

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

Meeting Date: March 17, 2015

Request for Approval of a Resolution to Modify Remarketing Restrictions for Certain Bonds

Prepared by: *John Weir*

Applicant:	Waste Management , Inc. and/or its Affiliates	Bond Series:	2005A
Project	Various Cities and Counties	Total Outstanding	
Location:	Throughout California	Amount:	\$50,000,000

Summary. Waste Management, Inc. (WMI or the Company) is requesting the Authority to modify the remarketing restrictions for its 2005A bond issue due to the Company’s upgraded long-term credit rating of “A-”. The Company rating was previously “BBB” which restricted the remarketing of the bonds to Qualified Institutional Buyers (QIBs) in minimum denominations of \$250,000 pursuant to the Authority’s Bond Issuance Guidelines (Attached).

Background. In April 2005, CPCFA issued \$50,000,000 solid waste disposal bonds on behalf of WMI to finance its capital projects for the 2005 budget year. At that time, WMI’s corporate rating was “BBB” and the Company proposed utilizing CPCFA’s approved guidelines for offering “BBB” rated debt. These guidelines state that “BBB” rated bonds must be restricted for sale to QIBs in minimum denominations of \$250,000. On March 29, 2005, the CPCFA Board approved WMI’s request.

Current Request. WMI is requesting Authority approval to remove certain QIB and denomination restrictions in anticipation of the remarketing of the bond series in April 2015.

The Indenture for the 2005A Bonds states that an offering of Bonds is restricted to QIBs with minimum denominations of at least \$250,000 during the Restricted Period. The Indenture defines Restricted Period to mean the period from the date of delivery of the Bonds until the Authority agrees to terminate the Restricted Period. WMI may request the Authority to terminate the Restricted Period at any time, but the Authority may not unreasonably withhold its approval if the Borrower provides evidence that the Bonds will be rated “A3/A-.” In December 2013, Standard & Poor’s upgraded Waste Management, Inc. to a long-term credit rating of “A-.” As a result, when the bonds are remarketed in April 2015, they will be rated “A-.” Therefore, WMI is requesting termination of the Restricted Period as set forth in the Indenture.

Additionally, in connection with remarketing of the bonds, WMI requested CPCFA to reappoint Bank of America Merrill Lynch as remarketing agent for the bonds. This action is eligible under the Executive Director’s Delegated Authority and does not require board approval.

Staff Recommendation. Staff recommends approval of the request to modify the remarketing restrictions and to terminate the restricted periods set forth in the Indenture based on the upgrade of the credit rating of Waste Management Inc. to “A-”.

**RESOLUTION APPROVING THE MODIFICATION OF REMARKETING
RESTRICTIONS FOR CERTAIN BONDS ISSUED ON BEHALF OF WASTE
MANAGEMENT, INC.**

March 17, 2015

WHEREAS, California Pollution Control Financing Authority (the “Authority”) has previously issued an aggregate principal amount of \$50,000,000 of its Variable Rate Demand Solid Waste Disposal Revenue Bonds (Waste Management, Inc. Project), Series 2005A (the “Bonds”) pursuant to an Indenture, dated as of April 1, 2005 (the “Indenture”), by and between the Authority and Deutsche Bank National Trust Company, as trustee (the “Trustee”), and loaned the proceeds thereof to USA Waste of California, Inc. (as successor to Central Valley Waste Services, Inc.), Chemical Waste Management, Inc., Modesto Garbage Co., Inc., Waste Management Collection and Recycling, Inc., Waste Management of California, Inc. and G.I. Industries (collectively, the “Borrower”) pursuant to a Loan Agreement, dated as of April 1, 2005 (as amended and supplemented, the “Loan Agreement”), by and between the Authority and the Borrower; and

WHEREAS, the obligation of the Borrower under the Loan Agreement is guaranteed by the corporate parent of the Borrower (the “Guarantor”); and

WHEREAS, the Bonds are currently subject to a Restricted Period under the Indenture, which requires, in effect, that during such Restricted Period: (1) the Bonds must be in minimum authorized denominations of \$250,000, and (2) the Bonds may only be transferred to Qualified Institutional Buyers; and

WHEREAS, pursuant to Section 2.06 of the Indenture, the Borrower may request that the Authority terminate such Restricted Period and further provides that the Authority may grant such approval in its discretion, but it agrees that it will not unreasonably withhold such approval if the Borrower provides evidence that the Bonds will be rated at least “A3/A-” by Moody’s, S&P or Fitch; and

WHEREAS, the S&P has raised its long-term corporate credit rating on the Guarantor to “A-” from “BBB”; and

WHEREAS, pursuant to Section 2.06 of the Indenture, the Guarantor, on behalf of the Borrower, has requested that the Authority terminate the Restricted Period relating to the Bonds;

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

Section 1. The Authority hereby terminates the Restricted Period relating to the Bonds.

Section 2. Each officer of the Authority, acting alone, is hereby authorized and directed to do any and all ministerial acts that the officer may deem necessary or advisable in

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order to consummate the effectuate the purposes of this Resolution. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation, any certifications.

Section 3. 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 21, 2014, apply to the documents and actions approved in this Resolution, and the provisions of such resolution are incorporated herein by reference.

Section 4. This Resolution shall take effect immediately upon its adoption.

CPCFA BOND ISSUANCE GUIDELINES

These guidelines describe what CPCFA would expect to see given a particular rating. The Authority acknowledges that each financing must be reviewed individually and that additional provisions may be considered if those provisions are a necessary part of a prudent borrowing and/or issuance strategy.

BOND RATING	DEBT ISSUANCE PROVISIONS
I. Debt Rated A-/A-/A3 ⁽¹⁾ or Better	May be broadly offered General Obligation Pledge.
II. Debt Rated a minimum BBB--/BBB-/Baa3 ⁽¹⁾	<p>Purchasers of bonds (in both primary and secondary markets) limited to “Qualified Institutional Buyers”(QIB), as QIBs are defined under SEC Rule 144A, promulgated under the Securities Act of 1933. Bonds may be initially placed with no more than 35 QIBs.</p> <p>Bonds must be issued in minimum denominations of \$250,000 or any integral multiple of \$5,000 above this amount, with the requirement that all bonds must equal the chosen denomination.</p> <p>All sale restriction information must be prominently printed on the cover and described in the body of any offering materials. The indenture’s “Registration and Transfer of Bonds” section must clearly describe all sale and purchase restrictions, and the bond certificates in their legends must note all sale and purchase restrictions.</p> <p>Sinking fund maturities must match the bond denomination.</p> <p>Participatory shares of bonds in trusts may be sold only to QIBs. Trust shares must be sold only in increments equal to the bond’s minimum denomination.</p>
Debt Rated less than BBB-/BBB-/Baa3 ⁽¹⁾ , or unrated	Issuance structures to be evaluated on a case-by-case basis.

⁽¹⁾ Represents ratings by Standard & Poors, Fitch and Moody’s respectively.