

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

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

Prepared by: Kris Luoma

Applicant:	Caglia Environmental LLC (dba Red Rock Environmental Group) and/or its affiliates	Amount Requested:	\$9,655,000
Project		Allocation Amount Requested:	\$5,105,000
Locations:	Fresno, Chowchilla & North Fork (Counties of Fresno and Madera)	Application No:	910(SB)
		Final Resolution:	17-01-573
		SBAF Resolution:	17-01-002
		Prior Actions:	IR Approved July 18, 2017

Summary. Caglia Environmental LLC (dba Red Rock Environmental Group) and/or its affiliates (the “Company” or “Caglia”) 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 (Orange Avenue Disposal Service, Inc. Project) Series 2002A (the “Series 2002 Bonds”) in an amount not exceed \$4,550,000. The Company is also requesting Volume Cap Allocation approval for an amount not to exceed \$5,105,000 for new money revenue notes to finance the purchase of California Air Resources Board (CARB) compliant collection vehicles, equipment, carts, bins and containers and the construction of improvements to its material recovery facility (MRF) and its solid waste disposal facilities.

In addition, the Company is requesting approval of a Small Business Assistance Fund (SBAF) Resolution in an amount not to exceed \$207,480, to assist with the cost of issuance of this transaction.

Borrower. Through predecessor affiliated entities of Caglia Environmental, the Caglia family traces their roots back to 1941 for providing solid waste disposal and recycling activities in Fresno County. Operations today include the Company providing solid waste collection, transfer, recycling and disposal in the Counties of Fresno, Madera, Tulare and Kings; the Cities of Fresno and Clovis; and the unincorporated towns of Malaga and Del Rey. It is a small business with approximately 250 employees.

Agenda Item 4.B.

The principal stockholders, partners and LLC members of the Company and its affiliates are as follows:

Orange Avenue Disposal Company, Inc. (dba Industrial Waste & Salvage):

Richard M. Caglia, Trustee of the Richard M. and Lucille P. Caglia Living Trust	12.6145%
Sally M. Caglia, trustee of the Sally M. Caglia Living Trust	12.6145%
V.J. Caglia, Trustee of the V.J. Caglia Living Trust	12.6145%
Mary Ann Torres	12.4313%
Rose Marie Caglia	12.4313%
Bernadette T. Boyle Living Trust, Bernadette T. Boyle, Trustee	12.4313%
Elaine Garcia	4.1594%
Denita Caglia	4.1594%
Anthony Caglia	4.1594%
Various Less than 3%	<u>12.3844%</u>
Total:	<u>100.0000%</u>

Cedar Avenue Recycling and Transfer Station, L.P.:

Richard M. Caglia, trustee of the Richard M. and Lucille P. Caglia Living Trust	11.7563%
Sally M. Caglia, trustee of the Sally M. Caglia Living Trust	11.7563%
V.J. Caglia, trustee of the V.J. Caglia Living Trust	11.7563%
Mary Ann Torres	11.7563%
Bernadette T. Boyle, trustee of the Bernadette T. Boyle Living Trust	11.7563%
Rose Marie Caglia	11.7563%
Elaine Garcia	4.1594%
Denita Caglia	4.1594%
Anthony Caglia	4.1594%
Various Less than 3%	<u>16.9840%</u>
Total:	<u>100.0000%</u>

Caglia Environmental LLC (dba Red Rock Environmental Group):

Cedar Avenue Recycling and Transfer Station, L.P.	<u>100.0000%</u>
Total:	<u>100.0000%</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.

Agenda Item 4.B.

TEFRA. The TEFRA hearing was held on September 14, 2017. There were no comments received in support of or in opposition to this Project.

Fees. The Company has paid an application fee of \$2,552.50 for this transaction and will pay an administrative fee of \$7,657.50 at closing for the new money portion of the financing. Additionally, the Company will pay the Authority's actual costs, including but not limited to applicable Authority Counsel fees, Agent for Sale fees, and staff costs for the refunding portion of the transaction, in lieu of CPCFA's usual refunding fee.

SBAF Assistance. The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$207,480.

Prior Financings. Prior financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 11/1/2017
Orange Avenue Disposal Company, Inc. Project Series 2002A	12/18/2002	\$6,250,000	\$4,550,000
Cedar Avenue Recycling and Transfer Station, L.P. Project Series 2003A	12/04/2003	\$3,000,000	0
TOTALS:		<u>\$9,250,000</u>	<u>\$4,550,000</u>

Background. The Company provides services for the collection of waste and recycling to residential and commercial customers.

On December 18, 2002, CPCFA issued bonds for Orange Avenue Disposal Company, Inc., in the amount of \$6,250,000. Bond proceeds financed the construction of a recycling and transfer station and purchased new collection equipment to expand the MRF's capabilities. Currently, \$4,550,000 remain outstanding and will be refunded.

On December 4, 2003, CPCFA issued bonds for Cedar Avenue Recycling and Transfer Station, L.P., in the amount of \$3,000,000. The bond proceeds financed the second phase construction of a MRF, and purchased new collection equipment and vehicles. The bonds were paid off on November 27, 2013.

Project Description. The Company plans to use note proceeds to finance the purchase of CARB compliant collection vehicles, carts, bins and containers and the construction of improvements to its solid waste disposal facilities and MRF. The equipment will be housed at the following locations:

- Cedar Avenue Recycling and Transfer Station, 3457 S Cedar Ave, Fresno, CA 93725
- Fairmead Landfill, 21739 Road 19, Chowchilla, CA 93610
- North Fork Transfer Station, 33699 Malum Ridge Rd, North Fork, CA 93643

The anticipated project and issuance costs are listed below:

Acquisition and Installation of New Equipment & Rolling Stock	\$4,950,000
Bond Issuance Expenses	\$102,100
Rehabilitation of Existing Building(s)	\$50,000
Note Rounding Factor	<u>\$2,900</u>
Total	<u>\$5,105,000</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 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 construction of improvements to the Company's MRF and to its solid waste disposal facilities is expected to be completed within the next three years. The vehicle purchases and the additional equipment purchases and distribution are anticipated to be completed by 2020.

Local Government. The Company has received a letter of support from Oliver L. Baines, III, Member of the Fresno City Council (See 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 Company, in an effort to continue its compliance with air quality mandates and its ongoing commitment to the City of Fresno and the County of Madera, the Project sponsor is purchasing additional compressed natural gas (CNG) fueled collection vehicles. By reducing its fleet of diesel fueled vehicles, the Company is reducing the amount particulate matter created by its diesel fleet. Air quality should be enhanced with the continued, improved operation of the existing MRF, which the improvements are designed to reduce dust and odor emissions.

Water Quality. CNG fueled vehicles create less particulate matter as compared to diesel fueled vehicles which in turn reduces particulate pollution that may end up in creek beds, streams and the ocean.

Energy Efficiency. CNG is a primarily produced domestically, which reduces reliance on non-domestic products.

Safety and Compliance. The project will be compliant with all state and local mandates.

Consumer Cost Savings and Efficiencies. The financing of this Project will reduce the Project Sponsors cost of capital and allow the Project Sponsor to minimize future rate increases.

Permitting and Environmental Approvals. The Company included a letter, signed by Derek Larsen, the Chief Financial Officer, stating that the Project does not require a new California Environmental Quality Act (CEQA) process and does not require any discretionary permits. The acquisition of solid waste collection vehicles, equipment and improvements to the MRF are consistent with existing zoning and permits.

Financing Details. The Company anticipates a direct bank purchase of negotiated tax exempt notes by MUFG Union Bank, N.A., which is a “Qualified Institutional Buyer”, as defined in Rule 144A of the Securities Act of 1933, in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof during index interest rate period (initial period), for a term not to exceed 30 years. Subsequent transfer is restricted to the transfer of the notes in whole. The target date for financing is November 1, 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 \$9,655,000 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
Note Counsel: Law Offices of Leslie M. Lava
Issuer’s Counsel: Office of the Attorney General
Trustee: The Bank of New York Mellon Trust Company, N.A.

Staff Recommendation. Staff recommends approval of Final Resolution No. 17-01-573 for an amount not to exceed \$9,655,000, Volume Cap Allocation Resolution No. 14-147-10 for an amount not to exceed \$5,105,000, and SBAF Resolution No. 17-01-002 in an amount not to exceed \$207,480 for Caglia Environmental LLC and/or its affiliates.

Attachment A



OLIVER L. BAINES III
Councilmember, District Three

June 26, 2017

Ms. Renée Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
801 Capitol Mall, 2nd Floor
Sacramento, CA 95814

**RE: California Pollution Control Financing Authority, Exempt Facility Approval
Caglia Environmental LLC Project**

Dear Ms. Webster-Hawkins:

I write to you today on behalf of **Caglia Environmental LLC** relating to the funding of their equipment purchase for which approval will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in August.

My staff and I have worked with the management of **Caglia Environmental LLC** in their development of the proposed project and I understand that they now are ready for final approval of the financing. I further understand that in order to receive approval for the issuance of tax exempt notes, on whose lower interest rates the "project" economics have been based, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project.

We and **Caglia Environmental LLC** agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of Fresno, I would appreciate it if you would approve the **Caglia Environmental LLC** Project at your August meeting. Thank you.

Sincerely,

Oliver L. Baines, III
Member of the Fresno City Council
Representing District Three

City of Fresno
City Hall • 2600 Fresno Street • Fresno, California 93721-3600
(559) 621-8000 • FAX (559) 621-7893 • www.fresno.gov

**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 CAGLIA ENVIRONMENTAL LLC AND/OR ITS AFFILIATES**

October 17, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Caglia Environmental LLC, a California limited liability company (the “Borrower”), for financial assistance to finance or refinance (i) the construction of improvements to solid waste facilities, including a materials recovery facility, located at 3457 S. Cedar Avenue, Fresno, California 93725 (the “Site”), and (ii) the acquisition and installation, if any, of equipment for the sorting, processing, collection and recycling of solid waste, including solid waste collection vehicles, carts, bins and containers and other equipment functionally related thereto, to be located at the Site, 21739 Road 19, Chowchilla, California 93610, 33699 Malum Ridge Road, North Fork, California 93643 and/or with customers in incorporated and unincorporated Fresno and Madera Counties, California, 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 (Orange Avenue Disposal Company, Inc. Project) Series 2002A (the “Prior Bonds”); and

WHEREAS, the Borrower now wishes to refund the Prior Bonds, which financed or refinanced the construction of various buildings used for solid waste processing, recycling and sorting, vehicle and equipment maintenance and administration, the acquisition of rolling stock and the acquisition of equipment for the collection, processing and transfer of municipal solid waste, 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 \$9,655,000 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 (Caglia Environmental LLC 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 \$9,655,000, 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

Agenda Item 4.B.

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 \$5,105,000 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 (Caglia Environmental LLC Project) Series 2017 (the “Notes”)

Maximum Amount of Issue: \$9,655,000 (tax-exempt)

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

Borrower: Caglia Environmental LLC
Fresno, California

Purchaser: MUFG Union Bank, N.A.
Fresno, California

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 construction of improvements to solid waste facilities, including a materials recovery facility, located at 3457 S. Cedar Avenue, Fresno, California 93725 (the “Site”), and (ii) the acquisition and installation, if any, of equipment for the sorting, processing, collection and recycling of solid waste, including solid waste collection vehicles, carts, bins and containers and other equipment functionally related thereto, to be located at the Site, 21739 Road 19, Chowchilla, California 93610, 33699

Agenda Item 4.B.

Malum Ridge Road, North Fork, California 93643 and/or with customers in incorporated and unincorporated Fresno and Madera Counties, California.

Prior Project:	Finance or refinance the construction of various buildings to be used for solid waste processing, recycling and sorting, vehicle and equipment maintenance and administration, the acquisition of rolling stock and the acquisition of equipment for the collection, processing and transfer of municipal solid waste and other equipment functionally related thereto, located at the Site and/or with customers in Fresno, Madera, King and Tulare Counties, California.
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
Maximum Interest Rate:	Lesser of 12% or the maximum rate permitted by law
Letter of Credit:	Not applicable
Other Credit Enhancement:	Not applicable

Agenda Item 4.B.

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

**SBAF Resolution No. 17-01-002
Application No. 910(SB)**

**RESOLUTION OF THE CALIFORNIA
POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL
BUSINESS ASSISTANCE FUND FOR
CAGLIA ENVIRONMENTAL LLC
AND/OR ITS AFFILIATES**

October 17, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Caglia Environmental LLC, a California limited liability company (the “Borrower”), for financial assistance to (A) finance or refinance (i) the construction of improvements to solid waste facilities, including a materials recovery facility, located at 3457 S. Cedar Avenue, Fresno, California 93725 (the “Site”), and (ii) the acquisition and installation, if any, of equipment for the sorting, processing, collection and recycling of solid waste, including solid waste collection vehicles, carts, bins and containers and other equipment functionally related thereto, to be located at the Site, 21739 Road 19, Chowchilla, California 93610, 33699 Malum Ridge Road, North Fork, California 93643 and/or with customers in incorporated and unincorporated Fresno and Madera Counties, California, and (B) refund the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Orange Avenue Disposal Company, Inc. Project) Series 2002A (the “Prior Bonds”), as more particularly described in Application No. 910(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 17-01-573 (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, Borrower 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; and

WHEREAS, the Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act; 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;

Agenda Item 4.B.

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

Section 1. The Authority hereby authorizes and approves up to \$207,480 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, Section 8042(c).

Section 2. The Executive Director of the Authority is hereby authorized and directed 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 3. 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.

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 14-147-10

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

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received an application (“Application”) from the Caglia Environmental LLC (“Project Sponsor”) for the dedication of a portion of the 2014 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, to finance a Project through the issuance of bonds or other obligations as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the California Debt Limit Allocation Committee (the “Committee”) implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds);

WHEREAS, the Project Sponsor has represented and confirmed in its Application certain facts and information concerning the Project;

WHEREAS, in evaluating the Project and dedicating a portion of the State Ceiling on Qualified Private Activity Bonds to the Project Sponsor for the benefit of the Project, the Authority has relied upon the written facts and information represented in the Application by the Project Sponsor; and

WHEREAS, it is appropriate for the Authority to dedicate a portion of the 2014 State Ceiling on Qualified Private Activity Bonds in order to benefit such Project described in the Application;

NOW, THEREFORE, the California Pollution Control Financing Authority resolves as follows:

Section 1. There is hereby dedicated to the Project Sponsor an amount of the 2014 State Ceiling on Qualified Private Activity Bonds equal to **\$5,105,000** (“Allocation”). Such Allocation may be used only in connection with the issuance of bonds or other obligations to finance the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor, and all of its respective successors and assignees, will be bound by such terms and conditions. The Project shall be subject to the monitoring provisions of section 5144 of the Committee’s Regulations.

Section 3. The Allocation must be used within ninety (90) days from the date of this Resolution. The Committee may grant an extension of up to ninety (90) days. However, the extension will result in a forfeiture of the Project’s performance deposit.

Section 4. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds to finance the Project, the Authority shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Project Sponsor, the project, the date the Allocation was used, and the Allocation amount.

Section 5. Within fifteen (15) calendar days of the Bond closing, the Authority shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 6. Any differences between the amount of Bonds issued and the amount of the Allocation in Section 1 of this Resolution shall automatically revert to the Authority.

Section 7. Authority staff is authorized and directed to transmit a copy of this Resolution to the Project Sponsor together with a request that the Project Sponsor retain a copy of this Resolution for the term of the Bonds. Authority staff is further directed to retain a copy of this Resolution in the files of the Authority for the same period of time.

Section 8. In consideration of the Allocation dedicated to the Project, 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 Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by the Authority or the Committee through an action for specific performance or any other available remedy, provided however, that the Authority and the Committee agree not to take such action or enforce any such remedy that would be materially adverse to the Bondholders. In addition, the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 9. The Certification of Compliance II or equivalent form must be submitted by the Project Sponsor to the Authority by February 1, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Authority. The Authority is responsible for reporting to CDLAC by March 1 annually via the Online Compliance System until project completion. A copy of the Certification of Compliance II and Certificate of Completion form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

Section 10. This Resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 14-147-10
(EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Application No.: 910(SB)
2. Project Sponsor Caglia Environmental LLC (dba Red Rock Environmental Group) and/or its affiliates
3. Project User: Same as Project Sponsor
4. Project Name: Caglia Environmental LLC
5. Location: 3457 South Cedar Avenue, Fresno, CA 93725
21739 Road 19, Chowchilla, CA 93610
33699 Malum Ridge Road, North Fork, CA 93643
6. Amount of Allocation: \$5,105,000
7. Pursuant to Section 5145(d) of the CDLAC Regulations, CDLAC must be designated in the bond documents to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.