

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis Exempt Facility Project Pool July 25, 2007 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 lower interest rate than 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 to meet their mandated requirements to protect and enhance the environment. Exempt facility projects also benefit the communities by creating new jobs.

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 2007, California’s State ceiling is \$3.09 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 2007, the Committee reserved \$440 million, or 14.2%, of the State ceiling for the Exempt Facility Project Pool. The \$440 million of bond authority will be allocated in five allocation rounds during calendar year 2007. 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 \$21,350,000 for exempt facilities on July 25, 2007³. This represents 5% of the \$440 million Exempt Facility Project Pool and .7% of the 2007 \$3.09 billion State ceiling. The July 25, 2007 allocation was awarded to two issuers, the California Pollution Control Financing Authority for one exempt facility project, and the California Enterprise Development Authority for one exempt facility project. Of the two projects, one is First Tier Project under Regulatory Mandate and one is Non-First Tier Project not under Regulatory Mandate. The projects are solid waste disposal and/or recycling facilities, which includes the construction of new facility or the expansion of existing facility, and the purchase of more efficient and cleaner fuel burning equipment. In addition, the two projects are expected to create over 10 full time jobs as a result of these allocations as well as 50 temporary jobs.

July 25, 2007 Allocation Benefit of Exempt Facility Program

Allocation Amount Round 3	First Tier Project Under Regulatory Mandate	Non-First Tier Project Not Under Regulatory Mandate	Total Exempt Facility Projects
\$21,350,000	1	1	2

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.

³ The Committee re-allocated \$100,000,000 to Cal Plant I on July 25, 2007. Public benefits information can be found on the initial March 21, 2007 Public Benefits Analysis report.

**July 25, 2007 Allocation
Public Benefit Analysis**

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Sunset Waste Paper, Inc.	\$11,650,000	According to the application, the Project Sponsor has doubled the size of its existing material recycling facility (MRF) by adding a 60,000 square foot building which serves as a transfer station for municipal solid waste. The proposed Project included the construction of the building and the purchase of various equipment such as, but not necessarily limited to loaders, electric carts, a pickup truck and a sweeper. The new transfer station was recently completed and an open side to their existing MRF building was enclosed. The Project Sponsor also plans to repave its Visalia MRF site, add a scale and acquire replacement collection vehicles and carts for use throughout its collection area. The Project will create approximately 10 full-time jobs as well as 50 jobs during construction. The proposed Project will assist the Cities of Fresno, Sanger, Delano, Parlier, Reedley, Biola, Merced, Woodlake, and Fresno County in complying with AB939.

Non- First Tier Project Not Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Anheuser-Busch Companies, Inc.	\$9,700,000	According to the application, the proposed Projects will consist of a Bio-Energy Recovery System (BERS) - Converts soluble organics in the process wastewater and recover anaerobically produced methane gas (biogas) prior to discharge to the Fairfield-Suisun Sewer District (FSSD) treatment works. BERS utilizes naturally occurring micro-organisms (biomass) to reduce the organic content (Biochemical Oxygen Demand or BOD) in the brewery waste stream by 80-90%. The biogas produced will be used as a fuel in two boilers in the brewery's power plant which produces steam for production processes. In addition to BOD reduction and the production of a usable energy source, temperature and pH spikes are attenuated in the system, and since the BERS discharge pH is new neutral, pH compliance is assured. New equipment to be purchased and installed include large metal tanks with associated foundations, chemical tanks, chemical scrubbers, pumps, biogas equipment (compressors, flare and buffer tank), biogas trains for feeding biogas to the boilers, power supply/Motor Control Center, instrumentation, lab equipment, Programmable Logic Controllers. BERS is a renewable energy technology (waste to energy). The process is relatively new having its roots in Holland in the 1970s. The technology harnesses naturally occurring anaerobic micro-organisms (biomass) through a granularization process which enables retention of the biomass in special designed tanks. Wastewater, containing organic matter, is pumped to a reactor containing biomass. The biomass consumes the organic matter and produces methane as a principle byproduct.