

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

Meeting Date: April 22, 2009

Request for Initial Resolution

Prepared by: *Ling Tse*

Applicant: Alta Equipment Leasing Co., Inc. and/or Affiliates	Amount Requested: \$83,000,000
Project: San Mateo	Application No.: 00821
Locations: (County of San Mateo) San Francisco (County of San Francisco)	Initial Resolution No.: 09-05

Summary. Alta Equipment Leasing Co., Inc. and/or its Affiliates (the “Company”) - Norcal Waste Systems, Inc. Project - requests approval of an Initial Resolution for an amount not to exceed \$83,000,000 to finance the acquisition and replacement of solid waste disposal, recycling, and organics collection vehicles and containers (the “Project”). The Company anticipates that the Project will provide waste diversion, air quality, water quality, recycling, and climate change benefits.

Borrower. The Company was incorporated in California in 1977 providing equipment rental and leasing in California. Its parent company is Norcal Waste Systems, Inc. (“Norcal”), which was incorporated in California in 1988. Norcal provides refuse and disposal services through its Affiliates and subsidiaries, including residential, commercial, and industrial waste collection and processing services, recycling, and transfer and landfill operations. Norcal and its subsidiaries operate in urban, suburban, and rural markets within Butte, Colusa, Del Norte, Humboldt, Kern, Los Angeles, Monterey, Placer, San Benito, San Francisco, San Mateo, Santa Clara, Solano, Sutter and Yuba Counties.

The Company is 100% owned by Norcal which is 100% owned by the Norcal Employee Stock Ownership Plan.

Legal Questionnaire. The Company answered affirmatively to the questions contained in the Legal Status portion of the Application. The Grand Jury of the County of Santa Clara, California issued an indictment on June 21, 2006 in connection with a bid for garbage and recycling contract with the City of San Jose. The indictment named Norcal as a co-defendant. The indictment was entitled People of the State of California v. Ronald R. Gonzales, Joseph August Guerra III, and Norcal Waste Systems, Inc., No. 211045 and was filed in the Superior Court of the County of Santa Clara. On June 11, 2007, the judge dismissed the indictment in its entirety. In addition, staff found numerous lawsuits in which Norcal was named a party. However, the Legal Office at California State Treasurer's Office indicates there is no indication that these issues threaten the ongoing financial liability of the Company.

Prior Actions and Financings. Prior actions and financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 3/27/2009
Nocal Waste Systems, Inc. Project – Series 2001	12/01/2001	\$31,215,000	\$0
Norcal Waste Systems, Inc. Project – Series 2002A	07/01/2002	18,000,000	0
Comerica Bank-California – Norcal Waste Systems, Inc. Project – Series 2002B	07/01/2002	25,000,000	0
Norcal Waste Systems, Inc. Project – Series 2003A	07/01/2003	20,000,000	0
Norcal Waste Systems, Inc. Project (Refunding)	04/30/2007	<u>67,495,000</u>	<u>67,495,000</u>
TOTALS:		<u>\$161,710,000</u>	<u>\$67,495,000</u>

Project Description. The Project includes the acquisition of solid waste disposal, recycling, and organics collection vehicles and containers in the San Mateo location and the replacement of solid waste disposal, recycling, and organics collection vehicles in the San Francisco location to enhance the solid waste, recycling, and organics collection processes of Norcal. The communities to be served by the project include: Atherton, Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos, San Mateo, San Mateo County, San Francisco, San Francisco County, and the West Bay Sanitary District.

The anticipated Project and issuance costs are listed below:

	San Mateo	San Francisco	Subtotal
Collection Containers	\$20,000,000	\$0	\$20,000,000
Collection Vehicles	29,000,000	33,000,000	62,000,000
Miscellaneous	350,000	0	350,000
Bond Issuance Expenses	<u>650,000</u>	<u>0</u>	<u>650,000</u>
TOTALS:	<u>\$50,000,000</u>	<u>\$33,000,000</u>	<u>\$83,000,000</u>

Anticipated Timeline. The Company will start purchasing solid waste disposal, recycling, and organics collection containers in the third quarter of 2010 with an anticipated completion date of the fourth quarter of 2010. The acquisition of solid waste disposal, recycling, and organics collection vehicles will begin in the third quarter of 2010 and anticipated to be completed in the fourth quarter of 2011.

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

Waste Diversion. The Project will improve the diversion of waste tonnage away from the landfills and will reduce the greenhouse gas emissions created by the disposal of organic matter into landfills.

Ratepayer Benefits. Consumers will experience improved efficiency through better quality and coordination of services.

Air Quality. The cleaner-burning collection vehicles to be purchased will provide reduction of harmful engine emission.

Water Quality. The purchase of specialized solid waste disposal and recycling containers will better allow for residential and commercial customers to segregate recyclables and organic waste from landfill-directed tonnage. In turn, the collection of organic materials away from landfill tonnages serves to reduce the harmful aspects of landfill wastewater.

Energy Efficiency. All solid waste disposal and recycling vehicles to be purchased will meet California Air Resource Board requirements and will be equipped to use low-emissions (biodiesel) and /or alternative fuels. The vehicles are custom built specialty vehicles designed to maximize fuel efficiency and minimize environmental impacts.

Recycling of Commodities. The Project will allow for the continued diversion of recyclable materials from residential, commercial, and industrial customers. The Project will help provide the economic base to maintain and expand such operation.

Climate Change. There will be beneficial reductions in methane gas and related greenhouse gases from the expended diversion of organic materials from the waste stream and reduced tonnage sent to landfills.

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

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation by July 2010.

Financing Details. The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 15 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit issued by Bank of America, N.A. that is rated at least “A-” by Standard & Poor’s Rating Agency or equivalent. The target date for financing is by July 2010.

Financing Team.

Underwriter: Banc of America Securities LLC
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Issuer’s Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Initial Resolution No. 09-05 for Alta Equipment Leasing Co., Inc. and/or its Affiliates for an amount not to exceed \$83,000,000.

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

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR
ALTA EQUIPMENT LEASING CO., INC. AND/OR ITS AFFILIATES**

April 22, 2009

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, Alta Equipment Leasing Co., Inc., a California corporation (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in financing the acquisition of solid waste disposal, recycling, and organics collection vehicles and containers for the collection and transportation of solid waste, recyclables and organic waste 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 and resource recovery 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 \$83,000,000 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 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. An Affiliate shall also be a “participating party” as defined in the Act.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$83,000,000 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. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6 above, this Resolution shall cease to be effective on April 22, 2012 unless the Authority specifically adopts a further

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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: 00821

LOCATION: Vehicles and containers will be used to provide service to customers in the cities of Atherton, Belmont, East Palo Alto, Foster City, Hillsborough, Menlo Park, Redwood City, San Carlos and San Mateo, the County of San Mateo, the City and County of San Francisco and the West Bay Sanitary District.

TYPE: Solid Waste Disposal

AMOUNT: Up to \$83,000,000