

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis Exempt Facility Project Pool September 20, 2006 Allocation

Exempt Facility Bonds are tax-exempt private activity bonds that are issued by state and local governmental agencies to finance primarily solid waste disposal and waste recycling facilities. The tax-exempt bonds provide facility owners with low cost financing in the form of an interest rate lower than that of a conventional loan. The interest rate savings enable the project owners to maintain lower customer rates or minimize customer rate increases, while at the same time assisting the communities they serve in meeting their mandated requirements to protect and enhance the environment. Exempt facility projects also benefit the communities by creating new jobs. Under the leadership of State Treasurer Philip Angelides, the Committee has redirected the award of allocation to smaller companies in order to assist their communities in meeting their environmental mandates.

The California Debt Limit Allocation Committee ("Committee") is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2006, California's State ceiling is \$2.891 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Exempt Facility Project Pool. For calendar year 2006, the Committee reserved \$421 million, or 14.5%, of the State ceiling for the Exempt Facility Project Pool. The \$421 million of bond authority will be allocated in five allocation meetings during calendar year 2006. There are four categories that the Committee uses to prioritize its allocation to exempt facility projects: 1) First Tier Business¹ under Regulatory Mandate², 2) Non-first Tier Projects under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, and 4) All other Applications for Exempt Facilities.

The Committee awarded a total of \$51,465,000 for exempt facilities on September 20, 2006. This represents 12% of the \$421 million Exempt Facility Project Pool and 1.8% of the 2006 \$2.891 billion State ceiling. The entire September 20, 2006 allocation was awarded to one issuer, the California Pollution Control Financing Authority for three exempt facility projects located in California. All three projects are First Tier Projects under Regulatory Mandate. The projects are solid waste disposal and/or recycling facilities, which includes the construction of new facilities or the expansion of existing facilities, and the purchase of more efficient and cleaner fuel burning equipment.

September 20, 2006 Allocation Benefit of Exempt Facility Program

Allocation Amount Round 4	First Tier Projects Under Regulatory Mandate	First Tier Projects Not Under Regulatory Mandate	Total Exempt Facility Projects
\$51,465,000	3	0	3

¹ "First Tier Business" means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (CPCFA) (Title 4, California Code of Regulations, Sections 8001-8083).

² "Regulatory Mandate" means a local, state or federal government mandate such as the California Public Resources Code, Section 40000 et seq. ("AB 939"), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

**September 20, 2006 Allocation
Public Benefit Analysis**

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Garaventa Enterprises, Inc.	\$18,940,000	According to the application, the Project Sponsor intends to add to its existing material recovery facility (MRF) to accommodate future single stream recyclables processing. The proposed Project involves the construction of an 88,000 square foot building in which will be housed a sort line and the customary attendant equipment. The Project Sponsor will purchase an additional parcel in the vicinity of its material recovery facility to house the fleet and vehicle maintenance operation which is currently on the MRF site. Improvements to the new corporate yard, however, are not the subject of this financing. The Project Sponsor intends to replace older collection vehicles and provide for expanding service areas by purchasing automated collection vehicles and carts. These purchases are part of a continued effort by the Sponsor to automate its service area along with other programs. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.
Rainbow Disposal Company, Inc.	\$26,725,000	According to the application, the proposed Project consists of the purchase of a fleet of new waste collection vehicles and carts with which to initiate a new automated three cart service in the Cities of Huntington Beach and Fountain Valley. Also, the proposed Project will make improvements to its existing material recycling facility and transfer station in the City of Huntington Beach. Those improvements include the reconfiguration of the existing MRF sorting lines and the construction of both a maintenance shop and fueling station for its new compressed natural gas powered fleet. In addition, the proposed Project also serves portions of the Cities of Newport Beach, Costa Mesa, Irvine, Westminster, Sunset Beach and the unincorporated areas of Orange County. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.
Mid Valley Disposal, Inc.	\$5,800,000	According to the application, the proposed Project consists of the purchase of a 10 acre site in the City of Kerman on which it intends to construct two buildings which will house a MRF, a maintenance shop and related equipment. This facility will provide a central location from which the Project Sponsor will collect and process waste from collection areas in Fresno County and the Cities of Mendota, San Joaquin, Coalinga, Huron, Avenal and Home Gardens. It is possible that any waste collection related equipment could be housed from time to time at one of the applicant's two corporate yards in the Cities of Coalinga and Avenal. The Project Sponsor has certified that the proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB939.