

MORRIS COUNTY
SOLID WASTE MANAGEMENT PLAN AMENDMENT

November 1993

**Amendment Pertaining to Plan arising from the Acquisition of MCTS Transfer
Station Facilities and Associated Real Property**

Prepared for:

**MORRIS COUNTY BOARD OF CHOSEN FREEHOLDERS
MORRIS COUNTY SOLID WASTE ADVISORY COUNCIL**

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Amendment Pertaining to Plan arising from the Acquisition of MCTS Transfer Station Facilities and Associated Real Property

INTRODUCTION

The New Jersey Solid Waste Management Act (N.J.S.A. 13:1E-1 *et seq.*) established a comprehensive system for the management of solid waste in New Jersey. The Act designated all twenty-one (21) of the state's counties, and the Hackensack Meadowlands District, as Solid Waste Management Districts, and mandated the respective Boards of Chosen Freeholders and the Hackensack Meadowlands Development Commission develop comprehensive plans for waste management in their respective districts.

This Solid Waste Management Plan Amendment ("Amendment") has been prepared to amend the July 10, 1985 Morris County Solid Waste Management Plan ("Plan") approved with conditions by the New Jersey Department of Environmental Protection and Energy ("NJDEPE") on August 19, 1985 and as subsequently amended from time to time thereafter. This Amendment provides for the purchase of the Morris County Transfer Station, Inc.'s ("MCTS") transfer station facilities ("Transfer Station Facilities") and the transfer station properties ("Transfer Station Property") by the County of Morris ("County") or the Morris County Municipal Utilities Authority ("Authority"), as the case may be.

BACKGROUND

An amendment to the Plan was certified on July 28, 1987 by the NJDEPE Commissioner that included two MCTS solid waste transfer stations located in Parsippany-Troy Hills Township and Mount Olive Township. These transfer stations provided for the County's short term solid waste management by providing for the transfer and hauling of solid waste to out-of-State landfills.

On November 23, 1987 MCTS filed a petition with the New Jersey Board of Public Utilities ("BPU") seeking, among other things, approval of a tariff containing proposed rates for the five-year period from 1988 to 1992. At that time a five-year period was selected because that was the time frame the transfer stations were expected to be in operation while awaiting the development of the County's planned waste-to-energy facility.

Since the filing of MCTS' initial petition on November 23, 1987, through the execution of a Settlement Agreement on October 24, 1989, the County, the Authority and MCTS were engaged in litigation before the BPU and the New Jersey Office of Administrative Law ("OAL") concerning, among other things, the rates for solid waste disposal at the Transfer Station Facilities. The October 24, 1989 Settlement Agreement identified MCTS' rates at the Transfer Station Facilities for the period 1990 through 1994.

This Settlement Agreement resulted in a Plan Amendment dated November 29, 1989 that was certified by the NJDEPE Commissioner on May 10, 1990. This Plan Amendment was a

consequence of the provisions of the 1989 Settlement Agreement which ended the litigation between the County, the Authority and MCTS.

The County and MCTS agreed to an Amendment to the Settlement Agreement dated February 27, 1991. This Amended Settlement Agreement provided for the continued operation of the Transfer Station Facilities through December 31, 1994. In addition, the County and MCTS agreed in this Amended Settlement Agreement that MCTS would not notice and implement the rate increases which were stipulated in the original Settlement Agreement. In effect, the Amended Settlement Agreement provided for the freezing of solid waste tipping fees for 1993 and 1994 at the rates established for 1992 in the original Settlement Agreement.

The implementation of the Amended Settlement Agreement required NJDEPE approval in the form of a Plan Amendment with respect to extending the Transfer Station Facilities' operating permits beyond January 1, 1993. A Plan Amendment incorporating the issues contained in the Amended Settlement Agreement was adopted by the County on April 24, 1991 and it was certified by the NJDEPE Commissioner on October 17, 1991. Additionally, implementation of the Amended Settlement Agreement required BPU approval with respect to extending MCTS' solid waste franchise from December 31, 1992 to December 31, 1994.

In consideration of the recommendations presented in the August 6, 1990 "Emergency Solid Waste Assessment Task Force Report" ("Task Force Report") Morris County adopted a Plan Amendment, dated March 10, 1993, which detailed its long-term solid waste management strategy. On August 25, 1993 the NJDEPE Commissioner certified this Plan Amendment. Among other issues, this Plan Amendment addressed the County's intentions with respect to the landfilling component of its Plan. Additionally, this Plan Amendment detailed the County's plan to develop various solid waste management facilities consisting of various components (individually referred to as "System Components"), including a bulky waste processing facility, solid waste processing facility, solid waste composting facility, and recycling facility. In conjunction with this March 10, 1993 Plan Amendment, the County is currently engaged in the procurement of these System Components.

The Authority also entered into an agreement, dated January 6, 1993, with Waste Management of Pennsylvania, Inc. to acquire the right to dispose of solid waste at the Tullytown landfill ("Landfill") starting January 1, 1995 (the Landfill and the System Components hereinafter collectively being referred to as the "System").

The County currently anticipates the System will be fully operational in the fourth quarter of 1996 and that continued use of the Transfer Station Facilities for the processing and disposal of the County's solid waste will be required after December 31, 1994. With one year remaining on the existing Settlement Agreement, MCTS approached the County offering to substantially reduce the 1994 tipping rate, convey the transfer station properties and facilities to the County, and extend interim operation and disposal services for an additional period.

THE AGREEMENT

Following extensive substantive negotiations involving the analysis of solid waste policy, financing, taxation, real estate and utility rate making considerations, an agreement was reached. This agreement ("Agreement"), dated September 21, 1993, which is an amendment to the original Settlement Agreement, dated October 24, 1989, as amended on February 27, 1991 is annexed hereto and made a part hereof.

The principal features of the September 21, 1993 Agreement are:

- the Authority will purchase the Parsippany and Mount Olive Transfer Stations and properties by December 31, 1993 for \$9.5 million;
- MCTS will operate the Transfer Station Facilities following closing of title and until termination. Termination will occur upon the earlier of December 31, 1996 or the date upon which the new System is capable of accepting all Morris County solid waste;
- the 1994 per ton rates will be reduced to \$110.00 for solid waste types 10, 13, 23, 25 and \$147.00 for solid waste type 27 from the previous rates of \$131.75 and \$172.00 respectively. The new proposed rates have been filed with NJDEPE for review and approval;
- after January 1, 1995, MCTS will haul solid waste to the Tullytown Landfill and the rates for transfer operations and transportation to the landfill will be \$30.00 and \$17.00 per ton respectively;
- there will be a full franchise shift to the Authority through the approval of tariffs by NJDEPE, and;
- the Authority will assume administrative and billing responsibilities as of January 1, 1995.

PLAN AMENDMENT

Pursuant to N.J.S.A. 13:1E-1 et. seq. Morris County proposes to make the provisions of the September 21, 1993 amendment to the October 24, 1989 Settlement Agreement between the County, the Authority and MCTS, as amended on February 27, 1991, attached hereto a part of the Morris County Solid Waste Management Plan. This proposed Plan Amendment includes the acquisition of the MCTS transfer station facilities and associated real properties (see Figures 1 and 2). Properties included in the acquisition are:

- Parsippany-Troy Hills Township
Block 768, Lot 2.01
- Mt. Olive Township
Block 4500, Lots 4 and 5

Until termination of MCTS' status as operator of the transfer station facilities and transporter of Morris County's solid waste, MCTS shall utilize the property which is currently leased by MCTS from Parsippany-Troy Hills Township (Block 769, Lot 1) for operation of the scalehouse. Subsequent to MCTS' status as operator, the Authority may utilize the leased property in connection with the operation of the transfer station and/or the Authority's System. A complete description of the transfer station facilities is provided in the attached Agreement.

This proposed Plan Amendment will provide for:

- orderly transition from the County's short-term solid waste management strategy, which utilizes the MCTS transfer station facilities, to the County's long-term solid waste strategy;
- orderly near-term assumption by the Authority of the operations responsibility for the System and for MCTS' continued solid waste services responsibilities;
- substantial rate relief in 1994 and continuing until termination of MCTS' activities;
- enhanced flexibility in solid waste planning and operations through the ownership of Transfer Station Facilities;
- financial stability and sufficiency for the Authority through Authority rate making implementation of a full franchise, and;
- cost avoidance of transfer station condemnation/acquisition litigation and contested franchise/rate proceedings.

This proposed Plan Amendment is in conformance with the approved SWMP by providing for the management of solid wastes generated in Morris County. To insure the broadest possible participation by the general public in this plan amendment process, the Morris County Board of Chosen Freeholders will conduct a public hearing. All County residents, public officials or organizations interested in this action are encouraged to attend the public meeting and offer testimony.

Inquiries and written comments or questions concerning this proposed plan amendment may be addressed to:

Morris County Board of Chosen Freeholders
Courthouse
P.O. Box 900
Morristown, New Jersey 07963-0900

or

Morris County Municipal Utilities Authority
Courthouse
P.O. Box 900
Morristown, New Jersey 07963-0900

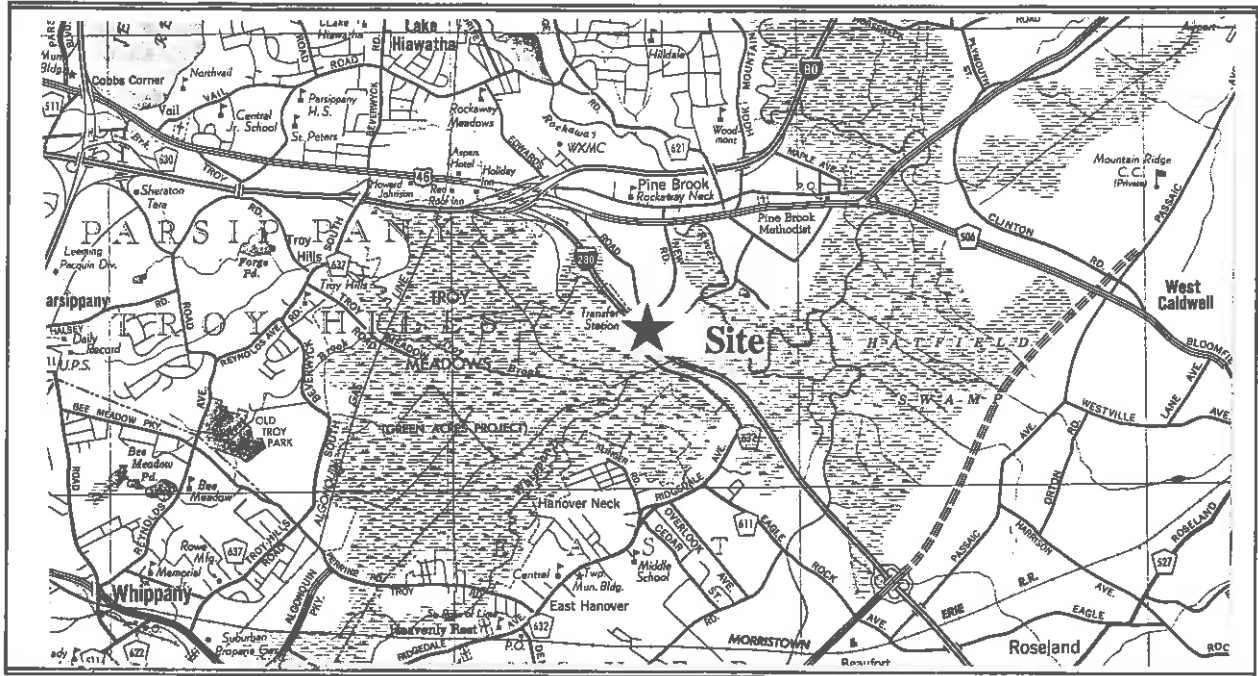


Figure 1 - Location Map of Parsippany-Troy Hills Township Transfer Station

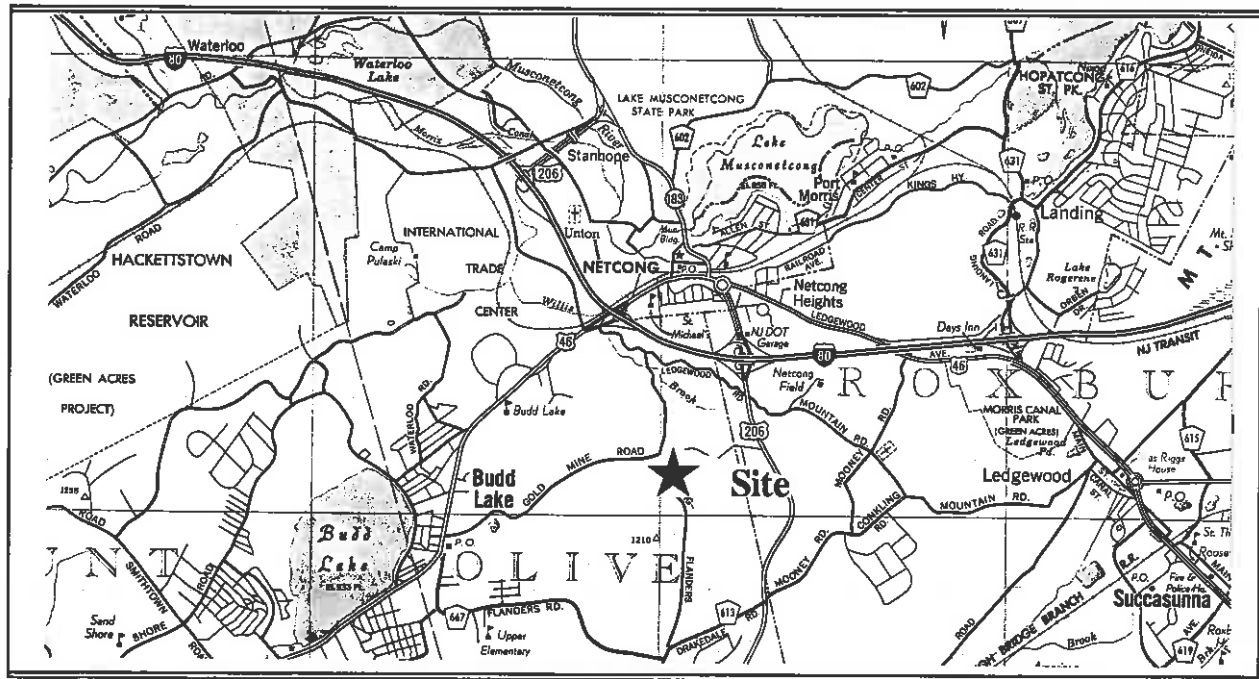


Figure 2 - Location Map of Mt. Olive Township Transfer Station

Amendment to Settlement Agreement

This amendment ("Amendment") dated as of September 21, 1993, to the settlement agreement dated October 24, 1989, as amended on February 27, 1991, (hereinafter collectively referred to as the "Settlement Agreement") by and between Morris County Transfer Station, Inc. ("MCTS"), the County of Morris (the "County"), the Morris County Municipal Utilities Authority (the "Authority"), and, with respect to certain provisions of this Amendment set forth herein, Chambers New Jersey Land, Inc. ("CNJL").

RECITALS

WHEREAS, MCTS currently owns and operates transfer station facilities in the County of Morris located in Parsippany Troy Hills and Mt. Olive Townships; and

WHEREAS, pursuant to the Settlement Agreement and the County Solid Waste Management Plan (the "Plan"), MCTS is authorized to continue, subject to the terms and conditions of the Plan and the Settlement Agreement, to operate its transfer station facilities until December 31, 1994 as an interim measure designed to meet the County's short term solid waste disposal needs; and

WHEREAS, pursuant to the provisions of the Settlement Agreement, the Authority applied to, and currently has pending before, the Department of Environmental Protection and Energy ("DEPE") a petition for issuance of a Certificate of Public Convenience and Necessity ("Certificate") and request for the transfer of MCTS' existing solid waste disposal franchise to the Authority effective upon the Authority filing with, and obtaining DEPE approval of, tariffs applicable to the Authority's solid waste disposal operation; and

WHEREAS, the Authority is currently engaged in the procurement of various solid waste management facilities consisting of various components (individually referred to as "System Components"), including a bulky waste processing facility, solid waste processing facility, composting facility, and recycling facility designed to satisfy the County's long term solid waste management and disposal needs; and

WHEREAS, the Authority has also entered into an agreement dated January 6, 1993 with Waste Management of Pennsylvania, Inc. pursuant to which the Authority has acquired the right to dispose of solid waste at the Tullytown landfill (the "Landfill") commencing on January 1, 1995 (the Landfill and the System Components hereinafter collectively being referred to as the "System"); and

WHEREAS, the Authority currently anticipates that the System will be fully operational in the fourth quarter of 1996 and that continuation of the use of transfer stations for the processing and disposal of County solid waste will therefore be required beyond December 31, 1994; and

WHEREAS, the Authority is interested in acquiring MCTS' transfer stations and the associated real property on which such transfer stations are located and providing for the continued operation of said transfer stations beyond December 31, 1994 until the County System is operational; and

WHEREAS, commencing on January 1, 1995, the Authority plans to utilize the Landfill for the disposal of any County solid waste that is directed for disposal out-of-state; and

WHEREAS, the Authority is desirous of establishing solid waste disposal tariffs in order to (i) satisfy DEPE requirements with respect to the Authority's entitlement to a franchise over the disposal of County solid waste; (ii) facilitate the Authority's financing of the System Components; and (iii) allow the Authority to recover the cost of service for the operation and maintenance of the System.

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. Simultaneously with execution of this Amendment, the Authority, MCTS and CNJL have executed a definitive purchase and sale agreement whereby the Authority or the County, as the case may be, will purchase, and MCTS will sell, MCTS's transfer station facilities ("Transfer Station Facilities") described in Exhibit A hereto, and the County or the Authority, as the case may be, will purchase and CNJL will sell the transfer station property ("Transfer Station Property"), described in Exhibit B hereto, on which MCTS' transfer stations are located and which real property is currently the subject of a lease agreement between MCTS and CNJL, for purchase price of nine and one half million (\$9.5 million) dollars. Such purchase and sale agreement is subject to (i) MCTS and CNJL, respectively, delivering marketable title, insurable by a title company licensed to do business in the State

of New Jersey at regular rates to said Transfer Station Facilities and Transfer Station Property to the County or the Authority, as the case may be, free and clear of all liens, claims and other encumbrances and rights of others; (ii) except as otherwise provided in purchase and sale agreement, Seller receiving a letter of non-applicability or a negative declaration, as the case may be, from the DEPE pursuant to Industrial Site Recovery Act with respect to the purchase and sale of said Transfer Station Facilities and Transfer Station Property; (iii) the receipt of an order from the DEPE approving the sale, as set forth in such purchase and sale agreement, of the Transfer Station Facilities by MCTS to the County or the Authority, as the case may be, and pursuant to N.J.S.A. 48:3-7; and (iv) MCTS and CNJL satisfying any other terms and conditions set forth in such purchase and sale agreement. The date of closing on such purchase and sale agreement (the "Closing Date") is to occur no later than December 31, 1993. The County or the Authority, as the case may be, shall take all steps necessary to obtain the necessary financing required to purchase such Transfer Station Facilities and Transfer Station Property pursuant to such purchase and sale agreement. MCTS shall take all steps necessary to obtain, prior to the December 31, 1993, the order from the DEPE approving the sale of the Transfer Station Facilities as contemplated in this Paragraph 1. In the event that the DEPE has not issued a order approving the sale of the Transfer Station Facilities by MCTS to the County or the Authority, as the case may be, by December 31, 1993, the parties shall extend such Closing Date for a maximum of one (1) month until January 31, 1994 pending issuance of such order by the DEPE; provided however that during the period of such extension of the Closing Date, subject to and pending the issuance of such order of approval by the DEPE, MCTS shall continue to own and operate the Transfer Station Facilities and be responsible for the processing and disposal of County solid waste pursuant to the terms and conditions of the Settlement Agreement; provided further however that MCTS shall, commencing on January 1, 1994, and through the date of said DEPE order, establish a separate bonafide escrow account into which it shall deposit all revenues which it collects and which revenues are attributable to the difference between the rates currently charged by MCTS pursuant to the provisions of the Settlement Agreement and the rates payable to MCTS pursuant to Paragraph 3 of this Amendment. Upon issuance by the DEPE of an order approving the sale of the Transfer Station Facilities as provided in this Paragraph 1, all such escrowed revenues, plus interest, shall be paid over by MCTS to the Authority. Failure of the DEPE to issue an order approving the sale of the Transfer Station Facilities, as contemplated herein, by January 31, 1994 shall, except as otherwise agreed to between the parties in writing, render this Amendment null and void.

2. Commencing on the Closing Date, the County or the Authority, as the case may be, will make such Transfer Station Facilities and Transfer Station Property available to MCTS for the performance of its obligations hereunder and MCTS shall have the right to occupy such Transfer Station Facilities and Transfer Station Property for the performance of its obligations hereunder until termination thereof as hereinafter provided. Prior to the Closing Date, the Authority shall inspect such Transfer Station Facilities and Transfer Station Property for the purpose of establishing the condition thereof and shall issue a report describing the general condition thereof as of the date of such inspection. This report shall be utilized for purposes of establishing MCTS' compliance with the provisions of subparagraph (i) of this Paragraph 2 upon termination of MCTS' obligations hereunder. Occupancy by MCTS of said Transfer Station Facilities and Transfer Station Property shall be conditioned upon MCTS' compliance with the following conditions, in addition to the compliance by MCTS with any of its other obligations under this Amendment, including but not limited to those obligations set forth in Paragraph 19 hereof:

- (i) MCTS shall maintain the Transfer Station Facilities, including any improvements thereto which are incidental to the use of such Transfer Station Facilities for the processing and disposal of County solid waste as contemplated by this Amendment and which improvements are financed by the Authority pursuant to Paragraph 14 of this Amendment, and Transfer Station Property such that they shall be in the same condition upon termination of MCTS' obligations hereunder as upon the date hereof, subject to normal wear and tear as the result of customary and reasonable use;
- (ii) MCTS shall maintain and operate the Transfer Station Facilities and maintain the Transfer Station Property, together with any improvements thereto as provided in (i) of this Paragraph 2, in compliance with all applicable laws, regulations, directives and permit conditions, shall promptly correct and abate any violation thereof and promptly pay all fines, penalties and other costs associated with any such violation;
- (iii) MCTS shall designate the County and the Authority as additional named insured on

policies of insurance covering liability, casualty, and property loss in connection with MCTS operations of the Transfer Station Facilities and occupancy of the Transfer Station Property;

- (iv) MCTS shall provide unrestricted access to all portions of the Transfer Station Facilities and Transfer Station Property to representatives of the County or the Authority; provided however that such representatives of the County or the Authority shall obey all safety precautions established by MCTS and shall not unreasonably interfere with the performance by MCTS' of its obligations pursuant to this amendment; and
- (v) MCTS shall be responsible for the cost of all water, sewer, electric, and other utility charges applicable to the operation and occupancy of the Transfer Station Facilities and Transfer Station Property; provided however that the Authority shall be responsible for any water, sewer, electrical or other utility charges associated with any modifications to the Transfer Station Facilities or Transfer Station Property in connection with a contemplated use thereof other than as set forth in this Amendment.

3. As soon as possible after execution of this Amendment, the Authority shall petition the DEPE for approval of initial solid waste disposal tariffs, with effective date of January 1, 1994, based upon the Authority's 1994 projected solid waste disposal cost of service, which cost of service shall incorporate the MCTS operation, transportation and solid waste disposal rates set forth in Paragraph 4 of this Amendment, which projected Authority 1994 cost of service is currently anticipated to result in the following solid waste disposal rates, inclusive of taxes, host community benefits and the costs payable to MCTS pursuant to Paragraph 4 of this Amendment:

Solid Waste Types 10, 13, 23 and 25 - \$110.00 per ton
Solid Waste Types 27 and 10C
(Type 10C Unregulated Medical Waste) - \$147.00 per ton

4. For the period commencing on January 1, 1994 and ending on December 31, 1994, MCTS shall provide operation, transportation

and disposal services to the Authority at the Transfer Station Facilities at the rates set forth below, which rates are inclusive of, in addition to being inclusive of the costs set forth in Paragraph 5 of this Amendment, all applicable recycling taxes, host community benefits and state and federal income and/or excise taxes associated with such Transfer Station Facility operations and shall not be subject to adjustment by MCTS except as specifically provided in this Amendment:

Solid Waste Types 10, 13, 23 and 25 - \$103.00 per ton
Solid Waste Types 27 and 10C
(Type 10C Unregulated Medical Waste) - \$140.00 per ton

In connection with the out-of-state landfill disposal services provided by MCTS during calendar year 1994, the cost of which are included in the rates set forth in this Paragraph 4, MCTS shall, except as otherwise provided under this Amendment, have the sole discretion with respect to the selection of the location of such out-of-state landfills, as well as the terms and conditions of utilization thereof.

5. The operation, transportation and disposal rates set forth in Paragraph 4 of this Amendment are inclusive of all labor, materials, equipment, landfill fees, taxes and other costs necessary for MCTS, in accordance with applicable law and prudent solid waste operating, transportation and disposal practices, to operate the Transfer Station Facilities and provide transportation and disposal services for all County solid waste which is accepted at such Transfer Station Facilities for disposal in accordance with the terms and conditions of the Authority's tariff. The MCTS rates included in Paragraph 4 of this Amendment are also inclusive of all costs incurred by MCTS in performing its obligations pursuant to Paragraphs 2, 13, 14 and 19 of this Amendment, as well as for the cost of waste flow enforcement services provided by MCTS to the Authority in connection with the enforcement of the solid waste franchise by the Authority, as set forth on Exhibit E. The Authority agrees, without prejudice to its position in the future with respect to the negotiation and/or renegotiation of any host benefit agreements with the Townships of Parsippany and/or Mount Olive, to recognize, for the term of this Amendment, the disposal fee discounts to the Townships of Parsippany and Mount Olive pursuant to MCTS' existing host community benefit agreements; provided however that the Authority shall be entitled to set-off the amount of, to the extent not otherwise paid directly by MCTS to the Townships of Parsippany or Mount Olive, any such disposal fee discounts against any amounts due to MCTS pursuant to this Amendment; provided further however that the Authority's agreement to recognize, for solid waste tariff purposes, such disposal fee discounts to the Townships of Parsippany and Mount Olive shall be

limited to the term of this Amendment and shall not be deemed to create any obligation by the Authority pursuant to said host benefit agreements.

6. On January 1, 1995, the Authority shall make the Landfill available to MCTS for disposal of solid waste processed through the Transfer Station Facilities and residue, to the extent provided in this Paragraph 6, generated by any System Component. Commencing on January 1, 1995 and ending on the date upon which MCTS' status as operator of the Transfer Station Facilities and transporter of County Solid Waste is terminated pursuant to the provisions of Paragraph 11 of this Amendment, MCTS shall operate said Transfer Station Facilities and shall transport solid waste processed at said Transfer Station Facilities and (i) residue generated by any System Component facilities which incorporate the physical structures, excluding scales and/or scalehouses, of the Transfer Station Facilities and are located on the Transfer Station Property and/or (ii) at the option of the Authority, residue otherwise generated by any System Component, to the Landfill, at the rates set forth below, which rates are, in addition to being inclusive of the costs set forth in Paragraph 7 of this Amendment, inclusive of all applicable recycling taxes, host community benefits and federal and state income and/or excise taxes:

Operations Rate	-	\$30.00 per ton
Transportation Rate	-	\$17.00 per ton

7. The operations rate set forth in Paragraph 6 of this Amendment is inclusive of all labor, material, equipment, taxes and other costs necessary for MCTS to operate the Transfer Stations Facilities in accordance with prudent transfer station operating practices. Such operations rate is also inclusive of all labor, equipment, materials and other costs incurred by MCTS in performing its obligations pursuant to Paragraphs 2, 13, 14 and 19 of this Amendment. In consideration of the Authority's assumption, commencing on January 1, 1995, of waste flow enforcement services provided by MCTS, on or before January 1, 1995, MCTS shall transfer to the Authority, at no additional cost and expense, all records, data, information, files, supplies and equipment, including but not necessarily limited to surveillance cameras and video equipment, owned and utilized by MCTS in connection with such waste flow enforcement services.

The transportation rate set forth in Paragraph 6 of this Amendment is inclusive of all labor, materials, equipment, taxes, tolls, lodging, maintenance, repair and other costs necessary for MCTS to provide transportation services for (i) solid waste from the Transfer Station Facilities and/or (ii) to the extent provided in Paragraph 6 of this Amendment, residue generated from any System

Component, to the Landfill in accordance with applicable law and prudent solid waste transportation practices.

8. The operations rate set forth in Paragraph 6 of this Amendment shall be subject to a one-time escalation adjustment on January 1, 1996 based upon the higher of (i) three and one-half (3.5%) percent of the operations rate set forth in Paragraph 6; or (ii) fifty (50%) of the CPI regional index.

The transportation rate set forth in Paragraph 6 of this Amendment shall be subject to a one-time adjustment on January 1, 1996 based upon actual increases or decreases in the base price per gallon ("Base Price") paid by MCTS for fuel specifically used in the transportation of County solid waste to the Landfill, pursuant to the provisions of this Amendment, for calendar year 1995; provided however that in no event shall such transportation rate adjustment exceed four (4%) of the transportation rate set forth in Paragraph 6 of this Amendment. The Base Price shall be the average price per gallon established by the I.C.C. diesel motor fuel index between January 1, 1995 and August 1, 1995 (the "Base Period"). On September 1, 1995, MCTS will provide the Authority with such records and information as deemed necessary by the Authority and its auditors to verify the actual expense and quantity of fuel utilized in the performance of MCTS' transportation obligations under this Amendment during such period, including, but not limited to, such information as deemed necessary by the Authority to verify that the fuel claimed does not include fuel used in MCTS deviating from trips to the Landfill for back-hauling or otherwise. The amount of any increase or decrease fuel costs ("Fuel Adjustment") shall be determined by multiplying the difference between the Base Price and the actual price per gallon by the number of gallons utilized during the Base Period. The Fuel Adjustment shall then be divided by the number of tons of County solid waste transported by MCTS to the Landfill during the Base Period to determine the adjustment in the Transportation Rate payable to MCTS during 1996.

9. Except as otherwise specifically provided in this Amendment, the rates payable to MCTS by the Authority pursuant to Paragraphs 4 and 6 of this Amendment shall only be subject to adjustment based upon increased costs to MCTS resulting from a Change in Law, as defined herein. "Change in Law" means: (a) the enactment, adoption, promulgation, issuance or modification or repeal after the date of this Amendment of any federal, State, County, or other local law, ordinance, or executive order, code, rule, regulation or similar legislation, exclusive of any such legislation that was (1) as of date of this Amendment, officially proposed and published with an effective date on or before the date, and (2) as to which, not less than three (3) business days prior to the date of this Amendment the comment period has expired

and any required hearings have been concluded in accordance with applicable procedures, or (b) the imposition of any material conditions on the issuance or renewal of any official permit, license or approval after the date of this Amendment; which in the case of either (a) or (b), establishes requirements affecting the operation of the Transfer Station Facilities or provision of related transportation and/or, with respect to calendar year 1994, disposal services, by MCTS which are more burdensome than the most stringent requirements (1) contained in any operating permit issued for the Transfer Station Facilities as of January 1, 1994, (2) agreed to in any applications of MCTS before any governmental agency for official permits, licenses or approvals pending as of the date of this Amendment, or (3) contained in any official permits, licenses, or approvals with respect to the Transfer Station Facilities obtained, or pending as of the date of this Amendment, except that in the case of either (2) or (3), general requirements contained in such permits at the time of application or issuance to comply with future laws, ordinances, codes, regulations or similar legislation shall not be determinative hereunder unless such general requirements refer to specific modifications or conditions to be binding in specific future years; provided, further, that (i) a change in federal, State, County or any other income tax law after the date of this Amendment, (ii) any changes to the County Plan, as either contemplated or permitted by this Amendment, shall not be deemed a Change in Law pursuant to this Amendment. Any reduction in tonnage processed at the Transfer Station Facilities due to action by the County or the Authority which are permitted pursuant to this Amendment shall not be deemed a Change in Law resulting in increased costs to MCTS.

10. Commencing on January 1, 1994, MCTS' solid waste franchise shall terminate and the Authority shall hold the solid waste disposal franchise applicable to disposal of solid waste types 10, 13, 23, 25 and 27 generated within the County. The Authority shall exercise such franchise consistent with the provisions of the County Plan. MCTS acknowledges that the Authority shall, commencing on January 1, 1995, have the right, in its sole discretion, to (i) direct that County solid waste be delivered from the Transfer Station Facilities to any System Component, whereupon the transportation rate in Paragraph 6 of this Amendment shall be subject to adjustment based upon a comparison of (a) the average transportation cost per ton, including, but not limited to changes to labor, equipment, fuel, insurance, subcontracted hauling, tolls and lodging, registration and licenses, sales tax, and administrative and general expenses, associated with the delivery of solid waste to such System Component(s) to (b) the transportation rate contained in Paragraph 6 of this Amendment; and/or (ii) direct solid waste collectors utilizing the Transfer Station Facilities to bypass said Transfer

Station Facilities and deliver County solid waste directly to such System Component(s), whereupon MCTS shall not be entitled to any portion of the operations rate or transportation rate set forth in Paragraph 6 with respect to such redirected County solid waste. MCTS shall fully cooperate with the Authority in all matters relating to any redirection of County solid waste pursuant to this Paragraph 10.

11. MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste, as set forth in Paragraph 6 of this Amendment, shall terminate upon the earlier of (i) December 31, 1996; or (ii) a determination by the Authority by a duly adopted resolution that the System, excluding the Landfill, any System Component or any combination of the System Components, is or are in operation and are capable, consistent with applicable law, including permits and approvals applicable to such System Components, of accepting all County solid waste types 10, 13, 23, 25 and 27 for processing. In the event that the Authority has not adopted the resolution set forth in (ii) of this Paragraph 11, the Authority shall, in its sole discretion, be entitled to extend, upon three (3) months prior written notice to MCTS, MCTS' obligations pursuant to this Amendment for two (2) individual six (6) month terms at the rates, for calendar year 1996, payable to MCTS pursuant to Paragraph 6 of this Amendment.

12. MCTS acknowledges that, prior to the termination of MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste pursuant to the provisions of Paragraph 10 of this Amendment, the Authority may enter into one or more interdistrict agreements with respect to the in-state disposal of County solid waste, and that the Authority shall be entitled, in its sole discretion, to determine whether or not, and if so, to what extent, the Transfer Station Facilities will be utilized in connection with the performance of the Authority's obligations pursuant to such interdistrict agreement(s). In the event that the Authority provides for the use of such Transfer Station Facilities in connection with any such interdistrict agreement(s), the charges payable to MCTS with respect to the operation of the Transfer Station Facilities and transportation of County solid waste to the disposal facilities identified in such interdistrict agreement(s) shall, subject to the prior written consent of the Authority, be modified to take into account any increase or reduction in operational and/or transportation costs which are projected to be incurred by MCTS as a result of such interdistrict agreement(s).

13. Scale House Property. Commencing with the Closing Date, as provided in Paragraph 1 of this Amendment, and until termination of MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste as provided in Paragraph 11, MCTS

shall utilize the property which is currently leased ("Leased Parcel") by MCTS from Parsippany Troy Hills ("Township") for operation of the scale house. Commencing on January 1, 1995 and during each calendar year thereafter until termination of MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste, pursuant to Paragraph 11 of this Amendment, the Authority shall reimburse MCTS an amount of one hundred thousand (\$100,000) dollars, payable in twelve (12) monthly installments for the use by MCTS of such Leased Parcel. Commencing on the date upon which MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste is terminated pursuant to Paragraph 11 of this Amendment and for each consecutive twelve month period for the duration of MCTS' existing lease with the Township, the Authority shall reimburse MCTS an amount equal to (i) the lesser of \$2 per ton for the solid waste processed through the Parsippany transfer station or forty (40%) percent of the per ton host benefit payment to the Township and (ii) an amount, payable in twelve monthly installments equal to the lesser of thirty thousand (\$30,000) dollars or thirty (30%) percent of the annual lease rental payment to the Township for such Leased Parcel; provided however that the Authority shall only be required to pay MCTS the amounts set forth in this Paragraph 13 to the extent (i) such Leased Parcel is required and made available by MCTS to the Authority, at no additional cost or expense, in connection with the operation of the Parsippany transfer station and/or the Authority System; and (ii) the Authority has not otherwise (a) entered into a lease agreement with the Township with respect to such Leased Parcel, or (b) otherwise acquired such Leased Parcel by purchase or condemnation.

14. Cost of Transfer Station Permitting. Except as set forth in this Paragraph 14, the Authority shall, for the duration of MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste pursuant to the provisions of Paragraph 11 of this Amendment, be responsible for the cost of obtaining all permits and/or approvals associated with the operation of the Transfer Station Facilities and the Authority shall be responsible for the cost of any associated capital improvements required in connection with said permits and/or approvals, which capital improvements shall be owned and financed by the Authority; provided however that MCTS (i) shall be obligated to pay for the costs of obtaining the permits currently pending at the DEPE, as set forth on Exhibit C, hereto, with respect to said Transfer Station Facilities; (ii) shall, at its sole cost and expense, use its best efforts to assist the Authority in obtaining any governmental approvals necessary to transfer any permits related to the ownership of said Transfer Station Facilities to the Authority effective upon the Closing Date; and (iii) shall not consent to any condition imposed by the DEPE in connection with the

issuance of any permits relating to the operation of such Transfer Station Facilities, which conditions would impose the need for capital expenditures or increased expenses in connection with the operation of said Transfer Station Facilities, without the express written consent of the Authority, which consent shall not be unreasonably withheld, it being the intent of this provision that MCTS shall endeavor to assist the Authority in minimizing any costs associated with permits required in connection with the ownership and operation of the Transfer Station Facilities.

15. Billing Services. For the period commencing on January 1, 1994 through December 31, 1994, MCTS shall continue to conduct the administrative operations necessary to account for solid waste delivered to each transfer station. MCTS shall also conduct billing services on behalf of, and as agent for, the Authority. These billing services shall include: (a) the calculation of bills based upon the tariffs and schedules of solid waste disposal charges established by the Authority and approved by the DEPE; (b) the transmittal of bills on behalf of the Authority; (c) the provision of information relating to any advance payment or escrow deposit requirements established pursuant to the Authority's tariffs; and (d) periodic audits or reconciliations as may be required by the Authority, DEPE or as otherwise agreed to between the parties. MCTS shall, on behalf of the Authority, bill all rates and charges relating to the disposal of solid waste at the transfer stations and all revenues associated therewith shall be collected and deposited as set forth in this Amendment. On January 1, 1995, the Authority shall assume any and all of the billing services provided by MCTS pursuant to this Paragraph 15. MCTS shall use its best efforts to assist the Authority in connection with its assumption of such billing function, including, but not limited to, providing the Authority, at no additional cost and expenses, with all data, records, accounting information, computer equipment and software related to MCTS customer billing system.

16. Rates and Collection. MCTS and the Authority shall cooperate in seeking DEPE approval of tariff provisions for the Authority and the fees payable to MCTS by the Authority pursuant to this Amendment. The Authority shall specifically identify in its tariff the portions of its rate that are related to the costs which are payable to MCTS pursuant to the provisions of this Amendment (the "MCTS Component"). The Authority shall also identify the portion of its rate that is payable to the Authority for the Authority's solid waste services (the "Authority Component"), which shall be exclusive of the MCTS Component.

MCTS and the Authority shall establish procedures for transferral of billing data among the parties and payment to MCTS by the Authority for the services provided by MCTS pursuant to this

Amendment. MCTS shall provide the Authority with daily processed tonnage data.

All revenues relating to the disposal of County solid waste pursuant to the Authority's tariffs, including, but not necessarily limited to, those related to both the Authority Component and the MCTS Component, shall be collected by the Authority. All revenues which are collected by the Authority pursuant to its tariffs shall be deposited with an escrow agent ("Escrow Agent"), who shall disburse that portion of the revenues so deposited which are based upon the Authority Component of the Authority's tariff to the Authority and shall disburse that portion of the revenues so deposited that are based upon the MCTS Component of the Authority's tariff in accordance with the provisions of an escrow agreement between the parties and a New Jersey banking institution selected by the Authority. The Authority shall incorporate in its tariff filings with the DEPE pursuant to this Amendment the continuation of the utilization of the current customer escrow deposit and payment system being utilized by MCTS as of the date of this Amendment.

17. Indemnification. MCTS shall indemnify the County, the Authority and their respective officers, members, employees and agents (the "Authority Indemnified Parties") from any liabilities, fines, penalties, permit violations, damages, claims, demands, judgments, losses, costs, expenses, suits or actions related to MCTS' transfer station operating, transportation or disposal obligations hereunder, other than any liabilities, fines, penalties, permit violations, damages, claims, demands, judgments, losses, costs, expenses, suits or actions due to the willful acts or negligence of the Authority Indemnified Parties.

The Authority shall indemnify MCTS and its respective officers, employees, agents and affiliates (the "MCTS Indemnified Parties") from any liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits or actions related to the Authority's performance of its obligations under this Agreement, other than any liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits or actions due to the willful acts or negligence of the MCTS Indemnified Parties.

18. Subcontractors. MCTS shall not utilize any subcontractors for the performance of its obligations under this Amendment that have not previously been obtained, and maintain in full force and effect, all necessary federal, state and local registrations, licenses, approvals and permits necessary for the performance of such subcontractors responsibilities. MCTS shall furnish the Authority with the names of all such subcontractors. MCTS shall be fully responsible to the County and Authority, as the

case may be, for all acts and omissions of its subcontractors, agents, and employees and nothing contained herein shall be deemed to create any contract relationship between the Authority and/or the County and such subcontractors.

19. Operating, Staffing and Maintenance Practices. MCTS shall, at its sole cost and expense, undertake the operation, staffing and maintenance practices set forth in this Paragraph 19.

During the designated hours of operation set forth in the Authority's tariff, MCTS shall have the Transfer Station Facilities staffed on a continuous basis. MCTS shall file with the Authority the name and address of the individual who will be available on the twenty-four hour call basis and who shall have MCTS' authority to act on its behalf in regard to all decisions concerning the manner of method of operation of the Transfer Station Facilities during the term of this Amendment. MCTS shall provide a skilled manager at the site at all times who is knowledgeable in regard to all laws, rules and regulations governing the disposition of solid waste in New Jersey and Pennsylvania and who is knowledgeable in identifying the types of waste which may be deposited at the transfer station for disposition.

MCTS shall have contingency plans to ensure that the Authority is provided continuous service at the Transfer Station Facilities during emergency periods including, but not limited to, major equipment breakdown, national or local strikes, severe weather conditions, and traffic disruptions. It is MCTS' obligation under the terms of this Amendment to operate the Transfer Station Facilities even if there is a strike of its employees during the term of this Amendment.

All MCTS operating personnel shall be well-experienced and qualified for the job classification in which they will operate and the duties they will perform for MCTS under this Amendment. The number, classifications and duties for each of MCTS' operating and maintenance staff are set forth in Exhibit D to this Amendment; provided however that nothing contained in Exhibit D shall in any manner be deemed to limit MCTS' operating, staffing and maintenance obligations under this Amendment. Typical classification might include, but not be limited to, operations manager, accountant, clerk, compactor operator, loader operator, laborer/spotter, tractor trailer operator, and mechanic.

Should MCTS decide to utilize contract maintenance services to provide maintenance and repair services in connection with buildings, grounds and equipment, MCTS shall furnish to the Authority, prior to commencing operations under this Amendment, a complete list of all names, addresses and telephone numbers of such

persons, forms or corporations, the list to be updated at least once yearly by MCTS. The Authority reserves the right to require MCTS to cease using any contractor whose work does not meet the quality standards which the Authority sets for repairs on maintenance on its buildings and facilities. If maintenance is required on an emergency basis, and MCTS fails or refuses to arrange for it, the Authority may schedule it through the designated contractor at the sole cost and expense of MCTS.

MCTS shall furnish the Authority with the names, addresses, business and home telephone numbers of three (3) individuals who shall be available on a 24 hour call basis and who shall have MCTS' authority to act on its behalf in regard to all decisions concerning the manner and method of providing the services required under this Amendment. One of these individuals shall be the Transfer Station Facilities operations manager.

MCTS' transportation system shall have sufficient capacity and reliability to ensure that the Transfer Station Facilities are capable of receiving and processing waste in accordance with the Authority's plans for the duration of this Amendment. MCTS' transportation system shall be designed, operated, and maintained in accordance with all applicable laws, ordinances, rules, regulations, and lawful orders of any public authority.

The MCTS shall be responsible for responding to any accidents involving transportation vehicles utilized by MCTS and its Subcontractor and for the subsequent cleanup and disposal of solid waste being transported in those vehicles.

Operating procedures shall be established by MCTS, to prevent and control fires and to minimize litter and odors during loading, transportation, and off-loading of the solid waste.

MCTS shall be responsible for maintaining the buildings, pavements, fencing and grounds in a neat and clean condition. No outside storage of solid waste, litter or debris shall be permitted without the consent of the Authority. The Authority's opinion as to whether MCTS is complying with this section shall be conclusive and binding upon MCTS. MCTS shall comply with any Authority directive in regard to any conditions relative to this specifications section within such reasonable time as the Authority provides.

MCTS shall maintain the buildings, facilities, all internal roadways and parking areas, equipment and all essential systems in good working order and shall surrender the buildings at the end of the term of this Amendment in a broom clean condition,

with all equipment in good operating condition, reasonable wear and tear excepted. MCTS shall notify the Authority prior to perform any repairs or maintenance upon the buildings, internal roadways and parking areas, or the equipment so that the Authority will have the opportunity to inspect the work performed. If the Authority is dissatisfied with the quality of work, MCTS shall repair and maintain the appropriate item in accordance with the Authority's directives.

MCTS shall repair any and all damage or injury to any part or portion of the buildings, roadways and parking areas, equipment, site improvements, facilities, devices and vehicles, whether caused by MCTS, its agents, servants and employees or by an other parties.

MCTS shall maintain a daily operating log to keep track of all operation and maintenance activities undertaken pursuant to the provisions of this Amendment. MCTS' operational records shall cover all the operations, performance, and activities under this Amendment, including all necessary records as required by the DEPE. MCTS shall submit all records promptly to the Authority in order that the Authority can submit them to all necessary governmental agencies in accordance with their requirements.

MCTS shall be responsible for necessary security to maintain an adequate level of control and to eliminate and remedy any public or private nuisance which may result from its operations. This shall include the option by MCTS, without the imposition of any additional charge by the Authority, to keep the residential property at the Mount Olive Transfer Station occupied by MCTS personnel until MCTS obligations are terminated pursuant to Paragraph 11 of this Amendment. MCTS shall be responsible for the safety of all persons at the Transfer Station Facilities and Transfer Station Property or otherwise functioning in their employ during the provision of solid waste transfer, transportation, and disposal services. MCTS shall comply with all applicable laws, ordinances, rules, regulations, and lawful orders of any public authority relating to safety of its operations pursuant to this Amendment.

MCTS shall comply with all applicable local, county and state statutes, ordinances and regulations regarding odors, litter, noise and nuisance control at the Transfer Station Facilities, as well as and during transport operations. MCTS shall at its own cost and expense, be responsible for vector control, including insect and rodent extermination and control measures.

The only business of MCTS, or any of its subcontractors, agents, servants or employees, which shall be conducted at the

Transfer Station Facilities and Transfer Station Property is the operation called for in this Amendment. The Transfer Station Facilities and Transfer Station Property shall not be used for any other purpose by MCTS or business, even on a temporary basis, except upon the written approval of the Authority or its designated representative. MCTS acknowledges that the Authority shall have the right to utilize such Transfer Station Facilities and Transfer Station Property for other activities provided that such activities do not materially increase the cost to MCTS pursuant to this Amendment. No visitors shall be permitted access to the site by MCTS without the express consent of the Authority or its designated representative.

20. Certain Employment Transition Consideration. With respect to MCTS' existing transfer station operating and waste flow enforcement personnel, the Authority agrees to consider such personnel for employment by the Authority in connection with any transfer station operating and waste flow enforcement obligations which the Authority may undertake upon expiration of MCTS' obligations with respect to such services under this Amendment; provided however that nothing herein shall be deemed in any manner to require the Authority to offer such personnel employment; and provided further however that any such offer of employment shall be on wage and benefit terms of employment acceptable to the Authority in its sole discretion.

21. Commencing on the Closing Date and until MCTS' and ending on the date upon which MCTS' status as operator of the Transfer Station Facilities and transporter of County solid waste is terminated pursuant to the provisions of Paragraph 11 of this Amendment, the Authority shall maintain insurance on the Transfer Station Facilities and Transfer Station Property set forth in Exhibit F to this Amendment and MCTS shall maintain the insurance set forth in Exhibit G to this Amendment; provided however that in the event the Closing Date has not occurred by December 31, 1993, MCTS shall be obligated to provide and maintain the insurance set forth on Exhibits F and G hereto until the date of the closing of the sale of the Transfer Station Property and Transfer Station Facilities to the County or the Authority, as provided in Paragraph 1 of this Amendment, whereupon the Authority shall maintain the insurance set forth in Exhibit F hereto and MCTS shall maintain the insurance set forth in Exhibit G hereto.

22. Relationship to Settlement Agreement. The provisions of this Amendment shall supersede the provisions of the Settlement Agreement.

23. Condition Precedent. This Amendment is specifically conditioned upon the receipt by each party of all necessary

governmental approvals, including but not necessarily limited to approvals by the DEPE. MCTS, the Authority and the County agree to cooperate in providing any information necessary to obtain such approvals.

24. Solid Waste Plan Amendments. The County agrees to, at the earliest possible date, adopt any necessary amendments to the Plan to effectuate the provisions of this Amendment.

25. Assignment By MCTS. MCTS shall be entitled, upon the prior written consent of the Authority and the County, which consent shall not be unreasonably withheld, to assign its rights and obligations under this Amendment to an affiliate of MCTS provided that such affiliate is capable of demonstrating, to the satisfaction of the Authority and the County in their sole reasonable discretion, its ability to perform and otherwise satisfy MCTS' obligations under this Amendment and provided further that any such assignment shall not serve to release MCTS of its obligations under this Amendment, except as otherwise agreed to by the Authority and the County in their sole discretion. Except as otherwise provided in this Paragraph 25, MCTS shall only be entitled to assign its rights and obligations under this Amendment upon the prior written consent of the Authority and the County, which written consent shall be granted or withheld in the sole and absolute discretion of the Authority and the County.


IN WITNESS WHEREOF, the parties have set their hands by their duly authorized representative.



The Morris County Municipal Utilities
Authority



The County of Morris



Morris County Transfer Station, Inc.

(As to Paragraph 1 hereof)



Chambers New Jersey Land, Inc.

EXHIBIT A.

Description of Transfer Station Facilities*

PARSIPPANY-TROY HILLS FACILITY

33,600 (approximate) square foot three story concrete and masonry building with 4 loading bays and approximately 28,626 sq. feet of tipping floor space.

Second floor contains a 642 sq. foot control room.

Third floor contains a 642 sq. foot office.

MT. OLIVE FACILITY

19,833 (approximate) square foot two story concrete and masonry building with two loading bays and approximately 15,000 sq. feet of tipping floor space and 864 sq. foot maintenance area.

Second floor contains approximately 1,700 sq. feet of space which includes 4 offices, 1 conference room, common area, closet and men/women restrooms.

Scalehouse consists of 250 sq. foot one story concrete and masonry building equipped with air conditioning and heat.

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*As more specifically described and illustrated in "as-built" construction drawings prepared and approved for the Parsippany-Troy Hills facility by Clinton Bogert Associates on February 4, 1988 and for the Mt. Olive facility by James C. Anderson Associates on July 29, 1988.

MT. OLIVE

Fence: Facility is enclosed by a 6 foot high chain link fence with 1 man gate on the west side by scalehouse and 1 vehicle gate on east side with 2-48 foot entrance gate on north side. Approximate total length of fence is 2,800 feet.

Scales: Facility is equipped with 2-60 foot toledo deck scales with weight capacity of 120,000 pounds each with Masstron M5000 digital readouts for reading inbound/outbound traffic. 6 axles scales located in loading bays with digital readouts located on tipping floor.

Sprinkler System: Facility is equipped with an air over water sprinkler system that covers all enclosed areas except scalehouse. This system also includes all pumps and 500,000 gallon water tank.

Venting System: Facility has 6 overhead fans for dust control. 4 fans are located over tipping floor area and 2 fans are located in loading tunnel.

PARSIPPANY-TROY HILLS

Fence: Facility has a 12 foot high x 129 foot long sound barrier to the west side. The south and east side is enclosed by a 6 foot high chain link fence. Total length is 612 feet. North side of property borders Edwards Road and is open.

Scales: Facility has 12 axle scales with digital readouts on tipping floor area.

Sprinkler System: Facility is equipped with an air over water sprinkler system that covers all enclosed areas except scalehouse.

Venting System: Facility has 6 fans over large tipping area and 4 fans over small floor.

Knuckle Booms: Facility is equipped with 3 Ramsey Knuckle Booms which are used to compact garbage into transfer trailers.

Methane Gas

Detection: Facility has a methane gas detection system due to the closeness of Sharkey Landfill. This system has all monitors and also visual and audio alarms.

EXHIBIT B

METES AND BOUNDS DESCRIPTION

Mt. Olive Owned Property

BEGINNING at a point in the southerly sideline of Gold Mine Road, said point being the north easterly corner of a 20.004 acre tract of land owned by Charles A. Wolfe and retained by him at the time he and his wife Grace S. Wolfe conveyed various tracts of land to Mt. Olive Farms, Inc. by deed dated November 8, 1968 and recorded in the Morris County Clerk's Office in Book 2083 of Deeds on pages 1076, etc., said 20.004 acre tract now being known as Lot 1, Block 14 on the current tax map of the Township of Mt. Olive, and from said point of beginning running thence (1) along the easterly boundary line of the said 20.004 acre tract south 0 degrees 33 minutes 20 seconds east 1,013.16 feet to a corner of the said 20.004 acre tract, thence (2) still along the said easterly boundary line of the said 20.004 acre tract south 16 degrees 34 minutes 20 seconds east 355.08 feet to the south easterly corner of the said 20.004 acre tract, thence (3) along the southerly boundary line of the said 20.004 acre tract south 50 degrees 41 minutes 30 seconds west 347.44 feet to a point in the easterly sideline of Flanders-Netcong Road, said sideline being distant 33.00 feet, measured at right angles, from the center line of the said Road, thence (4) along the said easterly sideline of Flanders-Netcong Road the following seven courses: north 25 degrees 05 minutes 45 seconds west 303.46 feet, thence (5) north 27 degrees 56 minutes 15 seconds west 308.52 feet, thence (6) north 33 degrees 49 minutes 45 seconds west 272.52 feet, thence (7) north 19 degrees 37 minutes 45 seconds west 160.40 feet, thence (8) north 15 degrees 55 minutes 30 seconds west 214.97 feet, thence (9) north 0 degrees 22 minutes 30 seconds east 119.89 feet, thence (10) north 10 degrees 06 minutes 45 seconds east 56.65 feet, thence (11) by a new line across the wolfe lands north 88 degrees 11 minutes 45 seconds east 200.00 feet to a point, thence (12) by another new line across the wolfe lands north 10 degrees 06 minutes 45 seconds east 250.00 feet to a point in the said southerly sideline of Gold Mine Road, thence (13) along the said southerly sideline of Gold Mine Road north 88 degrees 11 minutes 45 seconds east 441.23 feet to the point and place of BEGINNING.

Containing 17.59105 acres of land, be the same more or less.

METES AND BOUNDS DESCRIPTION

Parsippany-Troy Hills Owned Property

BEGINNING at a point in the westerly sideline of Edwards Road (66.00 feet wide), said point being distant 148.24 feet on a bearing of south 41 degrees 01 minutes 38 seconds east from the intersection of the westerly sideline of Edwards Road and the southerly sideline of New Road (66.00 feet wide), as shown on the Tax Assessment Map of the Township of Parsippany, Morris County, New Jersey, and running, thence: (1) South 41 degrees 01 minutes 38 seconds east 247.36 feet along the westerly line of Edwards Road to an angle point; thence (2) south 40 degrees 54 minutes 08 seconds east 250.93 feet to the northeasterly corner of Lot 3.00, Block 768; thence (3) leaving said line of Edwards Road, south 66 degrees 18 minutes 57 seconds west, 268.53 feet along the northerly line of Lot 3.00 to a point in the easterly line of Lot 1, Block 768; thence (4) along the easterly line of Lot 1, north 23 degrees 41 minutes 03 seconds west 429.67 feet to an angle point; thence (5) north 45 degrees 22 minutes 12 seconds east 129.04 feet to the westerly sideline of Edwards Road and the point or place of BEGINNING.

Lot 2.00 contains 89,840.61 square feet (2.06 acres).

EXHIBIT C

List of Transfer Station Facilities Permits

Parsippany-Troy Hills

Solid Waste Facility Master Performance Permit (Transfer Station) No.1427000640.

Air Pollution Control Permit No. 092841
Underground Storage Tank - 10,000 gallon diesel fuel tank
Reg. # 0273936

Mt. Olive Facility

Solid Waste Facility Master Performance Permit (Transfer Station) No. 1429000649.
Underground Storage Tank - 10,000 gallon diesel fuel tank
Reg. #0269030

EXHIBIT D

TRANSFER STATION PERSONNEL

Parsippany-Troy Hills Transfer Station

<u>Total Number of Employees</u>	<u>Number</u>
Transfer Station Manager	1
Transfer Station Operations Manager	1
Maintenance Foreman	1
Mechanic	3
Laborers	6
Scale Master	1
Equipment Operators	3
Traffic Coordinator	2
Accounts Payable Clerk	1
Accounts Receivable Clerk	1
	<u>20</u>

STATION MANAGER

General Statement of Duties

Under direction of the MCTS, Inc. senior management, plans and directs the activities of the Station.

EQUIPMENT MECHANIC

General Statement of Duties

Under supervision of the Station Manager, performs mechanical work in connection with the repair, construction, assembly and installation of machinery and mechanical equipment; supervises the work of any assistants; and does related work as required.

SCALEMASTER

General Statement of Duties

Operation of Facility Scales.

SECRETARY

General Statement of Duties

Assists Scalemaster and is responsible for accounting, specific record keeping, filing and secretarial work.

EQUIPMENT OPERATOR

General Statement of Duties

Under direction of Station Manager, operates front-end loader, forklift or sweeper during an assigned shift.

LABORER

General Statement of Duties

Under the supervision of the Station Manager, performs manual labor as needed in the proper operation of the Station.

INSPECTOR/TRAFFIC CONTROL

General Statement of Duties

Under the supervision of the Station Manager, assists in waste inspection and traffic control.

DRIVER (IN-YARD TRANSFER)

General Statement of Duties

Under the supervision of the Station Manager, drives on-site transfer trailers.

TRANSFER STATION PERSONNEL

Mt. Olive Transfer Station

<u>Total Number of Employees</u>	<u>Number</u>
Station Manager	1
Equipment Operators	2
Inspector (Traffic Control)	1
Equipment Helper	1
Scale Master	1
Drivers (In-Yard Transfer)	2
Laborers	3
Accounts Payable Clerk	1
Accounts Receivable Clerk	<u>1</u>
	13

STATION MANAGER

General Statement of Duties

Under direction of the MCTS, Inc. senior management, plans and directs the activities of the Station.

EQUIPMENT MECHANIC

General Statement of Duties

Under supervision of the Station Manager, performs mechanical work in connection with the repair, construction, assembly and installation of machinery and mechanical equipment; may supervise the work of an Assistant; and does related work as required.

SCALEMASTER

General Statement of Duties

Operation of Facility Scales.

SECRETARY

General Statement of Duties

Assists Scalemaster and is responsible for accounting, specific record keeping, filing and secretarial work.

EQUIPMENT OPERATOR

General Statement of Duties

Under direction of Station Manager, operates front-end loader, forklift or sweeper during an assigned shift.

LABORER

General Statement of Duties

Under the supervision of the Station Manager, performs manual labor as needed in the proper operation of the Station.

INSPECTOR/TRAFFIC CONTROL

General Statement of Duties

Under the supervision of the Station Manager, assists in waste inspection and traffic control.

DRIVER (IN-YARD TRANSFER)

General Statement of Duties

Under the supervision of the Station Manager, driver on-site transfer trailers.

ACCOUNTS PAYABLE CLERK

Pays all appropriate bills submitted by the outside vendors.

ACCOUNTS RECEIVABLE CLERK

Collects and records all payments received for use of Transfer Stations.

EXHIBIT E

Waste Flow Enforcement Services Provided by MCTS

Two full-time waste flow investigators who shall be available to assist in monitoring the activities of solid waste haulers in Morris County to ensure that they are complying with the applicable waste flow orders, County Plan, and franchise.

The investigators engage in the surveillance of haulers and prepare reports regarding same. Waste flow violators are reported to the Parsippany Troy-Hills and Mt. Olive Boards of Health which issue Municipal Court summonses against the waste flow violators. The investigators will also assist and otherwise cooperate with any waste flow enforcement and activities undertaken by the Authority and the County.

Services include two rental cars equipped with CB radios and miscellaneous photographic equipment.

EXHIBIT F

Authority Insurance

The Authority will carry fire and casualty insurance on the Transfer Station Facilities and Transfer Station Property. MCTS shall be responsible for carrying the same type of insurance on its equipment and personalty. MCTS shall be responsible for complying fully with all of the directives and determinations of the Authority's insurance underwriter or fire underwriter in connection with conditions, or the manner or method of operation, at the transfer station facility. MCTS shall modify, at its own expense, conditions or its manner or method of operation at the station site to comply with such directives or requirements within the time frames indicated by the carrier or underwriter.

EXHIBIT G

MCTS Insurance

MCTS shall obtain and maintain at its own cost and expense the following insurance with insurance companies licensed in the State of New Jersey, which insurance shall be evidenced by Certificates and Policies as determined by the Authority or as required herein.

Part I. General Covenants.

(a) Additional Insureds. All liability insurance policies required pursuant to this Exhibit G shall name the Authority, the County of Morris and all officers, members and employees as additional insureds. All Certificates of Insurance shall name the parties described herein as additional insureds and shall include I.S.O. Form #CG: 20-10-11-85 or its equivalent.

(b) Loss Payees. All property insurance policies required pursuant to Exhibit G shall name the Authority as loss payee as their interest may appear.

(c) Special Insurance Provisions. With respect to the insurance required pursuant to this Exhibit G:

1. Such coverages shall not be canceled or materially changed by the Company without giving the Authority at least sixty (60) Days prior written notification. Said notification shall be sent to the Authority by certified mail, return receipt requested. All Certificates of Insurance shall include a statement that a sixty (60) day written notification by the insurers is required prior to cancellation, material change in coverage and any impairment of aggregate limits available. Each and every policy of insurance issued pursuant to this Exhibit G shall be endorsed so as to provide the notification as required herein.

2. The policies required herein shall provide (i) that the insurers shall have no recourse against the additional insureds set forth in paragraph (a) hereof or the loss payees set forth in paragraph (b) hereof for payment of any insurance premiums or assessments, and (ii) that such additional insured shall have the option of paying any such insurance premium in order to prevent cancellation of insurance for non-payment of premium.

3. If, at any time the insurance coverages required herein shall fail to comply with the requirements specified, MCTS shall, upon notice to that effect, promptly apply for a new policy and submit evidence of such policies, including

Certificates of Insurance, to the Authority for prior approval.

4. The liability insurance policies and the property insurance policies required herein shall provide that with respect to the interest of the additional insureds and the loss payees, such insurance shall not be invalidated by any action or inaction of MCTS and shall insure such additional insureds regardless of any breach or violation of any warranty, declaration or condition in such insurance by MCTS.

5. MCTS shall deliver to the Authority, on or before January 1, 1994, or a minimum of fifteen (15) days prior to the effective date of the policies, the sooner thereof, four (4) copies of Certificates of Insurance as specified herein setting forth each policy of insurance required in this Exhibit G for MCTS and for each of its subcontractors.

6. MCTS shall require that each of its subcontractors shall procure and maintain, until the completion of that subcontractor's work, the identical coverage as required of MCTS pursuant to this Exhibit G.

7. Nothing contained in these insurance requirements is to be construed as limiting the extent of MCTS' responsibility for payment of damages resulting from its operations under this Agreement.

8. MCTS shall be responsible for any and all deductibles contained in the policies required in this Exhibit G.

9. If at any time the insurance policies obtained by MCTS do not meet the requirements of this Exhibit G, as to form or substance, MCTS shall, upon notice to that effect, immediately obtain new insurance policies, submit same to the Authority for approval, and submit a Certificate thereof as herein provided.

Part II. Indemnification and Waiver of Subrogation

(a) The Contractual Liability coverage required herein shall specifically insure the indemnification clause as set forth in this Amendment and an endorsement so stating shall be issued setting forth this coverage.

(b) All policies of insurance (except Workers Compensation) issued pursuant to this Exhibit G shall waive all rights of subrogation against the Authority and the County and its respective consultants, and officers, members, employees and agents, it being the intention of the parties that the insurance policies required by this Exhibit G shall protect the parties and be the primary coverage for any and all losses covered by the above said insurance.

Part III. Specific Coverages.

(a) MCTS shall obtain and maintain in full force and effect the following insurance coverage:

(1) Workers Compensation and Employers Liability Insurance in accordance with the statutory requirements of the State of New Jersey, United States Government and all states where employees will be operating pursuant to the terms of this Agreement. Employers Liability Insurance shall have a limit of not less than Five Hundred Thousand (\$500,000) dollars.

(2) Contractors Comprehensive (Commercial) General Liability & Property Damage Liability Insurance with minimum limits of not less than combined single limit of five million (\$5,000,000) and ten million (\$10,000,000) aggregate, including premises, operations, product liability, completed operations, independent contractors and subcontractors, Broad Form GL endorsement for property damage, Broad Form contractual liability, personal injury coverage, as well as coverage for explosion, collapse, and underground (XCU) hazards. All primary liability coverages shall be on an occurrence basis.

(3) Comprehensive Automobile Liability Insurance covering MCTS for all claims arising from or Owned, Hired and Non-Owned vehicles with limits of not less than a combined single limit of liability per occurrence of Five Million (\$5,000,000) Dollars for bodily injury and property damage.