

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 17, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN**  
**EXEMPT FACILITY PROJECT**

*Prepared by: Richard Fischer*

---

<b>Applicant:</b>	California Municipal Finance Authority
-------------------	--

---

<b>Allocation Amount Requested:</b>	\$4,000,000
-------------------------------------	-------------

---

<b>Project Information:</b>	<b>Name:</b> Escondido Bioenergy Facility
	<b>Project Address:</b> 1521 South Hale Avenue
	<b>Project City, County, Zip Code:</b> Escondido, San Diego, 92029

---

<b>Project Sponsor Information:</b>	<b>Name:</b> Escondido Bioenergy Facility, LLC
	<b>Address:</b> 5780 Fleet Street, Suite 310 Carlsbad, CA 92008
	<b>Principals:</b> Arun Sharma
	<b>Contact:</b> Nick Fontaine
	<b>Phone:</b> (760) 436-8870

---

<b>Project User Information:</b>	<b>Name:</b> Same as Project Sponsor
	<b>Address:</b> Same as Project Sponsor
	<b>Contact:</b> Same as Project Sponsor
	<b>Phone:</b> Same as Project Sponsor

---

<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Squire Patton Boggs (US) LLP
	<b>Underwriter:</b> Not Applicable
	<b>Bond Interest Rate:</b> 5.06%
	<b>Private Placement Purchaser:</b> Caterpillar Financial Services Corporation
	<b>TEFRA Hearing &amp; Adoption Date:</b> February 1, 2017

---

<b>Project Sponsor's Principal Activity:</b>	According to the Applicant, using HARRF as a biological processor that yields a biogas to generate both electricity and heat to offset the facilities electrical power and natural gas demand from San Diego Gas and
--	--

---

<b>First Tier Business (Yes/No):</b>	No
--------------------------------------	----

---

<b>Regulatory Mandate (Yes/No):</b>	No
-------------------------------------	----

---

**Details of Transaction:**

**Sources of Funds:**

Tax-Exempt Bond Proceeds	\$	4,000,000
Other Sources	\$	2,869,000
Total Sources	\$	<u>6,869,000</u>

**Uses of Funds:**

Utilities Connection	\$	440,000
New Equipment Purchase & Installation	\$	5,333,000
Engineering/Architecture	\$	320,000
Legal Permits	\$	100,000
Cost of Issuance (incl. discount)	\$	136,000
Interest during Const. & Debt Service Reserve Fund	\$	<u>540,000</u>
Total Uses	\$	<u>6,869,000</u>

---

**Description of Proposed Project:**

According to the Applicant, the facility will be producing renewable electricity and heat for the City of Escondido's wastewater treatment facility.

---

**Environmental Impact:**

- 1) Air Quality: Yes
  
- 2) Water Quality: None indicated.
  
- 3) Energy Efficiency: None indicated.
  
- 4) Recycling of Commodities: None indicated.
  
- 5) Safety and Compliance: None indicated.
  
- 6) Consumer Costs Savings and Efficiencies: Yes

**Local Government Support:**

Letters of support have been received from the City Council in the form of a resolution signed by the mayor.

---

**Legal Questionnaire:**

No information was disclosed that raised any question regarding the financial viability or legal integrity of the project.

---

**Recommendation:**

Staff recommends that the Committee approve \$4,000,000 in tax exempt bond allocation.