

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM**

**Meeting Date: August 16, 2016**

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

Prepared by: *Kris Luoma*

<b>Applicant:</b>	Peña's Disposal, Inc. and/or its Affiliates	<b>Amount Requested:</b>	\$4,800,000
		<b>Allocation Amount Requested:</b>	\$2,875,000
		<b>Application No.:</b>	877(SB)
<b>Project</b>		<b>Final Resolution No.:</b>	547
<b>Locations:</b>	City of Cutler and incorporated and unincorporated areas of Tulare and Fresno Counties	<b>Prior Actions:</b>	IR 14-05 approved 10/21/2014

**Summary.** Peña's Disposal, Inc. and/or its Affiliates (the "Company") requests approval of a Final Resolution for an amount not to exceed \$4,800,000, Volume Cap Allocation for an amount not to exceed \$2,875,000 and assistance from the Small Business Assistance Fund (SBAF) for an amount not to exceed \$176,000.

The Company intends to refund solid waste revenue bonds previously issued in 2006 by CPCFA (the "Prior Bonds") for an amount not to exceed \$1,925,000. The Company also intends to finance the purchase of California Air Resources Board (CARB) compliant waste collection vehicles and other related equipment for the collection and processing of solid waste, along with upgrades to and expansion of the existing buildings and facilities.

**Borrower.** Peña's Disposal, Inc. is a family-owned business that has been in existence since 1949 and was incorporated in 1983. It is a small business with approximately 89 employees. The Company collects solid waste and recyclables and operates a Material Recovery Facility (MRF) where e-waste and recyclables are collected in Fresno and Tulare counties.

The principal stockholders of the Company are as follows:

Arthur G, Peña	50.92%
Gabriel Peña	47.12%
Ramon Arreguin	<u>1.96%</u>
<b>Total:</b>	<b><u>100.00%</u></b>

**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.

## Agenda Item 4.B.

**TEFRA.** The TEFRA hearing was held on July 14, 2016. There were no comments received in support of or in opposition to this Project.

**Fees.** The Company has paid an application fee of \$1,700 and will pay an administrative fee of \$4,050 at closing for the new money portion of the financing. The Company will pay the Authority's actual costs, including but not limited to applicable Issuer's Counsel fees, Agent for Sale fees, and staff costs for the refunding portion of the transaction, in lieu of CPCFA's usual refunding fee.

**SBAF Assistance.** The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$176,000. The SBAF calculation is based on the new money portion of the issue amount of \$2,875,000.

**Prior Financings.** Prior financing is listed below.

Description	Date of Issue	Original Amount	Amount Outstanding as of 8/01/2016
Peña's Disposal, Inc. Project, Series 2006 A	2/09/2006	\$5,390,000	\$1,925,000
<b>TOTALS:</b>		<b><u>\$5,390,000</u></b>	<b><u>\$1,925,000</u></b>

**Background.** On February 6, 2006, CPCFA issued the Prior Bonds in the amount of \$5,390,000. The bonds financed the construction of a 61,000 square foot MRF and transfer station. The Company also purchased related equipment such as loaders, balers, carts, bins and a forklift.

**Project Description.** The Company will use note proceeds to make improvements to its existing MRF to increase its capacity and for the purchase of equipment to be used in the processing, transfer and recycling of solid waste. The equipment includes, but is not limited to, CARB compliant collection vehicles, balers, grinders, sweepers, carts, bins, containers and office equipment. The bins and containers are for the Company's customers located throughout the incorporated and unincorporated areas of Fresno and Tulare counties.

The anticipated project and issuance costs are listed below:

Rehabilitation of Existing Building(s)	\$195,500
Refunding of Prior Bond	\$1,925,000
Acquisition and Installation of New Equipment	\$2,622,000
Bond/Note issuance Expenses (including discount)	<u>\$57,500</u>
<b>TOTALS:</b>	<b><u>\$4,800,000</u></b>

*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*

## Agenda Item 4.B.

*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 Company began paying the costs of the permits for the project in June of 2015 and anticipates completing the project by August of 2019.

**Local Government.** The Company received a letter of support from Blanca Beltran, Public Works Director, for the City of Dinuba (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.** Increased use of the facility will reduce the amount of truck traffic that previously went to the landfill, thereby reducing fuel emissions and other particulate matter associated with this activity. The proposed expansion of this facility will also use comprehensive dust abatement programs to control the dust emissions.

**Water Quality.** The facility operates on concrete and asphalt paved surfaces and not on exposed ground areas. By doing so, it prevents the seepage of undesirable materials into the ground water. The facility is not located near any environmentally sensitive wetlands or coastal areas, which could be affected by pollution. The facility uses storm water retention basins to comply with storm water management regulations.

**Recycling of Commodities.** The proposed modifications to the facility will increase its capacity and, therefore, the volume from which recyclables are obtained. Expansion of this facility is imperative if the Company's clients in the Central Valley are to meet their program diversion goals.

**Safety and Compliance.** Peña's Disposal, Inc. is in compliance with all applicable state and federal solid waste disposal environmental regulations.

**Tax Revenues.** The Company anticipates that the following tax revenues will be generated by the project both initially and annually:

Real and Unsecured County Property Taxes.	\$45,000	per year
State and Federal Payroll Taxes	\$140,000	per year
Sales Taxes	\$325,000	one time

**Permitting and Environmental Approvals.** The Company has provided copies of the municipal and environmental permits required to operate a recycling facility.

**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

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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 September 7, 2016.

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 \$4,800,000 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  
**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. 547 for an amount not to exceed \$4,800,000, Volume Cap Allocation Resolution No. 13-111-07 for an amount not to exceed \$2,875,000 and a SBAF Resolution in an amount not to exceed \$176,000 for Peña’s Disposal, Inc. and/or its Affiliates.



City Manager's Office  
559/591-5904

City Attorney  
559/437-1770

Administrative Services  
559/591-5900

Development Services  
559/591-5906

Public Works Services  
559/591-5924

Engineering Services  
559/591-5924

Parks & Community Services  
559/591-5940

Fire/Ambulance Services  
559/591-5931

Police Services  
559/591-5914

June 21, 2016

Ms. Reneé Webster-Hawkins  
Executive Director  
California Pollution Control Financing Authority  
915 Capitol Mall, Room 457  
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Approvals  
Peña's Disposal, Inc. Project

Dear Ms. Webster-Hawkins:

This letter is in regards to the California Pollution Control Financing Authority ("CPCFA") August meeting agenda which includes approval of Peña's Disposal environmental project.

The City of Dinuba has contracted its Waste Management Services to Peña's Disposal for many years. We support Peña's Disposal in the development and permitting of their proposed project that is now ready for final financing approval. I 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.

Obtaining tax exempt bonds for Peña's project is crucial for the implementation of a cost effective addition to their overall programs, taking into account cost, technology and expected waste diversion. On behalf of the City of Dinuba I would appreciate your approval of Peña's Disposal, Inc.'s Project at your meeting in August.

Sincerely,

Blanca Beltran  
Public Works Director

PUBLIC WORKS

Fax 559/591-5923

1088 E. Kamm Avenue, Dinuba, CA 93618

[www.dinuba.org](http://www.dinuba.org)

**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 PENA'S DISPOSAL, INC. AND/OR ITS AFFILIATES**

**August 16, 2016**

**WHEREAS**, the California Pollution Control Financing Authority (the "Authority") has received the application of Pena's Disposal, Inc. (the "Borrower"), for financial assistance to finance or refinance the improvement of an existing material recovery facility and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including balers, grinders, sweepers, collection vehicles, carts, bins, containers, office equipment and other equipment functionally related thereto, to be located at 12094 Avenue 408, Cutler, California 93615 (the "Site") and/or with customers located in the incorporated and unincorporated areas of Fresno and Tulare Counties, California, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the "Term Sheet") (collectively, the "2016 Project"); and

**WHEREAS**, the Authority has previously issued its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Pena's Disposal, Inc. Project) Series 2006A (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 Site, the parcel located immediately to the north of the Site, and identified by Assessor's Parcel Number 021-260-011, Orosi, California 93647 and/or with customers in Fresno and Tulare Counties, California in 2006 (the "2006 Project"), all as more particularly described in the Term Sheet (the "Prior Project" and, together with the 2016 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 \$4,800,000 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

## Agenda Item 4.B.

**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 (Pena’s Disposal, Inc. Project) Series 2016” (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 \$4,800,000, 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 2016 Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the 2016 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, 2016, 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 \$2,875,000 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 2016 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

## **Agenda Item 4.B.**

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 (Pena's Disposal, Inc. Project) Series 2016 (the "Notes")

**Maximum Amount of Issue:** \$4,800,000 (tax-exempt)

**Issuer:** California Pollution Control Financing Authority (the "Authority")  
Sacramento, CA

**Borrower:** Pena's Disposal, Inc.

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

**2016 Project:** Finance or refinance the improvement of an existing material recovery facility and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including balers, grinders, sweepers, collection vehicles, carts, bins, containers, office equipment and other equipment functionally related thereto, to be located at 12094 Avenue 408, Cutler, California 93615 and/or with customers located in the incorporated and unincorporated areas of Fresno and Tulare Counties, California.

<b>Prior Project:</b>	Finance (i) the construction of a materials recovery facility and transfer station and the acquisition of solid waste equipment, including loaders, containers, sorting and processing equipment, offices and various site improvements thereto, all located at 12094 Avenue 408, Cutler, California 93615 and (ii) the construction of storm water retention drainage basins located on a portion of the parcel located immediately to the north, and identified by Assessor's Parcel Number 021-260-011, with no street address, in Orosi, California 93647. Some of the equipment was used in service areas within the incorporated and unincorporated areas of Fresno and Tulare Counties.
<b>Maximum Note Term:</b>	Not to exceed 31 years
<b>Type of Sale:</b>	Negotiated sale; direct purchase by Purchaser
<b>Description of Minimum Denominations:</b>	\$250,000 or any integral multiple of \$5,000 in excess thereof during index interest rate period (initial period)
<b>Financing Structure:</b>	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
<b>Maximum Interest Rate:</b>	Lesser of 12% or the maximum rate permitted by law
<b>Letter of Credit:</b>	Not applicable
<b>Other Credit Enhancement:</b>	Not applicable

**Agenda Item 4.B.**

**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

**RESOLUTION OF THE CALIFORNIA  
POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO ASSISTANCE FROM THE SMALL  
BUSINESS ASSISTANCE FUND FOR  
PENA'S DISPOSAL, INC.  
AND/OR ITS AFFILIATES**

**August 16, 2016**

**WHEREAS**, the California Pollution Control Financing Authority (the "Authority") has approved the application of Pena's Disposal, Inc. (the "Borrower"), for financial assistance to (A) finance or refinance the improvement of an existing material recovery facility and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including balers, grinders, sweepers, collection vehicles, carts, bins, containers, office equipment and other equipment functionally related thereto, to be located at 12094 Avenue 408, Cutler, California 93615 and/or with customers located in the incorporated and unincorporated areas of Fresno and Tulare Counties, California, and (B) refund the Authority's Variable Rate Demand Solid Waste Disposal Revenue Bonds (Pena's Disposal, Inc. Project) Series 2006A (the "Prior Bonds"), as more particularly described in Application No. 877(SB) of the Borrower (the "Project") and has adopted its Resolution No. 547 (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.

**Section 3.** The Authority hereby authorizes and approves up to \$176,000 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. 13-111-07**

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2013 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 Peña’s Disposal, Inc. and/or its Affiliates (“Project Sponsor”) for approval of the issuance of revenue bonds; and

**WHEREAS**, on August 16, 2016, CPCFA approved Final Resolution No. 547 (“Final Resolution”) authorizing the issuance of up to \$2,875,000 of its solid waste disposal revenue bonds (Peña’s Disposal, Inc. Project) Series 2016 (“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 2013 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 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 2013 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Bonds as set forth in the Final Resolution;

**NOW, THEREFORE**, CPCFA resolves as follows:

**Section 1.** CPCFA Allocation in the amount of \$2,875,000 is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds 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 Bonds, 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 Bonds 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 Bonds for the Project have been issued by CPCFA by the close of business on **November 14, 2016**. In a case of extreme hardship, the Deputy Executive Director or the Executive Director may extend this date by up to thirty (30) business days.

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

**Section 6.** Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds 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 Bonds 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 Bonds. 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 Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

**Section 9.** The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by CDLAC or CPCFA.

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

**RESOLUTION NO. 13-111-07**  
**(AN EXEMPT FACILITY PROJECT)**  
**EXHIBIT A**

1. Project Sponsor: Peña's Disposal, Inc. and/or its Affiliates
2. Application #: 877(SB)
3. Project User: Peña's Disposal, Inc. and/or its Affiliates
4. Project Name: Peña's Disposal, Inc.
5. Location: 12094 Avenue 408, Cutler, Ca 93615
6. Direct Bank Purchaser: MUFG Union Bank, N.A.
7. The Direct Bank Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$2,875,000