



TAX-EXEMPT BOND AND  
RATE REDUCTION BOND  
FINANCING PROGRAMS

# ANNUAL REPORT 2021

to the California State Legislature



MARCH 2022

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# CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

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

- A driving force of public and private partnerships that create jobs and support vibrant economic development especially in disadvantaged and underserved communities;
- A leader in offering innovative and prudent financial risk mitigation tools, embracing new financing technologies;
- At the forefront of community-driven projects that restore the environment, protect public health, and promote economic independence and climate resilience; and
- A statewide flag bearer in the issuance of green bonds and new technologies for solid waste, wastewater, recycling, and water furnishing infrastructure.

Founded in 1972, the California Pollution Control Financing Authority (“CPCFA” or “Authority”) provides California businesses with financing options for pollution control facilities and small businesses. CPCFA provides these services through various programs meeting a variety of goals, specifically:

- Helping businesses construct solid waste, recycling, water, and wastewater projects as a conduit issuer of tax-exempt bonds;
- Assisting small businesses in obtaining loans for business start-up and expansion and working capital through the California Capital Access Program (“CalCAP”) and Collateral Support Program;
- Collaborating with the California Air Resources Board (“CARB”) to provide lenders with loan loss reserve accounts to finance new, cleaner-burning heavy-duty diesel trucks and buses; and
- Transforming contaminated sites into vibrant housing and infill developments that enhance communities through the California Recycle Underutilized Sites Program (“CALReUSE”).

This annual report to the Legislature describing the Tax-Exempt Bond Financing Program and the Water and Wastewater Rate Reduction Bond Program is prepared pursuant to the California Pollution Control Financing Authority Act, Health and Safety Code Section 44538 and Government Code Section 6588.7(b)(8), respectively.

## **CPCFA Board consists of:**

Fiona Ma, CPA, Chairperson  
*State Treasurer*

Betty T. Yee  
*State Controller*

Keely Martin Bosler, Director  
*Department of Finance*

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# **Pollution Control Tax-Exempt Bond Financing Program**

## **2021 Annual Report**

### **PROGRAM SUMMARY**

The California Pollution Control Financing Authority (CPCFA) 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 and notes that provide qualified borrowers with lower interest borrowing costs than conventional financing. CPCFA was established in 1972, and between 1973-2021 the Program has issued more than \$16.8 billion for 756 projects.

In addition, CPCFA maintains a Small Business Assistance Fund (SBAF) to pay for the qualified costs of the issuance of tax-exempt bonds issued on behalf of certain small businesses. The assistance reduces the net cost of financing tax-exempt bonds/notes for small businesses. SBAF can pay for letter of credit fees, transaction fees and other costs associated with the issuance of bonds or notes. The SBAF has provided small businesses more than \$22.5 million since 1973.

# REPORT OF 2021 ACTIVITIES

Pursuant to Health and Safety Code Section 44538 CPCFA submits this report of activities for its Tax-Exempt Bond Financing Program for the calendar year ending December 31, 2021.

## 1. APPLICATIONS RECEIVED

The Authority received nine new applications for a total dollar amount of \$1,305,120,000. (See [Table 1](#))

## 2. INITIAL RESOLUTIONS ADOPTED (Applications Accepted for Financing)

The Authority took initial action on eight applications for a total dollar amount of \$1,278,145,000. (See [Table 2](#))

## 3. BONDS SOLD

The Authority sold five issues for a total of \$162,230,000 in new money tax-exempt and taxable bonds/notes and refunding bonds/notes. (See [Table 3](#))

## 4. FINAL RESOLUTIONS ADOPTED (Authorized but Currently Unsold)

The Authority took final action to approve the sale of bonds/notes on two applications for a total dollar amount of \$ 118,000,000. (See [Table 4](#))

## 5. PROJECTED NEEDS AND REQUIREMENTS FOR 2022

The Authority's tax-exempt bond program is self-supporting and has sufficient funds to operate for the coming year.

## 6. ANALYSIS OF CHANGE IN CASH BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2021.

The Authority's cash balance for FY 20-21 increased by \$830,684.91. The Authority's ending balance for FY 20-21 is \$17,252,753.98. (See [Table 5](#))

## 2021 Solid Waste Disposal Project Highlights

### **Garaventa Enterprises, Inc.**

On May 3, 2021, CPCFA issued a total of \$55,205,000 in tax-exempt notes for Garaventa Enterprises, Inc., comprised of \$30,205,000 to refund previously issued Series 2016 Notes, and a new money portion of \$25,000,000. Note proceeds will be used to purchase new equipment and construct site improvements for solid waste disposal and recycling, including collection vehicles, a vehicle maintenance shop, and added food-waste diversion capacity at an existing Materials Recovery Facility. Garaventa Enterprises, Inc. was founded in 1963 and is part of a family of commonly-owned companies that collect and process municipal solid waste materials and recyclables in the communities of Concord, Pittsburg, Oakley, Discovery Bay, Knightsen, Bethel Island, Byron, Bay Point, Rio Vista, and other unincorporated areas of Contra Costa County and Solano Counties.



### **Amador Valley Industries, LLC**

On May 12, 2021, CPCFA issued a total of \$13,085,000 in tax-exempt notes for Amador Valley Industries, LLC comprised of \$4,085,000 to refund previously issued Series 2018 Notes, and a new money portion of \$9,000,000. Note proceeds will be used to purchase California Air



Resources Board (CARB) compliant collection vehicles and to upgrade solid waste collection equipment.

Amador Valley Industries, LLC provides solid waste collection to residential, commercial, multi-family and school systems in Alameda County. Amador Valley Industries, LLC received a subsidy from CPCFA's Small Business Assistance Fund that was used toward the costs of issuance.



### **SoCal Biomethane, LLC**

On June 30, 2021, CPCFA issued \$13,000,000 in tax-exempt notes for SoCal Biomethane, LLC. Note proceeds will finance a portion of the high throughput, high efficiency anaerobic digestion system that will recycle both food waste and biosolids at the Victor Valley wastewater treatment plant (WWTP), located in San Bernardino County, as part of the statewide goal to reduce organics in landfills under Chapter 13.1 (commencing with section 42652) of the Public Resources Code (SB 1383, Chapter 395, Statutes of 2016) and regulations adopted by the Department of Resources Recycling and Recovery (CalRecycle).



Note proceeds will also be used to finance biogas processing equipment that will result in renewable natural gas (RNG) that meets standards to be transported using a utility pipeline. SoCal Biomethane, LLC states this project is the first WWTP injecting RNG derived from the co-digestion of biosolids and food waste into the natural gas pipeline. SoCal Biomethane, LLC received a subsidy from CPCFA's Small Business Assistance Fund, which was used toward the costs of issuance.

## **Napa Recycling & Waste Services, LLC**

On July 1, 2021, CPCFA issued a total of \$59,020,000 in tax-exempt notes for Napa Recycling & Waste Services, LLC, comprised of \$30,920,000 to refund previously issued Series 2017 Notes, and a new money portion of \$28,100,000.

Note proceeds will be used to finance the construction and/or equipping of an organics and construction demolition waste processing facility and the purchase of solid waste equipment. Napa Recycling & Waste Services, LLC provides residential collection and the transfer of solid waste throughout Napa, Butte, and Yolo Counties.



## **Bay Counties Waste Services, Inc.**

On July 22, 2021, CPCFA issued a total of \$21,920,000 in tax-exempt notes for Bay Counties Waste Services, Inc., comprised of \$3,620,000 to refund previously issued Series 2017 Notes, and a new money portion of \$18,300,000.

Note proceeds will be used to purchase California Air Resources Board (CARB) compliant collection vehicles, rolling stock and containers, and to upgrade a compressed natural gas fueling station. Bay Counties Waste Services, Inc. and its operating divisions, Specialty Solid Waste & Recycling and Bay Counties SMaRT, provide residential collection and the transfer of solid waste in various locations in Santa Clara County, including Sunnyvale and the city of Santa Clara.





# CPCFA Tax-Exempt Bond Program Achievements

**1973-2021**

**Bond  
Financing**

- Issued more than \$16.8 billion
- Financed 756 projects
- Awarded more than \$22.5 million to small businesses through SBAF

**2021**

**Bond  
Financing**

- Issued \$93.4 million in new money tax-exempt bonds/notes
- Issued more than \$68.8 million in refunding bonds/notes
- Financed 5 projects for a total of more than \$162 million

**Green  
Bonds  
Issued**

- Issued more than \$476 million in green bonds over program lifetime
- Financed 5 Issuances supporting 3 projects

**Helping  
California**

- Achieve a recycling rate of more than 50%
- Enjoy cleaner air and water
- Increase renewable energy use
- Maintain state-of-the-art waste collection and disposal systems
- Keep harmful materials out of the environment
- Create renewable and sustainable sources of energy through biomass conversion
- Divert organic waste from landfills
- Reduce methane emissions
- Support innovative and sustainable community development projects

**Table 1**

**APPLICATIONS RECEIVED IN 2021**  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

<b>App #</b>	<b>Date Received</b>	<b>Applicant Name</b>	<b>Project Type*</b>	<b>Amount</b>
944	03/12/2021	NAPA RECYCLING & WASTE SERVICES LLC	SWD	\$59,020,000
945	03/16/2021	AGLAND RENEWABLES LLC	SWD	\$540,000,000
946	03/16/2021	BAY COUNTIES WASTE SERVICES, INC.	SWD	\$49,500,000
947	03/12/2021	KEY DISPOSAL & RECYCLING, INC.	SWD	\$5,000,000
948	04/07/2021	RENEWABLE ENERGY CALIFORNIA, LLC	SWD	\$106,505,000
949	04/27/2021	SAN JOAQUIN RENEWABLES, LLC	SWD	\$386,095,000
950	04/27/2021	CALPLANT I, LLC	SWD	\$18,000,000
951	04/30/2021	ARAKELIAN ENTERPRISES, INC.	SWD	\$100,000,000
952	07/01/2021	ENERRA INC.	SWD	\$41,000,000
			<b>TOTAL:</b>	<b>\$1,305,120,000</b>

\*(SWD) Solid Waste Disposal

**Table 2**

**INITIAL RESOLUTIONS (IR) ADOPTED IN 2021\***  
(Applications Accepted for Financing)  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

<b>IR #</b>	<b>Date Approved</b>	<b>Applicant Name</b>	<b>Amount</b>
21-01	04/12/2021	NAPA RECYCLING & WASTE SERVICES LLC	\$37,000,000
21-02	05/28/2021	AGLAND RENEWABLES LLC	\$540,000,000
21-03	04/12/2021	BAY COUNTIES WASTE SERVICES, INC.	\$49,500,000
21-05	05/28/2021	RENEWABLE ENERGY CALIFORNIA, LLC	\$106,550,000
21-06	05/28/2021	SAN JOAQUIN RENEWABLES, LLC	\$386,095,000
21-07	05/20/2021	CALPLANT I, LLC	\$18,000,000
21-08	06/15/2021	ARAKELIAN ENTERPRISES, INC.	\$100,000,000
21-09	08/31/2021	ENERRA INC.	\$41,000,000
<b>TOTAL:</b>			<b>\$1,278,145,000</b>

\*All project types are Solid Waste Disposal projects.  
Note: IR No. 21-04 was withdrawn.

**Table 3**

**BONDS SOLD IN 2021\***  
**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

<b>Closing Date</b>	<b>Bond/Note Name</b>	<b>New Money</b>	<b>Refunding</b>	<b>Total Par Amount</b>	<b>Initial Interest Rate</b>	<b>Mode</b>	<b>SBAF Amount Awarded</b>
5/3/2021	GARAVENTA ENTERPRISES, INC. 2021	\$25,000,000	\$30,205,000	\$55,205,000	1.16	WEEKLY	
5/12/2021	AMADOR VALLEY INDUSTRIES, LLC 2021	\$9,000,000	\$4,085,000	\$13,085,000	1.9	WEEKLY	\$114,000
6/30/2021	SOCAL BIOMETHANE, LLC SERIES 2020	\$13,000,000	\$0	\$13,000,000	5.96	TERM	\$18,000
7/1/2021	NAPA RECYCLING & WASTE SERVICES LLC 2021	\$28,100,000	\$30,920,000	\$59,020,000	0.99	MONTHLY	
7/22/2021	BAY COUNTIES WASTE SERVICES, INC. 2021	\$18,300,000	\$3,620,000	\$21,920,000	1.25	MONTHLY	
<b>TOTALS:</b>		<b>\$93,400,000</b>	<b>\$68,830,000</b>	<b>\$162,230,000</b>			<b>\$132,000</b>

\*Notes to table:

- All issuances were negotiated.
- All project types are Solid Waste Disposal projects.
- All financings were tax-exempt.
- (SBAF) Small Business Assistance Fund

**Table 4**

**FINAL RESOLUTIONS (FR) ADOPTED IN 2021\***  
(Authorized but Currently Unsold)  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

<b>FR #</b>	<b>Date Approved</b>	<b>Applicant Name</b>	<b>Amount</b>
00614	07/20/2021	CALPLANT I, LLC	\$18,000,000
00615	12/14/2021	ARAKELIAN ENTERPRISES INC.	\$100,000,000
<b>TOTAL:</b>			<b>\$118,000,000</b>

\*All project types are Solid Waste Disposal projects.

Table 5

**\*ANALYSIS OF CHANGE IN CASH BALANCE  
FISCAL YEAR ENDED JUNE 30, 2021  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

<b>BEGINNING CASH BALANCE</b>	<b>JULY 1, 2020</b>	<b>\$16,422,069.07</b>
ADDITIONS:		
	REVENUE/OPERATING REVENUE	\$54,696,002.86
DEDUCTIONS:		
	OPERATING EXPENDITURES	<u>\$53,865,317.95</u>
<b>ENDING CASH BALANCE</b>	<b>JUNE 30, 2021</b>	<b><u>\$17,252,753.98</u></b>

\*Notes to the table:

-This analysis will be validated in the pending 2020-2021 Bond Program audit due June 30, 2022.

-This is the first year the cash balance sheet reflects the balance of the CPCFA Bond Program only. The table does not include all CPCFA programs.

# **Water and Wastewater Rate Reduction Bond Financing Program**

## **2021 Annual Report**

### **PROGRAM SUMMARY**

CPCFA has the responsibility to review the issuance of certain rate reduction bonds to finance and/or refinance certain utility projects that are approved by joint powers authorities (JPAs). This responsibility was initiated with Assembly Bill 850 (Chapter 636, Statutes of 2013) for water utility projects, modified by Assembly Bill 305 (Chapter 225, Statutes of 2019) to include wastewater utility projects, and modified again by Assembly Bill 758 (Chapter 233, Statutes of 2021) to include electrical utility projects. AB 758 took effect January 1, 2022, and extends the repeal date of the program to December 31, 2036, while the requirement for CPCFA to report to the Legislature on utility rate reduction bonds was made indefinite by AB 305.

Rate Reduction Bond financing issuances allow California local agencies, that own and operate these types of utilities, to access low-cost financing through rate reduction bonds. The rate reduction bonds issued by JPAs for local agencies to finance or refinance a utility project are to be secured by utility project property and repaid through a separate utility project charge imposed on the utility ratepayers' bills.

However, issuances of any rate reduction bonds, subject to review by a ratepayer advocate or similar entity of the local government applying for the issuance, are not subject to review by CPCFA.

Government Code Section 6588.7(b)(8) requires CPCFA to annually report to the Legislature no later than March 31, on the issuance by JPAs of rate reduction bonds for utility projects. The annual report is required to include all of the following:

- A listing of the applications received.
- A listing of the proposed issuances.
- A report of the interest rates on the bonds, whether the bond sales were pursuant to public bid or were negotiated, and any rating given the bonds by a nationally recognized securities rating organization.
- A specification of proposed issuances qualified but not yet issued.
- A comparison of the interest rates and transactional costs on issuances qualified under this section with interest rates on comparable types of debt issuance occurring at or near the same time as the issuances.

In calendar year 2021, CPCFA did not receive any requests to review applications for Utility Rate Reduction Bonds, nor has it in any previous year.