

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: June 20, 2018**

***Request To Approve Final Resolution Authorizing the Issuance of Tax-Exempt Revenue Notes for New Money and Refunding Purposes, And Small Business Assistance Fund (SBAF) Cost of Issuance Assistance***

*Prepared by: Solomita Malko*

<b>Applicant:</b>	Metropolitan Recycling, LLC and/or its affiliates	<b>Final Resolution Amount Requested:</b>	\$14,615,000
		<b>Refunding Amount Requested:</b>	\$9,000,000
		<b>Application No.:</b>	922(SB)
<b>Project Location:</b>	City of Bakersfield (Kern County)	<b>Final Resolution No.:</b>	18-01-588
		<b>SBAF Resolution No.:</b>	18-01-004
		<b>Prior Action:</b>	IR 18-02 approved 3/12/18

**Summary.** Metropolitan Recycling, LLC (“Applicant” or “Company”) and/or its affiliates request approval of a Final Resolution for a total amount not to exceed \$14,615,000 of which \$9,000,000 will be used to refund the Series 2012 Bonds previously issued by CPCFA. The Company is also requesting a Small Business Assistance Fund (SBAF) Resolution in the amount of \$195,240. The new money amount of \$5,615,000 will be used to finance the acquisition of equipment such as rolling stock, trucks, carts, and other related equipment to be installed at existing facilities located throughout the City of Bakersfield. The Company provides recycling services in Kern County. The project directly impacts air quality and will also improve water quality and the solid waste and recycling diversion efforts in the City of Bakersfield.

**Borrower.** Metropolitan Recycling, LLC was organized as a corporation on December 1, 1999 and converted to a Limited Liability Company on April 7, 2010. The Company was formed by five privately-owned Bakersfield area refuse collection companies: Price Disposal, Inc., Varner & Son Incorporated, Howard’s Garbage Service, Superior Sanitation Service, Inc. and Varner Bros., Inc. This collaborative entity was created to respond to the necessity for greater recycling options. Metropolitan Recycling, LLC initially provided small volume sorting of construction and demolition waste including wood, aggregate materials, paper, plastic, dirt, sand, and more. The Applicants are small businesses that collectively have 187 employees.

The principal stockholders of the Company are as follows:

Metropolitan Recycling, LLC

Varner Bros., Inc.	35%
Price Disposal, Inc.	30%
Superior Sanitation Service, Inc.	15%
Varner & Son Incorporated	15%

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Howard's Garbage Service	<u>5%</u>
<b>Total:</b>	<b><u>100%</u></b>

### Varner Bros., Inc.

Skeet Varner Family Trust	33.77%
Skeet Varner Marital Trust	24.46%
Michael Varner Trust	10.44%
Jaime Andrews Trust	10.44%
Jacob Panero Trust	6.97%
Amy Panero Feldman Trust	6.96%
Lisa Panero Mann Trust	<u>6.96%</u>
<b>Total:</b>	<b><u>100.00%</u></b>

### Price Disposal, Inc.

Walt Price	23%
Wanda England	23%
Jay Price	19%
Jon Price	12%
Various (Less than 4%)	<u>23%</u>
<b>Total:</b>	<b><u>100%</u></b>

### Superior Sanitation Service, Inc.

Jack D. Keown and Mary Ann Keown Amended and Restated Trust Agreement dated May 16, 1990	<u>100%</u>
<b>Total:</b>	<b><u>100%</u></b>

### Varner & Son Incorporated

Vint D. Varner	<u>100%</u>
<b>Total:</b>	<b><u>100%</u></b>

### Howard's Garbage Service

Stephen S. Sewell	50%
Nancy A. Sewell	<u>50%</u>
<b>Total:</b>	<b><u>100%</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.

**TEFRA.** The TEFRA hearing was held on May 10, 2018. There were no comments received in support of or in opposition to this project.

**Fees.** The Company has paid an application fee of \$5,000 and will pay an administrative fee of \$24,230 at closing.

**SBAF Assistance.** The Company is a small business and is eligible for assistance from the SBAF in an amount not to exceed \$195,240.

**Prior Financings.** Prior financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 5/15/2018
Metropolitan Recycling Corporation Series 2000A	06/14/2000	\$3,400,000	\$885,000
Metropolitan Recycling Corporation Series 2012A	07/18/2012	\$12,120,000	\$9,000,000
<b>TOTALS:</b>		<b><u>\$15,520,000</u></b>	<b><u>\$9,885,000</u></b>

\*Series 2000A bonds are not being refunded in this issue.

**Background.** On July 18, 2012, CPCFA issued the Series 2012A bonds in the amount of \$12,120,000. These bond proceeds were used to design and construct a modification to its existing Material Recovery Facility (MRF) as well as the purchase of processing and recycling equipment. The 2012A bonds will be refunded.

**Current Request.** The Company will use note proceeds to finance the acquisition of equipment to support its existing MRF located at 2601 S. Mt. Vernon Ave. in Bakersfield. This equipment includes rolling stock, trucks, carts, and other related equipment to be installed at the Company's existing facilities located throughout the City of Bakersfield. The equipment will be located at the following project street addresses:

- 1) 2601 S. Mt. Vernon, Bakersfield, CA 93307 – main address of Metropolitan Recycling, LLC
- 2) 1808 Roberts Lane, Bakersfield, CA 93308 (Varner Bros. Inc.)
- 3) 1700 Lisle Street, Bakersfield, CA 93308 (Varner Bros. Inc.)
- 4) 8665 S. Union Avenue, Bakersfield, CA 93307 (Price Disposal, Inc.)
- 5) 9930 Brimhall Road, Bakersfield, CA 93312 (Varner & Son, Incorporated)
- 6) 2620 S. Union Avenue, Bakersfield, CA 93307 (Superior Sanitation Service, Inc.)
- 7) 4033 Oregon Street, Bakersfield, CA 93306 (Howard's Garbage Service)

The anticipated project and issuance costs are listed below:

Acquisition and Installation of New Equipment	\$5,502,700
Bond Issuance Expenses	<u>112,300</u>
<b>Total:</b>	<b><u>\$5,615,000</u></b>

*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*

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*representations in various note documents, that all assets purchased with note 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 project has been initiated and all proceeds are expected to be expended by June 30, 2021.

**Local Government.** The Company received a letter of support from Nancy L. Ewert, Acting Assistant Director of the Kern County Public Works Department (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 majority of the project involves the purchase of Compressed Natural Gas (CNG) fueled waste collection trucks. The use of CNG as a fuel will eliminate particulate matter as compared to the operation of a diesel vehicle.

**Water Quality.** The use of CNG as a fuel will minimize the particulate matter generated and eliminate the diesel residues associated with the operation of a diesel vehicle and consequently will minimize surface water contamination that generally finds its way into the area's ground water.

**Energy Efficiency.** The use of CNG vehicles helps reduce dependence upon gasoline and diesel fuel.

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

**Consumer Cost Savings.** Cost of capital is an integral part of the project sponsor's and its member Companies' rate structures, and this financing will allow the project sponsor to minimize future rate increases.

**Other benefits to the public.** The use of CNG fueled vehicles will assist our Country in minimizing its reliance on foreign oil and CNG is a cleaner burning fuel as compared to diesel.

**Permitting and Environmental Approvals.** The Company has provided a signed letter from its President and CEO, Larry Moxley, articulating that the project is consistent with its existing zoning and permit requirements and that it does not require a new CEQA process nor does it require any additional discretionary permits. The project will be primarily for the acquisition of rolling stock and other equipment to be located at various locations throughout the City of Bakersfield.

**Financing Details.** The Company anticipates a direct bank purchase of negotiated tax-exempt notes with Wells Fargo Bank, National Association, which is a Qualified Institutional Buyer (QIB) as defined in SEC Rule 144 under the Securities Act of 1933, in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof. Subsequent transfer is restricted to the transfer of the note in whole. The target date for financing is July 5, 2018.

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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 \$14,615,000 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. 18-01-588 for an amount not to exceed \$14,615,000 and a SBAF Resolution No. 18-01-004 in an amount not to exceed \$195,240 for Metropolitan Recycling, LLC and/or its affiliates.

Attachment A

**KERN COUNTY  
PUBLIC WORKS DEPARTMENT  
CRAIG M. POPE, P.E., DIRECTOR**



**2700 "M" STREET, Suite 450  
BAKERSFIELD, CA 93301-2370**

ADMINISTRATION & ENGINEERING  
BUILDING & DEVELOPMENT  
FINANCE  
OPERATIONS & MAINTENANCE

Phone: (661) 862-8900  
FAX: (661) 862-8901  
Toll Free: (800) 552-5376 Option 5  
TTY Relay: (800) 735-2929

March 29, 2018

Ms. Laura Whittall-Scherfee  
Executive Director  
California Debt Limit Allocation Committee  
915 Capitol Mall, Room 311  
Sacramento, CA 95814

**RE: California Debt Limit Allocation Committee  
Metropolitan Recycling, LLC Project**

Dear Ms. Whittall-Scherfee:


I write to you today on behalf of Metropolitan Recycling relating to its project for which approval will be requested at the next California Debt Limit Allocation Committee ("CDLAC") meeting.

The Kern County Public Works Department (Department) works with Metropolitan Recycling and its members to implement and achieve the statewide recycling mandates of AB 939, the Integrated Waste Management Act of 1989, and AB 341, Mandatory Commercial Recycling. The Metropolitan Recycling Facility located in Bakersfield, California is integral to achieving these State mandates. The Department understands that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "project" economics have been based, that CDLAC must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the project.

The Department and Metropolitan Recycling agree that the implementation of this project is a cost-effective element of the overall solid waste program, taking into account cost, technology and expected waste diversion. The project and facility are considered critical infrastructure, and as such have been amended into the County's Source Reduction and Recycling Element, Non-disposal Facility Element and Solid Waste Infrastructure Plan that have been approved by the Kern County Board of Supervisors.

The Kern County Public Works Department supports Metropolitan Recycling's request and encourages the California Debt Limit Allocation Committee to approve the issuance of tax exempt bonds for the Metropolitan Recycling, LLC Project. The Department thanks you in advance for your consideration.

Sincerely,



Nancy L. Ewert, P.E.  
Assistant Director

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**FINAL RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
AUTHORIZING THE ISSUANCE OF REVENUE NOTES  
FOR THE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT  
OF METROPOLITAN RECYCLING, LLC AND/OR ITS AFFILIATES**

**June 20, 2018**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) has received the application of Metropolitan Recycling, LLC (the “Borrower”) for financial assistance to finance or refinance the acquisition and installation, if any, of equipment for the collection, processing, transfer, sorting and recycling of solid waste and other equipment functionally related thereto, including, without limitation, rolling stock, collection and other vehicles, and other materials recovery equipment, for the Borrower and/or its affiliates, all to be located at one or more of the following addresses: 2601 S. Mt. Vernon Avenue, Bakersfield, California 93307, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California 93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307 and/or 4033 Oregon Street, Bakersfield, California 93306, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “2018 Project”); and

**WHEREAS**, the Authority has previously issued its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Metropolitan Recycling, LLC Project) Series 2012A (the “Prior Bonds”); and

**WHEREAS**, the Borrower now wishes to refund the Prior Bonds, which financed or refinanced (i) the construction or improvement of one or more buildings to house a materials recovery facility and sorting and office facilities, the construction of site improvements and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including conveyors, screens, separators, sorting platforms and other equipment functionally related thereto and (ii) the acquisition of rolling stock and drop boxes, bins, carts and containers, all as more particularly described in the Term Sheet (the “Prior Project” and, together with the 2018 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 \$14,615,000 to assist in the financing or refinancing of the Project and the refunding of the Prior Bonds; and

**WHEREAS**, the Authority has applied for a portion of the 2018 State Ceiling on Qualified Private Activity Bonds (“Allocation”) from the California Debt Limit Allocation Committee (“CDLAC”) for notes executed in tax-exempt mode for the 2018 Project as described in CDLAC Application No. 18-010, to finance or refinance certain costs of the 2018 Project and to pay certain

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costs of issuance of the Notes (defined below), so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Notes; and

**WHEREAS**, the Borrower has requested that the Notes be delivered in installments as described in the hereinafter referred indenture; and

**WHEREAS**, the proceeds of the Notes will be loaned to the Borrower under the hereinafter referred loan agreement with the Authority; and

**WHEREAS**, final approval of the terms of the Notes and certain documents relating to the 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 (Metropolitan Recycling, LLC Project, Series 2018” (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 \$14,615,000, 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 2018 Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the 2018 Project prior to the issuance of the Notes), 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, 2018, 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:



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(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 “Purchaser”), 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 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, and subject to the approval by CDLAC of Allocation for the 2018 Project, such approval to be conclusively evidenced by execution and delivery of a resolution by CDLAC (the “CDLAC Resolution”).

**Section 5.** Any modification to the 2018 Project made prior to the issuance of the Notes shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority. If such modification is approved by the Authority, the Executive Director of the Authority shall immediately report to the Executive Director of CDLAC. If the Executive Director of CDLAC determines such modification to be material in accordance with CDLAC’s regulations, CDLAC shall reconsider the modification to the 2018 Project before the Allocation may be used.

**Section 6.** Any material changes to the note sale structure prior to the issuance of the Notes are subject to further approval by the Authority. If material changes are approved by the Authority, the Executive Director of the Authority shall immediately report any material changes to the Executive Director of CDLAC. CDLAC may require approval of the material change by the Committee Chair or the Executive Director of CDLAC before the Allocation may be used.

**Section 7.** 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. For purposes of this Resolution, an “Affiliate” of the Borrower also means, without limitation, Howard’s Garbage Service, Price Disposal, Inc., Superior Sanitation Service, Inc., Varner & Son Incorporated and Varner Bros., Inc., or any successor thereto who also meets the definition of “Participating Party” in the Act.

**Section 8.** 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 9.** 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 either in one payment or installments, as applicable.

**Section 10.** The Allocation requested by the Authority, if approved by CDLAC, shall automatically revert to CDLAC unless the Authority has executed Notes on behalf of the Borrower within ninety (90) days of the transfer of the Allocation. In a case of extreme hardship, the Executive Director of CDLAC may extend this date by up to five (5) business days. In addition, the Executive Director of CDLAC may also grant an additional extension of up to ninety (90) days. This extension will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited. The Authority shall return any unused Allocation to CDLAC.

**Section 11.** 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 12.** The provisions of Resolution No. 18-01-001 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 23, 2018 (the "Delegation Resolution"), apply to the documents and actions approved in this Resolution, and the provisions of Resolution No. 18-01-001 are incorporated herein by reference. This Section 12 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority which replaces or supersedes the Delegation Resolution.

**Section 13.** The provisions of the Initial Resolution No. 18-02, adopted by the Authority on March 12, 2018, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

**Section 14.** The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1<sup>st</sup> annually, until the project's Certificate of Completion

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has been submitted to the Authority, as provided in the Loan Agreement. 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 demonstrate compliance may result in disqualification from future program participation.

**Section 15.** As required by the CDLAC Resolution, the Loan Agreement, Indenture and Purchase Contract expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in CDLAC's Resolution. Once the Notes are executed and delivered, the terms and conditions set forth in CDLAC's Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

**Section 16.** 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 17.** 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 (Metropolitan Recycling, LLC Project) Series 2018 (the “Notes”)

**Maximum Amount of Issue:** \$14,615,000 (tax-exempt)

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

**Borrower:** Metropolitan Recycling, LLC, a California limited liability company

**Purchaser:** Wells Fargo Bank, National Association Bakersfield, 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

**2018 Project:** Finance or refinance the acquisition and installation, if any, of equipment for the collection, processing, transfer, sorting and recycling of solid waste and other equipment functionally related thereto, including, without limitation, rolling stock, collection and other vehicles, and other materials recovery equipment, to be located at one or more of the following addresses: 2601 S. Mt. Vernon Avenue, Bakersfield, California 93307, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California

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93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307 and/or 4033 Oregon Street, Bakersfield, California 93306.

**Prior Project:**

Finance or refinance (i) the construction or improvement of one or more buildings to house a materials recovery facility and related sorting and office facilities, the construction of site improvements, including without limitation, upgraded electrical, water and sewer utilities and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including conveyors, screens, separators, sorting platforms and other equipment functionally related thereto, all to be located at 2601 S. Mt. Vernon Avenue, Bakersfield, California 93307 (the "Site"), and (ii) the acquisition of rolling stock and drop boxes, bins, carts and containers to be located at one or more of the following locations: the Site, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California 93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307, 4033 Oregon Street, Bakersfield, California 93306 and/or customers in incorporated and/or unincorporated Kern County, California.

**Maximum Note Term:**

Not to exceed 25 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)

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<b>Financing Structure:</b>	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
<b>Maximum Interest Rate:</b>	Lesser of 12% or the maximum rate permitted by law
<b>Letter of Credit:</b>	Not applicable
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Note Rating:</b>	Unrated
<b>Type of Financing:</b>	Solid waste disposal revenue notes
<b>Prepared by:</b>	Leslie M. Lava, Esq. Law Offices of Leslie M. Lava (415) 331-6464

SBAF Resolution No. 18-01-004

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

**June 20, 2018**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Metropolitan Recycling, LLC (the “Borrower”), for financial assistance to (i) finance or refinance the acquisition and installation, if any, of equipment for the collection, processing, transfer, sorting and recycling of solid waste and other equipment functionally related thereto, including, without limitation, rolling stock, collection and other vehicles, and other materials recovery equipment, for the Borrower and/or its affiliates, all to be located at one or more of the following addresses: 2601 S. Mt. Vernon Avenue, Bakersfield, California 93307, 1808 Roberts Lane, Bakersfield, California 93308, 1700 Lisle Street, Bakersfield, California 93308, 8665 S. Union Avenue, Bakersfield, California 93307, 9930 Brimhall Road, Bakersfield, California 93312, 2620 S. Union Avenue, Bakersfield, California 93307 and/or 4033 Oregon Street, Bakersfield, California 93306, and (ii) refund the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Metropolitan Recycling, LLC Project) Series 2012A (the “Prior Bonds”), as more particularly described in Application No. 922(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 588 (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;

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

**Section 1.** The Authority hereby authorizes and approves up to \$195,240 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.