

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: December 13, 2016**

*Request to Approve Final Resolution Authorizing the Issuance of
Revenue Notes and Tax-Exempt Volume Cap Allocation*

Prepared by: *Kris Luoma*

| | | | |
|-------------------|---|------------------------------|-------------------------|
| Applicant: | Zanker Road Resource Management, Ltd. | Amount Requested: | \$10,000,000 |
| Project | Cities of San Jose, Gilroy and | Application No.: | 897 |
| Location: | Sacramento (Santa Clara and Sacramento Counties) | Final Resolution No.: | 561 |
| | | Prior Actions: | IR Approved on 11/15/16 |

Summary. Zanker Road Resource Management, Ltd and/or its affiliates (the “Company”) requests approval of a Final Resolution and Volume Cap Allocation for an amount not to exceed \$10,000,000 to finance building and site improvements and to purchase collection vehicles, carts, bins and containers.

Borrower. The Company is a limited partnership that originated in San Jose on November 1, 1984 for the purpose of providing waste management and recycling for the cities of San Jose, Gilroy and Sacramento in the counties of Santa Clara and Sacramento. Zanker Road Resource Management, Ltd. is affiliated with GreenWaste Recovery Inc. and Zero Waste Energy Development Company LLC and does business as Z-Best Composting, Zanker Road Landfill, Zanker Materials Processing Facility and Zanker Materials Recovery and Landfill dba Florin Perkins Public Disposal. Together, with its affiliates, the Company is a large business with less than 3,000 employees.

The principal stockholders of the Company are as follows:

General Partners

| | |
|-------------------------------------|----------|
| Zanker Road Resource Recovery, Inc. | 30.0000% |
| H.L. Sweatt, Inc. | 10.0000% |

Limited Partners

| | |
|--|----------|
| Diana L. Couch | 9.0044% |
| John D. Couch | 9.0044% |
| Kenneth W. Zerbe | 7.0588% |
| Gene Carter | 7.0588% |
| Neal Family Revocable Trust | 5.2941% |
| Sportsell L.P. #4 | 10.5882% |
| Various Individuals/Trusts (less than 3% each) | 11.9913% |

Total: 100.0000%

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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. The TEFRA hearing was held on November 10, 2016. There were no comments received in support of or in opposition to this project.

Fees. The Company has paid an application fee of \$5,000 and will pay an administrative fee of \$15,000 at closing.

SBAF Contribution. The Company is a large business; however the SBAF fee for large businesses is temporarily waived until December 31, 2016 pursuant to Title 4, Section 8035(e) of CPCFA regulations (4 CCR § 88035(e)).

Prior Financings. Prior financings are listed below.

| Description | Date of Bond Issue | Original Amount | Amount Outstanding as of <u>12/01/2016</u> |
|---|--------------------|-----------------------------|--|
| Zanker Road Resource Management, Ltd. Series 2013 (R)(N)* | 11/6/2013 | \$29,755,000 | \$29,755,000 |
| Zero Waste Energy Development Company, LLC Series 2013 (R)* | 11/6/2013 | \$32,390,000 | \$29,140,000 |
| GreenWaste Recovery, Inc. Series 2013 (R)(N)* | 11/6/2013 | \$40,880,000 | \$34,710,000 |
| GreenWaste Recovery, Inc. Series 2014 | 12/4/2014 | \$28,300,000 | \$25,900,000 |
| TOTALS: | | <u>\$131,325,000</u> | <u>\$111,755,000</u> |

* (R) Refunding, (N) New Allocation

Project Description. The Company will use note proceeds to construct improvements to the Company's waste and recycling sites and to the buildings housing solid waste related functions. Note proceeds will also be used to purchase equipment for the collection, processing, transfer and recycling of solid waste including additional carts, bins, containers and drop boxes. All the site improvements and equipment purchases are to be completed on and/or located at one or more of the following addresses: 675 and 705 Los Esteros Road, San Jose; 980 State Highway 25, Gilroy; 4201 Florin Perkins Road, Sacramento; and in the incorporated and unincorporated areas of Santa Clara and Sacramento Counties.

The anticipated project and issuance costs are listed below:

| | |
|---|----------------------------|
| Acquisition and Installation of New Equipment | \$9,800,000 |
| Note issuance Expenses (including discount) | <u>\$200,000</u> |
| TOTALS: | <u>\$10,000,000</u> |

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

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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 Project Timeline. The improvements planned for the Company's waste and recycling sites and to the buildings housing the solid waste related functions are estimated to take three years for completion. The purchase of equipment for the collection, processing, transfer and recycling of solid waste as well as carts, bins, containers and drop boxes, are also expected to be completed within the next three years.

Local Government. Letters of support were received from the following government representatives:

- David Ghirardelli, Solid Waste Planner 2, Sacramento Regional Solid Waste Authority, County of Sacramento. (Attachment A)
- Jo Zientek, Deputy Director, Integrated Waste Management, City of San Jose. (Attachment B)

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

Air Quality. Replacements for the processing fleet will utilize state of the art diesel technology which will reduce particulate emissions. Additionally, the Company will replace diesel powered equipment with electric powered equipment, where feasible, reducing greenhouse gasses and particulate from emissions.

Water Quality. Storm water retention ponds will be lined with plastic to reduce the potential for ground water pollution. New maintenance facilities will be constructed to divert the flow of water to the retention ponds. During dry periods, water from the retention ponds will be recycled for use and for water conservation.

Energy Efficiency. The processing fleet replacements will use more energy efficient power plants than those it's replacing. New facilities such as employee lunch rooms and maintenance facilities will use energy efficient insulation and windows.

Recycling of Commodities. All of the Project Sponsor's operations are for the intended use to maximize the recovery of commodities and for the diversion of organic materials from landfills.

Safety and Compliance. Implementation of the project will result with the company being in compliance with all applicable state and federal environmental regulations regarding solid waste disposal. It is important to note that the United States Resource Conservation and Recovery Act (RCRA), the California Integrated Waste Management Act of 1989 (AB 939) and the California Global Warming Solutions Act (Chapter 488, Statutes of 2006) as adopted in Assembly Bill 32 Scoping Plan all mandate the need to minimize the amount of material landfilled and to maximize

recycling opportunities, of which the project will achieve both. The Project will be compliant with all state and local mandates.

Taxes. The Applicant estimates the project will generate the following tax revenues:

Payroll Taxes, State and Federal: \$1,127,000 annually
Personal Property Taxes: \$115,800 annually
Sales Tax: \$820,250 one time

Permitting and Environmental Approvals. The Company will be financing building and site improvements and purchasing equipment for its existing locations. The Company represents that no additional discretionary permits or approvals are required for the development of this project. The project is consistent with existing zoning and permits.

The Company did provide the current permits for the properties located at 980 State highway 25, Gilroy; 675 and 705 Los Esteros Rd, San Jose; and 4201 Florin Perkins Rd, Sacramento:

1. 980 State Highway 25, Gilroy – The Company sent CPCFA copies of the Use Permit, dated December 14, 2012 and the Solid Waste Permit dated May 12, 2014. The Use Permit, the County of Santa Clara Planning Commission voted to adopt a Mitigated Negative Declaration. The Solid Waste Permit shows a Mitigated Negative with a State Clearinghouse No. 2006092028.
2. 675 Los Esteros Rd, San Jose – The Solid Waste Facility Permit dated January 6, 2015, shows a Mitigated Negative and a Final Environmental Impact Report No. 2007022071. 705 Los Esteros Rd, San Jose – The Solid Waste Facility Permit dated May 19, 2006, - Shows a Mitigated Negative, State Clearinghouse No. 20051052076.
3. 4201 Florin Perkins Rd, Sacramento – The Solid Waste Facility Permit dated June 8, 2008, Shows a Negative Declaration, State Clearinghouse No. 200803032076 and was adopted by the Sacramento County Environmental Management Department on April 29, 2008.

Financing Details. The Company anticipates a direct bank purchase of three negotiated tax-exempt variable rate notes by Bank of the West, MUFG Union Bank, N.A. and Wells Fargo Bank, National Association, respectively, which are Qualified Institutional Buyers (QIB) as defined in SEC Rule 144 under the Securities Act of 1933. The target date for financing is December 21, 2016.

For state law purposes, the notes will be delivered (“drawn down”) incrementally. For federal tax law purposes, since at least \$50,000 of the notes will be delivered on the initial closing date, the issue date of the issue of notes will be the initial closing date, and on that date all \$10,000,000 of notes will receive the full amount of volume cap allocation dedicated to the notes. This structure will provide significant cost savings to the Company.

Financing Team.

Private Placement Purchasers: Bank of the West, MUFG Union Bank, N.A.,
Wells Fargo Bank, National Association

Note Counsel: Law Offices of Leslie M. Lava

Issuer’s Counsel: Office of the Attorney General

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Staff Recommendation. Staff recommends approval of Final Resolution No. 561 and Volume Cap Allocation Resolution No. 13-111-11 for an amount not to exceed \$10,000,000 for Zanker Road Resource Management, Ltd. and/or its Affiliates.

Attachment A



October 24, 2016

Ms. Renee Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

Board of Directors

Patrick Kennedy
Chair
(City of Sacramento)

RE: California Pollution Control Financing Authority, Exempt Facility Approval Zanker Road Resource Management, Ltd.

Eric Guerra
Vice Chair
(City of Sacramento)

Dear Ms. Webster-Hawkins:

Angelique Ashby
(City of Sacramento)

I write to you today on behalf of Zanker Road Resource Management, Ltd. relating to their solid waste projects for which they will be applying to the California Pollution Control Financing Authority ('CPCFA') on October 14th, 2016.

Larry Carr
(City of Sacramento)

My staff and I have worked with Zanker Road Resource Management, Ltd. over the last few years as they process solid waste for the Sacramento Regional Solid Waste Authority (SWA), at their Florin Perkins Disposal Site located at 4201 Florin Perkins Road, Sacramento, CA 95826. The SWA is a joint powers authority that oversees commercial waste management in the City of Sacramento and the unincorporated areas of Sacramento County. I understand that in order to receive approval for the issuance of tax exempt bonds, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the project.

Don Nottoli
(County of Sacramento)

Susan Peters
(County of Sacramento)

Phil Serna
(County of Sacramento)

Roberta MacGlashan
Alternate
(County of Sacramento)

Zanker Road Resource Management, Ltd. currently provides solid waste processing services for the SWA's commercial solid waste system. Any assistance by the CPCFA in making this project economically sustainable by lowering the cost of the project's financings' would help keep costs low for our businesses and also advance the SWA's goal of increasing waste diversion.

Robert B. Leonard
Administrator

On behalf of the SWA's commercial solid waste program, I would appreciate the CPCFA's consideration of Zanker Road Resource Management, Ltd. Project's request for tax exempt financing. Please let me know if you need any additional information.

Paul Philleo
General Manager/Engineer

Sincerely,

A handwritten signature in black ink that reads 'Dail Ghir'.

David Ghirardelli
Solid Waste Planner II
Construction and Demolition Debris Programs Manager
Sacramento Regional Solid Waste Authority
Ghirardellid@saccounty.net

9850 GOETHE ROAD SACRAMENTO, CA 95827-3561
Phone: (916) 875-6789 Fax: (916) 854-9212
 Printed on recycled paper, naturally!

Attachment B



Environmental Services Department

October 21, 2016

Ms. Renee Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Application Approval,
Zanker Road Resource Management, Ltd. Project

Dear Ms. Webster-Hawkins:

I am writing you today regarding Zanker Road Resource Management, Ltd. and their Exempt Facility application to the California Pollution Control Financing Authority ("CPCFA") dated October 14, 2016, for solid waste recycling and processing projects.

My staff and I have worked with Zanker Road Resource Management, Ltd. over the last few years. They recycle and process solid waste for the City of San Jose at their locations at 675 and 705 Los Esteros Road, San Jose, CA 95134 and 980 State Highway 25, Gilroy, CA 95020. I understand that to receive approval for the issuance of tax exempt bonds, the CPCFA must grant part of the State's allocation for "private activity" bonds, as defined by the Federal government to the project.

Zanker Road Resource Management, Ltd. currently provides solid waste and organic recycling and processing services for the City's commercial and residential solid waste customers. Any assistance by the CPCFA in making this project economically sustainable by providing low-cost financing for the project would lower costs to customers. Approval of the Exempt Facility Application would help advance the City's goals of increasing waste diversion.

On behalf of the City's solid waste programs, I would appreciate the CPCFA's consideration of Zanker Road Resource Management, Ltd.'s request for tax exempt financing.

Sincerely,


Jo Zientek
Deputy Director, Integrated Waste Management

200 E. Santa Clara Street, 10th Floor, San José, CA 95113-1905 tel (408) 535-8550 fax (408) 292-6212
www.sanjoseca.gov

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE NOTES FOR
NEW MONEY PURPOSES FOR THE
SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF ZANKER ROAD RESOURCE MANAGEMENT, LTD. AND/OR ITS AFFILIATES**

December 13, 2016

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Zanker Road Resource Management, Ltd. (the “Borrower”), for financial assistance to finance or refinance (A) (i) improvements to buildings which house solid waste related functions, (ii) the construction of site improvements, and/or (iii) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and/or resource recovery equipment and other equipment functionally related thereto, all to be located at one or more of the following addresses: 675 and 705 Los Esteros Road, San Jose, CA 95134, 980 State Highway 25, Gilroy, CA 95020 and 4201 Florin Perkins Road, Sacramento, CA 95826 (the “Sites”), and/or (B) the acquisition of drop boxes, bins, carts and containers to be located at one or more of the Sites and/or with customers located in incorporated or unincorporated portions of Santa Clara and/or Sacramento Counties, California, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Borrower has requested the Authority to issue its revenue notes from time to time in an amount not to exceed \$10,000,000 to assist in the financing or refinancing of the Project and the refunding of the Prior Bonds; and

WHEREAS, the Borrower has requested that such revenue notes be delivered in installments as described in the hereinafter referred loan agreement with the Authority, Bank of the West (“BOW”), as lender and administrative agent, and Wells Fargo Bank, National Association (“Wells Fargo”) and MUFG Union Bank, N.A. (“MUFG Union”), as lenders; and

WHEREAS, the proceeds of such revenue notes will be loaned to the Borrower under such loan agreement; and

WHEREAS, final approval of the terms of such revenue notes and certain documents relating to such revenue notes 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;

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 Notes (Zanker Road Resource Management, Ltd. Project) Series 2016” (the “Notes”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$10,000,000, are hereby authorized to be issued. The Notes may be issued at one time, or from time to time, in one or more series or sub-series separately or differently identified, and may be issued in a tax-exempt mode, all in accordance with the Loan Agreement (as hereinafter defined) as finally executed. The proceeds of the Notes shall be used to make a loan to the Borrower to finance or refinance the Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the Project prior to the issuance of the Notes) and to pay certain costs of issuance of the Notes. The Notes may be issued as a single issue for federal tax purposes with delivery of the Notes against proceeds done in periodic installments under a draw down mechanism.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Notes, at one time or from time to time on or before December 31, 2016, by negotiated sale, at such price and at such interest rate or rates as he may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Notes at such times to be determined by the Authority pursuant to documents approved in Section 4 hereof, is hereby approved.

Section 4. The following documents:

(i) a loan agreement relating to the Notes (the “Loan Agreement”) among the Authority, the Borrower, BOW, as lender and administrative agent, and Wells Fargo and MUFG Union, as lenders, as described further in the Term Sheet;

(ii) a note purchase contract relating to the Notes (the “Purchase Contract”) among the Authority, the Treasurer of the State of California, as agent for sale, and BOW, Wells Fargo and MUFG Union, as lenders (the “Lenders”), and as approved by the Borrower, as described further in the Term Sheet; and

(iii) a disbursement agreement relating to the Notes (the “Disbursement Agreement”) among the Authority, the Borrower and BOW, as administrative agent (the “Administrative Agent”);

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein 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.

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 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.

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 the Notes shall be as provided in the Loan Agreement, as finally executed.

Section 7. The Notes 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 Loan Agreement. The Notes, when executed, shall be delivered to the Administrative Agent under the Loan Agreement for authentication by the Administrative Agent. The Administrative Agent is hereby requested and directed to authenticate the Notes by executing the Administrative Agent’s certificate of authentication appearing thereon. The Administrative Agent is hereby requested and directed to deliver the Notes, when duly executed and authenticated, to the Lenders from time to time 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 Notes to the Lenders upon payment of the purchase price thereof.

Section 8. The Authority hereby dedicates and confirms its allocation to the Notes of \$10,000,000 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, to finance or refinance certain costs of the Project and to pay certain costs of issuance of the Notes, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Notes.

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 or delivery of the Notes, and otherwise to effectuate the purposes of this Resolution and the Loan Agreement, the Purchase Contract and the Disbursement Agreement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate.

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 19, 2016, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

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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 final 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 Variable Rate Demand Solid Waste Disposal Revenue Notes (Zanker Road Resource Management, Ltd. Project) Series 2016 (the “Notes”)

Maximum Amount of Issue: \$10,000,000 (tax-exempt)

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

Borrower: Zanker Road Resource Management, Ltd., a California limited partnership

Lenders: Bank of the West, Wells Fargo Bank, National Association and MUFG Union Bank, N.A.

Administrative Agent: Bank of the West

Trustee: Not applicable

Underwriter: Not applicable

Remarketing Agent: Not applicable

2016 Project: Finance or refinance (A) (i) improvements to buildings which house solid waste related functions, (ii) the construction of site improvements, and/or (iii) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and/or resource recovery equipment and other equipment functionally related thereto, all to be located at one or more of the following addresses: 675 and 705 Los Esteros Road, San Jose, CA 95134, 980 State Highway 25, Gilroy, CA 95020 and 4201 Florin Perkins Road, Sacramento, CA 95826 (the “Sites”), and/or (B) the

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acquisition of drop boxes, bins, carts and containers to be located at one or more of the Sites and/or with customers located in incorporated or unincorporated portions of Santa Clara and/or Sacramento Counties, California.

| | |
|--|---|
| Maximum Note Term: | Not to exceed 15 years |
| Type of Sale: | Negotiated sale; direct purchase by Lenders |
| Description of Minimum Denominations: | Outstanding principal amount of each Note |
| Financing Structure: | Variable rate notes deliverable in installments using a draw down mechanism; transferrable in whole by a Lender to either an Affiliate (as defined in the Loan Agreement) of the Lender or, upon delivery of a letter of representation, a "Qualified Institutional Buyer", as defined in Rule 144A of the Securities Act of 1933, as amended |
| Maximum Interest Rate: | Lesser of 12% or the maximum rate permitted by law |
| Letter of Credit: | Not applicable |
| Other Credit Enhancement: | Not applicable |
| Anticipated Note Rating: | Unrated |
| Type of Financing: | Solid waste disposal revenue notes |
| Prepared by: | Leslie M. Lava, Esq. Law Offices of Leslie M. Lava (415) 331-6464 |

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 13-111-11

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2013 STATE
CEILING ON QUALIFIED PRIVATE ACTIVITY NOTES FOR AN
EXEMPT FACILITY PROJECT**

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from Zanker Road Resource Management, Ltd. and/or its Affiliates (“Project Sponsor”) for approval of the issuance of revenue notes; and

WHEREAS, on December 13, 2016, CPCFA approved Final Resolution No. 561 (“Final Resolution”) authorizing the issuance of up to \$10,000,000 of its solid waste disposal revenue notes (Zanker Road Resource Management, Ltd., Project) Series 2016 (“Notes”); 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 2013 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 Regulations. 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 2013 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Notes as set forth in the Final Resolution;

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of \$10,000,000 is hereby dedicated to the issuance of the Notes. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Notes 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 Notes, 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 Notes 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 Notes for the Project have been issued by CPCFA by the close of business on **December 31, 2016**. 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 Notes, CPCFA shall notify CDLAC via the email or the fax number as provided in Section 5140 of the CDLAC Regulations that the Notes have been issued. This notice shall identify the Project Sponsor, the project or program, the date and amount of the Notes issued.

Section 6. Within fifteen (15) calendar days of the Note closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Notes 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 Notes 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 Notes. 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. 13-111-08
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Project Sponsor: Zanker Road Resource Management, Ltd. and/or its Affiliates
2. Application #: 561
3. Project User: Zanker Road Resource Management, Ltd.
4. Project Name: Zanker Road Resource Management, Ltd.
5. Locations:
 - (a) 675 Los Esteros Road, San Jose, Ca 95134
 - (b) 705 Los Esteros Road, San Jose, Ca 95134
 - (c) 980 State Highway 25, Gilroy, Ca 95020
 - (d) 4201 Florin Perkins Road, Sacramento, Ca 95826
6. Direct Bank Purchasers: MUFG Union Bank, N.A.
Wells Fargo Bank, National Association.
Bank of the West
7. The Direct Bank Purchasers at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$10,000,000