

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: December 30, 2019

Request to Reinstate, Extend and Amend Initial Resolution Reflecting Official Intent to Issue Revenue Notes

Prepared by: *Alison French-Tubo*

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| Applicant: | Amador Valley Industries LLC, Pleasanton Garbage Service, Inc., Recycling and Resource Recovery LLC, and/or their respective affiliates | Amount Requested: | \$13,615,000 |
| Project Location: | Cities of Pleasanton, Dublin and Livermore (Alameda County) | Application No.: | 931 (SB) |
| | | Initial Resolution No.: | 16-16 |
| | | Prior Actions: | IR 16-016 approved 12/13/16 FR 18-01-856 and SBAF Reso. 18-01-003 approved 4/18/18 |

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 the reinstatement, extension and amendment of Initial Resolution 16-16 for an amount not to exceed \$13,615,000 of tax-exempt notes to finance or refinance solid waste collection, transfer, and disposal activities. The original Initial Resolution was approved on December 13, 2016 for \$10,000,000. On April 18, 2018 a Final Resolution and a SBAF Resolution were approved. On May 9, 2018 AVI borrowed the maximum principal amount of \$4,085,000 to fund vehicles and equipment related to its City of Dublin Franchise. At this time, the Company requests the resolution be amended to an amount not to exceed \$13,615,000 so that PGS may request a Final Resolution in the amount of \$9,530,000 to fund vehicles and equipment related to its City of Pleasanton Franchise Agreement.

Borrower. The Company and its affiliates are in the business of solid waste collection, transfer, and disposal. AVI was organized in California on August 23, 2004 and offers a variety of garbage and recycling collection services broken down into segments servicing residential, commercial, multi-family, and school systems. PGS 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. RRR 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 | <u>5%</u> | <u>0%</u> | <u>0%</u> |
| 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 2018 project issued by CPCFA for AVI consisted of the acquisition of clean diesel and compressed natural gas collection (CNG) vehicles as well as drop boxes, bins and carts for AVI for its Franchise Agreement with the City of Dublin. The 2020 project will fund the purchase of CNG collection vehicles, carts, containers and software to meet conditions of PGS’s Franchise Agreement with the City of Pleasanton effective July 1, 2018 through June 30, 2029

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation during the first quarter of 2020.

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 the reinstatement, extension and amendment 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 \$13,615,000.

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

**REINSTATEMENT, EXTENSION AND AMENDMENT OF
INITIAL RESOLUTION 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 30, 2019

WHEREAS, on December 13, 2016, the California Pollution Control Financing Authority (“Authority”) by its Resolution No. 16-16 (“Initial Resolution”) approved the application of 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”), for financial assistance, in an amount not to exceed \$10,000,000, in defraying the costs of financing or refinancing solid waste disposal facilities and/or equipment to be owned and operated by the one or more of the Applicants and/or their respective affiliates (collectively, “Company”), which financing or refinancing was 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 (collectively, “Project”), and authorized the issuance of revenue notes to provide such financial assistance; and

WHEREAS, on May 9, 2018, the Authority issued revenue notes in the principal amount of \$4,085,000 to finance or refinance a portion of the Project, resulting in \$5,915,000 of authorized but unissued revenue notes; and

WHEREAS, the Initial Resolution ceased to be effective on December 13, 2019; and

WHEREAS the Company now desires, and has requested the Authority, to (i) reinstate the Initial Resolution and amend the Initial Resolution to extend the date on which the Initial Resolution ceases to be effective from December 13, 2019 to December 30, 2022; and (ii) authorize additional financial assistance, in an amount not to exceed \$3,615,000, to finance or refinance additional portions of the Project, resulting in an increase in the maximum principal amount of authorized revenue notes from \$10,000,000 to \$13,615,000;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Authority hereby approves (i) the reinstatement of the Initial Resolution and the extension of the date on which the Initial Resolution ceases to be effective to December 30, 2022, and any references in the Initial Resolution to “December 13, 2019” shall be changed to “December 30, 2022”; and (ii) the change in the maximum principal amount of such authorized

revenue notes to \$13,615,000, and any references in the Initial Resolution, including Exhibit A thereto, to “\$10,000,000” shall be changed to “\$13,615,000”.

Section 2. Except as amended by Section 1 hereof, all provisions and conditions of the Initial Resolution shall remain unchanged and in full force and effect during the term set forth in Section 3 hereof.

Section 3. The Initial Resolution, as amended by this Reinstatement, Extension and Amendment of Initial Resolution, is hereby reinstated and shall remain in full force and effect thereafter until December 30, 2022 unless prior thereto the Authority or Executive Director specifically adopts a further resolution extending the effective date of the Initial Resolution, as amended by this Reinstatement, Extension and Amendment of 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.

Section 4. The Executive Director of the Authority has authority under Authority Resolution No. 19-01-001 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.