

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM**

Meeting Date: June 24, 2009

Request for Amendment to Indenture and Loan Agreement

Prepared by: *Doreen Smith*

Applicant:	The Ratto Group of Companies Inc. and/or its Affiliates	Action Requested:	Indenture and Loan Agreement Amendment
Project	Santa Rosa	Application No.:	00767
Location:	(Sonoma County)		

Summary. The Ratto Group of Companies Inc. (“Ratto” or the “Company”) requests approval to amend The Ratto Group of Companies Inc. Project Series 2007A Bonds (the “Bonds”) Indenture between CPCFA and The Bank of New York Mellon Trust Company, N.A., as successor trustee, dated July 1, 2007. The Company requests to enter into a supplemental Indenture pursuant to Section 9.01(B)(7) of the Indenture. Amending and supplementing the Indenture will provide a mechanism for the release of monies from the Project Fund to the Surplus Account prior to the completion of the Project. The Company also requests an amendment to the Loan Agreement to modify the Project and Exhibit A.

Discussion. In July 2007, CPCFA approved the issuance of the Bonds in the amount not to exceed \$42,600,000. The approved project included land acquisition and/or construction, renovation and/or installation of buildings, acquisition of trucks, carts, bins and containers. Due in part to declining commodities prices, the Company no longer wishes to acquire one of the parcels of land and some of the MRF equipment originally identified in the approved project. The Company requests to transfer approximately \$16 million from the Project Fund to the Surplus Account, which would cause an optional redemption, or prepayment, of that portion of the Bonds.

The Indenture, as written, does not allow the Trustee to transfer monies from the Project Fund to the Surplus Account unless a Project Completion Certificate is presented. The Company requests amending and supplementing the Indenture to provide a mechanism for the release of monies from the Project Fund to the Surplus Account prior to the completion of the Project.

An amendment of the Loan Agreement is required to modify the description of the Project to reflect the decision not to use bond proceeds to acquire one parcel of land and the MRF facility located there.

SBAF Reimbursement. The Company received \$250,000 of SBAF assistance for the 2007 bond closing. Pursuant to the Loan Agreement, upon the early redemption of a portion of the Bonds, the Company will reimburse the Authority for a part of the SBAF contribution made at the time of bond issuance in 2007.

Staff Recommendation. Staff recommends, contingent upon receipt of documents and opinions required by Section 9.01(B)(7) of the Indenture, the Authority approve the request of the Company (1) to amend The Ratto Group of Companies Inc. Project Series 2007A Indenture between CPCFA and the Bank of New York Mellon Trust Company, N.A., as successor trustee; and (2) to amend the Loan Agreement between CPCFA and Ratto to modify the Project and Exhibit A.

**RESOLUTION APPROVING AMENDMENT TO INDENTURE AND
LOAN AGREEMENT FOR BONDS ISSUED ON BEHALF OF THE
RATTO GROUP OF COMPANIES INC. AND AFFILIATES**

June 24, 2009

WHEREAS, this Authority has previously issued an aggregate of \$42,600,000 of California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (The Ratto Group of Companies Inc. Project), Series 2007A (the “2007A Bonds”), pursuant to an Indenture, dated as of July 1, 2007 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”); and

WHEREAS, pursuant to a Loan Agreement, dated as of July 1, 2007 (the “Loan Agreement”), by and between the Authority and The Ratto Group of Companies Inc. (the “Borrower”), the Authority has loaned the proceeds of the 2007A Bonds to the Borrower; and

WHEREAS, the Borrower has requested that the Authority enter into a supplemental indenture pursuant to Section 9.01(B)(7) of the Indenture, amending and supplementing the Indenture to provide a mechanism for the release of monies from the Project Fund to the Surplus Account prior to the completion of the Project; and

WHEREAS, to reflect the reduction in use of Proceeds of the 2007A Bonds, the Borrower has requested the Authority to enter into a supplement to the Loan Agreement to modify the description of the Project contained in Exhibit A to the Loan Agreement;

WHEREAS, the Issuer and the Trustee are authorized under Section 9.01(B)(7) of the Indenture to enter into supplemental indentures and loan agreements in regard to matters or questions arising under the Indenture and Loan Agreement without the consent of any Holders, if the Holders of the 2007A Bonds have the right to tender their bonds and have been given at least 30 days’ notice, and if notice of any such modification or amendment of the Indenture shall have been given to each Rating Agency then rating the 2007A Bonds; and

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WHEREAS, it is necessary and desirable and not inconsistent with the terms thereof, that the Indenture and Loan Agreement be amended pursuant to such supplemental indenture and supplemental loan agreement, as provided herein; and

WHEREAS, final approval of the terms of such supplemental indenture and supplemental loan agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Authority finds and declares all of the foregoing recitals to be true and correct.

Section 2. The Authority hereby approves the proposed form of First Supplemental Indenture, by and between the Authority and the Trustee (the “Supplemental Indenture”), as submitted to the Authority, and authorizes the Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority to execute the Supplemental Indenture, with such modifications as may be deemed necessary and appropriate in the judgment of the officers executing the same and with the advice of the Attorney General, which modifications shall be conclusively deemed to be approved by the execution of the Supplemental Indenture by such officers.

Notwithstanding the foregoing, the Supplemental Indenture shall only be delivered by such officers upon receipt of (i) the written approval of Westamerica Bank, as the Administrative Agent, (ii) the written approval of the Borrower, and (iii) evidence that notice of the Supplemental Indenture shall have been given to the Bondholders and each Rating Agency rating the 2007A Bonds.

Section 3. The Authority hereby approves the proposed form of First Supplemental Loan Agreement, by and between the Authority and the Borrower (the “Supplemental Loan Agreement”), as submitted to the Authority, and authorizes the Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority to execute the Supplemental Loan

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Agreement, with such modifications as may be deemed necessary and appropriate in the judgment of the officers executing the same and with the advice of the Attorney General, which modifications shall be conclusively deemed to be approved by the execution of the Supplemental Loan Agreement by such officers. Notwithstanding the foregoing, the Supplemental Loan Agreement shall only be delivered by such officers upon receipt of (i) the written approval of Westamerica Bank, as the Administrative Agent and the Trustee, (ii) an Opinion of Counsel to the effect that the provisions of the supplemental Loan Agreement will not, in and of themselves, adversely affect the tax-exempt status of the 2007A Bonds, and (iii) evidence that notice of the Supplemental Loan Agreement shall have been given to the Bondholders and each Rating Agency rating the 2007A Bonds.

Section 4. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates, including one or more tax certificates or supplemental tax certificates, they may deem necessary or advisable in order to consummate the amendments of and supplements to the Indenture and otherwise to effectuate the purpose of this resolution.

Section 5. This Resolution shall take effect immediately upon its passage.