

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: May 17, 2016**

*Request to Approve Initial Resolution Reflecting  
Official Intent to Issue Revenue Notes*

Prepared by: *Kris Luoma*

|                          |  |                                |              |
|--------------------------|--|--------------------------------|--------------|
| <b>Applicant:</b>        | EDCO Disposal Corporation<br>and/or its Affiliates | <b>Amount Requested:</b>       | \$79,199,000 |
| <b>Project Location:</b> | San Diego, Los Angeles &<br>Orange Counties        | <b>Application No.:</b>        | 890          |
|                          |  | <b>Initial Resolution No.:</b> | 16-08        |

**Summary.** EDCO Disposal Corporation and/or its Affiliates (“EDCO” or the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$79,199,000 to purchase compressed natural gas (CNG) collection vehicles, carts, bins, and additional equipment, upgrade and make improvements to the material recycling facility (MRF) and add CNG fueling stations.

**Borrower.** EDCO is a large business with 925 employees and maintains 15 facilities in Southern California. It was organized in California on March 27, 1967 for the purpose of collecting and processing solid waste. The Company currently services Los Angeles, San Diego and Orange counties.

The principal stockholders of the Company are as follows:

|               |                    |
|---------------|--------------------|
| Edward G Burr | 50%                |
| Sandra L Burr | <u>50%</u>         |
| <b>Total:</b> | <b><u>100%</u></b> |

**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 in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

**Project Description.** The Company will use note proceeds to purchase CNG waste collection vehicles, transfer trailers, loading equipment, recycling bins, roll off containers, compactors and other equipment to be used throughout the Company’s service area, within the counties of San Diego, Los Angeles and Orange. EDCO also plans to expand and renovate existing transfer stations, purchase and install CNG fueling stations, and make improvements to MRF and collection facilities. The collection vehicle placement and the site improvements will take place at several of the facilities listed in the attachment to the Exhibit A of the resolution. Additionally, the Company intends to add and upgrade its recycle material processing sort lines and balers.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation on July 19, 2016.

**Financing Details.** The Company anticipates the issuance of negotiated tax exempt notes with a private placement financing structure.

**Financing Team.**

**Municipal Advisor to the Borrower:** Westhoff, Cone & Holmstedt

**Note Counsel:** Orrick Herrington & Sutcliffe LLP

**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No.16-08 for EDCO Disposal Corporation and/or its Affiliates for an amount not to exceed \$79,199,000.

*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 OR NOTES TO  
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
EDCO DISPOSAL CORPORATION AND/OR ITS AFFILIATES**

**May 17, 2016**

**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 or other debt obligations 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**, EDCO Disposal Corporation, a California corporation, (the "Applicant"), and its affiliates (the "Company") has submitted an application (the "Application") requesting that the Authority assist in financing the acquisition, rehabilitation, construction and installation of facilities for collection, processing, recycling, transportation, and disposal of solid 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 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 debt obligations 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 \$79,199,000 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 \$79,199,000 principal amount of bonds or notes 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 debt obligations.

**Section 3.** The bonds or notes 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 or note 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][note]."

**Section 4.** The bonds or notes shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the debt obligations 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 for any portion of the bonds or notes 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 this Resolution shall cease to be effective on May 17, 2019 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

**Agenda Item 4.A.2.**

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:** 16-08

**LOCATION:** See Attachment  
Carts located at customers' sites in Los Angeles, Orange and San Diego Counties

**TYPE:** Solid Waste Disposal

**AMOUNT:** Up to \$79,199,000

Attachment to Exhibit A  
EDCO Disposal Corporation and Affiliates  
Potential Project Locations

6670 Federal Blvd.  
Lemon Grove, CA 91945

324 Maple Street  
Ramona, CA. 92065

6762 Stanton Ave.  
Buena Park, CA 90621

6254 North Paramount Boulevard,  
Long Beach, CA 90805

550 W Aviation Road  
Fallbrook, CA 92028

7844 Armour St  
San Diego CA 92111

1044 W. Washington Ave.  
Escondido, CA.92025

9005 Kenwood,  
Spring Valley CA 91977

1035 W. Washington Ave.  
Escondido, CA.92025

3660 Dalbergia Street,  
San Diego, CA 92101

224 S. Las Posas Road  
San Marcos, CA 92078

8184 Commercial St,  
La Mesa CA 91942

950 27th Street  
Signal Hill CA 90755

2755 California Ave.  
Signal Hill , CA 90755

12363 Bettsworth Road  
Valley Center CA 92082