



July 26, 2022

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Board of Supervisors
County of Marin
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Subject: Tax-exempt financing by the California Municipal Finance Authority, a public entity of the State of California (“CMFA”); Consent to hold a Tax Equity and Fiscal Responsibility Act (“TEFRA”) public hearing on July 26, 2022 regarding the issuance of \$355,000,000 of tax-exempt conduit bonds for improvements to existing landfill facilities located in the County of Marin, California for the benefit of Waste Management, Inc.

Dear Board Members:

Recommendation: It is recommended that, after holding the public hearing, your Board adopt the resolution approving the tax-exempt financing and the issuance of the revenue bonds by the CMFA for the benefit of USA Waste of California, Inc., a corporation duly organized and existing under the laws of the State of Delaware, Redwood Landfill Inc., a corporation duly organized and existing under the laws of the State of Delaware, Waste Management, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and/or affiliates thereof (collectively, the “Borrower”), solely for the purposes of satisfying the requirements of the Code.

Background: The Borrower has requested the CMFA issue up to \$355,000,000 of tax-exempt revenue bonds. The Bonds will be part of a plan of finance, which may occur over a period of multiple years.

The public hearing before the Board will focus on a portion of the Bond proceeds, in an amount not expected to exceed \$5,000,000, which is intended to finance the following project, which is located within the County at the Redwood Landfill:

Improvements to existing, permitted solid waste landfill facilities, including but not limited to: (a) improvements to existing 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, including collection, processing and treatment systems for the capture, conversion and/or distribution of landfill gas, (iv) installation of new liners for intermittent and final closure of completed sections of the landfill facilities, (v) site and/or land improvements, and construction of building facilities, (vi) acquisition of equipment to be used at the landfill facilities, and (vii) acquisition of equipment, land and other assets necessary to support the foregoing additions and improvements and to place them into service; and (b) improvements to existing collection (hauling) and transfer station facilities, including but not limited to (i) acquisition of solid waste disposal and recycling trucks and support vehicles, (ii) acquisition of solid waste disposal and recycling containers and related equipment, (iii) acquisition of solid waste sorting and processing and recycling equipment, (iv) site and/or land improvements, (v) the construction of one or more buildings for supporting operations of the Project and (vi) acquisition of other equipment and assets necessary to support the foregoing improvements and place them into service (collectively, the “Project”).

In order for the interest on the bonds to be excluded from the gross income of the owner of the bonds (i.e., tax-exempt), an “applicable elected representative” of the government unit must approve the issuance of the bond after a public hearing (“TEFRA hearing”) following reasonable public notice. Because CMFA’s Board of Directors is not an elected body, the Internal Revenue Code (the “Code”) provides that a governmental unit with elected representatives and jurisdiction over the area in which the project to be financed is located, in this case, the Board of Supervisors of Marin County, is an “applicable elected representative” with respect to the bond issue.

The Code requires that the Board of Supervisors hold a TEFRA public hearing regarding the issuance of the bonds and adopt a resolution approving the issuance of the bonds by CMFA. The County is a member of CMFA. Staff recommends that the Board of Supervisors consent to hold a public hearing and consider adopting a resolution on July 26, 2022 regarding the issuance of the bonds.

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

The CMFA 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. The County of Marin is a member along with over 310 other municipalities and special districts.

The joint exercise of powers agreement explicitly provides that the CMFA is a public entity, separate and apart from the members executing the agreement, and the debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing the agreement.

The bonds to be issued for this project will be the sole responsibility of the Borrower, and the County will have no contractual, financial, legal or moral obligation or liability for the repayment of these bonds. All bond documents will contain clear disclaimers that the bonds are not obligations of the County or the CMFA but are paid only from funds provided by the Borrower.

In addition, 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 County. Once the County holds the required public hearing, adopts the required resolution following the public hearing, no other participation of the County in the actions of the CMFA or in the bond financing will be required.

In light of the foregoing, the lower fees of the CMFA and the fee sharing arrangement proposed by CMFA and in order to support the Waste Management, Inc., staff recommends that the County hold a public hearing and adopt the resolution for the benefit of the Borrower.

Fiscal Impact: The CMFA shares a portion of its issuance fees with its member communities and donates a portion of issuance fees to the related California Foundation for Stronger Communities for the support of local charities. With respect to the County of Marin, it is expected that 25% of the issuance fee attributable to the Redwood Landfill project (or approximately \$1,600) will be contributed by the CMFA to the general fund of the County, to be used for any lawful purpose. The County is in no way obligated on the debt.

Reviewed By: County Counsel
 Department of Finance

Respectfully submitted,



Daniel Eilerman
ASSISTANT COUNTY ADMINISTRATOR

cc: Mina Martinovich, Interim Director of Finance
 Brian Washington, County Counsel