

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis Exempt Facility Project Pool December 21, 2005 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 a lower interest rate than a conventional loan. The interest rate savings enable the project owners to maintain lower customer rates, minimize customer rate increases, or increase environmental benefits, 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 their communities by creating new jobs. Under the leadership of State Treasurer Philip Angelides, the Committee has prioritized the award of allocation to smaller companies in order to assist their communities to meet their environmental mandates.

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 2005, California’s State ceiling is \$2.871 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 2005, the Committee reserved \$250,000,000, or 8.7%, of the State ceiling for the Exempt Facility Project Pool. The \$250,000,000 of bond authority will be allocated throughout the 2005 calendar year. 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 Business under Regulatory Mandate, 3) Businesses, other than First Tier Businesses, Under Regulatory Mandate, and 4) All other Applications for Exempt Facilities.

On December 21, 2005, the Committee awarded a total of \$37.5 million for exempt facilities. This represents 15% of the \$250 million Exempt Facility Project Pool and 1.3% of the 2005 \$2.871 billion State ceiling. The entire allocation was awarded to a single issuer, the California Pollution Control Financing Authority, for three exempt facility projects located throughout California. All three are a First Tier Businesses under Regulatory Mandate. All the projects are solid waste disposal and/or recycling facilities, which include the improvement of existing facilities, and the purchase of more efficient and cleaner fuel burning equipment. In addition, the projects will create 40 full time jobs as a result of these allocations.

December 21, 2005 Allocation - Benefit of Exempt Facility Program

| Allocation Amount December 21 | First Tier Businesses Under Regulatory Mandate | Non-First Tier Businesses Under Regulatory Mandate | Total Exempt Facility Projects |
|--|---|---|---|
| \$37,460,000 | 3 | 0 | 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.

**December 21, 2005 Allocation
Public Benefit Analysis**

| First Tier Businesses Under Regulatory Mandate | Allocation Amount | Description of Project and Benefits |
|--|-------------------|--|
| Burrtec Waste Group, Inc. | \$18,445,000 | <p>According to the application, the Company provides solid waste collection, hauling and disposal, and recycling. The Project consists of five components:</p> <ol style="list-style-type: none"> 1. The purchase of new alternative fuel powered collection vehicles and collection containers for all of its waste hauling operations in the three county areas it serves, Los Angeles, Riverside and San Bernardino Counties. 2. The improvement to its existing Abbey Lane Material Recovery Facility (MRF) and the purchase of additional sorting lines and related equipment. 3. The purchase of land and the construction of a maintenance shop, offices, truck-wash bin repair shop and paint booth, and the purchase of 12 front loader collection vehicles. 4. The purchase of related equipment to process construction and demolition material to be utilized at the various landfill sites. 5. The purchase of four transfer trailers for use at its existing Agua Mansa MRF in Riverside. <p>According to the application, the Project Sponsor anticipates that the proposed Project will assist the Counties of Los Angeles, Riverside and San Bernardino in complying with AB 939. The proposed Project will create 40 new full time employees</p> |
| MarBorg Industries | \$6,700,000 | <p>According to the application, the Company provides solid waste collection, hauling and disposal, and recycling. The Project consists of four components:</p> <ol style="list-style-type: none"> 1. The renovation of the scale house and office to process inert materials will provide for efficiency of operations. 2. The construction of a scale house and new sort line and installation of a scale to process commingled recyclables. 3. The expansion and enclosure of a building, additional sorting lines and purchase of related equipment to process commercial recyclables. 4. The construction of a sandblast booth in which the company's equipment will be prepared for repairs and painting. <p>According to the application, the Project Sponsor anticipates that the proposed Project will assist the City and County of Santa Barbara in complying with AB 939.</p> |
| Green Waste Recovery, Inc. | \$12,315,000 | <p>According to the application, the Company provides solid waste collection, hauling and disposal, and recycling. The Project Sponsor was awarded a contract by the City of Petaluma to provide collection and disposal of residential and commercial solid waste and to sweep the streets. The Project consists of two components:</p> <ol style="list-style-type: none"> 1. Acquisition of approximately 2.5 acre site to establish a corporate yard on which the Project Sponsor will renovate existing administrative offices and a maintenance shop. The corporate yard will house and maintain a collection of new bio-diesel vehicles, bins and carts/boxes and other related equipment. 2. The Project Sponsor will contract with Global Materials Recovery Services, Inc. (GMRS), a recycling center located in Santa Rosa to receive and aggregate recyclables from the waste stream delivered by Green Waste Recovery, Inc. Also, the Project Sponsor will construct a transfer platform at the GMRS site for construction and demolition waste consolidation for transfer to a landfill. <p>According to the application, the Project Sponsor anticipates that the proposed Project will assist the Cities of Petaluma and Santa Rosa to meet its AB939 goals.</p> |