

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Approval Date: June 15, 2021**

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

Prepared by: Andrea Gonzalez

Applicant:	Arakelian Enterprises, Inc., dba Athens Services, and/or its affiliates	Amount Requested: \$100,000,000 Application No.: 951 Initial Resolution No.: 21-08
Project Location:	City of Industry, Irwindale, Los Angeles, Torrance, Pacoima and Sun Valley (Los Angeles County) and Victorville (San Bernardino County)	

Summary. Arakelian Enterprises, Inc., dba Athens Services, and/or its affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$100,000,000 in tax-exempt notes. Note proceeds will be used to acquire land to construct a new transfer station and materials recovery facility (“MRF”), make improvements to existing buildings and purchase related equipment.

Borrower. The Company was incorporated in California on February 28, 1991, and is owned by members of the Arakelian family. The Company provides organic waste composting, residential and commercial solid waste collection, transfer and material recovery, special waste transportation, disposal services and hauling in areas located throughout San Bernardino and Los Angeles Counties.

The principal stockholders of the Company are as follows:

Michael Arakelian	50%
Ron Arakelian Jr.	32%
Ron Arakelian III	8%
Adam Arakelian	8%
Various (Less than 3% each)	<u>2%</u>
Total:	<u>100%</u>

Legal Questionnaire. The California Pollution Control Financing Authority (“CPCFA”) staff has reviewed the Company’s responses to the questions contained in the Legal Status Questionnaire portion of the Application. The information disclosed in the Legal

Status Questionnaire portion of the Application does not raise concerns regarding the financial viability or legal integrity of this applicant.

Project Description. The Company intends to use note proceeds to purchase 17.22 acres of land and to develop a new 260,000 square foot transfer station and MRF in the City of Irwindale. In addition, the Company intends to improve select locations to include new compressed natural gas (“CNG”) fueling stations, upgrades to existing CNG fueling stations, site and building improvements, MRF upgrades and other potential public infrastructure improvements necessary to comply with permitting requirements. Note proceeds will also be used to purchase related equipment, including, but not limited to, rolling stock, carts and containers for new franchise real property.

Volume Cap Allocation. The Company anticipates applying to the California Debt Limit Allocation Committee for a volume cap allocation in September 2021.

Financing Details. The Company anticipates the issuance of the direct bank purchase of tax-exempt notes. The target date for financing is anticipated to be within the fourth quarter of 2021.

Financing Team.

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

Staff Recommendation. Staff recommends the approval of Initial Resolution No. 21-08 for Arakelian Enterprises, Inc., dba Athens Services, and/or its affiliates for an amount not to exceed \$100,000,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO FINANCE
A SOLID WASTE DISPOSAL FACILITY FOR
ARAKELIAN ENTERPRISES, INC., DBA ATHENS SERVICES, AND/OR ITS
AFFILIATES**

JUNE 15, 2021

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 (Division 27 (commencing with Section 44500) of the Health and Safety Code) (the "Act") to issue notes 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, Arakelian Enterprises, Inc., dba Athens Services, a California corporation (the "Company") and/or its affiliates (collectively, the "Company"), has requested that the Authority assist in the financing or refinancing of the acquisition, construction and/or equipping of materials recovery facilities, fueling stations, rolling stock, carts, containers, corporate yards, land purchase and related improvements, as more fully described in the Application (collectively, the "Project"), which will be owned and/or operated by the Company, and have presented an estimate of the maximum cost of the Project as shown in Exhibit "A"; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment that will serve the public of the State of California; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be constructed 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 shall be made available to finance 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 \$100,000,000 shall be issued and that certain of the proceeds of those debt obligations shall be used to reimburse the Company for its prior expenditures associated with 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 the 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 Initial Resolution, an "Affiliate" of the Company means any person or entity that meets the definition of "participating party" in the Act and controls, is controlled by or is under common control with the Company, 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, in one or more series, an aggregate of up to \$100,000,000 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 shall 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, consistent with the Act, shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any local agency is pledged to the payment of the principal of or interest on this bond."

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 of those notes, and mutually acceptable terms and conditions of the loan of the proceeds of those notes 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 for any portion of the notes that are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is authorized under Authority Resolution No. 21-01-001 to indicate the willingness of the Authority to proceed with and effect this 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 Initial 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 Initial Resolution ceases to be effective for other purposes.

Section 7. This Initial Resolution shall take effect immediately upon its approval and remain in full force and effect. Subject to Section 6, this Initial Resolution shall cease to be effective three years after the approval date unless prior to that repeal date the Authority or Executive Director specifically adopts a further resolution extending the effective date of this Initial Resolution, which they will do only after receiving a specific request for that 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: 21-08

LOCATIONS: 14048, 14037, 14045, 14051, 14055, 14103, 14121 Valley
Boulevard, City of Industry, CA 91746
15019 & 15045 Salt Lake Avenue, City of Industry, CA 91746
5355 North Vincent Avenue, Irwindale, CA 91706
11121 Pendleton Street, Los Angeles, CA 91352
1301 W. 228th Street, Torrance, CA 90501
12303 & 12355 Montague Street, Pacoima, CA 91331
9147 De Garmo, Sun Valley, CA 91352
20055 Shay Road, Victorville, CA 92394
2200 Arrow Highway, Irwindale, CA 91706

TYPE: Solid Waste Disposal

AMOUNT: Up to \$100,000,000