

Exhibit No. ____ (MC-2)
Docket TG-140560
Witness: Melissa Cheesman

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

WASTE CONTROL, INC.,

Respondent.

DOCKET TG-140560

**EXHIBIT TO
TESTIMONY OF**

Melissa Cheesman

**STAFF OF WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

WEDFA Correspondence

July 18, 2014

From: Wedfa [mailto:Wedfa@wshfc.org]
Sent: Tuesday, March 4, 2014 4:47 PM
To: Cheesman, Melissa (UTC); mcheesman@wta.wa.gov
Subject: WEDFA/Heirborne Financing

Per our discussion yesterday, I am attaching the WEDFA application for the Heirborne financing. Because the primary applicant was not initially Heirborne, I have also attached the WEDFA bond resolution which reflects the WEDFA board's approval of the financing for, and loan agreement with, Heirborne (as opposed to the related organizations).

I hope this is helpful.

Rodney G. Wendt
Executive Director,
Washington Economic Development Finance Authority
1000 Second Avenue, Suite 2700 Seattle WA 98104-1046
206-587-5634, tel.
206-579-0782, cell
wedfa@wshfc.org
www.wedfa.org

From: Cheesman, Melissa (UTC)
Sent: Wednesday, March 19, 2014 2:05 PM
To: Wendt, Rodney
Subject: RE: WEDFA/Heirborne Financing
Importance: High

Rodney,

Attached is the flow chart I have put together in order to understand and explain the relationships and responsibilities of all parties involved in the bond. The attachment is meant to be a simplified description. Please review the attachment and let me know your thoughts.

Thanking you in advance,

This e-mail states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

Melissa Cheesman, MPAC
Regulatory Analyst 2
Washington Utilities and Transportation Commission
360-664-1251

The unexamined life is not worth living.
- Plato

From: Wedfa [mailto:Wedfa@wshfc.org]
Sent: Monday, March 24, 2014 4:24 PM
To: Cheesman, Melissa (UTC)
Subject: RE: WEDFA/Heirborne Financing

Hello, Melissa—

I've reviewed your diagram, and would note the following:

- The borrower of the WEDFA bond proceeds is Heirborne Investments, and is the party with the primary obligation to repay WEDFA and therefore pay the bonds.
- As a means of securing payment to bondholders, Heirborne arranged to put in place and maintain a letter of credit from a commercial bank or banks to ensure timely payment of principal and interest on the bonds.
- Repayments **to the bank** under the letter of credit are made pursuant to the reimbursement agreement, which, I understand from you, has a variety of parties who have guaranteed repayment to the bank.
- The parties with guaranty or other obligations to the bank under the reimbursement agreement and the party to the loan arrangements with WEDFA aren't necessarily the same, so the diagram should perhaps separate out those parties given their different roles.
- The Trustee, as a representative of the bondholders, is responsible for enforcing certain provisions of the bonds and security for the bonds, including enforcement of the letter of credit payment obligations against the bank for the benefit of the bondholders.
- The Trustee and the bondholders would generally not have any enforcement rights under the reimbursement agreement, but only under the letter of credit itself.

I hope that is helpful.

Rodney