

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM**

**Meeting Date: March 20, 2007**

**Executive Summary**

***Request For Final Resolution Approval And  
Amendment To Initial Resolution***

Prepared by: *Doreen Carle*

<b>Applicant:</b> Waste Connections, Inc. and/or its Affiliates	<b>Amount Requested:</b> \$15,500,000 <b>Application No.:</b> 792
<b>Project</b>	<b>Final Resolution No.:</b> 465
<b>Location:</b> City of San Jose (Santa Clara County)	<b>Prior Actions:</b> IR 06-14 approved 12/12/06

**Type of Business:** Waste Connections, Inc. and/or its Affiliates (the “Company”) provide residential, commercial, and industrial waste collection and processing services.

**Project Description:** The Company has entered into a contract with the West Valley Solid Waste Management Authority to provide services to the Cities of Campbell, Los Gatos, Monte Sereno, and Saratoga as well as the County of Santa Clara. To support the contract, the Company intends to use the bond proceeds to finance the replacement of older collection vehicles with new California Air Resources Board (CARB) compliant vehicles with enhanced fuel efficiency standards. The vehicles will be two-thirds split body and one-third single stream. The bond proceeds will also finance the acquisition of collection containers.

The Company also requests to amend the initial resolution approved on December 12, 2006, to increase the requested bond amount from \$14,280,000 to \$15,500,000.

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

**Waste Diversion.** The new containers that the Company intends to purchase will encourage customer participation with the separation of recyclables and thereby will assist in diverting and/or minimizing the amount of material destined for the landfills.

**SBAF Contribution.** The Company is a large business and will contribute up to \$155,000 to CPCFA’s Small Business Assistance Fund (SBAF).

**Pollution Control:** The Company represents that the Project is designed to provide the environmental benefits described below.

**Air Quality.** The Company intends to purchase new CARB compliant waste collection vehicles which are designed to reduce particulate matter and other air emissions associated with older trucks.

**Energy Efficiency.** The new CARB compliant vehicles are more fuel efficient than older vehicles; therefore, they will reduce future fossil fuel consumption.

**Permits:** Vehicles and equipment acquisitions do not require discretionary permits and approvals.

**Anticipated Financing Details:** The Company anticipates a public offering of a 7-day variable rate bond issue with a term not to exceed 25 years. The Company plans to secure the bonds with

## Agenda Item – 4.E.1.

an irrevocable, direct pay letter of credit from Bank of America, N.A. that is rated at least “AA/A- 1+” by Standard & Poor’s. Staff has received a no conflict of interest letter from Banc of America Securities LLC.

### **Financing Team:**

**Underwriter:** Banc of America Securities LLC  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Issuer’s Counsel:** Alexis S.M. Chiu, Esq.

### **Legal Questionnaire:**

Attached is the current legal analysis prepared for this Final Resolution request as Attachment A. Also, the original legal review memorandum prepared for the Initial Resolution request held at the Authority’s December 12, 2006 meeting is included as Attachment B.

In its most recently filed legal status questionnaire, the Company responded “no” to all questions except question #5 under “Civil Matters”. In addition to the legal matters reported in Attachment 1, staff found an item concerning a shareholder complaint reported in Waste Connections, Inc.’s 2006 10K filed with the Securities and Exchange Commission in February 2007. Further, staff found several notices of violation issued by the California Integrated Waste Management Board (CIWMB) to the Company’s Cold Canyon Landfill (San Luis Obispo) for “explosive gas control” over the last several years. Staff contacted the CIWMB regarding this matter and learned that this type of violation takes several years to correct and that Cold Canyon Landfill has been responsive to requests regarding all matters at the landfill. Staff asked about the impact of the securities lawsuits filed late 2006 on the Company’s ongoing financial viability. The Company and its finance team responded that these matters have no impact on the financial condition of the Company with respect to the Company’s ability to meet all of its obligations under the bonds to be issued by CPCFA.

**Staff Recommendation:** Given that the Company has been responsive to the regulators and given that there is no indication that the securities lawsuits threaten the ongoing financial viability of the Company, staff recommends approval of Final Resolution No. 465 in an amount not to exceed \$15,500,000 for Waste Connections, Inc. and/or its Affiliates.

**WASTE CONNECTIONS, INC.  
AND/OR ITS AFFILIATES**  
**Bond Amount: \$15,500,000**  
San Jose (Santa Clara County), CA  
Application No. 792  
March 20, 2007

**STAFF SUMMARY – CPCFA**

**Prepared by:** *Doreen Carle*

**ISSUE:**

Waste Connections, Inc. and/or its Affiliates requests approval of Final Resolution No. 465 for an amount not to exceed \$15,500,000 to finance the acquisition of collection vehicles and containers.

**CDLAC Allocation.** The Company has applied to the California Debt Limit Allocation Committee for allocation at its scheduled March 21, 2007 meeting.

**TEFRA.** A TEFRA hearing was held on February 13, 2007. No comments were received in support of or in opposition to the financing.

**BORROWER:**

Waste Connections, Inc. was incorporated in the State of Delaware on September 9, 1997, and subsequently incorporated in the State of California on October 6, 1997. An Affiliate of the Company, West Valley Collection and Recycling, LLC, a California limited liability company, will serve as the operator of the Project. Waste Connections of California, Inc., a wholly-owned subsidiary of the Company and a California corporation, is the manager of West Valley Collection and Recycling, LLC. West Valley Collection and Recycling, LLC is owned 51% by Waste Connections of California, Inc. and 49% by Green Waste Recovery, Inc. The Company is publicly traded on the New York Stock Exchange with approximately 200 institutional holders. The Company employs over 4,100 fulltime employees nationwide.

The Company provides solid waste collection, transfer, disposal and recycling services for residential, commercial, and industrial customers in approximately 23 states.

The shareholders of Waste Connections, Inc. with more than 3% ownership are as follows:

**Waste Connections Institutional Holders:**

T. Rowe Price Associates	9.45%
Columbia Wanger Asset Management	5.25%
Barclays Global Investors UK Holdings	4.62%
Eagle Asset Management	4.09%
Friess Associates	3.87%
Wasatch Advisors	3.82%
Westfield Capital Management	3.74%
Lord Abbett & Co.	3.07%

**Mutual Fund Holders:**

Columbia Acorn FD	3.73%
T. Rowe Price New Horizons Fund	3.29%
All Other Holders with less than 3% ownership	<u>55.07%</u>
<b>Total</b>	<b><u>100.00%</u></b>

The ownership of West Valley Collection & Recycling LLC is as follows:

Waste Connections of California	51.00%
Green Waste Recovery, Inc.	<u>49.00%</u>
<b>Total</b>	<b><u>100.00%</u></b>

**Legal Questionnaire.** The current legal analysis prepared for this Final Resolution request is included as Attachment A. Additionally, the original legal review memorandum prepared for the Initial Resolution request held at the Authority’s December 12, 2006 meeting is included as Attachment B.

In its most recently filed legal status questionnaire, the Company responded “no” to all questions except question #5 under “Civil Matters”. In addition to the legal matters reported in Attachment 1, staff found an item concerning a shareholder complaint reported in Waste Connections, Inc.’s 2006 10K filed with the Securities and Exchange Commission in February 2007. Further, staff found several notices of violation issued by the California Integrated Waste Management Board (CIWMB) to the Company’s Cold Canyon Landfill (San Luis Obispo) for “explosive gas control” over the last several years. Staff contacted the CIWMB regarding this matter and learned that this type of violation takes several years to correct and that Cold Canyon Landfill has been responsive to requests regarding all matters at the landfill. Staff asked about the impact of the securities lawsuits filed late 2006 on the Company’s ongoing financial viability. The Company and its finance team responded, as stated on Attachment 2. These matters have no impact on the financial condition of the Company with respect to the Company’s ability to meet all of its obligations under the bonds to be issued by CPCFA.

**Prior Actions.** Initial Resolution No. 06-14 was approved December 12, 2006 in the amount of \$14,280,000.

**Prior Financings.** Prior CPCFA financings are listed below.

<u>ISSUE</u>	<u>ISSUE DATE</u>	<u>AMOUNT ISSUED</u>	<u>BONDS CURRENTLY HELD BY INVESTORS</u>
Green Team of San Jose Series 2001A*	10/03/01	\$18,235,000	\$10,785,000
Greenwaste of Tehama Series 1999A*	06/03/99	3,435,000	700,000
Cold Canyon Series 1998A	07/30/98	7,200,000	4,970,000
Madera Disposal Series 1998A	06/16/98	1,800,000	1,800,000
Green Team of San Jose Series 1997A*	08/20/97	<u>9,805,000</u>	<u>960,000</u>
<b>TOTALS</b>		<b><u>\$40,475,000</u></b>	<b><u>\$19,215,000</u></b>

\* Bond obligations assumed by Waste Connections, Inc. in 2003.

**PROJECT DESCRIPTION:**

The Company has entered into a contract with the West Valley Solid Waste Management Authority to provide services to the Cities of Campbell, Los Gatos, Monte Sereno, and Saratoga as well as the County of Santa Clara. To support the contract, the Company intends to use the

bond proceeds to finance the replacement of older collection vehicles with new California Air Resources Board (CARB) compliant vehicles with enhanced fuel efficiency standards. The vehicles will be two-thirds split body and one-third single stream. The bond proceeds will also finance the acquisition of collection containers.

The vehicles will be stored and maintained at the Company’s transfer station facility, which is located on leased land at 1333 Oakland Road in San Jose. The land is leased from GT Properties; if a termination of the lease occurs, the vehicles will be stored at another location. The collection containers will be located with the Company’s customers throughout its service area.

The Company also requests to amend the initial resolution approved on December 12, 2006, to increase the requested bond amount from \$14,280,000 to \$15,500,000.

Costs associated with the Project include:

<b>Project Components</b>	<b>Current Request</b>	<b>Approved IR Costs</b>
Automated Collection Vehicles	\$9,750,000	\$9,000,000
Collection Containers	<u>5,440,000</u>	<u>5,000,000</u>
<b>Project Subtotal</b>	<b>\$15,190,000</b>	<b>\$14,000,000</b>
Costs of Issuance	<u>310,000</u>	<u>280,000</u>
<b>Project Total</b>	<b><u>\$15,500,000</u></b>	<b><u>\$14,280,000</u></b>

*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, determination by bond counsel that certain costs do not qualify for tax-exempt financing, 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.*

**PUBLIC BENEFITS:**

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

**Waste Diversion.** The new containers that the Company intends to purchase will encourage customer participation with the separation of recyclables and thereby will assist in diverting and/or minimizing the amount of material destined for the landfills.

**SBAF Contribution.** The Company is a large business and will contribute up to \$155,000 to CPCFA’s Small Business Assistance Fund (SBAF).

**POLLUTION CONTROL:**

The Company represents that the Project is designed to provide the environmental benefits described below.

**Air Quality.** The Company intends to purchase new CARB compliant waste collection vehicles which are designed to reduce particulate matter and other air emissions associated with older trucks.

**Energy Efficiency.** The new CARB compliant vehicles are more fuel efficient than older vehicles; therefore, they will reduce future fossil fuel consumption.

**PERMITTING & ENVIRONMENTAL APPROVALS:**

Vehicles and equipment acquisitions do not require discretionary permits and approvals.

**ANTICIPATED TIMELINE:**

The Company intends to commence acquisition of equipment during the first quarter of 2007 and anticipates that all equipment acquisitions will be completed no later than March 2009.

**FINANCING DETAILS:**

The Company anticipates a public offering of a 7-day variable rate bond issue with a term not to exceed 25 years. The Company plans to secure the bonds with an irrevocable, direct pay letter of credit from Bank of America, N.A. that is rated “AA/A- 1+” by Standard & Poor’s. Staff has received a no conflict of interest letter from Banc of America Securities LLC.

**FINANCING TEAM:**

**Underwriter:** Banc of America Securities LLC  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Issuer’s Counsel:** Alexis S. M. Chiu, Esq.

**RECOMMENDATION:**

Given that the Company has been responsive to the regulators and given that there is no indication that the securities lawsuits threaten the ongoing financial viability of the Company, staff recommends approval of Final Resolution No. 465 in an amount not to exceed \$15,500,000 for Waste Connections, Inc. and/or its Affiliates.

**Attachment A**  
**Legal Analysis for Final Resolution**

Waste Connections, Inc. (“Waste Connections” or “the Company”)

**LEGAL DISCLOSURE**

See Attachment B, the original legal review memorandum.

In its most recently filed legal status questionnaire, the Company responded “no” to all questions except question #5 under “Civil Matters,” to which it responded as follows:

**In the normal course of its business and as a result of the extensive governmental regulation of the solid waste industry, the Company is subject to various other judicial and administrative proceedings involving federal, state or local agencies. In these proceedings, an agency may seek to impose fines on the Company or to revoke or deny renewal of an operating permit held by the Company. From time to time the Company may also be subject to actions brought by citizens’ groups or adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or alleging environmental damage or violations of the permits and licenses pursuant to which the Company operates. In addition, the Company is a party to various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the normal operation of the waste management business. Except as noted in the Company’s periodic filings with the SEC, as of September 30, 2006, there was no current proceeding or litigation involving the Company that the Company believes will have a material adverse impact on its business, financial condition, results of operations or cash flows.**

**ADDITIONAL FINDINGS**

In addition to the legal matters reported in Attachment I, staff found the following item reported in Waste Connections, Inc.’s 2006 10K filed with the Securities and Exchange Commission in February 2007:

**On August 24, 2006, a purported shareholder derivative complaint was filed in the Superior Court of California, County of Sacramento, naming certain of our current and former directors and officers as defendants, and naming us as a nominal defendant. The plaintiff in this suit purported to be one of our stockholders who sought to bring claims on behalf of the company against the defendants. The suit, captioned Banister v. Mittelstaedt, et al., alleged breach of fiduciary duty and related claims based on alleged wrongdoing in connection with the**

timing of certain stock option grants...On October 25, 2006, a second purported shareholder derivative complaint was filed, naming us as a nominal defendant. The suit, captioned Travis v. Mittelstaedt, et al. and filed in the United States District Court for the Eastern District of California, alleges violations of various federal and California securities laws, breach of fiduciary duty, and related claims in connection with the timing of certain stock option grants. On October 30, 2006, we were served with a third purported shareholder derivative complaint, naming us as a nominal defendant. The suit, captioned Nichols v. Mittelstaedt et al. and filed in the Superior Court of California, County of Sacramento, contains allegations substantially similar to the earlier suits. On October 30, 2006, a fourth purported shareholder derivative suit, captioned Pierce v. Mittelstaedt et al., was filed in the Superior Court of California, County of Sacramento. This suit contained allegations substantially similar to the earlier suits. We are informed that the plaintiffs in the Banister and Pierce cases are in the process of voluntarily dismissing their state court suits. On January 30, 2007, these same plaintiffs filed a purported derivative action in the same federal court as the Travis case. This case is captioned Pierce and Banister v. Mittelstaedt et al., and is substantively identical to the Travis case but also alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. As is typical in this type of litigation, additional suits containing substantially similar allegations may be filed in the future. We have completed a review of our historical stock option granting practices, including all option grants since our initial public offering in May 1998, and reported the results of the review to the Audit Committee of our Board of Directors. The review identified a small number of immaterial exceptions to non-cash compensation expense attributable to administrative and clerical errors. These exceptions are not material to our current and historical financial statements, and the Audit Committee concluded that no further action was necessary. As with any litigation proceeding, we cannot predict with certainty the eventual outcome of this pending litigation.

Further, staff found several notices of violation issued by the California Integrated Waste Management Board (CIWMB) to the Company's Cold Canyon Landfill (San Luis Obispo) for "explosive gas control" over the last several years. Staff contacted the CIWMB regarding this matter and received, in part, the following information:

...long-term gas violations take several years to correct. For this site, we issued enforcement orders in 2005 and 2006, and the site is in compliance as of October 2006...Cold Canyon Landfill has been responsive to our requests regarding all matters at the landfill. In the case of the previous landfill gas violation, the Notice and Order was required to be issued (pursuant to PRC 44104 and 44106) even though they were already working on/evaluating the landfill gas migration. Cold Canyon

**submitted the required reports and updates in accordance with the timelines in the Notice and Orders.**

Staff asked about the impact of the securities lawsuits filed late 2006 on the Company's ongoing financial viability. The Company and its finance team responded, in part, as follows:

**These matters have no impact on the financial condition of the Company with respect to the Company's ability to meet all of its obligations under the bonds to be issued by CPCFA. Since these matters are continuing litigation proceedings, the Company cannot provide any further comment beyond what has been disclosed in our most recent filings with the SEC...On a related note, the Company has D&O [Directors and Officers] insurance that provides for the defense of the lawsuits...**

#### **RECOMMENDATION**

Given that the Company has been responsive to the regulators and given that there is no indication that the securities lawsuits threaten the ongoing financial viability of the Company, staff recommends approval of Waste Connections' request for approval of its Final Resolution.

**Attachment B**  
**Legal Analysis for Initial Resolution**

**APPLICANT**

Waste Connections, Inc. (“WCI” or “Company”) is a large business providing solid waste collection services for residential, industrial, municipal and commercial customers. It is a publicly traded company incorporated in Delaware.

**REQUEST**

WCI is requesting a \$14,280,000 Initial Resolution for solid waste collection vehicles and containers to be used in the solid waste collection process in four cities (Los Gatos, Saratoga, Monte Sereno and Campbell) and one County (Santa Clara).

**ISSUES**

As part of its Initial Resolution request, WCI submitted a legal status questionnaire where it responded affirmatively to questions regarding the company being party to civil and/or administrative proceedings. WCI identified five material litigation matters.

1) Colonias Development Council v. Rhino Environmental Services

This suit, brought by the non-profit, CDC, challenges the permit issued by the New Mexico Environment Department for Waste Connections’ solid waste landfill in Chaparral New Mexico. The Company is not currently operating the landfill. If the Company is not ultimately issued a permit to operate the landfill, it will be required to expense the \$8.16 million of capitalized expenditures less the recoverable value of the undeveloped property and other amounts recovered.

2) Tri-County Concerned Citizens v. Bremby

The citizens who filed this suit oppose the Company’s solid waste landfill in Harper County Kansas. In April 2006, the District Court found that the plaintiffs lack standing to challenge the final permit issued by the Kansas Department of Health and Environment. The plaintiffs have appealed the District Court ruling and it appears that the citizens group is also preparing to file suit alleging that the landfill impacts wetlands and thereby violates the Clean Water Act.

3) Resourceful Environmental Services (RES) v. Waste Connections

RES filed a complaint in a Mississippi Circuit Court alleging that the Company misrepresented its intentions concerning the potential purchase of RES. The case is scheduled to be heard in 2007. RES is seeking compensatory damages of \$400,000 and punitive damages of \$50 million. However, the Company believes that this case is without merit.

4) Karen Colleran v. Waste Connections

The plaintiff sought recovery for damages suffered by Father Robert Rooney when the bicycle he was riding collided with one of the Company's garbage trucks. In February 2006, a jury found that the Company had no liability for Father Rooney's injuries.

5) Cristobal Lozoya v. Waste Connections

The plaintiff seeks recovery for injuries he suffered in an accident at the Company's Oklahoma City landfill. The case is in discovery. If the discovery suggests any willful or gross negligence, the Company will claim that liability for the accident rests with the individual machine operator or the independent personnel firm that hired the operator, not with the Company as owner of the landfill property.

**STAFF ANALYSIS**

There were only two environmental issues raised over the past ten years. In both cases, the Company has followed the appropriate procedures to obtain permits from the local regulators and appears to be cooperating with regulators throughout the citizen challenges. In the New Mexico case, the Company is not operating the Project pending the outcome of the litigation. In the Tri-Counties case, the trial court declined to stay the effective Kansas Department of Health and Environment permit pending the citizen appeals.

WCI reported in its 2005 annual report total assets of \$1,676,307,000. The Company operates in approximately 23 states and employees over 4,100 individuals nationwide.

The other three litigation matters do not appear significant or out of the ordinary when compared to the size and breadth of WCI's operations as a large waste hauling/disposal companies with cross-country operations.

It is notable that in staff's review of the California Integrated Waste Management Board's on-line data base of local regulator inspections, the Company has had only one violation in the past five years. This violation at the Tehama County/Red Bluff landfill resulted in an enforcement action by the Tehama County Local Enforcement Agency (LEA). Staff contacted the LEA and the compliance officer reported that the action resulted from a gas emission issue at the landfill. The Company was cooperative with the LEA and the issue was fully resolved in May 2006.

**STAFF RECOMMENDATION**

Given that the Company has been responsive to the regulators, given that there is no indication that the securities lawsuits threaten the ongoing financial viability of the Company, staff recommends approval of the Final Resolution for Waste Connections, Inc. and/or its Affiliates.

AMENDMENT TO INITIAL RESOLUTION AND FINAL BOND RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING FOR SOLID WASTE DISPOSAL FACILITIES  
FOR WASTE CONNECTIONS, INC. AND/OR ITS AFFILIATES

March 20, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Waste Connections, Inc. a Delaware corporation (the “Applicant”), for financial assistance to finance (1) acquisition of trucks and other solid waste vehicles and equipment, which will be located at sites identified herein and (2) acquisition of solid waste carts, bins and containers, all of which will be used to serve the Applicant’s customers throughout its service territories in Santa Clara County, California, and all as more particularly described in Application No. 792 of the Applicant and in the Term Sheet attached hereto as Exhibit A (the "Term Sheet") (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$15,500,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower (as defined in the Term Sheet) under the Loan Agreement with the Authority; and

WHEREAS, the Applicant 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;

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

WHEREAS, in order to enhance the marketability of the bonds, Bank of America, N.A. has agreed 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 Applicant 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 (Waste Connections, Inc. Project), Series 2007” (the “Bonds”) in an aggregate principal amount not to exceed \$15,500,000, are hereby authorized to be issued, subject to limitation as stated in Exhibit A. 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 as may be approved by the Executive Director, such approval to be conclusively evidenced by the execution and delivery 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 before December 31, 2007, by negotiated sale, at such price and at such interest rate or rates as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Chairman and the Executive Director of the Authority are hereby

authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form approved by the Authority, 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 officer executing the same, with the advice of the Attorney General of the State of California (the "Attorney General"), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet attached hereto as Exhibit A, 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 is a "participating party" as defined in the Act and which 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 a trustee approved by this Authority as set forth in the Term Sheet (the "Trustee"), as filed with the Authority prior to this meeting, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form approved by the Authority, 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 officer executing the same, with the advice of the

Attorney General, 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, the Authority and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Authority hereby authorizes and approves the execution of the Purchase Contract, in substantially the form approved by the Authority, by the Chairman or the Executive Director of the Authority, for and on behalf and in the name of the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General, 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 (the “Official Statement”) as filed with the Authority prior to this meeting, is hereby approved. The Chairman or the Executive Director of the Authority is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, 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 Underwriters are hereby authorized to distribute and deliver copies of the

Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. The Chairman or Executive Director of the Authority is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority's disclosure set forth in the form of Official Statement approved by the Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.

Section 8. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$15,500,000, in accordance with the finally executed and delivered Indenture and the form of bond set forth therein.

Section 9. The Bonds, when so 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 by the Chairman or the Executive Director of the Authority, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. 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, 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. As requested by the Applicant, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 12. The Chairman or the Executive Director of the Authority is each hereby authorized and directed, acting alone, to do any and all ministerial acts, including (without limitation) to execute and deliver any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution, and to execute and deliver any amendments or supplements to the Official Statement which, upon the advice of the Attorney General, they may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery and remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 13. Whenever in this resolution, an officer is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that officer may take such actions with the advice of other counsel retained by the Authority as issuer's counsel, if the retention of such counsel has been approved by the Attorney General. Such counsel may also approve or require changes to the Official Statement pursuant to the terms of Section 7 hereof.

Section 14. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Applicant 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.

Section 15. Initial Resolution No. 06-14 adopted by the Authority on December 12, 2006 (the "Initial Resolution") remains in full force and effect as of December 12, 2006; provided that, (i) the maximum principal amount of Bonds stated in the Initial Resolution is hereby amended to be \$15,500,000, and (ii) the Initial Resolution, as amended, shall cease to be effective on December 12, 2009 unless the Authority specifically adopts a further resolution extending the effective date of the 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

### TERM SHEET

<b>Name of Issue:</b>	California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Waste Connections, Inc. Project), Series 2007 (the “Bonds”)
<b>Maximum Amount of Issue:</b>	\$15,500,000 (tax-exempt)
<b>Issuer:</b>	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
<b>Applicant:</b>	Waste Connections, Inc.
<b>Borrower:</b>	Waste Connections, Inc.
<b>Affiliate:</b>	“Affiliate” of the Applicant means any person or entity which meets the definition of “Participating Party” under the Act and 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.
<b>Trustee:</b>	The Bank of New York Trust Company, N.A.
<b>Senior Underwriter or Placement Agent:</b>	Banc of America Securities LLC
<b>Bond Counsel:</b>	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
<b>Remarketing Agent:</b>	Banc of America Securities LLC
<b>Project:</b>	(1) acquisition of trucks and other solid waste vehicles and equipment, which may be located from time to time at 1333 Oakland Road, San Jose, California 95112.  (2) the acquisition of solid waste carts, bins and containers to be located at customers' homes and businesses in the Borrower's service territory.

<b>Maximum Bond Term:</b>	Not to exceed 25 years
<b>Type of Sale:</b>	Negotiated sale
<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. or another bank approved by the Chairman or Executive Director that is rated at least "A-".
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	"AA/A-1+" or better
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Lawrence Tonomura, (415) 622-8202