

**EXTENSION OF AGREEMENT FOR THE OPERATION
OF THE BAREFOOT ROAD SANITARY LANDFILL,
AND REFUSE AND RECYCLABLES COLLECTION,
SOUTHBRIDGE, MASSACHUSETTS**

This EXTENSION OF AGREEMENT FOR THE OPERATION OF THE BAREFOOT ROAD SANITARY LANDFILL AND REFUSE AND RECYCLABLES COLLECTION, SOUTHBRIDGE, MASSACHUSETTS (this "Extension Agreement"), dated as of the __ day of February, 2007 (the "Execution Date"), is made by and between SOUTHBRIDGE RECYCLING AND DISPOSAL PARK, INC. a Massachusetts Corporation ("SRD"), and the TOWN OF SOUTHBRIDGE, Massachusetts ("Town"). All references herein to the "parties" or "Parties" shall mean the above-described Town and SRD.

WHEREAS, the Town presently owns a municipal sanitary landfill (the "Landfill Facility") located off Barefoot Road in the Town of Southbridge (the "Property");

WHEREAS, on December 9, 1996 the Town and Wood Recycling, Inc. ("WRI"), the corporate predecessor to SRD, entered into an Agreement for the Operation of the Barefoot Road Sanitary Landfill, and Refuse and Recyclables Collection in Southbridge, Massachusetts (the "Existing Agreement"), pursuant to which WRI agreed to operate the Town's Landfill Facility;

WHEREAS; Section 25 of the Existing Agreement allows WRI to assign the Existing Agreement to another entity, provided that WRI obtains the Town's prior written consent, which consent shall not be unreasonably withheld;

WHEREAS, Casella Waste Systems, Inc. ("Casella") has purchased all of the stock of SRD, and now operates SRD as a corporate subsidiary;

WHEREAS, WRI has requested that the Existing Agreement be assigned to SRD, and the Town hereby grants its permission for that assignment;

WHEREAS, Section 28 of the Existing Agreement provides for an initial term of twenty (20) years, with an option to renew the Existing Agreement for up to four (4) additional periods of five (5) years each;

WHEREAS, the Landfill Facility and SRD's adjacent processing facility (the "Processing Facility") are currently permitted to dispose of 499,200 tons of waste per year, with the Landfill Facility being permitted to dispose of 180,960 tons of waste per year, of which only 80 tons per day may be municipal solid waste ("MSW").

WHEREAS, SRD has requested the Town to allow SRD to, among other things, increase the amount of MSW disposed of at the Landfill Facility to 180,960 tons per year, and to reallocate the disposal capacity currently permitted at the Processing Facility to the Landfill Facility so as to permit the Landfill Facility to operate at the level of 405,600 tons per year for MSW;

WHEREAS, SRD has agreed that it will maintain the total capacity delivered to the Processing Facility and the Landfill Facility from outside sources at or below the current total permitted level of 499,200 tons per year;

WHEREAS, in consideration of the Town approving SRD's request, SRD has agreed to provide financial and other direct and indirect benefits to the Town and its residents, including the assumption of the financial responsibility for all aspects of Closure and Post-Closure Activities (as defined below) of the Landfill Facility;

WHEREAS, the parties have negotiated and entered into this Extension Agreement to replace the Existing Agreement;

WHEREAS, the Southbridge Town Council voted on _____, 2007 to authorize the Town Manager to execute this Extension Agreement, a certified copy of such vote is attached hereto as Exhibit A;

WHEREAS, the parties are authorized to enter into this Extension Agreement pursuant to Massachusetts General Laws c. 44, sec. 28C; and

WHEREAS, SRD, as WRI's assignee, agrees to assist the Town and the community as befitting a responsible corporate citizen, notwithstanding and in addition to SRD's obligations under this Extension Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, promises, covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows.

1. DEFINITIONS

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

"Acceptable Waste" shall mean "solid waste," as that term is now or hereafter defined in 310 C.M.R. 19.00, including but not limited to MSW, but shall not include Excluded Waste.

"ACOP" shall mean that certain Administrative Consent Order with Penalty ACO-CE-04-9001-246A, issued by the MADEP on January 1, 2004, as amended by that certain Administrative Consent Order with Penalty ACO-CE-04-9001-246A-AMEND1, issued by the MADEP on February 24, 2006.

"Base Year" shall have the meaning set forth in Section 2.2 herein.

"BUD Material" shall mean waste material that has been approved by MADEP pursuant to 310 C.M.R. 19.130(15) for beneficial use at the Landfill Facility for daily cover or other purposes.

“Change in Law” shall mean the adoption, revocation or change (including a change in interpretation or enforcement) of any law after the Execution Date that materially and adversely affects a party’s ability to fulfill its obligations hereunder, including, without limitation, such changes which have a material adverse effect on the cost of development, construction, operation or maintenance of the Landfill Facility; provided, however, that such term shall not include: (1) all matters related to securing the Required Approvals and the initial approvals necessary to achieve the Expanded Capacity, (2) Federal or state laws or regulations of general applicability (including but not limited to 310 CMR 16.000 and 19.000) that affect the management or disposal of solid waste, (3) any event related to the taxation of income by any Federal or state authority that affects a general class of taxpayers, or (4) Occupational, Safety and Health Administration (“OSHA”) standards.

“Closure” shall mean those acts and activities required by 310 CMR 19.000 which result in a permanent cessation of use of a municipal solid waste landfill, as those requirements and regulations may be amended or modified, and which result in a stabilized municipal solid waste landfill which is not in active use, and excluding Post-Closure Activities (defined below).

“CPI” means the United States Bureau of Labor Statistics (the “Bureau”) Consumer Price Index for Urban Wage Earners and Clerical Workers, Springfield/Hartford Metropolitan Area, All Items (1982-84=100). If the CPI is converted to a different standard reference base or otherwise revised, a determination of the CPI shall be made with the use of such conversion factor, formula or table as may be published by the Bureau or, if the Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by any nationally recognized publisher of statistical information, reasonably selected by the Town. If the CPI shall cease to be published, then there shall be substituted for the CPI any substitute or successor index published by the Bureau or other governmental agency, or if no such index is published, then such other index published by any nationally recognized publisher of statistical information as the parties shall reasonably select. The parties agree that when making any adjustment to a payment in this Extension Agreement to account for the CPI: (a) the adjustment will reflect only the increase, if any, between the CPI for the current year and the CPI for the immediately preceding year; (b) the maximum increase in any year to any payment herein as a result of the CPI shall be capped at two and one-half percent (2.5%); (c) the adjustment will take place on January 1st of the year; and (d) in no event shall the CPI adjustment in any payment due to the Town under this Extension Agreement result in a payment to the Town in any calendar year that is lower than the payment made to the Town for the preceding calendar year.

“Daily and Intermediate Cover” shall mean cover material applied to the Landfill Facility on an annual basis to cover waste in accordance with 310 C.M.R. 19.130(15). Daily and Intermediate Cover shall include compacted soil and alternative cover material approved by MADEP pursuant to 310 C.M.R. 19.130(15)(b)(4), and, if applicable, BUD Material. The amount of Daily and Intermediate Cover used at the Landfill Facility shall not count towards the total amount of MSW that may be disposed of at the Landfill Facility. Notwithstanding the above, SRD shall pay the Town the amount of \$5.53 for each ton of Daily and Intermediate Cover that is received in the Landfill Facility in excess of twenty-five percent (25%) of the annual tons of MSW permitted for disposal in the Landfill Facility.

“Effective Date” shall mean the date that all conditions precedent set forth in Section 2.1 herein have been achieved to the reasonable satisfaction of SRD and the Town, as applicable.

“Excluded Waste” shall mean, except to the extent any such wastes are included in ordinary household refuse, highly flammable substances, Hazardous Waste, liquid wastes, pathological and biological wastes, explosives, radioactive materials, oil, petroleum, municipal waste water sludge and industrial sludge material, asbestos containing materials, autoclaved infectious waste, lead-acid batteries, radioactive materials, hospital and laboratory wastes, loads containing dead animal carcasses, bulk quantities of recyclable glass and non-ferrous metals, sealed containers, drums, pressurized gas cylinders, infectious wastes, loads containing human wastes, motor vehicles, unprocessed “auto fluff”, motor vehicle parts including, but not limited to, transmissions, engines, rear ends, springs, fenders, radiators and tires, except shredded tires, explosives, including dynamite, blasting caps, shotgun shells, and fireworks, gasoline, kerosene, turpentine, liquid oil-based paints or any other waste excluded by an applicable environmental law or regulation, or excluded by any of the terms and conditions of any permits, licenses or approvals obtained with respect to the operation of the Landfill Facility. This term shall also include such other waste material that SRD finds, in its reasonable discretion, to pose an unreasonable risk or danger to the operation or safety of the Landfill Facility or the environment. Notwithstanding the above, the Parties agree that municipal waste water sludge and industrial sludge material shall not constitute Excluded Waste if the disposal of such wastes in the Landfill Facility is authorized by the MADEP and the Southbridge Board of Health.

“Expanded Capacity” shall have the meaning set forth in Section 4.1 herein.

“Financial Assurance Mechanism” or “FAM” shall mean the financial assurance required for Closure and Post-Closure Activities (defined below) by the MADEP pursuant to 310 C.M.R. 19.051.

“Force Majeure” shall mean any reasonably unforeseeable act, event or condition affecting the Landfill Facility, the Town or SRD that materially and adversely affects the ability of the Town or SRD to perform or comply with any obligation, duty or agreement required under this Extension Agreement, if such act, event, or condition is beyond the reasonable control of a party or its agents relying thereon, including, without limitation: (a) an act of God, epidemic, landslide, lightening, 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, act of terrorism or similar occurrence, interference by third parties with any solid waste disposal operations or any other duties of SRD or the Town; (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, preliminary injunction, permanent injunction, or cease and desist order), or the viable threat thereof, 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 limiting the duration of this Extension Agreement to less than the Term; (e) the denial, loss, suspension, expiration, termination or failure of renewal of any Permit required to operate the Landfill Facility; or (f) the institution of a legal or administrative action or similar proceeding by any Governmental Authority, person, firm, corporation, other entity, including, without limitation,

comments on or challenges to the consideration or issuance of any Permit, that delays or prevents any aspect of the development or operation of the Landfill Facility. Notwithstanding the above, the Parties agree that the term “Force Majeure” shall not include: (1) any judicial or administrative action requiring SRD to remediate conditions at the Landfill Facility caused by SRD’s failure to manage and operate the Landfill Facility in accordance with all applicable laws and regulations; (2) any act, event or circumstance that would not have occurred if the affected Party had complied with its obligations under this Extension Agreement or complied with all applicable laws and regulations, and such failure to comply was not caused by an event of Force Majeure; (3) changes in interest rates, inflation rates, labor costs, insurance costs, commodity prices, currency values, exchange rates or other general economic conditions; (4) changes in the financial condition of the Town, SRD, the Guarantor, or their affiliates or subcontractors affecting the ability to perform their respective obligations; (5) the consequences of error, neglect or omissions by SRD, the Guarantor, the Town, any subcontractor, any of their affiliates or any other person in the management and operation of the Landfill Facility; (6) union or labor work rules, requirements or demands that have the effect of increasing the number of employees required to operate the Landfill Facility or otherwise increasing the cost to SRD of managing and operating the Landfill Facility; and (7) reasonably anticipated weather conditions for the northeastern region of the United States.

“Governmental Authority” shall mean all agencies, authorities, boards, bodies, commissions, courts, instrumentalities, legislatures and offices of any municipal, local, state or federal governmental unit or subdivision.

“Hazardous Waste” shall mean any pollutant, contaminant, chemical, industrial, toxic or other waste that constitutes hazardous waste as defined pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. § 9601 *et seq.*, or M.G.L. c. 21E, or any regulations adopted thereunder at 310 C.M.R. 30.00.

“Initial Capacity” shall mean reallocation of the existing permitted capacity for the Solid Waste Management Areas so as to allow SRD to dispose of not more than 180,960 tons per year of MSW at the Landfill Facility.

“Landfill Facility” means the municipal sanitary landfill located off Barefoot Road in the Town of Southbridge, all as further shown on Exhibit B attached hereto.

“Landfill Monitor” shall mean an individual that is retained by the Town to monitor the Landfill Facility, and who issues reports to the Southbridge Board of Health, with a copy to the Town, Southbridge Town Manager, Southbridge Conservation Commission, and SRD, all as further specified in Exhibit C hereto.

“Life of Landfill” shall mean the length of time required to exhaust the Initial Capacity or the Expanded Capacity, as applicable at that time, and trigger an obligation to initiate Closure of the entire Landfill Facility under the Permits.

“MADEP” shall mean the Massachusetts Department of Environmental Protection.

“MSW” shall mean municipal solid waste, as that term is defined in the regulations of the MADEP.

“Permit” shall mean any and all permits, licenses, certificates, consents, registrations or other approvals required by any Governmental Authority to construct, operate, use, maintain, expand or close the entirety or any portion of the Landfill Facility, including without limitation all renewals and modifications thereof.

“Phase I Construction of the Industrial Park Road” shall mean that portion of the access road, sewer line, water line, and related power utilities proposed to service the Southbridge Industrial Development Park that is located starting at State Road 169 and continuing to a point of intersection adjacent to the Processing Facility, all as further set forth in Exhibit D hereto.

“Phase II Construction of the Industrial Park Road” shall mean that portion of the access road, sewer line, water line, and related power utilities proposed to service the Southbridge Industrial Development Park that is located starting at a point of intersection adjacent to the Processing Facility and continuing throughout the remainder of the said Industrial Development Park, all as further set forth in Exhibit D hereto.

“Post Closure Activities” shall mean those acts and activities which are required for post-closure care including monitoring, reporting and maintenance under the regulations of the MADEP at 310 C.M.R. 19.00, as amended from time to time.

“Property” shall mean the Town-owned parcel of land located on Barefoot Road in the Town of Southbridge, on which the Landfill Facility is located.

“Required Approvals” shall mean (1) all approvals necessary from any Governmental Authority to operate the Landfill Facility at the Initial Capacity, including, without limitation, a site assignment (or modifications thereto) from the Southbridge Board of Health, and the solid waste management facility permit from the MADEP, and (2) the approval by MADEP of the FAM required to be provided by SRD under Section 6.2 of this Extension Agreement.

“Required Submittals” shall mean the performance bond required under Section 3.4(e), the performance bond required under Section 25.1, the Certificates of Insurance required under Section 21.3, and the Guaranty required by Section 24.1.

“Royalty Payment” shall mean the payment due from SRD to the Town pursuant to Section 5.2 or 5.3 herein, as applicable.

“Solid Waste Management Areas” shall mean the Landfill Facility, the Processing Facility, and certain adjacent properties, all as shown on Exhibit E hereto.

“SRD” shall mean Southbridge Recycling and Disposal Park, Inc.

“Term” shall have the meaning set forth in Section 28.

“Ton(s)” shall mean 2000 pounds or the volume equivalent.

