

July 29, 2009

Susan Young, Director
Division of Solid Waste and Recycling
City of Minneapolis
City of Lakes Building – Room 210
309 2nd Avenue South
Minneapolis, MN 55401

**RE: ALLIED WASTE'S REVISED PROPOSAL FOR EXTENSION OF
RECYCLABLE MATERIAL PROCESSING AGREEMENT**

Dear Ms. Young,

Thank you for taking the time to meet with us on July 17, 2009 at your office. It was a productive meeting and we appreciate you bringing your concerns regarding our proposal for recyclables processing. We understand your desire for changes to the proposal we had provided. We've taken the conversation seriously and to the extent that we can we'll respond to the requests you made. Let me outline the changes we can make to the original proposal.

Allied Waste will change the structure of our previous proposal by moving the market indicators for old newspaper (ONP) and old magazines (OMG) from OBM #6 to OBM #8. At the same time we'll change the market indicator for residential mixed paper (RMP) and old telephone directories (OTD) from OBM #6 to OBM #1. Our processing fee on aluminum, steel and plastics will move to fifty-five (\$55) dollars per ton versus the \$60 we had originally proposed.

Unfortunately we are not able to provide the City of Minneapolis with any minimum guarantee of recycling rebate per month rather we need to let everything be driven by the commodity market conditions. In this current market dilemma we've learned that markets will not necessarily honor contractual floor pricing leaving the processor obligated to floor pricing in their contracts with nothing to support that financial commitment. Although Allied Waste honored the contract with Minneapolis completely we've learned that floor pricing can leave a processor in a very difficult position. It is for these reasons that our company will no longer allow us to include floor pricing in our recyclables processing contracts.

As previously communicated, we are always willing to entertain recycling pilot studies collectively with the City of Minneapolis to help the City explore other options for its recycling program. With constantly changing commodity market and economic conditions, it might make sense for the City of Minneapolis to evaluate alternative collection methods.

You should also note that we've enclosed a check for the recyclable materials delivered during the month of June 2009.

We hope the enclosed offer will meet with your approval and that you will recommend a two year extension to the Minneapolis City Council. We also hope that the economy will recover and that markets will rebound to the pricing enjoyed prior to this global economic collapse. Please feel free to contact us with any questions or concerns. Thank you Susan for all the time and consideration you've put toward these discussions.

Sincerely,

Bryan Zimmerman
Area President