

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 28, 2011
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN
EXEMPT FACILITY PROJECT

Prepared by: Richard Fischer

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$25,200,000

Project Information:
Name: RP1 Fuel Cell, LLC and UTS SJ1-LLC
Project Address: 2450 East Philadelphia Avenue and 700 Esteros Road
Project City, County, Zip Code: Ontario and San Jose, San Bernardino and Santa Clara, 91761 and 95

Project Sponsor Information:
Name: Rp1 Fuel Cell and UTS SJ-1,LLC
Address: 2211 Encinitas Boulevard
Encinitas, California 92024
Principals: Arun Sharma
Contact: Same
Phone: (760) 436-8870

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: Squire, Sanders & Dempsey L.L.P.
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Stern Brothers & Company
TEFRA Hearing Date: August 9, 2011

Project Sponsor's Principal Activity:
According to the Applicant, the company engages in the biogas production and conversion to electricity and heat through silage, sludge, manure, food waste, and green municipal wastes.

First Tier Business (Yes/No): No

Regulatory Mandate (Yes/No): No

Details of Transaction:

Sources of Funds:

Tax-Exempt Bond Proceeds	\$	25,200,000
Other Sources	\$	4,524,233
Total Sources	\$	29,724,233

Uses of Funds:

New Equipment Purchase & Installation	\$	18,685,481
Engineering/Architecture	\$	4,494,632
Legal Permits	\$	2,050,000
Cost of Issuance (incl. discount)	\$	489,120
Interest During Construction	\$	1,350,000
Interest Income During Construction	\$	135,000
Other (Debt Service Reserve)	\$	2,520,000
Total Uses	\$	29,724,233

Description of Proposed Project:

According to the Applicant, the Project in Ontario will utilize biogas produced as a byproduct of wastewater treatment to produce 2.8 MW of energy and waste heat at the Inland Empire Utilities Agency (IEUA) Regional Plant #1 (RP1). The electricity and heat will be utilized entirely by the treatment facility. The Project in San Jose will utilize biogas produced as a byproduct of wastewater treatment to produce 1.4 MW of energy and waste heat at the San Jose Water Pollution Control Plant. The electricity and heat will be utilized entirely by the treatment facility.

Environmental Impact:

- 1) Air Quality: Yes
 Molten Carbonate Fuel Cells generate a significant quantity of power with very low emissions and are very efficient. Both sites expect to reduce greenhouse emissions by an average 85% for the Ontario facility alone.
- 2) Water Quality: Not Applicable
- 3) Energy Efficiency: Yes
 Self sufficient systems. Generates cost savings as well as other efficiencies.
- 4) Recycling of Commodities: Not Applicable
- 5) Safety and Compliance: Yes
 All CEQA requirements and ongoing South Coast Air Quality Monitoring Districts permits have been issued and met.
- 6) Consumer Costs Savings and Efficiencies: Yes
 Efficiencies described will result in cost savings to the consumer due to competitive electricity prices coupled with the utilization of waste heat.

Local Government Support:

This Project is part of both communities plans for self sufficient, renewable energy plans.

Legal Questionnaire:

No information was disclosed that raised any question regarding the financial viability or legal integrity of the

Recommendation:

Staff recommends that the Committee approve \$25,200,000 in tax exempt bond allocation.