

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: December 3, 2007**  
**Executive Summary**  
***Request for Initial Resolution***

Prepared by: *Doreen Carle*

<b>Applicant:</b> Garaventa Enterprises, Inc. and/or its Affiliates	<b>Amount Requested:</b> \$12,850,000
<b>Project:</b> Pittsburg and Concord	<b>Application No.:</b> 00802 (SB)
<b>Location:</b> (Contra Costa County)	<b>Initial Resolution No.:</b> 07-10

**Type of Business:** Garaventa Enterprises, Inc. (the “Company” or “Garaventa”) provides refuse collection and disposal services in Contra Costa and Solano Counties.

**Project Description:** The Company intends to add to its existing Material Recovery Facility (MRF), located in Pittsburg, to accommodate future single-stream recyclables processing. This project will require the construction of an 88,000 square-foot building that will house a sort-line and the customary attendant equipment. The Company will also purchase an additional parcel in the vicinity of its MRF to house the fleet and vehicle maintenance operation which is currently on the MRF site.

Additionally, the Company intends to replace older collection vehicles and provide for its expanding service areas by purchasing automated collection vehicles and carts. The vehicles will be housed at either the Company’s Concord corporate yard, its Pittsburg MRF, or its Pittsburg corporate yard. The collection vehicles and carts may be used throughout the Company’s service area.

**Pollution Control and/or Waste Diversion:** The Company represents that the Project will generate the pollution control benefits described below.

**Waste Diversion.** The Company plans to expand and automate its recycling services. By implementing a single stream collection system, the Company intends to increase the volume of recyclables diverted from its customers’ waste stream.

**Environmental Benefits:** The Company represents that the Project is designed to generate the environmental benefits described below.

**Air Quality.** The new collection vehicles will be CARB-compliant, and will release fewer emissions than the current vehicles.

**Energy Efficiency.** The use of more fuel efficient vehicles will result in a reduction of fossil fuel use.

**Permits:** The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution.

**Financing Details:** The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Bank of

America that is rated at least “A-” by Fitch Ratings or equivalent. The target date for financing is first quarter 2008.

**Financing Team:**

**Underwriter:** Westhoff, Cone & Holmstedt  
**Bond Counsel:** Law Offices of Leslie M. Lava  
**Financial Advisor:** Andrew S. Rose  
**Issuer’s Counsel:** Office of the Attorney General

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

**Staff Recommendation:** Staff recommends approval of Initial Resolution No. 07-10 for Garaventa Enterprises, Inc. and/or its Affiliates for an amount not to exceed \$12,850,000.

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

**GARAVENTA ENTERPRISES, INC.  
AND/OR ITS AFFILIATES**

**Bond Amount: \$12,850,000**

Pittsburg and Concord

(Contra Costa County)

Application No. 00802 (SB)

December 3, 2007

**STAFF SUMMARY – CPCFA**

**Prepared by:** *Doreen Carle*

**ISSUE:**

Garaventa Enterprises, Inc. and/or its Affiliates (“Garaventa” or the “Company”) requests approval of Initial Resolution No. 07-10 for an amount not to exceed \$12,850,000 to finance land acquisition, for construction of a new building, and to acquire equipment.

**CDLAC Allocation.** The Company anticipates applying for CDLAC allocation in January 2008.

**BORROWER:**

The Company is part of a family of commonly owned companies (Contra Costa Waste Service, Concord Disposal Service, Rio Vista Sanitation Service, Delta Debris Box Service, Byron Disposal Service, Oakley Disposal Service, Brentwood Disposal Service, Pittsburg Disposal and Debris Box Service, Inc., and Discovery Bay Disposal, Inc.) that collect and process municipal waste materials and recyclables in the communities of Concord, Pittsburg, Oakley, Discovery Bay, Knightsen, Bethel Island, Byron, Bay Point, Rio Vista, and other unincorporated areas of Contra Costa and Solano Counties. Garaventa Enterprises, Inc. also owns 25% of Napa Recycling and Waste Services, LLC.

The principal stockholders of the Company are as follows:

Garaventa Family Trust ..... 100%

**Total: .....100%**

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

**Prior Actions and Financings.** Prior actions and financings are detailed below.

<b>Project</b>	<b>Issue Date</b>	<b>Bond Amount Issued</b>	<b>Bond Amount Outstanding as of 11/03/07</b>
Garaventa Enterprises, Inc.	10/18/06	\$18,940,000	\$18,940,000
Garaventa Enterprises, Inc.	10/04/00	3,100,000	665,000
Contra Costa Waste Services	12/07/95	<u>11,225,000</u>	<u>3,225,000</u>
<b>TOTALS:</b>		<b><u>\$33,265,000</u></b>	<b><u>\$22,830,000</u></b>

**PROJECT INFORMATION:**

The Company intends to add to its existing MRF to accommodate future single-stream recyclables processing. This project will require the construction of an 88,000 square-foot building that will house a sort-line and the customary attendant equipment. The Company will also purchase an additional parcel in the vicinity of its MRF to house the fleet and vehicle maintenance operation which is currently on the MRF site.

Additionally, the Company intends to replace older collection vehicles and provide for its expanding service areas by purchasing automated collection vehicles and carts. The vehicles will be housed at either the Company’s Concord corporate yard, its Pittsburg MRF, or its Pittsburg corporate yard. The collection vehicles and carts may be used throughout the Company’s service area.

The anticipated Project and issuance costs are listed below:

Construction of Building.....	\$3,550,000
Site Preparation.....	250,000
Permits .....	200,000
Waste Collection Vehicles.....	3,000,000
Carts .....	5,400,000
Bond Issuance Expenses .....	450,000
<b>TOTAL: .....</b>	<b><u>\$12,850,000</u></b>

**POLLUTION CONTROL AND/OR WASTE DIVERSION:**

The Company represents that the Project will generate the pollution control benefits described below.

**Waste Diversion.** The Company plans to expand and automate its recycling services. By implementing a single stream collection system, the Company intends to increase the volume of recyclables diverted from its customers’ waste stream.

**ENVIRONMENTAL BENEFITS:**

The Company represents that the Project is designed to generate the environmental benefits described below.

**Air Quality.** The new collection vehicles will be CARB-compliant, and will release fewer emissions than the current vehicles.

**Energy Efficiency.** The use of more fuel efficient vehicles will result in a reduction of fossil fuel use.

**PERMITTING & ENVIRONMENTAL APPROVALS:**

The Company will provide copies of all necessary permits prior to seeking Final Resolution approval.

**ANTICIPATED TIMELINE:**

The Company started construction and renovation in November 2007 and anticipates completion by March 2008. Equipment purchases began in January 2007 with a scheduled completion date of November 2008.

**FINANCING DETAILS:**

The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Bank of America that is rated at least “A-” by Fitch Ratings or equivalent. The target date for financing is first quarter 2008.

**FINANCING TEAM:**

**Underwriter:** Westhoff, Cone & Holmstedt  
**Bond Counsel:** Law Offices of Leslie M. Lava  
**Financial Advisor:** Andrew S. Rose  
**Issuer’s Counsel:** Office of the Attorney General

**RECOMMENDATION:**

Staff recommends approval of Initial Resolution No. 07-10 for an amount not to exceed \$12,850,000 for Garaventa Enterprises, Inc. and/or its Affiliates.

Initial Resolution No. 07-10  
Application No. 00802(SB)

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO  
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR  
GARAVENTA ENTERPRISES, INC. AND/OR ITS AFFILIATES**

December 3, 2007

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 for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, Garaventa Enterprises, Inc., a California corporation (“Applicant”), has requested that the Authority assist in financing solid waste disposal/recycling facilities to be owned and operated by the Applicant and/or its Affiliates (as hereinafter defined) (collectively, “Company”), which are expected to be comprised of the renovation of an existing materials recovery facility, site improvements and the acquisition of solid waste, processing, transporting and recycling related vehicles and equipment and other equipment functionally related thereto, including without limitation carts, (collectively, “Facilities”), and have presented an estimate of the maximum cost of such 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 Facilities be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing 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 \$12,850,000 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 \$12,850,000 principal amount of bonds 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 bonds.

Section 3. The bonds 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 bond 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 bond.”

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds 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 bonds 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.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on

**Agenda Item – 4.A.4.**

December 3, 2010 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 reason why the project has not proceeded prior to the date of the letter.



**EXHIBIT A**

**NUMBER:** 07-10

**LOCATIONS:** 1151 and 1300 Loveridge Road  
Pittsburg, CA 94565

4050 Mallard Drive  
Concord, CA 94520

**TYPE:** Solid Waste Disposal/Resource Recovery

**AMOUNT:** Up to \$12,850,000