attorney General. Such counsel may also approve or require changes to the Official Statement pursuant to the terms of Section 7 hereof.

Section 15. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Applicant 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.

ATTACHMENT I

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 2007A (the “Bonds”)
Maximum Amount of Issue:	\$42,600,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
Applicant:	The Ratto Group of Companies, Inc.
Borrower:	The Ratto Group of Companies, Inc. or Mariposa County Total Waste Systems, Inc.; North Bay Corporation; Novato Disposal Service, Inc.; Pacific Coast Disposal; Predawn Investments LLC; Reward Leasing, Inc.; Rohnert Park Disposal, Inc.; Santa Rosa Recycling & Collection, Inc.; Solid Waste Systems, Inc.; Sunrise Garbage Service, Inc.; Timber Cove Recycling, Inc.; Timberline Disposal, Inc.; Total Waste Systems, Inc.; Ukiah Valley Transfer, Inc.; Unicycler LLC; West Sonoma County Disposal Service, Inc.; West Sonoma County Transfer, Inc.; or Windsor Refuse & Recycling, Inc.
Affiliate:	“Affiliate” of the Applicant means any person or entity which meets the definition of “Participating Party” under 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.
Trustee:	The Bank of New York Trust Company, N.A.

ATTACHMENT I

Senior Underwriter or Placement Agent: Westhoff, Cone & Holmstedt

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

Remarketing Agent: Westhoff, Cone & Holmstedt

Project:

(1) land acquisition and/or construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities and equipment for storage and maintenance of solid waste collection vehicles and related equipment, to be located at: (a) 3555-3565 Standish Avenue, Santa Rosa, California 95407; and/or (b) 309-335 Sutton Place, Santa Rosa, California 95407.

(2) acquisition of trucks and other solid waste vehicles and equipment, which may be located from time to time at the locations listed in item (1) above or at the following additional locations: (a) 7085 Gravenstein Highway, Cotati, California 94931; (b) 7576 Redwood Boulevard, Novato, California 94945; (c) 230 Soda Road, Lakeport, California 95453; (d) 2543 Petaluma Boulevard South, Petaluma, California 94952; (e) 5593 Highway 49 North, Mariposa, California 95338; (f) 3151 Taylor Drive, Ukiah, California 95482; and (g) 3417 Standish Avenue, Santa Rosa, California 95407.

(3) acquisition of solid waste carts, bins and containers.

Equipment described in (2) and (3) will be used in the Borrower's service area in Lake, Marin, Mendocino and Sonoma Counties.

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

ATTACHMENT I

	fixed rate pursuant to the Indenture
Maximum Interest Rate:	12%
Letter of Credit:	Provided by Westamerica Bank, or another bank approved by the Chairman or the Executive Director that is rated at least "A-".
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	Minimum "A-"
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Robert Martz (925) 472-8746