



Conference Room  
128 Sun Street, Suite. 101, Salinas, California

**Agenda**  
**EXECUTIVE COMMITTEE**  
**THURSDAY, January 6, 2022**  
**4:00 p.m.**

**Public Participation Via Zoom Only**  
Meeting ID No. **867 9806 7441** | Passcode: **653180**

**Please Read Important Notice on Page 2**

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**CALL TO ORDER**

**ROLL CALL**

President	Chris Lopez (County of Monterey)
Vice President	Christie Cromeenes (City of Salinas)
Alternate Vice President	Andrew Tipton (City of Greenfield)
Past President	Robert Cullen (City of King)

**GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS**

**COMMITTEE MEMBER COMMENTS**

**PUBLIC COMMENTS**

Receive public communications from audience on items which are not on the agenda. Speakers are limited to three minutes at the discretion of the Chair.

**CONSIDERATION ITEMS**

1. **Minutes of December 2, 2021 Meeting**
  - A. Committee Discussion
  - B. Public Comment
  - C. Recommended Committee Action – Approval
2. **November 2021 Claims and Financial Reports**
  - A. Receive report from Ray Hendricks, Finance and Administration Manager
  - B. Committee Discussion
  - C. Public Comment
  - D. Recommended Committee Action – Forward to the Board and Recommend Approval
3. **A Resolution Authorizing the Issuance of Bonds and The Execution and Delivery of a Third Supplemental Indenture, a Bond Purchase Agreement, an Official Statement, an Escrow Agreement, a Continuing Disclosure Certificate and Authorizing Certain Related Matters**
  - A. Receive report from Ray Hendricks, Finance and Administration Manager
  - B. Committee Discussion
  - C. Public Comment
  - D. Recommended Committee Action – Forward to the Board and Recommend Approval
4. **Request for Fiscal Year 2021-22 Preliminary Budget Direction**
  - A. Receive report from Ray Hendricks, Finance and Administration Manager
  - B. Committee Discussion
  - C. Public Comment
  - D. Recommended Committee Action – Provide Input and Forward to the Board for Direction

**PRESENTATION****5. 2021 Employee Survey Results**

- A. Receive report from Monica Ambriz, Human Resources Supervisor
- B. Committee Discussion
- C. Public Comment
- D. Recommended Committee Action – None; Informational Only

**FUTURE AGENDA ITEMS****6. Future Agenda Items – View Ahead Calendar****CLOSED SESSION**

Receive public comment from audience before entering into closed session:

7. Pursuant to **Government Code Section 54956.8** to confer with legal counsel and real property negotiators General Manager/CAO Patrick Mathews, Asst. GM/Ops Manager Cesar Zuñiga, Finance and Administration Manager Ray Hendricks, and General Counsel Roy C. Santos, concerning the possible terms and conditions of acquisition, lease, exchange or sale of **1)** Salinas Valley Solid Waste Authority Property, APNs 003-051-086 and 003-051-087, located at 135-139 Sun Street, Salinas, CA: **2)** Republic Services Property, APNs 261-051- 007, located at 1120 Madison Lane, Salinas, CA.

**RECONVENE****ADJOURNMENT****Important Notice**

In accordance with AB361, State, County, and local orders, recommendations on protocols to contain the spread of COVID-19, this meeting will be conducted in hybrid in-person/virtual format. To maintain appropriate social distance of six feet between individuals only the Committee Members and crucial staff will be allowed to attend in person as space is limited in the conference room. Members of the public interested in observing the meeting may do so on our YouTube channel <https://www.youtube.com/user/svswa831>.

To participate during the meeting and make a general comment, or to comment on a specific agenda item as an item is being heard, you may join the meeting virtually through Zoom using the link below. Join using the computer audio at: <https://us02web.zoom.us/j/86798067441?pwd=YVN3dk9FSm9mcFVBQUZlZTUyWHFRZz09>.

To Participate by telephone dial any of the numbers listed below and enter the meeting ID number and passcode listed:

1 669-900-9128	1 253-215-8782	1 346-248-7799	1 646-558-8656	1 312-626-6799	1 301-715-8592
Enter <b>Meeting ID: #867 9806 7441</b>			Passcode: <b>653180</b>		
To <b>Raise your Hand</b> press *9			To <b>Mute</b> and <b>Unmute</b> yourself press *6		

Public comments may also be submitted via e-mail to the Clerk of the Board at [comment@svswa.org](mailto:comment@svswa.org). Comment must be received by 2 p.m. on Thursday, January 6, 2022, and should be limited to 250 words or less. Every effort will be made to read your comment into the record, but some comments may not be read due to time limitations. Comments received via e-mail after 2 p.m. will be made part of the record if received prior to the end of the meeting. To assist the Clerk in identifying the agenda item relating to your public comment, please indicate in the Subject Line the item number (i.e. Item No. 10).

This meeting agenda was posted at the Salinas Valley Solid Waste Authority office at 128 Sun Street, Suite 101, Salinas, on **Thursday, December 30, 2021**. The Executive Committee will next meet in regular session on **Thursday, February 3, 2022, at 4:00 p.m.** Staff reports for the Authority Executive Committee meetings are available for review at 128 Sun Street, Suite 101, Salinas, California 93901, Phone 831-775-3000 and at [www.salinasvalleyrecycles.org](http://www.salinasvalleyrecycles.org).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meeting, please contact Erika J. Trujillo, Clerk of the Board, at 831-775-3000. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting (28 CFR Executive Committee to provide direction 35.102-35.104 ADA Title II).

**MINUTES OF MEETING  
SALINAS VALLEY SOLID WASTE AUTHORITY  
EXECUTIVE COMMITTEE  
December 2, 2021**

This meeting was conducted virtually via Zoom in accordance with AB 361.

**CALL TO ORDER**

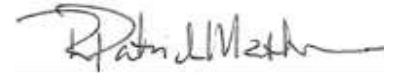
President Lopez called the meeting to order at 4:01 p.m.

**COMMITTEE MEMBERS PRESENT**

County of Monterey	Chris Lopez, <i>President</i>	Virtual
City of Salinas	Christie Cromeenes, <i>Vice President</i>	Virtual
City of Greenfield	Andrew Tipton, <i>Alt. Vice President</i>	Virtual
City of King	Robert Cullen	Virtual

**ITEM NO. 1**

Agenda Item



General Manager/CAO

*R. Santos by E.T.*

Authority General Counsel

**STAFF MEMBERS PRESENT**

Patrick Mathews, General Manager/CAO	Virtual
Cesar Zuñiga, Asst. GM/Operations Manager	Virtual
Ray Hendricks, Finance and Administration Manager	Virtual
Mandy Brooks, Resource Recovery Manager	Virtual
Brian Kennedy, Engineering and Environmental Compliance Manager	Virtual
Roy C. Santos, General Counsel	Virtual
Rosie Ramirez, Administrative Assistant	Virtual
Erika J. Trujillo, Clerk of the Board	Virtual

**GENERAL MANAGER AND DEPARTMENT MANAGER COMMENTS**

(4:02) General Manager/CAO Mathews indicated the local union OE3 has submitted an appropriate petition and PERB verified that the OE3 has a majority vote for representation of the operations group and notices have been posted within the facilities.

Finance and Administration Manager indicated that the bond refinancing process is on track and expected to be taken to the Executive Committee for review and to the Board for approval in January.

**COMMITTEE COMMENTS**

(4:04) Past President Cullen indicated he has been in contact with Atlas Organics and is working on scheduling a visit to their Texas facility as he will be in the area for a conference.

**PUBLIC COMMENT**

(4:05) None

**CONSIDERATION ITEMS**

(4:06)

**1. Minutes of November 4, 2021 Meeting**

**Committee Discussion:** None

**Public Comment:** None

**Committee Action:** Vice President Cromeenes made a motion to approve the minutes as presented. Alternate Vice President Tipton seconded the motion. The motion passed unanimously: 3-0.

## **2. October 2021 Claims and Financial Reports**

(4:07) Finance and Administration Manager Hendricks provided a report on the Agency's finances, indicating that revenues and expenditures are comparable to last year and align to the approved budget.

**Committee Discussion:** None

**Public Comment:** None

**Committee Action:** Vice President Cromeenes made a motion to forward to the Board recommending approval. Alternate Vice President Tipton seconded the motion. The motion passed unanimously: 3-0.

## **3. A Discussion on the Final Two Proposals from the Request for Proposals for Organics Composting, and Marketing Products at the Johnson Canyon Landfill**

(4:08) Resource Recovery Manager Brooks presented a report on the final two proposals being considered for the processing and marketing of Organics at the Johnson Canyon Landfill. She provided a side-by-side comparison with detailed information on prices, investment requirements, risks, and potential customer rate impacts of Atlas Organics proposal, the external candidate, and the Authority's internal proposal to assume operations of the facility. Mrs. Brooks detailed the pros and cons for each proposal.

**Committee Discussion:** The Committee discussed the presentation.

**Public Comment:** None

**Committee Action:** The Committee directed staff to forward the report to the Board of Directors with the inclusion of a report from Past President Cullen's on his visit to Atlas facility and a short presentation from Atlas.

## **FUTURE AGENDA ITEMS**

### **4. Future Agenda Items – View Ahead Calendar**

(4:32) The Committee discussed the view ahead.

## **CLOSED SESSION**

(4:35) President Lopez invited public comment on item nos. 5, 6, and 7.

### **5. Pursuant to **Government Code Section 54957(b)(1)****

Title: Board of Directors Strategic Planning Facilitator/Consultant.

**6. Pursuant to **Government Code Section 54957.6** to provide instruction to General Manager/CAO Patrick Mathews, Assist. GM/Operations Manager Cesar Zuñiga, and General Counsel Roy C. Santos, to negotiate salaries and benefits with SVSWA employees – management and non-management.**

**7. Pursuant to **Government Code Section 54957 (b)** to consider the performance Evaluation of the General Manager/Chief Administrative Officer Patrick Mathews for 2021.**

## **PUBLIC COMMENTED**

(4:36) None

(4:37) President Lopez adjourned the meeting to closed session to discuss Item Nos. 5, 6, and 7.

## **RECONVENE**

(5:40) President Lopez reconvened the meeting to open session with no reportable actions taken in closed session.

**ADJOURNMENT**

(5:41) President Lopez adjourned the meeting.

APPROVED: \_\_\_\_\_  
Christopher M. Lopez, President

ATTEST: \_\_\_\_\_  
Erika J. Trujillo, Clerk of the Board



## Report to the Executive Committee

### ITEM NO. 2

Finance and Administration  
Manager/Controller/Treasurer

General Manager/CAO

N/A

Authority General Counsel

**Date:** January 06, 2021

**From:** C. Ray Hendricks, Finance and Administration Manager

**Title:** November 2021 Claims and Financial Reports

### RECOMMENDATIONS

Staff requests that the Executive Committee recommends acceptance of the November 2021 Claims and Financial Reports.

### DISCUSSION & ANALYSIS

Please refer to the attached financial reports and checks issued report for the month of November for a summary of the Authority's financial position as of November 30, 2021. The following are highlights of the Authority's financial activity for the month of November.

#### Results of Operations (Consolidated Statement of Revenues and Expenditures)

For the month of November 2021, operating revenues exceeded expenditures by \$960,739.

#### Revenues (Consolidated Statement of Revenues and Expenditures)

	Budget	Actual	Over/(Under)
Tipping Fees - Solid Waste	1,197,984	1,453,621	255,637
Tipping Fees - Diverted Materials	256,985	296,211	39,226
Total Revenue	1,887,010	2,233,809	346,799

Solid Waste revenues for November were \$255,637 or 21.3% over budgeted amounts. Diverted Material revenues for November were \$39,226 or 15.3% over budgeted amounts. November total revenue was \$346,799 or 18.4% over budgeted amounts.

	Y-T-D Budget	Y-T-D Actual	Over/(Under)
Tipping Fees - Solid Waste	6,238,853	7,288,965	1,050,112
Tipping Fees - Diverted Materials	1,391,444	1,358,152	(33,292)
Total Revenue	9,932,243	11,022,631	1,090,388

Solid Waste revenues year to date as of November were \$1,050,112 or 16.8% over budgeted amounts. Diverted Material revenues year to date as of November were \$33,292 or 2.4% under budgeted amounts. Year to date total revenue as of November was \$1,090,388 or 11.0% over budgeted amounts.

Operating Expenditures (Consolidated Statement of Revenues and Expenditures)

As of November 30, 2021 (41.7% of the fiscal year), year-to-date operating expenditures totaled \$8,860,244. This is 43.0% of the operating budget of \$20,625,000.

Capital Project Expenditures (Consolidated Grant and CIP Expenditures Report)

For the month of November 2021, capital project expenditures totaled \$43,407. \$19,552 was for the JC Module Engineering and Construction project, \$12,474 was for CH Postclosure Maintenance.

Claims Checks Issued Report

The Authority's Checks Issued Report for the month of November 2021 is attached for review and acceptance. November disbursements total \$1,595,930.32 of which \$958,160.96 was paid from the payroll checking account for payroll and payroll related benefits.

Following is a list of vendors paid more than \$50,000 during the month of November 2021.

Vendor	Services	Amount
Vision Recycling	October Greenwaste Processing	\$112,536.18
Southern Counties Lubricants LLC.	All Sites Equipment & Vehicle Fuel	\$59,843.93

Cash Balances

The Authority's cash position increased \$969,883.08 during November to \$34,555,803.10. Most of the cash balance is restricted, held in trust, committed, or assigned as shown below. Cash for Capital Improvements and post closure funded from operations is transferred at the beginning of the year. Additionally, debt principal and interest payments totaling \$2,517,079.31 were made on August 1, 2021. While these transfers leave the balance available for operations with a negative balance, it is expected that profitable operations over the next few months will improve the balance to a positive amount by year end.

Restricted by Legal Agreements:

Johnson Canyon Closure Fund	4,927,666.82
Restricted for Pension Liabilities (115 Trust)	281,256.35
State & Federal Grants	45,982.03
BNY - Bond 2014A Payment	-
BNY - Bond 2014B Payment	-

Funds Held in Trust:

Central Coast Media Recycling Coalition	118,384.00
Employee Unreimbursed Medical Claims	12,257.94

Committed by Board Policy:

AB939 Services	576,588.21
Designated for Capital Projects Reserve	5,702,715.89
Designated for Environmental Impairment Reserve	2,272,084.68
Designated for Operating Reserve	3,078,750.00
Expansion Fund (South Valley Revenues)	8,683,733.95

Assigned for Post Closure and Capital Improvements

Crazy Horse Post Closure	1,011,930.89
Lewis Road Post Closure	304,926.35
Jolon Road Post Closure	183,501.15
Johnson Canyon Post Closure	1,994,611.71
Capital Improvement Projects	7,518,085.61

Available for Operations:

(2,156,672.48)

Total

34,555,803.10

**ATTACHMENTS**

1. November 2021 Consolidated Statement of Revenues and Expenditures
2. November 2021 Consolidated Grant and CIP Expenditures Report
3. November 2021 Checks Issued Report



**Salinas Valley Solid Waste Authority**  
**Consolidated Statement of Revenues and Expenditure**  
**For Period Ending November 30, 2021**

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<b><u>Revenue Summary</u></b>							
Tipping Fees - Solid Waste	14,385,000	1,453,621	7,288,965	50.7 %	7,096,035	0	7,096,035
Tipping Fees - Surcharge	1,486,800	117,514	605,342	40.7 %	881,458	0	881,458
Tipping Fees - Diverted Materials	3,188,250	296,211	1,358,152	42.6 %	1,830,098	0	1,830,098
AB939 Service Fee	3,460,000	288,334	1,441,670	41.7 %	2,018,330	0	2,018,330
Charges for Services	141,300	36,689	85,404	60.4 %	55,896	0	55,896
Sales of Materials	245,500	41,440	170,581	69.5 %	74,919	0	74,919
Gas Royalties	290,000	0	60,238	20.8 %	229,762	0	229,762
Investment Earnings	75,000	0	12,279	16.4 %	62,721	0	62,721
Total Revenue	23,271,850	2,233,809	11,022,632	47.4 %	12,249,218	0	12,249,218
<b><u>Expense Summary</u></b>							
Executive Administration	498,700	70,172	216,004	43.3 %	282,696	40,750	241,947
Administrative Support	450,300	27,490	158,532	35.2 %	291,768	91,665	200,104
Human Resources Administration	264,600	12,593	79,585	30.1 %	185,015	7,900	177,115
Clerk of the Board	197,900	14,132	72,305	36.5 %	125,595	2,623	122,972
Finance Administration	842,000	58,331	300,522	35.7 %	541,478	23,607	517,871
Operations Administration	590,100	34,197	185,688	31.5 %	404,412	2,811	401,601
Resource Recovery	1,236,900	67,248	367,493	29.7 %	869,407	2,003	867,404
Marketing	75,600	0	5,838	7.7 %	69,762	0	69,762
Public Education	274,500	8,047	71,444	26.0 %	203,056	76,921	126,135
Household Hazardous Waste	787,800	57,469	183,519	23.3 %	604,281	197,472	406,809
C & D Diversion	466,900	5,339	59,502	12.7 %	407,398	84,279	323,120
Organics Diversion	1,999,900	135,277	613,901	30.7 %	1,385,999	1,210,253	175,746
Diversion Services	30,000	3,900	13,500	45.0 %	16,500	0	16,500
JR Transfer Station	682,500	48,478	219,597	32.2 %	462,903	78,904	383,999
JR Recycling Operations	182,300	10,343	49,344	27.1 %	132,956	6	132,950

**Salinas Valley Solid Waste Authority**  
**Consolidated Statement of Revenues and Expenditure**  
**For Period Ending November 30, 2021**

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
SS Disposal Operations	1,124,000	68,450	466,205	41.5 %	657,795	106,168	551,627
SS Transfer Operations	1,385,700	104,564	485,383	35.0 %	900,317	358,424	541,893
SS Recycling Operations	716,700	46,345	249,853	34.9 %	466,847	70,570	396,277
JC Landfill Operations	3,171,100	263,194	1,503,583	47.4 %	1,667,517	647,139	1,020,378
JC Recycling Operations	479,800	28,869	148,094	30.9 %	331,706	14,060	317,647
Johnson Canyon ECS	465,800	53,006	145,473	31.2 %	320,327	127,745	192,582
Sun Street ECS	181,900	15,454	40,012	22.0 %	141,888	61,591	80,298
Debt Service - Interest	1,279,000	0	662,079	51.8 %	616,921	0	616,921
Debt Service - Principal	1,855,000	0	1,855,000	100.0 %	0	0	0
Closure/Post Closure Set-Aside	336,000	33,982	171,585	51.1 %	164,415	0	164,415
Cell Construction Set-Aside	1,050,000	106,193	536,204	51.1 %	513,796	0	513,796
Total Expense	20,625,000	1,273,070	8,860,244	43.0 %	11,764,756	3,204,890	8,559,866
Revenue Over/(Under) Expenses	2,646,850	960,739	2,162,388	81.7 %	484,462	(3,204,890)	3,689,352

# Salinas Valley Solid Waste Authority

## Consolidated CIP Expenditure Report

For Period Ending November 30, 2021

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
<b><u>Fund 131 - Crazy Horse Post-Closure Fund</u></b>							
131 9316 CH Corrective Action Program	253,000	0	0	0.0 %	253,000	0	253,000
131 9319 CH LFG System Improvements	146,500	0	0	0.0 %	146,500	0	146,500
131 9321 CH Postclosure Maintenance	763,681	12,474	151,401	19.8 %	612,279	194,761	417,518
<b>Total Fund 131 - Crazy Horse Post-Closure Fu</b>	<b>1,163,181</b>	<b>12,474</b>	<b>151,401</b>	<b>13.0 %</b>	<b>1,011,779</b>	<b>194,761</b>	<b>817,018</b>
<b><u>Fund 141 - Lewis Road Post-Closure Fund</u></b>							
141 9402 LR LFG Well Replacement	50,000	0	0	0.0 %	50,000	0	50,000
141 9403 LR Postclosure Maintenance	330,532	5,097	75,592	22.9 %	254,939	63,187	191,753
<b>Total Fund 141 - Lewis Road Post-Closure Fur</b>	<b>380,532</b>	<b>5,097</b>	<b>75,592</b>	<b>19.9 %</b>	<b>304,939</b>	<b>63,187</b>	<b>241,753</b>
<b><u>Fund 161 - Jolon Road Post-Closure Fund</u></b>							
161 9604 JR Postclosure Maintenance	369,616	4,344	186,115	50.4 %	183,501	21,188	162,314
<b>Total Fund 161 - Jolon Road Post-Closure Fur</b>	<b>369,616</b>	<b>4,344</b>	<b>186,115</b>	<b>50.4 %</b>	<b>183,501</b>	<b>21,188</b>	<b>162,314</b>
<b><u>Fund 180 - Expansion Fund</u></b>							
180 9804 Long Range Facility Needs EIR	335,395	0	0	0.0 %	335,395	0	335,395
180 9806 Long Range Financial Model	28,388	0	0	0.0 %	28,388	0	28,388
180 9807 GOE Autoclave Final Project	100,000	0	0	0.0 %	100,000	0	100,000
<b>Total Fund 180 - Expansion Fund</b>	<b>463,783</b>	<b>0</b>	<b>0</b>	<b>0.0 %</b>	<b>463,783</b>	<b>0</b>	<b>463,783</b>
<b><u>Fund 211 - Grants</u></b>							
211 9220 Tire Amnesty 2019-20	4,121	0	3,675	89.2 %	447	0	447
211 9228 Tire Amnesty 2021-22	77,757	0	0	0.0 %	77,757	0	77,757
211 9247 Cal Recycle - CCPP	12,559	0	1,950	15.5 %	10,609	6,800	3,809
211 9257 Cal Recycle - 2019-20 CCPP	15,910	0	1,539	9.7 %	14,371	4,125	10,246
211 9258 Cal Recycle - 2020-21 CCPP	21,552	0	550	2.6 %	21,002	4,323	16,679
<b>Total Fund 211 - Grants</b>	<b>131,899</b>	<b>0</b>	<b>7,714</b>	<b>5.8 %</b>	<b>124,186</b>	<b>15,247</b>	<b>108,938</b>

# Salinas Valley Solid Waste Authority

## Consolidated CIP Expenditure Report

For Period Ending November 30, 2021

	CURRENT BUDGET	M-T-D REV/EXP	Y-T-D REV/EXP	% OF BUDGET	REMAINING BALANCE	Y-T-D ENCUMBRANCES	UNENCUMBERED BALANCE
216 9802 Autoclave Demonstration Unit	141,499	0	0	0.0 %	141,499	0	141,499
216 9804 Long Range Facility Needs EIR	180,062	0	0	0.0 %	180,062	0	180,062
<b>Total Fund 216 - Reimbursement Fund</b>	<b>321,560</b>	<b>0</b>	<b>0</b>	<b>0.0 %</b>	<b>321,560</b>	<b>0</b>	<b>321,560</b>
<b><u>Fund 800 - Capital Improvement Projects Fund</u></b>							
800 9104 Organics System Expansion Study	31,756	0	0	0.0 %	31,756	0	31,756
800 9105 Concrete Grinding	80,000	0	75,386	94.2 %	4,614	0	4,614
800 9107 Scale House Software Upgrade	100,000	0	0	0.0 %	100,000	0	100,000
800 9108 Emergency Generators	222,568	0	0	0.0 %	222,568	159,106	63,461
800 9214 Organics Program 2016-17	563,340	0	0	0.0 %	563,340	5,855	557,485
800 9222 Community-Based Social Marketing S	170,000	0	71,123	41.8 %	98,877	48,877	50,000
800 9223 Outdoor Education Center	185,000	0	0	0.0 %	185,000	106,727	78,274
800 9501 JC LFG System Improvements	109,465	0	8,803	8.0 %	100,663	0	100,663
800 9505 JC Partial Closure	100,000	1,940	8,625	8.6 %	91,375	46,621	44,755
800 9506 JC Litter Control Barrier	70,490	0	1,819	2.6 %	68,671	0	68,671
800 9507 JC Corrective Action	260,362	0	0	0.0 %	260,362	0	260,362
800 9509 JC Groundwater Well	250,000	0	0	0.0 %	250,000	17,309	232,691
800 9526 JC Equipment Replacement	1,216,025	0	0	0.0 %	1,216,025	0	1,216,025
800 9527 JC Module Engineering and Construc	2,149,120	19,552	167,133	7.8 %	1,981,987	44,184	1,937,803
800 9528 Roadway Improvements	300,049	0	0	0.0 %	300,049	0	300,049
800 9601 JR Transfer Station Improvements	357,138	0	0	0.0 %	357,138	0	357,138
800 9602 JR Equipment Purchase	240,000	0	0	0.0 %	240,000	0	240,000
800 9603 JR Well Replacement	150,000	0	0	0.0 %	150,000	15,081	134,919
800 9701 SSTS Equipment Replacement	598,568	0	0	0.0 %	598,568	0	598,568
800 9703 SSTS Improvements and Cleanup	160,934	0	0	0.0 %	160,934	0	160,934
<b>Total Fund 800 - Capital Improvement Projects</b>	<b>7,314,814</b>	<b>21,492</b>	<b>332,888</b>	<b>4.6 %</b>	<b>6,981,926</b>	<b>443,759</b>	<b>6,538,166</b>
<b>Total CIP Expenditures</b>	<b>10,145,386</b>	<b>43,407</b>	<b>753,710</b>	<b>7.4 %</b>	<b>9,391,675</b>	<b>738,143</b>	<b>8,653,532</b>

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
27991	ALESHIRE & WYNDER, LLP Monthly Legal Services	11/3/2021	19,555.20	19,555.20
27992	ASBURY ENVIRONMENTAL SERVICES ABOP HHW Disposal	11/3/2021	190.00	190.00
27993	AT&T SERVICES INC All Sites Telephone Services	11/3/2021	547.03	547.03
27994	COAST COUNTIES TRUCK & EQUIPMENT CO. SS Vehicle Maintenance	11/3/2021	647.06	647.06
27995	COASTAL TRACTOR JC Equipment Maintenance	11/3/2021	811.47	811.47
27996	CUTTING EDGE SUPPLY JC Equipment Maintenance	11/3/2021	302.76	302.76
27997	DOUGLAS NOLAN School Assembly Program	11/3/2021	900.00	900.00
27998	EDUARDO ARROYO JC Facility Maintenance	11/3/2021	2,100.00	2,100.00
27999	FERGUSON ENTERPRISES INC #795 JC Maintenance Supplies	11/3/2021	25.71	25.71
28000	FULL STEAM STAFFING LLC JC Contract Labor	11/3/2021	2,477.39	2,477.39
28001	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	11/3/2021	2,266.94	2,266.94
28002	GONZALES ACE HARDWARE All Sites Facility Maintenance Supplies	11/3/2021	277.02	277.02
28003	GRAINGER JC Safety Supplies	11/3/2021	98.81	98.81
28004	GREEN RUBBER - KENNEDY AG, LP JC Maintenance Supplies	11/3/2021	851.78	851.78
28005	GREEN VALLEY INDUSTRIAL SUPPLY, INC SS Facility Maintenance	11/3/2021	379.72	379.72
28006	INFINITY STAFFING SERVICES, INC. JR Contract Labor	11/3/2021	1,212.00	1,212.00
28007	JT HOSE & FITTINGS JC & SS Facility Maintenance	11/3/2021	42.32	42.32
28008	KING CITY HARDWARE INC. JC Equipment Maintenance	11/3/2021	93.11	93.11

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28009	MALLORY CO. INC RR Safety Supplies	11/3/2021	209.27	209.27
28010	MANUEL TINAJERO CH Landscaping Services JR Facility Maintenance	11/3/2021	2,250.00 450.00	2,700.00
28011	MCMASTER-CARR SUPPLY COMPANY JC Facility Maintenance Supplies	11/3/2021	752.60	752.60
28012	MISSION LINEN SUPPLY All Sites Uniforms	11/3/2021	52.96	52.96
28013	OFFICE DEPOT All Sites Office Supplies	11/3/2021	1,278.84	1,278.84
28014	PROBUILD COMPANY LLC Facility Supplies Return JC Facility Maintenance	11/3/2021	(163.66) 3,066.71	2,903.05
28015	QUICK SEPTIC PUMP & LIQUID WASTE SS Water Removal	11/3/2021	2,640.00	2,640.00
28016	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	11/3/2021	1,637.53	1,637.53
28017	R.D. OFFUTT COMPANY JC Equipment Maintenance Supplies	11/3/2021	242.48	242.48
28018	ROSSI BROS TIRE & AUTO SERVICE JC Equipment Maintenance Supplies	11/3/2021	7,098.37	7,098.37
28019	SALINAS NEWSPAPERS, INC. Public Notice: NOA RFB	11/3/2021	213.37	213.37
28020	SCS ENGINEERS AB1383 Ad Tech Review	11/3/2021	3,150.75	3,150.75
28021	SHARPS SOLUTIONS, LLC HHW Hauling & Disposal	11/3/2021	200.00	200.00
28022	SOUTHERN COUNTIES LUBRICANTS LLC JC Org Biodiesel Fuel	11/3/2021	11,942.28	11,942.28
28023	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	11/3/2021	1,087.50	1,087.50
28024	WASTEZERO INC. RR-Special Dept Litter Bags	11/3/2021	6,858.28	6,858.28
28025	WEST COAST RUBBER RECYCLING, INC JC Tire Diversion	11/3/2021	1,950.00	1,950.00

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28026	US BANK CORPORATE PAYMENT SYSTEM	11/9/2021		
	Amazon: JC Facility Maintenance		197.36	
	Mountain Mikes: FY 2020-21 Audit		117.92	
	BNY: Bond Confirmation Fees		58.00	
	Harbor Freight: JC Org Supplies		85.64	
	Amazon: Board Meeting Supplies		49.15	
	Experian: Credit Checks		49.95	
	Intermedia: Monthly Exchange Server Hosting		424.65	
	Fastenal: SS Facility Maintenance		32.56	
	Harbor Freight: RR Dept. Supplies		83.80	
	Trak4: RR Special Department Supplies		83.88	
	Trak4: JC Facility Maintenance		83.88	
	Trak4: JC Facility Maintenance		83.88	
	Amazon: JC Org Facility Maintenance		145.29	
	Amazon: JC Facility Maintenance		200.40	
	ATT.COM: JC Internet Service		70.00	
	Harbor Freight: JC Facility Maintenance		349.44	
	Smart & Final: Board Meeting Supplies		95.78	
	Zoom: Monthly Subscription		146.96	
	Harbor Freight: SS Facility Maintenance		21.82	
	Dominos: RR Special Dept Supplies		64.55	
	Amazon: Ops Admin Supplies		269.90	
	Santa Fe: JC Office Supplies		32.43	
	Home Depot: Board Meeting Supplies		340.60	
	Home Depot: Board Meeting Supplies		1,558.70	
	Amazon: JC Facility Maintenance Supplies		425.60	
	Amazon: JC Facility Maintenance Supplies		324.28	
	Amazon: JC Facility Maintenance Supplies		31.78	
	SurveyMonkey: Software Renewal		99.00	
	Costco: RR Dept Supplies		56.56	
	Home Depot: Board Meeting Supplies Return		(1,541.79)	
	Auto Zone: Wiper Blades		43.24	
				4,085.21
28027	**Void**	11/9/2021	-	
			-	
28028	**Void**	11/9/2021	-	
			-	
28029	**Void**	11/9/2021	-	
			-	
28030	A & G PUMPING, INC	11/9/2021		
	JC Org & JR Portable Toilets		550.00	
				550.00
28031	AMERICAN SUPPLY CO.	11/9/2021		
	All Sites Janitorial Supplies		227.13	
				227.13
28032	AUTOZONE LLC.	11/9/2021		
	All Sites Equipment Maintenance		585.45	
				585.45
28033	**Void**	11/9/2021	-	
			-	
				-

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28034	BC LABORATORIES, INC All Sites Lab Analysis	11/9/2021	113.30	113.30
28035	BECKS SHOES AND REPAIR All Sites Safety Supplies	11/9/2021	1,174.70	1,174.70
28036	CALCON SYSTEMS, INC. SS Flow Meter Calibration	11/9/2021	1,521.00	1,521.00
28037	CLEAN EARTH ENVIRONMENTAL SOLUTIONS, INC. Monthly HHW Disposal & Supplies	11/9/2021	14,723.18	14,723.18
28038	COAST COUNTIES TRUCK & EQUIPMENT CO. SS Vehicle Maintenance	11/9/2021	68.02	68.02
28039	COMMERCIAL TRUCK COMPANY JR Vehicle Maintenance	11/9/2021	34.48	34.48
28040	CUTTING EDGE SUPPLY JC Equipment Maintenance	11/9/2021	878.27	878.27
28041	EAST BAY TIRE CO. SS Vehicle Maintenance	11/9/2021	161.34	161.34
28042	FULL STEAM STAFFING LLC SS & JC Contract Labor	11/9/2021	2,166.95	2,166.95
28043	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	11/9/2021	1,137.77	1,137.77
28044	GONZALES ACE HARDWARE All Sites Facility Supplies	11/9/2021	246.51	246.51
28045	GONZALES IRRIGATION SYSTEMS, INC. JC Facility Maintenance	11/9/2021	165.03	165.03
28046	GUARDIAN SAFETY AND SUPPLY, LLC SS Safety Supplies	11/9/2021	120.18	120.18
28047	INFINITY STAFFING SERVICES, INC. JR Contract Labor	11/9/2021	2,547.22	2,547.22
28048	JT HOSE & FITTINGS All Sites Facility Maintenance	11/9/2021	1,340.15	1,340.15
28049	MCGILLOWAY, RAY, BROWN & KAUFMAN FY Audit Services	11/9/2021	9,777.00	9,777.00
28050	MISSION LINEN SUPPLY All Sites Uniforms	11/9/2021	277.66	277.66
28051	OFFICE DEPOT All Sites Office Supplies	11/9/2021	495.41	495.41



**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28052	PACIFIC CREST ENGINEERING INC JC Engineering Services	11/9/2021	1,590.00	1,590.00
28053	PACIFIC WASTE SERVICES JC Engineering Services	11/9/2021	8,192.00	8,192.00
28054	PENINSULA MESSENGER LLC All Sites Courier Service	11/9/2021	798.00	798.00
28055	PRICILLIA RODRIGUEZ SS Hauling Services	11/9/2021	8,410.71	8,410.71
28056	PURE WATER BOTTLING All Sites Water Service	11/9/2021	361.85	361.85
28057	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	11/9/2021	2,178.41	2,178.41
28058	RAM Rick Albert Machinery, Inc FX275 HYDRAULIC BREAKER	11/9/2021	47,701.90	47,701.90
28059	SAFETEQUIP HHW Safety Supplies	11/9/2021	439.19	439.19
28060	SCS FIELD SERVICES All Sites Remote Monitoring Engineering Services	11/9/2021	925.00	925.00
28061	SOLEDAD HARDWARE & LUMBER, INC. JC Facility Maintenance	11/9/2021	50.93	50.93
28062	SOLEDAD TIRE & WHEEL SERVICE, INC. JC Vehicle Maintenance	11/9/2021	49.00	49.00
28063	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	11/9/2021	18,057.68	18,057.68
28064	Southern Counties Oil Co., a CA Limited Partnership SS & JR Biodiesel Fuel	11/9/2021	5,506.83	5,506.83
28065	SPECIALTY DISTRIBUTORS INC. JC Equipment Maintenance	11/9/2021	204.54	204.54
28066	SUPERIOR HYDROSEEDING, INC. JC - Hydroseeding for Erosion Control	11/9/2021	31,372.00	31,372.00
28067	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	11/9/2021	350.00	350.00
28068	VALLEY FABRICATION, INC. SS Facility Maintenance	11/9/2021	445.74	445.74
28069	VEGETABLE GROWERS SUPPLY, INC. JC Safety Supplies	11/9/2021	64.47	64.47

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28070	VOSTI'S INC All Sites Facility Supplies	11/9/2021	547.61	547.61
28071	WEST COAST RUBBER RECYCLING, INC SS Tire Diversion	11/9/2021	1,950.00	1,950.00
28072	WESTERN EXTERMINATOR COMPANY All Sites Vector Control	11/9/2021	461.75	461.75
28073	A & G PUMPING, INC JC & JR Portable Toilets	11/18/2021	424.13	424.13
28074	AGRI-FRAME, INC JC Facility & Equipment Maintenance	11/18/2021	866.24	866.24
28075	AUTOZONE LLC. JC Equipment Maintenance	11/18/2021	210.32	210.32
28076	CESAR ZUÑIGA All Sites Facility Maintenance Supplies	11/18/2021	319.16	319.16
28077	CITY OF GONZALES Monthly Hosting Fee	11/18/2021	20,833.33	20,833.33
28078	CUTTING EDGE SUPPLY JC Equipment Maintenance	11/18/2021	500.54	500.54
28079	F.A.S.T. SERVICES Monthly Board Interpreting Services	11/18/2021	180.00	180.00
28080	FRESNO OXYGEN JC Facility Maintenance	11/18/2021	1,868.89	1,868.89
28081	FULL STEAM STAFFING LLC SS & JC Contract Labor	11/18/2021	2,010.91	2,010.91
28082	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	11/18/2021	1,746.71	1,746.71
28083	GONZALES TIRE & AUTO SUPPLY JC Equipment Maintenance	11/18/2021	781.82	781.82
28084	MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY SS Monthly Sewer Service	11/18/2021	787.65	787.65
28085	NEXIS PARTNERS, LLC Monthly Adm Building Rent	11/18/2021	9,212.00	9,212.00
28086	OFFICE DEPOT Adm Office Supplies	11/18/2021	221.22	221.22
28087	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	11/18/2021	589.65	589.65

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28088	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	11/18/2021	2,249.08	2,249.08
28089	STERICYCLE, INC Adm Shredding Services	11/18/2021	193.50	193.50
28090	TELCO BUSINESS SOLUTIONS Monthly Network Support	11/18/2021	245.35	245.35
28091	TODD V. RAMEY JC Partial Closure CQA	11/18/2021	350.00	350.00
28092	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	11/18/2021	3,900.00	3,900.00
28093	VISION RECYCLING INC Monthly Organics Processing	11/18/2021	112,536.18	112,536.18
28094	AAA NORTHERN CALIFORNIA, NEVADA & UTAH INS EXCHG SS Insurance Deductible	11/23/2021	872.86	872.86
28095	ALESHIRE & WYNDER, LLP Monthly Legal Services	11/23/2021	22,471.10	22,471.10
28096	ASBURY ENVIRONMENTAL SERVICES ABOP HHW Disposal	11/23/2021	95.00	95.00
28097	AT&T SERVICES INC All Sites Telephone Services	11/23/2021	383.95	383.95
28098	BC LABORATORIES, INC JR Lab Water Analysis	11/23/2021	2,149.62	2,149.62
28099	BLANCA SOTO JC Landscaping	11/23/2021	(4,000.00)	(4,000.00)
28099	BLANCA SOTO JC Landscaping	11/23/2021	4,000.00	4,000.00
28100	CALIFORNIA LIVE FLOORS, INC, JR Vehicle Maintenance	11/23/2021	558.63	558.63
28101	CALIFORNIA WATER SERVICE SS & JRTS Water Services	11/23/2021	897.15	897.15
28102	CESAR ZUÑIGA Compost 2022 Conference	11/23/2021	2,311.15	2,311.15
28103	CITY OF GONZALES JC Water Service	11/23/2021	104.40	104.40
28104	CLARK PEST CONTROL, INC Adm Pest Control	11/23/2021	95.00	95.00

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28105	COAST COUNTIES TRUCK & EQUIPMENT CO. All Sites Vehicle Maintenance Parts	11/23/2021	3,695.67	3,695.67
28106	**Void**	11/23/2021	-	-
28107	COMCAST Monthly Internet Service	11/23/2021	403.39	403.39
28108	Construction & Demolition Recycling Association 2022 Annual Agency Membership	11/23/2021	300.00	300.00
28109	DATAFLOW BUSINESS SYSTEMS INC. Printer Network Support	11/23/2021	16.46	16.46
28110	ERNEST BELL D. JR All Sites Janitorial Services	11/23/2021	3,100.00	3,100.00
28111	FERGUSON ENTERPRISES INC #795 SS Facility Maintenance	11/23/2021	8.37	8.37
28112	FRANCHISE TAX BOARD - COURT-ORDERED DEBT COLL. FTB Withholding	11/23/2021	1,000.00	1,000.00
28113	FULL STEAM STAFFING LLC SS & JC Contract Labor	11/23/2021	1,794.24	1,794.24
28114	GOLDEN STATE TRUCK & TRAILER REPAIR All Sites Equipment & Vehicle Maintenance	11/23/2021	1,566.17	1,566.17
28115	GONZALES ACE HARDWARE All Sites Facility Supplies	11/23/2021	43.41	43.41
28116	GONZALES TIRE & AUTO SUPPLY SS Vehicle Maintenance	11/23/2021	1,150.40	1,150.40
28117	GRAINGER JC Org Facility Maintenance	11/23/2021	157.73	157.73
28118	GREEN RUBBER - KENNEDY AG, LP All Sites Vehicle Maintenance	11/23/2021	2,312.12	2,312.12
28119	HOPE SERVICES Monthly SS Litter Abatement	11/23/2021	12,875.27	12,875.27
28120	INFINITY STAFFING SERVICES, INC. JR Contract Labor	11/23/2021	3,067.06	3,067.06
28121	JT HOSE & FITTINGS All Sites Facility Maintenance	11/23/2021	135.08	135.08
28122	Maestro Health FSA Service Fees	11/23/2021	150.00	150.00

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28123	MANUEL PEREA TRUCKING, INC. All Sites Hauling Services	11/23/2021	1,100.00	1,100.00
28124	MISSION LINEN SUPPLY All Sites Uniforms	11/23/2021	592.94	592.94
28125	MONICA AMBRIZ SHRM Certification Application	11/23/2021	300.00	300.00
28126	MONTEREY COUNTY HEALTH DEPARTMENT Mo.Co. Quarterly Regional Fee	11/23/2021	34,134.26	34,134.26
28127	OFFICE DEPOT Adm Office Supplies	11/23/2021	2,524.26	2,524.26
28128	ONSITE ELECTRONICS RECYCLING, LLC E-Waste Hauling and Recycling Services	11/23/2021	3,352.53	3,352.53
28129	PARADIGM SOFTWARE, LLC Annual Support	11/23/2021	23,643.81	23,643.81
28130	PENINSULA MESSENGER LLC All Sites Courier Service	11/23/2021	798.00	798.00
28131	QUICK SEPTIC PUMP & LIQUID WASTE SS Improvements	11/23/2021	2,200.00	2,200.00
28132	QUINN COMPANY All Sites Equipment & Vehicle Maintenance	11/23/2021	1,142.50	1,142.50
28133	R. PATRICK MATHEWS WasteCon 2021 Fees MBAMG Meeting	11/23/2021	198.00 30.00	228.00
28134	R.D. OFFUTT COMPANY JC Equipment Maintenance	11/23/2021	815.21	815.21
28135	REPUBLIC SERVICES #471 Ops Adm Building Monthly Trash	11/23/2021	85.30	85.30
28136	ROSSI BROS TIRE & AUTO SERVICE Tire Repair & Replacement Service	11/23/2021	3,677.71	3,677.71
28137	**Void**	11/23/2021	-	-
28138	SCALES UNLIMITED JC Scales Maintenance	11/23/2021	1,581.00	1,581.00
28139	SCS FIELD SERVICES All Sites Routine Engineering Services	11/23/2021	19,197.50	19,197.50
28140	SOCIAL VOCATIONAL SERVICES, INC. JC Litter Abatement	11/23/2021	1,900.00	1,900.00

**Salinas Valley Solid Waste Authority**  
**Checks Issued Report for 11/1/2021 to 11/30/2021**

Check #	Name	Check Date	Amount	Check Total
28141	SOLID WASTE ASSOCIATION OF NORTH AMERICA SWANA Membership - MB	11/23/2021	253.00	253.00
28142	SOUTHERN COUNTIES LUBRICANTS LLC All Sites Biodiesel Fuel	11/23/2021	27,594.89	27,594.89
28143	STEVEN M. POUDRIER Updated Rate Posters	11/23/2021	176.90	176.90
28144	TOYOTA MATERIAL HANDLING HHW Equipment Maintenance	11/23/2021	240.00	240.00
28145	TRI-COUNTY FIRE PROTECTION, INC. SS Safety Supplies	11/23/2021	339.00	339.00
28146	UNITED RENTALS (NORTHWEST), INC JC Equipment Maintenance	11/23/2021	2,039.77	2,039.77
28147	VALERIO VARELA JR All Sites Vehicle & Equipment Maintenance	11/23/2021	1,100.00	1,100.00
28148	VALLEY FABRICATION, INC. JC & Organic Facility Maintenance	11/23/2021	1,775.86	1,775.86
28149	WESTERN EXTERMINATOR COMPANY All Sites Vector Control	11/23/2021	154.10	154.10
28150	WRIGHT EXPRESS FINANCIAL SERVICES CORPORATION Monthly Fuel	11/23/2021	3,206.02	3,206.02
28151	BLANCA SOTO JC Landscaping	11/23/2021	3,000.00	3,000.00
22-00194-DFT	PACIFIC GAS AND ELECTRIC COMPANY All Sites Electrical Services	11/9/2021	20,764.77	20,764.77
22-00196-DFT	PACIFIC GAS AND ELECTRIC COMPANY All Sites CNG Fuel	11/9/2021	8,361.95	8,361.95
	Subtotal			637,769.36
	Payroll Disbursements			958,160.96
	Grand Total			1,595,930.32



## Report to the Executive Committee

### ITEM NO. 3

Finance and Administration  
Manager/Controller-Treasurer

General Manager/CAO

*R. Santos by E.T.*

Authority General Counsel

**Date:** January 6, 2022

**From:** C. Ray Hendricks, Finance and Administration Manager

**Title:** A Resolution Authorizing the Issuance of Bonds and The Execution and Delivery of a Third Supplemental Indenture, a Bond Purchase Agreement, an Official Statement, an Escrow Agreement, a Continuing Disclosure Certificate and Authorizing Certain Related Matters

### RECOMMENDATION

Staff requests that the Executive Committee recommends that the Board approve the resolution.

### FISCAL IMPACT

The exact savings will not be known until the Bonds are sold. However, depending on which option is chosen, it is projected that the Authority could save between \$1.4 million and \$1.6 million over the remaining life of the Bonds at the current rates available.

All financing fees will be paid from the bond proceeds and are included in the debt service schedule. In addition, all financing fees are contingent on closing except for the expected rating fee of approximately \$30,000

### DISCUSSION & ANALYSIS

The Authority has two options to realize debt service savings from the refinancing of the 2014 Bonds:

1. Option 1 - Level Annual Savings: The Authority could save approximately \$140,000 annually by refinancing the 2014 Bonds. Over the life of the proposed 2022 Bonds, the Authority is projected to save \$1.39 million in total debt payments. In today's dollars, this translates into over \$1.25 million in net present value savings (equal to 5.44% of the refinanced principal amount). Typically, municipal issuers set a minimum present value savings goal equal to 3.0% of the refunded principal amount in determining if a refinancing is worthwhile to pursue.

Option 1: Level Savings				
Fiscal Year	2014 Bonds Debt Service	2022 Bonds Debt Service*	Annual Savings	Persent Value Savings
	A	B	C = A-B	D = PV of C
2023	\$3,135,730	\$3,002,708	\$133,023	\$128,448
2024	3,136,791	3,004,055	132,736	126,180
2025	3,137,000	2,994,643	142,357	133,396
2026	3,130,838	2,991,910	138,928	128,112
2027	3,132,688	2,993,351	139,336	126,515
2028	2,942,613	2,800,266	142,347	127,259
2029	2,750,975	2,609,477	141,499	124,485
2030	2,752,550	2,610,191	142,359	123,269
2031	2,751,838	2,611,731	140,107	119,409
2032	2,748,563	2,609,541	139,022	116,643
<b>Total</b>	<b>\$29,619,584</b>	<b>\$28,227,872</b>	<b>\$1,391,712</b>	<b>\$1,253,715</b>

2. Option 2 – Shorten Maturity by 1 year: The Authority is currently paying \$3.135 million annually on the 2014 Bonds. If the Authority continues to pay approximately \$3.135 million, the lower interest rate would allow the Authority to shorten the maturity of its bonds by 1 year, from fiscal year 2032 to 2031. The estimated total savings is \$1.64 million and present value savings is \$1.34 million.

Option 2: Level Debt Service; Shorten by 1 Year				
Fiscal Year	2014 Bonds Debt Service	2022 Bonds Debt Service*	Annual Savings	Persent Value Savings
	A	B	C = A-B	D = PV of C
2023	\$3,135,730	\$3,109,997	\$25,733	\$22,144
2024	3,136,791	3,110,024	26,768	23,115
2025	3,137,000	3,109,445	27,555	23,785
2026	3,130,838	3,105,113	25,725	22,008
2027	3,132,688	3,109,657	23,031	19,491
2028	2,942,613	3,107,668	(165,056)	(151,183)
2029	2,750,975	3,108,867	(357,892)	(320,104)
2030	2,752,550	3,108,797	(356,247)	(312,736)
2031	2,751,838	3,108,671	(356,834)	(307,436)
2032	2,748,563	-	2,748,563	2,321,953
<b>Total</b>	<b>\$29,619,584</b>	<b>\$27,978,238</b>	<b>\$1,641,346</b>	<b>\$1,341,037</b>



## BACKGROUND

In 2014, the Authority issued \$31.39 million to refinance its 2002 Bonds and to prepay the balance of its Crazy Horse loans. The 2002 Bonds were used to finance improvements to the Crazy Horse, Lewis Road, Jolon Road and Johnson Canyon landfills.

\$23.03 million of the 2014 Bonds remain outstanding with an interest rate of approximately 5.45%. The 2014 bonds mature on 8/1/2031 and can be prepaid on 8/1/2024.

<b>Issue</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>	<b>Final Maturity</b>	<b>Average Interest Rate Remaining</b>
Refunding Revenue Bonds Series 2014	\$31,390,000	\$23,030,000	8/1/2031	5.45%

The proposed refinancing is an advanced refunding as opposed to a current refunding. In the case of an advance refunding, proceeds of the new refunding bonds are deposited in an escrow account to pay principal and interest on the refunded bonds until the prepayment date of 8/1/2024, at which time, the 2014 bonds will be paid off by an escrow agent.

Under current federal tax laws, a tax-exempt refinancing can only be completed in 2024. However, many agencies have refinanced their bonds with taxable interest rates to lock in savings now.

As of December 14, 2021, the estimated taxable refinancing interest rate is 1.82% compared to the 5.45% remaining on the 2014 bonds.

<b>2014 Bonds Interest Rate</b>	<b>2022 Bonds Estimated Interest Rate</b>	<b>Interest Rate Savings</b>
5.45%	1.82%	3.63%

## ATTACHMENT(S)

1. Authorizing Resolution
2. Third Supplemental Indenture
3. Bond Purchase Agreement
4. Preliminary Official Statement
5. Continuing Disclosure Certificate
6. Escrow Agreement
7. Disclosure Policy
8. Presentation

## **RESOLUTION NO. 2022-\_\_**

### **A RESOLUTION OF THE SALINAS VALLEY SOLID WASTE AUTHORITY AUTHORIZING THE ISSUANCE OF BONDS AND THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE, A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE AND AUTHORIZING CERTAIN RELATED MATTERS**

**WHEREAS**, the Salinas Valley Solid Waste Authority (the “Authority”) is a joint exercise of powers authority that is duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of January 1, 1997 (as subsequently amended, the “Agreement”), by and among the County of Monterey and the Cities of Salinas, Gonzales, Greenfield, King City and Soledad (collectively, the Authority Members”), and the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”); and

**WHEREAS**, the Authority is authorized pursuant to Article 4 (commencing with Section 6584) and certain other provisions of the Act and other laws of the State of California (collectively, the “Bond Law”) to issue bonds for the purpose of financing and refinancing the acquisition and construction of public capital improvements to the solid waste management enterprise of the Authority; and

**WHEREAS**, in order to refinance the cost of various improvements to the Authority’s solid waste management system, the Authority has heretofore issued its Refunding Revenue Bonds, Series 2014A (AMT) in the original aggregate principal amount of \$27,815,000 (the “2014A Bonds”), of which \$22,205,000 is currently outstanding, pursuant to a Master Indenture, dated as of January 1, 2014 (the “Master Indenture”), and a First Supplemental Indenture, dated as of January 1, 2014, each by and between the Authority and The Bank of New York Mellon Trust Company, N.A.; and

**WHEREAS**, in order to refinance the cost of various improvements to the Authority's solid waste management system, the Authority has heretofore issued its Refunding Revenue Bonds, Series 2014B (Taxable) in the original aggregate principal amount of \$3,575,000 (the "2014B Bonds" and, together with the 2014A Bonds, the "Prior Bonds"), of which \$825,000 is currently outstanding, pursuant to the Master Indenture and a Second Supplemental Indenture, dated as of January 1, 2014, each by and between the Authority and The Bank of New York Mellon Trust Company, N.A.; and

**WHEREAS**, the Authority, after due investigation and deliberation, has determined that it is in the interests of the Authority at this time to provide for the authorization of its Refunding Revenue Bonds, Series 2022A (the "Bonds") under the Bond Law for the purposes of: (i) refunding the Prior Bonds; and (ii) paying certain expenses related to the issuance of the Bonds; and

**WHEREAS**, in order to provide for the delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be used and secured and to authorize the execution of a Third Supplemental Indenture (the "Third Supplemental Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), a Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the Authority and Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), a Continuing Disclosure Certificate of the Authority relating to the Bonds (the "Continuing Disclosure Certificate"), an Official Statement relating to the Bonds (the "Official Statement"), and an Escrow Agreement (2014 Bonds) related to the Prior Bonds (the "Escrow Agreement"), by and between the Authority and the Trustee, as Prior Bonds trustee and escrow agent, and to provide for certain related matters, the Governing Board of the Authority deems it in the best interests of the Authority to adopt this resolution (the "Resolution");

**NOW, THEREFORE, BE IT RESOLVED** BY THE GOVERNING BOARD OF THE SALINAS VALLEY SOLID WASTE AUTHORITY, AS FOLLOWS:

**Section 1.**     Issuance of the Bonds. The issuance of the taxable or tax-exempt Bonds in one or more series on the terms and conditions set forth in, and subject to the limitations specified in, the Master Indenture and the Third Supplemental Indenture, is hereby authorized and approved. The Bonds of each series will be in such principal amount, will be dated, will bear interest at the rates, will mature on the dates, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Master Indenture and the Third Supplemental Indenture, as the same are completed as provided in this Resolution. The proposed form of the Bonds, as set forth in the Third Supplemental Indenture, is hereby approved, and the President, Treasurer, Secretary, General Manager or Finance and Administration Manager of the Authority (each, an “Authorized Officer”) are each hereby authorized and directed to execute the Bonds in substantially such form, and the Trustee is hereby authorized and directed to authenticate and deliver the Bonds to the Underwriter in accordance with the Bond Purchase Agreement, the Master Indenture and the Third Supplemental Indenture; *provided, however,* that the aggregate principal amount of Bonds shall not exceed \$27,000,000, the true interest cost of the Bonds shall not exceed 3.00% and the final maturity date of the Bonds shall not be later than December 31, 2031, and the General Manager shall determine that issuance of the Bonds shall result in aggregate net present value debt service savings to the Authority, such determination to be conclusively established by the issuance and delivery of the Bonds. The Authority hereby finds that there will be significant public benefits (within the meaning of the Bond Law) from the refinancing approved hereunder, including demonstrable savings in effective interest rates and reduced costs of public services.

The Bonds shall constitute limited obligations of the Authority and shall be payable, as to interest thereon and principal thereof and redemption premiums, if any, thereon, exclusively from the Net Revenues (as defined in the Master Indenture) and the other funds as provided in the Master Indenture, and the Authority shall not be obligated to pay them except from the Net Revenues and such

other funds. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any members of the Authority is pledged to the payment of the Bonds. The Bonds shall not constitute a debt, liability or obligation of the State of California or any public agency thereof (other than the Authority) or any member of the Authority, and neither the directors of the Authority, the members, nor any persons executing the Bonds are liable on the Bonds by reason of their issuance.

**Section 2.**     Execution of Third Supplemental Indenture. The Authorized Officers are each hereby authorized and directed to execute for and on behalf of the Authority the Third Supplemental Indenture, in the form filed with the minutes of this meeting, with such changes therein as the Authorized Officer executing such instruments shall approve after consultation with Stradling, Yocca, Carlson & Rauth, the Authority's Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are authorized and directed to solicit and accept bids for bond insurance for the Bonds, provided that an Authorized Officer determines that acceptance of such a bid will result in further debt service savings. Appropriate changes to each of the documents referenced herein to evidence such bond insurance, and such additional agreements as may be incidental thereto, and the terms thereof, are hereby authorized and approved; any Authorized Officer is hereby authorized and directed execute and deliver such agreements.

**Section 3.**     Execution of Bond Purchase Agreement. Each and any Authorized Officer is hereby authorized and directed to execute for and on behalf of the Authority the Bond Purchase Agreement, by and among the Authority and the Underwriter, in the form filed with the minutes of this meeting, with such changes therein (and additions thereto to reflect the terms of the sale of the Bonds) as such Authorized Officer shall approve after consultation with the Authority's Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof; *provided, however*, that the Underwriter's fee (without giving effect to any original issue discount) may not exceed 1.00% of

the aggregate principal amount of the Bonds (such fee shall be paid from cash reserves of the Authority to the extent necessary to comply with the Internal Revenue Code of 1986, as amended).

**Section 4.**     Approval of Preliminary Official Statement and Execution of Final Official Statement. The Governing Board hereby approves the form of preliminary Official Statement (the “Preliminary Official Statement”) of the Authority relating to the Bonds in the form filed with the minutes of this meeting. Each and any Authorized Officer is hereby authorized to certify that said Preliminary Official Statement, with such changes therein as such Authorized Officer shall approve after consultation with the Authority’s Bond Counsel, is as of its date “deemed final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Each and any Authorized Officer is hereby authorized and directed to execute for and on behalf of the Authority a final Official Statement, in substantially the form of the Preliminary Official Statement, with such changes therein and additions thereto to reflect the terms of the sale of the Bonds as such Authorized Officer shall approve after consultation with the Authority’s Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.**     Execution of Continuing Disclosure Certificate. Each and any Authorized Officer is hereby authorized and directed to execute for and on behalf of the Authority the Continuing Disclosure Certificate, in the form filed with the minutes of this meeting, with such changes therein as such Authorized Officer shall approve after consultation with the Authority’s Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 6.**     Execution of Escrow Agreement. Each and any Authorized Officer is hereby authorized and directed to execute for and on behalf of the Authority the Escrow Agreement, in the form filed with the minutes of this meeting, with such changes therein as such Authorized Officer shall

approve after consultation with the Authority's Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 7.**     Appointment of Trustee. The Authority hereby appoints The Bank of New York Mellon Trust Company, N.A. to act as Trustee for the Bonds.

**Section 8.**     Approval of Disclosure Policy. The Authority hereby approves the Disclosure Policy, governing initial and continuing disclosure in connection with debt obligations of the Authority, in the form filed with the minutes of this meeting.

**Section 9.**     Good Faith Estimates. In accordance with Section 5852.1 of the California Government Code, good faith estimates of debt service related to the Bonds are set forth in Exhibit A.

**Section 10.**    Other Actions Authorized. Each Authorized Officer and such other proper officers of the Authority are hereby authorized to take all actions and to execute any and all documents necessary to effect the sale and delivery of the Bonds pursuant to the Master Indenture and the Third Supplemental Indenture and the refunding of the Prior Bonds, including without limitation to execute escrow or redemption instructions and related documents necessary for the defeasance of the Prior Bonds, to change the dates of any documents approved at this meeting from the dates on the forms submitted to this meeting, to retain an independent certified public accountant to verify the moneys placed into escrow to refund the Prior Bonds, to enter into any agreements or sign any certificates required by a bond insurer in order to cause the bond insurer to issue a municipal bond insurance policy for the Bonds and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Master Indenture, the Third Supplemental Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Certificate, the

Escrow Agreement and any other documents executed in connection therewith or to further the purposes of the Resolution. Such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

**Section 11.**    Effectiveness. This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by Salinas Valley Solid Waste Authority at a regular meeting duly held on the 20th day of January 2022, by the following vote:

AYES:            BOARD MEMBERS:

NOES:           BOARD MEMBERS:

ABSENT:        BOARD MEMBERS:

ABSTAIN:       BOARD MEMBERS:

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Christopher M. Lopez, President

ATTEST:

APPROVED AS TO FORM:

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Erika J. Trujillo, Clerk of the Board

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Roy C. Santos, Authority General Counsel



## **EXHIBIT A**

### **GOVERNMENT CODE SECTION 5852.1 DISCLOSURE**

The following information consists of estimates that have been provided by Campanile Group, Inc. and Stifel, Nicolaus & Company, Incorporated, and has been represented by such parties to have been provided in good faith.

- (A) True Interest Cost of the Bonds: 1.82%
- (B) Finance Charge of the Bonds (Sum of all fees/charges paid to third parties): \$444,025
- (C) Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$25,419,314
- (D) Total Payment Amount through Maturity of the Bonds: \$28,024,106

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the Authority's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority based on a variety of factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.

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**SALINAS VALLEY SOLID WASTE AUTHORITY**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**

as Trustee

**THIRD SUPPLEMENTAL INDENTURE**

Dated as of February 1, 2022

Relating to the

**SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

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### THIRD SUPPLEMENTAL INDENTURE

This THIRD SUPPLEMENTAL INDENTURE (the “**Third Supplemental Indenture**”) is made and entered into as of February 1, 2022, by and between the SALINAS VALLEY SOLID WASTE AUTHORITY, a joint exercise of powers authority that is duly organized and existing under and by virtue of the laws of the State of California (the “**Authority**”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association that is duly organized and existing under and by virtue of the laws of the United States, as Trustee (the “**Trustee**”).

#### RECITALS

A. The Authority and the Trustee have duly executed and delivered a Master Indenture, dated as of January 1, 2014 (the “**Master Indenture**”), relative to the issuance by the Authority of its Bonds.

B. Pursuant to the Master Indenture and the First Supplemental Indenture, dated as of January 1, 2014 (the “**First Supplemental Indenture**”), by and between the Authority and the Trustee, the Authority has issued its Refunding Revenue Bonds, Series 2014A (AMT) (the “**Series 2014A Bonds**”) in the initial aggregate principal amount of \$27,815,000, of which \$22,205,000 is currently outstanding.

C. Pursuant to the Master Indenture and the Second Supplemental Indenture, dated as of January 1, 2014 (the “**Second Supplemental Indenture**”), by and between the Authority and the Trustee, the Authority has issued its Refunding Revenue Bonds, Series 2014B (Taxable) (the “**Series 2014B Bonds**”) and, together with the Series 2014A Bonds, the “**Prior Bonds**”) in the initial aggregate principal amount of \$3,575,000, of which \$825,000 is currently outstanding.

D. The Authority desires to issue its Refunding Revenue Bonds, Series 2022A (Taxable) (the “**Series 2022A Bonds**”) to refund the Prior Bonds in full.

E. All things necessary to cause the Series 2022A Bonds, when duly authenticated by the Trustee and issued as provided herein, to be legally valid special obligations of the Authority, enforceable in accordance with their terms, and to constitute the Third Supplemental Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and issuance of the Series 2022A Bonds, subject to the terms hereof, have in all respects been duly authorized.

In order to secure the payment of the interest on and principal of and redemption premiums, if any, on all Series 2022A Bonds at any time issued and delivered hereunder according to their tenor, and to secure the observance and performance of all of the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Series 2022A Bonds are to be issued, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Series 2022A Bonds by the respective registered owners thereof from time to time, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority does hereby agree and covenant with the Trustee, for the benefit of the respective registered Owners from time to time of the Series 2022A Bonds, as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Master Indenture and in this Section 1.01 shall for all purposes hereof and of the Series 2022A Bonds and of any document herein or therein mentioned have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

#### Costs of Issuance

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the Series 2022A Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the Series 2022A Bonds and any other cost, charge or fee in connection with the original issuance of the Series 2022A Bonds.

#### Escrow Agent

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement.

#### Escrow Agreement

“Escrow Agreement” means that certain Escrow Agreement (2014 Bonds), dated as of the date hereof, by and between the Authority and the Escrow Agent, relating to the Prior Bonds.

#### Escrow Fund

“Escrow Fund” means the fund by that name established under the Escrow Agreement.

#### First Supplemental Indenture

“First Supplemental Indenture” means that certain First Supplemental Indenture, dated as of January 1, 2014, by and between the Authority and the Trustee, supplementing the Master Indenture and relating to the Series 2014A Bonds.

#### Master Indenture

“Master Indenture” means that certain Master Indenture, dated as of January 1, 2014, by and between the Authority and the Trustee.

#### Prior Bonds

“Prior Bonds” means, collectively, the Series 2014A Bonds and the Series 2014B Bonds.

## Second Supplemental Indenture

“Second Supplemental Indenture” means that certain Second Supplemental Indenture, dated as of January 1, 2014, by and between the Authority and the Trustee, supplementing the Master Indenture and relating to the Series 2014B Bonds.

## Series 2014A Bonds

“Series 2014A Bonds” means the Authority’s Refunding Revenue Bonds, Series 2014A (AMT) authorized to be issued and secured under the First Supplemental Indenture.

## Series 2014B Bonds

“Series 2014B Bonds” means the Refunding Revenue Bonds, Series 2014B (Taxable) authorized to be issued and secured under the Second Supplemental Indenture.

## Series 2022A Bonds

“Series 2022A Bonds” means the Bonds authorized to be issued and secured under this Third Supplemental Indenture.

## Third Supplemental Indenture

“Third Supplemental Indenture” means this Third Supplemental Indenture, dated as of February 1, 2022, by and between the Authority and the Trustee, supplementing the Master Indenture and relating to the Series 2022A Bonds.

## 2022 Closing Date

“2022 Closing Date” means the date upon which there is a physical delivery of the Series 2022A Bonds in exchange for the amount representing the purchase price of the Series 2022A Bonds by the original purchaser thereof.

## 2022 Continuing Disclosure Certificate

“2022 Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate of the Authority dated the 2022 Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

## 2022 Costs of Issuance Fund

“2022 Costs of Issuance Fund” means the fund by that name established pursuant to Section 2.05.

# **ARTICLE II**

## **ISSUANCE OF SERIES 2022A BONDS**

**Section 2.01 Terms of Series 2022A Bonds.** The Series 2022A Bonds are authorized to be issued by the Authority under and subject to the terms of the Indenture and shall be designated the

“Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2022A (Taxable)” and shall be in the aggregate principal amount of \$\_\_\_\_. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series 2022A Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2022A Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly authorized, pursuant to each and every requirement of law, to issue the Series 2022A Bonds in the manner and form provided herein. The Series 2022A Bonds shall be dated their date of issuance, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on February 1 and August 1 in each year, commencing on \_\_\_\_ 1, 202\_\_) and shall mature and become payable on August 1 in each of the years in the principal amounts set forth in the following schedule:

<i><b>Maturity Date (August 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>
202__	\$	%

The Series 2022A Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2022A Bonds maturing at any one time). The Series 2022A Bonds shall be numbered sequentially. Each Series 2022A Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the First Interest Payment Date, in which event it shall bear interest from the date of issuance; provided, that if at the time of registration of any Series 2022A Bond interest is then in default on the Outstanding Series 2022A Bonds, such Series 2022A Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2022A Bonds. Payment of interest on the Series 2022A Bonds due on or before the maturity or prior redemption of the Series 2022A Bonds shall be made to the person whose name appears in the registration books maintained under Section 2.08 of the Master Indenture as the Owner thereof as of the close of business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained under such Section 2.08 of the Master Indenture, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at least one million dollars (\$1,000,000) in aggregate principal amount of Series 2022A Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

The principal of and redemption premiums, if any, on the Series 2022A Bonds shall be payable upon the surrender thereof at maturity or the prior redemption thereof at the Corporate Trust Office of the Trustee. The interest on and principal of and redemption premiums, if any, on the Series 2022A Bonds shall be paid in lawful money of the United States of America.

Pursuant to Section 2.02(b)(9) of the Master Indenture, the Authority has determined that the Series 2022A Bonds will not be secured by a reserve fund.

**Section 2.02 Form of Series 2022A Bonds.** The Series 2022A Bonds, the authentication and registration endorsement and the assignment to appear thereon shall be substantially in the forms attached hereto as Exhibit A, which is incorporated herein and made a part hereof, with necessary or appropriate variations, omissions and insertions as permitted or required hereby.

**Section 2.03 No Redemption of Series 2022A Bonds.** The Series 2022A Bonds are not subject to redemption prior to maturity.

**Section 2.04 Application of Proceeds of Sale of Series 2022A Bonds.** The proceeds received by the Trustee from the sale of the Series 2022A Bonds shall be deposited in trust with the Trustee, who shall apply such proceeds as follows pursuant to a Written Request of the Authority: (i) the Trustee shall deposit the amount of \$\_\_\_\_\_ in the 2022 Costs of Issuance Fund; and (ii) the Trustee shall transfer the amount of \$\_\_\_\_\_ to the Escrow Agent for deposit in the Escrow Fund. The Trustee may establish temporary funds or accounts in its records to facilitate and record the above transfer of proceeds.

**Section 2.05 Establishment and Application of 2022 Costs of Issuance Fund.** The Trustee shall establish, maintain and hold in trust a separate fund designated as the “2022 Costs of Issuance Fund.” The moneys in the 2022 Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requests of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. On the six month anniversary of the 2022 Closing Date, or upon the earlier Written Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be deposited in the Interest Fund and the Costs of Issuance Fund shall be closed.

**Section 2.06 Additional Provisions Related to Transfer of Bonds.** Notwithstanding anything to the contrary set forth in the Master Indenture, prior to any transfer of the Bonds outside the book-entry system of the Depository (including, but not limited to, the initial transfer outside the book-entry system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

**Section 2.07 Additional Provisions Related to Instructions to Trustee.** Notwithstanding anything to the contrary set forth in the Master Indenture, the Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to the Master Indenture or this Third Supplemental Indenture and delivered using Electronic Means



(“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 2.08 Terms of Series 2022A Bonds Subject to the Master Indenture.** Except as expressly provided in the Third Supplemental Indenture, every term and condition contained in the Master Indenture shall apply to the Third Supplemental Indenture and to the Series 2022A Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Third Supplemental Indenture.

**Section 2.09 Execution of Additional Documents.** In connection with the issuance of the Series 2022A Bonds, the Authority shall execute and deliver the 2022 Continuing Disclosure Certificate.

## ARTICLE III

### AMENDMENT TO MASTER INDENTURE

**Section 3.01 Amendment to Section 2.02(c).** Section 2.02(c) of the Master Indenture is hereby amended as follows.

“(c) The Net Revenues for the most recent audited Fiscal Year, or, alternatively, any 12 consecutive months within the last 18 months preceding the date of issuance of such Series of the Bonds, as shown by a Certificate of the Authority on file with the Trustee, plus

(i) An allowance for Net Revenues for such Fiscal Year or 12 month period from any additions, betterments, extensions or improvements to the System or expansions to the service area served by the System (including any material increase in the solid waste expected to be delivered to the System based on an executed contract providing therefor), which during any part of such Fiscal Year or 12 month period, were not in service or not in effect, as the case may be, all in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, betterments, extensions or improvements or expansions for the first thirty-six (36) months or shorter period in which each addition, betterment, extension or improvement is respectively to be in operation or expansion is to be in effect, all as shown by a Certificate of the Authority on file with the Trustee; and

(ii) An allowance for increased Net Revenues arising from any increase in the rates, fees and charges of the System which were adopted by the Authority prior to the date of the execution of such Supplemental Indenture but which, during all or any part of such Fiscal Year or 12 month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such Fiscal Year or 12 month period, as shown by a Certificate of the Authority on file with the Trustee;

shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Annual Debt Service for the first complete Fiscal Year occurring after the issuance of such Series of the Bonds, as calculated to reflect the issuance of such Series of the Bonds; provided, that in the event that all or a portion of such Series of the Bonds is to be issued for the purpose of refunding and retiring any Bonds then Outstanding, interest and principal payments on the Bonds to be so refunded and retired from the proceeds of such Series of the Bonds being issued shall be excluded from the foregoing computation of Annual Debt Service; provided further, the Authority may at any time issue a Series of the Bonds without compliance with the foregoing conditions if the total Annual Debt Service for the period during which such Series of the Bonds is Outstanding will not be increased by reason of the issuance of such Series of the Bonds; and provided further, an adjustment shall be made in the amount of Net Revenues as provided in Section 3.05 hereof.

Nothing contained herein shall limit the issuance of any revenue bonds of the Authority payable from the Net Revenues and secured by a lien and charge on the Net Revenues if, after the issuance and delivery of such revenue bonds, none of the Bonds theretofore issued hereunder will be Outstanding and none of the Contracts shall be unpaid.”



IN WITNESS WHEREOF, the Salinas Valley Solid Waste Authority has caused this Third Supplemental Indenture to be signed in its name by the President of the Authority and to be attested by the Secretary of the Authority, and The Bank of New York Mellon Trust Company, N.A., as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Third Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the date and year first above written.

SALINAS VALLEY SOLID WASTE AUTHORITY

By: \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**FORM OF SERIES 2022A BONDS**

***UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.***

No.\_\_\_\_

\$\_\_\_\_\_

**SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BOND, SERIES 2022A (TAXABLE)**

INTEREST RATE:

MATURITY DATE:

DATED DATE:

CUSIP

\_\_\_\_%

August 1, 20\_\_\_\_

February \_\_, 2022

795036 \_\_\_\_

Registered Owner:     CEDE & CO.

Principal Amount:     \_\_\_\_\_ DOLLARS

The Salinas Valley Solid Waste Authority, a joint exercise of powers authority that is duly organized and existing under and pursuant to the laws of the State of California (the "Authority"), for value received hereby promises to pay (but only from the Net Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered during the period from and including the Record Date (as that term is defined in the Indenture hereinafter referred to, and herein a "Record Date") next preceding an interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before the Record Date next preceding the first interest payment date, in which event it shall bear interest from the date of issuance of the Bonds) until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on February 1 and August 1 in each year, commencing on \_\_\_\_ 1, 202\_\_. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. The interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Corporate Trust Office (as that term is defined in the Indenture) or upon written request of an owner received prior to the Record Date preceding an interest payment date of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United

States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Corporate Trust Office of the Trustee.

This Bond is one of a duly authorized issue of Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2022A (Taxable) (the “Bonds”), limited in aggregate principal amount to \$\_\_\_\_\_, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto (the “Bond Law”), and pursuant to the provisions of a Master Indenture, dated as of January 1, 2014, and a Third Supplemental Indenture, dated as of February 1, 2022 (collectively, the “Indenture”), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). All of the Bonds are equally and ratably secured in accordance with the terms and conditions of the Indenture, and reference is hereby made to the Indenture, to any indentures supplemental thereto and to the Bond Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his or her acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Bond Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are special obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Net Revenues (as that term is defined in the Indenture) and other funds as provided in the Indenture, and the Authority is not obligated to pay them except from the Net Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Net Revenues, and the Net Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds. Additional bonds or contracts payable from the Net Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the terms and conditions set forth in the Indenture.

Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any member of the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of California or any public agency thereof (other than the Authority) or any member of the Authority, and neither the directors of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Authority hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds issued under the Indenture when due, there has been created and will be maintained by the Authority a special fund (the “Revenue Fund”) into which all Revenues (as that term is defined in the Indenture) shall be deposited, and as an irrevocable charge the Authority has allocated the Net Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Authority will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue and all additional revenue bonds or contracts authorized by the Indenture

out of the Revenue Fund and such other funds, all in accordance with the terms and provisions set forth in the Indenture.

[The Bonds are not subject to redemption prior to maturity.]

If an event of default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture; except that the Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the Corporate Trust Office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

This Bond is transferable, as provided in the Indenture, only upon a register to be kept for that purpose at the Corporate Trust Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the Authority and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall: (1) extend the maturity of this Bond, or reduce the interest rate hereon, or otherwise alter or impair the obligation of the Authority to pay the interest hereon or principal hereof or any premium payable on the redemption hereof at the time and place and at the rate and in the currency provided herein, without the express written consent of the registered owner of this Bond; (2) permit the creation by the Authority of any mortgage, pledge or lien upon the Net Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds and all additional revenue bonds or contracts authorized by the Indenture; (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture; or (4) modify any rights or obligations of the Trustee without its prior written assent thereto; all as more fully set forth in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the Authority.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the

amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.



IN WITNESS WHEREOF, the Salinas Valley Solid Waste Authority has caused this Bond to be executed in its name and on its behalf by the President of the Authority and attested by the Secretary of the Authority, and has caused this Bond to be dated February \_\_, 2022.

SALINAS VALLEY SOLID WASTE AUTHORITY

By \_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary of the Governing Board

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

Dated: February \_\_, 2022

By: \_\_\_\_\_  
Authorized Officer

[FORM OF LEGAL OPINION]

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
Secretary

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_  
\_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Note: The signature(s) on this Assignment must  
correspond with the name(s) as written on the  
face of the within Bond in every particular  
without alteration or enlargement or any  
change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
Note: Signature guarantee shall be made by a  
guarantor institution participating in the  
Securities Transfer Agents Medallion Program  
or in such other guarantee program acceptable  
to the Trustee.

\$[PAR]  
**SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

**BOND PURCHASE AGREEMENT**

[Pricing Date]

Salinas Valley Solid Waste Authority  
128 Sun Street, Suite 101  
Salinas, California 93901

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Salinas Valley Solid Waste Authority (the “**Authority**”) for the purchase by the Underwriter of the Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2022A (Taxable) (the “**Bonds**”). This offer is made subject to the Authority’s acceptance by execution of this Purchase Agreement and delivery of the same to the Underwriter on or before 11:59 p.m. California Time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority at any time prior to such acceptance. Upon the Authority’s acceptance hereof, this Purchase Agreement will be binding upon the Authority and the Underwriter.

The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds (as hereinafter defined) pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Authority and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as agent or Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), and has not assumed any advisory or fiduciary responsibility in favor of the Authority with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Authority on other matters); (iii) the only obligations the Underwriter has to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; (iv) the Authority has consulted its own legal, financial, accounting, tax and other advisors to the extent it has deemed appropriate; (v) the Underwriter has financial interests that differ from and may be adverse to those of the Authority; and (vi) the Underwriter has provided the Authority with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the “**MSRB**”). The Authority acknowledges and represents that it has engaged Campanile Group, Inc. (the “**Municipal Advisor**”) as its municipal advisor and will rely on the financial advice of the Municipal Advisor with respect to the Bonds.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein will have the respective meanings set forth for such terms in the Indenture (as hereinafter defined).

**Section 1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the Bonds at a purchase price of \$\_\_\_\_\_ (being an amount equal to the principal amount of the Bonds (\$[PAR].00), *less* an underwriter's discount of \$\_\_\_\_\_). The obligation of the Underwriter to purchase, accept delivery of and pay for the Bonds will be conditioned on the sale and delivery of all of the Bonds by the Authority to the Underwriter at Closing (hereinafter defined).

**Section 2. Bond Terms; Purpose; Security.**

(a) Bond Terms and Authorization. The Bonds will be dated their date of delivery and will mature and bear interest as shown on Exhibit A. The Bonds will be as described in, and will be issued and secured under, a Master Indenture dated as of January 1, 2014, as supplemented by a Third Supplemental Indenture, dated as of February 1, 2022, between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**") (as so supplemented, the "**Indenture**") The Bonds will not be subject to redemption prior to maturity. The Bonds will be issued pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and the Authority Resolution (as hereinafter defined).

(b) Purpose. The Authority is issuing the Bonds to provide funds to: (i) refund the Authority's outstanding Refunding Revenue Bonds, Series 2014A (AMT) (the "**Series 2014A Bonds**") and the outstanding Refunding Revenue Bonds, Series 2014B (Taxable) (the "**Series 2014B Bonds**") and, together with the Series 2014A Bonds, the "**2014 Bonds**"; and (ii) pay costs incurred in connection with the issuance of the Bonds. In connection with the refunding of all of the outstanding 2014 Bonds, the Authority, and The Bank of New York Mellon Trust Company, N.A., as escrow agent and as trustee of the 2014 Bonds (in such capacities, the "**Escrow Agent**") will enter into an Escrow Agreement (2014 Bonds), dated as of February 1, 2022 (the "**Escrow Agreement**").

(c) Security. Under the Indenture, the Bonds will be secured by a pledge of Net Revenues (as defined therein) which generally consists of gross revenues of the Authority's solid waste transfer and disposal system, less operation and maintenance costs of the System, as more particularly described in the Indenture.

**Section 3. Public Offering.** The Underwriter agrees to make an initial bona fide public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Exhibit A. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter, provided that the Underwriter shall not change any of the principal amounts or the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Bonds are subject to redemption as set forth in Exhibit A.

**Section 4. Official Statement; Continuing Disclosure.** (a) The Authority has delivered to the Underwriter the Preliminary Official Statement dated [POS Date] (the "**Preliminary Official Statement**") and will deliver to the Underwriter a final official statement dated the date of this Purchase Agreement (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Agreement, the "**Official Statement**"). Subsequent to its receipt of the Authority's 15c2-12 Certificate, in substantially the form attached hereto as Exhibit B, deeming the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as amended ("**Rule 15c2-12**"), the Underwriter has distributed copies of the Preliminary Official Statement. The

Authority hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute in printed and/or electronic format the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12, and any supplements and amendments thereto as have been approved by the Authority as evidenced by the execution and delivery of such document by an officer of the Authority), the Indenture, this Purchase Agreement, the Continuing Disclosure Certificate (hereinafter defined), and all information contained therein, and all other documents, certificates and written statements furnished by the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter.

The Underwriter hereby agrees to deliver a copy of the Official Statement to the MSRB through the Electronic Municipal Marketplace Access website of the MSRB on or before the date of the Closing and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and Rule 15c2-12. The Authority agrees to deliver to the Underwriter as many copies of the Official Statement as the Underwriter will reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12. The Authority agrees to deliver the final Official Statement within seven business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under Rule 15c2-12 and Rule G-32 of the MSRB.

(b) The Underwriter agrees to: (1) provide the Authority with final pricing information on the Bonds on a timely basis prior to the Closing; and (2) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

(c) In connection with issuance of the Bonds, and in order to assist the Underwriter with complying with the provisions of Rule 15c2-12, the Authority will execute a Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), under which the Authority will undertake to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Certificate is attached as an appendix to the Preliminary Official Statement and will be attached as an appendix to the final Official Statement.

**Section 5. Representations, Warranties and Covenants of the Authority.** The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “**State**”) and has all necessary power and authority to adopt its resolution adopted on January 20, 2022 (the “**Authority Resolution**”), to enter into and perform its duties under the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, and this Purchase Agreement (the “**Authority Agreements**”) and, when executed and delivered by the respective parties thereto, the Authority Agreements will constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms.

(b) The Board of Directors of the Authority (the “**Board**”) of the Authority has taken official action by adopting the Authority Resolution by a majority of the members of the Board at a regular meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Authority Agreements and the Official Statement and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby.

(c) By all necessary official action, the Authority has duly adopted the Authority Resolution, has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Authority Agreements, and the consummation by it of all other transactions contemplated by the Authority Resolution, the Authority Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by the respective parties thereto, the Authority Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the Authority's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Official Statement (other than any information concerning The Depository Trust Company ("**DTC**") and the book-entry system for the Bonds or provided by the Underwriter) do not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the Authority or, to the best knowledge of the Authority, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of Authority Agreements or the Bonds, or (iii) in any way question or affect the Purchase Agreement or the transactions contemplated by the Purchase Agreement, the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of this Purchase Agreement or the consummation by the Authority of the other transactions contemplated by the Official Statement or the Authority Agreements.

(g) Any certificate signed by any official of the Authority authorized to do so will be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(h) Except as previously disclosed to the Underwriter, the Authority is not in default, and at no time has the Authority defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i)

(1) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Authority since June 30, 2021, and there has been no occurrence or circumstance or combination thereof that is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Agreement and the date which is 25 days following the End of the Underwriting Period, any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. As used herein, the term “**End of the Underwriting Period**” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date (as described in Section 6 below). Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

(3) After the Closing, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter’s Counsel. If any event relating to or affecting the Authority occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will use its best efforts to assist the Underwriter in preparing (at the expense of the Authority for 90 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Authority will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, the Authority has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 in the past five years.

(k) The Authority does not need the consent of its auditor to include its comprehensive annual financial report for the fiscal year ended June 30, 2021 as an appendix to the Official Statement.

(l) The Authority covenants with the Underwriter that the Authority will cooperate with the Underwriter (at the cost and written directions of the Underwriter), in qualifying the Bonds for offer and sale under the securities or Blue Sky laws of such jurisdiction of the United States as the Underwriter may reasonably request; provided, however, that the Authority shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The Authority consents to the use by the Underwriter of the Authority Agreements, the Preliminary Official Statement

and the Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Bonds.

**Section 6. The Closing.** (a) At 8:00 A.M., California time, on [Closing Date], or on such earlier or later time or date as may be agreed upon by the Underwriter and the Authority (the “**Closing**”), the Authority will deliver the Bonds to the Underwriter, through the book-entry system of DTC. Prior to the Closing, the Authority will deliver, at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“**Bond Counsel**”), in Newport Beach, California, or such other place as is mutually agreed upon by the Underwriter and the Authority, the other documents described in this Purchase Agreement. On the date of the Closing, the Underwriter will pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee.

(b) The Bonds will be issued in fully registered form and will be prepared and delivered as one Bond for each maturity registered in the name of a nominee of DTC. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto will constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

**Section 7. Conditions to Underwriter’s Obligations.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the Authority of its obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter’s obligations under this Purchase Agreement are and will also be subject to the sale, issuance and delivery of the Bonds as well as the following conditions:

(a) The representations and warranties of the Authority contained in this Purchase Agreement will be true and correct in all material respects on the date of this Purchase Agreement and on and as of the date of the Closing as if made on the date of the Closing;

(b) As of the date of the Closing, the Official Statement may not have been amended, modified or supplemented, except in any case as may have been agreed to by the Underwriter;

(c) (i) As of the date of the Closing, the Authority Resolution, the Authority Resolution, and the Authority Agreements will be in full force and effect, and will not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter; (ii) the Authority will perform or have performed all of its obligations required under or specified in the Authority Resolution and the Authority Agreements to be performed at or prior to the date of the Closing; and (iii) the Authority will perform or have performed all of its obligations required under or specified in the Authority Resolution and the Escrow Agreement to be performed at or prior to the date of the Closing;

(d) As of the date of the Closing, all necessary official action of the Authority relating to the Authority Agreements, the Authority Resolution, and the Official Statement, and all necessary official action of the Authority relating to the Escrow Agreement, will have been taken and will be in full force and effect and will not have been amended, modified or supplemented in any material respect, except as may have been agreed to by the Authority and Underwriter; and



(e) As of or prior to the date of the Closing, the Underwriter will have received each of the following documents:

- (1) A certified copy of the Authority Resolution.
- (2) Duly executed copies of the Authority Agreements.
- (3) The Preliminary Official Statement and the Official Statement, with the Official Statement duly executed on behalf of the Authority.
- (4) An approving opinion of Bond Counsel, dated as of the Closing, as to the validity of the Bonds and the exclusion of interest on the Bonds from State income taxation addressed to the Authority substantially in the form attached as an appendix to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.
- (5) A supplemental opinion of Bond Counsel, addressed to the Underwriter, to the effect that:

(i) The Continuing Disclosure Certificate, the Escrow Agreement, and this Purchase Agreement have been duly executed and delivered by Authority and are each valid and binding upon the Authority, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(ii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The statements contained in the Official Statement on the cover and under the headings "INTRODUCTION," "THE PLAN OF REFUNDING," "THE SERIES 2022A BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS," "TAX MATTERS," in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE" and "APPENDIX C – PROPOSED FORM OF BOND COUNSEL OPINION," insofar as such statements purport to describe certain provisions of the Bonds, the Indenture, and the Escrow Agreement, or to state legal conclusions and the opinion of Bond Counsel regarding the tax-exempt nature of the Bonds from State income taxes, present a fair and accurate summary of the provisions thereof.

(6) An opinion of Jones Hall, A Professional Law Corporation, as counsel to the Underwriter ("**Underwriter's Counsel**"), addressed to the Underwriter and the Authority, to the effect that: During the course of our work on this matter, no facts have come to our attention that cause us to believe that the Preliminary Official Statement as of its date and the date of the pricing of the Bonds and the Official Statement as of its date and the Closing date (excluding from the Preliminary Official Statement and the Official Statement, the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Preliminary Official Statement and the Official Statement and the appendices to the Preliminary Official Statement and the Official Statement) contain any untrue statement of a material fact or omit to state any material fact

necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) An opinion or opinions of Aleshire & Wynder LLP, as general counsel to the Authority, dated as of the Closing addressed to the Authority, the Trustee and the Underwriter, in form and substance acceptable to the Underwriter, to the effect that:

(i) The Authority is a joint exercise of powers authority organized and validly existing under the laws of the State. The Board of Directors of the Authority is the governing body of the Authority.

(ii) The Authority has all necessary power and authority to adopt the Authority Resolution, to enter into and perform its duties under the Authority Agreements, and, when executed and delivered by the respective parties thereto, the Authority Agreements will each constitute a legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms, except as such enforcement may be limited by bankruptcy, moratorium and the exercise of equitable principles where equitable remedies are sought.

(iii) The Authority Resolution was duly adopted at a meeting of the Board, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

(iv) The execution and delivery by the Authority of the Authority Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the Authority is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound in a manner which could materially adversely affect the Authority's performance under the Authority Agreements.

(v) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which could materially adversely affect, the performance by the Authority of its obligations under the Authority Agreements have been obtained and are in full force and effect.

(vi) To the best of the Authority Attorney's knowledge, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Authority (A) affecting the existence of the Authority or the titles of its Board members or its officers to their respective offices, (B) seeking to restrain or to enjoin the issuance or sale of the Bonds, (C) in any way contesting or affecting the validity or

enforceability of the Authority Resolution or the Authority Agreements, (D) in any way contesting the powers of the Authority to issue or sell the Bonds or its authority with respect to the Authority Resolution or the Authority Agreements, (E) in any way contesting or affecting any of the rights, powers, duties or obligations of the Authority with respect to the money or property pledged or to be pledged under the Indenture, or (F) in any way questioning the accuracy of the statements in the Preliminary Official Statement or the Official Statement.

(8) An executed certificate of the Authority, dated as of the date of the Preliminary Official Statement, in the form attached as Exhibit B.

(9) An executed closing certificate of the City, dated as of the Closing, in the form attached as Exhibit C.

(10) The opinion of counsel to The Bank of New York Mellon Trust Company, N.A. (“BNY”), dated as of the Closing, addressed to the Authority and the Underwriter to the effect that:

(i) BNY is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization, and has the corporate power to execute and deliver, and to perform its obligations under, the Indenture and the Escrow Agreement;

(ii) The Indenture and the Escrow Agreement have been duly authorized, executed and delivered by BNY, and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture and the Escrow Agreement constitute the valid and legally binding agreements of BNY enforceable in accordance with their terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and the application of equitable principles if equitable remedies are sought;

(iii) The execution and delivery by BNY of the Indenture and the Escrow Agreement and compliance with the terms thereof will not conflict in any material respect with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which BNY is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over BNY or any of its activities or properties (except that no representation, warranty or agreement need be made by such counsel with respect to any federal or State securities or blue sky laws or regulations); and

(iv) BNY has duly authenticated the Bonds.

(11) A certificate of BNY, dated as of the Closing, in the form attached as Exhibit D.

(12) A defeasance opinion of Bond Counsel, in form and substance acceptable to the Underwriter, relating to the 2014 Bonds.

(13) Evidence of required filings with the California Debt and Investment Advisory Commission.

(14) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system.

(15) Evidence that the Bonds have received the ratings described in the Official Statement.

(16) A certificate of the Municipal Advisor, in substantially the form attached hereto as Exhibit E.

(17) A verification report of \_\_\_\_\_, confirming the sufficiency of the deposits in the escrow account established under the Escrow Agreement to defease and redeem the outstanding 2014 Bonds as provided in the Escrow Agreement.

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Authority with legal requirements, the truth and accuracy, as of the date of the Closing, of the representations of the Authority herein contained and of the Official Statement and the due performance or satisfaction by the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Agreement will be deemed to be in compliance with the provisions of this Purchase Agreement if, but only if, they are in form and substance satisfactory to the Underwriter. If the Authority is unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds will be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement will terminate and neither the Underwriter nor the Authority will be under further obligations hereunder, except that the respective obligations of the Authority and the Underwriter set forth in Section 11 of this Purchase Agreement will continue in full force and effect.

**Section 8. Conditions to Authority's Obligations.** The performance by the Authority of its respective obligations under this Purchase Agreement are conditioned upon: (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Authority of opinions addressed to the Authority, and receipt by the Underwriter of opinions addressed to the Underwriter, and the delivery of certificates being delivered on the date of the Closing by persons and entities other than the Authority.

**Section 9. [Reserved].**

**Section 10. Termination Events.** The Underwriter will have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(a) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State by the Governor of the State in an executive communication, affecting the tax status of the Authority, its property or income, its bonds (including the Bonds) or the interest thereon;

(b) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs, or a local, national or international calamity or crisis occurs, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(c) there occurs a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(d) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission is issued or made to the effect that the issuance, offering or sale of the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(e) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America is rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made or proposed to the effect that the obligations of the general character of the Bonds, including the Bonds, are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(f) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof is imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(g) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or

increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriter;

(h) a general banking moratorium is established by federal, New York or State authorities;

(i) any legislation, ordinance, rule or regulation is introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the opinion of the Underwriter, after consultation with the Authority, materially adversely affects the market price of the Bonds;

(j) any federal or State court, authority or regulatory body takes action materially and adversely affecting the payment or receipt of the principal and interest on the Bonds;

(k) any withdrawal, downgrading or placement on credit watch negative of any underlying rating of any securities of the Authority by a national municipal bond rating agency that, in the opinion of the Underwriter, adversely affects the market price of the Bonds;

(l) an event occurs which in the reasonable opinion of the Underwriter requires a supplement or amendment to the Official Statement and: (i) the Authority refuses to prepare and furnish such supplement or amendment; or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(m) additional material restrictions that are not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds;

(n) the commencement of any action, suit or proceeding that is described in Section 5(e); or

(o) any change, which in the reasonable opinion of the Underwriter, materially adversely affects the marketability of the Bonds or, the financial condition of the Authority.

**Section 11. Payment of Expenses.** (a) The Underwriter will be under no obligation to pay, and the Authority will pay the following expenses incident to the performance of the Authority's obligations hereunder:

(i) the fees and disbursements of the Authority's municipal advisor and of Bond Counsel;

(ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Sections 5(i) of this Purchase Agreement);

(iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Authority; and

(iv) any other expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The Authority will be under no obligation to pay, and the Underwriter will pay, any fees of the California Debt and Investment Advisory Commission, the cost of obtaining CUSIP numbers, the cost of preparation of any “blue sky” or legal investment memoranda and this Purchase Agreement; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of Underwriter’s Counsel, meals, transportation and lodging (but not entertainment expenses), and any advertising expenses in connection with the public offering of the Bonds.

**Section 12. Notices.** Any notice or other communication to be given to the Authority under this Purchase Agreement may be given by delivering the same in writing to the Authority, at the address set forth on the first page of this Purchase Agreement, and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 S. Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: John Kim.

**Section 13. Survival of Representations, Warranties, Agreements.** All of the Authority’s representations, warranties and agreements contained in this Purchase Agreement will remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this Section and in Section 11 will survive any termination of this Purchase Agreement.

**Section 14. Benefit; No Assignment.** This Purchase Agreement is made solely for the benefit of the Authority and the Underwriter (including its successors and assigns), and no other person will acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Agreement are not subject to assignment by the Underwriter or the Authority without the prior written consent of the other parties hereto.

**Section 15. Severability.** In the event that any provision of this Purchase Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Purchase Agreement.

**Section 16. Counterparts.** This Purchase Agreement may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute the Purchase Agreement by signing any such counterpart.

**Section 17. Governing Law.** This Purchase Agreement will be governed by the laws of the State.

**Section 18. Effectiveness.** This Purchase Agreement will become effective upon the execution of the acceptance hereof by an authorized officer of the Authority, and will be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as Underwriter

By: \_\_\_\_\_  
Authorized Officer

Accepted:

SALINAS VALLEY SOLID WASTE AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

Time of Execution: \_\_\_\_\_



## EXHIBIT A

### MATURITY SCHEDULE

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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## **EXHIBIT B**

### **SALINAS VALLEY SOLID WASTE AUTHORITY REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

#### **15c2-12 CERTIFICATE**

The undersigned hereby certifies and represents that they are the duly appointed and acting representative of the Salinas Valley Solid Waste Authority (the “Authority”), and as such is duly authorized to execute and deliver this Certificate and further hereby certifies and confirms on behalf of the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the bonds captioned above (the “Bonds”), in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds and the Authority (the “Preliminary Official Statement”).

(3) As used herein, “Permitted Omissions” means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12, and the information therein is accurate and complete except for the Permitted Omissions.

Dated: [POS Date]

SALINAS VALLEY SOLID WASTE  
AUTHORITY

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT C**

**\$(PAR)  
SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

**CLOSING CERTIFICATE OF THE AUTHORITY**

The undersigned hereby certifies and represents that they are the duly appointed and acting representative of the Salinas Valley Solid Waste Authority (the “Authority”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(i) The representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement dated [Pricing Date], between the Authority and Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Purchase Agreement”), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The Authority Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented.

(iii) The Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Authority, whether or not arising in the ordinary course of operations, as described in the Official Statement.

(v) The Preliminary Official Statement as of its date and the date of the Purchase Agreement and the Official Statement as of its date and the date of the Closing (other than any information it contains concerning The Depository Trust Company and the book-entry system for the Bonds or provided by the Underwriter) do not contain any untrue or misleading statement of a material fact and do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given in the Purchase Agreement.

Dated: [Closing Date]

**SALINAS VALLEY SOLID WASTE  
AUTHORITY**

By: \_\_\_\_\_  
Authorized Officer

## **EXHIBIT D**

### **\$(PAR) SALINAS VALLEY SOLID WASTE AUTHORITY REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

#### **CLOSING CERTIFICATE OF THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of The Bank of New York Mellon Trust Company, N.A. ("BNY"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of BNY as follows:

(i) BNY has all necessary power to enter into the Third Supplemental Indenture, dated as of February 1, 2022, between the Authority and BNY, as Trustee, supplementing and amending a Master Indenture dated as of January 1, 2014, between the Authority and BNY, as Trustee (as so supplemented and amended, the "Indenture"), and (ii) the Escrow Agreement (2014 Bonds), dated as of February 1, 2022 (the "Escrow Agreement"), by and between the Authority and BNY, as escrow agent and trustee, relating to the 2014 Bonds;

(ii) The Indenture and the Escrow Agreement (collectively, the "Agreements") have been duly authorized, executed and delivered by BNY, and the Agreements constitute the legal, valid and binding obligations of BNY enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over BNY that has not been obtained is or will be required for the execution and delivery of the Agreements or the performance by BNY of its duties and obligations thereunder;

(iv) The execution and delivery by BNY of the Agreements and compliance with the terms thereof will not conflict in any material respect with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which BNY is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over BNY or any of its activities or properties (except that no representation, warranty or agreement need be made by such counsel with respect to any federal or State securities or blue sky laws or regulations); and

(v) To the knowledge of BNY, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or threatened against BNY which in the reasonable judgment of BNY would affect the existence of BNY or in any way contesting or affecting the validity or enforceability of the Agreements or contesting the powers of BNY or its authority to enter into and perform its obligations thereunder.

Capitalized terms used but not defined herein have the meanings given in the Bond Purchase Agreement dated [Pricing Date], between the Authority and Stifel, Nicolaus & Company, Incorporated, as underwriter.

Dated: [Closing Date]

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT E**

**\$(PAR)  
SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

**CERTIFICATE OF MUNICIPAL ADVISOR**

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized officer of Campanile Group, Inc. (the “Municipal Advisor”), which has acted as municipal advisor to the Salinas Valley Solid Waste Authority (the “Authority”) in connection with the issuance of the above-referenced bonds (the “Bonds”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that the Municipal Advisor has reviewed the Preliminary Official Statement dated [POS Date] (the “Preliminary Official Statement”) and the final Official Statement dated [Pricing Date] (the “Official Statement”) relating to the Bonds; and

(iii) that nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Preliminary Official Statement as of the date of the pricing of the Bonds or its date or the Official Statement as of its date or the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Dated: [Closing Date]

CAMPANILE GROUP, INC.,  
*as Municipal Advisor*

By: \_\_\_\_\_  
Authorized Officer

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2022****NEW ISSUE – BOOK- ENTRY ONLY****S&P: “\_”****See “RATING” herein.**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2022A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Series 2022A Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.*

**\$[PAR]\***  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

**Dated: Date of Delivery****Due: August 1, as shown on inside cover**

The bonds captioned above (the “Series 2022A Bonds” are being issued pursuant to a Master Indenture, dated as of January 1, 2014, as supplemented by a Third Supplemental Indenture dated as of February 1, 2022 (as so supplemented, the “Master Indenture”), by and between the Salinas Valley Solid Waste Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), to (i) refund the Authority’s outstanding Refunding Revenue Bonds, Series 2014A (AMT) and outstanding Refunding Revenue Bonds, Series 2014B (Taxable), and (ii) pay costs of issuance. See “THE PLAN OF REFUNDING.” The Authority is a joint exercise of powers authority created pursuant to an agreement dated as of January 1, 1997 (as amended from time to time, the “Authority Agreement”) among the County of Monterey, and the Cities of Salinas, Gonzales, Greenfield, King City and Soledad (the “Members”). Pursuant to the Authority Agreement, the Authority was established to, among other things, acquire and manage the landfill assets of each Member, ensure long term landfill capacity for the Authority service area, and provide a unified and coordinated solid waste management system for the Members.

The principal and interest due with respect to the Series 2022A Bonds are payable solely from amounts pledged therefor, including certain revenues of the Authority’s solid waste transfer and disposal system (the “System”), pursuant to the Master Indenture, and will be on a parity with additional Bonds and certain other obligations of the Authority issued or executed under the Master Indenture in the future, subject to the application of such revenues as permitted by the Master Indenture. The revenues of the System so pledged consist primarily of the Net Revenues (as defined herein) of the System, which generally consist of the tipping fees, service charges, user charges and income received by or imposed by the Authority in connection with the operation of the System and the provision of solid waste disposal services, less the Maintenance and Operation Costs (as defined herein) of the System.

THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL AND INTEREST ON THE SERIES 2022A BONDS IS A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY OR THE MEMBERS FOR WHICH THE AUTHORITY OR THE MEMBERS ARE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY OR THE MEMBERS HAVE LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2022A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA, ANY STATUTORY DEBT LIMITATIONS OR OTHERWISE, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR THE MEMBERS.

Interest on the Series 2022A Bonds is payable semiannually on February 1 and August 1 of each year, commencing on [August 1, 2022]. The Series 2022A Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2022A Bonds. Individual purchases of the Series 2022A Bonds will be made in book-entry form only. Purchasers of the Series 2022A Bonds will not receive certificates representing their ownership interests in the Series 2022A Bonds purchased. The Series 2022A Bonds will be issuable in the denominations of \$5,000 and any integral multiple thereof. Principal and interest payments on the Series 2022A Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Series 2022A Bonds.

The Series 2022A Bonds are not subject to redemption prior to maturity.

**MATURITY SCHEDULE**

(see inside cover)

The Authority has applied for a municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on some or all of the maturities of the Series 2022A Bonds when due. The Authority will determine whether to purchase such policies in connection with the pricing of the Series 2022A Bonds.

This cover page contains certain information for quick reference only and is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “CERTAIN RISK FACTORS” herein for a description of certain of the risks associated with an investment in the Series 2022A Bonds.

The Series 2022A Bonds will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California and for the Authority by Aleshire & Wynder, LLP, Fresno, California, in its capacity as General Counsel to the Authority. It is anticipated that the Series 2022A Bonds in definitive form will be available for delivery to DTC on or about \_\_\_\_\_, 2022.

**STIFEL**

The date of this Official Statement is: \_\_\_\_\_, 2022

\* Preliminary; subject to change.

## MATURITY SCHEDULE

**\$[PAR]\***  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP<sup>†</sup></u></b> <b><u>(Base 795036)</u></b>
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\* Preliminary; subject to change.



# **SALINAS VALLEY SOLID WASTE AUTHORITY**

## **BOARD OF DIRECTORS**

Chris Lopez, County of Monterey  
President

Christie Cromeenes, City of Salinas  
Vice President

Andrew Tipton, City of Greenfield  
Alternate Vice President

Kimbley Craig, City of Salinas  
Board Member

Robert S. Cullen, City of King City  
Board Member

Ben Jimenez, Jr., City of Soledad  
Board Member

Anthony Rocha, City of Salinas  
Board Member

John M. Phillips, County of Monterey  
Board Member

Liz Silva, City of Gonzales  
Board Member

R. Patrick Mathews  
*General Manager/Chief Administrative Officer/Secretary*

C. Ray Hendricks  
*Finance and Administration Manager/Treasurer/Controller*

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## **SPECIAL SERVICES**

### **AUTHORITY GENERAL COUNSEL**

Aleshire & Wynder LLP  
Fresno, California

### **BOND COUNSEL**

Stradling Yocca Carlson & Rauth  
a Professional Corporation  
Newport Beach, California

### **UNDERWRITER'S COUNSEL**

Jones Hall, A Professional Law Corporation  
San Francisco, California

### **TRUSTEE/ESCROW AGENT**

The Bank of New York Mellon Trust  
Company, N.A.  
Los Angeles, California

## **VERIFICATION AGENT**

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## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**No Offering May Be Made Except by this Official Statement.** No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Series 2022A Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series 2022A Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any other parties described in this Official Statement since the date of this Official Statement.

**Use of this Official Statement.** This Official Statement is submitted in connection with the sale of the Series 2022A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Series 2022A Bonds.

**Preparation of this Official Statement.** The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Document References and Summaries.** All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

**Stabilization of and Changes to Offering Prices.** The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Series 2022A Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Series 2022A Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

**Bonds are Exempt from Securities Laws Registration.** The issuance and sale of the Series 2022A Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

**Estimates and Projections.** Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

**The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.**

The Authority maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

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## Service Area

 SVSWA Service Area

 Drop-Off Facility Location

**ABOP**

Drop-Off Station for Antifreeze, Car Batteries,  
Used Motor Oil and Latex Paint



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## OFFICIAL STATEMENT

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\$[PAR]\*  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

### INTRODUCTION

*This introduction contains only a brief summary of certain of the terms of the Series 2022A Bonds being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. The information and expressions of opinion herein speak only as of their date and are subject to change without notice.*

*Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Salinas Valley Solid Waste Authority (the “**Authority**”) since the date hereof. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Master Indenture. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE – Definitions.”*

### Purpose

This Official Statement, including the cover and the Appendices attached hereto (the “**Official Statement**”), provides certain information concerning the sale and delivery of the bonds captioned above (the “**Series 2022A Bonds**”). The Series 2022A Bonds will be issued pursuant to a Master Indenture dated as of January 1, 2014, as supplemented by a Third Supplemental Indenture, dated as of February 1, 2022, between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “**Trustee**”) (as so supplemented, the “**Master Indenture**”).

When delivered, the Series 2022A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), which will act as Depository for the Series 2022A Bonds. Purchases of the Series 2022A Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Series 2022A Bonds will not receive physical delivery of certificated securities. Principal of and interest on the Series 2022A Bonds will be payable by the Trustee to DTC, which will in turn remit such payments to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the Series 2022A Bonds. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

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\* Preliminary; subject to change.

The Series 2022A Bonds are being issued to (i) refund the Authority's outstanding Refunding Revenue Bonds, Series 2014A (AMT) (the "**Series 2014A Bonds**") and the outstanding Refunding Revenue Bonds, Series 2014B (Taxable) (the "**Series 2014B Bonds**") and, together with the Series 2014A Bonds, the "**Prior Bonds**"), and (ii) pay the costs of issuing the Series 2022A Bonds. See "THE PLAN OF REFUNDING."

The Series 2022A Bonds are not subject to redemption prior to their stated maturities. "THE SERIES 2022A BONDS – No Redemption."

### **Security and Source of Payment for the Series 2022A Bonds**

The Authority's obligation to make payments of principal and interest on the Series 2022A Bonds is a special obligation of the Authority payable solely from amounts pledged therefor under the Master Indenture, including certain revenues of the Authority's solid waste transfer and disposal system (the "**System**"), and will be on a parity with additional Bonds and other Contracts and Repayment Obligations (as hereinafter defined) of the Authority issued or executed under the Master Indenture subject to the application of such revenues as permitted by the Master Indenture. The revenues of the System so pledged consist primarily of the Net Revenues of the System. The Net Revenues consist generally of Revenues, less the Maintenance and Operation Costs of the System for such Fiscal Year (as such terms are defined in this Official Statement). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS."

### **No Debt Service Reserve Fund**

The Series 2022A Bonds will not be secured by a debt service reserve fund.

### **Rate Covenant**

Pursuant to the Master Indenture, the Authority has agreed, while any of the Bonds remain Outstanding, to fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year: (1) all current Maintenance and Operation Costs; (2) the interest on and principal of and Sinking Fund Installments for the Bonds, the payments for the Contracts and the Repayment Obligations; (3) all payments required for compliance with the terms of the Master Indenture, including any deposits required to the Master Reserve Fund or any Series Reserve Funds and (4) all payments to meet any other obligations of the Authority which are charges, liens or encumbrances upon, or payable from, the Net Revenues, excluding Subordinate Obligations. In addition, pursuant to the Master Indenture, the Authority has also agreed, at all times while any of the Bonds remain Outstanding, to fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield Net Revenues during such Fiscal Year equal to at least 115% of the Annual Debt Service in such Fiscal Year; *provided*, that for purposes of this requirement the Authority may consider amounts withdrawn from the Rate Stabilization Fund in a Fiscal Year as Net Revenues for such Fiscal Year as provided in the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS – Rate Stabilization Fund" and "– Rate Covenant."

### **Application for Bond Insurance**

The Authority has applied for a municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on some or all of the maturities of the Series 2022A

Bonds when due. The Authority will determine whether to purchase such policy in connection with the pricing of the Series 2022A Bonds. Should the Authority select a provider for such policy, then the Authority will include a summary of the terms of such policy in the final Official Statement.

### **Additional Bonds and Other Obligations**

The Authority may issue additional Bonds, or execute Contracts or Repayment Obligations the payment of which will be on a parity with the Series 2022A Bonds, on the terms and upon satisfaction of the conditions specified in the Master Indenture. The Authority may also incur indebtedness on a subordinate basis to the Series 2022A Bonds and any other Bonds and Contracts. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS – Conditions Precedent to Execution of Additional Bonds and Other Obligations.” Upon issuance of the Series 2022A Bonds, no other Bonds, Contracts or Repayment Obligations will remain outstanding.

### **The Authority**

The Authority is a joint exercise of powers authority created pursuant to Section 6500 *et seq.*, of the California Government Code and a joint exercise of powers agreement, dated as of January 1, 1997 (as amended from time to time, the “**Authority Agreement**”) among Monterey County (the “**County**”) and the cities of Salinas, Gonzales, Greenfield, King City and Soledad (collectively, the “**Members**”). Pursuant to the Authority Agreement, the Authority was established to, among other things, acquire and manage the landfill assets of each Member; ensure long-term landfill capacity for the Authority service area; and provide unified and coordinated solid waste management system for the Members. The City of Salinas has substantial influence over the activities of the Authority. See “THE AUTHORITY AND THE SYSTEM – The Authority.”

### **Limited Obligation**

THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL AND INTEREST ON THE SERIES 2022A BONDS IS A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY OR THE MEMBERS FOR WHICH THE AUTHORITY OR THE MEMBERS ARE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY OR THE MEMBERS HAVE LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2022A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR ANY STATUTORY DEBT LIMITATIONS OR OTHERWISE, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR THE MEMBERS.

### **Continuing Disclosure Information**

The Authority has agreed to provide, or cause to be provided, in accordance with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the “**Rule**”), certain annual financial information and operating data, including audited financial statements, and an update of certain information relating to the System. See “CONTINUING DISCLOSURE.”



## **Professionals Involved in the Offering**

Campanile Group, Inc., Laguna Beach, California, has acted as municipal advisor to the Authority (the “**Municipal Advisor**”). The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Trustee with respect to the Series 2022A Bonds and as Escrow Agent with respect to the Prior Bonds. Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”), is underwriting the Series 2022A Bonds.

All proceedings in connection with the issuance of the Series 2022A Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel. Certain legal matters will be passed upon for the Authority by Aleshire & Wynder, LLP, Fresno, California. Certain legal matters will be passed upon for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as Underwriter’s Counsel. *Payment of the fees and expenses of Bond Counsel, the Municipal Advisor and Underwriter’s Counsel is contingent upon the sale and delivery of the Series 2022A Bonds.*

## **Forward-Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. The Authority is not obligated to issue any updates or revisions to the forward-looking statements if, or when, its expectations, or events, conditions or circumstances on which such statements are based change.

## **Risk Factors**

Certain events could affect the ability of the Authority to pay debt service on the Series 2022A Bonds when due. See the caption “CERTAIN RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters that are set forth in this Official Statement, in evaluating an investment in the Series 2022A Bonds.

## **Miscellaneous**

The descriptions herein of the Master Indenture, the Authority Agreement and any other agreements relating to the Series 2022A Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2022A Bonds are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.” Copies of the documents are on file and available for inspection at the principal corporate trust office of the Trustee at The Bank of New York Mellon Trust Company, N.A.,

Attention Corporate Trust Services, 700 South Flower Street, Suite 500, Los Angeles, California 90017.

## THE PLAN OF REFUNDING

### Refunding of Prior Bonds

The Series 2014A Bonds maturing on or after August 1, 2025 are subject to optional redemption on any date on or after August 1, 2024, in whole or in part, at a redemption price equal to the principal amount of the Series 2014A Bonds or the portions thereof called for redemption, together with interest accrued thereon to the date fixed for redemption. The Series 2014B Bonds are not subject to optional redemption prior to maturity.

On the date the Series 2022A Bonds are issued, pursuant to an Escrow Agreement (2014 Bonds), dated as of February 1, 2022 (the “**Escrow Agreement**”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Agent**”) and as Trustee of the Prior Bonds, the Authority will deliver a portion of the proceeds of the Series 2022A Bonds which, together with other moneys, will be deposited by the Escrow Agent in the escrow fund established under the Escrow Agreement (the “**Escrow Fund**”), on behalf of the Authority and for the benefit of the owners of the outstanding Prior Bonds.

The Escrow Agent will invest a portion of the funds on deposit in the Escrow Fund in federal securities and will hold the remainder in cash, uninvested. From the moneys on deposit in the Escrow Fund and the investment earnings thereon, the Escrow Agent will pay (i) the regularly scheduled principal of and interest on the outstanding Series 2014A Bonds maturing on and prior to August 1, 2024, (ii) the regularly scheduled principal of and interest on the outstanding Series 2014B Bonds through August 1, 2023, and (iii) on August 1, 2024, the principal of the outstanding Series 2014A Bonds maturing after August 1, 2024, plus interest with respect thereto accrued through such date, without premium. The Prior Bonds are described in the following tables.

#### Outstanding Series 2014A Bonds

Maturity Date (August 1)	Amount	Interest Rate	Redemption Price
2022	\$1,545,000	5.000%	100%
2023	1,630,000	5.000	100
2024	2,155,000	5.000	100
2025	2,265,000	5.500	100
2026	2,395,000	5.500	100
2027	2,335,000	5.500	100
2031	9,880,000	5.500	100
Total	\$16,875,000		

#### Outstanding Series 2014B Bonds

Maturity Date (August 1)	Amount	Interest Rate	Redemption Price
2022	\$405,000	4.641%	100%
2023	420,000	4.841	100
Total	\$825,000		

The sufficiency of the deposits in the Escrow Fund for such purposes will be verified by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, all of the outstanding Prior Bonds will be discharged as of the date of issuance of the Series 2022A Bonds pursuant to the provisions of the Master Indenture.

### **Estimated Sources and Uses of Bond Proceeds**

The estimated sources and uses of funds with respect to the Series 2022A Bonds are set forth below:

#### **Sources<sup>(1)</sup>**

Principal Amount of Series 2022A Bonds	\$
Plus: Available Funds	
Plus: Original Issue Premium	
Total Sources	<hr/> \$

#### **Uses<sup>(1)</sup>**

Escrow Fund	\$
Costs of Issuance <sup>(2)</sup>	
Total Uses	<hr/> \$

<sup>(1)</sup> Rounded to the nearest dollar.

<sup>(2)</sup> Includes legal fees, Underwriter’s discount, printing costs, rating agency fees, Municipal Advisor fees and other miscellaneous expenses.

## THE SERIES 2022A BONDS

### General

The Series 2022A Bonds shall be dated as of their date of issuance, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on February 1 and August 1 in each year (each an “**Interest Payment Date**”), commencing on [August 1, 2022]) and shall mature and become payable on August 1 in each of the years in the principal amounts set forth on the inside cover hereof.

The Series 2022A Bonds shall be issued as fully registered bonds in denominations of \$5,000 or any integral multiple of \$5,000 (not exceeding the principal amount of Series 2022A Bonds maturing at any one time).

Each Series 2022A Bond shall bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is during the period from and including the Record Date next preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of registration is on or before the Record Date next preceding the First Interest Payment Date, in which event it shall bear interest from the date of issuance; provided, that if at the time of registration of any Series 2022A Bond interest is then in default on the Outstanding Series 2022A Bonds, such Series 2022A Bond shall bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment on the Outstanding Series 2022A Bonds. Payment of interest on the Series 2022A Bonds due on or before the maturity or prior redemption of the Series 2022A Bonds shall be made to the person whose name appears in the registration books maintained under the Master Indenture as the Owner thereof as of the close of business on the Record Date next preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on each Interest Payment Date to such Owner at his address as it appears in the registration books maintained under the Master Indenture, or, upon written request received prior to the Record Date next preceding an Interest Payment Date of an Owner of at \$1,000,000 in aggregate principal amount of Series 2022A Bonds, by wire transfer in immediately available funds to an account within the continental United States of America designated by such Owner.

### No Redemption

The Series 2022A Bonds are not subject to redemption prior to maturity.

### Book-Entry Only System

The Series 2022A Bonds will be delivered in fully registered form, will be transferable and exchangeable as set forth in the Master Indenture and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as Depository for the Series 2022A Bonds. Ownership interests in the Series 2022A Bonds may be purchased in book-entry form only, in authorized denominations. So long as the Series 2022A Bonds are registered in the name of Cede & Co., all payments with respect to principal of and interest on the Series 2022A Bonds will be made by the Trustee to DTC, which is obligated in turn to remit such payments to its Direct Participants for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS

### Master Indenture

The Master Indenture authorizes the execution of and secures the payment of Bonds, Contracts and Repayment Obligations, including the Series 2022A Bonds. Under the Master Indenture, “**Bonds**” consist of all Series of bonds authorized, executed and delivered under all Supplemental Indentures (including the Series 2022A Bonds). “**Contracts**” are all obligations of the Authority authorized and executed by the Authority, the Contract Payments under which are secured by a pledge of the Net Revenues on a parity with Bonds as provided in the Master Indenture. “**Repayment Obligations**” are obligations under a written agreement between the Authority and a credit provider to reimburse the credit provider for amounts paid under or pursuant to a credit facility for the payment of the principal amount or purchase price of and interest on any Bonds or any Contract Payments.

The Master Indenture contains various covenants and agreements of the Authority relating to financial and operational aspects of the System, including covenants relating to the provision of solid waste management services by the Authority and the setting and collection of rates and charges at specified levels. See “– Rate Covenant” below. The Master Indenture also contains covenants relating to the following matters, among others: the establishment of accounts and payment priorities for Maintenance and Operation Costs and other expenses of the System; the preparation of an annual budget and reconciliation thereof; conditions precedent to the issuance or execution of additional Bonds, Contracts or Repayment Obligations; the prudent operation and maintenance of the System; compliance with laws; and adherence to insurance requirements. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.”

The Master Indenture provides that the Authority may, subject to the terms of the Master Indenture (including, with certain exceptions, certain financial tests), issue one or more series of additional Bonds, or execute one or more Contracts or Repayment Obligations, as necessary or desirable to discharge the Authority’s purposes in connection with solid waste management and any amount payable in accordance with such additional Bonds, Contracts or Repayment Obligations would be payable on a parity with the Series 2022A Bonds. See “– Conditions Precedent to Execution of Additional Bonds and Other Obligations.” The Authority may also issue Subordinate Obligations as provided in the Master Indenture.

Upon issuance of the Series 2022A Bonds, no other Bonds, Contracts or Repayment Obligations will remain outstanding.

### Pledge of Net Revenues; Flow of Funds

***Pledge of Net Revenues.*** Pursuant to the Master Indenture, in order to secure the payment of Bonds, Contracts and Repayment Obligations, including the Series 2022A Bonds, the Authority has pledged the Net Revenues (and all money in the Revenue Fund and in the funds and accounts specified in the Master Indenture, other than the Rebate Fund), subject only to the provisions permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Master Indenture.

“**Net Revenues**” are defined in the Master Indenture to mean for any period Revenues less Maintenance and Operation Costs for such period; provided that certain adjustments in the amount of Net Revenue deemed collected during a Fiscal Year may be made in connection with amounts deposited in the Rate Stabilization Fund. See “– Rate Stabilization Fund” below.

**“Revenues”** are defined in the Master Indenture to mean all gross income and revenue received or receivable by the Authority from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, including all fees (including fees for services that support waste reduction and recycling programs to comply with state mandates pursuant to Assembly Bill 939), tipping fees, rates, charges and all amounts paid under any contracts received or owed by the Authority in connection with the operation of the System and all proceeds of insurance covering business interruption loss relating to the System and all other income and revenue howsoever derived by the Authority from the ownership or operation of the System or arising from the System. Revenues do not include interest earnings on Project Funds, self-insurance funds and, to the extent interest earnings thereon are required by law to remain therein, trust funds of the Authority, including but not limited to landfill closure and landfill post-closure trust funds established under Article IV of Part 4 of Division 30 of the Public Resources Code of the State of California, or any similar state or federal law. See “THE AUTHORITY AND THE SYSTEM – Major Sources of Revenues.”

**“Maintenance and Operation Costs”** are defined in the Master Indenture to mean the reasonable and necessary costs paid or incurred by the Authority for maintaining and operating the System, determined in accordance with Generally Accepted Accounting Principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the Authority that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums (including payments required to be paid into any self-insurance funds), closure and post-closure costs related to the System which are mandated to be paid on a current basis, and including all other reasonable and necessary costs of the Authority or charges required to be paid by it to comply with the terms hereof or of any Supplemental Indenture or of any resolution authorizing the execution of any Contract or of such Contract, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of Independent Certified Public Accountants; but excluding in all cases (i) the principal of and interest on Bonds, Contract Payments, Repayment Obligations and payment of Subordinate Obligations, (ii) costs of capital additions, replacements, betterments, extensions or improvements which under Generally Accepted Accounting Principals are chargeable to a capital account, (iii) depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles and (iv) closure and post-closure costs related to the System which are required to be accrued, but not paid on a current basis.

See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.”

**Flow of Funds.** Pursuant to the provisions of the Master Indenture, the Authority is required to deposit all Revenues into the Revenue Fund upon receipt. The Revenue Fund is held by the Authority. Under the Master Indenture, the Authority is required to pay all Maintenance and Operation Costs from the Revenue Fund as they become due and payable, and all remaining money in the Revenue Fund shall be transferred by the Authority for deposit in the following respective funds (each of which the Authority covenants and agrees to cause to be maintained with the Trustee, except for the Subordinated Payment Fund which may be held by such other trustee or fiscal agent as appointed pursuant to a Supplemental Indenture or Contract) at the following times and in the following order of priority:

Interest Fund. The Authority shall transfer to the Trustee for deposit in the Interest Fund for receipt at least two Business Days before February 1 and August 1 of each year

(and on such other dates as provided in a Supplemental Indenture), beginning on [August 1, 2022], an amount of money from the Revenue Fund which, together with any money contained in the Interest Fund, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. In the event there shall be insufficient money on deposit in the Interest Fund to make in full all such interest payments required to be made on such date, then the available money in the Interest Fund shall be applied pro rata to the making of interest payments for each Series of Bonds in the proportion which all such interest payments bear to each other. No deposit need be made into the Interest Fund if the amount contained therein is at least equal to the amount of the interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. Pursuant to the terms of a Supplemental Indenture, the Authority may provide for the payment of interest with respect to Contracts or to pay or reimburse a credit provider for Repayment Obligations from the Interest Fund. All money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Outstanding Bonds and with respect to the unpaid Contracts as it shall become due and payable (including accrued interest on any Bonds or any Contracts (or portions thereof) purchased or redeemed prior to maturity).

Principal Fund. The Authority shall transfer to the Trustee for deposit in the Principal Fund for receipt at least two Business Days before August 1 of each year (and on such other dates as provided in a Supplemental Indenture), beginning on [August 1, 2022], an amount of money from the Revenue Fund which, together with any money contained in the Principal Fund, is equal to the aggregate amount of the principal becoming due and payable on all Outstanding Serial Bonds on such Principal Payment Date. In the event there shall be insufficient money or deposit in the Principal Fund to make in full all such principal payments required to be made on such date, then the available money in the Principal Fund shall be applied pro rata to the making of principal payments for each Series of Bonds in the proportion which all such principal payments bear to each other. No deposit need be made into the Principal Fund if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds on such Principal Payment Date. Pursuant to the terms of a Supplemental Indenture, the Authority may provide for the payment of principal with respect to Contracts or to pay or reimburse a credit provider for Repayment Obligations from the Principal Fund. All money in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Outstanding Serial Bonds and with respect to the unpaid Contracts (or portions thereof) as they shall become due and payable.

Sinking Fund. The Authority shall transfer to the Trustee for deposit in the Sinking Fund for receipt at least two Business Days before each Sinking Fund Payment Date, an amount of money from the Revenue Fund equal to the Sinking Fund Installments payable on such Sinking Fund Payment Date. In the event that there shall be insufficient money in the Sinking Fund to make in full all such Sinking Fund Installments required to be made on such date, then the available money on deposit in the Sinking Fund shall be applied pro rata to the making of such Sinking Fund Installments for each Series of Term Bonds in the proportion which all such Sinking Fund Installments bear to each other. Pursuant to the terms of a Supplemental Indenture, the Authority may provide for payment of sinking fund installments with respect to Contracts or to pay or reimburse a credit provider for Repayment Obligations from the Sinking Fund. All money in the Sinking Fund shall be used by the Trustee to redeem or purchase the Term Bonds in accordance with the Master Indenture and with respect to any Contracts.

Master Reserve Fund. The Authority shall transfer to the Trustee for deposit in the Master Reserve Fund for receipt on or before February 1 and August 1 of each year, beginning on the February 1 or August 1 next succeeding the determination of a deficiency in the Master Reserve Fund, an amount of money from the Revenue Fund necessary to restore the amount in the Reserve Fund to the Master Reserve Fund Requirement over the next 12 months; provided, that if there has been a draw upon any policy of insurance, surety bond, letter of credit or other comparable credit facility used to provide all or a portion of the Master Reserve Fund Requirement or Series Reserve Fund Requirement, a sum sufficient to reimburse the provider of such instrument on the next succeeding February 1 or August 1, as the case may be, for payments made under such draw plus its expenses in connection therewith shall be withdrawn from the first Net Revenues available to the Authority on such date after first satisfying (or reasonably evidencing the ability to satisfy) the next occurring payment requirements of as described above, and such withdrawal shall be used for such reimbursement. No deposit need be made in the Master Reserve Fund so long as there shall be on deposit therein an amount at least equal to the Master Reserve Fund Requirement. All money in (or available to) the Master Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Fund, the Principal Fund or the Sinking Fund (in such order) in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Outstanding Bonds and with respect to the unpaid Contracts in the event that moneys sufficient for such purpose are not on deposit as provided in the paragraphs described above, or (at the Written Request of the Authority) for the retirement of all Bonds then Outstanding and all unpaid Contracts.

Series Reserve Fund. The Master Indenture further provides that, notwithstanding the foregoing paragraph, pursuant to the terms of a Supplemental Indenture, the Authority may determine that a particular Series of Bonds or Contracts will not be secured by the Master Reserve Fund and establish a separate account within the Reserve Fund (such separate account constituting a “**Series Reserve Fund**”) to secure one or more Series of Bonds or Contracts and may establish a separate reserve fund securing an obligation to make Contract Payments so long as such account or reserve fund is initially funded and maintained at an amount at least equal to the Series Reserve Fund Requirement as applied to such Bonds or Contracts. All money in (or available to) any Series Master Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Fund, the Principal Fund or the Sinking Fund (in such order) in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the Outstanding Series of Bonds or Contracts to which such Series Reserve Fund relates in the event that moneys sufficient for such purpose are not on deposit as provided in the paragraphs captioned “Interest Fund,” “Principal Fund” and “Sinking Fund” above, or (at the Written Request of the Authority) for the retirement of all Bonds then Outstanding and all unpaid Contracts. Any deficiencies in any Series Reserve Funds established by the Authority will be replenished at the time and in the manner set forth in the paragraph captioned “Master Reserve Fund” under the with respect to the Master Reserve Fund. In the event that, on any date, insufficient funds are available for replenishment of the Master Reserve Fund and any Series Reserve Fund, replenishment shall be made pro rata based on the respective amounts to be replenished.

Subordinated Payment Fund. The Authority shall transfer to the Trustee (or such other trustee or fiscal agent as designed in a Supplemental Indenture or Contract) for deposit in the Subordinated Payment Fund for receipt on or before February 1 and August



1 of each year (or on such other dates as provided in a Supplemental Indenture), beginning on the date designated in a Supplemental Indenture, an amount of money from the Revenue Fund which, together with any money contained in the Subordinated Payment Fund, is equal to the aggregate amount of interest and principal due and payable on such date on all Subordinate Obligations.

All money remaining in the Revenue Fund after making the aforesaid payments may be withdrawn from the Revenue Fund by the Authority and used by the Authority for any lawful purpose.

### **Rate Stabilization Fund**

Under the Master Indenture, a special fund known as the “**Rate Stabilization Fund**” is held by the Authority into which the Authority may make deposits. The Master Indenture provides that Revenues so deposited into the Rate Stabilization Fund in any Fiscal Year shall not be taken into account as Net Revenues for such Fiscal Year; and amounts withdrawn from the Rate Stabilization Fund shall constitute Revenues during the Fiscal Year in which such withdrawal is made for purposes of the rate covenant and financial tests which are conditions precedent to the execution of additional Bonds and other obligations, provided further however, that for purposes of the calculation required under the Master Indenture regarding additional Bonds, the amount of Net Revenues before any credits for withdrawals from the Rate Stabilization Fund may not be less than 100% of Maximum Annual Debt Service for Outstanding Bonds and the proposed additional Series of Bonds. The Rate Stabilization Fund is not currently funded at this time. See “– Conditions Precedent to Execution of Additional Bonds and Other Obligations” and “– Rate Covenant” below.

### **Rate Covenant**

Pursuant to the Master Indenture, the Authority has agreed, at all times thereafter while any of the Bonds remain Outstanding, to fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year: (1) all current Maintenance and Operation Costs; (2) the interest on and principal of and Sinking Fund Installments for the Bonds, the payments for the Contracts and the Repayment Obligations; (3) all payments required for compliance with the terms of the Master Indenture, including any required deposits to the Master Reserve Fund or any Series Reserve Funds and (4) all payments to meet any other obligations of the Authority which are charges, liens or encumbrances upon, or payable from, the Net Revenues, excluding Subordinate Obligations. In addition, pursuant to the Master Indenture, the Authority has also agreed, at all times while any of the Bonds remain Outstanding, to fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield Net Revenues during such Fiscal Year equal to at least 115% of the Annual Debt Service in such Fiscal Year; provided, that for purposes of this requirement the Authority may consider amounts withdrawn from the Rate Stabilization Fund in a Fiscal Year as Net Revenues for such Fiscal Year as provided in the Master Indenture.

### **No Reserve Fund for Series 2022A Bonds**

The Series 2022A Bonds are not secured by the Master Reserve Fund or any Series Reserve Fund. Future obligations issued under the Master Indenture may be secured by a Master

Reserve Fund or by a Series Reserve Fund. See APPENDIX B –“SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.”

### **Conditions Precedent to Execution of Additional Bonds and Other Obligations**

The Master Indenture provides that the Authority may at any time issue or execute additional Bonds payable from the Net Revenues and secured by a lien and charge upon the Net Revenues equal to and on a parity with the lien and charge securing the Series 2022A Bonds issued thereunder, subject to the satisfaction of certain conditions specified in the Master Indenture. The Master Indenture also provides that the Authority may at any time execute any Contracts the Contract Payments under which are payable on a parity with the Bonds; provided, that such Contracts meet the conditions and requirements applicable for the issuance of additional Bonds under the Master Indenture (with the reference to Bonds being construed to mean Contracts, as appropriate, and any provision not applicable to Contracts being disregarded) at the time of the execution thereof. In addition, the Master Indenture provides that a Repayment Obligation (other than a Repayment Obligation with respect to a credit facility on deposit in the Reserve Fund) may be accorded the status of an obligation payable on a parity from Net Revenue with the Bonds solely for purposes of securing such Repayment Obligation under the Master Indenture; provided, that such Repayment Obligations meet the financial conditions and requirements relating to the issuance of additional Bonds (with reference to Bonds being construed to mean Repayment Obligations, as appropriate) at the time of entering into such Repayment Obligation. These conditions applicable to the issuance of additional Bonds (and Contracts or Repayment Obligations, as described above) include the following:

(a) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained in the Master Indenture and in all Supplemental Indentures and Contracts required to be observed or performed by it (provided, however, that this condition shall not apply where the purpose of the Series of Bonds proposed to be issued is to cure such noncompliance), including a determination by the Authority as to whether such obligations will be secured by the Master Reserve Fund or a Series Reserve Fund or not be secured by any reserve fund;

(b) The Net Revenues for the most recent audited Fiscal Year or, alternatively, any 12 consecutive months within the last 18 months preceding the date of issuance of such Series of the additional Bonds, plus

(1) An allowance for Net Revenues for such Fiscal Year or 12 month period from any additions, betterments, extensions or improvements to the System or expansions to the service area of the System (including any material increase in the solid waste expected to be delivered to the System based on an executed contract providing therefor), which during any part of such Fiscal Year or 12 month period, were not in service or not in effect, as the case may be, all in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, betterments, extensions or improvements or expansions for the first thirty-six (36) months or shorter period in which each addition, betterment, extension or improvement is respectively to be in operation or expansion is to be in effect all as shown by a certificate of the Authority; and

(2) An allowance for increased Net Revenues arising from any increase in the rates, fees and charges of the System which were adopted by the Authority prior to the date of the execution of such Supplemental Indenture but which, during all or any part of such Fiscal Year or 12 month period, was not in effect, in an amount equal to the amount

by which the Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such Fiscal Year or 12 month period;

shall have produced a sum equal to at least 115% of the Annual Debt Service for the first complete Fiscal Year occurring after the issuance of such Series of the Bonds, as calculated to reflect the issuance of such Series of the Bonds; provided, that in the event that all or a portion of such Series of the Bonds is to be issued for the purpose of refunding and retiring any Bonds then Outstanding, interest and principal payments on the Bonds to be so refunded and retired from the proceeds of such Series of the Bonds being issued shall be excluded from the foregoing computation of Annual Debt Service; provided further, the Authority may at any time issue a Series of the Bonds without compliance with the foregoing conditions if the total Annual Debt Service for the period during which such Series of the Bonds is Outstanding will not be increased by reason of the issuance of such Series of the Bonds; and provided, further that an adjustment may be made in the amount of Net Revenues to reflect the withdrawal of moneys from the Rate Stabilization Fund pursuant to the Master Indenture for the purpose of meeting the 115% coverage requirement, provided further however, that for purposes of the calculation required under the Master Indenture regarding additional Bonds, the amount of Net Revenues before any credits for withdrawals from the Rate Stabilization Fund may not be less than 100% of Maximum Annual Debt Service for Outstanding Bonds and the proposed additional Series of Bonds.

Nothing contained in the Master Indenture limits the issuance of any revenue bonds of the Authority payable from the Net Revenues and secured by a lien and charge on the Net Revenues if, after the issuance and delivery of such revenue bonds, none of the Bonds theretofore issued thereunder will be Outstanding and none of the Contracts shall be unpaid. Accordingly, the Authority is not required to comply with the provisions relating to additional bonds in connection with the issuance of the Series 2022A Bonds. See APPENDIX B –“SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.”

### **Non-Recourse to Members or State of California**

THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL AND INTEREST ON THE SERIES 2022A BONDS IS A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY OR THE MEMBERS FOR WHICH THE AUTHORITY OR THE MEMBERS ARE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY OR THE MEMBERS HAVE LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2022A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR ANY STATUTORY DEBT LIMITATIONS, OR OTHERWISE OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR THE MEMBERS.

## **THE AUTHORITY AND THE SYSTEM**

### **The Authority**

**General.** The Authority is a joint exercise of powers authority created pursuant to the Authority Agreement. Pursuant to the Authority Agreement, the Authority was established to, among other things, acquire and manage the landfill assets of each Member, ensure long term

landfill capacity for the Authority service area, and provide a unified and coordinated solid waste management system for the Members.

The Authority is an autonomous governmental organization funded by solid waste tipping fees, waste reduction fees, and recycling revenues and is controlled by a Board of Directors (the “**Authority Board**”) composed of appointed representatives of its Members. The Authority is responsible for the regulatory compliance of designated solid waste disposal sites within its boundary, which includes one active landfill, the Johnson Canyon Sanitary Landfill (the “**Johnson Canyon Landfill**”) near Gonzales, three closed landfills (Lewis Road and Crazy Horse in northern Monterey County, and Jolon Road Landfill near King City). The Authority has two transfer stations in its service area, the Sun Street Transfer Station and Recycling Center (the “**Sun Street Transfer Station**”) in Salinas, and the Jolon Road Transfer Station and Recycling Center (the “**Jolon Road Transfer Station**”) in King City. A Household Hazardous Waste collection facility is also located at the Sun Street Transfer Station site.

**Authority Agreement; Waste Delivery Agreements.** Under the Authority Agreement, the Members are required to maintain mandatory solid waste collection requirements within their respective jurisdictional boundaries in form and manner at least as strict and inclusive as the requirements in effect on the effective date of the Authority Agreement. The Authority and each Member have entered into separate Waste Delivery Agreements, each dated as of September 1997, as amended by an Amendment to Waste Delivery Agreement dated as of January 1, 2014 (as so amended, each a “**Waste Delivery Agreement**” and, collectively, the “**Waste Delivery Agreements**”). Pursuant to the Waste Delivery Agreements, the Members are required to direct waste generate within their jurisdictional boundaries to the System. A form of a Waste Delivery Agreement and Amendment to the Waste Delivery Agreement is attached hereto as APPENDIX E – “FORM OF WASTE DELIVERY AGREEMENT.” Each Waste Delivery Agreement is substantially similar.

The Authority Agreement and the Waste Delivery Agreements provide that they shall continue for so long as may be necessary to carry out the purpose thereof or until terminated by mutual consent of the governing bodies of all of the Members, whichever is earlier; provided, however, that any Member may withdraw from the Authority Agreement and its Waste Delivery Agreement by a majority vote of the governing body thereof giving to the other Members one year’s written notice of such intention to withdraw, so long as all revenue bonds or other forms of indebtedness issues pursuant thereto, and the interest thereon, shall have been paid or adequate provision for such payment shall have been made in accordance with the resolution (or indenture) adopted by the Authority Board pursuant to the law authorizing the issuance thereof or approval of the debt. The Authority Agreement further provides that a Member withdrawing from the Authority Agreement will retain its fair share of financial liability for closure and post-closure and site remediation costs based on the tons of material it has contributed to the Authority’s solid waste system and as determined by the Authority in its sole discretion and such determination of the Authority shall be binding on the Members.

The County delivered a notice of intention to withdraw from the Authority Agreement on July 13, 2012, and a notice to withdraw from its Waste Delivery Agreement on July 16, 2012. The County rescinded its notices of intent to withdraw on December 5, 2013.

On December 6, 2018, the City of Salinas issued a notice of intent to withdraw from the Authority Agreement. The principal item in the City of Salinas’ notice of intent to withdraw from the Authority Agreement was resolved with the Authority’s agreement to close the Sun Street Transfer Station, which is expected to occur in the Spring of 2022. See “– Existing System – Sun

Street Transfer Station.” The City of Salinas rescinded its notice of intent to withdraw on October 5, 2021.

In connection with the issuance of the Prior Bonds, each Member, including the County, amended and reaffirmed its Waste Delivery Agreement. As of the date of this Official Statement, the Authority is not aware of any Member intending to withdraw from the Authority Agreement and its Waste Delivery Agreement and, except as described in this Official Statement, has not received a notice thereof from any of the Members.

See “– Waste Delivery Agreements and Waste Collection Practices of Members” below and “CERTAIN RISK FACTORS – Withdrawal of Members” and “– Competition.”

## **Organization and Management**

**General.** The Authority Board consists of nine members, consisting of three members of the Salinas City Council, two members of the Monterey County Board of Supervisors, and one City Council member each from the Cities of Gonzales, Greenfield, King City and Soledad. Each Member appoints its respective member(s) on the Authority Board, with each member of the Authority Board having one vote.

Pursuant to the Authority Agreement, the City of Salinas (3 out of 9 members on the Authority Board) and the County (2 out of 9 members on the Authority Board) have substantial influence over the activities of the Authority. Pursuant to the Authority Agreement, the affirmative vote of at least one member of the Authority Board who is a member of the Salinas City Council is required to approve Authority Board actions.

The Chief Administrative Officer of the Authority is appointed by the Authority Board and is responsible for, among other items, planning, organizing, and directing all Authority activities under the policy direction of the Authority Board.

**Key Personnel.** Brief biographies of key members of Authority staff are set forth below.

Mr. R. Patrick Mathews has served as the General Manager/Chief Administrative Officer/Secretary for the Authority for the past 13 years. He has 39 years of experience in the environmental services & management field, and 33 years of experience in the Resource recovery and solid waste services industry. He has a Bachelor of Arts in Environmental Studies with a minor in Chemistry, as well as training in integrated waste management and hazardous materials management through Extension Program at the University of California, Davis. He is the current chapter president of the Solid Waste Association of North America’s Gold Rush Chapter and has served on their executive committee board in various capacities since 2016. His experience includes capital projects/infrastructure development and permitting, resource recovery programs development, new resource recovery technology research and development, environmental programs management and the California Environmental Quality Act, grant management, public Administration and finance, operational and financial sustainability planning.

Mr. C. Ray Hendricks serves as the Finance & Administration Manager/ Treasurer/ Controller for the Authority. He has 25 years of progressive experience in management, customer service, and administrative office operations, 15 years of accounting experience, and 10 years of Human Resources experience. He has been with the Authority for 16 years, the last 7 in a management capacity. He has a Bachelor of Science in Business Administration with a focus in accounting. His experience includes financials, budgeting, accounts payable/receivable, payroll,

account reconciliation, recruitment and retention, training and development, employee relations, and labor law compliance.

## **Service Area**

**General.** The area currently served by the System consists of the Cities of Salinas, Gonzales, Greenfield, King City and Soledad, and all areas of the County not serviced by the Monterey Regional Waste Management District. A map of the Authority service area and facilities appears on the back inside cover of this Official Statement.

**Economy in the Authority Service Area.** Major employers in the Authority service area include those in county government, financial services, education, health care, electronics and food production and food services.

**Population in the Authority Service Area.** As of January 1, 2021, the population of the Authority service area is estimated to be approximately 263,250 with approximately 60.9% of the population residing in the City of Salinas.

## **Public Health Emergency – COVID-19**

**General.** The spread of the novel strains of coronavirus that cause the disease known as COVID-19 (“**COVID-19**”) and local, state and federal actions in response to COVID-19, have impacted the Authority’s operations and finances. On February 11, 2020, the World Health Organization (“**WHO**”) announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The COVID-19 pandemic has had an adverse effect on, among other things, the world economy, global supply chain, international travel and a number of travel-related industries. The temporary and permanent business closures caused by the COVID-19 pandemic have led to an increase in unemployment across State and the nation. Depending on the length and the breadth of the impacts of the COVID-19 pandemic, the economic costs may be significant for the Authority and the region’s economy. In addition, domestic and international stock markets experienced declines in market value following the onset of the COVID-19 pandemic. Although rebounds in the global financial markets have since occurred, price volatility remains.

With widespread vaccination currently underway worldwide, some of the domestic governmental imposed “stay-at-home” orders and restrictions on operations of schools and businesses implemented to respond and control the outbreak have been eased. On June 15, 2021, California fully reopened its economy ending capacity limits, physical distancing and certain mask requirements for individuals who are fully vaccinated in accordance with guidance from the Centers for Disease Control and Prevention (the “**CDC**”). Masks are still required on public transportation, in hospitals and jails, in schools and in other child care centers pending updated guidance from the CDC.

In response to the COVID-19 pandemic, the Authority Board declared a state of emergency at the Authority on March 30, 2020. The System is deemed federally designated critical infrastructure, entitled to exemptions under governmental “stay-at-home” orders as needed to maintain continuity of operations. Authority personnel necessary for the operation and delivery of the System have remained onsite. The Authority did modify its operations to implement remote work opportunities for certain employees performing administrative functions and provide Authority services online. The Authority has worked to provide its employees with personal protective equipment and voluntary access to screening and vaccinations. Authority Board meetings occurred via teleconference, and public comment and participation for Authority Board

meetings was also conducted via teleconference and electronic means. The Authority has maintained continuity of service throughout the COVID-19 pandemic, without any impact or pandemic related interruptions to System services. However, there can be no assurance that absences of employees or Authority leadership due to COVID-19 will not adversely impact Authority operations in the future.

With improvements in local COVID-19 case rates, the Authority has phased in the resumption of normal operations and activities while complying with public health orders and California Occupational Safety and Health Administration COVID-19 Prevention Plan mandates.

The COVID-19 pandemic is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Authority is unknown. The Authority reports that Net Revenues for Fiscal Years 2019-20 and 2020-21 were not materially affected by the COVID-19 pandemic. See the captions “– Historical Waste Deliveries to the System” and “– Financial and Management Aspects of the System.”

## **Existing System**

The System currently consists of one operating landfill (the Johnson Canyon Landfill) and two transfer and recycling stations (the Sun Street Transfer Station and the Jolon Road Transfer Station).

The Authority is also responsible for postclosure maintenance costs associated with three closed landfills owned by the Authority (Lewis Road, Jolon Road, and Crazy Horse). Below is a description of the Authority’s facilities. In addition, the Authority at times contracts with a privately owned transfer station facility in the City of Salinas to transfer waste to the landfill when the amount of incoming waste exceeds the Sun Street Transfer Station permit limit. The Authority may also in the future contract with other landfills for disposal of waste.

The descriptions below of the System (including operating and closed landfills and transfer stations) contain detailed information on permits and environmental issues. While there have been some minor permit or environmental violations in the past, they have all been resolved. The Authority believes that the level of violations is very low for a heavily regulated industry and are typical for solid waste disposal operations of the same scope as the System. The Authority believes any remediation or mitigation measures required to resolve violations in the past have not had a material impact on the Authority’s finances or operations.

**Johnson Canyon Sanitary Landfill.** The Johnson Canyon Landfill is owned by the Authority. Employees of the Authority operate landfill activities, including landfilling, diversion, and collection center operations. The Authority contracts with a third party to assist with the Authority’s organics program. The Authority also contracts with various companies to operate and maintain the landfill gas conversion facility operations and landfill gas control system; perform landfill gas emission, groundwater, and surface water monitoring; maintain site landscaping, and provide facility maintenance.

The Johnson Canyon Landfill is located on Johnson Canyon Road, in an unincorporated area of the County approximately 2 miles northeast of the City of Gonzales in the Salinas Valley. The landfill is located on a 163-acre parcel with a permit for a refuse fill area of 96.3 acres, a transfer/processing area of 1.30 acres and a composting area of 5 acres. The original parcel of

122 acres was increased when the Authority purchased adjacent property in 1999. The landfill is a designated Class III site for municipal solid waste disposal, transfer/processing, and composting. Landfill activities include disposal of municipal solid waste, material diversion processing to include a recycle drop-off area, organics processing, composting, and construction and demolition processing. The Authority is prohibited from receiving hazardous materials at the Johnson Canyon Landfill. However, the Authority operates a collection center at the Johnson Canyon Landfill at which antifreeze, batteries, oil, and paint are received from the general public.

The Johnson Canyon Landfill has environmental control systems such as a landfill gas extraction system, a leachate system, a storm water system, and a groundwater monitoring system. The landfill operates using the cut-and-cover method with waste placed as compacted lifts in the excavated modules to an average height of about fifteen feet. For a discussion of the remaining capacity of Johnson Canyon Landfill for acceptance of solid waste, see “– Disposal Capacity in the System.”

Regulatory Status. The landfill is in material compliance with all significant regulatory requirements. The Authority operates the Johnson Canyon Landfill under Solid Waste Facility Permit Number 27-AA-0005 (the “**SWFP**”) originally issued by the Monterey County Local Enforcement Agency (“**LEA**”), and concurred by CalRecycle, in 1978. The SWFP is subject to review and renewal every five years. The current SWFP was issued on December 21, 2021, and has a scheduled renewal date of December 21, 2026. The current SWFP allows for 1,694 tons per day of diverted and refuse material and provides for total composting capacity of 12.5 acres. The landfill receives an average of 837 tons per day and 122 vehicle round trips per day.

In addition to the current SWFP, the Authority operates the Johnson Canyon Landfill under the following regulatory permits and orders:

- Regional Water Quality Control Board (“**RWQCB**”) Waste Discharge Requirements (WDRs) R3-2008-0011, adopted March 20, 2008.
- RWQCB Storm Water Discharge Notice of Intent WDID No. 3 27I013452.
- Monterey Bay Air Pollution Control District, Title V Operating Permit TV-0000019, adopted March 28, 2018.
- Monterey Bay Air Pollution Control District, Permit to Operate GNR-0017668 and GNR-0017669 for the landfill gas flares, and Authority to Construct– GNR-017897 for the Aerated Static Pile (ASP) compost blowers.
- Certified Unified Program Agency, Monterey County Environmental Health Division, Permit to Operate FA0817334 annual renewal date of July 1st.
- County of Monterey, Conditional Use Permit adopted May 30, 2007.
- Monterey Regional Water Pollution Control Agency, Long Term Special Liquid Waste Discharge Permit, revised September 1, 2011.
- Department of Fish and Game, Special Species Mitigation Area Deed Restriction, recorded March 5, 2000.

All of the permits listed above are in good standing.



Environmental Issues. Below is a summary of permit violations relating to the Johnson Canyon Landfill in the previous five years.

- In 2018, the Authority submitted documentation to the Monterey Bay Air Resources District (“**MBARD**”) that contained a clerical error indicating compliance where non-compliance was documented during the reporting period. The Authority entered into an agreement with MBARD in which the Authority accepted yard waste material from the public for free for a limited time in lieu of paying a fine of approximately \$1,500 for the violation.
- On several occasions from October 2017 through April 2018, the concentration of methane gas migrating from the Johnson Canyon Landfill was recorded to have exceed the concentration permitted to be released under the Public Resources Code. The Authority submitted a remediation plan to the LEA and CalRecycle. The implementation plan was subsequently approved LEA and CalRecycle and implemented by the Authority. Methane readings in the affected gas probe were reduced to zero in the fall of 2018, and no methane gas migration has been recorded since then.

The Authority is not aware of any other permit violations or other environmental issues with respect to the Johnson Canyon Landfill which could affect its ability to pay debt service on the Series 2022A Bonds when due.

***Sun Street Transfer Station.*** The Sun Street Transfer Station is located on two parcels which total 6.75 acres of property that is zoned General Industrial at 131 and 139 Sun Street in the City of Salinas. Access is provided via Sun Street and Griffin Street. Interstate 101 lies to the east and Union Pacific Railroad tracks are located directly west of the site. The transfer station portion of the facility receives and transfers self-hauled waste and franchise waste collected by Republic Services of Salinas to the Johnson Canyon Landfill via large capacity trailers. Recyclable materials are also collected and consolidated at the facility and appropriately transported elsewhere. The facility also houses the Household Hazardous Waste facility which collects household hazardous waste from residential customers and some commercial customers where it is appropriately transported elsewhere.

The Authority has entered into a lease agreement dated as of October 6, 2021 (the “**Madison Lane Lease Agreement**”) with N Leasing Company, LLC (“**N Leasing Company**”), an affiliate of Republic Services of Salinas, with respect to property located at 1120 Madison Lane, Salinas, California, consisting of approximately 49,319 square feet of land and improvements thereon, including a building (with approximately 3,029 square feet of usable space). The property is currently operating as the Madison Lane Transfer Station. Upon completion of agreed upon improvements (which are anticipated to be completed by Spring 2022), the Authority will relocate all of its existing programs relating to AB 939 (as hereinafter defined) located at the Sun Street Transfer Station to the Madison Lane Transfer Station, and the Sun Street Transfer Station will be closed.

In connection with the Madison Lane Lease Agreement, the Authority also entered in a Master Transportation Services Agreement dated as of October 6, 2021 (the “**Master Transportation Services Agreement**”) with N Leasing Company whereby the Authority will provide Republic Services transfer services for materials destined for processing or disposal at the Johnson Canyon Landfill from the Madison Lane Transfer Station.

The Madison Lane Lease Agreement and Master Transportation Services Agreement each have a scheduled termination date of October 6, 2036. N Leasing Company may terminate

such agreements prior to their scheduled termination dates upon the insolvency or other breach by the Authority. In addition, either party may terminate the Master Transportation Services Agreement for any reason commencing on the seventh year anniversary of such agreement, upon 12 months prior written notice to the Authority.

To offset the fully loaded transportation rates under the Master Transportation Services Agreement which are higher than the transportation rates paid by the Member's franchise haulers and thereby reduce the impact to rate payers, the Authority has agreed to reduce the solid waste tipping fee for Fiscal Year 2022-23 from \$68.50 to \$64.75. See "– Major Sources of Revenues" for further discussion regarding tipping fees.

Regulatory Status. The Sun Street Transfer Station operates under Solid Waste Facility Permit 27-AA-0110, which allows the receipt of 400 tons per day. Under such permit, the Authority is also required to control traffic flow through the facility to prevent the following: (1) interference with or creation of a safety hazard on adjacent public streets or roads; (2) on-site safety hazards; and (3) interference with operations. This facility receives an average of 343 tons per day and 309 vehicle round trips per day. Solid Waste Facility Permit 27-AA-0110 was last issued on August 6, 2021, and is subject to review and renewal on August 6, 2026. The Household Hazardous Waste Facility is regulated by the Monterey County Health Department with oversight from CalRecycle and the Department of Toxic Services. All other permits associated with this facility are in good standing.

Environmental Issues. No permit violations or other environmental issues have occurred in the previous five years with respect to the Jolon Road Transfer Station.

***Jolon Road Transfer Station.*** The Jolon Road Transfer Station is located approximately 3.5 miles southwest of King City, in Monterey County, California. The Jolon Road Transfer Station is located within the Jolon Road Landfill property and it is located outside the former landfill refuse footprint. The facility is owned and operated by the Authority. The facility receives waste from King City, Fort Hunter-Liggett and the surrounding unincorporated South Monterey County area, which is then transported to Johnson Canyon Landfill. Recyclable materials are also collected and consolidated at the facility and appropriately transported elsewhere.

Regulatory Status. The Jolon Road Transfer Station operates under Solid Waste Facility Permit 27-AA-0115, which allows the receipt of 135 tons per day and 128 vehicles per day. This facility receives an average of 69 tons per day and 54 vehicle round trips per day. Solid Waste Facility Permit 27-AA-0115 was last issued on October 30, 2007, and is subject to review and renewal on October 3, 2022. All of the other permits associated with this facility are in good standing.

Environmental Issues. No permit violations or other environmental issues have occurred in the previous five years with respect to the Jolon Road Transfer Station.

***Crazy Horse Landfill – Closed.*** The Crazy Horse Landfill, a closed Class III waste disposal facility, is located at 350 Crazy Horse Canyon Road, approximately 9 miles north of Salinas and 2 miles northeast of Prunedale in an unincorporated area of Monterey County. The Crazy Horse Landfill is located on a 160-acre parcel. It was closed on May 31, 2009, received closure certification from CalRecycle in January 2017, and is in the postclosure maintenance period.

Regulatory Status. All of the permits associated with this facility are in good standing.

Limited amounts of designated and hazardous waste were historically placed in Module I of the Crazy Horse Landfill which was determined in 1985 to be releasing hazardous substances into the environment. A groundwater extraction and treatment system was constructed to mitigate the effects of groundwater contamination and the module was closed in March 1989. On August 24, 1990 the U.S. Environmental Protection Agency (the “EPA”) placed the Crazy Horse Landfill on the National Priorities List. Through a negotiated agreement with the EPA, the Authority currently cleans up contamination at the site and performs ongoing monitoring and remediation of the groundwater. In response to the detection of perimeter gas migration, the LEA issued a Stipulated Order of Compliance to the Authority to construct a perimeter gas control system at the landfill. The Authority completed the construction of the perimeter gas collection and control system in April 1998. The system includes a network of gas collection wells surrounding the previously installed privately operated gas collection system which previously extracted methane for the generation of electricity. The perimeter gas collection system includes an enclosed flare where landfill gases are burned under controlled conditions to meet regulatory standards. See “CERTAIN RISK FACTORS – Hazardous Waste.”

Environmental Issues. The Authority has received notices of violations related to the Crazy Horse Landfill. One is for a gas monitoring probe that did not meet the State minimum standards (January 2010). Another violation pertained to a drainage pipe failure (December 2012). The third violation is for failure to manage the leachate system per the permit requirements (February 2013). As with other issues, the Authority continues to work with the agencies with the goal to resolve the issues and put in-place additional safeguards and/or protocols to prevent reoccurrence in the future. The Authority continues to work with regulators to address any issues in a timely manner, and does not believe any violations have had a material impact on its finances or operations.

***Jolon Road Landfill - Closed.*** The Jolon Road Landfill, a closed Class III waste disposal facility, is located in a remote canyon area in Monterey County toward the southwestern end of Salinas Valley, approximately 3.5 miles southwest of King City. The landfill stopped receiving waste in 1997, was closed on May 18, 2009, and is in the postclosure maintenance period. The 496-acre parcel was purchased by the Authority from USA Waste of California, a wholly owned subsidiary of Waste Management, Inc. as part of a settlement of litigation between the Authority and USA Waste over responsibility for closure and post-closure of the Jolon Road Landfill. The facility occupies about 57 acres of which the refuse disposal area was about 17 acres. The Authority is responsible for maintenance of the Jolon Road Landfill.

Regulatory Status. All of the permits associated with this facility are in good standing.

Environmental Issues. The closed Jolon Road Landfill cover system experienced damaged due to rodent habitation. Both the Water Board and the Health Department issued a notice of violation to address the rodent issue (October 2011/November 2012). The issue has been resolved where rodent control is now part of the on-going maintenance program. The Authority continues to work with regulators to address any issues in a timely manner, and does not believe any violations have had a material impact on its finances or operations.

***Lewis Road Landfill – Closed.*** The Lewis Road Landfill, a closed Class III waste disposal facility, is located approximately 4 miles southeast of Watsonville and 3.5 miles west of Aromas in northern Monterey County. The landfill stopped receiving waste in 2003, was closed on December 8, 2005, and is in the postclosure maintenance period. The site is located on a 124-

acre parcel, of which about 14 acres were used for waste disposal. Ownership of the landfill was assigned to the Authority by Monterey County in September 1997.

Regulatory Status. All of the permits associated with this facility are in good standing.

Environmental Issues. This site has no known environmental issues. The Authority is in material compliance with all significant regulatory requirements. The Authority continues to work with regulators to address any issues in a timely manner.

### **Required Permits**

Several local, state, and federal permits govern the operation and potential expansion of the Johnson Canyon Landfill and any other landfills owned by the Authority in the future. Several state and local regulatory agency permits and approvals must be obtained including, but not limited to, the following: the Solid Waste Facility Permit as overseen by CalRecycle and the Monterey County Health Department, the Waste Discharge Requirements Order as overseen by the Regional Water Quality Control Board, and the Title V Permit to Operate as regulated by the Monterey Bay Unified Air Pollution Control District. In addition, local land use permits are required by the respective city or county. As of the date of this Official Statement, the Authority reports that it has obtained all permits required to operate the System, and is in material compliance with the terms of such permits.

### **Closure and Postclosure Liabilities**

The Authority's landfills are regulated by CalRecycle, which requires the Authority to set aside funds annually for landfill closure and to fund postclosure maintenance for at least 30 years after closure. In particular, Title 27, California Code of Regulations requires all landfills to establish financial assurances for closure and post closure maintenance. The purpose of these regulations is to ensure adequate money is available to close and maintain a landfill. Numerous different mechanisms are available to landfill owners, including trust funds, bonds and revenue pledges.

On June 19, 1998, CalRecycle approved the Authority's financial assurance mechanisms for closure and postclosure maintenance for the Authority's four landfills. Since then, CalRecycle and the Authority have also agreed to the financial assurance mechanism for corrective action for the Jolon Road, Johnson Canyon and Crazy Horse Landfills. Under the terms of the enterprise fund financial assurance mechanism, the Authority is required to annually set-aside funds for the closure of the landfills. The postclosure maintenance and corrective action costs will be funded by the Authority on a pay-as you go basis when they are actually incurred and are secured by a pledge of the Authority's revenue.

Closure costs are determined and funded annually based on landfill capacity used. Although postclosure maintenance costs will be paid near or after the date that the landfills stop accepting waste, the Authority reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Postclosure maintenance costs are based on the level of service required to protect the environment during the postclosure period. These include the cost of equipment and facilities, such as leachate collection systems and final cover maintenance. Postclosure care costs extend over a 30 year period of time. For this reason, it is likely there will be unforeseen repair or replacement costs during the postclosure period. Some of these variances are due to changes in technologies, changes in operational conditions and physical changes at the landfills.

Estimated current costs of closure and postclosure care are evaluated annually as required by Generally Accepted Accounting Principles (“GAAP”). The results of the annual evaluation can increase or decrease closure and postclosure costs depending on the various components described above.

As of June 30, 2021, the Authority has set aside approximately \$4.9 million to cover the estimated closure liabilities of approximately \$1.9 million. The Authority also has liabilities associated with the postclosure maintenance of its active and closed landfills totaling approximately \$17.4 million as of June 30, 2021. For Fiscal Year 2020-21, Postclosure maintenance expenses for the Crazy Horse Canyon Landfill, Lewis Road Landfill and Jolon Road Landfill were \$676,521, \$83,648, and \$166,393, respectively. See APPENDIX A – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE SALINAS VALLEY SOLID WASTE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2021” for more information regarding the Authority’s closure and post closure liabilities. See also “REGULATION – California Integrated Waste Management Act of 1989 (AB 939) – Closure and Postclosure Costs” for a further discussion regarding regulations relating to closure and postclosure costs.

## Disposal Capacity in the System

**General.** The Authority has one operating landfill remaining, Johnson Canyon Landfill. As of June 30, 2021, the Johnson Canyon Landfill had approximately 7,026,704 million tons of remaining permitted capacity. At the current tonnage disposal rate, the Authority believes the Johnson Canyon Landfill has 30 years of capacity left (until approximately 2051), which is after the final maturity of the Series 2022A Bonds on August 1, 2030. The actual number of remaining years may be less in the event waste quantities are in excess of the daily permitted capacity. The estimated capacity of the Johnson Canyon Landfill as of June 30 of the previous three fiscal years is shown in the following table.

### Johnson Canyon Landfill Capacity

	Fiscal Year Ended June 30					
	2019		2020		2021	
	<u>Cubic Yards</u>	<u>Tons</u>	<u>Cubic Yards</u>	<u>Tons</u>	<u>Cubic Yards</u>	<u>Tons</u>
Permitted Capacity	12,566,162	9,822,874	12,566,162	9,822,874	12,566,162	9,822,874
Cumulative Capacity Used	(2,703,547)	(2,113,342)	(2,993,126)	(2,339,704)	(3,577,072)	(2,796,170)
<b>Remaining Capacity</b>	<b>9,862,615</b>	<b>7,709,532</b>	<b>9,573,036</b>	<b>7,483,170</b>	<b>8,989,090</b>	<b>7,026,704</b>

Source: Authority

To fully utilize the permitted capacity as of June 30, 2021, the Authority estimates the Johnson Canyon Landfill will require capital improvements totaling approximately \$25.4 million over the life of the landfill for the construction of additional landfill modules. As described under the caption “– Capital Plan,” the Authority expects to set aside funds and pay for these improvements on a pay-as-you-go basis. No new modules are expected to be constructed during the next five years. No additional permits are required in connection with the future construction of the modules.

On December 21, 2021, CalRecycle approved a revision to the solid waste facility permit for Johnson Canyon Landfill. The revision increases the capacity of the landfill by 5,933,838 cubic yard (approximately 4,638,436 tons), adding an additional 20 years to the estimated life of the Johnson Canyon Landfill at the Fiscal Year 2020-21 fill rate.

The Authority has covenanted in the Master Indenture to continue to provide capacity for the disposal of a sufficient amount of solid waste so as to enable the Authority to meet the Rate Covenant. The Master Indenture provides that the Authority may provide such capacity by making available disposal facilities owned and operated by the Authority, or by making contractual or other arrangements for the use of disposal facilities (either inside or outside of the geographical boundaries of the Authority) owned or operated by entities other than the Authority.

The ability of the Johnson Canyon Landfill to accept waste may also be adversely affected in the event the Authority is unable to increase the acres permitted for disposal under its Solid Waste Facility Permit for the Johnson Canyon Landfill. In the event that the Johnson Canyon Landfill were to reach capacity while the Series 2022A Bonds are outstanding, there can be no assurances that the use of alternative disposal sites would not significantly increase not significantly increase the Maintenance and Operation Costs of the System. See “RISK FACTORS – Disposal Capacity.”

### **Waste Delivery Agreements and Waste Collection Practices of Members**

**General.** Each of the Members of the Authority has entered into a Waste Delivery Agreement with the Authority, pursuant to which (i) the Member agrees to exercise all legal and contractual authority it may possess to cause the delivery of non-recycled solid waste generated in the Member’s jurisdiction to the System and (ii) the Authority agrees to provide solid waste disposal capacity to the Members. The Waste Delivery Agreements obligate each Member (i) to amend any existing franchise, contracts or agreements to provide the Member with the right to designate the disposal location for solid waste collected pursuant to the franchise, contract or agreements and (ii) to designate the System as the disposal location pursuant to such authority. The Waste Delivery Agreements also provide that the Members will include the right to designate the disposal location in any future contracts, agreements or other arrangements into which they enter. A form of Waste Delivery Agreement is attached hereto as APPENDIX E – “FORM OF WASTE DELIVERY AGREEMENT.”

For Fiscal Year 2020-21, waste delivered to the System pursuant to the Waste Delivery Agreements comprised approximately 74.6% of all Authority solid waste tipping fees and approximately 77.8% of total tons delivered to the System. The Authority’s remaining tipping fees (approximately 25.4%) and tonnage (approximately 22.2%) were derived from waste delivered to the Authority by self-haul customers. The percentage of tonnage delivered under the Waste Delivery Agreements and self-haul has historically been substantially the same from year-to-year and the Authority expects these percentages to be consistent in future years.

As previously described, the Authority Agreement and the Waste Delivery Agreements provide that they shall continue for so long as may be necessary to carry out the purpose thereof or until terminated by mutual consent of the governing bodies of all of the Members, whichever is earlier; provided, however, that any Member may withdraw from the Authority Agreement and its Waste Delivery Agreement by a majority vote of the governing body thereof giving to the other Members one year’s written notice of such intention to withdraw, so long as all revenue bonds or other forms of indebtedness issues pursuant thereto, and the interest thereon, shall have been paid or adequate provision for such payment shall have been made in accordance with the resolution (or indenture) adopted by the Authority Board pursuant to the law authorizing the issuance thereof or approval of the debt.

In 2012, the County delivered notices of intention to withdraw from the Authority Agreement and its Waste Delivery Agreement. In 2018, the City of Salinas also delivered such

notices. The County and the City of Salinas each subsequently withdrew their respective notices after certain requested actions were taken by the Authority. As of the date of this Official Statement, the Authority is not aware of any Member intending to withdraw from the Authority Agreement and its Waste Delivery Agreement and, except as described in this Official Statement, has not received a notice thereof from any of the Members. See “– The Authority – Authority Agreement; Waste Delivery Agreements.”

In connection with the issuance of the Prior Bonds, each Member of the Authority has reaffirmed its Waste Delivery Agreement and approved an amendment to its Waste Delivery Agreement. The amended Waste Delivery Agreement allows for the addition of facilities not owned by the Authority (and with respect to which the Authority has made contractual arrangements) to the System in the event the Authority chooses in the future to use other facilities for waste disposal or processing.

**Collection Practices.** The Authority directly bills users of the System, the majority of which are franchise hauling companies. Approximately 62.6% of the total revenue of the system is collected from franchise haulers. The remaining 37.4% is collected from the cities of Soledad, Greenfield and Gonzales (which bill their solid waste customers directly) and self-haul customers. The historical level of customer payment delinquencies is small. As of June 30, 2021, the Authority’s allowance for uncollectible accounts totaled approximately \$9,000 compared to total charges for services for Fiscal Year 2020-21 of approximately \$23.5 million. The Authority reports this is the in line with its historical level of delinquencies.

**Member Franchise Agreements.** Each Member of the Authority makes its own arrangements for solid waste collection within its jurisdiction. The Authority does not provide collection services to the Members. Following is a description of waste collection arrangements in each of the Member’s jurisdictions:

Salinas. Non-recycled solid waste generated in the jurisdiction of the City of Salinas is delivered to the System by Allied Services of North America, LLC, doing business as Republic Services of Salinas (“**Republic Services of Salinas**”) under an exclusive franchise. Republic Services of Salinas serves approximately 26,000 residential households and approximately 2,800 commercial and multi-family customers in the City of Salinas.

Republic Services of Salinas provides solid waste services within the City of Salinas pursuant to an Amended and Restated Collection Services Agreement dated October 1, 2021 (the “**Salinas Franchise Agreement**”), between Republic Services of Salinas and the City of Salinas. The Salinas Franchise Agreement requires that all non-recycled solid waste generated within the jurisdiction of the City of Salinas be disposed of at the Johnson Street Landfill. Under the Salinas Franchise Agreement, Republic Services of Salinas is solely responsible for directly paying solid waste tipping and other fees directly to the Authority. The majority of the waste collected is delivered to the Sun Street Transfer Station. The Authority anticipates that upon the closing of the Sun Street Transfer Station, the majority of the waste will be delivered to the future Madison Lane Transfer Station. Yard waste collected is delivered to Johnson Canyon Landfill organics programs for processing. All curbside recyclable materials collected are processed by Republic Services of Salinas through its own facilities.

The Salinas Franchise Agreement terminates on September 30, 2036, and is subject to a five year extension. In the event the City of Salinas is unable by operation of applicable law to approve a rate increase as provided in the Salinas Franchise Agreement, or some or all of the specified rates are disallowed by operation of applicable law, Republic Services of Salinas has

the right, within 30 days after notice of any such inability to request that the City of Salinas negotiate in good faith reductions in programs, services, or fees to compensate for any negative impact for the unapproved or invalidated rate increase. If the City of Salinas fails to commence negotiations in good faith or negotiations are not completed within 45 days following the request of Republic Services of Salinas, Republic Services of Salinas may terminate the Salinas Franchise Agreement after 180 days prior written notice thereof to the City of Salinas.

As of the date of this Official Statement, the Authority believes that the Salinas Franchise Agreement is in good standing and is not aware of any material defaults by either party thereto.

Monterey County. Solid waste, certain recyclable materials, and organic materials in the services in the unincorporated area of the County within the portion of Monterey County not included in the Monterey Regional Waste Management District (the “**Monterey County Service Area**”) is delivered to the System by USA Waste of California, Inc., doing business as Carmel Marina Corporation and also known as Waste Management (“**Waste Management**”), under an exclusive franchise. Solid waste collection services in the Monterey County Service Area are regulated by the County through the County’s waste collection ordinance and permits issued by the County thereunder.

Waste Management provides waste collection services within the Monterey County Service Area pursuant to a Unified Franchise Agreement for the Exclusive Collection of Solid Waste and Recyclables in Unincorporated Monterey County, dated February 9, 2010 (the “**Monterey County Franchise Agreement**”), between Monterey County and Waste Management. The Monterey County Franchise Agreement requires that all non-recycled solid waste generated within the Monterey County Service Area be disposed of at an Authority disposal facility. Pursuant to the agreement, Waste Management directly bills waste generators for services provided by Waste Management, at rates approved by the County. Waste Management is required to pay all tipping fees and other transfer or disposal charges of the Authority directly to the Authority.

The Monterey County Franchise Agreement has a scheduled termination date of June 30, 2025, and may be extended for an additional five years thereafter. As of the date of this Official Statement, the Authority believes that the Monterey County Franchise Agreement is in good standing and is not aware of any material defaults by either party thereto.

Gonzales, Greenfield, and Soledad. Solid waste, certain recyclable materials, and organic materials generated within the jurisdictions of the cities of Gonzales, Greenfield, and Soledad is delivered to the System by Tri-Cities Disposal and Recycling Service, Inc. (“**Tri-Cities**”), under an exclusive franchise. Tri-Cities is a wholly owned subsidiary of Monterey City Disposal Service, Inc., which provides residential and commercial refuse and recycling services within the city of Monterey.

Tri-Cities provides collection and disposal services within the jurisdictions of the cities of Gonzales, Greenfield, and Soledad pursuant to a Revised and Restated Franchise Agreement dated January 1, 2017 (the “**Tri-Cities Franchise Agreement**”), among the cities of Gonzales, Greenfield, and Soledad, and Tri-Cities. Under the Tri-Cities Franchise Agreement, the cities of Gonzales, Greenfield, and Soledad have the right to designate the disposal location for materials collected by Tri-Cities under the agreement and designates the Johnson Canyon Landfill as such location.



The cities of Gonzales, Greenfield, and Soledad each performs its own billing for solid waste collection and disposal services through utility bills issued by such city and includes separately itemized disposal and collection charges. Pursuant to interagency agreements between the Authority and each of these cities, each city pays the Authority for each ton of waste disposed of by its franchised collector. The ability of the cities of Gonzales, Greenfield, and Soledad to impose fees for solid waste collection (and to thereby pay the Authority for solid waste disposal service provided by the Authority) may be limited in the future by the provisions of Proposition 218, which contains many interrelated provisions affecting the ability of municipalities to levy and collect existing and future taxes, assessments, fees and charges. Under the Tri-Cities Franchise Agreement, Tri-Cities receives a monthly service fee payable by the cities of Gonzales, Greenfield, and Soledad. See “CERTAIN RISK FACTORS – Certain Limitations on the Ability of Members to Impose Taxes, Fees and Charges.”

The Tri-Cities Franchise Agreement has a scheduled termination date of June 30, 2025, and may be extended at the discretion of the cities of Gonzales, Greenfield, and Soledad. The Tri-Cities Franchise Agreement may be terminated by Tri-Cities under certain circumstances, including the failure by the cities to (i) pay undisputed amounts due and owing to Tri-Cities within 90 days following receipt therefor, and (ii) perform any other covenant that remains unremedied for more than 15 days after written notice thereof by Tri-Cities to the cities. As of the date of this Official Statement, the Authority believes that the Tri-Cities Franchise Agreement is in good standing and is not aware of any material defaults by any party thereto.

King City. Solid waste, certain recyclable materials, and organic materials generated within the jurisdiction of the City of King City is delivered to the System by Waste Management under an exclusive franchise. Waste Management provides collection services within King City pursuant to a Revised and Restated Solid Waste, Recycling and Organics Collection Services Franchise Agreement dated January 1, 2017 (the “**King City Franchise Agreement**”), between the City of King City and Waste Management. Under the King City Franchise Agreement, King City has the right to designate the disposal location for materials collected by Waste Management under the agreement and designates the Johnson Canyon Landfill or the Jolon Road Transfer Station as the disposal location of solid waste and organics. Source-separated recyclables are delivered to a materials recovery facility owned or operated by Waste Management.

Pursuant to the King City Franchise Agreement, Waste Management is responsible for billing and collecting funds from waste generators for services provided by Waste Management in accordance with service fee caps set forth in the agreement. Waste Management’s fees are subject to automatic adjustment on an annual basis as provided in the King City Franchise Agreement. In addition, Waste Management may further adjust its service fees on an annual basis under certain conditions.

The King City Franchise Agreement has a scheduled termination date of June 30, 2025 and may be extended by the King City and Waste Management for up to two additional five-year periods. The King City Franchise Agreement may be terminated by Waste Management under certain circumstances, including King City’s failure to (i) pay undisputed amounts due and owing to Waste Management within 90 days following receipt therefor, and (ii) perform any other covenant that remains unremedied for more than 15 days after written notice thereof by Waste Management to King City. As of the date of this Official Statement, the Authority believes that the King City Franchise Agreement is in good standing and is not aware of any material defaults by any party thereto.

## **Historical Waste Deliveries to the System**

The following table shows landfilled tonnage history for the previous five Fiscal Years.

**TABLE 1**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**HISTORICAL WASTE DISPOSAL INFORMATION**  
**(in Tons)**

<b>Fiscal Year</b>	<b>Total</b>
2016-17	199,457
2017-18	213,714
2018-19	226,386
2019-20	224,979
2020-21	231,463

Source: Authority

The following table shows the historical population for each Member and the percentage of waste each Member delivered to the System in calendar year 2020.

**TABLE 2**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**Population and Waste Origin**  
**Calendar Years 2017 through 2020**

Service Area	2017	2018	2019	2020	2020 Percentages	
					Population Percent	Waste Origin
Monterey County <sup>(1)</sup>	36,347	36,436	36,776	36,720	13.8%	13.4%
Gonzales	8,551	8,535	8,566	8,506	3.2	4.9
Greenfield	18,013	18,023	18,109	18,284	6.9	4.6
King City	14,214	14,327	14,540	14,797	5.6	4.7
Salinas <sup>(2)</sup>	161,124	161,446	162,353	162,222	61.0	66.2
Soledad	25,726	25,593	25,745	25,301	9.5	6.2
Total	263,975	264,360	266,089	266,830	100.0%	100.0%

(1) Monterey County totals include unincorporated areas of Monterey County for both the Authority and Monterey Regional Service Areas. Approximately 34.5% of the County's population is in the Authority's service area.

(2) See "– Competition" below for a discussion of current tipping fees imposed at the Monterey Peninsula Landfill, which landfill is located 14 miles west of Salinas outside of Marina.

Source: Authority

### Projected Waste Deliveries to the System

The following table shows the Authority's projected waste deliveries to the System for Fiscal Years 2021-22 through 2025-26.

**TABLE 3**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**PROJECTED WASTE DELIVERIES TO THE SYSTEM**  
**(in Tons)**

Fiscal Year	Total
2021-22	210,000
2022-23	209,000
2023-24	209,000
2024-25	209,000
2025-26	209,000

Source: Authority

### Major Sources of Revenues

The Authority generates revenues from several sources, primarily landfill tipping fees, green waste tipping fees and fees imposed by the Authority to assist it with complying with the California Integrated Waste Management Act of 1989. A description of each revenue source is provided below.

**Billing Methodology Generally.** In Greenfield, Gonzales and Soledad, the cities bill their residents and businesses for waste services and then pay the Authority for disposal charges. For all other Members (including the City of Salinas, King City and the unincorporated area of the County served by the System), the Authority bills the individual hauler of waste, and the hauler remits the amount due for disposal to the Authority. See “– Waste Delivery Agreements and Waste Collection Practices of Members” above. All funds are deposited into an Authority account. It is the Authority’s practice to close credit accounts and pursue collections against any customer that is more than 90 days overdue.

**Landfill Tipping Fee.** Landfill tipping fees constitute the largest source of the Authority’s revenues. Fees are collected on the refuse received at the Authority’s Johnson Canyon Landfill and its transfer stations on a per-ton basis. The current (Fiscal Year 2020-21) tonnage fees collected by the Authority are \$68.50 per-ton on all refuse that is landfilled. The Authority has a discounted rate schedule for certain recyclable materials.

In addition, in connection with the approval of the Madison Lane Lease Agreement, the Authority Board approved a reduction to the Authority’s solid waste tipping fee of \$3.75 per ton for all Authority customers, from \$68.50 per ton to \$64.75 commencing on July 1, 2022. The reduction was made in an effort by the Authority to offset the impact of additional transportation charges on rate payers as a result of the anticipated transfer of the Authority’s operations to the Madison Lane Transfer Station from the Sun Street Transfer Station. See “– Transportation Surcharge” below. The Authority estimate’s that Authority can sustain a 25-35% reduction in self-haul revenues (i.e., customers seeking self-haul services outside the Authority) at a reduced tipping fee for solid waste of \$64.75. In the even the Authority were to experience a continued revenue decrease in excess of 35% of its self-haul revenues during Fiscal Year 2022-23, the Authority would implement temporary fiscal measures until rates can be adjusted. See Table 4b below for a description of the Authority’s tipping fees for solid waste by source (franchise hauler or self-haul) for the last five Fiscal Years.

**AB 939 Fee.** The California Integrated Waste Management Act, adopted by the State legislature pursuant to Assembly 939 (“**AB 939**”), became effective on January 1, 1990, and implemented numerous revisions in state law which, among other things, directed all California cities and counties to maximize all feasible source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of by transformation (through waste-to-energy projects or other processes) and land disposal. See “REGULATIONS” for a further discussion regarding AB 939.

Since 2013, the Authority imposes a separate fee on franchise haulers, which supports waste reduction and recycling programs to comply with state mandates pursuant to AB 939 (the “**AB 939 Fee**”). The AB 939 Fee is used to pay for development, implementation and administration of recycling plans and educational activities related to resource recovery, recycling and disposal of household hazardous waste and compliance with AB 939 annual reporting requirements. The AB 939 fee is allocated on an annual basis to each Member’s franchise hauler based on their landfill tonnage contributed to the System in the previous year. The AB 939 Fee generated revenues totaling approximately \$2.73 million in Fiscal Year 2020-21. While the AB 939 Fee is a fixed amount, for Fiscal Year 2021-22 it is the equivalent of almost \$16.48 per ton. The AB 939 Fee is expected to increase over time as the costs of providing AB 939 related services increase. As a result of the AB 939 Fee, the Authority’s AB 939 programs are primarily funded by AB 939 Fees.

**Transfer Station Self-Haul Tipping Fees.** For self-haul solid waste, the Authority charges self-haul fees of \$68.50 per-ton for loads over 1,000 pounds. As previously described, the Authority Board approved a reduction to the Authority's solid waste tipping fee of \$3.75 per ton for all Authority customers, from \$68.50 per ton to \$64.75 commencing on July 1, 2022.

**Transportation Surcharge.** The Authority charges franchise haulers a transportation surcharge to compensate the Authority for the transportation of waste by the Authority from the Sun Street Transfer Station or the Jolon Road Transfer Station to the Johnson Canyon Landfill. For Fiscal Year 2021-22, the per-ton surcharge is \$18.75, the full cost of transporting waste to the Johnson Canyon Landfill. Franchise haulers for the other Members have their waste delivered directly to the Johnson Canyon Landfill at their own expense. As previously described, under the Master Transportation Services Agreement, the Authority will provide franchise haulers transfer services for materials destined for disposal at the Johnson Canyon Landfill from the Madison Lane Transfer Station upon the closure of the Sun Street Transfer Station.

**Green-Wood Waste Tipping Fees/Diverted Materials.** Green-Wood wastes are accepted at the Johnson Canyon Landfill and its transfer stations. The Authority accepts only clean, separated Green-Wood waste loads. Green-Wood waste loads are charged \$50 per-ton for loads over 1,000 pounds. The Authority also has contracts with Republic Services of Salinas to receive green waste at a reduced rate (\$19.76 per ton for Fiscal Year 2021-22). This contract is expected to end on July 1, 2022, at which time Republic Services will begin to pay the approved rate. The Authority estimates that 50,000 tons of Green-Wood waste will be received in Fiscal Year 2021-22 which will be processed by Vision Recycling and turned into compost feedstock or wood chips.

**Total Gross Revenues.** The following table shows the total gross revenues for the last five Fiscal Years.

**TABLE 4a**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**GROSS REVENUES BY SOURCE**

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Tipping Fees – Solid Waste	\$13,612,059	\$14,454,803	\$15,248,511	\$15,277,315	\$15,944,246
Tipping Fees – Transportation Surcharge <sup>(1)</sup>	1,897,792	2,017,969	1,775,598	1,486,968	1,394,195
Tipping Fees – Diverted Materials <sup>(2)</sup>	2,185,094	2,477,010	2,467,276	2,592,429	3,244,124
AB 939 Fee	2,228,904	2,319,696	2,319,696	2,733,000	2,733,000
Charges for Services <sup>(3)</sup>	218,966	263,122	283,483	153,394	163,648
Sales of Materials <sup>(3)</sup>	646,673	701,566	655,378	574,275	679,691
Operating Grants and Contributions <sup>(3)</sup>	66,117	332,789	69,126	79,834	88,061
Total Revenues	\$20,855,605	\$22,566,955	\$22,819,068	\$22,897,215	\$24,246,965

(1) Republic Services of Salinas and Waste Management pay an additional surcharge for the Authority's costs related to transporting waste from the Sun Street Transfer Station and Jolon Road Transfer Station to the Johnson Canyon Landfill.

(2) Diverted materials tipping fees are for material that is not buried in the landfills, including but not limited to green waste, wood waste, sludge and mattresses. A majority of this revenue derives from franchise haulers.

(3) Fiscal Year 2016-17 figures for charges for services, sales of materials and operating grants and contributions, and Fiscal Year 2017-18 charges for services were restated in Fiscal Year 2019.

Source: Authority

The following table shows the Authority's tipping fees for solid waste by source (franchise hauler or self-haul) for the last five Fiscal Years.

**TABLE 4b**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**TIPPING FEES – SOLID WASTE BY SOURCE**

	Fiscal Year Ended June 30					% of Total FY 2020-21 Revenues
	2017	2018	2019	2020	2021	
Franchise Haulers	\$11,226,895	\$11,394,112	\$11,647,001	\$11,947,514	\$11,894,323	49%
Self-Haulers	2,385,164	3,060,691	3,601,510	3,329,801	4,049,923	17%
Total Revenues	\$13,612,059	\$14,454,803	\$15,248,511	\$15,277,315	\$15,944,246	

Source: Authority

## Competition

As described under the caption “– Waste Delivery Agreements and Waste Collection Practices of Members,” the Members maintain franchise agreements with their respective haulers that give the Members the power to specify the disposal facility to be used by the hauler. The Members are obligated through their respective Waste Delivery Agreements to direct their waste to the System. In this regard, the Authority has legal flow control over the waste generated within its region. As shown in the table above, the Authority's revenues from waste delivered to the System pursuant to such agreements accounted for approximately 49% of the Authority's revenues for Fiscal Year 2020-21. However, if a major price differential between Authority and non-Authority landfills were to develop, it is conceivable that one or more Members may consider other, more cost-effective disposal options. The competing alternative would likely need to be a significant savings for a jurisdiction to consider withdrawing from the Authority and breaching its contractual obligations or complying with prepay obligations, which would be a substantial cost to a withdrawing member. The Authority's facilities are, to a limited extent, still subject to competition from other facilities in Monterey County and the region based on the liberty of self-haulers to use competing facilities. See “CERTAIN RISK FACTORS – Competition” and “– Withdrawal of Members” herein.

The Authority believes that the tipping fee charged by other landfill sites as well as the additional transportation costs and loss of productivity for haulers to dispose of waste at other sites will allow the Authority to remain competitive with other waste disposal sites outside the Authority's service area. Currently, the tipping fees at two of the nearby landfills are less than the Authority's tipping fees. The nearest disposal facilities are the Monterey Peninsula Landfill located 14 miles west of Salinas outside of Marina (with a tipping fee of \$65.00 per ton as of July 1, 2021) and John Smith Landfill located 35 miles northeast of Salinas, outside of Hollister (with a tipping fee of \$57.00 per ton as of July 1, 2021). However, both of these sites rely substantially on landfilling of imported waste from other jurisdictions to maintain lower tipping fees for their local customers. Any significant reduction of imported waste would require significant rate increases to maintain services. The Authority is scheduled to decrease its tipping fee to \$64.75 on July 1, 2022 as part of the relocation of the Sun Street Transfer Station and will be lower than the current rate at the Monterey Peninsula Landfill.

The following table shows historical tipping fees of the Authority.

**TABLE 5**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**TIPPING FEE HISTORY**

<b>Fiscal Year Ended June 30</b>	<b>Tipping Fee <sup>(1)</sup></b>	<b>Rate Increase/(Decrease)</b>	<b>Percent Increase/(Decrease)</b>
2017	\$79.50 <sup>(2)</sup>	\$(2.50)	(3.0)%
2018	79.35 <sup>(3)</sup>	(0.15)	(0.2)
2019	78.75 <sup>(4)</sup>	(0.60)	(0.8)
2020	80.65 <sup>(5)</sup>	1.90	2.4
2021	80.31 <sup>(6)</sup>	(0.34)	(0.4)

(1) Includes AB 939 Fee which is not paid by self-haulers. See “– Major Sources of Revenues – AB 939 Fees.”

(2) Tipping Fee is \$68.50/ton; in addition to a charge of a flat AB 939 fee, which is roughly equivalent to \$11.00/ton.

(3) Tipping Fee is \$68.50/ton; in addition to a charge of a flat AB 939 fee, which is roughly equivalent to \$10.85/ton.

(4) Tipping Fee is \$68.50/ton; in addition to a charge of a flat AB 939 fee, which is roughly equivalent to \$10.25/ton.

(5) Tipping Fee is \$68.50/ton; in addition to a charge of a flat AB 939 fee, which is roughly equivalent to \$12.15/ton.

(6) Tipping Fee is \$68.50/ton; in addition to a charge of a flat AB 939 fee, which is roughly equivalent to \$11.81/ton.

Source: Authority

## Capital Plan

A summary of the Authority’s estimated capital expenditures for the Fiscal Year 2021-22 and next four Fiscal Years is set forth on the following table.

**TABLE 6**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**CAPITAL PLAN**

	<b>Fiscal Year Ended June 30</b>					
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
New Cell Construction	\$1,050,000	\$1,045,000	\$1,045,000	\$1,045,000	\$1,045,000	\$5,230,000
Equipment Replacement	1,120,000	1,150,000	1,150,000	1,150,000	1,150,000	5,720,000
Landfill Improvements	250,000	325,000	325,000	325,000	325,000	1,550,000
Transfer Station						
Improvements	25,000	25,000	25,000	25,000	25,000	125,000
Diversion Programs	275,000	225,000	225,000	225,000	225,000	1,175,000
<b>Total Capital Plan</b>	<b>\$2,720,000</b>	<b>\$2,770,000</b>	<b>\$2,770,000</b>	<b>\$2,770,000</b>	<b>\$2,770,000</b>	<b>\$13,800,000</b>
Projected Net Income						
After Debt Service	\$2,626,850	\$2,784,900	\$2,787,350	\$2,786,750	\$2,786,650	\$13,772,500
Projected Net Income						
After Capital Plan	(93,150)	14,900	17,350	16,750	16,650	(27,500)
Beginning Unrestricted						
Cash Balance	\$28,334,960	\$28,241,810	\$28,256,710	\$28,274,060	\$28,290,810	

Source: Authority

The capital plan summarized in the previous table includes projects that are scheduled to be approved by the Authority Board for funding in the fiscal years displayed. Over the five Fiscal Years set forth above, the Authority projects operating surpluses totaling about \$13.8 million. The

Authority expects to use these operating surpluses to pay for its five-year capital plan and does not anticipate issuing any additional debt at this time.

The Authority is also considering other capital improvements, in addition to the projects included in the previous table, however the scope, cost and timing of such projects remain uncertain at this time.

### **Financial and Management Aspects of the System**

In accordance with the Master Indenture, all revenues of the System are deposited in the Revenue Fund for application in accordance with the Master Indenture. The Master Indenture contains detailed provisions relating to the financial and operational aspects of the System. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.” A copy of the Authority’s audited financial statements for the period ending June 30, 2021 is attached hereto as Appendix A. McGilloway, Ray, Brown & Kaufman served as independent auditor to the Authority (the “**Auditor**”) for such financial statements. The Authority has not requested nor did the Authority obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the Authority. The following table summarizes the Authority’s Statement of Revenues, Expenses and Changes in Net Assets for the last five Fiscal Years.



**TABLE 7**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Operating Revenues</b>					
Charges for Services	\$20,142,815	\$21,472,434	\$22,094,564	\$22,243,106	\$23,479,213
Sales of Materials	646,673	701,566	655,378	574,275	679,691
Operating Grants and Contributions	<u>66,117</u>	<u>332,789</u>	<u>69,126</u>	<u>79,834</u>	<u>88,061</u>
<b>Total Operating Revenues</b>	<b>\$20,855,605</b>	<b>\$22,506,789</b>	<b>\$22,819,068</b>	<b>\$22,897,215</b>	<b>\$24,246,965</b>
<b>Operating Expenses</b>					
Personnel Services	\$5,148,507	\$5,924,325	\$5,970,904	\$6,885,626	\$6,695,563
Contractual Services	2,210,991	2,450,412	2,966,255	3,051,057	2,429,464
Operating Contracts	2,015,999	2,038,226	1,804,703	1,759,573	2,056,705
Supplies	697,561	808,707	994,240	900,096	911,215
Insurance	178,486	128,141	147,171	81,765	386,762
Building Rent	116,045	186,831	110,544	110,894	115,101
Taxes and Permits	520,155	528,695	543,388	555,550	590,999
Utilities	131,476	130,160	138,454	162,765	179,013
Depreciation	1,419,953	1,611,743	1,758,114	1,883,763	2,229,099
Closure/Postclosure Maint. <sup>(1)</sup>	2,944,468	1,234,202	1,395,057	1,798,906	(311,904)
Hazardous Waste	202,372	208,637	182,101	198,142	209,369
Other	<u>266,290</u>	<u>440,789</u>	<u>326,209</u>	<u>183,583</u>	<u>226,354</u>
<b>Total Operating Expenses</b>	<b>\$15,852,303</b>	<b>\$15,690,868</b>	<b>\$16,337,140</b>	<b>\$17,571,720</b>	<b>\$15,717,740</b>
Operating Income (Loss)	5,003,302	6,815,921	6,481,928	5,325,495	8,529,225
<b>Non-Operating Revenues (Expenses)</b>					
Investment Earnings	95,624	303,212	732,658	674,151	21,687
Finance Charge	5,911	--	--	--	--
Insurance Reimbursements	--	167,367	108,786	--	--
Rental Income	53,114	60,166	--	--	--
Loss on Disposition of Capital Assets	--	--	(26,942)	--	--
Interest Expense	<u>(1,521,621)</u>	<u>(1,482,988)</u>	<u>(1,382,565)</u>	<u>(1,294,539)</u>	<u>(1,209,230)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$(1,366,972)</b>	<b>\$(952,243)</b>	<b>\$(568,063)</b>	<b>\$(620,388)</b>	<b>\$(1,187,543)</b>
Income Before Capital Contribution	--	--	5,913,865	4,705,107	7,341,682
Capital Contribution	--	--	1,014,415	437,249	52,679
<b>Change in Net Assets (Deficit)</b>	<b>3,636,330</b>	<b>5,863,678</b>	<b>6,928,280</b>	<b>5,142,356</b>	<b>7,394,361</b>
<b>Total Net Assets (Deficit) - Beginning of Year</b>	<b>(4,040,684)</b>	<b>(404,354)<sup>(1)</sup></b>	<b>5,448,808</b>	<b>12,377,088</b>	<b>17,519,444</b>
<b>Total Net Assets (Deficit) - End of Year</b>	<b>\$(404,354)</b>	<b>\$5,448,808</b>	<b>\$12,377,088</b>	<b>\$17,519,444</b>	<b>\$24,913,805</b>

(1) As part of implementing the requirement of GASB Statement 75, the Authority adjusted its beginning net position as of July 1, 2017 for the portion of other post-employment benefits (OPEB) for health insurance attributable to periods before the year ended June 30, 2017. An OPEB liability of \$24,516 and deferred outflow of resources related to OPEB contributions of \$14,000 were recorded as prior year adjustments. This resulted in a net decrease to net position of \$10,516.

Source: Authority

## Historical Debt Service Coverage

In the Master Indenture, so long as the Series 2022A Bonds are outstanding, the Authority has covenanted to fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield Net Revenues during such Fiscal Year equal to at least 115% of the Annual Debt Service in such Fiscal Year; provided that withdrawals from the Rate Stabilization Fund may be taken into account for purposes of such calculation, as described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS – Rate Covenant" herein.

The following table shows debt service coverage for the Prior Bonds for the previous five Fiscal Years.

**TABLE 8**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**DEBT SERVICE COVERAGE**  
**FISCAL YEARS 2016-17 THROUGH 2020-21**

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Revenues <sup>(1)</sup>	\$20,951,229	\$22,810,001	\$23,551,726	\$23,571,366	\$24,264,878
Less: Maintenance and Operation Costs <sup>(2)</sup>	(11,839,443)	(13,188,594)	(13,924,050)	(14,701,398)	(14,707,518)
Net Revenues	<b>\$9,111,786</b>	<b>\$9,621,407</b>	<b>\$9,627,676</b>	<b>\$8,869,968</b>	<b>\$9,557,360</b>
Debt Service on Prior Bonds	\$1,907,820	\$2,051,271	\$3,135,978	\$3,134,015	\$3,136,699
Debt Service Coverage	478%	469%	307%	283%	305%

(1) Includes total operating revenues plus investment earnings on all funds excluding project, insurance and trust funds.

(2) Excludes depreciation, amortization, post closure maintenance, and closure costs which are not mandated by State and Federal law to be paid on a current basis.

Source: Authority

## Projected Revenues and Financial Results

The Authority has prepared projections of the revenues and overall financial results of the System for Fiscal Years 2021-22 through Fiscal Year 2025-26, which projections are set forth on Table 9. The key assumptions in the projections are summarized on Table 9. None of the assumed fee increases have been introduced or approved. While the Authority believes these assumptions to be reasonable, the assumptions may vary significantly from actual future conditions due to unanticipated events and circumstances. Actual results will vary from those projected below.

**TABLE 9**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**PROJECTED REVENUES AND FINANCIAL RESULTS**  
**FOR FISCAL YEARS 2021-22 THROUGH 2025-26**

	<b><u>2021-22</u></b> <b><u>Budget</u></b>	<b><u>2022-23</u></b> <b><u>Estimate</u></b>	<b><u>2023-24</u></b> <b><u>Estimate</u></b>	<b><u>2024-25</u></b> <b><u>Estimate</u></b>	<b><u>2025-26</u></b> <b><u>Estimate</u></b>
<b><u>Assumptions</u></b>					
Landfill Tonnage	210,000	209,000	209,000	209,000	209,000
Estimated Tipping Fee	\$68.50	\$64.75	\$64.75	\$64.75	\$64.75
Transfer Surcharge	\$18.75	\$18.75	\$19.25	\$19.75	\$20.25
ML Transportation Rate	--	\$15.55	\$15.86	\$16.18	\$16.50
AB 939 Fees	\$3,460,000	\$3,633,000	\$3,853,000	\$4,073,000	\$4,293,000
CPI	2.0%	2.0%	2.0%	2.0%	2.0%
<b><u>Revenues</u></b>					
Tipping Fees Solid Waste	\$14,385,000	\$13,532,700	\$13,532,750	\$13,532,750	\$13,532,750
AB 939 Fees	3,460,000	3,633,000	3,853,000	4,073,000	4,293,000
Tipping Fees – Diversion	3,188,250	3,287,200	3,332,200	3,377,200	3,422,200
Madison Lane Hauling Services	-	2,122,000	2,165,000	2,208,300	2,252,400
Transportation Surcharge	1,486,800	255,000	261,800	268,600	275,400
Sales of Materials	535,500	490,000	490,000	490,000	490,000
Charges for Services	141,300	145,000	147,900	150,800	153,700
Investment Revenues	75,000	50,000	60,000	72,500	87,500
<b>Total Revenues (A)</b>	<b>\$23,271,850</b>	<b>\$23,514,900</b>	<b>\$23,842,650</b>	<b>\$24,173,150</b>	<b>\$24,506,950</b>
<b><u>Expenditures</u></b>					
Administration	\$2,843,600	\$2,923,000	\$2,975,200	\$3,028,600	\$3,085,600
AB939 Programs	3,753,600	4,027,900	4,108,500	4,190,700	4,274,500
Recycling Programs	2,496,800	2,590,800	2,642,600	2,695,500	2,749,400
Johnson Canyon Landfill	3,972,900	4,371,900	4,459,300	4,548,500	4,639,500
Transfer Stations	3,374,100	2,610,600	2,662,800	2,716,100	2,770,400
Landfill Post Closure	1,070,000	1,070,000	1,070,000	1,070,000	1,070,000
<b>Total Expenditures (B)</b>	<b>\$17,511,000</b>	<b>\$17,594,200</b>	<b>\$17,918,400</b>	<b>\$18,249,400</b>	<b>\$18,589,400</b>
<b>Net Revenues (C)(A-B)</b>	<b>5,760,850</b>	<b>5,920,700</b>	<b>5,924,250</b>	<b>5,923,750</b>	<b>5,917,550</b>
<b>Total Debt Service (D)</b>	<b>\$3,134,000</b>	<b>\$3,135,800</b>	<b>\$3,136,900</b>	<b>\$3,137,000</b>	<b>\$3,130,900</b>
<b>Debt Coverage Ratio (E)(C/D)</b>	<b>184%</b>	<b>189%</b>	<b>188%</b>	<b>189%</b>	<b>189%</b>
<b>Total Expenditures (F)(B+D)</b>	<b>\$20,645,000</b>	<b>\$20,730,000</b>	<b>\$21,055,300</b>	<b>\$21,386,400</b>	<b>\$21,720,300</b>

Source: Authority

## Pension Benefits

This section contains certain information relating to the California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. Neither the Authority nor the Underwriter has independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS. The Comprehensive Annual Financial Reports of CalPERS are available on its Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. Neither the Authority nor the Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

**Description of Plan.** All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan (the "**Plan**"), a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the Authority. CalPERS plan benefit provisions and all other requirements are established by State statute and the Authority Board.

**Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members or beneficiaries. Authority employees are subject to different benefit levels based on their hire date. Current benefit provisions for Authority employees are set forth below.

### SALINAS VALLEY SOLID WASTE AUTHORITY CalPERS Miscellaneous Plan – Summary of Benefit Provisions

	<i>Employees Hired Before January 1, 2013<sup>(1)</sup></i>	<i>Employees Hired On or After January 1, 2013</i>
Benefit Formula	2% @ 55	2% at 62
Benefit Vesting	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-63	52-67
Monthly Benefits as % of Eligible Compensation	1.426% to 2.418%	1.000% to 2.500%
Employee Normal Cost	7.000%	6.750%
Employer Normal Cost Rate	10.221%	7.590%

(1) Classic tier is closed to new members. Plan members that were CalPERS participants before January 1, 2013, with no break of service over six months, may continue in the plan.

Source: Salinas Valley Solid Waste Authority Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021.

**California Public Employees' Pension Reform Act of 2013.** Employees hired prior to January 1, 2013 who have remained under continuous employment with a CalPERS agency are considered "Classic" employees. California Public Employees' Pension Reform Act of 2013

("PEPRA"), which was signed by the State Governor on September 12, 2012, established a new pension benefit tier for employees who were hired on and after January 1, 2013, who were not previously CalPERS members or have left employment with a CalPERS agency for more than 6 months.

PEPRA adjusted the benefit formulas, required employee contribution, calculation of benefits and maximum pay, as well as other benefits. PEPRA employees receive the following benefit formulas: (i) 2.0% at age 62 formula for Miscellaneous employees; and (ii) 2.7% at age 57 for Safety employees. Employees are required to pay at least 50% of the total (annual) normal cost rate, and are required to make the full amount of required employee contributions themselves under PEPRA. Retirement benefits for such employees are calculated on the highest average annual compensation over a consecutive 36-month period. Accordingly, retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation are calculated as 2.7% of the average final 36 months of compensation. Retirement benefits for Classic miscellaneous employees are calculated as 2% of the average final 12 months of compensation are calculated as 3% of the average final 12 months compensation. Retroactive benefits increases are also prohibited, as are contribution holidays, and purchases of additional non-qualified service credit. PEPRA also capped pensionable income as noted below. Maximum amounts are set annually, subject to adjustment in accord with the Consumer Price Index.

**CalPERS Pension Compensation Limits for  
Calendar Year 2021 (Classic and PEPRA members)**

	<i><b>Classic</b></i>	<i><b>PEPRA</b></i>
Maximum Pensionable Income	\$290,000	\$153,671 <sup>(1)</sup>

(1) The Maximum Pensionable income for PEPRA members employed at agencies that participate in Social Security is \$128,059.

Source: CalPERS Payroll Circular Letter dated [January 6, 2021].

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of PEPRA are expected to reduce the Authority's unfunded pension liability and potentially reduce Authority contribution levels in the long term.

**Required Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. The Authority contribution rates may change if plan contracts are amended. Beginning in Fiscal Year 2017-18, CalPERS collects employer contributions for each plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded accrued liability ("UAL"). The dollar amounts are billed on an annual basis. The Authority's CalPERS contract was amended effective July 2, 2018 to include a 1% cost sharing for classic local miscellaneous members. Employees began paying 1% of the required employer contribution rate in addition to the 7% required employee contribution rate. In Fiscal Year 2020-21, the Authority's contributions to the Plan totaled approximately \$482,000. The actuarially determined normal cost rates and

UAL contribution amounts for Fiscal Years 2020-21, 2021-22 and 2022-23 for the Plan by tier are as follows:

Tier	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
	Employer Normal Cost Rate	Employer Payment of UAL	Employer Normal Cost Rate	Employer Payment of UAL	Employer Normal Cost Rate	Employer Payment of UAL
Classic	11.031%	\$26,988	10.88%	\$4,612	10.87%	\$8,555
PEPRA	7.732	4,826	7.59	1,975	7.47	1,086

Source: CalPERS Actuarial Reports dated July 2019, July 2020 and July 2021.

The Authority's estimated total contribution amounts (including the required normal cost and UAL contributions) and as a percentage of estimated covered payroll for the Plan in aggregate in Fiscal Years 2020-21, 2021-22, and 2022-23 (excluding employee cost sharing) are as follows:

Plan	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
	Total Employer Contribution	% of Covered Payroll	Total Employer Contribution	% of Covered Payroll	Total Employer Contribution	% of Covered Payroll
Plan	\$314,673	12.066%	\$392,169	9.88%	\$427,950	9.68%

Source: CalPERS Actuarial Reports dated, July 2019, July 2020 and July 2021.

**Projected Employer Contributions.** The following tables show the Authority's actuarially-determined required employer contribution for Fiscal Year 2022-23 and projected employer contributions (before cost sharing) for Fiscal Years 2023-24 through 2027-28 for each tier of the Plan by normal cost (expressed as a percentage of total active payroll) and amortization of the unfunded accrued liability (expressed as a dollar amount). The projections assume a 7.00% annual rate of return for Fiscal Year 2020-21 but do not include any reductions in the normal cost that will occur over time as new employees are hired into PEPRA or other lower cost benefit tiers.

#### Classic Tier

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
		2023-24	2024-25	2025-26	2026-27	2027-28
Fiscal Year	2022-23					
Normal Cost %	10.87%	10.9%	10.9%	10.9%	10.9%	10.9%
UAL Payment	\$8,555	\$14,000	\$19,000	\$25,000	\$30,000	\$30,000

#### PEPRA Tier

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2020-21)				
		2023-24	2024-25	2025-26	2026-27	2027-28
Fiscal Year	2022-23					
Normal Cost %	7.47%	7.5%	7.5%	7.5%	7.5%	7.5%
UAL Payment	\$1,086	\$1,800	\$2,500	\$3,200	\$3,900	\$3,900

Source: CalPERS Actuarial Reports dated July 2021.

**Funded Status.** The following table sets forth the schedule of funding for the Plan by tier for the actuarial valuations as of June 30 of the years 2017 through 2020.

Valuation Date Ended June 30	Accrued Liability	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll
<b>Classic</b>					
2017	\$7,041,376	\$5,990,581	\$1,050,795	85.1%	\$2,264,821
2018	7,929,762	6,652,079	1,277,683	83.9	2,404,127
2019	8,847,764	8,510,174	337,590	96.2	2,361,546
2020	9,533,589	9,205,268	328,321	96.6	2,391,550
<b>PEPRA</b>					
2017	\$343,407	\$330,354	\$13,053	96.2%	\$1,005,665
2018	619,649	577,143	42,506	93.1	1,192,630
2019	854,056	819,076	34,980	95.9	1,297,865
2020	1,209,198	1,169,973	39,225	96.8	1,682,081

(1) Based on the market value of assets.

Source: CalPERS Actuarial Reports Dated July 2021.

There is a two-year lag between the valuation date and the start of the contribution Fiscal Year. The UAL was determined in the June 30, 2020 actuarial valuation, but the corresponding UAL payments commence two years after the valuation date in Fiscal Year 2022-23. This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the Fiscal Year.

**Net Pension Asset.** The Authority's net pension asset for the Plan totaled approximately \$67,000 as of June 30, 2021. The net pension asset is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. For the year ended June 30, 2021, the Authority recognized pension expense of approximately \$686,000.

**Sensitivity to Changes in Discount Rate.** The discount rate used to measure the total pension liability at June 30, 2020 with respect to the Plans was 7.15%. The following tables present the Authority's proportionate share of the net pension liability (asset) for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 100 basis points higher or 100 basis points lower than the current rate:

	<u>1% Decrease (6.15%)</u>	<u>Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
Net Pension Liability	1,260,429	\$(67,484)	\$(1,164,697)

Source: Salinas Valley Solid Waste Authority Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021.

**Potential Impacts on Future Required Contributions.** The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the Authority's required contributions to CalPERS in future years. Accordingly, the Authority cannot provide any assurances that the Authority's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Change in Assumptions/Discount Rate. On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2017 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2018 actuarial report, which lowered the discount rate from 7.25% to 7.00%. CalPERS reported investment returns of 21.3% for Fiscal Year 2020-21, which triggered a reduction in the discount rate to 6.8% effective June 30, 2021 and will be reflected in contribution levels for special districts in fiscal year 2023-24. On November 15, 2021, the CalPERS Board of Administration selected an asset allocation mix that retained the 6.8% discount rate for the next four years.

Investment Performance. CalPERS earnings reports for Fiscal Years 2010 through 2020 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7% and 4.7%, respectively. The CalPERS Fiscal Year 2019-20 investment gain of 4.7% is not included as an amortization base in the most recent CalPERS valuation report and is not reflected in the numbers included herein. Future earnings performance may increase or decrease future contribution rates for plan participants, including the Authority. CalPERS has reported a 21.3% investment return for Fiscal Year 2020-21.

See APPENDIX A – “COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE SALINAS VALLEY SOLID WASTE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2021” – Note (12)” for additional information regarding the Plan.

### **Other Post-Employment Benefits**

**General.** The Authority offers health benefits (“**OPEB**”) to retirees under age 65 as well as their qualified dependents, as required by state law.

**Plan Description.** The Authority joined the Public Employees' Medical & Hospital Care Act (“**PEMHCA**”) in 2004. It is an agent multiple-employer plan administered by CalPERS. PEMHCA governs health care provided to employees and retirees under health care plans administered by CalPERS. All public agencies providing health care to their active employees through CalPERS PEMHCA plans are also required to offer health care under those plans to their retirees.

**Benefits Provided.** PEHMCA provides employees who retire directly from the Authority after five years of service a cash subsidy for monthly medical insurance premiums. Employees with 20 years of service with the Authority that do not retire directly from the Authority can request benefits later. Benefits are also paid to the surviving spouse of retirees who elected CalPERS joint and survivor payment options, as well as spouses of an active employee who died while eligible to retire receiving CalPERS survivor's benefit. The Minimum Employer Contribution amount is prescribed by Government Code Section 22892 of the PEMHCA. It was originally established as a specific dollar value with specified increases from calendar years 2004 through 2008. Starting in calendar year 2009, the calculated adjustments are based upon the medical care component of the Consumer Price Index-Urban (CPI-U). The Authority opted for the unequal method of distribution when it joined in 2004. Using this method, the Authority pays a percentage of the contribution, with the percentage paid increasing by 5% each year. The minimum amount in 2021 is \$143 per month, of which the Authority pays 85% or \$122. The Authority is scheduled to pay the full minimum amount in 2024.



**Contributions.** In 2017, the Authority joined the California Employers' Retiree Benefit Trust ("CERBT") in 2017 to prefund its OPEB liability. CERBT is an agent multiple employer defined plan for other post-employment benefits administered by CalPERS. The Authority will use the annual required contribution of the employer for the future contributions, which is expected to prefund all unfunded liabilities by 2040. The cash contributions to this fund during the fiscal year ended June 30, 2021, were \$150,000. Authority payments for retired benefits, net investment earnings of the plan, and the estimated implied subsidy was \$22,979, resulting in total payments of \$172,979.

**Net OPEB Liability.** The Authority's net OPEB liability totaled approximately \$220,000 as of June 30, 2021.

See APPENDIX A – "COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE SALINAS VALLEY SOLID WASTE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2021" – Note (13)" for additional information regarding the Authority's OPEB plan.

## Risk Management

The Authority is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. Effective July 1, 2020, the Authority purchased worker's compensation insurance through the State Compensation Insurance Fund for its employees. The Authority has the following commercial insurance policies:

<b><u>Coverage</u></b>	<b><u>Detail</u></b>	<b><u>Limits</u></b>	<b><u>Deductible</u></b>
Environmental Impairment Liability	Per occurrence	\$10,000,000	\$25,000
Property Insurance	Aggregate	10,000,000	100,000
Environmental Excess Liability	Per occurrence	5,000,000	--
Earthquake	Per occurrence	3,932,102	50,000
General Liability	Per occurrence	1,000,000	--
	Aggregate	2,000,000	--
Commercial Auto	Per Accident	1,000,000	1,000
Public Officials and Employment Practices	Each Act	1,000,000	10,000
Crime	Each Act	1,000,000	5,000
Cyber	Aggregate	1,000,000	5,000
Workers Compensation	--	1,000,000	--

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past three Fiscal Years.

## REGULATION

Construction, operation and maintenance of the System are subject to federal, state and local regulation. Following are brief descriptions of certain statutes and regulations relating to the System. It is not intended to be an exhaustive list of all applicable regulatory requirements relating to the System.

### **California Integrated Waste Management Act of 1989 (AB 939)**

Integrated Waste Management Plans. Among other requirements, the California Integrated Waste Management Act of 1989, adopted by the California State Legislature pursuant to AB 939, directs all California cities and counties to maximize all feasible source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of by transformation (through waste-to-energy projects or other processes) and land disposal. As a result of AB 939, solid waste management changed to an integrated solid waste management approach in which source reduction, recycling and composting play an integral role in the waste management strategy.

Under AB 939, each city and county (a “**local agency**”) in the State was mandated to achieve a 25 percent diversion in solid waste disposed of in landfills or by incineration through waste reduction or recycling by January 1, 1995, and a 50 percent reduction by the year 2000. Furthermore, as discussed below, under AB 341, the State’s diversion goal increased to 75 percent by 2020. Local agencies are responsible for these goals whether or not they control disposal of waste generated within their jurisdiction. Local agencies could face monetary fines of up to \$10,000 per day if CalRecycle deems local plans to be inadequate or if localities fail to satisfactorily implement plans to achieve the 25 percent and 50 percent reduction goals. The Members of the Authority are responsible for undertaking any recycling or diversion activity required by AB 939. The Authority is not directly responsible for providing recycling or diversion within the Authority service area. The waste delivery projections included herein anticipate continuing reductions in waste deliveries, reflecting further continuing diversion efforts by the Members, assisted by the waste haulers and the Authority. No assurances can be made as to the actual level of diversion, or as to whether Member’s diversion efforts will result in compliance with AB 939.

AB 939 requires quarterly payments by the Authority to CalRecycle in an amount adjusted annually for administering AB 939. The current amount is based on \$1.40 per ton of garbage buried at the landfill. The amount for Fiscal Year 2021-22 is budgeted at \$294,000. Such fees are included in the financial projections prepared by the Authority. For calendar years 2019 and 2020, the Authority achieved diversion rates of 56% and 54%, respectively. The Authority believes that is in compliance with AB 939 as of the date of this Official Statement.

Assembly Bill 341 (“**AB 341**”) was signed into law in 2011, amending AB 939 to, among other things, establish a Statewide goal of 75% diversion by 2020. AB 341 further required all businesses generating four cubic yards of solid waste and all multi-family complexes of five units or more to arrange for recycling services by July 1, 2012. Although the System’s programs and facilities are intended to assist the Members with compliance with AB 341, each Member (and not the Authority) is responsible for compliance with AB 341. The Authority completes the annual reports to CalRecycle as part of the regional agency reporting on behalf of its member agencies showing the number of businesses and multi-family complexes that are participating in a recycling program and the number (if any) that are not.

Assembly Bill 1826 (“**AB 1826**”) was signed into law in 2014, further amending the CIWMA. This amendment required all businesses generating eight or more cubic yards of compostables to participate in a compostables collection program (food scraps, green waste and wood) by April 1, 2016. Businesses generating four cubic yards of compostables per week were required to participate by January 1, 2017. Businesses generating two cubic yards of solid waste per week are now also required to participate. In addition, multi-family complexes of five or more units were required to participate in a compostables collection program for green waste and wood by April 1, 2016. The Authority was required to provide a program for collection and processing of compostables by April 1, 2016 and has done so.

Closure and Postclosure Costs. For landfills closed on or after January 1988, state law requires counties in the State to provide for closure and postclosure maintenance costs of their landfills. This may be accomplished through a variety of specified means. In general, closure costs relate to final cover and other costs associated with closing a landfill. Postclosure costs relate to leachate control, groundwater monitoring, drainage control and maintenance, final cover and vegetation. New or increased regulations could substantially increase the requirements and costs associated with closure and postclosure of landfills. See “CERTAIN RISK FACTORS – Statutory and Regulatory Impact.” The Authority’s estimates for closure and postclosure costs are based on current regulatory requirements, including Subtitle D of the federal Resource Conservation and Recovery Act of 1976 (“**RCRA**”). There can be no assurance that the actual costs will not be greater or less than the Authority’s estimated costs that are based upon current regulations and requirements.

A closure fund has been established for the Johnson Canyon Landfill to accumulate monies required for construction closure in response to state regulations. Title 14 of the California Code of Regulations (14 CCR) 18267(b), requires that the closure fund is sized so that monies in the fund at any given time will cover the portion of the closure costs attributed to the percentage of the total permitted landfill capacity that has been used. When 100 percent of the landfill capacity is reached, the closure fund should be fully funded. The closure cost estimate for each landfill is to be submitted to and reviewed by CalRecycle. The projected operating results for the Authority shows an annual expense for closure fund transfer, which represents the annual contribution to the closure fund account. This expense continues until the landfill capacity is exhausted. When the capacity is exhausted, it is anticipated that adequate funds will have been accumulated in the closure fund to cover estimated closure costs including closure design, engineering, and construction. The projected operating results for the Authority also include expenditures for postclosure expenses when such expenditures are anticipated to be incurred. See “THE AUTHORITY AND THE SYSTEM – Financial and Management Aspects of the System.”

The Governmental Accounting Standards Board (“**GASB**”) issued a statement that requires state and local entities which are required by law to incur postclosure liabilities to recognize a prorated portion of those postclosure liabilities as a current expenditure (even though Subtitle D of the RCRA and related state law do not require municipalities to set aside funds for postclosure). Although GASB requires the current recognition of pro rata closure and postclosure costs for financial reporting purposes, it does not require the Authority to reserve postclosure costs in separate trust funds (as is required by state and federal law with respect to closure costs). See “THE AUTHORITY AND THE SYSTEM – Closure and Postclosure Liabilities” and “– Financial and Management Aspects of the System.”

## Federal and Other State Laws Governing Solid Waste Disposal

The System is regulated at the local, state and federal levels. CalRecycle has primary oversight and regulatory responsibilities of the System and has designated the County Health Department – Environmental Health Division as the local enforcement agency. The Health Department makes regular inspections of the landfills and transfer facilities to ensure that they are complying with state health and safety codes. The System also must comply with regulatory requirements as set forth by the local Regional Water Quality Control Board, the Monterey Bay Unified Air Pollution Control District, and the Environmental Protection Agency.

On October 9, 1991 the U.S. Environmental Protection Agency (“**EPA**”) promulgated changes to RCRA. The regulations provide for nationwide minimum standards for land filling municipal solid waste and became effective on October 9, 1993. The regulations include requirements relating to daily cover, disease and gas control, record keeping, groundwater monitoring, and closure and postclosure maintenance. Individual states must apply to the EPA to become an “Approved State,” demonstrating that their state waste management plan is in compliance with federal Subtitle D requirements. After the EPA approves a state plan, the regulations permit discretion on the part of state regulators to grant some flexibility to landfill operators in implementing Subtitle D regulations. California has been designated an “Approved State.”

As part of Subtitle D, financial responsibility regulations require owners or operators of hazardous waste facilities to demonstrate financial assurance for sudden and accidental pollution occurrences as well as for non-sudden or gradual pollution occurrences.

The United States Congress and the State legislature are, at any given time, considering a variety of bills involving solid waste and recycling issues. The Authority is unable to predict which, if any, of the potential State or federal legislative enactments may be implemented or how any particular proposed legislation might impact the solid waste collection, recycling and disposal services provided by the Authority. See “CERTAIN RISK FACTORS – Statutory and Regulatory Impact.”

### California Senate Bill 1383

Senate Bill No. 1383 (“**SB 1383**”) enacted in September 2016, establishes targets to achieve a 50% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75% reduction by 2025. SB 1383 grants CalRecycle the regulatory authority required to achieve the organic waste disposal reduction targets and establishes an additional target that not less than 20% of currently disposed edible food is recovered for human consumption by 2025. CalRecycle is currently developing a regulatory approach that divides implementation responsibilities across the waste sector and includes requirements for generators, industry, local governments, and other entities.

SB 1383 codifies the California Air Resources Board’s Short-Lived Climate Pollutant Reduction Strategy, established pursuant to Senate Bill No. 605 to achieve reductions in the statewide emissions of short-lived climate pollutants. SB 1383 requires a 40% reduction in methane, a 40% reduction on hydrofluorocarbon gases and a 50% reduction in anthropogenic black carbon by 2030 relative to 2013 baseline levels. Although the System’s programs and facilities are intended to assist the Members with compliance with SB 1383, each Member (and not the Authority) is responsible for compliance with SB 1383 with respect to waste generated within the jurisdiction of such Member.

## **Air and Water Quality Regulations**

Solid waste management facilities are closely monitored to protect air and water quality. Under the Porter-Cologne Water Quality Control Act (“**Porter-Cologne**”), the Authority is required to report waste discharges that could affect water quality. Porter-Cologne is administered and enforced by the State Water Resources Control Board and Regional Water Quality Control Boards. The Authority’s landfills are regulated by the Regional Water Quality Control District and the regional Monterey Bay Unified Air Pollution Control District.

Pursuant to Porter-Cologne, the Regional Board issues waste discharge requirements (“**WDRs**”) containing terms and conditions of permitted discharges for the landfills. The WDRs typically mandate a regular self-monitoring program to detect pollutants. In the event of a violation of a WDR, the Regional Board may issue either a cease and desist order or a cleanup and abatement order that mandate deadlines for remedial action. A landfill operator’s failure to comply with a Regional Board order or reporting requirements may result in administrative or judicial civil liabilities ranging up to \$27,500 a day. In the previous five years, the Authority has not had any material violations of any WDRs.

Porter-Cologne also instituted the Solid Waste Assessment Testing program which requires an analysis of surface and groundwater under and near waste management facilities. If contamination outside of the landfill occurs, operators of the facility must notify the State Department of Health Services and CalRecycle. These agencies will impose remedial action upon the facility.

The California Clean Air Act and the Lewis-Presley Air Quality Management Act authorize the adoption of rules and regulations for air quality permits and govern the enforcement of those permits and rules. These Acts are both administered and enforced by the regional Monterey Bay Unified Air Pollution Control District. Various rules apply to landfill operations, including rules which relate to methane gas monitoring and migration, as well as rules which relate to specific equipment and machinery, above ground fuel tanks and fugitive dust emissions. The Monterey Bay Unified Air Pollution Control District conducts periodic inspections of the Authority’s landfills and, in a fashion similar to the Regional Board’s, may impose civil liabilities for permit violations.

## **Compliance with Current Operating Standards**

The Authority believes it is materially compliant with all significant regulatory requirements.

### **CERTAIN RISK FACTORS**

*The following describes certain special considerations and risk factors affecting the payment of and security for the Series 2022A Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Series 2022A Bonds and the order in which information is presented does not necessarily reflect the relative importance of the various risks. Potential investors in the Series 2022A Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the Series 2022A Bonds. There can be no assurance that other considerations will not materialize in the future.*

## **Limited Liability**

THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL AND INTEREST ON THE SERIES 2022A BONDS IS A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY OR THE MEMBERS FOR WHICH THE AUTHORITY OR THE MEMBERS ARE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY OR THE MEMBERS HAVE LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2022A BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR ANY STATUTORY DEBT LIMITATIONS OR OTHERWISE, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR THE MEMBERS.

The Authority is not required to advance any moneys derived from any source of income other than the Net Revenues and other sources specifically identified in the Master Indenture for the payment of amounts due thereunder or for the performance of any agreements or covenants required to be performed by it contained therein.

The Series 2022A Bonds are not secured by, and the owners thereof have no security interest in or mortgage on, the System or any other assets of the Authority. Default by the Authority will not result in loss of the System or any other assets of the Authority. Should the Authority default, the Trustee may declare the principal of all of the Series 2022A Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in the Master Indenture or in the Series 2022A Bonds to the contrary notwithstanding. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE.”

## **Certain Factors Affecting Solid Waste Disposal Facilities Generally**

In the solid waste service industry there are often unforeseeable risks and potentially substantial cost exposures associated with the establishment, ownership and operation of solid waste sanitary landfill sites and other types of waste processing and disposal facilities. These risk factors include, but are not limited to: (i) the difficulty of obtaining permits to expand or establish new sites and facilities and public and private opposition to the location, expansion and operation of these facilities, (ii) increasing political activities at all levels that seek to restrict the operation of disposal facilities as well as the movement of waste for disposal, (iii) costs associated with liner requirements, leachate and methane gas control, post-closure monitoring, site cleanup, other remedial work and maintenance and perpetual care obligations, (iv) alleged possible adverse effects on groundwater and the environment, (v) substantial regulatory compliance expenditures, fines or other sanctions and civil damage liabilities, (vi) demonstrating financial responsibility and conforming to prescribed or changing standards and methods of operation, (vii) judicial and administrative proceedings regarding alleged possible adverse environmental and health effects of landfills or treatment and disposal facilities, and (viii) legislation that requires additional waste recycling (thereby reducing System demand), minimizing and incineration.

## **Rate Covenant Not a Guarantee; Failure to Meet Projections**

Although, as more particularly described herein, the Authority expects that sufficient revenues will be generated through the imposition and collection of tipping fees, contract

payments and other Revenues described herein, there is no assurance that such imposition of tipping fees or other Revenues will result in the generation of Net Revenues in the amounts required by the Master Indenture. As a result, the Authority may be unable to comply with the covenants under the Master Indenture regarding generation of revenues and the Authority's covenant does not constitute a guarantee that sufficient Net Revenues will be available to make debt service payments on the Series 2022A Bonds. In addition, the Authority's financial projections are based on a number of assumptions, including timely receipt of various payments from private waste haulers. Changes in circumstances, including but not limited to failure of these private haulers to make these payments in a timely manner (for any reason, including but not limited to the bankruptcy of such private hauler or the existence of a contract dispute between the private haulers and the Authority or its Members) could have a material adverse impact on the ability of the Authority to make debt service payments with respect to the Series 2022A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS – Rate Covenant."

### **System Expenses**

There can be no assurance that expenses of the Authority will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, increases in the cost of operation or other expenses and changes in regulations could require substantial increases in rates or charges in order to comply with the rate covenant in the Master Indenture. Any such rate increases could increase delinquencies by System customers and increase the possibility of nonpayment of the Series 2022A Bonds as well. See "– Statutory and Regulatory Impact."

### **Projections**

The projections in this Official Statement are not necessarily indicative of future performance. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2022A Bonds are cautioned not to place undue reliance upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the Authority to make timely payment of the principal of and interest on the Series 2022A Bonds may be materially adversely affected.

Neither the Auditor nor any other independent accountants have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability.

### **Competition**

Generally, the ability of the Authority to generate Net Revenues in the amounts contemplated by the Master Indenture depends on the continuing delivery to the System of solid waste generated in the Authority in the amounts anticipated by the Authority. Substantially all of the solid waste generated in the Authority's service area has for many years been disposed at the facilities which now comprise the System. In addition, each Member of the Authority has

entered into Waste Delivery Agreements pursuant to which each Member is obligated to use any legal or contractual authority they possess from time to time to cause the delivery of solid waste to the System. In addition, a number of alternative transfer or disposal sites outside the System currently exist. While other transfer sites could potentially be located within the Authority service area, the Authority still retains flow control over all franchise waste. It is unlikely that any alternative disposal sites will ever be located in the Authority service area due to the regulatory environment. In the event that competing transfer or disposal sites in the future represent a more economical or convenient alternatives for collectors and generators of a significant amount of waste generated in the Authority service area and Members elect to leave the System, the use of alternative transfer or disposal sites outside of the System by such waste collectors and generators could have a material adverse impact on the ability of the Authority to generate Net Revenues in the amounts required by the Master Indenture and to pay debt service on the Series 2022A Bonds.

### **Disposal Capacity**

As of June 30, 2021, the Authority had approximately 7,026,704 tons (71.53% of its system capacity) remaining. System capacity is based on the capacity of the one active landfill, the Johnson Canyon Landfill. During the fiscal year ended June 30, 2021, the Authority landfilled a total of 231,463 tons of solid waste. As of June 30, 2021 the Authority had 30 years remaining landfill capacity, which is after the maturity of the Series 2022A Bonds. On December 21, 2021, CalRecycle approved a revision to the solid waste facility permit for Johnson Canyon Landfill. The revision increases the capacity of the landfill by 5,933,838 cubic yard (approximately 4,638,436 tons), adding an additional 20 years to the estimated life of the Johnson Canyon Landfill at the Fiscal Year 2020-21 fill rate. The estimated life of the Johnson Canyon Landfill could be further extended if mandatory recycling and new diversion programs are implemented to reduce landfill tonnage. If advanced waste diversion technologies are contracted for or implemented in the near future, it would have a more dramatic impact on buried tonnage, further extending the landfill capacity and life. The Authority has covenanted in the Master Indenture to provide for or cause the provision of sufficient capacity for the disposal of solid waste generated in the Authority so as to enable the Authority to comply with the Rate Covenant contained in the Master Indenture. The Master Indenture provides that the Authority may provide such capacity by making available disposal facilities owned and operated by the Authority, or by making contractual arrangements for the use of disposal facilities (either inside or outside the geographical boundaries of the Authority) owned or operated by persons other than the Authority. However, there can be no assurances that the cost of expanding the System or the use of alternative disposal sites would not significantly increase the Maintenance and Operation Costs of the System and materially adversely affect the ability of the Authority to generate Net Revenues in the amounts required by the Master Indenture and to pay debt service on the Series 2022A Bonds.

### **Withdrawal of Members**

The Authority Agreement provides that Members may withdraw from the Authority with one year of advance notice so long as any outstanding bonds of the Authority be paid or adequate provision for payment of such bonds has been made. The Authority Agreement also provides that any withdrawing member will retain its fair share of financial liability for closure, post-closure maintenance and site remediation costs based on the tons of solid waste landfilled in the System. The Waste Delivery Agreements have similar provisions. See “THE AUTHORITY AND THE SYSTEM –The Authority – Authority Agreement; Waste Delivery Agreements” and “– Waste Delivery Agreements and Waste Collection Practices of Members.”



In 2012, the County delivered notices of intention to withdraw from the Authority Agreement and its Waste Delivery Agreement. In 2018, the City of Salinas also delivered such notices. The County and the City of Salinas each subsequently withdrew their respective notices. As of the date of this Official Statement, the Authority is not aware of any Member intending to withdraw from the Authority Agreement and its Waste Delivery Agreement and, except as described in this Official Statement, has not received a notice thereof from any of the Members. See “THE AUTHORITY AND THE SYSTEM – The Authority – Authority Agreement; Waste Delivery Agreements.”

In accordance with the Authority Agreement and Waste Delivery Agreements, the County or other Members could decide to withdraw from the Authority in the future. The actual withdrawal of a Member would likely be the subject of litigation and could have a material adverse impact on the finances and operations of the Authority and a negative impact on the ratings of any Authority bonds and the market price of such bonds (including the Series 2022A Bonds).

### **Public Health Emergencies**

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the WHO announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world, including the Authority’s service area. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States.

The COVID-19 outbreak is ongoing, and its duration and severity and its economic effects are uncertain in many respects. Uncertain too are the additional actions, if any, that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the Authority’s operations and finances and the economy, real estate market and development within the Authority’s service area is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. However, to date, the COVID-19 pandemic has not had a material impact on the operations or finances of the Authority. See “THE AUTHORITY AND THE SYSTEM – Public Health Emergency – COVID-19.” Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the Authority’s operations and finances.

### **Statutory and Regulatory Impact**

Laws and regulations governing solid waste management are enacted and promulgated by government agencies on the federal, state and local levels. These laws and regulations address the design, construction, operation, maintenance, closure and post-closure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Laws and regulations at both the State and federal levels impose retroactive liability, particularly with respect to cleanup activities, relating to any landfill site operated by the Authority, whether or not owned by the Authority. Thus the Authority has potential liability with respect to every landfill ever operated by the Authority. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs will likely increase. Claims against the Authority with respect to Authority-operated sites and closed sites may be significant. Such claims are payable from assets of the System or from other legally available sources. Although tipping fees are the major source of funding for regulatory costs and the Authority has

covenanted in the Master Indenture to establish such tipping fees as are necessary to enable the Authority to make all payments required to be made pursuant to Bonds, Contracts and Repayment Obligations, including debt service with respect to the Series 2022A Bonds, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the Authority to generate Net Revenues in the amounts required by the Master Indenture and to pay Debt Service with respect to the Series 2022A Bonds.

## **Hazardous Waste**

Although the Authority has implemented a hazardous waste inspection program at the System to monitor the waste stream and prevent the inadvertent or unintended disposal of hazardous wastes, hazardous waste may be delivered to and inadvertently accepted at the System. In the event that hazardous waste is discovered at any facility within the System, the Authority, as owner of the System, would have primary financial responsibility for the cleanup of such hazardous waste under various state and federal laws, including the Comprehensive Environmental Responsibility Compensation and Liability Act (i.e., “**Superfund**”). In addition, on August 24, 1990, the U.S. Environmental Protection Agency placed Crazy Horse Landfill on the National Priorities List pursuant to Superfund. In addition, the State Water Resources Control Board regulations for landfills (Title 23, Chapter 15, Article 5) require that the landfill owner obtain and maintain assurances of financial responsibility for initiating and completing corrective action for all known or reasonably foreseeable releases from the landfill. The financial assurance requirements are developed based on a Correction Action Program and estimated costs of implementing such a corrective action. Regulatory requirements of the State Water Resources Control Board include financial assurance requirements in accordance with applicable law. There can be no assurances that future expenses required to be incurred by the Authority for remediation of environmental conditions at one or more locations within the System (which constitute Operating Expenses pursuant to the Master Indenture) will not materially exceed the Authority’s estimates of such expenses. Significantly increased costs relating to remediation of environmental conditions in the System could materially adversely affect the ability of the Authority to generate Net Revenues at the levels required by the Master Indenture.

## **Insurance**

The Master Indenture obligates the Authority to procure and maintain certain insurance or self-insurance with respect to the System in the event of damage or destruction to such portion of the System. If the System is damaged or destroyed, there can be no assurance that the insurance proceeds will be sufficient to repair or restore the System, or to defease all of the then-Outstanding Series 2022A Bonds. Significant damage to the System could prevent the Authority from generating sufficient Net Revenues to pay debt service on the Series 2022A Bonds. In addition, the Authority cannot provide any assurance as to whether the provider of an insurance policy will pay under such policy. See “APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE” for a description of the insurance that is required by the Master Indenture. See the caption “THE AUTHORITY AND THE SYSTEM – Risk Management” for a description of the Authority’s current insurance coverages. Certain risks, such as earthquakes, are not required to be covered under the Master Indenture unless available for reasonable premiums from a reputable insurance company.

## **Risk of Nonperformance or Bankruptcy by Franchise Haulers**

Each of the Members has entered into separate solid waste collection franchise agreements, pursuant to which the Members’ solid waste is required to be delivered to the

System. In the event that any of the Members' contractors fail to meet its obligations under the various agreements, it would be subject to damages and, if the nonperformance was material and continued for an extended period of time, termination. There can be no assurances that the private contractors will provide services in accordance with their contractual commitments. The extended failure of any of the private contractors to meet their obligations under contracts with the Members could materially adversely affect the ability of the Authority to generate Revenues and Net Revenues in the amounts required pursuant to the Master Indenture.

In the event of the bankruptcy of a major contractor of the Authority or any Member, the automatic stay provisions of the United States Bankruptcy Code (the "**Bankruptcy Code**") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by such contractor to the Authority or any action to enforce any obligation of the contractor to the Authority or any Member. With the authorization of the bankruptcy court, the contractor may be able to repudiate some or all of its agreements with the Authority or any of the Members, including the obligation to pay to the Authority tipping fees, and to stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The contractor may be able, without the consent and over the objection of the Authority, any Member, the Trustee, and the holders of the Series 2022A Bonds, to alter the terms, including the payment terms, of its agreements with the Authority or any such Member, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the contractor may be able to assign its rights and obligations under any of its agreements with the Authority or any such Member to another entity, despite any contractual provisions prohibiting such an assignment.

## **Bankruptcy Risks**

The rights of the owners of the Series 2022A Bonds and the enforceability of the Authority's obligation to make payments on the Series 2022A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future, and may also be subject to the exercise of judicial discretion under certain circumstances.

Under existing law, the Authority is eligible to file for bankruptcy. Should the Authority file for bankruptcy, there could be adverse effects on the holders of the Series 2022A Bonds. In a bankruptcy of the Authority, the Trustee and the owners of the Series 2022A Bonds may be prohibited from taking any action against the Authority, any official of the Authority, or any property of the Authority to enforce the terms of the Master Indenture, unless the consent of the bankruptcy court is first obtained. The bankruptcy court is not required to give its consent. This prohibition on action may even prohibit the Trustee from using funds in its possession to make payments on the Series 2022A Bonds. As a result, Owners may experience temporary or permanent delays in the payment of the Series 2022A Bonds.

In a bankruptcy case, a plan of adjustment for the Authority could be confirmed that would allow for enforcement of the Master Indenture, but the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants and other terms or provisions of the Master Indenture and the Series 2022A Bonds may be altered by the bankruptcy court. Such a plan could be confirmed even over the objections of the Authority or the Trustee as its assignee and the owners of the Series 2022A Bonds, and without their consent. Additionally, the resulting plan could adjust some or all of the Authority's financial obligations, which include the Authority's

payment obligations under the Master Indenture and the Authority's obligation to fund certain retirement benefits.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance and delivery of the Series 2022A Bonds will be qualified by the effect of a bankruptcy. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the owners of the Series 2022A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

### **Parity Debt**

The Authority may issue additional Bonds or execute Contracts or Repayment Obligations the payment of which will be on a parity with the Series 2022A Bonds, on the terms and upon satisfaction of the conditions specified in the Master Indenture. The Authority may also incur indebtedness on a subordinate basis to the Series 2022A Bonds and any other Bonds and Contracts. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS – Conditions Precedent to Execution of Additional Bonds and Certain Other Obligations.”

The coverage tests for the issuance of additional Bonds, and execution of Contracts or Repayment Obligations, involve, to some extent, projections of Net Revenues. If such indebtedness is issued, the debt service coverage for the Series 2022A Bonds could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Series 2022A Bonds and any additional Bonds, Contracts or Repayment Obligations.

The Master Indenture does not require a deposit to a debt service reserve fund in connection with issuance of any additional Bonds, Contracts or Repayment Obligations in the future. “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022A BONDS – Pledge of Net Revenues; Flow of Funds.”

### **Earthquake or Other Natural Disasters**

Potential damage to landfills from earth movement or other natural disasters includes landslides and possible reconfiguration of landfill surfaces. Under these circumstances, a landfill may not meet regulatory requirements and may not be operable for some period of time. The occurrence of an earthquake or other natural disaster which resulted in the temporary or permanent closure of major components of the System or resulted in significantly increased costs could materially adversely affect the ability of the Authority to operate the System or to generate Net Revenues at the levels required by the Master Indenture.

### **Climate Change**

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the Authority and the

Members is difficult to predict, but it could be significant and it could have a material adverse effect on the Authority by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of residents and business establishments within the Authority's service area.

## **Cyber Security**

The Authority, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Authority is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Authority's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurance can be given that the Authority and the other entities the Authority relies on will not be affected by cyber threats and attacks in a manner that may affect the Series 2022A Bond owners.

## **Litigation**

The Authority may become a party to litigation that has the potential to have an impact on the Authority's finances. Although the Authority maintains certain insurance policies that provide coverage under certain circumstances and with respect to certain types of incidents, the Authority cannot predict what types of liabilities may arise in the future and whether these may adversely affect the ability of the Authority to pay debt service on the Series 2022A Bonds when due.

## **Certain Limitations on the Ability of Members to Impose Taxes, Fees and Charges**

**General.** On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments' authority to impose or increase property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIII C broadly define "tax," but specifically exclude, among other things:

- (1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- [ . . . ]
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIID.

**Property-Related Fees and Charges.** Under Article XIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

**Initiative Power.** In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

**Judicial Interpretation of Articles XIIC and XIID.** After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District*, 32 Cal.4th 409 (2004), the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno*, 127 Cal.App.4th 914 (Cal. App.5th 2005), the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with

Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006), the California Supreme Court addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

**Conclusion.** Each Member is responsible for determining whether the notice and protest provisions of Proposition 218 apply to the charges imposed with respect to waste collection services provided by each Member's hauler and, if such notice and protest provisions do apply, such Member is responsible for compliance therewith and with any other applicable provisions. The Authority is not aware of any pending challenge to any of the Members' solid waste collection fees and charges.

Because the Authority does not set public rates with respect to any waste that is collected curbside by the franchise haulers of any of the Members, the Authority does not believe the fees and charges of the System are subject to Proposition 218.

The Authority has covenanted in the Master Indenture to prescribe and collect rates, fees and charges for the use of the System at specified levels. See "SECURITY FOR THE SERIES 2022A BONDS – Rate Covenant." The ability of the Authority to collect such fees depends in part on the ability of the Members to establish rates, fees and charges for solid waste collection service provided to collection customers within their respective jurisdictions. In the event that proposed increased service charges cannot be imposed by one or more of such participants as a result of a majority protest, such circumstances may adversely affect the ability of the System to generate revenues in the amounts required by the Master Indenture, and to pay principal and interest with respect to the Series 2022A Bonds.

## Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Series 2022A Bonds or, if a secondary market exists, that any Series 2022A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

## TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Series 2022A Bonds is exempt from State of California personal income tax and is *not* excluded from gross income for federal income tax purposes under Section 103 of Internal Revenue Code of 1986, as amended (the “Code”).

With certain exceptions, the difference between the issue price of a Series 2022A Bond (the first price at which a substantial amount of the Series 2022A Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2022A Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Series 2022A Bond will increase the Beneficial Owner's basis in the 2022 Bond. Beneficial Owners of the Series 2022A Bonds should consult their own tax advisors with respect to taking into account any original issue discount on the Series 2022A Bonds.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Series 2022A Bond may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of taxable interest received with respect to the Series 2022A Bonds), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Series 2022A Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2022A Bond to the Beneficial Owner. The Beneficial Owners of the Series 2022A Bonds that have a basis in the Series 2022A Bonds that is greater than the principal amount of the Series 2022A Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the Series 2022A Bonds, such Series 2022A Bonds might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bond Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the Series 2022A Bond Owner's adjusted tax basis in such 2022 Bond.



The tax discussion set forth above is included for general information only and may not be applicable depending upon a Series 2022A Bond Owner's particular situation. The ownership and disposal of the Series 2022A Bonds and the accrual or receipt of interest on the Series 2022A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE SERIES 2022A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE SERIES 2022A BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel with respect to the Series 2022A Bonds is set forth in Appendix C.

### **CERTAIN LEGAL MATTERS**

The validity of the Series 2022A Bonds and certain other legal matters are subject to the approving opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C. Bond Counsel will receive compensation from the Authority contingent upon the sale and delivery of the Series 2022A Bonds. Bond Counsel has assumed no responsibility for the accuracy, completeness or fairness of this Official Statement. From time to time Bond Counsel serves as counsel to the Underwriter with respect to transactions other than the issuance of the Series 2022A Bonds.

Certain legal matters will be passed upon for the Authority by Aleshire & Wynder LLP, Fresno, California, as General Counsel. Certain legal matters will be passed upon for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California ("**Underwriter's Counsel**"), and for the Trustee by its counsel. The fees payable to Underwriter's Counsel are contingent upon the sale and delivery of the Series 2022A Bonds.

### **LITIGATION**

To the best knowledge of the Authority there is no action, suit or proceeding known to be pending or threatened restraining or enjoining the execution or delivery of the Series 2022A Bonds, the Master Indenture or any other document relating to the Series 2022A Bonds, or in any way contesting or affecting the validity of the foregoing.

The Authority is not aware of any pending litigation or claims against the Authority that could have a material adverse impact on its finances or operations.

### **RATING**

S&P Global Ratings ("**S&P**") has assigned a rating of "\_\_\_" to the Series 2022A Bonds. A rating is not a recommendation to buy, sell or hold securities. Future events, including the impacts of the COVID-19 pandemic on the Authority, could have an adverse impact on the rating of the Series 2022A Bonds, and there is no assurance that any credit rating that is given to the Series 2022A Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P circumstances so warrant, nor can there be any assurance that the criteria required to achieve the rating on the Series 2022A Bonds will not change during the period that the Series 2022A Bonds remain outstanding.

Any qualification, downward revision, lowering or withdrawal of the rating on the Series 2022A Bonds may have an adverse effect on the market price of the Series 2022A Bonds. Such rating reflects only the current view of S&P (which could change at any time), and an explanation of the significance of such rating may be obtained from S&P. Generally, S&P bases its ratings on information and materials furnished to them (which may include information and material from the Authority that is not included in this Official Statement) and on investigations, studies and assumptions by S&P.

The Authority has covenanted in the Continuing Disclosure Certificate to file notices of any rating changes on the Series 2022A Bonds with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. See the caption "CONTINUING DISCLOSURE" and Appendix D. Notwithstanding such covenant, information relating to rating changes on the Series 2022A Bonds may be publicly available from S&P prior to such information being provided to the Authority and prior to the date by which the Authority is obligated to file a notice of rating change. Purchasers of the Series 2022A Bonds are directed to S&P and its website and official media outlets for the most current ratings with respect to the Series 2022A Bonds after the initial issuance of the Series 2022A Bonds.

### **CONTINUING DISCLOSURE**

The Authority will covenant for the benefit of the owners of the Series 2022A Bonds to cause to be provided to the Municipal Securities Rulemaking Board (i) certain financial information and operating data relating to the Authority by no later than nine months following the end of each Fiscal Year (which Fiscal Year currently begins on July 1 of each year and ends on the next succeeding June 30), commencing March 31, 2022, and (ii) notice of the occurrence of certain enumerated events.

The Annual Report and the notices of enumerated events will be filed by the Authority with the Municipal Securities Rulemaking Board through the Electronic Municipal Access System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized under the caption "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with the Rule.

The Authority previously entered into certain disclosure undertakings under the Rule in connection with the issuance of long-term obligations. The Authority has not failed to comply in all material aspects with any previous undertakings with regard to the Rule in the past five years.

Any failure by the Authority to comply with the provisions of its undertaking will not constitute a default under the Master Indenture (although owners of the Series 2022A Bonds will have any remedy available at law or in equity as provided in the undertaking). Nevertheless, a failure to comply must be reported in accordance with the Rule. Such a failure may adversely affect the transferability and liquidity of the Series 2022A Bonds.

To ensure compliance with its continuing disclosure undertakings under the Rule in the future, the Authority has appointed \_\_\_\_\_ to coordinate the preparation and filing of annual disclosure reports in accordance with the Authority's disclosure undertakings. [In addition, the Authority has adopted disclosure policies and procedures.]

## **UNDERWRITING**

The Series 2022A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as Underwriter, at a purchase price of \$\_\_\_\_\_ (which represents the aggregate principal amount of the Series 2022A Bonds (\$\_\_\_\_\_), plus net original issue premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_).

The purchase agreement relating to the Series 2022A Bonds provides that the Underwriter will purchase all of the Series 2022A Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the Series 2022A Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks IBG, LLC may purchase the Series 2022A Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022A Bonds that Vining-Sparks IBG, LLC sells.

## **MUNICIPAL ADVISOR**

The Authority and the City have retained Campanile Group, Inc., Laguna Beach, California, as Municipal Advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2022A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor's compensation is contingent upon the delivery of the Series 2022A Bonds.

## **MISCELLANEOUS**

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Series 2022A Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

## **SALINAS VALLEY SOLID WASTE AUTHORITY**

By: \_\_\_\_\_  
R. Patrick Mathews

General Manager/Chief Administrative  
Officer/Secretary

**APPENDIX A**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE  
SALINAS VALLEY SOLID WASTE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

## **APPENDIX B**

### **SUMMARY OF CERTAIN PROVISIONS OF MASTER INDENTURE**

## APPENDIX C

### PROPOSED FORM OF BOND COUNSEL OPINION

*Upon issuance of the 2022 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:*

\_\_\_\_\_, 2022

Salinas Valley Solid Waste Authority  
Salinas, California

Re: \$\_\_\_\_\_ Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2022A (Taxable)

Members of the Board of Directors:

We have examined a certified copy of the record of the proceedings of the Salinas Valley Solid Waste Authority (the "Authority") relative to the issuance of the above-captioned obligations (the "2022 Bonds"), dated the date hereof, and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the Authority, the initial purchaser of the 2022 Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2022 Bonds are being issued pursuant to a Master Indenture, dated as of January 1, 2014 (the "Master Indenture"), as supplemented by a Third Supplemental Indenture, dated as of \_\_\_\_\_ 1, 2022 (the "Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The 2022 Bonds mature on the dates and in the amounts referenced in the Indenture. The 2022 Bonds are dated their date of delivery and bear interest at the rates per annum referenced in the Indenture. The 2022 Bonds are registered in the form set forth in the Indenture.

Based on our examination as Bond Counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. The proceedings of the Authority show lawful authority for the issuance and sale of the 2022 Bonds under the laws of the State of California now in force, and the Supplemental Indenture has been duly authorized, executed and delivered by the Authority. Assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2022 Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms.

2. The Indenture creates a valid pledge of and lien and charge upon the Net Revenues (as such term is defined in the Indenture) and certain amounts held under the Indenture to secure the payment of the principal of and interest on the 2022 Bonds. The obligation of the Authority to make the payments of principal of and interest on the 2022 Bonds from Net Revenues is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Interest on the 2022 Bonds is exempt from State of California personal income tax.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement ends as of the date of issuance of the 2022 Bonds. The Indenture permits certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2022 Bonds.

The opinions that are expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters which are not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the 2022 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the 2022 Bonds or other offering material relating to the 2022 Bonds and expressly disclaim any duty to advise the owners of the 2022 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,



## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**\$(PAR)**  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Salinas Valley Solid Waste Authority (the “**Authority**”) in connection with the issuance by the bonds captioned above (the “**Bonds**”). The Bonds are being issued under a Master Indenture dated as of January 1, 2014, as supplemented by a Third Supplemental Indenture, dated as of February 1, 2022, between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “**Trustee**”) (as so supplemented, the “**Indenture**”).

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Authority’s fiscal year (currently March 31 based on the Authority’s fiscal year end of June 30).

“*Dissemination Agent*” means, initially, \_\_\_\_\_, and any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated \_\_\_\_\_, 2022, executed by the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate[]; provided that the District's obligation to file the first Annual Report by no later than March 31, 2022 shall be deemed to be satisfied by the submission of the Official Statement to the MSRB]. Not later than 15 Business Days prior to the Annual Report Date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Authority's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Authority shall provide a written statement with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder.

(b) If the Authority does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Authority shall provide (or cause the Dissemination Agent to provide) a notice to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements*. Audited financial statements of the Authority for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information*. To the extent not included in the audited financial statements of the Authority, the Annual Report shall also include financial and operating data with respect to the Authority for preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement, as follows:

- (1) The amount of remaining capacity at the Johnson Canyon Landfill or any other active landfill of the Authority, substantially in the form of the table in the Official Statement entitled "Johnson Canyon Landfill Capacity."
- (2) Table 1 – Historical Waste Disposal Information.
- (3) Table 4a – Gross Revenues By Source
- (4) Table 5 – Tipping Fee History
- (5) Table 8 – Debt Service Coverage

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Authority shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public through the MSRB. The Authority shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from the MSRB.

#### Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.

- (11) Rating changes (without any obligation to provide any notices of changes in the outlook assigned to or associated with any rating).
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority.
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority, or the sale of all or substantially all of the assets of the Authority (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.
- (15) Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Authority acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the Authority will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Authority will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or

governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be \_\_\_\_\_. Any Dissemination Agent may resign by providing 30 days’ written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative

form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bond owners or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date:

**SALINAS VALLEY SOLID WASTE AUTHORITY**

By: \_\_\_\_\_  
R. Patrick Mathews  
General Manager/Chief Administrative  
Officer/Secretary

\_\_\_\_\_,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

**APPENDIX E**  
**FORM OF WASTE DELIVERY AGREEMENT**



## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Series 2022A Bonds, payment of principal, interest and other payments on the Series 2022A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2022A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the Salinas Valley Solid Waste Authority (the “Issuer”) nor The Bank of New York Mellon Trust Company, N.A. (the “Agent”) take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2022A Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2022A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2022A Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## CONTINUING DISCLOSURE CERTIFICATE

\$[PAR]  
**SALINAS VALLEY SOLID WASTE AUTHORITY**  
**REFUNDING REVENUE BONDS, SERIES 2022A (TAXABLE)**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Salinas Valley Solid Waste Authority (the “**Authority**”) in connection with the issuance by the bonds captioned above (the “**Bonds**”). The Bonds are being issued under a Master Indenture dated as of January 1, 2014, as supplemented by a Third Supplemental Indenture, dated as of February 1, 2022, between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “**Trustee**”) (as so supplemented, the “**Indenture**”).

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the Authority’s fiscal year (currently March 31 based on the Authority’s fiscal year end of June 30).

“*Dissemination Agent*” means, initially, \_\_\_\_\_, and any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated \_\_\_\_\_, 2022, executed by the Authority in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022, with the report for fiscal year 2020-21, provide

to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate[]; provided that the District's obligation to file the first Annual Report by no later than March 31, 2022 shall be deemed to be satisfied by the submission of the Official Statement to the MSRB]. Not later than 15 Business Days prior to the Annual Report Date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Authority's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The Authority shall provide a written statement with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder.

(b) If the Authority does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Authority shall provide (or cause the Dissemination Agent to provide) a notice to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements*. Audited financial statements of the Authority for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information*. To the extent not included in the audited financial statements of the Authority, the Annual Report shall also include financial and operating data with respect to the Authority for preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement, as follows:

- (1) The amount of remaining capacity at the Johnson Canyon Landfill or any other active landfill of the Authority, substantially in the form of the table in the Official Statement entitled "Johnson Canyon Landfill Capacity."
- (2) Table 1 – Historical Waste Disposal Information.
- (3) Table 4a – Gross Revenues By Source
- (4) Table 5 – Tipping Fee History
- (5) Table 8 – Debt Service Coverage

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Authority shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public through the MSRB. The Authority shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from the MSRB.

#### Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.

- (11) Rating changes (without any obligation to provide any notices of changes in the outlook assigned to or associated with any rating).
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority.
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority, or the sale of all or substantially all of the assets of the Authority (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.
- (15) Incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Authority acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the Authority will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Authority will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or

governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be \_\_\_\_\_. Any Dissemination Agent may resign by providing 30 days’ written notice to the Authority.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative



form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Authority to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Bond owners or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date:

**SALINAS VALLEY SOLID WASTE AUTHORITY**

By: \_\_\_\_\_  
R. Patrick Mathews  
General Manager/Chief Administrative  
Officer/Secretary

\_\_\_\_\_,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

**ESCROW AGREEMENT (2014 BONDS)**

THIS ESCROW AGREEMENT (2014 BONDS), dated as of February 1, 2022 (the “**Agreement**”), by and between the Salinas Valley Solid Waste Authority (the “**Authority**”) and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Agent**”) and as 2014 Trustee (as such term is defined herein), is entered into in accordance with a resolution of the Authority adopted on January [20], 2022 and a Master Indenture, dated as of January 1, 2014, together with a First Supplemental Indenture, dated as of January 1, 2014 and a Second Supplemental Indenture, dated as of January 1, 2014 (collectively, the “**2014 Indenture**”), each by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**2014 Trustee**”). This Agreement is entered into to refund all of the outstanding Salinas Valley Solid Waste Authority Refunding Revenue Bonds, Series 2014A (AMT) (the “**2014A Bonds**”) and Refunding Revenue Bonds, Series 2014B (Taxable) (the “**2014B Bonds**” and, together with the 2014A Bonds, the “**2014 Bonds**”).

**RECITALS**

A. Pursuant to the 2014 Indenture, the Authority has previously issued the 2014 Bonds in the initial aggregate principal amount of \$31,390,000, of which \$23,030,000 is currently outstanding.

B. The 2014 Bonds are payable from Net Revenues (as such term is defined in the 2014 Indenture).

C. The Authority has determined to issue its Refunding Revenue Bonds, Series 2022A (Taxable) (the “**2022A Bonds**”), a portion of the proceeds of which, together with other moneys as described in Section 1, will be applied to pay the regularly scheduled payments principal of and interest on the 2014 Bonds through August 1, 2024 (the “**Redemption Date**”), and to pay on the Redemption Date the principal of the 2014 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

D. The Authority will irrevocably deposit moneys with the Escrow Agent, which moneys will be used to purchase the securities that are described on Schedule A (the “**Federal Securities**”) (as permitted by, in the manner prescribed by and all in accordance with the 2014 Indenture). Such Federal Securities satisfy the criteria for “Federal Securities” set forth in Section 8.01 of the 2014 Indenture, and the principal of and interest on such Federal Securities when paid will provide money which will be fully sufficient to pay and discharge the 2014 Bonds.

**AGREEMENT**

SECTION 1. Deposit of Moneys. The Authority will cause The Bank of New York Mellon Trust Company, N.A., as trustee for the 2022A Bonds, to transfer a portion of the proceeds of the 2022A Bonds in the amount of \$\_\_\_\_\_ on the date of issuance of the 2022A Bonds to the Escrow Agent for deposit in the Escrow Fund established hereunder. In addition, on the date of issuance of the 2022A Bonds, the Authority will cause the 2014 Trustee to transfer \$\_\_\_\_\_ held in the \_\_\_\_\_ Fund established under the 2014 Indenture to the Escrow Agent for deposit in the Escrow Fund.

The Escrow Agent will hold such amounts in an irrevocable escrow separate and apart from other moneys of the Authority and the Escrow Agent in a fund hereby created and established to be known as the “**Escrow Fund**” and to be applied solely as provided in this Agreement. The Authority represents that the sum of the amounts set forth above are at least equal to an amount that is sufficient to purchase the Federal Securities listed on Schedule A, and to hold \$\_\_\_ uninvested as cash.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 and agrees immediately to invest such moneys in the Federal Securities listed on Schedule A and to deposit such Federal Securities in the Escrow Fund. The Escrow Agent shall be entitled to rely upon the conclusion of \_\_\_\_\_ (the “**Verification Agent**”) that the Federal Securities listed on Schedule A mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to pay the regularly scheduled payments principal of and interest on the 2014 Bonds through the Redemption Date, and to pay on the Redemption Date the principal of the 2014 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium.

SECTION 3. Investment of Any Remaining Moneys. At the written direction of the Authority, together with an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, to the effect that reinvestment is permitted under the legal documents in effect with respect to the 2014 Bonds and will not have an adverse effect on the tax status of the 2014 Bonds, the Escrow Agent shall reinvest any other amount of principal and interest, or any portion thereof, received from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein, in noncallable Federal Securities maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 5, at the written direction of the Authority, as verified in a report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the regularly scheduled payments principal of and interest on the 2014 Bonds through the Redemption Date, and to pay on the Redemption Date the principal of the 2014 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section which is not required for the purposes set forth in Section 5, as verified in the letter of the Verification Agent originally obtained by the Authority with respect to the refunding of the 2014 Bonds or in any other report prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the Authority promptly upon the receipt of such interest income by the Escrow Agent. The determination of the Authority as to whether an accountant qualifies under this Agreement shall be conclusive.

SECTION 4. Substitution of Securities. Upon the written request of the Authority, and subject to the conditions and limitations that are set forth herein and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities other Federal Securities, but only after the Authority has obtained and delivered to the Escrow Agent: (i) an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, to the effect that the substitution of securities is permitted under the legal documents in effect with respect to the 2014 Bonds and will not have an adverse effect on the tax status of the 2014 Bonds; and (ii) a report

by a firm of independent certified public accountants to the effect that the reinvestment described in said report will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the regularly scheduled payments principal of and interest on the 2014 Bonds through the Redemption Date, and to pay on the Redemption Date the principal of the 2014 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Agreement and in full compliance with the provisions hereof.

SECTION 5. Payment of 2014 Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall transfer funds to the 2014 Trustee in an amount sufficient to enable the 2014 Trustee to pay the regularly scheduled payments principal of and interest on the 2014 Bonds through the Redemption Date, and to pay on the Redemption Date the principal of the 2014 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium, all as indicated on Schedule A.

(b) Irrevocable Instructions to Provide Notice. The notices required to be mailed pursuant to Sections 2.04 and Section 8.01 of the 2014 Indenture are substantially in the forms attached hereto as Exhibits A and B. The Authority hereby irrevocably instructs the 2014 Trustee to mail: (i) a notice of redemption of the 2014 Bonds maturing after the Redemption Date substantially in the form attached hereto as Exhibit A at least 30 days prior to the Redemption Date to the parties described in and otherwise in accordance with Section 2.04 of the 2014 Indenture (including The Depository Trust Company and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"), maintained on the Internet at <http://emma.msrb.org/>); and (ii) a notice of defeasance of the 2014 Bonds in the form attached hereto as Exhibit B on the date of issuance of the 2022A Bonds to the parties described in and otherwise in accordance with Section 8.01 of the 2014 Indenture (including The Depository Trust Company and EMMA), as required to provide for the redemption and defeasance of the 2014 Bonds in accordance with this Section. The sole remedy for the 2014 Trustee's failure to post such notices on EMMA shall be an action in mandamus by the holders of the 2014 Bonds for specific performance or similar remedy to compel performance.

(c) Unclaimed Moneys. Any moneys in the Escrow Fund which remain unclaimed after the Redemption Date shall be repaid (without liability for interest) by the Escrow Agent to the Authority.

(d) Priority of Payments. The owners of the 2014 Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Agreement.

(e) Termination of Obligation. As provided in the 2014 Indenture, upon the deposit of moneys with the Escrow Agent in the Escrow Fund as set forth in Section 1 and the purchase of the Federal Securities as provided in Section 2: (i) the owners of the 2014 Bonds will cease to be entitled to the pledge of Net Revenues as provided in the 2014 Indenture, and all agreements, covenants and other obligations of the Authority to the owners of the 2014 Bonds under the 2014 Indenture will thereupon cease, terminate and become void and be discharged and satisfied;

(ii) the 2014 Bonds are deemed to have been paid in accordance with the 2014 Indenture; and (iii) the 2014 Bonds are no longer outstanding under the 2014 Indenture.

SECTION 6. Application of Certain Terms of the 2014 Indenture. All of the terms of the 2014 Indenture relating to the making of payments of principal of and interest on the 2014 Bonds and relating to the exchange or transfer of the 2014 Bonds are incorporated in this Agreement as if set forth in full herein. The procedures set forth in Article V of the 2014 Indenture relating to the resignation and removal and merger of the 2014 Trustee are also incorporated into this Agreement as if set forth in full herein and shall be the procedures to be followed with respect to any resignation or removal of the Escrow Agent hereunder.

SECTION 7. Performance of Duties. The Escrow Agent agrees to perform only the duties that are set forth herein and shall have no responsibility to take any action or omit to take any action that is not set forth herein.

SECTION 8. Escrow Agent's Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Agent shall have no power or duty to invest any funds that are held hereunder or to sell, transfer or otherwise dispose of the moneys or Federal Securities that are held hereunder.

SECTION 9. Indemnity. The Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the retention of the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's employees. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions that are contemplated hereby other than to each other as set forth in this Section. The indemnities that are contained in this Section shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

SECTION 10. Responsibilities of Escrow Agent. The Escrow Agent and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the 2014 Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent that is made in good faith in the conduct of its duties. The recitals of fact that are contained herein shall be taken as the statements of the Authority, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no

representation as to the sufficiency of the proceeds to accomplish the refunding of the 2014 Bonds or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Authority. The Escrow Agent shall incur no liability for losses arising from any investment made pursuant to this Agreement. The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

No provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Escrow Agent incumbency certificates listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding the fact that such directions conflict or

are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that they are fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the Authority with periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the Authority, provided that the Escrow Agent is not obligated to provide an accounting for any fund or account that: (a) has a balance of \$0.00; and (b) has not had any activity since the last reporting date. Upon the Authority's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of securities that is to be submitted pursuant to this Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the Authority with respect to escrowed funds which were to be invested in securities. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Authority. In the absence of investment instructions from the Authority, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the Authority's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 11. Amendments. This Agreement is made for the benefit of the Authority and the owners from time to time of the 2014 Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the Authority; provided, however, that the Authority and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement or the 2014 Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the 2014 Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Agreement additional funds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, with respect to compliance



with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the various 2014 Bonds or that any instrument that is executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Notice to Rating Agencies. In the event that this agreement or any provision thereof is severed, amended or revoked, the Escrow Agent, upon written instructions from the Authority, shall provide written notice in the form provided by the Authority of such severance, amendment or revocation to the rating agencies then rating the 2014 Bonds.

SECTION 13. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the 2014 Bonds have been paid in accordance with this Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 5(c) of this Agreement. Funds remaining in the Escrow Fund after payment in full of the 2014 Bonds shall be transferred to the Authority.

SECTION 14. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent, the Authority, and any other reasonable fees and expenses of the Escrow Agent; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien or assert any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services that are rendered or expenses incurred by the Escrow Agent under this Agreement.

SECTION 15. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void, shall be deemed separate from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 16. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 17. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA.

SECTION 18. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the office of the Escrow Agent are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

SECTION 19. Assignment. This Agreement shall not be assigned by the Escrow Agent or any successor thereto without the prior written consent of the Authority; provided, however, that no such consent shall be required with respect to an assignment effected pursuant to Section 20.

SECTION 20. Reorganization of Escrow Agent. Notwithstanding anything to the contrary contained in this Agreement, any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Escrow Agent is a party, or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Escrow Agent without execution or filing of any paper or any paper or further act, if such company is eligible to serve as Escrow Agent.

SECTION 21. Insufficient Funds. If at any time the Escrow Agent has actual knowledge that the moneys and investments in the Escrow Fund, including the anticipated proceeds thereof and earnings thereon, will not be sufficient to make all payments required by this Agreement, the Escrow Agent shall notify the Authority in writing of the amount thereof and the reason therefor to the extent known to it. The Escrow Agent shall have no responsibility regarding any such deficiency.

SECTION 22. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made, at the principal corporate trust office of the Escrow Agent at 100 Pine Street, Suite 3200, San Francisco, California 94111, Attention: Corporate Trust, Reference: Salinas Valley Solid Waste Authority 2014 Bonds. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or other electronic transmission, overnight mail or courier or mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the Authority at Salinas Valley Solid Waste Authority, 128 Sun Street, Suite 101, Salinas, California 93901, Attention: General Manager (or such other address as may have been filed in writing by the Authority with the Escrow Agent).

*[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

SALINAS VALLEY SOLID WASTE AUTHORITY

By: \_\_\_\_\_  
General Manager

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Escrow Agent and 2014  
Trustee

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE A**  
**FEDERAL SECURITIES**

Moneys deposited in the Escrow Fund shall be invested as follows:

<i>Security</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
[__]	[February 1, 2022] August 1, 2022 February 1, 2023 August 1, 2023 February 1, 2024 August 1, 2024	\$ [__]	[__]%

The escrow requirements for the 2014A Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Principal Redeemed</i>	<i>Interest</i>	<i>Total</i>
[February 1, 2022] August 1, 2022	\$0.00	\$0.00	\$[__]	\$[__]
February 1, 2023 August 1, 2023	0.00	0.00		
February 1, 2024 August 1, 2024	0.00	0.00		

The escrow requirements for the 2014B Bonds are as follows:

<i>Period Ending</i>	<i>Principal Paid</i>	<i>Interest</i>	<i>Total</i>
[February 1, 2022] August 1, 2022	\$0.00	\$[__]	\$[__]
February 1, 2023 August 1, 2023	0.00		

## EXHIBIT A

### NOTICE OF FULL OPTIONAL REDEMPTION

#### SALINAS VALLEY SOLID WASTE AUTHORITY REFUNDING REVENUE BONDS, SERIES 2014A (AMT)

BASE CUSIP 795036

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (the “2014 Bonds”), which were issued pursuant to the Master Indenture, dated as of January 1, 2014, together with a First Supplemental Indenture, dated as of January 1, 2014 (collectively, the “2014 Indenture”), each by and between the Salinas Valley Solid Waste Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2014 Trustee”), that 2014 Bonds maturing after August 1, 2024 in the aggregate principal amount of \$16,875,000 have been called for redemption on August 1, 2024 (the “Redemption Date”). The 2014 Bonds being refunded were originally issued on January 28, 2014 and are described in the following table.

<i>Principal Payment Date (August 1)</i>	<i>CUSIP®<sup>†</sup> (795036)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Redemption Price</i>
2025	BT8	\$ 2,265,000	5.500%	100%
2026	BU5	2,395,000	5.500	100
2027	BV3	2,335,000	5.500	100
2031	BW1	<u>9,880,000</u>	5.500	100
TOTAL		\$16,875,000		

The 2014 Bonds will be payable on the Redemption Date at a Redemption Price of 100% of the principal amount thereof plus accrued interest thereon to such date (the “Redemption Price”). The Redemption Price of the 2014 Bonds will become due and payable on the Redemption Date. Interest with respect to the 2014 Bonds will cease to accrue and be payable from and after the Redemption Date, and such 2014 Bonds will be surrendered to the 2014 Trustee. Funds are held on deposit on the date hereof in an amount sufficient to pay the Redemption Price of the 2014 Bonds.

To receive payment on the Redemption Date, owners of the 2014 Bonds being refunded should present and to surrender said 2014 Bonds on the Redemption Date at the address of the 2014 Trustee set forth below:

#### **First Class/Registered/Certified/Express/By Hand**

BNY Mellon Corp Trust  
Attn: Transfers/Redemption  
2001 Bryan Street 10th Floor  
Dallas, TX 75201

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Authority nor its agents or counsel assume responsibility for the accuracy of such numbers.

A form W-9 must be submitted with the 2014 Bonds being refunded. Failure to provide a completed form W-9 will result in backup withholding pursuant to law. Under the Tax Cuts and Jobs Act, 24% will be withheld if the tax identification number is not properly certified.

If the owner of any 2014 Bond being refunded fails to deliver such 2014 Bond to the 2014 Trustee on the Redemption Date, such 2014 Bond shall nevertheless be deemed redeemed on the Redemption Date and the owner of such 2014 Bond shall have no rights in respect thereof except to receive payment of the Redemption Price from funds held by the 2014 Trustee for such payment.

*Note: The Authority and the 2014 Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness in the notice or as printed on any 2014 Bond. They are included solely for the convenience of the holders.*

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as 2014 Trustee

July 1, 2024

## EXHIBIT B

### NOTICE OF DEFEASANCE

SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BONDS, SERIES 2014A (AMT)

AND

SALINAS VALLEY SOLID WASTE AUTHORITY  
REFUNDING REVENUE BONDS, SERIES 2014B (TAXABLE)

BASE CUSIP 795036

NOTICE IS HEREBY GIVEN to the owners of the above-captioned obligations (collectively, the “2014 Bonds”), which were issued pursuant to the Master Indenture, dated as of January 1, 2014, together with a First Supplemental Indenture, dated as of January 1, 2014 and a Second Supplemental Indenture, dated as of January 1, 2014 (collectively, the “2014 Indenture”), each by and between the Salinas Valley Solid Waste Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2014 Trustee”), that the Authority has caused to be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), cash and federal securities, the principal of and interest on which when paid will provide an amount sufficient to pay the regularly scheduled payments principal of and interest on the 2014 Bonds through August 1, 2024 (the “**Redemption Date**”), and to pay on the Redemption Date the principal of the 2014 Bonds maturing after the Redemption Date, plus interest with respect thereto accrued through the Redemption Date, without premium. The 2014 Bonds were originally issued on January 28, 2014 and are described in the below table.

#### *2014A Bonds*

<i>Principal Payment Date (August 1)</i>	<i>CUSIP®<sup>†</sup> (795036)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
2022	BQ4	\$ 1,545,000	5.000%
2023	BR2	1,630,000	5.000
2024	BS0	2,155,000	5.000
2025	BT8	2,265,000	5.500
2026	BU5	2,395,000	5.500
2027	BV3	2,335,000	5.500
2031	BW1	<u>9,880,000</u>	5.500
TOTAL		\$16,875,000	

#### *2014B Bonds*

2022	CF7	\$405,000	4.641%
2023	CG5	<u>420,000</u>	4.841
TOTAL		\$825,000	

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In accordance with the 2014 Indenture, given the deposit of moneys with the Escrow Agent as described above: (i) the owners of the 2014 Bonds have ceased to be entitled to the pledge of Net Revenues as provided in the 2014 Indenture, and all agreements, covenants and other obligations of the Authority to the owners of the 2014 Bonds under the 2014 Indenture have thereupon ceased, terminated and become void and been discharged and satisfied; (ii) the 2014 Bonds are deemed to have been paid in accordance with the 2014 Indenture; (iii) the 2014 Bonds are no longer outstanding under the 2014 Indenture; and (iv) all obligations of the Authority under the Continuing Disclosure Certificate, dated as of January 1, 2014, relating to the 2014 Bonds, are hereby terminated.

No representation is made as to the correctness of the CUSIP number either as printed on any 2014 Bond or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for defeasance or redemption of the 2014 Bonds.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as 2014 Trustee

February \_\_, 2022



## **SALINAS VALLEY SOLID WASTE AUTHORITY**

### **Disclosure Policies and Procedures**

#### **Article I** ***General***

These Disclosure Policies and Procedures (the “**Disclosure Procedures**”) of the Salinas Valley Solid Waste Authority (the “Authority”) are intended to ensure that the Authority is in compliance with all applicable federal and state securities laws.

#### **Article II** ***Disclosure Coordinator***

The chief financial officer of the Authority shall be the disclosure coordinator of the Authority (the “**Disclosure Coordinator**”).

#### **Article III** ***Review and Approval of Official Statements***

The Disclosure Coordinator of the Authority, together with disclosure counsel, shall prepare the Official Statement in connection with any debt issuance by the Authority, ensuring that there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the Authority.

In connection with its review of the Official Statement, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting the Authority, and all members of Authority staff, to the extent that the Disclosure Coordinator concludes they should be consulted so that the Official Statement will include all “material” information (as defined for purposes of federal securities law), and not omit any “material” information which is required in the official statement so that the statements therein are not misleading or incomplete.

As part of the review process, the Disclosure Coordinator shall submit all Official Statements to the Authority Board for approval. The cover letter used by the Disclosure Coordinator to submit the Official Statements shall be in substantially the form of Exhibit A.

The approval of an Official Statement by the Authority Board shall be docketed as a new business matter and shall not be approved as a consent item. The Authority Board shall undertake such review as deemed necessary by the Authority Board, following consultation with the Disclosure Coordinator, to fulfill the Authority Board’s responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with the Authority’s disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

## **Article IV**

### ***Continuing Disclosure Filings***

Under the continuing disclosure undertakings that the Authority has entered into in connection with its debt offerings, the Authority is required each year to file annual reports with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("**EMMA**") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and the Authority's audited financial statements.

The Authority is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention or one or more consultants) by which:

- (i) the Authority will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- (ii) the Authority will file notices of enumerated events on a timely basis.

## **Article V**

### ***Public Statements Regarding Financial Information***

The Authority shall maintain a single point of contact (the Disclosure Coordinator) for inquiries from investors and public statements. Whenever the Authority makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the Authority is obligated to ensure that such statements and information are complete, true, and accurate in all material respects. The Authority shall disseminate information provided to individual investors (in response to questions) to all investors via the EMMA system where practicable.

## **Article VI**

### ***Training***

The Disclosure Coordinator shall ensure that the members of the Authority staff involved in the initial or continuing disclosure process and the Authority Board are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for disclosure training sessions conducted by the Authority's disclosure counsel. Such training sessions shall include education on these Disclosure Procedures, the Authority's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the Authority's staff and members of the Authority Board. Such training sessions may be conducted using a recorded presentation.



## EXHIBIT A

### Form of Staff Report

**To:** Members of the Authority Board

**From:**

**Date:** \_\_\_\_\_

This Staff Report relates to the proposed issuance of \_\_\_\_\_ (the “Obligations”) by the Authority. The Authority Board is asked to approve issuance of the Obligations and all related documents. The near-final versions of these documents are attached.

The attached Preliminary Official Statement has been reviewed and approved for transmittal to the Authority Board by the Authority’s finance team. The distribution of the Preliminary Official Statement by the Authority is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Obligations. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Obligations. If the Authority Board concludes that the Preliminary Official Statement includes all facts that would be material to an investor in the Obligations, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the Preliminary Official Statement has been “deemed final.”

The Securities and Exchange Commission (the “SEC”), the agency with regulatory authority over the Authority’s compliance with the federal securities laws, has issued guidance as to the duties of the Authority Board with respect to its approval of the Preliminary Official Statement. In its “Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors” (Release No. 36761 / January 24, 1996) (the “Release”), the SEC indicated that, if a member of the Authority Board has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Obligations, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC indicated that the steps that a member of the Authority Board could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.

# Presentation to



January 2022



# Summary of Prior Bonds

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- In 2014 SVSWA issued \$31.39 million to refinance its 2002 bonds and prepay the balance of its Crazy Horse loans
  - The 2002 bonds were used to finance improvements to the Crazy Horse, Lewis Road, Jolon Road and Johnson Canyon landfills
- \$23.03 million remains outstanding with an interest rates at approximately 5.45%
- With a final maturity of 8/1/2031, the bonds could be prepaid on 8/1/2024
- Under current federal tax laws, a tax-exempt refinancing can only be completed in 2024
- However, because of all-time low interest rates, many agencies have refinanced their bonds with taxable interest rates
  - The SVSWA could issue taxable refinancing bonds at approximately 1.82% today

# Refinancing Option 1: Level Savings

## Current Market Rates <sup>(1)</sup>

Option 1: Level Savings				
Fiscal Year	2014 Bonds Debt Service	2022 Bonds Debt Service*	Annual Savings	Persent Value Savings
	A	B	C = A-B	D = PV of C
2023	\$3,135,730	\$3,002,708	\$133,023	\$128,448
2024	3,136,791	3,004,055	132,736	126,180
2025	3,137,000	2,994,643	142,357	133,396
2026	3,130,838	2,991,910	138,928	128,112
2027	3,132,688	2,993,351	139,336	126,515
2028	2,942,613	2,800,266	142,347	127,259
2029	2,750,975	2,609,477	141,499	124,485
2030	2,752,550	2,610,191	142,359	123,269
2031	2,751,838	2,611,731	140,107	119,409
2032	2,748,563	2,609,541	139,022	116,643
<b>Total</b>	<b>\$29,619,584</b>	<b>\$28,227,872</b>	<b>\$1,391,712</b>	<b>\$1,253,715</b>

## Current Market Rates *Plus 15bps* <sup>(1)</sup>

Option 1: Level Savings				
Period Ending	2014 Bonds Debt Service	2022 Bonds Debt Service*	Annual Savings	Persent Value Savings
	A	B	C = A-B	D = PV of C
2023	\$3,135,730	\$3,023,440	\$112,291	\$107,717
2024	3,136,791	3,022,709	114,082	107,702
2025	3,137,000	3,014,470	122,531	113,957
2026	3,130,838	3,012,848	117,990	107,854
2027	3,132,688	3,010,326	122,362	110,104
2028	2,942,613	2,823,275	119,338	105,564
2029	2,750,975	2,628,647	122,328	106,420
2030	2,752,550	2,630,530	122,020	104,371
2031	2,751,838	2,633,036	118,802	99,919
2032	2,748,563	2,626,659	121,904	100,847
<b>Total</b>	<b>\$29,619,584</b>	<b>\$28,425,938</b>	<b>\$1,193,646</b>	<b>\$1,064,454</b>

(1) Preliminary; Subject to change. Assumes rates as of December 14, 2021.

# Refinancing Option 2: Shorten Maturity by 1 year

## Current Market Rates <sup>(1)</sup>

Option 2: Level Debt Service; Shorten by 1 Year				
Fiscal Year	2014 Bonds Debt Service	2022 Bonds Debt Service*	Annual Savings	Persent Value Savings
	A	B	C = A-B	D = PV of C
2023	\$3,135,730	\$3,109,997	\$25,733	\$22,144
2024	3,136,791	3,110,024	26,768	23,115
2025	3,137,000	3,109,445	27,555	23,785
2026	3,130,838	3,105,113	25,725	22,008
2027	3,132,688	3,109,657	23,031	19,491
2028	2,942,613	3,107,668	(165,056)	(151,183)
2029	2,750,975	3,108,867	(357,892)	(320,104)
2030	2,752,550	3,108,797	(356,247)	(312,736)
2031	2,751,838	3,108,671	(356,834)	(307,436)
2032	2,748,563	-	2,748,563	2,321,953
<b>Total</b>	<b>\$29,619,584</b>	<b>\$27,978,238</b>	<b>\$1,641,346</b>	<b>\$1,341,037</b>

## Current Market Rates *Plus 15bps* <sup>(1)</sup>

Option 2: Level Debt Service; Final Maturity in 2030 <sup>1</sup>				
Period Ending	2014 Bonds Debt Service	2022 Bonds Debt Service*	Annual Savings	Persent Value Savings
	A	B	C = A-B	D = PV of C
2/1/23	\$3,135,730	\$3,135,462	\$268	(\$3,227)
2/1/24	3,136,791	3,128,207	8,584	5,286
2/1/25	3,137,000	3,128,614	8,387	5,328
2/1/26	3,130,838	3,130,161	677	(1,612)
2/1/27	3,132,688	3,130,464	2,224	208
2/1/28	2,942,613	3,129,119	(186,506)	(169,319)
2/1/29	2,750,975	3,125,834	(374,859)	(332,068)
2/1/30	2,752,550	3,126,130	(373,580)	(324,336)
2/1/31	2,751,838	3,126,153	(374,316)	(318,478)
2/1/32	2,748,563	-	2,748,563	2,289,458
<b>Total</b>	<b>\$29,619,584</b>	<b>\$28,160,142</b>	<b>\$1,459,442</b>	<b>\$1,151,240</b>

(1) Preliminary; Subject to change. Assumes rates as of December 14, 2021.



## **IMPORTANT INFORMATION: PLEASE REVIEW**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, as a municipal advisor, Campanile Group, Inc (“Campanile Group”) have important duties to clients with respect to the municipal advisory services we provide. Under Municipal Securities Rulemaking Board Rules G-42(b), we are providing these disclosures to you which include a description of actual or potential conflicts of interest, and a description of how to access our SEC Form MA and the Forms MA-I for our professionals.

### **Representations and Conflict of Interest**

MSRB Rule G-42 requires that municipal advisors provide disclosures relating to all material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. To the extent any material conflicts of interest arise after the date of this disclosure, Campanile Group will provide information with respect to such conflicts in writing. Campanile Group makes the following representations with regard to any advice provided in these materials:

A conflict may arise to the extent that any compensation to be paid to Campanile Group is based on the size of the project or financing and/or is contingent on the completion of the project or financing. While this form of compensation is customary in the market for municipal advisory services, this may present conflict of interest as we would have an incentive to recommend to our client a project or financing that is unnecessary or provides insufficient benefit or an incentive to advise our client to increase the size of the project or financing. This potential conflict is mitigated by Campanile Group’s duties to our clients.

A conflict may arise to the extent that a client of Campanile Group has been employed to provide services to a client in addition to its municipal advisory services. This has the potential to result in a conflict of interest by creating an incentive for Campanile Group to recommend to our client a course of action that would increase the client’s need for the additional services or conversely that would discourage a course of action that would decrease the client’s need for the additional services. The conflict is mitigated by Campanile Group’s duties to our clients. Moreover, if Campanile Group makes a recommendation that could influence the level of other services that we provide to the client, Campanile Group will consider alternatives to the recommendation, which will be disclosed to our client.

### **Information Regarding Legal Events and Disciplinary Actions**

MSRB Rule G-42 requires that municipal advisors provide their clients disclosures of legal or disciplinary events material to the evaluation of the municipal advisor or the integrity of the municipal advisor’s management or advisory personnel. Campanile Group sets out required disclosures and related information below:

- A. There are no legal or disciplinary events material to a potential client’s evaluation of Campanile Group or the integrity of Campanile Group’s management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I with the Securities and Exchange Commission (the “SEC”).
- B. Campanile Group’s most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC’s EDGAR system at <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001803185>



## Report to the Executive Committee

### ITEM NO. 4

Finance and Administration  
Manager/Controller-Treasurer

General Manager/CAO

N/A

Authority General Counsel

**Date:** January 6, 2022

**From:** C. Ray Hendricks, Finance and Administration  
Manager

**Title:** Request for FY 2022-23 Preliminary Budget  
Direction

### RECOMMENDATION

Staff requests that the Executive Committee provide input and recommends forwarding item to the Board of Directors for discussion.

### DISCUSSION & ANALYSIS

Staff would like feedback from the Executive Committee on the assumptions, rate changes, and potential ways to maintain a balanced budget. Following are the key increases and staff recommendations for a balanced the budget.

#### Budget Summary

The preliminary budget has the following assumptions:

- Madison Lane will be ready for the Authority to relocate AB939 programs.
- Sun Steet will close by July 1, 2022
- The Authority will begin providing hauling services to Republic Services for solid waste transferred from Madison Lane to Johnson Canyon on July 1, 2022.
- Atlas Organics will begin compost operations at Johnson Canyon on July 1, 2022.

The Proposed Budget is balanced. However, final amounts for debt service and organics are not known at this time.

The 2022 bond debt schedule will not be known until the new Bonds are released at the end of February 2022. Staff used the current scheduled debt service as a place holder for budgeting purposes.

At the December Board meeting, the Board provided staff direction to negotiate a contract with Atlas Organics for the processing of compost at the Johnson Canyon Landfill beginning July 1, 2022. Preliminary estimates require a greenwaste tipping fee of \$60.38/ton for all customers to fully fund the program. However, we do expect this rate to come down as the volume of organics diverted are increased through our SB 1383 plan implementation. In order to minimize the rate impact, staff is recommending an initial rate of \$57.00/ton.

Following is a summary of the key rates and the adjustments necessary to balance the budget. The greenwaste tipping fee is preliminary and pending final rate negotiations and sharing of capital investment expenses with the selected vendor (Atlas Organics).

	2021-22 RATES	2022-23 PROPOSED RATES	TOTAL INCREASE %
SOLID WASTE	68.50	64.75	-5.5%
GREENWASTE- SELF HAUL	48.00	57.00	18.8%
GREENWASTE- FRANCHISE	50.00	57.00	14.0%
C&D	68.50	64.75	-5.5%
SLUDGE	36.00	64.75	79.9%
WOODWASTE	48.00	57.00	18.8%
TRANSPORTATION SURCHARGE	18.75	18.75	0.0%
CLEAN FILL DIRT	68.50	64.75	-5.5%
AB939	3,460,000	3,633,000	5.0%

Following is a consolidated summary of the proposed budget changes.

	2021-22 BUDGET	2022-23 PROPOSED BUDGET	INCREASE/ (DECREASE)
<u>BUDGETED REVENUE</u>			
OPERATING REVENUES	23,271,850	23,514,900	243,050
USE OF ONE TIME SURPLUS	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
TOTAL BUDGETED REVENUE	<u>23,371,850</u>	<u>23,514,900</u>	<u>143,050</u>
<u>BUDGETED EXPENDITURES</u>			
OPERATING EXPENDITURES	16,441,000	16,524,200	83,200
ESTIMATED SET ASIDE (NEW CELL)	1,050,000	1,045,000	(5,000)
DEBT SERVICE	3,134,000	3,135,800	1,800
POST CLOSURE	1,070,000	1,070,000	-
CIP ALLOCATION	<u>1,670,000</u>	<u>1,725,000</u>	<u>55,000</u>
TOTAL BUDGETED EXPENDITURES	<u>23,365,000</u>	<u>23,500,000</u>	<u>135,000</u>
BALANCE USED FOR RESERVES	<u>6,850</u>	<u>14,900</u>	<u>8,050</u>

## **Revenue Increases (\$243,050)**

Revenues are projected to increase 1.0% in total. The following table summarizes the projected increases.

ML HAULING FEES	2,122,000
GREENWASTE	551,300
AB939 FEE INCREASE	173,000
TRANSPORTATION SURCHARGE	(1,231,800)
SOLID WASTE TIPPING FEES	(852,300)
TONNAGE REDUCTIONS	(452,350)
OTHER REVENUE REDUCTIONS	(66,800)
<b>TOTAL REVENUE INCREASES</b>	<b><u>243,050</u></b>

### ML Hauling Fees (\$2,122,000)

At the September 16, 2021 meeting, the Board approved a resolution approving a Master Transportation Services Agreement with Republic Services of Salinas to Provide Transfer Services for Materials Destined for Processing or Disposal at the Johnson Canyon Landfill at \$15.55/ton rate with built in CPI increases. Staff is estimating 136,500 tons of solid waste being transferred out of Madison Lane – the current amount of franchise being accepted at both Sun Street and Madison Lane Transfer Stations, in addition to half of the self-haul material being accepted at Sun Street.

### Greenwaste Tipping Fees (\$551,300)

At the December 16, 2021 meeting, the Board directed staff to negotiate a contract with Atlas Organics. Preliminary estimates require a rate of \$60.38/ton at 45,000 tons processed. However, staff has written the budget using an initial rate of \$57/ton, with the assumption that total tonnage diverted will increase program economies of scale and reduce this rate over the course of the next one to two fiscal years. The increased equalized rate for all customers will result in \$551,300 in increased revenues.

### AB939 Increase (\$173,000)

Using one-time funds, the Board approved an additional \$100,000 funding for SB1383 programs. Funding is now needed to continue these programs, along with incremental increases of the ongoing programs. An increase of \$173,000 still leave close to \$840,000 in AB939 programs that are funded through solid waste tipping fees. Future increases will be recommended to be applied to AB939 fees until the program is fully self-funded.

### Transportation Surcharge (-\$1,231,800)

With the closure of Sun Street, the Authority will no longer be transporting material out of the Sun Street Transfer Station for Republic Services. This results in a reduction of \$1,231,800 in revenue.

### Solid Waste Tipping Fees (-\$852,300)

As part of the Master Services Agreement with Republic, mentioned above, the Authority committed to reducing its tipping fee to \$64.75 for FY 2022-23. This tipping fee reduction, along with a slight tonnage estimate decrease results in a reduction of \$852,300 in revenues.

#### Tonnage Reductions (-\$452,350)

With the closure of Sun Street, staff is expecting a reduction of 50% of the self-haul material accepted at Sun Street. Staff is hopeful that in time the material will return to the system. This reduction results in a reduction of \$452,350 in revenue.

#### Other Revenue Adjustments (-\$66,800)

The net impact of all other revenues is a decrease of **\$66,800**.

#### **Budgeted Expenditure Increases (\$135,000)**

JC Operations/ECS	202,900
Payroll Increases (Net)	135,500
Insurance	110,900
Organics Program	56,700
Closure of SS/ML Operations	(451,900)
All Other Increases / (Decreases)	<u>25,900</u>
Total Operating Budget Increase	80,000
Total CIP Budget Increase	55,000
<b>Total Increases Funded from Operations</b>	<b>\$ 135,000</b>

#### JC Operations/ECS (\$202,900)

Increased fuel, maintenance and other regulatory requirement compliance costs at the landfill require an addition \$202,900 in funding.

#### Payroll Increase (\$135,500)

The closure of Sun Street will result in a reduction of allocated staffing by three positions. However, with expected increases in salary and benefits staff is currently expecting the payroll budget to increase by \$135,500

#### Insurance Increases (\$110,900)

The last two years have included substantial insurance increases. Staff is allocating an additional \$110,900 for insurance premium increases for FY 2022-23

#### Organics Program

At the December 16, 2021 meeting, the Board directed staff to negotiate a contract with Atlas Organics. Staff is estimating 45,000 tons to be processed in FY 2022-23, a decrease of 5,000 tons. However, the higher rate of the new vendor will increase the organics budget by \$56,700.

#### Closure of SS/ML Operations (-\$451,900)

The closure of Sun Street and leasing space at Madison Lane in order to continue providing AB939 programs, along with the updated budget to begin transferring solid waste from Madison Lane to Johnson Canyon for Republic Services results in a net decrease of \$451,900 to the operating budget.

#### Debt Service

Staff is currently working on refunding the 2014 debt service. Final schedules payment amounts will not be known until late February. Staff is using the current debt service schedule as a place holder for budgeting purposes and will update the amounts in the final budget.

### CIP/Post-Closure Budget

The CIP Budget is expected to increase by **\$55,000**. The Authority tries to fund known capital from operations on a save-as-you-go basis. For some projects, this requires allocating funds to CIPs over several years. The year-over-year changes are shown in summary on the table below.


	FY 2021-22 Approved CIP Allocation	FY 2022-23 Proposed CIP Allocation	Change
<i>Equipment Replacement</i>	1,120,000	1,150,000	30,000
<i>Post Closure Maintenance (3 sites)</i>	1,070,000	1,070,000	-
<i>Diversion Programs</i>	275,000	225,000	(50,000)
<i>JC Landfill Improvements</i>	150,000	225,000	75,000
<i>Roadway Maintenance/Improvements</i>	100,000	100,000	-
<i><u>JR Transfer Station Improvements</u></i>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<i>Total CIP Allocation</i>	2,740,000	2,795,000	55,000
<i>Estimated New Cell Set Aside @\$5.00/ton (Included in Operating Budget)</i>	<u>1,050,000</u>	<u>1,045,000</u>	<u>(5,000)</u>
<i>Total CIP/Set Asides</i>	<u>3,790,000</u>	<u>3,840,000</u>	<u>50,000</u>

### **BACKGROUND**

The budget process begins in January with a budget direction presentation. The feedback provided by the Board is incorporated into the Preliminary Budget presented in February, with a rate hearing and final budget being presented in March for final adoption. This allows franchise waste haulers to begin their scheduled rate setting process in April.

### **ATTACHMENT(S)**

1. Power Point Presentation



Item No. 4

# FY 2022-23


## Request for Budget Direction

January 6, 2022

1

### Budget Assumptions

- New Composting operator effective July 1, 2022
- Equalization of Organics Rates for all Member Agencies
- Closure of Sun Street Operations
  - Relocate AB939 programs to Madison Lane
  - Transfer ML solid waste effective 07-01-2022
  - Reduction of SS Tonnage by 50%



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## Staffing Allocation Changes

Scalehose Cashier	(1)
Currently Vacant	
Heavy Equipment Operator Lead	(2)
Will take over currently vacant positions	
Total Staffing Allocation Changes	(3)



3

## Budget Summary

	2021-22 BUDGET	2022-23 PROPOSED BUDGET	INCREASE/ (DECREASE)
<b><u>BUDGETED REVENUE</u></b>			
OPERATING REVENUES	23,271,850	23,514,900	243,050
USE OF ONE TIME SURPLUS	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
TOTAL BUDGETED REVENUE	<u>23,371,850</u>	<u>23,514,900</u>	<u>143,050</u>
<b><u>BUDGETED EXPENDITURES</u></b>			
OPERATING EXPENDITURES	16,441,000	16,524,200	83,200
ESTIMATED SET ASIDE (NEW CELL)	1,050,000	1,045,000	(5,000)
DEBT SERVICE	3,134,000	3,135,800	1,800
POST CLOSURE	1,070,000	1,070,000	-
CIP ALLOCATION	<u>1,670,000</u>	<u>1,725,000</u>	<u>55,000</u>
TOTAL BUDGETED EXPENDITURES	<u>23,365,000</u>	<u>23,500,000</u>	<u>135,000</u>
BALANCE USED FOR RESERVES	<u>6,850</u>	<u>14,900</u>	<u>8,050</u>



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## FY 2021-22 Projected Total Budget Increase

JC Operations/ECS	202,900
Payroll Increases (Net)	135,500
Insurance	110,900
Organics Program	56,700
Closure of Sun Street/ML Operations	(451,900)
All Other Increases / (Decreases)	<u>25,900</u>
Total Operating Budget Increase	\$ 80,000



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## Debt Service Schedule

FY	Bond 2014A	Bond 2014B	Capital Lease	Total Debt Payments
2014-15	1,487,418	433,458	414,901	2,335,777
2015-16	1,475,125	433,523	960,373	2,869,021
2016-17	1,475,125	432,695	797,594	2,705,414
2017-18	1,616,500	434,771	797,594	2,848,865
2018-19	2,701,250	434,728	797,594	3,933,572
2019-20	2,701,375	432,640	212,663	3,346,678
2020-21	2,703,125	433,574	-	3,136,699
2021-22	2,701,375	432,581	-	3,133,956
2022-23	2,701,000	434,730	-	3,135,730
2023-24	2,706,625	430,166	-	3,136,791
2024-25	3,137,000	-	-	3,137,000
2025-26	3,130,838	-	-	3,130,838
2026-27	3,132,688	-	-	3,132,688
2027-28	2,942,613	-	-	2,942,613
2028-29	2,750,975	-	-	2,750,975
2029-30	2,752,550	-	-	2,752,550
2030-31	2,751,838	-	-	2,751,838
2031-32	2,748,563	-	-	2,748,563



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## CIP/Post Closure Budget

	FY 2021-22 Approved CIP Allocation	FY 2022-23 Proposed CIP Allocation	Change
Equipment Replacement	1,120,000	1,150,000	30,000
Post Closure Maintenance (3 sites)	1,070,000	1,070,000	-
Diversion Programs	275,000	225,000	(50,000)
JC Landfill Improvements	150,000	225,000	75,000
Roadway Maintenance/Improvements	100,000	100,000	-
JR Transfer Station Improvements	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total CIP Allocation	2,740,000	2,795,000	55,000
Estimated New Cell Set Aside @\$5.00/ton (Included in Operating Budget)	<u>1,050,000</u>	<u>1,045,000</u>	<u>(5,000)</u>
Total CIP/Set Asides	<u>3,790,000</u>	<u>3,840,000</u>	<u>50,000</u>



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## Projected Revenue Changes

ML Hauling Fees	2,122,000
Greenwaste	551,300
AB939 Fee Increase	173,000
Transportation Surcharge	(1,231,800)
Solid Waste Tipping Fees	(852,300)
Tonnage Reductions	(452,350)
Other Revenue Reductions	<u>(66,800)</u>
Total Revenue Increase	\$ 243,050



8

## Key Rates

	2021-22 RATES	2022-23 PROPOSED RATES	TOTAL INCREASE %
SOLID WASTE	68.50	64.75	-5.5%
GREENWASTE- SELF HAUL	48.00	57.00	18.8%
GREENWASTE- FRANCHISE	50.00	57.00	14.0%
C&D	68.50	64.75	-5.5%
SLUDGE	36.00	64.75	79.9%
WOODWASTE	48.00	57.00	18.8%
TRANSPORTATION SURCHARGE	18.75	18.75	0.0%
CLEAN FILL DIRT	68.50	64.75	-5.5%
AB939	3,460,000	3,633,000	5.0%



9



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## Report to the Executive Committee

**Date:** January 6, 2022  
**From:** Monica Ambriz, Human Resources Supervisor  
**Title:** 2021 Employee Survey Results

### ITEM NO. 5

N/A

Finance and Administration  
Manager/Controller-Treasurer

N/A

General Manager/CAO

N/A

Authority General Counsel

## THE ATTACHED PRESENTATION WILL BE GIVEN AT THE MEETING

### Attachment

1. Power Point Presentation



## 2021 Employee Survey

By: Monica Ambriz  
Human Resources Supervisor

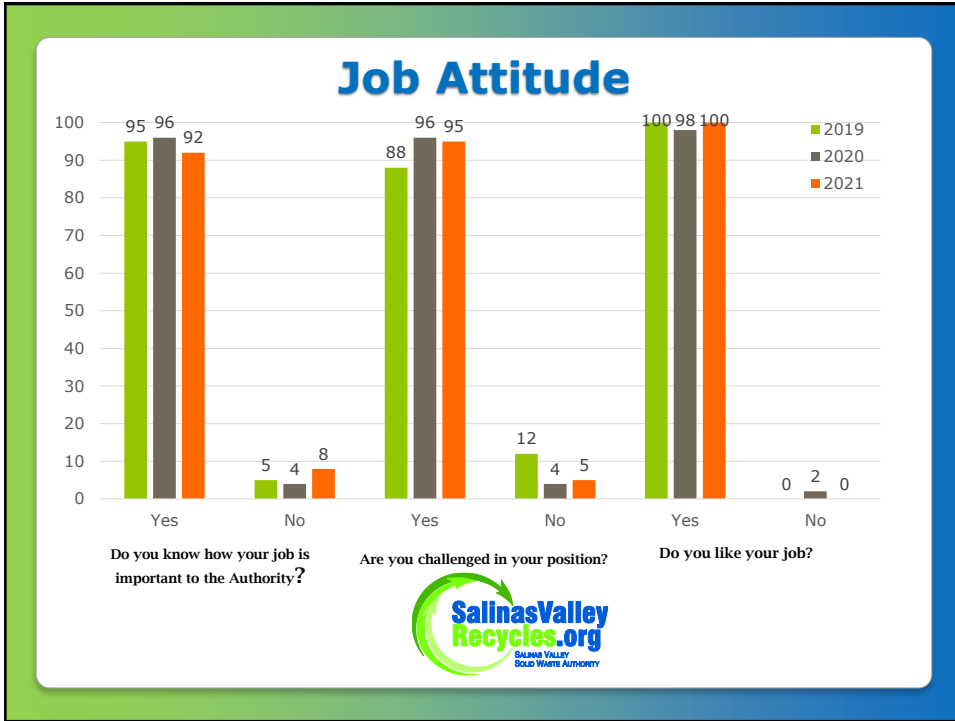
1

### Goal of Survey

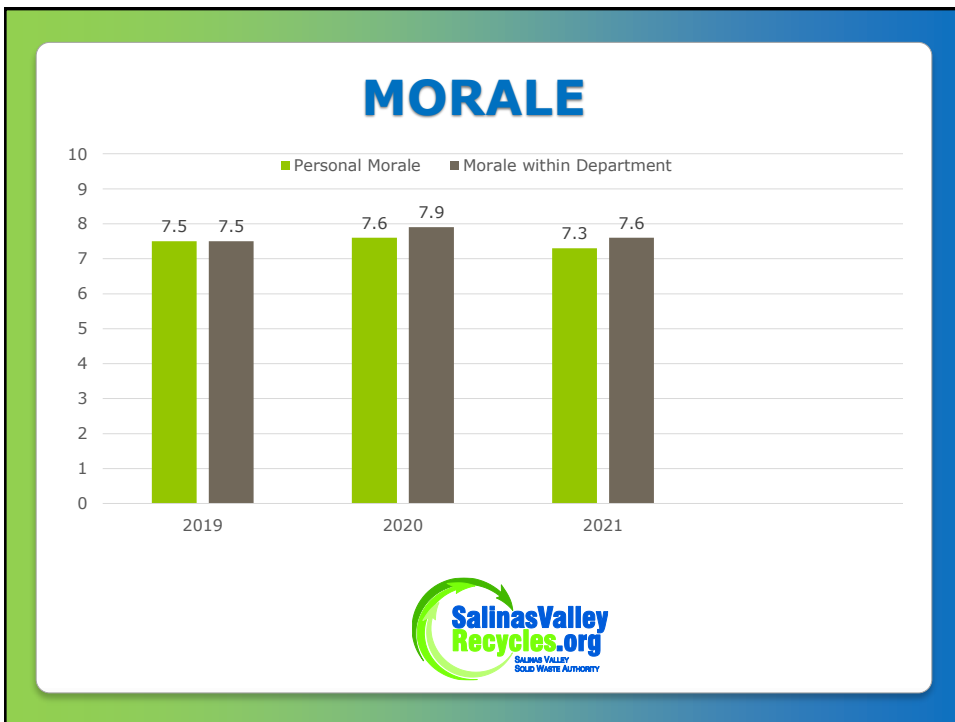
- Measure employees:
  - Job Satisfaction
  - Morale
  - Our Organization
  - Engagement
  - Benefits
- Collect ideas for improvement
- Determine any trends



2

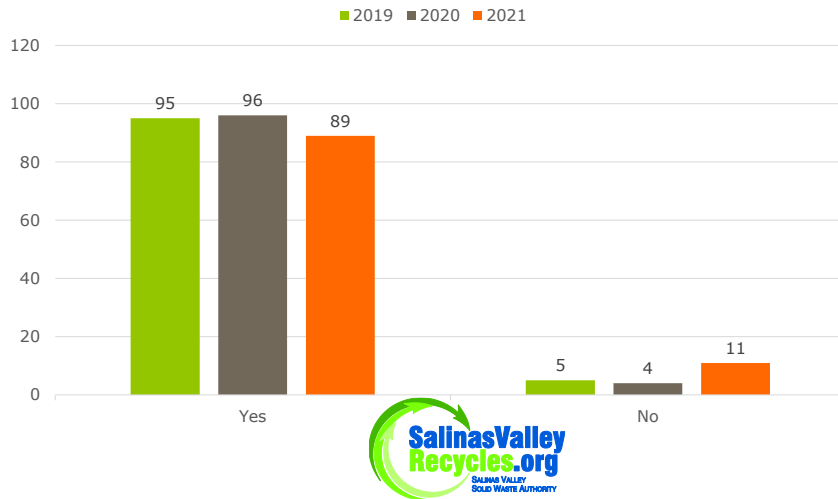


3



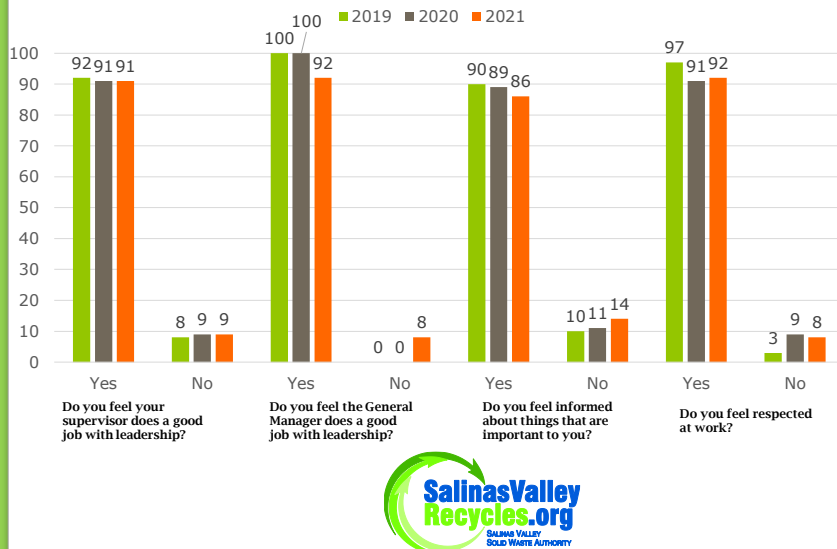
4

## DO YOU KNOW THE MISSION, VISION & GOALS OF AUTHORITY

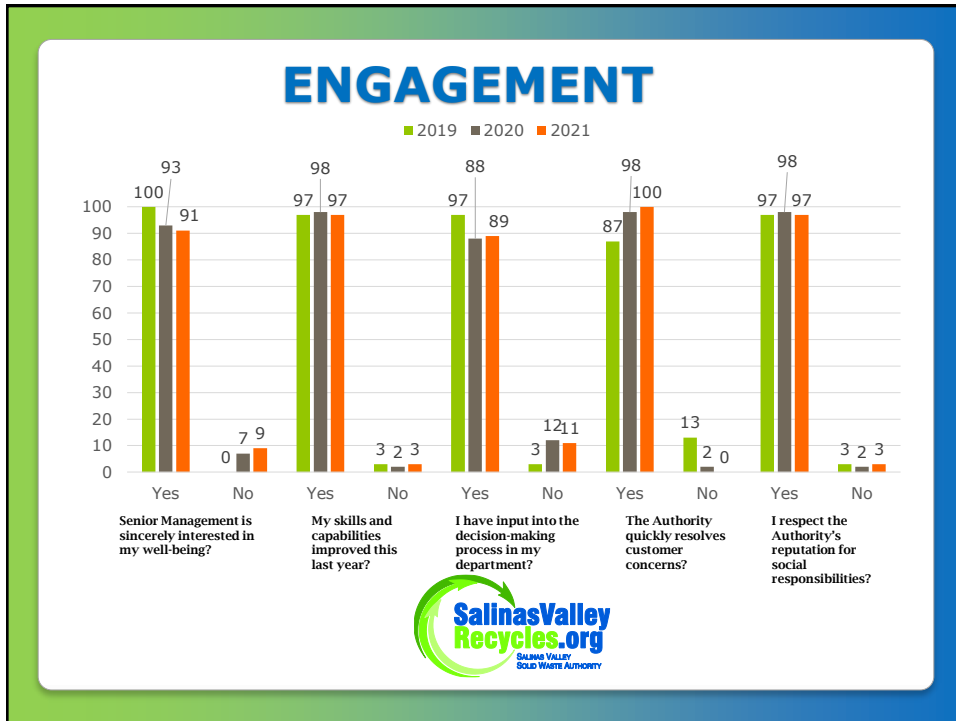


5

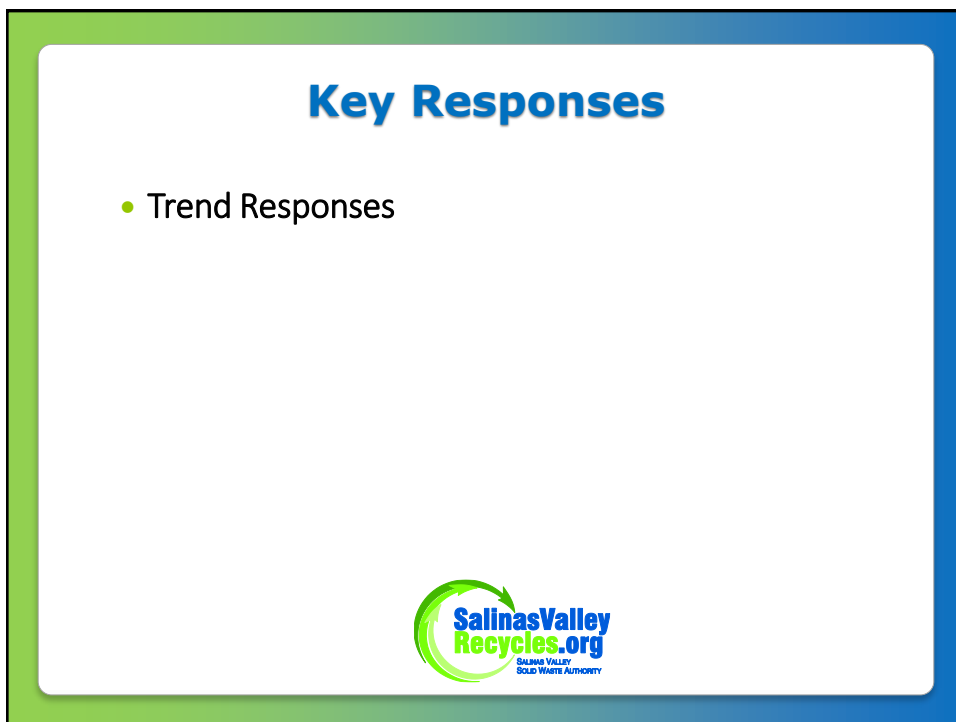
## GENERAL ATTITUDE



6



7



8



## Next Steps

- Each department will meet with their respective managers to gather initiatives for improvement
- Managers and staff to continue with recommending improvements
- Use the survey as benchmark for improving next years responses



## SVR Agenda Item - View Ahead 2022

	Jan	Feb	Mar	Apr	May	June
A	Election of Officers					
1	Minutes	Minutes	Minutes	Minutes	Minutes	Minutes
2	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)	Claims/Financials (EC)
3	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report	Member Agencies Activities Report
4	December 31 Cash & Investments Report	4th Qtr. Tonnage & Diversion Report	Reinstate Adoption of AB 361	March 31 Cash & Investments Report	1st Qtr. Tonnage & Diversion Report	CCPP Supplemental Appropriation (EC)
5	Reinstate Adoption of AB 361	GM Contract Amendment	Public Hearing:	Reinstate Adoption of AB 361	FY Investment Policy (EC)	
6	Award Contract for the Production Well at Jolon Road	Reinstate Adoption of AB 361	New FY 22-23 Budget (EC)	Earthday/Recycling Recognition	Reinstate Adoption of AB 361	
7	ISM Amendment No. 1	FY 22-23 Preliminary Budget (EC)	Adjustment to Operating Budget 2021-22	Update on Sun St. AB 939 Programs Relocation Project (EC)		
8	Award Contract for Laboratory Services	Update on Sun St. AB 939 Programs Relocation Project (EC)	Update on Sun St. AB 939 Programs Relocation Project (EC)			
9	2023 Freightliner SD122 Transfer Truck for JRTS					
10	Award Organics Processing, Composting, and Product Marketing Services Contract (EC)					
11	Annual Employee Survey Results (EC)					
12	2022 Bond Refinancing					
13	FY 22-23 Budget Direction (EC)					
14	Update on Sun St. AB 939 Programs Relocation Project (EC)					
15	Real Property Negotiations (EC)					

Consent

Presentation

Consideration

Closed Session

[Other] (Public Hearing, Recognition, Informational, etc.)

(EC) Executive Committee

(sp) Strategic Plan Item