

ORIGINAL

THIRD AMENDMENT TO OPERATION AGREEMENT

THIS THIRD AMENDMENT TO OPERATION AGREEMENT ("Third Amendment") is entered into as of the 19th day of June, 2007, by and between the Loudon County Solid Waste Disposal Commission ("Owner"), a public entity created by an Intergovernmental Agreement among the City of Lenoir City, the City of Loudon and Loudon County, Tennessee dated March 1, 1993, and Santek Environmental, Inc. ("Operator"), a Tennessee corporation with its principal place of business at 650 25th Street N.W., Cleveland, Tennessee 37311.

RECITALS

1. The parties have previously entered into a certain Sanitary Landfill Operations Agreement dated as of April 5, 1994 (the "Original Agreement"), which was amended by that certain First Amendment to Sanitary Landfill Operations Agreement dated as of October 1, 2001 (the "First Amendment") and by that certain Second Amendment to Operation Agreement dated as of September 15, 2006 (the "Second Amendment") (collectively, the Original Agreement, the First Amendment and the Second Amendment are hereinafter referred to as the "Operation Agreement") concerning the operation of the Owner's Subtitle D sanitary landfill known as the Matlock Bend Sanitary Landfill located on Highway 72 in Loudon, Tennessee (the "Landfill").

2. Owner recently selected Operator as the successful bidder for a new operating contract providing for the turn-key operations of the Landfill for a term of twenty years commencing upon the termination of the Operation Agreement. The parties desire to fix the termination date of the Operation Agreement and provide for a smooth and orderly transition from the Operation Agreement to the new contract. To that end, the parties have agreed to amend certain provisions of the Operation Agreement as provided herein, specifically to clarify the termination provisions of the Operation Agreement and to provide for the billing and collection of the Owner's accounts receivable and payment of its expenses related to the Landfill as of the anticipated termination date of the Operation Agreement.

NOW, THEREFORE, based upon the mutual promises of the parties and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Section 10 (Term) of the Operation Agreement, as amended, is further amended herein by deleting the caption to said section and the first five (5) sentences of that section in their entirety (which were added by the Second Amendment) and substituting in lieu thereof the following:

Term and Other Termination Provisions. The term of this Agreement shall commence upon its effective date and continue to September 30, 2007, subject to earlier termination as provided elsewhere in this Agreement.

2. Section 10 (Term) of the Operation Agreement, as amended, is further amended herein by adding the following new paragraph to the end of said section:

Upon the termination of this Agreement on September 30, 2007 (the "Termination Date"), the Commission shall continue to own all its accounts receivable arising from billings for disposal of waste at the Landfill on or prior to the Termination Date and shall be responsible for the payment of all expenses incurred or accrued through such date, including without limitation Santek's monthly operations fee under this Agreement for the month of September and the quarterly surcharge levied by the State of Tennessee on waste disposed of at the Landfill, which is normally billed by the state in October for the quarter ending September 30, 2007. The Commission hereby designates Santek as its billing agent for its accounts receivable outstanding as of the Termination Date, and Santek agrees to bill such accounts receivable monthly on behalf of the Commission in accordance with its customary billing procedures. Any payments received by Santek for such accounts receivables shall be promptly remitted to the Commission. Santek shall report monthly the status of such account receivables as part of its monthly reporting required under the new operations agreement but shall not be required to pursue any collection efforts on behalf of the Commission other than the issuance of monthly billings unless and until otherwise agreed in writing by the parties.

3. The parties agree that the (i) indemnity provisions of the Operation Agreement at Section 8, (ii) the Commission's obligation to pay Santek its monthly operating fee in accordance with the terms of the Operation Agreement through the period ending September 30, 2007, and (iii) the post termination billing provisions of Section 10 added by this Third Amendment, shall survive the termination of the Operation Agreement. All claims related to either party's performance of its duties or obligations under the Agreement during its term shall survive the termination of the Operation Agreement and shall be brought within the applicable statute of limitations for the same.

4. Except as amended herein, all other terms, covenants and conditions of the Operation Agreement shall remain in full force and effect and are hereby reaffirmed by the parties.

IN WITNESS WHEREOF, the parties have caused this Third Amendment to be executed as of the date first written above.

LOUDON COUNTY SOLID WASTE  
DISPOSAL COMMISSION

By: 

Steve M. Field, Chair

SANTEK ENVIRONMENTAL, INC.

By: 

Edward A. Caylor, President