

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: June 24, 2009
Request for Initial Resolution

Prepared by: *Samantha Russell*

<p>Applicant: American Reclamation, Inc. and/or its Affiliates</p> <p>Project: Glendale and Los Angeles</p> <p>Locations: (Los Angeles County)</p>	<p>Amount Requested: \$9,500,000</p> <p>Application No.: 00822 (SB)</p> <p>Initial Resolution No.: 09-06</p>
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Summary. American Reclamation, Inc. and/or its Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$9,500,000 to finance the purchase of equipment and vehicles. The Company provides refuse collection and disposal services in Los Angeles County. The Company anticipates that the project will provide waste diversion, air quality and recycling benefits.

Borrower. The Company provides refuse collection and disposal services in Los Angeles County. The Company was organized in California on July 14, 1986 and is 100% owned by John Gasparian Senior and John Gasparian Junior.

The following entities all enjoy some degree of common ownership with the borrower: Gasparian, Inc. is owned 100% by John Gasparian, Sr.; Southcoast Fibers, Inc. is owned 95% by John Gasparian, Jr. and 5% by John Gasparian, Sr.; Glendale Metals and Recycling, Inc. is owned 100% by Barbara and John Gasparian, Sr.

The principal stockholders of the Company are as follows:

John Gasparian Jr.	95%
John Gasparian Sr.	<u>5%</u>
Total:	100%

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.

Prior Actions and Financings. None.

Project Description. The Project includes the purchase of waste collection vehicles and containers; the installation of a truck wash; and retrofitting a portion of its fleet to achieve reduced air emissions. The vehicles to be acquired are designed to meet California Air Resources Board (CARB) emission requirements.

The Company also intends to create a Greenwaste and Construction and Demolition debris recycling operation. The material processing equipment associated with the recycling operation will facilitate an increase in the throughput volume of recyclables and thereby increase landfill diversion. The Company intends to upgrade the computers in its facility management office.

The anticipated Project and issuance costs are listed below:

Waste Collection Vehicles	\$4,750,000
Waste Collection Containers	3,100,000
Truck Wash Equipment	100,000
Recycling Equipment	800,000
Computer Equipment	100,000
Fleet Retrofitting	150,000
Bond Issuance Expenses	484,216
Contingency	<u>15,784</u>
Total:	<u>\$9,500,000</u>

Anticipated Timeline. Equipment purchasing began in April 2009 and is anticipated to be completed in April 2010.

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

Waste Diversion. Implementation of the project will result in compliance with both the California Integrated Waste Management Board Act of 1989 and the United States Resource Conservation and Recovery Act mandates to increase diversion of waste streams going to landfills.

Air Quality. As the Company replaces older collection vehicles with newer CARB compliant vehicles, the emissions from the new vehicles will be lower.

Recycling of Commodities. The Company will recycle all solid waste brought to the plant; however, the primary focus of this project is to increase green waste and construction demolition debris diversion from 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 in the first quarter of 2010.

Financing Details. The Company anticipates issuance of negotiated tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit that is rated at least “A-” by Fitch Rating Agency or equivalent. The target date for financing is the first quarter of 2010.

Financing Team.

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

Agenda Item – 4.A.1.

Staff Recommendation. Staff recommends approval of Initial Resolution No. 09-06 for American Reclamation, Inc. and/or its Affiliates for an amount not to exceed \$9,500,000.

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
AMERICAN RECLAMATION, INC. AND/OR ITS AFFILIATES**

June 24, 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, American Reclamation, 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 collection vehicles, containers and related equipment 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 \$9,500,000 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 \$9,500,000 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.

Agenda Item – 4.A.1.

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 June 24, 2012 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: 00822 SB

LOCATION: The recycling equipment will be located at 5487 San Fernando Road West, Glendale, CA 91203.

All other equipment will be located at 4560 Doran Street, Los Angeles, CA 90039.

The vehicles and containers may be located at either of the above locations.

TYPE: Solid Waste Disposal

AMOUNT: Up to \$9,500,000