

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 25, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by Walter Akiyama.

Applicant: California Enterprise Development Authority

Allocation Amount Requested: \$9,700,000

Project Name: Anheuser Busch Companies, Inc.

Project Address: 3101 Busch Dr.
City, County, Zip Code: Fairfield, Solano, 94534

Project Sponsor Information:

Name: Anheuser Busch Companies, Inc.
Address: One Busch Place
St. Louis, MO 63118

Principals: August A. Busch IV, W. Randolph Baker, Thomas W. Santel,
Stephen J. Burrows, Mark T. Bobak, Douglas J. Muhleman,
Francine I. Katz, Keith M. Kasen, Joseph P. Castellano,
Michael J. Owens, Anthony T. Ponturo, John F. Kelly,
Marlene V. Coulis, David A. Peacock, Robert C. Lachky, and
Michael S. Harding

Contact: Mark Melville
Phone: (314) 577-4977

Project User Information:

Name: Same as Project Sponsor
Address: Same as Project Sponsor
Contact: Same as Project Sponsor
Phone: Same as Project Sponsor

Project Financing Information:

Bond Counsel: Kutak Rock, LLP
Underwriter: Banc of America Securities, LLC
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Not applicable
Bond Rating: Moody's - A2
Standard & Poor's - A
TEFRA Hearing: May 15, 2007

Project Sponsor's principal activity: According to the application, the Project Sponsor's principle activity is a brewery located on 170 acres of which 700,000 square feet are under roof.

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): No

Sources of Funds:

Tax-Exempt Bond Proceeds	\$ 9,700,000
Other Sources	\$ 4,421,000
Total Sources	\$14,121,000

Uses of Funds:

New Equipment Purchase & Installation	\$13,121,000
Engineering/Architecture	\$ 750,000
Bond Insurance Fee	\$ 190,000
Interest During Construction	\$ 60,000
Total Uses	\$14,121,000

Description of Proposed Project: According to the application, the proposed Projects will consist of a Bio-Energy Recovery System (BERS) - Converts soluble organics in the process wastewater and recover anaerobically produced methane gas (biogas) prior to discharge to the Fairfield-Suisun Sewer District (FSSD) treatment works. BERS utilizes naturally occurring micro-organisms (biomass) to reduce the organic content (Biochemical Oxygen Demand or BOD) in the brewery waste stream by 80-90%. The biogas produced will be used as a fuel in two boilers in the brewery's power plant which produces steam for production processes. In addition to BOD reduction and the production of a usable energy source, temperature and pH spikes are attenuated in the system, and since the BERS discharge pH is new neutral, pH compliance is assured.

New equipment to be purchased and installed include large metal tanks with associated foundations, chemical tanks, chemical scrubbers, pumps, biogas equipment (compressors, flare and buffer tank), biogas trains for feeding biogas to the boilers, power supply/Motor Control Center, instrumentation, lab equipment, Programmable Logic Controllers. BERS is a renewable energy technology (waste to energy). The process is relatively new having its roots in Holland in the 1970s. The technology harnesses naturally occurring anaerobic micro-organisms (biomass) through a granularization process which enables retention of the biomass in special designed tanks. Wastewater, containing organic matter, is pumped to a reactor containing biomass. The biomass consumes the organic matter and produces methane as a principle byproduct.

Environmental impact:

- 1) Energy Efficiency: According to the application, BERS can more economically handle the brewery's wastestream than the current evaporator, distillation and diatomaceous earth filter systems. Therefore these residual systems are no longer needed and will be shut down.
- 2) Water Quality: According to the application, the proposed Project will reduce the amount of process wastewater discharged into the City of Fairfield's water treatment system.
- 3) Safety and Compliance: According to the application, the Project Sponsor is in compliance with all the state and federal environmental regulations regarding the operation of the proposed facility and its existing facilities that it currently operates.

Legal Questionnaire: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. Legal issues disclosed by the Project Sponsor were vetted and were not determined to be grounds to deny the application. No information was disclosed in the application to question the financial viability of the Project or legal integrity of the Applicant.

Recommendation: Staff recommends that the Committee approve \$9,700,000 in tax-exempt bond allocation.