

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: July 31, 2020**

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

Prepared by: *Solomita Malko*

Applicant:	Blue Line Transfer, Inc. and/or its affiliates	Amount Requested:	\$8,000,000
Project Location:	City of South San Francisco (San Mateo County)	Application No.:	935(SB)
		Initial Resolution No.:	20-03

Summary. Blue Line Transfer, Inc. and/or its affiliates (the “Company” or “Blue Line Transfer”) requests approval of an Initial Resolution (IR) for an amount not to exceed \$8,000,000 in tax-exempt notes. Note proceeds will be used to: install new equipment and construct site improvements, including system upgrades and paving at the Company’s Materials Recovery Facility (MRF); acquire equipment for collecting, processing, transferring and recycling solid waste; and to make improvements such as landscaping, lighting, paving and fencing at a leased property which is used for the Company’s solid waste operations (the “Project”).

Borrower. Blue Line Transfer has common ownership with South San Francisco Scavenger Co., Inc. (SSFSC). SSFSC is the franchised collection company and Blue Line Transfer operates the MRF. The Company is a small, family-owned business and has been providing refuse collection and waste disposal services in the Bay Area since 1914. The Company serves businesses and residents in South San Francisco, Millbrae, Brisbane and the San Francisco International Airport.

The principal stockholders of the Company are as follows:

Michael Achiro	10.26%
Edward Bortoli	12.82%
Douglas Button	12.82%
Paul Formosa	12.82%
Ron Fornesi	12.82%
Vincent Fornesi	12.82%
John Rossi	12.82%
Jeff Nabhan	2.56%
Nick Nabhan	2.56%
Jerry Nabhan	7.69%
Total:	<u>100.00%*</u>

*Does not add due to fractional shares.

Legal Status Questionnaire. Staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. No information was disclosed in the Legal Status Questionnaire portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. The primary purpose of the Project is to install new equipment at the MRF and to improve the amount and quality of waste diversion efforts in the city of South San Francisco. Blue Line Transfer will be purchasing rolling stock and California Air Resources Board (CARB) compliant solid waste collection vehicles and will be acquiring and installing equipment to be used for collecting, processing and transferring recyclables and solid waste materials. The Project also includes paving and sorter system upgrades at the MRF.

Additionally, the Project entails improvements to the leased property where the Company conducts its solid waste related operations. The improvements to the property include landscaping, lighting, paving and fencing. The owners of the leased property are John Liberatore, John Keith Liberatore, Robert Richard Liberatore, Katherine Sue Liberatore and Joanne Liberatore. The lease agreement for the property is for ten years and three months with two options to extend for five years each.

Financing Details. The Company anticipates the issuance of negotiated tax-exempt notes. The target date for financing is anticipated to be within the fourth quarter of 2020.

Financing Team.

Municipal Advisor to Borrower: 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. 20-03 for Blue Line Transfer, Inc. and/or its affiliates for an amount not to exceed \$8,000,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO FINANCE
SOLID WASTE DISPOSAL AND RECYCLING FACILITIES AND EQUIPMENT
FOR BLUE LINE TRANSFER, INC. AND/OR ITS AFFILIATES**

July 31, 2020

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 notes for the purpose of financing the cost of certain solid waste disposal and recycling facilities and equipment located in San Mateo County, California (“Project”); and

WHEREAS, Blue Line Transfer, Inc., a California corporation (“Applicant”), has requested that the Authority assist in financing or refinancing the Project for the benefit of the Applicant and/or its affiliates (“Company”), and has presented an estimate of the maximum cost of the Project, as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste and 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 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 or refinance 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 \$8,000,000 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 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 \$8,000,000 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 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.

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 approval and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on the date three years after the approval date unless prior thereto the Authority or Executive Director 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: 20-03

PROJECT LOCATION(S): 146 South Maple Avenue, South San Francisco, CA 94080
500 East Jamie Court, South San Francisco, CA 94080

PROJECT DESCRIPTION: (i) Acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including solid waste collection vehicles, rolling stock and other vehicles, and other equipment functionally related thereto; (ii) construction of improvements to solid waste disposal and recycling facilities, including sorter system upgrades and site improvements; and paving; and (iii) paving and construction of improvements to certain leased property which will be used for solid waste related operations.

TYPE: Solid Waste Disposal

AMOUNT: \$8,000,000