

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: March 15, 2016**

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

Prepared by: *Kris Luoma*

Applicant:	Tri-City Economic Development Corporation dba Tri-CED Community Recycling and/or its Affiliates	Amount Requested:	\$3,723,579
		Application No.:	885(SB)
		Initial Resolution No.:	16-03
Project	Union City and Hayward		
Location:	(Alameda County)		

Summary. Tri-City Economic Development Corporation dba Tri-CED Community Recycling and/or its Affiliates (“Tri-CED” or the ”Company”) requests approval of an Initial Resolution for an amount not to exceed \$3,723,579 to purchase equipment including seven compressed natural gas (CNG) fully automated side loaders, one utility pickup truck, and a truck scale, and pay for upgrades to the existing security system, fleet management software and upgrade all office equipment and work stations.

Borrower. Tri-CED is a small business that is a nonprofit 501(c)(3) corporation with no stockholders and currently has 59 employees. It was organized in California on January 3, 1980, for the purpose of collecting curbside waste in the cities of Union City and Hayward. Its business activities include recycling and recycling collection, community education regarding recycling and economic development.

The Company’s key officials are listed below:

Frank Roesch	Board Chair
Richard Valle	President/CEO
Michael Mahoney	Secretary/Treasurer

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 renewed its contract with the City of Hayward in 2015. The contract with the City of Union City to provide waste and recycling services was renewed in 2016. Tri-CED intends to use bonds or note proceeds to pay for the purchase of equipment including seven CNG automated side loaders (required by the contract), one utility pickup truck, and a truck scale, and pay for upgrades to the existing security system, fleet management software and upgrade all office equipment and work stations.

Volume Cap Allocation. The Company anticipates applying to the Authority for a final resolution at the April 19, 2016 Board Meeting. Since the Company is a nonprofit organization, it may be able to issue the bonds or notes without the need for volume cap allocation, but if after consultation with bond counsel it is determined to issue the bonds or notes as “solid waste disposal” private activity bonds or notes, volume cap would be granted at that time.

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

Financing Team.

Financial Advisor: Devine & Gong, Inc. and
Kensington Capital Advisors
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Issuer’s Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Initial Resolution No. 16-03 for Tri-City Economic Development Corporation dba Tri-CED Community Recycling and/or its Affiliates for an amount not to exceed \$3,723,579.

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

**Initial Resolution No. 16-03
Application No. 885(SB)**

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS OR NOTES TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
TRI-CITY ECONOMIC DEVELOPMENT CORPORATION D/B/A
TRI-CED COMMUNITY RECYCLING AND/OR ITS AFFILIATES**

March 15, 2016

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 or other debt obligations 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, Tri-City Economic Development Corporation, a California nonprofit public benefit corporation, d/b/a Tri-CED Community Recycling (the "Applicant"), and/or its affiliates (collectively, the "Company") has submitted an application (the "Application") requesting that the Authority assist in financing the acquisition and construction of facilities 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 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 or notes 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 \$3,723,579 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 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. An Affiliate shall also be a "participating party" as defined in the Act.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$3,723,579 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 debt obligations.

Section 3. The debt obligations 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 or note 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 or 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 debt obligations 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 debt obligations 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 or 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.

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 March 15, 2019 unless the Authority specifically adopts a further resolution extending the effective date

Agenda Item 4.A.1

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

EXHIBIT A

NUMBER: 16-03

LOCATION: 33377 Western Avenue
Union City, CA 94587

TYPE: Solid Waste Disposal

AMOUNT: Up to \$3,723,579