CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: September 25, 2007

Executive Summary
Request for Initial Resolution

Prepared by: Doreen Carle

<table>
<thead>
<tr>
<th>Applicant:</th>
<th>Amount Requested:</th>
<th>Application No.:</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDCO Disposal Corporation and/or its Affiliates</td>
<td>$31,960,000</td>
<td>800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Location:</th>
<th>Initial Resolution No.:</th>
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</thead>
<tbody>
<tr>
<td>San Diego, Los Angeles, Riverside, Imperial, San Bernardino &amp; Orange Counties</td>
<td>07-08</td>
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</table>

Type of Business: EDCO Disposal Corporation (the “Company” or “EDCO”) provides refuse collection, recycling and disposal services.

Project Description: The Company plans to acquire low emission, CARB-compliant collection vehicles, transfer vehicles and trailers, loaders, carts, bins, and other equipment to be used throughout the Company’s service area, within the counties of San Diego, Los Angeles, Riverside, Imperial, San Bernardino, and Orange. The new collection vehicles will replace the older fleet which is not in compliance with new CARB standards. The vehicles may be located at any of the locations listed on Exhibit A of the resolution. Additionally, the Company intends to replace and upgrade transfer and recycling equipment, utilities, paving, and other onsite and offsite improvements at several of its locations.

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

Waste Diversion. Improvements to recycling and transfer equipment will increase the amount of waste that is recycled and will thereby assist in diverting or minimizing the amount of material destined for the landfills.

Pollution Control: The Company represents the Project will generate the following pollution control benefits.

Air Quality. The low-emission vehicles will reduce NOX and particulate matter emissions when compared with the conventional diesel-powered collection vehicles currently in use.

Energy Efficiency. New CARB-compliant collection vehicles will reduce fuel consumption compared to existing fleet.

Permits: The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution.

Financing Details: The Company anticipates a negotiated tax-exempt, weekly reset, 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 that is rated at least “A” by Fitch Ratings or equivalent.
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: 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 Initial Resolution No. 07-08 for EDCO Disposal Corporation and/or its Affiliates for an amount not to exceed $31,960,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*
EDCO DISPOSAL CORPORATION
AND/OR ITS AFFILIATES
Bond Amount: $31,960,000
San Diego, Los Angeles, Riverside, Imperial, San Bernardino, and Orange Counties
Application No. 800
September 25, 2007

STAFF SUMMARY – CPCFA
Prepared by: Doreen Carle

ISSUE:
EDCO Disposal Corporation and/or its Affiliates (the “Company” or “EDCO”) requests approval of Initial Resolution No. 07-08 for an amount not to exceed $31,960,000 to finance the purchase of collection vehicles and containers.

BORROWER:
The Company is a family owned business that was incorporated in California in March 1967. Affiliated Companies include Refuse Services, Inc.; Escondido Disposal; JEMCO Equipment Corporation; EDCO Waste Services; SANCO Services, LP; Desert Properties, LLC; Burrtec Waste & Recycling Services, Inc; and the Burrtec Waste Group.

The principal stockholders of the Company are as follows:
Edward G. Burr.......................... 50%
Sandra L. Burr..................................50%
Total: .......................................100%

Legal Questionnaire. 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 actions and financings are detailed below.

<table>
<thead>
<tr>
<th>Project</th>
<th>Issue Date</th>
<th>Amount Issued</th>
<th>Bond Amounts Outstanding as of 09/11/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burrtec Waste &amp; Recycling Services, LLC</td>
<td>June 2006</td>
<td>$18,425,000</td>
<td>$18,425,000</td>
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<tr>
<td>Burrtec Waste Group</td>
<td>January 2006</td>
<td>18,445,000</td>
<td>18,445,000</td>
</tr>
<tr>
<td>Desert Properties, LLC</td>
<td>June 2006</td>
<td>6,730,000</td>
<td>6,730,000</td>
</tr>
<tr>
<td>Burrtec Waste Group</td>
<td>July 2004</td>
<td>9,920,000</td>
<td>9,920,000</td>
</tr>
<tr>
<td>EDCO Disposal Corporation</td>
<td>June 2004</td>
<td>22,200,000</td>
<td>21,755,000</td>
</tr>
<tr>
<td>SANCO Services, LP</td>
<td>November 2002</td>
<td>7,885,000</td>
<td>5,535,000</td>
</tr>
<tr>
<td>Burrtec Waste Industries</td>
<td>June 2002</td>
<td>9,900,000</td>
<td>9,150,000</td>
</tr>
<tr>
<td>EDCO Disposal Corporation</td>
<td>November 2000</td>
<td>16,700,000</td>
<td>8,905,000</td>
</tr>
</tbody>
</table>
### PROJECT INFORMATION:

The Company plans to acquire low emission, CARB-compliant collection vehicles, transfer vehicles and trailers, loaders, carts, bins, and other equipment to be used throughout the Company’s service area, within the counties of San Diego, Los Angeles, Riverside, Imperial, San Bernardino, and Orange. The new collection vehicles will replace the older fleet which is not in compliance with new CARB standards. The vehicles may be located at any of the locations listed on Exhibit A of the resolution. Additionally, the Company intends to replace and upgrade transfer and recycling equipment, utilities, paving, and other onsite and offsite improvements at several of its locations.

The anticipated Project and issuance costs are listed below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Collection Vehicles</td>
<td>$22,000,000</td>
</tr>
<tr>
<td>Bins and Carts</td>
<td>$6,032,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Paving/site prep work</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Bond Issuance Expenses</td>
<td>$928,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$31,960,000</strong></td>
</tr>
</tbody>
</table>

### PUBLIC BENEFITS:

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

**Waste Diversion.** Improvements to recycling and transfer equipment will increase the amount of waste that is recycled and will thereby assist in diverting or minimizing the amount of material destined for the landfills.

**POLLUTION CONTROL:**

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

**Air Quality.** The low-emission vehicles will reduce NOX and particulate matter emissions when compared with the conventional diesel-powered collection vehicles currently in use.

**Energy Efficiency.** New CARB-compliant collection vehicles will reduce fuel consumption compared to existing fleet.
PERMITTING & ENVIRONMENTAL APPROVALS:
The Company will provide the Authority with copies of all required discretionary permits prior to requesting approval for Final Resolution.

ANTICIPATED TIMELINE:
The Company anticipates commencing equipment purchases in November 2007 with a scheduled completion date of November 2010.

FINANCING DETAILS:
The Company anticipates a negotiated tax-exempt, weekly reset, 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 that is rated at least “A” by Fitch Ratings or equivalent.

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 Initial Resolution No. 07-08 for EDCO Disposal Corporation and/or its Affiliates for an amount not to exceed $31,960,000.
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO FINANCE SOLID WASTE DISPOSAL FACILITIES FOR EDCO DISPOSAL CORPORATION AND/OR ITS AFFILIATES

September 25, 2007

WHEREAS, the California Pollution Control Financing Authority ("Authority"), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act ("Act") to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

WHEREAS, EDCO Disposal Corporation, a California corporation, and/or its affiliates (the "Company") has submitted an application (the “Application”) requesting that the Authority assist in financing the expansion and renovation of existing buildings and facilities, construction of new buildings and facilities and the acquisition and installation of equipment for solid waste processing facilities and facilities to support solid waste collection, and acquisition of solid waste collection vehicles and carts, as more fully described in the Application (collectively, the "Project") to be owned and operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit "A" attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal facilities and equipment which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Project; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed $31,960,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Project; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;
NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to $31,960,000 principal amount of bonds of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each bond shall contain a statement to the following effect:

"Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond."

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the bond proceeds to finance the Project; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute "some other similar official action" towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, this Resolution shall cease to be effective on September 25, 2010 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company’s application, and an explanation of the status of the Project.
EXHIBIT A

NUMBER:  07-08

LOCATION:  224 South Las Posas Road, San Marcos, CA
           1035 and 1044 West Washington Avenue, Escondido, CA
           8184 Commercial Street, La Mesa, CA
           7844 Armour Street, San Diego, CA
           6670, 6700 & 6750 Federal Blvd., Lemon Grove, CA
           3660 Dalbergia Street, San Diego, CA
           9005 Kenwood Drive, Spring Valley, CA
           550 West Aviation Road, Fallbrook, CA
           324 Maple Street, Ramona, CA
           320 Irwindale Avenue, Azusa, CA
           1830 & 1850 Agua Mansa Road, Riverside, CA
           5455 Industrial Parkway, San Bernardino, CA
           9820 Cherry Avenue, Fontana, CA
           17080 Stoddard Wells Rd, Victorville, CA
           17000 Abbey Lane, Victorville, CA
           988 Waterman Canyon, Crestline, CA
           1250 East Holt Avenue, Pomona, CA
           13373 Napa Street, Fontana, CA
           87011-A Landfill Road, Coachella, CA
           Southwest corner of 19th & McClane Streets, Palm Springs, CA
           41575 Eclectic Street, Palm Desert, CA
           70-100 Edom Hill Rd, Cathedral City, CA
           4878 Newton Road, Yucca Valley, CA
           73877 Amboy Road, Twentynine Palms, CA
           53600 Polk St., Coachella, CA
           6672 Stanton Avenue, Buena Park, CA
           6254 Paramount Blvd, Long Beach, CA
           Northwest corner of Patterson Street & California Avenue, Signal
           Hill, CA
           26000 Springbrook Avenue, Santa Clarita, CA

Carts and bins will be located at customers’ sites in the Company’s service
 territory in Los Angeles, San Diego, Riverside, Imperial, San Bernardino
 and Orange Counties

TYPE:        Solid Waste Disposal

AMOUNT:      Up to $31,960,000