



**California Pollution Control  
Financing Authority**

# **TAX-EXEMPT BOND FINANCING PROGRAM**

**2014 ANNUAL REPORT TO THE  
CALIFORNIA STATE LEGISLATURE**

*March 2015*

About the California Pollution Control Financing Authority:

Mission Statement: As public servants, we are committed to promoting access to capital through the delivery of diverse financing options to California business and environmental industries by being:

- A driving force of public and private partnerships.
- A leader in offering customized risk mitigation tools.
- At the forefront of projects that protect and restore the environment.

The California Pollution Control Financing Authority (CPCFA) provides California businesses with a reasonable method of financing pollution control facilities and fosters compliance with government imposed environmental standards and requirements. Over the last forty years CPCFA has evolved to meet California's needs as follows:

- For solid waste, recycling, water and wastewater projects through its Tax-Exempt Bond Program.
- For small businesses through the California Capital Access Program and other financing initiatives.
- With the reuse and redevelopment of brownfields through the California Recycle Underutilized Sites Program.

During the 2014 Calendar Year, the CPCFA board members were:

Bill Lockyer, Chair  
*State Treasurer*

John Chiang  
*State Controller*

Michael Cohen  
*Director of Finance*

## **Table of Contents**

1. Program Summary.....	1
2. Project Highlights.....	2
3. Report of 2014 Activities.....	4
4. Applications Received in 2014 (Table 1).....	5
5. Initial Resolutions (IR) Adopted in 2014 (Table 2).....	6
6. Final Resolutions (FR) Adopted in 2014 (Table 3).....	7
7. Bonds Sold in 2014 (Table 4).....	8
8. Change in Cash Balance (Table 5).....	9

# **Pollution Control Tax-Exempt Bond Financing Program 2014 Annual Report**

## **PROGRAM SUMMARY**

The Pollution Control Tax-Exempt Bond Financing Program (the “Program”) stimulates environmental cleanup, economic development and job growth throughout the State of California. The Program allows California businesses to meet their growth and capital needs by providing access to low-cost financing through private activity tax-exempt bonds that provide qualified borrowers with lower interest borrowing costs than conventional financing.

In addition, CPCFA maintains a Small Business Assistance Fund (SBAF) to pay for qualified costs of issuance of tax-exempt bonds issued on behalf of certain small businesses. The assistance reduces the net cost of financing tax-exempt bonds for small businesses. SBAF can pay for letter of credit fees, transaction fees and other costs associated with the issuance of bonds.

CPCFA staff has chosen two projects from calendar year 2014 which highlight the environmental benefits being achieved in the State of California using tax-exempt financing.

## PROJECT HIGHLIGHTS –

### **Bay Counties Waste Services, Inc. Issued Bonds worth \$8,820,000 to finance the acquisition of solid waste processing equipment**

Bay Counties Waste Services, Inc. dba Bay Counties SMaRT (the “Company”) was incorporated in California on April 18, 1960 and currently has approximately 189 employees. The Company provides residential and commercial recycling and solid waste disposal services in the cities of Sunnyvale, Mountain View, and Palo Alto.



The Company was awarded a new contract to operate an existing material recovery facility and transfer station owned by the City of Sunnyvale. Solid waste collected within the cities of Sunnyvale, Mountain View, and Palo Alto is delivered and processed at this facility. In order to meet its contractual obligations, the Company needed additional equipment to service the anticipated waste volume.

CPCFA issued tax-exempt bonds on October 15, 2014 for an amount of \$8,820,000 to finance the acquisition of solid waste processing equipment such as containers, conveyors, sorters, rolling stock and related equipment.



Since the Company is a small business, it was eligible for assistance from the Small Business Assistance Fund. The Company received \$118,320 to offset certain costs of issuance.

**GreenWaste Recovery, Inc. Issued Notes worth \$28,300,000 to finance the purchase of waste processing equipment.**

GreenWaste Recovery, Inc. (GreenWaste) is a privately owned recycling and waste diversion company specializing in the collection and processing of residential and commercial waste, curbside recyclables, food waste, construction and demolition debris and yard trimmings throughout the City of San Jose. Additionally, the company owns and operates several facilities, including material recovery facilities and transfer stations located in the San Jose Area. GreenWaste was incorporated in May of 1991 and serves the cities of San Jose, Marina, and Watsonville.



GreenWaste was recently awarded contracts for waste collection and recycling for several Monterey peninsula cities. The Company anticipates leasing property for a corporate yard from the Monterey Regional Waste Management District (MRWMD) located in the City of Marina. The MRWMD will provide a CNG fueling system and will build a maintenance and operations facility. The Company will use the note proceeds to purchase equipment including CNG

powered vehicles, bins, carts, and dumpsters. Additionally, GreenWaste Recovery, Inc. plans to use proceeds to purchase new sorting equipment for an existing facility in San Jose which processes yard waste and debris box materials.



CPCFA issued tax-exempt notes on November 18, 2014 for an amount of \$28,300,000 to finance the acquisition and installation of new equipment including CNG powered vehicles, bins, carts, dumpsters, and state-of-the-art sorting equipment.

## **REPORT OF 2014 ACTIVITIES**

This report of activities for the California Pollution Control Tax-Exempt Bond Financing Program is submitted pursuant to Health and Safety Code Section 44538 for the calendar year ending December 31, 2014.

### **1. APPLICATIONS RECEIVED**

Authority staff received six new applications for a total dollar amount of \$196,880,000. (See [Table 1](#))

### **2. INITIAL RESOLUTIONS ADOPTED**

The Authority took initial action on six applications for a total dollar amount of \$196,880,000. (See [Table 2](#))

### **3. FINAL RESOLUTIONS ADOPTED**

The Authority took final action to approve the sale of bonds on eight applications for a total dollar amount of \$260,595,000. (See [Table 3](#))

### **4. BONDS SOLD**

The Authority sold eight bond issues for a total of \$260,590,000 (\$260,525,000 in tax-exempt bonds and \$65,000 in taxable bonds). (See [Table 4](#))

### **5. PROJECTED NEEDS AND REQUIREMENTS FOR 2015**

The Authority has sufficient funds to operate its programs for the coming year and has no need for General Fund assistance.

### **6. ANALYSIS OF CHANGE IN CASH BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2014.**

The Authority's cash balance for fiscal year 2013/2014 decreased by \$2,229,615. The Authority's ending balance for fiscal year 2013/2014 is \$29,515,371. (See [Table 5](#))

Table 1

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

APPLICATIONS RECEIVED IN 2014

<b>APPL. NO.</b>	<b>DATE RECEIVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
873	03/14/14	Elite Energy Systems, LLC	SWD*	\$ 40,000,000
874	04/01/14	Recology, Inc.	SWD	\$100,000,000
875	06/13/14	Bay Counties Waste Services, Inc.	SWD	\$ 8,820,000
876	08/21/14	Greenwaste Recovery, Inc.	SWD	\$ 33,160,000
877	09/24/14	Pena's Disposal, Inc.	SWD	\$ 3,400,000
878	10/30/14	Eco-Modity LLC	SWD	\$ 11,500,000
			<b>TOTAL:</b>	<b><u>\$ 196,880,000</u></b>

\* Solid Waste Disposal



Table 2

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**INITIAL RESOLUTIONS (IR) ADOPTED IN 2014**

<b>IR NO.</b>	<b>DATE APPROVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
14-01	04/15/14	Elite Energy Systems, LLC	SWD*	\$ 40,000,000
14-02	05/20/14	Recology, Inc.	SWD	\$100,000,000
14-03	07/15/14	Bay Counties Waste Services, Inc.	SWD	\$ 8,820,000
14-04	09/16/14	Greenwaste Recovery, Inc.	SWD	\$ 33,160,000
14-05	10/21/14	Pena's Disposal, Inc.	SWD	\$ 3,400,000
14-06	11/18/14	Eco-Modity LLC	SWD	\$ 11,500,000
		<b>TOTAL:</b>		<b>\$ 196,880,000</b>

\*Solid Waste Disposal

**Table 3**

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**FINAL RESOLUTIONS (FR) ADOPTED IN 2014**

<b>DATE APPROVED</b>	<b>FR NO.</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
01/21/14	535	Mill Valley Refuse Service, Inc.	SWD	\$ 4,675,000
03/18/14	531	Arakelian Enterprises, Inc. dba Athens Services	SWD*	\$138,525,000
03/18/14	533	Zerep Management Corporation	SWD	\$ 27,570,000
09/16/14	536	Sierra Pacific Industries	SWD	\$ 30,000,000
09/16/14	537	Bay Counties Waste Services, Inc.	SWD	\$ 8,820,000
09/16/14	538	Garden City Sanitation, Inc.	SWD	\$ 8,905,000
11/18/14	539	Greenwaste Recovery, Inc.	SWD	\$ 28,300,000
10/21/14	540	Synagro Organic Fertilizer Company/ Sacramento Project Finance, Inc.	SEW**	\$ 13,800,000
		<b>TOTAL:</b>		<b><u>\$260,595,000</u></b>

\*Solid Waste Disposal

\*\*Sewage Facilities

**Table 4****CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY****BONDS SOLD IN 2014**

<b>CLOSING DATE</b>	<b>BOND NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT OF ISSUE</b>	<b>BEGINNING INTEREST RATE</b>	<b>MODE</b>
02/04/14	Mill Valley Refuse Service, Inc.	SWD*	\$4,675,000 \$4,115,000 new money \$560,000 refunding	0.07	weekly
04/02/14	Arakelian Enterprises, Inc. dba Athens Services	SWD	\$138,525,000 \$55,000,000 new money \$83,525,000 refunding	0.81	weekly
05/15/14	Zerep Management Corporation	SWD	\$27,570,000	0.14	weekly
09/24/14	Garden City Sanitation, Inc.	SWD	\$8,905,000	0.08	weekly
09/25/14	Sierra Pacific Industries	SWD	\$30,000,000	0.08	weekly
10/15/14	Bay Counties Waste Services, Inc.	SWD	\$8,820,000	0.08	weekly
11/25/14	Synagro Organic Fertilizer Company/ Sacramento Project Finance, Inc.	SEW**	\$13,730,000 TE	3.27	fixed
			\$485,000 new money \$13,245,000 refunding \$65,000 Taxable	4.04	fixed
12/04/14	Greenwaste Recovery, Inc.	SWD	\$28,300,000	0.98	monthly
	<b>TOTAL:</b>		<b><u>\$260,590,000</u></b>		

\*Solid Waste Disposal

\*\* Sewage Facilities

Note: All bond sales negotiated.

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**ANALYSIS OF CHANGE IN CASH BALANCE  
FISCAL YEAR ENDED JUNE 30, 2014**

<b>CASH BALANCE</b>	<b>JULY 1, 2013</b>	<b>\$31,744,986*</b>
ADDITIONS:		
	REVENUE/OPERATING REVENUE	\$29,643,538
DEDUCTIONS:		
	OPERATING EXPENDITURES	\$31,873,153
<b>CASH BALANCE</b>	<b>JUNE 30, 2014</b>	<b><u>\$29,515,371</u></b>

The cash balance represents the total agency, including other programs, not just the bond program.

\*This beginning cash balance differs from the ending cash balance that was reported on the 2013 Annual Report due to an accounting adjustment made to more accurately report an expense regarding the amortization of computer software. This adjustment resulted in an increase in the cash balance from \$31,004,311 to \$31,744,986.