

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Approval Date: July 13, 2018**

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

Prepared by: *Kris Luoma*

<b>Applicant:</b>	Atlas Disposal Industries, LLC and/or its affiliates	<b>Amount Requested:</b>	\$5,105,000
		<b>Application No.:</b>	924(SB)
<b>Project Location:</b>	City of Sacramento (County of Sacramento)	<b>Initial Resolution No.:</b>	18-04

**Summary.** Atlas Disposal Industries, LLC and/or its affiliates (“Atlas” or the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$5,105,000 to finance the construction of a new maintenance facility and the purchase of compressed natural gas (CNG) collection vehicles and containers (the “Project”).

**Borrower.** Atlas is a waste processing and recycling company. It is a small business and has approximately 102 employees. The Company is a Limited Liability Company (LLC) and was organized on March 24, 1998 in Utah.

The principal stockholders of the Company are as follows:

Atlas Disposal Industries, LLC	
Atlas Capital Group	69.45%
Anytime Disposal, LLC	3.85%
David Sikich	15.63%
Nick Sikich	3.04%
Various (Less than 4%)	8.03%
<b>Total:</b>	<b><u>100.00%</u></b>

Atlas Capital Group	
Dell Loy Hansen	81.42%
Randy Hansen	4.46%
Paul Willie	4.09%
Jeff Kunkel	3.82%
Various (Less than 4%)	6.21%
<b>Total:</b>	<b><u>100.00%</u></b>

Anytime Disposal, LLC	
Dan Haywood	30.58%
Mark Haywood	30.58%
David Theis	29.92%
Marsha Theis	7.13%
Rachel Lynch	1.79%
<b>Total:</b>	<b><u>100.00%</u></b>

**Legal Status Questionnaire.** 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 Company's existing facility is located at 3000 Power Inn Road in Sacramento. Atlas will be leasing land located at 8550 Fruitridge Road in Sacramento, from the County of Sacramento and will be using a portion of the note proceeds to finance the construction of a new maintenance facility on the leased property. The Company also intends to finance the acquisition of CNG collection vehicles and containers, which will be stored at one or both of the project locations.

**Previous Actions and Financings.** CPCFA previously issued bonds for Atlas on May 29, 1999, and received a volume cap allocation for tax-exempt bonds totaling \$5,400,000. The 1999 bonds financed the purchase of a former Weyerhaeuser facility located at 3000 Power Inn Road in Sacramento. The 1999 bonds also financed the purchase of collection vehicles and containers. The current balance of \$4,370,000 on the 1999 bonds is anticipated to be refunded when the Authority issues notes to finance the project.

**Volume Cap Allocation.** The Company anticipates applying to CDLAC for volume cap allocation in September of 2018.

**Financing Details.** The Company anticipates the issuance of direct bank purchase tax-exempt notes.

**Financing Team.**

**Municipal Advisor to Borrower:** Westhoff, Cone & Holmstedt  
**Note Counsel:** Orrick, Herrington & Sutcliffe  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No. 18-04 for Atlas Disposal Industries, LLC and/or its affiliates for an amount not to exceed \$5,105,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS OR NOTES TO  
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
ATLAS DISPOSAL INDUSTRIES, LLC AND/OR ITS AFFILIATES**

**July 13, 2018**

**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 other debt obligations 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**, Atlas Disposal Industries, LLC, a Utah limited liability company (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in financing and/or refinancing of the acquisition, construction, improvement and installation, of facilities and equipment for the collection, processing, transfer and recycling of solid waste and recyclables, including compressed natural gas powered waste collection vehicles and containers, a maintenance facility and other equipment functionally related thereto as more fully described in the Application (collectively, the “Project”) to be owned and/or operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit “A” attached hereto; and

**WHEREAS**, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment 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 debt obligations of the Authority will be made available to finance such 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 \$5,105,000 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 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. An Affiliate shall also be a "participating party" as defined in the Act.

**Section 2.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$5,105,000 principal amount of bonds or 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 debt obligations.

**Section 3.** The bonds or 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 bond or 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 local agency is pledged to the payment of the principal of, premium, if any, or any interest on this [bond][note]."

**Section 4.** The bonds or 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 debt obligations and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to finance the Project; (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 for any portion of the bonds or notes which are to be sold as exempt from federal income tax.

**Section 5.** The Executive Director of the Authority is authorized under Authority Resolution No. 18-01-022 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 to 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. 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 passage and remain in full force and effect thereafter; provided that, subject to Section 6 above, this Resolution shall cease to be effective on July 13, 2021 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company's application, and an explanation of the status of the Project.

**EXHIBIT A**

**NUMBER:** 18-04

**LOCATION:** 3000 Power Inn Road  
Sacramento, CA 95826  
Sacramento County

8550 Fruitridge Road  
Sacramento, CA 95826  
Sacramento County

**TYPE:** Solid Waste Disposal

**AMOUNT:** Up to \$5,105,000