

In the opinion of Leslie M. Lava, Esq., Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2008B 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 2008B Bond for any period that such 2008B Bond is held by a "substantial user" of any facilities financed with proceeds of the 2008B Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the 2008B Bonds is a specific preference item for purposes of calculating the federal individual or corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the 2008B Bonds is exempt from present State of California personal income taxes, except that no opinion is expressed as to interest on any 2008B Bond while it is held by the Borrower or any person or entity owned or controlled, directly or indirectly, by the Borrower, or any person or entity which owns or controls, directly or indirectly, the Borrower. 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 2008B Bonds. See "TAX MATTERS."

\$13,465,000

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
VARIABLE RATE DEMAND SOLID WASTE DISPOSAL REVENUE BONDS
(GreenWaste of Palo Alto Project)
Series 2008B
CUSIP: 130536 PE9**

Dated: Delivery Date**Price: 100%****Due: June 1, 2038**

The California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste of Palo Alto Project) Series 2008B (the "2008B Bonds") are being issued pursuant to an Indenture, dated as of October 1, 2008 (the "Indenture"), between the California Pollution Control Financing Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Ownership interests in the 2008B Bonds may initially be purchased, in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, in book-entry only form, without coupons, initially registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2008B Bonds. Upon receipt of payments of principal of, interest on and premium, if any, and purchase price for the 2008B Bonds, DTC will in turn remit such principal, interest, premium, if any, or purchase price to the participants in DTC for subsequent disbursement to the beneficial owners of the 2008B Bonds. See APPENDIX C—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2008B Bonds will bear interest at a Weekly Interest Rate, determined by Westhoff, Cone & Holmstedt, who will serve as the Remarketing Agent for the 2008B Bonds. As long as the 2008B Bonds bear interest at a Weekly Interest Rate, interest on the 2008B Bonds will be payable on the first Wednesday of each month (or the next Business Day if such Wednesday is not a Business Day) commencing Wednesday, November 5, 2008. **The 2008B Bonds are subject to optional and mandatory redemption and mandatory tender prior to maturity, as described herein.** See "THE 2008B BONDS—Redemption Provisions" and "—Mandatory Tender for Purchase of 2008B Bonds."

The proceeds of the sale of the 2008B Bonds will be loaned by the Authority to GreenWaste of Palo Alto, a joint venture organized and existing under the laws of the State of California (the "Borrower"), pursuant to a Loan Agreement, dated as of October 1, 2008 (the "Loan Agreement"), between the Authority and the Borrower. Such proceeds, together with other available funds, will be used to: (i) finance or refinance improvements to corporate yards to house offices and truck maintenance and storage and site improvements thereon; improvements to solid waste route management offices; the acquisition of equipment, rolling stock and vehicles for the collection of solid waste and recyclables and other equipment and facilities functionally related thereto; and/or the acquisition of drop boxes, bins, carts and containers to be located with customers in various incorporated and/or unincorporated portions of Santa Clara County, California (collectively, the "Project"); and (ii) pay certain costs associated with the issuance of the 2008B Bonds. See "THE PROJECT."

The 2008B Bonds are limited obligations of the Authority payable solely from, and separately secured by a pledge and lien on, certain revenues, consisting of loan repayments 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

The Letter of Credit with respect to the 2008B Bonds will be in effect from the date of issuance of the 2008B Bonds through October 8, 2013; unless extended or terminated sooner as a result of full payment thereunder or of substitution therefor of a credit facility meeting the requirements described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS—Letter of Credit" and "—Alternate Letter of Credit and Alternate Credit Facility."

PROSPECTIVE INVESTORS SHOULD NOT LOOK TO THE AUTHORITY OR THE BORROWER TO PAY DIRECTLY THE PRINCIPAL OF OR THE REDEMPTION OR PURCHASE PRICE OF THE 2008B BONDS OR THE INTEREST ON THE 2008B BONDS AS SUCH PAYMENTS BECOME DUE. ACCORDINGLY, ANY INVESTMENT DECISION TO PURCHASE THE 2008B BONDS SHOULD BE MADE SOLELY ON THE BASIS OF THE CREDITWORTHINESS OF THE BANK. See "THE BANK."

During any Weekly Interest Rate Period, Owners of the 2008B Bonds will have the option to demand purchase of their 2008B Bonds upon no less than 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 OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2008B BONDS. THE AUTHORITY HAS NO 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 2008B Bonds are offered when, as and if issued by the Authority, subject to the approval of legality by Leslie M. Lava, Esq., Sausalito, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by Honorable Edmund G. Brown Jr., the Attorney General of the State of California, Sacramento, California, for the Borrower by its counsel, Miller & Giannini, San Jose, California, and its Special Counsel, Shanks Darby McCabe & Ward LLP, Austin, Texas, for the Bank by Sheppard, Mullin, Richter & Hampton LLP, San Francisco, California and for the Underwriter by Orrick, Herrington & Sutcliffe LLP. It is expected that the 2008B Bonds in book-entry only form will be available for delivery through the facilities of DTC in New York, New York on or about October 8, 2008.

**Honorable Bill Lockyer
Treasurer of the State of California**

WESTHOFF, CONE & HOLMSTEDT

Certain of the information set forth herein has been obtained from the Authority, the Borrower, the Bank and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Borrower or the Bank since the date hereof. This Official Statement is submitted in connection with the sale of the 2008B Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority, the Borrower, the Bank or the Underwriter. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Borrower since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The descriptions of the terms and conditions of the agreements contained in the Official Statement are brief summaries of certain provisions of such agreements. They do not purport to be complete and are qualified in their entirety by reference to the complete and final text of such agreements and should be reviewed carefully before a decision is made to purchase the 2008B Bonds. Copies of all such agreements are available to prospective purchasers of the 2008B Bonds during the period of the offering and may be obtained, upon written request, from Westhoff, Cone & Holmstedt, 1777 Botelho Drive, Suite 370, Walnut Creek, California 94596, and thereafter, from The Bank of New York Mellon Trust Company, N.A., 700 South Flower Street, 5th Floor, Los Angeles, California 90017.

The Underwriter has provided the following statement for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2008B BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2008B BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE 2008B BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(A)(2) OF SUCH ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
General; Authorization	1
Purpose	1
Security and Sources of Payment	2
The 2008B Bonds	2
Bonds of Affiliated Entity	3
Limited Obligations.....	3
No Continuing Disclosure until Adjustment to a Term Interest Rate.....	3
Additional Information.....	4
THE 2008B BONDS.....	4
Description	4
Remarketing	5
Weekly Interest Rate	5
Term Interest Rate	6
Purchase of 2008B Bonds on Demand of Owner.....	7
Mandatory Tender for Purchase of 2008B Bonds	9
Purchase and Remarketing of 2008B Bonds	9
Redemption Provisions.....	11
Selection of Bonds for Redemption; Partial Redemption.....	13
Notice of Redemption.....	14
Effect of Redemption	14
SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS	15
Pledge and Assignment of Revenues.....	15
Letter of Credit	16
Alternate Letter of Credit and Alternate Credit Facility.....	16
Bonds of Affiliated Entity	17
Limited Obligations.....	19
LETTER OF CREDIT AND CREDIT AGREEMENT.....	19
Letter of Credit	19
Credit Agreement	19
THE BANK	23
THE AUTHORITY	24
THE BORROWER	24
General	24
GreenWaste Recovery	24
ZRRM.....	24
THE PROJECT.....	25
ESTIMATED SOURCES AND USES OF FUNDS	25
ABSENCE OF MATERIAL LITIGATION.....	25

UNDERWRITING	26
RATINGS	26
TAX MATTERS.....	26
APPROVAL OF LEGAL PROCEEDINGS.....	28
MISCELLANEOUS	29
APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS	A-1
APPENDIX B - PROPOSED FORM OF OPINION OF BOND COUNSEL.....	B-1
APPENDIX C - DTC AND THE BOOK-ENTRY ONLY SYSTEM.....	C-1

OFFICIAL STATEMENT

\$13,465,000

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
VARIABLE RATE DEMAND SOLID WASTE DISPOSAL REVENUE BONDS
(GREENWASTE OF PALO ALTO PROJECT)
SERIES 2008B**

INTRODUCTION

This Introduction contains only a brief summary of certain of the terms of the 2008B Bonds being offered and a brief description of the Official Statement, and a full review should be made of the entire Official Statement, including the cover page and the Appendices. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "State") or any other documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

General; Authorization

This Official Statement contains certain information relating to the original issuance and delivery of the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste of Palo Alto Project) Series 2008B, in the aggregate principal amount of \$13,465,000 (the "2008B Bonds"), as described further under the heading "THE 2008B BONDS." The 2008B Bonds are being issued pursuant to the provisions of the California Pollution Control Financing Authority Act (Chapter 1 (commencing with Section 44500) of Division 27 of the California Health and Safety Code, as amended or supplemented) (the "Act").

The 2008B Bonds will be issued under, and secured by an Indenture, dated as of October 1, 2008 (the "Indenture"), between the California Pollution Control Financing Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

Purpose

The proceeds of the sale of the 2008B Bonds will be loaned by the Authority to GreenWaste of Palo Alto, a joint venture organized and existing under the laws of the State of California (the "Borrower"), pursuant to a Loan Agreement, dated as of October 1, 2008 (the "Loan Agreement"), between the Authority and the Borrower. Such proceeds, together with other available funds, will be used to: (i) finance or refinance improvements to corporate yards to house offices and truck maintenance and storage and site improvements thereon; improvements to solid waste route management offices; the acquisition of equipment, rolling stock and vehicles for the collection of solid waste and recyclables and other equipment and facilities functionally related thereto; and/or the acquisition of drop boxes, bins, carts and containers to be located with customers in various incorporated and/or unincorporated portions of Santa Clara County, California (collectively, the "Project") (see "THE BORROWER-General"); and (ii) pay certain costs associated with the issuance of the 2008B Bonds. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS."

Security and Sources of Payment

The 2008B Bonds are limited obligations of the Authority payable solely from, and separately secured by a pledge and lien on, certain revenues and other income derived by the Authority or paid to the Trustee with respect to the 2008B Bonds (collectively, the “Revenues”), including without limitation, (i) certain loan repayments (collectively, the “Loan Repayments”) and other payments made by the Borrower pursuant to the Loan Agreement, (ii) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture (except certain administrative fees and expenses and amounts deposited into the Rebate Fund and the Borrower Account of the Costs of Issuance Fund), and (iii) funds drawn under an irrevocable direct pay letter of credit, dated October 8, 2008 (the “Letter of Credit”), issued by Comerica Bank (the “Bank”). See “SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS—Pledge of Revenues; Assignment.” Bondholders will not have any deed of trust or other security interest in any of the personal property comprising the Project.

PROSPECTIVE INVESTORS SHOULD NOT LOOK TO THE AUTHORITY OR THE BORROWER TO PAY DIRECTLY THE PRINCIPAL OF OR THE REDEMPTION OR PURCHASE PRICE OF THE 2008B BONDS OR THE INTEREST ON THE 2008B BONDS AS SUCH PAYMENTS BECOME DUE. ACCORDINGLY, ANY INVESTMENT DECISION TO PURCHASE THE 2008B BONDS SHOULD BE MADE SOLELY ON THE BASIS OF THE CREDITWORTHINESS OF THE BANK. See “THE BANK.”

Upon delivery of the 2008B Bonds, the Bank will deliver the Letter of Credit to the Trustee. Pursuant to the Letter of Credit, the Trustee may draw (whether at maturity, or upon earlier redemption, mandatory purchase, purchase on demand or acceleration) up to an amount equal to the then outstanding principal amount of the 2008B Bonds to pay the unpaid principal thereof, and 45 days’ accrued interest on the 2008B Bonds calculated at an assumed rate of 12% per annum on the basis of a 365-day year and actual days elapsed, so long as the 2008B Bonds bear interest at the Weekly Interest Rate. The Letter of Credit will be in effect from the date the 2008B Bonds are issued through October 8, 2013, unless extended by the Bank in its sole discretion, or upon earlier termination as a result of full payment under such Letter of Credit as a result of full redemption of the 2008B Bonds, acceleration or demand for mandatory tender of the 2008B Bonds due to an event of default or in the event an Alternate Letter of Credit or Alternate Credit Facility is substituted for such Letter of Credit. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS—Letter of Credit,” and “—Alternate Letter of Credit and Alternate Credit Facility.” Under certain circumstances, the Bank may cause payment of the 2008B Bonds to be accelerated by failing to reinstate interest drawn under the Letter of Credit upon the occurrence of an event of default under the Credit Agreement, dated as of October 1, 2008 (the “Credit Agreement”), by and among the Borrower, the Bank, as agent, and the Bank and the other lenders from time to time party thereto, as it may be amended or supplemented from time to time. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS—Letter of Credit,” “LETTER OF CREDIT AND CREDIT AGREEMENT,” and APPENDIX A—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Events of Default; Acceleration; Waiver of Default.”

The 2008B Bonds

The 2008B Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2008B Bonds. Ownership interests in the 2008B Bonds may be purchased in book-entry form only in denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 during any Weekly Interest Rate Period or Term Interest Rate Period of less than one year, or in denominations of \$5,000 or any integral multiple thereof during any Term Interest Rate Period of one year or longer. See “THE 2008B BONDS—Description” and APPENDIX C—“DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

The 2008B Bonds are subject to optional and mandatory redemption and mandatory tender prior to maturity, as described herein. See “THE 2008B BONDS–Redemption Provisions” and “–Mandatory Tender for Purchase of 2008B Bonds.”

Bonds of Affiliated Entity

The Borrower is a joint venture between GreenWaste Recovery, Inc. (“GreenWaste Recovery”) and Zanker Road Resource Management, Ltd., a California limited partnership (“ZRRM”).

The Authority has previously issued \$3,625,000 aggregate principal amount of its Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste Recovery, Inc. Project) Series 1999B (the “1999B Bonds”), of which \$1,465,000 aggregate principal amount remains outstanding; \$8,305,000 aggregate principal amount of its Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste Recovery, Inc. Project) Series 2001A (the “2001A Bonds”), of which \$520,000 aggregate principal amount remains outstanding; \$12,315,000 aggregate principal amount of its Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste Recovery, Inc. Project) Series 2006A (the “2006A Bonds”), of which \$10,255,000 aggregate principal amount remains outstanding; and \$38,305,000 aggregate principal amount of its Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste Recovery, Inc. Project) Series 2007A (the “2007A Bonds”), of which \$36,790,000 aggregate principal amount remains outstanding. The 1999B Bonds, the 2001A Bonds, the 2006A Bonds and the 2007A Bonds are limited obligations of the Authority issued under separate indentures and secured by, among other things, loan repayments to be made by GreenWaste Recovery, an affiliate of the Borrower pursuant to separate loan agreements relating to the 1999B Bonds, the 2001A Bonds, the 2006A Bonds and the 2007A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS –Bonds of Affiliated Entity.”

It is anticipated that concurrently with the issuance of the 2008B Bonds, the Authority will issue approximately \$17,085,000 principal amount of its Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste Recovery, Inc. Project) Series 2008A (the “GreenWaste Recovery 2008A Bonds”). If issued, the GreenWaste Recovery 2008A Bonds will be secured by a separate indenture (the “2008A Indenture”), loan agreement, letter of credit (the “2008A Letter of Credit”) and amended and restated credit agreement (the “2008A Credit Agreement”).

Limited Obligations

THE 2008B BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM CERTAIN REVENUES AND OTHER INCOME PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2008B BONDS. THE AUTHORITY HAS NO TAXING POWER.

No Continuing Disclosure until Adjustment to a Term Interest Rate

The Borrower will not, while the 2008B Bonds are in a Weekly Interest Rate Period or a Term Interest Rate Period of nine months or less, undertake any continuing disclosure obligations with respect to the 2008B Bonds. The Borrower has covenanted and agreed, upon the adjustment to a Term Interest Rate Period for a duration of greater than nine months with respect to the 2008B Bonds and the remarketing of the 2008B Bonds, to provide continuing disclosure in accordance with the requirements promulgated under Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), as it may from

time to time hereafter be amended or supplemented. **The Authority shall have no liability to Holders of the 2008B Bonds or any other person with respect to such continuing disclosure.**

Additional Information

The brief descriptions of the Borrower, the Bank, the Authority, the Project, the 2008B Bonds, the Indenture, the Loan Agreement, the Letter of Credit, the Credit Agreement, the Remarketing Agreement and other documents, statutes, reports and other instruments included in this Official Statement do not purport to be complete, comprehensive or definitive. All references to the Indenture, the Loan Agreement, the Letter of Credit, the Credit Agreement, the Remarketing Agreement and any other documents, statutes, reports and other instruments are qualified in their entirety by reference to such document, statute, report or instrument, and all references to the 2008B Bonds are qualified in their entirety by reference to the form of bond set forth in the Indenture.

During the period of the offering, copies of the Indenture, the Loan Agreement, the Letter of Credit and the Remarketing Agreement may be obtained, upon written request, from Westhoff, Cone & Holmstedt, 1777 Botelho, Suite 370, Walnut Creek, California 94596, and, thereafter, from the Trustee, The Bank of New York Mellon Trust Company, N.A., 700 South Flower Street, 5th Floor, Los Angeles, California 90017.

All capitalized terms used in this Official Statement and not otherwise defined herein shall have the same meanings as in the Indenture and if not defined in the Indenture, as set forth in the applicable document from which such term is referenced. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions."

THE 2008B BONDS

Description

The 2008B Bonds when issued will be delivered in fully registered form only and, when issued, will be registered in the name of a nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2008B Bonds. Individual purchases will be made in book-entry only form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the 2008B Bonds. So long as the 2008B Bonds are registered in the name of the nominee, payment of principal of, premium, if any, and interest on, including the Purchase Price of, the 2008B Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX C—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The principal of and premium, if any, on each 2008B Bond will be payable upon the presentation and surrender of such 2008B Bond, when due, at the principal corporate trust office of the Trustee or the Paying Agent if a paying agent has been appointed. During a Weekly Interest Rate Period, interest on the 2008B Bonds will be payable on the first Wednesday of each month, commencing November 5, 2008, or the next succeeding Business Day if such Wednesday is not a Business Day; during a Term Interest Rate Period of less than one year, the last Business Day of such Term Interest Rate Period; and during a Term Interest Rate Period of one year or more, on each June 1 and December 1. Except during a Term Interest Rate Period of one year or more, interest on the 2008B Bonds shall be computed upon the basis of a 365-day or 366-day, as applicable, year for the number of days actually elapsed. During any Term Interest Rate Period of one year or more, interest on the 2008B Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Payment of interest on the 2008B Bonds shall be made to the person appearing on the bond registration books of the Bond Registrar as the Owner thereof on the applicable Record Date, such interest to be paid by the Paying Agent to such Owner by check mailed by

first class mail on the Interest Payment Date to such Owner's address as it appears on the registration books or at such other address furnished to the Bond Registrar in writing by such Owner not later than the Record Date. Upon written request of an Owner of at least \$1,000,000 principal amount of 2008B Bonds, such request to be given at least three Business Days prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds at such wire address within the United States as such Owner shall specify in its written notice. If and to the extent there shall be a default in the payment of the interest due on an Interest Payment Date, such defaulted interest rate shall be the rate on the 2008B Bonds on the day before such default occurred, and such defaulted interest shall be paid to the Owners in whose name any such 2008B Bonds are registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest.

The 2008B Bonds will initially bear interest at the Weekly Interest Rate; provided, however, that the interest rate on the 2008B Bonds shall not exceed the Maximum Rate.

Remarketing

Pursuant to a Remarketing Agreement, dated as of October 1, 2008 (the "Remarketing Agreement"), by and between Westhoff, Cone & Holmstedt, as remarketing agent (the "Remarketing Agent"), and the Borrower, the Remarketing Agent will determine the Weekly Interest Rate on the 2008B Bonds. Westhoff, Cone & Holmstedt, as Underwriter, will determine the initial Weekly Interest Rate for the 2008B Bonds. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—The Remarketing Agent." The determination of the interest rate on the 2008B Bonds by the Remarketing Agent as provided in the Indenture shall be conclusive and binding upon the Owners of the 2008B Bonds, the Authority, the Trustee, the Tender Agent and the Bank.

Weekly Interest Rate

Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the 2008B Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent not later than 5:00 p.m. (New York City time) on Tuesday of each week (or by 12:00 noon (New York City time) on the next succeeding Business Day if such Tuesday is not a Business Day) during such Weekly Interest Rate Period for the week commencing on the next succeeding Wednesday (unless such Weekly Interest Rate is determined on a Wednesday in which case it shall be effective on such day); provided, however, that if the then current Interest Rate Period is a Term Interest Rate Period, the Weekly Interest Rate for the Weekly Interest Rate Period succeeding such Term Interest Rate Period shall be determined not later than the Business Day next preceding the effective date of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the 2008B Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2008B Bonds, would enable the Remarketing Agent to sell the 2008B Bonds on such day at a price equal to the principal amount thereof plus interest accrued thereon; provided, however, that if for any reason the Weekly Interest Rate cannot be determined, the Weekly Interest Rate for the next succeeding week shall remain at the then-existing rate, and thereafter the Weekly Interest Rate shall be a percentage per annum equal to the "Variable Index" as that term is defined in the Indenture. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions." The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on such last day.

Adjustment to Weekly Interest Rate Period. The Borrower, by written direction to the Authority, the Trustee and the Remarketing Agent, and with the written consent of the Bank, may elect to adjust the Interest Rate Period for the 2008B Bonds to a Weekly Interest Rate Period. Such direction shall (a) specify the effective date of such adjustment to a Weekly Interest Rate Period, which shall be: (i) the Interest Payment Date which is the day next succeeding the last day of the then current Term Interest Rate Period (or the Business Day next succeeding such Interest Payment Date if the adjustment is from a Term Interest Rate Period of one year or more and such Interest Payment Date is not a Business Day) not less than 40 days following the date of receipt by the Trustee of such direction; or (ii) any date on which the 2008B Bonds may be optionally redeemed as set forth in the Indenture, which is not less than 40 days following the date of receipt by the Trustee of such direction; and (b) identify the Letter of Credit or Alternate Credit Facility which will be in place after the effective date of the adjustment. Such written direction shall be accompanied by an Approving Opinion (which shall be reconfirmed as of the effective date of the adjustment) and written confirmation from each Rating Agency of the rating that will apply to the 2008B Bonds after the effective date of the adjustment. See “THE 2008B BONDS—Redemption Provisions—Optional Redemption.”

Notice of Adjustment to Weekly Interest Rate Period. The Trustee shall give notice by first class mail of an adjustment to a Weekly Interest Rate Period to the Owners of the 2008B Bonds, the Bank, the Remarketing Agent, the Authority and the Borrower not less than 30 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state: (1) that the interest rate on such 2008B Bonds will be adjusted to a Weekly Interest Rate; (2) the effective date of such Weekly Interest Rate Period; (3) that the 2008B Bonds will be subject to mandatory tender for purchase on such effective date pursuant to the Indenture (see “THE 2008B BONDS—Mandatory Tender for Purchase of 2008B Bonds”); and (4) the procedures for such purchase as provided in the Indenture.

Term Interest Rate

Determination of the Term Interest Rate. During each Term Interest Rate Period, the 2008B Bonds shall bear interest at the Term Interest Rate, which shall be determined by the Remarketing Agent not later than 4:00 p.m. (New York City time) on the Business Day preceding the first day of such Term Interest Rate Period. The Term Interest Rate shall be the rate determined by the Remarketing Agent (on the basis of examination of obligations comparable to the 2008B Bonds known to the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2008B Bonds, would enable the Remarketing Agent to sell the 2008B Bonds on such Business Day at a price equal to the principal amount thereof; provided, however, that if for any reason the Term Interest Rate cannot be determined for any Term Interest Rate Period, the interest rate on the 2008B Bonds shall convert to a Weekly Interest Rate.

Adjustment to Term Interest Rate Period. The Borrower, by written direction to the Trustee, the Authority and the Remarketing Agent, and with the written consent of the Bank, may elect that the Interest Rate Period for the 2008B Bonds shall be a Term Interest Rate Period, and shall determine the duration of the Term Interest Rate Period (which may be any period of one month, three months, six months, nine months, one year or any multiple of six months above one year, up to and including the period of time remaining to the maturity of the 2008B Bonds). Such direction (a) during a Weekly Interest Rate Period shall specify the effective date of such Term Interest Rate Period which shall be: (1) an Interest Payment Date not less than 40 days following the date of receipt by the Trustee of such direction, (2) the Interest Payment Date which is the day next succeeding the last day of then current Term Interest Rate Period (or the Business Day next succeeding such Interest Payment Date if the adjustment is from a Term Interest Rate Period of one year or more and such Interest Payment Date is not a Business Day) not less than 40 days following the date of receipt by the Trustee of such direction, or (3) any date on which the 2008B Bonds may be optionally redeemed as set forth in the Indenture, which date

is not less than 40 days following the date of receipt by the Trustee of such direction (see “THE 2008B BONDS—Redemption Provisions—*Optional Redemption*”); (b) shall specify the last day thereof or shall state that the Borrower will determine the last day prior to the effective date of the conversion, which shall be a day immediately preceding an Interest Payment Date; (c) shall, if applicable, direct the Trustee to send notice to Bondholders of the mandatory tender for purchase of the 2008B Bonds on the effective date of the adjustment pursuant to the Indenture; and (d) shall identify the Letter of Credit or Alternate Credit Facility, if any, which will be in place after the effective date. Such written direction shall also be accompanied by an Approving Opinion (which shall be reconfirmed as of the effective date of the adjustment) and written confirmation from each Rating Agency of the rating that will apply to the 2008B Bonds after the effective date of adjustment. See “THE 2008B BONDS—Mandatory Tender for Purchase of 2008B Bonds.” If, at least 40 days prior to the last day of any Term Interest Rate Period, the Borrower shall not have elected that the 2008B Bonds bear interest at a Weekly Interest Rate or a Term Interest Rate during the next succeeding Interest Rate Period, the next succeeding Interest Rate Period shall be a Term Interest Rate Period of the same duration as the immediately preceding Term Interest Rate Period.

If a Letter of Credit was in effect during the previous Interest Rate Period, the Borrower shall not adjust to a Term Interest Rate Period unless the Letter of Credit then in effect has been modified to provide interest coverage sufficient to maintain the rating on the 2008B Bonds; provided, however, that no Letter of Credit shall be required if the Borrower furnishes to the Trustee not less than 40 days prior to the last day of any Term Interest Rate Period (i) written evidence from each rating agency then rating the 2008B Bonds that effective upon the commencement of the immediately succeeding Term Interest Rate Period that, if the 2008B Bonds then have a long-term rating, that the 2008B Bonds will be rated Fitch “A-” (or equivalent) or higher or if the 2008B Bonds only have a short-term rating, that the 2008B Bonds will be in the highest short-term rating category (without regard to “+”’s or “-”’s), and (ii) written approval of the Authority.

Notice of Adjustment of Term Interest Rate Period. The Trustee shall give notice by first class mail of each Term Interest Rate Period to the Bondholders of the 2008B Bonds, the Bank, the Remarketing Agent, the Authority and the Borrower not less than 30 days prior to the effective date of such Term Interest Rate Period. Such notice shall state: (1) that the interest rate on the 2008B Bonds will be adjusted to or continue to be a Term Interest Rate; (2) the effective date of such Term Interest Rate Period; (3) the day by which the Term Interest Rate for such Term Interest Rate Period shall be determined; (4) the manner by which such Term Interest Rate may be obtained; (5) the Interest Payment Dates after such effective date; (6) that, during such Term Interest Rate Period, the Owners of such 2008B Bonds or the Direct Participants with respect to Book-Entry Bonds, as applicable, will have the right to demand purchase of such 2008B Bonds; (7) the date by which the Owners or Direct Participants must give notice to the Trustee in order to have their 2008B Bonds purchased, if applicable; (8) the procedures for doing so; (9) if the then current Interest Rate Period is a Weekly Interest Rate Period or a Term Interest Rate Period of a different duration than the succeeding Term Interest Rate Period, that such 2008B Bonds shall be subject to mandatory tender for purchase on such effective date pursuant to the Indenture (see “THE 2008B BONDS—Mandatory Tender for Purchase of 2008B Bonds”); (10) the procedures of such purchase; (11) the redemption provisions that will pertain to the 2008B Bonds during such Term Interest Rate Period; (12) the ratings which are expected to be assigned to the 2008B Bonds on such date; and (13) whether a Letter of Credit or Alternate Credit Facility will be in place on and after the effective date of adjustment and, if so, a description of the credit facility that will be in place.

Purchase of 2008B Bonds on Demand of Owner

Purchase During Weekly Interest Rate Period. During any Weekly Interest Rate Period, the 2008B Bonds or portions thereof in Authorized Denominations shall be purchased at the option of the Owner thereof, or with respect to Book-Entry Bonds, at the option of the Direct Participant with an ownership interest in Book-Entry Bonds, on any Business Day, at a price of 100% of the principal amount

thereof, plus accrued interest to the Purchase Date, upon: (i) delivery to the Trustee, if the 2008B Bonds are Book-Entry Bonds, or otherwise to the Tender Agent at its corporate trust office of an irrevocable notice in writing (the “Tender Notice”) by 5:00 p.m. (New York City time) on any Business Day, which states the name of the Owner or Direct Participant for the 2008B Bond, as applicable, such Direct Participant’s account number, payment instructions with respect to the Purchase Price of the 2008B Bond, the principal amount of the 2008B Bond, the CUSIP number of the 2008B Bond, and the date on which the same shall be redeemed or purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Trustee or Tender Agent; and (ii) (a) if the 2008B Bonds are not Book-Entry Bonds, delivery of the 2008B Bond to the Tender Agent at its Corporate Trust Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs at or prior to 12:30 p.m. (New York City time), on the date specified in such notice, or (b) if the 2008B Bonds are Book-Entry Bonds, upon confirmation by DTC that a Direct Participant with respect to Book-Entry Bonds being purchased pursuant to the Indenture has an ownership interest in such Book-Entry Bond at least equal to the amount specified in the Tender Notice, the transfer, on the registration books of DTC, of the beneficial ownership interest in such Book-Entry Bond tendered for purchase to the account of the Trustee, or the account of a Direct Participant acting on behalf of the Trustee.

Purchase During Term Interest Rate Period. On the first day of each Term Interest Rate Period which is of the same duration as the immediately preceding Term Interest Rate Period, any 2008B Bonds or portions thereof in Authorized Denominations shall be purchased at the option of the Owner thereof, or with respect to Book-Entry Bonds, at the option of the Direct Participant with an ownership interest in Book-Entry Bonds, at a price of 100% of the principal amount thereof, plus accrued interest to the Purchase Date, upon (i) delivery to the Trustee, if such 2008B Bonds are Book-Entry Bonds, or otherwise to the Tender Agent, at its Corporate Trust Office of an irrevocable written notice which states the name of the Owner of such 2008B Bond or the Direct Participant for such 2008B Bond, as applicable, such Direct Participant’s account number, payment instructions with respect to the Purchase Price of such 2008B Bond, the principal amount, CUSIP number and such 2008B Bond and the date on which the same shall be purchased, and (ii) (a) if such 2008B Bonds are not Book-Entry Bonds, delivery of such 2008B Bond and an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Owner thereof with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs, at or prior to 12:30 p.m. (New York City time), on the date specified in such notice (or, if the then-current Interest Rate Period is a Term Interest Rate Period of one year or more, by 5:00 p.m. (New York City time) two (2) Business Days prior to such date, except that investment companies registered under the Investment Company Act of 1940 may deliver such 2008B Bonds by 12:30 p.m. (New York City time) on the date so specified) or (b) if such 2008B Bonds are Book-Entry Bonds, upon confirmation by the Trustee that a Direct Participant with respect to Book-Entry Bonds being purchased has an ownership interest in such Book-Entry Bond at least equal to the amount specified in such Tender Notice, the transfer, on the registration books of DTC, of the beneficial ownership interest in such Book-Entry Bond tendered for purchase to the account of the Trustee, or to the account of a Direct Participant acting on behalf of such Trustee. The notice required in clause (i) of this paragraph shall be delivered to the Trustee or Tender Agent at or prior to 5:00 p.m. (New York City time) not later than (x) the 7th day prior to the effective date of such Term Interest Rate Period if it is of a duration less than one year or (y) the 15th day prior to the effective date of such Term Interest Rate Period if it is of a duration of one year or more.

If moneys sufficient to pay the Purchase Price of 2008B Bonds to be purchased pursuant to the Indenture shall be held by the Trustee on the date the 2008B Bonds are to be purchased, any 2008B Bonds to be so purchased which are not delivered by the Owners thereof to the Tender Agent or transferred on the registration books of DTC, as applicable, on the date specified for purchase thereof will be deemed to have been delivered for purchase or transferred on the registration books of DTC, as

applicable, on such date and deemed to have been purchased. The former Owners of the 2008B Bonds, or the Direct Participants with respect to Book-Entry Bonds, will thereafter have no rights with respect to the 2008B Bonds except to receive payment of the Purchase Price thereof upon surrender of the 2008B Bonds to the Tender Agent or the transfer, on the registration books of DTC, of the beneficial ownership interest in such Book-Entry Bonds.

Mandatory Tender for Purchase of 2008B Bonds

(i) On the first day of each new Interest Rate Period, including a renewal of a Term Interest Rate Period, or

(ii) during a Weekly Interest Rate Period, on the effective date of any Alternate Letter of Credit or Alternate Credit Facility (each as defined in the Indenture, see APPENDIX A--“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS--Definitions”) complying with the requirements of the Loan Agreement, or

(iii) on the second Business Day following the date on which the Trustee receives written notice from the Bank pursuant to the Indenture that an Event of Default has occurred under (and as defined in) the Credit Agreement and directing the Trustee to purchase the 2008B Bonds, in which event the Trustee shall promptly give notice to each Bondholder of the mandatory tender of the 2008B Bonds and that interest will cease to accrue to the Bondholder on such 2008B Bonds after the date of mandatory tender (each, a “Purchase Date”),

the Owner or Direct Participant of the 2008B Bond shall tender the 2008B Bond for purchase as described in the Indenture and such 2008B Bond shall be purchased or (for 2008B Bonds which are not Book-Entry Bonds) deemed purchased as provided in the Indenture at a price equal to the principal amount thereof plus accrued and unpaid interest thereon (the “Purchase Price”). Except as provided below under “–Purchase and Remarketing of 2008B Bonds–*Unclaimed Moneys*,” payment of the Purchase Price of the 2008B Bonds shall be made to the Owner of record or Direct Participant with respect to Book-Entry Bonds on the Record Date by 4:30 p.m. (New York City time) (1:30 p.m. Los Angeles time), in the same manner as payment of interest on the 2008B Bonds. If the 2008B Bonds are not Book-Entry Bonds, the Holder shall deliver the 2008B Bonds by no later than 12:30 p.m. (New York City time) (9:30 a.m. Los Angeles time), on the Purchase Date to the Tender Agent at its Corporate Trust Office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, with the signature guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs. If the 2008B Bonds are Book-Entry Bonds, the tendering Direct Participant shall transfer, on the registration books of DTC, the beneficial ownership interest in such Book-Entry Bonds tendered for purchase to the account of the Trustee or a Direct Participant acting on behalf of the Trustee.

Any instrument delivered to the Trustee or Tender Agent in accordance with the Indenture shall be irrevocable with respect to the mandatory purchase for which such instrument was delivered and shall be binding upon any subsequent Owner or Direct Participant of the 2008B Bond to which it relates, including any 2008B Bond issued in exchange therefor or upon the registration of transfer thereof and as of the date of such instrument, the Owner or Direct Participant of the 2008B Bonds specified therein shall not have any right to tender for purchase such 2008B Bonds prior to such Purchase Date.

Purchase and Remarketing of 2008B Bonds

Purchase of the 2008B Bonds. While the 2008B Bonds are Book-Entry Bonds, all references in this section to the Tender Agent’s actions relative to such 2008B Bonds shall instead mean the Trustee, as the context may require.

The Tender Agent shall purchase, but only from the sources listed below, 2008B Bonds which are required to be purchased or tendered pursuant to the Indenture from the Owners thereof by 4:30 p.m. (New York City time) (1:30 p.m. Los Angeles time) on the date such 2008B Bonds are required to be purchased at the Purchase Price provided in the Indenture. Funds for the payment of such Purchase Price shall be derived from the following sources, at the following times and in order of priority indicated below:

(a) from the proceeds of the remarketing of the 2008B Bonds (but only such remarketing proceeds as are received from purchasers of the 2008B Bonds) which have been furnished to the Tender Agent by no later than 11:00 a.m. New York City time on the Purchase Date by the Trustee, which shall have received such funds from the Remarketing Agent; provided, however, that such proceeds shall not have been derived from the Authority, the Borrower, or any Guarantor, any affiliate, or any shareholder of the Borrower and provided further that remarketing proceeds may not be applied in the case of a mandatory tender following notice from the Bank that an Event of Default has occurred under (and as defined in) the Credit Agreement; and

(b) from moneys which have been furnished to the Tender Agent by no later than 2:30 p.m. New York City time on the Purchase Date, representing the proceeds of a draw under any Letter of Credit enhancing the 2008B Bonds.

Remarketing of the 2008B Bonds. The Remarketing Agent shall determine the rate of interest to be borne by the 2008B Bonds and shall furnish to the Trustee, the Bank, and the Tender Agent in a timely manner all information necessary for the Trustee and the Tender Agent to carry out their respective duties under the Indenture, including, but not limited to, the interest rates applicable to all 2008B Bonds.

The Remarketing Agent shall, pursuant to the Remarketing Agreement, use its best efforts to sell any 2008B Bonds tendered for purchase (except 2008B Bonds tendered following notice from the Bank that an Event of Default has occurred under (and as defined in) the Credit Agreement) to new purchasers.

If any 2008B Bond is tendered after a notice of redemption is given for such 2008B Bond, the Remarketing Agent will give the redemption notice to any purchaser of such 2008B Bond or to DTC, if such Bond is a Book-Entry Bond, and the purchaser (including a Direct Participant) shall acknowledge receipt of such redemption notice.

Delivery of Proceeds of Sale. The proceeds of the remarketing by the Remarketing Agent of any 2008B Bonds shall be transferred on the Purchase Date by the Remarketing Agent to the Trustee and from the Trustee to the Tender Agent, as applicable, by 11:00 a.m. (New York City time) (8:00 a.m. Los Angeles time) and such proceeds shall be held in trust and applied by the Trustee or the Tender Agent, as applicable, to the payment on the Purchase Date of the Purchase Price of 2008B Bonds to the Owners or Beneficial Owners thereof pursuant to the Indenture by making the 2008B Bonds available for delivery to the Remarketing Agent which are registered pursuant to the instructions of the Remarketing Agent or directing the transfer on the registration books of DTC pursuant to the instructions of the Remarketing Agent or, in the case of remarketing of the 2008B Bonds which constitute Bank Bonds, as provided in the Indenture.

No Remarketing After Default. Notwithstanding any other provision of the Indenture, there shall be no remarketing of 2008B Bonds after the occurrence, and during the continuance, of an Event of Default under the Indenture. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Events of Default; Acceleration; Waiver of Default."

Unclaimed Moneys. The Tender Agent shall, at the end of the fifth Business Day after a Purchase Date, transfer all funds then held on hand by virtue of the fact that the 2008B Bonds deemed tendered on such date were not presented for purchase to the Tender Agent in accordance with the provisions of the Indenture to the Trustee to be held in a segregated account for the 2008B Bonds and to hold the same in trust for the payment of the Purchase Price thereof to the former Owners of such 2008B Bonds as required by the Indenture. The Trustee shall pay such Purchase Price from such amounts by check or draft of the Trustee or one of its affiliates made payable to the party entitled to such payment as soon as practicable after such party surrenders the 2008B Bond or Bonds so deemed purchased to the Trustee. Any such moneys so held in trust by the Trustee shall be held uninvested until paid to the Person entitled thereto or disposed of as provided by law.

Conditions to Remarketing Upon Expiration of Letter of Credit. If a commitment to renew the Letter of Credit or to provide an Alternate Letter of Credit or Alternate Credit Facility shall not be provided prior to the 40th day before the scheduled expiration date of the Letter of Credit, then the 2008B Bonds shall not be remarketed after the 15th day prior to such expiration.

Notices Upon Delivery of Alternate Letter of Credit or Alternate Credit Facility. Whenever the Borrower has delivered to the Trustee a notice of the expected delivery of an Alternate Letter of Credit or a notice of the expected delivery of an Alternate Credit Facility (either of such instrument referred to hereafter as the “Alternate Instrument”) pursuant to the Loan Agreement, the Trustee shall mail by first class mail a notice to the Authority and all Holders of the 2008B Bonds stating: (i) the name of the issuer of the Alternate Instrument; (ii) the date on which the Alternate Instrument will become effective, which date shall be at least 20 calendar days prior to the stated expiration date of the then existing Letter of Credit or Alternate Credit Facility; (iii) the rating expected to apply to the 2008B Bonds after the Alternate Instrument is delivered; and (iv) if during a Weekly Interest Rate Period, that the 2008B Bonds will be subject to mandatory tender for purchase on the date of delivery of the Alternate Instrument, and information on where such 2008B Bonds are to be delivered. Such notices shall be mailed at least 20 days prior to the effective date of the Alternate Instrument.

Redemption Provisions

The 2008B Bonds are subject to redemption if and to the extent that the Borrower is entitled to make and makes, or is required to make, a prepayment pursuant to the Loan Agreement. The 2008B Bonds shall not be called for optional redemption, and the Trustee shall not give notice of any such redemption, unless the Borrower has so directed in writing to the Trustee with a copy to the Authority, accompanied by the Bank’s written consent to such optional redemption in accordance with the Loan Agreement and payment has been made (or provided for through the Letter of Credit or an Alternate Credit Facility) of all required installments of the Borrower’s obligations under the Loan Agreement, including without limitation amounts sufficient to pay all principal of, premium, if any, and interest due on such 2008B Bonds on the redemption date; provided that the Authority may require such payment under the provisions of the Loan Agreement.

Subject to the provisions of the preceding paragraph, the 2008B Bonds shall be redeemed (with Available Moneys if a Letter of Credit is in effect) upon the following terms:

No Sinking Fund Redemption

The 2008B Bonds shall not be subject to mandatory sinking fund redemptions.

Mandatory Redemption

Mandatory Redemption of the 2008B Bonds Upon Invalidity. In the event of a prepayment pursuant to the Loan Agreement as a result of invalidity, the 2008B Bonds then Outstanding on the date of the occurrence of the invalidity shall be redeemed in whole at any time within 30 days thereafter, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LOAN AGREEMENT—Mandatory Prepayment." No redemption of 2008B Bonds shall be made pursuant to any of the other provisions of the Indenture following invalidity.

Mandatory Redemption of the 2008B Bonds Upon a Determination of Taxability. In the event of a prepayment pursuant to the Loan Agreement as a result of a Determination of Taxability, as defined in the Indenture, the 2008B Bonds then Outstanding on the date of the occurrence of the Determination of Taxability shall be redeemed in whole at any time within 30 days thereafter, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LOAN AGREEMENT—Mandatory Prepayment." No redemption of 2008B Bonds shall be made pursuant to any of the other provisions of the Indenture following a Determination of Taxability.

Mandatory Redemption Upon Failure to Renew Letter of Credit. The 2008B Bonds shall be redeemed in whole, at a redemption price equal to 100% of principal amount thereof, without premium, plus accrued interest to the redemption date, in the event that the Letter of Credit then in effect is not renewed or an Alternate Letter of Credit or Alternate Credit Facility enhancing the 2008B Bonds is not delivered to the Trustee at least 20 calendar days prior to the scheduled expiration date of the then current Letter of Credit, on a redemption date selected by the Trustee not less than five calendar days preceding the expiration date of the then current Letter of Credit; provided, however, that there will be no redemption as described in this paragraph if the termination of the Letter of Credit takes place in connection with an event which results in the mandatory tender of the 2008B Bonds (see "THE 2008B BONDS—Mandatory Tender for Purchase of 2008B Bonds").

Optional Redemption

Optional Redemption During Weekly Interest Rate Period. On any Interest Payment Date during a Weekly Interest Rate Period and on the effective date of any Term Interest Rate Period, the 2008B Bonds may be redeemed, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption. In accordance therewith, pursuant to the Credit Agreement, the Borrower is obligated to cause the optional redemption of the 2008B Bonds pursuant to the schedule set forth therein. See "LETTER OF CREDIT AND CREDIT AGREEMENT—Credit Agreement."

Optional Redemption During Term Interest Rate Period. During any Term Interest Rate Period, the 2008B Bonds are subject to redemption in whole or in part, on any date at the times (measured from the first day of the applicable Term Interest Rate Period), and at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued interest, if any, to the redemption date:

(Lesser of) Length of Term
Interest Rate Period or
Length of Time to Maturity

Redemption Dates and Prices

Greater than 10 years

At any time on or after the 5th anniversary of the effective date commencing such Interest Rate Period at 102% declining 1/2% annually to 100%

Greater than 8 and
less than or equal to 10 years

At any time after the 5th anniversary of the effective date commencing such Interest Rate Period at 101 1/2% declining 1/2% annually to 100%

Greater than 6 and
less than or equal
to 8 years

At any time on or after the 3rd anniversary of the effective date commencing such Interest Rate Period at 101 1/2% declining 1/2% annually to 100%

Greater than 4 and
less than or equal
to 6 years

At any time on or after the 2nd anniversary of the effective date commencing such Interest Rate Period at 101% declining 1/2% annually to 100%

Greater than 3 and
less than or equal
to 4 years

At any time on or after the 2nd anniversary of the effective date commencing such Interest Rate Period at 100 1/2% declining 1/2% annually to 100%

Greater than 2 and
less than or equal
to 3 years

At any time on or after the 1st anniversary of the effective date commencing such Interest Rate Period at 100 1/2% declining 1/2% annually to 100%

Greater than 1 and
less than or equal
to 2 years

At any time on or after the 1st anniversary of the effective date commencing such Interest Rate Period at 100%

Less than or equal
to 1 year

On the Interest Payment Date which is six months after the effective date of such Interest Rate Period at 100%

Notwithstanding the optional redemption schedule set forth above, on or prior to the effective date of the Term Interest Rate Period, the Borrower can provide an alternate optional redemption schedule if it obtains an Approving Opinion.

Selection of Bonds for Redemption; Partial Redemption

In the case of the redemption of less than all of the 2008B Bonds, such 2008B Bonds to be redeemed shall be selected by the Trustee by lot, in any manner as the Trustee in its sole discretion may determine to be appropriate and fair; provided, however, that Bank Bonds shall be redeemed first.

Upon surrender of any 2008B Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Borrower, a new 2008B

Bond or 2008B Bonds of Authorized Denominations and of like maturity equal in aggregate principal amount to the unredeemed portion of the 2008B Bond surrendered.

Notice of Redemption

Notice of redemption shall be mailed by the Trustee by first class mail not less than 30 days (or 15 days in the case of a mandatory redemption described above under “–Redemption Provisions–*Mandatory Redemption*–Mandatory Redemption Upon Failure to Renew Letter of Credit”) nor more than 60 days before such redemption date, to the respective Holders of any 2008B Bond designated for redemption at the address shown on the registration books maintained by the Bond Registrar. Each notice of redemption shall state the redemption date, the place or places of redemption, if less than all of the 2008B Bonds are to be redeemed, the distinctive number(s) of the 2008B Bonds to be redeemed, and in the case of 2008B Bonds to be redeemed in part only, the respective portions of the principal amounts thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2008B Bonds the principal thereof or of said specified portion of the principal thereof in the case of the 2008B Bonds to be redeemed in part only, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2008B Bonds be then surrendered and, with regard to optional redemption described above under “–Optional Redemption During Weekly Interest Rate Period” or “–Optional Redemption During Term Interest Rate Period,” in the event that funds required to pay the redemption price are not on deposit under the Indenture at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Trustee on or prior to the redemption date. Neither failure to receive such notice nor any defect therein shall affect the sufficiency of such redemption. With respect to any notice of optional redemption of 2008B Bonds, such notice may be conditional upon the fulfillment of any conditions set out within such notice. In the event that such notice of redemption contains conditions which are not met, the redemption shall not be made, and the Trustee shall give notice, no less than two Business Days before the redemption was to be made, in the manner in which the notice of redemption was given, that the redemption will not be made.

At the same time that the Trustee sends notice of redemption to Owners of the 2008B Bonds, the Trustee shall also send a copy of the notice by first class mail, by telecopy or by overnight delivery to the Authority, the Tender Agent, the Remarketing Agent, the Bank, the Securities Depositories and an Information Service. Failure to provide notice to the Authority, the Tender Agent, the Remarketing Agent, the Bank, the Securities Depositories or an Information Service shall not affect the validity of proceedings for the redemption of the 2008B Bonds.

Effect of Redemption

Notice of redemption having been duly given as described above, and moneys for payment of the redemption price (including premium, if any) of, together with interest accrued to the date fixed for redemption on, the 2008B Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2008B Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2008B Bonds so called for redemption shall cease to accrue, said 2008B Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, except for payment of particular 2008B Bonds for which moneys are being held by the Trustee which moneys shall be pledged to such payment, and the Holders of said 2008B Bonds shall have no rights in respect thereof except to receive payment of said redemption price (including premium, if any) and interest accrued to the date fixed for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE 2008B BONDS

Pledge and Assignment of Revenues

The Indenture provides that the 2008B Bonds, are payable from, and separately secured by a lien on and pledge of: (i) the Revenues, consisting of all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Loan Agreement or the Letter of Credit, including, without limiting the generality of the foregoing, Loan Repayments (including both timely and delinquent payments, any late charges, and paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Borrower Account of the Costs of Issuance Fund and investment earnings on any moneys held in such accounts or funds), excluding, however, certain payments to the Authority, the Trustee or other parties of expenses or indemnification costs, as described in the Loan Agreement; and (ii) subject to the provisions of the Indenture governing certain funds and accounts, any other amounts held in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Borrower Account of the Costs of Issuance Fund). See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions" and "—THE INDENTURE—Pledge and Assignment; Revenue Fund."

Pursuant to the Indenture, all Revenues (except as otherwise permitted under the Indenture) are pledged to secure the full payment of the principal of, interest, and premium, if any, on the 2008B Bonds in accordance with their terms and the provisions of the Indenture. The pledge of the Revenues constitutes a lien on the Revenues for the payment of the 2008B Bonds, in accordance with the terms of the Indenture; provided that the benefits under the Letter of Credit or Alternate Credit Facility, if any, will apply only to the 2008B Bonds for which such Letter of Credit or Alternate Credit Facility, if any, was issued; unclaimed moneys held by the Trustee in trust for the payment of the Purchase Price of untendered 2008B Bonds in the account created by the Indenture shall be held solely for the benefit of the former holders of such 2008B Bonds as provided in the Indenture; and the Tender Proceeds shall be held in trust as provided in the Indenture.

Pursuant to the Loan Agreement, the Borrower agrees to make payments to the Trustee which, in the aggregate, will be in an amount sufficient for the payment in full of all amounts payable with respect to the 2008B Bonds including all principal (whether at maturity or upon redemption or acceleration) of, premium, if any, and interest on the 2008B Bonds, and certain other fees and expenses (consisting generally of the annual fee of the Trustee and the reasonable expenses of the Trustee and the Authority related to the Project, less any amounts available for such payment as provided in the Loan Agreement and the Indenture).

Under the Indenture, the Authority has assigned to the Trustee, as security for the repayment of the 2008B Bonds, all rights and privileges of the Authority with respect to the 2008B Bonds and under the Loan Agreement (except the right to receive certain fees and expenses payable to the Authority and certain rights of indemnification, enforcement, inspection and consent and to receive notices, certificates and opinions), including without limitation, the right to receive directly the Revenues and to enforce any security interest. Although a security interest in various property and other collateral has been given by the Borrower to the Bank as security for the payment of the Borrower's obligations under the Credit Agreement (see "LETTER OF CREDIT AND CREDIT AGREEMENT"), such security interest has not been given to the Trustee or the Holders of the 2008B Bonds and such additional collateral does not secure the 2008B Bonds.

Letter of Credit

The 2008B Bonds are further enhanced by an irrevocable direct pay Letter of Credit. See “LETTER OF CREDIT AND CREDIT AGREEMENT.”

Alternate Letter of Credit and Alternate Credit Facility

General. Under the Loan Agreement, the Borrower is required to maintain or cause to be maintained so long as the 2008B Bonds remain outstanding a Letter of Credit or an Alternate Letter of Credit or an Alternate Credit Facility. Notwithstanding the foregoing, a Letter of Credit, an Alternate Letter of Credit or an Alternate Credit Facility shall not be required to be in effect under the conditions set forth, and as provided in, the Indenture. See “THE 2008B BONDS–Term Interest Rate–Adjustment to Term Interest Rate Period.” At any time the Borrower may, at its option, and shall at least 20 calendar days prior to the expiration date of any existing Letter of Credit or an Alternate Credit Facility unless otherwise permitted by the Indenture, cause to be delivered an Alternate Letter of Credit or Alternate Credit Facility. In lieu of keeping the Letter of Credit in place as required under the Loan Agreement, the Borrower may deposit with the Trustee an Alternate Credit Facility for the 2008B Bonds.

Alternate Letter of Credit. The Loan Agreement specifies certain requirements that apply to any Alternate Letter of Credit, including without limitation, the following:

The Alternate Letter of Credit shall be an irrevocable letter of credit or other irrevocable credit facility (including, if applicable, a confirming letter of credit) issued by a commercial bank or other financial institution, the terms of which must in all material respects be the same as those of the initial Letter of Credit delivered to the Trustee pursuant to the Loan Agreement; provided that the expiration date of such Alternate Letter of Credit shall be a date not earlier than 364 days from its date of issuance, subject to earlier termination upon payment in full of all 2008B Bonds or provision for such payment in accordance with the Indenture.

Not less than 30 days prior to the delivery of an Alternate Letter of Credit, the Borrower shall: (i) deliver to the Trustee a written notice of the expected delivery of such Alternate Letter of Credit; (ii) inform the Trustee of the date on which the Alternate Letter of Credit will become effective, which date shall not be less than 20 calendar days prior to the stated expiration date of the existing Letter of Credit; and (iii) inform the Trustee of the rating expected to apply to the 2008B Bonds after the Alternate Letter of Credit is delivered. On or prior to the date of delivery of the Alternate Letter of Credit, the Borrower shall cause to be furnished to the Trustee and the Authority: (i) an Approving Opinion with respect to the delivery of such Alternate Letter of Credit to the Trustee; (ii) an opinion of counsel to the issuer of the Alternate Letter of Credit that such Alternate Letter of Credit is enforceable in accordance with its terms (except to the extent that enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors’ rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable remedies); and (iii) written evidence from the rating agency then rating the 2008B Bonds to the effect that such rating agency has reviewed the proposed Alternate Letter of Credit and if the 2008B Bonds then have a long-term rating, that the 2008B Bonds will be rated Fitch “A-” (or equivalent) or higher or, if the 2008B Bonds only have a short-term rating, will be in the highest short-term rating category.

Notwithstanding any other provision of the Loan Agreement, a Letter of Credit or an Alternate Letter of Credit shall not be required to be in effect under the conditions set forth, and as provided, in the Indenture. See “THE 2008B BONDS–Term Interest Rate–Adjustment to Term Interest Rate Period.”

Alternate Credit Facility. The Loan Agreement also specifies certain requirements that apply to any Alternate Credit Facility, including without limitation, the following:

- (i) the Alternate Credit Facility must be approved by the Authority;
- (ii) the provisions of the Alternate Credit Facility must be acceptable to the Trustee;
- (iii) the term of the Alternate Credit Facility must extend at least 364 days or to at least the first date on which the 2008B Bonds are subject to redemption, pursuant to the Indenture, whichever is longer; and
- (iv) the Alternate Credit Facility must be in an amount sufficient to pay principal of, interest, Purchase Price and any redemption premium payable upon optional redemption of the 2008B Bonds.

Not less than 30 days prior to the delivery of an Alternate Credit Facility, the Borrower shall: (i) deliver to the Trustee a written notice of the expected delivery of such Alternate Credit Facility; (ii) inform the Trustee of the date on which the Alternate Credit Facility will become effective, which date shall not be less than 20 calendar days prior to the stated expiration date of the existing Letter of Credit or Alternate Credit Facility; and (iii) inform the Trustee of the rating expected to apply to the 2008B Bonds after the Alternate Credit Facility is delivered. On or prior to the date of delivery of an Alternate Credit Facility, the Borrower shall cause to be furnished to the Authority and the Trustee: (i) an Approving Opinion with respect to the delivery of such Alternate Credit Facility; (ii) an opinion of counsel to the Alternate Credit Facility provider to the effect that such Alternate Credit Facility is enforceable in accordance with its terms, except to the extent that enforceability thereof may be limited by bankruptcy, reorganization or similar laws limiting the enforceability of creditors' rights generally and except that no opinion need be expressed as to the availability of any discretionary equitable rights; and (iii) written evidence from the rating agency then rating the 2008B Bonds that such rating agency has reviewed the proposed Alternate Credit Facility and if the 2008B Bonds then have a long-term rating, that the 2008B Bonds will be rated Fitch "A-" (or equivalent) or higher or, if the 2008B Bonds only have a short-term rating, will be in the highest short-term rating category.

Notwithstanding any other provision of the Loan Agreement, an Alternate Credit Facility shall not be required to be in effect under the conditions set forth, and as provided, in the Indenture. See "THE 2008B BONDS—Terms Interest Rate—*Adjustment to Term Interest Rate Period.*"

Bonds of Affiliated Entity

The Borrower is a joint venture between GreenWaste Recovery and ZRRM.

The Authority has previously issued the following bonds for the benefit of GreenWaste Recovery: its 1999B Bonds, of which \$1,465,000 aggregate principal amount remains outstanding; its 2001A Bonds, of which \$520,000 aggregate principal amount remains outstanding; its 2006A Bonds, of which \$10,255,000 aggregate principal amount remains outstanding; and its 2007A Bonds, of which \$36,790,000 aggregate principal amount remains outstanding. The 1999B Bonds, the 2001A Bonds, the 2006A Bonds and the 2007A Bonds are limited obligations of the Authority issued under separate indentures and secured by, among other things, loan repayments to be made by GreenWaste Recovery, pursuant to separate loan agreements relating to the 1999B Bonds, the 2001A Bonds, the 2006A Bonds and the 2007A Bonds.

The 1999B Bonds are limited obligations of the Authority payable solely from, and secured by a pledge and lien on, certain revenues and other income (the "1999B Revenues") derived by the Authority or paid to the Trustee with respect to the 1999B Bonds (the "1999B Trustee") as described in that certain Indenture, dated as of June 1, 1999 (the "1999B Indenture"), authorizing the issuance of the 1999B

Bonds, including certain funds drawn under an irrevocable direct pay letter of credit issued by the Bank, dated June 3, 1999 securing the 1999B Bonds (the “1999B Letter of Credit”). In connection with the issuance of the 1999B Letter of Credit, the Borrower and the Bank executed a Reimbursement Agreement dated June 1, 1999, as amended from time to time (the “1999B Reimbursement Agreement”).

The 2001A Bonds are limited obligations of the Authority payable solely from, and secured by a pledge and lien on, certain revenues and other income (the “2001A Revenues”) derived by the Authority or paid to the Trustee with respect to the 2001A Bonds (the “2001A Trustee”) as described in that certain Indenture, dated as of October 1, 2001 (the “2001A Indenture”), authorizing the issuance of the 2001A Bonds, including certain funds drawn under an irrevocable direct pay letter of credit issued by the Bank, dated October 10, 2001, securing the 2001A Bonds (the “2001A Letter of Credit”). In connection with the issuance of the 2001A Letter of Credit, the Borrower and the Bank executed an Amended and Reimbursement Agreement dated as of October 1, 2001 amending and restating the 1999 Reimbursement Agreement (the “Amended and Restated Reimbursement Agreement”).

The 2006A Bonds are limited obligations of the Authority payable solely from, and secured by a pledge and lien on, certain revenues and other income (the “2006A Revenues”) derived by the Authority or paid to the Trustee with respect to the 2006A Bonds (the “2006A Trustee”) as described in that certain Indenture, dated as of January 1, 2006 (the “2006A Indenture”), authorizing the issuance of the 2006A Bonds, including certain funds drawn under an irrevocable direct pay letter of credit issued by the Bank, dated January 6, 2006, securing the 2006A Bonds (the “2006A Letter of Credit”). In connection with the issuance of the 2006A Letter of Credit, the Borrower and the Bank executed a Second Amended and Restated Reimbursement Agreement dated as of January 1, 2006 amending and restating the Amended and Restated Reimbursement Agreement (the “Second Amended and Restated Reimbursement Agreement”).

The 2007A Bonds are limited obligations of the Authority payable solely from, and secured by a pledge and lien on, certain revenues and other income (the “2007A Revenues”) derived by the Authority or paid to the Trustee with respect to the 2007A Bonds (the “2007A Trustee”) as described in that certain Indenture, dated as of May 1, 2007 (the “2007A Indenture”), authorizing the issuance of the 2007A Bonds, including certain funds drawn under an irrevocable direct pay letter of credit issued by the Bank, dated May 30, 2007, securing the 2007A Bonds (the “2007A Letter of Credit”). In connection with the issuance of the 2007A Letter of Credit, the Borrower and the Bank executed a Credit Agreement, dated as of May 1, 2007 (the “2007A Credit Agreement”), amending and restating the Second Amended and Restated Reimbursement Agreement.

It is anticipated that concurrently with the issuance of the 2008B Bonds, the Authority will issue approximately \$17,085,000 principal amount of its GreenWaste Recovery 2008A Bonds. If issued, the GreenWaste Recovery 2008A Bonds will be secured by a separate 2008A Indenture, loan agreement, 2008A Letter of Credit, and 2008A Credit Agreement.

The 2008B Bonds are not secured by the 1999B Letter of Credit, the 1999B Revenues pledged under the 1999B Indenture, the 2001A Letter of Credit, the 2001A Revenues pledged under the 2001A Indenture, the 2006A Letter of Credit, the 2006A Revenues pledged under the 2006A Indenture, the 2007A Letter of Credit, the 2007A Revenues pledged under the 2007A Indenture, the 2008A Letter of Credit or the revenues pledged under the 2008A Indenture. The Letter of Credit is issued pursuant to the Credit Agreement. A default under the Credit Agreement would constitute a default under the 2008A Credit Agreement and a default under the 2008A Credit Agreement would constitute a default under the Credit Agreement. See “LETTER OF CREDIT AND CREDIT AGREEMENT–Credit Agreement–Events of Default.”

Limited Obligations

THE 2008B BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES PLEDGED UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR ANY LOCAL AGENCY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2008B BONDS. THE AUTHORITY HAS NO TAXING POWER.

LETTER OF CREDIT AND CREDIT AGREEMENT

Letter of Credit

On the date of issuance of the 2008B Bonds, the Bank will issue in favor of the Trustee the Letter of Credit in the original amount of the 2008B Bonds plus 45 days' interest at 12% per annum, on the basis of a 365-day year, and actual days elapsed (as from time to time reduced and reinstated as provided in the Letter of Credit). The Letter of Credit will permit the Trustee to draw up to an amount equal to the then outstanding principal amount of the 2008B Bonds to pay the unpaid principal thereof and accrued interest on the 2008B Bonds. All Drawings (as defined in the Letter of Credit) under the Letter of Credit will be paid with the Bank's immediately available funds without any requirement that the Trustee, the holders of the 2008B Bonds or the Bank make any prior claims against the Borrower.

The Letter of Credit will automatically expire on the earliest to occur of the following dates (collectively, the "Expiration Date"): (i) 5:00 p.m. (San Francisco time) on October 8, 2013 (unless extended by the Bank in its sole discretion); (ii) the date on which the Bank receives a notice from the Trustee and the Borrower that an alternate credit facility or substitute letter of credit in substitution for the Letter of Credit has occurred and is effective; (iii) the date on which the Bank receives notice from the Trustee that no 2008B Bonds are Outstanding; or (iv) the fifteenth day following the date on which the Trustee receives a directive from the Bank to declare the Bonds immediately due and payable under the Indenture.

Each Drawing honored by the Bank under the Letter of Credit will immediately reduce the Letter of Credit Amount by the amount of such Drawing.

Credit Agreement

General. Pursuant to the terms and conditions of the Credit Agreement, the Borrower (a) is required to repay to the Bank: any amount drawn by the Trustee under the Letter of Credit; and (b) grants to the Bank certain security interests in property and other collateral of the Borrower and in the funds and accounts held pursuant to the Indenture with respect to the 2008B Bonds, subject to the rights of the owners of the 2008B Bonds. GreenWaste Recovery, Inc., a California corporation, and Zanker Road Resource Management, Ltd., a California limited partnership (each, a "Guarantor"), will jointly and severally guaranty the obligations of the Borrower to the Bank and Lenders under the Credit Agreement. Capitalized terms used in this section and not otherwise defined shall have the meanings given such terms as set forth in the Credit Agreement.

The Credit Agreement and the agreements securing the Borrower's obligation to reimburse the Bank do not secure the Trustee, the Holders of the 2008B Bonds or the 2008B Bonds.

Conditions Precedent to Disbursements Under the Project Fund. The Credit Agreement sets forth certain conditions precedent which the Borrower must satisfy prior to any funds being disbursed from the Project Fund in connection with each component of the Project; including but not limited to

certification that no condition or event exists that constitutes an event of default or a potential event of default and demonstrating in reasonable detail compliance both before and after the requested disbursement is made.

Optional Redemption Under the Credit Agreement. Pursuant to the Credit Agreement, the Bank requires the Borrower to prepay its obligation under the Credit Agreement and thereby to cause the redemption, without premium, of 2008B Bonds on the June Interest Payment Date of each year, commencing with the Interest Payment Date in June 2010. See “THE 2008B BONDS–Redemption Provisions–*Optional Redemption.*” The principal amount of 2008B Bonds to be redeemed on the first June Interest Payment Date of each year, in Authorized Denominations, is set forth in the schedule below.

The redemption obligations of the Borrower described below are solely for the benefit of the Bank and may be waived or modified by the Bank in accordance with the terms of the Credit Agreement.

<u>Interest Payment Date</u>	<u>Principal Amount Redeemed</u>
6/1/2010	\$1,470,000
6/1/2011	1,535,000
6/1/2012	1,595,000
6/1/2013	1,660,000
6/1/2014	1,725,000
6/1/2015	1,755,000
6/1/2016	1,825,000
6/1/2017	1,900,000

Certain Bank Notices Resulting in an Event of Default Under the Indenture. Pursuant to the Indenture, there shall be an Event of Default thereunder in the event the Bank delivers a notice to the Trustee that either: (i) an “event of default” has occurred under the Credit Agreement and directs the Trustee to accelerate the 2008B Bonds or give notice of mandatory tender of the 2008B Bonds pursuant to the Indenture; or (ii) the Bank will not reinstate the interest portion of the Letter of Credit after a drawing as provided in the Letter of Credit. See APPENDIX A–“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS–THE INDENTURE–Events of Default; Acceleration; Waiver of Default.” The Bank may deliver the notice referred to at any time that an “event of default” under the Credit Agreement has occurred and is continuing.

The Borrower and the Bank may amend the Credit Agreement at any time without the consent of the Trustee, the Authority, the Holders of the 2008B Bonds or any other person and any such amendment could amend the conditions under which the Borrower would be in default thereunder and thereby increase the ability of the Bank to give the notices described in the preceding paragraph which would result in an Event of Default under the Indenture.

Events of Default. The following is a summary of certain actions which constitute an event of default under the Credit Agreement. Capitalized terms used in the section and not otherwise defined shall have the meanings given such terms as set forth in the Credit Agreement:

(i) Borrower shall fail to pay any amount payable under the Credit Agreement, or any interest payable under the Credit Agreement, within three (3) Business Days following the date when due; or

(ii) An “Event of Default”, after giving effect to any applicable grace period, occurs under any of the other Loan Documents or any of the Related Documents, or any representation or warranty

made by the Borrower in the Credit Agreement, in any other Loan Document or in any of the Related Documents, or by the Borrower (or any of its officers) in connection with the Credit Agreement, any other Loan Document or any of the Related Documents, shall prove to have been incorrect in any material respect when made; or

(iii) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Sections 8.2(a), 8.5 (to the extent that such provision relates to insurance), 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.10, 9.11 or 9.12 of the Credit Agreement on its part to be performed or observed; or

(iv) The Borrower shall fail to perform or observe any term, covenant or agreement contained in the Credit Agreement other than those referred to in clauses (i), (ii) or (iii) above on its part to be performed or observed, and any such failure shall remain unremedied for thirty (30) days after the Borrower receives notice from Agent of such failure; provided, however, that if such failure cannot reasonably be remedied within such 30-day period and the Borrower promptly takes and diligently pursues action to remedy such failure, the Borrower shall have an additional period of time, not to exceed sixty (60) days, within which time Borrower may remedy such failure; or

(v) The Borrower shall default in the performance of or compliance with any covenant or any other term contained in any agreement (other than the Loan Documents) between any Lender and the Borrower for borrowed money, and such default shall not have been remedied or waived within any applicable grace or cure period; or

(vi) The Borrower shall (i) fail to pay any principal of, or premium or interest on, any Debt when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), the aggregate outstanding principal amount of which is at least \$100,000.00, and such failure shall continue after the applicable notice, grace and cure period, if any, specified in the agreement or instrument relating to such Debt, or (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Debt, when required to be performed or observed, and such failure shall continue after the applicable grace or cure period, if any, specified in such agreement or instrument; or

(vii) (i) The Borrower shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Borrower shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of ninety (90) days; or

(viii) One or more judgments, attachments or decrees shall be entered against the Borrower involving an uninsured liability equal to or greater than \$250,000.00, and all such judgments, attachments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry of thereof; or

(ix) (i) The Borrower or any of its ERISA Affiliates fails to make full payment when due of all amounts which, under the provisions of any Pension Plan or Section 412 of the Internal Revenue Code, the Borrower or its ERISA Affiliate is required to pay as contributions thereto; (ii) any accumulated funding deficiency occurs or exists, whether or not waived, with respect to any Pension Plan; (iii) the excess of the actuarial present value of all benefit liabilities under all Pension Plans over the

fair market value of the assets of such Pension Plans (excluding in such computation Pension Plans with assets greater than benefit liabilities) allocable to such benefit liabilities are greater than five percent (5%) of the Borrower's Tangible Net Worth; (iv) The Borrower or any of its ERISA Affiliates enters into any transaction which has as its principal purpose the evasion of liability under Subtitle D of Title IV of ERISA; or (v) (A) any Pension Plan maintained by the Borrower or any of its ERISA Affiliates shall be terminated within the meaning of Title IV of ERISA, or (B) a trustee shall be appointed by an appropriate United States district court to administer any Pension Plan, or (C) the PBGC (or any successor thereto) shall institute proceedings to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan, or (D) the Borrower or any of its ERISA Affiliates shall withdraw (under Section 4063 of ERISA) from a Pension Plan, if as of the date of the event listed in subclauses (A)-(D) above or any subsequent date, either the Borrower or any of its ERISA Affiliates has any liability (such liability to include, without limitation, any liability to the PBGC, or any successor thereto, or to any other party under Sections 4062, 4063 or 4064 of ERISA or any other provision of law) resulting from or otherwise associated with the events listed in subclauses (A)-(D) above (as used in this Section, the term "accumulated funding deficiency" has the meaning specified in Section 412 of the Internal Revenue Code, and the terms "actuarial present value" and "benefit liabilities" have the meanings specified in Section 4001 of ERISA); or

(x) The Borrower or any of its subcontractors does not proceed continuously with the construction of the 2008B Project or the construction of the 2008B Project is otherwise discontinued for a period of five (5) consecutive Business Days or more, for any reason. The foregoing notwithstanding, said five (5) day period shall be extended for a period equal to the period of any delay directly affecting the construction work which is caused by the acts of God, labor disputes, strikes, lockouts, fire, earthquake, war, riots or other causes beyond the Borrower's reasonable control (excluding financial inability to perform), but in no event for a period of longer than ninety (90) days, provided the Borrower notifies Agent of the delay within ten (10) days of its occurrence. The notice shall specify the particular work delayed, and the cause and period of each delay. In no event, however, will the time for completion of the 2008B Project be extended beyond the maturity date of the 2008B Letter of Credit; or

(xi) If any Notice to Withhold or Bonded Notice to Withhold (Stop Notice) in connection with the 2008B Bonds is served on Agent in accordance with the provisions of the California Civil Code and, within five (5) days of the receipt of such notice, the claim set forth therein is not discharged or, if the amount claimed is disputed in good faith by the Borrower or the Borrower's general contractor and the Notice to Withhold is bonded, an appropriate counter bond or equivalent acceptable to Agent is filed with Agent; or

(xii) Any default, or event that, with notice or the passage of time or both, would become a default, occurs or exists under any agreement (other than a Loan Document, a Related Document or an agreement referred to in clauses (v) or (vi) above) to which the Borrower is a party and the Majority Lenders determine, in the reasonable exercise of their judgment, that such default or other event could have a material adverse effect on the Borrower's business or financial condition; or

(xiii) Any "Default" or any "Event of Default" by either Guarantor on any other debt at Bank (subject to any applicable cure periods).

Remedies Upon Default. Upon the occurrence of an Event of Default under the Credit Agreement, Bank may, with the consent of the Majority Lenders, or shall, upon instructions from the Majority Lenders, declare all amounts payable by the Borrower under the Credit Agreement to be immediately due and payable, without any presentment, demand, protest or other notice or formality of any kind. Upon the occurrence of an Event of Default under the Credit Agreement and receipt by Bank of a notice from the 2008B Trustee stating that an event of default has occurred under the 2008B Indenture and declaring the principal of all outstanding 2008B Bonds and accrued interest thereon due and payable,

Bank shall declare all amounts payable by the Borrower under the Credit Agreement immediately due and payable, without any presentment, demand, protest or other notice or formality of any kind. In either case, Bank may also: (i) exercise all of its rights and remedies under any Loan Documents and any Related Documents (to which Bank is a party or is a third party beneficiary) or applicable law; (ii) give notice to the 2008B Trustee that there has been an Event of Default under the Credit Agreement and either direct the 2008B Trustee to give notice of the mandatory tender of the 2008B Bonds pursuant to Section 4.06(a)(iii) of the 2008B Indenture or require the 2008B Trustee to declare a default under the 2008B Indenture and accelerate the maturity of the 2008B Bonds, (iii) require the Borrower to deliver and pledge to Bank, as security for the Borrower's obligations to Bank and the Lenders under the Credit Agreement, cash collateral in the amount of any outstanding but undrawn amounts under the Letter of Credit (which cash collateral would be used to reimburse Bank and the Lenders for subsequent drawings made on the Letter of Credit); or (iii) exercise all or any combination of the remedies provided for in this paragraph.

THE BANK

The information provided in this section has been provided by representatives of the Bank and has not been independently confirmed or verified by the Underwriter, the Authority, or the Borrower. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

Comerica Bank (the "Bank") is a banking association organized under the laws of the State of Texas. The Bank has 418 banking centers in Michigan, California, Texas, Florida and Arizona.

The Bank is a wholly owned subsidiary of Comerica Incorporated (NYSE: CMA), a registered bank holding company incorporated under the laws of the State of Delaware, headquartered in Dallas, Texas ("Comerica"). Comerica is a financial services company focused on business banking and asset gathering. Comerica is a Fortune 1000 company and among the 20 largest banking companies in the United States, with approximately \$66 billion in total assets, total deposits of approximately \$42.3 billion, and total loans of approximately \$51.7 billion as of June 30, 2008.

The principal offices of Comerica are located at Comerica Bank Tower, 1717 Main Street, Dallas, Texas 75201, investor contact telephone number (313) 222-2840. General information and additional financial information regarding Comerica can be found at www.comerica.com.

Comerica is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information can be inspected at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549; and the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 (for those companies whose stock or whose parent's stock is traded on the New York Stock Exchange). Copies of such reports and statements can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates or from the SEC Web site at www.sec.gov.

THE AUTHORITY

The Authority is a political subdivision and public instrumentality of the State of California created pursuant to Division 27 of the Health and Safety Code of the State of California, commencing at Section 44500 (the “Act”), for the purpose of providing industry within the state with an alternative method of financing in providing, enlarging, and establishing pollution control facilities to the mutual benefit of the people of the State and to protect their health and welfare. In furtherance of such purposes, the Authority is authorized to issue revenue bonds and to construct, replace, lease, enter into contracts for the sale of pollution control facilities and make loans to lend financial assistance in the acquisition, construction or installation of pollution control facilities. The Authority consists of three public officials who hold office ex officio: the State Treasurer, the State Controller, and the State Director of Finance. Pursuant to the Act, the Authority authorized the issuance of the 2008B Bonds, the loan of the proceeds of the 2008B Bonds to the Borrower pursuant to the Loan Agreement and the securing of the 2008B Bonds by a pledge and assignment to the Trustee of Revenues pursuant to the Indenture. The Authority’s principal offices are located at 915 Capitol Mall, Room 457, Sacramento, California 95814.

THE BORROWER

The information provided in this section has been provided by the Borrower and no representation is made by the Authority, the Bank or the Underwriter as to its accuracy or completeness.

General

The Borrower is a joint venture between GreenWaste Recovery, Inc. (“GreenWaste Recovery”) and Zanker Road Resource Management, Ltd., a California limited partnership (“ZRRM”), organized and existing under the laws of the State of California. The Borrower was formed in 2008 in order to bid on and acquire the contract for the City of Palo Alto for solid waste, recyclable materials, yardwaste collection and processing services.

Upon completion of the Project, the Borrower will employ approximately 55 persons to be located in Santa Clara County.

GreenWaste Recovery

GreenWaste Recovery is a corporation organized under the laws of the State of California in 1991. GreenWaste Recovery is privately owned. GreenWaste Recovery operates a material recovery facility in San Jose, California and provides collection, transfer, recycling and disposal services to residential and commercial customers in franchised areas including the Cities of San Jose, Los Altos Hills, Capitola, Scotts Valley, Woodside, Portola Valley and Petaluma, the Counties of Santa Clara and Santa Cruz and over 60 other political subdivisions in which it offers debris box services.

ZRRM

Zanker Road Resource Management, Ltd. is a limited partnership organized under the laws of the state of California in 1984. ZRRM operates a materials recovery facility, a landfill, materials processing facilities and composting facilities in the County of Santa Clara.

THE PROJECT

The information provided in this section has been provided by the Borrower and no representation is made by the Authority, the Bank or the Underwriter as to its accuracy or completeness.

The Project consists of (1) improvements to corporate yards to house offices and truck maintenance and storage and site improvements thereon; (2) improvements to solid waste route management offices (3) the acquisition of equipment, rolling stock and vehicles for the collection of solid waste and recyclables and other equipment and facilities functionally related thereto; (4) and/or the acquisition of drop boxes, bins, carts and containers to be located with customers in various incorporated and/or unincorporated portions of Santa Clara County, California.

Any costs of acquisition, construction and improvement of the Project which exceed the amount available therefor pursuant to the Indenture will be provided by the Borrower pursuant to the Loan Agreement.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the Project, including certain funds contributed by the Borrower.

Estimated Sources of Funds:

2008B Bond Proceeds	\$13,465,000.00
Borrower Contribution	<u>151,447.75</u>
Total Estimated Sources of Funds	\$13,616,447.75

Estimated Uses of Funds:

Project Costs ⁽¹⁾	\$13,096,633.82
Payment to Authority's Small Business Assistance Fund	23,400.00
Costs of Issuance ⁽²⁾	397,347.75
Letter of Credit Fees and Costs ⁽³⁾	<u>99,066.18</u>
Total Estimated Uses of Funds	\$13,616,447.75

⁽¹⁾ See "THE PROJECT."

⁽²⁾ Costs of Issuance includes Bond Counsel fee, Underwriter's fee, Underwriter's Counsel fee, Financial Advisor's fee, Trustee and Tender Agent fees, Trustee Counsel fee, Borrower's Counsels fees, Bank Counsel fee, Rating Agency fee, printing costs and other miscellaneous costs of issuance.

⁽³⁾ Letter of Credit fees and costs include the closing fee and a portion of the first year's Letter of Credit annual fee.

ABSENCE OF MATERIAL LITIGATION

There is no litigation now pending, with service of process having been accomplished, against the Authority or the Borrower, or to the knowledge of their respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2008B Bonds, or in any way contesting or seeking to affect the validity of the 2008B Bonds, any proceedings of the Authority or the Borrower taken concerning the issuance or sale thereof, the pledge and application of any moneys or security provided for payment of the 2008B Bonds, the use of proceeds of the 2008B Bonds or the existence or powers of the Authority or the Borrower relating to the issuance, sale and delivery of the 2008B Bonds.

UNDERWRITING

The initial offering price set forth on the cover page of this Official Statement may be changed by the Underwriter from time to time without notice.

The 2008B Bonds will be purchased from the Authority by the Underwriter, Westhoff, Cone & Holmstedt, pursuant to a purchase contract. The purchase contract provides that the Underwriter will purchase all of the 2008B Bonds, if any 2008B Bonds are issued and delivered. The Underwriter has agreed to purchase the 2008B Bonds from the Authority at a purchase price equal to the principal amount of the 2008B Bonds. The Underwriter will be paid a fee in the amount of \$107,720.00 in connection with the offering and sale of the 2008B Bonds.

The Underwriter will deliver the Official Statement in final form to the purchasers of the 2008B Bonds within one Business Day following receipt thereof from the Authority.

RATINGS

Fitch Ratings (“Fitch”) has assigned ratings of “A+/F1” (a long-term rating of “A+” and a short-term rating of “F1”) to the 2008B Bonds based on assurance that the payment of principal of and interest on the 2008B Bonds will be payable from drawings under the Letter of Credit.

The ratings reflect only the views of Fitch and any explanation of the significance of such ratings should be obtained from Fitch. No application was made to any other rating agency for the purpose of obtaining an additional rating thereon. Any explanation as to the significance of the ratings assigned may only be obtained from Fitch. There is no assurance that any rating will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency establishing the rating, circumstances so warrant. Neither the Underwriter nor the Authority have taken any responsibility either to bring to the attention of the Holders of the 2008B Bonds any proposed downward revision in the ratings of the 2008B Bonds or to oppose any such proposed revision. Any change in or withdrawal of such ratings could have an adverse effect on the market price of the 2008B Bonds.

TAX MATTERS

In the opinion of Leslie M. Lava, Esq., Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2008B 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 as to the status of interest on any 2008B Bond during any period that such 2008B Bond is held by a “substantial user” of any facilities financed with proceeds of the 2008B Bonds or by a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel observes, however, that interest on the 2008B Bonds is a specific preference item for purposes of calculating the federal individual or corporate alternative minimum taxes. Bond Counsel is also of the opinion that interest on the 2008B Bonds is exempt from present State of California personal income taxes, except that no opinion is expressed as to interest on any 2008B Bond while it is held by the Borrower, or any person or entity owned or controlled, directly or indirectly, by the Borrower or any person or entity which owns or controls, directly or indirectly, the Borrower. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2008B Bonds. The Authority and the Borrower have covenanted to comply with certain restrictions designed to insure that interest on the 2008B Bonds will not be included in federal gross income. Failure to comply with these

covenants may result in interest on the 2008B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2008B Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions are taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2008B Bonds may adversely affect the value of, or the tax status of interest on, the 2008B Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the 2008B Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals introduced to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2008B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any 2008B Bond or the interest thereon if any such change occurs or actions are taken or omitted upon the advice or approval of bond counsel other than Leslie M. Lava, Esq.

Although Bond Counsel is of the opinion that interest on the 2008B Bonds is excluded from gross income for federal income tax purposes and is exempt from present State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2008B Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or a Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2008B Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2008B Bonds might be affected as a result of such audit of the 2008B Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, that Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2008B Bonds to the extent that it adversely affects the exclusion from gross income of interest on the 2008B Bonds or their market value.

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (the "Tax Increase Prevention Act"). Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention Act, interest paid on taxable obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligation was issued. The purpose of this change was to assist in relevant information-gathering for the IRS relating to the other applicable tax provisions. The Tax Increase Prevention Act provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of the Tax Increase Prevention Act do not affect the excludability of such interest from gross income for federal income tax purposes.

Future federal or state laws or court decisions could cause interest on the 2008B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation and, in turn, could affect the market price or marketability of the 2008B Bonds. Bond Counsel expresses no opinion as to these matters and potential purchasers of the 2008B Bonds should consult their tax advisors with respect to these matters before purchasing any of the 2008B Bonds.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incidental to the authorization, issuance and sale of the 2008B Bonds are subject to the approving opinion of Leslie M. Lava, Esq., Sausalito, California, Bond Counsel to the Authority. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix B hereto, and will be delivered with the issuance of the 2008B Bonds. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by Honorable Edmund G. Brown Jr., the Attorney General of the State of California, Sacramento, California; for the Borrower by its counsel Miller & Giannini, San Jose, California, and its Special Counsel, Shanks Darby McCabe & Ward LLP, LLP, Austin, Texas; for the Bank by Sheppard, Mullin, Richter & Hampton LLP, San Francisco, California; and for the Underwriter by Orrick, Herrington & Sutcliffe LLP.

Bond Counsel and Underwriter's Counsel will receive compensation which is contingent upon the sale and delivery of the 2008B Bonds.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the 2008B Bonds, the Indenture, the Loan Agreement, the Letter of Credit, the Remarketing Agreement, the Credit Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and statements herein are qualified in their entirety by reference to said documents for full and complete statements of their provisions.

The execution and delivery of this Official Statement have been approved by the Authority. The Authority has not provided any of the information in this Official Statement except for the information under the caption "THE AUTHORITY" and the information under the caption "ABSENCE OF MATERIAL LITIGATION" as it pertains to the Authority, and makes no representation or warranty, express or implied, as to the accuracy or completeness of any other information in this Official Statement.

CALIFORNIA POLLUTION CONTROL
FINANCING AUTHORITY

By: /s/ Michael Paparian
Executive Director

APPROVED:

GREENWASTE OF PALO ALTO,
a California joint venture

By: /s/ Richard A. Cristina
Authorized Representative

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following are brief summaries of certain provisions of the Indenture and the Loan Agreement, each dated as of October 1, 2008, pertaining to the issuance of the 2008B Bonds. These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of the respective documents listed below. Capitalized terms not otherwise defined herein have the meaning specified in the respective document.

DEFINITIONS

“Act” means the California Pollution Control Financing Authority Act (Chapter 1 (commencing with Section 44500) of Division 27 of the California Health and Safety Code), as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Payments” means the payments so designated and required to be made by the Borrower pursuant to the Agreement.

“Administrative Fees and Expenses” means the reasonable and necessary expenses incurred by the Authority pursuant to the Agreement or the Indenture and the compensation and expenses paid to or incurred by the Trustee, the Tender Agent, the Bond Registrar, the Remarketing Agent and/or any Paying Agent under the Agreement or the Indenture, which include but are not limited to printing of Bonds, accomplishing transfers or new registration of Bonds, or other charges and other disbursements including those of their respective officers, directors, members, attorneys, agents and employees incurred in and about the administration and execution of the Loan Agreement and the Indenture.

“Agreement” or “Loan Agreement” means that certain loan agreement, dated as of October 1, 2008, by and between the Authority and the Borrower, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture.

“Alternate Credit Facility” means bond insurance or other similar credit enhancement meeting the requirements of the Agreement.

“Alternate Letter of Credit” means an alternate irrevocable letter of credit, including, if applicable, a confirming letter of credit, or similar credit facility issued by a commercial bank, savings institution or other financial institution, the terms of which shall in all material respects be the same as those of the initial Letter of Credit, delivered to the Trustee pursuant to the Agreement.

“Approving Opinion” means an opinion of Bond Counsel (addressed and delivered to the Authority and the Trustee) that an action being taken (i) is authorized by the Act and the Indenture and complies with the terms of the Agreement, if applicable, and (ii) will not, in and of itself, adversely affect the Tax-exempt status of the Bonds.

“Authorized Denomination” means (i) during any Weekly Interest Rate Period or Term Interest Rate Period of less than one year, \$100,000 or any integral multiple of \$5,000 in excess thereof and (ii) during any Term Interest Rate Period of one year or more, \$5,000 or any integral multiple thereof.

“Available Moneys” means (1) moneys derived from drawings under the Letter of Credit that are not commingled with any other moneys or (2) moneys held by the Trustee (other than in the Rebate Fund, the Letter of Credit Account or the account described in the Indenture for unclaimed moneys for 2008B Bonds deemed tendered but not presented for purchase) and subject to the lien of the Indenture for a period of at least 123 days and not commingled with any moneys so held for less than said period and during and

prior to which period no petition in bankruptcy was filed by or against, and no receivership, insolvency, assignment for the benefit of creditors or other similar proceeding has been commenced by or against the Borrower, the Authority, or any Guarantor, provided however, if a Guarantor exists such period shall be at least 370 days; or (3) investment income derived from the investment of moneys described in clause (2) so long as (A) investments of such moneys are in Investment Securities rated by the Rating Agency, in (i) any of the two-highest long-term rating categories; or (ii) if applicable, the highest short-term rating category; and (B) with respect to such investment earnings there has been delivered to the Trustee an opinion of nationally recognized bankruptcy counsel to the effect that the use of such amounts for such purpose would not constitute a voidable preference under Section 547 of the United States Bankruptcy Code should the Borrower, the Authority or any Guarantor be the debtor in a case under the Bankruptcy Code.

“Bank” means Comerica Bank, and any other commercial bank, savings association or other financial institution issuing a Letter of Credit then in effect and party to a Credit Agreement.

“Bank Bonds” means 2008B Bonds purchased with a drawing on the Letter of Credit.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for whom the Direct Participants have caused DTC to hold Book-Entry Bonds.

“Bond Counsel” means any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, and acceptable to the Authority; but shall not include counsel for the Borrower.

“Bond Registrar” or “Registrar” means the entity or entities performing the duties of the bond registrar pursuant to the Indenture.

“Bonds” or “Bond” means the 2008B Bonds.

“Book-Entry Bonds” means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for such Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

“Borrower” means GreenWaste of Palo Alto, a joint venture organized and existing under the laws of the State of California, or any entity which is the surviving, resulting or transferee entity in any merger, consolidation or transfer of assets permitted under the Agreement and also means, unless the context otherwise requires, an assignee of the Agreement as permitted by the Agreement, but does not mean any affiliate of the Borrower.

“Borrower Account” means all of the accounts by that name established pursuant to the Indenture.

“Business Day” means any day other than (i) a Saturday, Sunday or legal holiday in the State of California, (ii) a day on which commercial banks in New York, New York, or the city or cities in which the Corporate Trust Office of the Trustee or the Tender Agent or the office of the Bank at which demands for payment under the Letter of Credit are to be presented are authorized or required by law to close; or (iii) a day on which the New York Stock Exchange is closed.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Corporate Trust Office” means with respect to the Trustee, the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of the Indenture is located in Los Angeles, California and with respect to the Tender Agent, the office of the Tender Agent at which at any particular time its corporate trust business shall be principally administered,

which office at the date of the Indenture is located in Los Angeles, California; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Borrower and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, underwriting fees, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee incurred in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of Section 147(g) of the Code.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

“Costs of the Project” means the sum of the items, or any such item, authorized to be paid from the Project Fund pursuant to the provisions of the Agreement, but shall not include any Costs of Issuance.

“Credit Agreement” means the Credit Agreement, dated as of October 1, 2008, by and among the Borrower, the Bank, as agent, and the Bank and the other lenders from time to time party thereto, as it may be amended or supplemented from time to time, or any other similar agreement entered into in connection with the issuance of the Letter of Credit or of any Alternate Letter of Credit.

“Date of Delivery” means October 8, 2008, the date of initial issuance and delivery of the 2008B Bonds.

“Depository Bank” means Comerica Bank, or any other financial institution designated by the Borrower with the approval of the Bank to hold proceeds of the bonds pending disbursement pursuant to the Indenture.

“Direct Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds the Bonds as securities depository.

“Event of Default” means any of the events specified as such in the Indenture.

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, doing business as Fitch Ratings, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody’s) designated by the Authority, with the approval of the Borrower by notice to the Bank, the Trustee, the Remarketing Agent and the Tender Agent.

“Guarantor” means any Person that has guaranteed the obligations of the Borrower under the Credit Agreement or the Loan Agreement.

“Holder” or “Bondholder,” or “Owner,” whenever used with respect to a Bond, means the Person in whose name such Bond is registered.

“Indenture” means that certain indenture, dated as of October 1, 2008, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“Interest Account” means the account by that name in the Revenue Fund established pursuant to the Indenture.

“Interest Payment Date” means each Principal Payment Date, and (i) the first Wednesday of each month of each year (or the next succeeding Business Day if such Wednesday is not a Business Day) during a Weekly Interest Rate Period or the last Business Day of a Term Interest Rate Period of less than one year or (ii) June 1 and December 1 during a Term Interest Rate Period of one year or more.

“Interest Period” means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date, except that the first Interest Period shall be the period from and including the date of the first authentication and delivery of the Bonds to and including the day immediately preceding the first Interest Payment Date relating to such Bonds.

“Interest Rate Period” means either a Weekly Interest Rate Period or a Term Interest Rate Period.

“Investment Securities” means any of the following securities (other than those issued by the Authority, the Borrower or any Guarantor):

(i) Commercial paper issued by corporations that are organized and operating within the United States and that are rated by Moody’s or S & P (a) “A-2” or “P-2” or higher if such commercial paper has a maturity of seven days or less, and (b) “A-1” or “P-1” if such commercial paper has a maturity of greater than seven days;

(ii) United States Treasury notes, bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the full and timely payment of principal and interest, not subject to prepayment or call;

(iii) Negotiable certificates of deposit issued by or deposit accounts with a nationally or state chartered bank including the Trustee, its parent company and their affiliates, or by a state or federally licensed branch of a foreign bank, provided that the senior debt issued by such bank and/or its holding company shall be rated “A” by Moody’s and S&P, respectively, and the commercial paper issued by such holding company or branch of a foreign bank shall be rated “P-1” and “A-1” by Moody’s and by S&P, respectively;

(iv) Bonds, notes or other obligations of any state, municipality or political subdivision the interest on which is excluded from gross income for federal income tax purposes, which are rated “A” or higher by Moody’s, Fitch or S&P;

(v) Investments in or shares of any “regulated investment company” within the meaning of Section 851(a) of the Code, the assets of which are securities or investments described in (i) - (iv) above, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services;

(vi) Repurchase agreements with any bank, trust company or national banking association insured by the Federal Deposit Insurance Corporation (including, but not limited to the Trustee or any of its affiliates), or with any government bond dealer recognized as a primary dealer by the Federal Reserve Bank of New York, which agreements are fully and continuously secured by a valid and perfected security interest in obligations described in paragraph (ii) of this definition or obligations which are rated “Aaa” by Moody’s or “AAA” S&P;

(vii) Money market funds invested solely in U.S. Treasury securities or fully secured by such securities described in paragraph (ii) of this definition, including funds for which the Trustee, its parent

holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services; and

(viii) Any other investment designated by the Borrower and approved in writing by the Bank.

“Letter of Credit” means, as applicable, (i) that certain irrevocable letter of credit issued by the Bank naming the Trustee as beneficiary and delivered on the Date of Delivery of the Bonds, pursuant to a Credit Agreement and (ii) in the event of delivery of an Alternate Letter of Credit, such Alternate Letter of Credit.

“Letter of Credit Account” means the account by that name in the Revenue Fund established pursuant to the Indenture.

“Loan Default Event” means any one or more of the events specified as such in the Agreement.

“Loan Repayments” means the payments so designated and required to be made by the Borrower pursuant to the Agreement.

“Maximum Rate” means 12% per annum.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Authority, with the approval of the Borrower by notice to the Bank, the Trustee, the Remarketing Agent and the Tender Agent.

“Opinion of Counsel” means a written opinion (addressed and delivered to the Authority and the Trustee) of counsel (who may be counsel for the Authority) selected by the Authority.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which liability of the Authority shall have been discharged in accordance with the Indenture, including Bonds (or portions of Bonds) referred to in the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Participating Affiliate” means, with respect to the Borrower, each Person (i) that directly or indirectly, through one or more intermediaries or other Persons, controls, or is controlled by, or is under common control with, the Borrower, and (ii) that is itself, or with its affiliates described in clause (i), a “participating party” within the meaning of the Act. For purposes of this definition, a “Person” who is an individual includes the spouse, children or parents of such Person (collectively, “relatives”), and includes any trust of which such Person or his or her relatives is the trustee or a beneficiary. For the purpose of this definition, the “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of a majority of voting securities or membership interests, as trustee, by contract or otherwise.

“Paying Agent” means the Paying Agent as described in the Indenture. The Trustee is the initial Paying Agent.

“Person” means an individual, corporation, firm, association, limited liability company, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Account” means the account by that name in the Revenue Fund established pursuant to the Indenture.

“Principal Payment Date” means June 1, 2038.

“Proceeds Account” means all of the accounts by that name established pursuant to the Indenture.

“Project” shall mean the project described in an exhibit to the Agreement, as it may be amended pursuant to the terms of the Agreement.

“Project Fund” means the fund by that name established pursuant to the Indenture.

“Purchase Date” means the date on which any Bond is required to be purchased pursuant to the Indenture.

“Purchase Price” means that amount equal to 100% of the principal amount of any Bond purchased pursuant to the demand purchase and mandatory tender provisions of the Indenture, plus accrued and unpaid interest thereon to but not including the Purchase Date or the date on which such Bond is deemed purchased in accordance with the Indenture.

“Rating Agency” means Moody’s, if Moody’s is then rating the Bonds, S&P, if S&P is then rating the Bonds and/or Fitch, if Fitch is then rating the Bonds, or such other nationally recognized rating agency then rating the Bonds..

“Rebate Fund” means the fund by that name created pursuant to the Indenture.

“Record Date” means (i) the Business Day immediately preceding the applicable Interest Payment Date during a Weekly Interest Rate Period or any Term Interest Rate Period of less than one year, and (ii) the day, whether or not a Business Day, which is the fifteenth day of the month prior to an Interest Payment Date during any Term Interest Rate Period of one year or greater.

“Redemption Account” means the account by that name established in the Revenue Fund pursuant to the Indenture.

“Remarketing Agent” means the Remarketing Agent appointed pursuant to the Indenture and its successors in such office under the Indenture.

“Remarketing Agreement” means the Remarketing Agreement, dated as of October 1, 2008, between the Borrower and the Remarketing Agent or the agreement or instrument pursuant to which a successor to the Remarketing Agent shall perform its services.

“Retained Rights” means the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification under the Loan Agreement, or to enforce its rights under certain provisions of the Loan Agreement and the rights expressly granted to the Authority under the Loan Agreement to indemnification, inspection, consent and receipt of certificates, notices and opinions.

“Revenue Fund” means the fund by that name established pursuant to the Indenture.

“Revenues” means all amounts received by the Authority or the Trustee for the account of the Authority pursuant or with respect to the Agreement or the Letter of Credit, including, without limiting the

generality of the foregoing, Loan Repayments (including both timely and delinquent payments, any late charges, and paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture (except as provided below), but not including Additional Payments, including without limitation any Administrative Fees and Expenses, Tender Proceeds, or any moneys paid for deposit into the Rebate Fund or the Borrower Account of the Costs of Issuance Fund and investment earnings on any moneys held in such accounts or fund..

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody’s or Fitch) designated by the Authority, with the approval of the Borrower, by notice to the Bank, the Trustee, the Remarketing Agent and the Tender Agent.

“Series,” with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Indenture.

“Supplemental Indenture” means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Surplus Account” means the account by that name established within the Revenue Fund pursuant to the Indenture.

“Tax Certificate” means the Tax Certificate and Agreement of the Borrower and the Authority dated the Date of Delivery.

“Tax-exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes (other than in the case of a Holder of any Bonds who is a substantial user of any component of the Project or a related person within the meaning of Section 147(a) of the Code) whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tender Agent” means initially the Trustee and any successor tender agent appointed pursuant to the Indenture.

“Tender Proceeds” means moneys paid to the Tender Agent from the sources set forth in the Indenture to purchase Bonds which have been tendered pursuant to the Indenture.

“Term Interest Rate” means a non-variable interest rate on a Series of the Bonds established in accordance with the Indenture.

“Term Interest Rate Period” means each period during which a Term Interest Rate is in effect.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under and by virtue of the laws of the State of California, having Corporate Trust Offices in Los Angeles, California, or its successor as Trustee pursuant to the Indenture.

“2008B Bonds” means the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste of Palo Alto Project) Series 2008B authorized by and at any time Outstanding pursuant to, and executed, issued and delivered in accordance with, the Indenture.

“Variable Index” means the current average rate for survey, as shown on the most recent VERIFACT Weekly Mode Variable Rate Fact Sheet and Newsletter, or any successor publication, published weekly by Ponder & Company, or any successor entity. If for any reason the Variable Index for any rate determination date cannot be established as provided above or is held to be invalid or unenforceable by a court of law, the Variable Index for such rate determination date shall be an index computed by the Remarketing Agent and shall be equal to 95% of the yield applicable to 91-day United States Treasury bills, such yield to be computed on the basis of the coupon equivalent of the average per annum discount rate at which such Treasury bills shall have been sold at the most recent Treasury auction conducted prior to such rate determination date.

“Weekly Interest Rate” means a variable interest rate on a Series of the Bonds established weekly in accordance with the Indenture.

“Weekly Interest Rate Period” means each period during which Weekly Interest Rates are in effect.

THE INDENTURE

Certain provisions of the Indenture are summarized below. Other provisions are summarized in this Official Statement under the caption “THE 2008B BONDS.” THESE SUMMARIES DO NOT PURPORT TO BE COMPLETE OR DEFINITIVE AND ARE QUALIFIED IN THEIR ENTIRETIES BY REFERENCE TO THE FULL TERMS OF THE INDENTURE, A COPY OF WHICH IS ON FILE WITH THE TRUSTEE.

Project Fund

Under the Indenture, the Trustee establishes the Project Fund for which proceeds of the Bonds will be applied to the payment of the Costs of the Project. The moneys in the Project Fund shall be held by the Trustee in trust and applied to the payment of the Costs of the Project, in the manner set forth in the Indenture.

Upon delivery of the Bonds, and after any initial disbursement from the Project Fund submitted to the Trustee at closing of the Bonds, the Borrower may submit to the Trustee a written direction in the form attached as an exhibit to the Indenture. Upon receipt of such direction, the Trustee shall transfer the remaining moneys in the Project Fund to the Depository Bank and the Depository Bank shall establish the GreenWaste of Palo Alto Project Fund (the “Depository Bank Project Fund”). Upon confirmation of receipt of the wire transfer of such moneys in the Project Fund to the Depository Bank, the Trustee’s responsibilities with regard to the use or disbursement of moneys in the Project Fund shall cease. The moneys in the Depository Bank Project Fund shall be held by the Depository Bank and applied to the payment of the Costs of the Project, in the manner set forth in the Indenture.

Upon the receipt by the Trustee of a certificate conforming with the requirements of the Agreement, and after payment of costs payable from the Project Fund or provision having been made for payment of such costs not yet due by retaining such costs in the Project Fund or otherwise as directed in such certificate, the Trustee shall transfer any remaining balance in the Project Fund into a separate account within the Revenue Fund, which the Trustee shall establish and hold in trust, and which shall be entitled the “Surplus Account.” If the Depository Bank still holds unspent proceeds of the Bonds, the Trustee shall request the Bank to arrange for such moneys to be returned to the Trustee for deposit in the Surplus Account. The moneys in any Surplus Account shall be used and applied (subject to the provisions of the Indenture) at the written direction of the Borrower (unless some other application of such moneys permitted by the Indenture

and the Loan Agreement is requested by the Borrower and would not, in the opinion of Bond Counsel, cause interest on the Bonds to become no longer Tax-exempt) for the following purposes in the following order: (i) for transfer to the Bank to pay the redemption price of any Bank Bonds then outstanding; (ii) to reimburse the Bank with respect to any draw on the Letter of Credit made for the redemption of Bonds in Authorized Denominations, to the maximum degree permissible, and at the earliest possible dates at which the Bonds can be redeemed pursuant to the Indenture; or (iii) to redeem Bonds in Authorized Denominations, to the maximum degree permissible, and at the earliest possible dates at which the Bonds can be redeemed pursuant to the Indenture. Notwithstanding certain provisions of the Indenture, the moneys in the Surplus Account shall be invested at the written instruction of the Borrower at a yield no higher than the yield on the Outstanding Bonds (unless in the opinion of Bond Counsel investment at a higher yield would not cause interest on the Bonds to become no longer Tax-exempt), and all such investment income shall be deposited in the Surplus Account and expended or reinvested as provided above.

In the event of redemption of all the Bonds pursuant to the provisions of the Indenture or an Event of Default which causes acceleration of the Bonds, any moneys then remaining in the Project Fund shall be transferred to the Surplus Account within the Revenue Fund and all moneys in the Revenue Fund, and all moneys in the Revenue Fund shall be used to reimburse the Bank for draws on the Letter of Credit used to redeem Bonds or used to redeem Bonds if there is no Letter of Credit or there is a default under the Letter of Credit.

Costs of Issuance Fund

Under the Indenture, the Trustee establishes the Costs of Issuance Fund. The Trustee shall also create separate accounts in the Costs of Issuance Fund designated the "Proceeds Account" and the "Borrower Account," each of which will be funded as provided in the Indenture. The moneys in each account of the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance for the Bonds. Any amounts remaining in the Proceeds Account of the Costs of Issuance Fund six months following the Date of Delivery of the Bonds shall be transferred to the Project Fund and any amounts remaining in the Borrower Account of the Costs of Issuance Fund six months following the Date of Delivery of the Bonds shall be transferred to the Borrower.

Pledge and Assignment; Revenue Fund

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund and the Borrower Account of the Costs of Issuance Fund) are pledged to secure the full payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture. Notwithstanding any other provision of the Indenture, the benefits under any Letter of Credit or Alternate Credit Facility shall apply only to the Bonds for which such Letter of Credit or Alternate Credit Facility was issued; moneys in the account established under the Indenture for unclaimed moneys held for the 2008B Bonds deemed tendered but not presented for purchase shall be held solely for the benefit of the former holders of 2008B Bonds as provided in the Indenture; and the Tender Proceeds shall be held in trust as provided in the Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act.

The Authority shall transfer in trust, and assign to the Trustee, for the benefit of the Holders from time to time of the Bonds, to the extent of its interest therein, all of the Revenues and other assets pledged in the foregoing subparagraph of this section and all of the right, title and interest of the Authority in the Agreement (except for the Retained Rights). Such assignment to the Trustee is solely in its capacity as Trustee under the Indenture subject to the protections, immunities and limitations from liability afforded the Trustee under the Indenture. The Trustee shall be entitled to and shall collect and receive all of the

Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and subject to the provisions of the Indenture, shall forthwith be paid by the Authority to the Trustee. Notwithstanding anything to the contrary in the Indenture, the Authority shall have no obligation to and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than the Retained Rights) under the Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower under the Loan Agreement.

All Revenues (except investment earnings which shall be deposited as provided in the Indenture) shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the Revenue Fund which the Trustee shall establish, maintain and hold in trust; except as otherwise provided in the Indenture, all moneys received by the Trustee and required to be deposited in the Redemption Account, if any, shall be promptly deposited in the Redemption Account, which the Trustee shall establish, maintain and hold in trust as provided in the Indenture. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

On the third Business Day of each June, any amount held by the Trustee in the Revenue Fund on the due date for a Loan Repayment under the Loan Agreement will be credited against the installment due on such date to the extent available for such purpose under the terms of the Indenture.

Allocation of Revenues

On or before any date on which interest or principal (whether at maturity, or by redemption or acceleration) is due, the Trustee shall transfer funds from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee is directed and agrees to establish and maintain within the Revenue Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

First: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date or date of redemption of all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest.

Second: to the Principal Account, the amount paid by the Borrower and designated as or attributable to principal on the Bonds in the most recent Loan Repayment equal to the aggregate amount of principal due on the Principal Payment Date, pursuant to the Indenture.

Third: to the Redemption Account, the aggregate amount of principal and premium next coming due by acceleration or by redemption permitted or required under the Indenture, or any portion thereof paid by the Borrower.

Priority of Moneys in Revenue Fund

Funds for the payment of the principal or redemption price (including premium, if any) of and interest on the 2008B Bonds shall be derived from the following sources in the order of priority indicated below from each of the accounts in the Revenue Fund; provided however, that amounts in the respective accounts in the Revenue Fund shall be used to pay when due (whether upon redemption, acceleration, interest payment date, maturity or otherwise) the principal or redemption price (including premium, if any) of and interest on the 2008B Bonds held by Holders other than the Bank or the Borrower prior to the payment of the principal and interest on the 2008B Bonds held by the Bank or the Borrower:

(i) moneys paid into the Letter of Credit Account of the Revenue Fund from a draw by the Trustee under the Letter of Credit;

(ii) moneys paid into the Interest Account, if any, representing accrued interest received at the initial sale of any Bonds and proceeds from the investment thereof which shall be applied to the payment of interest on such Bonds;

(iii) moneys paid into the Revenue Fund pursuant to the Indenture and proceeds from the investment thereof, which shall constitute Available Moneys if a Letter of Credit is in effect;

(iv) any other moneys (other than from draws on the Letter of Credit) paid into the Revenue Fund and deposited in the Revenue Fund and proceeds from the investment thereof, which shall constitute Available Moneys if a Letter of Credit is in effect; and

(v) any other moneys paid into the Revenue Fund and deposited in the Revenue Fund and proceeds from the investment thereof, which are not Available Moneys.

Letter of Credit Account and Letter of Credit

The Trustee shall create within the Revenue Fund a separate account called the "Letter of Credit Account," into which all moneys drawn under the Letter of Credit for the Bonds shall be deposited and disbursed. Neither the Borrower, nor the Authority nor any Guarantor shall have any rights to or interest in the Letter of Credit Account. Each Letter of Credit Account shall be established and maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and over which the Trustee shall have the exclusive and sole right of withdrawal for the exclusive benefit of the Holders of the Bonds with respect to which such drawing was made. No moneys from any Letter of Credit Account may in any circumstance be used to pay principal or redemption price (including premium, if any, to the extent draws therefore are permitted under the Letter of Credit) of or interest on any Bank Bonds.

The Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof in an amount necessary to make timely payments of principal of, premium, if any, to the extent draws therefore are permitted under the Letter of Credit, and interest on the Bonds enhanced by such Letter of Credit, other than Bonds owned by or for the account of the Borrower or the Bank, when due whether at maturity, interest payment date, redemption, acceleration or otherwise. In addition, the Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof to the extent necessary to make timely payments required to be made pursuant to, and in accordance with the Indenture.

Immediately after making a drawing under the Letter of Credit which has been honored, the Trustee shall reimburse the Bank for the amount of the drawing using moneys, if any, contained in:

(A) the Interest Account for such Bonds, if the drawing was to pay interest on the Bonds enhanced by such Letter of Credit;

(B) the Principal Account for such Bonds, if the drawing was to pay principal on the Bonds enhanced by such Letter of Credit; and

(C) the Redemption Account for such Bonds, if the drawing was to redeem Bonds enhanced by such Letter of Credit.

If the Trustee has made a proper drawing on the Letter of Credit and the Bank wrongfully fails to make a payment for debt service due on the Bonds by the time set forth in the Indenture on the applicable Interest Payment Date, Principal Payment Date or other date when payment is due or the Letter of Credit has

been repudiated, the Trustee shall immediately notify the Borrower and request payment of the debt service due in immediately available funds by the time set forth in the Indenture.

If at any time there shall have been delivered to the Trustee an Alternate Letter of Credit or Alternate Credit Facility pursuant to the Agreement, then the Trustee shall accept such Alternate Letter of Credit or Alternate Credit Facility and promptly surrender the previously held Letter of Credit to the Bank, in accordance with the terms of such Letter of Credit, for cancellation. If at any time there shall cease to be any Bonds Outstanding under the Indenture, the Trustee shall promptly surrender the Letter of Credit to the Bank, in accordance with the terms of the Letter of Credit, for cancellation. The Trustee shall comply with the procedures set forth in the Letter of Credit relating to the termination thereof.

The Trustee shall hold and maintain the Letter of Credit for the benefit of the Bondholders whose Bonds are enhanced by such Letter of Credit until the Letter of Credit expires in accordance with its terms. The Trustee shall diligently enforce all terms, covenants and conditions of the Letter of Credit, including payment when due of any draws on the Letter of Credit, and the provisions relating to the payment of draws on, and reinstatement of amounts that may be drawn under, the Letter of Credit, and will not consent to, agree to or permit any amendment or modification of the Letter of Credit which would materially adversely affect the rights or security of the Holders of the Bonds enhanced by such Letter of Credit. If at any time during the term of the Letter of Credit any successor Trustee shall be appointed and qualified under the Indenture, the resigning or removed Trustee shall request that the Bank transfer the Letter of Credit to the successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment. When the Letter of Credit expires in accordance with its terms or is replaced by an Alternate Letter of Credit, the Trustee shall immediately surrender the Letter of Credit to the Bank.

Investment of Moneys

All moneys in any of the funds or accounts established pursuant to the Indenture shall be invested by the Trustee or the Depository Bank, as applicable, as directed in writing by the Borrower or its agent, solely in Investment Securities. Notwithstanding any other provision in the Indenture, in the absence of written investment instructions directing the Trustee or the Depository Bank, as applicable, by noon of the second Business Day preceding the day when investments are to be made, the Trustee or the Depository Bank, as applicable, is directed to invest available funds in Investment Securities described in paragraph (vii) of the definition thereof. The Trustee or the Depository Bank, as applicable, shall not be liable for any losses resulting from any investments made pursuant to the Indenture.

Moneys in all funds and accounts shall be invested in Investment Securities maturing not later than the date on which such moneys will be required for the purposes specified in the Indenture. Notwithstanding anything else in the Indenture, any moneys in the Interest Account, Principal Account or Redemption Account held for the payment of particular Bonds shall be invested at the written direction of the Borrower in direct obligations of the United States or bonds or other obligations guaranteed by the United States government or for which the full faith and credit of the United States is pledged for the full and timely payment of principal and interest thereof (or mutual funds consisting solely of such investments which are rated Moody's "Aaa" or equivalent), rated in the highest rating category applicable to such investments which mature not later than the date on which it is estimated that such moneys will be required to pay such Bonds (but in any event maturing in not more than thirty days). Moneys in the Letter of Credit Account, Tender Proceeds, moneys held for non-presented Bonds and moneys held by the Trustee for the payment of the Purchase Price of the 2008B Bonds deemed tendered but not presented for purchase to the Tender Agent in accordance with the Indenture shall be held uninvested.

All interest, profits and other income received or losses incurred from the investment of moneys in any fund established pursuant to the Indenture shall be deposited or booked in the fund or account which gave rise to the investment earnings or losses. Notwithstanding anything to the contrary contained in this

paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund from which such accrued interest was paid. To the extent that any Investment Securities are registrable, such Securities shall be registered in the name of the Trustee or its nominee.

For the purpose of determining the amount in any fund, all Investment Securities credited to such fund shall be valued at the lesser of cost or par value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

Subject to the provisions of the Indenture, investments in any and all funds and accounts held by the Trustee under the Indenture (other than moneys representing the proceeds of a draw on the Letter of Credit or held in the Letter of Credit Account or the Borrower Account of the Costs of Issuance Fund, Tender Proceeds, Available Moneys, moneys being aged to become Available Moneys, or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds or held by the Trustee under the Indenture) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions of the Indenture for transfer to or holding in particular funds and accounts, the amounts received or held by the Trustee or the Depository Bank, as applicable, thereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture. Subject to the provisions of the Indenture, any moneys invested in accordance with this section may be invested in a pooled investment account consisting solely of funds held by the Trustee as a fiduciary.

The Trustee or the Depository Bank, as applicable, may act as principal or agent in the making or disposing of any investment. The Trustee or the Depository Bank, as applicable, may sell or present for redemption any Investment Securities whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Investment Security is credited, and the Trustee or the Depository Bank, as applicable, shall not be liable or responsible for any loss resulting from such investment.

Events of Default; Acceleration; Waiver of Default

Each of the following events which has occurred and is continuing shall constitute an “Event of Default” under the Indenture:

(a) default in the due and punctual payment of the principal of, or premium (if any) on, any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) default in the due and punctual payment of any installment of interest on, or the Purchase Price of, any Bond, when and as the same shall become due and payable;

(c) failure by the Authority to perform or observe any other of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and the continuation of such failure for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority, the Bank, and the Borrower by the Trustee, or to the Authority, the Bank, the Borrower and the Trustee by the Holders of not less than 66-2/3 % in aggregate principal amount of the Bonds at the time Outstanding;

(d) the occurrence and continuance of a Loan Default Event described in the Agreement; or

(e) receipt by the Trustee of notice from the Bank that either (i) an Event of Default (as defined in the Credit Agreement) has occurred under the Credit Agreement and directing the Trustee to either

accelerate the Bonds or give notice of mandatory tender for the Bonds pursuant to the Indenture or (ii) the Bank will not reinstate the interest portion of the Letter of Credit.

No default specified in (c) above shall constitute an Event of Default unless the Authority and the Borrower shall have failed to correct such default within the applicable period; provided, however, that if the default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Authority or the Borrower (or the Bank on its behalf) within the applicable period and diligently pursued in the sole determination of the Bank. With regard to any alleged default concerning which notice is given to the Borrower under the provisions of the Indenture, the Borrower (or the Bank on its behalf) shall have full authority to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts.

During the continuance of an Event of Default described in (a), (b), (c) or (d) above, unless the principal of all the Bonds shall have already become due and payable, the Trustee may, and upon the written request of the Holders of not less than 66-2/3 % in aggregate principal amount of the Bonds at the time Outstanding, or upon the occurrence of an Event of Default described in (e) above, the Trustee shall, promptly upon such occurrence, by notice in writing to the Authority, the Borrower, the Bank, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Upon any such declaration the Trustee shall promptly draw upon any then existing Letter of Credit, in accordance with the terms thereof and apply the amount so drawn to pay the principal of and interest on the Bonds enhanced by such Letter of Credit so declared to be due and payable. Interest on the Bonds shall cease to accrue as of the date of declaration of acceleration. The Trustee shall promptly notify the Bondholders of the date of declaration of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Indenture, and before the Letter of Credit has been drawn upon in accordance with its terms and honored, there shall have been deposited with the Trustee a sum sufficient to pay (with Available Moneys if a Letter of Credit is in effect) all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal as provided in the Agreement, and the reasonable fees and expenses of the Trustee, including reasonable fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Authority and to the Trustee, may, on behalf of the Holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; provided the Trustee shall have received written notice from the Bank that the Letter of Credit has been reinstated in full; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. Notwithstanding any other provision of the Indenture except as provided in the following sentence, the Trustee may not exercise any remedy in the event of a default under (a), (b) or (d) above without the written consent of the Bank, so long as the Letter of Credit is in effect and the Bank has not wrongfully failed to make a payment thereunder. The Trustee may exercise any and all remedies under the Indenture and the Agreement (except acceleration) to collect any fees, expenses and indemnification from the Borrower without obtaining the consent of the Bank.

Institution of Legal Proceedings by Trustee

Pursuant to the Indenture, if one or more of the Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Holders of two-thirds in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction pursuant to the Indenture shall, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under the Indenture or the Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture or the Agreement, or in aid of the execution of any power in the Indenture or the Agreement granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Indenture.

Application of Revenues and Other Funds After Default

If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to certain provisions of the Indenture) shall be promptly applied by the Trustee as follows and in the following order:

(1) To the payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture (provided, however, that no moneys in the Letter of Credit Account of the Revenue Fund may be used to pay such expenses);

(2) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(3) To the payment of any amounts owing to the Bank or any other provider of credit under the Credit Agreement or any related documents;

provided, however, that in no event shall moneys derived from drawings under a Letter of Credit, moneys set aside to pay principal or interest on any particular Bonds (including moneys held for non-presented Bonds or held by the Trustee under the Indenture), or Tender Proceeds be used to pay any of the items listed in clause (1) of this section and Available Moneys and moneys being aged to become Available Moneys shall not be used to pay any of the items listed in clause (1) of this section until all amounts have been paid under clause (2) of this section; provided further that proceeds of a draw on a Letter of Credit and Tender Proceeds shall be used solely to pay principal, interest, premium, or Purchase Price of the Bonds as otherwise provided in the Indenture.

Trustee to Represent Bondholders

The Trustee is irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Agreement, the Act and applicable provisions of any other law. Subject to the section above entitled “Events of Default; Acceleration; Waiver of Default” above, upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the Agreement, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Bondholders’ Direction of Proceedings

Anything in the Indenture to the contrary notwithstanding, but subject thereto, the Holders of 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or for which it has not been provided adequate indemnity.

Limitation on Bondholders’ Right to Sue

Subject to the section above entitled “Events of Default; Acceleration; Waiver of Default” above, no Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Agreement, the Act or any other applicable law with respect to such Bond, unless (1) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers thereinbefore granted or to institute such suit, action or proceeding in its own name;

(3) subject to the Indenture, such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy thereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holders' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Agreement, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner therein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture.

Consent to Defaults

Notwithstanding any other provisions of the Indenture, but subject thereto, so long as the Bank is not continuing wrongfully to dishonor drawings under the Letter of Credit, no Event of Default shall be declared pursuant to subsections (a), (b) or (d) of the events of default section of the Indenture (see "Events of Default; Acceleration; Waiver of Default" of this Appendix A above) (except in a case resulting from the failure of the Borrower to pay the Trustee's fees and expenses or to indemnify the Trustee), nor any remedies exercised with respect to any Event of Default other than an Event of Default declared pursuant to subsection (e) of the events of default section of the Indenture (see "Events of Default; Acceleration; Waiver of Default" of this Appendix A above) by the Trustee or by the Bondholders (except in a case resulting from the failure of the Borrower to pay the Trustee's fees and expenses or to indemnify the Trustee) and no Event of Default under the Indenture shall be waived by the Trustee or the Bondholders to the extent they may otherwise be permitted thereunder, without, in any case, the prior written consent of the Bank. So long as any Letter of Credit is in place and the Bank is not continuing wrongfully to dishonor drawings under any Letter of Credit, no Event of Default can be waived, in any circumstance, unless the Trustee has received written notice from the Bank that the Letter of Credit, if any, has been fully reinstated and is in full force and effect and that the notice from the Bank declaring an Event of Default (as defined under the Credit Agreement) under the Credit Agreement has been rescinded by the Bank. Nothing in this Section shall be deemed to limit in any respect the right of the Authority to enforce or waive any of its Retained Rights under the Loan Agreement.

The Remarketing Agent

The Authority, with the advice of the Borrower, appoints the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed on it by the Indenture by a written instrument of acceptance under which the Remarketing Agent will agree to perform the obligations of the Remarketing Agent set forth in the Indenture, including setting interest rates on the Bonds and remarketing the Bonds as provided in the Indenture. Any Remarketing Agent shall be a bank, trust company or member of the National Association of Securities Dealers, Inc. organized and doing business under the laws of the United States or any state or the District of Columbia and shall be on the State Treasurer's list of underwriters approved for negotiated offerings pursuant to California Government Code Section 5703. The initial Remarketing Agent shall be Westhoff, Cone & Holmstedt. If the Letter of Credit is terminated for any reason, or an Event of Default occurs under the Indenture, then the Remarketing Agent shall have the right to resign immediately. The appointment of any Remarketing Agent pursuant to the Indenture shall terminate (subject to renewal by the Borrower, with the consent of the Authority and the Bank, or replacement by a successor Remarketing

Agent) fifteen days prior to the commencement of any Term Interest Rate Period of three years or longer duration of the Bonds.

The Tender Agent

The Authority appoints the Trustee as initial Tender Agent, provided that if the Bonds are no longer Book-Entry Bonds, the Authority, with the advice of the Borrower, shall appoint a successor Tender Agent, subject to the conditions of the Indenture. Any successor Tender Agent shall designate its Corporate Trust Office and signify its acceptance of all of the duties and obligations imposed upon it under the Indenture by a written instrument of acceptance delivered to the Authority, the Trustee, the Bank and the Remarketing Agent. The Tender Agent shall perform the duties provided for in the Indenture and in exercising such duties shall be subject to the same standards and entitled to the same rights and immunities applicable to the Trustee as set forth in the Indenture. The Tender Agent shall be a bank, association, corporation or trust company organized and doing business under the laws of the United States or any state, and shall either (i) have a combined capital and surplus of at least \$50,000,000 and be subject to supervision or examination by federal or state authority or (ii) be a wholly-owned subsidiary of a bank, association, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (i). If such bank, association, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank, association, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. At all times when the Bonds are not Book-Entry Bonds, the Tender Agent shall have an office for servicing the Bonds in New York, New York. The Tender Agent or the bank, association, trust company or bank holding company of which the Tender Agent is a wholly-owned subsidiary shall have a rating of at least Moody's "Baa3/P-3" or Fitch "BBB/F3" or an equivalent rating from another Rating Agency, or be approved by the Rating Agency.

The Bond Registrar

The Authority appoints the Trustee as initial Bond Registrar provided that the Tender Agent shall act as co-Bond Registrar with respect to Bonds tendered pursuant to a demand by the Holder or a mandatory tender for purchase pursuant to the Indenture. The Bond Registrar shall be a corporation or association organized and doing business under the laws of the United States or any state or the District of Columbia, be subject to supervision or examination by federal or state authority, and shall either (i) have a combined capital and surplus of at least \$50,000,000 and be subject to supervision or examination by federal or state authority or (ii) be a wholly-owned subsidiary of a bank, association, trust company or bank holding company meeting, on an aggregate basis, the tests set out in clause (i). If such bank, association, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Bond Registrar or the bank, association, trust company or bank holding company of which the Bond Registrar is a wholly-owned subsidiary shall have a rating of at least Moody's "Baa3/P-3" or Fitch "BBB-F3" or an equivalent rating from another Rating Agency, or be approved by the Rating Agency.

Modification with Consent of Holders

The Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Holders of 66-2/3% in aggregate principal amount of all Bonds then Outstanding, and the Bank, shall have been filed with the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment, or change the method of

computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this provision, the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds and the Holders of the Bonds at the address shown on the registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Modification without Consent of Holders

The Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into without the consent of any Bondholders, but with the written consent of the Bank and only to the extent permitted by law and after receipt of an Opinion of Counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Holders of the Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable and not inconsistent with the Indenture;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(4) to conform to the terms and provisions of any Alternate Letter of Credit or Alternate Credit Facility or to obtain a rating on the Bonds;

(5) to modify, amend or supplement the Indenture in such a manner to permit the Authority, the Trustee, the Borrower or any other responsible party to comply with the requirements of S.E.C. Rule 15c2-12, as it may from time to time be amended or supplemented, with respect to the Bonds; or

(6) to modify, alter, amend or supplement the Indenture or the Agreement in any other respect, including amendments which would otherwise be described in the "Modification with Consent of Holders" section of this Appendix A above, if the effective date of such supplemental indenture or agreement is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the Indenture or if notice by first class mail, postage prepaid, of the proposed supplemental indenture or agreement is given to Holders of the affected Bonds at least 30 days before the effective date

thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds pursuant to the Indenture.

Discharge of Indenture

Bonds that bear interest at a Term Interest Rate to the maturity of such Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable thereunder by the Authority and related to the Bonds:

(a) by paying or causing to be paid (with Available Moneys if a Letter of Credit is in effect) the principal of, interest and premium, if any, on the Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem (with Available Moneys if a Letter of Credit is in effect) all Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture by the Authority, then and in that case, at the election of the Authority, and notwithstanding that any Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied except only as provided in the "Discharge of Liability on Bonds" section of this Appendix A below, and thereupon the Trustee shall forthwith execute proper instruments acknowledging satisfaction of and discharging the Indenture.

Discharge of Liability on Bonds

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that the Holder thereof shall thereafter be entitled to payment of the principal of, premium, if any, and interest on such Bond by the Authority, and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment and such money or securities shall be pledged to such payment, provided further, however, that the provisions of the Indenture regarding payment of Bonds after discharge of Indenture obligations, shall apply in all events.

Deposit of Money or Securities with Trustee

Whenever it is provided or permitted in the Indenture that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (exclusive of the Rebate Fund, the Letter of Credit Account, the Borrower Account of the Costs of Issuance Fund and the account described in the Indenture for unclaimed moneys for 2008B Bonds deemed tendered but not presented for purchase) and shall be:

(a) Moneys (which shall be Available Moneys if a Letter of Credit is in effect), in an equal amount to the principal amount of such Bonds, and all unpaid interest thereon to maturity except that, in the

case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) Investment Securities of the type described in clause (ii) (including funds described in clause (v) rated Fitch/S&P “AAA” or equivalent which consist solely of securities described in clause (ii)) of the definition of Investment Securities which are purchased with moneys (which shall be Available Moneys if a Letter of Credit is in effect) and which are nonredeemable and noncallable, the principal of and interest on which when due and without reinvestment will provide money sufficient to pay the principal of, premium, if any, all unpaid interest to maturity, or to the redemption date on the Bonds to be paid or redeemed, as such principal and interest become due, with maturities no longer than 30 days or as may be necessary to make the required payment on the Bonds provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by a request of the Authority) to apply such money or Investment Securities to the payment of such principal, premium, if any, and interest with respect to such Bonds and provided further that each Rating Agency then rating such Bonds, the Authority and the Trustee shall have received a report from a firm of nationally recognized independent certified public accountants that the moneys or Investment Securities on deposit are sufficient to pay the principal, premium, if any, and interest on the Bonds to maturity or the redemption date, and a legal opinion from a nationally recognized firm in bankruptcy law that payment of the Bonds from such moneys will not be a voidable preference in the event of the bankruptcy of the Borrower, any Guarantor or the Authority.

Liability of Authority Limited to Revenues

Notwithstanding anything in the Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes. NEITHER THE FULL 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 INTEREST ON THE BONDS. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement; provided the Borrower shall not be required to pay the fees and expenses of the Authority’s counsel incurred in connection with the issuance of the initial Series of Bonds.

Limitation of Rights to Parties and Bondholders

Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Bank, the Borrower, Direct Participants (as provided in the Indenture) and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision in the Bonds or the Indenture contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Bank, the Borrower, Direct Participants (as provided in the Indenture) and the Holders of the Bonds.

Effect of Bank Default

If the Bank is in default with respect to obligations under the Letter of Credit, any provision in the Loan Agreement requiring the Bank's approval or consent shall be of no effect.

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. THESE SUMMARIES DO NOT PURPORT TO BE COMPLETE OR DEFINITIVE AND ARE QUALIFIED IN THEIR ENTIRETIES BY REFERENCE TO THE FULL TERMS OF THE LOAN AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE TRUSTEE.

Loan of Proceeds

Under the Loan Agreement, the Authority agrees to make a loan to the Borrower of the proceeds of the Bonds (conditioned on the receipt thereof by the Authority) for the purpose of financing the Cost of the Project and the Costs of Issuance.

Agreement to Construct the Project; Modifications of the Project

The Borrower agrees that it will acquire, construct, renovate, improve, install and equip, or complete the acquisition, construction, renovation, improvement, installation and equipping of, the Project, and will acquire, construct, renovate, improve, install and equip all other facilities and real and personal property deemed necessary for the operation of the Project, in accordance with the description of the Project prepared by the Borrower and approved by the Authority, including any and all supplements, amendments and additions or deletions thereto or therefrom. The Borrower further agrees to proceed with due diligence to complete the Project within three years from the Date of Delivery. Except as otherwise permitted pursuant to the Loan Agreement, the Borrower also agrees that it will own the Project during the term of this Loan Agreement or, if shorter, the useful life of any component of the Project. The Borrower also agrees that it or a Participating Affiliate will operate the Project (except such portion that is transferred to a Person other than a Participating Affiliate in accordance with the Loan Agreement) during the term of the Loan Agreement or, if shorter, the useful life of any component of the Project.

The Borrower further agrees that, if it or one of its Participating Affiliates no longer leases the sites located at (i) 1150 Walsh Avenue, Santa Clara, California, and/or (ii) 2755 and 2765 Lafayette Street, Santa Clara, California (each, the "Leased Site"), the sites at which portions of the Project, consisting of equipment, rolling stock and vehicles for the collection, processing and transfer of solid waste and other equipment and facilities functionally related thereto, are to be located, during the term of the Loan Agreement or, if shorter, the longest useful life of any component of the Project located at each such site, it will either (A) relocate and use any such component of the Project that is not yet fully depreciated at (i) another Leased Site, (ii) 565, 625 and/or 645 Charles Street, San Jose, California 95112, (iii) 1309 Dynamic Street, Petaluma, California 94954, (iv) 1340 West Beach Street, Watsonville, California 95076, (v) 275, 355 and/or 375 Industrial Road, Watsonville, California 95076, and/or (vi) 675 and 705 Los Esteros Road, San Jose, California 95134, or (B) prepay the portion of the loan pursuant to the Loan Agreement, and direct the Trustee to redeem the portion of the Bonds, that was used to finance any component of the Project located at such Leased Site that is not yet fully depreciated.

The Borrower further agrees that, if it or one of its Participating Affiliates no longer leases the site located at (i) 1150 Walsh Avenue, Santa Clara, California, and/or (ii) 2755 and 2765 Lafayette Street, Santa Clara, California (each, the "Corporate Yard Leased Site"), one of the sites at which a portion of the Project, consisting of improvements to corporate yards to house offices and truck maintenance and storage and site improvements thereon, is to be located, during the term of the Loan Agreement or, if shorter, the longest useful life of any component of the Project located at such site, it will either (A) relocate and use any such

component of the Project that is not yet fully depreciated at (i) another of the Corporate Yard Leased Sites, or (ii) 275, 355 and/or 375 Industrial Road, Watsonville, California, or (B) prepay the portion of the loan pursuant to the Loan Agreement, and direct the Trustee to redeem the portion of the Bonds, that was used to finance any component of the Project located at such Corporate Yard Leased Site that is not yet fully depreciated.

The Borrower further agrees that, if it or one of its Participating Affiliates no longer leases the site located at 2000 Geng Road, Palo Alto, California 94303, one of the sites at which a portion of the Project, consisting of improvements to solid waste route management offices, is to be located, during the term of this Agreement or, if shorter, the longest useful life of any component of the Project located at such site, it will either prepay the portion of the loan pursuant to the Loan Agreement, and direct the Trustee to redeem the portion of the Bonds, that was used to finance any component of the Project located at such site that is not yet fully depreciated.

In the event that the Borrower desires to alter or change the Project described in the Loan Agreement, the Borrower must first obtain the consent of the Authority (which consent shall not be unreasonably withheld) to such changes. If the Authority consents to the proposed amendment or supplement to the description of the Project, it will instruct the Trustee in writing to consent to, such amendment or supplement as shall be required to reflect such alteration or change to the Project upon receipt of:

- (i) a Certificate of the Borrower describing in detail the proposed changes and stating that they will not have the effect of disqualifying the Project as facilities that may be financed pursuant to the Act;
- (ii) a copy of the form of amended or supplemented description of the Project approved by the Authority;
- (iii) an Approving Opinion with respect to such proposed changes; and
- (iv) the written approval of the Bank.

Project Fund and Costs of Issuance Fund

The Borrower will authorize and direct the Trustee or the Depository Bank, as applicable, upon compliance with the Indenture, to disburse the moneys in the Project Fund to or on behalf of the Borrower for the payment of the Costs of the Project (and not for Costs of Issuance), subject to the provisions of the Agreement. The Borrower will authorize and direct the Trustee, upon compliance with the Indenture, to disburse the moneys in the Costs of Issuance Fund to or on behalf of the Borrower only for Costs of Issuance, subject to the provisions of the Agreement.

Establishment of Completion Date; Obligation of Borrower to Complete

Upon the final disbursement from the Project Fund, the Borrower shall evidence the completion date by providing a Final Project Completion Certificate, which shall be approved by the Bank, to the Trustee and the Authority. At the time such certificate is delivered to the Trustee, moneys remaining in the Project Fund (other than moneys relating to provisional payments permitted by the Agreement), including any earnings resulting from the investment of such moneys, shall be used as provided in the Indenture.

In the event the moneys in the Project Fund available for payment of the Costs of the Project should be insufficient to pay the costs thereof in full, the Borrower agrees to pay directly, or to deposit in the Project Fund moneys sufficient to pay, any costs of completing the Project in excess of the moneys available for such purpose in the Project Fund. The Authority makes no express or implied warranty that the moneys

deposited in the Project Fund and available for payment of the Costs of the Project, under the provisions of the Loan Agreement, will be sufficient to pay all the amounts which may be incurred for such Costs of the Project. The Borrower agrees that if, after exhaustion of the moneys in the Project Fund, the Borrower should pay, or deposit moneys in the Project Fund for the payment of, any portion of the Costs of the Project pursuant to the provisions of this section, it shall not be entitled to any reimbursement therefor from the Authority, the Trustee, the Bank or the Holders of any of the Bonds, nor shall it be entitled to any diminution of the amounts payable under the Agreement.

Loan Repayments and Additional Payments

On or before each Bond Payment Date (as defined below), until the principal of, premium, if any, and interest on, the Bonds shall have been fully paid or provision for such payment shall have been made as provided in the Indenture, the Borrower covenants and agrees to pay to the Trustee as a repayment on the loan made to the Borrower from Bond proceeds pursuant to the Agreement, a sum equal to the amount payable on the next Bond Payment Date as principal of and premium, if any, and interest on, the Bonds as provided in the Indenture (“Loan Repayments”). Such Loan Repayments shall be made in federal funds or other funds immediately available at the Corporate Trust Office of the Trustee. The term “Bond Payment Date” as used in this section shall mean any date upon which any amounts payable with respect to the Bonds shall become due, whether upon redemption, acceleration, maturity or otherwise.

Each Loan Repayment made pursuant to the Agreement shall at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) and premium, if any, becoming due and payable on the Bonds on each Bond Payment Date; provided that once per year, on the third Business Day following the Bond Payment Date of each June, any amount held by the Trustee in the Revenue Fund on the due date for a Loan Repayment thereunder shall be credited against the installment due on the next Bond Payment Date to the extent available for such purpose under the terms of the Indenture; and provided further that if at any time the amounts held by the Trustee in the Revenue Fund are sufficient to pay all of the principal of and interest and premium, if any, on, the Bonds as such payments become due, the Borrower shall be relieved of any obligation to make any further payments under the provisions of this section of the Agreement. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest and premium, if any, on, the Bonds as such payments become due, the Borrower shall forthwith pay such deficiency as a Loan Repayment thereunder.

The obligation of the Borrower to make any Loan Repayment under the Agreement shall be deemed to have been satisfied to the extent of any corresponding payment made by the Bank to the Trustee under the Letter of Credit.

In addition, the Borrower agrees to pay certain Trustee fees and expenses, Remarketing Agent fees and expenses, Authority fees and expenses, costs of issuance and other miscellaneous amounts as provided in the Agreement (collectively, “Additional Payments”).

In the event the Borrower should fail to make any Loan Repayments or Additional Payments required by the Agreement, such payments shall continue as obligations of the Borrower until such amounts shall have been fully paid. The Borrower agrees to pay such amounts, together with interest thereon, following a delinquency of 30 days until such amount and all interest thereon have been paid in full. Interest thereon shall be at the rate of seven percent (7%) per annum or, if seven percent is greater than the rate then permitted by law, at the maximum rate so permitted. Interest on overdue Loan Repayments shall be applied as provided in the Indenture.

Unconditional Obligation

The obligations of the Borrower to make the payments required by the Agreement and to perform and observe the other agreements on its part contained therein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of the Loan Agreement, the Borrower shall pay all payments required to be made on account of the loan (which payments shall be net of any other obligations of the Borrower) as prescribed in the Agreement and all other payments required thereunder, free of any deductions and without abatement, diminution or set-off. Until such time as the principal of, premium, if any, sinking fund installments, if any, and interest on, the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by the Indenture, the Borrower (i) will not suspend or discontinue any payments provided for in the Agreement; (ii) will perform and observe all of its other covenants contained in the Agreement; and (iii) except as provided in the Agreement, will not terminate the Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to all or a portion of those facilities or equipment comprising the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Agreement or the Indenture, except to the extent permitted by the Agreement.

Assignment of Authority's Rights

As security for the payment of the Bonds, the Authority assigns to the Trustee the Authority's rights under the Agreement, including the right to receive payments thereunder (except the Retained Rights), and the Authority directs the Borrower to make the payments required under the Agreement (except such payments for expenses and indemnification) directly to the Trustee. The Borrower assents to such assignment and agrees to make payments directly to the Trustee without defense or set-off by reason of any dispute between the Borrower and the Authority or the Trustee.

Certain Covenants of the Borrower

The Borrower agrees to maintain and repair, or cause to be maintained and repaired, the Project, and pay all utilities, taxes, other governmental charges and assessments due from or levied against the Project. The Borrower agrees to comply with the requirements in the Tax Certificate and the Agreement which are for the benefit of the Trustee and each and every Holder of the Bonds including the Borrower's covenant not to use Bond proceeds in such a manner that should adversely affect the exclusion from gross income for federal income taxation purposes of interest on the Bonds. The Borrower agrees to keep the Project insured and free of liens to the extent provided in the Agreement. The Borrower may not dissolve or otherwise dispose of all or substantially all of its assets and will not combine or consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it so that the Borrower is not the resulting or surviving entity (except for merger into a wholly-owned subsidiary of the Borrower) and not sell or otherwise dispose, or permit the sale or disposal, of the Project, other than equipment that has reached the end of its useful life, without the prior written consent of the Authority and the Bank, except as otherwise permitted in the Agreement.

Continuing Disclosure

The Borrower covenants and agrees, upon the adjustment to a Term Interest Rate Period with a duration of greater than nine months with respect to the Bonds pursuant to the Indenture and the remarketing of the such Bonds pursuant to the Indenture, to comply with the continuing disclosure requirements promulgated under S.E.C. Rule 15c2-12, as it may from time to time be amended or supplemented. The

Borrower acknowledges and agrees that the Authority shall have no liability with respect to these obligations.

Loan Default Events

Any one of the following which occurs and continues shall constitute a Loan Default Event:

(a) failure of the Borrower to make any Loan Repayments required by the Agreement when due; or

(b) failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the Agreement other than as provided in (a), which continues for a period of 30 days after written notice delivered to the Borrower, which notice shall specify such failure and request that it be remedied, given to the Borrower by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected, and provided further that the Bank shall be given a copy of any such notice, but failure to provide such copy shall not affect the validity of such notice; or

(c) existence of an Event of Default described in subsections (a), (b), (c) or (e) under the heading "THE INDENTURE—Events of Default; Acceleration; Waiver of Default" in this Appendix A; or

(d) any representation or warranty of the Borrower set forth in the Loan Agreement at the time made or deemed made is false in any material respect.

The provisions of subsection (b) of this section are subject to the limitation that the Borrower shall not be deemed in default if and so long as the Borrower is unable to carry out its agreements under the Agreement by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of California or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; wars; acts of terrorism; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Borrower; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Borrower, and the Borrower shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Borrower, unfavorable to the Borrower. This limitation shall not apply to any default under subsections (a), (c) or (d) of this section.

Notwithstanding any other provision of the Agreement to the contrary, so long as the Bank is not in default under the Letter of Credit, the Trustee shall not without the prior written consent or direction of the Bank exercise any remedies under the Agreement in the case of any Loan Default Event described in subsections (a), (b), (c) or (d) above; provided, however, that no consent of the Bank shall be required with respect to the Authority's exercise of any remedy provided in the Loan Agreement seeking enforcement of the Retained Rights. The Trustee may exercise any and all remedies under the Indenture and the Agreement (except acceleration) to collect any fees, expenses and indemnification from the Borrower without obtaining the consent of the Bank.

Remedies on Default

Subject to the Loan Default Events provision of the Agreement, whenever any Loan Default Event shall have occurred and shall be continuing,

(a) The Trustee, by written notice to the Authority, the Borrower and the Bank, shall declare the unpaid balance of the Loan Repayments payable under the Agreement to be due and payable immediately, provided that concurrently with or prior to such notice the unpaid principal amount of the Bonds shall have been declared to be due and payable under the Indenture. Upon any such declaration such amount shall become and shall be immediately due and payable as determined in accordance with the Indenture, and the Trustee shall immediately draw upon the Letter of Credit, if permitted by its terms and required by the terms of the Indenture, and apply the amount so drawn in accordance with the Indenture.

(b) The Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Borrower; provided that the Trustee shall be obligated to protect the confidentiality of such information to the extent provided by State and federal law and prevent its disclosure to the public, except the Authority.

(c) The Authority or the Trustee may take whatever other action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Agreement; provided, however, that acceleration of the unpaid balance of the loan payments is not a remedy available to the Authority.

In case the Trustee or the Authority shall have proceeded to enforce its rights under the Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Borrower, the Trustee and the Authority shall be restored respectively to their several positions and rights under the Agreement, and all rights, remedies and powers of the Borrower, the Trustee and the Authority shall continue as though no such action had been taken.

The Borrower covenants that, in case a Loan Default Event shall occur with respect to the payment of any Loan Repayment payable under the Agreement, then, upon demand of the Trustee, the Borrower will pay to the Trustee the whole amount that then shall have become due and payable under the Agreement, with interest on the amount then overdue at the rate of seven percent (7%) per annum, or, if seven percent is greater than the rate then permitted by law, at the greatest rate then permitted. Such overdue rate shall be in effect following a delinquency of 30 days and shall remain in effect until such overdue amount has been paid.

In case the Borrower shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its

property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by it up to the date of such distribution.

Options to Prepay Installments

Under the Agreement, the Borrower shall have the option to prepay the Loan Repayments by paying to the Trustee, for deposit in the Revenue Fund, the amount set forth therein, under the circumstances (as such circumstances may apply to any Bonds) described in the Agreement and the Indenture. See the captions “THE 2008B Bonds–Redemption Provisions–Optional Redemption–Optional Redemption During Weekly Interest Rate Period” and “–Optional Redemption During Term Interest Rate Period.”

Mandatory Prepayment

The Borrower shall have and accepts the obligation to prepay in whole the Loan Repayments required by the Agreement, together with interest accrued, but unpaid, thereon, to be used to redeem all or a part of the Outstanding Bonds under the following circumstances:

(a) if and when as a result of any changes in the Constitution of the United States of America or the California Constitution or as a result of any legislative, judicial or administrative action, the Agreement shall have become void or unenforceable or impossible of performance in accordance with the intention and purposes of the parties thereto, or shall have been declared unlawful;

(b) if, due to the untruth or inaccuracy of any representation or warranty made by the Borrower in the Agreement or in connection with the offer and sale of the Bonds, or the breach of any covenant or warranty of the Borrower contained in the Agreement or in the Tax Certificate, interest on the Bonds, or any of them, is determined not to be Tax-exempt to the Holders thereof (other than a Holder who is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code) by a final administrative determination of the Internal Revenue Service or judicial decision of a court of competent jurisdiction in a proceeding of which the Borrower received notice and was afforded an opportunity to participate in to the full extent permitted by law. A determination or decision will be considered final for this purpose when all periods for administrative and judicial review have expired; or

(c) if mandatory redemption is required by the Indenture (see “THE 2008B Bonds–Redemption Provisions–Mandatory Redemption”) or by any Supplemental Indenture.

Non-Liability of Authority

The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, except from Revenues. The Borrower acknowledges that the Authority’s sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to the Agreement, together with other Revenues, including investment income on certain funds and accounts held by the Trustee under the Indenture, and agrees that if the payments to be made under the Agreement shall ever prove insufficient to pay all principal of, and premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party.

Amendments, Changes and Modifications

Except as otherwise provided in the Agreement or the Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Indenture, the Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and the Bank, given in accordance with the Indenture.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

California Pollution Control
Financing Authority
915 Capitol Mall, Room 457
Sacramento, California 95814

Re: \$13,465,000
California Pollution Control Financing Authority
Variable Rate Demand Solid Waste Disposal Revenue Bonds
(GreenWaste of Palo Alto Project)
Series 2008B

(Final Opinion)

Ladies and Gentlemen:

I have acted as bond counsel in connection with the issuance by the California Pollution Control Financing Authority (the "Authority") of \$13,465,000 aggregate principal amount of California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (GreenWaste of Palo Alto Project) Series 2008B (the "Bonds"), issued pursuant to the provisions of the California Pollution Control Financing Authority Act (constituting Division 27 of the Health and Safety Code of the State of California) (the "Act") and an Indenture, dated as of October 1, 2008 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are issued for the purpose of making a loan of the proceeds thereof to GreenWaste of Palo Alto, a California joint venture (the "Borrower"), pursuant to a Loan Agreement, dated as of October 1, 2008 (the "Loan Agreement"), between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, I have reviewed the Indenture, the Loan Agreement, the Tax Certificate and Agreement, dated the date hereof (the "Tax Certificate"), between the Authority and the Borrower, opinions of counsel to the Borrower, the Authority and the Trustee, certain resolutions of the Authority, certificates of the Authority, the Trustee, the Borrower and others, and such other documents, opinions and matters as and to the extent I deemed necessary to render the opinions set forth herein. I have not undertaken to verify independently, and I have assumed, the accuracy of the factual matters represented, warranted or certified in such documents, and of the legal conclusions contained in the opinions referred to above, and I have assumed the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal authorization, execution and delivery thereof by, and validity against, any parties other than the Authority.

The interest rate determination method and certain other requirements and procedures contained or referred to in the Indenture, the Loan Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon on or after any such change occurs or action that is taken or omitted upon the advice or approval of counsel other than myself.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be

affected by actions taken or omitted or events occurring after the date hereof. I have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or events do occur, or whether any other matters come to my attention, after the date hereof, and I have no obligation to update this opinion. Further, I have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that further actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. I call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Loan Agreement and the Tax Certificate are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California. I also express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, I undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, the Borrower Account of the Costs of Issuance Fund and the account established under the Indenture for unclaimed moneys held for Bonds deemed tendered but not presented for purchase, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title and interest of the Authority in the Loan Agreement (to the extent more particularly described in the Indenture).
3. The Loan Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding agreement of, the Authority.
4. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge and assignment. Neither the faith and credit nor the taxing power of the State of California or any local agency is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Bonds are not a debt of the State of California and said State is not liable for the payment thereof.

5. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Bond during any period that such Bond is held by a "substantial user" of any facilities financed with Bond proceeds or by a "related person" within the meaning of Section 147(a) of the Code. In addition, interest on the Bonds is exempt from present State of California personal income taxes, except that no opinion is expressed as to interest on any Bond while it is held by the Borrower, or any person or entity owned or controlled, directly or indirectly, by the Borrower, or any person or entity which owns or controls, directly or indirectly, the Borrower. I express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds although I observe that interest on the Bonds is a specific preference item for purposes of calculating the federal individual or corporate alternative minimum taxable income.

Respectfully submitted,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC and the Authority takes no responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2008B Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2008B Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2008B Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2008B Bonds. The 2008B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2008B Bond certificate will be issued for each maturity of the 2008B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. Nothing contained in such websites is incorporated into this Official Statement.

Purchases of the 2008B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008B Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2008B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership

interests in the 2008B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2008B Bonds, except in the event that use of the book-entry system for the 2008B Bonds is discontinued.

To facilitate subsequent transfers, all 2008B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2008B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2008B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2008B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the 2008B Bonds may wish to ascertain that the nominee holding the 2008B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC, if less than all of the 2008B Bonds within a maturity are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2008B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2008B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2008B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the 2008B Bonds to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2008B Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2008B Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2008B Bond certificates will be printed and delivered.

The foregoing information concerning DTC concerning and DTC's book-entry system has been provided by DTC, and neither the Authority nor the Trustee take any responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

Neither the Authority nor the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the 2008B Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply.

The Authority and the Trustee cannot and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the 2008B Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the Authority nor the Trustee are responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the 2008B Bonds or an error or delay relating thereto.

[THIS PAGE INTENTIONALLY LEFT BLANK]