



97669

DATE: August 13, 2019

TO: Board of Supervisors

FROM: Alan Minato, Director, Finance Agency

SUBJECT: Hearing for Proposed Issuance of Revenue Bonds for Waste Management, Inc.

RECOMMENDED ACTION

Public Hearing pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Section 147(f) of the Internal Revenue Code of 1986, to consider proposed issuance of tax-exempt revenue bonds by the California Municipal Finance Authority (CMFA) in an aggregate principal amount not to exceed \$300,000,000 for the purpose of financing projects statewide, including \$26,000,000 for the acquisition, construction, installation, rehabilitation, improvement and/or equipping of solid waste disposal facilities located in the County of Santa Clara, California for the benefit of Waste Management, Inc.

- i. Open public hearing and receive testimony.
- ii. Close public hearing.

FISCAL IMPLICATIONS

The County of Santa Clara (the “County”) incurs no financial liability from this financing and neither the faith and credit nor the taxing power of the County is pledged in any way in connection with the financing. CMFA will review the final application concerning the project and the issuance of revenue bonds is contingent upon the CMFA’s approval.

REASONS FOR RECOMMENDATION

TEFRA requires that a public hearing be held by the governing body of the jurisdiction in which a project to be financed is located, and that the governing body approve the proposed financing. The Board of Supervisors is the applicable legislative body to authorize the issuance of the revenue bonds in compliance with Section 147(f) of the Internal Revenue Service Code.

CMFA will be the issuer of the bonds. CMFA is a joint powers authority formed to assist local governments, non-profit organizations, and businesses with the issuance of both taxable

and tax-exempt debt. The Board of Supervisors authorized the County to join CMFA on August 25, 2009.

CHILD IMPACT

The recommended action will have no/neutral impact on children.

SENIOR IMPACT

The recommended action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action will fund improvements at the landfill site.

BACKGROUND

Waste Management, Inc., and/or an affiliate thereof (the “Borrower”), has requested that CMFA issue one or more series of revenue bonds from time to time in an aggregate principal amount not to exceed \$300,000,000 (the “Bonds”) for projects statewide. The Bonds will be part of a plan of finance, which may occur over a period of multiple years.

A portion of such Bond proceeds, in an amount not expected to exceed \$26,000,000, is intended to be loaned to the Borrower to finance the following projects (collectively, the “Project”) in the County: improvements to existing, permitted solid waste landfill facilities, including but not limited to i) construction of new disposal cells and liners within currently permitted acreage, (ii) additions and improvements to the leachate collection and treatment system, including leachate trenching, (iii) additions and improvements to the methane gas systems, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) site and/or land improvements, including construction of building facilities, (vi) acquisition of equipment to be used at the landfill facilities, and (vii) acquisition of other equipment and assets necessary to support the foregoing additions and improvements and to place them into service.

The Project is located at the following locations in the County: Kirby Canyon Landfill, 910 Coyote Creek Golf Drive, Morgan Hill, California, 95038 (in an amount not to exceed \$16,000,000); and Guadalupe Rubbish Disposal Co, 15999 Guadalupe Mines Road, San Jose, California 95120-5022 (in an amount not to exceed \$10,000,000).

The debt to be issued by CMFA will be the sole responsibility of the Borrower, and the County will have no financial or legal obligations or responsibilities with regard to the repayment of the debt. The County will also bear no costs in the issuance of the proposed debt.

CONSEQUENCES OF NEGATIVE ACTION

The proposed financing will be delayed.

STEPS FOLLOWING APPROVAL

One copy of the approved resolution from MinuteTraq linked file #97670 and a copy of the Board agenda item should be sent to: Orrick, Herrington & Sutcliffe, 405 Howard St., San Francisco, CA 94105 c/o Jesse Albani.

LINKS:

- **Linked To: 97670 : Adopt Resolution approving a plan of finance for the issuance of the California Municipal Finance Authority Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project) in an aggregate principal amount not to exceed \$300,000,000 for the purpose of financing projects statewide, including \$26,000,000 for the acquisition, construction, installation, rehabilitation, improvement and/or equipping of solid waste disposal facilities located in the County of Santa Clara, California and certain other matters relating thereto. (Roll Call Vote)**

ATTACHMENTS:

- **TEFRA Notice of Public Hearing (PDF)**
- **Proof of Publication (PDF)**