

RESOLUTION NO. 2018-113

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK APPROVING ASSIGNMENT OF NON-EXCLUSIVE TEMPORARY CONSTRUCTION AND DEMOLITION COLLECTION SERVICES FRANCHISE AGREEMENT FROM INDUSTRIAL CARTING TO N LEASING COMPANY, LLC

WHEREAS, Rohnert Park Municipal Code section 8.12.200 requires that waste collection services be provided by contract; and,

WHEREAS, the City entered into a non-exclusive franchise agreement for temporary construction and demolition debris box collection services with Industrial Waste & Debris Box Rentals, Inc., dba Industrial Carting, in November 2017, which expires on December 31, 2024; and,

WHEREAS, on June 20, 2018, Industrial Carting requested the City's consent to assign the franchise agreement to N Leasing Company, LLC; and,

WHEREAS, the City has discretion to approve or deny, with or without cause, any assignment of the franchise agreement by Industrial Carting; and

WHEREAS, N Leasing Company, LLC, has represented that it has the ability and capacity to provide for the Non-Exclusive Temporary Construction and Demolition Debris Collection Service within the corporate limits of the City of Rohnert Park; and,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Rohnert Park that it does hereby accept and approve the assignment of non-exclusive temporary construction and demolition collection services franchise agreement with Industrial Carting to N Leasing Company, LLC.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute and deliver on behalf of the City of Rohnert Park, an assignment agreement with Industrial Carting and N Leasing Company, LLC, in substantially similar form as attached hereto as Exhibit A, subject to minor modifications approved by the City Attorney, and take other actions as may be necessary and appropriate to effectuate the assignment of the non-exclusive franchise agreement.

DULY AND REGULARLY ADOPTED this 28th day of August, 2018.

CITY OF ROHNERT PARK

Pam Stafford
Pam Stafford, Mayor

ATTEST:

Caitlin Saldanha
Caitlin Saldanha, Assistant City Clerk

Attachment: Exhibit A

AHANOTU: Aye BELFORTE: Aye MACKENZIE: Absent CALLINAN: Aye STAFFORD: Aye
AYES: (4) NOES: (0) ABSENT: (1) ABSTAIN: (0)

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement ("Agreement") is entered into as of August __, 2018, and effective as of July 3, 2018, by and among the City of Rohnert Park, a California municipal corporation ("City"), Industrial Waste & Debris Box Rentals, Inc., dba Industrial Carting, a California corporation ("Industrial Carting"), N Leasing Company LLC, a Delaware corporation ("N Leasing"), and Republic Services, Inc., a Delaware corporation ("Republic")(collectively "Parties").

WHEREAS, City and Industrial Carting are parties to a Non-Exclusive Temporary Construction and Demolition Debris and Collection Service Agreement, dated as of November 14, 2017 (the "Hauling Agreement"), whereby Industrial Carting is the Franchisee providing non-exclusive construction and demolition debris collection and hauling service under the terms therein;

WHEREAS, Industrial Carting has entered into an Asset Purchase Agreement (the "APA") with N Leasing which provides for the purchase by Republic or its designated subsidiaries of substantially all of Industrial Carting's assets;

WHEREAS, closing under the APA occurred on July 2, 2018 (the "Closing");

WHEREAS, in connection with the closing of the transactions contemplated by the APA (the "Closing"), Industrial Carting wishes to assign the Hauling Agreement to N Leasing, and N Leasing wishes to accept such assignment;

WHEREAS, the Parties acknowledge that the performance of the Hauling Agreement involves rendering a vital service to City's residents and businesses, and that City previously selected Industrial Carting to perform the services specified therein based on (1) Industrial Carting's experience, skill and reputation for conducting its waste management operations in a safe, effective and responsible fashion, at all times in keeping with applicable waste management laws, regulations and good waste management practices, and (2) Industrial Carting's financial resources to maintain the required equipment and to support its indemnity obligations to City under the Hauling Agreement;

WHEREAS, Section 2.4.7 of the City's Request for Proposals (RFP) for Non-Exclusive Temporary Construction and Demolition Debris Collection Service, dated September 15, 2017, provides that the City would issue the Hauling Agreement subject to the following requirement:

If at any point during the term of the [Hauling] Agreement(s), the number of active Franchisees in the City is reduced to one (e.g., this could occur due to termination of other Franchisees, or due to only one Franchisee being granted an extension by the City, etc.), then customer rates shall not exceed the maximum customer rates approved by City Council Resolution. In this event, the maximum approved customer rates for the Franchisee will be determined as follows:

- The initial maximum approved customer rates effective January 1, 2018 will be the rates proposed by the Applicant in Section 9 of Attachment A to the RFP document.
- The approved maximum customer rates for "pull only" rates will be adjusted by the Consumer Price Index ("CPI") each year on January 1st, starting on January 1, 2019.

Exhibit A to Resolution

- The approved maximum customer rates for the processing element of rates will be adjusted based on the percentage change from current year (January to December) to the previous year (January to December) of the approved processing fee at the Processing Facility as proposed by the Franchisee.

WHEREAS, by submitting its application Industrial Carting, represented and agreed that it would be subject to maximum customer rates in the event that it was the sole Franchisee for services related to the Hauling Agreement;

WHEREAS, Article 24 of the Hauling Agreement provides that the Hauling Agreement may not be assigned by Industrial Carting without the prior written consent of City;

WHEREAS, the City desires that Republic serve as guarantor of N Leasing's performance of the terms of the Hauling Agreement;

NOW, THEREFORE, in consideration of the mutual benefits accruing to the Parties and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Assignment by Industrial Carting. Subject to and effective as of the Closing, Industrial Carting will assign to N Leasing all of its right, title and interest in and to the Hauling Agreement.
2. Acceptance by N Leasing. Subject to and effective as of the Closing, N Leasing will accept such assignment and will assume all duties and obligations of Industrial Carting under the Hauling Agreement from and after the Closing. Such duties and obligations shall include, but not be limited, to performance of and satisfaction of all outstanding obligations that may have arisen under the Hauling Agreement before the Closing, including payment of any outstanding Franchise Fees and provision of any reports due under the Hauling Agreement regarding activities of Industrial Carting.
3. Industrial Carting Representations and Warranties. Industrial Carting has full power and authority to execute and deliver this Agreement, and the other documents to be executed and delivered pursuant to this Agreement, and to perform and observe the terms and provisions of this Agreement. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Industrial Carting, and all actions required under the organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.
4. Republic Representations and Warranties. As a material inducement to the City's consent to assignment, Republic provides the following representations and warranties to City as of the date it executes this Agreement:
 - a. Republic is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. N Leasing is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. They are qualified to transact business in the State of California and

Exhibit A to Resolution

have the corporate power to own their property and carry on their business as now owned and operated and as may be required by the Hauling Agreement.

- b. Republic and N Leasing have full corporate power and corporate authority to execute and deliver this Agreement, and the other documents to be executed and delivered pursuant to this Agreement, and to perform and observe the terms and provisions of this Agreement and the Hauling Agreement, as applicable. This Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been or will be executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Republic and N Leasing, and all actions required under Republic's and N Leasing's organizational documents and the Delaware General Corporate Law and Delaware Limited Liability Company Act for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been or will be duly taken.
- c. To the best of Republic's and N Leasing's knowledge, after reasonable investigation, neither the execution or delivery of this Agreement, nor the performance of this Agreement or the Hauling Agreement: (i) conflicts with, violates, or results in a breach of any applicable law; or (ii) conflicts with, violates or results in a breach of any term or condition of any judgment, order or decree of any court, administrative agency or other governmental authority, or any agreement or instrument to which N Leasing is a party or by which N Leasing or any of its properties or assets are bound, or constitutes a default thereunder.
- d. To the best of Republic's and N Leasing's knowledge, after reasonable investigation, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental authority, commission, board, agency or instrumentality decided, pending or threatened against N Leasing wherein an unfavorable decision, ruling or finding, in any single case or in the aggregate, would materially adversely affect the performance by N Leasing of its obligations under this Agreement or the Hauling Agreement or which, in any way, would adversely affect the validity or enforceability of this Agreement or the Hauling Agreement or which would have a material adverse effect on the financial condition of N Leasing or any surety guaranteeing N Leasing's performance under this Agreement and the Hauling Agreement, which has not been waived by the City in writing.

5. N Leasing Acknowledgement of Maximum Rate Limitation. In the event that N Leasing is the sole franchisee in the City providing construction and demolition debris collection and hauling services, N Leasing agrees that it shall set customer rates subject to the maximum consumer rates allowed under Section 2.4.7 of the City's Request for Proposals and Industrial Carting's proposed maximum rates, as set forth in Section 9 of Industrial Carting's Application, attached hereto as Exhibit A and incorporated herein. The approved maximum customer rates for "pull only" rates may be adjusted for inflation annual each year on January 1st, starting on January 1, 2019, based on the Bureau of Labor Statistics San Francisco-Oakland-Hayward, CA Area index, All Items. The maximum customer rates for the processing element of rates will be adjusted annually based on the percentage change from current year (January to December) to the previous year (January to December) of the approved processing fee at the applicable processing facility.

Exhibit A to Resolution

6. Notice. In accordance with Section 32.01, notices under the Hauling Agreement shall be provided to N Leasing at the following address:

N Leasing Company LLC
Attn: Rick Downey
3911 Santa Rosa Avenue
Santa Rosa, CA 95407
(707) 795-1693
rdowney@republicservices.com

7. Release and Waiver of City by Industrial Carting. In exchange for the consideration reflected in this Agreement, including but not limited to release from its obligations under the Hauling Agreement, Industrial Carting, on their own behalf as well as on behalf of their respective corporations, subsidiaries, predecessors, agents, officers, directors, employees, attorneys, representatives and agents, affiliates, policyholders and dbas and any persons acting on their behalf (collectively, "Releasing Parties"), hereby release and discharge the City, the City Council, and the City's agents, officers, employees, attorneys, and representatives (collectively, "Released Parties") from any and all claims, actions, causes of action, rights or obligations, whether known or unknown, suspected or unsuspected, disclosed or undisclosed, whether contingent or liquidated, of every kind, nature and description that Releasing Parties now have or may have against the Released Parties arising from, related to or having any connection with the Hauling Agreement or the performance of services thereunder (all of the foregoing collectively, "Claims"), except claims to enforce the terms of this Agreement.

In furtherance of this intention, Releasing Parties expressly waive any and all rights that might be claimed by reason of fraudulent inducement and any and all rights under Section 1542 of the California Civil Code with respect to the Released Matters, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Industrial Carting acknowledges and agrees that this waiver is an essential and material term of this Agreement and without such waiver the Agreement would not have been entered into by City or N Leasing.

8. Indemnification by N Leasing. Subject to and effective as of the Closing, N Leasing agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the City) the Released Parties, from all Claims made by the Releasing Parties in connection with N Leasing's breach of the Hauling Agreement, except to the extent caused by the City's willful misconduct or gross negligence. The provisions of this section shall survive the expiration or termination of this Agreement or the Hauling Agreement, and shall remain in full force and effect. As a material inducement to the foregoing agreement by N Leasing, the City and each of the Releasing Parties represents and warrants to N Leasing that, as of the date it executes this Agreement, it is not aware of any Claims.

9. Guarantee by Republic. In order to induce the City into entering into this Agreement and providing consent for assignment of the Hauling Agreement, Republic hereby unconditionally

Exhibit A to Resolution

guarantees to the City the full and prompt payment and performance of all obligations, accrued and executory, which N Leasing presently or hereafter may have to the City under the Hauling Agreement, whether fixed or contingent, due or to become due, direct or indirect, now existing or hereafter and howsoever arising. To the fullest extent allowed by law, Republic further agrees to indemnify the City against any losses the City may sustain and expenses it may incur as a result of the enforcement or attempted enforcement by the City of any of its rights and remedies under the Hauling Agreement, in the event of a default by N Leasing thereunder, and/or as a result of the enforcement or attempted enforcement by the City of any of its rights against Republic hereunder. If N Leasing fails to pay or perform any obligations under the Hauling Agreement, the City may enforce Republic's liability hereunder without first proceeding against N Leasing or resorting to any collateral, security or other guarantors or obligors, if any, or pursuing any other available remedy.

10. City Consent. City hereby consents to the foregoing assignment to N Leasing and assumption of the Hauling Agreement on the terms and conditions set forth herein.

11. Multiple Originals; Counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

IN WITNESS WHEREOF, this Assignment and Assumption Agreement is entered into as of the date first written above.

City of Rohnert Park:

By: _____
Name: _____
Title: _____
Date: _____

Approved pursuant to City Council Resolution
No. 2018-113

Approved as to Form:

Michelle Marchetta Kenyon, City Attorney
Sergio Rudin, Assistant City Attorney

**Industrial Waste & Debris Box Rentals,
Inc., dba Industrial Carting:**

By: _____
Name: _____
Title: _____
Date: _____

Republic Services, Inc.:

By: _____
Name: _____
Title: _____
Date: _____

N Leasing Company, LLC:

By: _____
Name: _____
Title: _____
Date: _____

APPLICATION FOR
City of Rohnert Park
Non-Exclusive Temporary Construction and Demolition Debris Collection Service

REVISED September 25, 2017

Section 9: Proposed Initial Maximum Rates

Note: Proposed rates to be used in event that only one FRANCHISEE is active in the CITY.

MIXED C&D						Processing Fee: \$135.00 per ton
Box Size	8CY	10CY	20CY	30CY	40CY	
Pull Only	\$325.00	\$350.00	\$350.00	\$350.00	\$375.00	
CLEAN CONCRETE ONLY						Processing Fee: \$135.00 per ton
Box Size	8CY	10CY	20CY	30CY	40CY	
Pull Only	\$325.00	\$350.00	\$350.00	\$350.00	\$375.00	
CLEAN WOOD ONLY						Processing Fee: \$135.00 per ton
Box Size	8CY	10CY	20CY	30CY	40CY	
Pull Only	\$325.00	\$350.00	\$350.00	\$350.00	\$375.00	
CLEAN GREEN WASTE ONLY						Processing Fee: \$135.00 per ton
Box Size	8CY	10CY	20CY	30CY	40CY	
Pull Only	\$325.00	\$350.00	\$350.00	\$350.00	\$375.00	
INERTS (DIRT & ROCK)						Processing Fee: \$135.00 per ton
Box Size	8CY	10CY	20CY	30CY	40CY	
Pull Only	\$325.00	\$350.00	\$350.00	\$350.00	\$375.00	
* All 8, 10, 20, 30 and 40 CY boxes are pull rates only; processing fee will be based on actual tons processed. The franchise fee, listed in Section 5 of this Application, will be calculated on the gross revenue per box (including collection and processing).						