

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

Meeting Date: July 24, 2007

Executive Summary

Request for Initial Resolution Reinstatement, Extension and Amendment

Prepared by: *Michael Smith*

Applicant: Industrial Waste & Debris Box Rentals, Inc. and/or Affiliates	Amount Requested: \$4,625,000
Project: Cities of Santa Rosa and Rohnert Park, (Sonoma County) California	Application No.: 751 (SB)
Location: Rohnert Park, (Sonoma County) California	Prior Actions: 04-09 Approved 06/29/04 Amended 08/22/06

Type of Business: Industrial Waste & Debris Box Rentals, Inc. and/or its Affiliates (the “Company”) collects and processes source separated recyclables and hauls construction and demolition (C&D) debris.

Background: The Company’s original Initial Resolution 04-09 (IR) for \$4,200,000 was approved on June 29, 2004, to finance the acquisition of land with an existing building in Santa Rosa. In August 2006, the Company requested to amend the original IR to increase the bond amount to \$4,625,000. The increase was approved and was primarily attributed to an increase in the cost of the land. The details of the IR amendment are attached (Attachment A).

Request: The IR expired June 29, 2007. The Company letter addressed to CPCFA dated June 19, 2007 requests an extension of the original and amended IR #04-09. The request also states that the project description and relevant Company information remains as previously stated in original and amended CPCFA applications with the exception that the identified site to be purchased is no longer available; therefore, a new site is being sought. This request also includes an amendment to the IR adding the definition of Affiliate.

Public Benefits: The Company represents that the Project is designed to generate the public benefits as previously described.

Waste Diversion. In the franchise agreement with the City of Santa Rosa the Company agrees to assist the City with meeting the requirements of AB 939 by recycling 50% by weight of all C&D debris which it processes.

The Company will increase the volume of diversion of recyclables from its customers’ waste stream by processing both single-stream and commingled recyclables as well as C&D debris. The Company’s MRF also accepts recyclables and C&D debris from self-haulers, contractors, and do-it-yourselfers, thereby providing a local recycling alternative to the county landfill.

Pollution Control: The Company represents the Project will generate the pollution benefits described below.

Improved Air Quality/Energy Efficiency. Commercial generators that previously transported waste and recyclables 15 miles to the county landfill in Petaluma will now be able to utilize the
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Company's MRF site, thereby reducing truck traffic, emissions and fuel consumption associated with the transportation. Operations will be performed on asphalt paved surfaces, that will contribute to controlling dust emissions which will mitigate any potential negative effects of the facility on local air quality.

Improved Water Quality. The Company's operation will take place on concrete or asphalt paved surfaces that will inhibit ground water contamination.

Permits: The Company will provide staff with copies of all required solid waste facility permits for the MRF site prior to requesting final resolution approval.

Financing Details: The Company proposes a public offering of a tax-exempt variable rate bond issue for a term not to exceed 30 years. The Company will secure the bonds with a direct pay letter of credit from a bank rated a minimum of "A-". The anticipated bond rating is an "A-" or better from Fitch Ratings. The Company anticipates financing the Project during the 3rd quarter of 2007.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Law Office of Leslie M. Lava

Financial Advisor: Andrew S. Rose

Legal Questionnaire: The Staff has reviewed the Company's updated responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant

Staff Recommendation: Staff recommends approval of Reinstatement, Extension and Amendment of Initial Resolution No. 04-09 for Industrial Waste & Debris Box Rentals, Inc. and/or its Affiliates for an amount not to exceed \$4,625,000.

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

Initial Resolution No. 04-09
Application No. 751(SB)

**REINSTATEMENT, EXTENSION AND AMENDMENT OF
INITIAL RESOLUTION TO ISSUE BONDS TO FINANCE
SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT FOR
INDUSTRIAL WASTE & DEBRIS BOX RENTALS, INC. AND/OR ITS AFFILIATES**

July 24, 2007

WHEREAS, the California Pollution Control Financing Authority (“Authority”) by its Resolution No. 04-09 adopted on June 29, 2004 (“Initial Resolution”) has heretofore approved the application of Industrial Waste & Debris Box Rentals, Inc. (“Applicant”) and/or its affiliates (collectively, “Company”) for financial assistance in defraying the costs of financing facilities of for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities, 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 Initial Resolution, as amended on August 22, 2006, authorized the issuance of such revenue bonds in an aggregate principal amount of up to \$4,625,000 for the financing of a solid waste disposal/recycling facilities and equipment, all as described therein and to be located at the sites described in Exhibit A thereto, as restated herein; and

WHEREAS, the Initial Resolution expired on June 29, 2007; and

WHEREAS, the Company now desires, and has requested the Authority, to (i) reinstate the Initial Resolution and to extend its expiration date to July 24, 2010; and

WHEREAS, the Authority has determined that it is necessary and advisable that the Initial Resolution be reinstated and that its expiration date be extended to July 24, 2010 and also desires to define the term “affiliate”.

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

Section 1. The Initial Resolution is hereby reinstated and its expiration date is hereby extended from June 29, 2007 to July 24, 2010.

Section 2. For purposes of this Reinstatement, Extension and Amendment of Initial Resolution, an “affiliate” means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the 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.

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Section 3. Except as amended by Sections 1 and 2 hereof, all provisions and conditions of the Initial Resolution shall remain unchanged and in full force and effect.

Section 4. The officers of the Authority or the duly authorized deputies thereof are hereby authorized and directed jointly and severally, 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 communicate this Reinstatement, Extension and Amendment of Initial Resolution to the Company and otherwise to effectuate the purposes of this Reinstatement, Extension and Amendment of Initial Resolution.

EXHIBIT A

NUMBER: 04-09

LOCATIONS:

- (1) 3899 Santa Rosa Avenue, Santa Rosa, CA 95407
- (2) 3911 Santa Rosa Avenue, Santa Rosa, CA 95407
- (3) 5050 Taylor Avenue, Rohnert Park, CA 94928

TYPE: Solid Waste Disposal/Resource Recovery

AMOUNT: Up to \$4,625,000

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

Meeting Date: August 22, 2006

Executive Summary

Request for Initial Resolution Amendment Approval

Prepared by: Kim Lee

Applicant: Industrial Waste & Debris Box Rentals, Inc. and/or its Affiliates	Amount Requested: \$4,625,000
Location: Cities of Santa Rosa and Rohnert Park, (Sonoma County) California	Application No.: 751 (SB)
	Prior Actions: IR 04-09 – 06/29/04

Type of Business: Industrial Waste & Debris Box Rentals, Inc. (the “Company”) and/or its Affiliates collect and process source separated recyclables and haul construction and demolition (C&D) debris.

Background: The Company’s original Initial Resolution 04-09 (IR) for \$4,200,000 was approved on June 29, 2004, to finance the acquisition of land with an existing building in Santa Rosa. As previously reported, the Company anticipated the conversion of the existing building to offices, and use of the land as a corporate yard and fleet maintenance operations. The Company also anticipated the construction of improvements to its existing materials recovery facility (MRF) site for the purpose of linking it with the proposed acquired land. The Company further anticipated the acquisition of processing equipment, which would allow it to expand its capacity to process commingled recyclables and C&D debris. See the original staff summary dated June 29, 2004, for additional background information (Attachment I).

Request: The Company requests to amend the original IR to increase the bond amount to \$4,625,000. The increase is primarily attributed to land cost. This amendment also includes a request to properly identify the land to be acquired as 3845 and 3855 Santa Rosa Avenue, Santa Rosa. The original IR did not provide the complete address information. Both parcels are owned by Veale Investment Properties. All other Project components will remain as previously reported.

Public Benefits: The Company represents that the Project is designed to generate the following public benefits:

Waste Diversion. In the franchise agreement with the City of Santa Rosa the Company agrees to assist the city with meeting the requirements of AB939 by recycling 50% by weight of all C&D debris collected within the city in a calendar year.

The Company will increase the volume of diversion of recyclables from its customers’ waste stream by processing both single-stream and commingled recyclables as well as C&D debris. The Company’s MRF also will accept recyclables and C&D debris from self-haulers, contractors, and do-it-yourselfers, thereby providing a local recycling alternative to the county landfill.

Pollution Control: The Company represents that the Project is designed to provide the following environmental benefits:

Water Quality. The Company’s operation will take place on concrete or asphalt paved surfaces that will inhibit ground water contamination.

Air Quality/Energy Efficiency. Commercial generators that previously transported waste and recyclables 15 miles to the county landfill in Petaluma will now utilize the Company’s MRF site; therefore reducing truck traffic, emissions and fuel consumption associated with the transportation. Operations will be performed on asphalt paved surfaces, which will contribute to controlling dust emissions, which will mitigate any potential negative effects of the facility on local air quality.

Permits & Environmental Approvals: The Company will provide staff with copies of all required solid waste facility permits for the MRF site prior to requesting final resolution approval.

Financing Details: The Company proposes a public offering of a tax-exempt variable rate bond issue for a term not to exceed 30 years. The Company will secure the bonds with a direct pay letter of credit from a bank rated a minimum of “A-”. The anticipated bond rating is an “A-” or better from Fitch Ratings. The Company anticipates financing the Project during the 3rd quarter of 2007.

Financing Team:

Bond Counsel: Law Offices of Leslie M. Lava
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Andrew S. Rose

Legal Questionnaire: Staff has reviewed the Company’s updated responses to the questions contained in the legal status portion of the application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicant.

Staff Recommendation: Staff recommends approval of the amendment to Initial Resolution No. 04-09 for an amount not to exceed \$4,625,000 for Industrial Waste & Debris Box Rentals, Inc. and/or its Affiliates.

Note: An initial resolution approval is not a commitment that the Board will approve a final resolution and bond financing for the proposed project.

**Industrial Waste & Debris Box Rentals, Inc.
and/or its Affiliates**

Bond Amount: \$4,625,000

Cities of Santa Rosa & Rohnert Part
(Sonoma County), California

Application No. 751 (SB)

August 22, 2006

Staff Summary - CPCFA

Prepared by: *Kim Lee*

ISSUE:

The Industrial Waste & Debris Box Rentals, Inc. (the “Company”) and/or its Affiliates request approval to amend Initial Resolution No. 04-09 (IR) to increase the maximum principal amount of the bonds from \$4,200,000 to an amount not to exceed \$4,625,000. The increase is attributed to the cost of the land.

CDLAC Allocation. The Company plans to apply to the California Debt Limit Allocation Committee during the 2nd quarter of 2007.

BORROWER:

Industrial Waste & Debris Box Rentals, Inc. along with its affiliates is a small business that employs less than 500 individuals. The Company incorporated in California on August 7, 1975, and it collects and processes source separated recyclables and hauls construction and demolition (C&D) debris in the Counties of Sonoma and Marin. The Company is one of three commonly owned companies operating as Industrial Carting, Inc. and Global Materials Recovery Services, Inc. All three entities are under the same ownership of Curtis J. Michelini, Sr. and Charles R. Hardin, Sr., co-owners; each having a 50% interest.

Legal Questionnaire. Staff has reviewed the Company’s updated responses to the questions contained in the legal status portion of the application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicant.

Prior Actions. The CPCFA Board approved the IR on June 29, 2004, in the amount of \$4,200,000.

Prior Financing. None

BACKGROUND & PROJECT DESCRIPTION:

As previously reported in the original staff summary, the Company anticipated the acquisition of three acres of land with an existing 3,000 square foot building at 3845 Santa Rosa Avenue, Santa Rosa, from Veale Investment Properties in Santa Rosa. The property would be converted and

used as a corporate yard to house offices, fleet maintenance operations, and containers. This parcel of land is directly adjacent to the Company's existing materials recovery facility (MRF)/corporate yard/transfer station site located at 3899 and 3911 Santa Rosa Avenue, Santa Rosa.

The Company also anticipated the construction of improvements to its MRF site for the purpose of linking it to the proposed acquired land. Finally, the Company also anticipated the acquisition of processing equipment, which would allow it to expand its capacity to process commingled recyclables and C&D debris. This equipment may occasionally be used at the Company's other recycling yard located at 5050 Taylor Avenue, Santa Rosa. Please see the original staff summary that was approved on June 29, 2004, for additional background information (Attachment I).

REQUEST:

The Company requests to amend the original IR to increase the bond amount to \$4,625,000. The increase is primarily attributed to land cost. This amendment also includes a request to properly identify the land to be acquired as 3845 and 3855 Santa Rosa Avenue, Santa Rosa. The original IR did not provide the complete address information. Both parcels are owned by Veale Investment Properties. All other Project components will remain as previously reported.

The following reflect the original and amended and/or additional costs associated with the Project:

	Original IR 04-09	Amended IR 04-09
Land & Building Acquisition	\$1,600,000	\$2,000,000
Equipment Acquisition	1,496,000	1,496,000
Site Rehabilitation & Improvements	<u>524,000</u>	<u>524,000</u>
<i>Project Subtotal</i>	3,620,000	4,020,000
Engineering/Legal/Permits	400,000	400,000
Bond Issuance Expense		92,500
Letter of Credit Fees	167,168*	108,446
Contingencies	<u>12,832</u>	<u>4,054</u>
<i>PROJECT TOTAL</i>	\$4,200,000	\$4,625,000

* The original staff summary combined bond issuance expense and LOC fees.

PUBLIC BENEFITS:

The Company represents that the Project is designed to generate the following public benefits:

Waste Diversion. In the franchise agreement with the City of Santa Rosa the Company agrees to assist the city with meeting the requirements of AB939 by recycling 50% by weight of all C&D debris collected within the city in a calendar year.

The Company will increase the volume of diversion of recyclables from its customers' waste stream by processing both single-stream and commingled recyclables as well as C&D debris. The Company's MRF also will accept recyclables and C&D debris from self-haulers, contractors, and do-it-yourselfers, thereby providing a local recycling alternative to the county landfill.

POLLUTION CONTROL:

The Company represents that the Project is designed to provide the following environmental benefits:

Water Quality. The Company's operation will take place on concrete or asphalt paved surfaces that will inhibit ground water contamination.

Air Quality/Energy Efficiency. Commercial generators that previously transported waste and recyclables 15 miles to the county landfill in Petaluma will now utilize the Company's MRF site; therefore reducing truck traffic, emissions and fuel consumption associated with the transportation. Operations will be performed on asphalt paved surfaces, which will contribute to controlling dust emissions, which will mitigate any potential negative effects of the facility on local air quality.

PERMITS & ENVIRONMENTAL APPROVALS:

The Company will provide staff with copies of all required solid waste facility permits for the MRF site prior to requesting final resolution approval.

ANTICIPATED TIMELINE:

The Company began equipment purchases in October 2005 and anticipates that all equipment purchases will be completed in June 2009. The Company anticipates purchasing the land with the existing building by August 2006. The Company also anticipates that construction and renovation will begin in January 2007 and be will be completed by December 2007.

FINANCING DETAILS:

The Company proposes a public offering of a tax-exempt variable rate bond issue for a term not to exceed 30 years. The Company will secure the bonds with a direct pay letter of credit from a bank rated a minimum of "A-". The anticipated bond rating is an "A-" or better from Fitch Ratings. The Company anticipates financing the Project during the 3rd quarter of 2007.

FINANCING TEAM:

Bond Counsel: Law Offices of Leslie M. Lava
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Andrew S. Rose.

RECOMMENDATION:

Staff recommends approval of the amendment to the Initial Resolution No. 04-09 for an amount not to exceed \$4,625,000 for Industrial Waste & Debris Box Rentals, Inc. and/or its Affiliates.

Initial Resolution No. 04-09
Application No. 751(SB)

**AMENDMENT OF INITIAL RESOLUTION TO ISSUE BONDS
TO FINANCE SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT FOR
INDUSTRIAL WASTE & DEBRIS BOX RENTALS, INC. AND/OR ITS AFFILIATES**

August 22, 2006

WHEREAS, the California Pollution Control Financing Authority (“Authority”) by its Resolution No. 04-09 (“Initial Resolution”) has heretofore approved the application of Industrial Waste & Debris Box Rentals, Inc., a California corporation, and/or its affiliates (“Company”), for financial assistance in defraying the costs of financing facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities, 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 Initial Resolution authorized the issuance of such revenue bonds for the financing of solid waste disposal/recycling facilities and equipment to be owned and operated by the Company, which was expected to be comprised of improvements to an existing materials recovery facility, the acquisition and rehabilitation of a building which will house offices, fleet maintenance and container storage, and the acquisition of solid waste and recycling related vehicles, rolling stock and equipment the acquisition of solid waste and recycling related vehicles and collection carts (the “Initial Facilities”), to be located at the sites described in Exhibit A thereto (the “Initial Exhibit A”); and

WHEREAS, the Company now desires, and has requested the Authority, to amend the Initial Resolution in order to (i) increase the maximum principal amount of such revenue bonds from \$4,200,000 to \$4,625,000; (ii) add to the definition of the Initial Facilities

the financing of the acquisition of land and related site improvements at the site where the building will be acquired and rehabilitated (collectively, the “Facilities”) and (iii) add additional sites at which certain of the Facilities will be located to the addresses listed in the Initial Exhibit A, as set forth in Exhibit A hereto; 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 (i) approves the increase in the maximum principal amount of such revenue bonds to \$4,625,000, and any references in the Initial Resolution to “\$4,200,000” shall be changed to “\$4,625,000”; (ii) approves the amendment of the definition of Facilities in the Initial Resolution as set forth above and any references in the Initial Resolution to “Facilities” shall refer to “Facilities” as defined in this Amendment of Initial Resolution; and (iii) approves Exhibit A hereto and any references in the Initial Resolution to “Exhibit A” thereto shall refer to “Exhibit A” as set forth in this Amendment of Initial Resolution.

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

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

Attachment A

EXHIBIT A

NUMBER: 04-09

LOCATIONS: (1) 3845 Santa Rosa Avenue, Santa Rosa, CA 95407
(2) 3855 Santa Rosa Avenue, Santa Rosa, CA 95407
(3) 3899 Santa Rosa Avenue, Santa Rosa, CA 95407
(4) 3911 Santa Rosa Avenue, Santa Rosa, CA 95407
(5) 5050 Taylor Avenue, Rohnert Park, CA 94928

TYPE: Solid Waste Disposal/Resource Recovery

AMOUNT: Up to \$4,625,000