

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: October 23, 2007
Executive Summary
Request for Consent to Amend Indenture to Permit Release of Reserve Fund

Prepared by: *Michael Smith*

Applicant: Metropolitan Recycling Corporation	Amount Requested: \$0
Project Location: Bakersfield and Kern County	Application No.: 652(SB)
	Final Resolution No.: 337
	Prior Actions: Bonds issued 06/14/2000

Type of Business/Background: On April 26, 2000 Metropolitan Recycling Corporation, (the “Borrower”), received CPCFA Final Resolution approval and CDLAC allocation for \$11,740,000 to finance certain solid waste disposal facilities and other facilities and equipment (collectively, the “Original Project”), and to finance the acquisition of automated collection vehicles and waste carts. The Bonds were sold in two series (2000A and 2000B) and closed on June 14, 2000.

Discussion/Request: The Bonds were secured by a direct pay Letter of Credit from Comerica Bank and by a Reserve Fund, established under the Indenture and funded by certain proceeds of the Series 2000A Bonds. The Borrower is requesting to amend the Indenture to permit the release of the Reserve Fund from the lien of the Indenture. The Borrower intends to use the \$650,000 currently in the Reserve Fund for improvements to its material recycling facility (MRF) and to add new equipment to increase its capacity to process Construction and Demolition (C&D) waste. No change in use of proceeds is contemplated beyond those approved by the Authority, the original TEFRA notice, and bond documents.

The Borrower has experienced over seven years of consistent operating history and is in compliance with all covenants required by Comerica Bank. As a result, Comerica Bank has approved the release of the Reserve Fund. Comerica Bank’s Letter of Credit will remain in full force and the Bonds will continue to have an “A+/F1” Fitch Rating.

Under the Indenture, dated June 1, 2000, this amendment is permitted as long as Comerica Bank, 100% of the Bondholders, the Authority, and the Trustee consent to such amendment. Upon Authority approval, Bond Counsel will provide staff with the necessary legal documentation as required by Sections 9.01 and 9.02 of the Indenture, and Westhoff, Cone & Holmstedt, as remarketing agent, will obtain Bondholder approval.

Financing Team:

Underwriter: Westhoff Cone & Holmstedt
Bond Counsel: Leslie M. Lava, Esq.
Financial Advisor: Andrew Rose

Staff Recommendation: Staff recommends approval of Metropolitan Recycling Corporation’s request to amend the Indenture to permit the release of the Reserve Fund.

**RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO AMENDMENTS TO DOCUMENTS
FOR METROPOLITAN RECYCLING CORPORATION**

October 23, 2007

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore issued its Variable Rate Demand Solid Waste Disposal Revenue Bonds (Metropolitan Recycling Corporation Project), Series 2000A and Series 200B, in the aggregate principal amount of \$11,740,000 (collectively, the “Bonds”), pursuant to an Indenture, dated as of June 1, 2000 (the “Indenture”), between the Authority and The Bank of New York Trust Company, N.A., formerly known as BNY Western Trust Company, as trustee (the “Trustee”); and

WHEREAS, the proceeds of the Bonds were loaned to Metropolitan Recycling Corporation (the “Borrower”) pursuant to a Loan Agreement, dated as of June 1, 2000, between the Authority and the Borrower; and

WHEREAS, at the time of issuance and delivery of the Bonds, the Borrower caused to be delivered to the Trustee an irrevocable direct pay letter of credit securing the Bonds (the “Credit Facility”) issued by Comerica Bank, formerly known as Comerica Bank-California (the “Bank”); and

WHEREAS, the Bonds are also secured by a reserve fund established under the Indenture (the “Reserve Fund”), which Reserve Fund was funded with certain proceeds of the Bonds; and

WHEREAS, the Borrower has requested the Authority to amend the Indenture to permit the release of the Reserve Fund from the lien of the Indenture and to insert certain provisions clarifying matters or questions arising thereby; and

WHEREAS, the Borrower intends to apply such released moneys to acquire, install, construct, improve, relocate, equip and finance certain costs relating to certain solid waste

disposal and resource recovery facilities, including the Borrower's facilities and equipment located in the City of Bakersfield, Kern County, California all as more particularly described in Application 652 of the Borrower filed with the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

WHEREAS, final approval by the Authority of such amendments is now sought;

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. The proposed form of the Supplemental Indenture relating to the Bonds (the “Supplemental Indenture”), between the Authority and the Trustee, as filed with the Authority prior to this meeting, is hereby approved. The Chairman and the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Supplemental Indenture in substantially the form filed with the Authority, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Each Supplemental Indenture shall also be approved by the Borrower, the Bank and 100% of the Holders (as defined in the Indenture) of the Bonds.

Section 3. The officers of the Authority and the Treasurer and their authorized deputies are hereby authorized and directed, jointly and severally, to do any and all things, including (without limitation) to execute and deliver an amendment to the tax certificate and any and all other documents and certificates which they may deem necessary or advisable in order to effectuate the purpose of this resolution.

Agenda Item – 4.C.1.

Section 4. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this 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 (as defined in the Indenture) or in any application for any required permission or authority to construct or operate the Project.