Summary. EDCO Disposal Corporation and/or its Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed $52,875,000 to finance:

- construction of a Materials Recovery Facility (MRF) and Transfer Station to process residential and commercial waste;
- acquisition of land and construction of a truck maintenance and fueling terminal;
- improvements and upgrades to existing facilities, including new Compressed Natural Gas (CNG) fueling equipment;
- replacement of barrels, bins, carts, drop boxes at all operation locations; and
- replacement of outdated trucks with new low emission or CNG vehicles

The Company anticipates that the project will provide improved air quality, improved water quality, increased recycling and compliance with AB 939.

Borrower. EDCO Disposal Corporation was incorporated in 1967 in California. The Company provides refuse and disposal services in San Diego, Los Angeles, Imperial and Orange Counties.

The Company’s related entities are EDCO Transport Services, LLC, Refuse Services, Inc., Escondido Disposal, JEMCO Equipment Corporation, EDCO Waste Services, SANCO Services, LP, Desert Properties, LLC and Burrtec Waste and Recycling Services, Inc.

The principal stockholders of the Company are as follows:
Edward G. Burr 50%
Sandra L. Burr 50%
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 2/24/2010</th>
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<tr>
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<td>$31,960,000</td>
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<td>Burrtec Waste &amp; Recycling Services, LLC</td>
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<td>Escondido Disposal, Inc. Series A&amp;B</td>
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<td>24,000,000</td>
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</tr>
</tbody>
</table>

TOTALS: $137,835,000 $90,535,000

Project Description. The Company intends to purchase low emissions/CNG vehicles, barrels, bins, carts, drop boxes to be used system wide and various site specific equipment.

- **2775 California Ave**: The Company intends to construct a new MRF and Transfer station to process up to 1500 tons per day of residential and commercial waste.

- **950 27th Street**: The Company intends to acquire land and construct a truck maintenance and fueling terminal.

- **All MRF locations**: The Company intends to upgrade existing facilities and add new CNG fueling equipment.

The anticipated Project and issuance costs are listed below:

- Acquisition of land $ 1,050,000
- Rehabilitation of Existing Buildings 1,600,000
- Construction of New Buildings 15,000,000
- Acquisition & Installation of New Equipment 6,500,000
- Rolling Stock 22,702,000
- Bins and Carts 5,000,000
- Bond Issuance Expenses 915,166
- Letter of Credit or Bond Issuance Fee 107,834

**Total:** $52,875,000

Anticipated Timeline. The Company has already begun construction and renovation of facilities and anticipates a completion date of December 2013. The Company intends to begin buying equipment purchases in January 2010 with a completion date of December 2014.

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

Waste Diversion. With the implementation of this project, the company will comply with all applicable State and Federal environmental regulations regarding the safe disposal of solid waste.
Ratepayer Benefits. The availability of tax-exempt financing has allowed the company to minimize the rate increases that would otherwise have been necessary to pay for the capital improvements required to meet AB 939 goals.

Air Quality. CNG and other low emission vehicles will reduce both Nitrogen Oxide and particulate matter emissions compared with the use of diesel vehicles currently in use.

Water Quality. The proposed facilities will operate on concrete surfaces reducing run off into ground water.

Recycling of Commodities. The MRF Projects involve the installation of equipment that should improve throughput capacity and operating efficiencies thereby increasing the volume of recycled material realized. Automated carts will increase the volume of recyclables collected.

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

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in the fourth quarter of 2010.

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 that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is the fourth quarter of 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 Initial Resolution No. 10-01 for EDCO Disposal Corporation and/or its Affiliates for an amount not to exceed $52,875,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
EDCO DISPOSAL CORPORATION AND/OR ITS AFFILIATES

February 24, 2010

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 (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in financing the acquisition of land, vehicles and equipment and the construction of facilities for the maintenance and fueling of vehicles and the processing of residential and commercial waste 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 and resource recovery 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 $52,875,000 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 $52,875,000 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. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.
Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6 above, this Resolution shall cease to be effective on February 24, 2013 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: 00830

LOCATION: Construction of facilities and related equipment to be located at 2775 California Avenue, Signal Hill, California.

Acquisition of land and construction of facilities and related equipment to be located at 950 27th Street, Signal Hill, California.

Acquisition and/or rehabilitation of facilities and related equipment to be located at the following addresses:

8184 Commercial Street, La Mesa, California
224 South Las Posas Road, San Marcos, California
1035 and 1044 West Washington Avenue, Escondido, California
6670, 6700 and 6750 Federal Boulevard, Lemon Grove, California
3660 Dalbergia Street, San Diego, California
550 West Aviation Road, Fallbrook, California
324 Maple Street, Ramona, California

Acquisition of vehicles to be located at any of the above locations or at the following locations:

6144 Federal Boulevard, San Diego, California
7844 Armour Street, San Diego, California
9005 Kenwood Drive, Spring Valley, California
53600 Polk Street, Coachella, California
6672 Stanton Avenue, Buena Park, California
6254 Paramount Boulevard, Long Beach, California

The vehicles may be located at each of the above locations. Carts, bins and containers will be located at customers’ sites in the Borrower’s service areas in the counties of Imperial, Los Angeles, San Diego and Orange.

TYPE: Solid Waste Disposal

AMOUNT: Up to $52,875,000