Summary: Arakelian Enterprises, Inc. dba Athens Services (“the Company”) received Initial Resolution approval on October 26, 2004 for an amount not to exceed $35,150,000 to finance the expansion and improvement of its Material Recovery Facility (MRF), land and building purchases, equipment replacements and additions, and other capital improvements at various corporate yard locations. The Company now requests an amendment and reinstatement of the Initial Resolution to increase the amount to $47,940,000 to purchase additional equipment, improve new and existing buildings, and to include the an additional location in Irwindale. The Company anticipates that the project will provide waste diversion benefits.

Borrower: The Company was incorporated on February 28, 1991 in California. The Company provides residential and commercial solid waste collection, hauling and disposal services in portions of Los Angeles and Riverside Counties.

The principal stockholders of the Company are as follows:
Ron Arakelian Jr. ...................... 47%
Michael Arakelian...................... 50%
Various..................................... 3%
Total: ..................................100%

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 actions and financings are listed below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Bond Issue</th>
<th>Original Amount</th>
<th>Amount Outstanding as of June 30, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athens Disposal Company, Inc.</td>
<td>11/17/95</td>
<td>$25,000,000</td>
<td>$ 7,500,000</td>
</tr>
<tr>
<td>Athens Disposal Company, Inc.</td>
<td>08/31/99</td>
<td>13,500,000</td>
<td>6,220,000</td>
</tr>
<tr>
<td>Athens Services</td>
<td>05/10/01</td>
<td>15,780,000</td>
<td>9,240,000</td>
</tr>
<tr>
<td>Athens Services</td>
<td>07/27/06</td>
<td>22,400,000</td>
<td>20,565,000</td>
</tr>
<tr>
<td><strong>TOTALS:</strong></td>
<td></td>
<td><strong>$76,680,000</strong></td>
<td><strong>$43,525,000</strong></td>
</tr>
</tbody>
</table>
**Project Description:** The Company requests an amendment and reinstatement of Initial Resolution Number 04-15, that was approved on October 26, 2004.

The Company proposes to finance a combination of ongoing and current capital improvements. This includes the costs for equipment replacement and additions to company-wide operations such as vehicles and containers, as well as the expansion and improvement of its Material Recovery Facility (MRF) and various corporate yard locations.

The Company’s MRF will be expanded to create operating efficiencies and improve throughput and material recovery necessitating an additional 100,000 square foot building expansion, various processing equipment, paving, fencing and customary site improvements. In the process, the Company’s current maintenance facility will be consumed by the MRF expansion and must be relocated on nearby parcels. Also, the Company anticipates having to implement traffic mitigation measures in the project vicinity as a condition of its use permit. It is notable that the MRF to be expanded was the subject of two previous financings (1995 and 2001) by the Authority.

The following information provides project details associated with each site, including a breakdown of the estimated costs. Changes to the Initial Resolution are shown in bold.

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**14048 Valley Blvd., City of Industry, CA................................................... $6,500,000**

This is the Company’s headquarters site that houses and maintains many of its collection vehicles and the location of its MRF. This 15-acre site is owned by Arakelian Enterprises, Inc. and is comprised of various parcels in addition to the Valley Blvd. address as follows: 14037, 14045, 14051, 14055, 14103, 14121 and 14131 Proctor Avenue, City of Industry. The requested amount for this site has been reduced from $11,500,000. The original Initial Resolution included $5,000,000 for MRF equipment at this site, and the amended request includes the MRF equipment under the Equipment Costs listed below.

- Building Expansion $5,000,000
- Traffic Mitigation Measures $1,500,000

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**15019 Salt Lake Avenue, City of Industry, CA........................................... $1,100,000**

This 2.5 acre site will be purchased sometime during 2008 or 2009 from its current owners, James L. and Brook G. Foley, tenants in common. The site includes a small office (1,000 square feet) and maintenance shed. The requested amount for this site has increased by $100,000 for building rehabilitation.

- Land $900,000
- Building Acquisition 100,000
- Building Rehabilitation 100,000

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**900 South Maple Avenue, City of Montebello, CA................................. $2,500,000**

This 2 acre site was purchased in 2005. The site includes a 7,000 square foot office building and 6,000 square foot maintenance facility which will be
utilized as a corporate yard by the applicant. No changes to Initial Resolution request at this site.

Land .................................................$1,500,000
Building Acquisition ...............500,000
Building Rehabilitation ...........500,000

5355 North Vincent Avenue, Irwindale, CA ......................................................... $12,300,000
This 6.5 acre improved site was purchased from Vincent Avenue Partners, and is currently owned by Legacy Property Holdings Vincent Avenue, LLC which is owned by various Arakelian family members. This is an additional site that was not included in the original Initial Resolution.

Land .................................................$8,000,000
Buildings ..................................3,100,000
Building Rehabilitation ..........1,200,000

113 S. 5th Street, City of Industry, CA ................................................................. $1,300,000
This 5 acre unimproved site is owned by Arakelian Enterprises, Inc. It is possible that vehicles purchased with the proceeds of this proposed bond issue will be housed at this location at times. No changes to Initial Resolution request at this site.

Vehicle Parking Area .............$1,000,000
Fueling Station .......................300,000

Equipment .............................................................................................................. $22,500,000
The Company anticipates equipment purchases as outlined below. The equipment cost has increased by $5,000,000 to include the MRF equipment.

Collection Vehicles ...............$15,000,000
Bins and Containers ..............2,500,000
MRF Equipment ....................5,000,000

The MRF equipment will include conveyors, balers and scales and will be used at the MRF location of 14048 Valley Blvd, City of Industry. The collection vehicles, bins and containers will be utilized by the Company throughout its service area.

Vehicles purchased with bond proceeds may be housed at any of the Company’s locations, including all the above listed sites and the following Company-owned locations: 127 Van Norman Avenue, City of Montebello; 15045 Salt Lake Avenue, City of Industry; 687 Iowa Avenue, Riverside.

Bond Issuance Expenses .......................................................... $1,740,000
Previous cost estimate was $1,350,000

TOTAL Project Costs ................................................................. $47,940,000
Previous approved amount was $35,150,000

**Anticipated Timeline:** Construction and renovation commenced in January 2005 and is scheduled to be completed in June 2009. Equipment purchases were started in September 2007 and will be completed in January 2011. Land and buildings were purchased in September 2004, February 2005, and May 2008.

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

**Waste Diversion.** The MRF expansion will increase throughput which will allow increased diversion from landfills.

**Air Quality.** The new automated collection vehicles, some of which will be LNG-powered, will result in lower air emissions.

**Energy Efficiency.** The equipment involved in the MRF improvements will be more energy efficient than the equipment currently in use.

**Recycling of Commodities.** The project will increase efficiency in the recovery of recyclables.

**Permits:** The Company has provided the Authority with copies of its Solid Waste Facility Permit, Notice of Determination and Conditional Use Permit.

**CDLAC Allocation:** The Company anticipates applying to the Authority for CDLAC allocation later this year.

**Financing Details:** The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 25 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 Wells Fargo Bank that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is March 2009.

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

**Staff Recommendation:** Staff recommends approval of the amendment and reinstatement of Initial Resolution No. 04-15 for Arakelian Enterprises dba Athens Services and/or its affiliates for an amount not to exceed $47,940,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*
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, Arakelian Enterprises, Inc., a California corporation, doing business as Athens Services (the "Applicant"), and/or its affiliates (collectively, the "Company") has submitted an application (the “Application”) requesting that the Authority assist in financing the acquisition and construction of facilities and equipment for processing and disposal of solid waste and to house and maintain waste collection vehicles, 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 adopted its initial resolution 04-15 on October 26, 2004, expressing its intent to issue up to $35,150,000 of bonds for the Company (the “Original Resolution”); and

WHEREAS, the Original Resolution expired by its terms on October 26, 2007; and

WHEREAS, the Company has submitted an amended application to the Authority, requesting that the Original Resolution and original Project be reinstated, and requesting that the dollar amount of the Original Resolution be increased to reflect changes in costs, and the addition of one new site; 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 $47,940,000 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. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity which 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. An Affiliate shall also be a "participating party" as defined in the Act.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to $47,940,000 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 July 22, 2011 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. To the extent consistent with federal tax law, this Resolution shall (except for location #7 on Exhibit A) relate back to October 26, 2004 and shall replace the Original Resolution.
EXHIBIT A

NUMBER: 04-15

LOCATION:
1. 14048 Valley Blvd., City of Industry, Los Angeles County and adjacent parcels at 14037-14131 Proctor Avenue, City of Industry
2. 15019 and 15045 Salt Lake Avenue, City of Industry, Los Angeles County
3. 127 Van Norman Ave., Montebello, Los Angeles County
4. 900 South Maple Ave., Montebello, Los Angeles County
5. 113 S. 5th Street, City of Industry, Los Angeles County
6. 687 Iowa Ave., Riverside, Riverside County
7. 5355 North Vincent Avenue, Irwindale, CA 91706

• Expansion and equipping of MRF facility at location 1.
• Land purchase and building construction or renovations and equipping to service waste vehicles at locations 2, 4 and 7.
• Building construction or renovations and equipping to service waste vehicles at locations 3, 5, 6 and 7.
• Trucks and other equipment may be located at all 7 locations indicated above.
• Carts, containers and bins will be located at customers’ sites in Los Angeles and Riverside Counties.

TYPE: Solid Waste Disposal

AMOUNT: Up to $47,940,000