

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: January 20, 2015
Request for Final Resolution and
Assistance from the Small Business Assistance Fund and
Request for Tax-Exempt Bond Allocation Approval

Prepared by: *Tom Dear*

Applicant: Blue Line Transfer, Inc.	Final Resolution Amount Requested: \$22,720,000
	Allocation Amount Request: \$11,945,000
	Application No.: 864(SB)
Project: City of	Final Resolution No.: 541
Location: South San Francisco (San Mateo County)	Prior Actions: IR12-10 Approved 10/16/2012

Summary. Blue Line Transfer, Inc. and/or its Affiliates (the “Company”) requests approval of a Final Resolution for an amount not to exceed \$22,720,000, Volume Cap Allocation for an amount not to exceed \$11,945,000 and assistance from the Small Business Assistance Fund (SBAF) in the amount of \$45,840.

The Company intends to refund two Solid Water Disposal Revenue Bonds previously issued by CPCFA in the amount of \$10,775,000. The volume cap request in the amount of \$11,945,000 will finance: an anaerobic digester and Compressed Natural Gas (CNG) fueling station in South San Francisco, site improvements to existing facilities, and the acquisition of rolling stock and collection equipment for use in various locations in San Mateo County in the amount of \$11,840,000; as well as the payment of certain costs of issuance related to the refunding in the amount of \$105,000.

Borrower. The Company has common ownership with South San Francisco Scavenger Company (SSFSC). SSFSC is the franchise collection company and Blue Line currently operates the Materials Recovery Facility and will operate the anaerobic digester facility. It is family-owned and has been providing solid waste and recycling services since 1914. The Company serves businesses and residents in South San Francisco, Millbrae, Brisbane and San Francisco International Airport.

The principal stockholders of the Company are as follows:

Michael Achiro	12.50%
Edward Bortoli	12.50%
Douglas Button	12.50%
Paul Formosa	12.50%
Ron Fornesi	12.50%
Vincent Fornesi	12.50%
Jerry Nabhan	12.50%
John Rossi, Jr.	<u>12.50%</u>
Total:	<u>100.00%</u>

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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 in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

TEFRA. The TEFRA hearing was held on [January 15, 2015]. There were no comments received in support of or in opposition to this Project.

Fees. The Company has paid an application fee of \$5,000 and will pay an Administrative Fee of \$18,680 at closing for the new debt portion of the request (\$11,840,000). The Applicant will pay the Authority's actual cost, including but not limited to applicable Issuer's Counsel fees, Agent for Sales fees and staff cost for the refunding portion of the transaction, in lieu of CPCFA's usual refunding fee, and per (4 CCR §8034(d)).

SBAF Assistance. The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$45,840. The SBAF calculation is based on the new debt bond issue amount of \$11,840,000. The volume cap amount request of \$11,945,000 includes \$105,000 to pay for costs of issuance associated with the refunding bonds that will not be part of the new debt.

Prior Financings. Prior financings are listed below.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 12/31/14
Blue Line Transfer, Inc. Series 1999A	08/04/1999	\$15,000,000	\$7,580,000
Blue Line Transfer, Inc. Series 2001A	04/24/2001	\$8,000,000	\$3,195,000
TOTALS:		<u>\$23,000,000</u>	<u>\$10,775,000</u>

Project Description. The company is constructing an anaerobic digester that will process food scraps and a CNG fueling station and constructing improvements to existing facilities. The company will also be purchasing rolling stock and acquiring and installing equipment to be used for collection, processing and transfer of recyclables and solid waste material.

The anticipated project and issuance costs are listed below:

Construction of Anaerobic Digester & associated equipment	\$10,124,697
CNG Fueling Station and Rolling Stock	1,440,303
Bond Issuing Expense – new debt issue	232,534
Bond Issuing Expense – refunding issue	105,000
Letter of Credit	36,000
Contingency	6,466
Refund Series 1999 Bond	7,580,000
Refund Series 2001 Bond	3,195,000
Total	<u>\$22,720,000</u>

Note: The project costs reported in the Borrower's application and shown here in staff's report are estimated costs. At the time this financing closes, the estimated project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due to increased costs of certain components of the project from original estimates, and other reasons. In addition, such costs may

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vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

Local Government. A letter was received from Mike Futrell, City Manager, City of South San Francisco (see Attachment A).

Pollution Control and/or Environmental Benefits. The Company represents the project will generate the pollution control and environmental benefits described below.

Safety and Compliance. Compliance with all applicable state and federal environmental regulations regarding solid waste disposal will result with the implementation of the project. It is important to note that the United States Resource Conservation and Recovery Act and the California Integrated Waste Management Act of 1989 (AB 939) mandates the need to minimize the amount of material landfilled and maximize recycling opportunities, both of which the project will achieve.

Air Quality. The Company will be purchasing new CNG fueled waste collection vehicles, thereby reducing particulate matter from the air that is associated with diesel fueled vehicles. Additionally, the new transfer tractors operate at an increased efficiency compared to those currently on the road.

Water Quality. The CNG fueled vehicles may create less particulate matter as compared to existing diesel vehicles which may reduce the pollution that ends up in area creek beds and streams.

Recycling of Commodities. The anaerobic digester system is designed to process 11,200 tons of food scraps per year that would otherwise end up in the landfill, and it will do so in an environmentally friendly way, since the process is performed in airtight chambers. This means that smells and potential greenhouse gases will be contained and treated, as opposed to being released into the atmosphere, which is what happens in open-air traditional composting. Additionally, the methane produced by the process will be captured, scrubbed, and used as fuel for CNG powered trucks, thus closing the loop, and all done locally, thereby minimizing traffic impacts.

Energy Efficiency. CNG is primarily a domestically produced product that may reduce reliance on foreign oil. The anaerobic digester process is designed to produce an expected 384 diesel gallon equivalents (DGE) per day of fuel, enough for about 10 trucks. Depending on the material placed in the system, this could go as high as 500 DGE per day. The bio-gas has also been designated as a carbon negative fuel, which will greatly help the City of South San Francisco reach its carbon foot print reduction goals, as well as those of the company.

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Permitting and Environmental Approvals. The Applicant has provided the Authority with copies of the Solid Waste Facility Permit and Notice of Determination for the project sites as required.

Financing Details. The Company anticipates a private placement of negotiated-rate tax-exempt notes with MUFG Union Bank, N.A., which is a Qualified Institutional Buyer (QIB) as defined in SEC Rule 144 under the Securities Act of 1933, in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof. Additionally, the notes will have a restriction on transfer to QIBs and require a traveling investor letter as set out in Attachment A of the Final Resolution. The target date for financing is February 4, 2015.

Financing Team.

Private Placement Purchaser: MUFG Union Bank, N.A.

Placement Agent: Westhoff, Cone & Holmstedt

Note Counsel: Law Offices of Leslie M. Lava

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Final Resolution No. 541 for an amount not to exceed \$22,720,000, Volume Cap Allocation Resolution No. 12-141-01 for an amount not to exceed \$11,945,000, and a SBAF Resolution in an amount not to exceed \$45,840 for Blue Line Transfer, Inc. and/or its Affiliates.

Attachment A



CITY COUNCIL 2014

KARYL MATSUMOTO, MAYOR
RICHARD A. GARBARINO, VICE MAYOR
MARK ADDIEGO, COUNCILMEMBER
PRADEEP GUPTA, PH.D., COUNCILMEMBER
LIZA NORMANDY, COUNCILMEMBER

MIKE FUTRELL, CITY MANAGER

OFFICE OF THE CITY MANAGER

November 6, 2014

Ms. Reneé Webster-Hawkins
Executive Director
California Pollution Control Financing Authority
915 Capitol Mall, Room 457
Sacramento, CA 95814

RE: California Pollution Control Financing Authority, Exempt Facility Approvals
Blue Line Transfer, Inc. Project

Dear Ms. Webster-Hawkins:

I write to you today on behalf of Blue Line Transfer, Inc. relating to their financing of their anaerobic digester project which approval will be requested at the California Pollution Control Financing Authority ("CPCFA") meeting in January 2015.

My staff and I have worked with the management of Blue Line Transfer, Inc. over the last few years in their development and permitting of the proposed project and our City is very supportive of the Company's new food waste to CNG program. I understand that in order to receive approval for the issuance of tax exempt bonds, on whose lower interest rates the "project" economics have been based, that CPCFA must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project.

We and Blue Line Transfer agree that the implementation of this project is a cost effective addition to our overall program, taking into account cost, technology and expected waste diversion.

On behalf of the City of South San Francisco, I would appreciate it if you would approve the Blue Line Transfer, Inc. Project at your meeting in January. Thank you.

Sincerely,


Mike Futrell
City Manager

City Hall: 400 Grand Avenue • South San Francisco, CA 94080 • P.O. Box 711 • South San Francisco, CA 94083
Phone: 650.877.8500 • Fax: 650.829.6609

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO FINANCING AND REFINANCING OF
SOLID WASTE DISPOSAL/RECYCLING FACILITIES AND EQUIPMENT
FOR BLUE LINE TRANSFER, INC. AND/OR ITS AFFILIATES**

January 20, 2015

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has received the application of Blue Line Transfer, Inc. (the “Borrower”), for financial assistance to finance or refinance (i) the construction of an anaerobic digester and CNG fueling station and the construction of improvements to existing facilities, (ii) the construction of site improvements, (iii) the acquisition of rolling stock, (iv) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and other equipment functionally related thereto, all to be located at 500 to 599 East Jamie Court, South San Francisco, California 94080 (the “Site”), and/or (v) the acquisition of drop boxes, carts, bins and/or containers to be located at the Site or with customers located throughout San Mateo County, California, all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “2015 Project”); and

WHEREAS, the Authority has previously issued its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Blue Line Transfer, Inc. Project) Series 1999A (the “1999 Prior Bonds”) and its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Blue Line Transfer, Inc. Project) Series 2001A (the “2001 Prior Bonds” and, together with the 1999 Prior Bonds, the “Prior Bonds”); and

WHEREAS, the Borrower now wishes to refund the Prior Bonds, which financed or refinanced the acquisition of land and the acquisition, construction, installation and equipping of certain solid waste facilities located at the Site in 1999 (the “1999 Project”), in the aggregate principal amount of \$15,000,000, of which \$7,580,000 currently is outstanding, and in 2001 (the “2001 Project”), all as more particularly described in the Term Sheet (together, the “Prior Projects” and, together with the 2015 Project, the “Project”), in the aggregate principal amount of \$8,000,000, of which \$3,195,000 is currently outstanding; and

WHEREAS, the Borrower has requested the Authority to issue its revenue notes from time to time in an amount not to exceed \$22,720,000 to assist in the financing or refinancing of the Project and the refunding of the Prior Bonds; and

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

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

WHEREAS, the Borrower 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;

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 Revenue Notes (Blue Line Transfer, Inc. Project) Series 2015” (the “Notes”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$22,720,000, are hereby authorized to be issued. The Notes 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 mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Notes shall be used to make a loan to the Borrower to finance or refinance the 2015 Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the 2015 Project prior to the issuance of the Notes), to refund the Prior Bonds and to pay certain costs of issuance of the Notes.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Notes, at one time or from time to time on or before December 31, 2015, by negotiated sale, at such price and at such interest rate or rates as he may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract.

Section 4. The following documents:

(i) a loan agreement relating to the Notes (the “Loan Agreement”) between the Authority and the Borrower;

(ii) an indenture relating to the Notes (the “Indenture”) between the Authority and the trustee named in the Term Sheet (the “Trustee”); and

(iii) a note purchase contract relating to the Notes (the “Purchase Contract”) among the Authority, the Treasurer of the State of California, as agent for sale, and MUFG Union Bank, N.A., as purchaser, and as approved by the Borrower;

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein in substantial conformance with the

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Term Sheet as the officer(s) executing and/or delivering the same may require or approve, 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 redemption and other terms of the Notes shall be as provided in the Indenture, as finally executed.

Section 7. The Notes shall be executed by the manual or facsimile signature of the Chairman or any Deputy to the Chairman and the seal of the Authority shall be affixed thereon (or a facsimile reproduced thereon) in the form set forth in and otherwise in accordance with the Indenture. The Notes, 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 Notes by executing the Trustee’s certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Notes, when duly executed and authenticated, to the Purchaser 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 Notes to the Purchaser upon payment of the purchase price thereof.

Section 8. The Authority hereby dedicates and confirms its allocation to the Notes of \$11,945,000 of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, to finance or refinance certain costs of the 2015 Project and to pay certain costs of issuance of the Notes, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Notes.

Section 9. Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that the officer may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Notes, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement and the Purchase Contract. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, a tax certificate.

Section 10. The provisions of the resolution of the Authority entitled “Resolution of the California Pollution Control Financing Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings” adopted by the Authority on January 21, 2014, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 11. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members 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 Revenue Notes (Blue Line Transfer, Inc. Project) Series 2015 (the "Notes")
Maximum Amount of Issue:	\$22,720,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the "Authority") Sacramento, CA
Borrower:	Blue Line Transfer, Inc.
Purchaser:	MUFG Union Bank, N.A.
Note Counsel:	Leslie M. Lava, Esq. Tiburon, CA
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Underwriter:	Not applicable
Remarketing Agent:	Not applicable
2015 Project:	Finance or refinance (i) the construction of an anaerobic digester and CNG fueling station and the construction of improvements to existing facilities, (ii) the construction of site improvements, (iii) the acquisition of rolling stock, (iv) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and other equipment functionally related thereto, all to be located at 500 to 599 East Jamie Court, South San Francisco, California 94080 (the "Site"), and/or (v) the acquisition of drop boxes, carts, bins and/or containers to be located at the Site or with customers located throughout San

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Mateo County, California.

Prior Projects:

1999 Project:

Finance the acquisition of land and the construction and equipping of a solid waste transfer station/materials recovery facility and affiliated space to include a storage area for recycled materials, a buy back center, expanded material recovery facilities and employee parking.

2001 Project:

Finance the acquisition of land and the construction and equipping of solid waste disposal facilities, including but not limited to, collection and processing equipment and vehicles and site improvements thereto.

Maximum Note Term:

Not to exceed 30 years

Type of Sale:

Negotiated sale; private placement

Description of Minimum Denominations:

\$250,000 or any integral multiple of \$5,000 in excess thereof during index interest rate period (initial period)

Financing Structure:

Index interest rate notes, convertible to term interest rate or weekly variable rate with tender option pursuant to the Indenture; transferrable by Purchaser to either an affiliate of the Purchaser or, upon delivery of a letter of representation, a "Qualified Institutional Buyer", as defined in Rule 144A of the Securities Act of 1933, as amended

Maximum Interest Rate:

Lesser of 12% or the maximum rate permitted by law

Letter of Credit:

Not applicable

Other Credit Enhancement:

Not applicable

Anticipated Note Rating:

Unrated

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Type of Financing:

Solid waste disposal revenue notes

Prepared by:

Leslie M. Lava, Esq.
Law Offices of Leslie M. Lava
(415) 331-6464

**RESOLUTION OF THE CALIFORNIA
POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL
BUSINESS ASSISTANCE FUND FOR
BLUE LINE TRANSFER, INC.
AND/OR ITS AFFILIATES**

January 20, 2015

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Blue Line Transfer, Inc. (the “Borrower”), for financial assistance to (i) finance or refinance (A) the construction of an anaerobic digester and CNG fueling station and the construction of improvements to existing facilities, (B) the construction of site improvements, (C) the acquisition of rolling stock, (D) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and other equipment functionally related thereto, all to be located at 500 to 599 East Jamie Court, South San Francisco, California 94080 (the “Site”), and/or (E) the acquisition of drop boxes, carts, bins and/or containers to be located at the Site or with customers located throughout San Mateo County, California, and (ii) refund the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Blue Line Transfer, Inc. Project) Series 1999A (the “1999 Prior Bonds”) and the Authority’s Variable Rate Demand Solid Waste Disposal Revenue Bonds (Blue Line Transfer, Inc. Project) Series 2001A (the “2001 Prior Bonds” and, together with the 1999 Prior Bonds, the “Prior Bonds”), as more particularly described in Application No. 864(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 541 (the “Final Resolution”) authorizing the issuance of revenue notes to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds or notes (the “Notes”); and

WHEREAS, the Authority has received and accepted an application from the Borrower for assistance from the Fund; and

WHEREAS, the Borrower has demonstrated a financial capability to make loan payments to the satisfaction of the purchaser of the Notes, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

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

Section 1. The Borrower (as defined in the Final Resolution) is a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 Edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$45,840 of assistance from the Fund to the Borrower to be used for payment of certain costs of issuance of the Notes. The actual amount of assistance shall be determined by the Executive Director of the Authority based upon the final terms of the sale of the Notes and based on the financing amount eligible for allocation of volume cap pursuant to California Code of Regulations Title 4, Division 11, Article 4 §8042(c).

Section 4. The Executive Director of the Authority is hereby authorized and directed, jointly and severally, to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon adoption hereof. 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 or in any application for any required permission or authority to construct or operate the Project.

THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY

RESOLUTION NO. 12-141-01

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2012 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 Blue Line Transfer, Inc. (“Project Sponsor”) for approval of the issuance of revenue notes; and

WHEREAS, on January 20, 2015, CPCFA approved Final Resolution No. 541 (“Final Resolution”) authorizing the issuance of up to \$11,945,000 of its solid waste disposal revenue notes (Blue Line Transfer, Inc. Project) Series 2015 (“Notes”); and

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

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has previously transferred to CPCFA a portion of the 2012 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 2012 State Ceiling on Qualified Private Activity Bonds allocated to CPCFA (“CPCFA Allocation”) to the issuance of the Notes as set forth in the Final Resolution;

NOW, THEREFORE, CPCFA resolves as follows:

Section 1. CPCFA Allocation in the amount of \$11,945,000 is hereby dedicated to the issuance of the Notes. The dedicated CPCFA Allocation may be used only by the Project Sponsor and only for the issuance of Notes for the Project, as specifically described in Exhibit A, and consistent with the terms of the Final Resolution. All of the terms and conditions of Exhibit A, and the Final Resolution are incorporated herein as though set forth in full (this resolution, the Final Resolution and Exhibit A, collectively “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Notes, 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 issuance of the Notes 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 Resolution shall automatically revert to CPCFA unless the Notes for the Project have been issued by CPCFA by the close of business on **April 20, 2015**. In a case of extreme hardship, the Deputy Executive Director or the Executive Director may extend this date by up to thirty (30) business days.

Section 5. Within twenty-four (24) hours of issuing the Notes, CPCFA shall notify CDLAC via the email or the fax number as provided in Section 5140 of the CDLAC Regulations that the Notes have been issued. This notice shall identify the Project Sponsor, the project or program, the date and amount of the Notes issued.

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

Section 7. Any differences between the amount of Notes issued and the amount of the CPCFA Allocation dedicated in Section 1 of this Resolution shall automatically revert to CPCFA. If at any time prior to the expiration date set forth in Section 4 hereof the Project Sponsor determines that part or all of the CPCFA Allocation dedicated in Section 1 of this 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 resolution, the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Notes. Further, the Project Sponsor expressly agrees that the terms and conditions of this 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 Note documents, as appropriate, expressly provide that CDLAC is a third party beneficiary of the terms and conditions set forth in this 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 Resolution when reasonably requested by CDLAC or CPCFA.

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

RESOLUTION NO. 12-141-01
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A

1. Project Sponsor: Blue Line Transfer, Inc. and/or its Affiliates
2. Application #: 864
3. Project User: Blue Line Transfer, Inc. and/or its Affiliates
4. Project Name: Blue Line Transfer, Inc.
5. Location: 500-599 East Jamie Court
South San Francisco, CA 94080
6. Private Placement Purchaser: MUFG Union Bank, N.A.
7. Private Placement Purchaser at the time of issuance will be the same as represented in the application.
8. Amount of Allocation: \$11,945,000