

POWER PURCHASE AGREEMENT

BETWEEN

THE CITY OF ROCHELLE AND ROCHELLE ENERGY CENTER

This agreement ("Agreement") is executed August 10, 2010, by the City of Rochelle, an Illinois municipal corporation ("Buyer"), and Rochelle Energy Center, LLC, a Delaware limited liability company ("Seller").

The Seller intends to develop, own, and operate a plant which will utilize landfill gas generated at the landfill known as Rochelle Municipal Landfill No. 2 to generate electrical power, and at the same time as the execution of this Agreement has entered a Landfill Gas Purchase Agreement with Rochelle Waste Disposal, LLC, an Illinois limited liability company ("RWD"), the operator of the landfill, for the purchase of landfill gas.

The Buyer provides electricity and other utility services and desires to purchase electric power and environmental attributes generated at the plant proposed by the Seller.

**ARTICLE ONE
GENERAL DEFINITIONS**

"Business Days" shall mean Monday through Friday excluding Christmas, New Years Day, Thanksgiving Day, July 4th, Memorial Day, Labor Day, and any other day on which there is no delivery of first class mail by the U. S. Postal Service.

"Commencement Date" means the earlier of (i) December 31st, 2011 or (ii) the Commercial Operations Date; provided, however, that the date of December 31st, 2011 described in clause (i) above will be extended one (1) day for each day that Seller is delayed in completing the construction of the Plant as a result of Force Majeure.

"Commercial Operation" means the Plant is operating and able to produce and deliver energy to Buyer pursuant to the terms of this Agreement.

"Commercial Operation Date" means the date on which Seller notifies Buyer that Commercial Operation has occurred as certified by a Licensed Professional Engineer.

"Costs" means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

"Contract Year" means any of the twelve (12) consecutive months starting with the first day of the month following the Commercial Operation Date.

"Delivery Point" means a point established by the Buyer in the Plant control panel and which is the location of the meter described in Section 3.05 below.

"Effective Date" means the date set forth in the caption.

Electrical-Energy means the three-phase, sixty-hertz electricity product produced at the Plant and supplied to the Delivery Point by Seller, as measured in kilowatts ("kW") and kilowatt-hours ("kWh").

"Emergency" means an actual or imminent condition or situation, which jeopardizes Rochelle Municipal Utility System Integrity or the integrity of other systems to which Buyer is connected, as determined by Buyer in its sole discretion or any condition so defined and declared by the applicable Independent System Operator.

"Environmental Attributes" means (a) any and all marketable credits derived from the generation of electrical energy using a renewable energy fuel source (landfill gas) whether referred to as Renewable Energy Credits or otherwise, and which are directly attributable to the generation of electricity or other energy from the Plant, and (b) the Reporting Rights associated with the generation of electrical energy from the Plant such as "Green Tag Reporting Rights." Environmental Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Plant, (ii) production or investment tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income tax obligations, (iii) emission reduction credits encumbered or used by the Plant for compliance with local, state, or federal operating and/or air quality permits; (iv) any tradable credits for emission reduction (such as "Carbon Credits" or "Voluntary Carbon Units") based on the greenhouse gas reduction benefits attributed to the collection and destruction of methane gas by the Landfill (as opposed to the Plant) and which are the subject of the Project Proponent Agreement, or (v) any Fuel Carbon Credits.

"Force Majeure" means any occurrence beyond the reasonable control of a Party, which causes that Party to be unable to perform, in whole or in part, an obligation under this Agreement, and which was not anticipated as of the date the particular transaction was agreed to, and which could not have been avoided by the exercise of due diligence. Force Majeure includes acts of God and natural catastrophes; actual or threatened civil disturbance, terrorism, war, or riot; strike or other labor dispute; emergencies declared by or forced curtailment required by the ISO or any other authorized successor or regional transmission organization or any state or federal regulator or legislature, physical damage to the transmission system making it impossible to transmit energy. Force Majeure shall not be based on: (i) Buyer's inability economically to use or resell the Product purchased hereunder; (ii) Seller's ability to sell the Product at a price greater than the price set forth in this Agreement, (iii) Seller's inability to obtain regulatory approvals for the construction, operation, or maintenance of its Plant; (iv) Seller's inability to obtain sufficient fuel to operate the Plant; or (v) a Forced Outage.

"Forced Outage" means an unplanned reduction or suspension of the electrical output from the Plant in response to a mechanical, electrical, or hydraulic control system trip or operator-initiated trip in response to an alarm or equipment malfunction.

"Fuel Carbon Credits" means any credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to the destruction or reduction of contaminants or greenhouse gases in the landfill gas which results from the use of the landfill gas as a fuel in the Plant, including but not limited to: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; and (3) the Reporting Rights to these avoided emissions.

"Gas Purchase Agreement" means that certain Landfill Gas Purchase Agreement between RWD and the Seller of even date herewith under which RWD has agreed to sell and deliver landfill gas to the Seller.

"Governmental Approval" means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any governmental entity and shall include those siting and operating permits and licenses, and any of the foregoing under any applicable environmental law, that are required for the use and operation of the Plant or related project.

"Green Tag Reporting Rights" are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The U.S. Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on kWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy.

"Guaranteed Commercial Operation Date" means December 31, 2011.

"Interconnection Facilities" means all apparatus required by the Buyer to interconnect and deliver power from the Plant to the Delivery Point including, but not limited to, connection, transformation, switching, metering, communications, control, and safety equipment, such as equipment required to protect (a) the Buyer electric system (or other systems to which the Buyer electric system is connected, including the Independent System Operator Grid) and Buyer's customers from faults occurring at the Plant, and (b) the Plant from faults occurring on the Buyer electric system or on the systems of others to which the Buyer electric system is directly or indirectly connected. Interconnection Facilities also include any necessary additions and reinforcements by Buyer to the Buyer electric system required as a result of the interconnection of the Plant to the Buyer electric system, the Independent System Operator grid, or electric systems of others to which the Buyer electric system is directly or indirectly connected."

"Interest Period" means the monthly period beginning on the first day of each calendar month and ending on the last day of each month.

"Interest Payment Date" means the last Business Day of each calendar year.

"Interest Rate" means two per cent (2%) plus the "Prime Rate" per annum in effect and announced as such in the Wall Street Journal determined on a daily basis. In the event that the Wall Street Journal is no longer published, the Interest Rate shall be determined by reference to another generally recognized financial publication or on-line service of national circulation, as designated by the Buyer.

"Licensed Professional Engineer" means a person acceptable to Buyer in its reasonable judgment who (i) is licensed to practice engineering in the state, (ii) has training in experiences in the landfill gas to electric power industry, (iii) has no economic relationship, association, or nexus with Seller, (iv) is not a representative of a consultant, engineer, contractor, designer or other individual involved in the development of the Plant or generating facility or of a manufacturer or supplier of any equipment installed the Plant or generating facility, and (v) is licensed in an appropriate engineering discipline for the required certification being made.

"Minimum Option Price" shall be that amount which provides the Seller with an Internal Rate of Return equal to thirteen and eight-tenths per cent (13.8%). An example illustrating this calculation is attached as Appendix I.

"Option Date" shall mean the first day following the expiration of five years after the later of the Commercial Operations Date or the date on which the Plant is first placed in service for Federal Income Tax purposes.

"Outage-Notification Form" means the notice form attached as Appendix II, which shall be submitted by Seller to Buyer in accordance with the relevant provisions of Section 3.06. Seller shall be entitled to change the form of the Outage Notification Form from time to time as long as the revised form conveys substantially the same information.

"Planned Outage" means removing the Plant equipment from service availability for maintenance, inspection, and/or general overhaul of one or more major equipment groups. To qualify as a Planned Outage, the maintenance (i) must actually be conducted during the Planned Outage, and in Seller's sole discretion must be of the type that is both necessary to reliably maintain the Plant, and (ii) cannot be reasonably conducted during Plant operations.

"Plant" shall mean the engines, generators, switchgear, lines, interconnection equipment, and other equipment and improvements that may be installed at the Premises described in the Lease and used by Seller from time to time to process and convert landfill gas to an energy product that could be sold to the Buyer or other parties. Without limitation, the definition of Plant shall include all equipment and improvements used by the Seller to convert landfill gas to one or more saleable Products or other energy products.

"Product" shall mean all Electrical Energy generated by the Plant and all capacity and Environmental Attributes attributed to the generation of Electrical Energy by the Plant.

"Prolonged Outage" is any period of more than 30 consecutive days during which the Plant is or will be unable, for whatever reason, to provide at least 60% of the net rated output of the Plant.

"Production Tax Credit" or "PTC" means the tax credit for electricity produced from certain renewable generation resources described in Section 45 of the Internal Revenue Code of 1986, as amended.

"Project Proponent Agreement" means that certain Voluntary Emission Reductions Purchase and Project Proponent Agreement of even date herewith, between the City, RWD, and William Charles Energy, LLC.

"Prudent Electrical Practices" means those practices, methods, applicable codes and acts engaged in or approved by a significant portion of the electric power industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time decision is made, that could have been expected to accomplish a desired result at reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Electrical Practices are not intended to be limited to the optimum practices, methods, or acts to the exclusion of others, but rather to those practices, methods and acts generally accepted or approved by a significant portion of the electric power industry in the relevant region, during the relevant time period, as described in the immediately preceding sentence.

"Reporting Rights" means the right of Seller to report to any federal, state, or local agency, authority or other party, including without limitation under Section 1605(b) of the U.S. Energy Policy Act of 1992 and provisions of the U.S. Energy Policy Act of 2005, or under any present or future domestic, international or foreign emissions trading program, that Seller owns the Environmental Attributes associated with the Electrical Energy generated at the Plant.

"RWD" means Rochelle Waste Disposal, LLC, an Illinois limited liability company, which is the operator of the Landfill.

"Sublease" means that certain Site Sublease Agreement of even date between RWD, as lessor, and the Seller, as lessee, under which the Seller has subleased from RWD the premises on which the Plant is to be

located.

"Term" shall have the meaning provided in Section 5.01(a) of this Agreement.

ARTICLE TWO TRANSACTION TERMS

2.01 Terms. As used in this Agreement, (i) neutral pronouns and any derivations of them shall be deemed to include the feminine and masculine and all terms used in the singular shall be deemed to include the plural and vice versa, as the context may require; (ii) the word "**including**" is not intended to be exclusive and means "including without limitation"; (iii) the word "**days**" means "calendar days," unless otherwise stated; (iv) "**Section**" refers to sections and subsections in this Agreement; (v) descriptive headings are inserted for convenience of reference only and do not constitute a part of and shall not be used in interpreting this Agreement; (vi) all capitalized terms used but not defined in the body of this Agreement shall have the meanings set forth in Article One; and (vii) each of the Exhibits to this Agreement are incorporated in this Agreement by reference.

ARTICLE THREE OBLIGATIONS AND DELIVERIES

3.01 Seller's and Buyer's Obligations. Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Product at the Delivery Point during the Term, and Buyer shall pay Seller the Product Charge (as defined below). Seller shall be responsible for any costs or charges imposed on or associated with the Product or its delivery up to the Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Product or its receipt at or from the Delivery Point. The Seller will pay the Buyer for a System Study (with a firm cost of \$72,000.00). Upon receipt of the System Study, the Seller will pay for System Protection and System Improvement directly related to this project, provided that the total costs for the System Protection and System Improvements will not exceed \$325,000.00. Seller will have a right to review any pertinent documents to confirm that all System Improvements included in the cost relate to this project. In the event the total cost exceeds \$325,000.00, the parties shall use their best efforts to reach an agreement with respect to payment of any excess over \$325,000.00. Seller may make such alterations or modifications to the Plant that the Seller determines to be appropriate from time to time.

3.02 Environmental Attributes. (a) In connection with the sale of the Product, the Seller sells and conveys all Environmental Attributes to the Buyer as part of the Product being delivered. Seller represents and warrants, and Buyer acknowledges and agrees, that Seller holds the rights to all Environmental Attributes from the Plant, and Seller agrees to convey and by this Agreement conveys all such Environmental Attributes to Buyer as included in the delivery of the Product from the Plant.

(b) The type and amount of any Environmental Attribute transferred and delivered under this Agreement will be measured, calculated, verified, and certified as agreed by the Parties or as required pursuant to the applicable program governing the Environmental Attribute. Seller is responsible for ensuring that the certification authority, verification provider, and verification methodologies are selected in compliance with the rules of the applicable program.

3.03 Transmission and Scheduling. Seller shall arrange and be responsible for transmission service, including risk of transmission outage or curtailment, to the Delivery Point and bear all risks and costs associated with any transmission outages or curtailment. Buyer shall arrange and be responsible for transmission service, including risk of transmission outage or curtailment, at and from the Delivery Point

and bears all risks and costs associated with any such outages or curtailment. Buyer shall receive delivery of Product at the Delivery Point. Except for a failure or curtailment resulting from a Force Majeure, the failure of electric transmission service shall not excuse performance with respect to the Transaction.

3.04 Standard of Care.

(a) Standards. All generation, scheduling and transmission services shall be performed in compliance with Prudent Electrical Practices. Seller, at its own expense, shall fulfill all contractual, metering and interconnection requirements of general application established by Buyer, so as to be able to deliver electrical energy to the Buyer at the Delivery Point and Seller shall bear all costs relating to all metering equipment installed to accommodate the Plant.

(b) Reliability Standard. Seller agrees to abide by all applicable ISO reliability requirements and Buyer's requirements regarding interconnection of the Plant.

(c) Protective Apparatus. Seller, at no cost to Buyer, agrees to furnish and install the relays, meters, power circuit breakers, synchronizer and other control and protective apparatus as Buyer, in its reasonable commercial judgment, determines to be reasonably necessary for proper and safe operation of the Plant in parallel with the Buyer's system.

3.05 Metering. All output from the Plant shall be delivered through a single meter (the "Meter") and that meter shall be dedicated exclusively to the Plant. All Product purchased under this Agreement must be measured by the Plant meter to be eligible for payment under this Agreement. Buyer shall install and maintain in accordance with Prudent Electrical Practices the Meter and any other metering devices required for measuring the quantity of Electrical Energy delivered to the Delivery Point. Buyer shall perform all calibrating and adjusting of the Meters at its cost. Consistent with Prudent Electrical Practices, Buyer's Duly Authorized Representatives shall test the Meter for accuracy at Buyer's cost and Seller's Duly Authorized Representatives shall have the right to witness such test. If the test results in any adjustment to any meter data for a given time period, Seller agrees that it shall submit revised monthly invoices covering the entire applicable time period in order to conform fully to the adjustments to the meter data. Seller shall submit any such revised invoice no later than thirty (30) days from the date on which the recalibration or test provides the adjustment to the meter data. In addition, Buyer agrees to provide all meter data to Seller, and all inspection, testing and calibration data and reports.

3.06 Outage Notification.

(a) Planned Outages. Within sixty (60) days after the Commercial Operations Date, Seller shall notify Buyer by submitting a complete Outage Notification Form. Thereafter, no later than December 1 of each year during the Term. The Outage Notification will advise the Buyer of the Seller's proposed Planned Outage schedule for the Plant for the following calendar year. Notwithstanding the submission of the Outage Notification Form described in the previous sentence, Seller shall also submit a completed Outage Notification Form 24 hours prior to each Planned Outage. Seller shall contact Buyer with any requested changes to the Planned Outage schedule if Seller believes the Plant must be shut down to conduct maintenance that cannot be delayed until the next scheduled Planned Outage consistent with Prudent Electrical Practices. Seller shall use its best efforts not to change its Planned Outage Schedule without notice to Buyer.

(b) Forced Outages. Seller shall (i) use commercially reasonable efforts to notify Buyer of any Forced Outage at the earliest opportunity, and (ii) provide a written estimate of its expected duration of the outage.

(c) Prolonged Outages. Seller shall notify Buyer of a Prolonged Outage as soon as possible under the circumstances by submitting a completed Outage Notification Form and provide an estimate of the duration of the outage. Seller shall notify Buyer in writing when the Plant is again operational.

(d) Force Majeure. An outage resulting from an event of Force Majeure that prevents the Plant from delivering Product for a period of six (6) consecutive months shall, at the election of Buyer, constitute an Event of Default.

3.07 Operations Logs and Access Rights.

(a) Operations Logs. Seller shall maintain a complete and accurate log of all material operations and maintenance information on a daily basis. Such log shall include, but not be limited to, information on power production, fuel consumption, efficiency, availability, maintenance performed, outages, results of inspections, manufacturer recommended services, replacements, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Seller shall provide this information electronically to Buyer within 30 days of Buyer's request.

(b) Access Rights. Buyer, its authorized agents, employees and inspectors shall have the right of ingress to and egress from the Plant at any reasonable time after reasonable notice for any purposes reasonably connected with this Agreement or the exercise of any and all rights secured to Buyer by law. Buyer shall make reasonable efforts to coordinate its emergency activities with the safety and security personnel, if any, of the Plant operator. Seller shall keep Buyer advised of current procedures for contacting the Plant operator's safety and security personnel. Seller shall provide adequate and continuing access rights to transport, install, operate, maintain, service, replace and/or remove the interconnection facilities and related equipment or line extension that may be provided, owned, operated and maintained by Buyer.

3.08 Plant.

(a) A general description of the Plant, its key components, and its net rated output is attached as **Exhibit 3.08(1)** (the "Plant Description"). Seller, at no cost to Buyer, shall:

(i) Design and construct the Plant in substantial conformity to the Plant Description.

(ii) Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements for the Interconnection Facilities and deliver Product to the Delivery Point.

(iii) Acquire all permits and other approvals necessary for the construction, operation, and maintenance of the Plant.

(iv) Complete all environmental impact studies necessary for the construction, operation, and maintenance of the Plant.

(v) Provide to Buyer reasonable advance written Notice of any changes in the Plant.

(b) Buyer shall have the right to:

(i) Review the design of the Plant's synchronizing equipment, protective relays, and neutral grounding.

(ii) Notify Seller in writing of the results of the review within thirty (30) calendar days of Buyer's receipt of all specifications, including a description of any flaws perceived by Buyer in the design.

(iii) Request modifications to the design of the Plant's electrical system which are necessary, in Buyer's reasonable judgment consistent with Prudent Electric Practices, to maintain Buyer's electric system integrity when the Plant is operating in parallel with the Buyer's electric system.

(c) Construction Milestones.

(i) The Parties also agree certain milestones for the construction of the Plant ("Milestones") should be achieved in a timely fashion. The Parties will establish a schedule setting forth the construction milestones by their mutual agreement within thirty (30) days after the Effective Date. Seller shall provide Buyer with any requested documentation to support the achievement of Milestones within ten (10) Business Days of receipt of a request by Buyer.

(ii) If Seller misses three or more Milestones or misses any one by more than 90 days, except as the result of Force Majeure, Seller shall submit to Buyer, within ten (10) days of such missed Milestone completion date, a remedial action plan ("RAP"), which shall provide a detailed description of Seller's course of action and plan to achieve the missed Milestones and all subsequent Milestones by the Guaranteed Commercial Operation Date.

(iii) Seller shall use its best efforts to cause the Plant to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date.

**ARTICLE FOUR:
PAYMENT; OPTION TO PURCHASE**

4.01 Payment. (a) Commencing on the Commercial Operations Date, for each calendar quarter during the Term in which the Seller delivers Product to the Delivery Point, Buyer shall pay to Seller (the "Product Charge") an amount equal to \$0.070 per kWh of Electric Energy delivered by the Plant during the quarter.

(b) As of the first day of each calendar year after the first full calendar year following the Commercial Operations Date, the rate per kWh used in determining the Product Charge shall be equal to the rate used in the preceding calendar year multiplied by 1.0225.

(c) Effective as of the twelfth (12th) anniversary of the Commercial Operations Date, in the event that the Term is extended pursuant to Section 5.01(b): (i) the Product Charge for each following two (2)-year period shall be determined in the manner set forth on Exhibit 4.01 and thereafter the Product Charge shall be adjusted every two years in the same manner; and (ii) the term "Product" shall mean all Electrical Energy generated by the Plant and all capacity and Fifty Per Cent (50%) of Environmental Attributes attributed to the generation of Electrical Energy by the Plant. This subsection is intended to modify the definition of "Product" and the provisions of Section 3.02.

(d) The Buyer shall pay the Product Charge no later than thirty (30) days after the end of each calendar quarter. Except as explicitly set forth in this Agreement, there shall be no Product Charge due and Buyer shall have no obligation to make any payment to Seller for any calendar quarter during the Term in which Electric Energy is not delivered to the Delivery Point.

(e) For each calendar quarter, the Seller shall furnish Buyer with a an invoice for the Product Charge for the preceding calendar quarter together with a statement (the "**Energy Statement**") itemizing the determination of the Product Charge in reasonable detail. Seller shall maintain records pertaining to Energy Statements for three years after the year in which each Energy Statement is produced.

(f) All payments shall be made in accordance with written wire transfer or Automated Clearing House instructions given by one Party to the other or to such other person or at such other place as a Party may from time to time designate in writing. Any payments due by a Party that are not made by the date due shall accrue interest at the Contract Rate from and including such due date to, but excluding, the date of payment.

4.02 Option. (a) Following the Option Date, the Buyer shall have the option (the "Option") to purchase the Plant in accordance with the provisions of this Section. The Option shall be exercised, if at all, by a written notice to that effect within six (6) months after the determination of the Option Price (the "Option Period").

(b) The Option Price shall be an amount equal to the fair market value of the Plant as of the Option Date. During the sixty (60) days after Option Date, the parties shall meet to determine the fair market value of the plant. If the parties are unable to agree on the fair market value of the Plant, the fair market value of the Plant shall be determined by an appraisal. Each Party shall each appoint, at the party's own expense, a qualified appraiser. Each appraiser shall be an independent or professional business appraisal firm experienced in the valuation of similar assets. If only one party appoints a qualified appraiser within the fourteen (14) days, that appraiser shall unilaterally establish the Fair Market Value of the Plant. If more than one party appoints a qualified appraiser and the difference between the two appraisals is not more than twenty percent (20%) of the lower of the two appraisals, the Fair Market Value of the Plant shall be deemed to be the average of the two appraisals. If the difference in the appraisals is more than twenty percent (20%) of the lower of the two appraisals, the two appraisers shall (within thirty (30) days of completion of their appraisals) together appoint a qualified appraiser, the cost of whose appraisal will be split equally between the Parties, and the written opinion of the appraiser so selected shall establish the Fair Market Value of the Plant; provided however that the Fair market Value established by such a third appraiser must be within the range of the two previous appraisals. During the period in which the fair market value of the Plant is being determined, the Seller shall provide the Buyer with copies of all contracts associated with the Plant and this Agreement, including but not limited to fuel supply agreement(s), agreements with purchasers of other output from the Plant (such as thermal energy) which is not subject to this Agreement, long term service agreement(s), and any financial derivatives, and shall keep the Buyer fully informed of any changes to such contracts. Consistent with reasonable accounting practices, Seller shall establish and fund a reserve account which is sufficient to cover the cost of a bottom-end major overhaul of the engines according to the manufacturer's recommendations. If the overhaul has not been performed prior to Buyer's purchase of the Plant, all amounts reserved for this purpose shall be credited against the Purchase Price.

(c) Notwithstanding the preceding provisions of this Section, the fair market value of the Plant shall not be less than the Minimum Option Price.

(d) If the Buyer intends to exercise the Option, the Buyer shall give a written notice to the Seller within the Option Period. If the Buyer exercises the Option, the Buyer shall: purchase the Plant and

assume all-of the future obligations of the Seller under the Gas Purchase Agreement and the Lease and shall indemnify and hold harmless Seller from the same; assume all obligations and liabilities for any and all contracts associated with the Plant and this Agreement, including but not limited to fuel supply agreement(s), agreements with purchasers of other output from the Plant (such as thermal energy) which is not subject to this Agreement, long term service agreement(s), and any financial derivatives; and pay the Seller the Option Price. The Closing shall be held within thirty (30) days after the exercise of the Option.

4.03 Disputes and Adjustments of Invoices. In the event an invoice or portion thereof or any other claim or adjustments arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Subject to Section 3.02(b), in the event adjustments to payments are required as a result of inaccurate meter(s), Buyer shall use corrected measurements to recompute the amount due from Buyer to Seller for the Product delivered under the Transaction during the period of inaccuracy. The Parties agree to use good faith efforts to resolve the dispute or identify the adjustment as soon as possible. Upon resolution of the dispute or calculation of the adjustment, any required payment shall be made within fifteen (15) calendar days of such resolution along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made.

ARTICLE FIVE EVENTS OF DEFAULT; REMEDIES; TERM

5.01 Term.

(a) The initial term of this Agreement (the “**Initial Term**”) shall commence on the Effective Date and shall expire on the twelfth (12th) anniversary of the Commencement Date, (the “**Expiration Date**”), unless (i) earlier terminated pursuant to the provisions of this Agreement or (ii) extended pursuant to the provisions of this Agreement in which event a new expiration date shall be established. Unless earlier terminated as provided in this Agreement, Seller shall send a notice of expiration (“**Notice of Expiration**”) to Buyer not less than thirty (30) days prior to the Expiration Date.

(b) As long as the Buyer is not then in default, the Buyer shall have successive options to extend the term of this Agreement for five (5) additional years each, in each case exercisable by a written notice to that effect to the Seller not less than ninety (90) days prior to the last day of the then current term, as previously extended. Notwithstanding any other terms contained herein, this Agreement shall terminate at such time as the Landfill no longer produces Landfill Gas in quantities sufficient to render the continued operation of the Plant economically feasible, as determined by the Seller in its commercially reasonable discretion.

(c) In the event that the Buyer does not extend the term of this agreement at the end of the Initial Term or any extension, the Buyer will cooperate with the Seller to enable the Seller to obtain commercially reasonable access to the electric power grid on commercially reasonable terms. The costs of any improvements necessary to allow such access shall be borne by the Seller.

5.02 Events of Default. As used in this Agreement, an “**Event of Default**” shall mean:

(a) A Party fails to pay any amounts due under this Agreement when the same is due and payable, and such failure continues for thirty (30) days after receipt of written notice from the other Party;

(b) A Party fails to perform or observe any other material obligation of such Party under this Agreement and such failure continues for thirty (30) days after receipt of written notice to the defaulting Party from the other Party; provided, however, as follows:

(i) if the non-performance is of such a nature that it cannot reasonably be cured within such thirty (30) day period, the time within which to cure shall be reasonably extended up to an additional sixty (60) days (i.e., ninety (90) days after receipt of such notice) so long as the defaulting Party shall commence the cure within such thirty (30) day period and the defaulting Party diligently proceeds to complete such cure and the cure is completed on or before the date which is ninety (90) days after receipt of such notice; provided; however; that such sixty (60) day extension limit shall not apply in the event the action needed to cure the default requires governmental approvals, in which case the extension shall be for a reasonable period of time.

(ii) if the non-performance is by Seller and if Seller has failed to cure such non-performance within the cure period described above, Buyer shall provide copies of any notices of Seller's default to any Financing Party whose address has been provided in writing to Buyer and Buyer shall provide such Financing Party a reasonable time after receipt of such notice within which to cure the Seller's non-performance following the expiration of Seller's cure periods, which in no event shall be less than thirty (30) days (plus such additional time as is necessary to obtain possession of the Seller Property by power of sale or judicial foreclosure or the exercise of any option to purchase if such should be necessary to effect a cure) but in no event shall be longer than ninety (90) days.

(c) A Party files a petition of any type as to its bankruptcy, is declared bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, goes into liquidation or receivership, or otherwise loses legal control of its business involuntarily.

(d) An event described in Section 3.06(d) occurs.

5.03 Termination for Event of Default. Either Party shall have the right to terminate this Agreement by giving written notice of termination to the other Party upon an Event of Default by the other Party.

5.04 Termination by Buyer. In addition to Buyer's right to terminate in the event of an Event of Default by Seller, Buyer may terminate this Agreement upon giving Seller ninety (90) days' prior written notice if construction of the Plant has not been commenced on or before 240 days after the Effective Date, or is not completed on or before December 31, 2011 and Seller fails to provide evidence of good faith efforts to commence or complete such construction; provided however that such deadlines will be extended one (1) day for each day that Seller is delayed in commencing or completing the construction by Buyer or as a result of Force Majeure.

5.05 Termination by Seller. In addition to Seller's right to terminate for a Event of Default by Buyer, Seller may terminate this Agreement upon giving Buyer thirty (30) days' prior written notice as follows:

(a) Seller may terminate this Agreement if construction of the Plant has not been commenced on or before the first anniversary of the Effective Date through no fault of Seller.

(b) Seller may terminate this Agreement at any time if Seller determines, in its sole discretion, that it is unable to operate the Plant so as to supply Product for a period of sixty (60) consecutive days or if Seller determines that landfill gas required for the operation of the Plant is not being generated in quantities sufficient to operate the Plant or is not being generated at a methane content which meets the minimum commodity standard necessary for Plant operations on a basis which is sufficient for the commercial operation of the Plant.

5.06 Termination for Force Majeure. A Party may terminate this Agreement upon giving the other Party written notice of termination if the other Party is unable to perform any material obligation under this Agreement as provided in Section 3.06(d) above. Such termination shall be effective upon the date specified in such termination notice (provided, however, that such date shall not be earlier than thirty (30) days after the date the other Party receives such termination notice).

ARTICLE 6 DISCLAIMERS

6.01 Disclaimer of Warranties. Except as expressly set forth in this Agreement, neither Party makes any representation or warranty of any kind, written or oral, express or implied, including any representation or warranty with respect to the Plant, the Product, or its performance **OR ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY WITH RESPECT TO THE PRODUCT.**

6.02 Limitation of Liability. Neither Party shall be liable to the other Party for any incidental, indirect, punitive, consequential, or special damages, including damages for loss of profits, loss of use or revenue or losses by reason of cost of capital, arising from or relating to any performance or lack of performance under this Agreement.

ARTICLE 7 ASSIGNMENT

7.01 Collateral Assignment.

(a) Seller anticipates arranging non-recourse project financing for the Plant. Buyer consents to the collateral assignment of this Agreement to any person providing financing for construction or operation of the Plant, whether in the form of debt or equity (the "**Financing Parties**") or to any other Person selected by the Financing Parties or by their agent, without any further consent by Buyer. Buyer agrees to provide such acknowledgements and consents and execute such acts and instruments in respect of such collateral assignment as the Financing Parties or their counsel or their agent may from time to time reasonably require, and are typically required for a financing of plants such as the Plant, provided that Buyer's rights under this Agreement are not diminished or impaired thereby.

(b) Buyer shall cooperate fully with Seller and the Financing Parties to enter into an agreement which shall provide such Financing Parties with certain customary, commercially reasonable rights including, but not limited to, step-in rights following an Event of Default by Seller. Buyer agrees to cooperate with Seller in the negotiation and execution of customary, commercially reasonable amendments or additions to this Agreement as required by Financing Parties as a condition to a financial closing for the project debt or equity financing for the Plant; provided, however, that such amendments or

additions to this Agreement do not impose materially more obligations or risk upon Buyer. Buyer shall further agree to provide such data, reports, certifications and other documents or assistance as may be reasonably requested by Financing Parties.

(c) Buyer irrevocably agrees that in the event of any default by Seller under the terms and conditions of any agreement between Seller and any Financing Party, (i) the Financing Party shall be deemed to be an assignee of this Agreement approved by Buyer and shall be entitled to enforce this Agreement, as the same may be amended or supplemented before or after such default, all without additional cost to the Financing Parties and (ii) the Financing Parties may assign this Agreement to any purchaser of the Financing Parties' collateral and this Agreement shall continue in effect so long as such assignee has financial strength and technical competence equal to that possessed by Seller as of the Effective Date.

(d) Buyer waives the provisions of any current or future statute, rule or law which may give or purport to give Buyer any right or election to terminate or otherwise adversely affect this Agreement and the obligations of Buyer in the event of any foreclosure proceeding or sale.

(e) This Section 7.01 shall be self-operative, but in confirmation of the terms of this Section, Buyer shall execute and deliver to the Financing Parties such additional agreements, consents to assignment and similar documents confirming the matters set forth herein and other related matters requested by the Financing Parties.

7.02 Assignment by Buyer. (a) Buyer may, in its sole discretion at any time, sell, exchange or otherwise voluntarily or involuntarily transfer or assign its interests in this Agreement, provided that (i) the purchaser agrees to assume Buyer's duties and obligations under this Agreement through the end of the Term; (ii) such purchaser has a creditworthiness not less than Buyer and sufficient financial resources to perform Buyer's obligations; and (iii) Buyer pays all sums owed to Seller, if any, prior to the date of such assignment. If Buyer transfers its interest in compliance with the provisions of this Section 7.02, then, upon such transfer, Buyer shall be released from any further obligations under this Agreement and Seller agrees to look solely to such successor-in-interest of Buyer for the performance of Buyer's obligations.

7.03 Other Assignment by Seller. In addition to assignment authorized under Section 7.01, Seller may sell, exchange or otherwise voluntarily or involuntarily transfer or assign its interests in this Agreement, subject to Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed and shall be granted if Seller's assignee agrees to assume Seller's obligations under this Agreement through the end of the Term and, in Buyer's reasonable judgment, Seller's assignee has both the technical experience and financial ability to perform Seller's obligations. Notwithstanding the foregoing, no consent of Buyer shall be required for any assignment, subletting or transfer by Seller to a parent entity, subsidiary entity, or other entity controlled by or under common control with Seller (collectively "Related Entities"), or any such transfers to a Related Entity occurring as a result of a merger or corporate reorganization of Seller.

ARTICLE 8 NOTICES

8.01 Notices. Any notice, statement, certificate, request or demand required or permitted to be given or delivered under this Agreement shall be in writing, and sent by either (i) registered or certified mail, postage prepaid, return receipt requested, or (ii) nationally recognized overnight courier service (such as Federal Express), in either case addressed, as the case may be, to Buyer or Seller at the address shown at the beginning of this Agreement, (or to such other addresses as Buyer or Seller shall designate

in the manner provided for notices). Any such notice, statement, certificate, request or demand shall, in the case of registered or certified mailing, be deemed to have been given three (3) days after the date mailed as aforesaid in any post office or branch post office regularly maintained by the United States Government, and in the case of delivery by nationally recognized overnight courier service, shall be deemed to have been given upon the Business Day following date of delivery to an authorized agent of such courier service, except in each case for notice of change of address or revocation of a prior notice, which shall only be effective upon receipt.

ARTICLE 9 REPRESENTATIONS AND WARRANTIES

9.01 General Representations and Warranties. Each of Buyer and Seller represents and warrants to the other that the following statements are true and correct as of the Effective Date:

(a) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and, to its knowledge, do not violate any of the terms or conditions of its governing documents or any contract to which it is a party or any Applicable Law applicable to it.

(b) This Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and with regard to equitable remedies, subject to the discretion of the court before which proceedings to obtain the same may be pending.

(c) To its knowledge, there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authorities that could materially adversely affect its ability to perform under this Agreement.

(d) It is duly organized, validly existing and in good standing under the laws and jurisdiction of its formation and is qualified to conduct its business in those jurisdictions necessary to its performance under this Agreement.

9.02 Further Assurances. The Parties agree to use reasonable efforts (which shall not require that either Party incur any material expense) to cooperate to the extent further actions, consents and approvals, further agreements, assignments, consents, waivers, instructions or documents, are necessary to fulfill the purposes, terms and conditions of this Agreement and the consummation of the transactions contemplated.

ARTICLE 10 FORCE MAJEURE

10.01 Event of Force Majeure. Subject to the provisions of Section 3.06(d), if Force Majeure renders a Party unable to carry out, in whole or part, its obligations under this Agreement and such Party gives written notice and full details of the event to the other Party as soon as practicable after the occurrence of the Force Majeure, then during the pendency of such Force Majeure, but for no longer period, the obligations of the Party claiming Force Majeure (other than the obligation to make payments then due or becoming due) shall be suspended to the extent required. Notice of any Force Majeure event shall include its anticipated duration and any action being taken to avoid or minimize its effects. The claiming Party shall use commercially reasonable efforts to remedy any Force Majeure event and to

resume performance under this Agreement, but neither Party shall be obliged to settle or resolve a labor difficulty or to hire substitute labor on terms unacceptable to that Party.

ARTICLE 11 INDEMNITIES

11.01 Seller Indemnity. Seller (the "**Indemnifying Party**") shall defend, indemnify and hold harmless Buyer and Buyer's agents, officers, directors, elected officials, attorneys, contractors, employees and Duly Authorized Representatives (collectively, the "**Buyer Indemnified Parties**"), from and against any and all Claims brought by any third party for personal injury or property damage to the extent caused by Seller or its employees', contractors', agents' or representatives' (a) negligence or willful misconduct, (b) breach any of the provisions of this Agreement, (c) violation of Applicable Laws, or (d) use, operation, repair or maintenance of the Plant; provided, that, Seller shall have no duty to indemnify, defend or hold harmless any Buyer Indemnified Party to the extent any Buyer Indemnified Party caused or contributed to Claims or to the extent Buyer is obligated to indemnify Seller under Section 11.02.

11.02 Buyer Indemnity. To the extent permitted by law, Buyer (the "**Indemnifying Party**") shall defend, indemnify and hold harmless Seller and Seller's partners, members, agents, officers, directors, attorneys, contractors, shareholders, employees and Duly Authorized Representatives (collectively, the "**Seller Indemnified Parties**"), from and against any and all Claims caused by Buyer or its employees', contractors', agents' or representatives' negligence or willful misconduct, breach of any of the provisions of this Agreement, or violation of Applicable Laws; provided, that, Buyer shall have no duty to indemnify, defend or hold harmless any Seller Indemnified Party to the extent any Seller Indemnified Party caused or contributed to Claims or to the extent Seller is obligated to indemnify Buyer under Section 11.01. In addition, in the event that Buyer, subject to the terms and conditions of this Agreement, enters into an agreement to sell Product to a third party user(s) of a Product, Buyer shall indemnify, defend and hold harmless Seller Indemnified Parties from and against all Claims arising out of any dispute between Buyer and any third party user(s) of the Product or Buyer's obligations under its agreement(s) with any such third party(s) regarding the supply of Product under this Agreement.

11.04 Defense of Claims. An Indemnifying Party shall have the right to defend an Indemnified Party by counsel (including insurance counsel) of the Indemnifying Party's selection reasonably satisfactory to the Indemnified Party, with respect to any Claims within the indemnification obligations hereof. The Parties shall give each other prompt written notice of any asserted claims or actions to be indemnified against hereunder and shall cooperate with each other in the defense of any such claims or actions. No Indemnified Party shall settle any such claims or actions without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

11.05 No Dedication. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or the public.

11.06 Survival. The indemnification provisions of this Article shall survive the termination of this Agreement.

ARTICLE 12 INSURANCE

12.01 Insurance Coverage. Seller shall obtain and maintain during the Term insurance coverage meeting the following requirements:

(a) The Seller shall maintain commercial general liability insurance against the risks of personal injury and property damage arising from Seller's ownership, installation, use, repair, maintenance or operation of the Plant, in an amount of not less than One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) annual aggregate. Excess liability coverage shall be provided on a following-form basis, with a limit not less than Five Million Dollars (\$5,000,000). Seller also shall maintain a policy or policies of insurance covering loss or damage to the Plant in the amount of the full replacement cost for the Plant, providing protection against all perils included within the classification of fire and extended coverage, vandalism coverage and malicious mischief, leakage, water damage, and special extended coverage.

(b) The Buyer shall maintain commercial general liability insurance against the risks of personal injury and property damage arising from Buyer's ownership, installation, use, repair, maintenance or operation of the Meter and Buyer's other Interconnection Facilities, lines, and services extending beyond the Meter, in an amount of not less than One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) annual aggregate. Excess liability coverage shall be provided on a following-form basis, with a limit not less than Five Million Dollars (\$5,000,000). Notwithstanding the foregoing, Buyer may elect to remain self-insured with respect to said risks.

(c) Each party shall maintain Workers' Compensation Insurance to provide statutory workers compensation benefits as required by the laws of the State of Illinois and Employers' Liability Insurance on an "occurrence" basis with a limit of not less than One Million Dollars (\$1,000,000) for each employee.

12.02 Insurance Policies. (a) All insurance policies required under this Article shall be issued by insurers who are rated A-/VII or better by AM Best.

(b) Each Party shall name the other as an additional insured, on a primary, non-contributory basis, under all such insurance coverage required under this Agreement and provide a certificate of insurance containing an endorsement evidencing that designation. All such insurance policies shall provide for thirty (30) days' written notice to the other Party prior to any material change of coverage or cancellation.

(c) Each Party shall on or before the start of construction of the Plant provide the other with a certificate containing evidence of such coverage and shall thereafter provide the other with appropriate evidence of such coverage upon each anniversary date of the policy.

(d) The limits required under this Agreement may be maintained under a single policy or under a combination of a basic policy and an excess or umbrella policy. Any umbrella policy shall follow the form of the underlying policy. The coverage limits set forth above shall be increased from time to time as reasonably necessary to maintain coverage limits which are consistent with current commercial practices.

ARTICLE 13 DISPUTE RESOLUTION

13.01 Dispute Resolution. Mindful of the high costs of litigation, not only in dollars but time and energy as well, the Parties intend to and do hereby establish a final and binding out-of-court dispute resolution procedure to be followed in the event any controversy should arise out of or concerning the performance of the Transaction(s). Accordingly, it is agreed as follows:

13:02 Negotiation.

(a) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each Party's representative ("Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt such request, at a mutually agreed time and place. If the matter is not resolved within 15 Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the City Manager of the Buyer (or his/her designee) and the President of the Seller who shall have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

(b) Within 5 Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than 30 calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary to exchange the relevant information and to attempt to resolve the dispute.

(c) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential.

(d) If the matter is not resolved within 45 calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to subpart (a) above, refuses or will not meet within 10 Business Days, either Party may initiate mediation of the controversy or claim according to the terms of the following Section.

13.03 Mediation. If the dispute cannot be resolved by negotiation as set forth in Section 13.02 above, it shall be resolved at the request of any Party through a two-step dispute resolution process administered by the American Arbitration Association ("AAA"). As the first step the Parties agree to mediate any controversy before a mediator from the AAA panel, pursuant to AAA's commercial mediation rules, in Ogle County, Illinois. Either Party may begin mediation by serving a written demand for mediation. If within 60 days after service of a written demand for mediation, the mediation does not result in resolution of the dispute, then the controversy shall be settled by arbitration conducted by a retired judge or justice from the AAA panel conducted in Ogle County, Illinois, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration"). Any mediator(s) and arbitrator(s) shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field. Either Party may initiate arbitration by filing with AAA a notice of intent to arbitrate within 60 days of service of the written demand for mediation.

13.03 Arbitration. At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of three per Party and shall be held within 30 days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six hours duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(a) The arbitrator shall have no authority to award punitive or exemplary damages.

(b) The arbitrator's award shall be made within nine months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.

(c) Except as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.01 Relationship of the Parties. The Parties are independent contractors. There is no relationship of agency, partnership, joint venture, employment, or franchise between the Parties and this Agreement is negotiated at arm's length. Neither Party has the authority to bind the other or to incur any obligation on the other Party's behalf. Any such act will create a separate liability in the Party so acting to any and all third parties affected thereby.

14.02 Confidentiality. Each Party acknowledges and agrees that all non-public and proprietary records, materials, financial data, documents and other information proprietary information disclosed by the Parties to each other, including all financial information, are the confidential information of the Parties. Disclosure of such confidential information could adversely affect the ability of either Party to conduct its business. Accordingly, each Party agrees that it, and its Duly Authorized Representatives, shall not disclose, either directly or indirectly, any confidential information of the other Party, including any financial records or any of the terms or conditions of this Agreement, to any person or entity without the prior written consent of the other Party, except to personnel or consultants employed by such Party who are bound by obligations of confidentiality and need to know such information for such Party's performance of its obligations under this Agreement, and under appropriate conditions of confidentiality, to Financing Parties and prospective assignees under this Agreement and existing or prospective mortgagees of the Facility or the Plant. The preceding provisions of this paragraph shall not apply to, or bar or limit any dispute resolution proceeding between Seller and the Buyer under this Agreement. The provisions of this Section shall not apply to any information which is not exempt from disclosure by the Buyer under Illinois law.

14.03 Demonstration and Publicity. Seller shall allow access to the Plant for Buyer to demonstrate or conduct tours of the Plant at reasonable times upon reasonable notice by Seller to Buyer. Buyer will allow publication and dissemination of press releases associated with the Plant. Seller will have the right to undertake a public relations campaign associated with the Plant, which shall include holding a press event at the Plant after commissioning of the Plant. Buyer may participate in any such campaign with the prior written approval of Seller, which approval shall not be unreasonably withheld or delayed.

14.04 Complete Agreement; Amendment. This Agreement, together with the other Agreements referred to in this Agreement (the Project Proponent Agreement, the Site Sublease Agreement, and the Gas Purchase Agreement) and the exhibits to this Agreement, contain the entire agreement between the Parties with respect to the transaction contemplated by this Agreement. Neither this Agreement nor any part of this Agreement may be changed, altered, modified, limited, terminated, or extended except by an agreement in writing signed by the Parties to this Agreement.

14.05 Waiver. No term or provision of this Agreement will be considered waived by either Party, and no breach excused by either Party, unless such waiver or consent is in writing signed on behalf of the Party against whom the waiver is asserted. Without limiting the foregoing, no consent by either

Party to, or waiver of, a breach by either Party, whether express or implied, will constitute consent to, waiver of, or excuse of any other, different, or subsequent breach by either Party.

14.06 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to its choice of law provisions.

14.07 Successors and Assigns This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns.

14.08 Invalidity of Particular Provisions. If any term or provision of this Agreement or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

14.09 Execution in Counterparts. This Agreement may be executed in one or more counterparts, any one or all of which shall constitute but one agreement.

To evidence their understandings, the parties have executed this Agreement effective as of the date set forth in the caption.

CITY OF ROCHELLE, an Illinois
municipal corporation

By: Ken Alberts
Ken Alberts, City Manager

Attest: Judith A. Schermerhorn
~~Rae McKinney, City Clerk~~
Judith A. Schermerhorn
Deputy City Clerk

ROCHELLE ENERGY CENTER, LLC, a
Delaware limited liability company

By: WILLIAM CHARLES ENERGY, LLC,
an Illinois limited liability company, its
manager

By: Rock River Environmental Services, Inc., an
Illinois corporation

By: Jeffrey W. Gregory
Jeffrey W. Gregory, President of
William Charles Energy, LLC, and
authorized representative of Rock River
Environmental Services, Inc.

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Exhibit 3.08(1)
Description of Plant

The project consists of a distributed generation plant fueled by low BTU landfill gas. The fuel will be provided to internal combustion engines suitably designed to burn this gas. A new compression/ dehydration skid will be provided to pull a vacuum on the adjacent landfill, remove excess moisture from the incoming gas, and to provide a slight positive pressure to the engines. A gas cleaning system will be installed to reduce the Hydrogen Sulfide content to acceptable levels. Note that the existing gas collection system compressors will be shut down when the new compressor system is installed. The site will be developed with up to 3 reciprocating engine-generator sets (Gensets), initially, with a planned expansion of one additional GenSet being added when sufficient quantities of gas exists and is financially feasible. Each GenSet will produce approximately 1,600 kWe. The GenSets are manufactured by Caterpillar.

The Gensets will be housed in a building which will also include a control room housing switchgear, MCC panels, oil and glycol tanks, and other ancillary equipment. The blower/compressor skid radiators, transformers, and silencers will be installed outdoors.

Civil/Structural

Foundation Design

All building foundations will be designed for an assumed allowable bearing pressure of 2000 pounds per square foot. Foundations will consist of spread footings and mats. GenSet foundations will be designed as a mat with a mass ratio of foundation to engine/generator weight of two. Exterior foundations such as the blower skid, the radiator, the breakers and the step-up transformers, will be supported on drilled piers.

Building, Road, Parking and Fencing

The facility will have a gravel road and parking spaces will be provided in a gravel lot. A 6 foot high chain link fence will enclose the facility. The building consists of two to three rooms. There are one/two GenSet rooms; one room contains three (3) GenSets and the other contains availability for future Gensets, Supply and exhaust fans, fresh and waste oil tanks, glycol tanks, and an air compressor. An electrical/ control room is located between the GenSet rooms; this room contains the 4160V switchgear, 480V MCC's, control panels, batteries and charger, and fire alarm panel. Space is allocated in the electrical control room for future expansion. The building may have split face bearing masonry walls and a steel framed roof. The roof has metal decking, insulation and single-ply membrane roofing. The GenSet room and the electrical control room are separated by metal stud framed walls with drywall on both sides and sound insulation in the interior space between studs. Overhead roll-up doors are provided in both GenSet rooms for maintenance access. Observation windows between the electrical/control room and the GenSet room will be double pane with an air gap to reduce sound transmission between rooms.

Mechanical

Landfill Gas (LPG) System

Rochelle Waste Disposal will be responsible for modifications to the existing LFG collection and leachate systems and extending them to the generating plant. The leachate piping provided by RWD will terminate above grade adjacent to the compression/dehydration skid. The LEG piping will terminate in the form of a stub-up adjacent to the compression/dehydration skid. The LFG piping will be routed above grade to a gas compression/dehydration skid which will lower the dew point to 40°F and increase the LPG pressure. Exterior piping will insulated as required (and heat traced if required).

The LFG piping will be routed inside the generator building to the individual fuel trains of each engine. The engine exhaust will be routed through a silencer and out through the building side wall. Exhaust tacks leaving the silencers will terminate at the minimum height required by the local ordinance and regulatory permit.

Lube Oil/Cooling System

The lube oil system consists of lube oil supply/return piping, the associated pumps, a day tank for each GenSet, and storage tanks for fresh and waste oil. The cooling system consists of supply/return piping, the associated pumps, a radiator for each GenSet and storage tanks for fresh and waste glycol. The lube oil and glycol tanks will be located inside the GenSet building the contractor will be responsible for all piping from the tanks to each GenSet.

HVAC

Each GenSet will be provided with a supply and exhaust fan located to provide combustion air, facilitate cooling of the GenSets, and keep the space at a slightly positive pressure. The fans will be wired to start upon operation of the GenSet Unit heaters will be provided inside the building to keep the space above freezing.

Electrical

The preference for each generator will be rated at 4160 Y volts, 3 phase, 60 Hz. The generator output feeds into a generator output breaker, which also serves to connect and synchronize the generator to the other running generators on the common 4160V bus as well as to the utility system. The voltage on the common 4160V bus will be stepped up to match the utility interconnect voltage.

The generator control panel is provided by the GenSet-generator supplier and will contain generator protective relays and the synchronizing controls.

A grounding grid will be installed under the site, extending to about three-feet outside the fence line. This grid will be sized based on available fault levels to reduce step and touch potentials to safe levels in the event of a grid fault.

Sequence of Operation

The generators are not designed to operate disconnected from the utility grid in an "island mode". The station power will be metered separately which will include all auxiliary loads such as radiators, blower compressor skid, etc. The GenSets can be started and synchronized to the system. If for some reason, the RMU system goes down; the GenSets will trip and go to a shutdown mode. The second metering point will be for the output of any GenSets and can be located on the high voltage switchgear.

EXHIBIT 4.01

PRODUCT CHARGE CALCULATION (AFTER INITIAL 12 YEAR TERM)

The Product Charge will be determined as follows:

1. 12 months prior to end of the term the parties will obtain independent market data from the sources identified below reflecting the then current price for electric power based on the following attributes:
 - a. 24 month strip pricing;
 - b. As of the date which is 11 months prior to the end of the term (the First Pricing Date);
 - c. Around the clock power;
 - d. Northern Illinois Hub delivery -- (No ancillaries are included in this price -- i.e. transmission) If this hub is no longer quoted then the replacement hub/delivery point will be selected;
 - e. From the following market participants:
 - i. Exelon
 - ii. Integrys
 - iii. Mid-American Energy
2. The Tentative Product Charge will be the lowest quotation obtained from any of the market participants as of the first pricing date; provided that if the lowest quotation is less than 90% of the next lowest price, then the Tentative Product Charge will be 90% of the next lowest quoted price.
3. The City will have a period of 60 days following the determination of the Tentative Product Charge to accept that amount as the Product Charge for the 24 month period beginning immediately following the end of the term.
4. If the City does not accept the Tentative Product Charge as the Product Charge, then the parties will follow the same procedure to determine the quoted price from each of the market participants as of the date which is 9 months prior to the end of the term (the Second Pricing Date). For each of the market participants, the parties will determine the average quoted price for the first pricing date and the second pricing date. The Product Charge will be the lowest average quote determined in this manner, and will be effective 24 months following the expiration of the current term. The Product Charge will be re-determined in the same manner for each successive 24-month period.

Example: -

First pricing date:

Exelon = \$.052
Integrys = \$.055
Mid-Am = \$.051

Second pricing date:

Exelon = \$.054
Integrys = \$.056
Mid-Am = \$.054

Average quotes:

Exelon = \$.053
Integrys = \$.0555
Mid-Am = \$.0525

24 month Product Charge = \$.0525, no escalator

Appendix I

Buyer's Option Minimum Option Price formula

1. In the event that the Buyer exercises the Option, the Minimum Option Price for the Plant and the Seller's interest in the Landfill Gas Minimum Option Agreement and the Site Lease shall be that amount which provides the Seller with an Internal Rate of Return equal to thirteen and eight-tenths per cent (13.8%).

2. The Internal Rate of Return shall be computed on a non-leveraged (i.e., without regard for the source of funds invested or expended by the Seller in connection with the Plant) basis. The Internal Rate of Return is the rate that satisfies the following formula:

$$\text{Net Present Value} = 0 = \text{Initial Project Cost} + \sum_{t=1}^N \frac{\text{Cash Flow in Year } t}{(1 + \text{IRR})^t}$$

An example illustrating the calculation of the Internal Rate of Return is set forth in Subsection 5 of this Appendix.

3. The Seller shall maintain financial statements which reflect the Seller's Cash Flow attributable to the Plant. Seller's Cash Flow attributable to the Plant shall be determined on an annual basis and shall mean: (a) Seller's Initial Project Cost (defined as the total cost of the design, permitting, equipment, construction, interconnection, and commissioning of the Plant determined using generally accepted accounting principles), (b) the annual net income from the Plant before interest, taxes, depreciation, and amortization ("EBITDA"), determined using generally accepted accounting principles taking into account any amounts used to fund reserves for future capital expenditures, (c) any capital expenditures made by the Seller in connection with the Plant which are not funded out of previously established funded reserves which were taken into account in the determination of EBITDA, (d) all tax credits or grants in lieu of tax credits received by the Seller with respect to the Plant, and (e) such other receipts and expenditures as are necessary under generally accepted accounting principles. Seller's Cash Flow shall not include any debt service (principal or interest payments) on any debt related to the Plant other than interest and fees which are required to be capitalized as a part of the cost of Plant. The financial records maintained by the Seller pursuant to this paragraph (including tax returns for the periods in question) shall be available to the Buyer on a confidential basis on request at reasonable times.

4. The Seller's Cash Flow and the Minimum Option Price will be determined by the mutual agreement of the Buyer and the Seller based on the provisions of this Appendix. In the event that the Buyer and the Seller are unable to agree on these items within thirty (30) days after the exercise of the Buyer's Option (the "Selection Period"), then the determination shall be made by a certified public accountant or accounting firm selected by the mutual agreement of the parties within ten (10) days after the Selection Period. If the parties are unable to agree on the selection of an accountant, the Buyer and the Seller shall each appoint a certified public accountant, at each party's own expense, within fifteen (15) days after the Selection Period. The accountants appointed in this manner shall determine the Minimum Option Price within thirty (30) days after the Selection Period. If only one party appoints a qualified accountant in a timely manner, that accountant shall unilaterally determine the Seller's Cash Flow and the Minimum Option Price. If more than one party appoints a certified public accountant and the difference

in the Minimum Option Price between the two is not more than twenty percent (20%) of the lower of the two determinations, the Minimum Option Price shall be deemed to be the average of the two. If the difference is more than twenty percent (20%) of the lower of the two, the two accountants shall promptly appoint a third accountant, the cost of whom will be split equally between the Buyer and the Seller, and the written determination of that accountant within forty-five (45) days after the Selection Period shall establish the Minimum Option Price. The date of the closing shall be extended as necessary to comply with the provisions of this paragraph.

5. An example illustrating the calculation of the Minimum Option Price is as follows:

Assume the following:

Plant is placed in Service January 1, Year 1		
Year 1	Total Plant Cost	(\$9,000,000)
Year 1	Cash Flow (including Tax Credits)	\$3,450,000
Year 2	Cash Flow	\$1,050,000
Year 3	Cash Flow	\$1,250,000
Year 4	Cash Flow	\$1,050,000
Year 5	Cash Flow	\$1,150,000

The Minimum Option Price under the above assumptions is derived as follows:

Total Plant Cost	(\$9,000,000)
Plus year 1 Cash Flow divided by $(1+0.138)$	\$3,031,634
Plus year 2 Cash Flow divided by $(1+0.138)^2$	\$810,783
Plus year 3 Cash Flow divided by $(1+0.138)^3$	\$848,171
Plus Year 4 Cash Flow divided by $(1+0.138)^4$	\$626,066
Plus Year 5 Cash Flow divided by $(1+0.138)^5$	\$602,541
Remainder	(\$3,080,805)

The Minimum Option Price is the amount which has a positive present value in Year 6 equal to the Remainder after the present values of the cash flows in years 1 through 5 are added to the Total Plant Cost. The Present Value of the Minimum Option Price will cause the total present value of the cash flows, including the Minimum Option Price, to equal the Total Plant Cost.

Necessary Present Value in Year 6	\$3,080,805
Multiplied by $(1+0.138)^6$	<u>x 2.171969</u>
Equals Minimum Option Price	\$6,691,412

Appendix II

OUTAGE NOTIFICATION FORM

SEND VIA U.S. MAIL OR FAX OR E-MAIL

DATE: _____

MAILING ADDRESS:
Rochelle Municipal Utility

FAX NUMBER: (415) 973-2151

This Outage Notification Form is being submitted pursuant to the terms of that certain Power Purchase Agreement, dated _____, 20[] ("Agreement") entered into by Rochelle Energy Center and Rochelle Municipal Utility. All capitalized terms not defined in this Agreement shall have the meaning provided in the Agreement.

NOTIFICATION OF PLANNED OUTAGE or FORCED OUTAGE or PROLONGED OUTAGE

The Plant will shut down for PLANNED OUTAGE from:

_____ to _____
(Date and Time) (Date and Time)

The Plant experienced a FORCED OUTAGE/PROLONGED OUTAGE (circle applicable outage) from: _____

(Date and Time)

to: _____ due to _____
(Date and Time)

The FORCED OUTAGE was confirmed via telephone on _____
(Date and Time)

by _____
(Designated Control Center/Switching Center and Operator)

COMMENTS: Description and Cause of Forced Outage/Planned Outage (circle applicable outage)

Outage Notification Form submitted by: _____

Title: _____

(Signature)

(Date)