

**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: Andrea Gonzalez

Applicant:	GreenWaste Recovery, Inc., Zanker Road Resource Management, Ltd.	Amount Requested:	\$72,000,000
		Application No.:	920
		Initial Resolution No.:	17-19
Project Location:	Various Locations throughout California		

Summary. GreenWaste Recovery, Inc. and Zanker Road Resource Management, Ltd. and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$72,000,000 to finance the construction and improvements to an existing waste and recycling site, as well as the to purchase equipment.

Borrower. GreenWaste Recovery, Inc. and Zanker Road Resource Management, Ltd. were incorporated in San Jose, California in 1991 and 1984, respectively. GreenWaste and Zanker provide refuse collection, recycling and disposal services in Santa Clara, Santa Cruz, and Sacramento Counties.

The principal stockholders of GreenWaste Recovery, Inc. are as follows:

Richard A. Cristina & Diane L. Cristina, Trustees	19.79%
Murray B. Hall, Trustee	17.29%
Frank C. Weigel, Trustee	10.42%
Juan & Cindy Pena, Trustees	10.42%
Eric A. Bracher & Vivian M. Bracher, Trustees	8.54%
William H. Giannini & Linda D. Giannini, Trustees	4.79%
Gene P. Carter & Patricia J. Carter, Trustees	4.17%
Gary V. Giannini & Susan M. Giannini, Trustees	4.17%
Patricia L. Sheehan, Trustee	4.17%
Herbert Sweatt, Trustee	4.17%
Various (less than 3% each)	<u>12.07%</u>
Total:	<u>100.00%</u>

The General and Limited Partners of Zanker Road Resource Management, Ltd. are as follows:

General Partners

Zanker Road Resource Recovery, Inc. (50% each Richard A. Cristina & Murray B. Hall)	30.0000%
H.L. Sweatt, Inc. (50% each Herbert & Nancy Sweatt)	10.0000%

Limited Partners

Diana L. Counc	9.0044%
----------------	---------

John D. Couch	9.0044%
Kenneth W. Zerbe	7.0588%
Gene R. Carter	7.0588%
Neal Family Revocable Trust	5.2941%
Sportssell L.P. #4	10.5882%
Various (less than 3% each)	<u>11.9913%</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.

Project Description. The Company will use note proceeds to construct improvements to the Company’s waste and recycling sites and to the buildings housing solid waste related functions. Note proceeds will also be used to purchase equipment for the collection, processing, transfer and recycling of solid waste including additional carts, bins, containers, and drop boxes. All the site improvements and equipment purchases are to be completed on and/or located at existing facilities throughout California.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation on December 12, 2017.

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

Financing Team.

- Municipal Advisor to the Borrower:** Westhoff, Cone & Holmstedt
- Bond Counsel:** Law Offices of Leslie M. Lava
- Issuer’s Counsel:** Office of the Attorney General
- Trustee:** The Bank of New York Mellon Trust, N.A.

Staff Recommendation. Staff recommends approval of Initial Resolution No. 17-19 for GreenWaste Recovery, Inc., Zanker Road Resource Management, Ltd. and/or its affiliates for an amount not to exceed \$72,000,000.

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/RECYCLING FACILITIES AND EQUIPMENT
FOR GREENWASTE RECOVERY, INC., ZANKER ROAD RESOURCE
MANAGEMENT, LTD. AND/OR THEIR RESPECTIVE 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 solid waste disposal recovery and recycling facilities; and

WHEREAS, GreenWaste Recovery, Inc., a California corporation, and Zanker Road Resource Management, Ltd., a California limited partnership (“Applicant”), have 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 a building which houses solid waste related functions, the construction of site improvements, and/or the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and/or resource recovery equipment and other equipment functionally related thereto, including, without limitation, rolling stock, collection and other vehicles, materials recovery equipment, and drop boxes, carts, bins and containers (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 \$72,000,000 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 \$72,000,000 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

Agenda Item 4.A.3.

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 December 12, 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: 17-19

LOCATIONS: 565, 575, 625, 645, 651 and/or 653 Charles Street, San Jose, CA 95112

675 and/or 705 Los Esteros Road, San Jose, CA 95134

980 State Highway 25, Gilroy, CA 95020

4201 Florin Perkins Road, Sacramento, CA 95826

375 Industrial Road, Watsonville, CA 95076

14201 Del Monte Blvd., Marina, CA 93933

Drop boxes, bins, carts and/or containers to be located with customers in incorporated and unincorporated Santa Clara, Santa Cruz, Monterey and/or Sacramento Counties, CA

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$72,000,000