

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 3, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by Brady Hill.

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$30,000,000

PROJECT ORIGINALLY RECEIVED ALLOCATION ON SEPTEMBER 24, 2008.
APPLICANT REQUESTED AWARD BE DEFERRED TO DECEMBER 3 ALLOCATION
MEETING.

Project Name: Waste Management, Inc.

- Various locations as noted in the following table:

Facility Name	Facility Address	County
El Sobrante Landfill	10910 Dawson Canyon, Corona, 92883	Riverside
Tri Cities RDF Landfill	7010 Auto Mall Parkway, Fremont, 94538	Alameda
Kirby Canyon Landfill	910 Coyote Creek Golf Drive, San Jose, 95038	Santa Clara
Anderson Landfill	18703 Cambridge Road, Anderson, 96007	Shasta
Guadalupe Rubbish Disposal Co.	15999 Guadalupe Mines Road, San Jose, 95120	Santa Clara
WM of Central Valley –Kettleman	35251 Old Skyline Road, Kettleman City, 93239	Kings
Simi Valley Landfill	2801 Madera Road, Simi Valley, 93065	Ventura
Altamont Landfill	10840 Altamont Pass Road, Livermore, 94550	Alameda

Project Sponsor Information:

Name: Waste Management, Inc.
Address: 1001 Fannin Street, Suite 4000
Houston, TX 77002
Principals: David P. Steiner, Lawrence O'Donnell III, Robert G. Simpson,
Jeff Harris, Duane C. Woods, Brett Frazier, James E. Trevathan,
Patrick J. DeRueda, Mark A. Weidman, Rick L. Wittenbraker,
David A. Aardsma, Lynn M. Caddell, Barry H. Caldwell,
Jay Romans, Carlton Yearwood and Cherie C. Rice
Contact: David LaPaul
Phone: (713) 287-2658

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: Edwards, Angell, Palmer & Dodge LLP
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Banc of America Securities
TEFRA Hearing: October 9, 2007; October 16, 2007; October 23, 2007;
October 30, 2007

Project Sponsor's principal activity: According to the application, the Project Sponsor's principal activity is the collection, recycling, transportation and disposal of solid waste.

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): Yes, California Integrated Waste Management Act (AB 939)

Sources of Funds:

Tax-Exempt Bond Proceeds	\$ 30,000,000
Other Sources	<u>\$ 77,761,975</u>
Total Sources	\$107,761,975

Uses of Funds:

Equipment (Primary)	\$ 3,936,838
Landfill Expenditures	\$ 68,413,581
Leachate & Methane Gas Systems	<u>\$ 35,411,556</u>
Total Uses	\$107,761,975

Description of Proposed Project: 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.

Environmental impact:

- 1) Air Quality: According to the application, the improved capacity and efficiency of the Transfer Stations and Manufacturing Recycling Facilities will reduce air pollution by reducing the length of truck routes and the number of trucks on the road due to the centralization of transfer stations within the service areas. In addition, through Leachate and Methane Gas Recovery Systems, the Project Sponsor will continue to address the challenge of gas seepage from landfills located within the State of California.
- 2) Water Quality: According to the application, the construction of new landfill cells at the landfill facilities included in the Project, will ensure protection of groundwater due to state-of-the-art liners and systems for mitigating infiltration and runoff of water seeping through the refuse.
- 3) Energy Efficiency: According to the application, the construction and/or expansion of transfer stations and MRFs will improve energy efficiency by reducing the length of the truck

- routes and the number of trucks on the road due to the centralization of transfer stations and MRFs within the service areas.
- 4) Recycling of Commodities: None indicated.
 - 5) 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.
 - 6) Consumer Costs Savings and Efficiencies: None indicated.

Local government support: The Project Sponsor indicates that it has support from each of the California political jurisdictions in which the Company operates and provides solid waste collection and disposal services; and seeks to be an active member of the community and a strong corporate participant in the State through employment opportunities, recycling programs, community education and other neighborhood oriented programming.

Legal Questionnaire: No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Recommendation: Staff recommends that the Committee approve \$30,000,000 in tax-exempt bond allocation.