

**AGREEMENT REGARDING SUNRISE LANDFILL
AND EXTENSION OF FRANCHISE AGREEMENT**

This Agreement Regarding Sunrise Landfill (this "Agreement") is entered into this 15th day of June, 1999 ("Effective Date") by and among the County of Clark, a political subdivision of the State of Nevada (the "County" or "Clark County"), Republic DUMPCO, Inc., a Nevada corporation, d/b/a DUMPCO ("Republic DUMPCO"), Republic Silver State Disposal, Inc., a Nevada corporation, d/b/a Silver State Disposal Service ("RSSD"), and Republic Services, Inc., a Delaware corporation ("Republic").

RECITALS

WHEREAS, the County, RSSD, and Republic DUMPCO and Republic have entered into this Agreement to define the rights and liabilities as between them pertaining to the Sunrise Regional Landfill, a former operating landfill generally situated within portions of Sections 1 and 12, Township 21 South, Range 62 East, Mount Diablo Meridian, which for purposes of this Agreement includes disposal areas adjacent to the permitted landfill area (collectively, "Sunrise Landfill"), and to further define the rights and liabilities of the parties with respect to certain administrative enforcement orders issued to Clark County, RSSD, Republic DUMPCO and others by the United States Environmental Protection Agency (EPA) on April 26, 1999; and

WHEREAS, the Sunrise Landfill is located upon real property owned by the federal Bureau of Land Management (BLM);

NOW, THEREFORE, the Parties do agree as follows:

I.

RECITALS AND FACTUAL BACKGROUND FOR THE AGREEMENT

1.01 August 31, 1993 MOU and October 5, 1993 Modification Agreement. On August 31, 1993, the County, Silver State Disposal Urban Maintenance Company (DUMPCO, Republic DUMPCO's predecessor in interest) and Silver State Disposal (RSSD's predecessor in interest) entered into a Memorandum of Understanding (MOU) which set forth certain terms and conditions for the closure of Sunrise Landfill and the opening of the Apex Regional Landfill. A true and correct copy of the MOU is attached hereto as Exhibit "A" and incorporated by reference as though fully set forth herein. On October 5, 1993, Clark County and Republic DUMPCO entered into a Modification Agreement to Franchise Agreement for Collection and Disposal of Solid Waste ("Modification Agreement"). The Modification Agreement implemented the MOU and established certain terms and conditions for closure of the Sunrise Landfill and the opening of the Apex Regional Landfill. Republic DUMPCO owns, operates, and maintains a landfill generally known as Apex Regional Landfill, generally situated near the intersection of Interstate 15 and U.S. Highway 93 in Clark County, Nevada. A true and correct copy of the Modification Agreement is attached hereto as Exhibit "B" and incorporated by reference as though fully set forth herein.

1.02 Franchise Agreement. On February 6, 1996, the County and RSSD's predecessor executed a Franchise Agreement for Collection and Disposal of Solid Waste ("Franchise

Agreement"). Pursuant to Paragraph 4 of the Franchise Agreement, RSSD owns the exclusive right to perform collection and disposal of solid waste in Clark County until September 30, 2010. Pursuant to Paragraph 10(f) of the Franchise Agreement, RSSD's exclusive right to perform collection and disposal of solid waste in Clark County is extended until September 30, 2020, provided RSSD establishes and places into operation at least seven (7) solid waste disposal convenience centers or transfer stations, as provided in Paragraph 10 of the Franchise Agreement.

1.03 Assignment of Modification Agreement to Republic DUMPCO. On August 5, 1997, RSSD was assigned the obligations and responsibilities of the 1993 Modification Agreement between Clark County and DUMPCO, as well as all right title and interest in the 1994 Closure Plan for the Sunrise Landfill. RSSD assumed the obligations of the Modification Agreement, including the obligation to close the Sunrise Landfill in compliance with all applicable federal, state, and local laws and regulations, existing at the time of closure, at no cost to the County, and to comply with the closure requirements of the BLM, as set forth in the lease documents between the County and BLM.

1.04 Rainfall Event. On September 11, 1998, a greater than 100-year rainstorm event concentrated over the Sunrise Mountain area exposed significant quantities of solid waste buried adjacent and northeast of the 720-acre Sunrise Landfill (the "Northeast Canyon Area"). The resulting flood waters carried solid waste from the Northeast Canyon Area, through the Sunrise Landfill surface drainage structures, and into the unnamed tributary to the Las Vegas Wash. The flood waters also breached certain surface drainage structures, compromised cells within the Sunrise Landfill itself, and caused small quantities of solid waste to be released from Sunrise Landfill to the unnamed tributary.

1.05 RCRA Order. On April 26, 1999, the U.S. Environmental Protection Agency ("EPA") issued RCRA Order, Docket No. 7003-09-99-0005 ("RCRA Order"), naming DUMPCO, RSSD, Republic Industries, Inc. ("RII"), SSDS Liquidating Corporation, and Clark County Public Works as Respondents. The effective date of the RCRA Order was May 6, 1999. EPA issued the RCRA Order, in part, because the September, 1998, rainfall event caused the discharge of solid waste into a tributary leading to the Las Vegas Wash. The RCRA Order, which is attached hereto as Exhibit "C" and incorporated herein by this reference, compels performance of action items, among others, relating to "Run-on/Run-off Controls," "Facility Assessment and Corrective Measures," and "Long-Term Operation and Maintenance Requirements." The RCRA Order requires performance of action items for the 720-acre Sunrise Landfill, as well as areas denoted as the "Eastern Perimeter Area," "Southern Wash Area," and "Western Burn Pit Area," all as illustrated on an exhibit to the RCRA Order.

1.06 CWA Order. On April 26, 1999, the EPA issued CWA Order, Docket No. CWA-309-9-99-14 (the "CWA Order"), attached hereto as Exhibit "D" and incorporated herein by this reference, naming DUMPCO, RSSD, RII, and Clark County Public Works as Respondents. The effective date of the CWA Order was April 26, 1999. EPA issued the CWA Order, in part, because the September, 1998, rainfall event caused the discharge of solid waste into a tributary leading to the Las Vegas Wash. The CWA Order details action items to be performed in and around the Sunrise Landfill Area, including a full report on the hydrologic and hydrogeological site conditions, interim plans for repairs to surface water controls and for additional storm water controls, clean up of debris in the area, compliance with Industrial Storm Water General Permit No. GNV0022233, and other measures.

1.07 Parties have contractually defined and memorialized the obligations of RSSD and Republic DUMPCO to fully comply with the RCRA Order and the CWA Order (collectively referred to herein as the "EPA Orders"). In particular, the County has entered into this Agreement to obtain services from RSSD and Republic DUMPCO to permit it to fully comply with EPA Orders in the event the Sunrise Landfill was closed in accordance with the MOU and the Modification Agreement ("Proper Closure"). RSSD and Republic DUMPCO have agreed to provide such services as documented in the EPA Orders which, in the event of Proper Closure, they would not otherwise be liable for, in exchange for the other promises and agreements contained herein.

1.08 Reservation of Rights. Each party expressly reserves its rights as against the other with respect to any claims not specifically addressed by this Agreement, and nothing in this Agreement shall be read to preclude or waive any claims by the respective parties to this Agreement as against other persons or entities not a party to this Agreement, including, without limitation, BLM, Silver State Disposal Service, Inc. and former officers, directors and shareholders of Silver State Disposal Service, Inc. as well as affiliated entities of former Silver State Disposal Service, Inc.

II. AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties hereto agree as follows:

2.01 Compliance with the EPA Orders.

- a. RSSD and Republic DUMPCO shall take all actions necessary to comply fully with all terms and conditions of the EPA Orders (for purposes of this Agreement, "the Project") which includes closure and post-closure care to the extent necessary for compliance with the EPA Orders and state and federal regulations. RSSD and Republic DUMPCO shall undertake the Project in a manner within the discretion of RSSD and Republic DUMPCO, provided the Project complies with the Orders as determined by EPA. The foregoing notwithstanding, RSSD and Republic DUMPCO shall provide Clark County with the opportunity to undertake advance review and comment with respect to any proposed submittal to any regulatory agency in connection with RSSD and Republic DUMPCO's compliance with the EPA Orders.
- b. In the event that RSSD and Republic DUMPCO fail to perform the Project in a manner consistent with the Orders, the County is entitled to perform the compliance action on behalf of RSSD and Republic DUMPCO, and shall be reimbursed by RSSD and Republic DUMPCO for all costs associated with such actions, including the costs of consultants, engineers, counsel and administrative staff time in connection with the action. Prior to initiating any compliance action on behalf of RSSD and Republic DUMPCO, the County shall notify RSSD and Republic DUMPCO in writing of the non-compliance, stating with particularity the nature of any alleged failure to meet the requirements of the Orders, as well as EPA standards and guidelines. The

County shall then allow RSSD and Republic DUMPCO thirty (30) days from receipt of the notice to correct the non-compliance or obtain EPA approval for the RSSD and Republic DUMPCO action that is alleged to be non-compliant. Failure of RSSD and/or Republic DUMPCO to comply with the EPA Orders shall be grounds for the County to pursue Financial Assurance provisions set forth in 2.05 herein.

- c. RSSD and Republic DUMPCO shall provide Clark County with a quarterly report of expenditures made for compliance with the EPA Orders on the 15th day after the end of each quarter following execution of this Agreement, commencing with the quarter ending September 30, 1999. The first report is due on October 15, 1999. An annual report shall specify the amount of expenses, by category and type with a detailed explanation, for the four (4) quarters, and must be signed by an independent auditor licensed to practice in the state of Nevada selected by the County in its sole discretion. The quarterly and annual reports shall also state the cumulative total of costs to date as of the date of the report.

2.02 Cooperation and Communication. The parties agree to cooperate as necessary to effectuate the purposes of this Agreement, and to respond efficiently to the EPA Orders. The Parties agree to provide each other with informational resources helpful to the cooperative effort. The parties shall provide each other with a copy of all correspondence, reports, or other documentation submitted to EPA or the Nevada Division of Environmental Protection, at the following addresses:

John Schlegel
Director, Comprehensive Planning
500 S. Grand Central Parkway
Las Vegas Nevada 89155

Stephen Kalish, Vice President
Republic Silver State Disposal Service, Inc.
770 E. Sahara Avenue
Las Vegas, Nevada 89104

2.03 Indemnity, Defense, and Hold Harmless.

- a. Except as specifically provided in sub-paragraph 2.03 b. below, RSSD and Republic DUMPCO, as well as their successors, parents, subsidiaries and affiliates (collectively RSSD and Republic DUMPCO) agree to defend, fully indemnify and hold harmless the County, its commissioners, departments, employees, agents, consultants and attorneys from and against all claims, demands or causes of action, including without limitation, claims and demands brought pursuant to the Resource Conservation and Recovery Act (RCRA), the laws, rules and regulations of the State of Nevada Department of Conservation and Natural Resources, Division of Environmental Protection (NDEP), and the laws, rules and regulations of the Clark County Health District (CCHD), arising from or related to any failure of RSSD or Republic DUMPCO to comply with the EPA Orders.
- b. RSSD and Republic DUMPCO agree to indemnify, defend, protect and hold harmless the County and the County's officers, agents, employees, contractors and subcontractors upon and against any claims, suits or demands for personal injury, death or property damage (but *not* including any claims for damages to natural resources), arising out of or related to RSSD's and Republic

DUMPCO's compliance with the EPA Orders, where it is established that the injury, death or damage was the result of negligence, whether active or passive, or an omission, whether active or passive, or the intentional conduct of RSSD, Republic DUMPCO or its officers, agents, employees, contractors and subcontractors. RSSD and Republic DUMPCO shall have the right, when acting under this paragraph 2.03 b. to select counsel and to direct the course of the proceeding, including the settlement thereof provided that: (1) Silver State does not dispute the indemnity, defense or hold harmless obligation; (2) the counsel selected has experience in this type of proceeding; and (3) the County shall be kept apprised of the progress of the proceeding.

2.04 Modification of Franchise Agreement. Pursuant to NRS 244.187 and 244.188, the Board of County Commissioners of Clark County, Nevada, is authorized to extend the exclusive franchises now held by RSSD and Republic DUMPCO to perform collection and disposal of "garbage and other waste" as contemplated herein. In consideration of the mutual provisions and covenants herein, RSSD and Republic DUMPCO shall have the exclusive right to perform collection and disposal of solid waste in Clark County for an additional 15 year period following the current termination date of the Franchise Agreement. Paragraphs 4 and 10(f) of the Franchise Agreement shall be and, upon execution of this Agreement, hereby are modified as follows:

Paragraph 4 This Contract shall become effective on February 6, 1996, and terminate on September 30, 2025, said effective and termination dates being subject to all additional provisions for extension or early termination contained within this contract. This Contract may be canceled by the CONTRACTOR with 180 days written notice to the COUNTY.

Paragraph 10(f) COUNTY and CONTRACTOR agree that upon CONTRACTOR's placing in operation all rural area convenience centers as may be required by this Contract or, in the alternative, the receipt by CONTRACTOR of a written declination of the Board of County Commissioners to have a convenience center or transfer station in a specified rural area, the termination date of this Contract as specified in Paragraph 4, above, shall be amended to reflect a termination date of 2035.

2.05 Financial Assurances

- a. **Financial Assurances For Project Costs.** RSSD and Republic DUMPCO and/or Republic Services, Inc. shall provide financial assurances in the form of a performance bond for the full costs of compliance with the EPA Orders, in the amount of the costs of compliance estimated by a civil engineer with solid waste engineering experience, licensed in the State of Nevada. The cost estimate is attached hereto as Exhibit "E" and incorporated by reference as though fully set forth herein. The terms of the financial assurance shall authorize Clark County to draw upon the bond without the consent or authorization of RSSD or Republic DUMPCO in accordance with the provisions of paragraph 2.01(b). A performance bond secured by RSSD and

Republic DUMPCO and/or Republic Services, Inc., in accordance with this paragraph must name Clark County as the direct and sole beneficiary, must be for the amount described in Section 2.05(b) of this Agreement, must be secured from a provider that is "A" rated or better from Standard & Poors and/or Moody's Investors Service, must be bankruptcy remote (including a clear preference opinion as to the County's ability to access the performance bond proceeds), must be in force for the full term of the Agreement, and must be secured from a provider that is unrelated to RSSD and Republic DUMPCO and/or Republic Services, Inc.

- b. Estimated "Project" Costs. RSSD and Republic DUMPCO estimate that approximately \$36 Million Dollars (\$36,000,000) in expenditures will be required to perform the Project tasks outlined by the EPA Orders. If, beginning on the Effective Date, at any time during the term of the Franchise Agreement or any extension thereof, RSSD's and Republic DUMPCO's total costs to comply with the Orders exceed \$36 Million Dollars, nothing herein shall preclude RSSD and Republic DUMPCO from seeking additional sources of funding, including, without limitation, applying for collection rate increases or requesting extensions of the term of the Franchise Agreement. RSSD and Republic DUMPCO shall track cumulative Project costs pursuant to paragraph 2.01(d). RSSD and Republic DUMPCO acknowledge that any applications for rate increases or requests for Franchise Agreement extensions are discretionary determinations within the exclusive jurisdiction and authority of the Clark County Board of Commissioners (Board), which must be based on the facts and circumstances presented to the Board in connection with any such application or request. No approval of any prospective rate increase or Franchise Agreement extension shall nor can be inferred or implied by reason of the provisions of this paragraph.

2.06 Sunrise Landfill Ownership. BLM is the fee owner of the Sunrise Landfill that is subject to the EPA Orders. BLM ownership of these lands may present an impediment to efficient compliance with the Orders, and make the long term productive use of lands more difficult. The County agrees to initiate the appropriate Federal Land Policy Management Act process (either public land sales under Section 203 or through the R&PP Act) to obtain full fee title to the Sunrise Landfill property. The County acknowledges that RSSD and Republic DUMPCO are interested in securing fee ownership in these lands and will work with RSSD and Republic DUMPCO, within the limits of County ordinances, policies, and procedures, to secure an interest.

2.07 County's Employment of Consultants and Experts. Clark County shall have the right to employ counsel and experts of its own choosing at its cost to defend against any action concerning the Sunrise Landfill, or to address Sunrise Landfill compliance requirements. RSSD and Republic DUMPCO agree that any submittal concerning the Sunrise Landfill required by a federal, state or local regulatory agency must be provided to Clark County at least ten (10) days in advance of the agency's submittal date, to facilitate Clark County's review and comment on the proposed submittal.

2.08 Acknowledgments. The parties mutually understand and agree, notwithstanding any provision to the contrary, that: (i) each of the parties deny the legal responsibility or liability for the matters set forth in the RCRA Order and CWA Order and that execution of this Agreement is

not to be construed as an admission of liability on the part of any party to this Agreement; (ii) no promise or inducement has been offered except as herein set forth; (iii) this Agreement is made in good faith and in conformance with all applicable law; and (iv) the parties are legally competent to execute this Agreement and to accept full responsibility therefore.

2.09 Integration. This Agreement represents the full and complete integration of the agreement between the parties pertaining to compliance with the EPA Orders and is the complete expression thereof. This Agreement may not be amended or modified except in writing and signed by each of the parties. All other agreements, negotiations, and representations between the parties, whether orally or in writing, pertaining to compliance with the EPA Orders, and to the extent not expressly set forth herein, are void and of no force or effect whatsoever. Provided, however, that this Agreement shall not modify the terms of or affect the force or validity of prior written agreements between the parties, including the Franchise Agreement, except as expressly set forth here n.

2.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada.

2.11 Counterparts. This Agreement may be executed in any number of counterparts confirmed by facsimile signatures transmitted by telephone, each of which shall be deemed a duplicate original. The original signatures shall be forwarded the same business day as the confirmation facsimile.

2.12 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal, or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law. Notwithstanding the foregoing, in the event the extension of the Franchise Agreement as contemplated herein is deemed unenforceable, illegal, or unconstitutional by a court of competent jurisdiction, this Agreement shall be null and void, and of no force or effect whatsoever.

2.13 Binding Effect of Agreement/Restriction On Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, or assigns, as the case may be. No change in the ownership or corporate, partnership or other legal status of RSSD and/or Republic DUMPCO shall in any way alter RSSD's and Republic DUMPCO's obligations and responsibilities under this Agreement. No assignment of any responsibilities under this Agreement may be made by RSSD and/or Republic DUMPCO without the express written consent of the County. Consent shall not be unreasonably withheld. Clark County shall have the right to require any reasonable condition on any proposed assignment to effectuate the purposes of this agreement, including a requirement that RSSD and/or Republic DUMPCO remain responsible for the Sunrise Landfill in addition to a proposed assignee. Clark County shall have the right to determine whether any prospective assignee has the financial and technical expertise to perform as required by this Agreement. "Assignment" includes any change in ownership involving 50% or more of the outstanding shares of RSSD, Republic DUMPCO, or any of their parent corporations or wholly-owned subsidiaries.

2.14 Guaranty By Parent Corporation. RSSD and Republic DUMPCO are wholly owned subsidiaries of Republic, a publicly traded company listed on the New York Stock Exchange. Each and every obligation of RSSD and Republic DUMPCO under this Agreement, including without

limitation the obligation to comply with the EPA Orders for Sunrise Landfill, including any required closure and post-closure care and monitoring, is guaranteed by Republic, who stands as guarantor under this Agreement. In the event that RSSD and/or Republic DUMPCO are unable or unwilling to comply with the terms and conditions of this Agreement for any reason, then Republic shall be responsible for compliance with all terms and conditions of this Agreement in place and instead of RSSD and/or Republic DUMPCO. The written Guaranty of Republic is attached as Exhibit 'F' and incorporated by reference as though fully set forth herein.

2.15 Attorney's Fees. In the event any legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys's fees and costs, including expert fees, consultant expenses and administrative staff time.

REPUBLIC DUMPCO, INC.

By: 
Stephen Kalish, Vice President

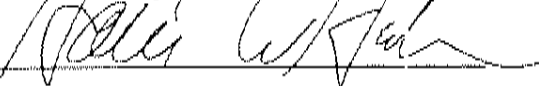
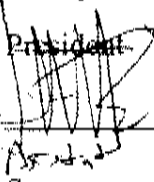
REPUBLIC SILVER STATE DISPOSAL, INC

By: 
Stephen Kalish, Vice President

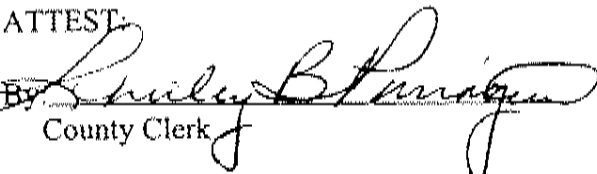
CLARK COUNTY, a political subdivision of the State of Nevada

By: 
Dale Askew, County Manager

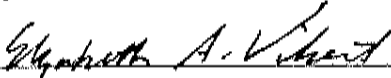
REPUBLIC SERVICES, INC. [GUARANTOR AS TO FINANCIAL OBLIGATIONS]

By: 
Its: President
By: 
Its: Secretary

ATTEST:

By: 
County Clerk

Approved As To Form:


Elizabeth Vibert
Deputy District Attorney
County of Clark, Nevada

6/9/99