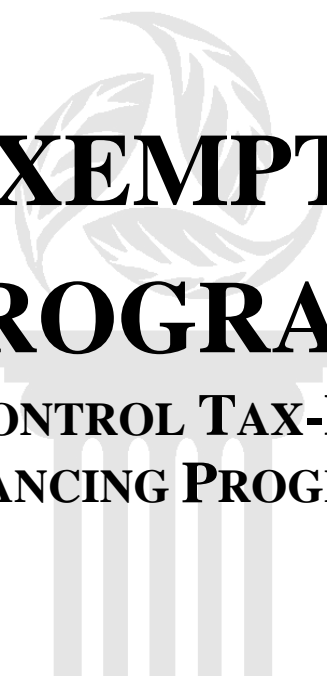


**California Pollution Control  
Financing Authority**



**TAX-EXEMPT BOND  
PROGRAM**

**POLLUTION CONTROL TAX-EXEMPT BOND  
FINANCING PROGRAM**

**2009 ANNUAL REPORT TO THE  
CALIFORNIA STATE LEGISLATURE**

*March 2010*

About the California Pollution Control Financing Authority:

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 thirty years CPCFA has evolved to meet California's needs as follows:

- In the solid waste industry through its Pollution Control Tax-Exempt Bond Program.
- For small businesses through the California Capital Access Program.
- With the reuse and redevelopment of brownfields through the California Recycle Underutilized Sites Program.
- With financial assistance to cities and counties in their community planning and development efforts through the Sustainable Communities Grant and Loan Program.

CPCFA consists of:

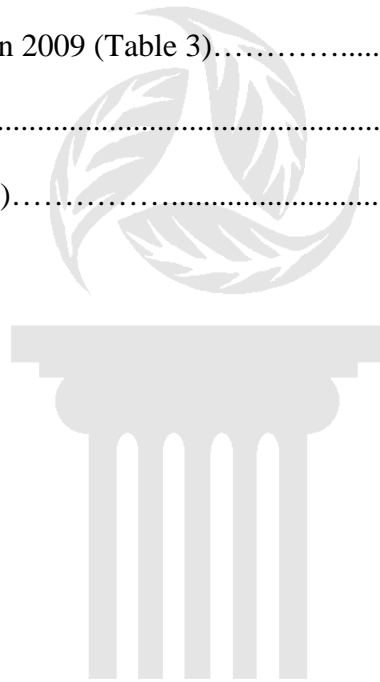
Bill Lockyer, Chair  
*State Treasurer*

John Chiang  
*State Controller*

Ana J. Matosantos, Director  
*Department of Finance*

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# **Pollution Control Tax-Exempt Bond Financing Program 2009 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 provides a Small Business Assistance Fund (SBAF) to pay for some of the costs of issuance of tax-exempt bonds issued on behalf of 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.

## **FEDERAL LEGISLATION AFFECTING THE POLLUTION CONTROL TAX-EXEMPT BOND FINANCING PROGRAM**

On February 17, 2009, as part of a comprehensive economic stimulus plan, President Barack H. Obama signed into law the \$787-billion American Recovery and Reinvestment Act of 2009 (ARRA). The administration and lawmakers hope the ARRA will aid in the country's recovery from the current recession. Approximately one-third of the \$787 billion is allocated to tax cuts that affect both businesses and individuals. Section 1503 allows for the temporary modification of alternative minimum tax (AMT) limitations on tax-exempt bonds issued during 2009 and 2010.

The Act also allows AMT relief for the current refunding of private activity bonds issued after 2003 and refunded during 2009 and 2010. CPCFA currently has 61 outstanding bond issues that were issued between January 1, 2004 and December 31, 2008 totaling approximately \$1.4 billion.

On March 25, 2009 CPCFA enacted a policy for the processing of refunding bonds to ensure that CPCFA recaptures its costs with respect to refundings. In 2009, Authority staff received three refunding applications and authorized the refunding of bonds totaling \$129,270,000.

## PROJECTS HIGHLIGHTS

### **MarBorg Industries Refunded Bonds Worth \$11,755,000 in 2009**

MarBorg Industries is a family owned and operated waste disposal business that has provided service in the greater Santa Barbara area for more than 70 years. Started in 1936, MarBorg leads the way in residential and commercial garbage collection, recycling and waste management, and portable sanitation equipment. MarBorg also provides construction site offices; roll-off containers for high volume trash producers; storage containers for commercial and construction use; portable restrooms and shower trailers; and a residential and commercial recycling program, including construction debris recycling.

CPCFA issued Tax-Exempt Solid Waste Disposal Revenue Bonds in 2004 and in 2006 on behalf of MarBorg. These bonds were issued to finance the construction of a Materials Recovery Facility (MRF); acquisition of rolling stock, equipment and

residential waste containers. MarBorg also used the funds to acquire land and to construct, and retrofit, solid waste handling facilities throughout the County of Santa Barbara.

Below are some of MarBorg's Recycling Highlights:

- MarBorg is the largest single source of recycling in both the City and County of Santa Barbara.
- MarBorg's recycling facility processes 500 tons of material per day.
- MarBorg is currently recycling 70% of all the waste that is collected in the City and County of Santa Barbara.

MarBorg's Recycling Facility



## **Musco Olive Products Received \$3,200,000 in Industrial Development Bond Financing**

Musco Family Olive Company (bonds issued as Musco Olive Products, Inc.) is a privately held family business based in Tracy, California, with facilities across the state. Rooted in expertise from the olive groves of Italy and built over many generations of active family involvement, Musco Family Olive Company is the leading supplier of table olives in America.

The Black Pearls brand, introduced in 1993, is now the #1 brand of olives in the United States. Together with its #2 selling Early California brand, Musco commands 60% of the national branded market share. Musco Olives is the largest importer of consumer packaged olives, which account for approximately 20% of the Company's annual sales.

The Tracy ripe olive facility is one of the most state of the art facilities in the olive industry. The site boasts highly automated manufacturing lines moving at high speed. Constant technical innovation allows Musco to maintain a highly-automated and highly-efficient manufacturing line.

CPCFA financing was instrumental in Musco Olive's implementation of a Renewable Energy Wastewater and Pollution Control System. The system is designed to reduce water and air pollution, reduce salt load discharged in waste water, and replace electrical and thermal energy from fossil fuels with renewable sources. Steam from the distillation process is used to power traditional steam engines, which in turn drive two electrical generators. The generators provide electrical power sufficient to meet approximately 75% of the facility's requirements.

Musco Olives Black Pearls brand



Renewable Energy Wastewater and Pollution Control System



## **REPORT OF 2009 ACTIVITIES**

This report of activities for the Pollution Control Tax-Exempt Bond Financing Program is submitted pursuant to Health and Safety Code Section 44538 for the calendar year ending December 31, 2009.

### **CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

#### **1. APPLICATIONS RECEIVED**

Authority staff received 13 new applications for a total dollar amount of \$779,960,000. (See [Table 1](#))

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

The Authority took initial action on 11 applications for a total dollar amount of \$754,460,000. (See [Table 2](#))

#### **2B. FINAL RESOLUTIONS ADOPTED**

The Authority took final action to approve the sale of bonds on 6 applications for a total dollar amount of \$298,415,000. (See [Table 3](#))

#### **3. BONDS SOLD**

The Authority sold 6 tax-exempt bond issues for a total of \$296,955,000. (See [Table 4](#))

#### **4. BONDS AUTHORIZED BUT UNSOLD**

The Authority authorized the sale of \$298,415,000 in bonds for 6 projects of which \$1,460,000 remain unsold.\*

#### **5. PROJECTED NEEDS AND REQUIREMENTS FOR 2010**

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 FUND BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2009.**

The Authority's fund balance for fiscal year 2008/2009 increased by \$19,811,643. The Authority's ending balance for fiscal year 2008/2009 is \$50,797,700. \$20,300,000 represents Liabilities for Deposit allocated to the California Capital Access/California Air Resources Board On-Road Diesel Program. (See [Table 5](#))

\* The FR for Garden City Sanitation, Inc. was approved in the amount of \$44,460,000, but the company only issued bonds in the amount of \$43,000,000.

**Table 1**

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**APPLICATIONS RECEIVED IN 2009**

<b>APPL. NO.</b>	<b>DATE RECEIVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
817	01/12/2009	Philip Verwey Farms*	SWD**	\$15,500,000
818	01/23/2009	Biofuels Energy, LLC	SWD	\$15,200,000
819	01/26/2009	Waste Resources, Inc.	SWD	\$50,930,000
820	03/17/2009	Musco Olive Products, Inc.	IDB***	\$4,000,000
821	03/18/2009	Alta Equipment Leasing Company, LLC	SWD	\$83,000,000
822	05/22/2009	American Reclamation, Inc.	SWD	\$9,500,000
823	07/28/2009	Mission Trail Waste Systems, Inc.	SWD	\$8,765,000
824	07/28/2009	Garden City Sanitation, Inc.	SWD	\$24,410,000
825	09/25/2009	BP West Coast Products, LLC	SWD	\$500,000,000
826	10/20/2009	Crown Disposal Company, Inc.	SWD	\$48,970,000
827	10/16/2009	Envirepel Energy, Inc.*	SWD	\$10,000,000
828	10/22/2009	Pleasanton Garbage Service, Inc.	SWD	\$2,555,000
829	11/13/2009	Pacific Coast Recycling, Inc.	SWD	\$7,130,000
		<b>TOTAL:</b>		<b><u>\$779,960,000</u></b>

\*Application withdrawn prior to any Board action.

\*\*Solid Waste Disposal

\*\*\*Industrial Development Bond



**Table 2**

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**INITIAL RESOLUTIONS (IR) ADOPTED IN 2009**

<b>IR NO.</b>	<b>DATE APPROVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
09-02	02/25/09	Biofuels Energy, LLC	SWD*	\$15,200,000
09-03	02/25/09	Waste Resources, Inc.	SWD	\$50,930,000
09-04	04/22/09	Musco Olive Products, Inc.	IDB**	\$4,000,000
09-05	04/22/09	Alta Equipment Leasing Company, LLC	SWD	\$83,000,000
09-06	06/24/09	American Reclamation, Inc.	SWD	\$9,500,000
09-07	08/23/09	Mission Trail Waste Systems, Inc.	SWD	\$8,765,000
09-08	08/23/09	Garden City Sanitation, Inc.	SWD	\$24,410,000
09-09	10/28/09	BP West Coast Products, LLC	SWD	\$500,000,000
09-10	11/18/09	Crown Disposal Company, Inc.	SWD	\$48,970,000
09-12	11/18/09	Pleasanton Garbage Service, Inc.	SWD	\$2,555,000
09-13	12/16/09	Pacific Coast Recycling, Inc.	SWD	\$7,130,000
			<b>TOTAL:</b>	<b><u>\$754,460,000</u></b>

\*Solid Waste Disposal

\*\*Industrial Development Bond

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**FINAL RESOLUTIONS (FR) ADOPTED IN 2009**

<b>FR NO.</b>	<b>DATE APPROVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
490	08/26/09	Musco Olives Products, Inc.	IDB*	\$3,200,000
491	07/22/09	BP West Coast Products, LLC (R)**	SWD***	\$100,000,000
492	08/26/09	BP West Coast Products, LLC (C)****	SWD	\$88,000,000
493	08/26/09	BP West Coast Products, LLC	SWD	\$51,000,000
495	12/16/09	Garden City Sanitation, Inc.	SWD	\$44,460,000
497	12/16/09	MarBorg Industries (R)	SWD	\$11,755,000
		<b>TOTAL:</b>		<b><u>\$298,415,000</u></b>

\*Industrial Development Bond

\*\*Refunding

\*\*\*Solid Waste Disposal

\*\*\*\*Conversion from Taxable

Note: FR Nos. 494 and 496 were not presented to the Board for approval in 2009.

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**BONDS SOLD IN 2009**

<b>CLOSING DATE</b>	<b>BOND SHORT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT OF ISSUE</b>	<b>BEGINNING INTEREST RATE</b>	<b>MODE</b>
09/01/09	BP West Coast Products, LLC (R)*	SWD**	\$100,000,000	2.60%	90-Day Fixed
11/19/09	Musco Olives Products, Inc.	IDB***	\$3,200,000	0.24%	Weekly
12/03/09	BP West Coast Products, LLC (C)****	SWD	\$88,000,000	0.19-0.29%	Commercial Paper
	BP West Coast Products, LLC	SWD	\$51,000,000	0.15-0.20%	Commercial Paper
12/23/09	Garden City Sanitation, Inc. (R)	SWD	\$17,515,000	0.33%	Weekly
	Garden City Sanitation, Inc.	SWD	\$25,485,000	0.38%	Weekly
12/23/09	MarBorg Industries (R)	SWD	\$11,755,000	0.33%	Weekly
	<b>TOTAL:</b>		<b><u>\$296,955,000</u></b>		

\*Refunding

\*\*Solid Waste Disposal

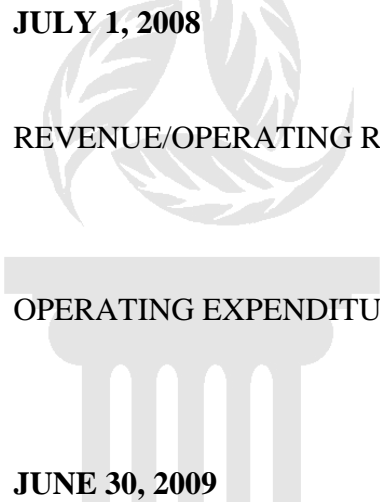
\*\*\*Industrial Development Bond

\*\*\*\*Conversion from Taxable

Note: All bond sales negotiated.

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**ANALYSIS OF CHANGE IN FUND BALANCE  
FISCAL YEAR ENDED JUNE 30, 2009**



<b>FUND BALANCE</b>	<b>JULY 1, 2008</b>	<b>\$30,985,358*</b>
ADDITIONS:		
8000	REVENUE/OPERATING REVENUE	24,957,504**
DEDUCTIONS:		
9000	OPERATING EXPENDITURES	5,145,162
<b>FUND BALANCE</b>	<b>JUNE 30, 2009</b>	<b><u>\$50,797,700</u></b>

\*Amount differs from 2008 Annual report due to updated accounting figures.

\*\*\$20,300,000 represents Liabilities for Deposit allocated to the California Capital Access/California Air Resources Board On-Road Diesel Program.