

**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: Dmitri Godamunne

Applicant:	Alameda County Industries, Inc. and/or its Affiliates	Amount Requested:	\$12,205,000
Project Location:	City of San Leandro (Alameda County)	Application No.:	912(SB)
		Initial Resolution No.:	17-12

Summary. Alameda County Industries, Inc. and/or its Affiliates (the “Company” or “ACI”) requests approval of an Initial Resolution for an amount not to exceed \$12,205,000 to finance the improvements of an existing Materials Recovery Facility (MRF) and the acquisition of related equipment for the processing, transfer and recycling of waste.

Borrower. The Company provides refuse collection and disposal services to customers throughout Alameda County. Additionally, the Company owns and operates a MRF in the City of San Leandro. The Company is a small business and was organized in April of 1999. ACI has approximately 104 employees; and with affiliates 186 total employees.

Shareholders and operators of the Company also own and operate other solid waste, recycling and transfer station facilities throughout California. These other facilities include Pleasanton Garbage Service, Inc., Amador Valley Industries, LLC, Bay Counties Waste Services, Inc. dba Specialty Solid Waste & Recycling Systems, South San Francisco Scavenger Co., Inc., Mission Trail Waste Systems, Inc., Peninsula Sanitary Service, Garden City Sanitation, Inc. and Livermore Sanitation, Inc.

The principal stockholders of the Company are as follows:

Louis Pellegrini	27.0833%
Robert J. Molinaro, Trustee	15.9567%
Anthony Macchiano and Shirley Macchiano, Trustees	8.2164%
Kent Kenney and Cheryl Kenney, Trustees	6.2500%
Michael Achiro, Trustee	4.1667%
Edward Bortoli and Robin Marie Bortoli, Trustees	4.1667%
Douglas H. Button and MaryAnn L. Button, Trustees	4.1667%
Paul R. Formosa and Julie A. Formosa, Trustees	4.1667%
Ronald Fornesi and Tamata L. Fornesi, Trustees	4.1667%
Jerry P. Nabhan and Julie Ann Nabhan, Trustees	4.1667%
John F. Rossi, Trustee	4.1667%
Stephanie Uccelli-Menner	4.1667%
William J. Dobert and Lynn C. Dobert, Trustees	3.9972%
Various Less than 3%	<u>5.1628%</u>
Total:	<u>100.000%</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 will utilize note proceeds to finance the acquisition of new compressed natural gas (CNG) vehicles, pickup trucks, MRF sort line improvements, and CNG Facility improvements. All of the components of the Project are to be located at 610 Aladdin Avenue, San Leandro, CA 94577.

Prior Financings. Prior financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of July 7, 2017
Alameda County 2000A	5/24/2000	\$10,310,000	\$0
Alameda County Industries Inc. Series 2010A	8/4/2010	\$2,460,000	\$0
Alameda County Industries AR, Inc Series 2012	12/5/2012	10,275,000	\$0
Alameda County Industries, Inc. Series 2016 (R)(N)	4/6/2016	16,580,000	13,800,000
TOTALS:		<u>\$39,625,000</u>	<u>\$13,800,000</u>

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in September of 2017.

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

Financing Team.

- Municipal Advisor:** Westhoff, Cone & Holmstedt
- Note Counsel:** Law Offices of Leslie M. Lava
- Issuer’s Counsel:** Office of the Attorney General

Staff Recommendation. Staff recommends approval of Initial Resolution No. 17-12 for Alameda County Industries, LLC and/or its Affiliates for an amount not to exceed \$12,205,000.

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 AND EQUIPMENT
FOR ALAMEDA COUNTY INDUSTRIES, INC.
AND/OR ITS 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, Alameda County Industries, Inc., a California corporation (“Applicant”), has requested that the Authority assist in financing or refinancing solid waste disposal/recycling facilities and equipment 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 of improvement to solid waste facilities, including a materials recovery facility and a compressed natural gas facility, and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including solid waste collection vehicles and trucks 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 \$12,205,000 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 \$12,205,000 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 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: 17-12

LOCATION: 610 Aladdin Avenue
San Leandro, CA 94577

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$12,205,000