

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)
BOND FINANCING PROGRAM
Meeting Date: February 18, 2025**

**Request to Approve a Final Resolution Authorizing the Issuance of Tax-Exempt
Revenue Notes for New Money Purposes**

Prepared by: *Tyler Hanks*

Applicant:	Atlas Disposal Industries, LLC, and/or its affiliates
Project Location:	Cities of Sacramento and Rancho Cordova (Sacramento County)
Amount Requested:	\$18,000,000
Application No.:	969 (SB)
Final Resolution No.:	25-01-625
Prior Actions:	IR approved on 10/25/2024

Summary: Atlas Disposal Industries, LLC, and/or its affiliates (the “Borrower”) requests approval of a Final Resolution for an amount not to exceed \$18,000,000 in tax-exempt notes. The note proceeds will be used for the acquisition, construction, improvement, and/or installation of a maintenance facility and storage yard, with related equipment and infrastructure, the acquisition of compressed natural gas, electric and/or other fuel powered waste collection vehicles and/or other equipment, and the acquisition of bins and containers for the handling and disposal of solid waste (the “Project”).

Borrower: Atlas Disposal Industries, LLC, a limited liability company organized in 1998 in Utah, is in the business of collecting and processing solid waste, recyclables, and organic materials. The Borrower is a small business that employs approximately 155 employees. The principal stockholders and members of Atlas Capital Group are:

Atlas Disposal Industries, LLC Principal Stockholders	
Atlas Capital Group	89.70%
Anytime Disposal, LLC	3.56%
Other Individuals	6.74%
Total:	100.00%

Members of Atlas Capital Group	
Dell Loy Hansen	58.34%
Dave Sikich	16.47%
Brian Waters	5.60%
Other Individuals	19.59%
Total:	100.00%

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Principal Stockholders of Anytime Disposal, LLC	
David Theis	30.06%
Mark Haywood	30.62%
Dan Haywood	30.62%
Marsha Theis	7.02%
Other Individuals	1.68%
Total:	<u>100.00%</u>

Legal Questionnaire: California Pollution Control Financing Authority (“CPCFA” or the “Authority”) staff has reviewed the Borrower’s responses to the questions contained in the Legal Status Questionnaire portion of the application. The Borrower stated that it had nothing to disclose regarding any legal, regulatory, or investigative action that would materially impact the financial viability of the project or applicant or that involved fraud, corruption, or health and safety issues. Staff also conducted an online search and did not find anything of note.

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing: The TEFRA hearing was held on January 16, 2025. There were no comments received in support of or in opposition to the Project at the hearing or in writing.

Fees: The Borrower paid an application fee of \$5,000 and will pay an administrative fee of up to \$31,000 ($\$18,000,000 \times .002$) - \$5,000) at closing.

Small Business Assistance Fund (SBAF) Eligibility: CPCFA funds the SBAF, established in California Code of Regulations, title 4, section 8041, through fees collected from large business borrowers with more than 500 employees. CPCFA uses the SBAF to assist small business borrowers in offsetting the costs of issuance. The SBAF assistance is available on a sliding scale for new money issuances to small-business borrowers, defined in part, in California Code of Regulations, title 4, section 8020, subdivision (l), as those who employ no more than 500 employees, unless the par amount of the bond issue is above \$13,750,000.

CPCFA staff has determined that the Borrower’s transaction does not meet the requirements for SBAF assistance due to the new money PAR amount of \$18,000,000 exceeding the SBAF maximum allowable PAR amount of \$13,750,000.

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Prior Financings: Previous financings by the Borrower and/or its affiliates through CPCFA are listed below.

Previous Atlas Disposal Industries Financings			
Description	Date of Bond Issue	Original Amount	Amount Outstanding As of 1/30/2025
Atlas Disposal Industries, LLC, Series 1999A	05/28/1999	\$5,400,000	\$0
Atlas Disposal Industries, LLC, Series 2018	10/03/2018	\$9,470,000	\$0
Atlas Disposal Industries, LLC, Series 2022	08/17/2022	\$15,595,000	\$15,595,000
Totals:		<u>\$30,735,000</u>	<u>\$15,595,000</u>

Project Description: The Project consists of the financing and/or refinancing of a portion of the costs and expenses related to the acquisition, construction, improvement, and/or installation of a maintenance facility and storage yard, with related equipment and infrastructure to be located at 11361 White Rock Road in Rancho Cordova, California; the acquisition of compressed natural gas, electric and/or other fuel powered waste collection vehicles and/or other equipment, including heavy tractors and processing equipment, used for the collection, transportation, processing or disposal of solid waste throughout Sacramento County, California, and to be housed at 3035 Prospect Park Drive #40 in Rancho Cordova, California, 8565 Unsworth Avenue in Sacramento, California, and 11361 White Rock Road in Rancho Cordova, California; and the acquisition of bins and containers for the handling and disposal of solid waste to be located at the sites of the Company’s customers throughout Sacramento County, California.

The anticipated project costs are listed below:

Project and Issuance Costs	To Be Paid from Note Proceeds
Acquisition of Land	\$4,500,000
Rolling Stock	\$11,500,000
Carts & Bins	\$1,000,000
Cost of Issuance	\$360,000
Contingency	<u>\$640,000</u>
Total:	<u>\$18,000,000</u>

Note: The Project costs reported in the Borrower’s application and shown here in the Authority’s staff report are estimated costs and subject to change; the ultimate amounts and dates can be affected by legal, market, and other factors. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. In addition, those costs may vary after closing due also to increased materials and labor

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costs, as well as design and equipment modifications during construction, differences in equipment due to future changes in statutes and regulations, or for other reasons. However, the Borrower confirms, through the submission of a signed application and will confirm through covenants and representations in various note documents, that all assets purchased with note proceeds will qualify for tax-exempt financing, they will be used to complete the Project as described, and the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source of multiple sources of financing for a given project.

Anticipated Project Timeline: The Project has commenced. All note proceeds are expected to be expended by March 2028.

California Debt Limit Allocation Committee (CDLAC) Volume Cap Allocation: The Authority has applied on the Borrower's behalf to CDLAC for an exempt facility allocation in an amount not to exceed \$18,000,000 to be considered at its March 4, 2025, board meeting.

Local Government: The Borrower received a letter of support from Steve Harriman, Operations and Maintenance Division Manager for the City of Rancho Cordova (see Attachment A).

Pollution Control and/or Environmental Benefits: The Borrower represents that the Project will generate the pollution control and environmental benefits described below:

- **Air Quality** – The Borrower states, “The majority of the project involves the purchase of CNG-fueled waste collection trucks. The use of CNG as a fuel will eliminate particulate matter as compared to the operation of other fossil fuels.”
- **Water Quality** – The Borrower states, “The use of CNG as a fuel will minimize the particulate matter generated and consequently will minimize surface water contamination that generally finds its way into the Sacramento River and area ground water.”
- **Recycling of Commodities** – The Borrower states, “The use of CNG vehicles helps reduce dependence upon other fossil fuels and has a lower carbon footprint.”
- **Safety and Compliance** – The Borrower states, “The Project will be compliant with all State and local mandates. It is in direct response to the State's regulatory mandates of California Public Resources Code as required by AB 939, AB 32 and SB 1383.”
- **Consumer Cost Savings and Efficiencies** – The Borrower states, “In determining the Project Sponsor's proposed rate structure for its Franchise Cities its capital cost considered the use of tax-exempt financing. The lower cost of tax-exempt financing and the increase in operating efficiency of the new MRF equipment will provide greater flexibility as far as future rate structures.”

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- **Other Benefits to the Public** – The Borrower states, “The use of CNG fueled vehicles will assist our County in reducing its carbon footprint as CNG has a lower carbon footprint as compared to other fossil fuels.”

Permitting and Environmental Approvals: The Project is consistent with its existing zoning and permit requirements. The Borrower represents that the Project neither requires a new California Environmental Quality Act (Public Resources Code, Section 2100 et seq.) process, nor any additional discretionary permits.

Financing Details: The Borrower anticipates a direct bank purchase of negotiated tax-exempt notes with Comerica Bank, which is a Qualified Institutional Buyer (QIB) as defined in Rule 144A under the Securities Act of 1933, in minimum denominations of \$250,000 or any integral multiple of \$1.00 in excess thereof during an index interest rate period (the initial period). The target date for the closing of the financing is anticipated to be in March of 2025.

Structurally, the notes will be delivered (“drawn down”) incrementally. For federal tax law purposes, since at least \$250,000 of the notes will be delivered on the initial closing date, the entire \$18,000,000 will be deemed issued at closing. This structure will provide significant cost savings to the Borrower.

Financing Team	
Municipal Advisor to the Borrower:	Piper Sandler & Company
Note Counsel:	Orrick, Herrington & Sutcliffe, LP
Issuer’s Counsel:	Office of the Attorney General
Direct Bank Purchaser:	Comerica Bank
Trustee:	The Bank of New York Mellon Trust Company, N.A.

Staff Recommendation: Staff recommends the approval of Final Resolution No. 25-01-625 for Atlas Disposal Industries, LLC and/or its affiliates for an amount not to exceed \$18,000,000 in new money tax-exempt notes.

Note: Any information related to the borrower, including any data or analysis related to the Borrower’s financial condition or ability to repay the financing, described in this staff report was prepared solely for members of the CPCFA Board and to satisfy certain provisions of Division 27 of the Health and Safety Code, sections 44500 - 44563.

Prospective investors should not rely on information in this staff report and must conduct their own diligence to obtain information essential to the making of an informed investment decision with respect to the financing.

Attachment A



November 13, 2024

Ms. Ricki Hammett, Deputy Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

RE: California Debt Limit Allocation Committee, Exempt Facility Approvals
Atlas Disposal Industries, LLC Project

Dear Ms. Hammett:

I write on behalf of the City of Rancho Cordova in support of Atlas Disposal Industries, LLC ("Atlas") and its proposed project to as it relates to the recent award of the Rancho Cordova residential solid waste collection and street sweeping franchise, including the acquisition of CNG collection vehicles and containers to be located in Sacramento, California. I understand the California Debt Limit Allocation Committee ("CDLAC") will consider approval of Atlas's request for an Allocation of the State Ceiling of Qualified Private Activity bonds for an Exempt Facility Project at its California Debt Limit Allocation Committee meeting.

My staff and I have worked with the management of Atlas Disposal Industries, LLC over the last few years and they now are ready for final approval of the financing. I understand that in order to receive approval for the issuance of tax-exempt bonds, on whose lower interest rates the "project" economics have been based, that CDLAC must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project. The City of Rancho Cordova and Atlas Disposal Industries, LLC agree that the implementation of this project is a cost-effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of Rancho Cordova, I would appreciate it if you would approve the Atlas Disposal Industries, LLC Project at your next meeting. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Steve Harriman".

Steve Harriman, Operations and Maintenance Division Manager
City of Rancho Cordova

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE NOTES
FOR THE SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
OF ATLAS DISPOSAL INDUSTRIES, LLC, AND/OR ITS AFFILIATES**

February 18, 2025

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Atlas Disposal Industries, LLC, a Utah limited liability company (the “Borrower”) for financial assistance to finance and/or refinance the acquisition, construction, improvement, and/or installation of a maintenance facility and storage yard, the acquisition of compressed natural gas, electric and/or other fuel powered waste collection vehicles and/or other equipment, including heavy tractors and processing equipment, used for the collection, transportation, processing or disposal of solid waste, to be located in Sacramento County, California (the “County”), and the acquisition of bins and containers for the handling and disposal of solid waste, to be located at the sites of the Borrower’s customers throughout the County; all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Borrower has requested the Authority to issue its revenue notes from time to time in an amount not to exceed \$18,000,000 to assist in the financing or refinancing of the Project; and

WHEREAS, the Authority has applied for an allocation to finance or refinance certain costs of the Project and to pay certain costs of issuance of such revenue notes in the aggregate amount of \$18,000,000 from the California Debt Limit Allocation Committee (“CDLAC”) (the “Allocation”); and

WHEREAS, the Borrower has requested that such revenue notes be delivered in installments as described in the hereinafter referenced indenture; and

WHEREAS, the proceeds of such revenue notes will be loaned to the Borrower under the hereinafter referenced loan agreement with the Authority; and

WHEREAS, final approval of the terms of such revenue notes and certain documents relating to such revenue notes is now sought; and

WHEREAS, to the extent required, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or is not a project under that division;

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

Section 1. The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (Division 27 (commencing with Section 44500) of the Health and Safety Code) (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Notes (Atlas Disposal Industries, LLC Project), Series 2025” (the “Notes”), or such alternate designation as may be approved by the Executive Director or Deputy Executive Director of the Authority, in an aggregate principal amount not to exceed \$18,000,000, are hereby authorized to be issued. The Notes may be issued at one time, or from time to time, in one or more series or sub-series separately or differently identified, and may be issued in a tax-exempt or taxable mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Notes shall be used to make a loan to the Borrower to finance and/or refinance the Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the Project prior to the issuance of the Notes) and to pay certain costs of issuance of the Notes. The Notes may be issued as a single issue for federal tax purposes with delivery of the Notes against proceeds in periodic installments under a draw down mechanism.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Notes, at one time or from time to time on or before December 31, 2025, by negotiated sale, at such price and at such interest rate or rates as the Treasurer may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Notes at such times pursuant to documents approved in Section 4 hereof, is hereby approved.

Section 4. The following documents:

(i) a loan agreement relating to the Notes (the “Loan Agreement”) between the Authority and the Borrower;

(ii) an indenture relating to the Notes (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”); and

(iii) a note purchase contract relating to the Notes (the “Purchase Contract”) among the Authority, the Treasurer, as agent for sale, and the purchaser named in the Term Sheet, as purchaser (the “Purchaser”), and as approved by the Borrower;

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein in substantial conformance

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with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

Section 5. Any modification to the Project made prior to the issuance of the Notes shall be reported to the Executive Director of the Authority, and such modification shall be subject to further approval by the Authority.

Section 6. Any material changes to the Notes sale structure prior to the issuance of the Notes are subject to further approval by the Authority.

Section 7. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an "Affiliate" of the Borrower 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 Borrower, 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 8. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Notes shall be as provided in the Indenture, as finally executed.

Section 9. The Notes shall be executed by the manual or facsimile signature of the Chair or any Deputy to the Chair and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Notes, when executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Notes by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Notes, when duly executed and authenticated, to the Purchaser in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Notes to the Purchaser upon payment of the purchase price thereof.

Section 10. The Authority hereby dedicates and confirms the Allocation to the Notes of \$18,000,000 from the Allocation to be received from CDLAC, if approved, to finance or refinance certain costs of the Project and to pay certain costs of issuance of the Notes, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Notes. The Allocation shall automatically revert to CDLAC unless the Authority has executed Notes on behalf of the Borrower within one hundred eighty (180) days of the transfer of the Allocation. The Executive Director of CDLAC may approve an extension of up to ninety (90) days, which approval shall not be unreasonably withheld. This extension will result in a forfeiture of the Project's

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performance deposit to the extent that the performance deposit has not been previously forfeited. The Authority shall return any unused Allocation to CDLAC.

Section 11. Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Notes, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement and the Purchase Contract. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate in the form required by bond counsel to the Authority.

Section 12. The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on January 17, 2023 (the “Delegation Resolution”) apply to the documents and actions approved in this Resolution, and the provisions of the Delegation Resolution are incorporated herein by reference. This Section 12 shall be deemed to refer to and incorporate any resolution of a similar nature adopted hereafter by the Authority that replaces or supersedes the Delegation Resolution.

Section 13. The provisions of the Initial Resolution No. 24-09, approved by the Executive Director of the Authority, on behalf of the Authority, on October 25, 2024, pursuant to the Executive Director’s delegation authority, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 14. The Certification of Compliance II or equivalent form must be submitted by the Borrower to the Authority by February 1 annually, until the Project’s Certificate of Completion has been submitted to the Authority, as provided in the Loan Agreement. These forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to demonstrate compliance may result in the disqualification from future allocations of the State Ceiling on Qualified Private Activity Bonds.

Section 15. The Loan Agreement, Indenture and Purchase Contract expressly provide that CDLAC is a third-party beneficiary of the terms and conditions set forth in CDLAC’s Resolution. Once the Notes are executed and delivered, the terms and conditions set forth in CDLAC’s Resolution shall be enforceable by CDLAC through an action for specific performance or any other available remedy.

Section 16. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

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Section 17. This Resolution shall take effect immediately upon its passage. The adoption by the Authority of this Resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Notes (Atlas Disposal Industries, LLC Project), Series 2024 (the “Notes”)
Maximum Amount of Issue:	\$18,000,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
Borrower:	Atlas Disposal Industries, LLC
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Underwriter:	Not applicable
Purchaser:	Comerica Bank
Note Counsel:	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
Remarketing Agent:	Not applicable
Project:	The Project consists of the financing and/or refinancing of a portion of the costs and expenses related to the acquisition, construction, improvement, and/or installation of a maintenance facility and storage yard, with related equipment and infrastructure to be located at 11361 White Rock Road, Rancho Cordova, California 95742; (b) the acquisition of compressed natural gas, electric and/or other fuel powered waste collection vehicles and/or other equipment, including heavy tractors and processing equipment, used for the collection, transportation, processing or disposal of solid waste throughout Sacramento County, California, and to be housed at 3035 Prospect Park Drive #40,

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Rancho Cordova, California 95670, 8565 Unsworth Avenue, Sacramento, California 95828, and 11361 White Rock Road, Rancho Cordova, California 95742; and (c) the acquisition of bins and containers for the handling and disposal of solid waste to be located at the sites of the Company's customers throughout Sacramento County, California.

Maximum Note Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale; direct purchase by Purchaser
Description of Minimum Denominations:	Initially \$250,000 and any integral multiple of \$1.00 above that amount
Financing Structure:	Index interest rate notes; convertible to term interest rate, or weekly variable rate with tender option pursuant to the Indenture; transferable by Purchaser to either an affiliate of the Purchaser or, upon delivery of a purchaser letter, a "Qualified Institutional Buyer," as defined in Rule 144A of the Securities Act of 1933, as amended
Maximum Interest Rate:	Lesser of 12% or the maximum rate permitted by law
Letter of Credit:	Not applicable
Other Credit Enhancement:	Not applicable
Anticipated Note Rating:	Unrated
Type of Financing:	Solid waste disposal revenue notes
Prepared by:	Joel A. Nielsen (925) 472-8746