

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)
BOND FINANCING PROGRAM
Approval Date: July 16, 2024**

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

Prepared by: Morgan Matz

Applicant:	Napa Recycling & Waste Services, LLC
Project Location:	City of Woodland (Yolo County)
Amount Requested:	\$23,500,000
Application No.:	965
Initial Resolution No.:	24-05

Summary: Napa Recycling & Waste Services, LLC and/or its affiliates (the “Company”) request approval of an Initial Resolution for an amount not to exceed \$23,500,000 in tax-exempt notes. The Company will use the note proceeds for the acquisition of equipment and construction of facilities for collection, processing, composting, transportation, and disposal of organic waste (the “Project”).

Borrower: Napa Recycling & Waste Services, LLC, which was organized in 2004 in California, is in the business of residential and commercial solid waste collection, recycling, composting, and waste management. The Company is a limited liability corporation owned by multiple parent companies. The Company is a small business that employs approximately 204 employees.

The principal stockholders of the Company are as follows:

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

The Company’s key officials are:

Greg Kelley (B & K Napa Waste, LLC)	Partner
Kish Rajan (Garaventa Enterprises, Inc.)	Partner
Joe Garbarino (Garbarino Waste Industries, LLC)	Partner
Linda Sereni (Pestoni Napa City, LLC)	Partner

Legal Questionnaire: CPCFA staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. The Borrower stated that it had nothing to disclose regarding any legal, regulatory, or

investigative action that would materially impact the financial viability of the Project or applicant or that involved fraud, corruption, or health and safety issues.

Project Description: The note proceeds will be used for the purchase of organic waste processing and transportation equipment as well as the expansion and improvement of an existing organics processing facility within the Yolo County Central Landfill, located at 44090 County Road 28H in Woodland, CA. Upgrades will include the construction of a new receiving building containing a processing line, a new covered aerated static pile (CASP) composting system, onsite soil relocation, and site improvements such as construction of building pads, concrete and asphalt surfaces, underground storm drains, and electric and other utility connections. Equipment purchases will include California Air Resources Board (CARB) compliant trucks, loaders, compost screens, and a grinder/colorizer.

Volume Cap Allocation: The Company anticipates applying via CPCFA to the California Debt Limit Allocation Committee for a volume cap allocation in the fourth quarter of 2024.

Financing Details: The Company anticipates the issuance of negotiated tax-exempt notes, in a direct bank purchase structure, completed before the end of the fourth quarter of 2024.

Financing Team:

Note Counsel:	Law Offices of Leslie M. Lava
Issuer's Counsel:	Office of the Attorney General
Municipal Advisor to Borrower:	Piper Sandler and Company

Staff Recommendation: Staff recommends the approval of Initial Resolution No. 24-05 for Napa Recycling & Waste Services, LLC and/or its affiliates for an amount not to exceed \$23,500,000.

Notes: An Initial Resolution approval is not a commitment that the California Pollution Control Financing Authority (CPCFA) will approve a Final Resolution and bond financing for the proposed Project.

Any information related to the borrower, including any data or analysis related to the borrower's financial condition or ability to repay the financing, described in this staff report is based on information provided by the borrower and was prepared solely for members of the California Pollution Control Financing Authority and to satisfy certain provisions of Health and Safety Code section 44500 et seq. Prospective investors should not rely on information in this staff report and must read the entire Preliminary Official Statement, if applicable, to obtain information essential to the making of an informed investment decision.

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO
FINANCE SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT
FOR NAPA RECYCLING & WASTE SERVICES, LLC AND/OR ITS AFFILIATES**

July 16, 2024

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the Health and Safety Code) (“Act”) to issue bonds, notes, or other obligations for the purpose of defraying the cost of facilities and equipment for the disposal of waste products to prevent, reduce, or eliminate environmental pollution, remediate contamination, enable alternative and renewable sources of energy, and encourage beneficial reuse; and

WHEREAS, Napa Recycling & Waste Services, LLC (the “Applicant”), and/or its affiliates (collectively, the “Company”), have requested that the Authority assist in the financing or refinancing of the construction of a solid waste disposal facility and related improvements and site work and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, as more fully described in the application (collectively, the “Project”), to be owned and operated by the Company, and has presented an estimate of the maximum cost of the Project, as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal facilities and equipment that will serve the public of the State of California; and

WHEREAS, the Company requires satisfactory assurances from the Authority that the proceeds of the sale of notes of the Authority shall be made available to finance the 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 Initial Resolution the Authority reasonably expects that notes in an amount not expected to exceed \$23,500,000 shall be issued and that certain of the proceeds of those notes shall be used to reimburse the Company for its prior expenditures associated with 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 the 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 Initial Resolution, an “Affiliate” of the Applicant means any person or entity that 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 \$23,500,000 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 notes.

Section 3. The notes shall 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, consistent with the Act, 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 of 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 of those notes, and mutually acceptable terms and conditions of the loan of the proceeds of those notes 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) to the extent required, an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the notes that are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is authorized to indicate the willingness of the Authority to proceed with and effect this 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 meeting all other requirements of the Authority.

Section 6. It is intended that this Initial 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 Initial Resolution ceases to be effective for other purposes.

Section 7. This Initial Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6, this Initial Resolution shall cease to be effective three years after the approval date unless prior to such date the Authority or Executive Director specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension only after receiving a specific request for that 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: 24-05
LOCATION: 44090 County Road 28H, Woodland, CA 95776
TYPE: Solid Waste Disposal
AMOUNT: Up to \$23,500,000