

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: December 15, 2015**

*Request to Approve Initial Resolution Reflecting  
Official Intent to Issue Revenue Bonds*

Prepared by: Kris Luoma

<b>Applicant:</b> Upper Valley Disposal Service and/or its Affiliates	<b>Amount Requested:</b> \$6,335,000
<b>Project</b> St. Helena & Calistoga (Napa County)	<b>Application No.:</b> 882 (SB)
<b>Locations:</b> Clear Lake & Lower Lake (Lake County)	<b>Initial Resolution No.:</b> 15-04

**Summary.** Upper Valley Disposal Service and/or its Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$6,335,000 to purchase new California Air Resources Board (CARB) compliant vehicles, re-roof and add solar panels to the materials recovery facility (MRF), add a grinder, upgrade the composting and blending barn sites and construct entry improvements.

**Borrower.** The Company was incorporated in Napa on July 19, 1991, and collects and processes solid waste in areas of Napa and Lake Counties. Upper Valley Disposal Service is a small business with a total of 90 employees.

The Company is 100% owned by the Whitehall Corporation. The Whitehall Corporation is owned by:

Robert Pestoni	90%
Linda Pestoni-Sereni	<u>10%</u>
<b>Total:</b>	<b><u>100%</u></b>

The following companies are related to Upper Valley Disposal Service through common ownership: Clover Flat Landfill, Inc.; Pestoni Brothers, LLC; Pestoni Leasing; Pestoni Ranch; Quackenbush Mountain Resource and Recovery Compost Facility, LLC; Rutherford Grove Winery; South Lake Refuse and Recycling, LLC; Upper Valley Recycling; Vista Corporation; and Whitehall Corp.

**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 plans to upgrade and make improvements to the Clover Flat Landfill located in Calistoga. Note proceeds will be used to construct site and entry improvements, including re-roofing and adding solar panels to the MRF in Rutherford. Additional improvements will include an upgrade to the composting site and the blending barn as well as an addition of a grinder. The Company plans on replacing older collection vehicles with CARB compliant collection vehicles at all four of its locations.

**Volume Cap Allocation.** The Company has applied to the Authority for volume cap allocation consideration at the January 19, 2016 CPCFA Board Meeting.

**Financing Details.** The Company anticipates the issuance of negotiated tax-exempt notes with a bank private placement financing structure.

**Financing Team.**

**Municipal Advisor:** Westhoff, Cone & Holmstedt

**Bond Counsel:** Leslie Lava, Esq.

**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No. 15-04 for Upper Valley Disposal Service and/or its Affiliates for an amount not to exceed \$6,335,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO  
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR  
UPPER VALLEY DISPOSAL SERVICE AND/OR ITS AFFILIATES**

**December 15, 2015**

**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 notes or bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including solid waste disposal recovery and recycling facilities; and

**WHEREAS**, Upper Valley Disposal Service, a California corporation (“Applicant”), has requested that the Authority assist in financing or refinancing solid waste disposal/recycling facilities to be owned and operated by the Applicant and/or its Affiliates (as hereinafter defined) (collectively, “Company”), which financing or refinancing is expected to be comprised of the construction and/or improvement of a material recovery facility, a composting site and a blending barn, all of which house solid waste related operations, the construction of site and entry improvements and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including a grinder, collection trucks and other equipment functionally related thereto (collectively, “Facilities”), and has 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 notes 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 \$6,335,000 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

**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 \$6,335,000 principal amount of notes 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 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 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 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 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 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.

**Agenda Item 4.A.**

**Section 7.** This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on December 15, 2018 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 status of the project and any additional information requested by the Authority to supplement the Company's application.

**EXHIBIT A**

**NUMBER:** 15-04

**LOCATIONS:** 1285 Whitehall Lane  
St. Helena, California 94574

15970 Kugelman Street  
Lower Lake, California 95457

16520 Davis Street  
Clearlake, California 95422

4380 Silverado Trail  
Calistoga, California 94515

**TYPE:** Solid Waste Disposal/Recycling

**AMOUNT:** Up to \$6,335,000