CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis
Exempt Facility Project Pool
December 5, 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 $3.098 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 $465.28 million, or 15%, of the State ceiling for the Exempt Facility Project Pool. The $465.28 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 Business[1] under Regulatory Mandate[2], 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 $200,660,000 for exempt facilities on December 5, 2007. This represents 43.1% of the $465.28 million Exempt Facility Project Pool and 6.5% of the 2007 $3.098 billion State ceiling. The December 5, 2007 allocation was awarded to three issuers, the California Pollution Control Financing Authority, the California Statewide Communities Development Authority and the California Municipal Finance Authority for six exempt facility projects located in California. One of the projects is a First Tier Project under Regulatory Mandate; one is a First Tier Project not under Regulatory Mandate; three are Non-first Tier Projects under Regulatory Mandate and one project is a Non-first Tier Project not under Regulatory Mandate. The projects are solid waste disposal and/or recycling facility, which include the construction of new facility or the expansion of existing facility, and the purchase of more efficient and cleaner fuel burning equipment.

December 5, 2007 Allocation Benefit of Exempt Facility Program

Allocation Amount Round 5	First Tier Project Under Regulatory Mandate	First Tier Project Not Under Regulatory Mandate	Non-First Tier Project Under Regulatory Mandate	Non-First Tier Project Not Under Regulatory Mandate	Total Exempt Facility Projects
$200,660,000	1	1	3	1	6

[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.

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First Tier Project Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
EDCO Disposal Corporation	$31,960,000	According to the application, the primary purpose of the Project is for the Project Sponsor to acquire low emission collection trucks, loaders, transfer trucks and trailers and other support vehicles. New Rolling stock will replace those that are not in compliance with the new CARB standards. The vehicles and equipment will be housed at several of the project Sponsor's facilities located within its service areas throughout San Diego, Los Angeles, Orange, Riverside, Imperial and San Bernardino Counties. The Project Sponsor will also acquire additional bins, carts and other equipment to be used throughout its service area. In addition, the Project Sponsor will retrofit one or more of its existing sort lines and as part of this process, make additional improvements/renovations to certain of its existing MRFs or transfer facilities, including paving, utility upgrades and other onsite and offsite improvements.
First Tier Project Under Not Under Regulatory Mandate	**Allocation Amount**	**Description of Project and Benefits**
Pacific Ethanol Stockton, LLC	$35,000,000	According to the application, the Project Sponsor owns and operates an ethanol plant in the states of Oregon, Idaho and California. The ethanol plants in California will produce "stillage" as a by-product of ethanol production, the majority of which is expected to have no commercial resale value and, thus, to constitute "solid waste." The stillage will be converted to "wet distillers' grains", which will be sold to local animal feeding operations as an animal feed additive. The ultimate disposal is accomplished by removing some of the moisture from the stillage and transporting the wet distillers' grains to the purchasers. The plants are strategically located to be near the animal operations that consume the by-product. Proceeds of the tax-exempt bonds will be used to finance solid waste disposal facilities that process the whole and thin stillage into commercially saleable animal feed product. The equipment to be purchased will include centrifuges, evaporators, related conveyors and related storage and water-treatment facilities. The Project will create approximately 40 full time jobs (total payroll of $3.2 million annually) as well as 30 jobs during construction.
Non-First Tier Projects Under Regulatory Mandate	**Allocation Amount**	**Description of Project and Benefits**
Allied Waste North America, Inc.	$33,900,000	According to the application, the proposed project consists of improvements to (a) existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas system, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) facility improvements, (vi) acquisition of land, and (vii) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service, and to (b) existing hauling and transfer station facilities, including (i) acquisition of new solid waste collection vehicles, containers, and related equipment, (ii) solid waste disposal sorting and processing equipment, (iii) facility improvements, and (iv) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service.

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Non-First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Republic Services, Inc.	$32,000,000	According to the application, the primary purpose of the Project is to finance improvements to a) existing Landfill Facilities, b) improvements at Transfer Stations, Collection Facilities, and MRFs , c) collection vehicles and containers, and d) to pay certain costs of issuance. The Project will create approximately 50-60 full time jobs over the next 3 years as well as 50- 100 temporary jobs during construction.
Waste Management, Inc.	$33,900,000	According to the application, the proposed project consists of improvements to (a) existing landfill facilities, including (i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas system, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) facility improvements, and (vi) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service, and to (b) existing hauling and transfer station facilities, including (i) acquisition of new solid waste collection vehicles, containers, and related equipment, (ii) solid waste disposal sorting and processing equipment, (iii) facility improvements, and (iv) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in service.
Non-First Tier Project Not Under Regulatory Mandate	**Allocation Amount**	**Description of Project and Benefits**
Air Products and Chemicals, Inc. (Wilmington) & Air Products Manufacturing Corp. (Martinez)	$33,900,000	According to the application, the bond issue for the Martinez hydrogen facility qualifies for tax-exempt financing as an asset related and subordinated to the clean fuels operations performed in the Royal Dutch Shell PLC (Shell) refinery in Martinez, California. The hydrogen produced by the facility is an essential ingredient in the recycling of solid wastes generated in the refining operations. In addition, the Wilmington hydrogen plant qualifies for tax-exempt financing as an asset related and subordinated to clean fuels operations performed in the Ultramar (now the Valero Energy Corporation's Wilmington Refinery) and Texaco (now the Shell Wilmington Refinery) refineries in Wilmington, California. The hydrogen produced at the Wilmington hydrogen plant is an essential part of the recycling of solid wastes generated at the Valero and Shell Wilmington Refineries. In both facilities, the hydrogenator reactor uses catalysts to treat olefins and organic sulfur in the feed gas stream. Two desulfurizer reactors remove hydrogen sulfide. The purified feed gas is mixed with superheated steam and sent to the reformer, which is basically a large furnace with catalyst beds. The reformer breaks the feed gas down into the mixture of hydrogen, carbon oxides, unreacted methane, steam and nitrogen. The reformed gas is cooled by generating steam in the process gas boiler. Purge gas from the steam is used to fuel the reformer and the hydrogen is sent to the PSA unit for final purification. The PSA unit removes nearly all constituents of the gas except hydrogen. The purified hydrogen is compressed for delivery to the refineries at pressure levels ranges from 450 psig to 2000 psig. In conclusion, the Martinez hydrogen plant produces 88 MMSCFD of high purity hydrogen and 300,000 lbs/hr of superheated steam for export to Royal Dutch Shell PLC using feed gas streams coming from the refinery. In addition, the Wilmington hydrogen plant produces 83 MMSCFD of high purity hydrogen and uses the steam produced in the manufacturing process to generate electricity for use both in the operation of the hydrogen plant and for export to Valero Energy Corporation's Wilmington refinery.