

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: June 20, 2023**

**Request to Approve a Final Resolution Authorizing the Issuance of
Solid Waste Refunding Revenue Bonds**

Prepared by: Solomita Malko

Applicant:	Republic Services, Inc. and/or its affiliates
Project Location:	Various Locations throughout California
Refunding Amount Requested:	\$144,205,000
Application No.:	957
Final Resolution No.:	23-01-618

Summary: Republic Services, Inc., and/or its affiliates (the “Borrower”) requests approval of a Final Resolution for a total amount not to exceed \$144,205,000 in solid waste refunding revenue bonds (the “Series 2023 (AMT) Bonds”) to refinance the outstanding California Pollution Control Financing Authority (the Authority or CPCFA) Solid Waste Refunding Revenue Bonds (Republic Services, Inc. Project) Series 2010A (AMT) (the “Series 2010A (AMT) Bonds”).

Borrower: The Borrower 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 Services, Inc. is a large business and was organized in Delaware on December 20, 1996.

The Borrower 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 Borrower are as follows:

Cascade Investment, LLC	34.80%
Others (Less than 10%)	<u>65.20%</u>
Total:	<u>100.00%</u>

Legal Status Questionnaire: The Authority staff has reviewed the Borrower’s responses to the questions contained in the Legal Status Questionnaire (LSQ) portion of the Application. The Borrower responded affirmatively to both questions on the LSQ portion of the application relating to Financial Viability and Fraud, Corruption or Serious Harm.

Pending Legal or Regulatory Actions (summary of Borrower's Response):

Bridgeton Landfill (MO) Matter

- *On July 23, 2012, the Missouri Department of Natural Resources (MDNR) issued a notice of violation (NOV) to the closed Bridgeton Landfill in Bridgeton, Missouri.*
- *On March 27, 2013, the Missouri Attorney General's Office, sued Republic Services, Inc. subsidiary Bridgeton Landfill, LLC for odors and leachate from the landfill. On May 13, 2013, the Borrower agreed, among other things, to continue remedial work plans previously approved by MDNR and to continue reporting to MDNR.*
- *On June 19, 2014, Bridgeton Landfill, LLC agreed to increase the frequency of carbon monoxide monitoring, air sampling, an Odor Management Plan, and cost reimbursement to MDNR.*
- *On April 28, 2016, Bridgeton Landfill, LLC and the United States Environmental Protection Agency entered into an Administrative Settlement Agreement and Order on Consent addressing certain remedial actions.*
- *Republic Services, Inc. has paid \$15.9 million related to management and monitoring of the remediation area.*
- *As of December 31, 2022, the remediation liability recorded for this site was \$87.2 million, of which approximately \$15 million is expected to be paid by the Borrower in 2023.*
- *The Borrower continues to work with state and federal agencies on the remediation efforts.*

West Lake Landfill (MO) Matter

- *Republic Services, Inc. subsidiary Bridgeton Landfill, LLC is one of several potentially responsible parties for the West Lake Landfill Superfund site (West Lake) in Missouri. The site is contaminated with radioactive waste and contamination.*
- *On September 27, 2018, the United States Environmental Protection Agency (EPA) issued a Record of Decision Amendment for West Lake that includes a total undiscounted cost estimate of \$229 million over a four-to-five-year design and construction timeline.*
- *On March 11, 2019, the EPA issued special notice letters under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) to Bridgeton Landfill, LLC and the other currently designated potentially responsible parties to initiate negotiations to implement the remedy.*
- *At this time, the Borrower is unable to predict the final design of the remedy or estimate how much of the future response costs of the site the subsidiary may agree or be required to pay.*
- *The Borrower believes that they have adequately reserved for the expected remediation liability. However, subsequent events related to the remedy design, divisibility, or allocation may require the Borrower to modify the expected remediation liability.*

The information disclosed in the LSQ portion of the Application does not appear to threaten the ongoing financial viability of this applicant.

Tax Equity and Fiscal Responsibility Act (TEFRA): The TEFRA hearing was held on May 19, 2023. There were no comments received in support of or in opposition to this Project.

Fees: The Borrower has paid an application fee of \$5,000 and will pay an administrative fee up to \$283,410 at closing.

Small Business Assistance Fund (SBAF): CPCFA funds the SBAF, established in California Code of Regulations, title 4, section 8041, through fees collected from large business borrowers with more than 500 employees. CPCFA uses the SBAF to assist small business borrowers in offsetting the costs of issuance for small businesses that participate in the Authority’s bond program. The SBAF assistance is available on a sliding scale to small-business borrowers, defined in part, in California Code of Regulations, title 4, section 8020, subdivision (I), as those who employ no more than 500 employees, unless the par amount of the bond issue is above \$13,750,000.

The Borrower meets the large business criteria; however, under California Code of Regulations, title 4, section 8035(e), CPCFA waives the SBAF fee for large business borrowers on all financing transactions closing on or before December 31, 2026. As the Borrower expects to close in July 2023, CPCFA anticipates waiving the SBAF fee for this transaction.

Prior Financings: The Borrower and its affiliates previously financed the transactions listed below through CPCFA.

Description	Bond Issue Date	Original Amount	Amount Outstanding as of June 1, 2023
Keller Canyon Series 1992	11/04/1992	\$57,000,000	\$0.00
Browning Ferris Industries, Inc. Series 1996	12/17/1996	\$28,000,000	\$0.00
Browning Ferris Industries, Inc. Series 1997A	9/18/1997	\$25,000,000	\$0.00
Browning Ferris Industries, Inc. Series 1997B	9/18/1997	\$35,000,000	\$0.00
Republic Services, Inc. Series 2002A	06/20/2002	\$14,000,000	\$0.00
Republic Services, Inc. Series 2002B	12/03/2002	\$15,200,000	\$0.00
Republic Services, Inc. Series 2002C	12/03/2002	\$91,355,000	\$0.00
Republic Services, Inc. Series 2003	12/09/2003	\$30,000,000	\$0.00
Republic Services, Inc. Series 2006	03/24/2006	\$30,000,000	\$0.00
Republic Services, Inc. Series 2010A	08/02/2010	\$144,205,000	\$144,205,000
Republic Services, Inc. Series 2010B	08/02/2010	\$20,655,000	\$20,655,000
Republic Services, Inc. Series 2017A-1	11/21/2017	\$50,000,000	\$50,000,000
Republic Services, Inc. Series 2017A-2	11/21/2019	\$50,000,000	\$50,000,000
TOTALS:		\$590,415,000	\$264,860,000

Background. The outstanding Series 2010A (AMT) Bonds previously issued by CPCFA in the amount of \$144,205,000 refunded the following: (i) Keller Canyon Series 1992 solid waste revenue bonds in the amount of \$57,000,000; (ii) Browning Ferris Industries, Inc. Series 1996 solid waste revenue bonds in the amount of \$28,000,000; (iii) Browning Ferris Industries, Inc. Series 1997A solid waste revenue bonds in the amount of \$25,000,000; (iv) Browning Ferris Industries, Inc. Series 1997B environmental improvement revenue bonds in the amount of \$35,000,000; and (v) Republic Services, Inc. Series 2003 solid waste disposal revenue bonds in the amount of \$30,000,000.

Current Request. The Series 2023 (AMT) Bonds will be used to refund the outstanding Series 2010A (AMT) Bonds. The original project consisted of financing 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, and acquisition of equipment.

Financing Details. The Borrower anticipates the issuance of negotiated, tax-exempt Series 2023 (AMT) Bonds through a limited public offering to Qualified Institutional Buyers (QIBs), as defined in Rule 144A under the Securities Act of 1933, in denominations of \$250,000 and multiples of \$5,000 in excess thereof and restrictions on transfers to QIBs.

Financing Team.

Underwriters:	BofA Securities, Inc. (Representative); Academy Securities, Inc.; Loop Capital Markets LLC
Bond Counsel:	Orrick, Herrington, & Sutcliffe LLP
Issuer's Counsel:	Office of the Attorney General
Trustee:	U.S. Bank Trust Company, N.A.

Staff Recommendation. Staff recommends the approval of Final Resolution No. 23-01-618 in a total amount not to exceed \$144,205,000 for Republic Services, Inc. and/or its affiliates.

Note: Any information related to the Borrower, including any data or analysis related to the Borrower's financial condition or ability to repay the financing, described in this staff report is based on information provided by the Borrower and prepared solely for members of the CPCFA Board and to satisfy certain provisions of HSC § 44500 et seq. Investors should not rely on information in this staff report and prospective investors must read the entire PLOM and Limited Offering Memorandum to obtain information essential to the making of an informed investment decision with respect to the Series 2023 (AMT) Bonds.

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.

Agromin OC, LLC	San Diego Landfill Systems, LLC
Allied Waste Transfer Services of California, LLC	San Marcos NCRRF, Inc.
Anderson Solid Waste, Inc.	Solano Garbage Company
Atlas Transport, Inc.	Sunrise Sanitation Service, Inc.
Bakersfield Industrial PV 1, LLC	Sunset Disposal Service, Inc
Bakersfield PV 1, LLC	Sycamore Landfill, Inc.
Bay Collection Services, Inc.	West Contra Costa Energy Recovery Company
Bay Environmental Management, Inc.	West Contra Costa Sanitary Landfill, Inc.
Bay Landfills, Inc.	West County Landfill, Inc.
Bay Leasing Company, Inc.	West County Resource Recovery, Inc.
Berkeley Sanitary Service, Inc.	Wilshire Disposal Service
Borrego Landfill, Inc.	Zakaroff Services
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	
Manteca PV 1, LLC	
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	
RI/Alameda Corp.	
Richmond Sanitary Service, Inc.	

**RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO REFUNDING OF SOLID WASTE REVENUE BONDS
FOR REPUBLIC SERVICES, INC.**

June 20, 2023

WHEREAS, the California Pollution Control Financing Authority (the "Authority") has received the application of Republic Services, Inc., a Delaware corporation (and together with any successor, assignee or related party, the "Borrower"), for financial assistance to refinance the facilities described in Exhibit B (collectively, the "Project"), all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the "Term Sheet"); and

WHEREAS, pursuant to that certain Indenture, dated as of August 1, 2010, between the Authority and The Bank of New York Mellon Trust Company, N.A. the Authority previously issued its California Pollution Control Financing Authority Solid Waste Refunding Revenue Bonds (Republic Services, Inc. Project) Series 2010A (AMT) (the "2010 Bonds"), in the aggregate principal amount of \$144,205,000 to refinance the Project; and

WHEREAS, the proceeds of the 2010 Bonds were loaned to the Borrower pursuant to that certain Loan Agreement, dated as of August 1, 2010, between the Authority and the Borrower; and

WHEREAS, the Borrower now wishes to cause the refunding of the 2010 Bonds, currently outstanding in the aggregate principal amount of \$144,205,000; and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$144,205,000 to assist in the refunding of the 2010 Bonds; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority and applied to cause the refunding of the 2010 Bonds; and

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

WHEREAS, to the extent required, 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, codified under Health and Safety Code section 44500 et seq. (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Solid Waste Disposal Refunding Revenue Bonds (Republic Services, Inc. Project) Series 2023 (AMT)” (the “Bonds”), and with such further or such alternate designations as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$144,205,000, are hereby authorized to be issued. The Bonds 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 (whether or not subject to the federal alternative minimum tax), all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to cause the refunding of all or a portion of any or all of the 2010 Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time on or before December 31, 2023, by negotiated sale, at such price or prices and at such interest rate or rates as he may determine, such determination to be as set forth in the hereinafter referred to Underwriting Agreement.

Section 4. The documents listed below are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect changes required by the rating agencies or potential investors) 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 in the case of the Loan Agreement, the Indenture and the Underwriting Agreement, and by delivery thereof in the case of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

- (i) a proposed form of Loan Agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower;
- (ii) an Indenture relating to the Bonds (the “Indenture”), between the Authority and the trustee named in the Term Sheet (the “Trustee”);
- (iii) an Underwriting Agreement (the “Underwriting Agreement”) among the Authority, the Treasurer of the State of California and BofA Securities, Inc., as representative of the underwriters named in the Term Sheet (the “Representative”), and the Borrower; and
- (iv) a Limited Offering Memorandum relating to the Bonds (in the form of either the “Preliminary Limited Offering Memorandum” or the final “Limited Offering Memorandum”).

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 Affiliates of such 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 Bonds shall be as provided in the Indenture, as finally executed.

Section 7. The Representative is hereby authorized to distribute the Preliminary Limited Offering Memorandum to persons who may be interested in the purchase of the Bonds. The Representative is hereby directed to deliver (in a manner that complies with Securities and Exchange Commission rule 15c2-12(b)(3)) a copy of the Limited Offering Memorandum to all actual purchasers of the Bonds.

Section 8. The Bonds 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 Bonds, 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 Bonds by executing the Trustee’s certificates of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Representative 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 Bonds to The Depository Trust Company, on behalf of the Representative thereof, upon payment of the purchase price thereof.

Section 9. Each officer of the Authority, acting alone, is hereby authorized and directed, to do any and all ministerial acts that they may deem necessary or advisable in order to consummate the issuance, sale or delivery of the Bonds, and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Underwriting Agreement, and the Limited Offering Memorandum. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, any certifications, including, without limitation, a tax certificate or tax agreement in the form required by bond counsel to the Authority.

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 17, 2023, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference. Without limiting the foregoing, the Executive Director is delegated the power to deliver on behalf of the Authority such instrument(s) as may be contemplated or permitted by the Indenture to eliminate any restrictions on transfer of the Bonds the elimination of which is contemplated or permitted by the Indenture and in accordance with the Authority bond and note issuance guidelines.

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 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 any Project or in any application for any required permission or authority to construct or operate any Project.

EXHIBIT A

TERM SHEET

Name of Issue:	California Pollution Control Financing Authority Solid Waste Disposal Refunding Revenue Bonds (Republic Services, Inc. Project) Series 2023 (AMT) (the "Bonds")
Maximum Amount of Issue:	\$144,205,000 (tax-exempt)
Issuer:	California Pollution Control Financing Authority (the "Authority") Sacramento, CA
Borrower:	Republic Services, Inc.
Trustee:	U.S. Bank Trust Company, N.A.
Underwriters:	BofA Securities, Inc. (Representative); Academy Securities, Inc.; Loop Capital Markets LLC
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP San Francisco, CA
Projects:	Refunding of Authority revenue bonds that financed the facilities described in Exhibit B
Maximum Bond Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale
Description of Minimum Denominations:	\$250,000 or any integral multiple of \$5,000 in excess of \$250,000
Financing Structure:	Unsecured, variable rate bonds (quarterly interest rate reset, initially)
Maximum Interest Rate:	12%
Letters of Credit:	Not applicable
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	BBB+/A-2 (S&P)
Type of Financing:	Tax-exempt refunding bonds to refinance solid waste disposal revenue bonds
Prepared by:	Lawrence N. Tonomura, Managing Director, BofA Securities, Inc., 415-627-3086

Resolution No. 23-01-618
Application No. 957

EXHIBIT B

REFINANCED FACILITIES

Financed Facility
Keller Canyon Landfill, Contra Costa County
Sunshine Canyon Landfill, Los Angeles County
Vasco Road Landfill, Alameda County; Long Beach Materials Recovery Facility, Los Angeles County; Chiquita Canyon Landfill Cell Construction, Los Angeles County; Los Angeles Consolidated Disposal, Los Angeles County; Taormina Industries, Inc., Orange County; Orange County Trucks, Orange County; Rubbish Control, Inc., Ventura County; West County Landfill, Contra Costa County; Potrero Hills Landfill, Solano County; Richmond Sanitary Services, Contra Costa County