

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM**

**Meeting Date: April 24, 2007**

**Executive Summary**

***Request for Approval of Amendment of Final Bond Resolution and Report of Changes to the Staff Report***

**Prepared by:** Deana Carrillo

<b>Applicant:</b> CR&R Incorporated and/or its Affiliates	<b>Amount:</b> \$34,615,000
<b>Project Location:</b> Santa Fe Springs (Los Angeles County), Stanton & San Juan Capistrano (Orange County) Perris (Riverside County), and Phelan (San Bernardino County)	<b>Application No.:</b> 794 <b>Final Resolution No.:</b> 467 <b>Prior Actions:</b> FR 467 Approved 3/20/07 IR 07-02 Approved 2/06/07

**Type of Business:** CR&R Incorporated and/or its Affiliates (“CR&R” or “the Company”) provides integrated environmental management services consisting of the collection, transfer and hauling of solid waste, materials recovery and the processing, marketing and transportation of recyclable materials to various municipalities within the cities and counties of Los Angeles, Orange, Riverside, and San Bernardino. The Company also provides services to commercial businesses within its service areas.

**Background:** The Board approved Final Resolution No. 467 in the amount of \$34,615,000 for CR&R on March 20, 2007. Subsequent to the Board’s approval, the Company notified staff that allocation of bond proceeds among the project components at the Perris site had been inaccurately represented in its application and consequently in the staff report presented at the March meeting. While the total amount of bond proceeds committed to the Perris site remain the same, CR&R plans to allocate the bond proceeds as represented below:

<b>Allocation of Financing at Perris Facility</b>	<b>Approved in March</b>	<b>Revised</b>
Site Improvements (including buildings)	\$2,000,000	\$15,000,000
Equipment	<u>17,500,000</u>	<u>4,500,000</u>
<b>Total:</b>	<b><u>\$19,500,000</u></b>	<b><u>\$19,500,000</u></b>

The anticipated bond proceeds used to finance the Perris Facility site improvements will assist the Company in incorporating green building features – meeting new environmental and energy savings standards – into several elements of the facility, including: the office and MRF building, lighting and roofing, and walls and pathways, which will be composed of recycled materials. In addition, CR&R anticipates spending an additional \$18,500 on system-wide equipment. Neither of these changes affects the total par amount or the tax-exempt volume cap amount of the bond, which remain at \$34,615,000. Please see the highlighted areas of the amended March staff report attached (Attachment I).

Bank of the West remains to be the Letter of Credit provider, as well as the Agent Bank under the Credit Agreement. Wells Fargo Bank, Union Bank, and City National Bank are participating Lender Banks in the credit facility supporting the Letter of Credit.

The amended Final Bond Resolution contains a modification of the definition of “Borrower” to comply with the California State Attorney General’s Office opinion.

**Financing Team:**

**Bond Counsel:** Law Offices of Leslie M. Lava  
**Underwriter:** Westhoff, Cone & Holmstedt  
**Financial Advisor:** Andrew S. Rose  
**Issuer’s Counsel:** Stradling Yocca Carlson & Rauth

**Legal Questionnaire:** The Company updated its Legal Questionnaire which provided no new information since the Final Resolution was approved by the Board at the March 20, 2007 meeting.

**Staff Recommendation:** Staff recommends the approval of amendment of Final Resolution No. 467 for CR&R Incorporated and/or its Affiliates for an amount not to exceed \$34,615,000.

AMENDMENT OF FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES  
FOR CR&R INCORPORATED AND/OR ITS AFFILIATES

April 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the "Authority") by its Resolution No. 467 (the "Final Resolution") has heretofore approved the application of CR&R Incorporated, a California corporation (the "Applicant"), for financial assistance to finance acquisition, construction, rehabilitation or improvements to certain solid waste disposal facilities and acquisition of solid waste collection trucks, carts, bins, containers and other vehicles and equipment, all of which will be used to serve the Applicant's customers throughout its service territory in the Counties of Los Angeles, Orange, Riverside and San Bernardino, California, as further described in its application for such approval, and has authorized the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Term Sheet to the Final Resolution defined the "Borrower" as "CR&R Incorporated, or an Affiliate thereof approved by the Executive Director"; and

WHEREAS, the Authority now desires to amend the Term Sheet to the Final Resolution in order to clarify that the "Borrower" listed in the Term Sheet shall solely be CR&R Incorporated; and

WHEREAS, the Authority has determined that it is necessary and advisable that the foregoing be approved.

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

Section 1. The Authority hereby approves the change in the definition of "Borrower" contained in the Term Sheet to "CR&R Incorporated".

Section 2. Except as amended by Section 1 hereof, all provisions and conditions of the Final Resolution, including the Term Sheet, shall remain unchanged and in full force and effect.

Section 3. The Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts in order to communicate this Amendment of Final Resolution and otherwise to effectuate the purposes of this Amendment of Final Resolution.

**EXHIBIT A**

**TERM SHEET**

<b>Name of Issue:</b>	California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (CR&R Incorporated Project) Series 2007A (the “Bonds”)
<b>Maximum Amount of Issue:</b>	\$34,615,000 (tax-exempt)
<b>Issuer:</b>	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
<b>Applicant</b>	CR&R Incorporated
<b>Borrower:</b>	CR&R Incorporated
<b>Affiliate</b>	“Affiliate” of the Applicant means any person or entity which meets the definition of “Participating Party” under the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.
<b>Trustee:</b>	The Bank of New York Trust Company, N.A.
<b>Senior Underwriter or Placement Agent:</b>	Westhoff, Cone & Holmstedt
<b>Bond Counsel:</b>	Leslie M. Lava, Esq. Sausalito, CA
<b>Remarketing Agent:</b>	Westhoff, Cone & Holmstedt
<b>Project:</b>	Finance (I) the construction of site improvements, including without limitation buildings, at the Company’s existing materials recovery facilities and transfer station, the renovation of offices and construction of a scale house at the Company’s corporate yard and the

acquisition of solid waste, processing, transporting and recycling related vehicles and equipment and rolling stock and other equipment functionally related thereto, which will be located at one or more of the following addresses: (i) 11232 Knott Avenue, Stanton, California 90680, (ii) 11262, 11272, 11292 and 11322 Western Avenue, Stanton, California 90680, (iii) 10960 Boatman Avenue, Stanton, California 90680, (iv) 31641 Ortega Highway, San Juan Capistrano, California 92675, (v) 1706 Goetz Road, Perris, California 92570, (vi) 9828 Buckwheat Road, Phelan, California 92371, and (vii) 12739 Lakeland Road, Santa Fe Springs, California 90670, and (II) the acquisition of drop boxes, bins and containers to be located with customers in various incorporated and unincorporated portions of Los Angeles, Orange, Riverside and San Bernardino Counties, California.

<b>Maximum Bond Term:</b>	Not to exceed 30 years
<b>Type of Sale:</b>	Negotiated sale
<b>Description of Minimum Denominations:</b>	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
<b>Financing Structure:</b>	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
<b>Maximum Interest Rate:</b>	12%
<b>Letter of Credit:</b>	Provided by Bank of the West, or another bank approved by the Executive Director or Deputy Executive Director that is rated at least "A-".
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	"AA-/F1+" (minimum "A-")
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Leslie M. Lava, Esq. (415) 331-6464 April 16, 2007

## ATTACHMENT I

**CR&R Incorporated and/or its Affiliates**  
**Bond Amount: \$34,615,000**

*Various cities within Los Angeles, Orange,  
Riverside and San Bernardino Counties, CA*  
Application No. 794  
March 20, 2007

### STAFF SUMMARY-CPCFA

Prepared by: *Aaron C. Todd*

#### **ISSUE:**

CR&R, Incorporated and/or its Affiliates (the "Company" or "CR&R") requests approval of Final Resolution No. 00467 for an amount not to exceed \$34,615,000 to finance site improvements and equipment purchases.

**CDLAC Allocation.** The Company anticipates receiving an allocation of up to \$34,615,000 from CDLAC at the March 21, 2007 meeting.

**TEFRA.** The TEFRA hearing was held on February 16, 2007. There were no comments received in support of or in opposition to this Project.

#### **BORROWER:**

CR&R, Incorporated is a corporation organized in Stanton, California in November 1963. CR&R, Incorporated provides integrated environmental management services consisting of collection, materials recovery, transfer, and hauling of solid waste, and the processing, marketing and transportation of recyclable materials to various municipalities within the cities and counties of Los Angeles, Orange, Riverside, and San Bernardino. The Company also provides services to commercial businesses within its service areas.

CR&R, Incorporated is 100% owned by The Ronnenberg Family Trust dated June 21, 1978.

CR&R is affiliated with the following Companies:

**Division of CR&R**

~~Haulaway Storage Containers, Inc.~~

**Wholly-owned Subsidiaries**

~~Haulaway Storage Containers, Inc.~~

~~Cherry Valley Sanitation Services, Inc.~~

Costa Mesa Disposal, Inc.

CR Transfer, Inc.

CR&R Fuels, Inc.

O.K. Associates, Inc.

RB Containers, Inc.

Solag Incorporated

CR&R International Sales  
Corporation

**Legal Questionnaire.**

The Company updated its Legal Questionnaire which provided no new information since the Initial Resolution was approved by the Board at the February 6, 2007 Meeting. Attachment A provides a discussion of the legal issues and staff recommendation .

**Prior Actions and Financings.**

Prior CPCFA financings for the Company are shown below. All required principal and interest payments have been made in a timely manner.

<b>Description</b>	<b>Principal Issued</b>	<b>Bonds Currently Held by Investors</b>
CR&R, Incorporated Series 1982A	\$ 1,500,000	\$ 0
CR&R, Incorporated Series 1995A	6,385,000	3,160,000
Solag Disposal Inc. Series 1997A	4,000,000	<u>2,135,000</u> <del>1,865,000</del>
CR&R, Incorporated Series 1999A	1,500,000	0
CR&R Incorporated Series 2000A	6,350,000	5,715,000
CR&R Incorporated Series 2002A	7,795,000	7,795,000
CR&R Incorporated Series 2006A	<u>19,600,000</u>	<u>19,600,000</u>
	<u><b>\$47,130,000</b></u>	<u><b>\$38,135,000</b></u> <u><b>38,405,000</b></u>

**BACKGROUND:**

CPCFA staff reported significant changes in the allocation of the Company’s 2006 bond funds for the Project to the Authority Board at its February 6, 2007 meeting. The Authority approved a conditional Initial Resolution with the stipulation that CR&R provide the following documentation before proceeding with a Final Resolution for the proposed 2007 financing:

- (1) An opinion of bond counsel that, with the allocation of bond proceeds among the Project components, the tax-exempt status of the 2006 bonds is intact and the 2006 Tax Certificate still contains an accurate tax analysis for the Project;
- (2) Written approval of the allocation of the 2006 bond proceeds from the Letter of Credit bank; and
- (3) A completed Final Project Completion Certificate from the Company in which the Company must report, among other information, any variances in the 2006 Project description.

Staff has received and reviewed these items.

**PROJECT INFORMATION:**

The Company represents that it intends to upgrade and improve its material recovery facilities (MRF), transfer station and various recycling operations located within Los Angeles, Orange, Riverside, and San Bernardino Counties to accommodate the growth in its service area. The Project components include:

- site and corporate yard improvements; and
- acquisition of solid waste, processing, transporting and recycling related vehicles and equipment (including containers, bins, and drop boxes).

Site improvements at all named locations include, ~~but are not limited to~~ qualified construction of buildings, grading, paving and fencing, and landscaping. The equipment upgrades include, but are not limited to, sorting lines, balers, loaders, crushers, a street sweeper and related equipment. All sites are owned by the Company with the exception of the Ortega Highway, San Juan Capistrano Transfer Station the (“San Juan Transfer Station”) site, which is leased from DMB San Juan Investment North, LLC. The Company will provide a copy of the lease prior to issuing bonds.

A breakdown of Project costs is as follows:

	<u>ORIGINAL</u>	<u>REVISED</u>
<b>Recycling Center and offices</b> .....	<b>\$325,000</b>	<b><u>\$325,000</u></b>
11262, 11272, 11292, and 11322 Western Ave, Stanton The Company operates a recycling center, C&D facility and corporate offices at these addresses. The Company intends to upgrade their computer system.		
Computer system upgrade	\$325,000	
<b>MRF and C&amp;D facility</b> .....	<b>\$19,500,000</b>	<b><u>\$19,500,000</u></b>
1706 Goetz Road, Perris, CA Facility improvements and equipment purchases.		
Site improvements <u>(including buildings)</u>	\$2,000,000	<u>\$15,000,000</u>
Equipment	17,500,000	<u>4,500,000</u>
<b>Transfer Station</b> .....	<b>\$4,500,000</b>	<b><u>\$4,500,000</u></b>
31641 Ortega Highway, San Juan Capistrano (leased site) Facility improvements and equipment purchases.		
Site improvements	\$1,000,000	
Equipment	\$3,500,000	
<b>Corporate Yard</b> .....	<b>\$256,250</b>	<b><u>\$256,250</u></b>
12739 Lakeland Road, Santa Fe Springs Facility improvements and equipment purchases.		
<b>MRF Transfer Station</b> .....	<b>\$5,300,000</b>	<b><u>\$5,300,000</u></b>
11232 Knott Avenue, Stanton Facility improvements and equipment purchases.		
Site improvements	\$5,000,000	
Equipment	\$300,000	
<b>System wide equipment</b> .....	<b>\$4,018,750</b>	<b><u>\$4,037,250</u></b>
Waste collection vehicle and waste container acquisitions for use throughout the service areas.		
Vehicles	\$1,555,000	<u>\$1,555,000</u>
Containers, bins, and drop boxes <sup>1</sup>	2,463,750	<u>2,482,250</u>
	<b>Project Costs</b>	<b><u>\$33,918,500</u></b>
	<b>Cost of Issuance</b>	<b><u>710,800</u></b>
	<b>Financing Contingency</b>	<b><u>4,200</u></b>
	<b>Total Costs</b>	<b><u>\$34,615,000</u></b>

<sup>1</sup> Increase of \$18,500 allocated to System wide equipment is due to reduction in cost of issuance of a like amount.



*Note: The project costs reported in the Borrower's application and shown here in staff's report are estimated costs. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, determination by bond counsel that certain costs do not qualify for tax-exempt financing, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax-exempt financing, that they will be used to complete the Project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.*

### **PUBLIC BENEFITS:**

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

**Waste Diversion.** The Company represents that the MRF will assist the communities served in meeting AB 939 requirements.

**SBAF Contribution.** The Company is a large business, and it will contribute up to \$346,150 in fees to CPCFA's Small Business Assistance Fund (SBAF).

### **POLLUTION CONTROL:**

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

**Air Quality.** The new vehicles will be California Air Resources Board (CARB) compliant, and thereby will emit less particulate matter and Nitric Oxide (NOx) than the existing fleet.

**Energy Efficiency.** The new vehicles will be more fuel efficient than the existing fleet, thereby saving on fossil fuels.

**Recycling of Commodities.** The Project should provide for increased recycling of commodities due to the following:

- Single stream recycling carts which will encourage resident participation;
- New MRF equipment is more efficient and should therefore increase the volume of recyclables separated from the waste stream;
- Several of the facilities will allow and encourage consumer drop off of ~~hazardous~~ [e-waste and universal wastematerials](#); and
- Several of the facilities receiving bond proceeds will aid in the ease of the disposal of construction and demolition material which is rich in recyclable material.

### **PERMITTING & ENVIRONMENTAL APPROVALS:**

The Company represents that it has obtained all necessary permits and provided staff with copies of these permits.

**ANTICIPATED TIMELINE:**

The Company represents that (1) construction and renovations began in April 2006 and are anticipated to be completed by December 2008; and (2) the equipment purchases began in February 2006 and are scheduled for completion in December 2008.

**LOCAL GOVERNMENT SUPPORT:**

Staff has received a letter from the City of San Juan Capistrano. (See Attachment B).

**FINANCING DETAILS:**

The Company anticipates a public offering of a negotiated variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct pay letter of credit from Bank of the West, which is rated “AA-/F1+” by Fitch Ratings.

[Bank of the West is the Letter of Credit provider, as well as the Agent Bank under the Credit Agreement. Wells Fargo Bank, Union Bank, and City National Bank are participating Lender Banks in the credit facility supporting the Letter of Credit.](#)

**FINANCING TEAM:**

**Underwriter:** Westhoff, Cone & Holmstedt

**Bond Counsel:** Law Offices of Leslie M. Lava

**Financial Advisor:** Andrew S. Rose

**Outside Issuer’s Counsel:** [Stradling Yocca Carlson & Rauth](#) ~~[Hawkins](#)~~  
~~[Delafield & Wood LLP](#)~~

**RECOMMENDATION:**

Staff recommends approval of Final Resolution No. 467 for CR&R Incorporated and/or its Affiliates for an amount not to exceed \$34,615,000.

## ATTACHMENT I

Final Resolution No. 467  
Application No. 794

### **FINAL BOND RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES FOR CR&R INCORPORATED AND/OR ITS AFFILIATES**

March 20, 2007

WHEREAS, the California Pollution Control Financing Authority (the "Authority") has heretofore approved the application of CR&R Incorporated, a California corporation (the "Applicant"), for financial assistance to finance acquisition, construction, rehabilitation or improvements to certain solid waste disposal facilities and acquisition of solid waste collection trucks, carts, bins, containers and other vehicles and equipment, all of which will be used to serve the Borrower's customers throughout its service territory in the Counties of Los Angeles, Orange, Riverside and San Bernardino, California, and all as more particularly described in Application No. 794 of the Applicant and in the Term Sheet attached hereto as Exhibit A and incorporated herein (the "Term Sheet") (collectively, the "Project"); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$34,615,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower (as defined in the Term Sheet) under a loan agreement with the Authority; and

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

WHEREAS, the Applicant has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

## ATTACHMENT I

WHEREAS, in order to enhance the marketability of the bonds, the Applicant has arranged for a financial institution, as named in the Term Sheet, to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

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

Section 1. The Project constitutes a “project” and the Applicant is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (CR&R Incorporated Project), Series 2007A” (the “Bonds”), or such alternate designation as may be approved by the Executive Director, in an aggregate principal amount not to exceed \$34,615,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before December 31, 2007, by negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The proposed form of a generic loan agreement relating to the Bonds (the “Loan Agreement”), between the Authority and a borrower as specified in the Term Sheet (the “Borrower”), as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by execution and

## ATTACHMENT I

delivery thereof. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise. An Affiliate shall also be a “participating party” as defined in the Act.

Section 5. The proposed form of a generic indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee named in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 6. The proposed form of a generic bond purchase contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority, as approved by the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Authority hereby authorizes and approves the execution and delivery of the Purchase Contract, in substantially the form filed with or approved by the Authority, by the Executive Director of the Authority, for and on behalf and in the name of the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the

## ATTACHMENT I

Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The proposed form of a generic official statement (the “Official Statement”) as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Executive Director of the Authority is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute and deliver copies of the Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. The Executive Director of the Authority is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority’s disclosure set forth in the form of Official Statement filed with or approved by the Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.

Section 8. The forms of the Loan Agreement, the Indenture, the Purchase Contract and the Official Statement described in Sections 4, 5, 6 and 7 hereof, respectively, shall, if not on file with the Authority, be substantially similar to the Loan Agreement, the Indenture, the Purchase Contract and the Official Statement executed in connection with the issuance of the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Garden City Sanitation, Inc. Project) Series 2007A with particular information inserted therein in conformance with the Term Sheet.

Section 9. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in

## ATTACHMENT I

one or more series, in an aggregate principal amount not to exceed \$34,615,000, in accordance with the fully executed and delivered Indenture and the form of bond set forth therein.

Section 10. The Bonds, when so executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority by the Chairman, or the Executive Director of the Authority, which instructions said officers are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 11. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the "Tax-Exempt Bonds") of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

Section 12. As requested by the Applicant, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 13. The Executive Director is hereby authorized to do any and all ministerial acts, including (without limitation) to execute and deliver any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he

## ATTACHMENT I

or she may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 14. Whenever in this resolution, an officer is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that officer may take such actions with the advice of other counsel retained by the Authority as issuer's counsel, if the retention of such counsel has been approved by the Attorney General. Such counsel may also approve or require changes to the Official Statement pursuant to the terms of Section 7 hereof.

Section 15. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Applicant shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.



ATTACHMENT I

EXHIBIT A

**TERM SHEET**

**Name of Issue:** California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (CR&R Incorporated Project) Series 2007A (the “Bonds”)

**Maximum Amount of Issue:** \$34,615,000 (tax-exempt)

**Issuer:** California Pollution Control Financing Authority (the “Authority”), Sacramento, CA

**Applicant** CR&R Incorporated

**Borrower:** CR&R Incorporated, or an Affiliate thereof approved by the Executive Director

**Affiliate** “Affiliate” of the Applicant means any person or entity which meets the definition of “Participating Party” under the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

**Trustee:** The Bank of New York Trust Company, N.A.

**Senior Underwriter or Placement Agent:** Westhoff, Cone & Holmstedt

**Bond Counsel:** Leslie M. Lava, Esq.  
Sausalito, CA

**Remarketing Agent:** Westhoff, Cone & Holmstedt

**Project:** Finance (I) the construction of site improvements, including without limitation buildings, at the Company’s existing materials recovery facilities and transfer station, the renovation of offices and construction of a scale house at the Company’s corporate yard and the acquisition of solid waste, processing, transporting and recycling related vehicles and equipment and rolling stock and other

## ATTACHMENT I

equipment functionally related thereto, which will be located at one or more of the following addresses: (i) 11232 Knott Avenue, Stanton, California 90680, (ii) 11262, 11272, 11292 and 11322 Western Avenue, Stanton, California 90680, (iii) 10960 Boatman Avenue, Stanton, California 90680, (iv) 31641 Ortega Highway, San Juan Capistrano, California 92675, (v) 1706 Goetz Road, Perris, California 92570, (vi) 9828 Buckwheat Road, Phelan, California 92371, and (vii) 12739 Lakeland Road, Santa Fe Springs, California 90670, and (II) the acquisition of drop boxes, bins and containers to be located with customers in various incorporated and unincorporated portions of Los Angeles, Orange, Riverside and San Bernardino Counties, California.

<b>Maximum Bond Term:</b>	Not to exceed 30 years
<b>Type of Sale:</b>	Negotiated sale
<b>Description of Minimum Denominations:</b>	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
<b>Financing Structure:</b>	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
<b>Maximum Interest Rate:</b>	12%
<b>Letter of Credit:</b>	Provided by Bank of the West, or another bank approved by the Chairman or the Executive Director that is rated at least "A-".
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	"AA-/F1+" (minimum "A-")
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Leslie M. Lava, Esq. (415) 331-6464 February 21, 2007