

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM**

Meeting Date: April 24, 2007

Executive Summary

Request for Final Resolution Approval and Assistance from the Small Business Assistance Fund

Prepared by: *Michael Smith*

Applicant: Northern Recycling & Waste Services, LLC and/or its Affiliates	Amount Requested: \$10,315,000
	Application No.: 796(SB)
Project Location: American Canyon (Napa County) & Paradise (Butte County), CA	Final Resolution No.: 470
	Prior Actions: IR-07-04
	Approved 3/20/07

Type of Business: Northern Recycling & Waste Services, LLC and/or its Affiliates (the “Company” or “Northern”) provide waste collection services. The Company was formed to service new contracts in the City of Napa and the City of Paradise.

Project Description: The Company was recently awarded two contracts. The Napa-Vallejo Waste Management Authority (JPA) contracted with the Company to equip, maintain, and operate the JPA’s existing transfer station in American Canyon. The Company also contracted with the City of Paradise. The Company anticipates the purchase of a site from which to operate and house waste collection vehicles and containers. The site includes existing buildings requiring renovation and existing facilities to house its collection vehicle fleet.

Public Benefits: The Company represents that the Project is designed to generate the public benefits described below.

Waste Diversion. The expanded operations of the American Canyon transfer station will increase the amount of recyclables recovered from the waste stream. The increase in recyclables recovered will result in a 25% reduction of volume of material transferred to the landfill.

Pollution Control: The Company represents that the Project will generate the pollution control benefits described below.

Air Quality. The Company anticipates that by capturing more recyclables from the waste stream in Napa, the number of transfer trailer trips to the landfill will be reduced which will result in less fossil fuel consumption and attendant air pollution.

Energy Efficiency. The proposed purchase of new, more fuel-efficient vehicles, which will be CARB compliant, is designed to reduce refined oil consumption and air pollution.

SBAF Assistance: The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$250,000.

Permits: The Company represents that it has obtained all necessary permits and provided staff with copies of permits and documentation of CEQA compliance.

Financing Details: The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with

an irrevocable, direct pay Letter of Credit from Union Bank of California, N.A. that is rated A+/F1 by Fitch Rating Agency or equivalent. The target date for financing is June 2007.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Law Offices of Leslie M. Lava

Financial Advisor: Andrew S. Rose

Outside Issuer's Counsel: Office of the Attorney General

Legal Questionnaire: The Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Staff Recommendation: Staff recommends approval of Final Resolution No. 470 for an amount not to exceed \$10,315,000 and a SBAF Resolution in an amount not to exceed \$250,000 for Northern Recycling & Waste Services, LLC, and/or its Affiliates.

**NORTHERN RECYCLING &
WASTE SERVICES, LLC AND/OR
ITS AFFILIATES**

Bond Amount: \$10,315,000

American Canyon (Napa County) and
Paradise (Butte County), CA

Application No. 796(SB)

April 24, 2007

STAFF SUMMARY – CPCFA

Prepared by: *Michael Smith*

ISSUE:

Northern Recycling & Waste Services, LLC and/or its Affiliates (the “Company” or “Northern”) requests approval of (i) a Final Resolution No. 470 for an amount not to exceed \$10,315,000 to finance site improvements and equipment purchases and (ii) a SBAF Resolution in an amount not to exceed \$250,000.

CDLAC Allocation. The Company applied to CDLAC on March 15, 2007 and anticipates receiving allocation of up to \$10,315,000 at the May 16, 2007 CDLAC meeting.

TEFRA. The TEFRA hearing was held on April 11, 2007. There were no comments received in support of or in opposition to this Project.

SBAF Assistance. The Company is a small business eligible for assistance from SBAF in an amount not to exceed \$250,000.

BORROWER:

Northern Recycling & Waste Services, LLC (the “Company” or “Northern”) provides waste collection services. The Company was formed in March 2006 to service new contracts in the County of Napa and the City of Paradise. The Company has a majority common ownership of Napa Recycling & Waste Services, LLC and is itself owned by several companies as listed below.

The principal stockholders of the Company are as follows:

Owners	Stockholders & Percentages	% Ownership Of Company
Recovery Products & Services Inc.		25%
	Greg Kelley 50%	
	Bill Bacigalupi 50%	
Garaventa Enterprises, Inc.		25%
	Mary Garaventa 100%	
Pestoni Paradise City, LLC		25%
	Robert L. Pestoni 50%	
	Linda Sereni 50%	
Garbarino Northern Recycling &		25%

Waste Services, LLC

Joseph J. Garbarino Jr. 50%
Joseph Garbarino Sr. 50%

Total: 100%

Some of the owners of the Company own some interests in various other Bay Area solid waste enterprises, including the companies listed below:

- Garaventa Enterprises
- Marin Sanitary Services
- South Lake Refuse Company

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. Prior CPCFA financings for the related businesses owned by the Company’s partners or affiliates are shown below. All required principal and interest payments have been made in a timely manner.

Description	Date of Bond Issue	Original Amount	Amount Outstanding As of 3/01/07
Napa Recycling & Waste Services, LLC	04/13/05	\$21,030,000	\$20,620,000
Garaventa Enterprises, Inc.	10/04/00	3,100,000	975,000
Garaventa Enterprises, Inc.	10/17/06	18,940,000	18,940,000
Marin Sanitary Service	01/12/94	1,810,000	0
Marin Sanitary Service	05/10/06	13,845,000	13,845,000
South Lake Refuse & Recycling, LLC	10/22/02	6,750,000	4,450,000
TOTALS:		<u>\$65,475,000</u>	<u>\$58,830,000</u>

PROJECT INFORMATION:

The Company was recently awarded two contracts.

Site A.) The Company entered into a contract with the City of Paradise and anticipates acquiring and renovating a site from which to operate and house waste collection vehicles and containers. The site to be purchased from California Vocation, Inc. includes existing buildings and existing facilities to house its collection vehicle fleet. The recyclables collected will be consolidated at the facility site for transfer into trailers and transported to the applicant’s Affiliate, Napa Recycling and Waste Services MRF in Napa for processing.

Site B.) The Company has entered into a contract for a term of 15-years with the Napa-Vallejo Waste Management Authority (JPA) to equip, maintain, and operate the JPA’s existing transfer station in American Canyon. The Company provided staff with a copy of the contract. The JPA consists of the Cities of Vallejo, Napa and American Canyon and the County of Napa. The Company is expanding the operations of the transfer station to include the processing of Construction and Demolition (C&D) debris for recycling. The equipment that the Company will acquire includes rolling stock and (C&D) processing equipment.

The anticipated Project and issuance costs are listed below:

Project Component	Paradise	American Canyon	Total
Collection Vehicles, Transfer Trailers & Utility Vehicles	\$3,490,000	\$ 550,000	\$ 4,040,000
Containers	2,145,000		2,145,000
Loaders, Grinders & Office Equipment	165,000	1,537,000	1,702,000
C & D Sorting Line		1,200,000	1,200,000
Buildings	500,000		500,000
Land	200,000		200,000
Building Renovation	125,000		125,000
Bond issuance expenses			206,300
Letter of Credit Fee			192,613
Contingency			4,087
Total:	<u>\$6,625,000</u>	<u>\$3,287,000</u>	<u>\$10,315,000</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 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.

PUBLIC BENEFITS:

The Company represents that the Project is designed to generate the public benefits described below.

Waste Diversion. The expanded operations of the American Canyon transfer station will increase the amount of recyclables recovered from the waste stream. The increase in recyclables recovered will result in a 25% reduction of volume of material transferred to the landfill.

The Paradise facility involves implementing the first universally available recycling program in the City of Paradise. The Company will make a three-cart, single stream service available to all residents which will facilitate the city meeting state law diversion rate requirements. In addition, the Company has agreed to assist the city and Butte County with their green waste programs. The Company will permit and operate a city-owned vegetation drop-off site and assist the County with the design and implementation of a green waste processing facility.

POLLUTION CONTROL:

The Company represents that the Project will generate the pollution control benefits listed below.

Air Quality. The Company anticipates that by capturing more recyclables from the waste stream in Napa, the number of transfer trailer trips to the landfill will be reduced which will result in less fossil fuel consumption and attendant air pollution.

Energy Efficiency. The Company anticipates that the proposed purchase of new, CARB compliant, and more fuel-efficient vehicles at the Paradise facility will reduce refined oil consumption and the air pollution when contrasted with the older vehicles.

PERMITTING & ENVIRONMENTAL APPROVALS:

The transfer station in American Canyon is fully permitted. The collection and transfer of waste in the City of Paradise does not require permits. The Company represents that it has obtained all necessary permits and provided staff with copies of the permits and documentation of CEQA compliance.

ANTICIPATED TIMELINE:

The Company anticipates purchasing the Paradise site and facility in Spring 2007 and renovating the facility in June 2007 with a December 2007 completion date. Equipment purchases for the transfer station in American Canyon began in March 2007 and are anticipated to be complete by September 2007.

FINANCING DETAILS:

The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Union Bank of California, N.A. that is rated A+/F1 by Fitch Rating Agency or equivalent. The target date for financing is June 2007.

FINANCING TEAM:

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Financial Advisor: Andrew S. Rose
Issuer's Counsel: Office of the Attorney General

RECOMMENDATION:

Staff recommends approval of Final Resolution No. 470 for an amount not to exceed \$10,315,000 and a SBAF Resolution in an amount not to exceed \$250,000 for Northern Recycling & Waste Services, LLC, and/or its Affiliates.

FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES
FOR NORTHERN RECYCLING & WASTE SERVICES, LLC AND/OR ITS AFFILIATES

April 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Northern Recycling & Waste Services, LLC, a California limited liability company (the “Applicant”), for financial assistance to finance acquisition, construction, rehabilitation or improvements to certain solid waste disposal facilities and acquisition of solid waste collection trucks, carts, bins, containers and other vehicles and equipment, all of which will be used to serve the Borrower’s customers throughout its service territory in the Counties of Napa and Butte, California, and all as more particularly described in Application No. 796(SB) of the Applicant and in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$10,315,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower (as defined in the Term Sheet) under a loan agreement with the Authority; and

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

WHEREAS, the Applicant 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; and

WHEREAS, in order to enhance the marketability of the bonds, the Applicant has arranged for a financial institution, as named in the Term Sheet, to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

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

Section 1. The Project constitutes a “project” and the Applicant 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 Bonds (Northern Recycling & Waste Services, LLC Project) Series 2007A” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$10,315,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before December 31, 2007, by negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The proposed form of a generic loan agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman and the

Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by execution and delivery thereof. 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 5. The proposed form of a generic indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee named in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein

appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. 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 Bonds shall be as provided in the Indenture, as finally executed.

Section 6. The proposed form of a generic bond purchase contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority, as approved by the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Authority hereby authorizes and approves the execution and delivery of the Purchase Contract, in substantially the form filed with or approved by the Authority, by the Chairman or the Executive Director of the Authority, for and on behalf and in the name of the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The proposed form of a generic official statement (the “Official Statement”) as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman or the Executive Director of the Authority is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The

Underwriters are hereby authorized to distribute and deliver copies of the Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. The Chairman or the Executive Director of the Authority is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority's disclosure set forth in the form of Official Statement filed with or approved by the Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.

Section 8. The forms of the Loan Agreement, the Indenture, the Purchase Contract and the Official Statement described in Sections 4, 5, 6 and 7 hereof, respectively, shall, if not on file with the Authority, be substantially similar to the Loan Agreement, the Indenture, the Purchase Contract and the Official Statement executed in connection with the issuance of the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Garden City Sanitation, Inc. Project) Series 2007A with particular information inserted therein in conformance with the Term Sheet.

Section 9. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$10,315,000, in accordance with the fully executed and delivered Indenture and the form of bond set forth therein.

Section 10. The Bonds, when so 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 Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority by the

Chairman or the Executive Director of the Authority, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 11. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the "Tax-Exempt Bonds") 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, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

Section 12. As requested by the Applicant, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 13. The Chairman or the Executive Director of the Authority are each hereby authorized and directed, acting alone, to do any and all ministerial acts, including (without limitation) to execute and deliver any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 14. Whenever in this resolution, an officer is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that officer may take such actions with the advice of other counsel retained by the Authority as issuer's counsel, if the

retention of such counsel has been approved by the Attorney General. Such counsel may also approve or require changes to the Official Statement pursuant to the terms of Section 7 hereof.

Section 15. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Applicant 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 Bonds (Northern Recycling & Waste Services, LLC Project) Series 2007A (the “Bonds”)

Maximum Amount of Issue: \$10,315,000 (tax-exempt)

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

Applicant Northern Recycling & Waste Services, LLC

Borrower: Northern Recycling & Waste Services, LLC and/or Northern Recycling Operations & Waste Services, LLC

Affiliate “Affiliate” of the Applicant means any person or entity which meets the definition of “Participating Party” under 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.

Trustee: The Bank of New York Trust Company, N.A.

Senior Underwriter or Placement Agent: Westhoff, Cone & Holmstedt

Bond Counsel: Leslie M. Lava, Esq.
Sausalito, CA

Remarketing Agent: Westhoff, Cone & Holmstedt

Project: Finance (i) the acquisition of land and the acquisition and renovation of buildings thereon to house offices and truck maintenance, washing and storage and the acquisition of equipment, rolling stock and vehicles for the collection, processing and transfer of solid waste and other equipment functionally related thereto, all to be located at 920 American Way,

Paradise, California 95969, (ii) the acquisition of equipment, rolling stock and vehicles for the collection, processing and transfer of solid waste and other equipment functionally related thereto, to be located at 889 Devlin Road, American Canyon, California 94503, and (iii) the acquisition of containers to be located with customers in the cities, sanitary districts and unincorporated areas of the Counties of Butte and Napa, California.

Maximum Bond Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale
Description of Minimum Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
Financing Structure:	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
Maximum Interest Rate:	12%
Letter of Credit:	Provided by Union Bank of California, N.A. or another bank approved by the Executive Director that is rated at least "A-".
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	"A+/F1" (minimum "A-")
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Leslie M. Lava, Esq. (415) 331-6464 April 12, 2007

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

April 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the "Authority") has approved the application of Northern Recycling & Waste Services, LLC (the "Applicant"), for financial assistance to finance acquisition, construction, rehabilitation or improvements to certain solid waste disposal facilities and acquisition of solid waste collection trucks, carts, bins, containers and other vehicles and equipment, all to be located in the Counties of Napa and Butte, California, as more particularly described in Application No. 796(SB) of the Applicant (the "Project") and has adopted its Resolution 470 (the "Final Resolution") authorizing the issuance of revenue bonds 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 (the "Bonds"); and

WHEREAS, the Authority has received and accepted an application from the Applicant for assistance from the Fund; and

WHEREAS, the Applicant has demonstrated a financial capability to make loan payments to the satisfaction of the issuer of a direct pay letter of credit securing the Bonds, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

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

Section 1. The Applicant and the Borrower (as defined in the Final Resolution) 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.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$250,000 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director or the Deputy Executive Director of the Authority based upon the final terms of the sale of the Bonds.

Section 4. The Executive Director or Deputy Executive Director of the Authority is hereby authorized and directed, jointly and severally, 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 5. This resolution shall take effect immediately upon adoption hereof. The adoption by the Authority of this resolution for the Applicant 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.