

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: February 24, 2010**  
*Request for Final and Refunding Resolution to Issue Revenue Bonds and*  
*Request for Tax-Exempt Bond Allocation Approval*

Prepared by: *Doreen Smith*

<b>Applicant:</b>	Recology Inc. and/or its Affiliates	<b>Amount Requested:</b>	\$150,495,000
<b>Project</b>	Counties of Butte, Colusa,	<b>Application Nos.:</b>	00821, 00616
<b>Location:</b>	Del Norte, Humboldt, Kern, Monterey, Placer, San Mateo, San Francisco, Santa Clara, Solano and Yuba.	<b>Final Resolution No.:</b>	500
		<b>Prior Actions:</b>	IR 09-05 approved 04/22/09 FR 468 approved 03/20/07 FR 409 approved 04/29/03 FR 384 approved 03/26/02 IR 97-10 approved 04/30/97 IR 97-10 amended 05/25/01 and 01/28/03

**Summary.** Recology Inc. and/or its Affiliates (the “Company”) requests approval of a Final Resolution to issue revenue bonds for an amount not to exceed \$150,495,000 to:

- 1) refund the CPCFA’s Variable Rate Demand Solid Waste Disposal Refunding Revenue Bonds (Norcal Waste Systems, Inc. Project) Series 2007 (the “Prior Bonds”) of which \$67,495,000 remains outstanding
- 2) finance the acquisition of land, and the acquisition and replacement of solid waste disposal, recycling, and organics collection vehicles and containers, and
- 3) pay certain costs of issuance.

**Borrower.** The Company was incorporated in California in 1988 as Norcal Waste Systems, Inc. The Company changed its name to Recology Inc. effective July 31, 2009. Recology owns or operates approximately 35 facilities in California. The Company provides refuse and disposal services including residential, commercial, and industrial waste collection and processing services, organics collection, recycling, and transfer and landfill operations. The Company is 100% employee-owned.

**Background.** On April 30, 2007, CPCFA issued the Prior Bonds on behalf of Norcal Waste Systems in the amount of \$67,495,000. The Prior Bonds were issued to refund Series 2001, 2002 and 2003 Bonds. The bonds were issued to finance the construction of a Materials Recovery Facility (MRF); acquisition of rolling stock, equipment and residential waste containers; land acquisition and construction and retrofit of solid waste handling and processing and parts storage facilities; and the construction and renovation of buildings used for solid waste collection and processing, associated offices and related equipment and facilities as well as the acquisition of solid waste collection and recycling equipment, including sorting lines and scales. The projects are located at various Company owned sites in Butte, Colusa, Del Norte, Humboldt, Kern, Monterey, Placer, San Mateo, San Francisco, Santa Clara, Solano and Yuba Counties.

On April 22, 2009, CPCFA approved Initial Resolution No. 09-05 for Alta Equipment Leasing Co., Inc. for an amount not to exceed \$83,000,000. Alta Equipment Leasing was 100% owned

by Norcal Waste Systems. This Final Resolution request is made under the Company’s new name, Recology Inc.

**Current Request.** The Company is currently requesting: (1) to refund the \$67,495,000 outstanding principal on the Prior Bonds; (2) allocation and final approval of bonds to finance a new project and pay certain costs of issuance.

The new project includes the acquisition of solid waste disposal, recycling, and organics collection vehicles and containers for the San Mateo location. ~~At the San Francisco location, the project includes -and the replacement of solid waste disposal, recycling, and organics collection vehicles and the purchase of rolling stock and related equipment. at the San Francisco location.~~ The Company is also considering the acquisition of certain unimproved parcels of land in the City of Brisbane. The communities to be served by the project include the cities of Atherton, Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos and San Mateo in San Mateo County; the City and County of San Francisco; and the West Bay Sanitary District.

The anticipated new project and issuance costs are listed below:

<del>Collection Vehicles</del>	<del>\$42,000,000</del>
<u>Collection Vehicles</u>	<u>\$36,500,000</u>
Land*	20,000,000
<u>Rolling Stock and Equipment</u>	<u>5,500,000</u>
Carts, Containers & Bins	20,000,000
Permits	350,000
Bond Issuance Expenses	<u>650,000</u>
<b>Total:</b>	<b><u><u>\$83,000,000</u></u></b>

\*The Company is contemplating (but is not presently committed to) the purchase of certain land parcels in the City of Brisbane. If for any reason the Company elects not to acquire all or a portion of the contemplated land parcels, such bond proceeds will otherwise be directed toward the acquisition of additional collection vehicles.

*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.*

**Legal Questionnaire.** The Company answered affirmatively to the questions contained in the Legal Status portion of the Application. The Grand Jury of the County of Santa Clara, California issued an indictment on June 21, 2006 in connection with a bid for garbage and recycling

**Agenda Item 4.B.1.**

contract with the City of San Jose. The indictment named Norcal as a co-defendant. The indictment was entitled People of the State of California v. Ronald R. Gonzales, Joseph August Guerra III, and Norcal Waste Systems, Inc., No. 211045 and was filed in the Superior Court of the County of Santa Clara. On June 11, 2007, the judge dismissed the indictment in its entirety. In addition, staff found numerous lawsuits in which Norcal was named a party. However, the Legal Office at California State Treasurer's Office indicates there is no indication that these issues threaten the ongoing financial viability of the Company.

**TEFRA.** The TEFRA hearings were held on January 21 and February 18, 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 \$408,095.97 to the CPCFA Small Business Assistance Fund (SBAF).

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

<b>Description</b>	<b>Date of Bond Issue</b>	<b>Original Amount</b>	<b>Amount Outstanding as of 02/24/10</b>
Norcal Waste Systems, Inc. Series 2007 (Refunding)	04/30/07	\$ 67,495,000	\$67,495,000
Norcal Waste Systems, Inc. Series 2003A (refunded by 2007 Bonds)	07/01/03	20,000,000	0
Comerica Bank – Norcal Waste Systems Series 2002B	07/01/02	25,000,000	0
Norcal Waste Systems, Inc. Series 2002A (refunded by Series 2007 Bonds)	07/01/02	18,000,000	0
Norcal Waste Systems, Inc. Series 2001A (refunded by Series 2007 Bonds)	12/01/01	31,215,000	0
<b>TOTALS:</b>		<b><u>\$161,495,000</u></b>	<b><u>\$67,495,000</u></b>

**Anticipated Timeline.** The Company anticipates commencing container purchases in the third quarter of 2010 and completing the purchases by December 2010. Vehicle purchases are anticipated to begin in the third quarter of 2010 with completion by December 2011.

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

**Waste Diversion.** The new collection containers will allow for the segregation of recyclable material from waste material and divert these recyclable materials from landfills.

**Air Quality.** The new collection vehicles will burn cleaner fuel and produce less emission than the previously operated vehicles.

**Water Quality.** The new collection vehicles will better segregate food and organic waste for recycling, thereby reducing the impact of organic materials in the wastewater stream relative to previously operated vehicles.

**Energy Efficiency.** The new collection vehicles promote fuel efficiency and less reliance upon fossil fuels.

**Recycling of Commodities.** With the acquisition of new collection containers and vehicles, the diversion and handling of recyclables and greenwaste materials will be expanded throughout the communities served.

**Permitting and Environmental Approvals.**

No discretionary permits and or approvals are required for the development of the project.

**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 provided by Bank of America, N.A. that is rated at least “A” by Standard & Poor’s or equivalent. The target date for financing is March 2010.

**Financing Team.**

**Underwriter:** Bank of America Merrill Lynch

**Bond Counsel:** Orrick, Herrington & Sutcliffe

**Issuer’s Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Final Resolution No. 500 for an amount not to exceed \$150,495,000 and Volume Cap Allocation Resolution No. 08-242-06 for an amount not to exceed \$83,000,000 for Recology Inc. and/or its Affiliates.

Final Resolution No. 500  
Application No. 821, 616

**FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING AND REFINANCING  
OF SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT  
FOR RECOLOGY INC. AND/OR ITS AFFILIATES**

February 24, 2010

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Recology Leasing Inc., formerly known as Alta Equipment Leasing Co., Inc. (“Recology Leasing”), a subsidiary of Recology Inc., formerly known as Norcal Waste Systems, Inc. a California corporation (the “Borrower”), for financial assistance to finance and refinance acquisition, construction, installation, 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 San Francisco, San Mateo, Butte, Colusa, Del Norte, Humboldt, Kern, Monterey, Placer, Santa Clara, Solano and Yuba 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, the Authority has previously issued its \$67,495,000 California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Refunding Revenue Bonds (Norcal Waste Systems, Inc. Project) Series 2007 (the “Prior Bonds”), of which \$67,495,000 remains outstanding, to assist in the financing of certain costs of the Project; and

WHEREAS, proceeds of the Prior Bonds were loaned to and applied by Recology Leasing; and

WHEREAS, in order to effectuate a savings in interest rates, the Borrower has requested that the Authority issue refunding bonds in order to refund the Prior Bonds; and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$150,495,000 to assist in the financing and refinancing of the Project and the refunding of the Prior Bonds; and;

WHEREAS, the proceeds of such revenue bonds and refunding bonds will be loaned to the Borrower under a loan agreement 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, the 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 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 the Borrower and each Affiliate of the 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 (Recology Inc. Project), Series 2010A” (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 \$150,495,000, 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 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 Contract.

Section 4. The proposed form of loan agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, on file with the Authority prior to this meeting, is hereby approved in substantially such form, 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 signatory executing the same 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 the trustee named in the Term Sheet (the “Trustee”), on file with the Authority prior to this meeting, is hereby approved in substantially such form, 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 signatory executing the same 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, as agreed to and accepted by the Borrower, on file with the Authority prior to this meeting or as provided in Section 8 hereof, is hereby approved in substantially such form, with such insertions, deletions or changes therein as the signatory executing the same 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 relating to the Bonds (the “Official Statement”), on file with the Authority prior to this meeting, is hereby approved in substantially such form, with such changes and insertions therein as the Executive Director may require or approve. The Underwriters are hereby authorized to distribute the Official Statement to persons who may be interested in the purchase of the Bonds. The Underwriters are further hereby directed to deliver a copy of said Official Statement to all actual purchasers of the Bonds.

Section 8. The form of the Purchase Contract described in Section 6 hereof shall, if not on file with the Authority, be substantially similar to the 2008 model purchase contract on file with the Authority, with particular information inserted therein in conformance with the Term Sheet.

Section 9. 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 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 10. 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 11. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that they 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 Indenture, the Loan Agreement, the Bond Purchase Contract 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.

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Section 12. Documents approved in this Resolution may be executed and delivered in accordance with 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 on January 27, 2010, the provisions of which are incorporated herein by reference.

Section 13. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower 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**

<b>Name of Issue:</b>	California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Recology Inc. Project), Series 2010A (the “Bonds”)
<b>Maximum Amount of Issue:</b>	\$150,495,000 (tax-exempt)
<b>Issuer:</b>	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
<b>Borrower:</b>	Recology Inc.
<b>Affiliates (to initially own or operate elements of the Project):</b>	Recology Leasing Inc., Golden Gate Disposal, Recology Yuba Sutter, Sunset Scavenger, Recology South Valley, Recology San Francisco and Recology San Mateo County
<b>Trustee:</b>	U.S. Bank National Association
<b>Senior Underwriter or Placement Agent:</b>	Bank of America Merrill Lynch
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
<b>Remarketing Agent:</b>	Merrill Lynch, Pierce, Fenner & Smith Incorporated
<b>Project:</b>	See Exhibit B
<b>Maximum Bond Term:</b>	Not to exceed 30 years
<b>Type of Sale:</b>	Negotiated sale

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<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 Bank of America, N.A.
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	Minimum "A"
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Lawrence Tonomura, (415) 627-3086

EXHIBIT B

I. A portion of the Bond proceeds is intended to finance the following projects:

- (1) acquisition of solid waste equipment, including loaders, rolloff boxes, transfer station equipment and related equipment at one or more of the following sites: (a) 501 Tunnel Avenue, San Francisco, California 94134, (b) 900 Seventh Street, San Francisco, California 94107, and (c) 401-409 Tunnel Avenue, San Francisco, California 94134;
- (2) acquisition of trucks, trailers, tractors and other solid waste recycling and organics vehicles and equipment, which may be located from time to time at the locations listed in item (1); and
- (3) acquisition of solid waste recycling and organics carts, bins and containers.

All of the above-described projects will be owned and/or operated by Alta Equipment Leasing Co., Inc., a subsidiary of Recology Inc., formerly known as Norcal Waste Systems, Inc. a California corporation and/or one or more of its affiliates (collectively, the "Borrower"). The carts, vehicles and containers either currently serve or will be used to service the Borrower's customers throughout the Borrower's service territories in the City and County of San Francisco, California, and the containers will be located at the addresses of the Borrower's customers.

II. A portion of the Bond proceeds is intended to finance the following projects:

- (1) acquisition, construction, design, retrofit and/or installation of solid waste disposal or processing equipment, including loaders, rolloff boxes and related equipment at 333 Shoreway Road, San Carlos, California 94070;
- (2) acquisition of land ~~and the acquisition, construction, design, retrofit and/or installation, renovation, improvement and/or equipping of certain solid waste recovery and processing facilities and facilities to support solid waste collection operations, and associated of solid waste disposal or processing equipment, including loaders, rolloff boxes and related equipment~~ at 5 Beatty Road, 555 Tunnel Avenue, 595 Tunnel Avenue, 601 Tunnel Avenue and 511 Tunnel Avenue, Brisbane, California 94005;
- (3) acquisition of other solid waste recycling and organics vehicles and equipment, which may be located from time to time at the locations listed in items (1) and (2); and
- (4) acquisition of solid waste recycling and organics carts, bins and containers.

All of the above-described projects will be owned and/or operated by the Borrower. The carts, vehicles and containers either currently serve or will be used to service the Borrower's customers throughout the Borrower's service territories in San Mateo County, California, and the containers will be located at the addresses of the Borrower's customers.

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III. A portion of the proceeds of the Prior Bonds was used to finance or refinance the following projects in the Counties of Butte, Colusa, Del Norte, Humboldt, Kern, Monterey, Placer, San Mateo, Solano and Yuba:

- (1) the acquisition, construction, installation, renovation, improvement and/or equipping of certain solid waste recovery and processing facilities and facilities to support solid waste collection operations, and associated equipment; and
- (2) the acquisition of certain solid waste collection vehicles, carts, bins and related equipment.

A portion of the proceeds of the Bonds will be used to refinance certain solid waste collection vehicles and equipment currently located or stored, or proposed to be located or stored, at the following locations in the following Counties:

- (1) in the County of Butte, at 3097 Southgate Lane, Chico, California 95928 or 2720 South Fifth Avenue, Oroville, California 95965;
- (2) in the County of Colusa, at 1110 Husted, Williams, California 95987 or 3856 Old Hwy 99, Maxwell, California 95955;
- (3) in the County of Del Norte, at 640 Elk Valley Road, Crescent City, California 95531;
- (4) in the County of Humboldt, at 949 West Hawthorne, Eureka, California 95501;
- (5) in the County of Kern, at 2951 Newmarkel Road, Edison, California 93220;
- (6) in the County of Monterey, at 31400 Johnson Canyon Road, Gonzales, California 93926, 350 Crazy Horse Canyon Road, Salinas, California 93907 or 139 Sun Street, Salinas, California 93901;
- (7) in the County of Placer, at 12305 Shale Ridge Road, Auburn, California 95602 and 6699 Patent Road, Foresthill, California 95631;
- (8) in the County of San Mateo, at 1271 Montgomery Ave, San Bruno, California 94066, 1356-60 Marsten Road, Burlingame, California 94010, 505 Tunnel Avenue, Brisbane, California 94005 or 101 Tanforan Avenue, San Bruno, California 94066;
- (9) in the County of Solano, 855 1/2 Davis Street, Vacaville, California 95687, 2021 Broadway, Vallejo, California 95489 or 6426 Hay Road, Vacaville, California 95687; and
- (10) in the County of Yuba, at 3001 North Levee Road, Marysville, California 95901 or 5900 Ostrom Road, Wheatland, California 95692.

All financed assets are owned and/or operated by Borrower and/or one of more Affiliates of the Borrower.

IV. A portion of the proceeds of the Bonds will be used to refinance:

- (1) the acquisition, construction, installation, renovation, improvement and/or equipping of a materials recovery sorting facility at Pier 96, San Francisco, California 94124, and of a materials recovery facility adjacent to an existing transfer station at 501 Tunnel Avenue, San Francisco, California 94134, and associated equipment;
- (2) certain solid waste collection vehicles and equipment; and
- (3) certain carts and bins.

The solid waste collection vehicles and equipment are currently located or stored at or are proposed to be located or stored at the aforementioned addresses or at 900-50 Seventh Street, San Francisco, California 94107, 401-409 Tunnel Avenue, San Francisco, California 94134 or 515 Tunnel Avenue, San Francisco, California 94134. The carts and bins are currently located with or proposed to be located with Borrower's customers throughout Borrower's service area in the City and County of San Francisco. All financed assets are owned and/or operated by Borrower.

V. A portion of the proceeds of the Bonds will be used to refinance:

- (1) the acquisition, construction, installation, renovation, improvement and/or equipping of facilities to support solid waste collection operations located in Santa Clara County at 1158 Berryessa Road, San Jose, California 95132, and associated equipment;
- (2) certain solid waste collection vehicles and equipment; and
- (3) certain carts and bins.

The solid waste collection vehicles and equipment are currently located or stored at or are proposed to be located or stored at the aforementioned address or at 935 Terra Bella Avenue, Mountain View, California 94043, 650 Martin Avenue, Santa Clara, California 95050, 13920 & 14070 Llagas Avenue, San Martin, California 95046, 1351 Pacheco Pass, Gilroy, California 95020, 1675 Rogers Avenue, San Jose, California 95112, 1120 Berryessa Road, San Jose, California 95133 or the intersection of Bloomfield Road & Highway 152, Gilroy, California 95020. The carts and bins are currently located with or proposed to be located with Borrower's customers throughout Borrower's service area in the City of San Jose. All financed assets are owned and/or operated by Borrower. The Borrower has leased the property located at 1120 Berryessa Road, San Jose, California 95133 to California Waste Solutions, Inc., which is using it for its solid waste operations.

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RESOLUTION NO. 08-242-06  
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 Recology Inc. (“Project Sponsor”) for approval of the issuance of revenue bonds; and

WHEREAS, on February 24, 2010, CPCFA approved Final Resolution No. 500 (“Final Resolution”) authorizing the issuance of up to \$83,000,000 of its solid waste disposal revenue bonds (Recology Inc. 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 \$83,000,000 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.

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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 May 24, 2010. In a case of extreme hardship, 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 by facsimile communication to the fax number listed in Section 24 of the CDLAC Procedures that the Bonds have been issued. This facsimile 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 a 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 7 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. 08-242-06  
(AN EXEMPT FACILITY PROJECT)  
EXHIBIT A**

1. Project Sponsor: RECOLOGY INC.
2. Application #: 00821
3. Project User: Recology Inc.
4. Project Name: Recology Inc.  
  
Location: Counties of Butte, Colusa, Del Norte, Humboldt, Kern, Monterey, Placer, San Mateo, San Francisco, Santa Clara, Solano and Yuba.
5. Credit Enhancement or Private Placement Purchaser: Bank of America, N.A.
6. The Credit Enhancement Provider/Private Placement Purchaser at the time of issuance will be the same as represented in the application.
7. Amount of Allocation: \$83,000,000