

COMMUNITY BENEFITS AGREEMENT

This Community Benefits Agreement ("Agreement") is made this 6th day of October, 2005, by and among the STATE OF MAINE, acting by and through its Executive Department, State Planning Office (the "State"), NEWSME Landfill Operations, LLC, a limited liability company organized and existing under the laws of the State of Maine with a principal place of business at 110 Maine Street, Suite 1308, Saco, Maine ("NEWSME Operations"), and the Town of Alton, Maine, a municipal corporation organized and existing under the laws of the State of Maine, having its principal offices at 3352 Bennoch Road, Alton, Maine 04468 (the "Town").

WITNESSETH:

WHEREAS, NEWSME Operations' sole member, New England Waste Services of Maine, Inc., is a wholly owned subsidiary of Casella Waste Systems, Inc., a Delaware corporation ("Casella"); and

WHEREAS, the STATE OF MAINE, acting by and through its Executive Department, State Planning Office, pursuant to Resolve 2003, ch. 93 (the "Resolve"), agreed to purchase from Fort James Operating Company ("FJ"), and FJ agreed to sell to the State, FJ's solid waste landfill (the "Landfill") located in Old Town, Maine; and

WHEREAS, Casella has entered into an Operating Services Agreement (the "Operating Agreement") with the State regarding the operation and development of the Landfill; and

WHEREAS, pursuant to the Operating Agreement Casella may assign its obligations to an affiliated company such as NEWSME Operations; and

WHEREAS, by Maine Department of Environmental Protection ("DEP") Orders dated October 21, 2003 (#S-0200700-WR-M-T) and April 9, 2004 (#S-020700-WD-N-A), the DEP has authorized NEWSME Operations to operate and develop the Landfill pursuant to the terms of such orders and to increase its capacity; and

WHEREAS, Casella, through NEWSME Operations, and the State wish to enter into a community benefits agreement with the Town.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises made herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the State, NEWSME Operations and the Town agree as follows:

1. Community Benefits Fee. NEWSME Operations shall pay the Town a fee for solid waste disposed of at the Landfill, as follows:

- a. Fees.
 - \$.15 per ton for years 2005 – 2014
 - \$.30 per ton for years 2015 – 2024
 - \$.40 per ton for years 2025 – End of term of Operating Agreement

The per ton fee payable to the Town does not include mill waste and biomass ash delivered to the Landfill by FJ or Lincoln Paper & Tissue, free tonnage, if any, allocated

to the City of Old Town, or materials DEP approves for beneficial reuse at the Landfill, for the duration of this Agreement;

- b. Timing. Fees payable under this Section shall be paid on a monthly basis, with payment to be made no later than 30 days after the end of each calendar month. Payments under this Section shall begin accruing on the first day of the first calendar month following the Effective Date of this Agreement, which is the date all parties have executed this Agreement and any necessary Town approval is obtained ("Effective Date").
- c. CPI Escalator. The per ton fee under paragraph (a) of this Section shall be subject to increase every year (commencing January 1, 2006), in accordance with changes in the Consumer Price Index ("CPI") since the Effective Date of this Agreement (with respect to the initial adjustment) or the immediately preceding adjustment, as applicable. For purposes of this paragraph, the CPI shall mean the Consumer Price Index for "NORTHEAST URBAN REGION, all items (Series I.D. CUUR0100SA0) as published monthly by the United States Bureau of Labor Statistics in a report currently entitled 'CPI Detailed Report.'" If this Index ceases to be available at some time in the future, a comparable Index will be designated by NEWSME Operations and the Town following consultation. In the event the CPI-escalated rate surpasses the rate increase as described in paragraph 1(a) herein before the year designated, the fee per ton will not be decreased at that time, but will continue to be adjusted according to the CPI.
- d. Exclusive Payment Obligations. The parties agree and acknowledge that the payment obligations set forth in this Section 1 shall be the exclusive payment obligations from the State, Casella, and NEWSME Operations arising out of or related to the ownership or operation of the Landfill and any expansion thereof, and that the Town may not collect or seek to collect other payments, fees, costs, grant monies, taxes, or payments in lieu of taxes from the State, Casella, or NEWSME Operations in respect thereof. The preceding sentence is not intended to preclude the Town from recovering any damages it may suffer in the event of any unforeseen catastrophic event caused by the operation of the Landfill.

2. Term of Agreement. The term of this Agreement shall be deemed to commence on the Effective Date and shall end on the earlier to occur of: (a) February 5, 2034, (b) the date the Operating Agreement is terminated by either the State or Casella as provided therein, including, without limitation, as set forth in Section 5.3(a) of said Agreement, or (c) the date this Agreement is terminated by all or any of the parties as provided herein. In the event the Operating Agreement between the State and Casella is extended or renewed beyond February 5, 2034, the parties agree to negotiate in good faith to extend or renew this Community Benefits Agreement on terms mutually acceptable.

3. Authority and Representations. The parties to this Agreement represent and warrant that they have full power and authority and the legal right to enter into and perform in accordance with the terms of this Agreement for the full term set forth herein and to execute and deliver this Agreement, having taken all necessary and required actions therefor. The parties to this Agreement further represent and warrant that no approval or vote by referendum or otherwise is required of any other person, group or entity which is a prerequisite to the valid execution, delivery and performance of this Agreement, other than those that have been duly obtained or made. The Town further represents and warrants that the Landfill purchase and operation is the subject of the Maine

Legislature's Resolve 2003, Chapter 93 and that the Town is not a host municipality for the Landfill as defined in State law.

4. Waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Any term or provision of this Agreement may be waived at any time by any party entitled to the benefit thereof as set forth in the terms of this Agreement by a written instrument duly executed by such party.

5. Good Faith. Each party shall act in good faith in the performance of all obligations and the exercise of all rights under this Agreement. Use of the term "good faith" elsewhere in this Agreement shall not be construed to limit the general applicability of that standard to the conduct of the parties hereunder.

6. Termination.

- a. This Agreement may be terminated at any time by mutual written agreement of all of the parties and NEWSME Operations' obligations under Section 1 shall be extinguished as of the date of such mutual agreement.
- b. This Agreement may be terminated by NEWSME Operations or the State in the event additional financial obligations to Alton are imposed upon either NEWSME Operations, Casella or the State whether such obligations are the result of a change in or amendment to law, ordinance, rule, regulation or judicial decision.
- c. Effects of Termination; State Assurance. Termination of this Agreement for any reason shall not relieve a party of its obligations arising prior to the termination date or those that expressly survive termination as set forth herein, except obligations that are expressly extinguished by said termination. In the event the Operating Agreement is terminated, this Agreement shall terminate, the parties' obligations hereunder shall terminate, and the State shall notify the Town immediately in writing of such termination. The State further agrees that in any request for proposals issued by the State for a new operator of the Landfill the State will include as a specification that the successful vendor will enter into a community benefits agreement under the terms and conditions set forth in this Agreement. The Town and State agree to meet within ninety (90) days after receipt by the Town of notice that the Operating Agreement has been terminated for the purposes of discussing the impact of the termination.

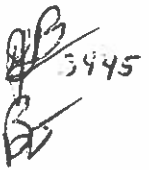
7: Headings and References. The titles and headings included throughout this Agreement are inserted for reference purposes only and shall not be construed or considered in interpreting any term or provision of this Agreement. Except as otherwise provided herein, all references to sections contained herein are references to sections of this Agreement.

8. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Maine, excluding conflicts of law principles which would refer to the laws of another jurisdiction.

9. Notices. Any notice, request, demand or statement made under this Agreement shall be in writing and deemed given when delivered by hand, registered or certified mail with postage prepaid, telegraph, telecopy or nationally recognized overnight courier directed to the following addresses:

If to NEWSME Operations: Casella Waste Systems
110 Main Street, Suite 1308
Saco, ME 04720
Attn: Regional Vice-President

With a copy to: Director
Maine State Planning Office
38 State House Station
Augusta, ME 04333-0038

If to the Town:  Town of Alton
3352 Bennoch Road
Alton, Maine 04468
Attn: First Selectman

If to the State: Director
Maine State Planning Office
38 State House Station
Augusta, ME 04333-0038

or at such other address as a party may, from time to time, designate in writing.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original instrument, but all such counterparts together will constitute but one agreement.

12. Modifications. No modifications or amendments to this Agreement shall be valid unless in writing and signed by the parties, their respective successors or assigns.

13. Severability. If the terms, covenants or conditions of this Agreement, or the application of any such term, covenant or condition shall be held invalid by any court having jurisdiction, all other terms, covenants and conditions of this Agreement and their applications shall not be affected thereby and shall remain in full force and effect.

14. Integration. The terms and provisions contained in this Agreement between the State, NEWSME Operations and the Town constitute the entire Agreement and shall supercede all previous and contemporaneous communications, representations, or similar agreements, either

verbal or written, between the parties with respect to this Agreement.

15. No Rights Conferred on Others. Nothing in this Agreement shall be construed as giving any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, governmental entity or quasi-governmental entity, other than the parties hereto, and their successors and assigns, any right, remedy or claim under or in respect to this Agreement, or any provision hereof.

16. Resolution of Disputes

- a. Negotiation. The parties agree that in the event of any dispute, controversy or claim arising under or relating to this Agreement or any alleged breach thereof, the parties shall attempt to come to a reasonable settlement of any dispute by having their authorized representatives attempt to negotiate a resolution of the dispute for a period of thirty (30) days.
- b. Arbitration. Subject to Section 16(c) below, any controversy between the parties hereto involving the construction or application of any terms, covenants or conditions of this Agreement, or any claims arising out of or relating to this Agreement, or the breach or default hereof or thereof, not resolved by negotiation pursuant to Section 16(a), will be submitted to and settled by final and binding arbitration in the State of Maine, in accordance with the rules of the American Arbitration Association then in effect, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. In the event of any arbitration under this agreement, the parties agree that they will bear their own costs, attorney fees, and expenses associated therewith.
- c. Availability of Judicial Relief and Consent to Jurisdiction. In addition to any rights or remedies that the parties might otherwise be entitled to invoke, the parties may seek specific enforcement of any provision of this Agreement or injunctive relief in a legal or equitable proceeding. For purposes of the preceding sentence, and for the enforcement of any arbitration award rendered pursuant to Section 16 (b) hereof, the parties and their assigns submit to the jurisdiction of any state or federal court located in the State of Maine in connection with any proceeding or action arising from or relating to this Agreement or the agreements referred to herein. The parties consent to the jurisdiction and venue of any such court and waive any argument that venue in such forums is not convenient. In the event a party commences any action in another jurisdiction or venue under any tort or contract theory arising directly or indirectly from the relationship created by this Agreement, the other parties at their option shall be entitled to have the case transferred to the jurisdiction and one of the venues above-described, or if such transfer cannot be accomplished under applicable law, to have such case dismissed without prejudice.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on and as of the date first above written.

WITNESSETH:

NEWSME LANDFILL OPERATIONS, LLC.

Thomas R. Doyle
Name: Thomas R. Doyle

By [Signature]

TOWN of ALTON, MAINE

Ronald F. Boya
Name:

By [Signature]
Selectman

[Signature]
Name:

By Ronald F. Boya
Selectman

[Signature]
Name:

By James T. Kennedy Sr.
Selectman

STATE OF MAINE

[Signature]
Name:

By Martha Fournier