

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: December 13, 2016**

Request for Initial Resolution Reflecting Official Intent to Issue Revenue Bond/Notes

Prepared by: *Dmitri Godamunne*

Applicant:	Amador Valley Industries LLC, Pleasanton Garbage Service, Inc., Recycling and Resource Recovery LLC, and/or their respective Affiliates	Amount Requested:	\$10,000,000
		Application No.:	898 (SB)
Project Location:	Cities of Pleasanton and Livermore (Alameda County)	Initial Resolution No.:	16-16

Summary. Amador Valley Industries LLC (“AVI”), Pleasanton Garbage Service, Inc. (“PGS”) and Recycling and Resource Recovery, LLC (“RRR”) and/or their respective Affiliates as co-borrowers (collectively the “Company”) are requesting an approval of an Initial Resolution for an amount not to exceed \$10,000,000 of tax-exempt bonds to finance solid waste collection, transfer, and disposal activities.

Borrower. Amador Valley Industries, LLC and its Affiliates are in the business of solid waste collection, transfer, and disposal. AVI offers a variety of garbage and recycling collection services broken down into segments servicing residential, commercial, multi-family, and school systems. AVI was organized in California on August 23, 2004. Pleasanton Garbage Service, Inc. is a California corporation filed on March 28, 1969 and offers both residential and commercial garbage services, which includes e-waste and green waste disposal services. Recycling and Resource Recovery, LLC was organized on January 1, 2003 and offers drop off recycling services primarily for bottles.

The principal stockholders of each company are as follows:

	AVI	PGS	RRR
Robert Molinaro 1992 Trust	30%	50%	50%
Macchiano 1994 Trust	25%	50%	50%
Gina Cardera	15%	0%	0%
Walt Lupeika 2014 Trust	15%	0%	0%
John Repetto	10%	0%	0%
Mike Lupeika	5%	0%	0%
Total:	<u>100%</u>	<u>100%</u>	<u>100%</u>

The applicant is affiliated with the following companies which are owned by Mr. Molinaro and Mr. Macchiano: All Purpose Clean Up, Inc., City Automatic Recycling, Inc., Pleasanton Truck and Equipment Repair, Inc., M&M Land Co., LLC, and Southfront, LLC.

Although not Affiliates, Mr. Molinaro and M. Macchiano are shareholders or Members of Alameda County Industries, Mission Trail, Santa Clara Valley Industries, and Bay Counties/Specialty.

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 project involves the acquisition of clean diesel and compressed natural gas collection vehicles for AVI and PGS. A portion of the proceeds will be used by AVI and PGS to acquire drop boxes, bins and carts. Additionally, note proceeds will also be used by RRR to acquire over the road tractors, roll off collection vehicles and transfer trailers. All equipment will be located at one or more of the following addresses in Alameda County: 3110 and 3200 Busch Road, Pleasanton, CA 94566 and 6175 Southfront Road, Livermore, CA 94551.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation during the first quarter of 2017.

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

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 Initial Resolution No. 16-16 for Amador Valley Industries, LLC, Pleasanton Garbage Service, Inc. and Recycling and Resource Recovery, LLC and/or their respective Affiliates for an amount not to exceed \$10,000,000.

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 FACILITIES AND/OR EQUIPMENT
FOR AMADOR VALLEY INDUSTRIES, LLC, PLEASANTON GARBAGE SERVICE,
INC. AND RECYCLING AND RESOURCE RECOVERY, LLC
AND/OR THEIR RESPECTIVE AFFILIATES**

December 13, 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 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, Amador Valley Industries, LLC, a California limited liability company, Pleasanton Garbage Service, Inc., a California corporation, and Recycling and Resource Recovery, LLC, a California limited liability company (together, “Applicants”), have requested that the Authority assist in financing or refinancing solid waste disposal facilities and/or equipment to be owned and operated by the Applicants and/or their respective Affiliates (as hereinafter defined) (collectively, “Company”), which financing or refinancing is expected to be comprised of the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including rolling stock, collection vehicles, road tractors, transfer trailers, drop boxes, carts, bins, containers and other equipment functionally related thereto, all as more fully described in the application submitted by the Applicants to the Authority (collectively, “Project”), and has 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 which will serve the public of the State of California; 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 notes of the Authority will be made available to finance the 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 \$10,000,000 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 each of the Applicants 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, such 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 \$10,000,000 principal amount of 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 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 Project. Each 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 any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this note.”

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 Project, 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.

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 13, 2019 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: 16-16

LOCATIONS: 3110 and 3200 Busch Road
Pleasanton, California 94566

6175 Southfront Road
Livermore, California 94551

Drop boxes, carts, bins and/or containers to be located with customers in incorporated and unincorporated Alameda County, California

TYPE: Solid Waste Disposal

AMOUNT: Up to \$10,000,000