



**VIA E-MAIL AND FEDEX**

February 28, 2007

Scotland County  
c/o Mr. J. D. Willis  
Chairman and The Board of County of Commissioners  
P. O. Box 489  
Laurinburg, NC 28352

Re: Application for a Preliminary Franchise for County Solid Waste Disposal Services  
Waste Management of Carolinas, Inc.

Dear Chairman Willis:

This letter is submitted on behalf of Waste Management of Carolinas, Inc. (collectively with any wholly-owned subsidiary of the Company created for the primary purpose of owning and/or operating the Facility described herein, the "Company") as an application for a preliminary franchise for a municipal solid waste landfill ("Facility"), pursuant to and in accordance with Section 2 of the County's franchise ordinance for solid waste disposal services, as adopted on November 7, 2005 ("Ordinance"), as well as the applicable provisions of Chapters 153A and 130A of the North Carolina General Statutes and the solid waste rules in 15A NCAC 13B.

In accordance with §2 of the Ordinance and G.S. 130A-294, the following is information provided in support of this franchise application:

1. The name and address of the applicant is:

Waste Management of Carolinas, Inc., including any wholly-owned subsidiary of the Company created for the primary purpose of owning and/or operating the Facility.  
c/o Randall L. Essick  
10411 Globe Road  
Morrisville, NC 27560

Waste Management of Carolinas, Inc. is a North Carolina corporation.

2. A statement of the population to be served, including a description of the geographic area:

The population to be served, or that could be served would be up to approximately Fifty-One Million (51,000,000) people, the approximate population of the service area comprised of North Carolina, South Carolina, Virginia, Georgia, Florida, Tennessee and Washington, D.C.

3. A description of the volume and characteristics of the waste stream:

The Company projects that it could dispose of up to Five Thousand (5,000) tons per day of municipal solid waste, that is, residential and commercial waste, and special waste, as defined in G.S. 130A-290(40), at the Facility.

4. A projection of the useful life of the sanitary landfill:

The useful life of the landfill is projected to be approximately thirty (30) years or the life of the Site, if the latter occurs first.

5. An explanation of how the franchise would be consistent with the County's solid waste management plan, including provisions for waste reduction, reuse and recycling:

The Preliminary Franchise would be consistent with the County's solid waste management plan, adopted pursuant to G.S. 130A-309.09A, in that any Facility would have a Waste Reduction Plan for its operation, would provide capacity for recycling at the Facility and provide guidance for reuse of materials to the County. Further, the construction and operation of a Facility would provide at least partial funding for the operation of the County's recycling centers, and a Facility would not impair or impact the County's waste reduction and recycling goals. A Preliminary Franchise would begin the process to secure a long-term disposal Facility for the safe disposal of solid waste produced in the County, consistent with the County's Waste Production Plan.

6. The procedures to be followed for governmental oversight and regulation of the fees and rates to be charged by facilities subject to the franchise for waste generated in the County's jurisdiction:

The Company would prominently display at the Facility the standard "gate rates," Fees and charges for accepting, handling and disposing of solid waste at the Facility and the days and hours of operation of the Facility. The County would implement the following procedures for overseeing and regulating the rates, charges and Fees to be charged at the Facility for any waste generated by entities located geographically within the County. In the event any generator maintains that a Facility was charging a rate beyond the Facility posted "gate rates," that generator could petition the County Manager for a determination of whether the rate charged is beyond the posted "gate rates." If either party disagrees with the County Manager's determination, it could petition the County Commission for a determination. Facility posted "gate rates" would not exceed an approximate average (based upon five or more sites selected by the Company) of those gate rates posted at privately-owned facilities within the geographic service area.

In the event a final and non-appealable determination concludes that the Company had charged rates in excess of the posted "gate rates," the County would provide the Company with notice of such overcharge. The Company would then have 30 days to correct such overcharge. If the Company failed to do so, and the cure period was not extended with the County's consent, then 15 days after the cure period ended, the County could terminate this franchise. This is consistent with the Franchise Ordinance, which provides in Section 5 that the County may terminate a franchise for failure of an operator to comply with any franchise document.

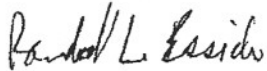
7. A general description of the proposed sanitary landfill:

The proposed Facility would occupy an approximate area of two thousand three hundred (2,300) acres, but the actual acreage would depend upon the final site selection and other related factors and, therefore, the Facility could be larger or smaller. The Facility property will provide adequate land for landfill-related activities which would likely include, but not be limited to: 1) land-filling operations within the permitted footprint, 2) borrow operations for cover usage, 3) landfill gas ("LFG") control and recovery facilities, 4) LFG to energy facilities, if practicable, 5) leachate storage and pretreatment facilities, 6) administration buildings including maintenance and scale station, 7) composting or yard waste mulching facilities, if practicable, 8) buffer areas, 9) potential wetland or stream mitigation areas, if required, 10) internal roads, and 11) certain recycling activities.

This letter is the culmination and continuation of communications the Company has had with the County and its Board of Commissioners ("Board") and other authorized persons, in order to determine the interest in and acceptability of the Company's proposal to locate a Facility in the County. We at the Company feel that, through those discussions and the preliminary studies and inquiries that we have made and which necessarily continue, a Facility that is fully protective of the environment could be safely and lawfully located in the County in a way that is beneficial to the County, its residents and the Company. Many of the issues that would be involved in operating the Facility have been resolved in the context of our successful discussions toward a proposed host agreement, which would provide many of the commercial and oversight terms for the Facility, assuming that an appropriate site is located and a franchise is granted.

It is our understanding that this letter constitutes a sufficient application for a solid waste preliminary franchise for a Facility. Please let us know if that understanding is incorrect or if you need additional information, which we would be happy to provide. If our understanding is correct, we would very much appreciate a confirmation of that fact from your office or the Board, as you feel appropriate.

Respectfully,



Randall L. Essick *by John Van Gessel*  
Manager - Carolinas Market Area

cc: Greg Yorston  
Mike Loyd  
Greg Peverall  
John Van Gessel, Esq.