

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: May 16, 2017**

*Request to Approve Final Resolution Authorizing the Issuance of Revenue
Notes for New Money and Refunding Purposes, Small Business Assistance Fund
(SBAF) Costs of Issuance Assistance and Tax-Exempt Volume Cap Allocation*

Prepared by: *Kris Luoma*

Applicant:	Bay Counties Waste Services, Inc.	Amount Requested:	\$23,290,000
		Allocation Amount Requested:	\$7,750,000
		Application No.:	902(SB)
Project Location:	Cities of Santa Clara and Sunnyvale (Santa Clara County)	Final Resolution No.:	566
		Prior Actions:	IR Approved 2/21/17

Summary. Bay Counties Waste Services, Inc. and/or its Affiliates (the “Company”) requests approval of a Final Resolution to issue revenue notes to refund two current outstanding California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds: (1) Series 2011A (Bay Counties Waste Services, Inc. Project) in the amount of \$11,280,000, of which \$10,180,000 will be redeemed from Series 2017 Note proceeds and \$470,000 will be redeemed from Company funds; and (2) Series 2014 (Bay Counties SMaRT Project) in the amount of \$5,180,000, of which \$4,730,000 will be redeemed from Series 2017 Note proceeds and \$450,000 will be redeemed from Company funds. The Company is also requesting Volume Cap Allocation approval for an amount not to exceed \$7,750,000 in new money revenue notes to finance the purchase of new California Air Resources Board (CARB) compliant collection vehicles, carts and pails.

In addition, the Company is requesting approval of a Small Business Assistance Fund (SBAF) Resolution in an amount not to exceed \$144,000 to assist with the cost of issuance of this transaction.

Borrower. The Company is a corporation and was organized on January 1, 1993 for the purpose of providing residential collection and transfer of solid waste for the City and County of Santa Clara. The Company is a small business with approximately 189 employees.

The principal stockholders of the Company are as follows:

Robert J. Molinaro	28.2%
Anthony Macchiano	12.7%
William Dobert	9.1%
Doug Button	5.0%
Jerry Nabhan	5.0%
Paul Fornesi	5.0%
Ron Fornesi	5.0%
John Rossi	5.0%
Michael Achiro	5.0%

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Craig Stagnaro Trust	5.0%
Richard Gotelli	5.0%
Joanne Bortoli	5.0%
Stephanie Uccelli-Menner	5.0%
Total:	<u>100%</u>

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 in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

TEFRA. The TEFRA hearing was held on April 20, 2017. There were no comments received in support of or in opposition to this Project.

Fees. The Company has paid an application fee of \$3,875 and will pay an administrative fee of \$42,705 at closing.

SBAF Assistance. The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$144,000.

Prior Financings. Prior financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of <u>May 3, 2017</u>
Bay Counties Waste Services, Inc. Project Series 2011A	08/10/2011	\$20,100,000	\$11,280,000
Bay Counties SMaRT Project Series 2014	10/15/2014	\$8,820,000	\$5,180,000
TOTALS:		<u>\$28,920,000</u>	<u>\$16,460,000</u>

Background. The Company provides services for the collection of waste and recycling to residential and commercial customers.

On August 10, 2011, CPCFA issued bonds for Bay Counties Waste Services, Inc. in the amount of \$20,100,000. The bonds financed the purchase of the land it was leasing and the acquisition of collection vehicles, rolling stock, drop boxes, bins, carts and containers.

On October 15, 2014, CPCFA issued bonds for Bay Counties Waste Services Inc. for its SMaRT project in the amount of \$8,820,000. The bonds financed the purchase of containers, conveyors, sorters, rolling stock and related equipment.

Project Description. Pursuant to AB 1826, California's food waste recycling requirement, which became effective April 1, 2016, the Company plans to use note proceeds to purchase additional equipment, including new CARB compliant collection vehicles that will be housed at the Santa Clara project location. The Company will also be acquiring carts and pails which will be distributed to customers in the city of Sunnyvale and in unincorporated Santa Clara County.

The anticipated project and issuance costs are listed below:

Acquisition and Installation of New Equipment	\$7,595,000
Note issuance Expenses (including discount)	<u>\$155,000</u>
TOTALS:	<u>\$7,750,000</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 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 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.

Anticipated Project Timeline. The purchase and installation of the CARB compliant collection vehicles, carts, bins, bins, pails and containers is expected to be completed during the third quarter of 2017.

Local Government. The Company received a letter of support from Mark A. Bowers, Solid Waste Programs Division Manager, for the City of Sunnyvale (see 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. In assisting the City of Sunnyvale's compliance with AB 1826, food waste will be diverted from the landfill which is expected to reduce the amount of methane gas emissions produced.

Recycling of Commodities. The project is in response to AB 1826 and will provide equipment for businesses and residential customers to segregate their food waste. The segregated food will be sent to a facility which will convert the food waste into animal feed.

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

Consumer Cost savings and Efficiencies. The cost of capital is an integral part of the project sponsor's rate structure and with the purposed financing, the project sponsor will be able to minimize future rate increases.

Other benefits to the public. The project will help the City of Sunnyvale comply with AB 1826.

Permitting and Environmental Approvals. The Company will be financing collection vehicles, carts, bins and containers. The Company provided a letter dated March 17, 2017 that represents no additional discretionary permits or approvals are required for the development of this project. The project is consistent with existing zoning and permits.

Financing Details. The Company anticipates a direct bank purchase of negotiated tax-exempt notes with Comerica Bank, 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. The target date for financing is June 7, 2017.

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 amount 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

Bond Counsel: Law Offices of Leslie M. Lava

Issuer’s Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Final Resolution No. 566 and Volume Cap Allocation Resolution No. 14-147-03 for an amount not to exceed \$7,750,000, and a SBAF Resolution in an amount not to exceed \$144,000 for Bay Counties Waste Services, Inc. and/or its Affiliates.

Attachment A



MAR 22 '17 PM 12:17

March 16, 2017

Ms. Reneé Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
801 Capitol Mall, 2nd Floor
Sacramento, CA 95814

**RE: California Pollution Control Financing Authority, Exempt Facility Approvals
Bay Counties Waste Services, Inc. Project**

Dear Ms. Webster-Hawkins:

I write to you today regarding Bay Counties Waste Services, Inc. and the funding of their food waste project for which approval will be requested at the California Pollution Control Financing Authority (CPCFA) meeting in May.

My staff and I have worked closely with the management of Bay Counties Waste Services, Inc. in their development of the proposed project and I understand that they are now ready for final approval of the financing. I further understand 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 CPCFA must grant part of the State's allocation for "private activity" bonds, as defined by the federal government, to the Project.

We and Bay Counties Waste Services, Inc. agree that the implementation of this project is a cost-effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of Sunnyvale I ask that you approve the Bay Counties Waste Services, Inc. Project at your May meeting.

Very truly yours,

A handwritten signature in cursive script that reads "Mark A. Bowers".

Mark A. Bowers, Solid Waste Programs Division Manager

Cc: Kent Steffens, Environmental Services Director (Interim)
File SW 21.1

ADDRESS ALL MAIL TO: P.O. BOX 3707 SUNNYVALE, CALIFORNIA 94088-3707
TDD (408) 730-7500

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**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE NOTES FOR
NEW MONEY AND REFUNDING PURPOSES FOR THE
SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF BAY COUNTIES WASTE SERVICES, INC. AND/OR ITS AFFILIATES**

May 16, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Bay Counties Waste Services, Inc. (the “Borrower”) for financial assistance to finance or refinance the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including rolling stock, collection vehicles, carts, pails, bins, containers and other equipment functionally related thereto, to be located at 3355 Thomas Road, Santa Clara, California 95054 (the “Thomas Road Site”), 301 Carl Road, Sunnyvale, California 94089 (the “Carl Road Site”) and/or with customers in incorporated and unincorporated Santa Clara County, California (the “County”), all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “2017 Project”); and

WHEREAS, the Authority has previously issued its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Bay Counties Waste Services, Inc. Project) Series 2011A and the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Bay Counties SMaRT Project) Series 2014 (collectively, the “Prior Bonds”); and

WHEREAS, the Borrower now wishes to refund the Prior Bonds, which financed the acquisition, construction, installation and equipping of certain solid waste facilities, which facilities and/or equipment were located at the Thomas Road Site and/or the Carl Road Site and/or with customers in the County, all as more particularly described in the Term Sheet (collectively, the “Prior Project” and, together with the 2017 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 \$23,290,000 to assist in the financing or refinancing of the Project and the refunding of the Prior Bonds; and

WHEREAS, the Borrower has requested that such revenue notes be delivered in installments as described in the hereinafter referred indenture; and

WHEREAS, the proceeds of such revenue notes will be loaned to the Borrower under the hereinafter referred loan agreement with the Authority; and

WHEREAS, final approval of the terms of such revenue notes and certain documents relating to such revenue 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 (Bay Counties Waste Services, Inc. Project) Series 2017” (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 \$23,290,000, 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 2017 Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the 2017 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, 2017, 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:

(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.

Section 5. 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 6. 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 7. 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.

Section 8. The Authority hereby dedicates and confirms its allocation to the Notes of \$7,750,000 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, to finance or refinance certain costs of the 2017 Project and to pay certain costs of issuance of the Notes, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Notes.

Section 9. 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 10. The provisions of the resolution of the Authority 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 19, 2016, apply

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to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 11. 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 12. 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 (Bay Counties Waste Services, Inc. Project) Series 2017 (the “Notes”)

Maximum Amount of Issue: \$23,290,000 (tax-exempt)

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

Borrower: Bay Counties Waste Services, Inc.

Purchaser: Comerica Bank San Jose, California

Note Counsel: Leslie M. Lava, Esq. Tiburon, CA

Trustee: The Bank of New York Mellon Trust Company, N.A. Los Angeles, California

Underwriter: Not applicable

Remarketing Agent: Not applicable

2017 Project: Finance or refinance the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including rolling stock, collection vehicles, carts, pails, bins, containers and other equipment functionally related thereto, to be located at 3355 Thomas Road, Santa Clara, California 95054 (the “Thomas Road Site”), 301 Carl Road, Sunnyvale, California 94089 (the “Carl Road Site”) and/or with customers in incorporated and unincorporated Santa Clara County, California (the “County”).

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Prior Projects:	Finance or refinance (i) the acquisition of land, the acquisition and installation, if any, of equipment, rolling stock and vehicles for the collection, processing and transfer of solid waste and other equipment functionally related thereto located at the Thomas Road Site and/or the acquisition of drop boxes, bins, carts and containers located with customers throughout the County; and (ii) the acquisition and installation, if any, of equipment, rolling stock and vehicles for the processing and transfer of solid waste, including without limitation, screens, conveyors, sorters, forklifts and loaders, and other equipment functionally related thereto, located at the Carl Road Site.
Maximum Note Term:	Not to exceed 31 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)
Financing Structure:	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
Maximum Interest Rate:	Lesser of 12% or the maximum rate permitted by law
Letter of Credit:	Not applicable
Other Credit Enhancement:	Not applicable
Anticipated Note Rating:	Unrated

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Type of Financing:

Solid waste disposal revenue notes

Prepared by:

Leslie M. Lava, Esq.
Law Offices of Leslie M. Lava
(415) 331-6464

**RESOLUTION OF THE CALIFORNIA
POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL
BUSINESS ASSISTANCE FUND FOR
BAY COUNTIES WASTE SERVICES, INC.
AND/OR ITS AFFILIATES**

May 16, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Bay Counties Waste Services, Inc. (the “Borrower”), for financial assistance to (i) finance or refinance the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including rolling stock, collection vehicles, carts, pails, bins, containers and other equipment functionally related thereto, to be located at 3355 Thomas Road, Santa Clara, California 95054, 301 Carl Road, Sunnyvale, California 94089 and/or with customers in incorporated and unincorporated Santa Clara County, California (the “County”), and (ii) refund the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Bay Counties Waste Services, Inc. Project) Series 2011A and the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Bay Counties SMaRT Project) Series 2014 (collectively, the “Prior Bonds”), as more particularly described in Application No. 902(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 566 (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, 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;

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

Section 1. 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.

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Section 3. The Authority hereby authorizes and approves up to \$144,000 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, Division 11, Article 4, Section 8042(c).

Section 4. The 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 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.

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 14-147-03

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2014 STATE
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN
EXEMPT FACILITY PROJECT**

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from Bay Counties Waste Services, Inc. (“Project Sponsor”) for approval of the issuance of revenue notes; and

WHEREAS, on May 16, 2017, CPCFA approved Final Resolution No. 566 (“Final Resolution”) authorizing the issuance of up to \$7,750,000 of its solid waste disposal revenue notes (Bay Counties Waste Services, Inc. Project) Series 2017 (“Notes”); and

WHEREAS, in seeking CPCFA approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA which were relied upon by CPCFA in approving the Final Resolution; and

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2014 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and regulations. Accordingly, capitalized terms (with the exception of “Executive Director” which shall mean the Executive Director of CPCFA) not otherwise defined shall have the meanings ascribed to them in the “Regulations of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Regulations”); and

WHEREAS, it is appropriate for CPCFA to confirm the use of a portion of the 2014 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Notes as set forth in the Final Resolution;

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of \$7,750,000 is hereby dedicated to the issuance of the Notes. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Notes for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Notes, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Notes must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

Section 4. The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Notes for the Project have been issued by CPCFA by the close of business on **August 13, 2017**. In case of extreme hardship, the Deputy Executive Director or the Executive Director may extend this date by up to five (5) business days. In addition, the Executive Director may also grant an 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.

Section 5. Within twenty-four (24) hours of issuing the Notes, CPCFA shall notify CDLAC via the email or the fax number as provided in California Code of Regulations, title 4, section 5140 that the Notes have been issued. This notice shall identify the Project Sponsor, the project or program, the date and amount of the Notes issued.

Section 6. Within fifteen (15) calendar days of the Notes closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Notes by submitting the appropriate completed Report of Action Taken in a form prescribed by and made available by CDLAC.

Section 7. Any differences between the amount of Notes issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

Section 8. In consideration of the CPCFA Allocation dedicated in Section 1 of this resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Notes. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Notes documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 9. In accordance with California Code of Regulations, title 4, section 5145, subdivision (b), the Project Sponsor or its successor in interest shall submit to CPCFA each year by February 1, an annual Certification of Compliance II until the Project Sponsor has completed the Project and submitted a Certificate of Completion. CPCFA shall confirm receipt of the certificates to CDLAC by March 1 annually via the online compliance certification system until project completion. Copies of the certification forms may be found at

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<http://www.treasurer.ca.gov/cdlac>. Failure to submit the required certifications may result in disqualification from future dedications of the State Ceiling on Qualified Private Activity Bonds.

Section 10. This Resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 14-147-03
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Project Sponsor: Bay Counties Waste Services, Inc. and/or its Affiliates
2. Application #: 902(SB)
3. Project User: Bay Counties Waste Services, Inc. and/or its Affiliates
4. Project Name: Bay Counties Waste Services, Inc.
5. Location(s): 3355 Thomas Road, Santa Clara, Ca 95054
301 Carl Road, Sunnyvale, Ca 94089
6. Direct Bank Purchaser: Comerica Bank.
7. Direct Bank Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$7,750,000