CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis
Exempt Facility Project Pool
September 24, 2008 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 2008, California's State ceiling is $3.107 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 2008, the Committee reserved $430 million, or 13.8%, of the State ceiling for the Exempt Facility Project Pool. 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 $201,750,000 for exempt facility projects on September 24, 2008. This represents 46.9% of the $430 million Exempt Facility Project Pool and 6.5% of the 2008 $3.107 billion State ceiling. The September 24, 2008 allocation was awarded to the California Municipal Finance Authority and the California Pollution Control Financing Authority for three exempt facility projects located in California. Two of the projects 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 facilities, which include the construction of new facilities or the expansion and/or improvement of existing facilities, and the purchase of more efficient and cleaner fuel burning equipment.

September 24, 2008 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
$201,750,000	0	0	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.

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Public Benefit Analysis

Non-First Tier Projects Under Regulatory Mandate	Allocation Amount	Description of Project and Benefits
Waste Management, Inc.	$30,000,000	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.
Allied Waste North America, Inc.	$71,750,000	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 systems, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) site improvements, (vi) acquisition of equipment to be used at the landfill facilities, and (vii) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service, and to (b) existing collection (hauling) and transfer station facilities, including (i) acquisition of solid waste disposal trucks and support vehicles, (ii) acquisition of solid waste disposal containers and related equipment, (iii) acquisition of solid waste sorting and processing equipment, and (iv) construction of new building(s) and site improvements, and (v) acquisition of other equipment and assets necessary to support the foregoing improvements and place them into service.
Non-First Tier Project Not Under Regulatory Mandate	**Allocation Amount**	**Description of Project and Benefits**
BP West Coast Products LLC	$100,000,000	According to the application, petroleum refining is the operation/process that will be conducted at the proposed facility. According to the application, the Project includes multiple facilities designed to help the Company achieve two goals associated with the Company's continuing program to produce cleaner burning gasoline and other petroleum products: (1) to comply with California and federal regulations with respect to reformulated gasoline and clean fuels and (2) to make a significant contribution to improve air quality in the South Coast basin. The new clean fuels gasoline is less volatile and contains fewer aromatics and olefins as well as less sulfur and benzene. In addition, it contains more oxygen which results in a reduction in carbon monoxide emissions. According to the application, the facilities to be financed with the proceeds of the Bonds consist of equipment, components and systems which have been or will be acquired, improved, installed or constructed for use as solid waste disposal facilities located at the Company's Carson Refinery. The facilities are necessary and integral to the production of cleaner burning fuels for use in California. The solid waste disposal or recycling facilities collect, handle, store, treat, process, dispose and recycle solid waste materials. The facilities funded by the Bonds are integrated components of the solid waste disposal or recycling and include additions, improvements and modifications to coking, hydrotreating, hydrocracking, desulfurizing, fluid catalytic cracking, sulfur recovery, and flare off-gasing. The capital addition of the flare-gas recovery system recovers waste gas and reduces the expected frequency of flaring events, thereby controlling air emissions. The capital additions to the fluid catalytic cracker control air particulate emissions generated by the production of clean fuels. The addition of the new hydrotreater and the facilities upgrades to the hydrodesulfurizer manage sulfur in the gasoline produced under the clean fuels program. Lastly, the fluid catalytic cracker and hydrotreater described above contribute to gasoline and diesel fuels production from solid waste sources by removing sulfur and other contaminants. The Project will also include related refinery auxiliary systems and certain property that is functionally related and subordinate to the foregoing systems and components. Finally, according to the Project Sponsor, the facilities also include process equipment, utilities, controls and instrumentation, related mechanical and electrical systems and related structures and buildings.