

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: December 3, 2007
Executive Summary
Request for Initial Resolution

Prepared by: *Doreen Carle*

Applicant: Amador Valley Industries, LLC and Pleasanton Garbage Service, Inc. dba Amador Valley Industries, LLC as “co-borrowers”	Amount Requested: \$5,630,000 Application No.: 00805(SB) Initial Resolution No.: 07-13
Project Dublin and Pleasanton	
Location: (Alameda County)	

Type of Business: Amador Valley Industries, LLC and Pleasanton Garbage Service, Inc., dba Amador Valley Industries, LLC (the “Companies”) provide refuse collection and disposal services in the communities of Dublin and Pleasanton, respectively.

Project Description: The Project primarily involves the acquisition of CNG collection vehicles for use by Amador Valley Industries (AVI) and Pleasanton Garbage Service (PGS). Additionally, a portion of the funds will be used by PGS to renovate an existing sort-line. AVI will acquire drop boxes, bins, and carts.

Pollution Control and/or Waste Diversion: The Companies represent that the Project will generate the following pollution control benefits.

Waste Diversion. The Project is not specifically designed to increase waste diversion, although the addition of a new screen on the Pleasanton sort-line may provide for a small increase in diversion.

Environmental Benefits: The Companies represent that the Project is designed to generate the environmental benefits described below.

Air Quality. The use of new CNG collection vehicles will reduce emissions of non-methane hydrocarbons, carbon monoxide, nitrogen oxides and other particulate matter into the air compared to the use of diesel-fuel vehicles.

Water Quality. Particulate matter from diesel emissions in the ground water run-off will be reduced.

Energy Efficiency. The use of new CNG collection vehicles will reduce the use of oil-based fuel. Additionally, the new automated vehicles will reduce truck travel time.

Permits: This is an equipment only project, and does not require permits.

Financing Details: The Companies anticipate a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Companies plan to secure the bonds with an irrevocable, direct pay Letter of Credit from Wells

Fargo Bank that is rated at least “AA-/F1+” by Fitch Ratings or equivalent. The target date for financing is February 2008.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Financial Advisor: Andrew S. Rose
Issuer’s Counsel: Office of the Attorney General

Legal Questionnaire: Staff has reviewed the Companies’ responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Staff Recommendation: Staff recommends approval of Initial Resolution No. 07-13 for an amount not to exceed \$5,630,000 for Amador Valley Industries, LLC and Pleasanton Garbage Service dba Amador Valley Industries, LLC.

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

**AMADOR VALLEY INDUSTRIES,
LLC AND PLEASANTON GARBAGE
SERVICE, INC. dba AMADOR
VALLEY INDUSTRIES, LLC**

Bond Amount: \$5,630,000

Dublin and Pleasanton (Alameda County)

Application No. 00805 (SB)

December 3, 2007

STAFF SUMMARY – CPCFA

Prepared by: *Doreen Carle*

ISSUE:

Amador Valley Industries, LLC, and Pleasanton Garbage Service, Inc. dba Amador Valley Industries, LLC and/or its Affiliates, as co-borrowers (the “Companies”), request approval of Initial Resolution number 07-13 for an amount not to exceed \$5,630,000 to finance the purchase of land, buildings, and equipment.

CDLAC Allocation. The Companies anticipate applying for CDLAC allocation in January 2008.

BORROWER:

Co-borrower Amador Valley Industries is doing business as a Limited Liability Company that was organized in California in 2004, and Pleasanton Garbage Service was incorporated in California in 1969.

The principal stockholders of the two entities are as follows:

	<u>Amador Valley Industries</u>	<u>Pleasanton Garbage Service</u>
Robert Molinaro 1992 Trust	30%	50%
Macchiano 1994 Trust	25%	50%
Gina Cardera	15%	
Walt Lupeika	15%	
John Repetto	10%	
Mike Lupeika.....	5%	
TOTALS:.....	100%	100%

Mr. Molinaro and Mr. Macchiano are minority shareholders or members of Alameda County Industries, Mission Trail, Santa Clara Valley Industries, and Bay Counties/Specialty.

Legal Questionnaire. Staff has reviewed the Companies’ responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. Prior actions and financings are detailed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding As of 11/03/07
Amador Valley Industries Series 2005A	06/14/05	<u>6,900,000</u>	<u>5,920,000</u>
TOTALS:		<u>\$6,900,000</u>	<u>\$5,920,000</u>

PROJECT INFORMATION:

The Project primarily involves the acquisition of CNG collection vehicles for use by Amador Valley Industries (AVI) and Pleasanton Garbage Service (PGS). Additionally, a portion of the funds will be used by PGS to renovate an existing sort-line. AVI will acquire drop boxes, bins and carts.

The anticipated Project costs for AVI are listed below:

CNG Collection Vehicles and Support Vehicles	\$1,200,000
Drop boxes, bins and carts	<u>300,000</u>
Subtotal:.....	<u>\$1,500,000</u>

The anticipated Project costs for PGS are listed below:

CNG Collection Vehicles	\$3,500,000
Sort-line screen	<u>500,000</u>
Subtotal:.....	<u>\$4,000,000</u>

Bond Issuance Expenses **\$ 130,000**

TOTAL..... **\$5,630,000**

POLLUTION CONTROL AND/OR WASTE DIVERSION:

The Company represents that the Project will generate the following pollution control benefits.

Waste Diversion. The Project is not specifically designed to increase waste diversion, although the addition of a new screen on the Pleasanton sort-line may provide for a small increase in diversion.

ENVIRONMENTAL BENEFITS:

The Companies represent that the Project is designed to generate the environmental benefits described below.

Air Quality. The use of new CNG collection vehicles will reduce emissions of non-methane hydrocarbons, carbon monoxide, nitrogen oxides and other particulate matter into the air compared to the use of diesel-fuel vehicles.

Water Quality. Particulate matter from diesel emissions in the ground water run-off will be reduced.

Energy Efficiency. The use of new CNG collection vehicles will reduce the use of oil-based fuel. Additionally, the new automated vehicles will reduce truck travel time.

PERMITTING & ENVIRONMENTAL APPROVALS:

This is an equipment only project, and does not require permits.

ANTICIPATED TIMELINE:

The Companies anticipate commencing equipment purchases in December 2007 with a scheduled completion date of December 2009.

FINANCING DETAILS:

The Companies anticipate a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Companies plan to secure the bonds with an irrevocable, direct pay Letter of Credit from Wells Fargo Bank that is rated at least “AA-/F1+” by Fitch Ratings or equivalent. The target date for financing is February 2008.

FINANCING TEAM:

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Financial Advisor: Andrew S. Rose
Issuer’s Counsel: Office of the Attorney General

RECOMMENDATION:

Staff recommends approval of Initial Resolution No. 07-13 for an amount not to exceed \$5,630,000 for Amador Valley Industries, LLC and Pleasanton Garbage Service dba Amador Valley Industries, LLC.

Initial Resolution No. 07-13
Application No. 00805(SB)

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR
AMADOR VALLEY INDUSTRIES, LLC, PLEASANTON GARBAGE SERVICE, INC.
AND/OR THEIR RESPECTIVE AFFILIATES**

December 3, 2007

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, Amador Valley Industries, LLC, a California limited liability company, and Pleasanton Garbage Service, Inc., a California corporation (collectively, “Applicant”), have requested that the Authority assist in financing solid waste disposal/recycling facilities to be owned and operated by the Applicant and/or their respective Affiliates (as hereinafter defined) (collectively, “Company”), which are expected to be comprised of the acquisition of solid waste, processing, transporting and recycling related vehicles and equipment and other equipment functionally related thereto, including without limitation drop boxes, bins and carts, and the renovation of a sort line (collectively, “Facilities”), and have presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal/recycling facilities 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 Facilities 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 Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities 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 \$5,630,000 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 Facilities; and

Agenda Item – 4.A.3.

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 Facilities 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 \$5,630,000 principal amount of bonds of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities 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 Facilities. 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 any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond.”

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 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 is hereby directed 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 Facilities, 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 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.

Agenda Item – 4.A.3.

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 3, 2010 unless prior thereto the Authority 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 reason why the project has not proceeded prior to the date of the letter.

EXHIBIT A

NUMBER: 07-13

LOCATIONS: 3000 and 3110 Busch Road
Pleasanton, CA 94566

TYPE: Solid Waste Disposal/Resource Recovery

AMOUNT: Up to \$5,630,000