

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting: February 6, 2007
Executive Summary
REQUEST FOR INITIAL RESOLUTION APPROVAL**

Prepared by: *Cynthia Hanzalik*

Applicant:	CR&R Incorporated and/or its Affiliates	Amount Requested:	\$34,615,000
		Date Requested:	February 6, 2007
Project	Santa Fe Springs (Los Angeles County),	Application No.:	794
Location:	Stanton & San Juan Capistrano (Orange County) and Perris (Riverside County), and Phelan (San Bernardino County)	Initial Resolution No.:	07-02

Type of Business: CR&R, Incorporated and/or its Affiliates (“CR&R” or “the Company”) provides integrated environmental management services consisting of the collection, transfer and hauling of solid waste, materials recovery and the processing, marketing and transportation of recyclable materials to various municipalities within the cities and counties of Los Angeles, Orange, Riverside, and San Bernardino. The Company also provides services to commercial businesses within its service areas.

Background: In 2006, CR&R requested and received Authority Board approval for \$19,600,000 to finance six project components and bonds were issued on June 7, 2006. In its current 2007 proposed financing, the Company requests \$34,615,000 generally to finance five of the original six project components. Instead of using approximately 22% of the 2006 bond funds to finance system-wide vehicles as originally represented in its applications, the Company used 83% of the 2006 bond funds to finance system-wide vehicles. Limited amounts of the 2006 bond funds were used to finance the other five project components (See Attachment A).

Given the significant change in the allocation of 2006 bond funds, staff believes the Company should provide the following documentation no later than two-weeks prior to proceeding with a Final Resolution for the proposed 2007 financing:

- (1) An opinion of bond counsel that, with the allocation of bond proceeds among the project components, the tax-exempt status of the 2006 bonds is intact and the 2006 Tax Certificate still contains an accurate tax analysis for the project;
- (2) Written approval of the allocation of the 2006 bond proceeds from the Letter of Credit bank; and,
- (3) A completed Final Project Completion Certificate from the Company in which the Company must report, among other information, any variances in the 2006 project description (see Attachment B).

Project Description: In its application for the proposed 2007 financing, the Company represents that it intends to upgrade and improve its material recovery facilities (MRF), transfer station and various recycling operations located within Los Angeles, Orange, Riverside, and San Bernardino Counties to accommodate the growth in its service area. The project components include:

- site and corporate yard improvements; and
- acquisition of solid waste, processing, transporting and recycling related vehicles and equipment (including containers, bins, and drop boxes).

Site improvements include, but are not limited to, grading, paving and fencing. The equipment upgrades include, but are not limited to, sorting lines, balers, loaders, crushers, a street sweeper and related equipment. All sites are owned by the Company with the exception of the Ortega Highway, San Juan Capistrano Transfer Station the (“San Juan Transfer Station”) site which is leased from DMB San Juan Investment North, LLC. The Company will provide a copy of the lease prior to issuing bonds.

Public Benefits:

Waste Diversion. The Company represents that the MRF will assist the communities served in meeting AB 939 requirements.

SBAF Contribution: The Company is a large business, and it will contribute up to \$346,150 in fees to CPCFA’s Small Business Assistance Fund (SBAF).

Pollution Control: The Company represents the following pollution control benefits:

Air Quality. The new vehicles will be California Air Resources Board (CARB) compliant, and thereby will emit less particulate matter and Nitric Oxide (NOx) than the existing fleet.

Energy Efficiency. The new vehicles will be more fuel efficient than the existing fleet, thereby saving on fossil fuels.

Recycling of Commodities. The project should provide for increased recycling of commodities due to:

- Single stream recycling carts which will encourage resident participation;
- New MRF equipment is more efficient and should therefore increase the volume of recyclables separated from the waste stream;
- Several of the facilities will allow and encourage consumer drop off of hazardous materials; and
- Several of the facilities receiving bond proceeds will aid in the ease of the disposal of construction and demolition material which is rich in recyclable material.

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

Anticipated Financing Details: The Company anticipates a public offering of a negotiated variable rate bond issue with a term not to exceed 30 years for the qualifying portions of the overall project. The Company plans to secure the bonds with an irrevocable, direct pay letter of credit that is rated “AA-/F1+” or better by Fitch Ratings or equivalent.

Financing Team:

Bond Counsel: Law Offices of Leslie M. Lava
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Andrew S. Rose

Legal Questionnaire: The Company responded affirmatively to Question No. 5 of the Legal Status Questionnaire. Attachment C provides a discussion of the legal issues and staff recommendation regarding the disclosure. 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. 07-02 for CR&R, Incorporated and/or its Affiliates for an amount not to exceed \$34,615,000. Given the significant change in the allocation of 2006 bond funds as described above, staff further recommends the Company provide the following documentation before proceeding with a Final Resolution for the proposed 2007 financing:

- (1) An opinion of bond counsel that, with the allocation of bond proceeds among the project components, the tax-exempt status of the 2006 bonds is intact and the 2006 Tax Certificate still contains an accurate tax analysis for the project;
- (2) Written approval of the allocation of the 2006 bond proceeds from the Letter of Credit bank; and,
- (3) A completed Final Project Completion Certificate from the Company in which the Company must report, among other information, any variances in the 2006 project description (see Attachment B).

Note: An initial resolution approval is not a commitment that the Board will approve a final resolution and bond financing for the proposed Project.

**CR&R, INCORPORATED
AND/OR ITS AFFILIATES**

Bond Amount: \$34,615,000

Various cities within Los Angeles, Orange,
Riverside and San Bernardino Counties, CA

Application No. 794

February 6, 2007

STAFF SUMMARY – CPCFA

Prepared by: *Cynthia Hanzalik*

ISSUE:

CR&R, Incorporated and/or its Affiliates (the “Company” or “CR&R”) requests approval of Initial Resolution No. 07-02 for an amount not to exceed \$34,615,000 to finance site improvements and equipment purchases.

CDLAC Allocation. The Company anticipates receiving an allocation of up to \$34,615,000 from CDLAC at the March 21, 2007 meeting.

BORROWER:

CR&R, Incorporated is a corporation organized in Stanton, California in November 1963. CR&R, Incorporated provides integrated environmental management services consisting of collection, materials recovery, transfer, and hauling of solid waste, and the processing, marketing and transportation of recyclable materials to various municipalities within the cities and counties of Los Angeles, Orange, Riverside, and San Bernardino. The Company also provides services to commercial businesses within its service areas.

CR&R, Incorporated is 100% owned by The Ronnenberg Family Trust dated June 21, 1978.

CR&R is affiliated with the following Companies:

Division of CR&R

- Haulaway Storage Containers, Inc.

Wholly-owned Subsidiaries

- Cherry Valley Sanitation Services, Inc.
- Costa Mesa Disposal, Inc.
- CR Transfer, Inc.
- CR&R Fuels, Inc.
- O.K. Associates, Inc.
- RB Containers, Inc.
- Solag Incorporated
- CR&R International Sales Corporation

Legal Questionnaire.

The Company responded affirmatively to Question No. 5 of the Legal Status Questionnaire. Attachment C provides a discussion of the legal issues and staff recommendation regarding the disclosure. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. Prior CPCFA financings for the Company are shown below. All required principal and interest payments have been made in a timely manner.

Description	Principal Issued	Bonds Currently Held by Investors
CR&R, Incorporated Series 1982A	\$ 1,500,000	\$ 0
CR&R, Incorporated Series 1995A	6,385,000	3,160,000
Solag Disposal Inc. Series 1997A	4,000,000	2,135,000
CR&R, Incorporated Series 1999A	1,500,000	0
CR&R Incorporated Series 2000A	6,350,000	5,715,000
CR&R Incorporated Series 2002A	7,795,000	7,795,000
CR&R Incorporated Series 2006A	<u>19,600,000</u>	<u>19,600,000</u>
	\$47,130,000	\$38,405,000

Background: In 2006, CR&R requested and received Authority Board approval for \$19,600,000 to finance six project components and bonds were issued on June 7, 2006. In its current 2007 proposed financing, the Company requests \$34,615,000 generally to finance five of the original six project components. Instead of using approximately 22% of the 2006 bond funds to finance system-wide vehicles as originally represented in its applications, the Company used 83% of the 2006 bond funds to finance system-wide vehicles. Limited amounts of the 2006 bond funds were used to finance the other five project components (See Attachment A).

Given the significant change in the allocation of 2006 bond funds, staff believes the Company should provide the following documentation no later than two-weeks prior to proceeding with a Final Resolution for the proposed 2007 financing:

- (1) An opinion of bond counsel that, with the allocation of bond proceeds among the project components, the tax-exempt status of the 2006 bonds is intact and the 2006 Tax Certificate still contains an accurate tax analysis for the project;
- (2) Written approval of the allocation of the 2006 bond proceeds from the Letter of Credit bank; and,
- (3) A completed Final Project Completion Certificate from the Company in which the Company must report, among other information, any variances in the project description (see Attachment B).

PROJECT INFORMATION:

The Company represents that it intends to upgrade and improve its material recovery facilities (MRF), transfer station and various recycling operations located within Los Angeles, Orange, Riverside, and San Bernardino Counties to accommodate the growth in its service area. The project components include:

- site and corporate yard improvements; and
- acquisition of solid waste, processing, transporting and recycling related vehicles and equipment (including containers, bins, and drop boxes).

Site improvements include, but are not limited to, grading, paving and fencing. The equipment upgrades include, but are not limited to, sorting lines, balers, loaders, crushers, a street sweeper and related equipment. All sites are owned by the Company with the exception of the Ortega Highway, San Juan Capistrano Transfer Station the (“San Juan Transfer Station”) site which is leased from DMB San Juan Investment North, LLC. The Company will provide a copy of the lease prior to issuing bonds.

A breakdown of project costs is as follows:

Recycling Center and offices\$325,000

11262, 11272, 11292, and 11322 Western Ave, Stanton

The Company operates a recycling center, C&D facility and corporate offices at these addresses. The Company intends to upgrade their computer system.

Computer system upgrade \$325,000

MRF and C&D facility\$19,500,000

1706 Goetz Road, Perris, CA

Facility improvements and equipment purchases.

Site improvements \$2,000,000
Equipment \$17,500,000

Transfer Station\$4,500,000

31641 Ortega Highway, San Juan Capistrano (leased site) Facility improvements and equipment purchases.

Site improvements \$1,000,000
Equipment \$3,500,000

Corporate Yard\$256,250

12739 Lakeland Road, Santa Fe Springs

Facility improvements and equipment purchases.

MRF Transfer Station\$5,300,000

11232 Knott Avenue, Stanton

Facility improvements and equipment purchases.

Site improvements \$5,000,000
Equipment \$300,000

System wide equipment\$4,018,750

Waste collection vehicle and waste container acquisitions for use throughout the service areas.

Vehicles \$1,555,000
Containers, bins, and drop boxes \$2,463,750

Project Costs	\$33,900,000
Cost of Issuance	710,800
Financing Contingency	<u>4,200</u>
Total Costs	\$34,615,000

PUBLIC BENEFITS:

Waste Diversion. The Company represents that the MRF will assist the communities served in meeting AB 939 requirements.

SBAF Contribution. The Company is a large business, and it will contribute up to \$346,150 in fees to CPCFA’s Small Business Assistance Fund (SBAF).

POLLUTION CONTROL:

The Company represents the project will generate the following pollution control benefits:

Air Quality. The new vehicles will be California Air Resources Board (CARB) compliant, and thereby will emit less particulate matter and Nitric Oxide (NOx) than the existing fleet.

Energy Efficiency. The new vehicles will be more fuel efficient than the existing fleet, thereby saving on fossil fuels.

Recycling of Commodities. The project should provide for increased recycling of commodities due to the following:

- Single stream recycling carts which will encourage resident participation;
- New MRF equipment is more efficient and should therefore increase the volume of recyclables separated from the waste stream;
- Several of the facilities will allow and encourage consumer drop off of hazardous materials; and
- Several of the facilities receiving bond proceeds will aid in the ease of the disposal of construction and demolition material which is rich in recyclable material.

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 represents that (1) Construction and renovations began in April 2006 and are anticipated to be completed by December 2008; and (2) the equipment purchases began in February 2006 and are scheduled for completion in December 2008.

FINANCING DETAILS:

The Company anticipates a public offering of a negotiated variable rate bond issue with a term not to exceed 30 years for the qualifying portions of the overall project. The Company plans to secure the bonds with an irrevocable, direct pay letter of credit that is rated “AA-/F1+” or better by Fitch Ratings or equivalent.

FINANCING TEAM:

Bond Counsel: Law Offices of Leslie M. Lava
Underwriter: Westhoff, Cone & Holmstedt
Financial Advisor: Andrew S. Rose

RECOMMENDATION:

Staff recommends approval of Initial Resolution No. 07-02 for CR&R, Incorporated and/or its affiliates for an amount not to exceed \$34,615,000. Given the significant change in the allocation of 2006 bond

Agenda Item – 5.A.1.

funds as described above, staff further recommends the Company provide the following documentation before proceeding with a Final Resolution for the proposed 2007 financing:

- (1) An opinion of bond counsel that, with the allocation of bond proceeds among the project components, the tax-exempt status of the 2006 bonds is intact and the 2006 Tax Certificate still contains an accurate tax analysis for the project;
- (2) Written approval of the allocation of the 2006 bond proceeds from the Letter of Credit bank; and,
- (3) A completed Final Project Completion Certificate from the Company in which the Company must report, among other information, any variances in the 2006 project description.

ATTACHMENT A

CR&R Incorporated
 Comparison of Project Costs Previously Approved and Currently Requested

		April 25, 2006 IR Approval	May 16, 2006 FR Approval	Amount Expended	Costs Remaining	2007-08 Net Additional Costs	Total Required
1.	Recycling Center and Offices – 11262,11272, 11292 and 11322 Western Ave, Stanton						
	Equipment**	\$ 925,000	\$ 925,000	\$ 0	\$ 925,000	\$ (925,000)	\$ 0
	Computer System Upgrade	400,000	400,000		400,000	(75,000)	325,000
2.	MRF and C&D Facility – 1706 Goetz Road, Perris						
	Site Improvements*	4,360,000	4,360,000	248,000	4,112,000	(2,112,000)	2,000,000
	Corporate Yard Improvements & Equipment	2,200,000	2,200,000		2,200,000	15,300,000	17,500,000
3.	Transfer Station – 31641 Ortega Highway, San Juan Capistrano (leased site)						
	Site Improvements*	1,000,000	1,000,000	250,000	750,000	250,000	1,000,000
	Equipment**	2,500,000	2,500,000		2,500,000	1,000,000	3,500,000
4.	Corporate Yard – 12739 Lakeland Road, Santa Fe Springs						
	Site Improvements*	150,000	150,000		150,000	86,250	236,250
	Equipment**	20,000	20,000		20,000		20,000
5.	MRF Transfer Station – 11232 Knott Avenue, Stanton						
	Site Improvements*					5,000,000	5,000,000
	Equipment**					300,000	300,000
6.	System Wide Equipment						
	Vehicles	4,365,000	4,365,000	16,235,000		1,555,000	1,555,000
	Containers, bins and drop boxes	<u>2,175,000</u>	<u>2,175,000</u>	<u>2,475,000</u>	<u> </u>	<u>2,463,750</u>	<u>2,463,750</u>
		<u>\$18,095,000</u>	<u>\$18,095,000</u>	<u>\$19,208,000</u>	<u>\$11,057,000</u>	<u>\$22,843,000</u>	<u>\$33,900,000</u>
	Project Costs:						
	Construction Contingency	1,105,000	1,105,000				
	Cost of Issuance	392,000	392,000	392,000			710,800
	Finance Contingency	<u>8,000</u>	<u>8,000</u>	<u> </u>	<u> </u>	<u> </u>	<u>4,200</u>
	TOTAL	<u>\$19,600,000</u>	<u>\$19,600,000</u>	<u>\$19,600,000</u>	<u>\$11,057,000</u>	<u>\$22,843,000</u>	<u>\$34,615,000</u>

* These site improvements consist of, but are not limited to, grading, paving and fencing.

** This new equipment can include sorting lines, balers, loaders, crushers, a street sweeper and related equipment.

ATTACHMENT B

FORM OF FINAL PROJECT COMPLETION CERTIFICATE

To: Trustee Bank	California Pollution Control Financing Authority
Trustee Address	915 Capitol Mall, Room 457
City, State ZipCode	Sacramento, CA 95814
Attn: Title	Attn: Executive Director

RE: Final Project Completion Certification

This Final Project Completion Certification is being provided to you pursuant to the requirements of the Loan Agreement between the Authority and the Borrower, whereon upon completion of the below referenced project, the Borrower shall have an Authorized Representative of the Borrower, on behalf of the Borrower, evidence the Completion Date of the project by providing a certificate, which shall be approved by the Bank (if applicable), to the Trustee and the Authority stating the Costs of the Project and the components of Project as described in Exhibit A of the Loan Agreement (see attached). The completed project information is provided below.

BOND INFORMATION

Borrower Name:	Project Name(s): Please list.
Bond Name and Series:	
Bond Closing Date:	
Bond Amount Issued:	

PROJECT INFORMATION

Project Address:	<i>(From Exhibit A of the Loan Agreement)</i>
Project Commencement Date:	
Project Completion Deadline:	<i>(Contemplated per the Tax Agreement Section #.#)</i>
Completion Date:	<i>(Actual)</i>

BREAKDOWN OF EXPENDITURES OF BOND PROCEEDS

BREAKDOWN OF EXPENDITURE OF NON-BOND PROCEEDS

<u>Project Cost by Item</u>	<u>Amount</u>	<u>Amount</u>
(From the Tax Certificate and Agreement)		

TOTAL:	\$ _____	\$ _____
---------------	-----------------	-----------------

Amount of Bond Proceeds remaining in the Project Fund **\$ _____**

The acquisition, equipping, rehabilitation and construction have been completed substantially in accordance with the plans, specifications and work orders therefore, and all labor, services, materials and supplies used in the acquisition, equipping, rehabilitation and construction have been paid or

Agenda Item – 5.A.1.

provided for. All other facilities necessary in connection with the Project have been acquired, constructed and installed in accordance with the plans and specifications and work orders therefore and all costs and expenses incurred in connection therewith have been paid or provided for. The public benefits as presented to the Authority Board at the approval of the Final Resolution have been realized as a result of the completion of this Project.

The Borrower certifies that the Project was completed substantially in accordance with Exhibit A of the Loan Agreement, with any amendments. Any variances from the Project as described in Exhibit A are described below:

PROJECT VARIANCES (If Any):

This certificate is given without prejudice to any rights of the Borrower against third parties for any claims or for the payment of any amount not then due and payable which obligation as been incurred at the date of this certificate or which may subsequently be incurred.

Borrower's Authorized Representative(s)
applicable)

Bank's Authorized Representative (if

Attachments [Photos of completed project(s)]

ATTACHMENT C

CR&R INCORPORATED

CR&R submitted a legal status questionnaire in which it responded affirmatively to question #5 regarding the Company's standing as a party to civil and/or administrative actions. All legal issues contained in the current legal status questionnaire were previously disclosed to the Authority with the Company's May 16, 2006 request for Final Resolution. CPCFA approved the requested Final Resolution at that time and bonds were issued on June 7, 2006.

STAFF FINDINGS IN 2007:

For the current 2007 financing request, staff again queried the California Integrated Waste Management Board (CIWMB) database to determine whether any new violations or enforcement actions have occurred since the last Board action. The CIWMB database did not reveal any new violations or any new enforcement actions. In addition, staff contacted the Orange County Environmental Health Division and learned that CR&R is fully permitted and that the last inspection on January 3, 2007, resulted in no violations or enforcement actions.

STAFF RECOMMENDATION:

Consistent with the 2006 financing request, staff recommends approval of the Company's request for Initial Resolution approval at the February 6, 2007 meeting.

RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR
CR&R, INC. AND/OR ITS AFFILIATES

February 6, 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, CR&R, Inc., a California corporation (“Applicant”), has requested that the Authority assist in financing solid waste disposal/recycling facilities to be owned and operated by the Applicant and/or its Affiliates (as hereinafter defined) (“Company”), which are expected to be comprised of the acquisition of land, the renovation of an existing materials recovery facility, the construction of vehicle maintenance facilities and related site improvements, and the acquisition of solid waste and recycling related vehicles and equipment and rolling stock and shop and office equipment (collectively, “Facilities”), and have presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal/recycling facilities 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 Facilities 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 Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities 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 \$34,615,000 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 Facilities; 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 Facilities 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 \$34,615,000 principal amount of bonds of the Authority for

the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities 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 Facilities. 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 any 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 proceeds thereof to the Company; (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.

Section 5. The Executive Director or Deputy Executive Director of the Authority is hereby directed 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 Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and 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 February 6, 2010 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the reason why the project has not proceeded prior to the date of the letter.

EXHIBIT A

NUMBER: 07-02

LOCATIONS: 11262, 11272, 11292, and 11322 Western Avenue
Stanton, CA 90680-2912

1706 Goetz Road
Perris, CA 92570-6275

31641 Ortega Highway
San Juan Capistrano, CA 92675-2039

12739 Lakeland Road
Santa Fe Springs, CA 90670-4632

11232 Knott Avenue
Stanton, CA 90680

10960 Boatman Avenue
Stanton, CA 90680

9828 Buckwheat Road
Phelan, CA 92371-4400

TYPE: Solid Waste Disposal/Resource Recovery

AMOUNT: Up to \$34,615,000