

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: April 28, 2010
Request for Final Resolution to Issue Refunding Revenue Bonds

Prepared by: *Doreen Smith*

Applicant:	BLT Enterprises of Fremont LLC and/or its affiliates	Amount Requested:	\$28,015,000
Project		Application No.:	00665 (SB)
Location:	Fremont (Alameda County)	Final Resolution No.:	502
		Prior Actions:	IR 00-05 approved 4/26/00; extended 7/31/01; amended & extended 1/29/02 & 1/28/03; extended 1/25/05 FR 426 approved 4/26/05

Summary. BLT Enterprises of Fremont LLC and/or its Affiliates (“BLT” or the “Company”) requests approval of a Final Resolution to issue refunding revenue bonds for an amount not to exceed \$28,015,000. The Company proposes the refunding of up to \$28,015,000 in previously issued bonds (BLT Enterprises of Fremont LLC Project Series 2005A) and conversion to non-Alternative Minimum Tax (non-AMT) status.

Borrower. BLT is a privately owned, Southern California-based company that has specialized for over 20 years in the development and operation of MRFs and transfer stations, as well as the processing and marketing of recyclable materials. BLT Enterprises of Fremont LLC was organized on May 19, 2005 in California. They have been designed to handle the recycling and disposal needs for the residents of the cities of Fremont, Newark and Union City. The Company has a total of 177 employees.

The principal owners of the Company are as follows:

Shawn Guttersen	15%
Steve Perry	15%
Bernard Huberman	35%
Daniel Rosenthal	<u>35%</u>
Total:	<u>100%</u>

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Background. On June 10, 2005 CPCFA issued Variable Rate Demand Solid Waste Disposal Revenue Bonds (BLT Enterprises of Fremont LLC Project) Series 2005A (the “Prior Bonds”) in the amount of \$29,125,000. The Prior Bonds financed the construction of a non-hazardous solid waste transfer station and materials recycling facility with the capacity of processing up to 2,400 tons of municipal solid waste and recyclables per day for the cities of Fremont, Newark and Union City. The Project included a transfer building with material recovery, two scale houses with three scales, a maintenance shop and an office/visitor center. Adjacent to the transfer station, the Project Sponsor constructed its Material Recovery Facility. Equipment purchased

includes loaders, sweepers, forklifts, balers, scales, conveyors, and office transportation equipment used to support the Project Sponsor’s collection, processing and disposal of waste within the City of Fremont and neighboring communities.

The Project is complete and staff has received project completion certification.

Current Request. The Company currently requests approval of a Final Resolution to refund the \$28,015,000 total outstanding principal on the Prior Bonds, and convert to non-AMT status. A portion of the funds used to retire the Prior Bonds will be provided from Company equity.

The purpose of the refunding is to make use of recent changes to the federal tax law. The American Recovery and Reinvestment Act of 2009 (ARRA) provides that interest on private activity bonds issued in 2009 or 2010 will not be taken into account for AMT purposes. The exemption of tax-exempt bonds from the AMT will lower interest costs for all issuers. Private activity bonds previously subject to the AMT will now have access to a larger market of potential purchasers.

Financing Details. The Company anticipates issuance of tax-exempt, weekly reset, variable rate bonds with a term not to exceed 30 years for the qualifying portion of the project. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit issued by Union Bank, N.A. that is rated at least “A” by Fitch Rating Agency or equivalent. The target date for financing is May 5, 2010.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Financial Advisor: Andrew S. Rose, Esq.
Issuer’s Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Final Resolution No. 502 for an amount not to exceed \$28,015,000 for BLT Enterprises of Fremont LLC and/or its Affiliates.

Final Resolution No. 502
Application No. 665 (SB)

FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO REFINANCING OF SOLID WASTE DISPOSAL FACILITIES
FOR BLT ENTERPRISES OF FREMONT LLC, AND/OR ITS AFFILIATES

April 28, 2010

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore received the application of BLT Enterprises of Fremont LLC, a California limited liability company (the “Borrower”), for financial assistance to refinance the construction and equipping of a materials recovery facility located in the City of Fremont, California, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Authority has previously issued revenue bonds to assist in the financing of certain costs of the Project, designated as \$29,125,000 California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (BLT Enterprises of Fremont LLC Project) Series 2005A (the “Prior Bonds”), of which \$28,015,000 remains outstanding; and

WHEREAS, in order to effectuate a savings in interest rates, the Borrower has requested that the Authority issue refunding bonds in order to refund the Prior Bonds; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority; and

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

WHEREAS, in order to enhance the marketability of the bonds, the Borrower has arranged for a financial institution, as named in the Term Sheet, to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

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

Section 1. The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Refunding Revenue Bonds (BLT Enterprises of Fremont LLC Project), Series 2010” (the “Bonds”) in an aggregate principal amount not to exceed \$28,015,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to refinance the Project and to pay costs of issuance of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before December 31, 2010, by negotiated sale, at such price, at such interest rate or rates and in such mode (taxable or tax-exempt) as he may determine.

Section 4. The following documents:

- (a) the Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower;
- (b) the Indenture relating to the Bonds (the “Indenture”), between the Authority and the trustee named in the Term Sheet (the “Trustee”);
- (c) the Bond Purchase Contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority and approved by the Borrower; and
- (d) the official statement relating to the Bonds (the “Official Statement”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit or liquidity enhancement for any series of Bonds) as the officer(s) executing and/or delivering the same, with the advice of the Attorney General of the State of California or such other counsel as the Authority shall select (“Authority Counsel”), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by execution and delivery thereof.

Section 5. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 6. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of tender and redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 7. The Underwriters are hereby directed to deliver a copy (in physical or electronic form) of said final official statement (as finally executed, the “Official Statement”) to all actual purchasers of the Bonds.

Section 8. The Bonds, when 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 Bonds by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Bonds to

The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 9. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts to consummate the issuance, sale and delivery of the Bonds and effectuate the purposes of this Resolution, the Indenture, the Loan Agreement, the Purchase Contract and the Official Statement. The Authority hereby approves any and all documents and certificates to be delivered in furtherance of the foregoing purposes.

Section 10. The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers Related to Bond Financings to the Executive Director and Deputy Executive Director” adopted on January 27, 2010, which are incorporated herein by reference, apply to the documents approved by this Resolution.

Section 11. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 12. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower 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.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Refunding Revenue Bonds (BLT Enterprises of Fremont LLC Project), Series 2010 (the “Bonds”)
Maximum Amount of Issue:	\$28,015,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”), Sacramento, CA
Borrower:	BLT Enterprises of Fremont LLC, a California limited liability company
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Senior Underwriter or Placement Agent:	Westhoff, Cone & Holmstedt
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP, San Francisco, CA
Remarketing Agent:	Westhoff, Cone & Holmstedt
Project:	See Exhibit B
Maximum Bond Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale
Description of Minimum Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
Financing Structure:	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
Maximum Interest Rate:	12%
Letter of Credit:	Union Bank, N.A.
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	Minimum “A-”

Agenda Item – 4.C.1.

Type of Financing:

Solid waste disposal refunding revenue bonds

Prepared by:

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EXHIBIT B

The Project, which is owned and operated by the Borrower, consists of an approximately 13.2 acre site in the City of Fremont, California upon which the Borrower has constructed a non-hazardous solid waste transfer station and materials recovery facility, including two scale houses with three scales, a maintenance shop and an office/visitor center (collectively, the “Facility”). The transfer station is located adjacent to the materials recovery facility and together the Facility comprises approximately 168,000 square feet. Additional facility improvements including truck access, tunnels and staging areas resulted in the entire Facility site comprising approximately 211,000 square feet. The Project also includes equipment, including loaders, sweepers, forklifts, balers, scales, conveyors and office and transportation equipment to be used to support the Borrower’s transfer, recycling and solid waste disposal services within the City and neighboring communities.