

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

Meeting Date: June 19, 2007

Executive Summary

Request for Consent to Lease and Sale of Property

Prepared by: *Michael Smith*

Applicant:	Norcal Waste Systems, Inc.	Amount Requested:	\$0
Project	Berryessa Road, San Jose,	Application No.:	616
Location:	(Santa Clara County), CA	Final Resolution No.:	468
		Prior Actions:	Bonds refunded 4/30/07

Type of Business/Background: Norcal Waste Systems, Inc. (the “Company” or “Norcal”) provides solid waste management services through its Affiliates and subsidiaries, including residential, commercial, and industrial waste collection and processing services, recycling, and transfer and landfill operations. On March 20, 2007 the Board approved the refunding of three previously issued solid waste disposal revenue bonds for Norcal Waste Systems, Inc. (Series 2001, 2002A and 2003A). The bonds were refunded on April 30, 2007.

Discussion/Request: A portion of the previously issued bonds were used to finance improvements at Norcal’s 1158 Berryessa Road, San Jose facility site, which is leased from an unrelated third party. The Company, however, owns the improvements contained on the leased site. These improvements include an office, a recycling collection facility, and a corporate yard for waste collection vehicles, carts, bins, and related equipment. The purpose of the San Jose site is to support the activities associated with the contract between the Company and the City of San Jose.

As part of its March 20, 2007 refunding request, the Company disclosed to the Authority the termination of its City of San Jose contract, to become effective July 1, 2007, and its desire to move the financed assets of the San Jose site to other Norcal facilities to preserve the tax-exempt status of the bonds.

The Company’s current request is to obtain consent to the lease and sale of the site improvements to California Waste Solutions, Inc., (CWS). CWS is the successful bidder for the City of San Jose contract, and as such will provide the waste services currently fulfilled by Norcal. Through an agreement between Norcal and CWS, Norcal will sublease the land and site improvements to CWS, and CWS will have an option to purchase all of Norcal’s leasehold and other interests in the real property and improvements. CWS may exercise the purchase option no later than September 30, 2007. Norcal requests Board approval for the lease of the improvements to CWS, and the sale of such improvements, if and when CWS exercises its Purchase Option.

In accordance with Section 5.2 of the Loan Agreement, Alta Equipment Leasing Co., Inc. (“Alta”), an Affiliate of Norcal and the Borrower under the Loan Agreement, agrees that, if CWS exercises the Purchase Option, Norcal will defease \$6,571,481 of the bonds which represents the amount used for site improvements and equipment purchases at the Project Site. Further, pursuant to Section 5.2(a)(3) of the Loan Agreement, the Authority may consent to the sale of certain portions of the Project provided that it has received certain documentation as required by

Section 5.2(a)(3). The Authority is in receipt of such documents as required by Section 5.2(a)(3).

Financing Team:

Underwriter: Banc of America Securities, LLC
Bond Counsel: Orrick, Herrington & Sutcliffe, LLP

Staff Recommendation: Staff recommends approval of Norcal Waste Systems, Inc.’s lease of equipment and real property at the Project Site to California Waste Solutions, Inc., and approval of the sale of such improvements to CWS if and when CWS exercises its Purchase Option.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL
FINANCING AUTHORITY APPROVING THE LEASE WITH AND SALE
ARRANGEMENT BETWEEN ALTA EQUIPMENT LEASING CO.
AND CALIFORNIA WASTE SOLUTIONS, INC.**

June 19, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has previously issued \$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 “Bonds”) to assist in the financing of the costs of construction and acquisition of certain solid waste disposal facilities and/or equipment of Alta Equipment Leasing Co., Inc. (the “Borrower”) by refunding certain bonds previously issued by the Authority (the “Prior Bonds”); and

WHEREAS, simultaneously with the issuance of the Bonds, the Authority entered into a Loan Agreement, dated as of April 1, 2007, by and between the Authority and the Borrower (the “Loan Agreement”); and

WHEREAS, one of the Projects financed with the Bonds is certain buildings and improvements at a corporate yard for the support of solid waste collection activities located at 1158 Berryessa Road in San Jose (the land for such corporate yard being leased by Norcal Systems, Inc., an affiliate of the Borrower (the “Lessor”) from an unrelated third party) (hereafter, the “San Jose Project”); and

WHEREAS, an affiliate of the Borrower had a contract for solid waste disposal services in San Jose which terminates on June 30, 2007, which contract has been awarded to California Waste Solutions, Inc. (“CWS”), and CWS has need of a location from which to carry out its contract obligations effective July 1, 2007; and

Agenda Item – 4.D.1.

WHEREAS, the Lessor has entered into a Sublease Agreement with CWS, to become effective on July 1, 2007 (the “Sublease”), pursuant to which the Lessor will sublease the San Jose Property, including the improvements financed by the Authority, to CWS to carry out the same solid waste disposal activities which the Borrower’s affiliates had been carrying out previously; and

WHEREAS, the Loan Agreement requires the Borrower to obtain the approval of the Authority for any disposition, lease or sale of any portion of the Project financed with the Bonds; and

WHEREAS, CWS has received final approval from the Authority for issuance of bonds to finance its operations which will take place at the San Jose Property, and pursuant to a loan agreement to be entered into with the Authority (the “CWS Loan Agreement”), will agree to undertake all of the obligations, covenants and requirements with respect to the San Jose Property that the Borrower has agreed to undertake pursuant to the Loan Agreement; and

WHEREAS, the Sublease includes an option for CWS to purchase the improvements financed with the Bonds, which option must be exercised by September 30, 2007; and

WHEREAS, the Borrower has agreed, if CWS exercises the purchase option under Section 12 of the Sublease, that the Borrower will prepay the portion of the loan under the Loan Agreement, and direct The Bank of New York Trust Company, N.A., as trustee under the indenture relating to the Bonds, to redeem the portion of the Bonds that was used to finance any component of the San Jose Property; and

Agenda Item – 4.D.1.

WHEREAS, the Borrower has agreed, pursuant to the Loan Agreement, that it shall be responsible for all of its obligations, covenants and requirements of the Loan Agreement as if the Borrower remains the owner and/or operator of the Leased Property so leased.

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.

Section 2. Pursuant to the Loan Agreement, the Authority hereby approves (i) the Sublease, and (ii) the sale of the San Jose Property to CWS if CWS exercises its purchase option pursuant to the Sublease, pursuant to Section 5.2(a)(3) of the Loan Agreement; provided that, the approval of the Authority referenced in (ii) above is conditioned upon the receipt by the Authority of the executed version of the CWS Loan Agreement.

Section 3. 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 they may deem necessary or advisable in order to effectuate the purpose of this resolution.

Section 4. This resolution shall take effect immediately upon its passage.