

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: April 12, 2021

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

Prepared by: *Andrea Gonzalez*

Applicant: Napa Recycling & Waste Services, LLC, and/or its affiliates	Amount Requested: \$37,000,000
Project Location: City of Woodland (Yolo County)	Application No.: 944(SB)
	Initial Resolution No.: 21-01

Summary. Napa Recycling & Waste Services, LLC, and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$37,000,000 in tax-exempt notes. Note proceeds will be used to finance the construction of an organics and construction demolition waste processing a facility and the purchase of equipment. (the “Project”).

Borrower. Napa Recycling & Waste Services, LLC, which was organized on August 18, 2004, in California, is in the business of collecting and processing solid waste, recyclables and organic materials. The Company is a limited liability company. The Company is a small business that employs approximately 175 employees.

The principal stockholders of the Company are as follows:

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

Legal Questionnaire. The Authority staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. The information disclosed in the Legal Status Questionnaire portion of the Application does not raise concerns concerning the financial viability or legal integrity of this applicant.

Project Description. The note proceeds will be used to construct an organics and demolition waste processing facility at the Yolo County Central Landfill as part of a program to comply with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with section 35800) of the Health and Safety Code), and Chapter 13.1 (commencing with section 42652) of the Public Resources Code. The facility will process approximately 150,000 tons of organic material, including green waste and food waste, and 10,000 tons construction-related debris annually. The resulting compost will be available for use by local farmers and residences. The Company also intends to use note proceeds to purchase equipment for the collection, processing, transfer and recycling of solid waste, including solid collection vehicles, an excavator, wheel loaders, a grinder, a shredder, screens and sorting equipment.

Volume Cap Allocation. The Company anticipates applying to the California Debt Limit Allocation Committee for a volume cap allocation in the third quarter of 2021.

Financing Details. The Company anticipates requesting final approval from the Authority for the issuance of the direct bank purchase of tax-exempt notes. The target date for financing is anticipated to be within the third quarter of 2021.

Financing Team.

Municipal Advisor to the Company: Westhoff, Cone & Holmstedt

Note Counsel: Law Offices of Leslie M. Lava

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends the approval of Initial Resolution No. 21-01 for Napa Recycling & Waste Services, LLC, and/or its affiliates for an amount not to exceed \$37,000,000.

Note: An Initial Resolution approval is not a commitment that the Authority's Board will approve a Final Resolution and note financing for the proposed Project.

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

April 12, 2021

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (Division 17 (commencing with section 44500) of the Health and Safety Code) (“Act”) to issue notes for the purpose of financing the cost of certain solid waste disposal and recycling facilities and equipment located in Yolo County, California (“Project”); and

WHEREAS, Napa Recycling & Waste Services, LLC, a California limited liability company (“Applicant”), has submitted an application and requested that the Authority assist in financing or refinancing the Project for the benefit of the Applicant and/or its affiliates (“Company”), and has presented an estimate of the maximum cost of the Project, as shown in Exhibit “A” attached hereto; and

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

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of notes of the Authority will be made available to finance or refinance the Project; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$37,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Project; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

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

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity that meets the definition of “participating party” in the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$37,000,000 principal amount of notes of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the notes.

Section 3. The notes will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each note shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this note.”

Section 4. The notes shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the notes and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee.

Section 5. The Executive Director of the Authority has authority under Authority Resolution No. 21-01-001 to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of notes within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its approval and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on the date three years after the approval date unless prior thereto the Authority or Executive Director specifically adopts a further resolution extending the effective date of this

Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the Project and any additional information requested by the Authority to supplement the Company's application.

EXHIBIT A

NUMBER: 21-01

PROJECT LOCATION(S): 44090 County Road 28H, Woodland, CA 95776

PROJECT DESCRIPTION: (i) Construction of an organics and demolition processing facility; and (ii) acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including solid waste collection vehicles, excavator, wheel loaders, grinders, shredders, screens, sorting equipment and other equipment functionally related thereto.

TYPE: Solid Waste Disposal

AMOUNT: \$37,000,000