

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: October 17, 2017**

Request to Approve Final Resolution Authorizing the Issuance of Revenue Notes for New Money and Refunding Purposes, and Tax-Exempt Volume Cap Allocation

Prepared by: Andrea Gonzalez

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| Applicant: | Garden City Sanitation, Inc. and/or its affiliates | Final Resolution Amount Requested: | \$60,000,000 |
| | | Allocation Amount Requested: | \$29,180,000 |
| | | Application No.: | 905(SB) |
| Project | | Final Resolution No.: | 17-01-574 |
| Location: | City of Santa Clara (Santa Clara County) | Prior Action: | IR 17-08 approved 4/18/17 |

Summary. Garden City Sanitation, Inc., and/or its affiliates (the “Company”) requests approval of a Final Resolution for a total amount not to exceed \$60,000,000 and Volume Cap Allocation for an amount not to exceed \$29,180,000. The new money proceeds will be used to finance the acquisition of land and equipment to support the Applicant’s waste collection and transfer activities under a new franchise agreement with the City of Milpitas, CA (the “Franchise Agreement”).

The Company intends to refund three Solid Waste Disposal Revenue Bonds previously issued by CPCFA in the amount of \$30,820,000 (Series 2009A, Series 2009B and Series 2014 Bonds).

Borrower. Garden City Sanitation, Inc. provides collection and disposal of residential waste pursuant to a franchise agreement with the City of San Jose. Garden City Sanitation, Inc. has two affiliated operating companies which consist of Milpitas Sanitation, Inc. and Livermore Sanitation, Inc. Livermore Sanitation, Inc. provides residential and commercial waste services pursuant to a franchise agreement with the City of Livermore. Milpitas Sanitation, Inc. has recently been awarded the Franchise Agreement with the City of Milpitas for the collection and disposal or processing of waste and recyclable materials.

The principal stockholders of Garden City Sanitation, Inc. are as follows:

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| Louis Pellegrini | 28.45% |
| Don A. Arata, Trustee of the Don Arata Revocable Trust dated October 21, 2014 | 14.00% |
| Kent Kenney and Cheryl Kenney, as Trustees of the Kent Kenney and Cheryl Kenney Living Trust | 9.14% |
| Edward John Bortoli and Robin Marie Bortoli, as Trustees of the Revocable Trust of Edward John Bortoli and Robin Marie Bortoli dated June 14, 2006 | 5.00% |
| Douglas H. Button and MaryAnn L. Button, as Trustees of the Button Family 2004 Trust Dated November 17, 2004 | 5.00% |

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| Paul R. Formosa and Julie A. Formosa, as Trustees under The Revocable Trust of Paul Richard Formosa and Julie Alice Formosa dated October 25, 2001 | 5.00% |
| Ronald S.Fornesi and Tamara L. Fornesi, as Trustees of the Fornesi 2000 Family Trust u/d/t dated 1/12/2000 | 5.00% |
| Vincent Fornesi and Sandra L. Fornesi, as Trustees of the Fornesi Living Trust dated January 8, 2009 | 5.00% |
| Jerry P. Nabhan and Julie Ann Nabhan, as Trustees of the Nabhan Family 2006 Trust | 5.00% |
| John F. Rossi, as Trustee of the Rossi Living Trust dated January 8, 2009 | 5.00% |
| Michael Achiro, as Trustee under the Achiro Living Trust dated February 24, 2009 | 5.00% |
| Various (less than 3%) | <u>8.41%</u> |
| Total: | <u>100.00%</u> |

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 September 14, 2017. 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 \$115,000 at closing.

Prior Financings. Prior financings are listed below.

| Description | Date of Bond Issue | Original Amount | Amount Outstanding as of 9/18/2017 |
|---|--------------------|----------------------------|------------------------------------|
| Garden City Sanitation, Inc. Series 2009A | 12/23/2009 | \$33,000,000 | \$21,350,000 |
| Garden City Sanitation, Inc. Series 2009B | 12/23/2009 | \$10,000,000 | \$5,065,000 |
| Garden City Sanitation, Inc. Series 2014 | 09/24/2014 | \$8,905,000 | \$4,405,000 |
| TOTALS: | | <u>\$51,905,000</u> | <u>\$30,820,000</u> |

Background. On December 23, 2009, CPCFA issued the Series 2009A and 2009B bonds totaling \$43,000,000. The Series 2009 bonds financed the acquisition and renovation of land and buildings, as well as the acquisition of new equipment and vehicles.

On September 24, 2014, CPCFA issued the Series 2014 bonds in the amount of \$8,905,000. These bond proceeds were used to finance the construction of a compressed natural gas (CNG) fueling

station located in Santa Clara County, as well as the acquisition of land and various related equipment.

Current Request. Garden City Sanitation, Inc. was recently awarded the Franchise Agreement with the City of Milpitas, CA for the collection and disposal or processing of the City’s residential and commercial waste and recyclable materials. Milpitas Sanitation, Inc. was formed on August 30, 2016 and the Franchise Agreement was subsequently amended to name it as the servicing entity. A new California limited liability company, Milpitas Sanitation, LLC, has been formed in order to purchase real property to provide a site for Milpitas Sanitation, Inc. to fulfill its obligations to the City of Milpitas under the Franchise Agreement.

The Company will use note proceeds to finance the acquisition of land and equipment to support its waste collection and transfer activities. This equipment includes collection vehicles, carts, bins, containers, shop equipment, and fueling equipment. Such equipment will be located on the property to be acquired at 1015 Martin Avenue in Santa Clara, CA, which will be initially leased by Milpitas Sanitation, Inc. from the Hertz Corporation. The Applicant will contribute approximately \$2,825,000 toward the land acquisition cost and finance the rest using the note proceeds. The property to be acquired is presently owned by the Hertz Corporation and has been used for car/truck parking. Garden City Sanitation, Inc. and Milpitas Sanitation, Inc. will use the property to park its collection vehicles and other rolling stock.

The anticipated project and issuance costs are listed below:

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|---|----------------------------|
| Acquisition of Land | \$7,175,000 |
| Rehabilitation of Existing Building | 150,000 |
| Acquisition and Installation of New Equipment | 21,387,307 |
| Bond Issuance Expenses | <u>467,693</u> |
| Total: | <u>\$29,180,000</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 Project has been initiated and all proceeds are expected to be used by November 1, 2020.

Local Government. The Company received a letter of support from Steve J. Pangelinan, Acting City Manager of the City of Milpitas (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. As part of its commitment to the City of Milpitas, under its new franchise, the Company will acquire new CNG vehicles, thereby minimizing particulate matter associated with conventional diesel fueled Vehicles.

Energy Efficiency. CNG is primarily a domestically produced product that will reduce the Company's reliance on foreign oil.

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

Consumer Cost Savings and Efficiencies. The Franchise Agreement with the City of Milpitas was granted as part of a competitive bidding process. In determining its proposed rate structure its capital cost considered the use of tax-exempt financing.

Permitting and Environmental Approvals. The Company has provided a signed letter from its CFO, Kent Kenney, articulating that the project is consistent with their existing zoning and permits and that it does not require a new CEQA process nor requires any discretionary permits. The land that will be acquired is zoned Heavy Industrial. This zoning is consistent with the intended use by Garden City Sanitation, Inc. and Milpitas Sanitation, Inc.

Financing Details. The Company anticipates a direct bank purchase of negotiated tax-exempt notes with MUFG Union Bank, N.A., 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 notes in whole. The target date for financing is November 1, 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 \$60,000,000 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. 17-01-574 for an amount not to exceed \$60,000,000 and Volume Cap Allocation Resolution No. 14-147-11 for an amount not to exceed \$29,180,000 for Garden City Sanitation, Inc. and/or its affiliates.

Attachment A



AUG 7 '17 AM 9:25

CITY OF MILPITAS
OFFICE OF THE CITY MANAGER

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479
PHONE: 408-586-3050, FAX: 408-586-3056, www.ci.milpitas.ca.gov

July 26, 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
Garden City Sanitation, Inc. Project**

Dear Ms. Webster-Hawkins:

I write to you today on behalf of Milpitas Sanitation, Inc. (the "Company"), an Affiliate of Garden City Sanitation, Inc., relating to the funding of their project for which approval will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in July. The City recently awarded a Franchise Agreement for residential waste collection and disposal to the Company, and the project involves the financing of the acquisition of land and equipment to support such Franchise Agreement (the "Project").

My staff and I have worked with the management of Milpitas Sanitation, Inc. in their development of the proposed Project, and I understand that they now are 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 Milpitas Sanitation, 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 Milpitas, I would appreciate it if you would approve the Milpitas Sanitation, Inc. Project at your July meeting. Thank you.

Sincerely,

Steve J. Pangelinan
Acting City Manager

**Final Resolution No. 17-01-574
Application No. 905(SB)**

**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 GARDEN CITY SANITATION, INC. AND/OR ITS AFFILIATES**

October 17, 2017

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Garden City Sanitation, Inc., a California corporation (the “Borrower”), for financial assistance to finance or refinance the acquisition of land and the construction of site improvements thereto, and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including, without limitation, rolling stock, collection and other vehicles, carts, bins, containers, shop, fueling and office equipment and other equipment functionally related thereto to be located at 1015 Martin Avenue, Santa Clara, CA 95050, 590 Martin Avenue, Santa Clara, CA 95050, 420 Railroad Court, Milpitas, CA 95035, 967 Mabury Road, Milpitas, CA 95035, 2222 Calle De Luna, Santa Clara, CA 95035, 308 Sango Court, Milpitas, CA 95035 and/or 650 Aldo Avenue, Santa Clara, CA 95035, 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 (Garden City Sanitation, Inc. Project) Series 2009A, Series 2009B and Series 2014 (the “Prior Bonds”); and

WHEREAS, the Borrower now wishes to refund the Prior Bonds, which financed or refinanced the acquisition of land, the acquisition, construction and/or renovation of various buildings used for solid waste processing, recycling and sorting, vehicle and equipment maintenance and/or administration, the construction of a CNG fueling station, the acquisition of rolling stock and other vehicles and the acquisition of equipment for the collection, processing, transfer and recycling of municipal solid waste, all as more particularly described in the Term Sheet (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 \$60,000,000 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

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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 (Garden City Sanitation, 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 \$60,000,000, 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, 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 “Purchasers”), 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 \$29,180,000 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 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 (Garden City Sanitation, Inc. Project) Series 2017 (the “Notes”)

Maximum Amount of Issue: \$60,000,000 (tax-exempt)

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

Borrower: Garden City Sanitation, Inc.
Santa Clara, California

Purchaser: MUFG Union Bank, N.A.
Ontario, 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

2017 Project: Finance or refinance the acquisition of land and the construction of site improvements thereto, and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including, without limitation, rolling stock, collection and other vehicles, carts, bins, containers, shop, fueling and office equipment and other equipment functionally related thereto to be located at 1015 Martin Avenue, Santa Clara, CA 95050, 590 Martin Avenue, Santa Clara, CA 95050, 420

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Railroad Court, Milpitas, CA 95035, 967 Mabury Road, Milpitas, CA 95035, 2222 Calle De Luna, Santa Clara, CA 95035, 308 Sango Court, Milpitas, CA 95035 and/or 650 Aldo Avenue, Santa Clara, CA 95035.

Prior Project:

Financed or refinanced (1)(i) the acquisition of land, the acquisition, construction and renovation of a building thereon to house offices, truck maintenance, washing and storage, and the sorting and transfer of solid waste, the construction and installation of fueling equipment 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 located at 7000 and/or 7050 National Drive, Livermore, CA 94550, and (ii) the acquisition of drop boxes, bins, carts and containers located with customers in the City of Livermore, CA and various other incorporated and unincorporated portions of Alameda County, CA; and (2)(i) the acquisition of land, 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 located at 1080, 1088 and/or 1090 Walsh Avenue, Santa Clara, CA 95050 (the "Santa Clara Site"), and (ii) the acquisition of drop boxes, bins, carts and containers located with customers in the City of San Jose, CA and various other incorporated and unincorporated portions of Santa Clara County, CA; and (3) (i) the construction of a compressed natural gas fueling station and the retrofitting of existing collection vehicles, located at the Santa Clara Site, (ii) the acquisition of land used in solid waste disposal operations and the

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construction of improvements thereon located at 6877 Brisa Street, Livermore, CA 94550 (the “Livermore Site”), and (iii) the acquisition and installation, if any, of rolling stock and other equipment for the collection, processing, transfer and recycling of solid waste and other equipment functionally related thereto, located at 7000 and/or 7050 National Drive, Livermore, CA 94550, the Livermore Site and/or the Santa Clara Site.

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| 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 |
| Type of Financing: | Solid waste disposal revenue notes |
| Prepared by: | Leslie M. Lava, Esq. Law Offices of Leslie M. Lava (415) 331-6464 |

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 14-147-11

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

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received an application (“Application”) from the Garden City Sanitation, Inc. and/or its Affiliates (“Project Sponsor”) for the dedication of a portion of the 2014 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, to finance a Project through the issuance of bonds or other obligations as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the California Debt Limit Allocation Committee (the “Committee”) implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds);

WHEREAS, the Project Sponsor has represented and confirmed in its Application certain facts and information concerning the Project;

WHEREAS, in evaluating the Project and dedicating a portion of the State Ceiling on Qualified Private Activity Bonds to the Project Sponsor for the benefit of the Project, the Authority has relied upon the written facts and information represented in the Application by the Project Sponsor; and

WHEREAS, it is appropriate for the Authority to dedicate a portion of the 2014 State Ceiling on Qualified Private Activity Bonds in order to benefit such Project described in the Application;

NOW, THEREFORE, the California Pollution Control Financing Authority resolves as follows:

Section 1. There is hereby dedicated to the Project Sponsor an amount of the 2014 State Ceiling on Qualified Private Activity Bonds equal to **\$29,180,000** (“Allocation”). Such Allocation may be used only in connection with the issuance of bonds or other obligations to finance the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor, and all of its respective successors and assignees, will be bound by such terms and conditions. The Project shall be subject to the monitoring provisions of section 5144 of the Committee’s Regulations.

Section 3. The Allocation must be used within ninety (90) days from the date of this Resolution. The Committee may grant an extension of up to ninety (90) days. However, the extension will result in a forfeiture of the Project's performance deposit.

Section 4. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds to finance the Project, the Authority shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Project Sponsor, the project, the date the Allocation was used, and the Allocation amount.

Section 5. Within fifteen (15) calendar days of the Bond closing, the Authority shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 6. Any differences between the amount of Bonds issued and the amount of the Allocation in Section 1 of this Resolution shall automatically revert to the Authority.

Section 7. Authority staff is authorized and directed to transmit a copy of this Resolution to the Project Sponsor together with a request that the Project Sponsor retain a copy of this Resolution for the term of the Bonds. Authority staff is further directed to retain a copy of this Resolution in the files of the Authority for the same period of time.

Section 8. In consideration of the Allocation dedicated to the Project, 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 Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by the Authority or the Committee through an action for specific performance or any other available remedy, provided however, that the Authority and the Committee agree not to take such action or enforce any such remedy that would be materially adverse to the Bondholders. In addition, the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 9. The Certification of Compliance II or equivalent form must be submitted by the Project Sponsor to the Authority by February 1, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Authority. The Authority is responsible for reporting to CDLAC by March 1 annually via the Online Compliance System until project completion. 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 submit compliance may result in disqualification from future program participation.

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

RESOLUTION NO. 14-147-11
(EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Application No.: 905(SB)
2. Project Sponsor: Garden City Sanitation, Inc. and/or its Affiliates
3. Project User: Same as Project Sponsor
4. Project Name: Milpitas Sanitation, Inc.
5. Location: 1150 Walsh Avenue
Santa Clara, CA 95005
6. Amount of Allocation: \$29,180,000
7. Pursuant to Section 5145(d) of the CDLAC Regulations, CDLAC must be designated in the bond documents to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.