

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: December 12, 2017**

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

Prepared by: *Lyudmila Farbitnikova*

<b>Applicant:</b>	California Waste Recovery Systems, LLC and/or its affiliates	<b>Amount Requested:</b>	\$22,645,000
<b>Project</b>		<b>Application No.:</b>	919(SB)
<b>Location:</b>	City of Galt (Sacramento County), City of Valley Springs (Calaveras County), City of Lodi (San Joaquin County)	<b>Initial Resolution No.:</b>	17-18

**Summary.** California Waste Recovery Systems, LLC and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$22,645,000 to finance the acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings, with related permits, renovation and/or installation of processing equipment and infrastructure, conveyors, baler, and a depackaging system, including permits, the purchase of carts, containers, and bins within the Sacramento County, San Joaquin County and Calaveras County service areas; and associated costs of the financing.

**Borrower.** California Waste Recovery Systems, LLC is a limited liability company that was organized on June 18, 1997. The Company is in the business of residential, commercial, and industrial solid waste collection and transfer throughout the Sacramento County, San Joaquin County and Calaveras County service areas. The Company is a small business with approximately 125 employees.

The principal stockholders of the Company are as follows:

CWR Industries, Inc.	99.9%
Vaccarezza Family Trust	0.1%
<b>Total:</b>	<b><u>100.0%</u></b>

CWR Industries, Inc. is 100% owned by the Vaccarezza Family Trust. David Vaccarezza and his wife, Kandas Vaccarezza are the sole trustees of the Vaccarezza Family Trust. Therefore, David and Kandas Vaccarezza control 100% of CWR Industries, Inc. and its affiliate California Waste Recovery Systems, LLC. DKCR Properties, Inc. is an affiliate company owned 100% by the Vaccarezza Family Trust. Good Earth Farms, LLC is an affiliated company 59.% owned by CWR Industries, Inc, 40% owned by Casey and Rudy Vaccarezza (@ 20% each) and 1% by the Vaccarezza Family Trust.

**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.** California Waste Recovery Systems, LLC will use note proceeds to finance the following:

- i) the acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings, with related permits, processing equipment and infrastructure to be located at either 175 Enterprise Court, Galt, CA 95632 or 10059 Twin Cities Road, Galt, CA 95632, Galt Recovery & Transfer Facility;
- ii) the acquisition, construction, improvement, renovation, rehabilitation and/or installation of buildings, with related permits, processing equipment and infrastructure to be located at 3524 Double Springs Road, Valley Springs, CA 95252, Double Springs Recovery & Transfer Facility;
- iii) the acquisition, improvement, renovation and/or installation of recyclables processing equipment, conveyors, and baler, and a depackaging system, including permits, processing equipment, pumps, baler and liquid storage tanks to be located at 175 Enterprise Court, Galt, CA 95632, Galt Materials Recovery Facility (MRF) Expansion and Galt Organics Waste Depackaging and Processing Facility;
- iv) carts, containers, and bins within the Sacramento County, San Joaquin County and Calaveras County service areas; and
- v) associated costs of the financing.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation in December of 2017.

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

**Financing Team.**

**Municipal Advisor to the Borrower:** Westhoff, Cone & Holmstedt  
**Note Counsel:** Orrick, Herrington & Sutcliffe  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No. 17-18 for California Waste Recovery Systems, LLC and/or its affiliates for an amount not to exceed \$22,645,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO  
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
CALIFORNIA WASTE RECOVERY SYSTEMS, LLC AND/OR ITS AFFILIATES**

**December 12, 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 resource recovery and energy conversion facilities; and

**WHEREAS**, California Waste Recovery Systems, LLC, a California limited liability company (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in financing and/or refinancing of the acquisition, rehabilitation, improvement, renovation and installation, of facilities and equipment for the collection, processing, transfer and recycling of solid waste and recyclables, including rolling stock, carts and bins and other equipment functionally related thereto as more fully described in the Application (collectively, the “Project”) to be owned and/or operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit “A” attached hereto; and

**WHEREAS**, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment 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 Project be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of debt obligations of the Authority will be made available to finance such Project; and

**WHEREAS**, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project 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 \$22,645,000 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 Project; 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 Project 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 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. An Affiliate shall also be a “participating party” as defined in the Act.

**Section 2.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$22,645,000 principal amount of notes of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the debt obligations.

**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 Project. 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 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 debt obligations and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to finance the Project; (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 for any portion of the notes which are to be sold as exempt from federal income tax.

**Section 5.** The Executive Director of the Authority is hereby authorized 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 Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to 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 above, this Resolution shall cease to be effective on December 12, 2020 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company’s application, and an explanation of the status of the Project.

**EXHIBIT A**

**NUMBER:** 17-18

**LOCATION:** 175 Enterprise Court  
Galt, CA 95632  
Sacramento County

10059 Twin Cities Road  
Galt, CA 95632  
Sacramento County

3524 Double Springs Road  
Valley Springs, CA 95252  
Calaveras County

**TYPE:** Solid Waste Disposal

**AMOUNT:** Up to \$22,645,000