

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM**

Meeting Date: April 22, 2009

Request for Amendments to Loan Agreements

Prepared by: *Doreen Smith*

Applicant: Republic Services, Inc. and/or its Affiliates	Action Requested: Loan Agreement Amendment
Project: Valencia (Los Angeles County)	Bond Series: 2002B, 2002C,
Location: Suisun (Solano County)	2003, 2006

Summary. Republic Services, Inc. (“Republic or “Company”) requests approval to amend the Loan Agreements between the California Pollution Control Financing Authority (CPCFA) and Republic dated June 1, 2002, December 1, 2003, and March 1, 2006 related to three bond issues. The Company is subject to the judgment of the United States District Court for the District of Columbia which requires that it divest certain assets in California to conform to the Hart-Scott-Rodeno Antitrust Improvements Act, as a condition of the merger between Republic and Allied Waste Inc.

Background. The Company currently has \$166,555,000 of CPCFA bonds outstanding pursuant to these Loan Agreements and is being required to divest approximately \$34,600,000 of these assets in California.

The assets to be divested and corresponding bond issues are listed below.

- Chiquita Canyon Landfill - CPCFA Series 2002B, 2002C, 2003 and 2006
- Potrero Hills Landfill – CPCFA Series 2003 and 2006

CPCFA’s Loan Agreements generally require a borrower to obtain CPCFA’s consent before disposing of any assets which were financed with the bond issue, but there is an exception if the bonds will be redeemed after the disposition. Under the current Republic Loan Agreements, the language of this exception appears to apply only if the entire bond issue is redeemed, and does not cover a case where only part of the assets financed with the bonds are sold, to allow a proportionate amount of bonds to be redeemed. CPCFA’s current model bond Loan Agreement for Small Businesses allows a borrower to use a partial redemption of bonds to avoid the process of obtaining CPCFA consent for the divestiture.

Request. The Company requests to amend the Loan Agreements to become consistent with current CPCFA model document language to permit the Company to divest the assets described above without CPCFA approval, provided the Company redeems a proportionate amount of the bond issues which financed the assets.

Section 5.2(a)(5) of each of the Loan Agreements sets forth certain covenants and restrictions on the Borrower with regard to the sale or disposal of the Projects (as defined in the Agreements).

Staff Recommendation. Staff recommends, contingent upon receipt of documents and opinions required by Section 5.2(a)(5) of the Loan Agreement, the Authority consent to the request of the Company to amend the Loan Agreements between CPCFA and Republic dated June 1, 2002, December 1, 2003, and March 1, 2006 related to three bond issues.

**RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
APPROVING AMENDMENTS TO LOAN AGREEMENTS FOR REPUBLIC SERVICES, INC.**

April 22, 2009

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) issued its California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Republic Services Inc., Project) Series 2002B in an aggregate principal amount of \$15,200,000 (the “2002B Bonds”) and its California Pollution Control Financing Authority Solid Waste Disposal Refunding Revenue Bonds (Republic Services Inc., Project) Series 2002C in the aggregate principal amount of \$91,355,000 (the “2002C Bonds”, and together with the 2002B Bonds, the “2002 Bonds”), pursuant to an indenture, dated as of December 1, 2002, (the “2002 Indenture”) by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), and loan the proceeds thereof to Republic Services, Inc., a Delaware corporation (and together with any successor, assignee or related party, the “Borrower”);

WHEREAS, the Authority issued its California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Republic Services Inc., Project) Series 2003 in an aggregate principal amount of \$30,000,000 (the “2003 Bonds”) to provide assistance to the Borrower, pursuant to an indenture, dated as of December 1, 2003, (the “2003 Indenture”) by and between the Authority and the Trustee;

WHEREAS, the Authority issued its California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Republic Services Inc., Project) Series 2006 in an aggregate principal amount of \$30,000,000 (the “2006 Bonds” and, together the 2002 Bonds and the 2003 Bonds, the “Bonds”) to provide assistance to the Borrower, pursuant to an indenture, dated as of March 1, 2006, (the “2006 Indenture,” and together with the 2002 Indenture and the 2003 Indenture, the “Indentures”) by and between the Authority and the Trustee;

WHEREAS, the Authority and the Borrower entered into loan agreements, dated as of December 1, 2002 (the “2002 Agreement”), December 1, 2003 (the “2003 Agreement”) and March 1, 2006 (the “2006 Agreement”, and together with the 2002 Agreement and 2003 Agreement, the “Agreements”) with the Borrower specifying the terms and conditions of loans by the Authority to the Borrower of the proceeds of the Bonds and of the payment by the Borrower to the Authority of amounts sufficient for the payment of the principal of and premium, if any, and interest on the Bonds and certain additional amounts and related expenses;

WHEREAS, Section 5.2(a)(5) of each of the Agreements sets forth certain covenants and restrictions on the Borrower with regard to the sale or disposal of the Projects (as defined in the Agreements);

WHEREAS, the Borrower desires that the Authority and the Trustee join in amending and restating Section 5.2(a)(5) of each of the Agreements to modify such covenants and restrictions as set forth more fully in the Amendments (as defined in Section 1, below);

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

Agenda Item – 4.B.1.

Section 1. The proposed form of the First Amendment to 2002 Agreement (the “2002 Amendment”), the First Amendment to 2003 Agreement (the “2003 Amendment”) and the First Amendment to 2006 Agreement (the “2006 Amendment”, and together with the 2002 Amendment and 2003 Amendment, the “Amendments”), each between the Authority and the Borrower, as filed with the Authority prior to this meeting, are hereby approved. The Chairman and/or the Executive Director of the Authority are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Amendments in substantially said form, with such insertions, deletions or changes therein as the officer executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

Section 2. The Executive Director of the Authority is hereby authorized and directed to do any and all ministerial acts and to enter into any agreements, to execute and deliver any and all certificates, and to execute and deliver agreements, which, with the advice of the Attorney General, they may deem necessary or advisable to effectuate the purpose of this resolution.

Section 3. Whenever in this resolution an officer is authorized to make insertions, deletions or changes to a document with the advice of the Attorney General, that officer may take such actions with the advice of other counsel retained by the Authority as issuer’s counsel, if the retention of such counsel has been approved by the Attorney General. This resolution shall take effect immediately upon its passage.

Section 4. This resolution shall take effect upon its adoption, but shall be subject to the receipt of an Opinion of Counsel, as required by Section 6.07(B) of the respective Indentures.