



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY COUNSEL

**File #:** 21-378

Board Meeting Date: 5/18/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John C. Beiers, County Counsel

**Subject:** Resolution Approving California Municipal Finance Authority Tax-Exempt Loan for the benefit of Republic Services, Inc.

### **RECOMMENDATION:**

Recommendation to approve a plan of finance and adopt a resolution for the issuance of California Municipal Finance Authority solid waste disposal revenue bonds in an aggregate principal amount not to exceed \$703,700,000 for the purpose of financing and refinancing the acquisition, construction, installation, rehabilitation, improvement and/or equipping of solid waste disposal facilities by Republic Services, Inc. and certain affiliates thereof, and certain other matters relating thereto.

### **BACKGROUND:**

The California Municipal Finance Authority (the "CMFA" or "Authority") was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 320 municipalities, including the County of San Mateo, have become members of CMFA. The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

### **DISCUSSION:**

Republic Services, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and/or affiliates thereof (collectively, the "Borrower"), has requested that the Authority issue exempt facility bonds for qualified solid waste disposal facility projects pursuant to section 142 (a)(6) of the Internal Revenue Code of 1986 (the "Code") in one or more series from time to time in an aggregate principal amount not to exceed \$703,700,000 (the "Bonds").

A portion of the proceeds of the Bonds, in a principal amount not expected to exceed \$91,600,000, will be used to finance and/or refinance certain capital projects located within the territorial limits of

the County of San Mateo (the "County") at the following locations and currently owned and/or operated by the following affiliates of Republic Services, Inc.: (i) Allied Waste Services of Daly City, 1680 Edgeworth Ave, Daly City, CA 94015, owned and/or operated by Allied Waste Services of North America, LLC (up to \$21,800,000 of Bonds, including up to \$5,000,000 of new money Bonds), and (ii) Ox Mountain Landfill, 12310 San Mateo Rd (Hwy 92), Half Moon Bay, CA 94019, owned and/or operated by Browning-Ferris Industries of California, Inc. (up to \$69,800,000 of Bonds, including up to \$60,400,000 of new money Bonds).

The projects to be financed and/or refinanced at such locations (collectively, the "Project") include: (a) improvements to existing landfill facilities, including construction of new disposal cells and liners within currently permitted acreage, (b) additions and improvements to the leachate collection and treatment system, including leachate trenching, (c) additions and improvements to the methane gas systems, (d) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (e) site improvements, (f) acquisition of equipment to be used at the landfill facilities, and (g) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them into service.

In order for all or a portion of the Bonds to qualify as tax-exempt obligations, the County, as the CMFA member within whose jurisdiction the Project is sited, must conduct a public hearing (the "TEFRA Hearing") to provide the members of the community an opportunity to speak in favor of or against the use of tax-exempt obligations for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. A Notice of Public Hearing was published in San Mateo County on or before April 27, 2021, notifying all interested persons that a public hearing would be held on May 4, 2021 by the County regarding the financing. The County conducted the TEFRA Hearing on May 4, 2021, and no public comments were submitted.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not an obligation of the County or the State of California, but are to be paid for solely from funds provided by the Borrower.

Participation by the County in the CMFA will not impact the County's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing, adopting the required resolution, no other participation or activity of the County or the Board of Supervisors with respect to the issuance of the Bonds will be required.

Approving and authorizing the issuance of the Bonds will contribute to the Shared Vision 2025 outcome of collaborative community by supporting fiscal accountability.

**FISCAL IMPACT:**

The County will receive 25% of the issuance fee from the CMFA, which is estimated to be approximately \$23,000 if the full amount of the Bond is issued. These funds can be used at the County's discretion. There will be no other fiscal impact to the County associated with any bonds that are issued.