

\$100M infusion for Waste Pro

By Jim Johnson

Jeffrey J. Keenan can't keep out of the trash.

As president of Roark Capital Group, an Atlanta-based private equity firm, he is in-

Republic Services Inc. opens landfill gas energy projects in Ohio and California. [Page 4](#)

vesting \$100 million in Waste Pro USA Inc. Keenan is a co-founder and former chairman of IESI Corp. He left that solid waste

management company after it merged with BFI Canada in 2005.

Roark is bullish on the solid waste sector in general and Waste Pro in particular,

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Keenan said. During a recent interview he couldn't find enough good things to say about the Longwood, Fla.-based company that has operations in the Southeast.

"We think that Waste Pro is just a fantastic company. They have grown rapidly, much like my experience with IESI. They have done so organically. They have a very, very strong revenue base in Florida through exclusive municipal franchise agreements. They are expanding their footprint in the Southeast, and we think they have just a first-rate management team and a great track record," Keenan said.

Waste Pro had hired Stifel, Nicolaus & Company Inc. as an adviser to find an investment partner, Keenan said.

Robert Hyres, an executive vice president with the company, said Waste Pro was attracted to Roark Capital because of its con-

nections in both the investment community and the solid waste business.

Waste Pro started the process of looking for an investor about a year ago and eventually selected Roark after narrowing down a field of 17 interested parties.

Some of the new money will be used to pay off interest-bearing debt. Waste Pro has with Ares Capital Corp. as well as to fund future growth, Hyres said. Ares Capital will continue to be an investor in Waste Pro, but will no longer hold company debt.

"We're gearing up for more acquisitions and growth," he said. "I foresee stepping up acquisitions, possibly looking for larger acquisitions."

Waste Pro has made smaller acquisitions over the years to complement existing operations, but now Hyres said the company will look at making more sub-

stantial deals.

Much of the company's growth over time has come through winning new municipal contracts. When Waste Pro does win new work, the company invests money in new trucks and facilities. So a portion of the Roark cash will go in that direction, including new vehicles and a facility for a new contract the company will begin in Buncombe County, N.C., at the beginning of the 2010.

John Jennings founded Waste Pro in 2001 and continues to serve as its chairman and CEO.

"We keep abreast of new technology to procure the best equipment, but more importantly, we strive to attract the best people," Jennings said. "We believe Jeffrey Keenan and Roark Capital display the intelligence, integrity and industry experience to help us accomplish that goal."

Roark Capital views investing in the solid waste sector as a good business move in light of the decrease in overall business valuations brought on by the country's economic problems. "We love the stable, recurring nature of the revenue stream and predictable margins and

high free cash flow margins," Keenan said of the solid waste industry.

"We want to deploy more capital in the environmental services space and specifically the non-hazardous solid waste industry. We have looked at a number of opportunities, and when this one came up, it was through a formal process managed by Stifel Nicolaus. We latched onto this quickly because of the quality of the management team, the quality of the assets and the growth prospects we see in the business," Keenan said.

Roark Capital is making the Waste Pro investment out of a \$1 billion fund established in January 2008. About 25% of that money has been deployed so far, including the Waste Pro cash. Keenan said the firm could make one or two more investments in the industry.

"We love the garbage business in general, and we like the broader environmental services space," he said.

Waste Pro provides solid waste collection, disposal and recycling services to more than 825,000 residential and 32,000 commer-

cial customers in Florida, South Carolina, Georgia and Alabama.

The company also announced it is relocating its central Florida regional headquarters to Sanford at a 77,000-sq.-ft. former American LaFrance manufacturing facility located on nine acres.

More than 100 people will work at the site, which will include truck fleet, maintenance and administrative operations in the region. Waste Pro will service contracts with Seminole County as well as the cities of Casselberry, Sanford, Longwood, Winter Springs and Deltona from his location. The company also will handle 1,600 commercial accounts from the site.

Overall, the company services about 825,000 residential customers and 32,000 commercial accounts through 25 hauling companies, one municipal solid waste transfer station, one construction and demolition debris transfer station, five recycling facilities and two C&D debris landfills. ■

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Keenan