

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: December 3, 2007
Executive Summary
Request for Initial Resolution

Prepared by: *Deanna Hamelin*

Applicant:	Shubin Services, Inc. dba Federal Disposal Service and/or its Affiliates	Amount Requested:	\$2,045,000
Project	City of Corona	Application No.:	803 (SB)
Location:	(Riverside County)	Initial Resolution No.:	07-11

Type of Business: Shubin Services, Inc., doing business as Federal Disposal Services and/or its Affiliates (the “Company”) provides refuse collection and disposal services to various cities within Riverside, San Bernardino, Orange, and Los Angeles Counties.

Project Description: Bond proceeds will be used to purchase a three-acre site in the City of Corona on which the Company intends to construct a compost, food waste, and construction/ demolition (C&D) debris processing facility (the “Project”). This proposed facility will serve various communities within Riverside, San Bernardino, Orange, and Los Angeles Counties. This application is for land financing only, as the construction and equipment costs for the intended facility are not yet known. As the design is completed and permits pursued, the applicant will amend this request to include the additional costs and project details.

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

Waste Diversion. The construction of a waste processing facility will increase the amount of waste that is recycled and will thereby assist in diverting or minimizing the amount of material destined for landfills.

Pollution Control: Although the applicant intends to design and construct the facility described above, it is entirely possible that both permitting dictates and market circumstances may alter the scope of the Project. Therefore, it would be premature for the applicant to estimate specific public benefits to the Project. However, whatever the permitting and design outcome, the Project will be in furtherance of AB939 waste diversion goals.

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

Financing Details: The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Comerica Bank that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is 2009.

Financing Team:

Underwriter: Westhoff, Cone, & Holmstedt
Bond Counsel: Orrick, Herrington, & Sutcliffe
Financial Advisor: Andrew S. Rose
Issuer's Counsel: Attorney General's Office

Legal Questionnaire: Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. 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. 07-11 for Shubin Services, Inc., dba Federal Disposal Services and/or its Affiliates for an amount not to exceed \$2,045,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**SHUBIN SERVICES, INC. DBA
FEDERAL DISPOSAL SERVICE
AND/OR ITS AFFILIATES**

Bond Amount: \$2,045,000

City of Corona (Riverside County)

Application No. 803 (SB)

December 3, 2007

STAFF SUMMARY – CPCFA

Prepared by: *Deanna Hamelin*

ISSUE:

Shubin Services Inc., dba Federal Disposal Service and/or its Affiliates (the “Company”), requests approval of Initial Resolution No. 07-11 for an amount not to exceed \$2,045,000 to finance the purchase of a three-acre parcel of land in the City of Corona on which it expects to construct a compost, food waste, and construction/demolition (C&D) debris processing facility.

CDLAC Allocation. The Company anticipates applying for CDLAC allocation in 2009.

BORROWER:

Shubin Services, Inc., dba Federal Disposal Service was incorporated in California in April of 1984. The Company is wholly owned by Don Shubin. The Company provides refuse collection and disposal services within the Riverside, San Bernardino, Orange, and Los Angeles counties. Shubin Services Inc. is affiliated with Construction Circle, LLC, a property holding company which is wholly owned by Don Shubin.

Legal Questionnaire. Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 11/03/2007
Federal Disposal Service Series 2001	04/18/2001	\$3,450,000	\$750,000

PROJECT INFORMATION:

Bond proceeds will be used to purchase a three-acre site in the City of Corona on which the Company intends to construct a compost, food waste, and construction/demolition (C&D) debris processing facility (the “Project”). This proposed facility will serve various communities within Riverside, San Bernardino, Orange, and Los Angeles Counties. This application is for land financing only, as the construction and equipment costs for the intended facility are not yet known. As the design is completed and permits pursued, the applicant will amend this request to include the additional costs and project details.

The anticipated Project and issuance costs are listed below:

Acquisition of Land	\$1,950,641
Letter of Credit Fees	50,613
Bond Issuance Expenses	40,900
Contingency	2,846
Total:	<u>\$2,045,000</u>

PUBLIC BENEFITS:

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

Waste Diversion. The construction of a waste processing facility will increase the amount of waste that is recycled and will thereby assist in diverting or minimizing the amount of material destined for the landfills.

POLLUTION CONTROL:

Although the applicant intends to design and construct the facility described above, it is entirely possible that both permitting dictates and market circumstances may alter the scope of the Project. Therefore, it would be premature for the applicant to estimate specific public benefits to the Project. However, whatever the permitting and design outcome, the project will be in furtherance of AB939 waste diversion goals.

PERMITTING & ENVIRONMENTAL APPROVALS:

The Company will provide copies of all necessary permits prior to seeking Final Resolution approval.

ANTICIPATED TIMELINE:

The Company purchased the land in October 2007 and anticipates starting the construction in 2009. Completion is anticipated by 2010.

FINANCING DETAILS:

The Company anticipates a negotiated tax-exempt, weekly reset, variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Comerica Bank that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is 2009.

FINANCING TEAM:

- Underwriter:** Westhoff, Cone & Holmstedt
- Bond Counsel:** Orrick, Herrington & Sutcliffe
- Financial Advisor:** Andrew S. Rose
- Issuer’s Counsel:** Attorney General’s Office

RECOMMENDATION:

Staff recommends approval of Initial Resolution No. 07-11 for an amount not to exceed \$2,045,000 for Shubin Services Inc., dba Federal Disposal Service and/or its Affiliates.

Initial Resolution No. 07-11
Application No. 803 (SB)

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
SHUBIN SERVICES, INC. DBA FEDERAL DISPOSAL SERVICE AND/OR ITS
AFFILIATES**

December 3, 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, Shubin Services, Inc., a California corporation, doing business as Federal Disposal Services, and/or its affiliates (the "Company") has submitted an application (the "Application") requesting that the Authority assist in financing the acquisition, construction and equipping of solid waste processing facilities, as more fully described in the Application (collectively, the "Project") to be owned and operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit "A" attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal facilities and equipment 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 Project 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 Project; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project 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 \$2,045,000 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 Project; 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 Project 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 meets the definition of “Participating Party” in 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.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$2,045,000 principal amount of bonds of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project 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 Project. 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 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 bond proceeds to finance the Project; (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 for any portion of the bonds which are to be sold as exempt from federal income tax.

Section 5. The Executive Director of the Authority is hereby authorized 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 Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to 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

Agenda Item – 4.A.2.

December 3, 2010 unless the Authority specifically adopts a further resolution extending the effective date of this 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

NUMBER: 803 (SB)
LOCATION: 12893 Temescal Canyon Road, Corona, CA 92883
TYPE: Solid Waste Disposal
AMOUNT: Up to \$2,045,000