

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: October 17, 2017**

*Request to Approve Initial Resolution Reflecting  
Official Intent to Issue Revenue Notes*

Prepared by: *Andrea Gonzalez*

<b>Applicant:</b>	Sonoma County Resource Recovery, LLC	<b>Amount Requested:</b>	\$7,000,000
<b>Project Location:</b>	City of Cotati, Sonoma County	<b>Application No.:</b>	914(SB)
		<b>Initial Resolution No.:</b>	17-14

**Summary.** Sonoma County Resource Recovery, LLC and/or its Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$7,000,000 to finance the acquisition of equipment and to make improvements to an existing Material Recovery Facility (MRF) and compressed natural gas (CNG) shop (the “Project”).

**Borrower.** Sonoma County Resource Recovery, LLC provides collection and disposal of solid waste services throughout Sonoma County. The Company was organized on October 31, 2016 for the purposes of solid waste collection. The Company is a small business with 15 employees.

The principal stockholders of the Company are as follows:

Kevin Walbridge and Kellie Walbridge, as Trustees of the Kevin and Kellie Walbridge Living Trust	20.0000%
Louis Pellegrini	14.2255%
Joseph J. Garbarino and Sally G. Garbarino, as Trustees of the Joseph and Sally Garbarino Revocable Trust dated 8/14/12	10.0000%
Don A. Arata, as Trustee of the Don Arata Revocable Trust dated 10/21/14	8.0000%
Dave J. Garbarino, as Trustee of the Dave J. Garbarino Revocable Trust dated 8/8/12	5.0000%
Allen J. Garbarino and Janet C. And Janet Garbarino Revocable Trust dated 9/28/11	5.0000%
Roger L. Williams, as Trustee of the Roger L. Williams Living Trust dated 6/26/15	5.0000%
Nicole Rinauro	5.0000%
Kent Kenney and Cheryl Kenney, as Trustees of the Kent Kenney and Cheryl Kenney Living Trust	4.5715%
Various (less than 3% each)	<u>23.2030%</u>
<b>Total:</b>	<b><u>100.0000%</u></b>

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

**Project Description.** The Company anticipates using note proceeds to finance the acquisition of equipment to support its waste disposal collection services. The Company was recently awarded a

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new Financing Agreement with the Town of Windsor. The Project, located at 7911 Redwood Drive in the City of Cotati, will consist of making improvements to an existing MRF and CNG shop. The note proceeds will also be used to purchase rolling stock, transfer trailers, carts, bins containers, and other related equipment.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation in the first quarter of 2018.

**Financing Details.** The Company anticipates the issuance of negotiated tax exempt notes.

### **Financing Team.**

**Municipal Advisor to the Borrower:** Westhoff, Cone & Holmstedt

**Note Counsel:** Law Offices of Leslie M. Lava

**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No. 17-14 for Sonoma County Resource Recovery and/or its Affiliates for an amount not to exceed \$7,000,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO  
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT  
FOR SONOMA COUNTY RESOURCE RECOVERY, LLC AND/OR ITS AFFILIATES**

**October 17, 2017**

**WHEREAS**, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue notes for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including solid waste disposal recovery and recycling facilities; and

**WHEREAS**, Sonoma County Resource Recovery, LLC, a California limited liability company (“Applicant”), has requested that the Authority assist in financing or refinancing solid waste disposal/recycling facilities and equipment to be owned and operated by the Applicant and/or its Affiliates (as hereinafter defined) (collectively, “Company”), which financing or refinancing is expected to be comprised of the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including, without limitation, rolling stock, collection and other vehicles and trailers, carts, bins, containers and other equipment functionally related thereto (collectively, “Facilities”), and has presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

**WHEREAS**, the Authority desires to encourage the Company to provide solid waste disposal/recycling facilities which will serve the public of the State; and

**WHEREAS**, the Authority deems it necessary and advisable to further the purposes of the Act that the Facilities be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of notes of the Authority will be made available to finance such Facilities; and

**WHEREAS**, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities on a long-term basis; and

**WHEREAS**, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$7,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Facilities; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of a subsequent borrowing;

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

**Section 1.** The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant 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 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.

**Section 2.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$7,000,000 principal amount of notes of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities prior to the issuance of the notes.

**Section 3.** The notes will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Facilities. Each note shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this note.”

**Section 4.** The notes shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the notes and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee.

**Section 5.** The Executive Director of the Authority is hereby directed to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

**Section 6.** It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of notes within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

**Section 7.** This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on October 17, 2020 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the project and any additional information requested by the Authority to supplement the Company's application.

**EXHIBIT A**

**NUMBER:** 17-14

**LOCATION:** 7911 Redwood Drive  
Cotati, California 94913

Carts, bins and/or containers to be located with customers in  
incorporated and unincorporated Sonoma County

**TYPE:** Solid Waste Disposal/Recycling

**AMOUNT:** Up to \$7,000,000