

**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: Kris Luoma

Applicant:	Napa Recycling & Waste Services, LLC	Amount Requested:	\$47,475,000
		Application No.:	915(SB)
Project Location:	Cities of American Canyon, Zamora and Paradise (Counties of Napa and Butte)	Initial Resolution No.:	17-15

Summary. Napa Recycling & Waste Services, LLC and/or its Affiliates (the “Company” or “Napa Recycling”) requests approval of an Initial Resolution for an amount not to exceed \$47,475,000 to finance the purchase of California Air Resources Board Compliant (CARB) collection vehicles, commercial vehicles, carts, bins, containers, and the construction of a Biomass facility, and to refurbish material recovery equipment, and replace green and food waste processing equipment. Additionally, the Company will replace shop and office equipment and software.

Borrower. Napa Recycling collects and processes solid waste, recyclables and organic materials. It is a limited liability company (LLC) that was organized on August 18, 2004. The Company is a small business with approximately 175 employees.

The principal members of the Company are as follows:

B & K Napa Waste, LLC	25%
Garaventa Enterprises, Inc.	25%
Garbarino Waste Industries, LLC	25%
Pestoni Napa City, LLC	<u>25%</u>
Total:	<u>100%</u>

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 is using note proceeds to comply with new State regulations regarding food waste collection and processing. Additionally, the notes will finance equipment for the processing of organic materials, replacement of older collection vehicles, used commercial trucks and other equipment. The Company will also finance improvements to existing material recovery facilities (MRF), food waste processing equipment and replace shop and office equipment and software. The placement of the equipment being financed and the improvements to the Company’s facilities will be shared amongst the following locations:

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- Napa Recycling & Waste Services, LLC, 820 Levitin Way, American Canyon, CA 94503
- 600 Tower Road Operations, 600 Tower Road, American Canyon, CA 94503
- Devlin Road Recycling and Transfer Facility, 889 Devlin Road, American Canyon, CA 94503
- Northern Recycling, LLC, 11220 County Road 94, Zamora, CA 95698
- Northern Recycling & Waste Services, LLC, 920 American Way, Paradise, CA 95969

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 direct purchase, 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. 17-15 for Napa Recycling & Waste Services, LLC and/or its Affiliates for an amount not to exceed \$47,475,000.

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 NAPA RECYCLING & WASTE SERVICES, 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, Napa Recycling & Waste Services, 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 construction of improvements to solid waste facilities, including a roof structure, storm water management system and site improvements thereto, the construction and equipping of a biomass facility, and 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, green and food waste processing equipment, materials recovery equipment, carts, bins, containers, shop and office equipment 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 \$47,475,000 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 \$47,475,000 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

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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: 17-15

LOCATIONS: 820 Levitin Way
American Canyon, California 94503

600 Tower Road
American Canyon, California 94503

889 Devlin Road
American Canyon, California 94503

11220 County Road 94
Zamora, California 95698

920 American Way
Paradise, California 95969

Carts, bins and/or containers to be located with customers in
incorporated and unincorporated Napa and Butte Counties

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$47,475,000