

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**May 17, 2017**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR AN**  
**EXEMPT FACILITY PROJECT**

*Prepared by: Richard Fischer*

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**Applicant:** California Municipal Finance Authority

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**Allocation Amount Requested:** \$4,000,000

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**Project Information:**

**Name:** Escondido Bioenergy Facility  
**Project Address:** 1521 South Hale Avenue  
**Project City, County, Zip Code:** Escondido, San Diego, 92029

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**Project Sponsor Information:**

**Name:** Escondido Bioenergy Facility, LLC  
**Address:** 5780 Fleet Street, Suite 310  
Carlsbad, CA 92008  
**Principals:** Arun Sharma  
  
**Contact:** Nick Fontaine  
**Phone:** (760) 436-8870

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**Project User Information:**

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

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**Project Financing Information:**

**Bond Counsel:** Squire Patton Boggs (US) LLP  
**Underwriter:** Not Applicable  
**Bond Interest Rate:** 5.06%  
**Private Placement Purchaser:** Caterpillar Financial Services Corporation  
**TEFRA Hearing & Adoption Date:** February 1, 2017

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**Project Sponsor's Principal Activity:**

According to the Applicant, using HARRF as a biological processor that yields a biogas to generate both electricity and heat to offset the facilities electrical power and natural gas demand from San Diego Gas and

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**First Tier Business (Yes/No):** No

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**Regulatory Mandate (Yes/No):** No

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**Details of Transaction:**

**Sources of Funds:**

Tax-Exempt Bond Proceeds	\$	4,000,000
Other Sources	\$	2,869,000
Total Sources	\$	<u>6,869,000</u>

**Uses of Funds:**

Utilities Connection	\$	440,000
New Equipment Purchase & Installation	\$	5,333,000
Engineering/Architecture	\$	320,000
Legal Permits	\$	100,000
Cost of Issuance (incl. discount)	\$	136,000
Interest during Const. & Debt Service Reserve Fund	\$	<u>540,000</u>
Total Uses	\$	<u>6,869,000</u>

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**Description of Proposed Project:**

According to the Applicant, the facility will be producing renewable electricity and heat for the City of Escondido's wastewater treatment facility.

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**Environmental Impact:**

- 1) Air Quality: Yes
  
- 2) Water Quality: None indicated.
  
- 3) Energy Efficiency: None indicated.
  
- 4) Recycling of Commodities: None indicated.
  
- 5) Safety and Compliance: None indicated.
  
- 6) Consumer Costs Savings and Efficiencies: Yes

**Local Government Support:**

Letters of support have been received from the City Council in the form of a resolution signed by the mayor.

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**Legal Questionnaire:**

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

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**Recommendation:**

Staff recommends that the Committee approve \$4,000,000 in tax exempt bond allocation.