

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: April 18, 2017**

*Request to Approve Final Resolution Authorizing the Issuance of Revenue Notes
for New Money and Refunding Purposes, Small Business Assistance Fund (SBAF)
Costs of Issuance Assistance and Tax-Exempt Volume Cap Allocation*

Prepared by: *Kris Luoma*

Applicant:	Recycling Industries, Inc. and/or its Affiliates	Amount Requested:	\$8,025,000
		Allocation Amount Requested:	\$2,650,000
		Application No.:	881(SB)
Project		Final Resolution No.:	562
Location:	North Highlands (Sacramento County), Sacramento (Sacramento County), and Yuba City (Sutter County)		

Summary. Recycling Industries, Inc. and/or its Affiliates (the “Company”) requests approval of a Final Resolution to issue revenue notes to refund the current outstanding California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Recycling Industries, Inc. Project) Series 2011 (the “Series 2011 Bonds”) in an amount not exceed \$5,375,000. The Company is also requesting Volume Cap Allocation approval for an amount not to exceed \$2,650,000 for new money revenue notes to finance the acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings, facilities and equipment.

In addition, the Company is requesting approval of a SBAF Resolution in an amount not to exceed \$172,400 to assist with the cost of issuance of this transaction.

Borrower. Recycling Industries, Inc. was incorporated in California in August 1981. The Company offers material collection and processing services. Current operations include sorting and processing recyclable paper, cardboard, aluminum cans, glass bottles, plastic bottles and commingled recycle streams from municipal curbside recycle programs. The communities serviced include the greater Sacramento Region; San Joaquin, Sutter, Yuba, El Dorado, Placer, Yolo, and Nevada Counties. The Company has 89 employees.

~~Square One Records, Inc. and SM Watts LLC~~ are affiliates of Recycling Industries, Inc. The principal stockholders of the Company are as follows:

Recycling Industries, Inc.

W. Scott Kuhnen	50%
Michael Macardican	<u>50%</u>
Total:	<u>100%</u>

SM Watts LLC

W. Scott Kuhnen	50%
Michael Macardican	50%
Total:	<u>100%</u>

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

TEFRA. The TEFRA hearing was held on March 23, 2017. There were no comments received in support of or in opposition to this Project.

Fees. The Company has paid an application fee of \$4,432.50 and will pay an administrative fee of \$11,618 at closing.

SBAF Assistance. The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$172,400.

Prior Actions and Financings. Prior CPCFA financing that is currently outstanding is listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 12/01/15
Recycling Industries, Inc. Project, Series 2011	11/2/2011	\$7,265,000	\$5,375,000
TOTALS:		<u>\$7,265,000</u>	<u>\$5,375,000</u>

Background. The Company provides sorting and processing recycling services from municipal curbside recycle programs.

On November 2, 2011, CPCFA issued the Series 2011 Bonds in the amount of \$7,265,000. The Series 2011 Bonds financed the acquisition of land and buildings and necessary modifications for the solid waste transfer and recycling facility, and acquisition, construction, improvement, renovation, rehabilitation and/or installation of related facilities, vehicles, forklifts, loaders and other equipment, located at 4741 Watt Avenue, North Highlands, California 95660. Additionally, the Series 2011 Bonds financed the renovation and expansion of an existing building and related site improvements for an existing solid waste processing facility located in Yuba City as well as the acquisition and installation at that location of conveyors, loaders, balers, forklifts, maintenance vehicles and other related equipment.

Current Request. The Company requests approval of a Final Resolution for revenue notes in the amount of \$8,025,000, which will refund the 2011 Bonds currently outstanding in the amount of \$5,375,000 and will finance site and building improvements including, but not limited to, paving and fencing of its North Highlands facility, construction of a transfer station at its recycling facility located at 140 Epley Dr., Yuba City, acquisition of rolling stock and related equipment including,

Agenda Item 4.C.

but not limited to, wheel loaders, forklifts, balers, and a crane loader. The site improvements and equipment financed with note proceeds could be used at any and all of the Company's four operating locations in Sacramento County and Sutter County.

Anticipated Project Timeline. The construction of the transfer station at its recycling facility, located at 140 Epley Dr., Yuba City and the paving and fencing of 4741 Watt Ave, North Highlands, is expected to take 24 months to complete. The purchase of various rolling stock, wheel loaders, forklifts, balers and a crane loader are also expected to be completed within the next 24 months.

Local Government. The Company received a letter of support from Howard Schmidt, Chief of Staff to Supervisor Susan Peters for the County of Sacramento Board of Supervisors (Attachment A).

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

Air Quality. The improvements to be made to the transfer facility are designed to minimize dust and odor emissions

Water Quality. The facilities operate on concrete surfaces in enclosed buildings, which prevents seepage of potentially undesirable materials into the ground water. The facilities are not in close proximity to environmentally sensitive wetlands or coastal areas.

Energy Efficiency. Recycling Industries, Inc. will install energy efficient lighting in its buildings.

Recycling of Commodities. The Company will recycle all solid waste delivered to its facilities including, but not limited to, paper, cardboard, glass, aluminum cans, plastic bottles and any other marketable materials.

Safety and Compliance. Implementation of the project will result in the safe disposal of solid waste that is 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) and the California Integrated Waste Management Act of 1989 (AB 939) mandate the need to minimize the amount of material landfilled and to maximize recycling opportunities, both of which the project will achieve.

Taxes. The Company anticipates the project will generate the following annual tax revenues:

Payroll Taxes, State and Federal:	\$65,000 annually
Personal & Property Taxes:	\$20,000 annually
Sales Tax:	\$185,000 one time

Jobs. The improvements to be financed will require the hiring of 20 new employees for the 20 new jobs during the construction period.

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 following addresses are to benefit from the new allocation amount:

1. 140 Epley Dr., Yuba City – The Company sent CPCFA copies of the Use Permit, dated July 23, 2014 and the Solid Waste Permit dated April 2, 2015. The Use Permit, the Yuba City Planning Commission adopted a Mitigated Negative Declaration, Clearing house Number 2014052082.
2. 4741 Watt Ave, North highlands – This address does not have a Conditional Use Permit. The property is zoned M-1 and is entitled by right under existing land use.
3. 389 Wilbur Ave, Yuba City – This property does not have a Conditional Use Permit. The property is zoned General Commercial and is entitled by right under existing land use.
4. 3300 Power Inn Road, Sacramento - It is an uncovered recycling facility with outdoor storage of recycled materials and is using a Non-Conforming Use Permit (CUP). The original permit was issued in 1973 and since then the zoning has changed to require that all recycling facilities, in that manufacturing zone, be in covered facilities, causing 3300 Power Inn Road to be non-conforming. On the original CUP from 1973 it is noted that the Air Pollution Control Board indicated that the facility should not have any adverse effect upon the air quality.

Financing Details. The Company anticipates a direct bank purchase of negotiated tax-exempt notes with Bank of the West, 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. The target date for financing is May 3, 2017.

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 entire amount will be deemed issued at closing and 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.

Municipal Advisor to Borrower: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Issuer’s Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Final Resolution No. 562 for an amount not to exceed \$8,025,000, Volume Cap Allocation Resolution No. 14-148-02 for an amount not to exceed \$2,650,000, and a SBAF Resolution in an amount not to exceed \$172,400 for Recycling Industries, Inc. and/or its affiliates.

Attachment A



SUSAN PETERS
SUPERVISOR, THIRD DISTRICT

Howard Schmidt
Chief of Staff

Telephone (916) 874-5471
Fax (916) 874-7593
Email: susanpeters@saccounty.net

**BOARD OF SUPERVISORS
COUNTY OF SACRAMENTO**
700 H STREET, SUITE 2450, SACRAMENTO CA 95814

December 3, 2015

Ms. Reneé 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 Approvals
Recycling Industries, Inc. Project

Dear Ms. Webster-Hawkins,

I write to you today to express support for Recycling Industries, Inc. relating to their environmental project for which approval will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in December.

This office has worked with the management of Recycling Industries, Inc. over the last few years in their development and permitting of their facility located at 4741 Watt Avenue, North Highlands, CA, in the Third Supervisorial District represented by Supervisor Susan Peters. Said facility performs an important and critical role in recycling waste material in Sacramento County. Without question, the operation provides a community benefit.

Continued success of Recycling Industries, Inc., and its operation is essential to this community and I understand their obtaining cost-effective financing through the CPCFA would be beneficial to the company which in turn would benefit this community. Accordingly, I urge favorable consideration on their application when the matter comes before the Authority in December. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Howard Schmidt", is written over a horizontal line.

Howard Schmidt
Chief of Staff to Supervisor Susan Peters

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE NOTES FOR
NEW MONEY AND REFUNDING PURPOSES FOR THE
SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF RECYCLING INDUSTRIES, INC. AND/OR ITS AFFILIATES**

April 18, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Recycling Industries, Inc. (the “Borrower”), for financial assistance to finance or refinance the acquisition, construction, improvement, renovation, rehabilitation and/or installation, if any, of buildings, facilities and equipment for the handling, processing and/or recycling of solid waste and the acquisition of rolling stock and related equipment, including but not limited to wheel loaders, forklifts, balers and a crane loader, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “2017 Project”); and

WHEREAS, the Authority has previously issued its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Recycling Industries, Inc. Project) Series 2011 (the “Prior Bonds”); and

WHEREAS, the Borrower now wishes to refund the Prior Bonds, which financed or refinanced the acquisition of land and buildings and necessary modifications to provide a solid waste transfer and recycling facility and the acquisition, construction, improvement, renovation and/or installation of related facilities, vehicles, forklifts, loaders and other equipment and the renovation and expansion of an existing building and related site improvements for an existing solid waste processing facility and the acquisition and installation of conveyors, loaders, balers, forklifts, maintenance vehicles and related equipment, all as more particularly described in the Term Sheet (the “Prior Project” and, together with the 2017 Project, 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 \$8,025,000 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 indenture; and

WHEREAS, the proceeds of such revenue notes will be loaned to the Borrower under the hereinafter referred loan agreement with the Authority; 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 (Recycling Industries, Inc. Project) Series 2017” (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 \$8,025,000, 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 Indenture (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 2017 Project, to refund the Prior Bonds 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, 2017, 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”) between the Authority and the Borrower;

(ii) an indenture relating to the Notes (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”); and

(iii) 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 the bank named in the Term Sheet, as purchaser (the “Purchasers”), and as approved by the Borrower;

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 Indenture, 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 Indenture. The Notes, 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 Notes by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Notes, when duly executed and authenticated, to the Purchasers 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 Purchasers upon payment of the purchase price thereof.

Section 8. The Authority hereby dedicates and confirms its allocation to the Notes of \$2,650,000 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 2017 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 Indenture, the Loan Agreement and the Purchase Contract. 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.

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 (Recycling Industries, Inc. Project) Series 2017 (the “Notes”)
Maximum Amount of Issue:	\$8,025,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”) Sacramento, CA
Borrower:	Recycling Industries, Inc.
Purchaser:	Bank of the West Reno, Nevada
Note Counsel:	Leslie M. Lava, Esq. Tiburon, California
Trustee:	The Bank of New York Mellon Trust Company, N.A. Los Angeles, California
Underwriter:	Not applicable
Remarketing Agent:	Not applicable
2017 Project:	Finance or refinance (i) the acquisition, construction, improvement, renovation, rehabilitation and/or installation, if any, of buildings, facilities and equipment for the handling, processing and/or recycling of solid waste, to be located at 4741 Watt Avenue, North Highlands, California 95660 (the “Watt Site”) and/or 140 Epley Drive, Yuba City, California 95991 (the “Epley Site”), including the construction of a new transfer station at or adjacent to the Epley Site; (ii) similar improvements and/or equipment to be located at 3300 Power Inn Road, Sacramento, California 95826 (the

Agenda Item 4.C.

“Power Site”) and/or 389 Wilbur Avenue, Yuba City, California 95991 (the “Wilbur Site” and, together with the Watt Site, the Epley Site and the Power Site, the “Sites”); and/or (iii) the acquisition of rolling stock and related equipment, including but not limited to wheel loaders, forklifts, balers and a crane loader, to be located at any of the Sites.

Prior Project:

Finance or refinance (i) the acquisition of land and buildings and necessary modifications to provide a solid waste transfer and recycling facility and the acquisition, construction, improvement, renovation and/or installation of related facilities, vehicles, forklifts, loaders and other equipment, all located at the Watt Site; and (ii) the renovation and expansion of an existing building and related site improvements for an existing solid waste processing facility and the acquisition and installation of conveyors, loaders, balers, forklifts, maintenance vehicles and related equipment, all located at the Epley Site.

Maximum Note Term:

Not to exceed 30 years

Type of Sale:

Negotiated sale; direct purchase by Purchaser

Description of Minimum Denominations:

\$250,000 or any integral multiple of \$5,000 in excess thereof during index interest rate period (initial period)

Financing Structure:

Index interest rate notes deliverable in installments using a draw down mechanism, convertible to term interest rate or weekly variable rate with tender option pursuant to the Indenture; transferrable by Purchaser to either an affiliate of the Purchaser 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

Agenda Item 4.C.

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. 14-148-02

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2014 STATE
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN
EXEMPT FACILITY PROJECT**

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from Recycling Industries, Inc. (“Project Sponsor”) for approval of the issuance of revenue notes; and

WHEREAS, on April 18, 2017, CPCFA approved Final Resolution No. 562 (“Final Resolution”) authorizing the issuance of up to \$2,650,000 of its solid waste disposal revenue notes (Recycling Industries, Inc. Project) Series 2017 (“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 2014 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 2014 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 \$2,650,000 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 **July 17, 2017**. 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 Notes 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 Notes 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. 14-148-02
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Project Sponsor: Recycling Industries, Inc. and/or its Affiliates
2. Application #: 881(SB)
3. Project User: Recycling Industries, Inc. and/or its Affiliates
4. Project Name: Recycling Industries, Inc.
5. Location(s):
 - (a) Sacramento County:
 1. 4741 Watt Avenue, North Highlands, CA 95660,
 2. 3300 Power Inn Road, Sacramento, CA 95826;
 - (b) Sutter County:
 1. 140 Epley Drive, Yuba City, CA 95991,
 2. 389 Wilbur Avenue, Yuba City, CA 95991
6. Direct Bank Purchaser: Bank of the West.
7. Direct Bank Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$2,650,000

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

April 18, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Recycling Industries, Inc. (the “Borrower”), for financial assistance to (A) finance or refinance (i) the acquisition, construction, improvement, renovation, rehabilitation and/or installation, if any, of buildings, facilities and equipment for the handling, processing and/or recycling of solid waste, to be located at 4741 Watt Avenue, North Highlands, California 95660 (the “Watt Site”) and/or 140 Epley Drive, Yuba City, California 95991 (the “Epley Site”), including the construction of a new transfer station at or adjacent to the Epley Site; (ii) similar improvements and/or equipment to be located at 3300 Power Inn Road, Sacramento, California 95826 (the “Power Site”) and/or 389 Wilbur Avenue, Yuba City, California 95991 (the “Wilbur Site” and, together with the Watt Site, the Epley Site and the Power Site, the “Sites”); and/or (iii) the acquisition of rolling stock and related equipment, including but not limited to wheel loaders, forklifts, balers and a crane loader, to be located at any of the Sites; and (B) refund the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Recycling Industries, Inc. Project) Series 2011 (the “Prior Bonds”), as more particularly described in Application No. 881(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 562 (the “Final Resolution”) authorizing the issuance of revenue notes 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 or notes (the “Notes”); and

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

WHEREAS, the Borrower has demonstrated a financial capability to make loan payments to the satisfaction of the purchaser of the Notes, 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 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 \$172,400 of assistance from the Fund to the Borrower to be used for payment of certain costs of issuance of the Notes. The actual amount of assistance shall be determined by the Executive Director of the Authority based upon the final terms of the sale of the Notes and based on the financing amount eligible for allocation of volume cap pursuant to California Code of Regulations Title 4, Division 11, Article 4, Section 8042(c).

Section 4. The Executive Director of the Authority is hereby authorized and directed, jointly and severally, 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 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.