



**WESTHOFF, CONE  
& HOLMSTEDT**

**ANDREW S. ROSE**

**ENVIRONMENTAL & WASTE  
FINANCING**

**QUALIFICATIONS & SERVICES**

**2010**

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*Picture Credits: Cover:* T to B ; BLT Enterprises of Sacramento, Norcal Waste Systems; Blueline Transfer; Heritage Dairy. **TOC:** T to B; Tracy Material Recovery and Transfer; BLT Enterprises of Sacramento; Blue Line Transfer. **Pages 1 & 2:** Blue Line Transfer; **Pages 3 & 4:** Norcal Waste Systems, Inc. **Page 5:** T to B; Athens Disposal; Norcal Waste; Athens Disposal; South San Francisco Scavenger; Synagro, Inc. (2). **Page 6:** T to B; Heritage Dairy; BLT of Sacramento; Synagro, Inc.; West County Resource Recovery; Norcal Waste. **Page 7:** L to R; California Waste Removal Systems; Solid Waste of Willits (2). **Page 8:** L to R; various; Heritage Dairy. We thank all these companies who allowed us to use their pictures.



# THE TEAM

**W**esthoff, Cone & Holmstedt, investment bankers, and Mr. Andrew S. Rose, financial advisor and attorney specializing in the waste industry, form the nucleus of one of the most experienced environmental financing teams in the United States. We have over seventy waste industry clients and have completed financings totaling over \$1.6 billion dollars since we began working together in 1994. Our Westhoff/Rose team has chosen to specialize in the waste and related environmental industries, rather than in one particular financing method. As a result, we offer a wide range of financing strategies to our clients.

In addition to arranging tax exempt debt which offers significantly lower interest costs to the waste and certain other environmental industries, our team also structures acquisition financing, traditional term or revolving credit facilities, “off balance sheet” financing, or leases, as appropriate. We finance project sites and development and construction of facilities, as well as fixtures and all types of rolling stock, materials handling and other equipment used by environmental companies and projects.

Generally, Westhoff, Cone & Holmstedt will serve as Managing Underwriter for the issuer of any tax-exempt or taxable bonds used in a financing structure. Mr. Rose generally represents clients as their financial consultant/advisor and specializes in identifying and negotiating with lenders which will offer either conventional loans or lines of credit and/or support tax-exempt or taxable bonds through the issuance of a letter of credit. He is also primarily responsible for our acquisition finance work.

## *Why hire us?*

**1st,** we get better pricing because the team works with the major lenders and rating agencies that serve the industry, and we solicit competitive proposals in most cases, allowing us to maintain up to date knowledge of the markets for price and terms – often better than the banks themselves which only have a general idea of their competition’s strategies.

**2nd,** we succeed for the same reason that many clients get better terms on equipment pricing as more and more of it is purchased, Westhoff/Rose does a larger volume of this business than virtually any other entity of which we are aware, and therefore, we are a significant source of business to the lenders. We use this “leverage” for our clients.

**3rd,** for many of our clients, tax-exempt bonds form a key part of any financing structure. Our (Westhoff, Cone & Holmstedt’s) underwriting results demonstrate that we have never failed to meet the market, and often beat it. This is because while we have the “in-house” capacity to distribute 100% of our issues, we typically offer our client’s bonds to other firms which compete with our sales desk. If “street” investors accept lower rates, we will award them the bonds. This “Managed Competition” system will find the lowest rates on any given day, and deliver them to our clients 100% of the time.

**4th,** between the Westhoff bankers and Mr. Rose, we have completed solid waste financings in over 30 states from the east coast to the west and have professional relationships in most states which provide additional “local knowledge” to assist us in completing successful financings.

# TAX EXEMPT BONDS.....A UNIQUE

**L**ow cost “tax-exempt” financing is uniquely available to projects which involve one or more aspects of solid and certain other types of waste management. With few exceptions, virtually any assets used for waste collection, processing or treatment and disposal can be financed using tax-exempt bonds. For example, the low interest bonds can be used to finance everything from virtually all of most sole purpose waste facilities to the limited solid waste treatment related assets of dairy or other agricultural projects. Most, if not all of the assets of other projects such as a sewage sludge or other sewage treatment facilities are also eligible. *Westhoff/Rose has even used such bonds as part of acquisition financings—specifically to purchase the real estate assets of a company while the stock and other assets are purchased using conventional debt.*

There are two major advantages of using such bonds. First, historic interest costs average somewhere between 2-4% lower than otherwise available. This is a significant saving over conventional debt. On a cash flow basis, the second advantage may be even more important. Using bonds, equipment and other assets can generally be amortized over terms which more closely match their actual useful lives, thereby boosting cash flow by reducing annual principal payments. For example, new trucks and waste carts for automated collection systems are routinely amortized over 10 years, rather than the 7 years traditionally offered for conventional debt. In other words, the same lender who will offer a client 7 year amortization for a conventional loan may, because of differences in “booking” the loan, be willing to write a letter of credit to “back” an issue of bonds with a 10 year term *for identical equipment.*

Many clients have heard that using tax-exempt bonds is “not worth it”, or “too complicated”. We urge potential clients to talk to us first before coming to that conclusion. Based on our collective experience with literally billions in tax-exempt transactions, we believe prospective clients will recognize that the savings that can be obtained through tax-exempt bonds are well worth the additional effort. (And we do most of the work anyway.)



# *TOOL FOR ENVIRONMENTAL INDUSTRIES*



For example, the Westhoff/Rose team has experience nationwide and can lead clients through the approval process for tax-exempt bonds. That process requires the participation of a governmental entity which serves as a “conduit” issuer of the bonds. It may be a port district, a river authority or a specialized financing authority, depending on the state in which the project is located. We have completed financings and have ongoing professional relationships in most states which allows us to help select the optimum issuer of the bonds. We then assist in the preparation of the application, appear at meetings on clients’ behalf, and otherwise make the process as simple as possible for our clients.

We work with many nationally recognized law firms that are experienced in tax-exempt bond issues (“bond counsel”) and assist with eligibility issues in preparation for the sizing of the transaction. Our extra work in this area allows us to ensure that tax exempt financing is available for every asset that can be legally financed with bonds. We will structure the bonds and the financing to comply with all of the complex rules involved. And, for any portion that cannot be financed tax-exempt or for interim financing before bonds are issued, we will arrange for a conventional loan or taxable bond financing.

Once the issuer is chosen and the application is submitted, we work on the final hurdle before bond sale, “allocation”. Generally, the total dollar amount of the type of bonds used by our clients is limited by the federal government to a per capita amount per year, per state. This is known as statewide “volume cap” and depending on the state, can be difficult to get.



We maintain an up to date data base and work with our professional colleagues in most states who assist us in determining the best way to maximize your ability to receive part of your state’s volume cap “allocation” for the bonds. Our relationships with staff and elected offi-

# WORKING WITH LENDERS



One way or the other, most waste companies need banks or other lenders whether they simply make a conventional loan, or provide a “letter of credit” to “enhance” an issue of tax-exempt or taxable bonds. The letter of credit (“LOC”) is generally required for a bond issue because small and regional companies do not customarily have a nationally recognized debt “rating” or, for those larger companies that do, the rating may not always be high enough to command cost effective pricing on bonds issued on their behalf. Without a rating, either the bonds cannot be sold or must be sold at rates much higher than the “all in” rate obtainable with an LOC.

Our starting point for working with clients and lending institutions is the client’s existing bank. We do not seek to disturb existing banking relationships but often face a situation where the local bank is not large enough to handle the financing or to be able to offer meaningful credit enhancement. At that point, we work with clients to assemble an informational package and then solicit proposals from one or more other banks experienced in solid waste financing.

Even when the client selects a new bank, that does not mean the end of a local relationship. Often, some accounts are maintained with the local bank and, if desired, we can include the local bank as a “participant” in the financing with the new bank. In other cases, however, the client’s bank is not serving them well and, in those cases, the solicitation process allows development of a new and more cost effective banking relationship. We also can help companies that grow too large for a single lender and often are asked to assist in forming bank “clubs” to provide sufficient capacity for the growing needs of a waste company.

We believe in loyalty to financial institutions that have served clients over a period of years, but we strongly believe that loyalty must go both ways. That is, the bank owes good clients rates and terms that are competitive. We work with many banks and, more importantly, specific bankers, in keeping with our belief in working with “the banker not the bank” to achieve the desired results.

The competition we have developed among experienced environmental lenders in the western United States has allowed us to obtain pricing for our clients at rates which are often as much as a *full percentage point* less than that obtained elsewhere in the country.

# PROJECTS & CLIENTS



In September, 2003, we arranged for the issuance of tax exempt bonds to finance the solid waste management system for a new dairy being developed by Agrifab, Inc. for future use by Vintage Dairy. The bonds were rated 'AAA' based on a letter of credit plus a confirming LOC by CALSTRS.



We arranged tax exempt financing for the Sacramento Recycling and Transfer Station for a subsidiary of BLT Enterprises. As of the preparation of this material, we are preparing to finance a similar transfer station/MRF for BLT which will serve the City of Fremont, California.



We financed a biosolids recycling facility in Sacramento, CA for a subsidiary of Synagro, Inc. which is under construction as of the date of this material. Tax exempt bonds funded construction and were rated 'A' by Standard & Poors with a policy of bond insurance issued by ACA Financial Guaranty Corp.



The West Contra Costa Integrated Resource Recovery Project was our first financing as a team. We provided \$17 million of tax exempt financing in 1994 for this Richmond Sanitary Service (Republic Services) project. The letter of credit was provided on a non-recourse "project" basis.



We have arranged almost \$100 million in tax exempt financing for Norcal Waste Industries for alternate fuel vehicles in San Jose, California; household waste containers for the residential collection program in San Francisco; and improvements to its "Recycle Central" facility in the City.

- Ag Resources III, LLC, Bakersfield, CA
- Agrifab, Inc., Tulare, CA
- Alameda County Industries, San Leandro, CA
- Allan Company, Baldwin Park, CA
- Amador Valley Industries, Pleasanton, CA
- Athens Disposal Company, Industry, CA
- Atlas Disposal, Sacramento, CA
- BLT Enterprises, Oxnard/Los Angeles, CA
- BLT of Fremont, Fremont, CA
- BLT of Sacramento, Inc., Sacramento, CA
- Blue Line Transfer, Inc. South San Francisco, CA
- Burrtec Waste Industries, Fontana, CA
- California Waste Recovery, Woodbridge, CA
- California Waste Solutions, Oakland, CA
- CalMet Services, Inc., Downey, CA
- Cedar Avenue Recycling, Fresno, CA
- Cedar Grove Composting, Seattle, WA
- Central Coast Recycling, Santa Maria, CA
- Chicago Grade Landfill, Templeton, CA
- Contra Costa Waste, Pittsburg, CA
- Community Waste Disposal, Dallas, TX
- CR&R, Inc., Stanton, CA
- EDCO Disposal Corp., San Diego, CA
- Escondido Disposal, Escondido, CA

## PARTIAL CLIENT LIST

- Evergreen Oil, Newark, CA
- Garaventa Enterprises, Concord, CA
- GreenTeam, San Jose, CA
- GreenWaste Recovery, Inc., San Jose, CA
- Harrison Industries, Ventura, CA
- KE Enterprises, McMinnville, OR
- LeMay Enterprises, Tacoma, WA
- MarBorg Industries, Inc., Santa Barbara, CA
- Mashburn Waste (EDCO), San Marcos, CA
- Metropolitan Recycling, Bakersfield, CA
- Metropolitan Waste Disposal, Montebello, CA
- Mission Trail Waste Services, Santa Clara, CA
- Napa Recycling, Napa, CA
- Norcal Waste Systems, San Francisco, CA
- Orange Avenue Disposal, Fresno, CA
- Pacific Rim Recycling, Benicia, CA
- Paradise Solid Waste (WMI), Paradise, CA
- Pena's Disposal, Tulare, CA
- Peninsula Sanitary Service, Stanford, CA
- Rainbow Disposal, Huntington Beach, CA
- Republic Services, Inc., Ft. Lauderdale, FL
- Richmond Sanitary (Republic), Richmond, CA
- Ratto Group, Santa Rosa, CA
- San Luis Garbage, San Luis Obispo, CA
- Solag Disposal (CR&R), San Juan Capistrano, CA
- Sonoma Compost, Sonoma, CA
- South Lake Refuse, Napa Valley, CA
- So. San Francisco Scavenger, So. San Francisco, CA
- Specialty Solid Waste, Sunnyvale, CA
- Sunset Waste Paper, Fresno, CA
- Synagro, Inc., Houston, TX
- Taormina Industries, (Republic), Anaheim, CA
- Tracy Delta Disposal, Tracy, CA
- Valley Vista Services, City of Industry, CA
- Vintage Dairy, Bakersfield, CA
- Waste Connections, Inc., Folsom, CA
- Waste Management, Inc., Houston, TX
- West County Resource Recovery, Richmond, CA

This list is a partial list of clients for whom we have arranged or are arranging financings. While there have been consolidations in the industry and some clients listed have been acquired by other clients, we still serve the ongoing financing needs of the great majority of this list.

## EQUIPMENT FINANCE

**N**eed trucks? Automating residential collection operations? We have a number of ways to finance equipment, generally with 100% financing and terms based on actual useful life of the equipment. As we point out on pages 3 and 4, by using bonds, we can finance all types of equipment for solid waste businesses based on actual useful lives, often yielding terms 3-5 years longer than otherwise available and at tax-exempt rates. While the interest rate break will save considerable amounts of money, the cash flow increases derived from the longer amortization may prove even more important. We can offer fixed or variable rates or provide a “hybrid” type financing which allows a client to take advantage of variable rates while also limiting interest rate risk.

Most, if not all, of a solid waste company’s equipment needs can qualify for tax-exempt bonds including such things as collection and long haul transfer vehicles, rail cars, waste carts that are installed in single family residences for an automated program, conveyors and balers at a transfer station and rolloffs and bins for commercial and multi-family routes. Con-



verting a fleet to a natural gas based fuel? We have a new program in the works which will add to our ability to finance CNG and LNG fleets. Other new trucks qualify as do new engines, tanks, and other conversion equipment for existing fleets.

We can either work with a client’s bank or other financial institution which, in most cases, will be happy to provide the letter of credit to secure a bond transaction or, if necessary or desirable, we can finance equipment “outside” a loan agreement. Assuming a client has, (or we help them get) that ability, we can finance equipment up to the covenant limits from “outside” sources either conventionally, or through taxable or tax-exempt bonds. The third party lender or letter of credit provider takes a security interest only in the new equipment purchased. In some cases, the cost of this third party credit will be less than the cost of the company’s normal credit lines. We work with our clients to not only structure the original documents to provide this flexibility, but also can solicit and arrange for any “outside” debt necessary from a third party financial institution.

## DAIRY FINANCE

**T**he dairy industry faces significant and unique challenges related to solid waste management. However, an attractive financing opportunity is available to dairy owners who may be constructing a new facility or rehabilitating or expanding an existing operation. That opportunity is the ability to finance a large portion of their capital costs through the use of tax exempt bonds at below market interest rates (explained further on pages 3 and 4 of this material).

For example, in most cases, the cost to construct freestall barns, paving and curbing, drainage (manure flush system), separation ponds, wastewater lagoons, piping and pumps associated with same, and manure separation systems all may be financed with low interest tax exempt bonds. These assets may make up as much as *half* of a typical dairy construction budget whether for a new dairy or the expansion or renovation of an existing one. The assets involved are also generally among the longer lived assets which allows receipt of the benefits of the tax exempt bonds for a longer period of time. We have worked extensively with specialized tax counsel and other interested



parties to increase understanding as to the specific use for each asset type to be financed in an effort to maximize for our clients the number of costs that can be financed with the lower cost bonds. For example, while grading and site work in general might not qualify, we have obtained approval for tax exempt financing for grading and site work which is directly associated, for example, with facilitating the gravity-flow operation of the manure flushing and collection system as well as concrete work associated with the flushing alleys or lanes in the corrals, and holding area in the milking parlor.

In working with a new dairy client, we first spend some time with them determining *exactly* what assets comprise their new project. We then work with tax counsel, the financing team and the dairy owners' lender to optimize the overall financing and the relationship between the tax exempt bonds and the conventional debt that will be necessary for financing non-qualifying assets as well as herd and feed lines of credit.

Just as we do for dedicated solid waste management companies, we also monitor ever changing regulations relating to the dairy industry and its solid and liquid waste management issues in an effort to anticipate future needs of our dairy clients.

# NON-RECOURSE FINANCE

The goals in structuring a financing for a new waste, energy or environmental facility are simple: First, be sure your technology, waste stream or raw material and markets for end products are sufficient to make the project creditworthy. Second, get the best possible terms by choosing the best financing structure feasible.

Facilities are most commonly planned and financed using the company's general corporate credit. The "equity" for the project is provided by the company's balance sheet and cash flow producing, in effect, 100% financing. In some cases, however, a company doesn't wish to incur additional debt on its core balance sheet or the size of the project is larger than it could normally handle. If so, "Project" or "non-recourse" finance may prove beneficial. The lender looks only to the assets/cash flows of the "project" and the sole purpose corporate entity formed to develop and operate it.

The basic components of a successful project finance are mainly contractual. That is, the project must have secure contracts for waste supply and residue as well as a secure market for any recyclables, compost or energy product produced. In addition, the project's waste processing technology must be guaranteed contractually by an engineering, procurement and construction ("EPC") contractor with the financial wherewithal to support its guarantee.

If true "project finance" cannot be arranged, for smaller projects we can sometimes structure a "partial-recourse" financing where, for example, the project entity is separate from the parent company but its debt is still guaranteed by the owners until the project is operating according to plan. We have relationships with the few banks that continue to understand and participate in "project" finance and with the rating agencies' project finance groups. Proper solicitation of these entities is crucial to a successful financing. Let us know if you wish to discuss a potential project

Two examples of project financings arranged by our team: At top is the Official Statement cover for a project finance, the Sacramento Biosolids Project. This project, whose project subsidiary is owned by Synagro, Inc. pelletizes part of Sacramento's waste stream for use as top quality fertilizer. ACA insured the bonds.

On the bottom is the cover of the OS for the tax exempt project finance of the Tracy Material Recovery and Transfer Station. This is a refunding of the 1994 bonds whereby the letter of credit was replaced with less costly bond insurance.

**NEW 2002A - Solid Waste Bonds**

**California Pollution Control Financing Authority**  
SOLID WASTE DISPOSAL REVENUE BONDS  
(Sacramento Biosolids Facility Project)  
Series 2002A

**California Pollution Control Financing Authority**  
SOLID WASTE DISPOSAL REVENUE BONDS  
(Sacramento Biosolids Facility Project)  
Series 2002B (T-144000)

**ACA**

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS pledged TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THESE BONDS BY THE AUTHORITY OR BY TAXING POWER.

This cover page contains certain information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2002A Bonds are offered only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 2002B Bonds are offered only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 2002A Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 2002B Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 2002A Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 2002B Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC).

**Honorable Philip Angeles**  
Treasurer of the State of California

WESTHOFF, CONE & HOLMSTEDT

Stone & Youngberg LLP

**NEW 1999B - Solid Waste Bonds (Refunding)**

**California Pollution Control Financing Authority**  
SOLID WASTE DISPOSAL REVENUE BONDS  
(Tracy Material Recovery Facility Project)  
Series 1999A

**California Pollution Control Financing Authority**  
SOLID WASTE DISPOSAL REVENUE BONDS  
(Tracy Material Recovery Facility Project)  
Series 1999B

**ACA**

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS pledged TO THE PAYMENT OF THE PRINCIPAL OR INTEREST ON THESE BONDS BY THE AUTHORITY OR BY TAXING POWER.

This cover page contains certain information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The 1999 Bonds are offered only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 1999 Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 1999 Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC). The 1999 Bonds will be sold only to qualified institutional investors and, when issued, will be registered in the name of C&A Co., as trustee of the Depository Trust Company, New York, New York (DTC).

**Honorable Philip Angeles**  
Treasurer of the State of California

WESTHOFF, CONE & HOLMSTEDT

Stone & Youngberg LLP

# ACQUISITION FINANCE

Our team has completed the arrangement of financing for four separate acquisitions of independent waste companies by other independent companies in recent years. Mr. Rose's particular knowledge of and relationships with the banking industry allows him to solicit and arrange cost-effective terms with those banks that not only understand the waste industry, but also specialize in leveraged acquisitions.

For larger acquisitions (or for companies that have outgrown just one bank), we can often save the acquiring company significant money and time by either soliciting and forming a bank "group" ourselves or working with bank syndication departments to provide the core members of a bank group large enough to finance the entire acquisition.

This can be less expensive than relying solely on a bank syndication department to put the transaction together and is more likely to allow the client to develop and maintain good relationships with all of its major banks, a factor we believe to be essential. By putting all or at least the major members of the group together, we can often avoid or mitigate "national" pricing which is considerably higher than we normally obtain as noted on the previous page.

And, tax-exempt bonds can often be used to pay part of the acquisition price. If the acquisition is or can be structured at least in part as a purchase of real estate assets, often all or a substantial portion of those assets can be funded through tax-exempt bonds. Three of the four acquisitions referred to above include the use of both tax-exempt bonds for qualified assets and conventional debt for non-qualifying assets or stock purchases.

We are happy to provide preliminary analysis of price and equity/debt scenarios in connection with any proposed acquisition, even at the preliminary feasibility level. We think there remain opportunities for quality acquisitions.

SUPPLEMENT DATED FEBRUARY 17, 2000  
TO THE OFFICIAL STATEMENT DATED DECEMBER 3, 1996

RATING: Fitch IBCA: AA-1/1  
(See "RATING" herein)

**NEW ISSUE**

In the opinion of *Crivici, Herzig & Smith LLP*, Bond Counsel, based upon an analysis of existing laws, rulings and court decisions, and assuming, among other things, compliance with certain covenants, interest on the Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") except that no opinion is expressed concerning the status of interest on any Bond for any period that such Bond is held by a "Substantial Shareholder" as defined in the Code or by a "related party" as defined in the Code, or interest on any Bond which is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel expresses no opinion as to the effect of the opinion that interest on the Bonds is exempt from gross income for Federal income tax purposes, except that no opinion is expressed as to interest on any Bond which is a hold by D.R.S.T. or CalStar (defined below) or any subsidiary or controlling person thereof. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

<p style="text-align: center;">\$120,000,000 California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (CALSAN, Inc. Project) Series 1996A Dated December 3, 2000 CUSIP: 196534H8</p>	<p style="text-align: center;">\$4,850,000 California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (CALSAN, Inc. Project) Series 1998B Dated December 3, 2000 CUSIP: 196534H8</p>
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Interest Accrual Date: March 4, 2000 Price: 100%

This Supplement to the Official Statement sets forth certain information supplementary to that contained in the Official Statement dated December 3, 1996 (the "Official Statement") relating to Variable Rate Demand Solid Waste Disposal Revenue Bonds (CALSAN, Inc. Project) Series 1996A (the "1996 Bonds") issued by the California Pollution Control Financing Authority (the "Authority") to the currently existing program project owned of SAN JOAQUIN. The 1996 Bonds were issued by the Authority pursuant to the terms of a Indenture dated as of December 1, 1996, as amended and supplemented by the "Original Indenture" between the Authority and First Trust of California, National Association, as trustee. The proceeds of the 1996 Bonds were originally issued by the Authority to CALSAN, Inc. ("CALSAN") pursuant to the terms and conditions of the Loan Agreement, dated as of December 1, 1996 (the "Original Loan Agreement") in finance certain of the costs of acquisition, construction and equipping of a research recovery facility (the "D.A.R.T. Project") and the acquisition of associated collection vehicles and related waste collection (the "Waste Project") and together with the D.A.R.T. Project (the "Project") all located in Los Angeles County, California. See "DESCRIPTION OF PROJECTS."

In connection with a restructuring transaction, the 1996 Bonds are being transferred to two series, the "1996A Bonds" and the "1998B Bonds" as described above. The 1996A Bonds and the 1998B Bonds are referred to collectively as the "Bonds." The Bonds are being transferred pursuant to a Second Supplemental Indenture, dated as of March 1, 2000, supplemental to the Original Indenture. The Bonds will initially bear interest at a Weekly Interest Rate, determined by Westhoff, Cone & Holmstedt who will act as the Trustee/Agent for the Bonds. Interest is payable on the Bonds on the first Wednesday of each month commencing April 5, 2000.

The Bonds are limited obligations of the Authority payable from, and secured by a pledge and has a certain revenue. The Series 1996A Bonds are further secured by payment made by D.A.R.T., as the issuer of CALSAN, under the Original Loan Agreement, as supplemented. The Series 1998B Bonds are secured by payment made by CalStar Services, Inc. ("CalStar"), as partial assignee of certain rights of CALSAN, pursuant to a Supplemental Loan Agreement dated as of March 1, 2000 between CalStar and the Authority. In addition, the Bonds are secured by funds made under separate agreements dated and captioned as the "1996A Letter of Credit" with respect to the 1996A Bonds and the "1998B Letter of Credit" with respect to the 1998B Bonds. See, however, the "Letter of Credit" annexure to this Supplement.

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

The Letter of Credit will be in effect from March 3, 2000 (the "Effective Date") through December 1, 2004, unless either Letter of Credit is terminated earlier as a result of full payment thereunder or substitution thereof of a credit facility meeting the requirements described in the Indenture.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**

This Supplement to the Official Statement contains information regarding the Authority for the Bonds and should be read together with the Official Statement (referred to here as OFFICIAL STATEMENT). To the extent the information in this Supplement to the Official Statement conflicts with the information in the Official Statement, this Supplement to the Official Statement shall govern. Certain information disclosed in this Supplement, all registered names and other data shall have the same meaning as their uses here in the Indenture.

**HONORABLE PHILIP ANGELES**  
*Treasurer of the State of California*

**WESTHOFF, CONE & HOLMSTEDT**

RATING: Fitch IBCA: AA-1/1  
(See "RATING" herein)

**NEW ISSUE—Book Entry Only System**

In the opinion of *Crivici, Herzig & Smith LLP*, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other things, compliance with certain covenants, interest on the 1998A Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") except that no opinion is expressed concerning the status of interest on any Bond for any period that such Bond is held by a "Substantial Shareholder" as defined in the Code or by a "related party" as defined in the Code, or interest on any Bond which is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel expresses no opinion as to the effect of the opinion that interest on the Bonds is exempt from gross income for Federal income tax purposes, except that no opinion is expressed as to interest on any Bond which is a hold by D.R.S.T. or CalStar (defined below) or any subsidiary or controlling person thereof. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 1998A Bonds. See "TAX MATTERS."

<p style="text-align: center;">\$8,495,000 California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Santa Clara Valley Industries, L.L.C. Project) Series 1998A Dated March 4, 1998 CUSIP: 196534H8</p>	<p style="text-align: center;">Price: 100%</p> <p style="text-align: center;">Dated March 1, 2018</p>
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The California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Santa Clara Valley Industries, L.L.C. Project) Series 1998A (the "1998A Bonds") will bear interest at a Weekly Interest Rate, determined by Westhoff, Cone & Holmstedt who will act as the Trustee/Agent for the 1998A Bonds. The 1998A Bonds will be issued book-entry form, without coupons, and shall represent the terms of the Indenture, as amended by the Supplemental Indenture, dated as of March 1, 1998, between the Authority and First Trust of California, National Association, as trustee. The proceeds of the 1998A Bonds were originally issued by the Authority to Santa Clara Valley Industries, L.L.C. ("SCVI") pursuant to the terms and conditions of the Loan Agreement, dated as of March 1, 1998 (the "Original Loan Agreement") in finance certain of the costs of acquisition, construction and equipping of a research recovery facility (the "D.A.R.T. Project") and the acquisition of associated collection vehicles and related waste collection (the "Waste Project") and together with the D.A.R.T. Project (the "Project") all located in Los Angeles County, California. See "DESCRIPTION OF PROJECTS."

In connection with a restructuring transaction, the 1998A Bonds are being transferred to two series, the "1998A Bonds" and the "1998B Bonds" as described above. The 1998A Bonds and the 1998B Bonds are referred to collectively as the "Bonds." The Bonds are being transferred pursuant to a Second Supplemental Indenture, dated as of March 1, 2000, supplemental to the Original Indenture. The Bonds will initially bear interest at a Weekly Interest Rate, determined by Westhoff, Cone & Holmstedt who will act as the Trustee/Agent for the Bonds. Interest is payable on the Bonds on the first Wednesday of each month (or the next Business Day if such Wednesday is not a Business Day) commencing April 1, 1998. The 1998A Bonds are subject to optional and mandatory redemption prior to their respective stated maturities as described herein. See "REDEMPTION PROVISIONS."

The proceeds of the 1998A Bonds will be issued by the Authority to Santa Clara Valley Industries, L.L.C., a California limited liability company (the "Borrower") pursuant to the terms and conditions of the Loan Agreement, dated as of March 1, 1998, between Authority and the Borrower. (i) Finance the acquisition of a transfer station and certain vehicles to be owned and operated by the Borrower in Santa Clara, California; and (ii) pay certain costs associated with the issuance of the 1998A Bonds.

The 1998A Bonds are limited obligations of the Authority payable from, and secured by a pledge and has a certain revenue, consisting of loan payments made by the Borrower under the Loan Agreement and funds drawn under an irrevocable direct pay letter of credit (the "Letter of Credit") issued by:

**COMERICA BANK-CALIFORNIA**

The Letter of Credit will be in effect from the date of issuance of the 1998A Bonds through April 1, 2003, unless terminated earlier as a result of full payment thereunder or substitution thereof of a credit facility meeting the requirements described herein. See "SECURITY AND SUBSTITUTION OF PAYMENT FOR THE 1998A BONDS—Letter of Credit." —Collective Letter of Credit Agreement, dated as of March 1, 1998.

During the Weekly Interest Rate Period, owners of the 1998A Bonds will have the option to demand purchase of their 1998A Bonds upon to know that seven days notice to the Trustee, acting as the initial tender agent, at a price equal to 100% of the principal amount thereof plus accrued interest thereon to the date of purchase.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 1998A BONDS.**

This cover page contains certain information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The 1998A Bonds are offered as an aid and issued by the Authority, subject to the approval of Agency by *Crivici, Herzig & Smith LLP*, San Francisco, California; Bond Counsel; certain legal conditions, restrictive covenants and other provisions of the Authority by the Honorable *David F. Longue*, Attorney General of the State of California, for the Borrower by *McGee & Voss, Special Counsel*, for the Bank by *Moore & Deane LLP*, San Francisco, California; and for the Trustee/Agent by *Westhoff, Cone & Holmstedt*, San Francisco, California. See "OFFICIAL STATEMENT" for more information.

**HONORABLE MATT FONG**  
*Treasurer of the State of California*

**WESTHOFF, CONE & HOLMSTEDT**

Dated March 3, 1998

Two examples of acquisition financings which included the use of tax exempt bonds. On the top left is the cover of the supplement to the Official Statement for the bonds relating to the acquisition of the hauling operations of our former client Calsan, Inc. of Downey, California by our client Metropolitan Waste Disposal.

At bottom left, we arranged for tax exempt bonds to help our client, Santa Clara Valley Industries, buy the real estate assets of Mission Trail Waste Services, Santa Clara, California. We also assisted the companies in arranging conventional debt in connection with bond financings.

# RESUMES

## **Anthony E. Cone** *Principal*

Westhoff, Cone & Holmstedt's lead banker in the environmental financing sector, Mr. Cone has 34 years of experience structuring bond financings in California and in 32 additional states. Mr. Cone held similar positions with Bank of America, PaineWebber, Dean Witter and Bear Stearns before becoming a principal at Westhoff, Cone & Holmstedt. In addition to his solid waste and environmental expertise, he is experienced with a diverse range of credits and bond structures for infrastructure, housing, industrial development and assessment bonds. In 1979, Mr. Cone structured the State of California's first investment grade rated solid waste disposal issue for a solid waste transfer station.

Since the beginning of his career in the 1970's, he has worked closely with the California Pollution Control Financing Authority, and together with Mr. Holmstedt, has completed 137 solid waste disposal financings with that Authority and other issuers throughout the country. Mr. Cone received a B.A. degree in Urban Studies from San Francisco State University.

## **Andrew S. Rose** *Attorney at Law*

Mr. Rose is a financial advisor and attorney specializing in waste management and other environmental and energy related projects. His experience in both legal and financial matters has allowed him to successfully negotiate private and "public-private" agreements such as waste management service, franchise or operations agreements, and various energy contracts.

He also maintains extensive governmental relationships which often allow him to assist clients in gaining favorable legislative or administrative action in support of their financings. He serves as *Of Counsel* to the firm of Shackelford, Melton & McKinley, LLP, a law firm in Austin, Texas.

From early 1982 through mid-1985, Mr. Rose served as the first Executive Director of the California Alternative Energy Source Financing Authority, a sister agency of the California Pollution Control Financing Authority. Mr. Rose received a Bachelor of Arts degree from Stanford University in 1973 and a J.D. Degree from the University of California, Davis in 1979.

## **Mark A. Holmstedt** *Principal*

Mr. Holmstedt has 30 years of public finance experience encompassing a variety of specialty areas including over \$2 billion in environmental financings. Mr. Holmstedt has significant project finance experience and has completed financings for many private waste haulers. Included in his experience, is the development of the California Pollution Control Financing Authority's ("CPCFA") Small Business Assistance Fund program and financial assistance for the CPCFA's resource recovery and recycling programs.

In addition, Mr. Holmstedt has served as an investment banker or financial advisor to more than 50 state and local issuers on a variety of public projects including wastewater treatment, electricity distribution, parking, civic buildings, convention centers, harbor and airport facilities, redevelopment and housing. Mr. Holmstedt was graduated with honors from the University of California, Davis.

# RESUMES

## **R. Thomas Westhoff** *Principal & President*

As President and founder of Westhoff, Cone & Holmstedt, Mr. Westhoff is responsible for the day-to-day management of the firm and oversees all of the firm's investment banking activities. He has 44 years of experience in the municipal bond business, serving as senior banker for a wide variety of issuers.

He has worked for several major Wall Street firms in the nation's principal financial centers of New York, Chicago and San Francisco.

Prior to founding Westhoff, Cone & Holmstedt, he was the Managing Director of Dean Witter's Western Region Public Finance Department for 14 years.

Mr. Westhoff is a graduate of Southern Illinois University, Carbondale, Illinois.

## **William J. Mullally** *Sr. Vice President*

Mr. Mullally manages the firm's underwriting activities and is responsible for implementing our "Managed Competition" marketing strategy. During his over 38 years of experience in the bond industry in California, he has developed extensive dealer relationships which facilitate this marketing success.

Mr. Mullally's career includes service as Chairman of the Board and President of a securities firm specializing in fixed income products. Prior to that position, he was the managing underwriter and trader of a major national bank's municipal bond department.

Mr. Mullally is also a principal of Alamo Capital, a full service discount brokerage firm and received a Bachelor of Arts degree in Business Administration from Long Beach State University. He served as Municipal Bond Club President from 2006 to 2007 and is currently serving as Secretary.

## **Nancy A. Mullally** *Sr. Vice President*

Nancy Mullally manages institutional sales for all of the firm's underwriting transactions. Ms. Mullally has served clients in the tax-exempt securities industry for 29 years. Her experience includes service at such nationally recognized firms as PaineWebber, Dean Witter, and Merrill Lynch.

The key to her success, and the success of the firm's investment banking team, are the personal relationships Ms. Mullally has developed over the years with the major institutional purchasers of municipal securities. These relationships translate into a superior knowledge of the fundamental requisites for a well-structured and competitively priced financing.

Ms. Mullally is also the majority stockholder of Alamo Capital and received a Bachelor of Arts Degree in Business Management from St. Mary's College. She served as Municipal Bond Club President in 2008 and is currently appointed as District 1 Committee Member for FINRA.

## **Robert A. Martz** *Vice President*

Mr. Martz provides analytic and technical support, assists in preparation of Official Statements, and assists in day-to-day implementation for virtually every solid waste financing conducted by the firm.

Since the beginning of his public finance career in 1988, his experience has included a wide range of tax-exempt securities. Mr. Martz holds a Masters degree in Public Policy from the University of California, Berkeley and a B.A. degree in Economics from the University of Dayton.