

PERC and Alinda Awarded California's First Design-Build-Operate-Finance Water Recycling Facility by City of Santa Paula



An artist's rendering of the new water recycling facility to be built in Santa Paula, CA

SANTA PAULA, CA, July 3, 2008 – Santa Paula Water LLC (“Santa Paula Water”), a company formed by Pacific Environmental Resources Corp. (“PERC”) and Alinda Capital Partners LLC (“Alinda”), has been selected by the City of Santa Paula, California to design, build, operate and finance (“DBOF”) a new, state-of-the-art 3.4 million gallons per day water recycling facility (“Facility”), readily expandable to 4.2 million gallons per day to replace its existing wastewater treatment plant built in 1939.

Santa Paula Water was awarded the contract in May 2008, and engineering of the new Facility commenced immediately. Construction will begin by July 15, 2008, and operations will commence by December 15, 2010. PERC will operate the new Facility under a 30-year concession with Santa Paula Water. This will be the first facility of its type to be built under California's new regulations encouraging private investment to solve public infrastructure needs.

Santa Paula Mayor Bob Gonzales said “The City of Santa Paula is very pleased to partner with PERC Water on our new water recycling facility. PERC Water is providing the city with a state of the art treatment plant that will serve our residents for many years to come. The City looks forward to working with PERC in the years ahead.” Brian Cullen, president of PERC, believes the City of Santa Paula's decision to accept PERC's offer “came down to two things: the certainty of Alinda's project financing and the fact that PERC had a superior technical offering. The offer does not require a commitment for capital on the part of the City and is essentially a pay-for-service arrangement.”

The new Facility will utilize advanced treatment process technologies – incorporating MBR (membrane bio-reactors), aerobic sludge digestion and UV (ultraviolet) disinfection – that will produce an effluent that meets or exceeds all current environmental wastewater quality standards mandated by the U.S. EPA and the California RWQCB (Regional Water Quality Control Board) Title 22 Class A+. The advantage of the PERC ASP[®] MBR design is the efficient use of land, utilizing a fraction of the land required by a conventionally designed facility –

in Santa Paula's case a land savings of 5 acres – while providing a physical environment that adds tremendous value to the surrounding community. The Facility, the exterior of which will resemble a golf course clubhouse, will be completely enclosed for maximum odor control.

Chris Beale, Managing Partner of Alinda, said, "This project is ground breaking from a financial point of view. The private sector will put up all the capital and take the risk of compliance with environmental regulations. It will provide ratepayers with a low cost solution, and it relieves the City of financial risk. We expect this model to be followed by other communities that see the future in converting wastewater liability to a clean water asset."

In a community effort, the Facility will have a dedicated area known as the Recycling Educational Center. There the citizens of Santa Paula and students of local schools can tour the Facility to learn how water is treated to recycling levels and how water recycling facilities operate.

The Santa Paula Facility will be PERC's largest facility designed, built, operated and financed in California for a municipality. It will also be the first PERC ASP[®] MBR (Membrane Bio-Reactor) and Koch Membrane Systems first, and largest, US facility to utilize the Puron Membrane (Koch) System.

About PERC

PERC is a water quality and risk management firm providing clients with a Total Solution™ for water reclamation needs. Recent awards include the Highly Commended Award from *Global Water Intelligence* "Water/Wastewater Project of the Year" for the Mountain House facility near Tracy, CA and the "Environmental Excellence Award" from the Valley Forward Association for the Palm Valley facility in Goodyear, AZ. PERC has completed 16 water recycling facilities in California, Arizona and New Mexico, and has six more in development and construction. PERC is headquartered in Costa Mesa, CA. See www.percwater.com for more information.

About Alinda

Alinda is an independent investment firm that specializes in infrastructure investments that serve communities, governments and businesses. Alinda manages the \$3 billion Alinda Infrastructure Fund, which has invested in gas and water utilities, wastewater treatment services, water tanks, municipal services, roads, bridges, tunnels, airports and rail service. The Fund's investors are predominantly pension funds for public and private sector workers. See www.alinda.com for more information.

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