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*Allen/BFI*

OFFICE OF  
**Jerry Gist**  
Madison County Mayor



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December 21, 2005

Mr. Larry Hubbard  
Madison County Development, LLC  
7111 Old Millington Rd.  
Millington, TN 38053

Re: Disposal Agreement *Mad. County*

Dear Larry:

Attached are two (2) signed copies of the Disposal Agreement. Please return one signed original to my office upon execution of same.

Sincerely,

*Jerry Gist*  
Jerry Gist, County Mayor  
Madison County, Tennessee

JG/m

Attachments

*Letting -  
KEEP A COPY FOR YOU  
S. Gist*

## DISPOSAL AGREEMENT

THIS DISPOSAL AGREEMENT (the "Agreement") is made and entered into effective as of January 6, 2006 between Madison County Development, LLC, a Tennessee limited liability company ("Madison"), and Madison County, Tennessee ("County").

### RECITALS

A. Madison owns and operates a fully permitted Class I municipal solid waste ("MSW") and Class III/IV construction and demolition debris ("C&D") landfill in Jackson, Tennessee (the "Landfill").

B. Madison and County desire to enter into an agreement for County to dispose of Acceptable Waste (as defined below) at the Landfill on the terms and conditions set forth in this Agreement.

### TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the various agreements between Madison and County, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

#### 1. County Obligations.

(a) Disposal of Acceptable Waste. County agrees to deliver, or cause to be delivered (either by self-delivery, ordinance, franchise or other agreement, or otherwise), to the Landfill all of the Acceptable Waste generated within the limits of County. "Acceptable Waste" means MSW and C&D that are permitted under then applicable federal, state and local laws, regulations, ordinances, rules, permits, licenses, and governmental orders or directives (collectively, "Applicable Laws") to be disposed of at the Landfill, and which are not otherwise Unacceptable Waste (as defined below).

(b) Cooperation: No Claims to Landfill. During the Term (as defined below) and without further consideration, County shall deliver or cause to be delivered to Madison, at such times and places as Madison shall reasonably request, such additional instruments as Madison may reasonably request for the purpose of carrying out this Agreement. County acknowledges and agrees that it has no ownership or other interest in the Landfill (other than County's rights under this Agreement), and represents and warrants to Madison that the resolutions contained in Exhibit A relating to the County dropping all claims with respect to the Landfill are true and complete and are in full force and effect.

(c) Support of Permitting Efforts. County agrees, without further consideration, to cooperate with Madison during the Term in furnishing to Madison information, evidence, testimony, and other assistance in connection with obtaining all permits and approvals Madison deems necessary in connection with the Landfill (including permit transfers, permit modifications,

and expansion permits and approvals). Without limiting the generality of the foregoing, County agrees, without further consideration, to use its best efforts to cooperate with Madison in making contact with the appropriate governmental authorities and officials having information about or jurisdiction over Madison or the Landfill, including environmental and land use agencies and officials, to assist Madison in transferring the Landfill permits, securing any permit modifications and expansion permits and approvals Madison deems necessary with respect to the Landfill or in securing new permits.

2. Disposal Fees.

(a) Disposal Fee. Except for certain free disposal as provided in Section 2(b), County shall pay Madison a disposal fee of \$27.10 for each ton of MSW delivered to the Landfill and a disposal fee of \$11.10 for each ton of C&D delivered to the Landfill (the "Disposal Fee").

(b) Free Disposal. During the first three years of the Term (as defined below), County shall be entitled to free disposal for the first 10,000 tons of MSW per year that it disposes of at the Landfill. In addition, for a period commencing on the date of this Agreement and ending on the earlier of the end of the currently permitted life of the Class III/IV portion of the Landfill or the end of the Term, County shall be entitled to free disposal for the first 500 tons of C&D per year that it disposes of at the Landfill.

(c) Invoicing and Payment. Madison shall transmit an itemized invoice to County of all charges under this Agreement on a monthly basis. County shall be responsible for paying Madison the Disposal Fee for all waste delivered to the Landfill pursuant to Section 1, and County shall bear the risks of collection from its franchisee(s), hauler(s), or customers. County shall pay all invoices within 30 days after receipt. If County fails to make payment when due, any amount remaining unpaid shall bear interest at a rate of .67 % per month from such time to the actual date of payment. County is responsible for notifying Madison of any question concerning an invoice.

(d) CPI Increases. In addition to the adjustments described in Section 4(e), each Disposal Fee shall be increased on January 6 of each year, commencing with January 6, 2007, by 100% of the percentage increase, if any, in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, All Items, for urban wage earners and clerical workers, 1982-84 = 100 (the "Consumer Price Index"). If the Consumer Price Index ceases to be available, the parties shall use the most closely comparable index then available.

(e) Taxes and Other Charges: Cost Increases. Although the initial Disposal Fee includes all federal, state, local or other taxes, fees (including host fees and environmental fees), surcharges or similar charges related to the acceptance or disposal of Acceptable Waste or the operations or activities of the Landfill that are imposed by law, ordinance, regulation, agreement with a governmental authority, governmental audit or otherwise (collectively, "Taxes"), Madison shall have the right to increase the Disposal Fee from time to time by the amount of any increase in such Taxes after the date of this Agreement; provided, however, that reimbursable Tax increases pursuant to this Section 2(e) shall not include any increases in real property or income taxes that are

generally applicable to all taxpayers (and are not targeted at participants in the solid waste industry). In addition, Madison shall have the right to increase the Disposal Fee from time to time by the pro rata amount (determined by relative tonnage of Acceptable Waste delivered by County and accepted by Madison for processing at the Landfill divided by the total tonnage of waste processed at the Landfill) of any increase in operating costs or capital costs of the Landfill as a result of a change in Applicable Laws after the date of this Agreement. Any such increase shall be effective 30 days after Madison provides written notice and reasonable documentation justifying the increase to County.

3. Term. Unless sooner terminated, this Agreement shall commence as of the date of this Agreement and shall remain in effect until January 5, 2026 (the "Term"). Upon expiration or termination of this Agreement, the obligations of County to deliver and of Madison to accept Acceptable Waste delivered to the Landfill shall terminate; provided, however, that all other rights and obligations of the parties under this Agreement (including those with respect to payment and indemnification) shall survive and continue until the same are fully satisfied or waived.

4. Disposal Procedures: Operation of the Landfill.

(a) Acceptance of Acceptable Waste. During the Term of this Agreement, Madison shall accept at the Landfill Acceptable Waste in accordance with the terms of this Agreement. Madison shall have the right in its sole discretion to reject delivery of any waste offered for acceptance by County that does not constitute Acceptable Waste.

(b) Operation of the Landfill: Procedures. Notwithstanding anything in this Agreement to the contrary, Madison shall have the right, in its sole discretion, to close the Landfill, in whole or in part, either temporarily or permanently, at any time for any reason upon at least 90 days notice to County. Upon any such permanent closure, Madison shall have the right to terminate this Agreement. County's delivery of Acceptable Waste to the Landfill, which shall occur only during the Landfill's posted hours, shall be governed by the procedures applicable generally to haulers utilizing the Landfill as Madison may modify such procedures from time to time.

(c) Compliance with Applicable Laws. County shall collect, transport and deliver waste to the Landfill in compliance with all Applicable Laws and the procedures referenced in Section 4(b).

(d) Title to Waste. County represents and warrants to Madison that either County or its customer shall hold clear title, free of all liens, claims and encumbrances, to the waste delivered by County to the Landfill. Title to, and risk of loss and responsibility for, Acceptable Waste delivered to the Landfill by County shall pass at the time such Acceptable Waste is removed from the delivery vehicle at the Landfill. Title to Unacceptable Waste shall remain with County or its customer and shall never be deemed to pass to Madison.

(e) County Box on Site. Madison and County will cooperate to determine a location at the Landfill site on which County may install a box for rubbish, etc. County vehicles

will empty the box and come across the scales and the volumes from the box will be counted toward County's annual tonnage of free C&D pursuant to Section 2(b).

(f) Tires. Subject to Madison determining in its reasonable discretion that this complies with Applicable Laws and the Landfill's permits, County also may receive tires at the Landfill site at a mutually acceptable location. County shall be responsible for weekly upkeep of this area and removing and properly disposing of the tires, all in compliance with applicable Laws and the Landfill's permits. The volume and/or weight of the tires shall not be counted toward County's annual tonnage of free MSW or free C&D pursuant to Section 2(b). Madison shall collect any surcharge fees assessed by County for the disposal of used tires as assessed by the County and forward said fees to County, with a report, within 15 days of each month.

5. Unacceptable Waste.

(a) Delivery of Unacceptable Waste. County agrees that it shall not deliver any Unacceptable Waste (as defined below) to the Landfill. If a delivery of solid waste is made which contains both Acceptable Waste and Unacceptable Waste, the entire delivery shall constitute Unacceptable Waste if the Unacceptable Waste cannot be separated from the Acceptable Waste through the reasonable efforts of Madison, as County's agent to cause such separation, with the cost of such separation to be paid by County.

(b) Weighing and Inspection of Waste by Madison. Madison shall weigh all waste at the Landfill and the weight so determined shall be final and conclusive on both County and Madison. Madison shall have the right, but not the obligation, to inspect any of County's trucks to determine whether the waste delivered is Acceptable Waste or Unacceptable Waste. County acknowledges and agrees that any failure by Madison to perform any such inspection or to detect Unacceptable Waste despite such inspection shall in no way relieve County from its obligation to deliver only Acceptable Waste or from its other obligations under this Section 5.

(c) Rejection of Unacceptable Waste. If County delivers Unacceptable Waste to the Landfill, Madison may, in its sole discretion: (i) reject such Unacceptable Waste at County's expense; or (ii) if Madison does not discover such Unacceptable Waste in time to reject and reload such Unacceptable Waste, after giving County telephonic notice thereof and a reasonable opportunity to dispose of such Unacceptable Waste, Madison may, as County's agent, dispose of such Unacceptable Waste at a location fully authorized to accept such type of waste in accordance with all Applicable Laws and charge County all direct and indirect costs incurred due to handling, delivery and disposal of such Unacceptable Waste, unless County otherwise elects to arrange for disposal of the Unacceptable Waste. If County elects to dispose of such Unacceptable Waste, it shall do so within such time period as Madison reasonably deems necessary or appropriate in connection with the operation of the Landfill, including the preservation of the health and safety of its employees. If after electing to do so, County does not dispose of the Unacceptable Waste within such time period, Madison may dispose of such Unacceptable Waste as County's agent, without further notice to County, and County shall pay the direct and indirect costs set forth above. Notwithstanding the foregoing, no notice shall be required by Madison to County to dispose of Unacceptable Waste as County's agent in emergency situations where in Madison's reasonable

judgment a delay in such disposal would constitute a hazard to the Landfill or any person on, about or near the premises.

(d) Definition of Unacceptable Waste. For the purposes of this Agreement, "Unacceptable Waste" means (except for trace amounts found in household solid waste): (i) any material that is not Acceptable Waste; (ii) any material that by reason of its composition, characteristics or quantity is defined as a "hazardous material," "hazardous waste," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "toxic substance," "toxic waste," "toxic pollutant," "contaminant," "pollutant," "infectious waste," "medical waste," "radioactive waste," or "sewage sludge" under any Applicable Law; (iii) any material that requires other than normal handling, storage, management, transfer or disposal; or (iv) any other material that may present a substantial endangerment to public health or safety, may cause applicable air quality or water effluent standards to be violated by the normal operation of the Landfill, or because of its size, durability or composition cannot be disposed of at the Landfill or has a reasonable possibility of otherwise adversely affecting the operation or useful life of the Landfill.

6. Force Majeure. Except for County's obligation to pay for services rendered, any party's obligations under this Agreement may be suspended by a party in the event of: (i) an occurrence beyond the reasonable control of that party which materially adversely affects the ability of the party to perform its obligations hereunder or to comply with the requirements of any governmental order, permit or other approval; (ii) acts of God, landslides, lightning, earthquakes, hurricanes, tornadoes, severe weather, fires, explosions, floods, acts of a public enemy, terrorist acts, wars, blockades, insurrections, riots or civil disturbances; (iii) labor disputes, strikes, work slowdowns or work stoppages; or (iv) orders and/or judgments of any federal, state or local court, administrative agency or governmental body, or other entity, if not the result of (x) willful or negligent action of the party relying thereon or (y) failure to act in accordance with this Agreement (provided, however, that the contesting in good faith by such party of any such order and/or judgment shall not constitute or be construed to constitute a willful or negligent action or inaction of such party).

7. Default.

(a) Events of Default. Each of the following shall be an event of default by County under this Agreement: (i) County fails to pay any amount due as and when the same becomes due under this Agreement and such failure continues for a period of 45 days after the date due; or (ii) County fails to perform any other material term, covenant or agreement contained in this Agreement on its part to be performed and such failure continues for a period of 60 days after written notice to County specifying the nature of such failure and requesting that it be remedied.

(b) Remedies on Default. Whenever any event of default by County shall have occurred and be continuing, Madison shall have the following rights and remedies, which shall be in addition to any other remedies provided by Applicable Law or this Agreement: (i) upon the end of any applicable grace period in this Section 7, Madison shall have the option to immediately terminate this Agreement unless during such period County has taken remedial steps the effect of which would be to enable County to cure such event of default within an additional 15 day period

following the expiration of such grace period; and (ii) upon written notice to County, if County is then in default, Madison shall have the option, without terminating this Agreement, to stop accepting Acceptable Waste delivered or caused to be delivered by County until such default is cured or this Agreement is terminated.

8. Indemnification.

(a) Indemnification by County. County agrees to indemnify and hold harmless Madison and its subsidiaries and affiliates, and their respective directors, officers, agents, employees, successors and assigns (collectively, the "Madison Indemnified Parties") from and against any and all liabilities, losses, assessments, fines, penalties, forfeitures, damages, costs, expenses and disbursements, including reasonable legal fees, expert witness fees, litigation related expenses, and court costs in any litigation, investigation or proceeding (collectively, "Losses"), whether arising out of a claim or loss of or damage to property or injury to or death of any person, including any Madison Indemnified Party, or otherwise, caused by or arising out of (i) County's breach of this Agreement or (ii) County's negligence or willful misconduct.

(b) Indemnification by Madison. Madison agrees to indemnify and hold harmless County and its subsidiaries and affiliates, and their respective directors, officers, agents, employees, successors and assigns (collectively, the "County Indemnified Parties") from and against any and all Losses, whether arising out of a claim or loss of or damage to property or injury to or death of any person, including any County Indemnified Party, or otherwise, caused by or arising out of (i) Madison's breach of this Agreement or (ii) Madison's negligence or willful misconduct.

9. Insurance. During the term of this Agreement, County shall maintain the following insurance coverages:

Workers' Compensation:

Coverage A	Statutory
Coverage B - Employer's Liability	\$1,000,000 each Bodily Injury by Accident
	\$1,000,000 policy limit Bodily Injury by Disease
	\$1,000,000 each occurrence Bodily Injury by Disease

Automobile Liability:

Bodily Injury/Property Damage	\$2,000,000
Combined - Single Limit	Coverage applies to all owned, non-owned, hired and leased vehicles (including trailers)

Commercial General Liability:

Bodily Injury/Property Damage	\$2,000,000 each occurrence
Combined - Single Limit	\$3,000,000 general aggregate

Pollution Legal Liability:

\$1,000,000