

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: January 17, 2012
Request for Initial Resolution**

Prepared by: *Alejandro Ruiz*

Applicant: United Pacific Waste and/or its Affiliates	Amount Requested: \$26,055,000 TE \$5,480,000 TX
Project Location: Pico Rivera (Los Angeles County)	Application No.: 855(SB) Initial Resolution No.: 12-01

Summary. United Pacific Waste and/or its Affiliates (the “Company” or “UPW”) requests approval of an Initial Resolution for an amount not to exceed \$31,535,000 to finance the construction of a CNG fueling station and the acquisition of an existing operating site and waste collection equipment, such as trucks and bins.

Borrower. United Pacific Waste provides residential waste collection and disposal services to the Rowland Heights Area of Los Angeles County and other portions of the County of Los Angeles. The Company was incorporated in 2001 in California.

The principal stockholders of the Company are as follows:

Rouben Kandillan	20.00%
Kandillan Survivor’s Trust, Rouben Kandillan trustee	30.59%
Michael R. Kandillan	30.59%
Michelle Kandillan	9.41%
Shana N. Kandillan	9.41%
Total:	<u>100.00%</u>

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.

Project Description. UPW will purchase waste collection equipment, such as trucks, containers, and carts, as well as side loaders and a CNG fueling station to provide fuel for the waste trucks. The Company also plans to purchase its current operating site in Pico Rivera. The project will allow UPW to meet existing and anticipated new franchise requirements with services areas in Los Angeles County.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in April 2012.

Financing Details. The Company anticipates the issuance of negotiated tax-exempt and taxable bonds. \$26,055,000 of the amount issued will be tax-exempt and the remaining \$5,480,000 will be taxable.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Initial Resolution No. 12-01 for United Pacific Waste and/or its Affiliates for an amount not to exceed \$31,535,000.

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/RECYCLING FACILITIES FOR
UNITED PACIFIC WASTE AND/OR ITS AFFILIATES**

January 17, 2012

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 solid waste disposal recovery and recycling facilities; and

WHEREAS, United Pacific Waste, a California corporation (“Applicant”), and/or its Affiliates (as hereinafter defined) (collectively, “Company”) has submitted an application (the “Application”) to the Authority requesting the Authority assist in financing the acquisition of land and buildings thereon, the construction and/or improvement of one or more buildings to house solid waste related operations, equipment maintenance and offices, the construction and installation of a CNG fueling station, the construction of site improvements and the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste, including a spray booth, wash racks, loaders, collection trucks, carts, containers and other equipment functionally related thereto, all as more fully described in the Application (collectively, “Facilities”), which Facilities will be owned and/or operated by the Company, and have presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal/recycling facilities 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 Facilities 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 Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities 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 \$31,535,000 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 Facilities; 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 Facilities 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 \$31,535,000 principal amount of bonds of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities 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 Facilities. 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 any 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 proceeds thereof to the Company; (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.

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

Agenda Item 4.D.1.

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, this Resolution shall cease to be effective on January 17, 2015 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the project and any additional information requested by the Authority to supplement the Company's application.

EXHIBIT A

NUMBER: 12-01

LOCATIONS: 4320, 4330 and 4334 San Gabriel River Parkway
Pico Rivera, California 90660

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$31,535,000