

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: December 17, 2013**

Request for Reinstatement and Amendment to Initial Resolution

Prepared by: *Mario Wong*

Applicant: Mill Valley Refuse Service, Inc. and/or its Affiliates	Amount Requested: \$4,665,000
Project San Rafael	Application No.: 748 (SB)
Location: (Marin County)	Initial Resolution No.: 04-06
	Prior Actions: IR Approved 03/30/04 Amended/Extended 12/14/04 Amended 08/22/06

Summary. Mill Valley Refuse Service, Inc. and/or its Affiliates (the “Company”) requests a reinstatement and amendment to Initial Resolution No. 04-06 to decrease the par amount to an amount not to exceed \$4,665,000 to reflect a narrower scope of the project. The Initial Resolution was originally approved on March 30, 2004 for an amount not to exceed \$4,815,000, amended and extended on December 14, 2004 for the same amount, and amended on August 22, 2006 for an amount not to exceed \$6,840,000.

Borrower. The Company provides commercial and residential waste, recycling and yard waste collection in the Cities of Belvedere, Tiburon, Mill Valley, Corte Madera, as well as the Alto, Holmstead and Almonte Sanitary Districts, and the surrounding unincorporated areas of Marin County. The Company also provides debris box service, storage containers and portable sanitary units. The Company was incorporated in California in April 1966 and has approximately 61 employees.

The principal stockholders of the Company are as follows:

James & Bertha Iavarone Revocable Inter Vivos Trust dated 12/05/02 – Trustee James Iavarone	25%
David J. Biggio	25%
Raymond M. Dami	25%
Dave Della Zoppa	<u>25%</u>
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.

Project Description. The Company’s current request reflects a narrower scope of the project as anticipated in 2006, and no longer includes the purchase of an additional site. The Company intends to purchase additional waste collection vehicles and containers, and retrofit the existing fleet. The Company also intends to finance building and site improvements at its existing location, the construction of a truck wash facility, and the acquisition of a baler, software and related equipment. The par amount of the current request is intended to cover the project costs

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described above, the costs of issuance, as well as the potential refunding of the outstanding balance of the Mill Valley Refuse Service, Inc. Project Series 2003A bonds which CPCFA issued for the Company in July 2003.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in January 2014.

Financing Details. The Company anticipates the issuance of negotiated tax exempt bonds.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of the reinstatement and amendment to Initial Resolution No. 04-06 for Mill Valley Refuse Service, Inc. and/or its Affiliates for an amount not to exceed \$4,665,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**AMENDED AND RESTATED
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
MILL VALLEY REFUSE SERVICE, INC. AND/OR ITS AFFILIATES**

December 17, 2013

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 (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Mill Valley Refuse Service, Inc., a California corporation (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in financing the acquisition, construction and rehabilitation of solid waste disposal facilities, vehicles, containers and/or equipment 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 adopted its initial resolution 04-06 on March 30, 2004, expressing its intent to issue up to \$4,815,000 of bonds for the Company (the “Initial Resolution”); and

WHEREAS, the Authority adopted its amended initial resolution on December 14, 2004, to change the addresses at which the Project would be located at the sites described in Exhibit A thereto (the “Amended Initial Resolution”); and

WHEREAS, the Authority adopted its second amended initial resolution on August 22, 2006, to change the addresses at which the Project would be located at the sites described in Exhibit A thereto and to increase the maximum principal amount of bonds for the Company from \$4,815,000 to \$6,840,000 (the “Second Amended Initial Resolution” and together with the Initial Resolution and the Amended Initial Resolution, the “Original Resolution”); and

WHEREAS, the Original Resolution expired by its terms on August 22, 2009; and

WHEREAS, the Company has submitted a revised application to the Authority, requesting that the Original Resolution be amended and restated for a revised Project and requesting that the dollar amount of the Original Resolution be decreased to reflect the costs of the revised Project; and

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WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment which 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 bonds of the Authority will be made available to finance such 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 \$4,665,000 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 which 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 \$4,665,000 principal amount of bonds 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.

Section 3. The bonds 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 bond 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.”

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Section 4. The bonds 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 and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the bond proceeds to finance the Project; (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 for any portion of the bonds 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 passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on December 17, 2016 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company’s application, and an explanation of the status of the Project. To the extent consistent with federal tax law, this Resolution shall (except for the locations on Exhibit A) relate back to March 30, 2004 and shall replace the Original Resolution.

EXHIBIT A

NUMBER: 04-06

LOCATION: 112 Front Street, San Rafael, CA 94901
123 Mill Street, San Rafael, CA 94901

TYPE: Solid Waste Disposal

AMOUNT: Up to \$4,665,000