

LEE COUNTY BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

BLUE SHEET NO: 20040038

1. REQUESTED MOTION:

ACTION REQUESTED: Approve the request to transfer three Solid Waste and Recycling Collection Franchise Contracts (Lee Contract No's. 1383, 1384, 1385) from Florida Recycling Services, Inc. to Capital Environmental Resources, Inc., a/k/a, Waste Services of Florida, Inc., a publicly traded company, upon receipt from Capital Environmental Resources, Inc. of all documents (e.g. insurance, bond, parent guarantee, etc.) necessary for complete contract security and execution.

WHY ACTION IS NECESSARY: Contract conditions require Board approval for such transfer or 'assignment' of these contracts.

WHAT ACTION ACCOMPLISHES: Allows Florida Recycling, Inc. to sell all shares and interest in its company to Capital Environmental Resources, Inc. and allows Capital Environmental to assume all responsibility for the franchise collection contracts.

2. DEPARTMENTAL CATEGORY: SOLID WASTE
COMMISSION DISTRICT #: CW

A8A

3. MEETING DATE:

02-03-2004

4. AGENDA:

- CONSENT
- ADMINISTRATIVE
- APPEALS
- PUBLIC
- WALK ON
- TIME REQUIRED:

5. REQUIREMENT/PURPOSE:

- (Specify)
- STATUTE
 - ORDINANCE
 - ADMIN. CODE
 - OTHER Service Agrmt. Condition

6. REQUESTOR OF INFORMATION:

- A. COMMISSIONER:
- B. DEPARTMENT: Lee County-Public Works
- C. DIVISION/SECTION: Solid Waste Division
- BY: Lindsey Sampson, Solid Waste Director
- DATE: 1/20/04

Lindsey Sampson 1/20/04

7. BACKGROUND: Florida Recycling Services, Inc. (FRS) has requested (letter attached) that the County approve the transfer of its three SW collection franchise contracts to Capital Environmental Resources, Inc. (CERI). FRS currently has responsibility for the franchise collection services in the south Ft. Myers area, the Lehigh Acres area and the Pine Island area. These contracts were awarded to FRS in 2000 and have terms of 5 years (through September 2005).

The Solid Waste Division recommends approval of the request to transfer the franchise collection contracts from FRS to (CERI) for the following reasons:

- CERI's corporate executives have an abundance of waste management experience, a proven track record, and a record of success in the industry.
- CERI's Florida managers mirror its corporate executives in over-all waste management experience on a regional and divisional level.
- Regional management is based in Florida rather than out of state.
- CERI (Allied/BFI) has shown its competitive capability by submitting the apparent low price proposal for one (of two) Sarasota County franchise collection contracts.

Continued on Page 2

9. RECOMMENDED APPROVAL

A DEPARTMENT DIRECTOR	B PURCH. OR CONTRACTS	C HUMAN RESOURCES	D OTHER	E COUNTY ATTORNEY	F BUDGET SERVICES				G COUNTY MANAGER
					OA	OM	Risk	GC	
<i>J. Stumbo</i> 1-20-04	<i>Lindsey Sampson</i> 1/20/04	N/A		<i>[Signature]</i> 1/20/04		<i>[Signature]</i> 1/21/04	<i>[Signature]</i> 01/21/04	<i>[Signature]</i> 1/20/04	<i>[Signature]</i> 1-20-04

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

RECEIVED BY
COUNTY ADMIN: *PM*
01-20-04
3 PM
COUNTY ADMIN
FORWARDED TO: *PR*
1-22-04
11 AM

RECEIVED BY
COUNTY ADMIN: *PR*
1-22-04
COUNTY ADMIN
FORWARDED TO:

Capital Environmental Resources, Inc. (CERI), a/k/a, Waste Services, Inc. has operations in Canada and the USA. CERI was formed in 1997 when it acquired solid waste assets and operations from Canadian Waste Services, Inc. and Waste Management, Inc. In 2003, CERI acquired the Omni landfill in Osceola County, Florida and the assets/operations of Allied Waste Industries in northern and central Florida. This second acquisition included 5 collection companies, 2 landfills, 4 recycling facilities and 3 transfer station operating contracts.

On November 24, 2003, CERI entered into an agreement to acquire FRS. FRS's operations are based in central Florida, primarily servicing Orlando, Daytona, Ft. Myers, and Tampa areas. FRS's operations consist of 8 collection companies servicing approximately 20,000 commercial and 320,000 residential customers, with approximately 342 vehicles. It also operates 2 transfer/processing facilities and has a third under development. FRS's operations in Lee County include the servicing of about 55,000 residential customers and 3,000 commercial customers. When combined, the Omni, Allied, and FRS acquisitions will provide a service network consisting of 13 collection companies, 3 landfills, 6 transfer/processing facilities and 4 recycling facilities with approximately 665 vehicles, servicing approximately 35,000 commercial and 550,000 residential customers (see attached map, p. 12)

The corporate executive structure of CERI consists primarily of ex-executives from Laidlaw Environmental Services, USA Waste Services, Waste Management, Inc. and Allied/BFI Waste Services. Its Florida operations management largely consists of managers with extensive experience from Allied/BFI Waste Services. CERI's operations in the US at this time are primarily in Florida and Arizona while its Canadian operations are primarily in Ontario. Much of the capitalization of CERI has been through the issuance of common and preferred stocks of the Company.



FLORIDA RECYCLING SERVICES, INC.

December 02, 2003

Mr. David M. Owen, Esq.
Lee County Attorney's Office
2115 Second Street, 6th Floor
Fort Myers, Florida 33901

Via Federal Express Delivery

2003 DEC -3 AM 9:05
RECEIVED BY
LEE CO. ATTORNEY

Re: Florida Recycling Services, Inc. Transfer of Stock / Assignment

Dear Mr. Owen:

Thank you for taking the time to meet with me last week. As I explained to you, Florida Recycling Services, Inc. has entered into a definitive agreement for the sale of all its outstanding stock to Capital Environmental Resource, Inc., a/k/a Waste Services of Florida, Inc., a publicly traded company.

In an effort to assure Lee County government officials that Capital Environmental Resource, Inc. is an adequately capitalized entity and a capable service provider in the waste industry, I am enclosing the Company Profile and the U.S. Securities and Exchange Commission Form 6-K. The 6-K report encompasses the six months ended June 30, 2003 which is the most recent period available. I apologize for the delay in delivering this material to you; however, prior to December 01, 2003 the most recent 6-K report would have been for the period ending December 31, 2002 and I felt the more recent reporting warranted the short delay.

In addition, I am enclosing a copy of the Consulting Agreement that will be executed at closing by Frank Ward, Sr.; Frank Ward, Jr.; George Ward and Robert Ward. The "Ward Family" will remain a significant stockholder in Capital as well as maintaining continued involvement in the future direction of the company. The principals of Capital Environmental Resource, Inc. have many years of experience in the waste industry. This management experience coupled with the funding capabilities of Capital will enhance the services provided to all our municipal and county contract customers, including Lee County.

Please accept this correspondence as my formal request to have the contractual assignment and consent issue placed on the administrative agenda for Lee County government consideration as soon as practicable.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Matthew J. Carmody", is written over the typed name.

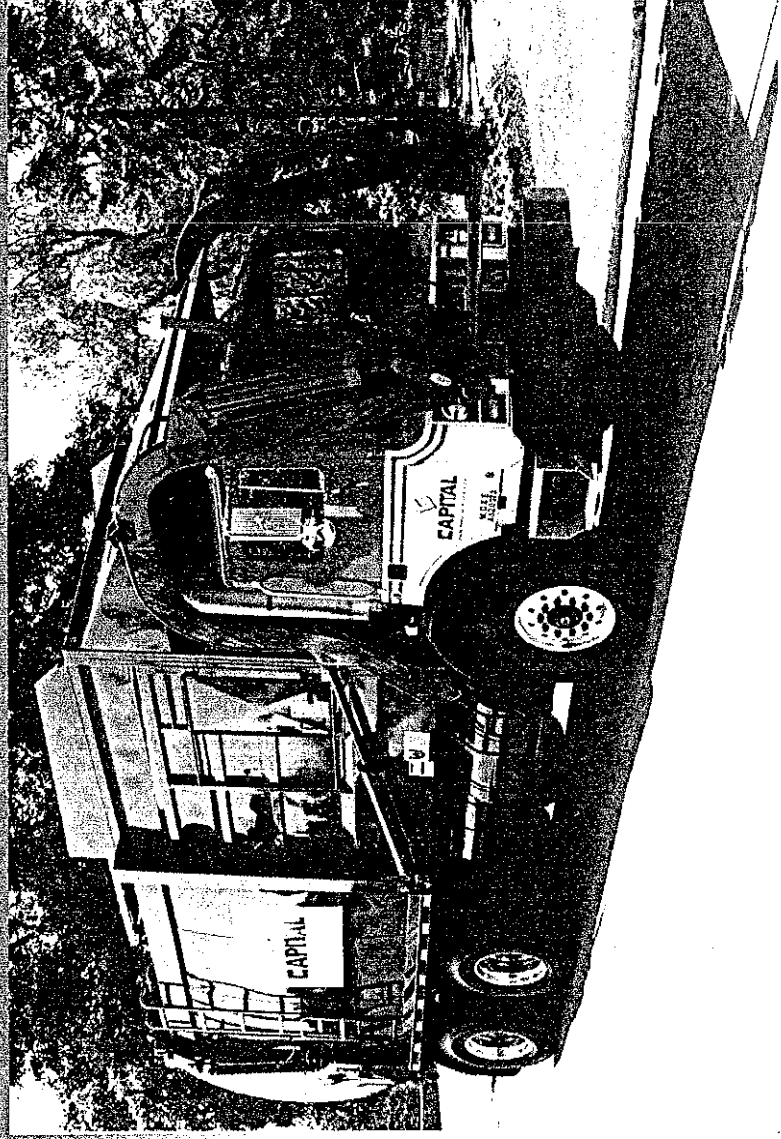
Matthew J. Carmody
General Counsel – Florida Recycling Services, Inc.
10644 South Western Ave., Chicago. IL. 60643



Printed on Recycled Paper



An Innovative Leader in Waste Services



Company Profile

Canadian Operations

Capital Environmental Resource Inc. - Canadian operations include:

- 22 Collection Companies
- 10 Transfer Stations
- 4 Material Recovery Facilities
- 3 Portable Toilet companies
- 2 Landfills

With over 1,000 employees and 700 vehicles servicing over 700,000 homes and 37,000 industrial and commercial customers generating approximately \$100million (US\$) annual revenue.

Company Profile

U.S. Operations

Capital Environmental Resource Inc. – U.S. operations include*:

- 14 Collection Companies
- 7 Transfer Stations
- 4 Material Recovery Facilities
- 3 Landfills

With over 1,300 employees and 700 vehicles servicing over 570,000 homes and 40,000 industrial and commercial customers generating approximately \$200 million (US\$) annual revenue.

*Upon completion of the previously-announced acquisitions.

Corporate History

Capital Environmental Resource Inc. ("CERI") is one of the premier solid waste service companies in North America, a "total waste management" company providing collection, transfer, disposal and recycling services to commercial, industrial and residential customers.

Originally incorporated in May 1997, CERI began operations in June 1997 when it acquired selected Canadian solid waste assets and operations from Canadian Waste Services Inc. and USA Waste Services, Inc. (now known as Waste Management, Inc.).

CERI completed its initial public offering of 2,760,000 Common Shares in June of 1999 and is listed "CERI" on the NASDAQ Small Cap Market.

Board of Directors

Capital Environmental Resource, Inc. (CER) is listed on the NASDAQ Small Cap Market. CER directly benefits from the support and guidance of our experienced Board of Directors.

**David Sutherland-Yoest, Director
Chairman of the Board & Chief Executive Officer**

Stanley A. Sutherland, Director

Gary W. DeGroot, Director

R. John Lawrence, Director

George Matelich, Director

Don A. Sanders, Director

Lucien Rémillard, Director

Senior Management

The CERI management team with extensive operational and experience:

**David Sutherland-Yoest, Director
Chairman of the Board & Chief Executive Officer**

**Larry D. Henk
President & Chief Operating Officer**

**Ronald L. Rubin
Executive Vice President & Chief Financial Officer**

**Gregory K. Fairbanks
Executive Vice President – Strategic Planning**

**William P. Hulligan
Executive Vice President, North American Operations**

**Thomas E. Durkin III
Executive Vice President, General Counsel & Secretary**

**George Boothe
Chief Accounting Officer**

Senior Management Biographies

David Sutherland-Yoest, was appointed a director, Chairman and Chief Executive Officer on September 6, 2001. Mr. Sutherland-Yoest served as the Senior Vice President — Atlantic Area of Waste Management, Inc. from July 1998 to November 1999. From August 1996 to July 1998, he was the Vice Chairman and Vice President — Atlantic Region of USA Waste Services, Inc. ("USA Waste") and the President of Canadian Waste Services Inc., which, during such time, was a subsidiary of USA Waste. From May 1994 to August 1996, he was President, Chief Operating Officer and a director of USA Waste. Prior to joining USA Waste, Mr. Sutherland-Yoest was President, Chief Executive Officer and a director of Envirofil, Inc. Between 1981 and 1992, he served in various capacities at Laidlaw Waste Systems Ltd. and Browning-Ferris Industries Ltd.

Larry D. Henk was appointed as President and Chief Operating Officer on July 11, 2003. From 1991 through October 2001, Mr. Henk served in various management positions with Allied Waste Industries, Inc., including serving as its President and Chief Operating Officer at the time of his departure in October 2001. Prior to joining Allied Waste, Mr. Henk served in a variety of management and operating capacities for several solid waste services companies, contributing to 20 years of industry experience.

Senior Management Biographies

Ronald L. Rubin was appointed as Executive Vice President and Chief Financial Officer in August 2003. Prior to joining Capital, Mr. Rubin, a Certified Public Accountant, held the position of Vice President, Chief Accounting Officer and Controller for Paxson Communications Corporation, which owns and operates the largest broadcast television distribution system in the United States and the PAX TV network and generates over \$300 million in annual revenue. In his capacity, Mr. Rubin was responsible for all aspects of the Company's accounting, finance, tax, risk management and securities regulation functions. Prior to joining Paxson, Mr. Rubin held the position of Vice President, Controller for AutoNation Inc., a Fortune 100 company and the former parent of Republic Services, Inc. (NYSE:RSG), a leading provider of solid waste collection, transfer and disposal services in the United States. During his tenure, Mr. Rubin was part of the management team that grew the solid waste division of AutoNation from \$50 million to over \$1 billion in annual revenue before it was spun-off as a separate public company in 1998.

Gregory K. Fairbanks was appointed as Executive Vice President – Strategic Planning & Investor Relations in July 2003. Prior to joining Capital, Mr. Fairbanks, a Certified Public Accountant, held the position of Executive Vice President and Chief Financial Officer, for Republic Industries, Inc. (NYSE:RSG), a leading provider of solid waste collection, transfer and disposal services in the United States. Mr. Fairbanks led the acquisition program which resulted in building the company from \$50 million in annual revenue in August 1995 to over \$750 million in revenue in July 1996. Prior to joining Republic, Mr. Fairbanks held the position of Senior Vice President, Chief Financial Officer and Treasury of Blockbuster Entertainment Inc., a leading entertainment company operating in the video rental business. Prior to his involvement with Blockbuster Video, Mr. Fairbanks served in a variety of financial and controllership functions for Waste Management, Inc. and Waste Management International, PLC the world largest waste management and environmental services company and its public listed international subsidiary from 1980 – 1992.

William P. Hulligan was appointed Executive Vice President, North American Operations on June 2, 2003. Mr. Hulligan served in several positions throughout his career with Waste Management, Inc., including as its Executive Vice President at his departure. Prior to joining Waste Management, Mr. Hulligan managed a family-owned solid waste business in Cleveland, Ohio, contributing to his 30 years of industry experience. Mr. Hulligan has served on several corporate and educational Boards and is a former Director of the Environmental Industry Association.

Florida Region – Executive Biographies

Kirk W. Muter joined Capital Environmental Resources, Inc. as Regional Vice President, Florida Region in December 2002 with over 35 years experience in the waste industry. Previously, Kirk was responsible for all Allied Waste Industries operating entities in Southern California and Hawaii. As Area Vice President for BFI, Kirk Muter was responsible for all collection districts throughout the states of California, Washington, Idaho, Colorado, Utah, Hawaii, and the Canadian provinces of British Columbia and Alberta. Kirk Muter also served as South East Florida Regional Vice President for Attwoods PLC. Kirk held various positions at Laidlaw Waste Systems, including Regional Vice President for both the Canadian and US Pacific Regions.

Edward Medic, District Manager CERI Florida Region, has over 14 years of management and business development experience within highly regulated industries both at the state and local level and 12 years of experience in solid waste management industry. Previously, Mr. Medic held the position of Vice President, Corporate Development with Caliber Collision Centers and was responsible for all external growth activities including mergers/acquisitions and new center site development/permitting with over 60 centers. Mr. Medic was also General Manager for BFI-Allied Waste from 1999 to 2000 responsible for two hauling company locations, three transfer stations. As Area Vice President, BFI from 1997 to 1999, Mr. Medic was responsible for all market development activities, budget and staff for BFI Market Area comprising of nine western states and two western Provinces of Canada. Mr. Medic also served as District Manager, Sacramento Solid Waste in California, as well as District Manager for the Northern CA Medical Waste District.

Kevin L. May, Regional Controller for CERI Florida Operations, previously held a position with USA/Waste Management as North Florida Regional Controller. Mr. May also served as Florida Divisional Municipal Financial Analyst with BFI, and prior to that Mr. May held the position of Florida Regional Controller for Attwoods PLC.

Florida Region – Executive Biographies

Mark Odekirk, Division Manager. Mr. Odekirk has over 18 years of management and business experience in the solid waste management industry. Most recently, Mr. Odekirk has served as Division Manager of the Tampa Bay Division – Clearwater, Florida of BFI Waste Systems of North America.

Mike Post, Division Manager. Mr. Post brings 17 years of industry experience with a career at BFI Waste Systems of North America beginning in 1987 with various management responsibilities throughout the mid-west and most recently (approximately the last four and one-half years), Pasco County, Florida.

Larry Branz, District Controller. Mr. Branz has approximately 17 years of experience in the solid waste management industry. Mr. Branz is also a Certified Public Accountant.

FLORIDA OPERATIONS

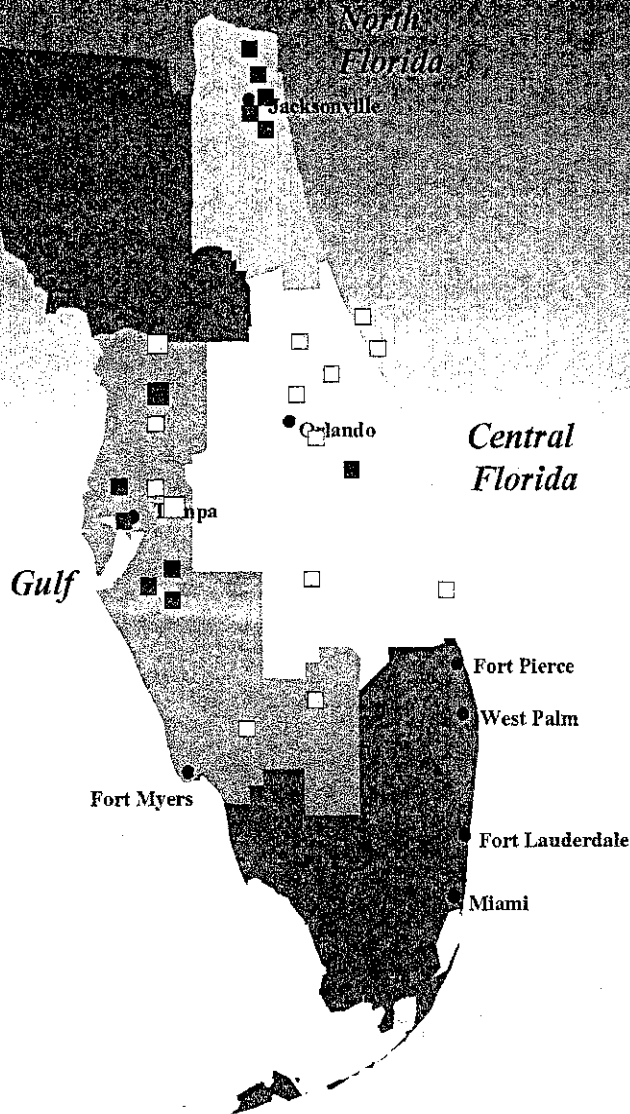
Florida Regional Office
1451 West Cypress Creek Road
Suite 200 Fort Lauderdale, FL 33309
PHONE: (954) 489-2781 FAX: (954) 489-2782

- On May 6, 2003, CERI acquired the Omni landfill, a 2,200-acre municipal solid waste landfill site which is currently under development in Osceola County, Florida. Omni Waste has received all necessary permits from the Florida Department of Environmental Protection and from Osceola County for the operation of the landfill, which has a permitted capacity of 24 million cubic yards. The landfill site is expected to begin commercial operations no later than the first quarter of 2004.
- On Nov. 14, 2003, CERI entered into an agreement to acquire from Allied Waste Industries, Inc. (NYSE: AW) the assets of Allied's Northern and Central Florida operations including 5 collection companies, 2 landfills, 4 recycling facilities, and 3 transfer station operating contracts. The acquired operations service over 14,500 commercial and industrial customers and 233,000 residential customers, have 530 employees, and operate 325 vehicles. The primary markets serviced by the operations are in Tampa, Sarasota and Jacksonville.
- On Nov. 24, 2003, CERI entered into an agreement to acquire Florida Recycling Services, Inc. ("FRS"). FRS's operations are based in Central Florida, primarily servicing Orlando, Daytona, Fort Myers and Tampa areas. FRS's operations consist of 8 collection companies servicing approximately 20,000 commercial and 320,000 residential customers, with approximately 342 vehicles. It also operates 2 transfer/processing facilities and has a third facility under development.

When combined, the Omni, Allied, and FRS acquisitions will provide a premier service network consisting of 13 collection companies, 3 landfills, 6 transfer/processing facilities and 4 recycling facilities with approximately 665 vehicles, servicing approximately 35,000 commercial and 550,000 residential customers.

Florida Region

Geographic Overview



CERI will organize its Florida operations into 3 districts:

- North Florida
- Central Florida
- Gulf

- 13 Collection Operations
- 4 Landfills
- 6 Transfer Stations
- 4 Recycling Facilities

CERI MUNICIPAL SERVICE PHILOSOPHY

CERI is committed to providing a total waste removal, disposal and recycling system that has been adapted to suit the growing needs and environmental concerns of your community. CERI waste removal and recycling services are designed to be economical, dependable and environmentally secure while providing the highest level of service possible to each individual resident.

- **DIRECT LOCAL COMMUNICATION** -- CERI services will be managed locally by experienced and highly trained waste professionals. Local CERI managers are easily accessible and establish a specific program of direct communication between municipal employees, community residents and CERI staff.
- **DEPENDABLE SCHEDULING** -- CERI routing systems will be expertly geared to your community's specific collection requirements resulting in a regular pickup schedule you can count on.
- **QUALITY CONTROL/ENVIRONMENTAL COMPLIANCE** -- CERI safety and compliance professionals conduct and manage numerous inspection and maintenance programs that have been designed to ensure the safe operation and the environmental compliance with all local, state and federal regulations of all CERI services that are being provided.

CERI AT YOUR DISPOSAL FOR ALL YOUR SOLID WASTE AND RECYCLING NEEDS.

**A PARTNERSHIP
IN ENVIRONMENTAL SERVICES**



MUNICIPAL CONTRACT EXPERIENCE

CERT operations service the following Cities and Municipalities

CITY OF EDMONTON, ALBERTA, Waste & Recycling Collection

88,000 homes & commercial & industrial customers

Leo Girard Tel: 780-496-6681 Fax: 780-496-6650

COUNTY OF STRATHCONA, Alberta, Waste & Recycling Collection

27,000 homes & commercial & industrial customers

Bruce Thompson Tel: 780-417-7131 Fax: 780-464-0557

CITY OF OTTAWA, ONTARIO, CANADA

Municipal Curbside Waste, Recycling & Leaf & Yard & Apartment Collection:

Services: 70,000 homes & commercial & industrial customers

Anne-Marie Fowler Tel: (613) 580-2424 ext.22666 Fax: (613) 560-6068

CITY OF VAUGHAN, ONTARIO, CANADA

64,000 homes Front end apartment collection & residential curb collection

Brian Anthony (905) 832-8562 ex 6116

CITY OF BARRIE, Ontario - Recycling contract

46,000 homes & commercial & industrial customers

Tracy Quann-Strasser Tel 705-739-4220 ext. 5822

Arizona Region

- CERL completed a series of acquisitions in Arizona on July 15, 2003, consisting of a landfill, a transfer station and a collection company.
- The landfill is an 805-acre property in Pinal County, centrally located between the cities of Phoenix and Tucson. The property has been rezoned to permit the construction of a municipal solid waste landfill. The landfill's current design generates a lifetime permitted capacity in excess of 100 million tons. The construction of the landfill will begin following the receipt of all necessary permits and governmental authorizations. It is currently anticipated that the landfill will open for commercial operation in the first quarter of 2005.
- The transfer station is fully zoned and permitted, allowing for the construction of a facility that can process up to 4,000 tons per day in Mesa, Arizona, approximately 50 miles north of the landfill. Construction of the transfer station is expected to begin in August 2003, with operations expected to commence no later than the first quarter of 2004.
- Capital has also completed the acquisition of three collection operations serving the Metropolitan Phoenix area with 18 vehicles servicing over 17,000 homes and 400 industrial and commercial customers generating approximately \$5 million (US\$) yearly revenue.