

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis Exempt Facility Project Pool May 23, 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 \$31,125,000 for exempt facilities on May 23, 2007. This represents 7% of the \$440 million Exempt Facility Project Pool and 1% of the 2007 \$3.09 billion State ceiling. The May 23, 2007 allocation was awarded to one issuer, the California Pollution Control Financing Authority for three exempt facility projects located in California. Of the three projects, two are First Tier Projects under Regulatory Mandate and one is Non-First Tier Project 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.

May 23, 2007 Allocation Benefit of Exempt Facility Program

Allocation Amount Round 1	First Tier Project Under Regulatory Mandate	Non-First Tier Project Under Regulatory Mandate	Total Exempt Facility Projects
\$31,125,000	2	1	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.

**May 23, 2007 Allocation
Public Benefit Analysis**

First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Northern Recycling & Waste Services, LLC	\$10,315,000	<p>Site A.- According to the application, the Project Sponsor was awarded a contract with the City of Paradise to collect and recycle waste beginning May 1, 2007. The proposed Project will consist of the purchase of waste collection vehicles and containers and acquisition of a 5 plus acre site which includes an existing 2,900 square feet building at which it will house its fleet. The recyclables collected will be consolidated into transfer trailers and transported to the Napa Recycling and Waste Services MRF in Napa for processing.</p> <p>Site B.- According to the application, the Project Sponsor was awarded a contract with the City of Napa to collect and recycle waste beginning on July 1, 2007, which obligates the Project Sponsor to manage an existing transfer station which is owned by the Napa-Vallejo Waste Management Authority. The Napa-Vallejo Waste Management Authority consists of the Cities of Vallejo, Napa and American Canyon and the County of Napa. The proposed Project will consist of the purchase of various rolling stock and construction and demolition debris processing equipment. The proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB 939.</p>
Bay Counties SMaRT	\$5,310,000	<p>According to the application, the Project Sponsor recently was awarded the contract to operate an existing 1,500 tons per day materials recycling facility and transfer station owned by a municipal joint powers authority consisting of the Cities of Sunnyvale, Palo Alto and Mountain View. In order to meet the conditions of its contract, the Project Sponsor must acquire additional equipment to enhance the present operation. It is expected that the Project will increase the diversion effort presently experience at the facility in furtherance of the Cities' AB 939 requirements.</p>

Non- First Tier Project Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Waste Connections, Inc.	\$15,500,000 (\$15,380,000 in 2007 allocation and \$120,000 in unused 2006 carryforward allocation)	<p>According to the application, the proposed Project will consist of the purchase of cleaner-burning, more fuel efficient solid waste collection vehicles and containers to service the Project Sponsor's newly awarded multi-year contract with the West Valley Solid Waste Management Authority. The proposed Project will serve the Santa Clara County communities of Los Gatos, Saratoga, Monte Sereno and Campbell. The proposed project is in direct response to the Project Sponsor's efforts to help the municipal governments who they serve comply with AB 939.</p>