

**RESOLUTION NO. 12-127**

BE IT RESOLVED by the City Council of the City of Decatur Alabama, that it hereby approves the attached summary and terms for a non-binding preliminary letter of intent relating to a potential Rational Energies Project at the Morgan County Regional Landfill; and accordingly the Mayor is authorized and directed to execute that document on behalf of the City.

ADOPTED THIS 29th DAY OF MAY, 2012.

**Summary Terms and Conditions**  
**for**  
**Rational Energies Project with Morgan County Regional Landfill**

**Summary**

Morgan County Regional Landfill (“Morgan”) will supply Rational Energies, Inc. (“RE”) with all MSW and commercial waste received by Morgan and deemed appropriate by (“RE”) by causing delivery of such MSW to a facility, as described below, to be built by RE on an approximate 5 acre site at an agreed upon location on Morgan County’s existing landfill at 500 Landfill Drive, Trinity, AL (the “Landfill”).

**MSW**

The MSW to be delivered by Morgan to RE’s facility, shall be MSW collected by Morgan or haulers under contract with Morgan and shall be residential and commercial MSW delivered to the Landfill, which has not been preprocessed other than curbside recycling by the MSW generators and shall not include C&D waste as it is typically defined in the industry.

**RE Plant**

RE will construct and operate a recycling and plastic processing facility (the “RE Plant”) on the 5-acre parcel at the Landfill with a total capital cost of approximately \$23 million. The RE Plant will remove recyclable materials from the MSW delivered to the RE Plant by Morgan or its contract haulers, on a best efforts basis. Such recyclable materials shall include both metals and plastic and in the aggregate are expected to be approximately 20% of the MSW or 30,000 annual tons of volume. RE shall sell some of the recyclables directly and use the waste plastic from this recyclable portion of the MSW to produce oil in the RE Plant which will be sold into the commodity fuels market. The balance of the MSW (approximately 80%), not used by RE, shall be disposed of in Morgan’s Landfill as defined in an operating agreement yet to be developed.

Operations

Morgan will agree to have MSW delivered to the RE Plant on a continuous basis during Morgan's normal Landfill operating hours at no cost to RE. To the extent RE requires Morgan to deliver MSW at other times the Parties shall agree on a mutually acceptable schedule and costs for such delivery.

Operating Agreement

Detailed operating agreement to be negotiated by both Parties following execution of term sheet and neither party is bound by the letter of intent. Each party is responsible for its own cost of negotiations of the operating agreement.

Term

15 years.

5 acre Plant Site

RE will pay a market rate rent for access to the 5 acre building site at the Landfill to build the RE Plant.

Permits

The Parties shall cooperate to obtain any required waste handling permits required by RE for the RE Plant including modifications to Morgan's existing landfill permits. RE will assist in the cost associated with modification of existing permit. All other permits required by RE to operate the RE Plant shall be RE's responsibility to obtain with Morgan's cooperation.

Tipping Fee and Transport Savings

Morgan will retain 100% of all tipping fees or other fees received by Morgan in connection with the delivery of MSW to the Landfill. In addition, the savings in landfill airspace due to RE's removal of an estimated 20% of the volume of MSW to be disposed of by Morgan, will be for the sole benefit of Morgan.

Covenant

During term of agreement Morgan will not divert MSW to any other disposal facility (transfer station or landfill) until RE receives the necessary waste to satisfy the metals and plastics required for plant operations. Prior to an agreement, RE will evaluate the content of Morgan's

MSW stream through an independent waste study to ensure that the current volume and composition will meet RE's operating requirements.

Security

Morgan will agree to provide RE with all Industrial, Municipal and Commercial Waste which RE deems appropriate for the MRF, that enters the Landfill, throughout the duration of the Contract. Due to catastrophic events, changes in state regulatory laws, policies and other events beyond our control, the Decatur Morgan County Landfill cannot guarantee quantities greater than which is disposed of on a daily basis. The Decatur Morgan County Landfill will assist RE in all practical ways to insure sufficient quantities are delivered.

Exclusivity

Upon signing this term sheet, Morgan will agree to work exclusively with RE for a period of 120 days.

Contingency

The Parties will need to negotiate a mutually acceptable land purchase or lease agreement.

Non-Disclosure

The Parties will agree to a mutually acceptable non-disclosure agreement to protect RE's proprietary information including its vendor list and such agreement shall relate back to any information or vendor information provided from the date of this Agreement.

Expiration

Final binding agreement will expire if RE has failed to commence construction within 24 months of signing.

Documentation

Upon mutual acceptance of terms and conditions, the Parties will work to complete final binding agreements over the next 120-day period. Terms and conditions of this summary are subject to the execution of a formal agreement satisfactory to the Parties and their attorneys.

### Due Diligence

The Parties acknowledge that this summary is not a contract or binding agreement and neither Party shall be bound to the other by this summary for damages, expenses or failure to agree on a formal and final agreement. This summary is an outline of some of the material business terms and it is fully anticipated that Morgan would be expected to conduct its own due diligence of RE. Such due diligence would include, among other things, a tour of an operating plant run by RE similar to that proposed to be built at Morgan's Landfill, before any agreement to build a similar facility at Morgan's Landfill would be binding upon Morgan.

### Indemnity

RE will agree to indemnify and hold harmless and waive, release and discharge forever Morgan, its officials, officers, directors, employees and agents (collectively, "Indemnitees") from any and all present or future claims or demands, and any and all damages, losses, injuries, liabilities, causes of action (including, without limitation, causes of action in tort) costs and expenses (including, without limitation, fines, penalties and judgments and attorneys' fees) of any and every kind or character, which Morgan or any third party, including governmental agencies, may assert or allege against indemnitees arising from or in any way related to the construction and operation of the RE Plant. The rights of Morgan under this section shall be in addition to and not in lieu of any other rights or remedies to which it may be entitled under this document or otherwise. The obligations of RE under this section will specifically include the obligation of RE to remove, close, remediate, reimburse or take other actions requested or required by any governmental agency concerning any condition on the property created by or contributed to by RE, including but not limited to the compliance with Environmental Law and related presence of hazardous substances. The term "Environmental Law" means any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health or the

environment, including, without limitation, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, and any similar or comparable state or local law. The term “Hazardous Substance” means any hazardous, toxic, radioactive or infectious substance, material or waste as defined, listed or regulated under any Environmental Law, and includes, without limitation, petroleum oil and any of its fractions. RE shall be responsible for stabilizing, covering and maintaining the Property in accordance with federal and state laws and regulations.

**Accepted and Agreed to this \_\_\_\_ day of \_\_\_\_\_ 2012.**

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**Rational Energies, Inc.**

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**Morgan County Regional Landfill**