

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: September 17, 2020

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

Prepared by: *Solomita Malko*

Applicant:	Mission Trail Waste Systems, Inc. and/or its affiliates	Amount Requested:	\$25,000,000
		Application No.:	939(SB)
Project Location:	City of Santa Clara (Santa Clara County)	Initial Resolution No.:	20-07

Summary. Mission Trail Waste Systems, Inc. and/or its affiliates (the “Company”) request approval of an Initial Resolution for an amount not to exceed \$25,000,000 to finance or refinance the acquisition of equipment to support the Company’s waste collection and disposal activities and to construct improvements to solid waste disposal and recycling facilities, including improvements to a fueling station and construction of a storm water system. Note proceeds will also be used to replace the Company’s collection fleet and upgrade equipment to meet new state regulations (the “Project”).

Borrower. The Company was organized on October 28, 1986 in California and is a small business with one noted affiliate, Santa Clara Valley Industries, LLC. Together, these companies employ 105 people. Mission Trail Waste Systems, Inc. provides solid waste collection and disposal services to customers throughout Santa Clara County.

The principal stockholders of the Company are as follows:

Louis Pellegrini	33.3%
Douglas H. Button, Trustee	4.2%
Michael Achiro, Trustee	4.2%
Edward Bortoli, Trustee	4.2%
Paul Formosa, Trustee	4.2%
Ronald Fornesi, Trustee	4.2%
Stephanie Uccelli-Menner	4.2%
John Rossi, Trustee	4.2%
Robert J. Molinaro, Trustee	18.8%
William J. Dobert, Trustee	6.0%
Anthony Macchiano, Trustee	8.5%
Less than 3% ownership	4.0%
Total:	<u>100.0%</u>

Project Description. Note proceeds will be used to finance or refinance improvements to the Company’s fueling station and storm water system located at 1060 Richard Avenue in Santa Clara. The Company also anticipates the acquisition and installation of equipment including California Air Resources Board compliant solid waste collection vehicles, rolling stock, carts, pails, trucks,

bins, food waste processing equipment and other related equipment for the collection, processing, transfer and recycling of solid waste materials.

Volume Cap Allocation. The Company anticipates applying to the California Debt Limit Allocation Committee for volume cap allocation in the fourth quarter of 2020.

Financing Details. The Company anticipates that it will request the Authority to issue direct bank purchase tax-exempt notes in 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. 20-07 for Mission Trail Waste Systems, Inc. and/or its affiliates for an amount not to exceed \$25,000,000.

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 OR REFINANCE SOLID WASTE DISPOSAL
AND RECYCLING FACILITIES AND EQUIPMENT
FOR MISSION TRAIL WASTE SYSTEMS, INC. AND/OR ITS AFFILIATES**

September 17, 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 or refinancing the cost of certain solid waste disposal and recycling facilities and equipment located in Santa Clara County, California (“Project”); and

WHEREAS, Mission Trail Waste Systems, 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 disposal and 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 \$25,000,000 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 \$25,000,000 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: 20-07

PROJECT LOCATION(S): 1060 Richard Avenue, Santa Clara, CA 95052

Carts, pails, bins and/or containers to be located with customers in incorporated and unincorporated Santa Clara County

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, carts, pails, bins and containers and other equipment functionally related thereto; and (ii) construction of improvements to solid waste disposal and recycling facilities, including improvements to a fueling station and construction of a storm water system.

TYPE: Solid Waste Disposal and Recycling

AMOUNT: \$25,000,000