HOST AGREEMENT

THIS HOST AGREEMENT (the "Agreement") is made and entered into this \(\) day of November, 2003, by and between the TOWN OF SENECA, a political subdivision organized and existing under the laws of the State of New York (the "Town"); NEW ENGLAND WASTE SERVICES OF N.Y., INC., a New York corporation having its principal place of business at 803 Cascadilla Street, Ithaca, New York, ("NEWSNY"); and CASELLA WASTE SYSTEMS, INC., a Delaware corporation having its principal place of business located at 25 Greens Hill Lane, Rutland, Vermont 05702 ("Casella").

WHEREAS, it is in the best interest of the citizens, residents and visitors of the Town to provide efficient, proper and environmentally sensitive methods of managing solid waste, to conserve and recycle economic and natural resources, to preserve and enhance the beauty and quality of the environment, to prevent the spread of disease and the creation of nuisances and to protect the public health, safety and welfare; and

WHEREAS, current state and federal solid waste management laws and regulations have placed an enormous burden on state and local governments to provide these vital services efficiently and economically; and

WHEREAS, ONTARIO COUNTY, a New York State Municipal Corporation, created under Article 9 of the New York State Constitution, having a principal place of business at 20 Ontario Street, Canandaigua, New York, (the "County"), pursuant to authority granted to it, has decided to lease to NEWSNY the solid waste management system of the County as more particularly described in the Operation, Management and Lease Agreement by and between the County, and NEWSNY (the "Operation, Management and Lease Agreement"), attached hereto as Exhibit A; and

WHEREAS, NEWSNY and Casella are cognizant of the Town's vital interest as the Town is the host of the Landfill, and NEWSNY and Casella are desirous of the Town's input, insight and active participation in matters concerning the Landfill; and

WHEREAS, the parties desire to memorialize their agreements and understandings regarding the matters set forth herein by entering into a Host Agreement, which would provide for certain payments and benefits to the Town by NEWSNY and Casella. The Town of Seneca and Casella believe that the disposal price increases will exceed inflation over the term of this agreement. The intent of the long term Host Fee payments to the Town are to reflect the increase in landfill disposal prices in the region and provide the Town with a corresponding benefit from this increase in disposal price.

NOW, THEREFORE, in consideration of these promises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

1. DEFINITIONS Notwithstanding the definitions that follow, to the extent any of said definitions conflict with definitions in the Operation, Management and Lease Agreement, the definitions in the Operation, Management and Lease Agreement shall govern.

For the purpose of this Agreement the following words and phrases shall have the following meanings:

"Acceptable Waste" shall mean solid waste as defined in 6 NYCRR 360-1.2, whether such materials are from residential, commercial, institutional, or industrial sources, and shall include Special Waste and BUD Material subject to the limitations set forth herein, but shall not include Excluded Waste.

"Anticipated Capacity" shall mean the anticipated total capacity of the Landfill based upon the practical total build-out of the Landfill as estimated by NEWSNY, or as may be approved by the New York State Department of Environmental Conservation ("NYSDEC"). The anticipated capacity is based upon a landfill capacity of 2,000 tons per day of Acceptable Waste excluding BUD Material, for a 25 year term.

"BUD Material" shall mean waste material that has been approved by NYSDEC for beneficial use at the Landfill for daily cover or other purposes. Though defined as a type of Acceptable Waste, the amount of BUD Material used at the Landfill shall not count toward any limits with regard to the total amount of waste that may be disposed of at the Landfill, including without limitation the Permitted Capacity, Annual Capacity, Additional Capacity or Anticipated Capacity.

"Closing" shall mean the execution of this Agreement.

"Closure" shall mean those acts and activities required by the New York State Environmental Conservation Law ("ECL") and the regulations adopted thereunder which result in a permanent cessation of use of a municipal landfill, as those requirements and regulations may be amended or modified, and which result in a stabilized municipal landfill which is not in active use excluding those acts and activities which are required for Post-Closure Care including monitoring, reporting and maintenance for the periods set forth in the relevant environmental statutes and regulations, as they may be amended or shortened as the case might be.

"Convenience Station" shall mean the convenience station utilized by the Town for the receipt and transportation of Acceptable Waste from residents of the Town, which is located at 3671 County Road 5, Town of Seneca, NY.

"Effective Date" shall mean the later of December 8, 2003 or the date that all necessary Permits and approvals for operation of the Landfill by NEWSNY have been finally issued or otherwise finalized.

"Excluded Waste" shall mean flammable, explosive, radioactive, or toxic substances; Hazardous Waste; liquid wastes; certain pathological and biological wastes as NEWSNY may determine in its sole discretion; oil; petroleum products; industrial sludge; Household Hazardous Waste or any other waste excluded by any Permit or applicable federal, state or local environmental law. This term shall also include such other waste material which NEWSNY finds, in its sole discretion, to pose an unreasonable risk or danger to the operation or safety of the Facilities or the environment.

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- (c) Acceptable Waste Host Fee II. Upon the issuance of a NYSDEC Permit to Operate the first expansion at the Landfill beyond the permit modification expected on or about December 31, 2003, the Town will be paid an Acceptable Waste Host Fee in an amount equal to 7.5% of the quarterly Average Rate Per Ton multiplied by the total volume of Acceptable Waste, excluding BUD Material, received at the Landfill during the respective quarter. Notwithstanding the preceding sentence, in no event shall the Acceptable Waste Host Fee be less than an amount equal to an assumed Average Rate Per Ton of \$2.10 multiplied by the total volume of Acceptable Waste, excluding BUD Material.
- (d) BUD Material Host Fee: The Town will be paid a BUD Material Host Fee in an amount equal to 4.6% of the quarterly Average BUD Material Rate Per Ton multiplied by the total volume of BUD Material received at the Landfill during the respective quarter. Notwithstanding the preceding sentence, in no event shall the BUD Material Host Fee be less than an amount equal to an assumed Average Rate Per Ton of \$.70 multiplied by the total volume of BUD Material. The BUD Material Host Fee will be paid on a calendar quarter basis within 30 days of the end of each quarter. NEWSNY shall, on the due date of each payment, deliver to the Town a written statement prepared by NEWSNY, showing in detail the calculation of all payments due on that day.
- (e) Upon the Town's request, the Town shall have the ability to inspect and examine on a quarterly basis the tonnage records for the purpose of verifying the Host Fee calculations. NEWSNY shall reimburse the Town up to \$2000 per year for the Town's actual costs associated with such inspections and examinations. Any information obtained by the Town as a result of such examination shall be treated as business secrets.
- (f) Casella shall not be obligated to hold the books and records for more than two (2) years, provided there is no Material Variation, in which case NEWSNY shall be obligated to hold the books and records for 5 years from the year in which the Material Variation was found.
- (g) The parties agree that in the event the Town assesses any taxes, fees or assessments on the Landfill (other than environmental fees associated with permitting, County taxes fees and assessments, taxes imposed by school districts, or as expressly provided herein), and NEWSNY incurs any costs related to such Town taxes, fees and assessments, NEWSNY shall have the right to offset such amounts from any Acceptable Waste Host Fee I, Acceptable Waste Host Fee II or BUD Material Host Fee due hereunder. In addition, in the event such offset right does not fully reimburse NEWSNY for such costs related to such Town taxes, fees and assessments, the parties agree that neither NEWSNY nor Casella shall have any further obligations under Sections 9 or 10 of this Agreement until it is reimbursed in full for such costs related to such Town taxes, fees and assessments. The parties agree that the rights and obligations within this paragraph 9(g) apply only to the Landfill and future expansions of the same, but does not apply to Future Projects as defined in paragraph 1 of this Agreement.

10. OTHER TOWN BENEFITS.

(a) Commencing on the Effective Date, for the life of the Town's existing bonds (attached hereto as Exhibit B), NEWSNY shall pay to the Town an annual payment of \$60,000

"Force Majeure" shall mean any act, event or condition reasonably relied upon by a party as justification for delay in or excuse from performing or complying with any obligation, duty or agreement required of the party under this Agreement, which act, event or condition is beyond the reasonable control of the party or its agents relying thereon, including, without limitation: (a) an act of God, epidemic, landslide, lightning, earthquake, fire, explosion, storm, flood or similar occurrence; (b) an act of public enemy, war, blockage, insurrection, riot, general arrest or restraint of government and people, civil disturbance or disobedience, sabotage or similar occurrence, interference by third parties with any solid waste disposal operations or any other duties of NEWSNY or Casella, or the Town which interference causes the performance of a party's obligations under this Agreement to be impossible or not feasible; (c) a strike, work slowdown, or similar industrial or labor action; (d) an order or judgment (including, without limitation, a temporary restraining order, temporary injunction, permanent injunction, or cease and desist order) or other act of any federal, state, county or local court, administrative agency or governmental office or body, including, without limitation, such an order or judgment which limits the duration of this Agreement to less than the term of the Operation, Management and Lease Agreement; (e) the denial, loss, suspension, expiration, termination or failure of renewal of any permit, license or other governmental approval required to operate the Landfill which does not result from any negligent or willful act or omission of the party; (f) the adoption or change (including a change in interpretation or enforcement) of any -federal, state, county, or local law, rule, permit, regulation or ordinance after the Effective Date applicable to the parties, adversely affecting any obligations hereunder; or (g) the institution of a legal or administrative action, or similar proceeding, by any person, corporation, agency or other entity which delays or prevents any aspect of the development or operation of the Landfill, including, without limitation, comments on or challenges to the consideration or issuance of any permit, license or other approval required to construct or operate the Landfill.

"Future Project(s)" shall mean each of the Wrap Around Expansion, the Eastern Expansion, the Leachate Management System Upgrade, Planned Business Development District, Construction of Single-Stream Recycling Center, Construction of GRT Glass Beneficiating Facility, Cornell Cooperative Extension Hydroponics Greenhouse, and Construction of Hauling Company Facilities, each as set forth in the Operation, Management and Lease Agreement.

"Host Fee" shall mean a payment paid to the Town for Acceptable Waste disposed of at the Landfill, or for BUD Materials received at the Landfill, and as is more particularly described in Section 9 herein.

"Landfill" shall mean all of the County's assets and properties used or held for use by the County in connection with the Ontario County Solid Waste Management Facilities, including land located within the Town, buildings, appurtenances, office furniture, equipment and fixtures, the full benefit of all utility arrangements, licenses and permits, including rights of assignment to the extent any such licenses and permits may be assignable and all other rights, assets and interests all as used in connection with the Ontario County Solid Waste Management Facilities, as it now exists or hereafter expands.

"Payment Dates" shall mean the dates Host Fee payments are due from NEWSNY.

"Recycling Program" shall mean all of the equipment and buildings associated with the Town's existing recycling program together with the program as it may be amended.

"Special Waste" shall mean any discarded waste material other than those which are typically found in household, commercial or municipal refuse, including, without limitation, materials such as industrial waste, petroleum contaminated soils of a nonhazardous nature, institutional waste, animal manure, residue from incineration, food processing wastes, dredging wastes, tires and asbestos, or waste which requires special or exceptional handling or approval from DEC, but shall not include Acceptable Waste or Excluded Waste.

"Ton" shall mean 2,000 pounds or the volume equivalent.

2. DELIVERY OF ACCEPTABLE WASTE. The parties agree that the Landfill shall be the exclusive solid waste management, processing, recycling, or disposal facility of the Town, to the extent permitted by law. The Town agrees that it will not compete with the Landfill nor operate alternate facilities and agrees not to contract with any other person for the processing or disposal of solid waste (other than transportation) or for the establishment or operation of a facility within the Town offering the same or similar services as the Landfill.

3. DEVELOPMENT AND OPERATION OF THE LANDFILL.

- (a) Compliance with Law. NEWSNY agrees that, the development, operation and Closure (to the extent that Closure is the obligation of NEWSNY pursuant to the Operation, Management and Lease Agreement) of the Landfill will comply, in all material respects, with any and all federal, state and local laws, subject to NEWSNY's right to contest in good faith the interpretation, application and enforcement of any such laws. In addition, NEWSNY agrees to use commercially reasonable efforts to operate and maintain the Landfill in such a manner as to minimize any adverse impacts on neighboring properties such as odor, litter, traffic, noise and aesthetic appearance. The Town agrees not to take any action or sponsor or endorse any law, ordinance, or restriction mandating any requirements for the development, operation, Closure or Post Closure Care of the Landfill that conflict with or are more stringent or restrictive than those required by federal and state law.
- (b) Cooperation With NEWSNY. The Town agrees to cooperate with NEWSNY, including obtaining all necessary permits and approvals for the development and operation at the capacities set forth in the Operation, Management and Lease Agreement.

4. CONDITIONS PRECEDENT.

The parties agree that the obligations of NEWSNY and Casella under this Agreement are subject to the satisfaction of each of the following conditions precedent, each of which is solely for the benefit of, and may be waived in whole or in part by NEWSNY or Casella:

- (a) the approval, execution and effectuation of the Operation, Management and Lease Agreement and all exhibits thereto;
 - (b) the satisfaction by the Town of all of its obligations contained in this Agreement;

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- (c) continuance of the current tax relief provided by the County for certain Town residents, subject only to a sunset date to be mutually agreeable to the Town, NEWSNY and the County; and
- (d) rescission by the Town of its existing Local Law No. 3 of the year 1989, and adoption of a new Local Law related to landfills that is mutually acceptable to the Parties to this Agreement, and the Town's taking any appropriate final action under the New York State Environmental Quality Review Act ("SEQRA") in connection with such modification and in connection with this Agreement.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE TOWN.

The Town represents, warrants, covenants and agrees as follows:

- (a) Existence and Good Standing. The Town is validly existing as a political subdivision in good standing under the laws of the State of New York.
- (b) Approval and Authorization. The Town has full power and authority to enter into this Agreement and to fully perform all of its duties and obligations hereunder. The Town has duly authorized the execution and delivery of this Agreement and the Town's performance of all of its duties and obligations contained herein, and this Agreement constitutes a valid and legally binding obligation of the Town, enforceable in accordance with its terms.
- (c) No Litigation or Conflicts. The Town acknowledges that: (i) there is no action, suit, or proceeding pending or, to the best of the Town's knowledge and belief, threatened, against or affecting the Town, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, (A) wherein any decision, ruling or finding would adversely affect the transactions contemplated herein, or (B) arising directly or indirectly out of the existence or operation of the Landfill; and (ii) that the execution, delivery and performance of this Agreement by the Town will not result in a violation of or be in conflict with any ordinance, agreement, instrument, judgment, decree, order, statute, rule, or government regulation to which the Town is a party or has enacted, or by which the Town is bound.
- (d) Zoning. Except as provided in Schedule ____ hereto, no zoning law or any other land use law or restriction exists under the laws and ordinances of the Town or any other governmental entity having jurisdiction within the Town which would restrict or prohibit establishment and operation of the Landfill as set forth in the Operation, Management and Lease Agreement. By executing this Agreement the Town warrants, represents and agrees that the Landfill, including all expansion contemplated by the Operation, Management and Lease Agreement, is and will be an existing, current vested use, which shall not be affected by any future zoning or land use regulations or changes in regulations. The Town agrees to enact any additional approvals, if required, that might be necessary for the operation of the Landfill as set forth in the Operation, Management and Lease Agreement.
- (e) Binding Contract. The Town represents, warrants and agrees that that the Town is authorized to pass all necessary local laws and resolutions and take all necessary actions to meet the obligations and covenants contained herein. The Town agrees and covenants that it

shall take no action inconsistent with the agreements, covenants and obligations contained in this Agreement, and that such action by the Town shall constitute an event of default.

- (f) Public Interest. The Town has determined that it is in the public interest of the citizens of the Town to enter into this Agreement and to authorize NEWSNY and Casella to proceed as described herein and in the Operation, Management and Lease Agreement.
- (g) Statements. No statement, information, representation or warranty of the Town contained in this Agreement or furnished by or on behalf of the Town in connection with the transactions contemplated contains any untrue statements of a material fact or omits to state a material fact necessary in order to make a statement contained herein not misleading.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF NEWSNY.

NEWSNY represents, warrants and agrees as follows:

- (a) Existence of Good Standing. NEWSNY is, and will continue to be throughout the term hereof, validly existing as a corporation authorized to do business within the State of New York.
- (b) Approval and Authorization. NEWSNY has full power and authority to enter into this Agreement and to fully perform all of its duties and obligations hereunder. NEWSNY's Board of Directors has duly authorized the execution and delivery of this Agreement and NEWSNY's performance of all of its duties and obligations contained herein, and this Agreement constitutes a valid and legally binding obligation of NEWSNY, enforceable in accordance with its terms.
- (c) No Litigation or Conflicts. NEWSNY acknowledges that there is no action, suit, or proceeding pending or, to the best of NEWSNY's knowledge and belief, threatened against or affecting NEWSNY, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherein any decision, ruling or finding would adversely affect the transactions contemplated herein, and that the execution, delivery and performance of this Agreement by NEWSNY will not result in a violation of or be in conflict with any ordinance, agreement, instrument, judgment, decree, order, statute, rule, or government regulation to which NEWSNY is a party or by which NEWSNY is bound.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS OF CASELLA.

Casella represents, warrants and agrees as follows:

- (a) Existence of Good Standing. Casella is, and will continue to be throughout the term hereof, validly existing as a Delaware corporation.
- (b) Approval and Authorization. Casella has full power and authority to enter into this Agreement and to fully perform all of its duties and obligations hereunder. Casella—'s Board of Directors has duly authorized the execution and delivery of this Agreement and Casella's

performance of all of its duties and obligations contained herein, and this Agreement constitutes a valid and legally binding obligation of Casella, enforceable in accordance with its terms.

- (c) No Litigation or Conflicts. Casella acknowledges that there is no action, suit, or proceeding pending or, to the best of Casella's knowledge and belief, threatened against or affecting Casella, at law or in equity, before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality wherein any decision, ruling or finding would adversely affect the transactions contemplated herein, and that the execution, delivery and performance of this Agreement by Casella will not result in a violation of or be in conflict with any ordinance, agreement, instrument, judgment, decree, order, statute, rule, or government regulation to which Casella is a party or by which Casella is bound.
- 8. SURVIVAL OF WARRANTIES, REPRESENTATIONS AND COVENANTS. All representations, warranties, promises, agreements, obligations, covenants and statements made herein, or in any exhibit or schedule hereto, or in any instrument or document delivered by or on behalf of any party pursuant to this Agreement, shall survive the Closing and shall extend for the duration of this Agreement, as it may be extended, regardless of what investigations the parties may have made before or after the Closing, except those representations and warranties which are expressly waived in writing by the party benefiting therefrom. Nothing herein contained shall require that any party waive any such representations and warranties.

9. HOST FEES.

Following the Effective Date, Host Fees shall be paid to the Town as follows:

- (a) Acceptable Waste Host Fee I: The Town will be paid an Acceptable Waste Host Fee in an amount equal to 7.1% of the quarterly Average Rate Per Ton multiplied by the total volume of Acceptable Waste, excluding BUD Material, received at the Landfill during the respective quarter. Notwithstanding the preceding sentence, in no event shall the Acceptable Waste Host Fee be less than an amount equal to an assumed Average Rate Per Ton of \$1.85 multiplied by the total volume of Acceptable Waste, excluding BUD Material.
 - (b) The Average Rate Per Ton shall be calculated as follows:
 - (i) determine third party Acceptable Waste tonnage (excluding BUD Material) received during the quarter ("Third Party Tonnage") and the revenues accrued for such third party Acceptable Waste ("Third Party Revenue"); then divide the Third Party Revenue by the Third Party Tonnage to establish the average third party rate ("Average Third Party Rate") for the quarter;
 - (ii) determine intercompany Acceptable Waste tonnage (excluding BUD Material) received during the quarter ("Intercompany Tonnage") and the actual revenues received for such Acceptable Waste ("Intercompany Revenue"); then divide the Intercompany Revenue by the Intercompany Tonnage to establish the average intercompany rate ("Average Intercompany Rate") for the quarter;
 - (iii) however, in the event the Average Intercompany Rate is less than 95% of the Average Third Party Rate for the quarter, an assumed intercompany rate shall

be used equal to 95% of the Average Third Party Rate as long as the the Third Party Tonnage constitutes at least 5% of the Total Tonnage ("Assumed Intercompany Rate") and the assumed intercompany revenues shall equal the Assumed Intercompany Rate multiplied by the Intercompany Tonnage ("Assumed Intercompany Revenue"); in the event the Third Party Tonnage is less than 5% of the Total Tonnage, then the Assumed Intercompany Rate shall be equal to the In-County Gate Tipping Fee as set forth in Section 9.1 of the Operation, Management and Lease Agreement.

- (iv) determine the total revenue by adding the Third Party Revenue and the greater of the Intercompany Revenue or the Assumed Intercompany Revenue ("Total Revenue");
- (v) determine the total tons by adding the Third Party Tonnage and the Intercompany Tonnage ("Total Tons"); and
- (vi) divide the Total Revenues by the Total Tons. (See example below.)

The Acceptable Waste Host Fees will be paid on a calendar quarter basis within 30 days of the end of each quarter. NEWSNY shall, on the due date of each payment, deliver to the Town a written statement prepared by NEWSNY, showing in detail the calculation of all payments due on that day.

This Agreement has been negotiated based upon the understanding that NEWSNY will operate the facility in a fashion to maximize the operating profit. As such, the accounting methods used by Casella or NEWSNY to establish intercompany pricing will be such that the intercompany prices described herein reflect the price for disposal from a third party in the market where the waste originates, less any applicable transportation costs. The Town may elect to annually review NEWSNY's or Casella's intercompany pricing methods as set forth in Paragraph 9(e) below for intercompany waste delivered to the Landfill to confirm that such intercompany prices are reasonable and equitable in that they reflect the method described in the preceding sentence.

Example:

Example.	Tons	Revenue	Assumed Revenue	Avg. Rate Actual	Assumed Avg. Rate (95% of Avg. Rate)
3 rd Party	60,000	\$1,650,000	\$1,650,000	\$27.50	
<u>Interco.</u>	<u>40,000</u>	<u>\$980,000</u>	<u>\$1,045,000</u>	<u>\$24.50</u>	<u>\$26.125</u>
Totals	100,000	\$2,630,000	\$2,695,000	\$26.30	\$26.95

Average Rate Per Ton: \$2,695,000/100,000 = \$26.95

to a dedicated fund intended to pay for existing bonds, or future sewer or water line development. The Town shall have sole control over said fund.

- (b) Commencing on the Effective Date, NEWSNY shall provide the Town with free waste disposal and transportation from the Town Convenience Station for waste received from Town residents. NEWSNY may, at its sole discretion, relocate the Convenience Station to an on-site Landfill location. In the event of such relocation, NEWSNY shall give first consideration to the Town's employee for operating said on-site Convenience Station. The utilization of Town employees shall be at the sole discretion of NEWSNY. NEWSNY will reimburse the Town for payroll and related expenses for the operation of the Town Convenience Center commencing on the Effective Date. The Town and NEWSNY will mutually agree upon the job duties of the Town -provided labor.
- (c) On the Effective Date, NEWSNY shall pay to the Town a lump sum payment in an amount not to exceed \$35,000 for the Town's legal and consulting fees in developing a host benefits package, based on actual invoices.
- (d) Commencing on the Effective Date, NEWSNY shall pay to the Town the amount of \$15,000 per year, which will be increased annually on a calendar year basis by the percentage change in CPI-U index from the prior calendar year, for fire protection in lieu of the current Priority Services Agreement, attached hereto as Exhibit ___, which the Town agrees to terminate prior to the Effective Date. The Town shall distribute the funds to the fire districts within the Town in its sole discretion.
- (e) NEWSNY shall provide the Town with a recreation area, at a cost not to exceed \$100,000. The Town and NEWSNY will mutually agree upon the type of recreation area that will best serve the needs of the residents of the Town. In addition to said cost of the recreation area, NEWSNY will provide an annual payment to the Town in the amount of \$10,000 for operation and maintenance of the recreation area. This amount will be paid commencing on the effective date and continued for a minimum of 5 years. If, after five years, the Town has not established an operational recreation area, the annual payments will suspended until the year that the recreation area becomes operational. The Town will establish an interest bearing reserve fund for such payments and agrees that it will provide matching funds on an annual basis into such reserve fund, which shall be used for the operation and maintenance of the recreation area.
- (f) NEWSNY shall provide the Town with a sewer line connection on Route 5 & 20. The Town and NEWSNY will mutually agree on the direction that the sewer line will travel (Canandaigua or Geneva). The Village of Flint and the BOCES building will be provided access to the sewer.
- (g) NEWSNY shall assume the obligations under the existing Property Protection Plan as set forth in Ontario County Resolution No. 228-2001, attached hereto as Exhibit ___, until the termination thereof. In addition, NEWSNY shall develop a new Property Protection Plan mutually acceptable to NEWSNY, the Town and the County, to take effect upon the termination of the aforesaid existing Property Protection Plan.

- 11. CASELLA OBLIGATIONS. Casella joins this Agreement for purposes of being jointly and severally liable with NEWSNY for all of NEWSNY's payment obligations herein.
- 12. ANNUAL METINGS. The Town and NEWSNY will meet annually (on or about the anniversary of the Closing Date) to discuss strategic topics impacting the Town and the Landfill.
- 13. CITIZEN ADVISORY COMMITTEE. The Town will appoint up to six residents as members of a Citizens Advisory Committee, which will meet with NEWSNY on a quarterly or as-needed basis. The Citizens Advisory Committee will chose one individual as a representative to meet with a representative of NEWSNY and a representative of Ontario County.

14. TERM/TERMINATION.

- (a) Commencement. The obligations of the parties shall commence on the Effective Date.
- (b) Term. The term of this Agreement shall be for the duration of the Operation, Management and Lease Agreement, as that agreement may be extended.
- (c) Termination. This Agreement shall be terminated upon termination of the Operation, Management and Lease Agreement for cause or by its expiration, in which event this Agreement shall expire and terminate simultaneously therewith; provided, however, that such termination of this Agreement shall not affect any obligation of NEWSNY or Casella to remit any Acceptable Waste Host Fee or BUD Material Host Fee that might be due as a result of activities prior to the date of such termination.
- 15. INDEMNIFICATION. NEWSNY and Casella jointly and severally agree to defend, indemnify and hold harmless and discharge the Town from and against any and all claims, liabilities or damages, including legal fees and court costs, arising out of NEWSNY's operation, maintenance, use of the Landfill and related facilities, or any conditions of the Landfill arising from NEWSNY's activities, specifically including any environmental claims or liabilities arising from NEWSNY's activities.
- 16. STRICT PERFORMANCE. The failure of any party to insist upon the strict performance of any of the terms, covenants and provisions of this Agreement shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or provision.

17. DEFAULT; REMEDIES.

- (a) Breaches. A breach of this Agreement shall mean a failure to comply with any of the material provisions of this Agreement. Any alleged breach by NEWSNY or Casella may be enforced by arbitration as set forth in Section 16 below, but shall not be considered an event of default and shall not give rights to the Town to terminate this agreement. Each party may cure such breach as set forth in Section 21 of this Agreement.
- (b) Events of Default. An event of default by NEWSNY shall mean a termination of the Operation, Management and Lease Agreement for cause by the County. An event of default

by the Town shall mean the failure of the Town to satisfy its obligations in Sections 2, 3 and 5, and 9(g) above.

(c) Remedies for Events of Default.

- (i) In the event of a default under this Agreement, the non-defaulting party shall, upon five (5) days prior written notice to the defaulting party, have the right, but not the obligation or duty, to cure such default, including the right to offset the costs of curing the default against any sums due or which become due to the defaulting party under this Agreement. The non-defaulting party shall use its best efforts to employ an economically reasonable method of curing any such default.
- (ii) If any event of default occurs and is not cured in the manner allowed hereunder, then this Agreement shall continue in force and the non-defaulting patty shall have the right to initiate the arbitration process set forth in Section 18 of this Agreement to collect any amounts then due or thereafter to become due under this Agreement or to entorce performance of any covenant or obligation of the breaching party under this Agreement; provided that, notwithstanding anything to the contrary in this Agreement, in the event of default by the Town, NEWSNY shall continue to enjoy all the benefits of this Agreement, but shall not be required to make payments under this Agreement until the event of default is finally resolved.

18. ARBITRATION.

- (a) In order to limit the cost and time involved in resolving differences, disputes, controversies and/or claims (collectively, "Disputes" and, individually, a "Dispute") among the parties hereto and acknowledging that this provision precludes the parties from seeking relief in a court of law and engaging in the extensive discovery involved in such actions, the parties hereto agree that any Dispute arising out of or relating, in any way, to this Agreement, the breach of this Agreement or the parties' relationship arising as a result of this Agreement, will be settled by arbitration administered by the American Arbitration Association in accordance with its applicable rules pertaining to the resolution of commercial disputes. The parties further agree that before resorting to arbitration pursuant to this provision, they 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 30 days, and, if not resolved by the Authorized Representatives, 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 15 days.
- (b) In the event arbitration is necessary, a panel of three arbitrators will hear and decide the Dispute. Each party will select an arbitrator and the arbitrators selected by the parties will, within 14 days of their appointment, select the third, neutral arbitrator. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the American Arbitration Association shall select the third arbitrator. The panel of three arbitrators shall consist of individuals with no significant relationship with any of the parties.

- (c) Arbitration proceedings and submittals shall be held in Ontario County, New York.
- (d) Notwithstanding the existence of any Dispute, each party shall continue to perform this Agreement, other than the issue in dispute, during the pendency of the Dispute.
- 19. CAPTIONS AND HEADINGS. Captions and headings throughout this Agreement are 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 effect this Agreement.
- 20. MODIFICATIONS. This Agreement cannot be changed orally, but only by agreement in writing signed by the party against whom enforcement of the change, modification or discharge is sought or by its duly authorized agent.

21. RIGHT TO CURE BREACH.

Each party shall, in the case of any breach of its obligations under this Agreement, either:

- (a) cure the breach to the satisfaction of the non-breaching party (not to be unreasonably withheld) within ninety (90) days of receipt of written notice from the non-breaching party or;
- (b) continuously demonstrate within ninety (90) days of receipt of written notice from the non-breaching party that it is actively and continuously pursuing a course of action which can reasonably be expected to lead to a curing of the breach (the ninety (90) day period will be extended for so long as the breaching party is actively and continuously pursuing such a course) provided, however, that in the event of the failure of any party to pay the other party or parties any sum or due amount required to be paid when due hereunder, cure shall consist of payment within fifteen (15) days of written demand from the non-breaching party together with interest accruing at the legal rate from the date the payment was due.
- 22. SEVERABILITY. In the event any provision contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein; provided, however, that it is the intention of the parties thereto that in lieu of each term, clause, or provision that is held to be invalid, illegal or unenforceable, there shall be added by mutual agreement as a part of this Agreement a term, clause or provision as similar in terms to such invalid, illegal or unenforceable, term, clause or provision as may be possible and valid, legal or enforceable. Notwithstanding the above, if the term of this Agreement is held to be invalid, illegal, or unenforceable in any respect, then the term of this Agreement shall automatically be the maximum valid and legal term allowed by applicable common or statutory law.
- 23. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

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- 24. BINDING EFFECT. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.
- 25. ASSIGNMENT. This Agreement may be assigned by NEWSNY or Casella to any entity controlling, controlled by, or under common control with Casella. No such assignment shall release NEWSNY from liability for the performance of this Agreement.
- 26. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Town, NEWSNY and Casella, and cancels and supersedes all prior negotiations, representations, understandings and agreements, either written or oral, between such parties with respect to the subject matter hereof. The parties acknowledge and agree that this Agreement is entered into in contemplation of the contemporaneous execution of the Operation, Management and Lease Agreement, and all exhibits and schedules thereto, and these agreements shall be read and interpreted together. No changes, amendments, alterations, or modifications to this Agreement shall be effective unless in writing and signed by the parties hereto.
- 27. COUNTERPARTS. This Agreement may be executed in counterparts, each of which will be considered an original.
- 28. AUTHORITY OF PARTIES. The individuals who have executed this Agreement on behalf of the respective parties expressly represent and warrant that they are authorized to sign on behalf of such entities for the purpose of duly binding such entities to this Agreement.
- 29. CONDITIONS FOR RENEGOTIATION OF HOST BENEFITS. This Agreement has been prepared based upon a Landfill located on property currently owned by the County of Ontario, with a capacity of 2,000 tons per day of Acceptable Waste, excluding BUD Material, for 25 years. In the event that NEWSNY increases the daily tonnage rate to more than 2,000 tons per day of Acceptable Waste, excluding BUD Material, or proposes a landfill design with capacity to allow the Landfill to operate for a term substantially longer than 25 years, the Town may elect to renegotiate the Host Fees as described herein. Both parties will renegotiate in good faith.

IN WITNESS WHEREOF, the Town, NEWSNY and Casella have caused their respective duly authorized officers to execute this Agreement under seal as of the day and year first above written.

* * *SIGNATURES APPEAR ON THE FOLLOWING PAGE * * *

TOWN OF SENECA., NEW YORK:

By: I mald M. Janean I

Name: Donald N. Jensen II

Title: Supervisor

1-2204 Date:

NEW ENGLAND WASTE SERVICES OF N.Y., INC.:

Name:

Title:

Date:

CASELLA WASTE SYSTEMS, INC.:

Name: Michael J. Brenan

Title: V.P. and Senval Comes

Date: 1/13/04

AL83556.2

FIRST AMENDMENT TO THE TOWN OF SENECA HOST AGREEMENT

THIS FIRST AMENDMENT to the Town of Seneca Host Agreement (the "Amendment") is made and entered into this 16 day of November, 2007 (the "Amendment Effective Date"), by and between the TOWN OF SENECA, a political subdivision organized and existing under the laws of the State of New York (the "Town") and CASELLA WASTE SERVICES OF ONTARIO, LLC ("Casella of Ontario") a New York limited liability corporation having its principal place of business at 803 Cascadilla Street, Ithaca, New York, and the successor-in-interest of NEW ENGLAND WASTE SERVICES OF N.Y., INC. ("NEWSNY"); and CASELLA WASTE SYSTEMS, INC., a Delaware corporation having its principal place of business located at 25 Greens Hill Lane, Rutland, Vermont ("Casella").

WHEREAS, on or about November 25, 2003, NEWSNY, Casella, and Ontario County (the "County") entered into an Operation, Management and Lease Agreement whereby NEWSNY took over operation of the Ontario County Landfill (the "OMLA");

WHEREAS on or about December 8, 2003, NEWSNY, Casella and the Town entered into a Host Agreement providing for certain payments and benefits to the Town;

WHEREAS, on or about January 13, 2004, in conjunction with the privatization of the Ontario County Landfill, the Town, NEWSNY and Casella entered into a Host Agreement that contained certain agreements relating to the Town Convenience Station;

WHEREAS, on or about June 30, 2004 NEWSNY, upon notice to the Town, assigned all rights and obligations under the OMLA and the Host Agreement to Casella of Ontario;

WHEREAS, section 10(b) of the Host Agreement provides that NEWSNY has the option of relocating the Town Convenience Station as defined therein;

WHEREAS, NEWSNY and the Town have agreed that it is in the best interests of NEWSNY and the Town to not relocate the Town Convenience Station, but to have NEWSNY take over operation of the Town Convenience Station, and for the parties to amend the Host Agreement in accordance therewith;

WHEREAS, Casella of Ontario's operation of the Ontario County Landfill, flares excess methane gas. Casella of Ontario and the Town agree to use their collective best efforts to reduce this practice as soon as is reasonably practicable, and further agree that within six (6) months of the Town's approval of this Agreement, Casella of Ontario shall present to the Town a plan for the excess gas being generated by the Ontario County Landfill; with the goal of implementing such plan within twelve (12) to twenty-four (24) months of the Town's approval of this Agreement. In the event that said Plan is not acceptable to the Town of Seneca, then the Town of Seneca and Casella Waste agree to submit the question of what is an acceptable plan to the judgment of an impartial third party with knowledge and expertise of these questions.

WHEREAS, all parties to the Host Agreement agree that since circumstances have changed since the original agreements were executed, it is in the best interest of all parties and

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the people of the Town of Seneca that the Host Agreement should be amended to take into consideration such circumstances;

NOW, THEREFORE, in consideration of these promises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

- 1. The parties acknowledge that a 49.9% permit modification has been applied for, which, if issued, will result in additional tonnage permitted, and therefore, additional payments to the Town. The parties agree and acknowledge, therefore, that:
- (a) The current permit limit is 2,000 tons per day with annual limits of 612,000 tons per year on 306 working days.
- (b) If the 49.9% permit modification is granted, the permit will allow for the disposal of 2,999 tons per day with annual limits of 917,694 tons per year on 306 working days.
- 2. Upon issuance of the 49.9% permit modification in final form, where such issuance is unappealable or any appeals taken have been resolved in favor of the applicant, Casella of Ontario shall pay to the Town of Seneca the total amount of One Million Dollars to be paid in yearly amounts as billed by the Town not to exceed Two Hundred Thousand Dollars in any one year to support the construction of approximately 36 miles of water lines in the Town. The Water Line Project is estimated to take a period of five-seven years to complete. Casella of Ontario shall not be obligated under any circumstances to pay more than Two Hundred Thousand Dollars per year for this project.
- 3. Section 29 of the Host Agreement is deleted in its entirety and replaced with the following:
 - "29. CONDITIONS FOR RENEGOTIATION OF HOST BENEFITS. This Agreement has been prepared based upon a Landfill located on property currently owned by the County of Ontario, with a capacity of 2,999 tons per day of Acceptable Waste, excluding BUD Material, for a Term of 25 years. In the event that NEWSNY increases the daily tonnage rate to more than 2,999 tons per day of Acceptable Waste, excluding BUD Material, or proposes a landfill design with capacity to allow the Landfill to operate for a term substantially longer than 25 years, the Town may elect to renegotiate the Host Fees as described herein. Both parties will renegotiate in good faith."
- 4. As of the Amendment Effective Date, the Town hereby grants Casella of Ontario an exclusive lease, franchise, license, right and privilege to operate, use and manage the Town Convenience Station, and to take all actions appurtenant thereto, continuing for the Term as governed by the provisions of the Host Agreement, including, without limitation: the exclusive use of any local, state or federal Permits authorizing the construction or operation of the Town Convenience Station, which shall remain in the Town's name; and the right to accept or reject waste at the Town Convenience Station at Casella of Ontario's sole discretion.

- 5. Section 10(b) of the Host Agreement is deleted in its entirety and replaced with the following:
 - "(b) Operation of Town Convenience Station: At no cost to the Town, NEWSNY shall provide residents of the Town with free disposal of Acceptable Waste and Recyclable Materials at the Town Convenience Station and free transportation of such Acceptable Waste to the Facilities, subject to the following:
 - (i) NEWSNY shall use commercially reasonable efforts to obtain and maintain all Permits relating to the construction and operation of the Town Convenience Station. NEWSNY shall obtain all new and renewal Permits in the Town's name. The Town shall, as permitted by law, vest in NEWSNY all operational authority under the Permits held by the Town. The Town shall cooperate with NEWSNY in obtaining and maintaining compliance with all Permits during the Term. The parties agree to use good faith and due diligence in obtaining Permits and any renewals, modifications and amendments thereto.
 - (ii) NEWSNY shall be responsible for the performance of all day-to-day operations of the Town Convenience Station. NEWSNY shall be responsible for providing and maintaining all necessary services, facilities for the receiving and handling of Acceptable Waste and Recyclable Materials to be disposed of or handled at the Town Convenience Station. Such responsibilities shall include without limitation (A) employing all necessary personnel to operate the Town Convenience Station and (B) providing all services incidental to the business of operating the Town Convenience Station (including security, accounting, legal, fire prevention and pollution control).
 - (iii) NEWSNY shall have full physical and managerial control of all lands and buildings comprising the Town Convenience Station, subject only to the express limitations of the Host Agreement. NEWSNY shall accept only Acceptable Waste at the Town Convenience Station. NEWSNY shall reject Excluded Waste delivered to the Town Convenience Station, which provision shall not limit NEWSNY's right of recourse against the transporter or generator of the Excluded Waste. NEWSNY shall have the right to detain and inspect the contents of all vehicles which are delivering waste to the Town Convenience Station to ensure that Excluded Waste is not being delivered. NEWSNY shall have the right to refuse or reject such Excluded Waste in its sole discretion or, if not detected prior to entering the Town Convenience Station, and NEWSNY can identify the resident who delivered the Excluded Waste, NEWSNY shall have the right, at its sole discretion, to (A) remove the Excluded Waste at the resident's expense and (B) ensure its proper disposal at the resident's expense. NEWSNY shall have the right to prevent the use of the Town Convenience Station by such resident until such time as the expenses for (A) and (B) above are paid. NEWSNY shall

have the right to ban any and all residents who deliver or attempt to deliver Excluded Waste to the Town Convenience Station.

- (iv) NEWSNY will operate the Town Convenience Station in compliance with all applicable laws and regulations of Governmental Authorities and all Permits. NEWSNY will provide the Town with annual tonnage reports.
- (v) NEWSNY shall have the right to operate the Town Convenience Station at hours of its choosing from 7:00 A.M. to 6:00 P.M. Monday and Wednesday; from 7:00 A.M. to 3:00 P.M. Saturday.
- (vi) NEWSNY shall have the right to erect one or more storage sheds or similar structures at the Town Convenience Station.
- (vii) Any and all revenue and income generated by or at the Town Convenience Station shall be collected by NEWSNY and shall be the property of NEWSNY.
- (viii) The Town shall indemnify, hold harmless and release NEWSNY and NEWSNY's successors and assigns from any and all claims, costs, damages, expenses, judgments, liabilities, suits, causes of action, demands, losses, bodily harm, personal injury, death, property damage, obligations, environmental liens, fees, charges, fines and penalties, of any nature or kind whatsoever, whether direct or indirect, express or implied, known or unknown, contingent or otherwise, including without limitation consequential damages and legal costs and expenses (including the costs of enforcement of the indemnities provided herein) ("Losses") arising from (A) the presence at the Town Convenience Station as of the date of this amendment of any hazardous, toxic or radioactive substance, as defined by any federal, state or local law, statute, ordinance, rule, regulation or guidance document; (B) the presence at the Town Convenience Station after the date of this amendment of any hazardous substance that has migrated to the Property from any real property adjacent to the Town Convenience Station now, previously or later owned, leased by or used by the Town; and (C) the Town's violation of any federal, state or local environmental laws during the time of the Town's operation of the Town Convenience Station.
- (ix) NEWSNY shall indemnify, hold harmless and release the Town and its successors and assigns from any and all Losses arising from NEWSNY's operation of the Town Convenience Station and NEWSNY's violation of any federal, state of local environmental laws during NEWSNY's operation of the Town Convenience Station, provided, however, that (A) NEWSNY shall have no liability for indemnifying the Town for Losses arising during the operation of the Town Convenience Station by the Town or any party not affiliated with NEWSNY; and (B)

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this indemnity shall not survive the expiration or earlier termination of the Host Agreement."

- 6. Casella of Ontario also agrees to cooperate with the Town to obtain landfill gas from the Landfill for use by the Town at its offices and buildings.
- 7. All references in this Amendment to future obligations of NEWSNY shall be understood to mean future obligations of Casella of Ontario only, and shall not be understood to be joint obligations. The guarantee obligations of Casella Waste Systems, Inc. under Section 11 of the Host Agreement are not altered or expanded by this Amendment.
- 8. Capitalized terms used herein which are not otherwise defined herein shall have the meanings as defined in the Host Agreement.
- 9. As amended by this Amendment, the Host Agreement continues in full force and effect.

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IN WITNESS WHEREOF, the Town, Casella of Ontario and Casella have caused their respective duly authorized officers to execute this First Amendment to the Host Agreement, effective as of the day and year first written above.

TOWN OF SENECA, NEW YORK	
By: Jones Dr. Cloud	198 81-1
Name: Donald N JEnsen II	
Title: Supervisor	
CASELLA WASTE SERVICES OF ONTARIO, LLC	
By:	
Name: Timothy A. Cretney	
Title: Authorized Signifory	
/	
CASELLA WASTE SYSTEMS, INC.	
By:	
Name: Timothy A. Cletny	
Title: Region Vice President	