

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)
BOND FINANCING PROGRAM
Approval Date: November 28, 2023**

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

Prepared by: Morgan Matz

Applicant:	MarBorg Industries and/or its affiliates
Project Location:	Cities of Santa Barbara and Santa Maria (Santa Barbara County)
Amount Requested:	\$44,500,000
Application No.:	960(SB)
Initial Resolution No.:	23-04

Summary. MarBorg Industries and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$44,500,000 in tax-exempt notes. The Company will use the note proceeds for the acquisition and improvement of an existing solid waste recycling and processing facility as well as acquisition of equipment for the collection, processing, recycling, transportation, and disposal of solid waste (the “Project”).

Borrower. MarBorg Industries, which was organized in 1974 in California, is in the business of residential and commercial solid waste collection, recycling and waste management, construction site services, portable sanitation, and temporary fencing. The Company is a family-owned corporation that holds its real estate in separate LLCs owned by members of the Company or family. The Company is a small business that employs approximately 430 employees.

The principal stockholders of the Company are as follows:

David Borgatello	35%
Mario Borgatello	25%
Brian Borgatello	15%
Anthony Borgatello	15%
Kathy Borgatello Koeper	10%
Total:	<u>100%</u>

The Company’s key officials are:

Brian Borgatello	Owner/President
David Borgatello	Owner/Vice President
Mario Borgatello	Owner/Chairman

Legal Questionnaire. CPCFA staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. The

Borrower stated that it had nothing to disclose regarding any legal, regulatory, or investigative action that would materially impact the financial viability of the Project or applicant or that involved fraud, corruption, or health and safety issues.

Project Description. The note proceeds will be used to construct a new operations depot, develop and increase vehicle/equipment yard storage at the Company's existing facilities, purchase collection vehicles powered by compressed natural gas (CNG), and additional bins and containers to be distributed to customers throughout Santa Barbara County. The Company also intends to use note proceeds to purchase, upgrade, and improve an existing solid waste recycling and processing facility located at 1850 W. Betteravia Rd. in Santa Maria, which is currently owned by Waste Management.

Volume Cap Allocation. The Company anticipates applying to the California Debt Limit Allocation Committee for a volume cap allocation in the first quarter of 2024.

Financing Details. The Company anticipates the issuance of negotiated tax-exempt notes. This transaction is anticipated to be a direct bank purchase. The target date for financing is anticipated to be before the end of the first quarter of 2024.

Financing Team.

Note Counsel: Orrick, Herrington & Sutcliffe LLP
Issuer's Counsel: Office of the Attorney General

Municipal Advisor to Borrower: Piper Sandler and Company

Staff Recommendation. Staff recommends the approval of Initial Resolution No. 23-04 for MarBorg Industries and/or its affiliates for an amount not to exceed \$44,500,000. Pursuant to CPCFA Resolution 23-01-001, Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings an initial resolution may be approved by the CPCFA Executive Director and then reported to the Authority Board at the next meeting.

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

Any information related to the borrower, including any data or analysis related to the borrower's financial condition or ability to repay the financing, described in this staff report is based on information provided by the borrower and was prepared solely for members of the CPCFA Board and to satisfy certain provisions of Health and Safety Code section 44500 et seq. Prospective investors should not rely on information in this staff report and must read the entire Preliminary Official Statement, if applicable, to obtain information essential to the making of an informed investment decision.

RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS OR NOTES TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
MARBORG INDUSTRIES AND/OR ITS AFFILIATES

November 28, 2023

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality of the State of California (the “State”), is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the Health and Safety Code) (“Act”) to issue bonds or other debt obligations for the purpose of defraying the cost of facilities for the disposal of solid waste products, including resource recovery facilities; and

WHEREAS, MarBorg Industries, a California corporation (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in the financing or refinancing of the acquisition, improvement, and construction of facilities and acquisition of equipment for collection, processing, recycling, transportation, and disposal of solid waste, as more fully described in the Application (collectively, the “Project”) to be owned and operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment that will serve the public of the State; and

WHEREAS, the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds or notes of the Authority will be made available to finance 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 bonds or notes in an amount not expected to exceed \$44,500,000 will be issued and that certain of the proceeds of such bonds or notes will be used to reimburse the Company for its prior expenditures associated with 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 the 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 \$44,500,000 principal amount of bonds or 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 bonds or notes.

Section 3. The bonds or notes shall 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 bond or note, consistent with the Act, 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 local agency is pledged to the payment of the principal of, premium, if any, or any interest on this [bond][note]."

Section 4. The bonds or 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 bonds or 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) to the extent required, an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds or notes which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized 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 to 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 bonds 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 three years after the approval date unless prior to such date the Authority or its Executive Director specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension 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: 23-04

LOCATIONS: 1850 W Betteravia Road, Santa Maria CA 93455
71 Calle Cesar Chavez, Santa Barbara, CA 93103
125 Calle Cesar Chavez, Santa Barbara, CA 93103
25 N. Quarantina Street, Santa Barbara, CA 93103
131 N. Quarantina Street, Santa Barbara, CA 93103
136 N. Quarantina Street, Santa Barbara, CA 93103
2 S Quarantina Street, Santa Barbara, CA 93103
24 S Quarantina Street, Santa Barbara, CA 93103
36 S Quarantina Street, Santa Barbara, CA 93103
104 S Quarantina Street, Santa Barbara, CA 93103
106 S Quarantina Street, Santa Barbara, CA 93103
130 Nopalitos Street, Santa Barbara CA 93013
132 Nopalitos Street, Santa Barbara CA 93013
620 Quinientos Street, Santa Barbara, CA 93013
725 Cacique Street, Santa Barbara, CA 93103
14470 Calle Real, Gaviota, CA 93117
716 E Yanonali Street, Santa Barbara CA 93103
720 E Yanonali Street, Santa Barbara CA 93103
97 Commerce Drive, Buellton, CA 93427
709 Union Street, Santa Barbara, CA 93103
715 Union Street, Santa Barbara, CA 93103
719 Union Street, Santa Barbara, CA 93103
721 Union Street, Santa Barbara, CA 93103

TYPE: Solid Waste Disposal

AMOUNT: Up to \$44,500,000