

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: September 25, 2007
Executive Summary
Request for Approval of Sale of Assets

Prepared by: *Doreen Carle*

Applicant: Waste Management, Inc. and/or its Affiliates	Asset Value: \$57,766
Project Location: Santa Rosa (Sonoma County)	Application No.: 746

Background Information: In 2005, CPCFA approved the issuance of bonds in the amount of \$100,000,000 to Waste Management, Inc. and/or its Affiliates. Collectively, the Borrower included the following affiliates: Central Valley Waste Services, Inc.; Chemical Waste Management, Inc.; Modesto Garbage Co., Inc.; G.I. Industries, USA Waste of California, Inc.; Waste Management Collection and Recycling, Inc.; and Waste Management of California, Inc.

Since the issuance of the bonds, Central Valley Waste Services, Inc. has merged into USA Waste of California, Inc., as permitted under Section 5.2(a)(1)(iii) of the Loan Agreement.

Action Requested: The Borrower requests approval to sell one or more underground storage tanks (collectively "Storage Tank") located at 3400 Standish Avenue, Santa Rosa to North Bay Corporation, which is an affiliate of The Ratto Group of Companies, Inc. This land and facility is part of the Project financed with the 2005 bonds. This sale is part of a larger asset sale; however, the other portions of the asset sale do not require Authority approval as Waste Management, Inc. is substituting like assets in the transaction.

Discussion of Request: The Loan Agreement between the Authority and the Borrower requires that the Borrower obtain the approval of the Authority before selling project assets obtained with bond funding.

Section 5.2(a) of the Loan Agreement states that "the Borrower covenants and agrees that during the term of this Agreement...it will not dissolve, sell or otherwise dispose of all or substantially all of its assets...will not sell or otherwise dispose or permit the sale or disposal of the Project, other than equipment which has reached the end of its useful life...if the applicable Borrowing Entity has obtained the prior written consent of the Authority...The consent of the Authority (which shall not be unreasonably withheld) shall be given within 30 days after the Authority receives satisfactory evidence that: (i) the transferee Person agrees in writing to perform all of the obligations of the Borrower hereunder that relate to the Project, including, without limitation, Section 5.5 hereof and has provided a certification consistent with Section 2.2(h) and 2.2(j) hereof, (ii) the transferee Person qualifies to do business in the State of California....The Authority shall also have received an Approving Opinion. If the Authority does not act within 30 days after such written evidence is received, such consent shall be deemed to be given."

Staff received the required documentation under section 5.2(a) of the Loan Agreement. Under the terms of the Loan Agreement and the circumstances of this request, the Authority is required

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to act on this request within 30 days of receipt of the required documents and has no discretion to disapprove the sale.

Buyer Information: North Bay Corporation provides solid waste collection and recycling services in Sonoma, Marin, Mendocino, and Lake Counties. North Bay Corporation is a subsidiary of The Ratto Group of Companies, Inc.

Legal Questionnaire: Staff has received updated legal questionnaires from Waste Management and Ratto. No information was disclosed that raises questions concerning the financial viability of the companies.

Staff Recommendation: Given that the Borrower has met the terms of the Loan Agreement, staff recommends approval of the sale of the Storage Tank to North Bay Corporation.

RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
APPROVING THE SALE OF ASSETS TO NORTH BAY CORPORATION

September 25, 2007

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, approved the application of Waste Management, Inc., a Delaware corporation (“WMI”) for financial assistance in the acquisition and construction of certain pollution control facilities (the “Project”) and issued its California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2005A and its California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) Series 2005B (collectively, the “Bonds”) to provide such financial assistance; and

WHEREAS, the proceeds received from the sale of the Bonds were loaned to Central Valley Waste Services, Inc., Chemical Waste Management, Inc., Modesto Garbage Co, Inc., USA Waste of California, Inc., Waste Management Collection and Recycling, Inc, Waste Management of California, Inc. and G.I. Industries (each a “Borrowing Entity” and together with any successor, assignee or related party, collectively, the “Borrower”) pursuant to the terms and provisions of that certain Loan Agreement, dated as of April 1, 2005 (as amended, the “Loan Agreement”) to finance the Project as further described in Exhibit A to the Loan Agreement; and

WHEREAS, since the issuance of the Bonds, Central Valley Waste Services, Inc. has merged into USA Waste of California, Inc. as permitted under Section 5.2(a)(1)(iii) of the Loan Agreement; and

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WHEREAS, part of the Project financed with the Bonds includes one or more underground storage tanks (collectively, the “Storage Tank”) located on land and facilities for the support of solid waste collection activities located at 3400 Standish Avenue, Santa Rosa; and

WHEREAS, the Borrower wishes to sell the Storage Tank to North Bay Corporation, a California corporation (“North Bay”); 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, North Bay has agreed to undertake all of the obligations, covenants and requirements with respect to the Storage Tank that the Borrower has agreed to undertake pursuant to the Loan Agreement.

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 the sale of the Storage Tank to North Bay pursuant to Section 5.2(a)(3) of the 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.