

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
BOND FINANCING PROGRAM  
Meeting Date: August 26, 2009**

***Request to Approve the Conversion of Revenue Bonds  
from Taxable to Tax-Exempt Status  
and Request Tax-Exempt Bond Allocation Approval***

Prepared by: *Doreen Smith*

<b>Applicant:</b> BP West Coast Products LLC	<b>Amount Requested:</b> \$88,000,000
<b>Project</b>	<b>Application No.:</b> 00574
<b>Location:</b> Carson (Los Angeles County)	<b>Prior Actions:</b> IR 94-11 Approved 10/21/94 IR 94-11 Amended 07/23/97, 05/28/08 and 07/22/09

**Summary.** BP West Coast Products LLC (the “Company”) requests approval of a Resolution to convert \$88,000,000 of Environmental Improvement Revenue Bonds (Atlantic Richfield Company Project) Series 1997 (Taxable) to Tax-Exempt Bonds in an amount not to exceed \$88,000,000. The Company is also requesting \$88,000,000 in volume cap allocation.

The Company is the successor of most of the operating assets of Atlantic Richfield Company (ARCO). The Company provides crude oil refining and marketing operations. The Company anticipates that the project will help facilitate the production of reformulated gas for the California market and provide for the safe disposal of solid wastes as well as other pollution control and air quality benefits.

**Borrower.** The Company is a limited liability company that organized in Delaware on September 26, 2001. The Company is 100% owned by BP Products North America, Inc. The Company is publicly traded on the NYSE under the symbol BP.

**Legal Questionnaire.** Staff has reviewed the Company’s responses to the questions contained in the legal status portion of the Application. The Company did disclose several matters in which it was a defendant, without admitting the truth or validity of any of the allegations. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

**SBAF Contribution.** The Company is a large business and will contribute up to \$616,000 to CPCFA’s Small Business Assistance Fund (SBAF).

**TEFRA.** The TEFRA hearing was held on August 20, 2009. There were no comments received in support of or in opposition to this Project.

**Prior Actions and Financings.**

<b>Description</b>	<b>Date of Bond Issue</b>	<b>Original Amount</b>	<b>Amount Outstanding as of 08/01/09</b>
BP West Coast Products 2008A ("2008A Bonds")	12/03/2008	\$100,000,000	\$100,000,000
BP West Coast Products 2008 (Refunds 1996A Bonds)	03/26/2008	44,810,000	44,810,000
ARCO Series 1997A (Tax-Exempt)	03/12/1998	20,000,000	20,000,000
ARCO Series 1997 (Taxable)	12/23/1997	108,000,000	88,000,000
ARCO Series 1996A (Refunded by 2008 Bonds)	01/24/1996	44,810,000	0
ARCO Series 1994A	12/08/1994	45,000,000	45,000,000
ARCO Series 1985 (Refunded by 1996A Bonds)	11/14/1985	35,200,000	0
ARCO Series 1974 (Refunded by 1996A Bonds)	06/06/1974	13,460,000	0
<b>TOTALS:</b>		<b><u>\$311,280,000</u></b>	<b><u>\$197,810,000</u></b>

The Company also anticipates refunding the 2008A Bonds on September 1, 2009.

**Background.** On December 23, 1997, CPCFA issued its Environmental Improvement Revenue Bonds (Atlantic Richfield Company Project) Series 1997 (Taxable) in the amount of \$108,000,000. On March 19, 1998, \$20,000,000 of that total amount was converted from Taxable Bonds to Tax-Exempt Bonds.

The bonds were issued to finance improvements and additions to ARCO’s refinery located in Carson. As stated above, the Company is the successor of most of the operating assets of ARCO. Facilities were installed to collect, store, treat, utilize, process or dispose of solid waste or sewage to reduce the level of emissions generated by refining and cogeneration operations, and to comply with federal and state regulations as they pertain to reformulated gasolines.

**Current Request.** The Company currently requests approval of a Resolution to convert \$88,000,000 CPCFA Environmental Improvement Revenue Bonds (Atlantic Richfield Company Project) Series 1997 (Taxable) to tax-exempt status. The Company also requests approval of an Allocation Resolution in the amount of \$88,000,000. The bonds will refinance previous improvements to the Company’s refinery located in Carson in Los Angeles County.

**Timeline.** The facilities financed with the 1997 Bonds were constructed and placed in service by the Company from 1996 through 1999.

**Local Government.** Jerome G. Groomes, City Manager for the City of Carson, has submitted a letter in support of the project (Attachment A).

**Pollution Control and/or Environmental Benefits.** The Company represents the Project generates pollution control and environmental benefits.

**Permitting and Environmental Approvals.**

The Company has previously provided copies of the appropriate leases and permits for the project site.

**Financing Details.** The bonds are secured by payments to be made by BP West Coast Products LLC under a Loan Agreement between BP West Coast Products LLC and the CPCFA. The

## Agenda Item 4.D.1.

bonds are also secured by a guarantee provided by BP p.l.c., a corporation organized under the laws of England and Wales that is also subject to the requirements of the Securities Exchange Act of 1934.

The Company anticipates a negotiated tax-exempt, AMT, variable rate bond issue that will be sold in a public reoffering.

The anticipated bond rating is Aa1/VMG1 by Moody's and AA+/A-1+ by Standard & Poor's. The target date of the reoffering is December 2009.

### **Financing Team.**

**Underwriter:** Goldman, Sachs & Co.

**Bond Counsel:** Law Offices of Leslie M. Lava

**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of a Resolution to convert an amount not to exceed \$88,000,000 and Allocation Resolution No. 08-242-02 for an amount not to exceed \$88,000,000 for BP West Coast Products LLC.

**RESOLUTION OF THE  
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
RELATING TO FINANCING FOR SOLID WASTE DISPOSAL AND  
SEWAGE FACILITIES FOR BP WEST COAST PRODUCTS LLC**

August 26, 2009

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore received the applications of Atlantic Richfield Company and its successor, BP West Coast Products LLC (the “Company”), for financial assistance in the upgrade, installation, construction, improvement, replacement, equipping or other costs of certain solid waste disposal and sewage facilities at the Company’s Carson Refinery in Carson, Los Angeles County, California (collectively, the “Project”); and

WHEREAS, on October 21, 1994, as amended on July 23, 1997, May 22, 2008 and July 22, 2009, the Authority adopted Initial Resolution No. 94-11, evidencing its intent to issue bonds to finance all costs properly chargeable to the capital account of the Project in a maximum principal amount aggregating \$304,000,000; and

WHEREAS, on December 17, 1997, the Authority adopted Final Resolution No. 298 approving, among other matters, the issuance by the Authority of its revenue bonds bearing interest at a taxable rate in an amount not to exceed \$108,000,000 to assist in the financing of the Project; and

WHEREAS, on December 23, 1997, such revenue bonds in an aggregate principal amount equal to \$108,000,000 (the “Taxable Bonds”) were issued by the Authority pursuant to an Indenture of Trust, dated as of December 1, 1997 (the “Indenture”), between the Authority and The Chase Manhattan Bank, succeeded-in-interest by The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, on March 19, 1998, the Taxable Bonds in an aggregate principal amount equal to \$20,000,000 were converted to revenue bonds bearing interest at a tax-exempt rate (the “Converted Bonds”); and

WHEREAS, the Company has requested that the Authority approve the conversion of the remaining Taxable Bonds in an aggregate principal amount not to exceed \$88,000,000, at any time or from time to time, from a taxable rate to a tax-exempt rate;

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

Section 1. Pursuant to the Indenture, the conversion of any or all of the remaining Taxable Bonds from a taxable rate to a tax-exempt rate (such converted Taxable Bonds being referred to herein as the “Tax-Exempt Bonds”) is hereby ratified, confirmed and approved, subject to the receipt from the California Debt Limit Allocation Committee (“CDLAC”) of state volume cap in an amount equal to the principal amount of the Tax-Exempt Bonds to be converted from time to time,

so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986 (the "Code") with respect to such Tax-Exempt Bonds. Subject to the foregoing, the remaining Taxable Bonds may be converted at one time, or from time to time, in one or more series separately identified.

Section 2. The Authority hereby dedicates and confirms its allocation to the Tax-Exempt Bonds of a portion of its private activity bond limit to the extent received from CDLAC in an amount up to the principal amount of the Tax-Exempt Bonds finally converted from time to time.

Section 3. The Chairman (or any of his Deputies) and the Executive Director of the Authority are hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Tax-Exempt Bonds, in one or more series, in an aggregate principal amount not to exceed the principal amount of the Tax-Exempt Bonds and the Converted Bonds, in accordance with the Indenture and in the form set forth in the Indenture.

Section 4. The Tax-Exempt Bonds, when so executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Tax-Exempt Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Tax-Exempt Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the initial purchasers in accordance with written instructions executed on behalf of the Authority by the Chairman (or any of his Deputies) or the Executive Director of the Authority, which instructions said officers are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Tax-Exempt Bonds to The Depository Trust Company, on behalf of the initial purchasers thereof, upon payment of the purchase price thereof.

Section 5. The officers of the Authority and its authorized deputies are hereby authorized and directed, jointly and severally, to perform any ministerial acts and, with the advise of counsel to the Authority, to execute and deliver any and all documents and certificates, including a tax certificate, which they may deem necessary or advisable in order to effectuate the purpose of this resolution.

Section 6. This resolution shall take effect immediately upon its passage and shall be effective until December 31, 2009. The adoption by the Authority of this resolution for the Company shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project; however, a copy of this resolution shall be included in any application filed with CDLAC.

**THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**RESOLUTION NO. 08-242-02**

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2008 STATE  
CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR AN  
EXEMPT FACILITY PROJECT**

**WHEREAS**, the California Pollution Control Financing Authority (“CPCFA”) has received an application (“Application”) from **BP West Coast Products LLC** (“Project Sponsor”) for approval of the issuance of revenue bonds; and

**WHEREAS**, on August 26, 2009, CPCFA approved Resolution No. 492 (“Resolution”) authorizing the conversion of up to \$88,000,000 of its Environmental Improvement Revenue Bonds (Atlantic Richfield Company Project) Series 1997 (Taxable) (“Bonds”), which financed certain solid waste disposal and sewage facilities described in the Application; and

**WHEREAS**, in seeking CPCFA approval of the Resolution, the Project Sponsor represented certain facts and information concerning the project to CPCFA which were relied upon by CPCFA in approving the Resolution; and

**WHEREAS**, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2008 State Ceiling on Qualified Private Activity Bonds pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, for use by CPCFA to issue bonds or other obligations in a manner consistent with CDLAC’s policies and procedures. Accordingly, capitalized terms not otherwise defined shall have the meanings ascribed to them in the “Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of State Ceiling on Private Activity Bonds” (“CDLAC Procedures”); and

**WHEREAS**, it is appropriate for CPCFA to confirm the use of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the conversion of the Bonds as set forth in the Resolution;

**NOW, THEREFORE**, CPCFA resolves as follows:

**Section 1.** CPCFA Allocation in the amount of **\$88,000,000** is hereby dedicated to the conversion of the Bonds. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the conversion of Bonds for the Project, as specifically described in Exhibit A, and consistent with the terms of the Resolution. All of the terms and conditions of Exhibit A, and the Resolution are incorporated herein as though set forth in full (this resolution, the Resolution and Exhibit A, collectively “Allocation Resolution”).

**Section 2.** The terms and conditions of this Allocation Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor and all its respective successors and assignees, will be bound by such terms and conditions.

**Section 3.** Any modification to the Project made prior to the conversion of the Bonds must be reported to the Executive Director and shall require reconsideration by the CPCFA before the Allocation may be used for the Project.

**Section 4.** The CPCFA Allocation dedicated by this Allocation Resolution shall automatically revert to CPCFA unless the Bonds for the Project have been converted by CPCFA by the close of business on **December 14, 2009**. In a case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

**Section 5.** Within twenty-four (24) hours of converting the Bonds, CPCFA shall notify CDLAC by facsimile communication to the fax number listed in Section 24 of the CDLAC Procedures that the Bonds have been converted. This facsimile notice shall identify the Project Sponsor, the project or program, the date and amount of the Bonds converted.

**Section 6.** Within fifteen (15) calendar days of the Bond closing, CPCFA or its counsel shall formally transmit to CDLAC information regarding the conversion of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by CDLAC.

**Section 7.** Any differences between the amount of Bonds converted and the amount of the CPCFA Allocation dedicated in Section 1 of this Allocation Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 7 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this Allocation Resolution will not be required by the Project by that date, the Project Sponsor shall promptly give notice to CPCFA.

**Section 8.** In consideration of the CPCFA Allocation dedicated in Section 1 of this Allocation Resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Allocation Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Project Sponsor expressly agrees that the terms and conditions of this Allocation Resolution may be enforced by CDLAC or CPCFA through an action for specific performance or any other available remedy, provided however, that CDLAC and CPCFA agree not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, CPCFA shall ensure that the Bond documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this Allocation Resolution.

**Section 9.** The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Allocation Resolution when reasonably requested by CDLAC or CPCFA.

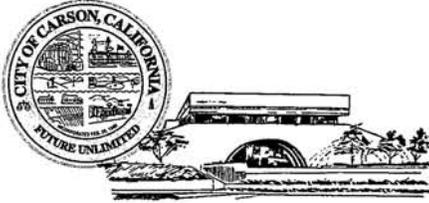
**Section 10.** This Allocation Resolution shall take effect immediately upon its adoption.

**RESOLUTION NO. 08-242-02**  
**(AN EXEMPT FACILITY PROJECT)**  
**EXHIBIT A**

1. Project Sponsor: BP West Coast Products LLC
2. Application #: 00574
3. Project User: BP West Coast Products LLC
4. Project Name: BP West Coast Products LLC
5. Location: Carson (Los Angeles County)
6. Credit Enhancement or Private Placement Purchaser: Corporate guarantee of BP p.l.c.
7. The Credit Enhancement Provider/Private Placement Purchaser at the time of reoffering will be the same as represented in the application.
8. Amount of Allocation: \$88,000,000

Attachment A

OFFICE OF THE CITY MANAGER



JUL 29 '09 AM 11:46

**CITY OF CARSON**

July 27, 2009

City of Carson  
701 East Carson Street  
Carson, California 90745

California Pollution Control Financing Authority  
Attn: Mike Paparian  
915 Capitol Mall, Room No. 457  
P.O. Box 942809  
Sacramento, California 94209

**RE: Private Activity Bonds for Exempt Facility Projects at the BP Carson Refinery**

Dear Mr. Paparian:

We understand that the application filed with the California Debt Limit Allocation Committee from BP West Coast Products, LLC seeking volume cap allocations in order to issue private activity revenue bonds to finance the installation to clean fuels equipment located at the BP Carson Refinery, while substantially reducing the potential for environmental impacts, has been advanced in the review process. The City of Carson continues to support this application and stresses the importance of the projects for our community.

The proposed projects are designed to improve the environment in which our residents live, as well as establish a more efficient and reliable source of fuel for California. The city of Carson desires to have the BP refinery operate at its highest level of reliability. Approval of these projects will also assist our priority to help retain employment in Carson. We urge the California Debt Limit Allocation Committee to recognize the benefits that the proposed BP projects will bring to Carson and encourage approval of BP's request for volume cap allocations.

Yours truly,

JEROME G. GROOMES  
CITY MANAGER