

**HOST COMMUNITY COMPENSATION AND
FACILITY OVERSIGHT AGREEMENT**

This Agreement ("Agreement") made as of the 8th day of December, 2005, by and among the STATE OF MAINE, acting by and through its Executive Department, State Planning Office (the "State"), the City of Old Town, Maine, a municipal corporation organized and existing under the laws of the State of Maine, having its principal offices at 150 Brunswick Street, Old Town, Maine 04468 (the "City") and Casella Waste Systems, Inc., a Delaware corporation having a place of business at 25 Greens Hill Road, Rutland, Vermont 05702 ("Casella").

WITNESSETH:

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, an operator of the landfill was sought through a competitive bid process conducted by the State Planning Office; and

WHEREAS, Casella was selected as the operator of the Landfill; and

WHEREAS, by deed dated 3 February 2004, recorded in the Penobscot County Registry of Deeds in Book 9188, Page 153, FJ conveyed the Landfill to the State; and

WHEREAS, the State, acting pursuant to the Resolve has entered into an Operating Services Agreement, dated 5 February 2004 with Casella; and

WHEREAS, the parties hereby acknowledge that landfills and their operations may have ongoing impacts on host communities, and the State and Casella agree to provide benefits to the City pursuant to 38 M.R.S.A. § 2170 et. seq. and as further provided in this Agreement; and

WHEREAS, except as provided in the Resolve, 38 M.R.S.A. §§ 2170 to 2177 requires the State to provide certain benefits to the City as the municipality in which the Landfill is located; and

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and agreements herein contained, and for other and good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the State, the City and Casella agree as follows:

SECTION 1 DEFINITIONS

“Acceptable Waste” shall mean such material as may from time to time be legally accepted at the Landfill in accordance with applicable MDEP permits and other applicable laws and regulations excluding, however, all Excluded Waste.

“Biomass Ash” shall mean the ash resulting from the operation of the Biomass Generating Facility to the extent the same is disposable at the Landfill under the Existing Permit and meets the definition of “special waste” as defined under Maine Environmental Law.

“Biomass Generating Facility” shall mean the electric generating facility fueled principally with biomass fuel, to be installed at the Old Town Mill.

“City” shall mean the City of Old Town, Maine, a municipal corporation organized and existing under the laws of the State of Maine, also referred to herein as the Host Community.

“Commencement Date” shall be the effective date of this Agreement, which shall be deemed to be the date on which all parties have signed the Agreement.

“Disposal” or “Dispose” shall mean and include the disposal or deposit of Acceptable Waste at or in the Landfill in accordance with applicable DEP permits and other applicable federal, State or local laws, regulations and ordinances, excluding, however, all Excluded Waste.

“Environmental Law” shall mean any federal, state or local law, statute, rule, order, directive, judgment, Governmental Approval or regulation or the common law relating to the environment (including the ambient air, surface water, groundwater, land surface or subsurface strata), or exposure of persons or property to Materials of Environmental Concern, including any statute, regulation, administrative decision or order pertaining to: (a) the presence of or the treatment, storage, disposal, generation, transportation, handling, distribution, manufacture, processing, use, or recycling of Materials of Environmental Concern or documentation related to the foregoing; (b) air, water and noise pollution; (c) groundwater and soil contamination; (d) the release, threatened release, or accidental release into the environment, or other areas of Materials of Environmental Concern, including emissions, discharges, injections, spills, escapes or dumping of Materials of Environmental Concern; (e) transfer of interests in or control of real property; (f) land use, subdivision and zoning; (g) community or worker right-to-know disclosures with respect to Materials of Environmental Concern; (h) the protection of wild life, aquatic and marine life and wetlands, and endangered and threatened species; and (i) storage tanks, vessels, containers, abandoned or discarded barrels and other open or closed receptacles. As used above, the term “release” shall have the meaning set forth in CERCLA, and to the extent it is more extensive or comprehensive, as defined in Maine Environmental Law. Without limiting the

foregoing, the term “Environmental Law” shall include the Maine Forest Practices Act, 12 M.R.S.A. §§8867-A et. seq.

“Existing Permit” shall mean Maine Department of Environmental Protection Permit #S- 20700-7A-A-N, issued July 28, 1993, as amended or revised.

“Excluded Waste” shall mean (a) any Acceptable Waste or any other waste of any nature generated outside of the State of Maine, (b) any waste as of the date of this Agreement under contract for delivery to another disposal facility or processing facility unless agreed to in writing by such facility’s waste generator or responsible party, and (c) any other waste or material excluded from disposal in the Landfill by applicable laws or regulations, or excluded by any of the terms and conditions of any permits, licenses, authorizations or approvals obtained with respect to the construction or operation of the Landfill, provided that Excluded Waste shall not include any waste that would otherwise constitute Excluded Waste hereunder if such category of waste is accepted at another disposal facility in the State of Maine owned or operated by the State, subject in all instances to the prior receipt of any and all required licenses or permits for such category of waste. Notwithstanding the foregoing, the parties acknowledge and agree that, subject to applicable laws and regulations and such certifications as the State may reasonably require, Casella may bring construction and demolition waste generated outside the State of Maine for processing within the State of Maine solely for the purposes of allowing Casella to generate biomass fuel required in connection with the provision of biomass fuel to FJ or its successor or assigns under the C&D Fuel Agreement between FJ and Casella dated February 5, 2004. Casella agrees to use its best efforts to ensure that any such construction and demolition waste generated outside the State of Maine and processed in the State of Maine is free of putrescible waste. This term shall also include such other wastes and materials as Casella determines, in the reasonable exercise of its commercial judgment, pose a risk or danger to the operation or safety of the Landfill or to the human or natural environment or are otherwise reasonably unacceptable to Casella provided, however, that in no event may FJ Waste be excluded or otherwise deemed Excluded Waste unless such exclusion is required by applicable law, regulation, permit, license, authorization or approval.

“Expansion Permit” shall mean any and all federal, state, local and other governmental permits, permit modifications, operation plan modifications, other modifications, statutory amendments and legislation, licenses, approvals, authorizations or amendments necessary for the expansion of the Landfill beyond the licensed footprint as of the date hereof.

“FJ” shall mean Fort James Operating Company, a Delaware Corporation with a place of business in Old Town, Maine or its successors or assigns.

“FJ Waste” shall mean collectively all Mill Waste and all Biomass Ash.

“Force Majeure” shall mean any act, event or condition affecting the Landfill or to the extent that it materially and adversely affects the ability of either party to perform or comply with any obligation, duty or agreement required of the party under this Agreement, provided such act, event or condition is beyond the reasonable control of the party or its agents relying thereon and is not the result of the willful or negligent act or omission of the party relying thereon. Force Majeure includes, without limitation but by way of illustrating the actions, events and conditions constituting a Force Majeure hereunder: (a) an act of God, epidemic, lightning, earthquake, fire, explosion, storm, flood or similar occurrence; (b) an act of the public enemy, war, blockage, insurrection, riot, general arrest or restraint of government and people, civil disturbance or disobedience, sabotage or similar occurrence; or (c) a strike, work slowdown, or similar industrial or labor action.

“Governmental Approval” means any and all approvals, licenses, permits, authorizations (or the transfer thereof) required by any Governmental Authority for the design, construction, improvement, alteration, ownership or operation of the Landfill and all related projects, improvements or land use or the transfer thereof.

“Host Community Fee” shall mean the fees to be paid monthly by Casella (and/or the State) for Acceptable Waste disposed of at or in the Landfill as stated in Section 3 herein.

“Host Community” shall mean the City of Old Town and may also be referred to as the “Host Municipality” or the “City”.

“Landfill” shall mean the solid waste landfill located in Old Town, Maine, that the State has acquired from FJ pursuant to the Resolve and all of the assets and properties acquired by the State from FJ in connection with said landfill, including any expansion of the solid waste landfill located at the Premises, whether such expansion is effected under the Existing Permit or under a new, amended or additional Governmental Approval, and any associated land, buildings, appurtenances, equipment and fixtures, the full benefit of all utility arrangements, licenses, approvals and permits to the extent transferable, including rights of assignment to the extent any such licenses and permits are assignable (but subject to any third party consents when required).

“License Amendment” shall mean any and all federal, state, local and other governmental permits, permit modifications, operation plan modifications, other modifications, statutory amendments and legislation, licenses, approvals, authorizations or amendments necessary for the development of the Landfill within the currently permitted footprint for an additional seven (7) million cubic yards.

“Lincoln” shall mean Lincoln Paper & Tissue Co., LLC

“Lincoln’s Biomass Ash” shall mean the ash resulting from the operation of the Lincoln biomass boiler located at Lincoln’s Mill in Lincoln, Maine.

“Materials of Environmental Concern” shall mean any: pollutants, contaminants or hazardous substances (as such terms are defined under CERCLA, the Maine Protection and Improvement of Waters Act, 38 M.R.S.A. § 361-A, or the Maine Uncontrolled Hazardous Substances Sites Law, 38 M.R.S.A. § 1362.1), pesticides (as such term is defined under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.), solid wastes and hazardous wastes (as such terms are defined under the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., and Maine’s Hazardous Waste, Septage and Solid Waste Management Act, 38 M.R.S.A. §§ 1301 et seq.), chemicals, other hazardous, radioactive or toxic materials, oil, petroleum and petroleum products (and fractions thereof), asbestos and asbestos-containing materials, polychlorinated biphenyls (PCBs”) or PCB-containing materials, or any other material (or article containing such material) listed or subject to regulation under any law, statute, rule, regulation, order, Governmental Approval, or directive due to its potential, directly or indirectly, to harm the environment or the health of humans or other living beings.

“MDEP” shall mean the Maine Department of Environmental Protection, and any successor agency or department of the State of Maine.

“Mill Waste” shall mean waste from the Old Town Mill of a composition consistent with the waste FJ (or its successors or assigns) is permitted to dispose of at the Landfill under the Existing Permit, provided it meets the definition of “special waste” as currently defined by Maine Environmental Law.

“Operating Services Agreement or OSA” shall mean the Agreement between the State and Casella effective on 5 February 2004 and pursuant to which Casella is authorized to operate the Landfill.

“Premises” shall mean the real estate, together with all buildings and improvements thereon, situated in Alton and Old Town, Maine and more particularly described in Exhibit A of the Operating Services Agreement, including the Landfill.

“Reconciliation Notice” shall mean the written notice provided by the State and/or Casella to the City each month indicating the number of tons of Mill Waste, Biomass Ash and other waste of any kind or material disposed of or utilized at or in the Landfill during the month.

“Resolve” shall mean Resolve 2003, Chapter 93 of the Maine Legislature pursuant to which the State was authorized to acquire from FJ, and to own and cause to be operated, the Landfill.

“SPO” shall mean the State Planning Office, an Executive Department of the State.

SECTION 2

STATE LAW, OPERATING SERVICES AGREEMENT

2.1 State Law. The parties agree that the construction, operation and maintenance of the Landfill are subject to the procedures and requirements of 38 M.R.S.A. §§ 2170 to 2177 and the Resolve, as in effect on the date of this Agreement. In the event that any provision of 38 M.R.S.A. §§ 2170 to 2177 conflicts with the specific language of the Resolve, the language of the Resolve shall prevail. The City agrees that Casella's and the State's performance of their obligations under this Agreement fully satisfies the State's and Casella's obligations to the City under these statutory sections and the Resolve for the duration of Casella's role as operator under the OSA.

2.2 Operating Services Agreement. The responsibilities of the State and Casella, relative to the landfill and its operation, are identified in the Operating Services Agreement between the parties, signed February 5, 2004. The State Planning Office is the owner of the landfill property and holds the landfill permits and licenses. .

SECTION 3

FEES

The City shall receive the following fees:

3.1 Host Community Fee. Casella shall pay the City a monthly Host Community Fee for Acceptable Waste disposed of at or in the Landfill, as follows:

- (a) Per ton fee. \$ 1.85 per ton for all Acceptable Waste disposed of at or in the Landfill, except as otherwise provided herein. Construction and Demolition Debris and other Acceptable Waste generated by the City and disposed of at the Landfill at no cost pursuant to Section 4, FJ Mill Waste, as described in Section 2.8 (b)(i) of the OSA (up to 50,000 tons per calendar year), and Lincoln Biomass Ash, as described in Section 2.8 (c) of the OSA (up to 6000 tons per calendar year), disposed of at or in the Landfill, materials approved for beneficial use by MDEP in writing and set forth in Exhibit 1, as expanded from time to time by Casella as new materials are approved in writing by MDEP for beneficial use at or on the Landfill, tire chips or wire for drainage, lime, fine woodash for cell construction or odor control or other such beneficial use, which must be generated by third parties and used on a short term, sporadic basis, or other materials that Casella accepts for beneficial use and for a tipping or disposal fee (exclusive of transportation costs) of \$5.00 per ton or less, shall be exempt from the per ton fee. Waste collected from City residents or businesses shall not be deemed generated by the City. FJ Mill Waste in excess of 50,000 tons per calendar year and Lincoln Biomass

Ash in excess of 6000 tons per calendar year, respectively, disposed of at the Landfill shall be subject to the \$1.85 Host Community Fee described above.

Annual adjustment. The base Host Community Fee set forth above shall be adjusted annually by multiplying 3.7% times the increase (assuming there is one) in the annual average third party tipping fee (exclusive of transportation, intra-Casella company tip fees and any tipping fees on waste or material not subject to the Host Community Fee) paid at the Landfill. Casella agrees to maintain tipping fees on waste separate and distinct from transportation fees and to avoid offering third parties the opportunity to dispose of waste at lower tipping fees in exchange for higher transportation fees. The first annual adjustment shall be made effective May 1, 2006 and will be in effect for the following twelve months. The next annual adjustment shall be made (assuming an increase or decrease is calculated) on May 1, 2007 and every May 1 thereafter for the term of this Agreement.

(Example of annual adjustment calculation: If the average third party tip fee for the period prior to May 1, 2005 was \$42.50/per ton and the average third party tip for the period May 1, 2005 to May 1, 2006 is \$45 per ton, the annual adjustment effective May 1, 2006 would be: $\$45 \text{ minus } \$42.50 = \$2.50 \times 3.7\% = \0.09 increase in host per ton fee, or $\$1.85 + \$0.09 = \$1.94$ per ton). In no event shall the per ton fee fall below \$1.85 ton.

- (b) Per ton fee on new categories of waste. \$2.50 per ton on any category of solid waste not currently approved by MDEP for acceptance at the Landfill that subsequently is licensed as an Acceptable Waste. The categories of wastes currently approved for acceptance at the Landfill are set forth on Exhibit 2. Casella shall provide the City with a copy of all blanket permits related to categories of waste referred to in Exhibit 2 and copies of all specific permits or approvals related to all other waste streams listed in Exhibit 2. Acceptance of a new customer's waste does not constitute a new category of waste if that customer's waste is listed as a currently approved waste category on Exhibit 1. One example of a category of waste for which Casella agrees to pay this higher per ton fee is any waste disposed at the Landfill after a bypass event at the Maine Energy Recovery Company in Biddeford, ME ("Maine Energy") that involves a complete cessation of processing and incineration at Maine Energy for a period of at least 120 consecutive days. The \$2.50 per ton fee would apply to all such Maine Energy waste disposed at the Landfill after the 120 day period and would revert to the per ton fee under Section 3.1(a) if and when Maine Energy resumed operations. Casella agrees that if Maine Energy ceases to operate permanently as a result of a decision by its management

and/or owners, or the Cities of Biddeford and/or Saco or by order of any governmental authority, then the \$2.50 per ton fee would apply from the date of such cessation of operations.

- (c) Reconciliation Notice. No later than fifteen (15) days following the end of each calendar month, Casella shall provide the City with a written Reconciliation Notice for the previous month showing the Host Community Fee owed for the previous month, the number of tons of waste disposed of at or in the Landfill and specifically the number of tons of Mill Waste, Biomass Ash and Lincoln Biomass Ash disposed of at or in the Landfill.
- (d) Payment. Fees payable under this Section shall be paid monthly with payment to be made no later than thirty-five (35) days after the last day of each calendar month. Payments under this Section shall be deemed to have begun accruing on September 1, 2005.
- (e) Adjustments. Upon receiving the Reconciliation Notice, the City may inspect the relevant books and records from the operation of the Landfill in order to verify the Reconciliation Notice and the City may propose any adjustment that such review of books and records may disclose. Casella may accept or reject said adjustment, and in the event Casella rejects said adjustment, the parties shall resolve such rejection through the dispute resolution process set forth in Section 20 below. In the event that it is ultimately determined through arbitration that the City shall be entitled to the adjustment in whole or in part, the City shall be entitled to said adjustment together with the legal rate of interest the City may charge on overdue taxes from the date the payment was due as set forth in (d) above.
- (f) Suspension of Payments. Notwithstanding anything above to the contrary, the obligation of Casella to make the payments or provide the benefits set forth in Sections 3.1(a) and 3.1(b) above shall be suspended in the event that, and for so long as, the City:
 - (i) appeals or funds a third party to appeal to any administrative or judicial body any federal, state or local permit, license, approval or determination including, but not limited to, any of the foregoing issued by DEP to the State and/or Casella relating to the Landfill or any expansion thereof (provided that the City's participation in any such permit, license, approval or determination process up to the point of decision shall not be a basis for suspending payment under this provision), or

(ii) imposes, through ordinance (whether enacted by the City Council or adopted as a result of a citizen initiative or referendum), permit, condition, or other act (including, but not limited to, denial of a Landfill-related application) or failure to act (including, but not limited to, failure to act on a Landfill-related application within the time period required by law), any substantial or material limitation on the State and/or Casella's ability to operate the Landfill or any expansion thereof in accordance with permits and licenses issued by DEP (e.g., enactment or enforcement of an ordinance or regulation that effectively prohibits the operation of the Landfill or any expansion thereof), other than any such ordinance, permit, condition or other act or failure to act that is authorized to be enacted, implemented, done or omitted by the City under the Resolve.

If any of the actions described in clauses (i) or (ii) above occurs, Casella shall, subject to the notice of suspension provision below, place the Host Community Fees normally due the City into an escrow account as of the effective date of the event until the disputed action is resolved by negotiation, mediation, arbitration, or litigation after all appeals, if any, have been exhausted. Disposition of the escrowed Host Community Fees through negotiation or mediation shall be by agreement of the City and Casella. Disposition of the escrowed Host Community Fees through arbitration shall be as determined by the arbitrator. Disposition of the Host Community Fees through litigation shall be payment to the City if the City prevails, and retention by Casella if Casella prevails. If the City prevails in any arbitration or litigation under this subsection, Casella shall pay the escrowed Host Community Fees, plus interest at the rate set forth in 14 M.R.S.A. § 1602-C (1) (B). Following resolution of the disputed action, Host Community Fee payments shall resume as described in Section 3.1 a-e.

This Section 3.1(f) is not intended to preclude the City from exercising any statutory authority it may have to act in its own interest under applicable law, but rather to provide a contractual means for Casella to withhold certain benefits under this Agreement until resolution of the action taken by the City. With respect to clause (ii) above, the parties agree to conduct ongoing communication concerning the operation of the Landfill or any expansion thereof. The City shall make a good faith effort to provide Casella with: (1) copies of agendas of the meetings of the City on which the Landfill appears at the time they are provided to the City Council, (2) copies of any proposed ordinance relating to the Landfill, and (3) written notice at least 15 to 30 days in advance of any meeting of the City in which the City may take action that could reasonably be anticipated to impose a substantial or material limitation

on the ability of Casella to continue to operate the Landfill including any expansion of same. The commencement of an action by the City to prosecute a violation of its Ordinances or of this Agreement shall not constitute grounds for suspension as set forth in this Section 3.1(f).

Notice of Suspension. Casella shall make a good faith effort to advise the City in writing within 15 days of receipt of notice from the City if any ordinance, or other act, or failure to act, of the City described in clause (ii) above could reasonably be anticipated to impose a substantial or material limitation on the operation of the Landfill including any expansion thereof. In the event that Casella elects to suspend payments pursuant to this Section 3.1(f), Casella shall provide 14 days prior written notice of the suspension to the City, which notice shall state the reason(s) for the suspension. In the event the parties do not resolve the matter within 14 days of the receipt of said notice, the suspension shall become effective as of the date of the acts of the City that trigger the right to suspend or the effective date of a City vote in the case of a referendum, as set forth above ("Suspension Effective Date"). In the event that Casella suspends payments pursuant to this Section 3.1(f), Casella shall pay, and the City shall be entitled to, the fees due under Sections 3.1(a) and 3.1(b) up to the Suspension Effective Date.

- (g) Books and Records. The acceptance of Host Community Fee payments shall be without prejudice to the City's rights to an examination of the relevant books and records from the operation of the Landfill during normal business hours in order to verify the amount of the Host Community Fee payments. The State and/or Casella shall keep accurate and true records, books and dates with respect to all material received at the Landfill. Accurate books and other records and data of account shall be kept of such business whether payment was made for cash or otherwise and whether or not monies were actually received. Any examination of the books and records described in this paragraph shall occur at the usual location where such materials are maintained.

3.2 Impact Payments. Casella shall make annual impact payments to the City in accordance with 38 M.R.S.A. § 2176. The impact payments shall be in the amount of \$50,000.00 payable on an annual basis beginning on the Commencement Date and on each subsequent annual anniversary date of the Commencement Date during the term of this Agreement. Casella agrees that it will make the 2005 Impact Payments upon execution of this Agreement. Every five (5) years during the term of this Agreement, the annual Impact Payments shall be increased by \$5,000. The payments shall be used by the City to help determine or help offset potential impacts on the City's public welfare, budget, infrastructure and services arising

out of the construction, operation and maintenance of the Landfill and any expansion thereof in the City, which may include, without limitation, the following:

- (a) Roads. Improvements, maintenance and repair of local roads or traveled ways affected by the Landfill.
- (b) Emergency Response. Development and maintenance of adequate or additional local emergency response capacity relating to the Landfill.
- (c) Employee Monitoring. Financial support to retain, train and supervise municipally employed personnel to monitor the State's, Casella's or the Landfill's compliance with any Environmental Law or the terms of this Agreement.
- (d) Consultant Monitoring. Financial support to retain and supervise consultants as deemed necessary by the City to monitor the State's, Casella's or the Landfill's compliance with any Environmental Law or the terms of this Agreement.
- (e) Budget. Financial support to offset potential losses of tax revenues due to any reductions in assessed values for properties in the City directly attributable to the construction, operation or maintenance of the Landfill.

3.3 Payment in Lieu of Taxes. Casella has already paid the payment in lieu of taxes for the City's fiscal year 2005-2006, which started on July 1, 2005 and will end on June 30, 2006. Beginning in 2006 and on an annual basis thereafter, Casella shall make on or before October 1 of each year a payment in-lieu of taxes to the City equal to the amount of property tax that would have been assessed during the tax year if said property had not been exempt from municipal taxation, calculated in accordance with the financial model utilized by the City and agreed to by Casella. The financial model is attached as Exhibit 3 and will be updated annually for changes in costs, revenues, capitalization rate and available volumes. By way of example, the application of the model resulted in a taxable basis of \$8,780,192 for the City's fiscal year 2005-2006. Future calculations of the payment in lieu of taxes shall apply such model in a manner consistent with that used to produce the result described in the immediately preceding sentence.

3.4 Exclusive Payment Obligations. The parties agree and acknowledge that the payment obligations set forth in this Section 3 shall be the exclusive payment obligations from the State or Casella arising out of or related to the ownership or operation of the Landfill or any expansion thereof, and that the City may not collect or seek to collect other payments, fees, costs, taxes, or payments in lieu of taxes from Casella or the State in respect thereof under laws, regulations, or common law theories in effect at the Commencement Date or under laws, regulations, or common law theories enacted or arising in the future, provided, however, that

nothing in this section shall limit the City's ability to assess taxes related to new projects developed or in connection with the Landfill or for equipment (including motor vehicles) owned currently or in the future by Casella or third parties or to collect reasonable fees that may be required by local ordinances, development review or otherwise, in effect or enacted in the future in accordance with the limitations of the Resolve, provided that all such ordinances and the fees required therein are applicable to all industrial facilities or other businesses with similar impacts in the City.

SECTION 4 CONSTRUCTION AND DEMOLITION DEBRIS AND OTHER ACCEPTABLE WASTE GENERATED BY OLD TOWN

Casella agrees to dispose up to the following amounts of construction and demolition debris, as defined in MDEP Rules Chapter 400.1(FF), and other Acceptable Waste generated by the City (exclusive of waste collected from residents or businesses) at no cost to the City; provided, however, it shall be the City's responsibility and obligation to deliver said construction and demolition debris and other Acceptable Waste to the Landfill:

<u>Year</u>	<u>Tons per calendar year</u>
May 1, 2005 to April 30, 2006	500 tons
May 1, 2006 to end of term	3000 tons

In the event the State and Casella secure a permit to expand the Landfill (as said Expansion Permit is defined herein), and construct the expansion, Casella agrees to accept up to 3000 tons annually (May 1 to April 30) of construction and demolition debris or other Acceptable Waste generated by the City at no cost to the City. The tipping fee for amounts of City-generated Acceptable Waste in excess of those described above shall be the prices of the published Landfill tipping fees for the waste delivered.

SECTION 5 INFORMATION AND ENFORCEMENT

5.1 Information from the State. During the Term of this Agreement, the State agrees to provide all of the following information to the City or the City's consultant designee in a timely fashion:

- (a) Copies of any State or MDEP inspection report relating to the Landfill within five (5) working days of the preparation of the report or its presentation to the State or MDEP.

- (b) Notification of all enforcement or emergency orders for or related to the Landfill, including, but not limited to, abatement orders, cessation orders, final civil penalty assessments, consent orders and decrees and notices of violation within five (5) working days of issuance.
- (c) Copies of all air, soil and water quality monitoring data collected by the State or the MDEP at the Landfill, including, without limitation, leachate and ash testing results and test results related to landfill gas, within five working days after laboratory analysis becomes available to the State.
- (d) Copies of all analyses of the data compiled under subparagraph (c).

5.2 Information from Casella. During the Term of this Agreement, Casella agrees to provide all of the following information to the City or the City's consultant designee in a timely fashion:

- (a) Copies of all air, soil and water quality monitoring data related to the Landfill, including, without limitation, leachate and ash testing results and test results related to landfill gas, conducted by or on behalf of Casella, within five (5) working days after the information becomes available to Casella. Said information shall include the results of any tests which are not required by permit or State regulation.
- (b) A copy of the annual report prepared by Casella and provided to the State pursuant to Section 10.1 of the Operating Services Agreement summarizing in reasonable detail the business and technical operation of the Landfill during the preceding calendar year or portion thereof and such other books and records as the City may reasonably request at the same time that such information is provided to the State. Casella shall maintain accurate records, books and data with respect to the amount of all Acceptable Waste disposed of at or in the Landfill.

5.3 Local Inspections. The City, acting by and through its Code Enforcement Officer, or his or her designated representative, shall have the right to inspect the Landfill during reasonable business hours to ensure that only Acceptable Waste is being received at the Landfill and to confirm compliance with the provisions of this Agreement and the requirements of all Environmental Laws and other applicable laws. The City shall also have the right to take all necessary action to monitor the amount and type of solid waste materials delivered to the Landfill and to perform air, soil and water quality testing at the site, including the right to perform testing at the Landfill in emergency situations without prior notice to the State and/or Casella.

5.4 Hotline. Casella agrees to continue to operate a hotline twenty-four (24) hours per day. The operator of the hotline shall at all times have access to one or more persons with the authority to address any citizen concerns or emergency conditions at the Landfill. Casella shall maintain a written log of all calls to the hotline and upon request by the City, shall promptly provide a copy of the log to the City. If the parties agree at some point in the future that a twenty-four (24) hour hotline is no longer necessary, then Casella may limit the hours of operation of the hotline to no less than eight (8) hours per day/five (5) days per week.

SECTION 6 PROPERTY VALUE OFFSET

The parties acknowledge that under state statute, 38 M.R.S.A. § 2175-A and Chapter 475, The Property Value Offset Program of the Maine State Planning Office, owners of property in the City, the value of which has been affected by a state-owned landfill are eligible for reimbursement from the state for loss in property value directly attributable to the construction and operation of the Landfill.

SECTION 7 WATER SUPPLY MONITORING AND PROTECTION

The parties acknowledge that under state statute, 38 M.R.S.A. § 2177, persons owning land contiguous to a State-owned Landfill may request that quarterly water quality sampling and analysis be performed on their private water supply and that the provisions of this statute apply.

SECTION 8 OTHER LANDFILL-RELATED DEVELOPMENT

The parties acknowledge that in the future Casella may seek to develop projects at or in connection with the Landfill other than for disposal of solid waste. Such future development projects may include, but are not limited to, a landfill gas to energy generation facility and a greenhouse powered by waste heat from a landfill gas to energy facility, or recycling or processing facilities. Casella agrees to work with the State to establish any such project as a taxable facility and Casella further agrees that the City shall derive tax revenue from any leased property and any new non-Landfill structure built thereon. Moreover, prior to the development of any such project, Casella shall invite the City to become a partner in the development venture, with revenue sharing proportionate to the City's investment. The terms of any such arrangement shall be the subject of future negotiations between the City and Casella, which the parties agree shall be undertaken in good faith. Any agreement reached between the parties shall be memorialized in a separate written agreement.

SECTION 9 TERM OF AGREEMENT

The term of this Agreement shall be deemed to commence on the Commencement Date and shall end on the earlier to occur of: (a) thirty (30) years after the Commencement Date; or (b) the date the Operating Services 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 one or more of the parties as provided herein.

SECTION 10 EXPANSION OF LANDFILL

The parties specifically acknowledge that Casella has an obligation to the State under the Operating Services Agreement to prepare on or before 5 February 2007, an application for an Expansion Permit. At least sixty (60) days prior to submission of the application to the MDEP, Casella shall provide to the City written notice of said proposed expansion. The parties agree to meet within thirty (30) days after receipt of said notice for purposes of discussing the proposed expansion and the draft application. A copy of the Application shall be provided by Casella to the City not later than its submission to MDEP. If Casella demonstrates to the City's satisfaction that the application for an Expansion Permit meets all applicable environmental standards, including the provisions of the City's Ordinances in effect at that time, the City agrees to use reasonable efforts to actively support the application before all applicable agencies, including the MDEP.

SECTION 11 COOPERATION BETWEEN THE PARTIES

During the term of this Agreement, the State and Casella agree to cooperate and to work together with the City to minimize and manage the impacts from the Landfill's operations. The parties agree to conduct ongoing communication concerning the operation of the Landfill or any expansion thereof.

SECTION 12 SUBCONTRACTING

In the performance of their obligations hereunder, the State and Casella shall have the unrestricted right to subcontract those services that they deem appropriate in their sole discretion, including, without limitation, construction, engineering, design, permitting, operation, maintenance, management and administration; provided, that the State and Casella shall remain fully responsible for the performance of any and all obligations subcontracted hereunder.

SECTION 13 NO JOINT VENTURE

Except as otherwise provided in Section 8 herein, and without limiting the State's or Casella's obligations hereunder, the parties acknowledge and agree that nothing contained in this Agreement is intended to nor shall be construed to create a partnership or joint venture between the City and Casella or the City and the State or make the City, Casella and the State partners or joint venturers, or make either party in any way liable or otherwise responsible for the debts, actions, obligations or losses of the other party.

SECTION 14 CLAIMS UNDER THIS AGREEMENT

The City agrees that Casella and/or the State may seek injunctive relief to enforce the obligations of the City under this Agreement, and the City hereby waives its governmental immunity for this limited purpose. This provision is expressly intended to permit those legal actions of Casella and the State that may arise directly under or be necessarily related to a breach of this Agreement. Except as provided in Section 3.1(f), the parties agree that, in the event of any dispute or disagreement hereunder, Casella shall continue to make payment of all amounts due hereunder in the manner and at the times specified herein until final resolution of such dispute, whether by mutual agreement or final decision of a court, arbitrator or other dispute resolution mechanism; provided however, that nothing herein shall constitute a waiver of the City's tort immunity.

SECTION 15 CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CITY

The City represents and warrants to the State and Casella as follows:

15.1 The City is validly existing as a political subdivision of the State of Maine in good standing under the laws of the State of Maine.

15.2 The City has full power and authority to enter into this Agreement and to fully perform its duties and obligations hereunder. The City's Town Council has duly authorized the execution and delivery of this Agreement and the City's performance of its duties and obligations hereunder, and this Agreement constitutes a valid and legally binding obligation of the City, enforceable in accordance with its terms.

**SECTION 16 CERTAIN REPRESENTATIONS, WARRANTIES AND
COVENANTS OF CASELLA**

Casella represents and warrants to the City and the State as follows:

16.1 Casella is a corporation duly organized and existing under the laws of the State of Delaware and authorized to do business and in good standing under the laws of the State of Maine with the full legal right, power and authority to enter into and fully and timely perform its obligations under this Agreement.

16.2 Casella has duly authorized, executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation, enforceable against Casella in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally.

16.3 Neither the execution nor delivery by Casella of this Agreement nor the performance by Casella of its obligations in connection with the transactions contemplated hereby or Casella's fulfillment of the terms and conditions hereof conflicts with, violates or results in a breach of any law or governmental regulation applicable to Casella or materially conflicts with, violates or results in a breach of, any term or condition of any order, judgment or decree or any agreement or instrument to which Casella is a party or by which Casella or any of its properties or assets is bound, or otherwise constitutes a default thereunder.

16.4 No approval, authorization, order, consent, declaration, registration or filing with any federal, state or local governmental authority or agency is required for the valid execution and delivery by Casella of this Agreement or the performance by Casella of its obligations hereunder.

16.5 Casella covenants and agrees to operate the Landfill and otherwise conduct all aspects of its business at the Landfill including compliance with all closure and post closure requirement in compliance with all Environmental Laws and other applicable laws and regulations and permits.

16.6 Throughout the Term hereof, Casella agrees to participate in, and to use reasonable efforts to support the joint citizen advisory committee comprised of representatives from the City of Old Town, the Penobscot Indian Nation and the Town of Alton, as created by the Resolve and amended by LD 597 in the First Special Session of the 122nd Legislature.

**SECTION 17 SURVIVAL OF REPRESENTATIONS, WARRANTIES
AND COVENANTS**

All representations, warranties, promises, agreements, statements and covenants made herein or in any schedules or exhibits attached hereto, or in any instrument or document delivered by or on behalf of any party pursuant to this Agreement, shall remain in effect during the Term and shall survive termination hereof to the extent specifically contemplated herein.

SECTION 18 TERMINATION

18.1 This Agreement may be terminated at any time by mutual written agreement of all of the parties.

18.2 This Agreement may be terminated for an Event of Default as set forth in Section 18 below.

18.3 Effects of Termination.

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 Services Agreement is terminated, Casella's obligations hereunder shall terminate, and the State shall notify the City immediately in writing of such termination, however the State shall remain obligated to perform all of the State's obligations under this Agreement. The State further agrees that in any request for proposals issued by the State for a new operator of the Landfill the State shall include as a specification that the successful vendor shall enter into a host community benefits agreement under terms and conditions at least as favorable to the City as those set forth in this agreement. The City and State agree to meet within thirty (30) days after receipt by the City of notice that the Operating Services Agreement has been terminated for the purposes of discussing the impact of the termination.

SECTION 19 DEFAULT AND REMEDIES

19.1 Notice/Cure. If any party fails to perform a material obligation under this Agreement, then any other party shall give notice to all parties of such alleged material failure, describing the alleged material failure and the action required to cure such material failure, if any. If the party or parties receiving such notice fail to cure any such material failure to perform pursuant to Section 20 hereof, then an "Event of Default" shall be deemed to have occurred and the other party or parties shall have the rights and remedies set forth in this Agreement.

19.2 Remedies. If any Event of Default occurs (as defined in subsection 19.1 above), then (a) this Agreement may be terminated by a non-defaulting party by giving notice of termination to the defaulting party or parties, and/or (b) pursuant to the dispute resolution process set forth in Section 21 below or the limited judicial process set forth in Section 21.4 below, the non-defaulting party shall have the right to seek whatever damages or remedies that are available in an action at law or in equity it deems necessary or desirable to collect any amounts then due or thereafter to become due under this Agreement or to enforce performance of any covenant or obligation of the defaulting party or parties under this Agreement.

19.3 Sovereign Immunity. Casella and the City acknowledge and agree that nothing in this Agreement, or the execution and delivery of this Agreement, or the agreement by the State to perform its obligations hereunder constitutes or is intended to constitute abrogation of the sovereign immunity of the State with respect to each and every term of this Agreement. In this regard, the State expressly reserves its right of sovereign immunity with respect to its obligations hereunder, and the execution and delivery of this Agreement by the State, and its undertakings herein in no way waive, partially waive, imply a waiver, limit or restrict the State's unconditional right to exercise its right of, or to assert sovereign immunity with respect to any matter, term or issue arising under or relating to this Agreement.

SECTION 20 RIGHT TO CURE BREACH

Upon its receipt of a notice of alleged material failure to perform a material obligation under this Agreement issued under Section 19 hereof, the receiving party or parties shall either:

20.1 Cure the material failure to perform within thirty (30) days of receipt of the written notice from any other party; or

20.2 Continuously demonstrate, within such thirty (30) day cure period, if cure cannot reasonably be effectuated during such period, that it is actively pursuing a course of action which reasonably can be expected to lead to a cure of the material failure to perform (and the cure period shall be extended for so long as the curing party or parties are actively and continuously pursuing such course of action) within a commercially reasonable period of time not to exceed ninety (90) days.

SECTION 21

RESOLUTION OF DISPUTES

21.1 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, other than a breach by Casella of its payment obligations, the parties shall attempt to come to a reasonable settlement of any dispute (a) by having their authorized representatives attempt to negotiate a resolution of the dispute for a period of thirty (30) days, and, if not resolved by the authorized representatives, (b) by having other more senior members of each party's management, who have no previous involvement in the dispute, but who have the authority to resolve the dispute, attempt to negotiate a resolution of the dispute for an additional fifteen (15) days.

21.2 Mediation.

(a) In the event that the parties are unable to resolve any dispute through negotiation, the parties agree to mediate any such dispute. The parties agree that mediation shall be conducted promptly and efficiently in an effort to resolve any such dispute.

(b) Any party desiring to invoke mediation shall send notice to the other party regarding the issues to be mediated. Both parties shall, within ten (10) days of such notice, agree upon a mutually acceptable mediator who shall be independent and impartial, have full authority to implement the process required by this paragraph, and have full authority to schedule meetings and to require the production or exchange of relevant information as is necessary to promptly resolve the dispute. If the parties cannot agree upon a mediator within ten (10) days of such notice, then the dispute shall be referred to the American Arbitration Association for the appointment by them of a mediator reasonably local to Penobscot County. Both parties shall pay the cost of the mediator equally.

(c) Any compromise achieved through mediation shall be memorialized in a report rendered by the mediator. In the event that the dispute is not resolved through mediation within sixty (60) days after the mediator has been appointed, the mediator shall render a report regarding the nature of this dispute, the mediator's opinion as to how the dispute should be resolved, and the mediator's opinion regarding which party is at fault in the dispute. The report rendered by the mediator shall be non-binding and shall not be admissible in court against either party, except in connection with an application for attorney's fees as provided below.

(d) Any time limit in this paragraph may be extended by mutual agreement of the parties.

21.3 Arbitration. Subject to Section 21.4 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 or mediation pursuant to Sections 21.1 and 21.2, 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 each party shall cover its own expenses, attorney's fees and costs incurred therein. The prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys' fees and costs incurred in the enforcement or collection of any judgment or award rendered therein.

21.4 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 21.3 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.

SECTION 22 FORCE MAJEURE

If any party hereto is rendered unable, in whole or in part, to perform any of its obligations under this Agreement (other than an obligation to pay money when due) as a result of the occurrence of an event of Force Majeure, then the obligations of the affected party shall be suspended and its non-performance thereof excused during the continuation of the event of Force Majeure. At any time that a party intends to rely upon an event of Force Majeure to suspend its obligations or excuse its non-performance as provided in this Section, the affected parties shall notify the other party as soon as reasonably practicable (but in no event later than seventy-two (72) hours following such event) describing in reasonable detail the circumstances of the event of Force Majeure and its ongoing efforts to mitigate the effects of such event of Force Majeure. Notice shall again be given when the effect of the event of Force Majeure has ceased. As a condition of invoking the protection afforded by this Section, the party relying upon an event of

Force Majeure shall be required to exercise its best and most diligent efforts to eliminate the Force Majeure or devise a means of performance notwithstanding the Force Majeure and re-establish performance hereunder as rapidly as possible.

SECTION 23 INSURANCE

23.1 General Insurance Requirements. The State shall require Casella to maintain liability, fire and workers' compensation insurance insuring the City, the State and Casella in the amounts set forth in Schedule 21 of the Operating Services Agreement, as the same may be amended from time to time, issued by financially sound and reputable insurance companies reasonably acceptable to the State that are authorized and licensed to issue such policies in the State of Maine. Casella shall pay any premiums with respect to such policies as they come due. If Casella fails to pay any such premiums when due, the State shall have the right and option to pay any such premiums, whereupon the amount of any such premiums paid by the State shall be reimbursed by Casella to the State upon demand therefore. Upon request from the City, Casella shall promptly provide copies of such policies to the City.

SECTION 24 MISCELLANEOUS PROVISIONS

24.1 Assignment. This Agreement may not be assigned by any party without the prior written consent of the others, which consent may not be unreasonably withheld; notwithstanding the foregoing, Casella shall have the right to assign this Agreement without the consent of the other parties (i) to any Affiliate provided that Casella remains fully liable hereunder and provides reasonable assurances of the same to the State and the City in connection with any such assignment, (ii) in connection with the sale of all or substantially all of Casella's assets (or those of its affiliates) provided, however, in the event of such a sale, Casella shall provide advance notice to the City if in the judgment of Casella's counsel such notice may be given without violating securities or other applicable laws

24.2 Cumulative Remedies. The specified remedies available to a party under this Agreement are not exclusive of any other remedies or means of redress to which such party may be lawfully entitled in the event of any breach or threatened breach by the other party of any provision(s) of this Agreement.

24.3 Captions and Headings. Captions and headings contained in this Agreement are inserted for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision or of the scope or intent of this Agreement, nor in any way to affect this Agreement.

24.4 Amendments and Modifications. This agreement shall not be amended, modified or changed, except pursuant to an agreement in writing signed by or on behalf of the party against whom enforcement of the amendment, modification or change is sought.

24.5 Notices. All notices or other communications required or permitted hereunder shall be in writing and may be given by personal delivery, by overnight express delivery, or by registered or certified U.S. mail, postage prepaid, return receipt requested, properly addressed as follows:

To the State:

Executive Department
State Planning Office
38 State House Station
Augusta, Maine 04333-0038
Attention: Director

With a copy to:

William Laubenstein, Esq.
Office of Attorney General
6 State House Station
Augusta, ME 04333-0006

To Casella:

c/o Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, VT 05702-0866

With a copy to:

Thomas R. Doyle, Esq.
Pierce Atwood
One Monument Square
Portland, ME 04101

To City of Old Town:

City Manager
City of Old Town
150 Brunswick Street
Old Town, Maine 04468

With a copy to:

Robert E. Miller, Esq.
282 Main Street, P.O. Box 414
Old Town, Maine 04468
and
Catherine Lee, Esq.
Gallagher, Callahan & Gartrell, P.A.
P.O. Box 5010
Augusta, ME 04332-5010

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 24.5. All notices shall be deemed to have been received on the date of delivery if service is made in person, on the day after sent by overnight express delivery service, or on the third (3rd) business day after mailing in accordance

with this Section 24.5, except that any notice of a change of address shall be effective only upon actual receipt.

24.6 Strict Performance. The failure of either party to insist on the strict performance of any of the terms, covenants and provisions of this Agreement or to exercise any right, remedy or option herein contained shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, provision, right, remedy or option.

24.7 Severability. In the event that anyone or more of the terms or provisions of this Agreement shall for any reason be held by a court or other tribunal of competent jurisdiction to be invalid, illegal or unenforceable in any respect, in whole or in part, such invalidity, illegality or unenforceability shall not affect any other terms or provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable term or provision had never been contained herein, provided that it is the intention of the parties that, in lieu of such term or provision held to be invalid, illegal or unenforceable, there shall be added by mutual agreement as a part of this Agreement a term or provision as similar in term to such illegal, invalid or unenforceable term or provision as may be possible, valid, legal and enforceable.

24.8 Construction. Words connoting the singular number shall include the plural in each case, and vice versa, and words connoting persons shall include corporations, companies, firms or other entities. The terms "herein", "hereunder", "hereby", "hereof" and any similar terms shall refer to this Agreement; the term "heretofore" shall mean before the date of execution of this Agreement. This Agreement is the result of joint negotiations and drafting and no part of this Agreement shall be construed as the product of anyone of the parties hereto.

24.9 Entire Agreement. This Agreement constitutes the entire agreement between the City, the State and Casella with respect to the subject matter hereof, and supersedes all prior or contemporaneous negotiations, representations, understandings and agreements, whether written or oral, between the parties with respect to the subject matter hereof.

24.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original for all purposes, but all of which together shall constitute one and the same agreement.

24.11 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maine, without regard to the conflicts of law principles of such State.

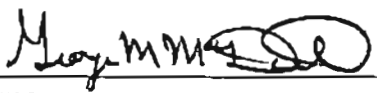
24.12 Binding Effect; No Third Party Rights. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors (whether by sale, assignment, transfer, merger, other acquisition, operation of law, or

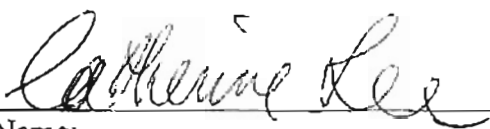
court ruling) and/or permitted assigns. Subject to the foregoing, nothing in this Agreement shall be construed to confer any benefit on, or create any obligation, duty or liability to, or create any standard of care with respect to, any person, firm or entity not a party to this Agreement.

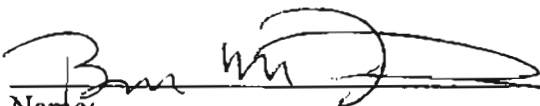
24.13 Authority of Parties. Each party hereto represents and warrants that the individual who has executed this Agreement on its behalf has the full and complete authority to sign on behalf of such party for the purpose of duly binding such party to this Agreement.

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

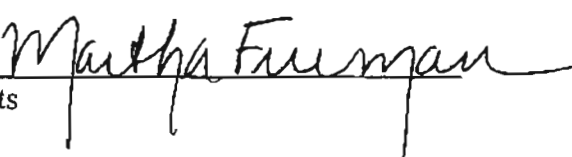
WITNESSETH:


Name:

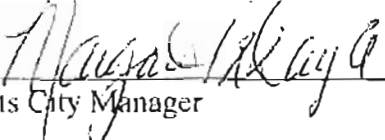

Name:


Name:

STATE OF MAINE

By 
Its

CITY OF OLD TOWN, MAINE

By 
Its City Manager

CASELLA WASTE SYSTEMS, INC.

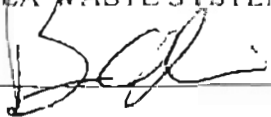
By 
Its

EXHIBIT 1

Materials Approved By MDEP For Beneficial Use

Bark pile adjacent to the Landfill.

EXHIBIT 2
List of Acceptable Categories of Maine Waste
Licensed by the DEP for Disposal at WOTL
As of September 2005

Air and water filtration media
Approved land utilization wastes
Ash and soot
Catch basin grit
Commercial and industrial laundry waste
Construction and demolition debris
Contaminated soil
Dredge spoils
Filter press cake and collegin scrapings
Front-end process residue
Leather manufacturing wastes and scraps
Metal grinding waste
Municipal Solid Waste (incinerator bypass only)
Off-spec., spent, or spilled chemicals
Over-sized bulky waste
Papermill sludge
Petroleum contaminated debris
Pigeon waste
Railroad ties and treated wood
Sand blast grit
Spoiled/discarded food or consumable related wastes
Tire shredder waste
Treatment sludge
Waste water treatment plant grit and screenings
Wood chips

EXHIBIT 3

Financial Model for Calculating Annual Payment in Lieu of Taxes

Example 2 of Proposed Landfill Valuation Methodology

		Assume 800 acres of land	
1	Active Landfill Area	82 acres	
	Licensed and Developed		
A	Total Volume	cy	
B	Volume Consumed to Date	- cy	
C	Remaining Volume	- cy	
B	Estimate Annual Usage of available volume	- cy	
C	Estimate Remaining Life of Active Landfill Area	30.25 years	
D	Estimate Annual Gross Income per year	#DIV/0!	
	Estimate Annual Expenses per year including		
E	escrowed amounts for proper closure	\$	-
	Estimate Annual Net Operating Income Per Year		
F	After Startup	#DIV/0!	
G	Determine a discount rate	15%	
	Discount Annual Net Operating Income to Current		
H	Value	Year	Income
	YEAR 1	2005	#DIV/0!
	2	2006	#DIV/0!
	3	2007	#DIV/0!
	4	2008	#DIV/0!
	5	2009	#DIV/0!
	6	2010	#DIV/0!
	7	2011	#DIV/0!
	8	2012	#DIV/0!
	9	2013	#DIV/0!
	10	2014	#DIV/0!
	11	2015	#DIV/0!
	12	2016	#DIV/0!
	13	2017	#DIV/0!
	14	2018	#DIV/0!
	15	2019	#DIV/0!
	16	2020	#DIV/0!
	17	2021	#DIV/0!
	18	2022	#DIV/0!
	19	2023	#DIV/0!
	20	2024	#DIV/0!
	21	2025	#DIV/0!
	22	2026	#DIV/0!
	23	2027	#DIV/0!
	24	2028	#DIV/0!
	25	2029	#DIV/0!
	26	2030	#DIV/0!
	27	2031	#DIV/0!
	28	2032	#DIV/0!
	29	2033	#DIV/0!
	30	2034	#DIV/0!
	31	2035	#DIV/0!
	32	2036	#DIV/0!
	33	2037	#DIV/0!
	Net Present Value	#DIV/0!	

Example 2 of Proposed Landfill Valuation Methodology

4	Buffer Land				
	Value at appropriate value per acre	Unit Value			
	718 \$	-	\$	-	
	Total Value			#DIV/0!	
	Exempt Property @ 40% of Active Landfill			#DIV/0!	
	Taxable Value			#DIV/0!	
ANTICIPATED ANNUAL VOLUME					
	TYPE	TONS	FEES	GROSS	
	PROCESSING RESIDUAL	-	\$	-	\$
	GP SLUDGE	-	\$	-	\$
	C&D	-	\$	-	\$
	WASTE TO ENERGY ASH	-	\$	-	\$
	WASTE TO ENERGY FRONT END RESIDUAL	-	\$	-	\$
	WASTE TO ENERGY BIPASS	-	\$	-	\$
	SPECIAL WASTE	-	\$	-	\$
	TOTAL	-			\$
	SUMMARY STATEMENT WAS 401,000 CY PER YEAR WITH LIFE OF 30.25 ACRES		AVG		#DIV/0!
	PERIOD OF 2/4/04 TO 4/30/05				
	TYPE	TONS	FEES	GROSS	
	PROCESSING RESIDUAL	-	\$	-	\$
	GP SLUDGE	-	\$	-	\$
	C&D	-	\$	-	\$
	WASTE TO ENERGY ASH	-	\$	-	\$
	WASTE TO ENERGY FRONT END RESIDUAL	-	\$	-	\$
	WASTE TO ENERGY BIPASS	-	\$	-	\$
	SPECIAL WASTE (SLUDGE)	-	\$	-	\$
	TOTAL				\$
	EXPENSE				#DIV/0!
	INCOME				#DIV/0!
	ANNUAL COST	COSTS	TONS	COST PER TON	#DIV/0!
		\$	-		

