

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: November 17, 2020**

Request To Approve Final Resolution Authorizing the Issuance of Tax-Exempt Revenue Notes, a Resolution Dedicating Tax-Exempt Volume Cap Allocation and a Resolution for Small Business Assistance Fund (SBAF) Cost of Issuance Assistance

Prepared by: Solomita Malko

Applicant:	Blue Line Transfer, Inc., and/or its affiliates	Amount Requested:	\$8,000,000
		Application No.:	935(SB)
		Final Resolution No.:	20-01-604
Project	City of South San Francisco	Allocation Resolution No.:	19-073-05
Location:	(San Mateo County)	SBAF Resolution No.:	20-01-01
		Prior Action:	IR 20-03 approved 7/31/20

Summary. Blue Line Transfer, Inc., and/or its affiliates (the “Borrower”) requests approval of a Final Resolution for an amount not to exceed \$8,000,000 in tax-exempt notes. The Borrower is also requesting approval of a Resolution for the dedication of Volume Cap Allocation in the amount of \$8,000,000 and a Small Business Assistance Fund (SBAF) Resolution in the amount of \$138,000. Note proceeds will be used to install new equipment and construct site improvements, including system upgrades and paving at the Borrower’s Materials Recovery Facility (MRF); acquire equipment for collecting, processing, transferring and recycling solid waste; and make improvements, such as landscaping, lighting, paving and fencing at a leased property that is used for the Borrower’s solid waste operations (collectively, the “Project”).

Borrower. Blue Line Transfer, Inc. has common ownership with South San Francisco Scavenger Co., Inc. (SSFSC). SSFSC is the franchised waste and refuse collection company and Blue Line Transfer, Inc. operates the MRF and anaerobic digester. The Borrower is a small family-owned business and has been providing refuse collection and waste disposal services in the Bay Area since 1914. The Borrower serves businesses and residents in South San Francisco, Millbrae, Brisbane and the San Francisco International Airport.

The principal stockholders of the Borrower are as follows:

Michael Achiro	10.26%
Edward Bortoli	12.82%
Douglas Button	12.82%
Paul Formosa	12.82%
Ron Fornesi	12.82%
Vincent Fornesi	12.82%
John Rossi	12.82%
Jeff Nabhan	2.56%
Nick Nabhan	2.56%
Jerry Nabhan	7.69%
Total:	<u>100.00%*</u>

Agenda Item 4.A.
Resolution No. 20-01-604

*Does not add due to fractional shares.

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

Tax Equity and Fiscal Responsibility Act (TEFRA). The TEFRA hearing was held on October 9, 2020. There were no comments received in support of or in opposition to this project.

Fees. The Borrower has paid an application fee of \$4,000 and will pay an administrative fee of \$12,000 at closing.

Small Business Assistance Fund (SBAF). The SBAF, established in Section 8041 of Division 11 of Title 4 of the California Code Regulations, is funded by fees collected from large-business borrowers with more than 500 employees to help offset the costs of issuance for small businesses that participate in the program. The SBAF assistance is available on a sliding scale to small-business borrowers, defined in Section 8020(1) of Division 11 of Title 4 of the California Code of Regulations as those who employ no more than 500 employees, unless the par amount of the bond issue is above \$13,750,000. The Borrower is a small business with 133 employees and therefore is eligible for SBAF assistance in the amount of \$138,000.

Project Description. The primary purpose of the Project is to install new equipment and construct site improvements at the MRF. This will improve the amount and quality of waste diversion efforts in the City of South San Francisco. The MRF is located at 500 East Jamie Court in South San Francisco. The Borrower will acquire and install equipment to be used for collecting, processing and transferring recyclables and solid waste materials. The Project also includes paving and sorter system upgrades at the MRF.

Additionally, the Project involves site improvements to the leased property located at 146 South Maple in South San Francisco where the Borrower conducts its solid waste-related operations. The improvements to the property include landscaping, lighting, paving and fencing. The owners of the leased property are John Liberatore, John Keith Liberatore, Robert Richard Liberatore, Katherine Sue Liberatore and Joanne Liberatore. The Borrower is not affiliated with the owners of the property. The lease agreement for the property is for ten years and three months with two options to extend for five years each.

The anticipated Project and issuance costs are listed below:

Construction of improvements to solid waste facilities	\$962,800
Acquisition and Installation of New Equipment	\$6,460,000
Engineering/Architecture	\$50,000
Bond Issuance Expenses	\$160,000
Project Contingencies	<u>\$367,200</u>
Total:	<u>\$8,000,000</u>

Agenda Item 4.A.
Resolution No. 20-01-604

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 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 note documents, that all assets purchased with note 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.

Anticipated Project Timeline. The Project has been initiated, and all proceeds are expected to be expended by the third quarter of 2021.

Volume Cap Allocation. In conjunction with the approval of the Final Resolution, the Borrower has applied for \$8,000,000 of the 2018 carryforward exempt facility private activity bond allocation that CPCFA received from the California Debt Limit Allocation Committee.

Local Government. The Borrower received a letter of support from Rich Garbarino, the Mayor of the City of South San Francisco (see Attachment A).

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

Air Quality. The Borrower states, "Air Quality should be enhanced with the full implementation of the proposed Project by virtue of the fact that the MRF improvements are largely designed to reduce dust and odor emissions."

Water Quality. The Borrower states, "The facility operates on a concrete surface, not on exposed ground areas. This prevents any seepage of undesirable materials into the groundwater. The facility is in close proximity to the San Francisco Bay and the new paving and landscaping will assist in mitigating water pollution."

Energy Efficiency. The Borrower states, "New MRF equipment is more energy efficient."

Recycling of Commodities. The Borrower states, "Upgrades and improvement to the MRF should increase the amount of material that is recycled and will increase waste diversion from the landfill."

Safety and Compliance. The Borrower states, "The Project will be compliant with all State and local mandates."

Consumer Cost Savings and Efficiencies. The Borrower represents that "In determining the Project sponsor's proposed rate structure for its Franchise Agreements, its capital cost considered the use of tax-exempt financing. The garbage rate takes into consideration all of the costs of service, including the equipment cost to service the city (capital cost) and the interest cost associated with borrowing the funds to pay for the capital cost. The lower cost of tax-exempt

Agenda Item 4.A.
Resolution No. 20-01-604

financing and the increase in operating efficiency of the new MRF equipment will provide greater flexibility as far as future rate structures.”

Permitting and Environmental Approvals. The Borrower has provided a signed letter from Paul Formosa, Chief Financial Officer, articulating that the project is consistent with its existing zoning and permit requirements. The Borrower represents that the Project does not require a new California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) process and does not require any additional discretionary permits.

Financing Details. The Borrower anticipates a direct bank purchase of negotiated tax-exempt notes with MUFG Union Bank, N.A., which is a Qualified Institutional Buyer (QIB) as defined in SEC Rule 144A under the Securities Act of 1933, in minimum denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof. The target date for financing is November 19, 2020.

For state law purposes, the notes will be delivered (“drawn down”) incrementally. For federal tax law purposes, since at least \$50,000 of the notes will be delivered on the initial closing date, the entire \$8,000,000 will be deemed issued at closing and will receive the full amount of volume cap allocation dedicated to the notes. This structure will provide significant cost savings to the Borrower.

Financing Team.

Municipal Advisor to Borrower: Westhoff, Cone & Holmsted
Note Counsel: Law Offices of Leslie M. Lava
Issuer’s Counsel: Office of the Attorney General
Trustee: The Bank of New York Mellon Trust Company, N.A.

Staff Recommendation. Staff recommends approval of Final Resolution No. 20-01-604 and Volume Cap Allocation Resolution No. 19-073-05 in an amount not to exceed \$8,000,000, and SBAF Resolution No. 20-01-01 in an amount not to exceed \$138,000 for Blue Line Transfer, Inc., and/or its affiliates.

Attachment A



OFFICE OF THE MAYOR

CITY COUNCIL 2020

RICHARD GARBARINO, MAYOR
MARK ADDEGO, VICE MAYOR
KARYL MATSUMOTO, COUNCILMEMBER
MARK NAGALES, COUNCILMEMBER
BUENAFLOR NICOLAS, COUNCILMEMBER

MIKE FUTRELL, CITY MANAGER

August 27, 2020

Mr. Larry Flood
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

RE: California Debt Limit Allocation Committee, Exempt Facility Approvals
Blue Line Transfer, Inc. Project

Dear Mr. Flood:

I write to you today to support the request of Blue Line Transfer, Inc. to the California Debt Limit Allocation Committee ("CDLAC") relating to their environmental project which is up for approval at the next meeting. I understand the project will replace aging equipment that will improve overall recovery efficiency, thereby enhancing the ability to recycle waste materials.

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 CDLAC must grant part of the State's allocation for "private activity" bonds as defined by the federal government to the Project. My staff and I have worked with the management of Blue Line Transfer, Inc. for many years, and I endorse their efforts to gain final approval of the financing for this project.

The implementation of this project is a cost effective improvement to the waste recycling infrastructure in our region. I support any effort to improve and expand the recycling of waste, knowing it is a key component of our ongoing efforts to improve the environment. Accordingly, as Mayor of the City of South San Francisco, I ask that you approve the Blue Line Transfer, Inc. project at your next meeting. Thank you for your consideration of this request.

Sincerely,

A handwritten signature in blue ink that reads "Richard A. Garbarino".

Rich Garbarino
Mayor, City of South San Francisco

**FINAL RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE NOTES FOR
NEW MONEY PURPOSES FOR THE
SOLID WASTE DISPOSAL AND RECYCLING FACILITIES AND EQUIPMENT
OF BLUE LINE TRANSFER, INC. AND/OR ITS AFFILIATES**

November 17, 2020

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 acquisition and installation, if any, of solid waste equipment and the construction of improvements to solid waste disposal and recycling facilities, and paving, to be located at 500 East Jamie Court, South San Francisco, California 94080; and (ii) the paving and construction of improvements to certain leased property which will be used for solid waste related operations, to be located at 146 South Maple Avenue, South San Francisco, California 94080, 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 Borrower has requested the Authority to issue its revenue notes from time to time in an amount not to exceed \$8,000,000 to assist in the financing or refinancing of the Project; and

WHEREAS, the Borrower has requested that such revenue notes be delivered in installments as described in the hereinafter referred indenture; and

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

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 the California Environmental Quality Act (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 (Division 27 (commencing with Section 44500) of the Health and Safety Code) (the “Act”).

Agenda Item 4.A.
Resolution No. 20-01-604

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 2020” (the “Notes”), or such alternate designation as may be approved by the Executive Director or the Deputy Executive Director of the Authority, in an aggregate principal amount not to exceed \$8,000,000, are hereby authorized to be issued. The Notes may be issued at one time, or from time to time, in one or more series or sub-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 Project (including without limitation, reimbursing the Borrower for qualifying costs incurred for the Project prior to the issuance of the Notes) and to pay certain costs of issuance of the Notes. The Notes may be issued as a single issue for federal tax purposes with delivery of the Notes against proceeds done in periodic installments under a draw down mechanism.

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, 2020, by negotiated sale, at such price and at such interest rate or rates as the Treasurer may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract. Delivery of the Notes at such times to be determined by the Authority pursuant to documents approved in Section 4 hereof, is hereby approved.

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, as agent for sale, and the bank named in the Term Sheet, as purchaser (the “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 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

Agenda Item 4.A.
Resolution No. 20-01-604

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 Chair or any Deputy to the Chair 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 Purchasers 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 Purchasers upon payment of the purchase price thereof.

Section 8. The Authority hereby dedicates and confirms its allocation to the Notes of \$8,000,000 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 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", Resolution No. 19-01-001, adopted by the Authority on January 15, 2019, 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 2020 (the “Notes”)
Maximum Amount of Issue:	\$8,000,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the “Authority”) Sacramento, CA
Borrower:	Blue Line Transfer, Inc. South San Francisco, CA
Purchaser:	MUFG Union Bank, N.A. Ontario, CA
Note Counsel:	Leslie M. Lava, Esq. Tiburon, CA
Trustee:	The Bank of New York Mellon Trust Company, N.A. Los Angeles, CA
Underwriter:	Not applicable
Remarketing Agent:	Not applicable
Project:	Finance or refinance (i) the acquisition and installation, if any, of solid waste equipment and the construction of improvements to solid waste disposal and recycling facilities, and paving, to be located at 500 East Jamie Court, South San Francisco, California 94080; and (ii) the

**Agenda Item 4.A.
Resolution No. 20-01-604**

paving and construction of improvements to certain leased property which will be used for solid waste related operations, to be located at 146 South Maple Avenue, South San Francisco, California 94080.

Maximum Note Term:	Not to exceed 25 years
Type of Sale:	Negotiated sale; direct purchase by Purchaser
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 deliverable in installments using a draw down mechanism, 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
Type of Financing:	Solid waste disposal revenue notes
Prepared by:	Leslie M. Lava, Esq.

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

SBAF Resolution No. 20-01-01

**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**

November 17, 2020

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Blue Line Transfer, Inc. (the “Borrower”), for financial assistance to finance or refinance (i) the acquisition and installation, if any, of solid waste equipment and the construction of improvements to solid waste disposal and recycling facilities, and paving, to be located at 500 East Jamie Court, South San Francisco, California 94080; and (ii) the paving and construction of improvements to certain leased property which will be used for solid waste related operations, to be located at 146 South Maple Avenue, South San Francisco, California 94080, all as more particularly described in Application No. 935(SB) of the Borrower (the “Project”) and has adopted its Resolution No. 20-01-604 (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, Borrower is a “Small Business” as classified pursuant to Subpart A of Part 121 of Title 13 of the Code of Federal Regulations, or it has 500 employees or less, and is otherwise eligible for assistance from the Fund; and

WHEREAS, the Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act (Division 27 (commencing Section 44500) of the Health and Safety Code); 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 Authority hereby authorizes and approves up to \$138,000 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 or Deputy 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.

Section 2. The Executive Director or the Deputy Executive Director of the Authority is hereby authorized and directed 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 3. 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. 19-073-05

**A RESOLUTION DEDICATING FOR USE OF A PORTION OF THE 2018 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 the approval of the issuance of revenue bonds or other obligations; and

WHEREAS, on November 17, 2020, CPCFA approved Final Resolution No. 20-01-604 (“Final Resolution”) authorizing the issuance of up to \$8,000,000 of its solid waste disposal revenue notes (Blue Line Transfer, Inc. Project) Series 2020 (“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 2018 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 regulations. Accordingly, capitalized terms (with the exception of “Executive Director” which shall mean the Executive Director of CPCFA) not otherwise defined shall have the meanings ascribed to them in the regulations of CDLAC implementing the Allocation of the State Ceiling on Private Activity Bonds under Division 9.5 of Title 5 of the California Code of Regulations (“CDLAC Regulations”); and

WHEREAS, it is appropriate for CPCFA to confirm the use of a portion of the 2018 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 \$8,000,000 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”).

Agenda Item 4.A.
Resolution No. 20-01-604

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 CPCFA before the CPCFA 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 ninety (90) days from the date hereof. In a case of extreme hardship, the CDLAC Executive Director may extend this date by up to five (5) business days. In addition, the CDLAC Executive Director may also approve a maximum of two (2) extensions of up to ninety (90) days each, which approval shall not be unreasonably withheld. Any extension beyond the original deadline to issue will result in a forfeiture of the Project's performance deposit to the extent that the performance deposit has not previously been forfeited, unless a waiver of forfeiture is approved by CDLAC consistent with section 5052 of the CDLAC Regulations.

Section 5. 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 6. 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 7 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 Noteholders. 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 8. CPCFA will not approve the issuance of any Notes in connection with this Allocation until the Project Sponsor has demonstrated to CPCFA's satisfaction that all environmental permits and other state and local approvals are in place.

Agenda Item 4.A.
Resolution No. 20-01-604

Section 9. In accordance with California Code of Regulations, title 4, section 5145, subdivision (b), the Project Sponsor or its successor in interest shall submit to CPCFA each year by February 1, an annual Certification of Compliance II until the Project Sponsor has completed the Project and submitted a Certificate of Completion. CPCFA shall confirm receipt of the certificates to CDLAC by March 1 annually through the online compliance certification system until project completion. Copies of the certification forms may be found at <http://www.treasurer.ca.gov/cdlac>. Failure to submit the required certifications may result in disqualification from future dedications of the State Ceiling on Qualified Private Activity Bonds.

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

**RESOLUTION NO. 19-073-05
(AN EXEMPT FACILITY PROJECT)
EXHIBIT A**

1. Project Sponsor: BLUE LINE TRANSFER, INC. AND/OR ITS AFFILIATES
2. Application #: 935(SB)
3. Project User: Same as Project Sponsor
4. Project Name: Blue Line Transfer, Inc.
5. Project Locations: 500 East Jamie Court
South San Francisco, CA 94080

146 South Maple Avenue
South San Francisco, CA 94080
6. Direct Bank Purchaser: MUFG Union Bank, N.A.
7. Amount of Allocation: \$8,000,000
8. Pursuant to Section 5145(d) of the CDLAC Regulations, CDLAC must be designated in the bond documents to receive notice of changes in use and circumstances of Bond Default and Qualifying Bond Default.