

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: December 16, 2014
Request for Amendment to Initial Resolution

Prepared by: *Andrea Gonzalez*

Applicant: CR&R Incorporated and/or its Affiliates	Amount Requested: \$31,000,000
Project Location: City of Perris (Riverside County)	Application No.: 867
	Initial Resolution No.: 13-03
	Prior Actions: IR approved 02/19/2013

Summary. CR&R Incorporated and/or its Affiliates (the “Company”) requests an amendment to Initial Resolution 13-03 to increase the dollar amount to an amount not to exceed \$31,000,000 to reflect increased project costs and to extend the expiration date of the Initial Resolution to December 16, 2017.

At the February 19, 2013 California Pollution Control Financing Authority (CPCFA) Board Meeting, an Initial Resolution for CR&R Incorporated was approved for an amount not to exceed \$22,000,000. The amount has increased to reflect the increased scope of the project.

The request includes financing for the construction and installation of an anaerobic digester and related equipment at its Perris operating site located in Riverside County.

Borrower. The Company provides integrated environmental management services consisting of the collection, transfer and hauling of solid waste, material recovery and the processing, marketing and transportation of recyclable materials to various municipalities within the cities and counties of Orange, Riverside and Los Angeles. CR&R Incorporated was organized in November of 1963.

The principal stockholders of the Company are as follows:

Clifford R. Ronnenberg, as the Trustee of the Ronnenberg Family Trust dated June 21, 1978	49%
Clifford R. Ronnenberg, as the Trustee of the Ronnenberg Family Trust B dated April 9, 2006	2%
David M. Ronnenberg, as the Trustee of the Ronnenberg Family 2012 Trust dated December 28, 2012	<u>49%</u>
Total:	<u>100%</u>

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

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Project Description. The Company intends to construct and install an anaerobic digester to process organic waste at its Perris operating site. The project will include building expansion and additions for, among other uses, offices, vehicle maintenance and receiving building functions, a compressed natural gas (CNG) fueling station and other related equipment. The CNG generated by the anaerobic digester will be used by the Company to fuel a portion of its waste collection vehicles. The project may also include the acquisition of rolling stock, drop boxes, bins, carts and containers.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in June of 2015.

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

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Law Offices of Leslie M. Lava

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of an amendment to Initial Resolution No. 13-03 for CR&R Incorporated and/or its Affiliates for an amount not to exceed \$31,000,000.

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

**AMENDMENT OF INITIAL RESOLUTION TO ISSUE BONDS
TO FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR
CR&R INCORPORATED AND/OR ITS AFFILIATES**

December 16, 2014

WHEREAS, the California Pollution Control Financing Authority (“Authority”) by its Resolution No. 13-03 (“Initial Resolution”) has heretofore declared the Authority’s official intent to issue revenue bonds for the financing of solid waste disposal/recycling facilities to be owned and operated by CR&R Incorporated, a California corporation, and/or its Affiliates (as defined therein) (collectively, “Company”), which financing was expected to be comprised of (i) the construction of an anaerobic digester, a compressed natural gas fueling station and improvements to existing facilities, (ii) the construction of site improvements, (iii) the acquisition of rolling stock and drop boxes, bins, carts and containers, and/or (iv) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and other equipment functionally related thereto (collectively, “Facilities”), to be located at the site described in Exhibit A thereto and hereto; and

WHEREAS, the Company now desires, and has requested the Authority, to amend the Initial Resolution in order to (i) expand the definition of Facilities to include building additions for, among other uses, offices, vehicle maintenance and receiving building functions, (ii) increase the maximum principal amount of such revenue bonds from \$22,000,000 to \$31,000,000, and (iii) extend the expiration date of the Initial Resolution from February 19, 2016 to December 16, 2017; and

WHEREAS, the Authority has determined that it is necessary and advisable that the foregoing be approved.

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

Section 1. The Authority hereby approves the expansion of the definition of Facilities to include building additions for, among other uses, offices, vehicle maintenance and receiving building functions.

Section 2. The Authority hereby approves the increase in the maximum principal amount of such revenue bonds to \$31,000,000, and any references in the Initial Resolution to “\$22,000,000” shall be changed to “\$31,000,000”.

Section 3. The Authority hereby approves the extension of the expiration date of the Initial Resolution to December 16, 2017.

Section 4. The Initial Resolution, as amended by this Amendment of Initial Resolution, shall take effect immediately upon its passage and remain in full force and effect

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thereafter; provided that, except as provided in Section 6 of the original Initial Resolution, it shall cease to be effective on December 16, 2017 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of the Initial Resolution, as amended by this Amendment of Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the reason why the project has not proceeded prior to the date of the letter.

Section 5. Except as amended by Sections 1, 2, 3 and 4 hereof, all provisions and conditions of the Initial Resolution shall remain unchanged and in full force and effect.

Section 6. The Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts in order to communicate this Amendment of Initial Resolution to the Company and otherwise to effectuate the purposes of this Amendment of Initial Resolution.

EXHIBIT A

NUMBER: 13-03

LOCATION: 1706 Goetz Road
Perris, CA 92570

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$31,000,000