

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: August 27, 2008**  
*Request for Final Resolution and*  
*Request for Tax-Exempt Bond Allocation Approval*

Prepared by: *Doreen Smith*

<b>Applicant:</b> Ecology Auto Parts, Inc. and/or its Affiliates	<b>Amount Requested:</b> \$9,100,000
<b>Project</b> Counties of Los	<b>Application No.:</b> 00808
<b>Location:</b> Angeles, San Diego, San Bernardino, and Riverside	<b>Final Resolution No.:</b> 00486
	<b>Allocation Resolution No.:</b> 08-0034-03
	<b>Prior Actions:</b> IR 08-02 Approved 01/23/08

**Summary of Request:** Ecology Auto Parts, Inc. and/or its Affiliates (the “Company”) requests approval of a Final Resolution and a Volume Cap Allocation Resolution for an amount not to exceed \$9,100,000 to finance equipment purchases in Orange County. The Company transports solid waste from transfer stations to landfills in Los Angeles, San Diego, San Bernardino and Riverside Counties. The Company anticipates that the project will provide air quality, energy efficiency and safe disposal of solid waste benefits.

**Borrower:** Ecology Auto Parts was incorporated in Los Angeles County on June 7, 1966.

The stockholders of the Company are listed below:

Charles Siroonian .....	32.00%
Charles Pratty II.....	13.34%
Louis Pratty .....	17.33%
Carolyn Pratty.....	17.33%
Aaron Siroonian.....	10.00%
Jamie Siroonian.....	<u>10.00%</u>
<b>Total:.....</b>	<b>100.00%</b>

Ecology Auto Parts operates under the several subsidiaries, including Ecology Auto Parts, Inc.; Marquardt Land Co.; Mirage Group; Rialto Properties; Fogg Street LLC; Eubank Ave. LLC; 90<sup>th</sup> Street LLC; Alden Road LLC; M Street LLC; G Avenue LLC; Trails-End RV Storage LLC; Energy Way LLC; 850 Energy Way LLC; Etiwanda Ave. LLC; End of the Road LLC; Vine Street LLC; Superior Lime & Chemical Company; State Sand & Gravel Company Inc.; Highway 72 LLC; South State Towing; Mandel Security Co.; American National Recycling, LLC. Additionally, Norwalk Industries is a Limited Partnership with the Company since July of 2002.

**Legal Questionnaire:** The 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.

**TEFRA:** The TEFRA hearing was held on July 24, 2008. There were no comments received in support of or in opposition to this Project.

**SBAF Contribution:** The Company is a large business and will contribute up to \$91,000.00 to CPCFA's Small Business Assistance Fund (SBAF).

**Prior Actions and Financings:** The Company received an IR in January 2008. No prior financings.

**Project Description:** The Company provides long haul waste transport services to its customers. The Company plans to acquire new tractors, trailers and wheel loaders.

The anticipated Project and issuance costs are listed below:

58 Peterbilt Tractors.....	\$6,294,695.88
30 Western Trailers.....	2,025,090.30
2 Caterpillar Wheel Loaders .....	426,938.00
1 Mack Tractor.....	109,038.97
Bond Issuance Expenses.....	244,236.85
<b>Total: .....</b>	<b><u><u>\$9,100,000.00</u></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, 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.*

**Anticipated Timeline:** The Company commenced the equipment purchases in March 2008 and anticipates completing the purchases in March 2009.

**Pollution Control and/or Environmental Benefits:** The Company represents the Project will generate the pollution control and environmental benefits described below.

**Air Quality.** The new CARB-compliant tractors will result in a reduction in the emission of particulate matter when contrasted with the diesel vehicles currently in use.

**Energy Efficiency.** The new vehicles will be more fuel efficient, thereby reducing the use of fossil fuel.

**Permitting and Environmental Approvals:**

This is an equipment only project and does not require permits.

**Financing Details:** The Company anticipates a private placement structure for approximately \$9,100,000. The transaction will be secured by the equipment being financed. There will be an interim financing term of approximately 180 days or until bond allocation is awarded. Upon award of bond allocation, GE Government Finance, Inc. will purchase the bonds in a fixed rate private placement transaction for a maximum bond term not to exceed 5 years. The closing date is anticipated to be in September 2008.

**Financing Team:**

**Bond Counsel:** Orrick, Herrington & Sutcliffe  
**Private Placement Bond Purchaser:** GE Government Finance  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation:** Staff recommends approval of Final Resolution No. 00486 and Volume Cap Allocation Resolution No. 08-0034-03 for an amount not to exceed \$9,100,000 for Ecology Auto Parts, Inc. and/or its Affiliates.

Final Resolution No. 00486  
Application No. 00808

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

AUGUST 27, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Ecology Auto Parts, Inc., a California corporation (the “Borrower”), for financial assistance to finance acquisition of tractors, trailers, wheel loaders and related vehicles and equipment for the transportation and disposal of solid waste, as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Authority adopted its Initial Resolution No. 08-01 on January 23, 2008 (the “Initial Resolution”) stating its present intent to issue up to \$26,245,000 of bonds for the Project; and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$9,100,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement among the Authority, the Borrower and the holder of the bonds; and

WHEREAS, the Borrower 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; and

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

WHEREAS, the bonds will be sold in a private placement with GE Government Finance, Inc. as sole purchaser of the bonds (the “Purchaser”);

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Project constitutes a “project” and the Borrower and each Affiliate of the Borrower (as defined below) 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 Solid Waste Disposal Revenue Bonds (Ecology Auto Parts, Inc. Project), Series 2008” (the “Bonds”) in an aggregate principal amount not to exceed \$9,100,000, are hereby authorized to be issued. 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 in accordance with the Loan Agreement (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance and/or refinance the Project and to pay costs of issuance 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, 2008, by negotiated sale, at such price, at such interest rate or rates and in such mode (taxable or tax-exempt) as he may determine.

Section 4. The proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority, the Purchaser and the Borrower, as filed with the Authority prior to this meeting, is hereby approved. The Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority (collectively the “Authorized Signatories,” and each, individually, an “Authorized Signatory”) are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Purchaser and the Borrower the Loan Agreement in substantially the form filed with or 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, such approval to be conclusively evidenced by execution and delivery thereof. The form and terms of the Bonds (such as dates, interest rate, payment dates, amortization and maturity dates) shall be as set forth in the Loan Agreement, as finally executed and delivered. 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 meets the definition of “Participating Party” in the Act and 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 an escrow agreement relating to the Bonds (the “Escrow Agreement”), between the Authority, the Purchaser, the Borrower and an escrow agent named in the Term Sheet (the “Escrow Agent”), as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the other parties thereto, the Escrow Agreement in substantially the form filed with or approved by 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 6. The form of a Bond Purchase Contract among the State Treasurer, the Authority, the Purchaser and the Borrower (the “Purchase Contract”), as filed with the Authority prior to this meeting, is hereby approved. The Executive Director of the Authority, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and deliver to the other parties thereto the Purchase Contract in substantially the form filed with the Authority, with such insertions, deletions or changes therein as the Executive Director, 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 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 \$9,100,000, in accordance with the fully executed and delivered Loan Agreement and the form of bond set forth therein. The Bonds, when so executed, shall be delivered to Purchaser upon payment of the purchase price thereof.

Section 8. 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 9. As requested by the Borrower, 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 10. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery or 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 and delivery of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 11. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower 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 12. Except to the extent of the bonds authorized and issued pursuant to this Resolution, the Initial Resolution shall remain in full force and effect.

**EXHIBIT A**

**TERM SHEET**

**Name of Issue:** California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Ecology Auto Parts, Inc. Project), Series 2008 (the “Bonds”)

**Maximum Amount of Issue:** \$9,100,000 (tax-exempt)

**Issuer:** California Pollution Control Financing Authority (the “Authority”), Sacramento, CA

**Borrower:** Ecology Auto Parts, Inc.

**Affiliates:** N/A

**Escrow Agent:** ~~to come~~ Marshall & Ilsley Trust Company, N.A.

**Senior Underwriter or Placement Agent:** N/A

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP, San Francisco, CA

**Remarketing Agent:** N/A

**Project:** Acquisition of tractors, trailers, wheel loaders and related vehicles and equipment for the transportation and disposal of solid waste, to be located in the following counties at the following addresses:

(1) Los Angeles County: (a) 14150 Vine Place, Cerritos, CA 90703; (b) 13780 E. Imperial Hwy., Santa Fe Springs, CA 90670; (c) 11000 E. Lomita Blvd., Wilmington, CA 90744; and (d) 43927 90th St., East, Lancaster, CA 93535.

(2) Riverside County: 27600 Sierra Del Sol Road, Thousand Palms, CA 92276.

(3) San Bernardino County: (a) 221 E. Santa Ana Ave., Rialto, CA 92316; (b) 15228 Boyle Ave., Fontana, CA 92331; and (c)

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11200 Alden Road, Adelanto, CA 92301.

(4) San Diego County: (a) 1180 Heritage Road, San Diego, CA 92154; (b) 2315 Carpenter Road, Oceanside, CA 92054; and (c) 800 Energy Way, Chula Vista, CA 91911.

<b>Maximum Bond Term:</b>	Not to exceed 5 years
<b>Type of Sale:</b>	Negotiated sale (private placement)
<b>Description of Minimum Denominations:</b>	Single note in the full principal amount.
<b>Financing Structure:</b>	Fixed rate tax-exempt bond privately placed with GE Government Finance, Inc.
<b>Interest Rate:</b>	To be determined prior to sale and delivery
<b>Letter of Credit:</b>	N/A
<b>Other Credit Enhancement:</b>	Not applicable
<b>Anticipated Bond Rating:</b>	Not rated
<b>Type of Financing:</b>	Solid waste disposal revenue bonds
<b>Prepared by:</b>	Robert Feyer (415-773-5886)

**THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**RESOLUTION NO. 08-0034-03**

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2008 STATE  
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN  
EXEMPT FACILITY PROJECT**

**WHEREAS**, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from **Ecology Auto Parts, Inc.** (“Project Sponsor”) for approval of the issuance of revenue bonds; and

**WHEREAS**, on August 27, 2008, CPCFA approved Final Resolution No. 486 (“Final Resolution”) authorizing the issuance of up to \$9,100,000 of its solid waste disposal revenue bonds (Ecology Auto Parts, Inc. Project) Series 2008 (“Bonds”); and

**WHEREAS**, in seeking CPCFA approval of the Final Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA which were relied upon by CPCFA in approving the Final Resolution; and

**WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2008 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and procedures. Accordingly, capitalized terms not otherwise defined shall have the meanings ascribed to them in the “Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Procedures”); and

**WHEREAS**, it is appropriate for CPCFA to confirm the use of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Bonds as set forth in the Final Resolution;

**NOW, THEREFORE**, CPCFA resolves as follows:

**Section 1.** CPCFA Allocation in the amount of **\$9,100,000** is hereby dedicated to the issuance of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

**Section 2.** The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

**Section 3.** Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

**Section 4.** The CPCFA Allocation dedicated by this Resolution shall automatically revert to CPCFA unless the Bonds for the Project have been issued by CPCFA by the close of business on **November 25, 2008**. In a case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

**Section 5.** Within twenty-four (24) hours of issuing the Bonds, CPCFA shall notify CDLAC by facsimile communication to the fax number listed in Section 24 of the CDLAC Procedures that the Bonds have been issued. This facsimile notice shall identify the Project Sponsor, the project or program, the date and amount of the Bonds issued.

**Section 6.** Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by CDLAC.

**Section 7.** Any differences between the amount of Bonds issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 7 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

**Section 8.** In consideration of the CPCFA Allocation dedicated in Section 1 of this resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Resolution.

**Section 9.** The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by CDLAC or CPCFA.

**Section 10.** This Resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 08-0034-03**  
**(AN EXEMPT FACILITY PROJECT)**  
**EXHIBIT A**

1. Project Sponsor: Ecology Auto Parts, Inc.
2. Application #: 00808
3. Project User: Ecology Auto Parts, Inc.
4. Project Name: Ecology Auto Parts, Inc.
5. Location: Counties of Los Angeles, San Diego, San Bernardino & Riverside
6. Credit Enhancement or Private Placement Purchaser: privately placed with GE Government Finance, Inc.
7. The Credit Enhancement Provider/Private Placement Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$9,100,000