

AT A REGULAR MEETING OF THE BOARD OF SUPERVISORS OF THE COUNTY OF JAMES CITY, VIRGINIA, HELD ON THE 27TH DAY OF OCTOBER, 1998, AT 7:03 P.M. IN THE COUNTY GOVERNMENT CENTER BOARD ROOM, 101 MOUNTS BAY ROAD, JAMES CITY COUNTY, VIRGINIA.

A. ROLL CALL

Jack D. Edwards, Chairman, Berkeley District
David L. Sisk, Vice Chairman, Roberts District

John J. McGlennon, Jamestown District
Ronald A. Nervitt, Powhatan District
M. Anderson Bradshaw, Stonehouse District
William C. Porter, Assistant County Administrator
Leo P. Rogers, Deputy County Attorney

B. PUBLIC COMMENT

1. Mr. Keith Nowadly, 4702 Wood Violet Lane, raised a concern with James City County's regional cooperation with the City of Newport News regarding the King William Reservoir.

2. Mr. Ed Oyer, 139 Indian Circle, stated that the County was spending money unwisely on specialized vehicles.

C. HIGHWAY MATTERS

Mr. James Brewer, Williamsburg Assistant Resident Engineer, Virginia Department of Transportation (VDOT), reported Route 199 was on schedule.

Mr. Sisk asked when the Grove interchange would be completed.

Mr. McGlennon asked that installation of replacement reflectors on Jamestown Road (Route 31) be accelerated now that winter months are here.

Mr. Nervitt asked: 1) is there a process whereby collector roads could be downgraded to neighborhood roads; and 2) can the County have streetlight poles and horizontal arms painted so that they blend in with the surroundings.

Mr. Edwards asked staff to work with VDOT on Mr. Nervitt's questions and provide a memorandum with explanations.

Mr. Nervitt asked whether VDOT had a dynamic traffic model that would display traffic flows on the County road system.

Mr. Edwards asked that VDOT have Virginia Power repair the damage they did to Chisel Run Road.

Mr. Bradshaw thanked VDOT for the reduced speed limit sign in Toano.

D. CONSENT CALENDAR

Mr. Edwards asked if a Board member wished to remove any item from the Consent Calendar.

Mr. Edwards asked that Item No. 2 be removed and made a motion to approve Item No. 1 of the Consent Calendar.

On a roll call, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). NAY: (0).

1. Minutes of Regular Meeting October 13, 1998
2. Thomas Nelson Community College Lease

Mr. John E. McDonald, Manager of Financial and Management Services, stated that \$20,000 was being requested by Thomas Nelson Community College as the County share of lease costs for space in the Kingsmill Corporate Center for administrative/registration office space and classrooms. Staff expected the lease would be for three years with recurring, funding requests during the upcoming budget process.

Staff recommended approval of the resolution.

Mr. Edwards made a motion to approve the resolution.

On a roll call, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). NAY: (0).

RESOLUTION**THOMAS NELSON COMMUNITY COLLEGE LEASE**

WHEREAS, the Board of Supervisors of James City County has been asked to participate in funding the lease costs of a Williamsburg-area administrative/classroom center for Thomas Nelson Community College.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors of James City County, Virginia, authorizes the following budget and appropriation amendment to the FY 1999 Capital Budget:

| | |
|---------------------------------|------------|
| Thomas Nelson Community College | \$20,000 |
| Capital Contingency | (\$20,000) |

E. PUBLIC HEARINGS

1. Regional Bicycle Facilities Plan

Mr. O. Marvin Sowers, Jr., Director of Planning, stated that the 1998 Regional Bicycle Facilities Plan recommended most of the 1993 Plan for bicycle facilities that were transportation related, with a new focus on the integration of facilities that serve recreational purposes and a broader range of cyclists. He further stated that names of facilities had been changed to reflect Virginia Department of Transportation terminology, and those facilities would be implemented by major road widening projects, development, or other opportunities.

Dr. Camilla Buchanan, Historic Triangle Bicycle Advisory Committee, detailed the update process of the 1998 Regional Bicycle Facilities Plan and Mr. Michael Mathews, Chairman of the Parks and Recreation

Advisory Commission, stated a lot of time and effort had been put into the process to produce a sound concept and asked the Board to endorse the plan.

Mr. Sowers stated that the Comprehensive Plan and Comprehensive Parks and Recreation Master Plan strategies addressed coordination and implementation of a regional bikeway network.

In concurrence with staff, the Historic Triangle Bicycle Advisory Committee, James City County Parks and Recreation Advisory Commission, and the Planning Commission recommended approval of the plan.

Mr. Edwards opened the public hearing, and as no one wished to speak, he closed the public hearing.

Mr. McGlennon made a motion to approve the resolution.

Board and staff discussed the use of the Regional Bikeway Map versus the Regional Bikeway Facilities chart and the concern that differences would be misleading to citizens and could be misinterpreted. Staff reminded the Board that construction of some of the facilities would be a long-term process.

Mr. McGlennon explained that this proposal would be endorsed as a conceptual plan and that the Capital to Capital Bikeway Virginia Department of Transportation project was a separate process.

Board and staff discussed Greensprings Road as a multiuse path or a shoulder bike lane. Staff reminded the Board that other alternatives would be available for consideration during the next phase of the Capital to Capital Bikeway study.

Mr. McGlennon asked that the action be deferred until the November 10, 1998, Board of Supervisors meeting to allow time to respond to questions.

2. Case No. SUP-21-98. Darcella Reed Manufactured Home

Mr. Jim Breitbeil, Planning Technician, stated that Ms. Shirley Johnston of James City County Office of Housing and Community Development, on behalf of Ms. Darcella Reed, had applied for a special use permit to allow replacement of a manufactured home that was destroyed by fire in February 1998, zoned R-8, Rural Residential, on 0.92± acres, located at 3235 Chickahominy Road, further identified as Parcel No. (1-73) on James City County Real Estate Tax Map No. (22-2).

Staff determined that the proposal was consistent with surrounding properties and met all administrative criteria for the placement of a manufactured home.

Staff recommended approval with conditions listed in the resolution.

Mr. Edwards opened the public hearing, and as no one wished to speak, he closed the public hearing.

Mr. Sisk made a motion to approve the resolution.

On a roll call, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). NAY: (0).

RESOLUTION

CASE NO. SUP-21-98. DARCELLA REED MANUFACTURED HOME

WHEREAS, all requirements for the consideration of an application for a special use permit for the placement of a manufactured home have been met.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of James City County, Virginia, that a special use permit be granted for the placement of a manufactured home on property owned and developed by the applicant as described below.

Applicant: Shirley Johnston of the James City County Office of Housing and Community Development on behalf of Darcella Reed, property owner

Real Estate Tax Map ID: (22-2)

Parcel No.: (1-73)

Address: 3235 Chickahominy Road

District: Stonehouse

Zoning: R-8, Rural Residential

- Conditions:
1. This permit shall be valid only for the 1981 Dural double-wide unit applied for. If the manufactured home is removed, this permit shall become void. Any replacement shall require a new permit from the Board of Supervisors. If the permit is not exercised, it shall become void one year from the date of approval.
 2. The manufactured home shall be skirted and meet the requirements of the Department of Housing and Urban Development Manufactured Home Construction and Safety Standards.

3. James City County Landfill Transfer Station (Continued from 10/13/98)

Mr. William C. Porter, Jr., Assistant County Administrator, stated that this item was deferred at the October 13, 1998, Board of Supervisors meeting.

Mr. Porter stated that the current five-year operating agreement was ending and proposals for long-term operation of the Transfer Station were received with USA Waste accepted.

Mr. Porter further stated that staff negotiated terms of the lease and operating agreements and that USA Waste would be responsible for meeting all Virginia Department of Environmental Quality regulations governing transfer stations, the maintenance and operations, and well serving the Transfer Station.

Mr. Edwards opened the public hearing, and as no one wished to speak, he closed the public hearing.

Mr. Sisk made a motion to approve the resolution.

On a roll call, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). NAY: (0).

RESOLUTION**AUTHORIZATION TO EXECUTE CONTRACT AND LEASE****WITH USA WASTE TO OPERATE TRANSFER STATION**

- WHEREAS, James City County ("County") issued a request for proposals to operate the transfer station off Jolly Pond Road at the landfill; and
- WHEREAS, USA Waste submitted the most favorable proposal and County staff has negotiated an Operating Agreement and 30-year Lease Agreement with USA Waste; and
- WHEREAS, the Board of Supervisors held public hearings on October 13, 1998, and October 27, 1998, to consider agreements whereby USA Waste would lease and operate the transfer station.
- NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of James City County, Virginia, authorizes and directs the County Administrator to execute an operating agreement and 30-year lease agreement for the transfer station with USA Waste Landfills of Virginia, Inc.

F. BOARD CONSIDERATIONS**1. Case No. SUP-38-97. Exxon Company USA (Continued from 10/13/98)**

Mr. Matthew W. Maxwell, Senior Planner, stated that this item was deferred at the October 13, 1998, Board of Supervisors meeting to allow review of conditions regarding the hours of operation, intercom noise, and glare of headlights onto adjacent homes. He further stated that staff recommended the hours of 5 a.m. to 12 midnight and that the development would be consistent with the Comprehensive Plan and compatible with surrounding residences.

Mr. Maxwell stated that Condition No. 15 language had been changed to read that the intercom system would not be audible by adjacent property owners. He further stated that staff added Condition 19 to minimize headlight glare.

Staff recommended approval with conditions listed in the resolution.

Without objection, Mr. Edwards opened the floor to speakers.

1. Mr. William Phillips, 5525 Centerville, directly across Centerville Road from the proposed development, asked the Board to consider the hours of 6 a.m. to 11 p.m. to protect residents from noise and light during late night and early morning hours.
2. Mr. Mark Sexton, 8 Prestwick, spoke in opposition to the proposal and urged the Board to either reject the application as contrary to the Comprehensive Plan or approve staff proposal allowing only two gas pumps.
3. Mr. William Braxton, 3824 Longhill Road, stated that his door-to-door survey showed that 90 percent of the Forest Glen neighborhood wanted the Exxon store as being convenient for those not having transportation.
4. Ms. Sandra Jimmison, 204-A Burton Woods, stated that her survey of 60 occupied Burton Woods apartments showed a majority preferred the 5 a.m. to 12 midnight hours.

5. Minister Hatchett, 115 Colby Road, spoke in favor of the Exxon convenience store and service station as needed by citizens in surrounding neighborhoods.

6. Mr. Alvin Anderson, representing Exxon Company, USA, stated that landscaping and fences would be provided to residences affected by the headlight glare and Exxon preferred a twenty-four hour operation.

The Board was in agreement that Conditions 15 and 19 were acceptable.

Mr. Sisk made a motion to approve the resolution.

Board discussion ensued regarding fewer hours of operation versus the marketing needs of a business and desires of citizen groups.

Mr. Nervitt made a motion to amend the resolution by changing hours of operation to 6 a.m. to 11 p.m.

Mr. McGlennon made a motion to amend the resolution by changing the hours of operation to 5 a.m. to 11 p.m. to accommodate early morning commuters and protect residents from late evening noise.

On a roll call, the vote was: AYE: McGlennon, Bradshaw, Nervitt, Edwards (4). NAY: Sisk (1).

On a roll call to approve the amended resolution, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). Nay: (0).

RESOLUTION

CASE NO. SUP-38-97. EXXON COMPANY USA

WHEREAS, the Board of Supervisors of James City County has adopted by ordinance specific land uses that shall be subjected to a special use permit process; and

WHEREAS, the Planning Commission of James City County, following its public hearing on September 2, 1998, recommended approval of Case No. SUP-38-97 by a vote of 6 to 1 to permit the operation of a convenience store and gas station on Parcel No. (1-11) and a portion of Parcel No. (1-12) on James City County Real Estate Tax Map No. (47-3).

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of James City County, Virginia, does hereby approve the issuance of Special Use Permit No. SUP-38-97 as described herein with the following conditions:

1. A single shared entrance/exit onto Longhill Road and an access drive shall be constructed on-site to serve both the Exxon site and the Chinnis property (Tax Map No. (31-3), Parcel No. (1-12)). The design and location of the single shared entrance/exit and drive shall be approved by the Planning Director prior to final site plan approval. A shared access agreement or easement or dedication that permits shared access and use of the Exxon entrance on Longhill Road with the adjoining Chinnis property (Tax Map No. (31-3), Parcel No. (1-12)) shall be provided to the County prior to final site plan approval. The access drive shall include a "stub" connection to the property line of the adjacent Chinnis property (Tax Map (31-3), Parcel No. (1-12)).
2. A shared access agreement or easement or dedication that permits shared access and use of the on-site Exxon entrance on Centerville Road with the adjoining Chinnis

property (Tax Map No. (31-3), Parcel No. (1-12)) shall be provided to the County prior to final site plan approval. This entrance and access drive shall be designed in a manner that permits the future shared access of this entrance/exit and drive by both properties.

3. The architecture of the building and canopy shall be substantially in accordance with the attached rendering prepared by Hopke and Associates number H&A 98049 dated September 1, 1998. The building shall be constructed of brick and have an artificial slate roof or other roofing material approved by the Planning Director. No stucco or *Exterior Insulation and Finish System* (EIFS) material shall be used on the building or canopy. The canopy roof shall have a roof constructed of materials identical to the store's roof. The canopy shall contain architectural features and materials that complement the store. The architectural design and materials for both the building and canopy shall be approved by the Planning Director prior to final site plan approval.
4. There shall be no more than four gas pumps (vehicle fueling stations) permitted on the property. The pumps shall be arranged in "starting gate" configuration in a manner generally consistent with the attached rendering prepared by Hopke and Associates numbered HA No. 98049 dated September 1, 1998.
5. The freestanding sign shall be ground mounted and shall not exceed a height of six (6) feet. The sign's supporting structure shall be constructed of brick to match the building and its design shall be approved by the Planning Director prior to the issuance of a sign permit. The building face sign(s) shall not exceed a cumulative size of 16 square feet unless approved by the Planning Director and the location, design, materials, and lighting of such sign(s) shall be approved by the Planning Director.
6. Except for the thirty (30) day period immediately after the issuance of a Certificate of Occupancy, no signs shall be allowed on the canopy mansard or fascia or roof area covering the gas dispensers.
7. An enhanced landscaping plan shall be provided for the landscaped buffers along Centerville Road and Longhill Road. Unless reduced or waived by the Planning Director, the enhanced landscaping to be included with the site plan shall include berms, sod for areas that contain grass, and a quantity of planting materials that is a minimum of 133 percent of the minimum ordinance requirements. The berms and landscaping shall be provided in a manner that minimizes views of vehicle parking and fueling areas on a year round basis, as determined by the Planning Director. The Planning Director may grant a reduction in the quantity of required plant materials upon finding that the amount of landscaping provided adequately achieves the foregoing objective. The Planning Director may also waive the requirement for berms for reasons of safety or if adequate screening of the pump islands can be accomplished through landscaping.
8. The lighting plan for the site, to include the canopy lighting, shall be reviewed and approved by the Planning Director prior to final site plan approval. The plan shall indicate no glare outside the boundaries of the site. All lights shall have recessed fixtures with no bulb, lens, or globe extending below the casing or the canopy ceiling.
9. The dumpster shall be completely screened on three sides with a brick wall that matches the brick used for the building and the front of the brick enclosure shall be gated. The gate shall be a dark color that is designed to match the brick and shall screen the view of the dumpster(s).

10. Except for the thirty (30) day period immediately after the issuance of a Certificate of Occupancy, no outside display, sale, or storage of merchandise shall be permitted except for the outside storage of propane. Merchandise shall include but not be limited to ice, soda, candy, newspaper, and/or snack machine(s) shall be permitted on the property. Outside propane storage shall be screened from view in a manner that is compatible with the architecture and materials of the building.
11. Except for the thirty (30) day period immediately after the issuance of a Certificate of Occupancy, with the exception of three state or national flags, not to exceed 12 square feet each, no flags shall be permitted to be flown on site.
12. Any public telephones, automatic transfer systems (ATMs) for cash, and public restrooms on the site shall be located inside the store.
13. The daily hours of operation for both the convenience store and gas station shall be limited to the hours of 5:00 a.m. to 11:00 p.m.
14. The daily hours of fuel delivery and solid waste pick-up shall be limited to the hours between 7:00 a.m. and 9:00 p.m.
15. Intercom systems, which are designed to allow oral communication between employees inside the store and customers refueling their vehicles, shall operate in such a manner that they will not be audible by adjacent property owners.
16. Prior to the issuance of a land disturbing permit, an archaeological study, consistent with the County's Archaeology policy, shall be reviewed and approved by the Planning Director.
17. The owner shall notify the Manager of the James City County Service Authority (JCSA) if any of the contaminants included in the Safe Drinking Water Act Amendments Phase II, IIB, or V will be used or stored on this site before final site approval. If the Owner's release of any of these contaminants into the soil or groundwater on this site causes Virginia Department of Health (VDH) to rescind or deny the waiver from monitoring for any of these contaminants at either, or both, of the W-10 Colby Road and W-11 Mildred Drive well facilities, the owner shall reimburse the JCSA for all expenses associated with the required monitoring. If the Owner's release of any of these contaminants into the soil or groundwater on this project site causes the JCSA to remove either, or both, of the W-10 Colby Road or W-11 Mildred Drive facilities from service the owner shall be responsible for the cost of replacing the well(s) to restore capacity to the central system.
18. If construction has not begun on the project within 36 months of the issuance of the special use permit, it shall become void. Construction shall be defined as the obtaining of permits for the construction of foundations and/or footings.
19. To the extent practical, the applicant shall design the access driveways on Centerville Road and Longhill Road in a manner that minimizes the amount of headlight glare onto adjacent properties. The Planning Director shall approve both the Longhill Road and Centerville Road driveway designs prior to final site plan approval.
20. This special use permit is not severable. Invalidation of any word, phrase, clause, sentence, or paragraph shall invalidate the remainder.

2. Agreement to Relocate Entrance to Longhill Gate

Mr. Bernard M. Farmer, Jr., Capital Programs Administrator, stated that the item was deferred at the October 13, 1998, Board of Supervisors meeting. He further stated that he met with the concerned citizen and addressed the issue of whether the lake would be filled and the curvature of the road.

Staff recommended approval of the resolution.

Without objection, Mr. Edwards opened the floor to speakers.

1. Ms. Karen Speary, 6323 Chiswick Park, asked if the speed limit might be reduced on Longhill Road when the new ballfields and entrance to Longhill Gate are completed.

2. Mr. Reed Garcia, 5300 Highgate Green, asked if the Homeowner's Association would be assured in writing that the new entrance would not involve extra out-of-pocket expenses,

Mr. Rogers explained that the contract states the County obligation to reconstruct entrance and provide landscaping.

3. Mr. Ed Haberstroh, 5315 Sloane Square, voiced concern that the only entrance to the District Park would be adjacent to the Longhill Gate entrance. He suggested that a second entrance to the Park be made off Route 199 adjacent to property.

Mr. Edwards asked Mr. Farmer to contact Mr. Haberstroh concerning the entrance.

4. Mr. Howard McMillan, 5301 Sloane Square, stated his concern of destroying trees at the entrance and suggested leaving the entrance as it is and put a traffic light at Warhill.

Board and staff discussed the cost of the relocation, and the need for traffic safety because of conflicting left-turn movements.

Mr. Bradshaw made a motion to approve the resolution.

On a roll call, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). NAY: (0).

RESOLUTION

AGREEMENT TO RELOCATE ENTRANCE TO LONGHILL GATE

WHEREAS, Longhill Gate Investment Co., L.L.C., the Longhill Gate Homeowners Association, and the County wish to relocate the entrance to the Longhill Gate Subdivision 160± feet so that it is aligned with the entrance to the Mallard Hill Subdivision and the proposed District Park in order to ensure a safer and more convenient traffic flow at the intersection with Longhill Road; and

WHEREAS, Longhill Gate Investment Co., L.L.C., is willing to convey the necessary real property to the County in exchange for the County constructing the new entrance to Longhill Gate and transferring, abandoning, or otherwise conveying any interest the County may have in the existing entrance to Longhill Gate; and

WHEREAS, the Board of Supervisors of James City County, Virginia, following a public hearing, is of the opinion that it is in the public interest to exchange such real property and construct a new entrance to Longhill Gate in order to provide safer and more convenient traffic flow on Longhill Road near Longhill Gate, Mallard Hill, and the proposed District Park.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of James City County, Virginia, authorizes and directs the County Administrator to execute the Agreement to relocate entrance to Longhill Road with Longhill Gate Investment Co., L.L.C., which will guarantee the County the necessary real property to construct the new entrance to Longhill Gate and require the County to transfer, abandon, or otherwise convey the existing entrance to Longhill Gate.

G. PUBLIC COMMENT - None

H. REPORTS OF THE COUNTY ADMINISTRATOR

Mr. Porter announced a Work Session, Wednesday, October 28, 1998, at 2:00 p.m., on Drainage and Stormwater Management, and a joint meeting of the Board of Supervisors, City Council of Williamsburg, and Williamsburg-James City County School Board on Thursday, October 29, 1998, at 7:00 p.m. in Building C Board Room.

I. BOARD REQUESTS AND DIRECTIVES

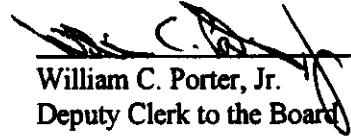
Mr. Bradshaw thanked Administration for working with Virginia Power to get streetlights installed in Toano before Eastern Daylight Savings Time ended. He commended the Parks and Recreation Division for the Halloween event at Upper County Park on Saturday, October 24, 1998.

Mr. McGlennon commemorated recently deceased citizens, Mr. Glenwood Morgan and Ms. Gladys Guy.

Mr. Sisk a motion to adjourn.

On a roll call, the vote was: AYE: Sisk, McGlennon, Bradshaw, Nervitt, Edwards (5). NAY: (0).

The Board adjourned at 9:06 p.m.


William C. Porter, Jr.
Deputy Clerk to the Board

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THIS LEASE, made and entered into at James City County, Virginia as of November 1, 1998, by and between JAMES CITY COUNTY, VIRGINIA, a political subdivision of the Commonwealth of Virginia, (the "County") and USA WASTE LANDFILLS OF VIRGINIA, INC., a Delaware Corporation and a division of Waste Management, Inc. (the "Lessee");

The County and the Lessee, for and in consideration of the keeping by the parties of their respective obligations hereinafter contained and other valuable considerations paid in hand simultaneously with the execution and delivery of this Lease, receipt and sufficiency of whereof is hereby acknowledged, agree as follows:

ARTICLE I
DEMISED PREMISES

1. County's Demise. Upon the terms and conditions hereinafter set forth, and in consideration of the payment of the rents and the prompt performance by the Lessee of the covenants and agreements, to be kept and performed by the Lessee, the County does lease, let, and demise to the Lessee and the Lessee hereby leases from the County, the following described premises, situate, lying and being within the County off Jolly Pond Road, more particularly described on Exhibit "A" attached hereto and made a part hereof, which demised premises constitute the County's Solid Waste Transfer Station (the "Transfer Station").

The County does further grant unto Lessee, its invitees, licenses, and its permitted successors and assigns, for the Term of

the Lease, the right of ingress and egress in common with the County and others from Jolly Pond Road over, across and through the County's adjacent property to the Transfer Station. The County does further ratify and confirm unto the Lessee all existing easements for the installation and maintenance of overhead and underground utilities currently serving the Transfer Station over, across, under and through the County's adjacent property, and agrees to grant and convey unto the Lessee, its permitted successors and assigns, without expense, such easements over, across, under and through the County's adjacent property as may be reasonably required in the future for the operation of the Transfer Station. In addition, as evidenced by that certain letter dated October 5, 1998 from Wes Saunders, Solid Waste Supervisor, to N. Howard Burns, which letter is incorporated by reference herein, the County has agreed to provide the Lessee space on other nearby lands of the County for the purpose of parking trucks and storage of roll off containers during the term of the Lease.

2. Conditions. The demise is likewise made subject to the following:

(a) Conditions, restrictions, easements and limitations, if any there be now appearing of record;

(b) Zoning ordinances of the County; and

(c) The proper performance by the Lessee of all of the terms and conditions contained in this Lease.

3. Permits. The County covenants and agrees to retain and maintain all of the federal, state and local permits listed on

Exhibit B attached hereto and made apart hereof which are required for the operation of the Transfer Station (the "Permits") until such time as the Permits are reissued in the name of Lessee which, in no event, shall be later than April 30, 1999 unless extended by the County for good cause shown. In this regard Lessee agrees to apply for and diligently pursue the Permits and the County agrees to provide Lessee reasonable assistance as may be required to obtain such Permits. Thereafter, Lessee covenants and agrees to maintain the Permits for the remaining Term of the Lease.

ARTICLE II TERM

To have and to hold the Transfer Station for a term commencing on the Commencement Date as defined in that certain Disposal Services Agreement by and between the County and the Lessee of even date herewith hereof (the "Disposal Agreement"), which Disposal Agreement is incorporated by reference as if copied herein verbatim and continue until the sooner to occur of the expiration of thirty (30) years from the Commencement Date and the date on which the Landfill (as defined in the Disposal Agreement) permanently ceases to operate as a Landfill authorized to receive the Waste (as defined in the Disposal Agreement), subject to events of Force Majeure (as defined in the Disposal Agreement) unless sooner terminated as hereinafter provided, or unless the Disposal Agreement is sooner terminated pursuant to Section 16 or 17 of the Disposal Agreement (the "Term").

ARTICLE III
RENT

1. Base Annual Rental. The rent for the Transfer Station for the first Thirty (30) years shall be Fifty Thousand Dollars (\$50,000.00) per year payable in advance in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) (the "Advance Rent"). The Advance Rent shall be paid to the County by the Lessee upon the County's request on or before November 10, 1998 in order for the County to defease the Bonds hereafter described in Section 4 below.

2. Place of Payment. Any Remaining Rent shall be payable at such place as the County may specify, in writing, from time to time.

3. Net Lease. All rent shall be absolutely net to County. Accordingly, all costs, expenses, and obligations of every kind or nature, whatsoever, relating to the Transfer Station, or any improvements thereon, which may arise or become due during the term of this Lease, shall be paid by Lessee, and the County shall be indemnified and saved harmless by the Lessee from and against the same. Nothing herein contained shall be deemed to require the Lessee to pay or discharge any liens or mortgages of any character whatever which may hereafter be placed upon the Transfer Station by the affirmative act of the County, and to this regard the County agrees not to place any liens or otherwise encumber the Transfer Station during the Term of this Lease.

4. Defeasance of Bonds. The County covenants and warrants unto the Lessee that simultaneously with the receipt of the Advance

Rent or as soon as possible thereafter, it will use the Advance Rent and such other of sums as are necessary to fully defease the Series 1993B Virginia Peninsula Public Service Authority Solid Waste Management Revenue Bonds and to cause any and all deeds of trust, mortgages and other instruments securing the Bonds, if any, to be released of record against the Transfer Station.

ARTICLE IV
PAYMENT OF TAXES

1. Lessee's Obligations. The Lessee shall pay, before any fine, penalty, interest, or cost may be added, or become due or be imposed for nonpayment thereof, all taxes, assessments, water and sewer rents, rates and charges, transit taxes, charges for public utilities, excises, levies, licenses and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature, whatsoever, which at any time during the term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on, the Transfer Station, or any improvements thereon, or any part thereof or any appurtenance thereto, or otherwise arising out of any use or occupation of the Transfer Station, or any document (to which the Lessee is a party) creating or transferring an interest or estate in the Transfer Station. For purposes of Section 58.1-3203 of the Code of Virginia, as amended, it is agreed that the term of this Lease shall be deemed to be thirty (30) years.

2. Obligations altered. Nothing herein shall require the Lessee to pay municipal, state, or federal income taxes assessed

against the County, municipal, state, or federal capital levy, estate, succession, inheritance, or transfer taxes of the County, corporate franchise taxes imposed upon any corporate owner of the fee of the Transfer Station; provided, however, that if at any time during the term of this Lease the methods of taxation prevailing at the commencement of the term hereof shall be altered so as to cause the whole or any part of the taxes, assessments, levies, impositions, or charges now levied, assessed and imposed, wholly or partially as a capital levy, or otherwise on the rents received therefrom, or of any tax, corporation franchise tax, assessments, levy (including, but not limited to any municipal, state, or federal levy), imposition or charge, or any part thereof, shall be measured by or based in whole or in part upon the Transfer Station and shall be imposed upon the County, then all such taxes, assessments, levies, impositions, or charges, or the part thereof so measured or based, shall be paid and discharged by the Lessee.

3. Mode of Payment. The Lessee shall pay the taxes and other charges as enumerated in this Article and shall deliver official receipts evidencing such payment to the County within thirty (30) days following the date of payment by Lessee. If, however, the Lessee desires to contest the validity of any tax or tax claim, the Lessee may do so without being in default hereunder, provided the Lessee gives the County notice of the Lessee's intention to do so and furnishes the County with a bond with a surety made by a surety company qualified to do business in the Commonwealth of Virginia, or pays cash to an Escrow Agent jointly

selected by County and Lessee, one and one half times the amount of the tax item or items intended to be contested, conditioned to pay such tax or tax items when the validity thereof shall have been determined, and which written notice and bond or equivalent cash shall be given by the Lessee to the County, not later than sixty (60) days before the tax item or items proposed to be contested would otherwise become delinquent.

4. Proration. The foregoing notwithstanding, the parties hereto understand and agree that the taxes for the first and last years of the term shall be prorated proportionately between the County and the Lessee.

ARTICLE V MECHANIC'S LIENS

1. No Lien. The Lessee shall not have the power to subject the interest of the County in the premises to any mechanics' or materialmen's liens or lien of any kind.

2. Release of Lien. The Lessee will not permit or suffer to be filed or claimed against the interest of the County in the Transfer Station during the continuance of this Lease, any lien or claim of any kind, and if such lien be claimed or filed, it shall be the duty of the Lessee, within thirty (30) days after the County shall have been given written notice of such a claim having been filed, or within thirty (30) days after the County shall have been given written notice of such claim and shall have transmitted written notice of such claim and shall have transmitted written notice of the receipt of such claim unto the Lessee (whichever 30

day period expires earlier) to cause the premises to be released from such claim, either by payment or by the posting of bond or by the payment to the court of the amount necessary to relieve and release the premises from such claim, or in any other manner which, as a matter of law, will result, within such period of 30 days, in releasing the County and the title of the County from such claim; and the Lessee covenants and agrees, within such period of 30 days, so as to cause the premises and the lessor's interest therein to be released from the legal effect of such claim.

ARTICLE VI
GOVERNING LAW, CUMULATIVE REMEDIES

1. Governing Law. All of the rights and remedies of the respective parties shall be governed by the provisions of this instrument and by the laws of the Commonwealth of Virginia as such laws relate to the respective rights and duties of landlords and tenants.

2. Cumulative Remedies. During the continuance of the Lease, the County shall have all rights and remedies which the Lease and the laws of the Commonwealth of Virginia assures to it. All rights and remedies accruing to the County shall be cumulative, that is, the County may pursue such rights as the law and this Lease affords to it in whatever order the County desires and the law permits without being compelled to resort to any one remedy in advance of any other.

ARTICLE VII
INDEMNIFICATION

1. Indemnification by Lessee. The Lessee hereby binds itself and its successors to indemnify, defend and hold harmless the County and the Virginia Peninsula Public Service Authority, and their respective officers, agents and employees, from all suits and actions of every name and description brought against it or them, and all costs or damages to which it or they may be put, on account of, or by reason of injury or alleged injury to the person or property of another, resulting from negligence or carelessness in the performance of work, or in guarding the same, or by, or on account of any act or omission of Lessee or its agents. Lessee, or behalf of itself and its successors, further agrees to indemnify and hold the County and the Authority harmless against any and all claims, suits or demands that may accrue to, or be suffered by, or adjudicated against either or both of them by reason of any injury sustained by any employee of Lessee in and about the Transfer Station under and pursuant to the provisions of the Virginia Workers Compensation Act or any amendments thereto; provided, neither Lessee nor any successor shall be liable under these provisions for any loss occasioned by the willful misconduct or negligence of the County, the Authority or their respective agents and employees.

2. Acknowledgement of Responsibility by County. County acknowledges unto the Lessee, its parent corporation, Waste Management, Inc. ("Waste Management") and their respective officers, directors, representatives and employees the County's

responsibility for actions and omissions of County, its agents, representatives and employees in connection with County's obligations under this Agreement, which cause or otherwise result in damages or injuries (either to persons or property, real or personal, or both), including, without limitation, injuries resulting from death; provided, the County shall not be responsible for any loss occasioned by the negligence or wilful misconduct of the Lessee, its respective officers, directors, representatives and employees.

ARTICLE VIII

INSURANCE

1. Insurance Required. From and after the time when the Lease commences and for the remainder of the Term, Lessee shall cause to be maintained the following insurance:

| <u>Type of Insurance</u> | <u>Each Person</u> | <u>Each Occurrence</u> | <u>Aggregate</u> |
|------------------------------------------------|--------------------|------------------------|------------------|
| Workers Compensation Public Liability | \$ 500,000 | \$1,000,000 | |
| Property Damage | | | \$ 250,000 |
| Contractor's Protective Public Liability | \$1,000,000 | \$2,000,000 | |
| Contractor's Protective Property Damage | | | \$ 250,000 |
| Contractual Liability | \$ 500,000 | \$1,000,000 | |
| Contractual Property Damage | | | \$ 250,000 |
| Completed Operations and Products Liability | \$ 500,000 | \$1,000,000 | \$2,000,000 |

| | | | |
|-------------------|-----------|-------------|-------------|
| Vehicle Liability | \$ 500,00 | \$1,000,000 | \$1,000,000 |
| Property Damage | | \$ 200,000 | |

2. Evidence of Insurance. Within ten (10) days after execution of this Agreement and within fifteen (15) days after the anniversary date hereof for each year thereafter, Lessee shall submit proof of all insurance, required to be furnished under this Agreement, in a form satisfactory to the County Attorney. All required insurance shall be signed by an authorized representative of a company licensed to do business in the Commonwealth of Virginia.

3. Workers Compensation. Lessee shall be required to obtain insurance in a form approved by the County Attorney, for Workers' Compensation and Liability for those activities associated with the Transfer Station, transfer hauling and the disposal method. These insurance policies shall be sufficient to protect Lessee, its agent and/or its employees from claims for damages for personal injury, including wrongful and accidental death and property damage, which may arise from operations under the Disposal Agreement, whether such operations be performed by Lessee or its agents or employees. The policy or policies shall name the County as an additional insured to the extent of the liability assumed by Lessee under this Agreement specifically excluding the negligence or willful misconduct of the County, and shall contain a clause that the insurer will not cancel or decrease the insurance coverage without first giving the County thirty (30) days prior written notice.

ARTICLE IX

ASSIGNMENT

1. Written Assignment; Filing. This Lease may be assigned by the Lessee to any company or firm to which the Disposal Agreement may be assigned. Notice of such assignment and a copy of the instrument of assignment shall be provided to the County and the original instrument of assignment shall be recorded in the Clerk's Office of the Circuit Court for James City County if a memorandum of this Lease has been recorded therein.

2. Estoppel Certificates. The County and the Lessee each agree that each will, within twenty (20) day after written notice requiring a statement of the status of the Lease, give such statement in writing to show whether the Lease is in good standing and has not been modified and, if it is not in good standing or has been modified, the particulars thereof, and failure within such period of twenty (20) days to give such written reply, shall constitute a representation that the Lease is in good standing and has not been modified, which representation any person may rely upon as being true and correct. Notice and the subsequent reply shall be deemed given and time shall begin to run when, respectively such notice and the consequent reply are deposited in the United States Registered or Certified Mail, with sufficient prepaid postage to carry them to their addressed destinations and they shall be addressed to the County and the Lessee at the places and in the manner prescribed as being the places and the manner for

giving notice. Such notice shall contain, verbatim, all of the language set forth in this Section 2.

3. Lessee's Primary Liability. If the Lessee's interest in and to this Lease Agreement is assigned, the Lessee's liability for the prompt performance of any of the terms, conditions, covenants, and agreements contained herein to be performed by the Lessee, shall have no further force and effect provided that the guaranty of USA Waste Services of Virginia, Inc., a Delaware corporation and a division of Waste Management, Inc., a Delaware corporation, remains in full force and effect.

ARTICLE X CONDEMNATION

1. Eminent Domain; Cancellation. If, at any time during the Term of this Lease, the Transfer Station, or any portion thereof is taken or appropriated or condemned by reason of eminent domain (the "Condemnation"), and the Condemnation will not have a significant adverse effect on the Lessee's operation of the Transfer Station, the County shall be entitled to all proceeds from such Condemnation without adjustment of any rent hereunder. If the Condemnation will have a significant adverse effect on its operation of the Transfer Station, the Lessee shall have the option within sixty (60) days following the date Lessee receives notice of the Condemnation to terminate the Lease, in which event the County shall be entitled to all of the proceeds from the Condemnation and the County shall refund to the Lessee the unearned balance of the

Advance Rent calculated as of the end of the month during which the Condemnation occurs.

ARTICLE XI

Alterations and Improvements to the Transfer Station. With the prior written consent of the County, which will not be unreasonably withheld, the Lessee may construct or improve a building or buildings on the Transfer Station or any portion thereof at the sole expense of the Lessee and in accordance with all laws and ordinances relating thereto.

ARTICLE XII

DEFAULT

1. Default by Lessee. County shall have the right to terminate this Lease, in County's sole option, in the event of the occurrence and continuance of any of the following (a "Default"):

(a) a default by the Lessee under the terms and conditions of the Disposal Agreement; or

(b) a breach by the Lessee of any of the terms or conditions of this Lease, which breach is not cured within thirty (30) days after written notice is given to the Lessee by the County specifying the nature of the breach and the corrective action required by the Lessee to cure the breach; provided, however, that if the nature of the breach is such that it cannot reasonably be cured within thirty (30) days, then County shall not be entitled to terminate this Lease with respect to such breach if Lessee commences said cure within such thirty (30) day period and

thereafter diligently prosecutes the cure until completion; and provided further that no identical material breach shall occur more than three (3) times within any twelve (12) month period; or

(c) commencement of any voluntary or involuntary bankruptcy or insolvency proceedings against the Lessee or commencement of reorganization proceedings against the Lessee under any state or federal debtor relief statute; provided, that any such involuntary proceeding is not dismissed within 120 days after being instituted.

2. Default by County. Lessee shall have the right to terminate this Agreement, in Lessee's sole option, in the event of the occurrence and continuance of any of the following (a "Default"):

(i) breach by County of any of the nonmonetary terms or conditions of this Agreement, which breach is not cured within thirty (30) days after written notice from Lessee of same is given to County; provided, however, that if the nature of said breach is such that it cannot be cured within thirty (30) days, then Lessee shall not be entitled to terminate this Agreement with respect to such breach if County commences said cure within such thirty (30) day period and thereafter diligently prosecutes same to completion; or

(ii) commencement of any voluntary or involuntary bankruptcy or insolvency proceedings against County or commencement of reorganization proceedings against County under any state or federal debtor relief statute; provided that any such involuntary proceeding is not dismissed within 120 days after being instituted.

ARTICLE XIII

REPAIR OBLIGATION

During the Term of this Lease, the Lessee (a) shall maintain the Transfer Station in good operating condition; (b) shall not suffer or permit any waste or neglect of the Transfer Station; and (c) shall repair, replace, and renovate the Transfer Station as often as it may be necessary in order to keep the Transfer Station in good operating condition.

ARTICLE XIV

ADDITIONAL COVENANTS OF LESSEE

1. Legal Use. The Lessee covenants and agrees with the County that the premises will be used only for the operation of the Transfer Station and activities related and incidental thereto.

2. Insurance claims. No damage or destruction of any building or improvements by fire, windstorm, or any other casualty shall be deemed to entitle the Lessee to surrender possession of the premises or to terminate this Lease or to violate any of its provisions or to cause any rebate or reduction in the rent when due or thereafter becoming due under the terms hereof; and if the Lease shall be cancelled for the Lessee's default at any time while there remains outstanding any obligation from any insurance company to pay for the damages or any part thereof, then the claim against the insurance company shall, upon the cancellation of the within Lease, be deemed immediately to become the absolute and unconditional property of the County.

3. Termination. Upon termination of the Lease, the Lessee will peaceably and quietly surrender possession of the Transfer Station to the County. The County agrees to accept the Transfer Station in its operational condition at the date of termination of the Lease, without any warranty or improvements by Lessee, in its then operating condition, ordinary wear and tear excepted.

4. Legal Costs. If, at any time, either party is required to enforce this Lease or to defend any action or claim arising out of this Lease or the occupancy of the premises pursuant hereto, the losing party will owe and will pay to the prevailing party all costs and reasonable attorneys' fees incurred or expended by the prevailing party in conducting such defense or in enforcing the terms of this Lease in litigation or arbitration.

ARTICLE XV QUIET ENJOYMENT

The County covenants and agrees with Lessee that so long as the Lessee keeps and performs all of the covenants and conditions by the Lessee to be kept and performed the Lessee shall have quiet and undisturbed and continued possession of the Transfer Stations, free from any claims against the County and all persons claiming under, by, or through the County. Nothing herein shall be deemed to preclude County from selling County's fee simple interest in the Transfer Station or encumbering County's fee simple interest in the Transfer Station by a mortgage(s) or deed(s) of trust, provided that any such sale or encumbrance shall be subject to and inferior to this Lease.

ARTICLE XVI
RIGHT OF ENTRY

The County and its authorized employees and agents shall have the right to enter upon the Transfer Station at all reasonable times to examine the condition and use thereof, provided only that such right shall be exercised in such manner as not to interfere with the Lessee in the conduct of the Lessee's business at the Transfer Station.

ARTICLE XVII
MISCELLANEOUS

1. Estoppel Certificates. Either party shall, without charge, at any time and from time to time hereafter, within twenty (20) days after written request of the other, certify by written instrument duly executed and acknowledged to any mortgagee or purchaser or proposed mortgagee or proposed purchaser, or any other person, firm, or corporation specified in such request:

(a) As to whether this Lease has been supplemented or amended, and, if so, the substance and manner of such supplement or amendment;

(b) As to the validity and force and effect of this Lease, in accordance with its tenor as then constituted;

(c) As to the existence of any default thereunder;

(d) As to the existence of any offsets, counterclaims, or defenses thereto on the party of such other party;

(e) As to the commencement and expiration dates of the term of this Lease;

(f) As to any other matters as may reasonable be so requested.

Any such certificate may be relied upon by the party who requested it and any other person, firm, or corporation to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the party executing same

2. Duplicates; Recordation. The parties will at any time, at the request of either one promptly execute a memorandum of the terms of this Lease in recordable form setting forth a description of the Transfer Station, the term of this Lease and any other portions thereof required by statute as either party may request; the cost of recording any such document to be borne by the party requesting its recordation.

3. Covenants Running with Land. All covenants, promises, conditions, and obligations herein contained or implied by law are covenants running with the land and shall attached and bind and inure to the benefit of the County and Lessee and their respective heirs, legal representatives, successors, and assigns, except as otherwise provided herein.

4. No Waiver. No waiver of a breach of any of the covenants in this Lease shall be construed to be a waiver of any succeeding breach of the same covenant.

5. Arrears. All arrearages in the payment of rent shall bear interest from the date when due at the rate of 12% per annum until paid.

6. Written modifications. No modifications, release, discharge, or waiver of any provisions hereof shall be of any force, effect, or value unless in writing signed by the County, or its duly authorized agent or attorney.

7. Entire Agreement. This instrument contains the entire agreement between the parties as of this date. The execution hereof has not been induced by either party by representations, promises, or understandings not expressed herein and there are no collateral agreements, stipulations, promises, or undertakings whatsoever upon the respective parties in any way touching the subject matter of this instrument which are not expressly contained in this instrument.

8. Notices. All notices, requests, demands, and other communications by either party to the other shall be in writing and may be either: (i) delivered personally to the party named below; (ii) deposited in the U.S. mail, registered or certified, return receipt requested; or (iii) sent by overnight courier service, in each case to the party's address set forth below:

If to Lessee:

USA Waste Landfill of Virginia, Inc.
ATTN: N. Howard Burns
27 West Queensway
Hampton. Virginia 23669

with a copy to:

Waste Management, Inc.
ATTN: John Skoutelas, General Counsel
420 Lincoln Highway
Fairless Hills, Pennsylvania 19030

and a copy to:

Benjamin A. Williams III, Esq.
PATTEN, WORNOM AND WATKINS, L.C.
12350 Jefferson Avenue, Suite 360
Newport News, Virginia 23602

If to County:

James City County
ATTN: County Administrator
101-C Mounts Bay Road
Williamsburg, Virginia 23185

with a copy to:

James City County Attorney
P. O. Box 8784
Williamsburg, Virginia 23187-8784

or to such other address, and to the attention of such other person or officer, as either party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed delivered and effective when: (A) delivered in person, (B) three business days after being placed in the U.S. mail, properly addressed, with sufficient postage, or (C) the day after sent by overnight courier service.

9. Landlord-Tenant Relationship Only. The relationship between the parties is that of landlord and tenant, and the Lessee specifically acknowledges that all statutory proceedings regulating the relationship of landlord and tenant respecting collection of rent or possession of the premises, accrue to the County.

10. Liability Continued. All references to the County and Lessee mean the persons who, from time to time, occupy the positions, respectively, of County and Lessee, although this shall

not be construed as relieving a person of any liability incurred by them by reason of or in connection with their having been County or Lessee at one time, unless otherwise provided herein.

IN WITNESS WHEREOF the parties have caused their names to be hereunto subscribed, as to County, by them, and by Lessee, by its duly authorized representative and officers.

USA WASTE OF VIRGINIA
LANDFILLS, INC.

By: [Signature]

Its: DISTRICT MANAGER

JAMES CITY COUNTY, VIRGINIA

By: [Signature]

Its: COUNTY ADMINISTRATOR

ATTEST:

By: Mary Frances Rieger

Its: Administrative Secretary
County Attorney's Office

APPROVED AS TO FORM:

[Signature]
County Attorney

COMMONWEALTH OF VIRGINIA

City of James City, to-wit:
County

I, Mary Frances Rieger, a Notary Public in and for the City and Commonwealth aforesaid, do certify that N. HOWARD BURNS, JR., DISTRICT MANAGER of USA Waste of Virginia Landfills, Inc., whose name is signed to the foregoing writing dated NOVEMBER 1, 1998, has acknowledged the same before me in my City and Commonwealth aforesaid.
County

Given under my hand this 3rd day of November, 1998.

Mary Frances Rieger
Notary Public

My commission expires:

October 31, 2001.

COMMONWEALTH OF VIRGINIA

~~City~~ of James City, to-wit:
~~County~~

I, MARY FRANCES RIEGER, a Notary Public in and for
 the ~~City~~ and Commonwealth aforesaid, do certify that Sanford
B. ~~County~~ Warner on behalf of James City ~~County~~,
 Virginia, whose name is signed to the foregoing writing dated Nov. 1, 1998,
 has acknowledged the same before me in my ~~City~~ and
 Commonwealth aforesaid. County

Given under my hand this 3rd day of November, 1998.

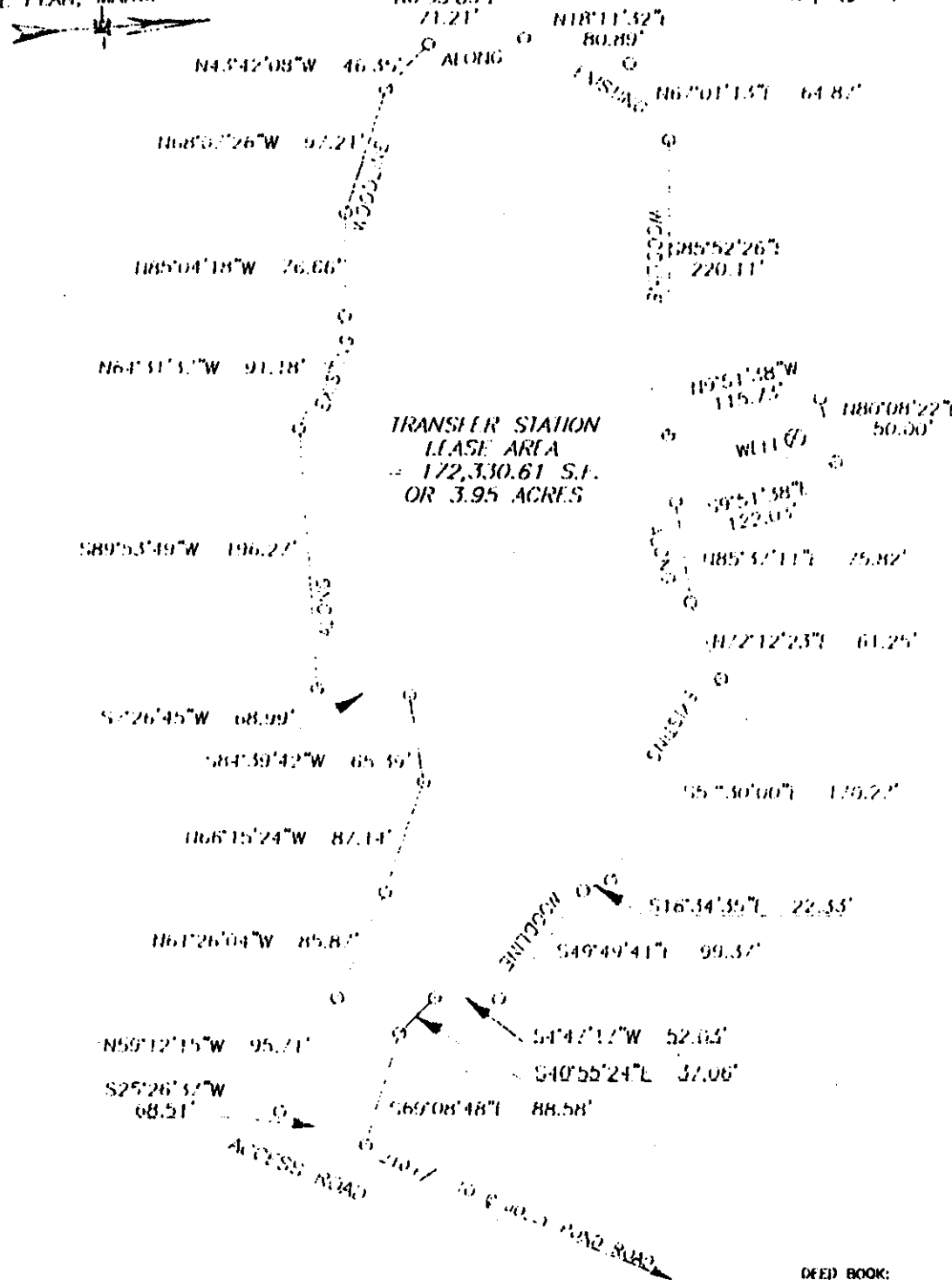
Mary Frances Rieger
 Notary Public

My commission expires:
October 31, 2001

a:\transfer.1ea-86

JAMES CITY COUNTY
TRANSFER STATION
SITE PLAN, MARCH 1993

STATE: Portion of Parcel
(1-4) on JCC Tax
Map (30-1)



DEED BOOK:
PLAT BOOK:

LEASE AREA PLAT
PREPARED FOR
JAMES CITY COUNTY
CONTAINING
3.95 ACRES

LOCATED: JAMES CITY COUNTY, VIRGINIA
DATE: SEPTEMBER 23, 1998 SCALE: 1" = 100'

MITCHELL-WILSON ASSOCIATES, P.C.
CIVIL ENGINEERS & LAND SURVEYORS
720 MAIN STREET, SUITE 112, 2ND FLOOR, P.O. BOX 1269
WEST POINT, VIRGINIA 23181 (804) 843-9744

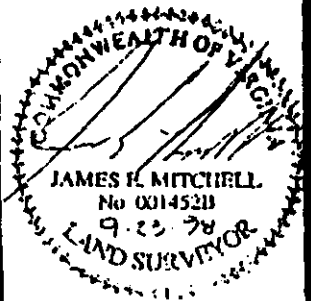


EXHIBIT B
BASE DISPOSAL FEES

A. The Base Disposal Fees for all County Waste delivered to the Transfer Station in County vehicles shall be Thirty-Five Dollars (\$35.00) per ton.

B. The Base Disposal Fees for all County Waste delivered to the Bethel Landfill in County vehicles shall be Twenty-Five Dollars (\$25.00) per ton.

EXHIBIT C
HOST FEES

A. The Host Fee to be paid by USA to the County for all Waste, excluding County Waste, delivered to the Transfer Station by Commercial Haulers, Private Businesses and others which is generated from within the geographical boundaries of the County and the City shall be Twenty-Five Cents (\$0.25) per ton.

B. The Host Fee to be paid by USA to the County for all Waste delivered to the Transfer Station by Commercial Haulers, Private Businesses and others (excluding County Waste) which is generated from outside the geographical boundaries of the County and the City shall be Two Dollars (\$2.00) per ton.

EXHIBIT D
DESCRIPTION OF USA PROPERTY

All that certain lot, piece or parcel of land situate, lying and being in Jamestown District, James City County, Virginia containing Two Hundred Seventy-Nine and 4/10ths (279.4) acres, more or less, as more particularly shown on that certain plat entitled "SURVEY AND PLAT OF 279.4± ACRES OF LAND LOCATED ON SKIFFS CREEK AND WOOD CREEK, JAMESTOWN DISTRICT, JAMES CITY COUNTY, VIRGINIA" dated November 9, 1995 and made by Tom Hardyman, Land Surveyor, (the "Plat"), a copy of which Plat is attached hereto and made a part hereof as Exhibit A, together with all and singular all tenements, hereditaments, easements, riparian rights and appurtenances thereunto belonging or in any appertaining.

BEING the same property conveyed to Jacqueline Bickford Gelin by deed of James V. Bickford and Helen R. Bickford dated February 14, 1930 and recorded in Deed Book 25, at page 456 in the Clerk's Office of the Circuit Court for James City County, Virginia (the "Clerk's Office"). The said Jacqueline Bickford Gelin died intestate February 1, 1985 and by her corrected List of Heirs recorded in the Clerk's Office in Will Book 33, Page 681 the property passed to her surviving kindred as follows: one-eighth (1/8) each to her surviving maternal kindred, James V. Bickford III, Carolyn B. McCulloch, Paul R. Bickford, Jr., and Betsy B. Burnette, and one-sixth (1/6) each to her surviving paternal kindred, William Russell Woodfin, Virginia Ann Woodfin Godwin, and Frances Gray Woodfin Campbell Furrh.

James V. Bickford III acquired an undivided one-sixth (1/6) interest by deed dated January 26, 1990 from Frances W. Furrh, et vir, recorded in the Clerk's Office in Deed Book 500 at page 198; an undivided one-sixth (1/6) interest from William Russell Woodfin et ux. by deed dated December 20, 1989 and recorded in the Clerk's Office in Deed Book 500 at page 200; and an undivided one-sixth (1/6) interest from Virginia Ann Woodfin Godwin, divorced and not remarried, by deed dated December 20, 1989

and recorded in the Clerk's Office in Deed Book 500 at page 202.

Paul R. Bickford, Jr. acquired a one-eighth (1/8) interest as a survivor of Jacqueline Byler Bickford Gelin, and acquired another one-eighth (1/8) interest by deed of Carolyn B. McCullough et vir dated February 6, 1989 and recorded in Deed Book 428 at page 699. The said Betsy Bickford Burnette acquired an undivided one-eighth (1/8) interest through Jacqueline Gelin's estate.

First Amendment to CAT GOVERNMENTAL LEASE-PURCHASE AGREEMENT
Dated as of the 10th day of September, 19 96 ("Agreement")
By and Between
James City County, VA, ("Lessee")
and
Caterpillar Financial Services Corporation ("Lessor")

For Valuable Consideration Received, Lessee and Lessor hereby agree to amend the Agreement as follows:

Section 2, Line 4 of the Agreement is hereby deleted and replaced with the following:

"If Lessor does not receive a payment within 15 days from the date it is due, Lessee shall pay to Lessor, on demand, a late payment charge equal to the lesser of five percent (5%) of the payment not paid when due or the highest charge allowed by law, whichever is less."

Section 9, Line 1 of the Agreement is hereby deleted and replaced with the following:

"EVENTS OF DEFAULT; REMEDIES: Each of the following shall constitute an "Event of Default" hereunder upon Lessor giving Lessee ten (10) days written notice of such an Event of Default and Lessee failing to resolve such Event of Default to Lessor's satisfaction within the ten (10) days: (a) Lessee shall fail to make any payment to Lessor when due..."

In Witness Whereof, the authorized representatives of the Lessee and Lessor have executed this First Amendment to the Agreement to be effective as of the effective date of the Lease.

JAMES CITY COUNTY, VA ("Lessee")

By: Sanford B. Wanner

Title: County Administrator

Date: September 10, 1996

CATERPILLAR FINANCIAL SERVICES CORPORATION ("Lessor")

By: Roberta L. Muck

Title: Operations Mgr

Date: 8/23/96

LESSEE: JAMES CITY COUNTY, VA

LESSOR: CATERPILLAR FINANCIAL SERVICES CORPORATION

"A political agency or subdivision of the State of VIRGINIA"

ADDRESS: 101 MOUNTS BAY RD

ADDRESS: 10440 Little Patuxent Parkway

Suite 1200

Columbia, MD 21044

WILLIAMSBURG, VA 23187

Lessor, in reliance on Lessee's selection of the equipment described below ("Unit" or "Units"), agrees to acquire, lease, let and sell the Units to Lessee, and Lessee agrees to rent, lease, hire and purchase the Units from Lessor.

Description of Unit(s)

(1) NEW 1724F

CATERPILLAR INTEGRATED TOOLCARRIER,

Serial#

S/N

Location of Unit(s): 101 MOUNTS BAY RD

WILLIAMSBURG, VA 23187 JAMES CITY

Payment Schedule attached.

Lease term: 60 Months

Credit Utilization Date: NOVEMBER 30, 1996

PAYMENT PROVISION:

Lessee shall pay to Lessor payments (including the principal and interest portion) in 60 consecutive monthly installments commencing on the Delivery Date.

ADDITIONAL PROVISIONS:

RIDERS:

Construction Equip Application Survey/Equip Return Rider

TERMS AND CONDITIONS

1. **LEASE TERM; NON-APPROPRIATIONS:** The Lease term for each Unit shall commence on its "Delivery Date" (which is the later of the date on which (a) Lessor executes this Lease, (b) Lessor takes title to the Unit, or (c) Lessee or its agent receives possession or takes control of the Unit, provided the Delivery Date is on or prior to the Credit Utilization Date set forth above) and shall continue through the last day of Lessee's fiscal year in which the Delivery Date occurs and, thereafter, shall automatically be extended for successive annual periods coinciding with Lessee's fiscal years. If the Delivery Date is not on or prior to the Credit Utilization Date, Lessee shall, at the option of Lessor, assume Lessor's obligations to purchase and pay for the Unit. Within seven days following the Delivery Date of each Unit, Lessee shall execute and deliver to Lessor a Delivery Supplement using Lessor's standard form. In the event no funds or insufficient funds are appropriated and budgeted or are otherwise not available in any fiscal year for payments due under this Lease, Lessee will immediately notify Lessor of such occurrence and this Lease shall terminate on the last day of the fiscal year for which appropriations were received without penalty or expense to Lessee, except as to the portions of payments herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available. Notwithstanding the foregoing, Lessee agrees that, to the extent permitted by law, it will not cancel the Lease under the provisions of this Section 1 if any funds are appropriated to it or by it for the acquisition, retention or operation of the Units or other equipment performing functions similar to the Units for the fiscal year in which termination occurs or the next succeeding fiscal year.

2. **PAYMENTS; NET LEASE:** During the Lease term, Lessee shall pay to Lessor, at the address stated above or such other location Lessor designates in writing, rent for each Unit as stated in the attached Payment Schedule and according to the above Payment Provision. An amount equal to one payment for all of the Units must accompany this Lease. If Lessor accepts and executes this Lease, said amount shall be applied to the first payment due. If Lessor does not execute this Lease, said amount will be returned to Lessee. If Lessor does not receive a payment on the date it is due, Lessee shall pay to Lessor, on demand, a late payment charge equal to the lesser of five percent (5%) of the payment not paid when due or the highest charge allowed by law, whichever is less. This Lease is a net lease, and Lessee shall not be entitled to any abatement or reduction of payment in any setoff against payment, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor or otherwise. Except as otherwise expressly provided herein, the obligations of Lessor and Lessee shall not be affected by any defect in, damage to, loss of possession or use of any Unit, however caused, by the attachment of any lien or other claim to any Unit, by any interference with Lessee's use of the Unit, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding.

3. **WARRANTY DISCLAIMER:** Lessee acknowledges and agrees that (a) each Unit is of a size, design and make selected by Lessee, (b) each Unit is suitable for Lessee's purposes, (c) each Unit contains all safety features deemed necessary by Lessee, (d) Lessor is not the manufacturer of any Unit, (e) the vendor of any Unit is not an agent of Lessor, and (f) LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DESCRIPTION OR DURABILITY OF A UNIT, OR ITS FITNESS FOR A PARTICULAR PURPOSE. Lessor assigns to Lessee, to the extent assignable, any warranties of a Unit by its manufacturer and/or vendor, provided that any action taken by Lessee by reason thereof shall be at the expense of Lessee.

4. **POSSESSION, USE AND MAINTENANCE:** Lessee shall not (a) use, operate, maintain or store any Unit improperly, carelessly, unsafely or in violation of any applicable law or regulation or for any purpose other than in the conduct of Lessee's business; (b) abandon any Unit; (c) sublease any Unit, permit the use of any Unit by anyone other than Lessee, change the use of any Unit from that specified in the attached Application Survey/Usage Rider, or change the location of any Unit from that specified above, without the prior written consent of Lessor; or (d) sell, assign or transfer, or directly or indirectly create or suffer to exist any lien, claim, security interest or encumbrance on any of its rights hereunder or in any Unit. The Units are and shall remain personal property irrespective of their use or manner of attachment to realty. Upon prior notice to Lessee, Lessor or its agent shall have the right (but not the obligation) at all reasonable times to inspect any Unit and maintenance records relating thereto. Lessee shall, at its expense and at all times during the Lease term, maintain the Units.

SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS

LESSEE ACKNOWLEDGES HAVING RECEIVED A FULLY COMPLETED AND EXECUTED COPY OF THIS AGREEMENT

Lessee: JAMES CITY COUNTY, VA

Lessor: CATERPILLAR FINANCIAL SERVICES CORPORATION

By

Sanford B. Warner

By

Robert L. Myrick

Name (PRINT) Sanford B. Warner

Name (PRINT)

ROBERT L. MYRICK

ASST. CHIEF OPERATIONS MGR

Title County Administrator

Title

Date September 10, 1996

Date

9/23/96

(18/95)

AS5190 09/01/96 10.25AM CT

affixed to any Unit shall be subject to the security interest of Lessor granted hereunder. If Lessor supplies Lessee with labels stating that the Unit is leased from Lessor, Lessee shall affix and keep them at a prominent place on the Unit.

5. LESSEE'S REPRESENTATION AND WARRANTIES: Lessee represents and warrants to Lessor that (a) Lessee is a fully constituted political subdivision or agency duly organized and existing under the Constitution and laws of the state where the Units will be located; (b) Lessee has the power to enter into and perform this Lease and has taken all necessary and appropriate action to authorize the execution, delivery and performance hereof; (c) this Lease constitutes a valid and legally binding and enforceable obligation of Lessee; (d) the interest payable by Lessee hereunder is excludable from income for Federal income taxation purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"); and (e) Lessee has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal year and reasonably believes that funds can be obtained sufficient to make all payments during the term of this Lease. Lessee represents that the use of the Units is essential to Lessee's proper, efficient and economic operation. Lessee acknowledges and agrees that the payments have been calculated by Lessor assuming that the interest portion of each payment is excludable from gross income for Federal income taxation purposes. Lessee represents, warrants and covenants that: (a) Lessee will comply with the information reporting requirements of Section 149(e) of the Code, as the same may be amended from time to time, and such compliance shall include but not be limited to the execution of information statements requested by Lessor; (b) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, the Lease to be an arbitrage bond within the meaning of Section 148(a) of the Code; (c) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow this Lease to be a private activity bond within the meaning of Section 141(a) of the Code; (d) Lessee will timely pay to the extent of available funds, amounts required to be related to the United States pursuant to Section 1-4(b)(1) of the Code; (e) Lessee will not do or cause to be done any act which will cause, or by omission of any act allow, the interest portion of the payments to be or become excludable in gross income for Federal income taxation purposes under the Code; and (f) Lessee will be the exclusive owner, user and operator of the Units. Lessee shall provide to Lessor an opinion of counsel substantially in the form attached hereto.

6. TAXES: Lessee agrees to promptly pay or reimburse Lessor for all fees and taxes of any nature, together with any penalties, fines or additions to tax, or interest thereon (all of the foregoing hereafter the "impositions"), arising at any time prior to, during or subsequent to the Lease term and levied by any taxing authority with respect to or in connection with any Unit, excluding, however, taxes measured by Lessor's net income (but not including any net income taxes which, by the term of the statute imposing such tax, expressly relieve Lessee or Lessor from the payment of any impositions which Lessee would otherwise be obligated to pay or reimburse). If Lessor is not entitled to a corresponding and equal deduction with respect to any imposition which Lessee is required to pay or reimburse and such payment or reimbursement constitutes income to Lessor, then Lessee shall also pay to Lessor the amount of any impositions which Lessor is obligated to pay in respect of (a) such payment or reimbursement by Lessee and (b) any payment by Lessee made pursuant to this sentence. Lessee shall prepare and file, in a manner satisfactory to Lessor, any reports or returns which may be required with respect to the Units. For purposes of this Section, "Lessor" shall include any affiliated group, within the meaning of that term 1361 of the Code, of which Lessor is a member for any year in which a consolidated or combined income tax return is filed for the affiliated group.

7. LOSS OR DAMAGE; INSURANCE: Lessee assumes all risks and liabilities of loss, damage or Casualty Occurrence (as hereinafter defined) for any cause whatsoever, for condemnation of any Unit prior to, during or subsequent to the time the Unit is returned to Lessor pursuant to Section 10 of the Lease term, and for injury to or death of any person or damage to any property in any manner arising out of or incident to the possession, use, operation, condition or storage of the Unit. If any Unit becomes damaged, from any cause whatsoever, Lessee shall give Lessor prompt notice thereof. If Lessor reasonably determines that such damage is not irreparable, then Lessee shall, at its expense, promptly restore the Unit to the condition required by Section 4 above. If any Unit becomes worn out, lost, stolen, destroyed or irreparably damaged (as reasonably determined by Lessor) from any cause whatsoever, or taken by condemnation or otherwise (any such occurrence hereafter a "Casualty Occurrence") prior to, during or subsequent to the time the Unit is returned to Lessor pursuant to Section 10 of the Lease term, Lessee shall give Lessor prompt notice thereof. In the event of a Casualty Occurrence, Lessee shall pay to Lessor, on the earlier of (a) the first payment date following such Casualty Occurrence or (b) thirty (30) days following such Casualty Occurrence, a sum (the "Termination Value") equal to (a) the "Beginning Balance" (as specified in the attached Payment Schedule) as of the next payment due following such Casualty Occurrence, plus (b) the amount of the interest portion (as specified in the Payment Schedule) of the next payment due following such Casualty Occurrence multiplied times a fraction the numerator of which is the number of days from the later of (a) the Delivery Date of the Unit or (b) the due date of the payment immediately preceding such Casualty Occurrence until the due date of the payment due hereunder in respect of such Casualty Occurrence and the denominator of which is 360. Lessee, at its expense, shall keep each Unit insured against all risks for not less than the applicable Beginning Balance with respect to such Unit and shall maintain comprehensive public liability insurance covering each Unit for not less than \$1,000,000 for combined coverage for bodily injury and property damage. All insurance shall (a) be in a form and with such companies as Lessor shall approve, (b) specify Lessor (or its designee) and Lessee as named insureds, (c) be primary, without right of contribution from any other insurance carried by Lessor, (d) provide that such insurance may not be cancelled or altered so as to affect the interest of Lessor without at least thirty (30) days' prior written notice to Lessor, and (e) name Lessor (or its designee) as loss payee and be payable solely to Lessor. Lessee agrees to notify Lessor of any occurrence which may become the basis of an insurance claim hereunder and not to make any adjustments with insurers without Lessor's prior written consent. Lessee hereby irrevocably appoints Lessor its attorney-in-fact to receive payment of and endorse all checks and other documents and to take any other actions necessary to pursue insurance claims. Prior to the first Delivery Date of any Unit, Lessee shall deliver to Lessor satisfactory evidence of such insurance coverage.

8. WAIVER AND INDEMNITY: LESSEE HEREBY RELEASES ANY CLAIM NOW OR HEREFTER EXISTING AGAINST LESSOR ON ACCOUNT OF, AND AGREES TO DEFEND, INDEMNIFY AND HOLD LESSOR OR INDEMNIFY FROM, ALL CLAIMS OF LESSEE OR THIRD PARTIES INCLUDING, WITHOUT LIMITATION, CLAIMS BASED UPON STRICT LIABILITY IN TORT AND FOR CONSEQUENTIAL DAMAGES, LOSSES, DEMANDS, LIABILITIES, SUITS AND JUDGMENTS, AND ALL COSTS OR EXPENSES IN CONNECTION THEREWITH, INCLUDING ATTORNEY'S FEES AND EXPENSES, WHICH MAY IN SUIT FROM OR ARISE OUT OF THE SELECTION, PURCHASE, DELIVERY INCLUDING ANY DELAY IN OR FAILURE OF DELIVERY, CONDITION, USE, OPERATION, OWNERSHIP, MAINTENANCE OR REPAIR OF ANY UNIT PRIOR TO, DURING OR SUBSEQUENT TO THE TIME SUCH UNIT IS RETURNED TO LESSOR PURSUANT TO SECTION 10 OF THE LEASE TERM AS TO THE UNIT, OR WHICH MAY BE ATTRIBUTABLE TO ANY DEFECT IN ANY UNIT ARISING FROM THE MATERIAL USED THEREIN OR FROM THE DESIGN, MANUFACTURE OR TESTING THEREOF, OR FROM ANY USE, MAINTENANCE OR REPAIR OF ANY UNIT, REGARDLESS OF WHEN SUCH DEFECT SHALL BE DISCOVERED, WHETHER OR NOT THE UNIT IS IN THE POSSESSION OF LESSEE AND NO MATTER WHERE IT IS LOCATED.

9. EVENTS OF DEFAULT; REMEDIES: Each of the following shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to make any payment to Lessor when due; (b) any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be incorrect or misleading when made; (c) Lessee shall fail to observe or perform any other covenant, agreement or warranty made by Lessee hereunder and such failure shall continue for ten (10) days after written notice thereof to Lessor; (d) Lessee shall fail to make any payment on its bonded indebtedness when due; or (e) there shall be a default by Lessee under any other agreement between Lessor and Lessee. If any Event of Default shall occur, Lessor, at its option, may (a) proceed by appropriate court action(s) to enforce this Lease or to recover damages for the breach thereof; (b) by notice in writing to Lessee, terminate this Lease, but Lessee shall remain liable as hereinafter provided, and thereupon Lessor may, at its option do any one or more of the following: (i) recover forthwith from Lessee (a) any and all amounts then due under this Lease or which may have accrued to the date of such termination, (ii) as damages for loss of the bargain and not as a penalty, a sum equal to the payments due with respect to the Units during the balance of the fiscal year, and (iii) any additional damages and expenses sustained by Lessor by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of amounts due hereunder; (b-2) enforce the security interest given hereunder, (b-3) without notice, liability or legal process, enter upon the premises where any of the Units may be and take possession thereof, and (b-4) require Lessee to return the Units as provided in Section 10. Lessor shall have all rights given to a secured party by law. Provided Lessor receives possession of the Units following an Event of Default, Lessor may, at its option, undertake commercially reasonable effort to sell or re-lease the Units, and the proceeds of any such sale or re-lease shall be applied: first, to reimburse Lessor for all reasonable expenses of retaking, holding, preparing for sale or re-lease and selling or re-leasing the Units, including all taxes and reasonable attorney's fees and expenses; second, to the extent not previously paid by Lessee, to pay Lessor all amounts, except those specified below, which under the terms of this Lease are due or have accrued as of the date of Lessor's receipt of said proceeds; third, to pay all late payment charges pursuant to Section 2 hereof; and fourth, to pay Lessor the applicable Termination Value with respect to the Units. Any surplus shall be paid to the person entitled thereto. Lessee shall promptly pay any deficiency to Lessor. Lessee acknowledges that sales for cash or on credit to a wholesaler, retailer or user of the Units are all commercially reasonable. Lessee agrees to pay all reasonable attorney's fees and all costs and expenses incurred by Lessor in enforcing this Lease. The remedies herein provided shall be cumulative and in addition to all other remedies at law or in equity; provided, however, Lessor shall not be entitled to recover a greater amount in damages than Lessor could have gained through Lessee's full, timely and complete performance under this Lease, plus all fees, costs and expenses incurred by Lessor in enforcing this Lease and all late payment charges pursuant to Section 2. If Lessee fails to perform any of its obligations under this Lease, Lessor may (but need not) at any time thereafter perform such obligation, and the expenses incurred in connection therewith shall be payable by Lessee upon demand.

10. RETURN OF UNIT: Upon any termination of the term of this Lease with respect to each Unit or if Lessor shall rightfully demand possession of any Unit, Lessee, at its expense, shall forthwith deliver the Unit to Lessor, appropriately protected and in the condition required by Section 4, at the option of Lessor, to the premises of the nearest Caterpillar dealer selling equipment of the same type as the Unit, or on board such carrier as Lessor shall specify and shipping the same, freight collect, to the destination designated by Lessor. If the Unit is not in the condition required by Section 4, Lessee shall pay to Lessor, on demand, all costs and expenses incurred by Lessor to bring the Unit into said condition.

11. REPORT TO IRS: Lessee will report this Lease to the Internal Revenue Service by filing Form 8038-G, 8038-GC or 8038 whichever is applicable. Failure to do so will cause the Lease to lose its tax exempt status. Lessee agrees that if the appropriate form is not filed, the interest rate will be adjusted to an equivalent taxable interest rate.

12. TITLE, SECURITY INTEREST AND FURTHER ASSURANCES: Provided (a) Lessee has accepted each Unit on its delivery date; (b) the Delivery Date of the Unit is on or prior to the Credit Utilization Date noted on the face hereof; and (c) no Event of Default exists as of the Delivery Date of the Unit, title to each Unit shall vest in Lessee on the Delivery Date of the Unit, provided, however, that in the event (i) this Lease is terminated pursuant to Section 1 hereof, or (ii) an Event of Default has occurred and is continuing, title to the Unit shall immediately revert in Lessor, free of any right, title and interest of Lessee, unless Lessor elects otherwise in writing. Lessee hereby grants to Lessor a continuing security interest in the Units, including all attachments, accessories and optional features (whether or not installed thereon) and all substitutions, replacements, additions and accessories thereto, and all proceeds of all of the foregoing, to secure the payment of all sums due. Lessee will, at its expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents which Lessor may reasonably request in order to protect Lessor's security interest in the Units and Lessor's rights and benefits under this Lease.

13. ASSIGNMENT; COINTERPARTS: Without the prior written consent of Lessor, no assignment of this Lease or any right or obligation hereunder may be made by Lessee or any assignee of Lessee. Lessor may not assign its right, title and interest and to this Lease and the Units and/or grant or assign a security interest in this Lease and the Units, in whole or in part. Although multiple counterparts of this document may be signed, only the counterpart accepted, acknowledged and certified by Caterpillar Financial Services Corporation on the signature page thereof as the original will constitute original chattel paper.

14. EFFECT OF WAIVER: No delay or omission to exercise any right or remedy accruing to Lessor hereunder shall impair any such right or remedy nor shall it be construed to be a waiver of any breach or default of Lessee. Any waiver or consent by Lessor under this Lease must be in writing specifically set forth. This Lease completely states the rights of Lessor and Lessee with respect to the Units and supercedes all prior agreements with respect thereto. This is of the essence of this Lease. No variation or modification of this Lease shall be valid unless in writing and signed by the authorized representatives of Lessor and Lessee. All notices hereunder shall be in writing, addressed to each party at the address set forth on the front of this Lease or at such other address as may be furnished in writing. If any provision of this Lease shall be invalid under any applicable law, such provision shall be deemed omitted but the remaining provisions shall be given effect. All obligation of Lessee under this Lease shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

15. GENERAL: This Lease shall be governed by and construed under the laws of the State where the Units are located.

Part I Reporting AuthorityCheck box if Amended Return ☐

1 Issuer's name

James City County, VA

2 Issuer's employer identification number

3 Number and street

101 Mounts Bay Rd

4 Report number

G19 -

5 City or town, state, and ZIP code

Williamsburg, VA 23187

6 Date of issue

7 Name of issue

Caterpillar Financial Services Corporation

8 CUSIP Number

Part II Type of Issue (check box(es) that applies and enter the Issue Price)9 Check box if obligations are tax or other revenue anticipation bonds ☐

Issue price

10 Check box if obligations are in the form of a lease or installment sale ☒11 ☐ Education12 ☐ Health and hospital13 ☐ Transportation14 ☐ Public safety15 ☐ Environment (including sewage bonds)16 ☐ Housing17 ☐ Utilities18 ☒ Other. Describe (see Instructions) Caterpillar Governmental Lease-Purchase Agreement

\$118,888.00

Lease-Purchase of Construction Equipment**Part III Description of Obligations**

| | (a) Maturity date | (b) Interest rate | (c) Issue price | (d) Stated redemption price at maturity | (e) Weighted average maturity | (f) Yield | (g) Net interest cost |
|-------------------|----------------------|----------------------|--------------------|-----------------------------------------------|-------------------------------------|--------------|-----------------------------|
| 19 Final maturity | | % | \$118,888.00 | \$118,888.00 | | | |
| 20 Entire issue | | | 118,888.00 | 118,888.00 | years | % | |

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

| | | |
|---------------------------------------------------------------------------------------------|----|--------------|
| 21 Proceeds used for accrued interest | 21 | |
| 22 Issue price of entire issue (enter line 20c) | 22 | \$118,888.00 |
| 23 Proceeds used for bond issuance costs (including underwriters' discount) | 23 | |
| 24 Proceeds used for credit enhancement | 24 | |
| 25 Proceeds allocated to reasonably required reserve or replacement fund | 25 | |
| 26 Proceeds used to refund prior issues | 26 | |
| 27 Total (add lines 23, 24, 25, and 26) | 27 | \$118,888.00 |
| 28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here) | 28 | |

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

| | |
|------------------------------------------------------------------------------|------|
| 29 Enter the remaining weighted average maturity of the bonds to be refunded | year |
| 30 Enter the last date on which the refunded bonds will be called | |
| 31 Enter the date(s) the refunded bonds were issued | |

Part VI Miscellaneous

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 32 Enter the amount of the state volume cap allocated to the issue | N/A |
| 33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) | |
| 34 Pooled financings: | |
| a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units | N/A |
| b Check box if this issue is a loan made from the proceeds of another tax-exempt issue <input type="checkbox"/> and enter the name of the issuer and the date of the issue | |

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Please
Sign
Here

Signature of officer

Date

John E. McDonald
Manager Financial & Management Services

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form 8038-G (Rev. 10-89)

U.S. Government Printing Office: 1989-162-151/000

0w66t1"z

E X H I B I T 2
 Concluding Payment Schedule to
 Governmental Agreement
 Dated _____, 19____
 Between Caterpillar Financial Services Corporation
 and JAMES CITY COUNTY, VA

CONCLUDING PAYMENT SCHEDULE

Description of Unit: One Caterpillar 1T24F Toolcarrier, S/N

| | Payment | Interest | Principal | Balance |
|------|----------|----------|-----------|------------|
| Loan | | | | 118,000.00 |
| 1 | 1,719.00 | 0.00 | 1,719.00 | 116,281.00 |
| 2 | 1,719.00 | 572.23 | 1,146.77 | 115,134.23 |
| 3 | 1,719.00 | 566.58 | 1,152.42 | 113,981.81 |
| 4 | 1,719.00 | 560.91 | 1,158.09 | 112,823.72 |
| 5 | 1,719.00 | 555.21 | 1,163.79 | 111,659.93 |
| 6 | 1,719.00 | 549.49 | 1,169.51 | 110,490.42 |
| 7 | 1,719.00 | 543.73 | 1,175.27 | 109,315.15 |
| 8 | 1,719.00 | 537.95 | 1,181.05 | 108,134.10 |
| 9 | 1,719.00 | 532.13 | 1,186.87 | 106,947.23 |
| 10 | 1,719.00 | 526.29 | 1,192.71 | 105,754.52 |
| 11 | 1,719.00 | 520.42 | 1,198.58 | 104,555.94 |
| 12 | 1,719.00 | 514.53 | 1,204.47 | 103,351.47 |
| 13 | 1,719.00 | 508.60 | 1,210.40 | 102,141.07 |
| 14 | 1,719.00 | 502.64 | 1,216.36 | 100,924.71 |
| 15 | 1,719.00 | 496.66 | 1,222.34 | 99,702.37 |
| 16 | 1,719.00 | 490.64 | 1,228.36 | 98,474.01 |
| 17 | 1,719.00 | 484.60 | 1,234.40 | 97,239.61 |
| 18 | 1,719.00 | 478.52 | 1,240.48 | 95,999.13 |
| 19 | 1,719.00 | 472.42 | 1,246.58 | 94,752.55 |
| 20 | 1,719.00 | 466.28 | 1,252.72 | 93,499.83 |
| 21 | 1,719.00 | 460.12 | 1,258.88 | 92,240.95 |
| 22 | 1,719.00 | 453.92 | 1,265.08 | 90,975.87 |
| 23 | 1,719.00 | 447.70 | 1,271.30 | 89,704.57 |

| | Payment | Interest | Principal | Balance |
|----|-----------|----------|-----------|-----------|
| 24 | 1,719.00 | 441.44 | 1,277.56 | 88,427.01 |
| 25 | 1,719.00 | 435.15 | 1,283.85 | 87,143.16 |
| 26 | 1,719.00 | 428.84 | 1,290.16 | 85,853.00 |
| 27 | 1,719.00 | 422.49 | 1,296.51 | 84,556.49 |
| 28 | 1,719.00 | 416.11 | 1,302.89 | 83,253.60 |
| 29 | 1,719.00 | 409.70 | 1,309.30 | 81,944.30 |
| | | | | |
| 30 | 1,719.00 | 403.25 | 1,315.75 | 80,628.55 |
| 31 | 1,719.00 | 396.78 | 1,322.22 | 79,306.33 |
| 32 | 1,719.00 | 390.27 | 1,328.73 | 77,977.60 |
| 33 | 1,719.00 | 383.73 | 1,335.27 | 76,642.33 |
| 34 | 1,719.00 | 377.16 | 1,341.84 | 75,300.49 |
| 35 | 1,719.00 | 370.56 | 1,348.44 | 73,952.05 |
| 36 | 1,719.00 | 363.92 | 1,355.08 | 72,596.97 |
| 37 | 1,719.00 | 357.25 | 1,361.75 | 71,235.22 |
| 38 | 1,719.00 | 350.55 | 1,368.45 | 69,866.77 |
| 39 | 1,719.00 | 343.82 | 1,375.18 | 68,491.59 |
| 40 | 1,719.00 | 337.05 | 1,381.95 | 67,109.64 |
| 41 | 1,719.00 | 330.25 | 1,388.75 | 65,720.89 |
| | | | | |
| 42 | 1,719.00 | 323.42 | 1,395.58 | 64,325.31 |
| 43 | 1,719.00 | 316.55 | 1,402.45 | 62,922.86 |
| 44 | 1,719.00 | 309.65 | 1,409.35 | 61,513.51 |
| 45 | 1,719.00 | 302.71 | 1,416.29 | 60,097.22 |
| 46 | 1,719.00 | 295.74 | 1,423.26 | 58,673.96 |
| 47 | 1,719.00 | 288.74 | 1,430.26 | 57,243.70 |
| 48 | 1,719.00 | 281.70 | 1,437.30 | 55,806.40 |
| 49 | 1,719.00 | 274.63 | 1,444.37 | 54,362.03 |
| 50 | 1,719.00 | 267.52 | 1,451.48 | 52,910.55 |
| 51 | 1,719.00 | 260.38 | 1,458.62 | 51,451.93 |
| 52 | 1,719.00 | 253.20 | 1,465.80 | 49,986.13 |
| 53 | 1,719.00 | 245.98 | 1,473.02 | 48,513.11 |
| | | | | |
| 54 | 1,719.00 | 238.74 | 1,480.26 | 47,032.85 |
| 55 | 1,719.00 | 231.45 | 1,487.55 | 45,545.30 |
| 56 | 1,719.00 | 224.13 | 1,494.87 | 44,050.43 |
| 57 | 1,719.00 | 216.77 | 1,502.23 | 42,548.20 |
| 58 | 1,719.00 | 209.38 | 1,509.62 | 41,038.58 |
| 59 | 1,719.00 | 201.95 | 1,517.05 | 39,521.53 |
| 60 | 1,719.00 | 194.49 | 1,524.51 | 37,997.02 |
| 61 | 38,184.00 | 186.98 | 37,997.02 | 0.00 |

Grand Totals

141,324.00

23,324.00

118,000.00

Lessee:



(Initials)

GUARANTY AGREEMENT

This Guaranty Agreement is executed and delivered on November 1, 1998, by and between USA WASTE SERVICES OF VIRGINIA, INC., a Delaware Corporation and a division of WASTE MANAGEMENT, INC. a Delaware corporation ("Guarantor"), and JAMES CITY COUNTY, VIRGINIA ("County").

Recitals

Simultaneously with the execution and delivery of this Guaranty Agreement, Waste Management, Inc., through USA Waste Landfills of Virginia, Inc., a Virginia corporation and one of Waste Management's wholly owned subsidiaries (the "Landfill"), is entering into a Disposal Services Agreement with County (the "Disposal Agreement") whereby the Landfill has agreed to accept for disposal certain waste generated within the County upon the terms set forth in the Disposal Agreement and a Lease whereby the County has leased a transfer station more particularly described in the Lease to the Landfill (the "Lease"). Capitalized terms, used herein and not otherwise defined, shall have the same meanings as set forth in the Disposal Agreement and the Lease.

County desires that Guarantor agree to guarantee the performance of the Landfill under the Disposal Agreement and the Lease.

NOW, THEREFORE, in consideration of the Disposal Agreement and the Lease, the mutual promises and obligations herein, and other good and valuable consideration received to the full satisfaction of each of them, the parties agree as follows:

1. Guaranty.

(a) Guarantor hereby guarantees to cause the Landfill to perform the Landfill's obligations under the Disposal Agreement and under the Lease. County agrees that before exercising its rights hereunder, County will first make all attempts to obtain performance from the Landfill. In any action brought by County hereunder, Guarantor reserves the right to raise each and any defense which may be available to the Landfill.

(b) The within Guaranty is a continuing guaranty and shall, unless otherwise agreed by the parties, remain in full force and effect until the termination of the Disposal Agreement and the Lease.

(c) In the event that the Guarantor becomes obligated pursuant to this Guaranty Agreement, then the Guarantor shall, at Guarantor's option, either perform obligations itself,

cause one of its affiliates or subsidiaries to perform the obligations, or cause the Landfill to do so.

2. Modification. Upon execution and delivery, this Agreement shall constitute the valid and binding agreement of the parties, enforceable in accordance with its terms and may be modified, altered or otherwise amended only by a written instrument executed by all parties hereto.

3. Binding Effect. This agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

4. Assignment. No party may assign this Agreement or any rights hereunder without the prior written consent of the other party hereto.

5. Notice. All notices or other communications required or permitted hereunder shall be in writing and may be given by depositing the same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier or by delivering the same in person to such party.

To Guarantor:

USA Waste Services of Virginia, Inc.
Attn: John Skoutelas, Esq.
420 Lincoln Highway
Fairless Hills, Pennsylvania 19030

USA Waste Landfills of Virginia, Inc.
ATTN: N. Howard Burns
27 West Queensway
Hampton, Virginia 23669

with a copy to:

Ben A. Williams, III, Esq.
Patten, Wornom & Watkins, L.C.
12350 Jefferson Avenue
Suite 360
Newport News, VA 23602

To County:

James City County
ATTN: County Administrator
101-C Mounts Bay Road
Williamsburg, Virginia 23185

with a copy to:

James City County Attorney
P.O. Box 8784
Williamsburg, Virginia 23187-8784

Notice shall be deemed given and effective the day personally delivered, the day after being sent by overnight courier and three days after the deposit in the U. S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received, if earlier. Any party may change the address for notice by notifying the other parties of such change in accordance with this paragraph 5.

IN WITNESS WHEREOF, Guarantor has caused this Agreement to be executed, and County has accepted the same, as of the day and year first above written.

USA WASTE SERVICES OF
VIRGINIA, INC.,
a division of WASTE MANAGEMENT,
INC.

BY: John S. Skoulides
Vice President

Accepted this 23rd day of
November, 1998

APPROVED AS TO FORM

Lee P. Rogers
COUNTY ATTORNEY

JAMES CITY COUNTY, VIRGINIA

By: Sanford Williams
Its: COUNTY ADMINISTRATOR

a:\jamescity.gua

DISPOSAL SERVICES AGREEMENT

This DISPOSAL SERVICES AGREEMENT ("Agreement") is dated as of November 1, 1998 by and between USA WASTE LANDFILLS OF VIRGINIA, INC., a Delaware corporation and a division of Waste Management, Inc. ("USA") and the COUNTY OF JAMES CITY, VIRGINIA, a political subdivision of the Commonwealth of Virginia ("County").

W I T N E S S E T H:

WHEREAS, USA operates a sanitary landfill known as the Bethel Landfill located in Hampton, Virginia (which sanitary landfill, with all improvements, modifications, expansions or other changes, is known for purposes of this Agreement as the "Bethel Landfill");

WHEREAS, the County owns a transfer station (the "Transfer Station") on property located within the County on Jolly Pond Road, which property is more particularly described on the plat attached hereto and made a part hereof as Exhibit A; and

WHEREAS, by lease agreement dated of even date herewith between the County, as lessor, and USA, as lessee, (the "Lease"), the County has leased the Transfer Station to USA upon the terms and condition set forth in the Lease; and

WHEREAS, County desires to secure both the disposal rates and the disposal rights as set forth herein by agreeing to dispose of all of its Waste (hereinafter defined) either at the Bethel Landfill or at the Transfer Station;

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement and of the representations, warranties, covenants, conditions and other provisions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **CERTAIN DEFINITIONS.**

(a) **Applicable Laws.** The term "Applicable Laws" means each and all federal, state and local laws, rules, regulations, orders, ordinances, permits, licenses, directives and other approvals applicable to the Bethel Landfill, to the Transfer Station or to the transportation or disposal of Waste as are in effect on the date of this Agreement and includes all future amendments, changes, and additions to them.

(b) **City.** The term "City" means the City of Williamsburg, Virginia, a Virginia municipal corporation.

(c) Commencement Date. The term "Commencement Date" means December 1, 1998.

(d) Commercial Haulers. The term "Commercial Haulers" means each and any hauler of Waste, which hauler is engaged in transporting Waste as its principal business and which disposes of Waste at the Transfer Station. Commercial Haulers specifically excludes Private Businesses (hereinafter defined).

(e) Construction/Demolition/Debris/Inert Waste. The term "Construction/Demolition/Debris/Inert Waste" shall mean Construction Waste, Demolition Waste, Debris Waste, and Inert Waste, and combinations of the above solid wastes, as hereinafter defined.

(1) Construction Waste "Construction Waste" means solid waste which is produced or generated during construction, remodeling, or repair of pavements, houses, commercial buildings, and other structures. Construction wastes include, but are not limited to lumber, wire, sheetrock, broken brick, shingles, glass, pipes, concrete, paving materials, and metal and plastics if the metal or plastics are a part of the materials of construction or empty containers for such materials. Paints, coatings, solvents, asbestos, and liquid, compressed gases or semi-liquids and garbage are not Construction Waste.

(2) Debris Waste. "Debris Waste" means wastes resulting from land clearing operations. Debris wastes include, but are not limited to stumps, wood, brush, leaves, soil, and road spoils.

(3) Demolition Waste. "Demolition Waste" means that solid waste which is produced by the destruction of structures and their foundations and includes the same materials as construction wastes.

(4) Inert Waste. "Inert Waste" means solid waste which is physically, chemically, and biologically stable from further degradation and considered to be nonreactive. Inert wastes include rubble, concrete, broken brick, bricks and block.

(f) This subsection has been intentionally omitted.

(g) County Vehicle. "County Vehicle" means owned or leased waste hauling or waste collection vehicle operated by the County.

(h) County Waste. "County Waste" means all Solid Waste, as defined herein, delivered to the Transfer Station or to the Bethel Landfill by the County in County vehicles.

(i) Force Majeure. The term "Force Majeure" means any act, event or condition relied upon by a party as justification for delay in or excuse from performing an obligation or complying with any condition required of such party under this Agreement, which act, event or condition is beyond the reasonable control of the party and not caused by the party, including, without limitation: (i) an act of God, lightning, earthquake, storm, flood, an act of public enemy, war, insurrection, riot, civil disturbance, sabotage or similar occurrence; and (ii) the order or judgment or other act of any federal or state court, administrative agency or governmental office or body.

(j) Hazardous Waste. The term "Hazardous Waste" means all waste defined as hazardous materials, hazardous wastes, hazardous substances, toxic wastes or substances or radioactive waste as those terms are defined by the Resource Conservation and Recovery Act of 1976; the Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Atomic Energy Act of 1954; the Toxic Substances Control Act; the Occupational Health and Safety Act; each comparable or similar Virginia statute; or any other Applicable Law and the rules and regulations promulgated under any of the foregoing, as each from time to time may be amended, provided that the term Hazardous Waste shall be construed to have the broader, more encompassing definition where there exists a conflict in the definitions employed by two or more governmental agencies having concurrent or overlapping jurisdiction over Hazardous Waste.

(k) Infectious Waste. The term "Infectious Waste" means waste that may be considered pathological or biohazardous originating from hospitals, public or private medical clinics, departments or research laboratories, pharmaceutical industries, medical or dental offices, nursing homes, blood banks, forensic medical departments, mortuaries, veterinary facilities and other similar facilities and includes, but is not limited to, equipment, instruments, utensils, fomites, laboratory waste (including pathological specimens and fomites attendant thereto), surgical facilities, equipment, bedding and utensils (including pathological specimens and disposable fomites attendant thereto), sharps (including, for example, hypodermic needles and syringes), dialysis unit waste, animal carcasses (except those which qualify below as Remaining Acceptable Waste), offal and body parts, biological materials (including for example vaccines and medicines) and other similar materials.

(l) Private Businesses. The term "Private Businesses" means each and any business, whether organized as a corporation, partnership, sole proprietorship or other entity, which disposes of Waste at the Transfer Station, not as its principal business but as a byproduct of its principal business (for example, plumbing contractors and home repair/remodeling contractors).

(m) Special Waste. The term "Special Waste" means material generated, directly or indirectly, as a result of a manufacturing process or from the removal of contaminants from the air, water or land; industrial process waste; pollution control waste; sewage, sewage sludge or other residue from waste water treatment facilities; and other refuse or rubbish which is allowed by permit to be disposed of at the Bethel Landfill but which is required by USA or any governmental authority or by its general nature to be handled or disposed of other than in accordance with the Bethel Landfill's normal disposal operating procedures, including without limitation, limited volumes of animal carcasses delivered by County Vehicles, by residents of the County and by any animal control agency pursuant to a contract with the County. Special Waste specifically excludes Solid Waste, Construction/Demolition/Debris/Inert Waste, Hazardous Waste and Infectious Waste.

(n) Solid Waste. The term "Solid Waste" means any garbage, refuse or rubbish resulting from commercial, residential or community activities, including, without limitation, Construction/Demolition/Debris/Inert Waste, but specifically excludes: (i) Infectious Waste; (ii) Hazardous Waste; (iii) Special Waste; and (iv) any other material which does not strictly conform to the description of materials which the Bethel Landfill is permitted to dispose of under its permits and all Applicable Laws.

(o) Waste. The term "Waste" means Solid Waste and Special Waste.

(2) TRANSFER STATION.

(a) County shall proceed to cease operating the Transfer Station, either directly or by contract with others, including its present agreement with USA as of the Commencement Date hereof. At which time, County shall dispose of all County Waste at the Bethel Landfill either by delivery to the Transfer Station or delivery directly to the Bethel Landfill. In this regard, the County agrees, except as hereinafter provided, to deliver all Special Waste directly to the Bethel Landfill. The County further agrees that it shall not deliver to the Transfer Station waste containing sludges, powders highly putrescible substances and bulky items.

(b) As consideration for the County to cease operating the Transfer Station and to enter into this Agreement, USA shall pay the County Two Hundred Thousand Dollars (\$200,000.00) on the following schedule:

- (i) One Hundred Thousand Dollars (\$100,000.00) at date of execution of Agreement by both parties, and

(ii) One Hundred Thousand Dollars (\$100,000.00) on the first anniversary date of the execution hereof; and

(c) As additional consideration for the County to cease operating the Transfer Station and to enter into this Agreement, USA has simultaneously with the execution of this Agreement executed and delivered to the County in recordable form an agreement whereby USA agrees to grant and dedicate unto the County in fee simple a perpetual easement over, across and through a portion of the property of USA more particularly described on Exhibit D attached hereto and made hereof.

(d) USA shall assume all rights, responsibilities, duties and obligations of the County under the CAT GOVERNMENTAL LEASE-PURCHASE AGREEMENT, as amended, (the "Cat Lease") with Caterpillar Financial Services Corporation, as Lessor, dated September 10, 1996 for a Caterpillar Intergrated Toolcarrier. This assumption shall be effective as of the Commencement Date of this Agreement. USA and the County shall make a good faith effort to execute all documentation with the Lessor to effectuate this assumption of the Lease within thirty (30) days of the Commencement Date of this Agreement. USA shall have the right, to the extent allowed by the Cat Lease, to fulfill the Cat Lease obligations in advance of the scheduled termination date and the County shall cooperate with USA to exercise such right. A copy of the Cat Lease is attached hereto as Exhibit E.

3. TERM. Unless sooner terminated pursuant to Section 16 or 17 hereof, the term of this Agreement shall commence on the Commencement Date hereof and continue until the sooner of the expiration of thirty (30) years from the Commencement Date and the date on which the Bethel Landfill permanently ceases to operate as a Bethel Landfill authorized to receive the Waste, subject to events of Force Majeure (the "Term").

4. DISPOSAL OBLIGATIONS AND RIGHTS.

(a) Disposal by County. During the Term of this Agreement, County agrees to, and agrees to cause, to the extent permitted by Federal and state law, all County Waste collected by the waste hauling or collection vehicles of County to be delivered to the Transfer Station or to the Bethel Landfill as herein provided. USA agrees to accept for disposal all County Waste delivered to the Transfer Station or to the Bethel Landfill in accordance with the terms of this Agreement; provided, however, that USA, in its sole discretion, shall have the right to reject any material which USA determines does not constitute Waste. County shall present to USA written evidence of the receipt by County of all approvals required by the Commonwealth of Virginia and its political subdivisions or USA concerning the transportation and disposal of each load of Special Waste prior to its disposal in

the Transfer Station or the Bethel Landfill if such Special Waste is delivered directly to the Bethel Landfill. All such approvals shall be subject to verification by USA. USA reserves the right, in its sole discretion, to reject any Special Waste.

(b) Disposal by Private Businesses. During the Term of this Agreement, USA agrees to accept for disposal all Waste delivered to the Transfer Station by Private Businesses; provided, however, that (i) USA, in its sole discretion, shall have the right to reject any material which USA determines does not constitute Waste, and (ii) that such Private Business is not in default under any contractual or payment obligation to USA. Each Private Business shall present to USA written evidence of the receipt by it of all approvals required by the Commonwealth of Virginia and its political subdivisions or USA concerning the transportation and disposal of each load of Special Waste prior to its disposal at the Transfer Station. All such approvals shall be subject to verification by USA. USA reserves the right, in its sole discretion, to reject any Special Waste.

(c) Disposal by Commercial Haulers. During the Term of this Agreement, USA agrees to accept for disposal all Waste delivered to the Transfer Station by Commercial Haulers; provided, however, that (i) USA, in its sole discretion, shall have the right to reject any material which USA determines does not constitute Waste; and (ii) such Commercial Hauler is not in default under any contractual or payment obligation to USA. Each Commercial Hauler shall present to USA written evidence of the receipt by it of all approvals required by the Commonwealth of Virginia and its political subdivisions or USA concerning the transportation and disposal of each load of Special Waste prior to its disposal at the Transfer Station. All such approvals shall be subject to verification by USA. USA reserves the right, in its sole discretion, to reject any Special Waste.

(d) Disposal by Others. During the Term of this Agreement, USA agrees to accept for disposal all Waste delivered to the Transfer Station by other disposer; provided, however, that (i) USA, in its sole discretion, shall have the right to reject any material which USA determines does not constitute Waste; and (ii) such disposer is not in default under any contractual or payment obligation to USA. Each disposer shall present to USA written evidence of the receipt by it of all approvals required by the Commonwealth of Virginia and its political subdivisions or USA concerning the transportation and disposal of each load of Special Waste prior to its disposal at the Transfer Station. All such approvals shall be subject to verification by USA. USA reserves the right, in its sole discretion, to reject any Special Waste.

(e) Transportation Routes to the Bethel Landfill. County shall use Interstate I-64 to Hampton Roads Center Parkway (Exit 261A) to Big Bethel Road to North Park Lane when transporting

Waste to the Bethel Landfill, except that if construction, an emergency or other event causes the closure of all or a portion of the above described routes, then County may use alternate routes, at its discretion, during such closure.

(f) Tires and White Goods. USA shall not accept tires and white goods at the Transfer Station or at the Bethel Landfill.

5. DISPOSAL FEES.

(a) Base Disposal Fees. The Base Disposal Fees for County Waste delivered by County to the Transfer Station and to the Bethel Landfill shall be in accordance with Exhibit B, attached hereto and made a part hereof.

In the event that the County subsequently implements a comprehensive County-wide waste collection program, such waste shall be considered as County Waste, as herein defined, and USA and the County agree to negotiate in good faith lower disposal fees for the disposal of such waste at the Transfer Station and/or the Bethel Landfill, provided the County directs such waste to the Transfer Station or the Bethel Landfill, and amend the Agreement accordingly.

(b) Measurement. The amount of Waste disposed of at the Transfer Station and at the Bethel Landfill shall be determined by weighing, on scales regularly inspected by the Virginia Department of Agriculture and Consumer Services, or other appropriate agency, each vehicle upon its entrance to the Transfer Station or to the Bethel Landfill and comparing that weight to the established tare weight for such vehicle. USA shall accept the tare weights currently established by the County as the initial vehicle tare weights. On a periodic basis throughout the Term of this Agreement, USA shall review and revise (if necessary) the then established vehicle tare weights. In the event that the scales are not functional for any reason, the amount of Waste disposed of at the Transfer Station or at the Bethel Landfill shall be determined by using the difference between the average actual gross tare weight of the vehicles for the trailing thirty (30) day period and the actual empty tare weight of the vehicle.

(c) Provisions for Adjustments in Base Disposal Fees. The Base Disposal Fees for County Waste set forth on Exhibit B shall be adjusted as of each July 1, commencing July 1, 2000 (the "Inflation Adjustment"), by the lesser of (i) a percentage equal to the change of the Implicit Price Deflators for Gross National Product, published by the Department of Commerce, Bureau of Economic Analysis, covering state and local government consumption expenditures and gross investment (the "GNP Deflator"), between January 1, 1999 (the "Base Year") and January 1, 2000; and (ii) Five Percent (5%).

The "Base Index Number" shall be the GNP Deflator for the first quarter of 1999.

The "Current Index Number" shall be the GNP Deflator for the first quarter of the year of adjustment.

The obtain the percentage of adjustment the Current Index Number shall be divided by the Base Index Number. The Inflation Adjustment shall be multiplied by the Base Disposal Fees to determine the Base Disposal Fees for year of adjustment. In no event shall the Base Disposal Fees be reduced below the amounts set forth on Exhibit B.

For purposes of example, the following is provided, using the GNP Deflator for the years 1999-2000, to illustrate how the Disposal Fees would be adjusted under the terms of this Agreement:

| | |
|-------------------------------------------|----------|
| Base Disposal Fee | \$25.00 |
| GNP Deflator Year 1999 | \$100.00 |
| GNP Deflator Year 2000 | \$104.00 |
| Percent of Adjustment (\$104/\$100) | 1.040 |
| New Cost Per Ton Year 2000 (\$25 x 1.040) | 26.00 |

6. PAYMENT. USA shall issue a ticket to each County vehicle and each other vehicle delivering Waste to the Transfer Station or to the Bethel Landfill, which ticket shall show the date, vehicle number, source location and amount of Waste delivered. USA shall have signed delivery tickets for each load to substantiate the invoices to the County.

(a) Disposal Fees. On a monthly basis, USA shall send County an invoice which shall be submitted by the tenth of each month and shall include all charges for County Waste through the last day of the preceding month. Such invoice shall be itemized by category to show charges for each of the categories of Waste set forth on Exhibit B. USA shall include with such invoice an itemized summary of the amount of Waste of each category which is required to be reported by the County to the Virginia Department of Environmental Quality ("DEQ"). Amounts shown on each invoice which are outstanding from County to USA for more than thirty (30) days shall accrue an immediately payable service charge commencing with the date of the applicable invoice. Such service charge shall be the lesser of twelve percent (12%) per annum or the maximum percentage allowable by law; provided, however, that accrual of such service charge shall not remedy County's default for nonpayment. However, any unpaid amount in dispute between the parties shall not be subject to the surcharge or constitute a default until thirty (30) days after resolution of the dispute. The foregoing notwithstanding, County shall, on a timely basis as set forth above, make payment of that portion of the invoice which is not in dispute.

(b) Host Fees. On a semi-annual basis, USA shall send the County a summary of all of the Waste delivered to the Transfer Station by Private Business, Commercial Haulers and others (excluding County Waste) along with a computation of the Host Fees due the County for the preceding six (6) months, itemized by the categories shown on Exhibit C attached hereto and made a part hereof. USA shall pay the County all Host Fees due for the preceding six (6) months within thirty (30) days following the expiration of such six (6) month period. The Host Fees shall be adjusted each July 1, commencing July 1, 2009, using the same method used to adjust the Disposal Fees set forth in Section 5(c) above, provided that the Base Index Number shall be the GNP Deflator for the first quarter of 2008. Amounts which are outstanding from USA to County for more than thirty (30) days shall accrue a service charge commencing with the date such payment becomes past due. Such service charge shall be the lesser of twelve percent (12%) per annum or the maximum percentage allowable by law. Any unpaid amount in dispute between the parties shall not be subject to the surcharge or constitute a default until thirty (30) days after resolution of the dispute. The foregoing notwithstanding, USA shall make payment of that portion of the amount due which is not in dispute.

7. COVENANTS OF USA.

(a) Access to Financial Records. During the Term of this Agreement, in order to verify the amounts of the invoices for County Waste being submitted by USA and to verify the amount of Host Fees due the County by USA, County shall have the right, at its expense and from time to time during reasonable business hours and upon reasonable notice to USA, to perform a comprehensive inspection of USA records relating to this Agreement and to the incoming volume of County Waste at the Transfer Station and at the Bethel Landfill and the incoming volume of Waste at the Transfer Station from Commercial Haulers, Private Businesses and others. County shall not have the right to inspect any of the other books or records of USA, except as provided herein.

(b) Access to Environmental Records and Bethel Landfill. During the Term of this Agreement, County shall have the right, at its expense and from time to time during reasonable business hours and upon reasonable notice to USA, to perform an environmental audit, including a comprehensive inspection of the Bethel Landfill and USA records relating to the Bethel Landfill's compliance with laws relating to the environment, including, without limitation, groundwater monitoring, landfill gas monitoring, surface water monitoring, and federal, state or local inspections. County shall have the further right, at its expense and upon reasonable notice to USA, to inspect the Bethel Landfill and records of USA relating to the Bethel Landfill's compliance with laws relating to the environment at any time County has reason to believe that a problem or other discrepancy exists. County shall not have the right to

inspect any of the other books or records of USA, except as provided herein. All inspections shall follow the current, established format utilized by DEQ Environmental Inspectors or such other format as shall be agreed upon by the parties, which agreement shall not be unreasonably withheld, and shall be performed by County staff or contractors hired by County knowledgeable in landfill construction and operation.

Before any reports prepared as a result of activities described in (a) or (b) are released to the public, USA shall be provided the opportunity and a ten (10) day period within which to review and comment. USA's comments shall be included with any reports which are released.

(c) Compliance with Law. USA shall operate the Bethel Landfill in material compliance with all Applicable Laws.

(d) Notification of Suspension/Revocation of Permit. The County shall be promptly notified after receipt of notice by USA of any action by any governmental entity to revoke, suspend or otherwise alter a landfill permit necessary to operate the Bethel Landfill or any Permit necessary to operate the Transfer Station.

(e) Access by County Vehicles. USA shall, consistent with industry practice, provide a stable tipping area, reasonably free of debris, at which County vehicles will deposit incoming loads at the Transfer Station and at the Bethel Landfill. USA shall be responsible for maintaining access roads and tipping area in a condition which allows vehicular access to the working face for County vehicles. USA shall assist any County vehicle which cannot reach or depart the working face of the Bethel Landfill due to prevailing conditions. County shall be responsible for all hook-ups for towing. USA shall only be responsible for damage to vehicles resulting from a tow if such damage was caused by the negligence of USA. County shall be responsible for any damage to USA property caused by the negligence of County.

(f) Other Landfills. In the event that for any reason the Waste to be disposed of hereunder cannot be disposed of in the Bethel Landfill, USA may dispose and allow the County, Commercial Haulers, Private Businesses and others entitled to dispose of Waste under this Agreement to dispose of such Waste at any other landfill designated by USA, whether such other landfill is owned or operated by USA or not, which is permitted and approved by DEQ for the type of waste which is to alternatively disposed of therein. USA agrees that its landfill in Charles City County, Virginia shall be the first alternate landfill for disposal by the County. In the event any alternate landfill is used for disposal hereunder, all provisions applicable to the Bethel Landfill, shall to the extent possible be applicable to such alternative landfill, including without limitation the Disposal Fees.

8. COVENANTS OF COUNTY.

(a) Confidentiality. The County agrees that it will keep confidential all reports, documents, correspondence and other information delivered to County by USA hereunder, which are not otherwise public documents, unless the County is required by law to disclose such information. County agrees to notify USA in writing within 24 hours of any subpoena or other official request for any of the foregoing information before County delivers any such information. County further agrees that USA shall have the time period provided by the Virginia Freedom of Information Act (Virginia FOIA) to contest such subpoena or other request by whatever legal means is appropriate and that County will not deliver any such requested information so long as USA is contesting such delivery and so long as such contest holds in abeyance the obligation of County to deliver such information. Nothing herein shall be construed as prohibiting or restricting the County from sharing any such information with its consultants on a confidential basis.

9. TITLE; INDEMNITY BY USA AND COUNTY.

(a) Title. Title to any and all County Waste delivered by County shall pass to USA at the time the County Waste is fully removed from the transporting vehicles and accepted by USA at the Transfer Station or at the designated working face of the Bethel Landfill, as the case may be.

(b) Indemnity by USA. USA shall defend, indemnify and hold harmless County, its officials, representatives and employees, from and against all liabilities, losses, penalties, charges, claims, damages and expenses whatsoever (including, but not limited to, reasonable attorneys' fees and expenses of investigation and litigation), which County, its officials and their representatives and employees suffer or sustain or become liable for, by reason of the actions or omissions of USA, its agents, representatives and employees, which actions or omissions, of USA, its agents, representatives and employees, cause or otherwise result in damages or injuries (either to persons or property, real or personal, or both), including, without limitation, injuries resulting in death. Further, USA shall defend, indemnify and hold harmless County, its officials, representatives and employees, from and against all liabilities, losses, penalties, charges, claims, damages and expenses whatsoever (including, but not limited to, reasonable attorneys' fees and expenses of investigation and litigation), which County, its officials and their representatives and employees may suffer or sustain or become liable for, by reason of any Waste disposed of at the Bethel Landfill prior to the commencement of the delivery of waste under this Agreement and for the disposal of incinerator ash at the Bethel Landfill whether before or after the date of this Agreement.

(c) Acknowledgement of Responsibility by County. County acknowledges unto USA and its parent, Waste Management, Inc. ("Waste Management") and their respective officers, directors, representatives and employees, the County's responsibility for actions or omissions of County, its agents, representatives and employees, which actions or omissions, cause or otherwise result in damages or injuries (either to persons or property, real or personal, or both), including, without limitation, injuries resulting in death.

(d) Survival. The obligations set forth in this Section 9 shall survive the performance and termination of this Agreement for a period of five (5) years.

10. INSURANCE. USA acknowledges and agrees that County is insured under the Virginia Municipal League Liability Pool.

11. UNACCEPTABLE WASTE. County agrees that it will not dispose of any Hazardous Waste, Infectious Waste or any other material which is not Waste at the Transfer Station or at the Bethel Landfill. If County delivers to the Transfer Station or to the Bethel Landfill any material which does not conform to the definition of Waste under this Agreement and to the requirements of all Applicable Laws, the (in addition to USA's other remedies pursuant hereto or in accordance with any Applicable Law), if USA notifies County of the delivery of such nonconforming materials, the County shall immediately remove such nonconforming material from the Bethel Landfill at County's expense. In the event that the County does not immediately remove such nonconforming materials, USA may take any action it deems necessary to remove and dispose of such materials at the expense of the County.

12. REPRESENTATIONS AND WARRANTIES OF USA. As a material inducement to County to enter into this Agreement, USA represents and warrants that at the date hereof:

(a) Organization. USA is duly organized, validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in the Commonwealth of Virginia and has all requisite corporate power and corporate authority to execute and perform its obligations under this Agreement.

(b) Authority. The execution, delivery and performance of this Agreement has been approved and authorized by all necessary corporate action of USA. This Agreement constitutes a legal, valid and binding obligation of USA, enforceable in accordance with its terms.

(c) No Conflict. The execution, delivery and performance of this Agreement will not constitute a violation or breach of the certificate of incorporation or bylaws of USA, or of any provision

of any contract, permit, license, agreement or other obligation to which USA is a party or by which USA or any of its assets (including the Bethel Landfill) are bound, or any writ, injunction, decree, or Applicable Law to which USA or any of its assets (including the Bethel Landfill) are subject.

(d) No Litigation. There are no pending or threatened lawsuits, orders or other challenges to the operations of USA pertaining to or affecting the performance by it of its obligations hereunder, including its ability to meet closure and post closure requirements for the Bethel Landfill.

(e) Survival of Warranties. The parties agree that the foregoing representations and warranties shall survive the termination of the Term of this Agreement for a period of five (5) years.

13. REPRESENTATIONS AND WARRANTIES OF County. As a material inducement to USA to enter into this Agreement, County represents and warrants that at the date hereof:

(a) Authority. County has all requisite power and authority to execute and perform this Agreement and the execution, delivery and performance of this Agreement has been approved and authorized by all necessary action of County. This Agreement constitutes a legal, valid and binding obligation of County enforceable in accordance with its terms.

(b) No Conflict. The execution, delivery and performance of this Agreement will not constitute a violation or breach of the charter of County, or of any provision of any contract, permit, license, agreement or other obligation to which County is a party or by which County is bound, or any writ, injunction, decree, or Applicable Law to which County is subject.

(c) No Litigation. There are no pending or threatened lawsuits, orders or other challenges to the operations of County pertaining to or affecting the performance by it of its obligations hereunder.

(d) Survival of Warranties. The parties agree that the foregoing representation and warranties shall survive the termination of this Agreement for a period of five (5) years.

14. ACCESS TO AND OPERATION OF THE TRANSFER STATION AND Bethel Landfill.

(a) Access.

1. Transfer Station. County, Commercial Haulers, Private Businesses, and others delivering Waste to the Transfer Station shall have access to the Transfer Station, in common with

all other customers of the Transfer Station, during all normal hours of operation of the Transfer Station, and otherwise in accordance with the rules and regulations established by USA from time to time for operation of, and disposal of Waste at the Transfer Station. USA agrees not to discriminate against County Vehicles in favor of other customers. Unless the parties otherwise agree, the Transfer Station operation hours shall be 7:00 a.m. - 4:30 p.m., Monday through Friday and 9:00 a.m. - 1:00 p.m. on Saturday, excluding holidays. In addition, USA will use all reasonable efforts, upon prior notice from County, to accommodate County, if County experiences occasional special disposal needs that require after-hours disposal at the Transfer Station. All after-hours disposal at the Transfer Station shall be billed to County at the rate of One Hundred Dollars (\$100.00) per hour and shall be subject to adjustment in the same manner as Base Disposal Fees are adjusted under the provisions of Section 5(c) of this Agreement.

2. Bethel Landfill. The County shall have access to the Bethel Landfill, in common with all other customers of the Bethel Landfill, during all normal hours of operation of the Bethel Landfill and otherwise in accordance with the rules and regulations established by USA from time to time for operation of, and disposal of Waste at, the Bethel Landfill. USA agrees not to discriminate against County Vehicles in favor of other customers. Unless the parties otherwise agree, the Bethel Landfill operation hours, at a minimum, shall be 7:00 a.m. - 6:00 p.m., Monday through Friday and 7:00 a.m. - 4:00 p.m. on Saturday, excluding New Year's Day, Thanksgiving Day, and Christmas Day. In addition USA will use all reasonable efforts, upon prior notice from County, to accommodate County, if County experiences occasional special disposal needs that require after-hours disposal at the Bethel Landfill. All after-hours disposal at the Bethel Landfill shall be billed to County at the rate of Five Hundred Dollars (\$500.00) per hour and shall be subject to adjustment in the same manner as Base Disposal Fees are adjusted under the provisions of Section 5(c) of this Agreement.

(b) Rules and Regulations. County acknowledges the right of USA to make and enforce reasonable rules and regulations regarding the operation of, and disposal of Waste at the Transfer Station and at the Bethel Landfill, and County shall abide by such rules as are established from time to time. County acknowledges the receipt and reasonableness of the Rules and Regulations as currently in force. USA may change and amend the Rules and Regulations upon thirty (30) days prior written notice to the County.

(c) Denial of Access. USA reserves the right (i) to refuse access to the Transfer Station and to the Bethel Landfill to the driver of any vehicle which repeatedly fails to comply with USA's rules and regulations for the operation of the Transfer Station and the Bethel Landfill after due notice of such violations to such

driver and with respect to County Vehicles to the County, or (ii) to refuse access immediately to any vehicle which at any time delivers materials which are not Waste or who otherwise jeopardizes human health or the environment.

15. FINANCIAL ASSURANCE FOR CLOSURE AND POST-CLOSURE CARE. USA agrees that it will comply with the Financial Assurance Regulations of Solid Waste Facilities (VA 672-20-1) established by the Virginia Waste Management Board, and as the same may from time to time be amended. In addition, USA now has environmental impairment liability insurance in the amount of \$5,000,000 per occurrence and \$10,000,000 aggregate and shall maintain such insurance in no less amounts during the Term of this Agreement so long as such insurance is commercially available at a rate which is not substantially higher than on the date hereof. The limits of the environmental impairment liability insurance shall be adjusted at the tenth and twentieth anniversary dates of this Agreement, using the formula set forth in Section 5(c) of this Agreement with necessary adjustment to the formula to make accommodation for the ten-year periods.

16. DEFAULT: TERMINATION.

(a) Default by USA. County shall have the right to terminate this Agreement, in County's sole option, in the event of the occurrence and continuance of any of the following (a "Default"):

(i) failure of USA to accept Waste in accordance with the terms of this Agreement;

(ii) breach by USA of any of the terms or conditions of this Agreement, which breach is not cured within thirty (30) days after written notice from County of same is given by County to USA; provided, however, that if the nature of the breach is such that it cannot reasonably be cured within thirty (30) days, then County shall not be entitled to terminate this Agreement with respect to such breach if USA commences said cure within such thirty (30) days period and thereafter diligently prosecutes same to completion; and provided further that no identical material breach shall occur more than three (3) times within any twelve (12) month period; or

(iii) commencement of any voluntary or involuntary bankruptcy or insolvency proceedings against USA or commencement of reorganization proceedings against USA under any state or federal debtor relief statute; provided, that any such involuntary proceeding is not dismissed within 120 days after being instituted.

(b) Default by County. USA shall have the right to terminate this Agreement, in USA's sole option, in the event of the occurrence and continuance of any of the following (a "Default"):

(i) failure of County to comply within ten (10) days of receipt of written notice from USA of the County's failure to pay, with its payment obligations under Section 6 of this Agreement, which failure occurs five times or more within a twelve (12) consecutive month period;

(ii) breach by County of any of the nonmonetary terms or conditions of this Agreement, which breach is not cured within thirty (30) days after written notice from USA of same is given to County; provided, however, that if the nature of said breach is such that it cannot be cured within thirty (30) days, then USA shall not be entitled to terminate this Agreement with respect to such breach if County commences said cure within such thirty (30) day period and thereafter diligently prosecutes same to completion; or

(iii) commencement of any voluntary or involuntary bankruptcy or insolvency proceedings against County or commencement of reorganization proceedings against County under any state or federal debtor relief statute; provided that any such involuntary proceeding is not dismissed within 120 days after being instituted.

(c) Cash Basis Delivery. In addition to any other remedies it may have in the event of a Default under Section 16(b)(i), USA shall have the right to refuse to accept County Waste, or to accept County Waste only upon payment of the disposal fee in cash in advance.

(d) Effect of Termination. Termination of this Agreement shall not result in the termination of any obligation of any party hereunder that has accrued at the time of termination, and in no event shall the termination of this Agreement operate to excuse any obligation of any party for breach of a representation or warranty under this Agreement or for failure to perform under the indemnity provisions of this Agreement, all of which provisions shall survive termination of this Agreement to the extent provided herein.

17. EXTRAORDINARY LEVIES: CHANGE IN LAW; RENEGOTIATION.

(a) Notwithstanding any other provision of the contrary contained herein, in the event that during the Term of this Agreement there is levied upon USA or upon the operations of the Bethel Landfill, the Transfer Station or the transportation of Waste from the Transfer Station to the Bethel Landfill, any extraordinary tax, assessment or charge by any governmental authority or there occurs a substantial change in regulatory requirements related to the operation of the Bethel Landfill, the Transfer Station, the transportation of Waste from the Transfer Station to the Bethel Landfill, or the waste disposal business and having general applicability to a category of sanitary landfills or the waste disposal business which includes the Bethel Landfill, the Transfer Station or the transportation of Waste from the Transfer Station to

the Bethel Landfill (but not related to any action, omission or condition solely of the Bethel Landfill, the Transfer Station, the transportation of Waste from the Transfer Station to the Bethel Landfill, or USA such as fines, penalties imposed by a court or other governmental authority), which tax, assessment, charge or substantial change increases USA's cost of providing services hereunder, such amount shall be proportionately assessed to all customers of the Bethel Landfill or the Transfer Station, and the portion so assessed to County hereunder shall be added to the disposal price to be paid by County; provided, however, that if County and USA cannot agree on a renegotiation of the disposal fees provided for herein, then either party may terminate this Agreement and the Lease upon 180 days written notice to the other.

(b) Termination by USA. The occurrence of any of the following shall entitle USA to request a renegotiation of the provisions of this Agreement:

(i) the denial, loss, suspension, expiration, termination or failure of renewal by a governmental agency of any permit, license or other governmental approval required to operate the Bethel Landfill or the Transfer Station, where the denial, loss, suspension, expiration, termination or failure of renewal is not caused by the acts or omissions of USA;

(ii) the adoption or change (including a change in interpretation) of an Applicable Law having a material adverse effect on the obligations of USA hereunder, where such adoption or change is not cause by the acts or omissions of USA;

If, upon the occurrence of any of the above events, the parties cannot agree on a renegotiation of the provisions of this Agreement, then USA may terminate this Agreement upon 180 days written notice to the County.

18. GUARANTY.

(a) Guaranty. At the execution of this Agreement, USA Waste Services of Virginia, Inc., a Delaware corporation, and a division of Waste Management,, shall execute and deliver to County a guaranty of performance by USA of its obligations under this Agreement in the form attached hereto and made a part hereof as Exhibit F.

(b) Third-Party Beneficiary. Each of the parties hereto intends that Waste Management shall be a third-party beneficiary to this Agreement, shall be entitled to the benefits hereof and shall have the ability to exercise the rights granted to it herein as fully as if it were a direct signatory hereto.

19. MISCELLANEOUS.

(a) Waiver. Any party may waive any portion or portions of its rights hereunder without affecting the balance of this Agreement, but no such waiver shall be valid unless in writing signed by the party waiving and only to the extent therein set forth.

(b) Amendment: Remedies Cumulative. This Agreement shall not be altered, modified or otherwise amended except by a written document executed by both parties. Any failure on the part of any party to this Agreement at any time to require the performance by any other party of any term or provision hereof, even if known, shall in no way affect the right thereafter to enforce the same, nor shall it be taken or held to be a waiver of any succeeding breach. No right, remedy or election given by any term of this Agreement shall be deemed exclusive but each shall be cumulative with all rights, remedies and elections available at law or in equity.

(c) Notices. All notices, requests, demands, and other communications by either party to the other shall be in writing and may be either: (i) delivered personally to the party named below; (ii) deposited in the U.S. mail, registered or certified, return receipt requested; or (iii) sent by overnight courier service, in each case to the party's address set forth below:

If to USA:

USA Waste Landfill of Virginia, Inc.
ATTN: N. Howard Burns
27 West Queensway
Hampton, Virginia 23669

with a copy to:

Waste Management, Inc.
ATTN: John Skoutelas, Esq.
General Counsel
420 Lincoln Highway
Fairless Hills, Pennsylvania 19030

and a copy to:

Benjamin A. Williams III, Esq.
PATTEN, WORNOM AND WATKINS, L.C.
12350 Jefferson Avenue, Suite 360
Newport News, Virginia 23602

If to County:

James City County
ATTN: County Administrator
101-C Mounts Bay Road
Williamsburg, Virginia 23185

with a copy to:

James City County Attorney
P.O. Box 8784
Williamsburg, Virginia 23187-8784

or to such other address, and to the attention of such other person or officer, as either party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed delivered and effective when: (A) delivered in person, (B) three business days after being placed in the U.S. mail, properly addressed, with sufficient postage, or (C) the day after sent by overnight courier service.

(d) Assignment. This Agreement shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns. County shall not have the right to assign or otherwise transfer its rights and obligations hereunder without the consent of USA, which consent shall not be unreasonably withheld or delayed. USA shall not have the right to assign its rights and obligations hereunder without the consent of County, which consent shall not be unreasonably withheld or delayed.

(e) Relationship to Parties. This Agreement shall not be construed so as to create the relationship of principal and agent or of partnership or joint venture or of any other association between County and USA except that of independent contractor. The parties hereto agree to act as independent contractors, and as such, except as otherwise specifically set forth in this Agreement, each party shall be liable for its own governmental or business operation, insurance, taxes, licenses, permits, expenses, and all other liabilities and obligations.

(f) Severability. If any term or condition of this Agreement or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or condition to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) Entire Agreement: Counterparts. This Agreement constitutes the entire understanding between the parties hereto,

and cancels and supersedes all prior negotiations, representations, understandings and agreements, either written or oral, with respect to the subject matter hereof. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

(h) Force Majeure. No party shall be liable for its failure to perform any of its obligations hereunder nor shall it be deemed a default under this Agreement if a party fails to perform any of its obligations hereunder in any case in which such failure is caused directly or indirectly by an event of Force Majeure; provided, however, that an event of Force Majeure shall not eliminate the obligation for payment of amounts owed hereunder, all of which amounts shall be paid once the event of Force Majeure is over, but such amounts shall not be subject to a surcharge as provided in Section 5 of this Agreement.

(i) Headings. The headings contained herein are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

(j) Governing Law. This Agreement shall be construed by and governed in accordance with the laws of the Commonwealth of Virginia.

(k) Jurisdiction. Any action at law or suit in equity arising from this Agreement shall be brought in the Circuit Court for James City County, Virginia or the United States District Court for the Eastern District of Virginia (Newport News Division), or, if either ceases to exist, then in such court as shall have jurisdiction over the area formerly served by either of such courts. Each party hereby consents to the jurisdiction of such courts and waives all rights to have such matters tried in any other court.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed and delivered by its duly authorized officer, all as of the day and year first above written.

USA WASTE OF VIRGINIA
LANDFILLS, INC.

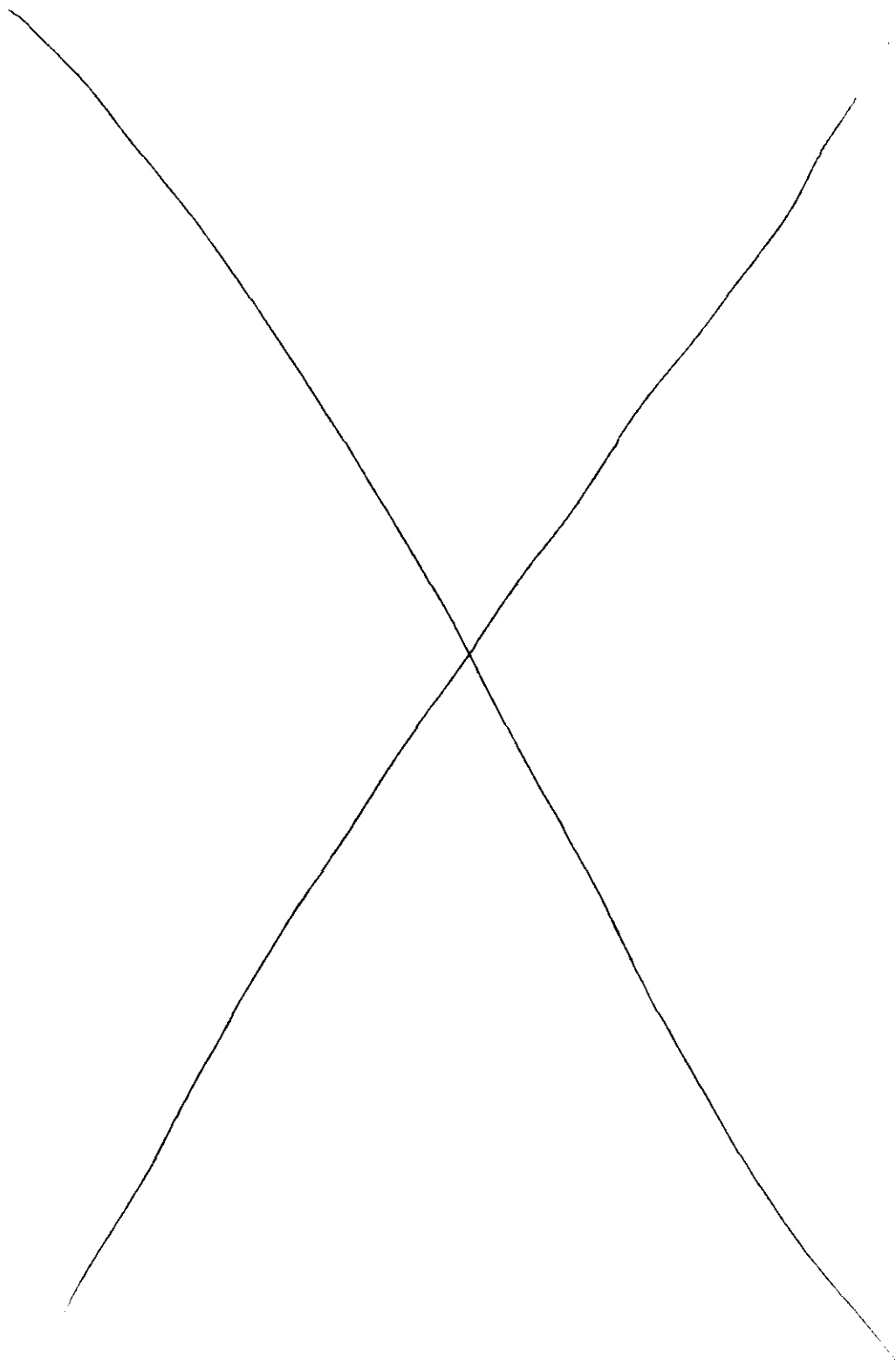
By: Howard T. [Signature]

Its: DISTRICT MANAGER

JAMES CITY COUNTY, VIRGINIA

By: Sanford B. [Signature]

Its: COUNTY ADMINISTRATOR



ATTEST:

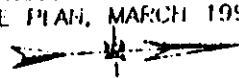
By: Mary Frances Rieger
Its: Administrative Secretary
County Attorney's Office

APPROVED AS TO FORM:

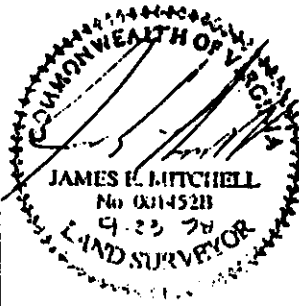
Leo P. Regier
County Attorney

JAMES CITY COUNTY
TRANSFER STATION
SITE PLAN, MARCH 1993

STATE: Portion of Parcel
(1-4) on JCC Tax
Map (30-1)



DEED BOOK:
PLAT BOOK:



LEASE AREA PLAT
PREPARED FOR
JAMES CITY COUNTY
CONTAINING
3.95 ACRES

LOCATED: JAMES CITY COUNTY, VIRGINIA
DATE: SEPTEMBER 23, 1998 SCALE: 1" = 100'

MITCHELL-WILSON ASSOCIATES, P.C.
CIVIL ENGINEERS & LAND SURVEYORS
720 MAIN STREET, SUITE 112, 2ND FLOOR, P.O. BOX 1269
WEST POINT, VIRGINIA 23181 (804) 843-9744

Exhibit B
List of Permits

Permit-By-Rule #021 to operate the Transfer Station, issued by the Commonwealth of Virginia, Department of Environmental Quality, Division of Waste Management, Office of Waste Resource Management dated April 11, 1994.

AGREEMENT TO RE-LOCATE ENTRANCE TO LONGHILL GATE

THIS AGREEMENT, made this 27th day of October 1998, by and between the COUNTY OF JAMES CITY, VIRGINIA, a political subdivision of the Commonwealth of Virginia, (the "County") and THE LONGHILL GATE INVESTMENT COMPANY, L.L.C., a Virginia limited liability company, (the "Company").

WHEREAS, the County and the Company recognize that moving the entrance of the Longhill Gate subdivision approximately one hundred and sixty (160) feet east so that it is aligned with Warhill Trail and exactly opposite the entrance to the Mallard Hill subdivision will ensure safe and convenient traffic flow in and out of the housing developments of Longhill Gate, Mallard Hill, and the proposed District Sports Park.

WHEREAS, the Company agrees to convey the necessary real property to the County for the construction of a new entrance to the Longhill Gate subdivision.

WHEREAS, the County, pursuant to and in consideration of the terms of this Agreement, agrees to transfer, abandon or otherwise convey the real property constituting the existing entrance the Longhill Gate subdivision.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement and of the representations, warranties, covenants, and conditions and other

provisions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. On or before October 30, 1998, the Company shall convey to the County all the real property necessary for the construction of the new entrance to Longhill Gate as shown on Sheet C-2 of construction plans entitled "DISTRICT PARK SPORT COMPLEX JAMES CITY COUNTY DIVISION OF PARK AND RECREATION PACKAGE No. 1 ROADWAY & INTERSECTION" dated July 21, 1998 and prepared by Rhodeside & Harwell, Inc., of Alexandria, Virginia ("Construction Plans") which are incorporated into this Agreement by reference. The Company agrees to convey such property to the County with a general warranty deed and English covenants of title.

2. The County shall build the new entrance, which shall be aligned with Warhill Trail, relocate the existing subdivision sign, and landscape the new entrance to the Longhill Gate subdivision and pay all costs associated therewith. The County shall commence building the new entrance to Longhill Gate on or about October 30, 1998. Construction of the new entrance shall be completed within one year unless the County notifies the Company in writing of any substantial delay

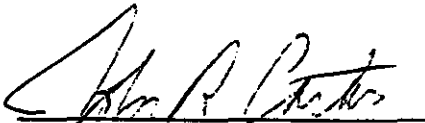
3. Within 90 days of the completion of the new entrance, the County shall convey to the Company the property containing the existing entrance as designated on Sheet C-2 of the Construction Plans.

4. Any amendment, modification or extension of this Agreement shall be in writing and shall be agreed to by both of the parties.

IN WITNESS WHEREOF, the parties, being first duly authorized, executed this Agreement as of the date first above written.


COMPANY:

Longhill Gate Investment Company, Inc.

By: 
its:

COUNTY:

County of James City, Virginia

By: 
its:

Approved as to form:


Leo P. Rogers
Deputy County Attorney

COMMONWEALTH OF VIRGINIA
COUNTY OF JAMES CITY, to-wit:

I Martina V Smith, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that John A. Carter whose name is signed to the foregoing writing bearing date on the 7th day of October, 1998, has acknowledged the same before me in the jurisdiction aforesigned.

Given under my hand this 7th day of October, 1998.

Martina V Smith
NOTARY PUBLIC

My commission expires on: 10/31/99.

COMMONWEALTH OF VIRGINIA
COUNTY OF JAMES CITY, to-wit:

I MARY FRANCES RIEGER, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that Jack Edwards whose name is signed to the foregoing writing bearing date on the 27th day of October, 1998, has acknowledged the same before me in the jurisdiction aforesigned.

Given under my hand this 27th day of October, 1998.

Mary Frances Rieger
NOTARY PUBLIC

My commission expires on: October 31, 2001.

This Agreement prepared by:

Leo P. Rogers
Deputy County Attorney
101-C Mounts Bay Road
Williamsburg, VA 23185
(757) 253-6614