



ROCHELLE WASTE DISPOSAL

ADMINISTRATIVE OFFICE

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LANDFILL

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OPERATIONS OFFICE

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March 15, 2012

Mr. David S. Plyman
City Manager
City of Rochelle
420 No. 6th St.
Rochelle, IL 61068

Re: Letter of Understanding; Regarding Local Surcharge Fees

Dear David,

This "Letter of Understanding" is to document the resolution that the Rochelle Waste Disposal (RWD) has reached with the City of Rochelle (the City), hereafter referred to as "the parties", regarding some outstanding issues raised during earlier discussions. The resolution that we have reached relates to certain of the matters both parties addressed in a November 9th, 2011 meeting and a December 5th, 2011 letter from me to you.

Primarily, the purpose of the letter is to inform the City that RWD agrees to pay local surcharge fees incurred during 2010 and 2011 at a rate of \$1.27/ton, as weighed at the scale. As we have discussed, it was our interpretation of the Host Agreement that this fee would be applied as local surcharge fees are calculated, as authorized in Section 22.15 of The Environmental Protection Act. As such our payments during 2010 and 2011 have been reflective of the payments applicable to a landfill that receives less than 150,000 cubic yards per year.

Regardless of interpretation, we understand that it is the desire of the City of Rochelle, Ogle County and the Village of Creston to receive \$1.27/ton, regardless of the annual volume of waste received.

In an effort to move forward and maintain a good working relationship with all parties, RWD agrees to apply the \$1.27 fee to all tons subject to host fees during 2010 and 2011. It is our understanding that these past fees are approximately \$125,000; an exact amount will be determined and agreed to by both parties. RWD proposes to pay these past fees when it makes the regular first quarter payment for 2012 on or about April 15th, 2012. RWD also agrees to pay \$1.27/ton for all tons subject to the host fees as of January 1st, 2012.

As we have discussed, RWD requests that the City waive the restriction on the acceptance of waste from within the City of Chicago under the authority given to the City described in the siting conditions attached to the city council's approval of the landfill expansion. The market in this service area, including Chicago, is quite competitive as most Chicago and especially suburban waste companies already have landfills or landfill agreements. The landfill is currently operating at about 25% of the capacity allowed by the host agreement and removing the restriction on Chicago waste is necessary in order to enable

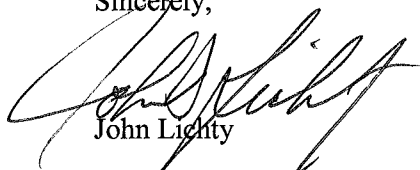
RWD to seek new customers. RWD must increase volume in order to operate the landfill as a sustainable economic operation enabling it to provide long term cost effective disposal for the City and the surrounding area.

While I am not stating that the resolution of host fee payments is contingent upon removal of the service area restriction, I would like to point out that both parties negotiated in good faith and with a mutual understanding that the City would consider this matter. As of the date of this letter, the City Council will meet on two occasions prior to the host fee payments coming due allowing the City ample time to act on RWD's request for removal of the service area restriction prior to payment of the host fees on April 15th.

I would like to thank Alan Cooper, Kathy Cooper and you for the time and consideration that you have given to all of the matters allowing us to reach resolution. I look forward to continue to develop the relationship between the parties and to provide the continued high level of service that the City has enjoyed from RWD since 1995.

If you have any questions, please do not hesitate to contact me at 815-963-7520.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lighty", written over a printed name.

John Lighty

CC: Clyde Gelderloos
Alan Cooper
Kathy Cooper