

CONFIDENTIAL

**Green Lane Landfill - Intent To Purchase
Term Sheet**

1. Assets Included in Purchase

All lands comprising the Green Lane Landfill in Township of Southwold, County of Elgin, Ontario beneficially owned by St. Thomas Sanitary Collection Service Limited Partnership, Green Lane Environmental Group Limited Partnership and their respective principals including:

- (a) all buildings, erections, structures, fixtures, facilities and other improvements;
- (b) all Buffer Lands, including all buildings, erections, structures, fixtures, facilities and other improvements, owned by the Vendor and located within a two kilometre radius of the Landfill as indicated in the attached site map; and
- (c) all of the Vendor's assets and equipment related to the operation of the Landfill, including but not limited to the Certificate of Approval (as amended in 2006 to expand the landfill capacity) and all agreements entered into by the Vendor (but excluding waste collection contracts).

2. Closing Date

The closing date is February 1, 2007, or such earlier or later date agreed to by the parties.

3. Purchase Price

The purchase price for the Purchased Assets is \$220,310,000, subject to adjustments which are usual for a commercial real estate transaction, and will include acquisition costs for additional Buffer Lands if approved by the City, a reserve of 100,000 cubic metres of air space for the disposal of acceptable soil at the Landfill and the Vendor's entitlement to occupancy of certain shops and offices at the Landfill and Buffer Lands for a period of no greater than twelve (12) months.

[REDACTED]

[REDACTED]



5. Definitive Agreement of Purchase and Sale

The purchase and sale of the Purchased Assets is conditional upon the negotiation, execution and delivery of a definitive agreement of purchase and sale (the "Definitive Agreement of Purchase and Sale") within 90 days following execution of the letter of intent. The Definitive Agreement of Purchase and Sale will contain the final forms of the [REDACTED], the Waste Collection Operations Lease, the Agreement re Disposal Under Existing Contracts and the Conestoga Rovers Associates ("CRA") Operating/Engineering Agreement.

6. Conditions of Closing

The Definitive Agreement of Purchase and Sale will contain standard and customary conditions of closing, including:

- (a) all approvals, authorizations, etc. in connection with the Transaction, including, the issuance of a Certificate of Approval by the Ministry of Environment authorizing the expansion of capacity of the Landfill by an additional 10,900,000 cubic metres of air-space, resulting in not less than 15,100,000 cubic metres of air-space being available at the Landfill as of the Closing Date;
- (b) assurances from the Ministry of Environment that the approvals held by the Vendor in respect of the Landfill are transferable to the City;
- (c) City is satisfied in all respects with the results of its financial and environmental Due Diligence;
- (d) waste under existing disposal agreements will continue to be delivered to the landfill under the terms and at the rates agreed under those contracts (agreements now exist with Regional Municipality of York, the City of Guelph, the City of St. Thomas, the Township of Southwold, the Municipality of Central Elgin and other municipalities, and with IC&I customers);
- (e) Green Lane Environmental Group Limited will be permitted to continue to use their shops and offices at the landfill for their waste collection business for a period of up to 12 months or until the business is sold, provided that such usage does not interfere with the operation of the landfill;
- (f) the City will execute an agreement with Conestoga-Rovers and Associates (CRA) (recognizing that certain duties of CRA will be subject to third party engineering oversight), whereby the City retains CRA to perform ongoing

engineering and/or construction/operations at the Landfill for a period of five (5) years after the Closing Date;

(g) the City will assume the responsibilities for the Green Lane Community Trust Fund including the payment of royalties to the Green Lane Community Trust Fund and will respect obligations under the Property Value Protection Program; and

(h) receipt of regulatory approvals and any third party consents.

7. Due Diligence Investigations

Subject to execution of a Non-Disclosure and Confidentiality Agreement the Vendor will allow the City access to material books of account, business and financial records, agreements and other documents of or relating to the conduct of the landfill business for the purposes of the City's due diligence investigations.

8. Expenses

Each party shall be responsible for its own legal, accounting and other expenses incurred in connection with the Transaction.

9. Exclusivity

The Vendor will not attempt to sell the Landfill to anyone else unless the City's purchase has not been completed by February 1, 2007, and the City will not attempt to buy another landfill in Ontario before that date.

10. Additional Buffer Lands

The Vendor agrees not to enter into any agreement for the purchase and sale of any additional property within the Buffer Lands Area without the prior written consent of the City.

11. Press Release and Confidentiality Agreement

The City shall be entitled any time after 12:00 pm September 19, 2006 to disclose the existence of the letter of intent and the transaction contemplated thereunder without reference to financial terms or purchase price, but otherwise the parties shall keep the letter of intent and all matters confidential, except as required by law. A separate non-disclosure and confidentiality agreement will be executed.

12. Vendor Assistance

The Vendor shall cooperate with the City and attend at the City's request meetings with local mayors, councillors, public officials, residents and community liaison

groups in furtherance of completing the transaction and maintaining community relations.

13. Miscellaneous

The City will forthwith advise the Vendor if, at any time during due diligence, issues arise which the City believes are serious enough to impact the likelihood of the Transaction closing. The other terms of the Miscellaneous provision of the letter of intent are in the nature of boilerplate clauses commonly included in a letter of intent of this nature.

14. Binding and Non-Binding Provisions

The substantive terms of the letter of intent are generally non-binding, but the terms related to Due Diligence Investigations, Expenses, Exclusivity, Additional Buffer Lands, Press Release, Confidentiality, Vendor Assistance and the miscellaneous provision are binding upon the parties.