

## Summary of Proposed Amendment of Operation Agreement *(With Responsive Comments if No Amendment is Executed)*

-The Loudon County Solid Waste Disposal Commission (“LCSWDC”) is currently operating under a 20-year Operation Agreement with Santek Environmental, Inc. n/k/a Republic (“Santek”) dated July 1, 2007, for operation of the Matlock Bend Landfill (the “Contract”) and proposes to modify the Contract as follows:

- **Expansion of Maximum Permitted Airspace:** Santek will submit a Major Permit Modification to TDEC to reflect a lateral expansion of the current permitted airspace of 41 acres to a revised total footprint of 67.2 acres. However, Santek will only be authorized to fill the remainder of the designated 53 acre portion of the Landfill during the Contract term (the “Amended Footprint”).  
*(The current permitted airspace of 41 acres will remain until filled or otherwise expanded)*
- **Contract Extension:** The current Contract between LCSWDC and Santek will be extended until the earlier of the date that Santek fills the Amended Footprint or December 31, 2038. (Santek expects to fill the Amended Footprint in 2035 based upon current waste volumes).  
*(The current Contract will expire on July 1, 2027)*
- **Maximum Constructed Elevation:** The current Permit allows Santek to construct the Landfill to an elevation of 1,108 ft. msl., Santek will amend the Permit to limit the constructed elevation to 1,093 ft. msl. (current elevation is 1070 f. msl.) This will improve the appearance of the Landfill but will decrease Santek’s potential waste volume by 100,000 cubic yards of waste.  
*(The current Permit maximum elevation of 1,108 ft. msl. will remain)*
- **Santek’s Bonded Closure Obligation:** Santek will agree to be fully responsible for closure of all 53 acres of the Amended Footprint (based upon TDEC’s estimated closure/post closure cost, this would result in expenditure by Santek of up to \$13.1 Million). Further, Santek will agree to maintain a performance bond approved by TDEC for the duration of the Contract to guarantee its closure/post-closure obligations (with an estimated annual bond premium for Santek of approximately \$200,000, decreasing as closure is completed). Santek’s bonding of the closure/post-closure obligations will also eliminate the need of Loudon County to post annual financial assurance bonds to TDEC to cover the estimated closure/post-closure.  
*(Santek will only close landfill cells which attain “final elevation”. Santek can potentially fill the landfill cells systematically to avoid closing certain cells during the Contract term. This would leave LCSWDC with an unknown future closure liability. Further, Santek would not provide a performance bond to guarantee its performance of closure/post-closure. This would leave the County responsible to post an annual financial assurance bond to pledge County tax revenue to guarantee closure/post-closure. The current County financial assurance bond holds the County responsible for closure/post-closure liability of up to \$13.1 Million, which may increase given inflation and costs of closure/post-closure care)*
- **Phased Closure Schedule:** Santek will develop and present a phased closure plan to TDEC that includes a strategy and commitment to have Santek gradually close portions of the Landfill to reduce the total closure liability for the Landfill during the Contract term.  
*(Santek will only close landfill cells within the original Landfill footprint which attain “final elevation”)*

- **Post-closure of Phase I:** Santek will maintain financial and compliance responsibility for providing post-closure care to the Phase I portion of the Landfill (estimated to be completed in 2029). (Santek will also remain responsible for maintenance and compliance responsibility for all other portions of the landfill that are closed during the extended Contract term).  
*(Santek will maintain financial and compliance responsibility for providing post-closure care to the Phase I portion of the Landfill through 2027).*
- **Host Fee:** Santek will increase the monthly Host Fee paid to LCSWDC from 3.75% of gross revenue to 5.5% of gross revenue from the Landfill (this could result in increased revenue of between \$50,000 to \$80,000 annually, depending upon volume and tipping fees). This increase in Host Fee was in exchange for allowing Santek to use soil from adjacent Landfill property for cover and will offset the cost of acquiring the property as a Landfill buffer.  
*(The monthly Host Fee paid to LCSWDC will remain 3.75%; however, Santek will be responsible for the cost of any soil used for closure of the original Landfill footprint)*
- **Security Fee for LCSWDC for C/PCC Liability:** Santek will continue to pay LCSWDC a Security Fee each month of the greater of \$1.00 per ton of waste or 5% of gross revenue from the Landfill.  
*(The monthly Security Fee will remain the same)*
- **Elimination of Out of State Waste:** Santek will agree to prohibit the Landfill from accepting waste generated outside Tennessee and waste generated more than 75 miles from the Landfill.  
*(Santek will be permitted to accept Out of County and Out of State Waste generated within a radius of 150 miles)*
- **Installation of Pressurized Wheel Wash:** As part of the Contract negotiations, Santek has already installed a pressurized wheel wash at the Landfill at a cost of nearly \$250,000.  
*(No change as the pressurized wheel wash has already been installed)*
- **Stakeholder Tipping Fees:** Current Stakeholder tipping fees are \$21.15 per ton as Santek has not applied CPI adjustments during amendment negotiations. Santek will agree to set Stakeholder tipping fees at \$23.58 per ton for 2022 with annual CPI adjustments. Santek will also agree that no tipping fees, including the internal Santek hauling tipping fees, can be below the Stakeholder tipping fees.  
*(Santek could retroactively apply deferred CPI adjustments to set the Stakeholder tipping fees at \$26.90 per ton for 2022 with annual CPI adjustments. Santek can continue to offer internal hauling tipping fees below the Stakeholder tipping fees)*
- **General and Special Waste Tipping Fees:** Santek will agree that all tipping fees other than the Stakeholder tipping fees shall be a minimum of \$26.00 per ton. This will include all internal hauling tipping fees for Santek and volume discounts for special waste. The current general tipping fee is \$28.48 per ton. The general tipping fee will be set at \$45.00 per ton.  
*(Santek can continue to offer internal hauling tipping fees and volume discounts for special waste below the Stakeholder tipping fees. LCSWDC will have no control over any discounted tipping fees for any customers)*

-In summary, the Contract Amendment would eliminate potential closure/post-closure liability for LCSWDC and its Stakeholders estimated at \$13.1 Million

*(LCSWDC could have estimated liability for closure/post-closure of \$13.1 Million at the end of the existing Contract term on July 1, 2027)*

-Upon the expiration of the Contract Amendment, LCSWDC could have an estimated potential surplus of \$5 Million or more after deduction of remaining post-closure obligations.

*(LCSWDC could have estimated liability for closure/post-closure of \$13.1 Million at the end of the existing Contract term on July 1, 2027. The County would ultimately be responsible for any funding deficit based upon its annual financial assurance bond)*