

Guaranty Agreement

This Guaranty Agreement (this "Guaranty") is made and given as of March ____, 2007 by Casella Waste Systems, Inc. ("Guarantor"), in favor and for the benefit of the Town of Southbridge, Massachusetts ("Town" or "Beneficiary"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in that certain Extension of Agreement for the Operation of the Barefoot Road Sanitary Landfill, and Refuse and Recyclables Collection, Southbridge, Massachusetts, by and between Southbridge Recycling and Disposal Park, Inc. ("SRD"), a Massachusetts Corporation, and the Town of even date hereof (hereinafter referred to as the "Agreement").

WITNESSETH:

WHEREAS, pursuant to the terms of the Agreement, SRD is obligated, among other items, to undertake certain specified actions and provide certain specified indemnities to Town with respect to the operation of the Landfill Facility in Southbridge, Massachusetts; and

WHEREAS, it is a condition to Town entering into the Agreement that Guarantor provide this Guaranty.

NOW, THEREFORE, in consideration of Town having entered into the Agreement, the direct and indirect benefits to be gained by Guarantor, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Guarantor covenants and agrees for the benefit of Beneficiary as follows.

1. **Unconditional Guaranty of Obligations.**

- (a) Guarantor hereby unconditionally, absolutely and irrevocably guarantees to Beneficiary (a) the full and punctual payment when due of all financial obligations of SRD to Beneficiary and (b) the full and prompt performance and observance of the other covenants and obligations of SRD to Beneficiary arising under or by virtue of the Agreement (all such payment, performance and other obligations are herein collectively referred to as the "Obligations"). Guarantor further agrees that, if SRD shall fail or be unable duly, punctually and fully to pay or perform such Obligations, Guarantor shall, upon demand from Town, promptly pay or perform such Obligations or cause such Obligations to be paid or performed.
- (b) Guarantor agrees that: (i) this Guaranty is an irrevocable, present and continuing guaranty of payment and performance, not of collectability; and (ii) the obligations of Guarantor under this Guaranty are absolute and unconditional, irrespective of the insolvency, bankruptcy, reorganization, dissolution or liquidation of SRD or any change in ownership of SRD or any assignment authorized or permitted in accordance with the Agreement or any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor.

- (c) Without limiting the foregoing, the obligations of Guarantor under this Guaranty shall not be released, discharged, limited, or affected by: (i) any limitation of power or disability on the part of SRD; (ii) illegality, invalidity, and unenforceability of the Agreement; (iii) the insolvency, bankruptcy, reorganization, liquidation, or dissolution of SRD; (iv) any amendment, compromise, settlement, release, change, modification, extension, waiver, forbearance or termination of any of the covenants, terms or agreements set forth in the Agreement, including without limitation any modification, postponement or extension of time for the payment of any Obligations or the performance of any of the covenants, terms or agreements of any part to the Agreement; (v) subject to applicable statutes of limitations, anything done, suffered, or permitted by Beneficiary (including any failure to enforce any right, power or remedy against SRD whether in bankruptcy or otherwise) in connection with any duties or liabilities of SRD under the Agreement; (vi) any permitted assignment of this Guaranty in whole or in part in connection with any assignment of the Obligations, (vii) any exercise or failure, omission or delay by Beneficiary in the exercise of any right, power or remedy conferred on Beneficiary with respect to this Guaranty except to the extent such failure, omission or delay gives rise to an applicable statute of limitations defense with respect to a specific claim; (viii) except as permitted by Section 15 below, any sale or other transfer by Guarantor of the capital stock or other interest of Guarantor or any change in composition of the interests of SRD; (ix) any legal disability or incapacity of any party; or (x) the fact that entering into any agreement by SRD or Guarantor was invalid or in excess of the powers of such party.
- (d) Notwithstanding anything in this Guaranty to the contrary, if the Obligations of SRD under the Agreement are amended by any agreement between SRD and Town, then Guarantor shall guarantee such Obligations as so amended. Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which SRD is or may be entitled with respect to Beneficiary that arise from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, reorganization, dissolution or liquidation of SRD.

2. **Acknowledgement by Guarantor of Beneficiary's Cure Rights.** Guarantor acknowledges and confirms (a) that if SRD fails to perform any required actions under the Agreement, the Beneficiary has the right, if it so elects, to cure the same, and (b) all monies so expended for such cure shall constitute financial obligations of SRD under the Agreement to Beneficiary and, accordingly, "Obligations" under this Guaranty.

3. **Demand and Payment.** If, for any reason, SRD shall fail to pay any Obligations when due, or perform any Obligation when required, Guarantor shall, no later than five (5) Business Days (*i.e.*, a weekday on which commercial banks in New York, New York are not required or authorized by law or executive order to close for business, and which shall start at 8:00 a.m. and conclude at 5:00 p.m. Eastern Time on the same calendar day) following Guarantor's receipt of written demand for payment from Beneficiary, pay or perform (or cause to be performed) each such Obligation then due and owing to Beneficiary, regardless of whether Beneficiary or anyone

on its behalf shall have instituted any suit, action or proceeding or exhausted any remedies or taken any steps to enforce any rights against SRD to compel any performance or any such payment or to collect all or any part of such amount pursuant to the provisions of the Agreement, or at law or in equity, or has made any other effort to obtain the payment or performance of the obligations from SRD other than providing SRD with any notice of such payment or performance as required by the terms of Section 18.1 of the Agreement, or otherwise, and regardless of any other condition or contingency. Beneficiary shall have the right to proceed first and directly against Guarantor under this Guaranty and without proceeding against SRD or exhausting any other remedies against SRD which Beneficiary may have, provided, however, that Beneficiary shall have provided notice to SRD (with a copy to Guarantor) as required under Section 18.1 of the Agreement, and provided further that SRD shall be entitled to avail itself of the time periods set forth in Section 18.3 of the Agreement to pay or perform such obligation. Guarantor expressly waives diligence on the part of Beneficiary in the collection or enforcement of the Obligations associated with the Agreement. In addition, Guarantor expressly waives grace, demand, protest, presentment, notice of acceptance of this Guaranty, notice of nonpayment, notice of default, notice of demand, notice of protest, notice of presentment and all other notice, other than the demand notice required hereunder as set forth above, with respect to the Obligations covered by this Guaranty.

4. **Other Security.** This Guaranty is in addition to such other security, if any, as Beneficiary may now or hereafter have. Guarantor acknowledges and agrees that its obligations hereunder constitute the full recourse obligations of Guarantor enforceable against it to the full extent of all of its assets and properties. Beneficiary may release SRD or any other person primarily or secondarily liable on the Obligations, or any part thereof, and may surrender or release all or any portion of any other security, without in any way releasing or affecting Guarantor's absolute liability under this Guaranty. Guarantor specifically agrees that it shall not be necessary or be required, and that Guarantor shall not be entitled to require, that Beneficiary file suit or proceed to obtain or assert a claim for judgment against SRD or against any other party obligated for the Obligations or to make any effort at collection of the Obligations from SRD or any other party or to seek to realize upon any security now or hereafter existing for the Obligations or to file suit or proceed to obtain or assert a claim for judgment against any other party liable for the Obligations or make any effort at collection of the Obligations from any such other party or exercise or assert any other right or remedy to which Beneficiary is or may be entitled in connection with the Obligations or any security or other guarantee therefore, or assert or file any claim against the assets or estate of SRD or any other guarantor or other person liable for the Obligations, or any part thereof, before or as a condition to enforcing the liability of Guarantor under this Guaranty or requiring the payment or performance of the Obligations by Guarantor, or at any time thereafter.

5. **Knowledge of Agreement.** Guarantor confirms that it has been provided with copies of the Agreement, and that it is aware of the obligations of SRD pursuant to the Agreement. Guarantor expressly acknowledges that Beneficiary is relying on this Guaranty in entering into the Agreement.

6. **Assignment.** This Guaranty is not assignable by Guarantor without the prior written consent of Beneficiary, which may be withheld in the Town's reasonable discretion; provided,

however, the obligations of guarantor may be assigned without the written consent of the Town to any new guarantor that (i) assumes in writing all the obligations of the Guarantor hereunder, and (ii) has a net worth of at least Thirty Million Dollars (\$30,000,000.00) at the time of said assignment.

7. **Term.** Guarantor agrees that this Guaranty shall continue in full force and effect until the date on which both of the following shall have occurred: (i) the expiration or termination of the Agreement in accordance with its terms, and (ii) the Obligations are finally, indefeasibly and unconditionally paid in full and performed in accordance with the terms of the Agreement. Upon the occurrence of both of items (i) and (ii), Beneficiary shall expressly release this Guaranty.

8. **Representations and Warranties.** Guarantor hereby represents and warrants as follows:

- (a) Guarantor is a limited liability company duly organized, validly existing and in good standing under the laws of the _____, with full legal right, power and authority to enter into and perform its obligations under this Guaranty.
- (b) The execution, delivery and performance by Guarantor of this Guaranty, and the consummation by Guarantor of the transactions contemplated hereby, are within Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene Guarantor's charter or bylaws, (ii) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award applicable to Guarantor, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting Guarantor or by which its properties are bound, or (iv) result in or require the creation or imposition of any lien upon or with respect to any of Guarantor's properties.
- (c) No authorization, consent or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery or performance by Guarantor of this Guaranty.
- (d) This Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with the terms hereof except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, liquidation, moratorium or similar laws affecting creditors' rights generally and by the application of general equitable principles which may limit the availability of certain remedies.
- (e) There is no action, suit or other proceeding, at law or in equity, before or by any court or governmental authority, pending or, to Guarantor's knowledge, threatened against Guarantor which has a likelihood of an unfavorable decision,

ruling or finding that would materially and adversely affect the validity or enforceability of this Guaranty.

9. **Governing Law.** This Guaranty shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts without reference to the laws of Massachusetts regarding the conflict of laws. Any suit on this Guaranty or for any breach of this Guaranty shall be brought and prosecuted by Beneficiary, its successors or assigns, in the U.S. federal district court for Massachusetts, or any other proper venue selected by Beneficiary, and, to the extent permitted by applicable law, Guarantor waives any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding and irrevocably submits to the jurisdiction of any such court in any such suit, action or proceeding. Guarantor and Beneficiary each waive its right to demand trial by jury, and agree that any litigation shall be decided by a judge sitting without a jury. Guarantor irrevocably consents to service of process in the manner provided as to notices in Section 13. Nothing in this Guaranty will affect the right of any party to serve process in any other manner permitted by law.

10. **Reinstatement.** The obligations of Guarantor hereunder shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of SRD in respect of the Obligations is rescinded or must be otherwise repaid or restored to SRD, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

11. **Subrogation.** Until the Obligations have been paid and performed in full, Guarantor shall have no right of subrogation and waives all of its rights at law or in equity (including, without limitation, any law subrogating Guarantor to the rights of Beneficiary to seek contribution, indemnification, or any other form of reimbursement from or enforce any remedy which Guarantor now has or may hereafter have against SRD or any other person primarily or secondarily liable for any of the Obligations).

12. **Remedies.** This Guaranty may be enforced as to one or more breaches either separately or cumulatively. The remedies herein are cumulative and are not exclusive of any remedies provided by law. The obligations of Guarantor to make any payment or to perform and discharge any other duties, agreements, covenants, undertakings or obligations hereunder shall (a) to the extent permitted by applicable law, constitute separate and independent obligations of Guarantor from its other obligations under this Guaranty, (b) give rise to separate and independent causes of action against Guarantor, and (c) apply irrespective of any indulgence granted from time to time by the Town. In the event Guarantor fails to pay or perform any of its obligations hereunder, including the failure to make payment when due, Beneficiary may avail itself of all available remedies, in law or at equity, to enforce its rights hereunder. The prevailing party in any legal proceeding to enforce this Guaranty shall be entitled to recover from the non-prevailing party all legal expenses incurred in connection with such enforcement proceeding, including reasonable attorneys' fees and costs.

13. **Notices.** All notices and demands under this Guaranty shall be made in writing by certified mail (return receipt requested), facsimile (with confirmation by one of the other means described herein received within two Business Days of receipt of such facsimile), or by recognized overnight courier, in the manner specified in this Section 13. All such notices and

demands shall be deemed effective (i) if mailed, seven (7) Business Days after being properly deposited in the mail; (ii) if delivered personally, when actually delivered; (iii) if sent by courier, on the second Business Day after the date sent; and (iv) if sent by facsimile, on the Business Day following the date of transmission. Each such notice and demand shall be addressed as follows:

If to Town: Town of Southbridge Town Council
41 Elm Street
Southbridge, Massachusetts 01550
Attn: Chairman

with a copy to:

John W. Giorgio, Esq.
Kopelman and Paige, P.C.
101 Arch Street
Boston, MA 02110

If to Guarantor:

or at such other address as Beneficiary and Guarantor may from time to time designate in writing to each other in accordance with the provisions of this Guaranty.

14. **No Waiver; Amendments.** Subject to applicable statutes of limitations, no failure on the part of Beneficiary or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power, or remedy hereunder shall operate as a waiver thereof or a release of Guarantor from any obligations hereunder; nor shall any single or partial exercise by Beneficiary or any of its agents of any right, power, or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or remedy. No amendment of this Guaranty shall be effective unless the same shall be in writing and signed by Guarantor and Beneficiary. No waiver of any provision of this Guaranty shall be effective unless signed by Beneficiary.

15. **Consolidation, Merger, Sale or Transfer.**

- (a) Guarantor covenants that during the term of this Guaranty, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, unless the successor is (i) Guarantor and (ii) has a net worth of at least Thirty Million Dollars (\$30,000,000.00).

- (b) Notwithstanding the provisions of subparagraph (a) above, Guarantor may consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise transfer to another entity all or substantially all of its assets as an entirety and thereafter dissolve if the successor entity (if other than Guarantor) (i) assumes in writing all the obligations of the Guarantor hereunder and, if required by law, is duly qualified to do business in the Commonwealth of Massachusetts, (ii) delivers to the Town an opinion of counsel to the effect that its obligations under this Guaranty are legal, valid, binding and enforceable subject to applicable bankruptcy and similar insolvency or moratorium laws, and (iii) has a net worth of at least Thirty Million Dollars (\$30,000,000.00).

16. **Continuance of Obligations.** If a consolidation, merger or sale or other transfer is made as permitted by Section 15, the provisions of Section 15 shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made thereafter except in compliance with the provisions of Section 15 herein. No assignment, consolidation, merger or sale or other transfer shall have the effect of releasing the initial Guarantor from its liability hereunder unless a successor entity has assumed responsibility for this Guaranty as provided in Section 6 or 15 herein, and such Guarantor has a net worth of at least Thirty Million Dollars (\$30,000,000.00).

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officers as of the date first above written.

CASELLA WASTE SYSTEMS, INC.

By: _____
Name:
Title:

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