

PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

THE COUNTY OF SONOMA, AS SELLER

AND

REPUBLIC SERVICES OF SONOMA COUNTY, INC., AS
PURCHASER

DATED AS OF ~~SEPTEMBER 29~~OCTOBER 6, 2009

EXHIBITS

A-1	Legal Description of Land: Central
A-2	Legal Description of Land: Annapolis
A-3	Legal Description of Land: Guerneville
A-4	Legal Description of Land: Healdsburg
A-5	Legal Description of Land: Sonoma
A-6	Landfill Grading Plan
B	Form of Deed
C	Form of CC&Rs
D-1	Form of Deposit Letter of Credit
D-2	Form of Post-Closing Letter of Credit
E	Form of Assignment of Purchase Agreement
F	Form of Guaranty
G	Form of Certificate of Non-Foreign Status
H	Form of Legal Opinion
I	Form of Quitclaim Bill of Sale
J	Depiction of West Canyon
K	Form of Agency Agreement
L	Form of Assignment and Assumption Agreement
M	Form of Easement Agreement
N	Form of City Disposal Agreement
O	Definition of Operable Leachate Pipeline
P	List of Grant Agreements
Q	Form of Keller Agreement Amendment
R	Form of Operations Agreement
S	Description of Double Liner System Concept
T	Description of MRF
U	Form of Escrow Agreement
V	Form of Transfer Station Lease
W	Insurance Requirements
X	Form of HHW Lease
Y	Description of Baseline Systems as of Execution Date
Z	Reaffirmation and Ratification of Guaranty
AA	Description of Pilot Project
<u>BB</u>	<u>Greenhouse Gas Emission Plan</u>

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is made as of ~~September 29~~ October 6, 2009, by and between **THE COUNTY OF SONOMA**, a political subdivision of the State of California (“**County**”), and **REPUBLIC SERVICES OF SONOMA COUNTY, INC.**, a Delaware corporation (“**Purchaser**”).

BACKGROUND

- A.** County owns certain real and personal property assets that are part of the County of Sonoma solid waste system, including locations commonly known as the Central Landfill and transfer stations located at Annapolis, Guerneville, Healdsburg, Sonoma and the Central Landfill.
- B.** County desires to sell and, as applicable, lease to Purchaser the Property, as defined herein, including the assets as set forth in Recital A, the real property portion of which is described on Exhibits A-1 to A-5, and Purchaser desires to purchase and, as applicable, lease these assets from County, all on the terms and conditions set forth herein.
- C.** The County has significant public policy goals in entering into this Agreement. Among these public policy goals, each of which form an essential part of this transaction and the consideration hereunder, the County desires to (i) transfer, on behalf of the County and the Committed Cities, and Purchaser is willing to accept and assume the Closure and Post-Closure Obligations and certain environmental liabilities and obligations associated with the Property, and under the terms and conditions specified herein; (ii) enter into a long-term tip fee and disposal relationship with Purchaser whereby the County-Controlled Waste and the Waste of the Committed Cities will be disposed of by Purchaser at the Landfill or another facility owned or operated by Purchaser or an Affiliate at reasonable and stable tip fees as set forth in this Agreement; (iii) secure certain indemnities and releases from Purchaser in favor of the County and the Committed Cities with respect to the use, operation and condition of the Property pursuant to the terms and conditions set forth herein; (iv) provide for in-county disposal of Waste under the terms and conditions specified herein; and (v) enhance in-county diversion through development of a materials recovery facility and provide a process for potential agreement on potential future programs.
- D.** County and Purchaser are entering into this Agreement to evidence their respective duties, obligations and responsibilities.

NOW, THEREFORE, in consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the receipt and sufficiency of which is hereby acknowledged by the Parties, each of County and Purchaser agrees as follows:

responsible for the performance of the lessor's obligations under the HHW Lease, including providing to the SCWMA and its contractors and operators ingress, egress and access to and from the Landfill and the right to use the existing site at the Landfill for the HHW Program in accordance with and subject to the terms and conditions of the HHW Lease, including any extensions thereof. Nothing contained herein shall preclude Purchaser from pursuing and entering into an agreement with the SCWMA to provide some or all of the SCWMA's services related to the solid waste within the County of Sonoma, including the HHW Program.

6.10 Compost Facility

Purchaser acknowledges that (i) a compost operation, which is currently run by Sonoma Compost Company, exists, as of the Execution Date, at the Landfill (the "**Compost Facility**"); (ii) the County's responsibilities with respect to the Compost Facility are set forth in that certain Organic Material Processing, Composting and Marketing Services Agreement dated as of September 28, 1999, by and among the SCWMA, the County and Sonoma Compost Company (as amended, the "**Compost Agreement**"), and (iii) the Compost Agreement is an Assigned Contract. As of Closing, Purchaser shall assume and be responsible for the performance of the County's obligations under the Compost Agreement, including providing to Sonoma Compost Company ingress, egress and access to and from the Landfill and the right to use its existing site at the Landfill for the Compost Facility in accordance with and subject to the terms and conditions of the Compost Agreement; provided, however, that (1) if the Compost Facility has not relocated as of the expiration of the Compost Agreement, upon request of the SCWMA, Purchaser shall allow the Compost Facility to remain at the Landfill for an additional 12 months after the stated expiration of the Compost Agreement upon the same terms and conditions set forth in the Compost Agreement; (2) the SCWMA may extend the Compost Agreement beyond its current expiration, subject to the consent of Purchaser, which consent shall not be ~~unreasonably withheld or delayed~~ (and which consent shall be deemed granted if Purchaser does not disapprove a request from the SCWMA for consent within 45 days after delivery thereof); unless Purchaser (x) intends to use the land where the Compost Facility is located for the resumption of Waste disposal thereon and (y) provides not less than 6 months' prior written notice to the SCWMA of such need and (3) Purchaser shall work cooperatively with the SCWMA to attempt to find a new site for the Compost Facility at the Landfill (with the SCWMA to bear all costs of permitting and developing, operating, financing and maintaining such a facility), which cooperation, if successful, shall be documented pursuant to a mutually acceptable agreement between Purchaser and the SCWMA. Payment for the processing and handling of green waste and wood waste at the Compost Facility is addressed in the Agency Agreement.

6.11 Minimum Continued Operations.

- (a) From and after the Closing Date, and until the fifth (5th) anniversary of the Closing Date, Purchaser shall operate the Facilities in accordance with the minimum operating requirements and terms of Schedule 6.11, employing such staff and equipment as is necessary to meet the requirements specified therein; provided, however, that if the Landfill is allowed to accept Waste and is accepting Waste, Purchaser may suspend Waste operations at the Central Transfer Station

so long as (i) Purchaser implements an alternative means for haulers and Entities bringing Self-Haul Waste to access the Landfill and deliver their respective Waste (and to access the Compost Facility and deliver green waste and wood waste); (ii) such alternative means comply with applicable Law, all Permits and Prudent Solid Waste Practices; and (iii) such alternative means provide haulers and Entities bringing Self-Haul Waste to the Landfill with a method to deliver Waste to the Landfill and green waste and wood waste to the Compost Facility that is comparable and no less efficient than the operations at the Central Transfer Station. In addition to the minimum continued operations specified herein, Purchaser shall not completely close or shut down any of the Transfer Stations without the prior approval of County and shall continue to operate each Transfer Station in a manner capable of handling the Waste delivered to such Transfer Station.

- (b) Except for such items as are prohibited by Law or the Permits after Closing and during the term of the County Waste commitment and the City Disposal Agreements, Purchaser shall accept, handle and dispose of (or recycle) all items brought to each Facility (for as long as each Facility remains open) as were accepted by the County as of the Execution Date.
- (c) In addition to the other provisions of this Section 6.11, and except as provided in subsection (a) herein, at all times from and after the Closing Date, Purchaser shall operate and maintain ~~at least one permitted disposal or transfer station facility~~ the Facilities within the County of Sonoma that ~~has~~have the capacity, capability and operations necessary to accept, process and handle all County-Controlled Waste and Committed City Waste; provided, however, that this Section 6.11(c) shall no longer apply if Purchaser provides at least five years' advance written notice to the County and all Committed Cities of Purchaser's intent to close all disposal and transfer station facilities within the County of Sonoma, which written notice may not be given by Purchaser earlier than September 1, 2025 (or if the County or a Committed City has exercised an option to extend its commitment of Waste pursuant to Section 6.17(i), such written notice may not be given by Purchaser earlier than 5 years prior to the expiration of such option period).
- (d) The County and Purchaser acknowledge that it is their mutual intent to re-permit the Landfill to serve the future disposal needs of the jurisdictions and citizens of the County of Sonoma and Purchaser acknowledges that the Sonoma County Code (as it exists as of the Execution Date) currently prohibits the importation of out-of-county Waste for disposal without the prior approval of the Board of Supervisors. Purchaser further acknowledges that any request or application in the future for the importation of waste for disposal is subject to discretionary approval of the Board of Supervisors.

6.15 Green Waste/Wood Waste After Closing

From and after the Closing Date, Purchaser shall handle, process, transport and dispose of all green waste and wood waste that is Source Separated or that would otherwise meet the definition of Source Separated but is generated by a commercial, rather than residential, “owner,” and deliver such green waste and wood waste to an appropriate green waste and wood waste handling and processing facility; provided, however, that Source Separated loads of green waste and wood waste that are delivered to the Landfill or Central Transfer Station shall be delivered to the Compost Facility during the period that such Compost Facility is located at the Landfill, as set forth in Section 6.10, and in accordance with the terms of the Agency Agreement, including provisions relating to the setting of green waste and wood waste tip fees by, and remittance by Purchaser of such tip fees to, the SCWMA. Purchaser may, in its discretion, set the tip fees for Source Separated green waste and wood waste that is delivered to a Transfer Station other than Central Transfer Station, or to the Landfill or the Central Transfer Station after the Compost Facility is no longer located at the Landfill, and shall be entitled to retain all such revenues (subject to any Royalty Payments and Program Fees payable with respect thereto, which Purchaser may include in the tip fees). In no event shall Purchaser use green waste or wood waste for daily cover at the Landfill or at any other landfill or deposit green waste or wood waste delivered to the Landfill or Transfer Stations as waste in or at any landfill, including the Landfill. After the Compost Facility has been relocated to a new site not at the Landfill, Purchaser may use green waste or wood waste for beneficial reuse purposes at the Facilities or at any other facility.

6.16 Commitment of County Waste Flow; Hauling

- (a) The County will deliver or cause all of the County-Controlled Waste to be delivered to the Facilities for a period commencing on the Closing Date and continuing through and until the 20 year anniversary of the Closing Date. Purchaser shall receive, accept and safely and lawfully dispose of such Waste. Purchaser shall guarantee its ability to accept and dispose of County-Controlled Waste delivered to the Facilities. Purchaser shall be solely responsible for estimating and securing, at the Landfill or elsewhere, the quantity of capacity that shall be required to handle such Waste.
- (b) As used in this Agreement, **“County-Controlled Waste”** excludes:
 - (i) Source Separated Recyclable Materials generated by residents commercial customers, or industrial customers or residential, commercial or industrial premises and collected within recyclable containers of any nature designated by the County as part of a contract, authorization, permit, license or franchise agreement issued by the County pursuant to a Recycling program authorized by the County;
 - (ii) Self-Haul Waste; ~~and~~
 - (iii) Committed City Waste; ~~and~~

~~(e) Notwithstanding the foregoing, the County shall not be obligated to cause a Franchised Hauler to deliver Source Separated Recyclable Materials or Construction and Demolition Wastes collected in designated recyclable containers at a commercial business or an industrial premises, including Garbage Bins and Roll-Off Containers, to the Facilities, but only for so long as the Franchised Hauler's contract, authorization, permit, license or franchise agreement is not renewed (excluding a renewal on the basis of a unilateral option of the Franchised Hauler), extended or materially modified and only if the following also apply: said contract, authorization, permit, license or franchise agreement (1) was granted or entered into by County with the Franchised Hauler prior to the Execution Date, and (2) does not allow the County to direct the Franchised Hauler to deliver such commercial and industrial Source Separated Recyclable Materials or Construction and Demolition Wastes collected in designated recyclable containers at a commercial business or industrial premises, including to the Facilities.~~

(iv) Any materials collected pursuant to the exemption from the licensing and franchising requirements set forth in Section 22-21 of the County of Sonoma Code as in effect as of the Execution Date.

(c) Intentionally omitted.

(d) Whenever a Franchised Hauler's contract, authorization, permit, license or franchise agreement is renewed (excluding a renewal on the basis of a unilateral option of the Franchised Hauler), extended or materially modified after the Execution Date, the County shall incorporate language in such contract, authorization, permit, license or franchise agreement, requiring the Franchise Hauler to deliver all County Controlled Waste, ~~including commercial and industrial Source Separated Recyclable Materials, Recyclable Materials, Mixed Waste and Construction and Demolition Wastes as described in clause (c) of this Section~~) to the Facilities.

(e) Except as set forth in Section VII(G) of Schedule 6.17, the County's commitment of County-Controlled Waste as set forth in Section 6.16(a) is not a guaranty of any amount of Waste flow nor does it represent a "put or pay" relationship and County makes no representations and warranties with respect to any amount of Waste flow. Purchaser acknowledges that the actual Waste flow may be higher or lower than its projections, proposal assumptions or historical averages.

(f) County expressly disclaims any warranties, either expressed or implied, or representations, as to the composition of Waste to be delivered to the Facilities or any other facility owned or operated by Purchaser or any Affiliate of Purchaser.

(g) Purchaser expressly acknowledges and agrees that it has reviewed the Redwood Empire Franchise Agreement and agrees that such franchise agreement is consistent with and in compliance with the County's commitment of Waste under this Agreement so long as the County requires Redwood Empire to deliver Waste

criteria established by the project advisory committee. The study will develop the scope and timeframe for recommended projects, programs or actions, as well as assess the costs of such projects, programs, or actions. The projects and actions evaluated in the study will include the best practices developed by the Institute for Local Government (Draft California Climate Action Network Best Practices Framework). As appropriate, the study will evaluate the potential for public-private partnerships for projects or programs, including the potential use and expansion of the equipment and facilities developed under the CNG Grant (e.g., developing a pipeline from such equipment and facilities to the closest PG&E natural gas pipeline). The study will identify how any projects, programs, or actions integrate into and become a part of the County's climate protection programs and initiatives.

- (c) As part of the feasibility study described herein, Purchaser shall assess and identify the 1990 baseline for greenhouse gas emissions for the Landfill. Following completion of the feasibility study, Purchaser shall develop a plan ~~and shall use Commercially Reasonable Efforts~~ to reduce greenhouse gas emissions by 25% from the 1990 baseline by the end of 2015. Thereafter, Purchaser will prepare and deliver to the County an independently prepared annual report setting forth, in reasonable detail, the reductions from the 1990 baseline and Purchaser's progress against the reduction goal specified in such plan. Purchaser's plan and reporting shall be consistent with the protocols and requirements of Exhibit BB.
- (d) Purchaser shall, on an ongoing basis and at its sole cost, safely capture Landfill Gas at the Landfill and process such Landfill Gas in order to produce renewable energy. Purchaser shall, at Purchaser's sole cost, provide such equipment, personnel and materials necessary to handle and process the Landfill Gas, including, as appropriate, expanding the existing Landfill Gas facilities and equipment.

6.20 **AB 939 Obligations; Waste Diversion.**

- (a) The Parties acknowledge the importance of diversion to the County and its constituents and that the importance is evidenced by diversion rates for calendar year 2006 of approximately 64% of the entire waste stream (of which approximately 61.7% occurred outside of the County's direct control through SCWMA programs and diversion activities undertaken by commercial refuse collection companies and individual private industries), including diversion that occurs at the curbside and through Source Separated loads.
- (b) Within six (6) months of commencing substantially full scale operations of the MRF, Purchaser shall achieve a sixty percent (60%) diversion rate, measured by weight, for Construction and Demolition Debris delivered to the MRF for Recycling, and Purchaser shall achieve a forty five percent (45%) diversion rate, measured by weight, for dry Waste delivered to the MRF for Recycling. These

EXHIBIT BB

GREENHOUSE GAS EMISSION PLAN

- A. Goal to be achieved: Reduce greenhouse gas emissions 25% below 1990 levels by 2015. Purchaser shall produce a mutually-agreeable plan to maximize the GHG reduction benefits from the solid waste sector for the overall County GHG emission reduction goal; plan to be delivered to the County within 60 days after the Closing Date.
- B. Plan to provide for the following annual targeted benchmarks of emission reductions:
- End of 2012 – return to 2000 levels
 - End of 2013 – return to 1990 levels
 - End of 2014 – 10% below 1990 levels
 - End of 2015 – 25% below 1990 levels
- C. Scope of emissions to be included:
- All emissions at the Facilities
 - Emissions from hauling by Purchaser and its Affiliates between Transfer Stations and Landfill
 - Emissions from hauling by Purchaser and its Affiliates of Waste from the County of Sonoma from Landfill to other out-of-county landfills
- D. Protocol to be followed:
- Best available solid waste protocol to be mutually agreed upon by Purchaser and the County, to be based on guidance from the California Air Resources Board¹
- E. Method for reporting and certifying emissions
- Reporting and certifying procedure to be mutually agreed upon by Purchaser and the County, to be based on guidance from the California Air Resources Board
- F. Other emissions tracking
- Account for GHG benefits for recycling²
- G. Timetable for annual reporting to the Board of Supervisors:
- By April 30 for the preceding calendar year, commencing on April 30, 20

¹ For CARB protocol and methodology related to solid waste and greenhouse gas emissions see for example: http://www.arb.ca.gov/cc/protocols/localgov/pubs/final_lgo_protocol_2008-09-25.pdf; <http://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep.htm>; <http://www.ciwmb.ca.gov/Climate/Recycling/Workshops/default.htm>

²Use EPA WARM emissions factors for materials recycled http://www.epa.gov/climatechange/wycd/waste/calculators/Warm_Form.html