

**CALIFORNIA POLLUTION CONTROL  
FINANCING AUTHORITY**

915 CAPITOL MALL, ROOM 457 (95814)  
P.O. BOX 942809  
SACRAMENTO, CA 94209-0001  
TELEPHONE: (916) 654-5610  
TELECOPIER: (916) 657-4821



March 10, 2005

Mr. Gordon W. Beers, President  
Benz Disposal Co., Inc.  
14701 South Broadway  
Blythe, CA 92225-9369

RE: Benz Disposal Co., Inc. and/or its affiliates  
Initial Resolution No. 05-01  
Application No. 766 (SB)

Dear Mr. Beers:

The California Pollution Control Financing Authority has received your application for assistance to finance the acquisition of land and site preparation and the construction of a material recovery facility (MRF), a transfer station, an office building, and a maintenance facility. Bond proceeds also will be used to finance the purchase of office equipment, and solid waste and recycling-related vehicles, equipment, and rolling stock for the collection, transportation, and processing of solid waste.

Following its review of the application, the Authority adopted the attached initial resolution. Pursuant to the resolution, the Authority hereby agrees with the Company, as follows:

1. Subject to the conditions set forth below, the Authority may, upon further request of the Company, issue and sell, at one time or from time to time, its bonds in an aggregate principal amount not exceeding \$13,860,000 to pay the costs of the facilities and related equipment.
2. Such action may be taken if the following conditions have been satisfied:
  - a. The Authority, in its sole discretion, shall have received satisfactory information concerning the Project, including advice from any consultants or legal counsel selected by the Authority;
  - b. The Company and the Authority shall have agreed to mutually acceptable definitive terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of a financing agreement providing for the financing of the facilities from the Authority to the Company providing for the payment by the Company of all amounts required to pay principal of, premium, if any, and interest on the bonds and all expenses attendant thereto and including provisions to relieve the Authority from any and all costs, expenses, or liabilities from either the sale of the bonds or the construction and operation of the facilities;
  - c. The Company shall have obtained all requisite governmental approvals;

- d. The Authority shall have received an allocation from the California Debt Limit Allocation Committee (CDLAC), if required; and
  - e. All other acts, conditions, consents, approvals, and things required by law shall have been done or obtained.
3. This agreement may be terminated or suspended by the Authority, upon five (5) days written notice to the Company, upon the happening of any of the following events:
  - a. Failure of any of the conditions stated in paragraph 2 above;
  - b. A banking moratorium having been declared by federal or California authorities or changes in money markets, economic conditions or applicable laws or regulations concerning taxation of interest on the bonds making financing of the facilities as contemplated herein impractical;
  - c. Receipt by the Authority of an opinion from the Attorney General of the State of California or his deputy, or from nationally recognized bond counsel, that the issuance of the bonds, or the execution of a financing agreement or any other instruments required in connection with the issuance of the bonds would be contrary to any applicable law or regulation;
  - d. Receipt by the Authority of an opinion from the Treasurer of the State of California or his deputy that the issuance of the bonds will not adversely affect the credit of the State of California or have a materially adverse effect upon the market for its bonds; or
  - e. Adoption by the Authority of a Resolution declaring that it believes that the issuance and sale of such bonds or the execution and delivery of a financing agreement is contrary to the public policies of the State of California.
4. In consideration of the Authority's agreements as set forth herein, the Company agrees to pay the Authority such filing and processing fees as may be required by the Authority, and to enter into a formal financing agreement with the Authority relating to the proposed facilities.
5. The adoption by the Authority of its above-mentioned resolution or its execution and delivery of this letter shall not be binding upon any other agency of the State of California or any political subdivision of the State of California and shall not be referred to in any application for any required permission or authority to construct or operate the project. Any such reference will be in and of itself misleading, shall be considered to be an abuse of the Authority's procedures and process, and anything else in this agreement to the contrary notwithstanding, shall be grounds for the Authority to terminate this agreement.

Mr. Gordon W. Beers  
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Nothing herein or in the resolution shall be deemed to constitute a finding that the project meets or complies with any applicable emission control laws, rules or regulations, or that the project is eligible for any Authority to Construct or Permit to Operate (or other similar entitlements).

We wish to reiterate that adoption of this Initial Resolution by the Authority only indicates that this project appears to generally meet the Authority's criteria for eligibility, but does not guarantee that the Authority will ultimately approve financings, as detailed examination of final project plans (technical and financial) must be done in the future. Also, issuance of tax-exempt bonds now requires allocations from a statewide volume cap, for which there is strong competition, and the Authority cannot commit in any way that allocation can be obtained for this project. Adoption of this Initial Resolution, however, meets federal tax requirements to assure that, if tax-exempt bonds are eventually issued, your qualified costs incurred after this date and certain prior development costs can be recovered from the bond proceeds.

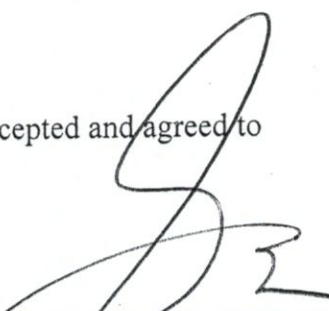
If the foregoing terms meet your approval, please signify your acceptance of this agreement by signing and returning to the Authority a copy of this letter, to be effective as of the date of the Authority meeting, March 1, 2005.

CALIFORNIA POLLUTION CONTROL  
FINANCING AUTHORITY

By   
EILEEN MARXEN  
DEPUTY EXECUTIVE DIRECTOR

Accepted and agreed to

By

  
Mr. Gordon W. Beers  
Benz Disposal Co., Inc.

CERTIFICATE OF THE EXECUTIVE DIRECTOR  
(Attesting to Action of the Authority)  
Sacramento, California

I, Eileen Marxen, Deputy Executive Director of the California Pollution Control Financing Authority, hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly adopted for a RESOLUTION OF OFFICAL INTENT TO ISSUE BONDS TO FINANCE SOLID WASTE DISPOSAL FACILITIES FOR BENZ DISPOSAL CO., INC. AND/OR ITS AFFILIATES at a meeting of the California Pollution Control Financing Authority held in the Fifth Floor Conference Room, 915 Capitol Mall, Room 587, Sacramento, California 95814, on March 1, 2005 for which meeting all of the members of said Authority had due notice; and that at the meeting the Resolution was adopted by the following votes:

AYES: Mark Paul for Phil Angelides, State Treasurer  
Anne Sheehan for Thomas Campbell, Director, Dept. of Finance

NOES: None

ABSTAINS: Windie Scott for Steve Westly, State Controller

ABSENT: None

This resolution of intent expires March 1, 2008. Extensions must be approved by the Authority in a public meeting.

I further certify that the original minutes of that meeting and a copy of the original Resolution adopted at said meeting are on file in the California Pollution Control Financing Authority office; and that the Resolution has not been amended, modified, or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the California Pollution Control Financing Authority hereto.



March 10, 2005

A handwritten signature in black ink, appearing to read "Eileen Marxen".

EILEEN MARXEN  
DEPUTY EXECUTIVE DIRECTOR

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

March 1, 2005

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, Benz Disposal Co., Inc., a California corporation, and/or its affiliates ("Company"), have requested that the Authority assist in financing solid waste disposal/recycling facilities to be owned and operated by the Company, which are expected to be comprised of the acquisition of land and the site preparation thereof, the construction of a materials recovery facility, a transfer station, an office building, and a maintenance facility, and the acquisition of solid waste and recycling related vehicles and equipment, rolling stock and office equipment ("Facilities"), 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 \$13,860,000 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.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$13,860,000 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 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 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.

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 March 1, 2008 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 reason why the project has not proceeded prior to the date of the letter.

**EXHIBIT A**

**NUMBER:** 05-01

**LOCATION:** APN 040-360-33-01  
Township 14S-Range 14E-Tract 43-S.B.M.  
Corner of State Highway 11 & Harris Road,  
Northwest Corner  
(In the unincorporated Area of Imperial County)

**TYPE:** Solid Waste Disposal/Resource Recovery

**AMOUNT:** Up to \$13,860,000