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Shartsis does \$314M garbage deal in trashed market

The market is terrible — and the only deals getting done are garbage. No joke.

SHARTSIS FRIESE partner **Derek Wilson** just finished up advising Waste Connections Inc., a huge Folsom-based waste management company, in a \$314 million deal for garbage operation Harold LeMay Enterprises and a landfill in Washington state.

Waste Connections has done more than 400 deals since the late 1990s, according to Wilson, and has showed no signs of slowing even with the economy trashed.

Deals

“This year has been particularly busy for them,” he said. “I think generationally, the founders [of the garbage companies being acquired] are getting older and the kids don’t want to do it anymore.”

In this deal, Waste Connections bought LeMay — a privately held company — for \$211 million, and LeMay’s stake in Pierce County Recycling, Composting and Disposal LLC and Pierce County Landfill Management Inc. for \$103 million. Waste Connections had already owned a majority stake in the landfill.

Wilson called Waste Connec-



JASON DOY

GARBAGE IS ETERNAL: Shartsis Friese partner Derek Wilson says that even in a junked economy, a trash-company client is leaving a path littered with deals.

tions “a well-oiled machine” when it comes to doing M&A. This one, however, was a lot larger than the usual deals for small-time garbage companies, which can be a new experience for polished corporate lawyers.

“Sometimes you find acquisitions for \$5 million or \$500,000 and you’re in rural Montana and you get a lawyer who’s never done anything like this,” Wilson said.

The deal for LeMay was not

like that, he said, with the Washington company ably represented by Seattle’s **HILLIS CLARK MARTIN & PETERSON**.

Negotiations featured the normal issues attendant in any garbage deal that includes a landfill: environmental, real estate, approval from local governments. But the acquisition of LeMay also featured some very unique terms because the company’s late founder was an avid collector of antique cars and other

niceties, which he bestowed on his company.

“A big issue was divesting this car collection and the ancillary storage,” Wilson explained, “trying to distinguish what was related to the business and an excluded asset and what should be divested.”

In the end, LeMay sold off the cars before the deal went through. However, it became murkier when the time came to make the call on some forklifts LeMay had: Were they for business or personal use? In the end, one forklift came along in the deal, at least for a period of time, and one did not.

Waste Connections is a long-time Shartsis client. Robert Evans, the former general counsel, was a former partner.

Also working on the deal from San Francisco’s Shartsis Friese were real estate partner **David Kremer** and associates **Brandy Christensen** and **Shigemi Pang**. Waste Connections General Counsel **Patrick Shea** also worked on the deal.

For LeMay, Hillis Clark partner **David Myre Jr.** led the deal team.

— Zusha Elinson