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February 1, 2019

HAND DELIVERY

The Honorable Alan Branson
Chairman, Guilford County Board of Commissioners
3731 Old Julian Road
Julian, N.C. 27283

Re: A-1 Sandrock, Inc. Application to Modify Franchise

Dear Alan,

A-1 Sandrock, Inc., pursuant to N.C. Gen. Stat. §130A-294(b1)(2) and the Guilford County Solid Waste Ordinance Chapter 15.5-5 respectfully submits its application for a modification to the Franchise for Sanitary Landfill issued October 3, 2013 in order to accommodate the changes approved in A-1's recently issued Special Use Permit and the substantial modification to A-1's landfill permit currently being requested from NCDEQ for A-1's Construction and Demolition Debris (C&D) Landfill at 2111 Bishop Road.

The requested franchise modification would (1) increase the volume of A-1's landfill to accommodate the volumes of construction and demolition debris generated by the local and regional economy; (2) extend the term limit of the original Franchise Agreement to allow more efficient planning for capital investments and to comply with statutory requirements; and (3) accommodate the size of the facility and the landfill footprint.

A-1 provides the following information, required by statute and ordinance, in support of its application:

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

The primary population to be served will be businesses and industries in Guilford County and the immediately surrounding counties, but the total service area shall include the following counties: Guilford, Randolph, Rockingham, Alamance, Forsyth, Davidson, Stokes, Surry,

2. A description of the volume, source, and characteristics of the waste stream.

A-1 operates and shall continue to operate a landfill for C&D waste as defined (a) in N.C. Gen. Stat. §130A-290(4); (b) 15A NCAC 13B .0532(8); and (c) A-1's landfill permits issued by NCDEQ. The waste defined by statute and permit generally includes lumber, concrete, cardboard, stumps, bricks, asphalt, brush, pallets, studs, sheetrock, shingles, insulation, and plastic and paper packaging pertaining to construction products.

3. A projection of the useful life of the landfill, an accurate estimate of any closure costs, and an undertaking in amount and form approved by the county manager or his designee securing the full cost of said closure.

Useful Life: A projection of the useful life of the landfill, measured from 2019, is approximately twenty (20) years at current design and footprint. Changes in either design or footprint could extend the useful life substantially, depending upon changes made. Pursuant to N.C. Gen. Stat. §130A-294(a3)(1)(b), A-1's NCDEQ application for a substantial amendment to its existing permit triggers the life-of-site requirement of subsection (b)(2). Accordingly, A-1 applies under state statute for a life-of-site franchise.

Closure Costs and Undertaking: The North Carolina legislature has *explicitly* established a comprehensive and integrated scheme for the regulation of solid waste, and except as expressly allowed by statute, counties are preempted from enacting (a) unauthorized regulations; (b) duplicate regulations; or (c) regulations that conflict with the substance of State statutes or the authority delegated to the Environmental Management Commission or NCDEQ.

A projection of the maximum closure costs at a point ten (10) years from the present is two million dollars (\$2,000,000). Under state law, this closure cost is evaluated, required, monitored, and bonded through NCDEQ. Full closure costs shall be reported to the County upon request, and A-1 respectfully requests that the County accept the bond required and monitored by NCDEQ to be adequate to meet the county's Solid Waste Ordinance requirements. A-1 will lose its permit to operate if it fails to adequately maintain financial assurance for post-closure costs with NCDEQ.

4. Number of employees expected to be used in the business.

A-1 employs approximately 35 full-time employees, which number shall be updated with the County upon request.

5. Name and address of the applicant and whether a sole proprietorship, corporation, or partnership, with disclosure of ownership interests.

A-1 Sandrock, Inc. is a North Carolina corporation. It is owned by Ronald E. Petty, Sr. and Betty Petty.

A-1 utilizes the following equipment: (2) excavators, (3) front end loaders, (2) off-road dump trucks, (1) water truck, (1) mechanized sorting line/screener, (1) horizontal grinder, (1) D-5 dozer, (1) D-6 dozer, (1) D-8 dozer, (1) Bobcat, (1) concrete crusher, (1) CAT 826 compactor.

7. The fee schedule of fees charged at the landfill.

A-1, like most solid waste companies and governments, charges a per-ton "tipping fee." The fee changes over time to reflect market conditions and to enable A-1 to compete and to offer competitive rates. Tipping fees may vary among customers depending upon waste volumes. The current standard tipping fee charged for C&D waste is \$36 per ton. A-1 will report its standard rate schedule from time to time upon request.

8. Property description and site plan of the landfill.

This franchise applies only to A-1's property described as 2111 Bishop Road, Greensboro, North Carolina, PIN 7841964183.

The proposed facility plan to be submitted to NCDEQ is attached as Exhibit A.

9. Liability insurance policies carried by the applicant. Said policies shall be good and sufficient, in the opinion of the county manager or his designee, to insure payment for damages resulting from injury to property arising out of the collection, transportation, or disposal of solid waste by the franchisee or its agents. Said policies shall contain a "hold harmless clause" indemnifying the county with respect to claims made against the franchisee or county.

A-1's liability insurance policy with "hold harmless" clause is attached as Exhibit B. To the extent that the County determines that a higher coverage is required, A-1 reserves the right to challenge the county manager's authority under the Solid Waste Ordinance to have an "opinion" of sufficiency and, alternatively, to challenge any requirement to increase coverage if the requirement is not based upon identifiable industry standards and factors related to A-1's facility.

10. Miscellaneous Information.

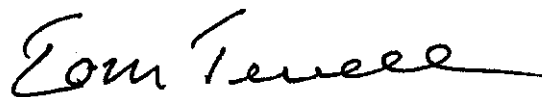
The modified franchise would be non-exclusive and non-assignable. It would allow up to a daily average of 500 tons per day. At least 10% of the incoming waste stream, measured by the total volume by weight or cubic yardage, shall be recycled.

11. Facility Plan

A-1 submits with this application a Facility Plan that meets the requirements of N.C. Gen. Stat. §130A-294(b1)(2)(f).

Respectfully submitted,

Fox Rothschild, LLP

A handwritten signature in black ink, appearing to read "Tom Terrell", with a long horizontal flourish extending to the right.

Thomas E. Terrell, Jr.

Attorney for A-1 Sandrock, Inc.

Copy: Mr. Marty Lawing, County Manager (Hand Delivery)
Mr. Mark Payne, County Attorney (Hand Delivery)

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BRANCH BANKING AND TRUST COMPANY
1-800-BANKBBT (BBT.com)
66-112531

A-1 SANDROCK INC.
2091 BISHOP RD
GREENSBORO, NC 27406

1/27/2019

PAY TO THE ORDER OF
Guilford County

\$ 250.00

Two Hundred Fifty and 00/100

Guilford County

MEMO

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1/27/2019

250.00

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A-1 SANDROCK INC.

Guilford County

Operating Account - B

250.00