

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: August 25, 2010
Request for Final Resolution and
Request for Tax-Exempt Bond Allocation Approval

Prepared by: *Samantha Russell*

Applicant:	Crown Disposal Company, Inc. and South Bay Recycling, LLC and/or their respective affiliates	Amount Requested:	\$25,640,000
		Application No.:	00826
		Final Resolution:	508
Project	Los Angeles, Madera, San	Prior Actions:	IR Approved
Location:	Mateo, and Tulare Counties		11/18/09

Summary. Crown Disposal Company, Inc. and South Bay Recycling, LLC and/or their respective Affiliates requests approval of a final resolution for an amount not to exceed \$25,640,000 to finance:

- construction at its Sun Valley Materials Recovery Facility (MRF) and construction of a facility to recycle waste mixed film plastic;
- purchase or renovation of equipment at various locations; and
- purchase vehicles and trailers for various locations.

The Company anticipates that the project will provide waste diversion, improve air quality, and increase the recycling of commodities.

Borrower. Crown Disposal Co. was incorporated in 1964 in California. The Company is a commercial and residential waste collection company with operations in the Cities of San Fernando, Beverly Hills, Glendale, Burbank, Los Angeles, Calabasas and in a number of unincorporated areas of Los Angeles County on both a franchised and open market basis.

The Company is owned 100% by the Fry Family Trust with Thomas H. and Ruth M. Fry acting as trustees. The Fry Family Trust also owns 100% of:

- Community Recycling & Resource Recovery Inc.;
- Community Renewable Energy Services (dba Dinuba Energy, Inc.);
- Latch Inc. (owns 95% of Madera Power, LLC); and
- Environmental Rental Solutions LLC.

Community Recycling & Resource Recovery, Inc. operates the Sun Valley MRF and a composting facility and farming operation in Lamont. Dinuba Energy, Inc. and Madera Power, LLC. operate biomass energy facilities in Reedly and Firebaugh, respectively.

The following entities share common ownership with the Company:

- Maintenance Services, Inc. (Tom Fry (49%) and Tom Fry Jr. (51%)); and
- South Bay Recycling, LLC (Community Recycling and Resource Recovery Inc. (60%), Potential Industries (40%))

The Company also does business as the following companies: Atomic Disposal, Coastal Rubbish, West Coast Rubbish, Larry Disposal, All City Disposal, Arrow Pick-up, Magic Roll-off, Eagle Disposal, Extra Pick-up, Pacific Pick-up, ABC Disposal, Beverly Wilshire Disposal, Waste Control, Community Recycling, Western Reclamation and Reprocell.

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.

TEFRA. The TEFRA hearing was held on August 19, 2010. There were no comments received in support of or in opposition to this Project.

SBAF Contribution. The Company is a large business and will contribute up to \$169,224 to the CPCFA Small Business Assistance Fund.

Prior Actions and Financings. Prior actions and financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of August 25, 2010
DeGarmo Street Dump Series 1981	12/10/1981	\$ 4,470,000	\$0
Potential Industries Series 1999	07/29/1999	1,500,000	0
Potential Industries 2000A	12/21/2000	<u>1,900,000</u>	<u>0</u>
TOTALS:		<u>\$7,870,000</u>	<u>\$0</u>

Project Description. The Company intends to purchase waste collection vehicles and trailers to be used system wide, and various site-specific equipment for its MRF and power generating facilities, including conveyers, floating tanks, washers, pelletizers, and silo storage tanks.

Sun Valley Location: The Company intends to construct fencing and two buildings at the organics processing and transfer areas of its Sun Valley MRF. An odor scrubber for air emissions and a diesel distribution system will also be installed.

The Company also intends to construct a facility designed to receive and process waste mixed film plastic which is generated by both agricultural and industrial users. The resulting clean plastic material will be sold to film plastic producers.

South Bay Location: South Bay Recycling, an affiliate company, has received a contract with South Bayside Waste Management Authority to manage a MRF/transfer facility in San Carlos. The contract requires the Company to acquire equipment, including loaders, excavators, trucks, trailers, rollover sweepers and other related equipment.

Reedley and Firebaugh Locations: Equipment will also be added or renovated at affiliate sites. Dinuba Energy will add an air scrubber and renovate the boiler at its existing biomass energy facility. Madera Power will also renovate the boiler at its existing biomass energy facility.

The anticipated Project and issuance costs are listed below:

Site Preparation and Improvements	\$ 1,000,000
Acquisition and Installation of New Equipment	23,500,000
Bond Issuance Expenses	512,800
Letter of Credit or Bond Issuance Fee	625,435
Contingency	<u>1,765</u>
Total:	<u>\$25,640,000</u>

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, 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.

Anticipated Timeline. The company anticipates construction and equipment acquisition will be completed in June 2011.

Local Government. Staff received letters of support from:

- Mr. Kevin McCarthy, Executive Director of South Bayside Waste Management Authority (Attachment A)
- Ms. Lisa W. Sarno, Executive Director Million Trees LA, City of Los Angeles (Attachment B)
- Mr. Antonio R. Villaraigosa, Mayor, City of Los Angeles (Attachment C)
- Mr. Enrique C. Zaldivar, Director, Bureau of Sanitation, City of Los Angeles (Attachment D)

Pollution Control and/or Environmental Benefits. The Company represents the Project will generate the pollution control and environmental benefits described below.

Air Quality. The use of natural gas will assist in efforts to reduce oil consumption. The air scrubbers being installed at the Sun Valley, Reedley and Firebaugh locations will prevent noxious emissions and reduce odors.

Water Quality. The buildings being constructed in Sun Valley will reduce runoff water contamination at this Transfer Station/MRF.

Recycling of Commodities. It is anticipated that the recycling of commodities will increase in San Carlos as a result of the installation of the new sorting line system. The Sun Valley project will increase the recycling of film plastic, most of which is currently discarded in landfills.

Safety and Compliance. The United States Resources Conservation and Recovery Act (RCRA) and the California Integrated Waste Management Act of 1989 (AB 939) mandate the need to

minimize the amount of material landfilled and maximize recycling opportunities, both of which the project will achieve.

Tax Revenues. The Company anticipates that the following tax revenues will be generated by the project:

Payroll taxes, State and Federal	\$ 300,000	Annually
Personal Property Taxes	\$ 250,000	Annually
Sales Tax	\$2,000,000	One Time
Vehicle Licensing Fee	\$ 150,000	Annually

Jobs. 35 new jobs will be created by implementation of this project.

Permitting and Environmental Approvals.

The Company has obtained all required discretionary permit and copies have been provided to the authority.

<u>Location</u>	<u>Discretionary Permit</u>	<u>Status of Application</u>	<u>Date of Issuance</u>
Site 1:	Solid Waste Facility Permit	Issued	June 9, 1998
Site 2:	Solid Waste Facility Permit	Issued	May 26, 2004
	Conditional Use Permit	Issued	July 5, 1977
	Notice of Determination	Issued	May 13, 2009
Site 3:	Special Use Permit	Issued	October 24, 1984
	Special Use Permit Modification	Issued	March 29, 2004
Site 4:	Conditional Use Permit	Issued	September 7, 1993

Financing Details. The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds 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 issued by Union Bank that is rated at least “A” by Fitch Rating Agency or equivalent. The target date for financing is September 2010.

Financing Team.

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

Staff Recommendation. Staff recommends approval of Final Resolution No. 508 and Volume Cap Allocation Resolution No. 08-242-10 for an amount not to exceed \$25,640,000 for Crown Disposal Company, Inc. and South Bay Recycling, LLC and/or their respective Affiliates.

**FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO FINANCING OF SOLID WASTE DISPOSAL FACILITIES AND
EQUIPMENT FOR CROWN DISPOSAL COMPANY, INC.
AND SOUTH BAY RECYCLING, LLC
AND/OR THEIR RESPECTIVE AFFILIATES**

August 25, 2010

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Crown Disposal Company, Inc., a California corporation (“Crown Disposal”), for financial assistance to finance the acquisition, construction, renovation and/or installation of various solid waste disposal facilities and related vehicles and equipment for the processing and disposal of solid waste, located in Los Angeles, San Mateo, Tulare and Madera Counties, 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, Crown Disposal has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$25,640,000 to assist in the financing of the Project; and;

WHEREAS, the proceeds of such revenue bonds will be loaned to each of Crown Disposal and South Bay Recycling, LLC, a California limited liability company (“South Bay” and, collectively with Crown Disposal, the “Borrowers” and, each individually, a “Borrower”), under two separate loan agreements 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, each Borrower 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, in order to enhance the marketability of the bonds, the Borrower has arranged for the financial institutions, as named in the Term Sheet, to secure the bonds through the issuance of its direct-pay irrevocable letters 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 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 (Crown Disposal Company, Inc. Project), Series 2010A” (the “Series 2010A Bonds”) and the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (South Bay Recycling, LLC Project), Series 2010B” (the “Series 2010B Bonds”) and, together with the Series 2010A Bonds, the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$25,640,000, are hereby authorized to be issued. Each series of 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 Indentures (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance 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 on or before December 31, 2010, by negotiated sale, at such price, at such interest rate or rates and in such mode (taxable or tax-exempt) as he may determine, such determination to be as set forth in the herinafter referred to Purchase Agreements.

Section 4. The following documents:

- i. a Loan agreement relating to the Series 2010A Bonds between the Authority and Crown Disposal and a loan agreement relating to the Series 2010B Bonds between the Authority and South Bay (together, the “Loan Agreements”);
- ii. Indentures relating to the Bonds (the “Indentures”), each between the Authority and the trustee named in the Term Sheet (the “Trustee”)
- iii. a bond purchase agreement relating to the Series 2010A Bonds among the Authority, the Treasurer of the State of California and the underwriter or underwriters named in the Term Sheet (the “Underwriters”), and approved by Crown Disposal, and a bond purchase agreement relating to the Series 2010B Bonds among the Authority, the Treasurer of the State of California and the Underwriters, and approved by South Bay (together, the “Purchase Agreements”); and
- iv. the preliminary official statement relating to the Bonds (the “Preliminary Official Statement”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, 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) in substantial conformance with the Term Sheet as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Loan Agreements, the Indentures and the Purchase Agreements and by delivery thereof in the case of the Preliminary Official Statement.

The form of the Loan Agreement and the Indenture for the Series 2010B Bonds described in this Section 4 shall, if not on file with the Authority, be substantially similar to the Loan Agreement and the Indenture for the Series 2010A Bonds on file with the Authority.

Section 5. The Authority understands and agrees that pursuant to the terms of the Loan Agreements the obligations of each Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity or by Affiliates of such Borrower. For purposes of this Resolution, an “Affiliate” of a 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, such 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 6. 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 each series of the Bonds shall be as provided in the Indentures, as finally executed.

Section 7. The Underwriters are hereby authorized to distribute the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriters are hereby directed to deliver (in a manner that complies with Securities and Exchange Commission rule 15c2-12(b)(3)) a copy of said final official statement (as finally executed, the “Official Statement”) to all actual purchasers of the Bonds.

Section 8. The Bonds shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the applicable Indenture. The Bonds, when executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the 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, which instructions are hereby approved. 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 9. 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 and to pay certain costs of issuance of the Tax-Exempt Bonds, 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 10. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purposes of this resolution and the Indentures, the Loan Agreements, the Purchase Agreements and the Official Statement. The Authority hereby approves any and all documents to be delivered

in furtherance of the foregoing purposes, including, without limitation, any certifications and one or more tax certificates.

Section 11. The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on May 26, 2010, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 12. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 13. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrowers 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 (Crown Disposal Company, Inc. Project), Series 2010A and the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (South Bay Recycling, LLC Project), Series 2010B (collectively, the “Bonds”)
Maximum Amount of Issue:	\$25,640,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
Borrowers:	Crown Disposal Company, Inc. and South Bay Recycling, LLC
Trustee:	The Bank of New York Mellon 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:	A portion of such Bond proceeds is intended to finance the following projects in the County of Los Angeles: (1) Construction, improvement, renovation, rehabilitation and/or installation of solid waste disposal or processing facilities, buildings and related equipment, including a diesel and/or natural gas dispensing system, fencing, conveyors, prewashers, float tanks, washers, dryers, pelletizers and silo storage tanks for a waste plastic facility, all to be located at 9189 N. De Garmo Avenue, Sun Valley, California (the “Site”). The Site includes the following additional locations:

Agenda Item – 4.C.1.

9132, 9136, 9146, 9147, 9150, 9151, 9158, 9159, 9164, 9165, 9172, 9173 and 9178 N. De Garmo Avenue, 11200, 11208, 11216, 11264, 11270, 11278 and 11300 W. Pendleton Street, and 11201, 11207, 11213 and 11219 W. Randall Street all located in Sun Valley, California.

(2) 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

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

A portion of such Bond proceeds is intended to finance the following projects in the County of San Mateo:

(1) Acquisition of loaders, excavators, trucks, trailers, rollofs, containers, excavators and other solid waste vehicles and equipment, which may be located from time to time at 225 and 333 Shoreway Road, San Carlos, California; and

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

A portion of such Bond proceeds is intended to finance the following projects in the County of Tulare:

(1) Construction, improvement, renovation, rehabilitation and/or installation of solid waste disposal or processing facilities, buildings and related equipment, including the addition of an air scrubber and the renovation of a boiler at 6929 Avenue 430, Reedley, California.

(2) 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

Agenda Item – 4.C.1.

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

A portion of such Bond proceeds is intended to finance the following projects in the County of Madera:

(1) Construction, improvement, renovation, rehabilitation and/or installation of solid waste disposal or processing facilities, buildings and related equipment, including the renovation of a boiler at 11427 Firebaugh Blvd., Firebaugh, California.

(2) 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

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

All financed assets will be owned and/or operated by Crown Disposal Company, Inc., South Bay Recycling, LLC and/or an affiliate thereof (the “Company”). The vehicles and containers will be used to service the Company’s customers throughout the Company’s service territories in Los Angeles, San Mateo, Tulare and Madera County, California, and the containers will be located at the addresses of the Company’s customers.

Maximum Bond Term:

Not to exceed 30 years

Type of Sale:

Negotiated sale

Agenda Item – 4.C.1.

Description of Minimum Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
Financing Structure:	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
Maximum Interest Rate:	12%
Letter of Credit:	Provided by Union Bank. N.A.
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	Minimum “A”
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Tony Cone, (925) 472-8750

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 08-242-10

A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2008 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN
EXEMPT FACILITY PROJECT

WHEREAS, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from Crown Disposal Company, Inc. and South Bay Recycling LLC and/or their respective Affiliates (“Project Sponsor”) for approval of the issuance of revenue bonds; and

WHEREAS, on August 25, 2010, CPCFA approved Final Resolution No. 508 (“Final Resolution”) authorizing the issuance of up to \$25,640,000 of its solid waste disposal revenue bonds (Crown Disposal Company, Inc. and South Bay Recycling LLC Project) Series 2010 (“Bonds”); and

WHEREAS, in seeking CPCFA approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA which were relied upon by CPCFA in approving the Final Resolution; and

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2008 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and procedures. Accordingly, capitalized terms not otherwise defined shall have the meanings ascribed to them in the “Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Procedures”); and

WHEREAS, it is appropriate for CPCFA to confirm the use of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Bonds as set forth in the Final Resolution;

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of \$25,640,000 is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

Section 4. The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Bonds for the Project have been issued by CPCFA by the close of business on November 24, 2010. In a case of extreme hardship, the Deputy Executive Director or the Executive Director may extend this date by up to five (5) business days.

Section 5. Within twenty-four (24) hours of issuing the Bonds, CPCFA shall notify CDLAC via the email or the fax number as provided in Section 5140 of the CDLAC Regulations that the Bonds have been issued. This notice shall identify the Project Sponsor, the project or program, the date and amount of the Bonds issued.

Section 6. Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting the appropriate completed Report of Action Taken in a form prescribed by and made available by CDLAC.

Section 7. Any differences between the amount of Bonds issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

Section 8. In consideration of the CPCFA Allocation dedicated in Section 1 of this resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 9. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by CDLAC or CPCFA.

Section 10. This Resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 08-242-10
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A**

1. Project Sponsor: Crown Disposal Company, Inc. and South Bay Recycling LLC
and/or their respective Affiliates
2. Application #: 00826
3. Project User: Crown Disposal Company, Inc. and South Bay Recycling LLC
4. Project Name: Crown Disposal Company, Inc. and South Bay Recycling LLC
5. Location: Los Angeles, Madera, San Mateo, and Tulare Counties
6. Credit Enhancement
or Private Placement
Purchaser: Union Bank
7. The Credit Enhancement Provider/Private Placement Purchaser at the time of issuance will
be the same as represented in the application.
8. Amount of Allocation: \$25,640,000

Attachment A



June 17, 2010

Mr. Michael Paparian
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

RE: 2010 California Debt Limit Allocation Committee Capital Allocation Request – South Bay Recycling, LLC Project

Dear Mike:

I write to you today on behalf of South Bay Recycling, LLC, in regard to funding of their environmental project of which approval will be requested at the California Pollution Control Financing Authority (CPCFA) meeting in August.

My staff and I have worked closely with the management of South Bay Recycling over the past few years in the selection and development of their proposed project, and they are now ready for final approval of financing.

I understand that, in order to receive approval for the issuance of tax-exempt bonds, upon the lower interest rates of which the proposed project's economies have been based, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the Federal Government to the project. I further understand that the demand for such allocation is greater than ever, and far exceeds the available allocation.

While I can imagine that your job in apportioning the available allocation among competing projects is difficult, I want to impress upon you the importance of this project to the twelve member agencies of the South Bayside Waste Management Authority and the nearly half million Californians who live within SBWMA's service area. It is a project which is an integral part of, and crucial to, our overall plan of compliance with AB939. In addition, we and South Bay Recycling agree that the implementation of this project if a cost-effective solution to our overall needs, taking into account the cost of the project, technology being implemented, and expected waste diversion.

Therefore, on behalf of the South Bayside Waste Management Authority, I strongly urge that you approve the funding request from South Bay Recycling at your August meeting. Thank you.

Sincerely,

Kevin McCarthy
Executive Director

Cc: Duane McDonald, South Bay Recycling
Hilary Gans, SBWMA

610 Elm Street, Suite 202 : P: 650-802-3500 :
San Carlos, CA 94070 : F: 650-802-3501 : RethinkWaste.org

MEMBER AGENCIES: Town of Atherton • City of Belmont • City of Burlingame • City of East Palo Alto • City of Foster City • Town of Hillsborough
City of Menlo Park • City of Redwood City • City of San Carlos • City of San Mateo • County of San Mateo • West Bay Sanitary District

Attachment B



June 25, 2010

Mr. Michael Paparian
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

Re: Crown Disposal Co., Inc.

Dear Mr. Paparian:

Over the past several years, my staff and I have partnered with the management of Crown Disposal Co., Inc. to help reduce the level of carbon emissions here in the City of Los Angeles. Through this unique partnership, Crown Disposal grows trees and delivers them to Million Trees LA (MTLA). We distribute the trees free of charge to residents and property owners within the City. These trees help to provide cleaner air and a myriad of other environmental benefits for Angelenos.

I understand, as part of their continuing efforts to lower carbon emissions, they are working on a project to convert Crown Disposal's fleet to CNG and install a natural gas fueling station on their property. We support this effort and ask for your support to approve the Crown Disposal Co., Inc. project at your meeting in August.

Thank you for your kind consideration of this request.

Regards,

A handwritten signature in black ink that reads "Lisa W. Sarno". The signature is written in a cursive style with a large, sweeping flourish at the end.

Lisa W. Sarno
Executive Director

/ls

MTLA is an environmental initiative of the City of Los Angeles

200 N. Spring Street, City Hall, Room M-154 Los Angeles, CA 90012 ~ (213) 473-9951 ~ (213) 978-6306 fax

Attachment C



ANTONIO R. VILLARAIGOSA
MAYOR

July 21, 2010

Michael Papanian
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

Re: 2010 California Debt Limit Allocation Committee Cap Allocation Request Crown Disposal Co., Inc. Project

Dear Mr. Papanian:

The City of Los Angeles is creating a sustainable community through a number of innovative and far reaching climate, energy and transportation initiatives. I have committed the City to reducing green house gas emissions by 35% below 1990 levels by 2030, to reducing air pollution through switching from diesel to cleaner burning alternative fuels, diverting 70% of waste from landfills by 2013, and to power 100% of the City's refuse trucks, street sweepers and Metro buses with alternative fuels by 2010. I am proud to say that the City is well on its way to meeting these goals.

The City of Los Angeles is not only committed to sustainable City operations, we are also spreading our green agenda to the business community and are pleased to support efforts like Crown Disposal's fleet conversion project. This project, if approved, will fund the conversion of the Crown Disposal fleet from diesel fuel to cleaner burning Compressed Natural Gas.

I strongly support the approval of the Crown Disposal Companies request for funding for green house gas and air contaminant reduction project through the California Pollution Control Financing Agency. My office has worked with management of Crown Disposal Company over the past couple of years in developing their proposed project, which is now ready for final financing approval. The funding and implementation of this project is a valuable supplement to the City's sustainability objectives and zero waste goals.

Very truly yours,

ANTONIO R. VILLARAIGOSA
Mayor

ARV: rp



Attachment D

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

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1149 SOUTH BROADWAY, 8TH FLOOR
LOS ANGELES, CA 90015
TEL: (213) 485-2210
FAX: (213) 485-2979

June 29, 2010

Mr. Michael Paparian
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

**2010 CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE CAP ALLOCATION
REQUEST – CROWN DISPOSAL CO., INC. PROJECT**

Dear Mr. Paparian:

The Bureau of Sanitation is in support of the Crown Disposal Co., Inc.'s environmental project to convert their fleet to natural gas including the construction of the appropriate alternative fueling station to supply natural gas to their fleet. It is understood that approval for this project will be requested at the California Pollution Control Financing Authority (CPCFA) meeting in August.

The demand and competition for private activity tax exempt bonds being offered by the CPCFA is great, and allocation of these funds to equally deserving and beneficial projects can prove to be a difficult task. Therefore, it is our intent to show support for the Crown Disposal Co., Inc. project, as their services and relationship with the City of Los Angeles Bureau of Sanitation has been of utmost importance to our residential curbside recycling program and to maintain compliance with the California's Integrated Waste Management Act (AB 939).

Solid waste collection is an essential public service in the City of Los Angeles. Since 2000, we have been converting our own solid waste collection fleet, and today operate 159 liquid natural gas (LNG) powered vehicles and 244 dual-fuel (LNG/diesel) vehicles. To support the fleet conversion, we have also built four state-of-the-art LNG fueling stations. We possess one of the largest municipal clean fuel heavy-duty collection fleets in North America. We believe that converting our fleet to clean fuel vehicles provides a cleaner environment, and improves public health and the quality of life for our residents.

Being that Crown Disposal Co., Inc.'s green material processing services are an integral part of our overall curbside recycling program, the City supports Crown Disposal's plan to convert its fleet from diesel to compressed natural gas (CNG), including the development of CNG infrastructure to power the fleet. This endeavor will also serve to further reduce the City's carbon footprint in association with providing recycling services to the residents of Los Angeles.

Attachment D

Crown Disposal Co., Inc.
June 29, 2010
Page 2 of 2

In closing, the City of Los Angeles strongly urges the approval of the Crown Disposal Co., Inc.'s environmental project at your meeting in August 2010. Your full consideration of our support is greatly appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "Enrique C. Zaldivar".

ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation

ECZ:JP:cp

C: John Richardson, Community Recycling
Alex E. Helou
Javier Polanco

H:ECZ334.CP