

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: November 25, 2020

Request for Amendment of Initial Resolution to Issue Notes to Finance Solid Waste Disposal Facilities and/or Equipment

Prepared by: *Alison French-Tubo*

Applicant:	Amador Valley Industries, LLC, Pleasanton Garbage Service, Inc., and Recycling and Resource Recovery, LLC, and/or their respective affiliates	Amount Requested:	\$22,615,000
Project Location:	Cities of Pleasanton, Dublin, and Livermore (Alameda County)	Application No.:	942(SB)
		Initial Resolution No.:	16-16, Second Amendment
		Prior Actions:	IR 16-16 approved 12/13/16 FR 18-01-586 and SBAF Res. 18-01-003 approved 4/18/18 Amended IR 16-16 approved 12/30/19

Summary. Amador Valley Industries, LLC (“AVI”), Pleasanton Garbage Service, Inc. (“PGS”), and Recycling and Resource Recovery, LLC (“RRR”), and/or their respective affiliates (collectively, the “Company”) request the second amendment of Initial Resolution 16-16 for tax-exempt notes in an amount not to exceed \$22,615,000. Proceeds of the notes will be used to finance or refinance solid waste collection, transfer, and disposal activities (the “Project”).

Background. The original Initial Resolution was approved on December 13, 2016, for an amount not to exceed \$10,000,000. On April 18, 2018, a Final Resolution and a Small Business Assistance Fund Resolution for \$4,085,000 were approved by the Authority, resulting in \$5,915,000 remaining from the original Initial Resolution request. On May 9, 2018, AVI borrowed the maximum principal amount of \$4,085,000 to fund the purchase of vehicles and equipment related to its City of Dublin Franchise Agreement. On December 30, 2019, the Authority reinstated, extended, and amended the Initial Resolution for an amount not to exceed \$13,615,000, allowing for a remaining balance of \$9,530,000 to issue notes. PGS plans to submit a Final Resolution request in the amount of \$9,530,000 to fund the purchase of vehicles and equipment related to its City of Pleasanton Franchise Agreement.

Current Request. At this time, the Company requests the Initial Resolution be amended a second time to an amount not to exceed \$22,615,000, an increase of \$9,000,000 so that AVI may request a Final Resolution in the amount of \$9,000,000 to fund the purchase of vehicles and equipment upgrades related to its City of Dublin Franchise Agreement extension.

Applicant. AVI was organized in California on August 23, 2004, and is in the business of solid waste collection, transfer, and disposal services. PGS is a California corporation founded on March 28, 1969, and is also in the business of solid waste collection, transfer, and disposal services. RRR was organized in California on January 1, 2003, and is in the business of recycling services.

The ownership of the Company is as follows:

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

In addition, Mr. Molinaro and Mr. Macchiano together own 100% of City Automatic Recycling, Inc., and Pleasanton Truck and Equipment Repair, Inc. Although not affiliates of the Company, Mr. Molinaro and Mr. Macchiano are shareholders or members of Alameda County Industries, Mission Trail Waste Systems, Santa Clara Valley Industries, and Bay Counties/Specialty.

Legal 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 Company represents as follows. The Project description remains the same: 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. AVI recently received a 15-year extension of its City of Dublin Franchise Agreement. Thus, AVI must purchase vehicles and equipment in addition to those previously purchased with the 2018 proceeds.

Volume Cap Allocation. AVI and PGS each anticipate applying to the California Debt Limit Allocation Committee for a volume cap allocation in the first quarter of 2021.

Financing Details. AVI and PGS each anticipate requesting a final resolution for the issuance of direct purchase tax-exempt notes. The target date for financing for each is anticipated to be the first quarter of 2021.

Financing Team.

Note Counsel: Law Offices of Leslie M. Lava
Municipal Advisor to Company: Westhoff, Cone & Holmstedt
Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of the Second Amendment to 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 \$22,615,000.

Note: An Initial Resolution approval is not a commitment that the California Pollution Control Financing Authority will approve a Final Resolution and bond financing for the proposed Project.

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

November 25, 2020

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, on December 30, 2019, the Authority reinstated and amended the Initial Resolution to extend the date on which the Initial Resolution ceased to be effective from December 13, 2019 to three (3) years after the date of approval hereof and authorized 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; and

WHEREAS, the Company now desires, and has requested the Authority, to authorize additional financial assistance, in an amount not to exceed \$9,000,000, to finance or refinance additional portions of the Project, resulting in an increase in the maximum principal amount of authorized revenue notes from \$13,615,000 to \$22,615,000; and

WHEREAS, the Authority has determined that it is necessary and advisable that the foregoing be approved.

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

Section 1. The Authority hereby approves the change in the maximum principal amount of such authorized revenue notes to \$22,615,000, and any references in the Initial Resolution, including Exhibit A thereto, to “\$10,000,000” shall be changed to “\$22,615,000”.

Section 2. The Initial Resolution, as amended by this Amendment of Initial Resolution, shall take effect immediately upon its passage and remain in full force and effect thereafter.

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

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.