

July 30, 2020
Nuclear Regulatory Commission
612 East Lamar Blvd
Arlington, Texas 76011

RECEIVED
07/31/2020

Mail Control Number: 622590
Docket Number : 3038599
License Number : 43-35027-01
Licensee Name : Construction Materials Technologies

Re: Construction Materials Technologies Inc. Notice of Potential Change of Control
NRC Licenses # 43-35027-01

Gentlemen

Construction Materials Technologies Inc. (CMT) is considering a sale of the business to a Canadian equity fund. The details of the sale will be disclosed later on in this document, at this point it is anticipated that the sale will occur in or around August 2020. This disclosure is following NUREG 1556 Rev. 1 Vol 15 chapter 5 "Change of Control" and should address if the items requested.

The Objective; CAI Capital Partners VI Limited Partnership (CAI) a Canadian investment firm desires to indirectly acquire a controlling interest in Construction Materials Technologies Inc. their intent is to work with management grow the business, including utilizing CMT as a platform in which to purchase other similar companies combining them into a larger entity throughout the United States.

CMT management intends to invest into the new company as shareholders and will continue to act in their current managerial capacity with the company.

This notice will describe in detail the following sections

- Description of transaction
- Change of personnel
- Change of locations equipment and procedures
- And surveillance records
- Decommissioning and related records transfer
- Transfer commitment to abide by the transferor's commitments

5.1 Description of Transaction

Identity of Purchaser:

CAI Capital Partners VI Limited Partnership

Primary Contact for Transaction

[Curtis Johansson](#)

Partner

CJohansson@CAIFunds.com

Phone: +1 (604) 694-2527

Office Location

510 Burrard Street

Suite 1000

Vancouver, British Columbia V6C 3A8

Canada

Phone: 1 (604) 637-3411

Partners and Associates

Tracey McVicar, Partner
Vancouver, Canada
+1 (604) 694-2525
tmcvicar@caifunds.com

Rob Wildeman, Partner
Vancouver, Canada
+1 (604) 674-9746
rwildeman@caifunds.com

Curtis Johansson, Partner
Vancouver, Canada
+1 (604) 694-2527
cjohansson@caifunds.com

Ashton Herriott, Director
Vancouver, Canada
+1 (604) 637-1288
aherriott@caifunds.com

Trevor Riback, Senior Associate
Vancouver, Canada
+1 (604) 260-9567
triback@caifunds.com

Purchaser Financial Description

CAI Capital Partners VI Limited Partnership is managed by CAI Capital Partners, a private equity firm that focuses on lower middle-market businesses in Canada and the U.S. The firm was founded in 1989 and is headquartered in Vancouver, British Columbia.

CAI Capital Partners is currently in the process of raising capital for CAI Capital Partners VI Limited Partnership which is targeted to be a C\$100 million fund. As of the date of this letter, C\$47.5 million has been raised, C\$13.5M has been invested and C\$34.0 million is undrawn.

Additional details on CAI Capital Partners are included on its website <https://caifunds.com>.

Overview of Transaction

Construction Materials Technologies Inc. (CMT) are considering a sale of the business to CAI Capital Partners. CAI intends to maintain a business as usual attitude with plans for growth over the next 5 - 7 years period. This venture will allow CMT to continue to grow at a rate greater than what we would be able to previous to this acquisition. Growth strategies for CMT include purchasing companies in our industry to produce a larger entity throughout the United States.

The transaction will follow these major steps;

Step 1: Formation of Seller Holdings Structure

- Selling Shareholders form [CMT Seller Holdings, Inc.] (“Seller Holdings”) as a [Utah or Delaware] corporation. (this aspect has not finalized)
- Selling Shareholders contribute 100% of the shares of Construction Materials Technologies, Inc. (“CMT”) to Seller Holdings in exchange for stock of Seller Holdings.
- Seller Holdings elects to treat CMT as a “qualified subchapter S subsidiary” (“QSub”) for U.S. federal income tax purposes.

Step 2: Conversion of CMT

- CMT converts to a [Utah or Delaware] limited liability company (“CMT LLC”) under state law by merger or formless conversion.

Step 3: Formation of Buyer Structure

- CAI Capital Partners VI Limited Partnership (“CAI”) forms CMT Group Holdings, LP (“Holdings”) as a Delaware limited partnership and CMT Group Holdings GP, LLC (“GP”) as a [Utah or Delaware] limited liability company and wholly-owned subsidiary.
- Holdings forms CMT Group Holdings Midco, Inc. (“MidCo”) as a [Utah or Delaware] corporation and wholly-owned subsidiary.
- MidCo forms CMT Buyer, Inc. (“Buyer”) as a [Utah or Delaware] corporation and wholly-owned subsidiary.

Step 4: Equity Rollover

- Seller Holdings contributes approximately 17% of the equity interests of CMT LLC to MidCo in exchange for stock of MidCo.
- CMT Management and Seller Holdings contribute the MidCo stock received in the preceding steps to Holdings in exchange for limited partner interests in Holdings.

Step 5: Capitalization of Buyer Structure

- CAI contributes cash to Holdings as a capital contribution; Holdings contributes cash to MidCo in exchange for stock of MidCo; MidCo contributes cash to Buyer in exchange for stock of Buyer.
- Lender lends cash to Buyer under acquisition credit facility.

Step 6: Purchase of CMT and Affiliate Equity

- Buyer purchases the equity interests of CMT LLC that were not contributed in Step 3 from Seller Holdings for cash.

- Buyer purchases 100% of the stock of CMTH and 49% of the stock of CMS from Selling Shareholders for an amount of cash TBD.

Transaction Complete.

A graphical representation of the beginning and final corporate structure is shown in Figure 1 & Figure 2.

Figure 1

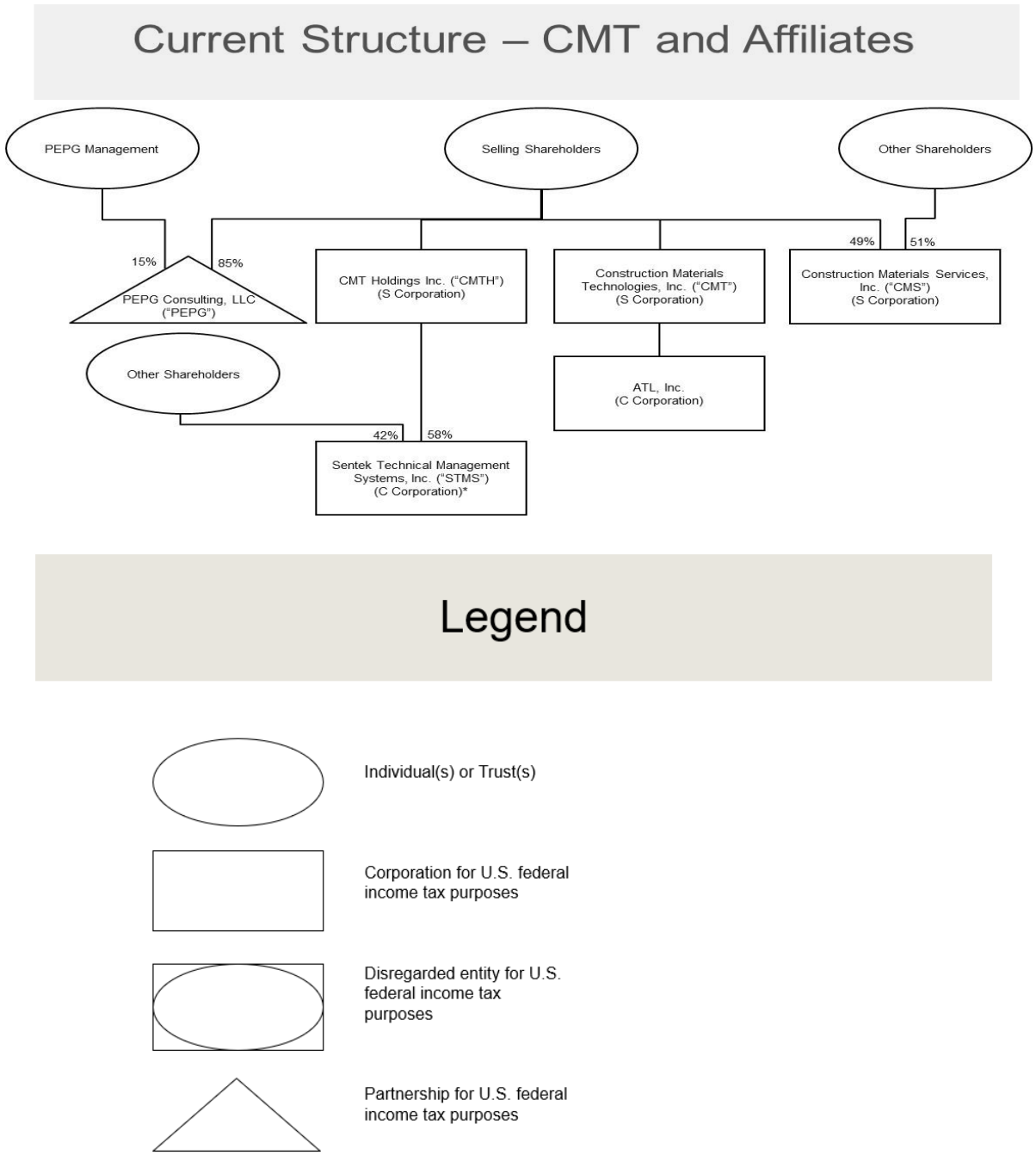
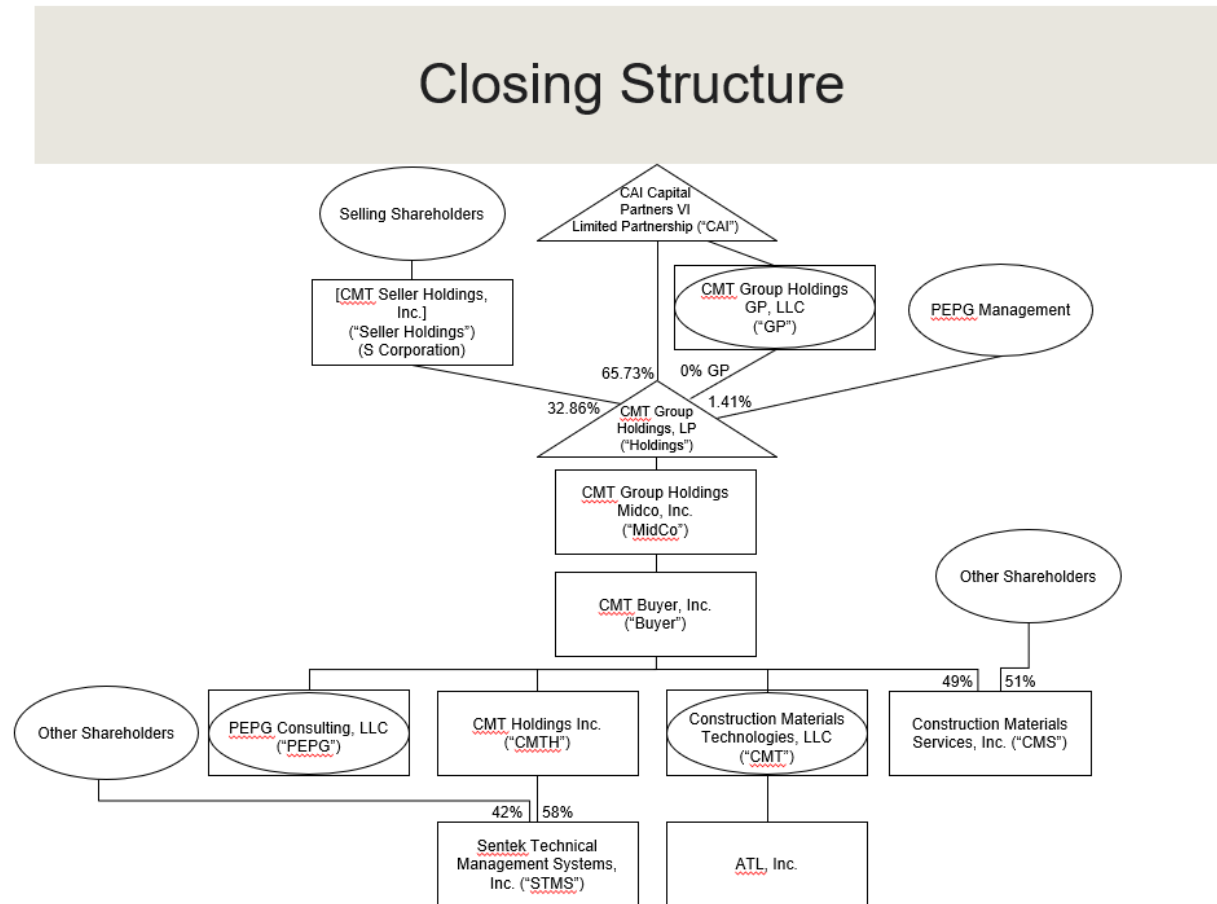


Figure 2



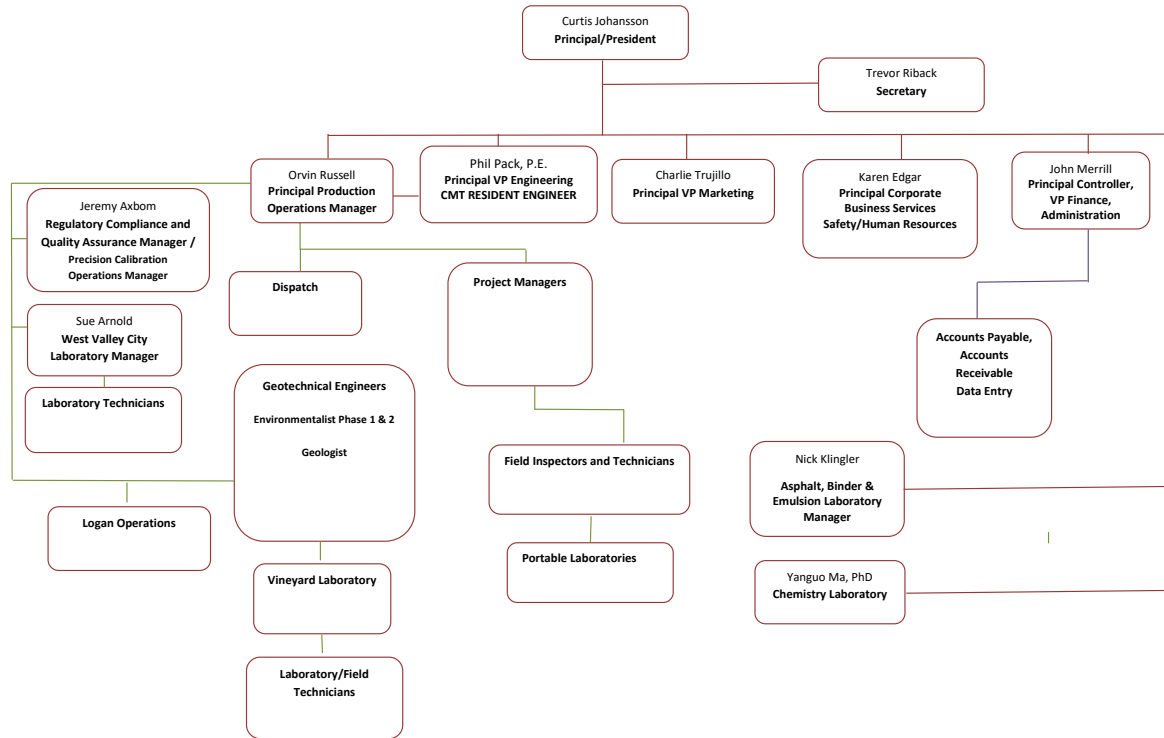
5.2 Change of Personnel

Operationally there will be no changes in personnel, procedures or locations, the investment firm will occupy positions on the board of directors as well as the Executive Chairperson and the Secretary officer positions. Operational personnel (RSO, Regional Managers) will remain in their current positions and the new Executive Chairperson and Secretary will provide global direction and operational funding to accomplish our previously stated goal.

Pending upgrades, CMT intends to upgrade the training for our RSO personnel, this will tie into the effort of creating a more mechanized training and tracking of system throughout the company by utilizing our new Vahalo operational software system.

Utah RSOs, there will be no change of RSO personnel in Utah. Mr. Jeremy Axbom will continue to be the primary point of contact for CMT in the Utah operations.

Post Transaction Organizational Chart



5.3 Change of Locations, Equipment and Procedures

The locations of the records, procedures manuals and other related documentation have not changed, these are located at 2796 So. Redwood Rd., West Valley City, UT 84119. The listed storage locations also have not changed and are located as follows:

Permanent Storage

- 2688 S. Redwood Rd Suite E West Valley City 84119
- 600 W. 2005 N, Logan 84321
- 496 East 1750 North Vineyard
- 2006 E Franklin Rd, Meridian ID

5.4 Surveillance Records

The proposed change of ownership will not change any procedures or personnel associated with the maintenance of the Radioactive Materials program. As part of the potential change we have performed an audit of the records in accordance with the requirement. The results of our audit indicate that all records are current and are within normal parameters. The audit is provided in attachment A. The contents of the review are as follows:

- Leak Tests
- Physical Inventories
- Calibration status
- Location of devices

5.5 Decommissioning and Related Records Transfer

There will not be any decommissioning for any Radioactive Materials during or planned after the change occurs. The new majority owners have acknowledged responsibility for the performance of this duty, see attachment B to this notice.

The CMT operation will remain on-going and there will not be a change of location, or personnel, all records of evaluations, leak tests will continue to be maintained.

The Moisture / Density gauges utilized by CMT contain a sealed source thus making the Decommissioning a much simpler undertaking, any gauges that will be disposed of will follow the normal plan of disposal previously approved by the governing body.

5.6 Transfer Commitment to abide by the Transfer Commitments

Representatives of the new ownership has agreed to abide by the commitments previously attested to by Construction Materials Technologies Inc. The following is a quote from the letter indicating that fact.


“CAI Capital Partners VI Limited Partnership (“CAI”) is in the process of potentially indirectly acquiring a controlling interest in Construction Materials Technologies Inc. The Radioactive Materials licenses listed above are part of this potential transaction.

In accordance with its obligations as a potential transferee, CAI acknowledges its responsibility to direct management to maintain all constraints, and license conditions, requirement and representations and commitments identified in and attributed to the existing license. CAI also commits to direct management to maintain all records related to decommissioning of the site.

If for any reason the transaction does not occur then these commitments shall become void.”

If you have any questions please don't hesitate to contact me.

Construction Materials Technologies Inc.

A handwritten signature in cursive script that reads "Doug Watson".

Doug Watson
President



ACKNOWLEDGEMENT - RECEIPT OF CORRESPONDENCE

Name and Address of Applicant and/or Licensee Mr. Jeremy Axbom Radiation Safety Officer Construction Materials Testing d/b/a CMT Engineering Laboratories d/b/a Precision Calibration 2796 South Redwood Road West Valley City, UT 84119	Date 07/31/2020
	License Number(s) 43-35027-01
	Mail Control Number(s) 622590
	Licensing and/or Technical Reviewer or Branch C. Hill

This is to acknowledge receipt of your: **Letter and/or** **Application** **Dated:** 07/30/2020

The initial processing, which included an administrative review, has been performed.
 Amendment **Termination** **New License** **Renewal**

There were no administrative omissions identified during our initial review.

This is to acknowledge receipt of your application for renewal of the material(s) license identified above. Your application is deemed timely filed, and accordingly, the license will not expire until final action has been taken by this office.

Your application for a new NRC license did not include your taxpayer identification number. Please complete and submit NRC Form 531, Request for Taxpayer Identification Number, located at the following link: <http://www.nrc.gov/reading-rm/doc-collections/forms/nrc531.pdf> Follow the instructions on the form for submission.

The following administrative omissions have been identified:

Your application has been assigned the above listed MAIL CONTROL NUMBER. When calling to inquire about this action, please refer to this control number. Your application has been forwarded to a technical reviewer. Please note that the technical review, which is normally completed within 180 days for a renewal application (90 days for all other requests), may identify additional omissions or require additional information. If you have any questions concerning the processing of your application, our contact information is listed below:

**Region IV
 U. S. Nuclear Regulatory Commission
 DNMS/NMSB - B
 1600 E. Lamar Boulevard
 Arlington, TX 76011-4511
 (817) 200-1103 or (817) 200-1140**

BETWEEN:

Accounts Receivable/Payable
and
Regional Licensing Branches

[FOR ARPB USE]
INFORMATION FROM WBL

Program Code: 03121
Status Code: Pending Amendment
Fee Category: 3P
Exp. Date: 01/31/2023
Fee Comments:
Decom Fin Assur Reqd: N

License Fee Worksheet - License Fee Transmittal

A. REGION

1. APPLICATION ATTACHED

Applicant/Licensee: Construction Materials Technologies
Received Date: 07/31/2020
Docket Number: 3038599
Mail Control Number: 622590
License Number: 43-35027-01
Action Type: Change of Control

2. FEE ATTACHED

Amount: N/A

Check No.: N/A

3. COMMENTS

Signed: Carol L. Hill

Date: 08/03/2020

B. LICENSE FEE MANAGEMENT BRANCH (Check when milestone 03 is entered / /)

1. Fee Category and Amount: _____

2. Correct Fee Paid. Application may be processed for:

Amendment: _____

Renewal: _____

License: _____

3. OTHER _____

Signed: _____

Date: _____

Agency: NRC

WBL WORKSHEET

DOCKET NUMBER: 3038599 LICENSE NUMBER: 43-35027-01 STATUS: Pending Amendment

MAIL CONTROL NUMBER: 622590 RECEIPT DATE: 07/31/2020 ACTION TYPE: Change of Control

DUE DATE: 01/27/2021 INST. CODE: 35027 LICENSE REGION: Region 4

LICENSE TYPE: 30 ENTITY TYPE: C LICENSE GROUP: Industrial

ISSUE DATE: ORIGINAL DATE: 01/17/2013 EXPIRATION DATE: 01/31/2023

DECOMMISSIONING CATEGORY: Group 1 LAST ISSUE DATE:

LICENSEE NAME: Construction Materials Technologies DECOM FIN ASSUR REQD: N
SUBM: N

MAILING ADDRESS LINE1: 2796 South Redwood Road CONT PLAN REQD: N APPRV: N

MAILING ADDRESS LINE 2:

CITY: West Valley City STATE: UT ZIP: 84119

CONTACT PERSON: PREFIX: Mr. FIRST NAME: Jeremy MIDDLE INITIAL:

LAST NAME: Axbom SUFFIX:

JOB TITLE: Radiation Safety Officer PHONE: 801-386-6594 FAX: 801-972-9074 EMAIL: jeremy.axbom@cmtlab

BILLING ADDRESS LINE 1:

BILLING ADDRESS LINE 2:

CITY: STATE: Utah ZIP:

BILLING CONTACT PERSON: FIRST NAME: MIDDLE INITIAL: LAST NAME:

PHONE: EMAIL: FAX:

PRIMARY PGM CODE: 03121 SECONDARY PGM CODE:

INSPECTION REGION: Region 4 PRIORITY: 5

RSO: PREFIX: FIRST NAME: Jeremy MIDDLE INITIAL: LAST NAME Axbom

SUFFIX: RSO JOB TITLE: Radiation Safety Officer

RSO PHONE: 801-386-6594 cell RSO FAX: 801-972-9074 RSO EMAIL: jeremy.axbom@cmtlaboratories.com

STATES WHERE USE IS AUTHORIZED: 0- ALL LISTED STATES
1- SAME AS STATE IN ADDRESS
2- ALL STATES
3- NON-AGREEMENT-STATES

AUTHORIZED STATES (USE ONLY IF ABOVE IS ZERO):
