

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

**Meeting Date: July 24, 2007**

**Executive Summary**

***Request for Final Resolution and Assistance  
From the Small Business Assistance Fund***

Prepared by: *Doreen Carle*

|                   |  |                              |  |
|-------------------|--|------------------------------|--|
| <b>Applicant:</b> | Sunset Waste Paper, Inc.<br>and/or its Affiliates  | <b>Amount Requested:</b>     | \$11,650,000   |
| <b>Project</b>    | City of Fresno,                                    | <b>Application No.:</b>      | 760 (SB)   |
| <b>Location:</b>  | Fresno County<br>City of Visalia,<br>Tulare County | <b>Final Resolution No.:</b> | 472  |
|                   |  | <b>Prior Actions:</b>        | IR 04-18 Approved 12/14/04<br>FR 440 Approved 06/28/05<br>FR 440 Amended 09/01/05<br>IR 04-18 Amended 06/27/06 |

**Type of Business:** Sunset Waste Paper, Inc. and/or its Affiliates (the “Company”) provides solid waste refuse collection and disposal services in the Counties of Fresno, Kern, Kings, Merced and Tulare.

**Background Information:**

- IR No. 04-18 — Approved December 14, 2004 in the amount of \$10,560,000.
- FR No. 440 — Approved June 28, 2005 in the amount of \$7,605,000 for the construction of a transfer station and the renovation of the existing Materials Recovery Facility (MRF) located at 2721 South Elm Avenue, Fresno; and the construction and improvements to the Corporate Yard located at 3032 & 3057 South Elm Avenue, Fresno.
- FR No. 440 — Amended on September 1, 2005 to increase the amount to \$9,510,000. The project site at 3032 and 3057 Elm Avenue, Fresno needed to have financing delayed at this time and chose to add the costs to the 1707 East Goshen Avenue, Visalia. site location.
- Bonds in the amount of \$9,510,000 were issued on November 1, 2005.
- IR No. 04-18 — Amended and restated June 27, 2006 in the amount of \$8,900,000.

**Request:** The Company currently requests Final Resolution approval to finance the following:

- *2721 South Elm Avenue, Fresno:* The Company has doubled the size of its existing MRF facility by adding a 60,000 square foot building which serves as a transfer station for municipal solid waste. The Project included the construction of the building and the purchase of various equipment including loaders, electric carts, a pickup truck and a sweeper.
- *1707 East Goshen Avenue, Visalia:* The Company anticipates paving and adding a scale to the existing MRF site.
- *System-wide:* The Company plans to acquire collection vehicles, carts and bins for use throughout its collection system in Fresno, Kern, Kings, Merced and Tulare Counties.

The Company’s request is to use \$3,900,000 of the June 2006 revised inducement and to add \$7,015,000 for new project components. See Attachment A for further details. Additional bond financing expenses have been added to the current request for a total of \$11,650,000. The

Company may request approval of future financings using up to \$5,000,000 of the June 2006 revised inducement remaining.

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

**Waste Diversion.** The Visalia facility is anticipated to divert approximately an additional 41,650 tons annually.

**Other.** The Company represents that the following tax revenues will be generated by the Project:

|                         |                      |
|-------------------------|----------------------|
| Sales Tax:              | \$600,000 (one-time) |
| Property Taxes:         | \$ 35,000 annually   |
| Payroll Taxes:          | \$260,000 annually   |
| Vehicle Licensing Fees: | \$ 70,000 annually   |

Additionally, the Company anticipates creating 40 full-time jobs in Visalia and 8 full-time jobs in Fresno as a result of this Project.

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

**Improved Air Quality.** The increased load capacity of the new trucks will result in fewer trips and the reduced driving time will result in less emission and air pollution.

**Improved Water Quality.** The proposed facility will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This should prevent seepage of undesirable materials into the ground water.

**Improved Energy Efficiency.** The use of new, more fuel efficient trucks which reduce the consumption of diesel fuel and oil. Additionally, enhancements to the recycling facility have reduced energy use.

**Recycling of Commodities.** The Company’s various facilities involve the installation of equipment which it anticipates will improve throughput capacity and operating efficiencies thereby increasing the volume of recycled material realized.

**Waste Stream Diversion.** The Cities and Counties impacted currently divert on average between 25 – 35%, and the Company represents that the Project will assist the cities in getting to the 50% mandated diversion rate. The Project will allow for expanded recycling programs that will divert from landfills.

**SBAF Assistance:** The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$250,000.

### Agenda Item – 4.B.3.

**Permits:** The Company provided staff with copies of its Notice of Determination and Conditional Use Permit for its Fresno sites and the Conditional Use Permit for its Visalia site.

**Anticipated Timeline:** The Company began the construction and renovation in January 2005 and anticipates completion in January 2009. Equipment purchases began in March 2006 with a scheduled completion in January 2010.

**Financing Details:** The Company anticipates a public offering of a 7-day variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Comerica Bank that is rated at least “A+/F1” by Fitch Ratings. The target date for financing is August/September 2007.

**Financing Team:**

**Underwriter:** Westhoff, Cone & Holmstedt  
**Bond Counsel:** Orrick, Herrington & Sutcliffe  
**Financial Advisor:** Andrew S. Rose  
**Issuer’s Counsel** Office of the Attorney General

**Legal Questionnaire:** The Staff has reviewed the Company’s 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 Final Resolution No. 472 for an amount not to exceed \$11,650,000 and a SBAF Resolution in an amount not to exceed \$250,000 for Sunset Waste Paper, Inc. and/or its Affiliates.

**SUNSET WASTE PAPER, INC.  
AND/OR ITS AFFILIATES**  
**Bond Amount: \$11,650,000**  
Fresno (Fresno County) and  
Visalia (Tulare County)  
Application No. 760 (SB)  
July 24, 2007

**STAFF SUMMARY – CPCFA**

**Prepared by:** *Doreen Carle*

**ISSUE:**

Sunset Waste Paper, Inc. and/or its Affiliates (the “Company”) requests approval of Final Resolution Number 472 in an amount not to exceed \$11,650,000 to finance the construction and improvements of buildings, and the acquisition of trucks and equipment. The Company also requests approval of a Small Business Assistance Fund (SBAF) Resolution in an amount not to exceed \$250,000.

**CDLAC Allocation.** The Company has applied to CDLAC for consideration in the July 2007 round of allocation.

**TEFRA.** The TEFRA hearing was held on June 21, 2007. There were no comments received in support of or in opposition to this Project.

**SBAF Assistance.** The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$250,000.

**BORROWER:**

Sunset Waste Paper Inc. was incorporated on October 20, 1980 in California. The Company provides waste collection and recycling services in Fresno, Kern, Kings, Merced and Tulare Counties.

Sunset Waste Paper Inc. is owned by the following individuals:

|                 |             |
|-----------------|-------------|
| William Mohoff  | 50%         |
| Anthony Lisenko | <u>50%</u>  |
| <b>Total</b>    | <b>100%</b> |

Sunset Waste Paper Inc. is affiliated with Sunset Waste Systems, Inc., which is owned by:

|                 |             |
|-----------------|-------------|
| William Mohoff  | 45%         |
| Anthony Lisenko | 45%         |
| John Mohoff     | <u>10%</u>  |
| <b>Total</b>    | <b>100%</b> |

**Legal Questionnaire.** The Staff has reviewed the Company’s 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.

**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>Date of Bond Issue</b> | <b>Original Amount</b>     | <b>Bonds Outstanding As of 07/15/07</b> |
|--------------------------------|---------------------------|----------------------------|---|
| Sunset Waste Paper, Inc. 2005A | 11/02/2005                | \$9,510,000                | \$8,876,000                             |
| Sunset Waste Paper, Inc. 2002A | 10/29/2002                | 4,205,000                  | 2,365,000                               |
| Sunset Waste Paper, Inc. 2000A | 11/09/2000                | <u>5,775,000</u>           | <u>4,100,000</u>                        |
| <b>TOTALS:</b>                 |                           | <b><u>\$19,490,000</u></b> | <b><u>\$15,341,000</u></b>              |

**BACKGROUND:**

- The Authority approved Initial Resolution No. 04-18 in the amount of \$10,560,000 on December 14, 2004 for Sunset Waste. The original IR contemplated the construction of a transfer station and corporate yard at the Company’s existing Materials Recovery Facility on Elm Street in Fresno, as well as the construction of a new MRF site and the purchase of equipment for the renovation and expansion of the Company’s Visalia site.
- Subsequently, on June 28, 2005 the Company requested Final Resolution (FR No. 440) approval in the amount of \$7,605,000. At that time the Company amended its project description to delay financing of the 3032 and 3057 S. Elm Avenue site in Fresno and move the costs to the 1707 East Goshen Avenue site in Visalia.
- Final Resolution No. 440 was amended on September 1, 2005 to increase the amount to \$9,510,000 and to reallocate the costs to another Project location.
- On November 1, 2005 bonds were issued in the amount of \$9,510,000. Funds were used for the Elm Street Fresno project component and the Visalia MRF project component.
- On June 27, 2006, the Company restated and amended its IR in the amount of \$8,900,000 to pay for certain costs overrun and to add collection vehicles and containers to the Project.

**REQUEST:**

The Company currently requests Final Resolution approval to finance the following:

- *2721 South Elm Avenue, Fresno:* The Company has doubled the size of its existing MRF facility by adding a 60,000 square foot building which serves as a transfer station for municipal solid waste. The Project included the construction of the building and the purchase of various equipment including loaders, electric carts, a pickup truck and a sweeper.

Project Costs:

|                               |             |
|-------------------------------|-------------|
| MRF/Transfer Station Building | \$1,000,000 |
| Equipment                     | 250,000     |

- *1707 East Goshen Avenue, Visalia:* The Company anticipates paving and adding a scale to the existing MRF site.

Project Costs:

|                    |            |
|--------------------|------------|
| Paving and a scale | \$ 500,000 |
|--------------------|------------|

**Agenda Item – 4.B.3.**

- *System-wide:* The Company plans to acquire collection vehicles, carts and bins for use throughout its collection system in Fresno, Kern, Kings, Merced and Tulare Counties.

|                            |                            |
|----------------------------|----------------------------|
| Project Costs:             |                            |
| Vehicles                   | \$5,000,000                |
| Carts and Containers       | 4,215,000                  |
| <b>Total Project Costs</b> | <b><u>\$10,965,000</u></b> |
| Bond Issuance Expenses     | \$ 685,000                 |
| <b>GRAND TOTAL</b>         | <b><u>\$11,650,000</u></b> |

The Company's request is to use \$3,900,000 of the June 2006 revised inducement and to add \$7,015,000 for new project components. See Attachment A for further details. Additional bond financing expenses have been added to the current request for a total of \$11,650,000. The Company may request approval of future financings using up to \$5,000,000 of the June 2006 revised inducement remaining.

*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 increased costs of certain components of the Project from original estimates, 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 Visalia facility is anticipated to divert approximately an additional 41,650 tons annually.

**Other.** The Company represents that the following tax revenues will be generated by the Project:

|                         |                      |
|-------------------------|----------------------|
| Sales Tax:              | \$600,000 (one-time) |
| Property Taxes:         | \$ 35,000 annually   |
| Payroll Taxes:          | \$260,000 annually   |
| Vehicle Licensing Fees: | \$ 70,000 annually   |

Additionally, the Company anticipates creating 40 full-time jobs in Visalia and 8 full-time jobs in Fresno as a result of this Project.

**POLLUTION CONTROL:**

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

**Improved Air Quality.** The increased load capacity of the new trucks will result in fewer trips and the reduced driving time will result in less emission and air pollution.

**Improved Water Quality.** The proposed facility will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This should prevent seepage of undesirable materials into the ground water.

**Improved Energy Efficiency.** The use of new, more fuel efficient trucks which reduce the consumption of diesel fuel and oil. Additionally, enhancements to the recycling facility have reduced energy use.

**Recycling of Commodities.** The Company’s various facilities involve the installation of equipment which it anticipates will improve throughput capacity and operating efficiencies thereby increasing the volume of recycled material realized.

**Waste Stream Diversion.** The Cities and Counties impacted currently divert on average between 25 – 35%, and the Company represents that the Project will assist the cities in getting to the 50% mandated diversion rate. The Project will allow for expanded recycling programs that will divert from landfills.

**PERMITTING & ENVIRONMENTAL APPROVALS:**

The Company provided staff with copies of its Notice of Determination and Conditional Use Permit for its Fresno sites and the Conditional Use Permit for its Visalia site.

**ANTICIPATED TIMELINE:**

The Company began the construction and renovation in January 2005 and anticipates completion in January 2009. Equipment purchases in began in March 2006 with a scheduled completion in January 2010.

**FINANCING DETAILS:**

The Company anticipates a public offering of a 7-day variable rate bond issue with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Comerica Bank that is rated at least “A+/F1” by Fitch Ratings. The target date for financing is August/September 2007.

**FINANCING TEAM:**

- Underwriter:** Westhoff, Cone & Holmstedt
- Bond Counsel:** Orrick, Herrington & Sutcliffe
- Financial Advisor:** Andrew S. Rose
- Issuer’s Counsel:** Office of the Attorney General

**RECOMMENDATION:**

Staff recommends approval of Final Resolution No. 472 for an amount not to exceed \$11,650,000 and a SBAF Resolution in an amount not to exceed \$250,000 for Sunset Waste Paper, Inc. and/or its Affiliates.



FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING OF SOLID WASTE DISPOSAL FACILITIES  
FOR SUNSET WASTE PAPER, INC., AND/OR ITS AFFILIATES

July 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Sunset Waste Paper, Inc., a California corporation (the “Applicant”), for financial assistance to finance: (1) construction and improvements to buildings at an existing solid waste processing facility, to expand the processing operations and provide for transfer operations and acquisition of associated vehicles, equipment and machinery to support the solid waste operations at that site; (2) construction and/or installation of a scale, paving and other related improvements at a solid waste processing facility; (3) acquisition of trucks and other solid waste vehicles and equipment; and (4) acquisition of solid waste carts, bins and containers; all of which will be used to serve the Applicant’s customers throughout its service territory in Fresno County, Kern County, Merced County, Tulare County and Kings County, California, and all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$11,650,000 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

**Agenda Item – 4.B.3.**

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

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

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 each of the Applicant and Borrower 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 (Sunset Waste Paper, Inc. Project), Series 2007A” (the “Bonds”) in an aggregate principal amount not to exceed \$11,650,000, 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, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance and/or refinance the Project and to pay costs of issuance of the Bonds.

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, at such interest rate or rates and in such mode (taxable or tax-exempt) as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority (collectively the “Authorized Signatories,” and each, individually, an “Authorized Signatory”) 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 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 meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 5. The proposed form of 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 Authorized Signatories 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 Bond Purchase Contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority and 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 an Authorized Signatory, acting alone, 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 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 Official Statement (the “Official Statement”) as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. Each of the Authorized Signatories, acting alone, 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. Each of the Authorized

Signatories, acting alone, 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 (Rainbow Disposal Co. Inc. Project) Series 2006A 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 one or more series, in an aggregate principal amount not to exceed \$11,650,000, 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 an Authorized Signatory, acting alone, which instructions said officer is 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. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of 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 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.

**EXHIBIT A**

**TERM SHEET**

**Name of Issue:** California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Sunset Waste Paper, Inc. Project), Series 2007A (the “Bonds”)

**Maximum Amount of Issue:** \$11,650,000 (tax-exempt)

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

**Applicant:** Sunset Waste Paper, Inc.

**Borrower:** Sunset Waste Paper, Inc. or [list other potential Borrowers]

**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:** Orrick, Herrington & Sutcliffe LLP, San Francisco, CA

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

**Project:** (1) Construction and improvements to buildings at an existing solid waste processing facility located at 2721 South Elm Avenue, Fresno, CA 93706, to expand the processing operations and provide for transfer operations and acquisition of associated vehicles, equipment and machinery to support the solid waste operations at that site;

(2) Construction and/or installation of a

scale, paving and other related improvements at a solid waste processing facility, located at 1707 E. Goshen Avenue, Visalia, CA 93292;

(3) Acquisition of trucks and other solid waste vehicles and equipment, which may be located from time to time at the locations listed in item (1) and (2) above or at the following additional locations: 1025 Stradley Avenue, Delano, CA, 93215 and 2750 S. East Avenue, Fresno, CA, 93706; and

(4) Acquisition of solid waste carts, bins and containers.

Equipment described in (3) and (4) will be used in the Borrower’s service area in Fresno, Kern, Merced, Tulare and Kings Counties.

|  |   |
|--|---|
| <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 Comerica Bank   |
| <b>Other Credit Enhancement:</b>             | Not applicable  |
| <b>Anticipated Bond Rating:</b>              | A+/F1 (Minimum “A-”)  |
| <b>Type of Financing:</b>                    | Solid waste disposal revenue bonds  |
| <b>Prepared by:</b>                          | Robert Martz (925) 472-8746   |



RESOLUTION OF THE CALIFORNIA  
POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO ASSISTANCE FROM THE SMALL  
BUSINESS ASSISTANCE FUND FOR  
SUNSET WASTE PAPER, INC., AND/OR ITS AFFILIATES

July 24, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Sunset Waste Paper, Inc. (the “Applicant”), for financial assistance to finance, (1) construction and improvements to buildings at an existing solid waste processing facility, to expand the processing operations and provide for transfer operations and acquisition of associated vehicles, equipment and machinery to support the solid waste operations at that site; (2) construction and/or installation of a scale, paving and other related improvements at a solid waste processing facility; (3) construction and improvements to buildings, a corporate yard and other improvements and related facilities, including the paving, fencing and landscaping and the acquisition of equipment to support the operations at that site; (4) acquisition of trucks and other solid waste vehicles and equipment; and (5) acquisition of solid waste carts, bins and containers; all of which will be used to serve the Applicant’s customers throughout its service territory in Fresno County, Kern County, Merced County, Tulare County and Kings County, California, and all as more particularly described in Application No. 760 (SB) of the Applicant (the “Project”) and has adopted its Resolution No. 472 (the “Final Resolution”) authorizing the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds (the “Bonds”); and

WHEREAS, the Authority has received and accepted an application from the Applicant for assistance from the Fund; and

WHEREAS, the Applicant has demonstrated a financial capability to make loan payments to the satisfaction of Comerica Bank, as the issuer of a direct pay irrevocable letter of credit securing the Bonds, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

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

Section 1. Each of the Applicant and Borrower (as defined in the Final Resolution) is a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$250,000 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director or the Deputy Executive Director of the Authority based upon the final terms of the sale of the Bonds.

Section 4. The Executive Director and the Deputy Executive Director of the Authority are each hereby authorized and directed, acting alone, to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance

**Agenda Item – 4.B.3.**

with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon adoption hereof. The adoption by the Authority of this 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 A (Comparison of Project Costs Currently Requested)

|  | December 2004 IR Request | September 2005 FR Approval | December 2004 IR Remaining Costs | 2006 Additional Costs | IR as Revised June 27, 2006 | 2007 Changes from Previous Submission | 2007 FR Request      | Remaining Induced Amount |
|--|--------------------------|----------------------------|----------------------------------|-----------------------|-----------------------------|---------------------------------------|----------------------|--------------------------|
| <b>A. Fresno MRF - 2721 S. Elm Avenue</b>                    |                          |                            |                                  |                       |                             |                                       |                      |                          |
| Construction of a Transfer Station Building                  | \$ 2,000,000             | \$ 4,300,000               | \$ -                             | \$ 1,500,000          | \$ 1,500,000                | \$ (500,000)                          | \$ 1,000,000         | \$ 500,000               |
| MRF Renovation/Expansion                                     | \$ -                     | \$ 300,000                 | \$ -                             | \$ -                  | \$ -                        | \$ -                                  | \$ -                 | \$ -                     |
| Equipment  | \$ 500,000               | \$ 1,600,000               | \$ -                             | \$ -                  | \$ -                        | \$ 250,000                            | \$ 250,000           | \$ -                     |
| <b>B. Fresno Corporate Yard - 3032, 3057 S. Elm Avenue</b>   |                          |                            |                                  |                       |                             |                                       |                      |                          |
| Construction of a Maintenance Building*                      | \$ 800,000               | \$ -                       | \$ 800,000                       | \$ -                  | \$ 800,000                  | \$ -                                  | \$ -                 | \$ 800,000               |
| Corporate Yard Improvements & Equipment                      | \$ 500,000               | \$ -                       | \$ 500,000                       | \$ -                  | \$ 500,000                  | \$ -                                  | \$ -                 | \$ 500,000               |
| Purchase of Collection Vehicles**                            | \$ -                     | \$ -                       | \$ -                             | \$ 1,000,000          | \$ 1,000,000                | \$ 4,000,000                          | \$ 5,000,000         | \$ -                     |
| Purchase of Carts and Bins                                   | \$ -                     | \$ -                       | \$ -                             | \$ 1,000,000          | \$ 1,000,000                | \$ 3,215,000                          | \$ 4,215,000         | \$ -                     |
| Paving   | \$ 200,000               | \$ -                       | \$ 200,000                       | \$ -                  | \$ 200,000                  | \$ -                                  | \$ -                 | \$ 200,000               |
| Land   | \$ 500,000               | \$ -                       | \$ -                             | \$ -                  | \$ -                        | \$ -                                  | \$ -                 | \$ -                     |
| <b>C. Visalia MRF (changed site) - 1707 E. Goshen Avenue</b> |                          |                            |                                  |                       |                             |                                       |                      |                          |
| Administrative Building Renovation & Expansion               | \$ 2,500,000             | \$ 200,000                 | \$ 2,300,000                     | \$ -                  | \$ 2,300,000                | \$ -                                  | \$ -                 | \$ 2,300,000             |
| Paving and a scale   | \$ 500,000               | \$ 50,000                  | \$ 450,000                       | \$ -                  | \$ 450,000                  | \$ 50,000                             | \$ 500,000           | \$ -                     |
| Sort line, baler and loader                                  | \$ 1,000,000             | \$ 1,750,000               | \$ -                             | \$ -                  | \$ -                        | \$ -                                  | \$ -                 | \$ -                     |
| Collection Vehicles  | \$ 1,200,000             | \$ 500,000                 | \$ 700,000                       | \$ -                  | \$ 700,000                  | \$ -                                  | \$ -                 | \$ 700,000               |
| Carts & Bins   | \$ 300,000               | \$ 300,000                 | \$ -                             | \$ -                  | \$ -                        | \$ -                                  | \$ -                 | \$ -                     |
| <b>Subtotal</b>  | <b>\$ 10,000,000</b>     | <b>\$ 9,000,000</b>        | <b>\$ 4,950,000</b>              | <b>\$ 3,500,000</b>   | <b>\$ 8,450,000</b>         | <b>\$ 7,015,000</b>                   | <b>\$ 10,965,000</b> | <b>\$ 5,000,000</b>      |
| Credit Enhancement   | \$ 347,556               | \$ 317,539                 | \$ 128,123                       | \$ -                  | \$ 254,631                  | \$ -                                  | \$ 289,438           | \$ -                     |
| Bond Issuance Expenses                                       | \$ 211,200               | \$ 190,200                 | \$ 103,700                       | \$ -                  | \$ 178,000                  | \$ -                                  | \$ 233,000           | \$ -                     |
| Contingency  | \$ 1,244                 | \$ 2,261                   | \$ 3,177                         | \$ -                  | \$ 17,369                   | \$ -                                  | \$ 162,562           | \$ -                     |
| <b>Total</b>   | <b>\$ 10,560,000</b>     | <b>\$ 9,510,000</b>        | <b>\$ 5,185,000</b>              | <b>\$ 3,500,000</b>   | <b>\$ 8,900,000</b>         | <b>\$ 7,015,000</b>                   | <b>\$ 11,650,000</b> | <b>\$ 5,000,000</b>      |

\*Includes but is not necessarily limited to office space.

\*\*Vehicles may be housed, from time to time, at any of applicant's operating locations