

ITEM #46

ADDITIONAL MATERIAL

**Regular Meeting
SEPTEMBER 25, 2018**

SUBMITTED AT THE REQUEST OF

**FINANCE AND ADMINISTRATIVE
SERVICES DEPARTMENT**



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

115 S. Andrews Avenue, Room 513 • Fort Lauderdale, Florida 33301 • 954-357-7130 • FAX 954-357-7134 • Email: finance@broward.org

MEMORANDUM

Date: September 24, 2018

To: Mayor and Board of County Commissioners

Thru: Bertha Henry, County Administrator

[Handwritten signature] for B. Henry

From: George Tablack, CPA, Chief Financial Officer

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TABLACK
Date: 2018.09.24 11:01:58 -04'00'

Subject: September 25, 2018 Commission Meeting - Agenda Item No. 46, TEFRA
Hearing for Waste Management

Attached is additional information on project elements anticipated in Broward County and other affected jurisdictions.

attachment

c: Monica Cepero, Deputy County Administrator
Andrew Meyers, County Attorney
Robert Melton, County Auditor

WASTE MANAGEMENT, INC.

REPORT

THE COMPANY

Waste Management, Inc. (“WM,” the “Borrower, or the “Company”), the leading provider of integrated waste services in North America. WM partners with residential, commercial, industrial and municipal customers to manage and reduce waste at each stage from collection to disposal, while recovering valuable resources and creating clean, renewable energy. WM’s “Solid Waste” business is operated and managed locally by its subsidiaries that focus on distinct geographic areas and provides collection, transfer, recycling and resource recovery, and disposal services. Through its subsidiaries, WM is also a leading developer, operator and owner of landfill gas-to-energy facilities in the United States. WM employed approximately 42,300 people as of December 31, 2017.

THE PROJECTS

Waste Management Inc. is requesting tax-exempt Solid Waste Disposal Revenue Bonds, in one or more series, from time to time, in an aggregate principal amount not to exceed \$70,000,000. The proceeds of the various series will provide financing for solid waste disposal capital expenditures in Miami-Dade County and up to five other jurisdictions located throughout the State of Florida. The Projects will be financed as part of an ongoing plan of financing and will be initially owned or operated by Waste Management Inc. and/or affiliates and subsidiaries thereof. The Projects consist of financing (a) improvements to permitted 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 system, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) site improvements, (vi) building construction; and (vii) acquisition of equipment to be used at the landfill facilities, (b) improvements to existing collection (hauling) and transfer station facilities, including (i) acquisition of solid waste disposal trucks and support vehicles, (ii) acquisition of solid waste disposal containers and related equipment, (iii) acquisition of solid waste sorting and processing equipment, (iv) site improvements and (v) building construction, and (c) acquisition of other equipment and assets necessary to support the foregoing improvements and to place them in to service.

Elements of the proposed Series 2018 projects include:

BROWARD COUNTY

Series 2018 Monarch Hill Landfill (02240)	\$ 29,000,000
An existing disposal facility located at 2700 Wiles Road, Pompano Beach, FL 33073	
• Cell Construction and Capping	\$ 20,500,000
• Leachate and Methane Gas Systems	\$ 8,500,000

GLADES COUNTY

Series 2018 Glades Landfill (02724)	\$ 3,500,000
An existing disposal facility located at 1940 E State Road 78 NW, Moore Haven, FL 33471	
• Cell Construction and Capping	\$ 3,500,000

MANATEE COUNTY

Series 2018 North Manatee Recycling and Disposal Facility (02978)	\$ 10,000,000
An existing disposal facility located at 14415 County Road 39, Duette, FL 34219	
• Cell Construction and Capping	\$ 7,500,000
• Leachate and Methane Gas Systems	\$ 2,500,000

MIAMI-DADE COUNTY

Series 2018 Medley Landfill (02193)	\$ 8,500,000
An existing disposal facility located at 9350 NW 89 th Avenue, Medley, FL 33178	
• Cell Construction and Capping	\$ 5,500,000
• Leachate and Methane Gas Systems	\$ 3,000,000

OKEECHOBEE COUNTY

Series 2018 Okeechobee Landfill (00046)	\$ 14,000,000
An existing disposal facility located at 10800 NE 128 th Avenue, Okeechobee, FL 34972	
• Cell Construction and Capping	\$ 10,500,000
• Leachate and Methane Gas Systems	\$ 3,500,000

ORANGE COUNTY

Series 2018 Vista Landfill (02486)	\$ 5,000,000
An existing disposal facility located at 242 Keene Road West, Apopka, FL 32703	
• Cell Construction and Capping	\$ 4,000,000
• Leachate and Methane Gas Systems	\$ 1,000,000

FINANCIAL SUFFICIENCY

The Company has provided audited financial statements for the fiscal year ended December 31, 2017 as well as their latest Form 10-Q for the period ended June 30, 2018. The Company's prior years financial statements are available online at the Company's web site (www.wm.com).

A review of the submitted financial and related information indicates:

<u>SOURCE OF FUNDS</u>		<u>USE OF FUNDS</u>	
Bond Issue Proceeds*	\$70,000,000	Cell Construction & Capping	\$51,500,000
		Leachate & Methane Gas Systems	18,500,000
TOTAL	<u>\$70,000,000</u>	TOTAL	<u>\$70,000,000</u>

* Any costs related to the bond issue and development of the projects which cannot be paid out of bond proceeds will be borne by the company.

Information relative to the proposed financial structure includes:

Financial Structure:	Corporate Debt.
Guarantee:	Corporate Guarantee by Waste Management Holdings, Inc.
Rating:	Anticipated rating of A- by Standard & Poor's Ratings Services.
Marketing:	Underwritten by Bank of America Merrill Lynch and qualified small business co-manager firms approved by Miami-Dade County.

In addition, the Miami-Dade Industrial Development Authority has been requested to issue its Solid Waste Disposal Refunding Revenue Bonds (Waste Management Inc. Project), in one or more series in an aggregate principal amount not to exceed \$25,000,000 (the "Refunding Bonds"), the proceeds of the various series of which will provide refinancing for (i) solid waste disposal capital expenditures in the County and Broward County and (ii) to pay for certain bond issuance costs.

The MDCIDA Solid Waste Refunding Revenue Bonds are refinancing MDCIDA Series 2004 bonds previously used to finance qualifying costs for the Company. Elements of the Miami-Dade Industrial Development Authority Solid Waste Disposal Revenue Bonds Series 2004 Refunding Projects include:

Broward County

Series 2004 Southern Sanitation (02237) \$ 1,559,538
An existing transfer station facility located at 3831 NW 21st Avenue, Pompano Beach, FL 33073

Series 2004 Monarch Hill Landfill (Central Sanitary Landfill (02240) \$ 9,956,825
An existing disposal facility located at 2700 Wiles Road, Pompano Beach, FL 33073

Series 2004 Rueters Plant – Reuter Transfer Station (02260) \$ 41,136
An existing transfer station facility located at 20701 Pembroke Road, Pembroke Pines, FL 33029

Miami-Dade County

Series 2004 WM Recycling Hialeah (Miami Transfer Station) (01096) \$ 939,079
An existing transfer station facility located at 5000 NW 37th Avenue, Hialeah, FL 33142

Series 2004 Medley Landfill (02193) \$ 7,458,853
An existing disposal facility located at 9350 NW 89th Avenue, Medley, FL 33178

Series 2004 WM of Dade County (02194) \$ 2,597,409
An existing transfer station facility located at 8801 NW 91st Street, Medley, FL 33178

LEGAL

The proposed projects qualify under Federal regulations that provide capital expenditures for solid waste disposal activities may be financed with Tax-Exempt Solid Waste Disposal Revenue Bonds. Issuance allocation for the bonds is required and will be requested from the Florida First Business allocation pool (F.S. 159.8083). It is not anticipated any local issuance allocation will be used for these projects.

For projects located within other counties, a separate public hearing is required to be held in that County and the respective Board of County Commissioners must also review and ratify. An interlocal agreement between the Miami-Dade County Industrial Development Authority and each County will be executed to authorize the Miami-Dade County Industrial Development Authority to issue the revenue bonds for projects within their jurisdiction.

ECONOMIC IMPACT

Waste Management, Inc. reports it employs approximately 3,700 full-time employees in the State of Florida in 2017, with an annual payroll in excess of \$240.0 million. In addition, WM employs numerous contractors and subcontractors at their landfill facilities. The landfill facilities also pay host fees, license fees, and permit fees.

Other economic benefits related to the completion of the proposed projects will include an increase in new taxable capital investment, assisting WM maintain its cost structures for solid waste collection and disposal services, and assisting WM to continue to provide safe and effective solid waste services to the citizens of the State of Florida.