

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: November 14, 2017**

***Request to Approve an Initial Resolution Reflecting Official  
Intent to Issue Revenue Bonds***

Prepared by: *Andrea Gonzalez*

<b>Applicant:</b>	Republic Services, Inc.	<b>Amount Requested:</b>	\$100,000,000
<b>Project Location:</b>	Various Locations throughout California	<b>Application No.:</b>	917
		<b>Initial Resolution No.:</b>	17-16

**Summary.** Republic Services, Inc. and/or its affiliates (the “Company” or “Republic”) requests approval of an Initial Resolution for an amount not to exceed \$100,000,000. The Company plans to finance the improvements to existing landfill facilities throughout California and purchase equipment.

**Borrower.** The Company provides non-hazardous solid waste collection, transfer, recycling, disposal, and energy services for commercial, industrial, municipal, and residential customers in the United States and Puerto Rico. Republic is a large business and was organized in Delaware on December 20, 1996.

The Company is publicly owned and traded on the New York Stock Exchange under the ticker “RSG”. See Attachment A for California subsidiaries and affiliates.

The principal shareholders of the Company are as follows:

Cascade Investment, LLC.	<u>32.3%</u>
<b>Total:</b>	<u><b>32.3%</b></u>

**Legal Questionnaire.** Staff has reviewed the Company’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 raise concerns regarding the financial viability or legal integrity of the Company to warrant disapproval of the Company’s financing request.

**Project Description.** Bond proceeds will be used to make improvements to existing landfill facilities, including construction of new disposal cells and liners within currently permitted acreage, additions and improvements to the leachate collection and treatment system, including leachate trenching, additions and improvements to the methane gas systems, installation of new liners for intermittent and final closure of completed sections of the landfill facilities. The Company will also be acquiring additional equipment such as pipes, pumps, fans, vacuums and extraction equipment to be used at the landfill facilities to support the foregoing improvements and to place them into service.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation in November of 2017.

**Financing Details.** The Company anticipates the issuance of negotiated tax exempt bonds.

**Financing Team.**

**Underwriter:** Bank of America Merrill Lynch

**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP

**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No. 17-16 for Republic Services, Inc. and/or its Affiliates for an amount not to exceed \$100,000,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*

## **Attachment A**

### **California Divisions and Subsidiaries of Republic Services, Inc.**

Republic Services, Inc. (“Republic”) is publicly owned and traded on the New York Stock Exchange under the ticker “RSG”. Republic provides non-hazardous solid waste collection, transfer, recycling, disposal, and energy services for commercial, industrial, municipal, and residential customers in the United States and Puerto Rico. The following are the California subsidiaries and affiliates of Republic.

A D A J Corporation	San Marcos NCRRF, Inc.
Agromin OC, LLC	Solano Garbage Company
Allied Waste of California, Inc.	Sunrise Sanitation Service, Inc.
Allied Waste Transfer Services of California, LLC	Sunset Disposal Service, Inc.
Anderson Solid Waste, Inc.	Sycamore Landfill, Inc.
Atlas Transport, Inc.	West Contra Costa Energy Recovery Company
Bay Collection Services, Inc.	West Contra Costa Sanitary Landfill, Inc.
Bay Environmental Management, Inc.	West County Landfill, Inc.
Bay Landfills, Inc.	West County Resource Recovery, Inc.
Bay Leasing Company, Inc.	Wilshire Disposal Service
Berkeley Sanitary Service, Inc.	Zakaroff Services
Borrego Landfill, Inc.	
Browning-Ferris Industries of California, Inc.	
Charter Evaporation Resource Recovery Systems	
Crockett Sanitary Service, Inc.	
Delta Container Corporation	
Delta Paper Stock, Co.	
Elder Creek Transfer & Recovery, Inc.	
Foothill Sanitary Landfill, Inc.	
Forward, Inc.	
Golden Bear Transfer Services, Inc.	
Imperial Landfill, Inc.	
Independent Trucking Company	
International Disposal Corp. of California	
Keller Canyon Landfill Company	
La Cañada Disposal Company, Inc.	
Lathrop Sunrise Sanitation Corporation	
New Mexico Disposal Co., LLC	
Oceanside Waste & Recycling Services	
Otay Landfill, Inc.	
Palomar Transfer Station, Inc.	
Perdomo & Sons, Inc.	
Rainbow Disposal Co., Inc.	
Rainbow Transfer/Recycling, Inc.	
Ramona Landfill, Inc.	
Republic Services of Oxnard, Inc.	
Republic Services of Sonoma County Energy Producers, Inc.	
RI/Alameda Corp.	
Richmond Sanitary Service, Inc.	
San Diego Landfill Systems, LLC	

**Initial Resolution No. 17-16  
Application No. 917**

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO  
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
REPUBLIC SERVICES, INC. AND/OR ITS AFFILIATES**

**November 14, 2017**

**WHEREAS**, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

**WHEREAS**, Republic Services, Inc., a Delaware corporation (the “Applicant”), and/or its affiliates (collectively, the “Company”) has submitted an application (the “Application”) requesting that the Authority assist in financing the acquisition, improvement, installation, construction and equipping of facilities for improvements to existing landfill facilities as more fully described in the Application (collectively, the “Project”) to be owned and/or operated by the Company, and have presented an estimate of the maximum cost of such Project as shown in Exhibit “A” attached hereto; and

**WHEREAS**, the Authority desires to encourage the Company to provide solid waste disposal and resource recovery facilities and equipment which will serve the public of the State; and

**WHEREAS**, the Authority deems it necessary and advisable to further the purposes of the Act that the Project be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Project; and

**WHEREAS**, the Company expects to incur or pay from its own funds certain expenditures in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

**WHEREAS**, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$100,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Project; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

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

**Section 1.** The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity which controls, is controlled by, or is under common control with, the Applicant, 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. An Affiliate shall also be a “participating party” as defined in the Act.

**Section 2.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$100,000,000 principal amount of bonds of the Authority for the Project; including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds.

**Section 3.** The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Project. Each bond shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond.”

**Section 4.** The bonds shall be issued subject to the conditions that: (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the bond proceeds to finance the Project; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee for any portion of the bonds which are to be sold as exempt from federal income tax.

**Section 5.** The Executive Director of the Authority is hereby authorized to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Project, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and to meeting all other requirements of the Authority.

**Section 6.** It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

**Agenda Item 4.A.**

| **Section 7.** This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6 above, this Resolution shall cease to be effective on ~~November 14~~December 31, 2020 unless the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution. The Authority will consider such extension upon receiving a specific request for such action from the Company, accompanied by any additional information requested by the Authority to supplement the Company's application, and an explanation of the status of the Project.

**EXHIBIT A**

**NUMBER:** 17-16

**LOCATION:**

Vasco Road Landfill  
4001 North Vasco Road  
Livermore, CA 94551  
Alameda County

Sycamore Landfill  
8514 Mast Blvd  
Santee, CA 92071  
San Diego County

Sonoma Landfill  
500 Mecham Rd  
Petaluma, CA 94952  
Sonoma County

Otay Landfill  
1700 Maxwell Road  
Chula Vista, CA 91911  
San Diego County

Imperial Landfill  
104 East Robinson Road  
Imperial, CA 92251  
Imperial County

Borrego Springs Landfill  
2449 Palm Canyon Dr  
Borrego Springs, CA 92004  
San Diego County

Forward Landfill  
9999 S Austin Rd  
Manteca, CA 95336  
San Joaquin County

Sunshine Canyon Landfill  
14747 San Fernando Rd  
Sylmar, CA 91342  
Los Angeles County

Keller Canyon Landfill  
901 Bailey Road  
Pittsburg, CA 94565  
Contra Costa County

Newby Island Landfill  
1601 Dixon Landing Rd  
Milpitas, CA 95035  
Santa Clara County

Ox Mountain Landfill  
12310 San Mateo Road  
Half Moon Bay, CA 94019  
San Mateo County

**TYPE:** Solid Waste Disposal

**AMOUNT:** Up to \$100,000,000