

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: June 24, 2009**  
*Request for Amendment to Loan Agreement*

Prepared by: *Doreen Smith*

<b>Applicant:</b> EDCO Disposal Corporation and/or its Affiliates	<b>Action Requested:</b> Loan Agreement Amendment
<b>Project:</b> Signal Hill	<b>Application No.:</b> 00800
<b>Location:</b> (Los Angeles County)	

**Summary.** EDCO Disposal Corporation (“EDCO” or the “Company”) requests approval to modify the Project Description, Exhibit A, of EDCO’s Series 2007A Loan Agreement to allow the Company to utilize a portion of the remaining Project Funds for the construction and equipping of a recycling and transfer station in Signal Hill.

**Discussion.** In December 2007, CPCFA approved the issuance of bonds in the amount not to exceed \$31,960,000 to finance the acquisition of low-emission collection trucks, loaders, transfer trucks, trailers and other solid waste vehicles and equipment and to acquire solid waste carts, bins and containers.

Since that time, the Company has decided to invest less in the trucks and equipment and to instead build a Materials Recovery Facility (MRF) in Signal Hill. The details of the potential MRF construction project were not fully developed and therefore were not included in the original Final Project Description in the Loan Agreement. This potential project was, however, included in the application and TEFRA notice. EDCO recently received its Notice of Determination for the Signal Hill facility and now desires to spend a portion of the 2007A Bond proceeds to develop this project.

The proposed facility is estimated to cost approximately \$9,105,000 and will consist of an approximately 68,000 square foot building and equipment consistent with the operation of a MRF. The facility has been permitted to process up to 1500 tons per day of solid waste, primarily serving the City of Signal Hill, as well as the surrounding community. The breakdown in the use of funds is outlined below.

EDCO Bond Series 2007A	Tax Certificate	Actual Thru April 2009	Remaining Funds	Proposed Expenditures
MRF construction				\$9,105,000
Issuance & Bank Cost	\$ 705,247	\$ 705,247	0	0
Trucks, Carts & Bins	28,032,001	14,815,732	\$ 13,216,269	5,711,269
Paving & Site Improvements	1,000,000		1,000,000	400,000
Sort Line & MRF Equipment	2,000,000	66,000	1,934,000	934,000
Contingency	222,752	0	222,752	222,752
<b>Total</b>	<b>\$31,960,000</b>	<b>\$15,586,979</b>	<b>\$16,373,021</b>	<b>\$16,373,021</b>

Sections 3.1(b) and 10.4 of the Loan Agreement authorize the Issuer to enter into a supplemental Loan Agreement with the consent of the Bank and the Trustee.

**SBAF Contribution.** The Company paid \$64,200.00 to the CPCFA Small Business Assistance Fund (SBAF) at bond closing. The contribution was calculated based on the purchase of equipment

**Agenda Item – 4.B.1.**

that depreciates at a faster rate than land and facilities. Since the Company is requesting to change the Project to include a building, which has a longer weighted useful life than the equipment, the SBAF contribution will be recalculated.

**Staff Recommendation.** Staff recommends, contingent upon receipt of documents and opinions required by Sections 3.1(b) and 10.4 of the Loan Agreement, the Authority approve the request of the Company to amend the EDCO Disposal Corporation Project Series 2007A Loan Agreement between CPCFA and EDCO Disposal Corporation.

**RESOLUTION APPROVING AMENDMENT TO LOAN AGREEMENT  
FOR BONDS ISSUED ON BEHALF OF EDCO DISPOSAL  
CORPORATION AND AFFILIATES**

June 24, 2009

WHEREAS, this Authority has previously issued an aggregate of \$31,960,000 of California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (EDCO Disposal Corporation Project), Series 2007A (the “2007A Bonds”), pursuant to an Indenture, dated as of December 1, 2007 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, pursuant to a Loan Agreement, dated as of December 1, 2007 (the “Loan Agreement”), by and between the Authority and EDCO Disposal Corporation (the “Borrower”), the Authority has loaned the proceeds of the 2007A Bonds to the Borrower; and

WHEREAS, the Borrower has requested that the Authority enter into a supplement to the Loan Agreement to modify the description of the Project contained in Exhibit A to the Loan Agreement;

WHEREAS, the Issuer and the Trustee are authorized under Section 9.01(B)(7) of the Indenture to enter into supplemental loan agreements in regard to matters or questions arising under the Loan Agreement without the consent of any Holders, if the Holders of the 2007A Bonds have the right to tender their bonds and have been given at least 30 days’ notice; and

WHEREAS, it is necessary and desirable and not inconsistent with the terms thereof, that the Loan Agreement be amended pursuant to such supplemental loan agreement, as provided herein; and

WHEREAS, final approval of the terms of such supplemental loan agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control

Financing Authority, as follows:

Section 1. The Authority finds and declares all of the foregoing recitals to be true and correct.

Section 2. The Authority hereby approves the proposed form of First Supplemental Loan Agreement, by and between the Authority and the Borrower (the “Supplemental Loan Agreement”), as submitted to the Authority, and authorizes the Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority to execute the Supplemental Loan Agreement, with such modifications as may be deemed necessary and appropriate in the judgment of the officers executing the same and with the advice of the Attorney General, which modifications shall be conclusively deemed to be approved by the execution of the Supplemental Loan Agreement by such officers. Notwithstanding the foregoing, the Supplemental Loan Agreement shall only be delivered by such officers upon receipt of (i) the written approval of Wells Fargo Bank, as the credit bank, and the Trustee, (ii) an Opinion of Counsel to the effect that the provisions of the supplemental Loan Agreement are permitted by the Indenture and Loan Agreement and will not, in and of themselves, adversely affect the tax-exempt status of the 2007A Bonds, and (iii) evidence that notice of the Supplemental Loan Agreement shall have been given to the Bondholders.

Section 3. 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 one or more tax certificates or supplemental tax certificates, they may deem necessary or advisable in order to consummate the amendments of and supplements to the Loan Agreement and otherwise to effectuate the purpose of this resolution.

Section 4. This Resolution shall take effect immediately upon its passage.