

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: July 18, 2017**

Request to Approve Initial Resolution Reflecting Official Intent to Issue Revenue Notes

Prepared by: *Kris Luoma*

Applicant:	Orange Avenue Disposal Company, Inc. (dba Industrial Waste & Salvage), Cedar Avenue Recycling and Transfer Station, L.P., Caglia Environmental LLC (dba Red Rock Environmental Group) and/or their Affiliates	Amount Requested:	\$5,105,000
		Application No.:	910(SB)
		Initial Resolution No.:	17-10
Project Location:	Fresno, Chowchilla & North Fork (Counties of Fresno and Madera)		

Summary. Orange Avenue Disposal Company, Inc. (dba Industrial Waste & Salvage), Cedar Avenue Recycling and Transfer Station, L.P. and Caglia Environmental LLC (dba Red Rock Environmental Group) and/or their Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$5,105,000 to finance the purchase of California Air Resources Board (CARB) compliant collection vehicles, carts, bins and containers and the construction of improvements to its material recovery facility (MRF) and its solid waste disposal facilities.

Borrower. The Company was organized on 8/1/62 for the purpose of providing solid waste collection, transfer, recycling and disposal for the cities of Fresno, Chowchilla and North Fork in the incorporated and unincorporated portions of Fresno and Madera counties. It is a small business with approximately 250 employees.

The principal stockholders of the Company are as follows:

Orange Avenue Disposal Company, Inc. (dba Industrial Waste & Salvage):

Richard M. Caglia, Trustee of the Richard M. and Lucille P. Caglia Living Trust	12.6145%
Sally M. Caglia, trustee of the Sally M. Caglia Living Trust	12.6145%
V.J. Caglia, Trustee of the V.J. Caglia Living Trust	12.6145%
Mary Ann Torres	12.4313%
Rose Marie Caglia	12.4313%
Bernadette T. Boyle Living Trust, Bernadette T. Boyle, Trustee	12.4313%
Elaine Garcia	4.1594%
Denita Caglia	4.1594%
Anthony Caglia	4.1594%

Various Less than 3%	<u>12.3844%</u>
Total:	<u>100.0000%</u>

Cedar Avenue Recycling and Transfer Station, L.P.:

Richard M. Caglia, trustee of the Richard M. and Lucille P. Caglia Living Trust	11.7563%
Sally M. Caglia, trustee of the Sally M. Caglia Living Trust	11.7563%
V.J. Caglia, trustee of the V.J. Caglia Living Trust	11.7563%
Mary Ann Torres	11.7563%
Bernadette T. Boyle, trustee of the Bernadette T. Boyle Living Trust	11.7563%
Rose Marie Caglia	11.7563%
Elaine Garcia	4.1594%
Denita Caglia	4.1594%
Anthony Caglia	4.1594%
Various Less than 3%	<u>16.9840%</u>
Total:	<u>100.0000%</u>

Caglia Environmental LLC (dba Red Rock Environmental Group):

Cedar Avenue Recycling and Transfer Station, L.P.	<u>100%</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 plans to use note proceeds to finance the purchase of CARB compliant collection vehicles, carts, bins and containers and the construction of improvements to its solid waste disposal facilities and MRF. The equipment will be located at:

- Cedar Avenue Recycling and Transfer Station, 3457 S Cedar Ave, Fresno, CA 93725
- Electric Motor Shop. 253 Fulton Street, Fresno, CA 93721
- Fairmead Landfill, 21739 Road 19, Chowchilla, CA 93610
- North Fork Transfer Station, 33699 Malum Ridge Rd, North Fork, CA 93643

The Company has an existing series 2002A bond, financed through CPCFA, which it intends to refund when the Company comes back for allocation approval on October 17, 2017.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation at the October 17, 2017 CPCFA Board meeting with a closing planned for November 1, 2017.

Financing Details. The Company anticipates the issuance of a direct bank purchase of tax-exempt notes.

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. 17-10 for Orange Avenue Disposal Company, Inc. (dba Industrial Waste & Salvage), Cedar Avenue Recycling and Transfer Station, L.P., Caglia Environmental LLC (dba Red Rock Environmental Group) and/or their Affiliates for an amount not to exceed \$5,105,000.

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

**Initial Resolution No. 17-10
Application No. 910(SB)**

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
FOR ORANGE AVENUE DISPOSAL COMPANY, INC., CEDAR AVENUE
RECYCLING AND TRANSFER STATION, L.P., CAGLIA ENVIRONMENTAL LLC
AND/OR THEIR AFFILIATES**

July 18, 2017

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 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, Orange Avenue Disposal Company, Inc., a California corporation, Cedar Avenue Recycling and Transfer Station, L.P., a California limited partnership, and Caglia Environmental LLC, a California limited liability company (collectively, “Applicants”), have requested that the Authority assist in financing or refinancing solid waste disposal/recycling facilities and equipment to be owned and operated by one or more Applicants and/or their Affiliates (as hereinafter defined) (collectively, “Company”), which financing or refinancing is expected to be comprised of the construction of improvement to solid waste disposal facilities, including a materials recovery facility, and the acquisition and installation, if any, of equipment for the sorting, processing, collection and recycling of solid waste, including solid waste collection vehicles, carts, bins and containers and other equipment functionally related thereto (collectively, “Facilities”), and has presented an estimate of the maximum cost of the 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 Equipment 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 or refinance the Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Equipment prior to the issuance of indebtedness for the purpose of financing or refinancing 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 \$5,105,000 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 \$5,105,000 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 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 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

Agenda Item 4.A.1.

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 July 18, 2020 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: 17-10

LOCATIONS: 3457 S. Cedar Avenue
Fresno, CA 93725

253 Fulton Street
Fresno, CA 93721

21739 Road 19
Chowchilla, CA 93610

33699 Malum Ridge Road
North Fork, CA 93643

Carts, bins and containers to be located at any of the foregoing locations and/or with customers in incorporated and unincorporated portions of Fresno and Madera Counties

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$5,105,000