Appendix D

Community Agreements

1. Circuit Court Civil Action No 186857 "Stipulated Order of Dismissal IN THE CASE OF Municipal Solid Waste Landfill Montgomery County Site Two.

2. "Agreement of Settlement and Compromise" dated April 19, 1996 by and between the Sugarloaf Citizens Association, Inc. and Montgomery County[*].

3. "First Amendment to Agreement of Settlement and Compromise" dated April 19, 1996 by and between the Sugarloaf Citizens Association, Inc and Montgomery County.

[*] This agreement and its first amendment are cited in this Plan and reproduced here for information only, and do not constitute incorporation in this Plan. Provision for amendment of the agreement is provided for in the agreement and does not require amendment of this Plan.

IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY

PETITION OF:	*	
	*	
Joyce M. Bagley, et al.	*	
	*	
FOR JUDICIAL REVIEW OF THE DECISION OF THE	*	CIVIL
	*	ACTION
Department of the Environment	*	No. 186857
	*	
IN THE CASE OF	*	
	*	
Municipal Solid Waste Landfill	*	
Montgomery County Site Two	*	
Final Determination Re Permit No. 1995-WSF-0237-0	*	
Denial of Request for Contested Case Hearing	*	

* *

Stipulated Order for Dismissal

The Court has before it a Joint Stipulation for Order of Dismissal, filed by all parties to this matter. The Court finds and declares that:

1. With the filing of this case, Petitioners Joyce M. Bagley, et al. timely invoked this Court's jurisdiction to review an administrative decision of the Maryland Department of the Environment (MDE) to issue to Montgomery County Permit No. 1995-WSF-0237-0, authorizing construction of a sanitary landfill in northern Montgomery County at a location known as "Site 2".

2. Prior to issuance of the subject permit by MDE, the County secured certain contractual rights to utilize out-of-county landfill capacity, and therefore has put off indefinitely the start of construction of a sanitary landfill at Site 2.

3. By a Letter of Understanding dated April 8, 1998, a copy of which has been filed in this case, Petitioners, MDE and the County agreed that it would best serve the public interest if further prosecution of this case were stayed until such time as the County stated its intent to construct a sanitary landfill at Site 2. Accepting those

premises, this Court has issued several prior orders, continuing this case on the Court's docket but staying any further proceedings.

4. The parties now jointly represent to this Court that the County's use of out-of-county landfill capacity, in lieu of constructing the Site 2 facility, has proven so successful that it is unlikely that construction of a sanitary landfill at Site 2 will occur before the 2012 expiration of the County's contract for out-of-county landfill services. Further, the County enjoys renewal rights under the contract, which likely will prolong the County's use of out-of-county capacity in lieu of constructing the Site 2 landfill until 2017.

5. The public interest, as well as this Court's interests in the efficient management of its time and resources, would best be served if prosecution of any appeal of MDE's Permit No. 1995-WSF-0237-0 were put off until such time as the intended landfill construction again becomes a reality. However, continued maintenance of this case on the Court's docket for a period of years extending to and beyond the year 2012 is not in the best interests of the parties, the public, or of this Court.

6. Petitioners, having timely invoked this Court's jurisdiction when the subject permit originally was issued by MDE, or the County, should not have to forego any right of judicial review, as to any and all issues that may have inhered in the original administrative action.

7. This Court, in the interests of justice, protecting the rights of all parties to this case, and providing for efficient management of judicial resources and the Court's docket, has authority to issue an Order appropriate to preserving and advancing all such interests.

WHEREFORE, it is this 15th day of October, 2002.

ORDERED, that the agreement between Petitioners, MDE and Montgomery County, styled as a "Letter of Understanding" dated April 8, 1998, is incorporated as part of this Order of Dismissal; and it is further

ORDERED, that the parties shall be bound by and shall abide by the terms of the April 8, 1998 Letter of Understanding; and it is further,

ORDERED, that if and when the County provides notice under said agreement of its intent to initiate construction of a sanitary landfill at Site 2, Petitioners shall have 30 days leave (from the date of the County's notice) to file anew an appropriate action for judicial review of MDE Permit No. 1995-WSF-0237-0, and include any issues inhering in MDE's original issuance to the County of said permit and any issues arising in any subsequent renewals of said permit by MDE ; and it is further,

ORDERED, that this Court shall exercise jurisdiction over any such action for judicial review that may be filed by Petitioners, or any one of them, pursuant to the terms of this Stipulated Order of Dismissal; and it is further.

ORDERED, that in any such action subsequently filed by Petitioners, the County may file a subsequent petition, under Maryland Rule 7-203(b), and MDE and the County may raise any issues or defenses that they might have raised in the present case or that subsequently arise; and it is further,

ORDERED, that the clerk shall note on the docket dismissal of this case pursuant to the provisions of this Stipulated Order of Dismissal.

DeLawrence Beard, Chief Judge

LETTER OF UNDERSTANDING

This letter of understanding is executed as of this 8th day of ~~March~~ April 1998.

On August 6, 1997, a meeting was held to discuss the status of the refuse disposal permit for the Site 2 Landfill in Dickerson, Maryland. Represented at that meeting were Sugarloaf Citizens Association, Inc. by its President, Jane Hunter (Sugarloaf, although not a party to the below-described proceedings, was purporting to represent the individual Protestants to the issuance of a refuse disposal permit for Site 2), Montgomery County, Maryland by its County Executive, Douglas M. Duncan, County Councilmembers Nancy Dacek and Isiah Leggett, and the Maryland Department of the Environment by its Secretary, Jane Nishida, along with Richard Collins and Anthony Gorski. Also in attendance were Senator Jean Roesser, Delegate Jean Cryor, Ben Bialek, Director, Office of Intergovernmental Relations and Robert Merryman, Deputy Director, Department of Public Works and Transportation.

BACKGROUND

Each County is required to have a comprehensive ten-year plan that provides and plans for its solid waste needs. Montgomery County's Comprehensive Solid Waste Management Plan provides for an integrated solid waste management system. The system includes, for its disposal component, designation of the Site 2 Landfill in Dickerson, Maryland. Pursuant to the County's Plan, the County has acquired the land for the Site 2 Landfill and was actively pursuing a refuse disposal permit for the proposed landfill. Subsequent to the permit application, the County executed a contract for the disposal of ash residue from the Montgomery County Resource Recovery Facility, bypass waste, nonprocessible waste and asbestos-contaminated material at an out-of-county location. Out-of-county disposal of such material commenced on October 18, 1997.

Even though the County will be sending materials requiring landfilling out-of-county, the County needs to have a backup facility designated in the event out-of-county disposal is no longer available or cost effective. The County must posture itself to be able to respond quickly to circumstances that may be presented in the future. For that reason, and to protect resources invested to date, the County does not intend to withdraw its application to obtain a refuse disposal permit for the Site 2 Landfill.

The Maryland Department of the Environment (MDE) had tentatively determined that Refuse Disposal Permit No. 1990-WSF-0237-0 would be issued for the Site 2 Landfill. Following that determination, an appeal requesting a contested case hearing was noted to the MDE by Lawrence L. and Susan Quier, Lori M. and Steven E. Nockett, Joyce M. Bagley and Aubrey J. Shauver, Ralph Howell, Samuel Belcher, Martha E. and Wesley M. Yates, John R. Yates, Jr., Wayne and Jane Dodson and Sam and Hisel Beach. To date, the MDE has not issued a determination as to whether a contested case hearing on the refuse disposal permit will be granted.

In the event that the MDE determines that a contested case hearing on the permit would be appropriate, the County desires to minimize the expenditure of funds and to reduce duplication due to future regulatory changes that may occur during the interim between final issuance of the refuse disposal permit and any need in the future to use the Site 2 Landfill. Therefore, the County desires, following a determination by the MDE on whether a contested case proceeding would be appropriate, to stay any such hearing and further action and proceedings related to the issuance of the refuse disposal permit for the Site 2 Landfill. The County understands as represented by Sugarloaf, that the individual Protestants also desire a stay of any such hearing and further action and proceedings related to the issuance of the refuse disposal permit.

AGREEMENT

To determine the current status of the individual Protestants who requested a contested case hearing on the issuance of the refuse disposal permit for the Site 2 Landfill and to establish a specific suspension point in the process of issuance of the permit, the County proposes that the Maryland Department of the Environment respond to the June 28, 1996, request by the above-referenced citizens for a contested case hearing. Depending upon MDE response, the parties would proceed under one of two scenarios.

If MDE grants the hearing request, the County will join the citizens in asking the Office of Administrative Hearings to stay the Hearing until such time that the County notifies MDE that it no longer desires to stay action on the permit and intends to proceed with completion of the refuse disposal permit process for the Site 2 Landfill. At such time as the County indicates that it is proceeding with the permit process, the stay of the contested case hearing would be lifted and scheduled in accordance with Office of Administrative Hearing and MDE procedures.

If the Maryland Department of the Environment denies the hearing request, the Refuse Disposal Permit will be issued to the County. The County has postponed, indefinitely, construction and operation of the landfill. If the citizens seek further relief from MDE's decision to deny the hearing request, the County will join the citizens in requesting that the action be stayed until the County determines that it should proceed with construction of the landfill. Once the County determines it desires to proceed with construction of the Site 2 Landfill, it will notify the Maryland Department of the Environment and those citizens who requested a contested case hearing regarding the refuse disposal permit, of this determination.

The parties agree that, under either scenario, it would be in everyone's interest to conduct further proceedings in an orderly and timely manner, should they become necessary. Accordingly, the County agrees to notify the Maryland Department of the Environment and the citizens promptly of any change in circumstances that may lead to a determination that construction of the landfill should proceed. Under either scenario, the County agrees to give notice of its desire to proceed at least one year in advance of the anticipated construction start date.

By execution of this agreement, the parties do not concede or waive any legal issues or rights, including the right to seek further relief, or the right to challenge the appropriateness of such relief, from the MDE's decision on the request for a contested case hearing.

This agreement becomes void on August 1, 1998, unless the Montgomery County Council approves an amendment to the Montgomery County Solid Waste Management Plan making the Plan consistent with this agreement and transmits the amendment to the Maryland Department of the Environment.

The undersigned parties indicate their agreement with the foregoing by executing this Letter of Understanding as indicated below.

Douglas M. Duncan County Executive Montgomery County, Md.	Jane T. Nishida, Secretary Maryland Department of the Environment	Jane S. Hunter, President Sugarloaf Citizens Association, Inc.

Thomas A. Deming 3/19/98

Thomas A. Deming
Counsel for the Individual Protestants
in Request for Contested Case Hearing
filed June 28, 1996

AGREEMENT OF SETTLEMENT AND COMPROMISE

THIS AGREEMENT OF SETTLEMENT AND COMPROMISE is made this 19th day of April, 1996, by and between SUGARLOAF CITIZENS ASSOCIATION, INC. and MONTGOMERY COUNTY, MARYLAND.

Explanatory Statement

On or about January, 1981, the parties hereto, as well as others, entered into a written document entitled "Stipulation", governing certain substantive and procedural matters relating to certain real property formerly known as the "Matthews Farm", located near Dickerson, Maryland, and more particularly described below. On or about May 10, 1994, Sugarloaf instituted litigation in the Circuit Court for Montgomery County, Maryland against the County by filing a six count Complaint alleging that certain acts and omissions by the County constituted a breach of the Stipulation. Count VI of Sugarloaf's Complaint was dismissed by the Court. In addition, a motion of the County, regarding a discovery request by Sugarloaf was denied in part by the Court, and an appeal to the Maryland Court of Special Appeals by the County is pending.

During the course of the Litigation intended to enforce the Stipulation for alleged breaches, the County has maintained that the Stipulation is unenforceable as an unlawful restriction upon its exercise of the police powers of the County. This agreement is intended to serve as a full and final settlement between the

parties with regard to all matters of the foregoing disputes, and the property interests to be created and conveyed to Sugarloaf as set forth in this Agreement are intended to insure the enforceability of the promises and covenants of the County notwithstanding any questions surrounding the enforceability of the Stipulation.

Pursuant to Section 20-2 of the Montgomery County Code (1994), as amended, the County Attorney and the County Executive have determined that it is advisable and proper to enter into this agreement to settle the Litigation, such settlement to include the conveyance by the County of approximately 90 acres of farmland located east of Martinsburg Road in fee simple to Sugarloaf by deed, subject to a possibility of reverter and certain covenants, and a lease agreement with Sugarloaf for another portion of the Matthews Farm property containing approximately 68 acres.

The property to be conveyed to Sugarloaf previously was declared surplus to the needs of the County on February 25, 1986 by Executive Order 13-86, in accordance with former Montgomery County Executive Regulation 110-84. Prior to being declared surplus, that same property had been submitted for Preliminary and Secondary Review by appropriate County Agencies and a public hearing had been held on September 26, 1984 concerning whether those properties should be declared surplus to the County's needs.

The remaining procedures for the disposition of the property as set forth in Montgomery County Executive Regulation 67-91AM have been completed. Additionally, the conveyance of these properties

to Sugarloaf has been advertised in accordance with the Section 5 of Article 25A of the Annotated Code of Maryland.

WITNESSETH

FOR AND IN CONSIDERATION of the mutual promises, covenants, obligations and conditions contained herein, the parties hereby agree as follows:

1. DEFINITIONS.

As used herein, the following terms shall have the meanings indicated.

A. The Appeal: That action captioned as Montgomery County, Maryland v. Sugarloaf Citizens Association, Inc.; in the Court of Special Appeals of Maryland, No. 730, September Term, 1995.

B. County: Montgomery County, Maryland.

C. Dairy Barn: The existing Dairy Barn and attached structures located on the Matthews Farm as more particularly shown on Exhibit 3.

D. Eastern Field: That area of the Matthews Farm currently devoted to active agricultural use located east of Martinsburg Road comprising approximately 90 acres, as more particularly shown as Parcel C in Exhibit 5.

E. Existing Methods of Operations: Facility Operations as presently existing more particularly described in Exhibit 6.

F. Existing Methods and Modes of Transportation: Transportation of materials to and from the facility as presently conducted more particularly described in Exhibit 7.

G. Facility: The area of the Matthews Farm devoted to the Montgomery County Compost Facility including immediately adjacent properties contained within the boundaries of the existing chain link fence, which includes Parcel A and part of Parcel 412 as shown on Exhibits 2 and 5.

H. Facility Operations: The receipt, composting, windrowing, turning, drying, screening and shipping of Yard Waste and the bulk Yard Waste compost product.

I. Fiscal Year: July 1 to June 30 of the following year.

J. Impervious Surface: Any man made surface or structure which interrupts the natural percolation of rainwater through the surface of soil, including, by example and not limitation, buildings, mobile structures, roads, and asphaltic or concrete paving.

K. Linden Park: That area of the Matthews Farm more particularly shown on Exhibit 3.

L. The Litigation: That action captioned as Sugarloaf Citizens Association, Inc. v. Montgomery County, Maryland; in the Circuit Court for Montgomery County, Maryland, Civil No. 119356.

M. Matthews Farm: All of that real property and improvements thereon as shown as Parcels A, B, C, D and 412 as shown on Exhibit 5.

N. Pilot Program: An experimental program at the facility, not to exceed one year in duration, designed to increase the efficiency and/or environmental soundness of the processing of Yard Waste at the Facility.

O. Poplar Grove: That area of the Matthews Farm more particularly shown as part of Parcel B on Exhibit 3.

P. Southern Field: That area of the Matthews Farm located northeast of the intersection of Martinsburg and Wasche Roads and immediately south of the Facility, as more particularly shown as part of Parcel B on Exhibit 3.

Q. Stipulation: That written agreement dated January, 1981 between Sugarloaf, the County, the Maryland Environmental Service, the Washington Suburban Sanitary Commission and the Department of Health and Mental Hygiene, attached hereto as Exhibit 1.

R. Stone House: The existing single family residence and area immediately appurtenant thereto located on the Matthews Farm as shown more particularly as the large part of Parcel 412 on Exhibit 5.

S. Sugarloaf: Sugarloaf Citizens Association, Inc.

T. Yard Waste: Leaves, grass and chipped brush generated in Montgomery County, Maryland.

U. Yard Waste System: The system employed by the County in dealing with Yard Waste generated in the County, including source reduction programs, collection, transportation, handling, processing, and distribution of products generated thereby.

2. NON-MERGER.

This agreement shall be considered in furtherance of, and as a supplement to, the Stipulation. The Stipulation shall survive the execution of this document and shall not be merged herein. Further, this agreement and the Stipulation shall survive execution

and delivery of the lease and conveyance of property as set forth herein and shall not be merged therein.

3. THE LITIGATION.

A. Promptly after execution of this document by the parties, counsel for Sugarloaf and counsel for the County shall execute and file in the Litigation a Stipulation of dismissal in the same form and content as set forth in Exhibit 10, dismissing Count III of the Complaint in the Litigation.

B. Promptly after execution of this document by the parties, counsel for Sugarloaf and counsel for the County shall submit a consent order with regard to Counts I, II, IV and V of the Litigation in the form and content as set forth in Exhibit 11 and request that the same be entered in the Litigation.

C. Sugarloaf shall not seek appellate review of the dismissal by the Circuit Court of Count VI of its Complaint.

4. THE APPEAL.

Promptly after execution of this document by the parties, counsel for the County shall dismiss the Appeal.

5. ATTORNEY'S FEES.

The County shall reimburse Sugarloaf for all attorney's fees and expenses incurred in connection with the dispute which is the subject of the Litigation, the Litigation itself, and the negotiation and drafting of this agreement through and including the date of execution this agreement. Sugarloaf shall provide to the County a summary sheet of attorney's fees and expenses incurred for each month as well as a total thereof, and upon receipt and

approval thereof by the County, payment shall be made to Sugarloaf within sixty (60) days.

6. THE FACILITY.

A. The County may continue to operate the Facility as a Yard Waste composting facility in its current configuration as more particularly shown as Parcel A on Exhibit 2.

B. So long as the County abides by the obligations, terms, covenants and conditions of this document, the Stipulation and Exhibit 13 and operates the Facility as a Yard Waste composting Facility in accordance with all applicable laws and regulations, Sugarloaf will not seek to enjoin or curtail operations of the Facility in its current configuration through any administrative or judicial means.

C. The County shall limit the total amount of materials handled and processed at the Facility to a maximum of seventy-seven thousand (77,000) tons per Fiscal Year. Notwithstanding the foregoing, the County may exceed the seventy-seven thousand (77,000) ton limitation aforesaid if excessive tonnage is attributable solely to a Pilot Program and the prior written consent of Sugarloaf for the Pilot Program is first obtained pursuant to Paragraphs 7.A and 7.B. hereof.

D. The County shall not increase the area of Impervious Surfaces of the Facility in the future beyond those existing Impervious Surfaces shown on Exhibit 2.

E. The County shall not construct or place upon the Facility any buildings in addition to those currently existing as shown on

Exhibit 2, nor shall the County enlarge or expand any existing building.

F. Nothing herein contained shall be construed to restrict repairs, maintenance, reconstruction or replacement of existing buildings and Impervious Surfaces by the County.

G. The County shall restrict the operating hours of the Facility, including receipt or disbursement of materials, to 7:00 a.m. to 4:30 p.m. Monday through Friday for the period of December 24 through the following October 31 and, for the period of November 1 through December 23, 7:00 a.m. to 5:00 p.m. Monday through Saturday.

H. The County shall maintain the storm water management ponds of the Facility in accordance with applicable regulatory standards, including periodic testing for contaminants and cleaning as needed.

I. The County shall restrict Facility Operations to the existing asphaltic pad area and buildings as shown in Exhibit 2.

J. The County shall endeavor to improve the method of mixing Yard Waste at the Facility in an effort to continue to reduce odors which may emanate from the Facility.

K. The County shall continue to encourage source reduction of Yard Waste.

L. Any (i) change in the Methods or Modes of Transportation; (ii) change in the Methods of Operations, such as significant changes in the mixing of materials, the addition of new material, the use of new types of machinery, changes in the storm water management system, significant changes in screening procedures, or

any change which is likely to cause noise, odor or traffic impacts to the community or adversely affect ground or surface waters; or (iii) the institution of any Pilot Program, shall be subject to the prior review process as set forth in Section 7 hereof.

7. PRIOR REVIEW.

A. In the event the County desires to implement a change pursuant to Paragraph 6.L. hereof, or institute a Pilot Program, the County will notify Sugarloaf in writing and not less than (15) nor more than thirty (30) days thereafter meet with representatives of Sugarloaf in order to review the proposed changes.

B. In the event Sugarloaf approves of such change or Pilot Program in writing within thirty (30) days following the meeting held pursuant to Paragraph A hereof, the County may thereafter institute said changes or Pilot Program.

C. In the event the prior written approval of Sugarloaf is not received by the County on or before the 30th day following said meeting for any change other than a Pilot Program which would increase the tonnage of materials handled above the maximum imposed by Paragraph 6.C. hereof, and the County still wishes to pursue said change, the County thereafter shall schedule and advertise a public hearing to be held in the locale of the community no less than forty-five (45) nor more than ninety (90) days thereafter.

D. At least thirty (30) days prior to the date of the public hearing, the County shall make available, at no charge to the public, copies of all materials to be relied upon by the County at the hearing.

E. The County shall not institute any such change until after a decision is rendered by the presiding officer of the public hearing.

F. The County shall not institute any Pilot Program which would increase the tonnage of materials handled above the maximum imposed by Paragraph 6.C. hereof without the prior written consent of Sugarloaf.

G. Nothing herein contained shall be construed to prevent the County from holding a public hearing on any proposed changes notwithstanding the receipt of the written approval of Sugarloaf.

8. CONTINUED COMMUNICATIONS.

A. The parties hereto recognize and appreciate the fact that continued communications regarding the Facility and its operations are essential to diminishing the possibility of future misunderstandings or disputes between the parties.

B. At least twice yearly, in March and September, representatives of Sugarloaf and the County shall meet to discuss operations of the Facility and other matters related to the Yard Waste System as appropriate.

C. At the September meeting between the parties, the County shall provide a written report covering the immediately preceding completed Fiscal Year detailing Yard Waste System operations and Facility Operations including tonnages, composition of Yard Waste received, results of any Pilot Program, storm water management pond conditions, any injuries and deaths associated with Facility Operations, status and success of source reduction programs, and

financial data relating to operations of the Yard Waste System, including costs by category for each component of the Yard Waste System and revenues received.

9. TRAFFIC SAFETY.

A. The County shall apply to the Maryland State Highway Administration for permission to construct and operate a traffic control signal at the intersection of Maryland Route 28 and Martinsburg Road.

B. The traffic control signal shall be sensor controlled.

C. The traffic control signal shall be fully operational during times of peak traffic and in a flashing mode during off peak times, to be determined by the County as necessary.

D. Sugarloaf expressly recognizes that installation and operation of the traffic control signal is contingent upon the County securing prior approval therefor from the Maryland State Highway Administration.

E. The County shall exercise its best efforts in an attempt to secure approval from the Maryland State Highway Administration for the installation and operation of the traffic control signal.

F. Sugarloaf will support the County's request to the Maryland State Highway Administration for permission to install and operate the traffic control signal.

10. MATTHEWS FARM STRUCTURES.

A. On or before January 1, 1997, the County shall demolish and/or remove and/or restore all existing buildings and structures

on the Matthews Farm outside of the Facility, with the exception of the Stone House and Dairy Barn.

B. On or before January 1, 1998, the County shall complete restoration of the Stone House and areas immediately appurtenant thereto, such as yard and driveway, in such a fashion as to render the Stone House fit for habitation as a single-family residence in accordance with all applicable housing, health and fire safety standards.

C. On or before January 1, 1998, the County shall repair and restore the Dairy Barn, including the remodeling of the interior of the same for use as offices and meeting rooms in accordance with all applicable housing, health and fire safety standards.

D. The interior remodeling of the Dairy Barn shall include the installation of water and septic services, restrooms, lights, HVAC, electric and not less than (2) phone lines.

E. On or before January 1, 1998, the County shall provide equipment and furnishings for the Dairy Barn for the use of Sugarloaf for at least one office and a conference room, as set forth in Exhibit 8.

F. On or before January 1, 1998, the County shall install a driveway and parking facility sufficient to serve the Dairy Barn as remodeled for the contemplated use, including necessary site work and exterior improvements for handicapped access.

G. In developing the plans for the remodeling of the Dairy Barn, the County shall solicit the input of Sugarloaf.

H. The parties recognize that any modification, change or alteration to the exterior features of the Dairy Barn and the areas immediately appurtenant thereto, as well as any substantial modification, change or alteration of the environmental setting of the Dairy Barn, will require an Historic Work Permit granted by the Historic Preservation Commission of Montgomery County (HPC), and the County's obligations to perform such modifications, changes or alterations to the exterior of the Dairy Barn or its environmental setting as set forth in Paragraphs 10.C. and 10.F. hereof are conditioned upon receiving an Historic Area Work Permit from the HPC. Montgomery County will endeavor to use its best efforts to secure all necessary permits and approvals, and Sugarloaf will support the County's request to the Commission.

11. OTHER SITE IMPROVEMENTS.

A. On or before January 1, 1998, the County shall cause to be installed landscaping in that area between the Dairy Barn and the Facility, as more particularly shown in Exhibit 9, consisting of the planting of mixed deciduous and conifer trees with a minimum caliper size of two inches in accordance with a landscape plan to be prepared by the County in consultation with Sugarloaf. Thereafter, the County shall maintain the landscaped area as necessary. Sugarloaf expressly recognizes that a portion of the aforesaid area may be required to serve as a septic field for the Dairy Barn, depending upon the outcome of water table and percolation tests, which may require future alteration, relocation, or, in the event alteration or relocation is not feasible,

elimination of a portion of the landscaping proposed in the landscape plan.

B. On or before January 1, 1998, the County shall remove dead and diseased trees, thin out existing trees as necessary and plant native plantings to supplement existing growth in Linden Park.

C. On or before January 1, 1998, the County shall remove dead and diseased trees, thin out existing trees as necessary and plant native plantings to supplement existing growth in the Poplar Grove.

D. The County shall continue to maintain and repair, as necessary, the stone fences located on the Matthews Farm as designated as a historic resource by the Montgomery County Historic Preservation Commission.

E. On or before January 1, 1998, the County shall develop and prepare, in consultation with Sugarloaf, a comprehensive management and maintenance plan for all areas of the Matthews Farm other than those areas actively devoted to agricultural use and the Facility.

12. APPROPRIATED FUNDS.

The County Council has appropriated the sum of Nine Hundred Twenty-five Thousand Dollars ($925,000.00), hereinafter in this paragraph 12. referred to as the "Budgeted Amount", for the purpose of funding those obligations of the County set forth in Paragraphs 5., 9., 10. and 11. of this Agreement, hereinafter in this Paragraph 12. referred to as the "Projects". The parties shall cooperate in the planning of the Projects in order to strive to insure that all of the Projects are completed within the Budgeted Amount. In the event the Projects are not completed at the time

the Budgeted Amount has been exhausted, the County's continuing obligation to complete the Projects is contingent upon the additional appropriation of funds. The parties further agree:

A. The County will exercise due diligence in the selection of materials, methods and contractors so as to strive to complete the Projects within the Budgeted Amount.

B. Sugarloaf shall have the right, in its sole discretion, to prioritize the expenditure of funds among the Projects and among the various phases of the individual Projects.

C. Before each contract is let for goods and/or services related to the Projects and before each expenditure of funds for the Projects by the County, Sugarloaf shall have the right, in its sole discretion, to select substitute materials or methods which would result in a cost savings, so long as all applicable codes and regulations are met, including by way of example and not limitation, health, fire safety, and building standards. The County may reject any substitute materials or methods selected by Sugarloaf and employ the more expensive materials or methods so long as the additional cost attributable to the more expensive methods or materials is not charged against the Budgeted Amount.

D. In the event the Projects are not completed at the time the Budgeted Amount has been exhausted, the Executive Branch of the County shall request additional appropriations from the County Council necessary to complete the projects. Nothing contained herein shall be construed as an agreement by the County that additional funds will be appropriated.

13. LEASE.

A. On or before January 1, 1997, the County shall enter into a lease agreement with Sugarloaf for the entirety of the Matthews Farm with the exception of the Facility, the access road thereto and the Eastern Field, under terms and conditions as more particularly set forth in the lease agreement attached hereto as Exhibit 12.

B. The parties agree that the property to be leased has been declared Surplus Property of the County in accordance with Montgomery County Executive Regulation 110-84 and, therefore, an additional administrative determination pursuant to Montgomery County Executive Regulation 67-91AM of May 28, 1992 of the surplus nature of the property is not required.

C. Sugarloaf expressly recognizes that all of the Matthews Farm located to the west of Martinsburg Road serves as a noise attenuation area for the County's Resource Recovery Facility (RRF) located west of the Matthews Farm. While Sugarloaf does not believe that the use of the Matthews Farm as a noise attenuation area as described above is proper, appropriate or legal under the applicable noise ordinance standards, it nevertheless expressly agrees that it shall not challenge or oppose the use of that portion of the Matthews Farm to the west of Martinsburg Road as a noise attenuation for the RRF based upon Sugarloaf's use or possession of the leased premises. The parties do not believe that the existence of the leasehold interest to be created in the property has any bearing on the County's continued utilization of

portions of the Matthews Farm as a noise attenuation area for the RRF. However, in the event of a challenge to its continued use as a noise attenuation area because of the existence of the leasehold interest, the County will not oppose the intervention by Sugarloaf in any such administrative or judicial proceedings. In the event of a final judicial determination that, as a result of the leasehold interest to be created in the property, that portion of the Matthews Farm to the west of Martinsburg Road may not be utilized as a noise attenuation area for the RRF, the leasehold interest to be created shall automatically terminate sixty (60) days following said final judicial determination.

14. CONVEYANCE OF EASTERN FIELD.

A. On or before January 1, 1997, the County shall convey the Eastern Field in fee simple to Sugarloaf by deed as set forth in Exhibit 13 attached hereto, subject to a possibility of reverter and certain covenants, and simultaneously imposing certain covenants on the remainder of the Matthews Farm in favor of Sugarloaf, all as more particularly set forth in said deed.

B. The parties agree that the property to be conveyed has been declared Surplus Property of the County in accordance with Montgomery County Executive Regulation 110-84 and, therefore, an additional administrative determination pursuant to Montgomery County Executive Regulation 67-91AM of May 28, 1992 of the surplus nature of the property is not required.

15. WAIVER OF PROPERTY INTEREST TO ESTABLISH STANDING.

Sugarloaf hereby agrees that it will not rely on its interests in real property created by this Agreement, including but not limited to its leasehold interest as set forth in Paragraph 12 hereof nor its fee simple interest as set forth in Paragraph 13 hereof, to establish its standing to pursue either administrative or judicial remedies with regard to any solid waste facility of the County, either existing, proposed, or proposed in the future, other than judicial enforcement of this Agreement and the restrictive covenants governing the Facility and running in favor of Sugarloaf as set forth as Exhibit 13.

16. PARTIAL INVALIDITY.

In case any provision or any part of any provision contained in this Agreement of Settlement and Compromise shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remaining part of the affected provision of this agreement, but this agreement shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein but only to the extent it is invalid, illegal or unenforceable. In the event that any such provision may be construed so as to overcome any such potential invalidity, illegality or unenforceability, then a liberal interpretation shall be applied and the agreement shall be interpreted in such a manner as to reflect favorably on the validity, legality and enforceability of any such provision or any portion of such

provision, it being the express intention of the parties hereto to fully perform and honor the obligations contained herein and achieve the purposes sought hereby. And it is also the intention of both parties that in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added, as a part of this agreement, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

17. WAIVER.

No mention in this agreement of any specific right or remedy shall preclude either party from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled either at law or in equity. The failure of either party to insist on any occasion upon the strict performance of any covenant or agreement hereof shall not constitute a waiver of such covenant or agreement on that occasion or any subsequent occasion. The County specifically does not waive its police power or any authority to enact legislation or administer or enforce its legal rights and obligations.

18. NOTICE AND OPPORTUNITY TO CURE.

In the event that either party is in violation of any of the terms and conditions of this Agreement or neglects any of its respective obligations, the non-breaching party shall send written notice of such violation to the alleged breaching party. Should the alleged breaching party fail to correct any violation to the

reasonable satisfaction of the non-breaching party sixty (60) days from the receipt of such notice, then the non-breaching party shall have the right to immediately pursue all available legal remedies.

19. NOTICE.

Unless otherwise provided herein, whenever notice is to be given under the terms of this agreement, such notice shall be deemed to have been given three (3) United States Postal Service working days after enclosed in an envelope having the proper postage, addressed to the party, and deposited at the United States Post Office or mailbox. Any such notice shall be in the form of Certified Mail, Return Receipt Requested.

IF ADDRESSED TO THE COUNTY:

Montgomery County Executive
101 Monroe Street
Rockville, Maryland 20850

With a copy by First Class Mail to:
County Attorney for Montgomery County
Third Floor, 101 Monroe Street
Rockville, Maryland 20850

And

Montgomery County Department of Public Works & Transportation
Chief, Division of Solid Waste
101 Monroe Street
Rockville, Maryland 20850

IF ADDRESSED TO SUGARLOAF:

Sugarloaf Citizens Association, Inc.
Post Office Box 381
Barnesville, Maryland 20838

With a copy by First Class Mail to:
William J. Roberts, Esquire
Post Office Box 368
20,000 Fisher Avenue
Poolesville, Maryland 20837.

20. EXHIBITS.

The exhibits attached hereto, numbered 1 through 13, are an integral part of this agreement and are hereby incorporated by reference.

21. MISCELLANEOUS.

This agreement and exhibits represent the entire agreement between the parties hereto with respect to the subject matter hereof and shall not be amended, altered or modified except by a writing duly executed by each of the parties hereto. This agreement shall be binding upon the parties hereto and their respective successors and assigns. This agreement shall be governed and construed in accordance with the laws of the State of Maryland without regard to any presumption or other rule of law regarding construction thereof or construing the same against the party causing this agreement to be drafted. The recitals are, and form, a part of this agreement. Each party warrants to the other that it shall execute and deliver to the other such further instruments, documents and agreements in a form satisfactory to each party's counsel, and shall take such other action as may be reasonably necessary to more effectively carry out the terms, provisions and intent of this agreement.

22. FORCE MAJEURE.

Anything in this Agreement to the contrary notwithstanding, providing such cause is not due to the willful act or neglect of either party, neither party shall be deemed in default with respect to the performance of any of the terms, covenants and conditions

of this Agreement if the same shall be due to any strike, lockout, civil commotion, warlike operation, invasion, rebellion, hostilities, military or unsurged power, sabotage, government regulations or controls, inability to obtain any material, service or financing, through an act of God or other cause beyond the control of either party.

23. RELEASE.

In consideration of the Agreement reached herein, Sugarloaf hereby releases and discharges the County, and its successors, executors, assigns, legal representatives, agents, servants and employees, of and from any and all claims or obligations which in any way arise from the facts, circumstances, claims, allegations and occurrences, including but not limited to all pleadings, discovery and information contained therein, alleged in and/or giving rise to the Litigation.

IN WITNESS WHEREOF, the parties hereto, intending to be fully bound hereby for themselves, successors and assigns, and the undersigned warranting their authority to bind their respective principals, have hereunto set their hands and seals on the day and year first hereinabove written.

(Signatures follow on page 23.)

MONTGOMERY COUNTY, MARYLAND

By: _____ (SEAL)
DOUGLAS M. DUNCAN, County Executive

_____
Witness

SUGARLOAF CITIZENS ASSOCIATION, INC.

By: _____ (SEAL)
JANE S. HUNTER, President

_____
Witness

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

_____
CHARLES W. THOMPSON, JR.,
COUNTY ATTORNEY

STIPULATION

The undersigned parties agree and stipulate as follows:

I. Montgomery County, Maryland Environmental Service (MES), Washington Suburban Sanitary Commission (WSSC), and the Maryland Department of Health and Mental Hygiene (DHMH), agree that the sludge composting facility to be operated pursuant to DHMH Permit Number S-81-15-549-F ("the Dickerson Facility") shall be only an interim facility pursuant to the following terms and conditions:

A. The Permit

1. Permit Number S-81-15-549-F shall expire on January 1, 1984 and all composting activities at the site shall cease on that date except as set forth below.

2. Insofar as sludge composting facilities are expected to be fully operational at Site 2 by September 1, 1982 no sludge composting activities will take place at the Dickerson Facility thereafter unless either of the two following events occurs:

   a. Unforeseen difficulties at Site 2, beyond the control of the site operator, prevent the composting of Montgomery County's legally mandated sludge receipt quantities at Site 2; or

   b. Montgomery County's legally mandated sludge receipt quantities exceed the permitted composting capacity at Site 2, but if this occurs, Montgomery County and Washington Suburban Sanitary Commission will immediately develop and implement

a sludge management alternative, and use of Dickerson will last only until this alternative is in place and in no event later than January 1, 1984, except as provided in B below, "The Planning Process."

3. Any renewal, amendment or other permit for sludge management at the Dickerson Facility, PEPCO property or at any other site in the area of the Dickerson Facility, shall be: 1) treated as a newly filed permit by the DHMH subject to all legal requirements; 2) evaluated by DHMH without regard to the existence of the Dickerson Facility and 3) consistent with the planning process set forth below. This provision shall not apply to screening or spray irrigation at the Dickerson Facility which shall be treated as set forth below.

B. The Planning Process

1. As part of the 10 Year Planning Process of Art. 43, Sec. 387C, Montgomery County shall immediately initiate a planning process which is designed to develop alternatives to the Dickerson Facility as the backup or addition to Site 2 for Montgomery County's legally mandated sludge receipt quantities on a permanent basis.

2. The planning process shall, at a minimum, consider the following factors: 1) current and anticipated quantities of sludge; 2) all alternative technologies for management of sludge; and 3) geographical locations both within and without Montgomery County.

3. The following principles, in addition to other factors required by law, shall apply in the consideration and choice of sludge management alternatives in the planning process:

a. The fact that the Dickerson Facility is in existence, including capital and other investment of government agencies, shall not be considered; however non site-specific operational experience may be utilized in the planning process.

b. A legally and practicably implementable alternative shall be deemed superior to the Dickerson Facility when: i.) it is at a site in Montgomery County other than in the Dickerson area, or ii.) it is an alternative which accounts for Montgomery County's share of the Blue Plains sludge at the Blue Plains STP or at some other location outside of Maryland.

c. A bias in favor of an alternative shall be established when: i.) travel distance is shorter, or ii.) public sewer and water service are available.

d. A bias against an alternative shall be established when it has proximity to and impacts on a recreational use.

4. The planning process shall provide for appropriate public participation, including public hearings.

5. Quarterly reports regarding the status of the planning process shall be provided to the Secretary of DHMH, with a report due on September 1, 1982 which shall include a plan for implementing alternatives to the Dickerson Facility as the backup or addition to Site 2 no later than January 1, 1984. At least one public hearing shall be held by the County Executive at least 45 days prior to September 1, 1982 on the draft report. Reports shall continue thereafter until a permanent management plan for Montgomery County's share of Blue Plains sludge shall have been implemented. The Secretary of DHMH may request such additional

information or justification regarding the planning process as he deems appropriate. Such reports and additional information shall be available to the public upon filing with the Secretary.

6. The Department of Health and Mental Hygiene shall not accept an application for a new or renewed permit for a sludge management facility at the Matthews Farm or elsewhere in the Dickerson area unless the proposed site has been chosen consistent with the procedures and principles set out in this agreement.

7. Montgomery County agrees not to complete the ongoing study of the use of the Dickerson Facility as a back-up to Site 2 and not to conduct any other sludge management studies other than in the context of and subject to the planning principles stated above.

C. Termination of the Dickerson Facility and Future Use of Site

1. All sludge delivery at the Dickerson Facility shall cease 30 days after the first day of operation of Site 2, subject to the provisions of A.2. The first day of operation is defined as the date when one hundred tons of raw sludge in the aggregate have been delivered to Site 2.

2. On or before March 1, 1983 MES shall submit through WSSC to the Maryland Department of Health and Mental Hygiene for approval a plan for reclamation of the Dickerson Facility which shall be consistent with post-reclamation land uses as set forth by Montgomery County; and provide for 1)removal of all paved pad areas and access roads, and all ditches, dams, or other water impoundments, including all of the holding ponds, except to the extent they are appropriate to the future use of the property;

2) removal of the soil under ditches and the liners of Pond 3 and the bentonite-soil liners of Ponds 1 and 2, if contaiminated; 3) complete revegetation; and 4) a completion date within six months of approval, including removal of all stored compost. Prior to its approval or disapproval of the reclamation plan, the DHMH shall hold a public hearing thereon.

3. Montgomery County agrees that after removal of the composting facility, it will restrict the future use of the Matthews Farm to uses that are consistent with county land use plans and policies, including policies favoring the wedges and corridors concept and the protection and preservation of agricultural uses. The fact that a proposed use would be a public facility would not, by itself, render it consistent with such policies under this provision. The character of the proposed use, not the ownership or purpose, would be determinative. Prior to submittal of the reclamation plan provided for in C.2. above, the County shall prepare a plan for future use and ownership of the Matthews Farm and hold a public hearing thereon. Any change in the plan will require a similar public hearing by the County.

4. After termination of the Dickerson Facility, the site shall be monitored as may be required by DHMH regulations, the DHMH permit or the regulations of Montgomery County.

5. After termination and site restoration, in no event shall the Matthews Farm be used for any form of incineration of off-site trash as a public waste management technique, sanitary landfill, hazardous waste disposal, sludge entrenchment or sludge processing. Montgomery County shall record restrictive covenants on the property to that effect among the land records of Montgomery County, Maryland.

D. Other Facilities

1. All steps shall be taken to ensure that Site 2 is operational at the earliest possible date, which shall in no event be later than September 1, 1982. The September 1, 1982 deadline for operation of Site 2 may be exceeded only in the following circumstances:

   a. The occurrence of a natural or man-made disaster or event that is wholly beyond the control of the parties to this agreement and that destroys all or part of the Site 2 facility or otherwise prevents the use of the facility.

   b. The issuance of a judicial or administrative decision that delays or prevents the use of the Site 2 facility, which decision Montgomery County agrees to vigorously oppose. Montgomery County, WSSC, and DHMH agree to take every possible action to bring Site 2 into operation as soon as possible.

2. The County Executive will recommend against rail haul of sludge and will request a resolution that would prohibit same for the life of the Dickerson Facility.

II. Operational Conditions, Spray and Screening, and Claims

A. Montgomery County, MES, WSSC, and DHMH agree to accept the following conditions on the design and operation of the interim facility and that where appropriate they shall become conditions of DHMH Permit Number _____:

1. MES shall operate the Dickerson composting facility in accordance with the USDA/EPA Manual for composting by the Beltsville Aerated Pile Method, the MES Operations and Maintenance Manual, and as testified to by representatives of the Service at adjudicatory hearings held on issuance of the Article 43, Sec. 394(b) permit.

2. Except as may be authorized by a State Discharge Permit, none of the contents of any of the ponds will be spray irrigated or otherwise applied to land in the area of the interim facility. The fact that the Dickerson Facility is in existence and utilizes haul-back of waters in ponds 1 and 2 shall not be considered by DHMH in connection with DHMH review of an application for a State Discharge Permit for the facility; however, non site-specific operational experience may be considered.

3. Except as may be authorized by amendment to its Article 43, Sec. 394(b) permit and an Article 43, Sec. 706 permit, MES shall not screen the wood chips from the finished compost.

4. When drying or otherwise conditioning compost at the interim facility, MES shall make every effort to minimize the generation of dust. Such efforts shall include, but not be limited to, the daily (as weather permits) sweeping and wetting of paved areas. Respirators shall be kept on site for workers to be used as needed.

5. The operators shall be required to follow a written checklist quality control program that addresses the following:

   a. Verification that a minimum water level is maintained over the surface of the ponds when temperatures are at 0° C or below.

   b. A standard procedure for pond maintenance when cleaning and pumping activities occur which, among other things, requires use of non-abrasive boots by workers and the placement of padding under all pump intakes, and which provides for daily inspections of all such areas where pump intakes have been located.

c. The status of the Pond 3 monitoring manhole shall be checked and recorded each day.

6. Maryland Environmental Service agrees to comply with all provisions of the proposed Executive Regulations of Montgomery County governing the operation and monitoring of operations of sludge composting facilities and with any enforcement actions or orders taken by the County.

7. The facility and its operations shall be thoroughly inspected at least once each week day by a County inspector.

8. All monitoring or inspection activities required under this agreement, the Executive Regulations, the facility permit, or the Operating Manual to be performed by MES on a daily basis shall be performed on weekends and holidays as well as during the work week. The only exceptions are monitoring or inspection of actual operations that occur only during the work week.

9. All equipment used on the site, including particularly the front-end loaders, shall be regularly washed and shall be maintained in a clean and neat manner in order to avoid movement of raw sludge off the composting pad.

10. The facility will not begin operation until Maryland Environmental Service has a plan for and a firm contract to obtain whatever trucking services are necessary to empty all three of the holding ponds, and while in operation ensure that all three ponds are emptied, quickly enough to prevent any overflow.

B. Montgomery County, MES, WSSC, and DHMH agree to initiate the following procedures to assure effective contingency review and, which may, in the discretion of DHMH, require modification or cessation of operation:

1. Upon any indication of leakage in Pond 3, through visual or other inspection of the liner, or through the appearance of water in the monitoring manhole, MES shall notify DHMH of such event and shall inform DHMH of its anticipated course of action, including the diversion of process wastewaters from the pond, repair time, etc. Prior to the placing of Pond No. 3 in operation, DHMH shall inspect the repaired liner and shall be satisfied of its structural integrity.

2. Upon any indication of seepage from Ponds 1 and 2, the notification, inspection and approval provisions of subparagraph (1) shall apply.

3. Any permitted trenching capacity which may exist at the time of the commencement of operation of the Dickerson Facility and the Western Branch Facility shall be reserved by WSSC for emergency use if operational problems arise at either facility requiring that they cease to accept sludge for composting.

C. MES shall develop a standard procedure whereby it can ascertain the length of time compost remains at the Dickerson Facility. All finished compost shall be removed from the facility within six months of the date it is placed on the storage pad.

D. MES shall, upon filing, notify the Sugarloaf Citizens Association of any application for a State Discharge Permit, amendment to the Section 394(b) permit, Section 706 permit, or any other application for a permit, permit renewal or permit amendment related to a facility at the Matthews Farm. The adjudicatory hearing on the Section 394(b) permit shall be held open for a period of four months from the date of this Agreement on issues related to the screening of woodchips from finished compost. The Sugarloaf Citizens Association shall be afforded thirty calendar days notice before this date of the first reconvened session and shall respond to DHMH

within fourteen days concerning its intent to participate in said reconvened hearing. The Department of Health and Mental Hygiene may, in its discretion, consolidate the hearings required for any permit associated with operation of the Dickerson Facility.

E. WSSC will be the official operator of the Dickerson Facility. MES operation of the Dickerson Facility will be as WSSC's contractual agent. WSSC agrees and affirms that the Dickerson Facility will be operated in accordance with the Montgomery County regulations for the Dickerson Facility. WSSC is the responsible agency to insure compliance with the Montgomery County regulations. Complaints regarding the operation of the Dickerson Facility will be handled by WSSC's General Manager (699-4187), Assistant General Manager (699-4188), or Special Assistant for Sludge Management (441-4164).

F. WSSC agrees that no experiments, including changes in bulking agents, will be conducted at the Dickerson Facility and that the permitted process for composting sludge will not be altered without consultation with and concurrence by the Sugarloaf Citizens Association and Montgomery County.

G. WSSC agrees to test the private wells on the attached list (Enc. 1) by February 15, 1981 and provide the owners the test results. Should any of the listed wells that initially meet Montgomery County standards fail (i.e., not meet Montgomery County standards) prior to January 1, 1985, WSSC, upon receipt of notice of failure by the owner, will provide potable water regardless of the source of contamination until the following determination is made. If it is determined by the Montgomery County Health Department that the failure of any listed or unlisted well occurred because of the operation of the Dickerson Facility, WSSC will provide the owner a permanent source of potable water equal in quantity to the capacity of the failed well.

H. As the responsible agency for the operation of the Dickerson Facility, WSSC will accept and process claims for damages in accordance with WSSC's standard claims procedures.

III. Miscellaneous

A. Montgomery County and WSSC will continue to actively explore other sludge management alternatives, including out-of-state disposal and processing at Blue Plains, such as suggested in the November 28, 1980, letter to the County Executive by the Fuel Recovery Corporation. At a minimum, WSSC will advertise for bids for hauling sludge out of the State one year from the date of this agreement and will, at that time, prepare a comparison of potential hauling costs and costs of operation at the Dickerson Facility.

IV. Sugarloaf Citizens Association and individual intervenors agree to the following:

A. To withdraw opposition to the permit application of MES for the operation of a composting facility at Dickerson, dated August 19, 1980, as modified by letter of counsel for MES addressed to Mr. Ronald Nelson, DHMH, dated December 18, 1980.

B. To withdraw with prejudice all pending litigation related to the Dickerson Facility.

C. To not appeal or seek any judicial or administrative review of the permit issued pursuant to the application of MES described above in paragraph IV. A, or initiate any other judicial or administrative action challenging the operation of the facility under the permit. This shall not affect the ability to enforce this stipulation agreement or permit conditions, as permitted by law.

D. To not oppose issuance of truck transportation permits related to the Dickerson Facility. However, the Sugarloaf Citizens Association reserves the right to participate as provided by law in the development of conditions to be contained in the permit, which conditions shall

be included in the permit at the close of any DHMH public participation procedings. DHMH agrees to rule on the availability of any such proceedings and to institute such proceedings, if any, no later than January 31, 1981, and to assure they are completed expeditiously. Sugarloaf Citizens Association may appeal on issues of conditions to the permit or procedures followed in issuing of the permit, but may not appeal or oppose issuance of the permit itself. Sugarloaf Citizens Association further agrees that it will not seek to enjoin truck transportation in the context of any appeals on procedural matters or permit conditions related to the transportation permits.

E. This stipulation shall be contingent upon execution of this agreement or withdrawal from the adjudicatory proceedings and all pending judicial proceedings of all intervenors in the adjudicatory proceedings. The following constitutes a complete list of the individual intervenors: Steven Quarles; Mr. & Mrs. A. L. Dilonardo; Anna J. Robbins; David Owens Scott; George J. Ersek; Charles R. Jones; Joseph R. Harrill; Steven D. Wells; Thomas Dowd.

F. Sugarloaf Citizens Association will not support financially or otherwise any administrative or judicial action by any person or entity attempting to challenge the operation of the facility pursuant to the application of MES described above in paragraph IV. A., except that it may so support any petition filed under paragraph VI. A. or any other action to enforce the stipulations or permit conditions under IV. C.

V. All parties agree and stipulate to the following:

A. Withdrawal of all issues raised thus far in the adjudicatory hearing in connection with the application of MES described in IV.A. above.

B. Issuance of the Hearing Examiner's recommendations to the Secretary of Health and Mental Hygiene in connection with issuance of the permit requested, consistent with this stipulation and requirements of law.

C. Filing of this stipulation in the record of the adjudicatory hearing and this stipulation becoming a condition of the permit to the extent deemed appropriate by DHMH and otherwise being enforceable by DHMH pursuant to VI. A.

VI. Enforceability of the Stipulation by Intervenors

A. In the event of alleged noncompliance with the stipulation or the permit, or any allegation that any aspect of the operation of the Facility poses a threat to public health, a representative of the citizens association or any intervenor, successors or assigns, may directly petition the Assistant Secretary for the Office of Environmental Programs,DHMH, for appropriate relief.

B. The Assistant Secretary will give immediate attention to the petition and initiate response within thirty days, including initial investigation and site inspection if relevant to the petition.

C. The parties and their successors or assigns may pursue any additional administrative or judicial remedies as provided by law.

VII. All parties agree and acknowledge the following:

A. By execution of this stipulation, the intervenors are not indicating any support for or approval of the Dickerson Facility.

B. All parties agree to undertake to uphold this stipulation and to vigorously oppose any challenge to its validity or operation.

The undersigned by their hands and seals, agree, for themselves, their successors and assigns, on the dates below indicated, to the above stipulation and warrant their authority to bind their respective principals.

Montgomery County, Maryland

By _____ SEAL
Charles W. Gilchrist Date
County Executive

Sugarloaf Citizens Association, Inc.

By _____ 1/10/81 SEAL
Steven Quarles Date
President

_____ 1/13/81 SEAL
William S. Jordan, III, Esq. Date
Counsel for Sugarloaf Citizens Association

Maryland Environmental Service

By _____ SEAL
Thomas D. McKeown Date
Director 1/14/81

_____ 1/13/81 SEAL
John B. Z. Walsh, Esq. Date
Counsel

Washington Surburban Sanitary Commission

By _____ SEAL
Robert S. McGarry Date
General Manager 16 Jan '81

Maryland Department of Health and Mental Hygiene

By _____ SEAL
William M. Eichbaum Date
Assistant Secretary for Environmental Programs

INDIVIDUAL INTERVENORS

1/10/81 SEAL
Steven Quarles Date

1/11/81 SEAL
David Owens Scott Date

1/11/81 SEAL
George J. Ersek Date

SEAL
Joseph R. Harrill Date

Jan 11, 1981 SEAL
Steven D. Wells Date
Sidney D. Wells

FIRST AMENDMENT TO AGREEMENT OF SETTLEMENT AND COMPROMISE

THIS FIRST AMENDMENT to an Agreement of Settlement and Compromise dated April 19, 1996, by and between SUGARLOAF CITIZENS ASSOCIATION, INC., hereinafter referred to as "Sugarloaf," and MONTGOMERY COUNTY, MARYLAND, hereinafter referred to as the "County," is made this 1st day of August, 2000.

WHEREAS, by document dated April 19, 1996, the parties entered into an Agreement of Settlement and Compromise, hereinafter referred to as the "Agreement," resolving certain disputes regarding the Montgomery County Compost Facility, hereinafter the "Facility," and settling certain litigation between the parties docketed in the Circuit Court for Montgomery County, Maryland as Civil No. 119356; and

WHEREAS, the County is desirous of implementing baggage operations at the Facility for the Yard Waste finished compost product; and

WHEREAS, the implementation of bagging operations for the Yard Waste finished compost product at the Facility is not presently permitted under the Agreement; and

WHEREAS, the parties are desirous of amending the Agreement to allow the said bagging operations at the Facility and to amend certain other provisions of the Agreement;

NOW, THEREFORE, on the basis of the foregoing, and for and in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt of which hereby is acknowledged, the parties hereby agree that the Agreement, as of the date hereof, is amended as follows:

1. Definitions: The following definitions of terms are added to Section 1. of the Agreement:

V. Bank Barn: The large barn structure located on the Matthews Farm to the south of the Dairy Barn.

W. Feed Barn: The structure appurtenant to, and immediately south, of the Bank Barn.

X. Corn Crib: The structure immediately to the south of the Dairy Barn.

Y. Tenant House & Hog House: Those remaining structures on the Matthews Farm not otherwise expressly defined herein.

2. Methods of Operations: Section 1.E of the Agreement is deleted in its entirety and, in lieu thereof, the following is substituted therefor:

E. Methods of Operations: Facility Operations as more particularly described in Amended Exhibit 6.

3. Methods and Modes of Transportation: Section 1.F. of the Agreement is deleted in its entirety and, in lieu thereof, the following is substituted therefor:

F. Methods and Modes of Transportation: Transportation of materials to and from the Facility as more particularly described in Amended Exhibit 7.

4. Facility Operations: Section 1.H. of the Agreement is deleted in its entirety and, in lieu thereof, the following is substituted therefor:

H. Facility Operations: The receipt, composting, windrowing, turning, drying, screening, bagging, and shipping of Yard Waste and the bulk Yard Waste compost product.

5. Yard Waste System: Section 1.U. of the Agreement is deleted in its entirety and, in lieu thereof, the following is substituted therefor:

U. Yard Waste System: The system employed by the County in dealing with Yard Waste generated in the County, including source reduction programs, collection, transportation, handling, processing, bagging, and distribution of products generated thereby.

6. The Facility:

(i) Existing Section 6.L. of the Agreement shall be renumbered as 6.N.

(ii) A new Section 6.L. is added as follows:

L. A maximum of two (2) mechanical bagging lines will be permitted at the Facility, both of which must be located entirely under the roof of the existing Pavilion as set forth in Exhibit 2 to the Agreement. The maximum number of bagged compost (at a maximum size of three (3) cubic feet per bag) allowed to be stored at the Facility at any given time will be three hundred thousand (300,000) bags, all of which must be limited to the existing area covered by the asphaltic pad as required by Section 6.I. of the Agreement.

(iii) A new Section 6.M. is added as follows:

M. The County shall endeavor to limit truck traffic to and from the facility as much as reasonably practicable, and shall encourage, when practicable, the back haul of finished Yard Waste compost product.

7. Continued Communications. A new Section 8.D. is added as follows:

D. At each September meeting of Sugarloaf and the County, the Division of Highway Services of the County Department of Public Works and Transportation will provide to Sugarloaf an annual up-date on any proposed changes to the rural character of Martinsburg Road between the entrance to the property presently owned by PEPCO and Wasche Road, including, but not necessarily limited to, any proposal to widen or resurface the road or shoulders, or undertake extensive tree pruning.

8. Exhibit 6. Exhibit 6, "Existing Facility Operations" is deleted in its entirety and, in lieu thereof, the Amended Exhibit 6 attached hereto and incorporated herein by reference is substituted therefor.

9. Exhibit 7. Exhibit 7, "Existing Methods & Modes of Transportation," is deleted in its entirety and, in lieu thereof, Amended Exhibit 7 attached hereto and incorporated herein by reference is substituted therefor.

10. Matthews Farm Structures. Section 10.A. of the Agreement is stricken in its entirety and, in lieu thereof, the following is substituted therefor:

A. The County and Sugarloaf are desirous of accomplishing the restoration and continued maintenance of the Feed Barn, Bank Barn, Corn Crib, Tenant House, and Hog House on the Matthews Farm.

(i) On or before June 30, 2001, the County shall renovate and restore the Feed Barn, at an estimated total cost of $61,000.00. From and after the completion of the restoration of the Feed Barn, and for a period of five (5) years thereafter, the County shall have the right to utilize that structure for the storage of consumable supplies of the Facility Operations, such as shipping lumber, pallets, bags, shrink wrap, pallet covers, hand tools and a forklift, but not including any Yard Waste nor finished Yard Waste Product, either in bags or bulk, pursuant to a lease-back agreement from the Association to the County in accordance with Exhibit A, attached hereto and incorporated herein by reference. The County shall remain responsible for the maintenance of the Feed Barn as necessary so long as the Lease Agreement between the parties remains in effect.

(ii) The County shall undertake renovation and restoration of the Bank Barn, the total estimated cost of which is $94,000.00. The County anticipates that the restoration of the Bank Barn shall be funded as follows:

a. $18,000.00 from the remaining balance of monies originally appropriated for the Agreement of Settlement and Compromise.

b. $25,000.00 from fiscal year 2000 operating budget -- Master Plan Funds.

c. $25,000.00 from fiscal year 2001 operating budget -- Master Plan Funds.

d. $26,000.00 from fiscal year 2001 operating budget -- Compost Facility, as a result of haulage savings.

The aforesaid renovation and restoration of the Bank Barn shall be completed by the County on or before June 30, 2001. The County shall remain responsible for the maintenance of the Bank Barn as necessary so long as the Lease Agreement between the parties remains in effect.

(iii) The Corn Crib has been restored and renovated by Montgomery County. The County shall remain responsible for the maintenance of the Corn Crib as necessary so long as the Lease Agreement between the parties remains in effect.

(iv) Although there is currently no funding available for the restoration of the Tenant House and Hog House, those structures shall remain standing, and the parties hereto, together with the cooperation of the Maryland Environmental Service, shall work in a cooperative manner in the future to accomplish the restoration of those remaining structures.

11. Other Site Improvements. Section 11.A. of the Agreement is stricken in its entirety and, in lieu thereof, the following substituted therefor:

A. On or before October 31, 2001, the County shall cause to be installed landscaping in that area between the Dairy Barn and the Facility, as more particularly shown in Exhibit 9 to the Agreement, consisting of the planting of mixed deciduous and conifer trees with a minimum caliper size of two inches in accordance with the landscape plan to be prepared by the County in consultation with Sugarloaf. Thereafter, the County shall maintain the landscaped area as necessary. Notwithstanding anything in the Agreement or this Amendment to the contrary, until such time as the landscaping as set forth herein has been completed by the County, the maximum allowed storage of bagged finished Yard Waste compost product

on the Facility or within the Feed Barn shall be two hundred thousand (200,000) bags total.

12. Amended Lease Agreement. The Lease Agreement referred to in Paragraph 13 of the Agreement, and set forth in Exhibit 12 to the Agreement, shall be amended, simultaneous with the execution of this Agreement, in accordance with the attached Exhibit "B", "Second Amendment to Lease Agreement," incorporated herein by reference. The County represents that it has advertised the Amendment to Lease Agreement pursuant to the requirements of Section 5 of Article 25A of the Annotated Code of Maryland and Montgomery County Executive Regulation 67-91AM.

13. Affirmation of Agreement. In all other respects, the Agreement shall remain in full force and effect, and the provisions thereof and Exhibits thereto, except as expressly amended herein, shall continue in full force and effect, and the parties hereby expressly ratify and confirm the same.

14. Attorney's Fees. The County hereby agrees to reimburse Sugarloaf for its reasonable costs, expenses and attorney's fees in drafting and negotiating this Amendment to the Agreement and associated documents within thirty (30) days of the presentation of an invoice therefor to the County, as previously appropriated by the County Executive and approved by the County Council.

IN WITNESS WHEREOF, the parties hereto, intending to be fully bound hereby for themselves, successors and assigns, and the undersigned warranting their authority to bind their respective principals, have hereunto set their hands and seals on the day and first hereinabove written.

MONTGOMERY COUNTY, MARYLAND

Patricia C. Sook
Witness

By: _____ (SEAL)
DOUGLAS M. DUNCAN,
County Executive

SUGARLOAF CITIZENS ASSOCIATION, INC.

Witness

By: Jane S. Hunter (SEAL)
JANE S. HUNTER,
Treasurer

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

David A. Brittingham for
CHARLES W. THOMPSON, JR.,
County Attorney

AMENDED EXHIBIT 6
FACILITY OPERATIONS AT THE DICKERSON COMPOST FACILITY

The following is a brief description of the operations to be performed on a daily basis at the Dickerson Compost Facility. These activities are broken down into four sections: materials receiving, materials processing, curing and screening, and bagging.

Materials Receiving

Materials arrive at the Facility from down-County sites by various modes (see Exhibit 7). Materials arriving in trucks will be in no less than forty (40), nor more than one hundred (100) cubic yard trucks. Upon arrival at the Facility, vehicles carrying feed stock material are guided to the scale area for weighing and then to the pad for unloading.

All incoming materials are inspected for contamination. Loads which are determined to be unacceptable shall be rejected. The vehicle, upon completion of the inspection, is unloaded and then returned to the scale for weighing before exiting the facility.

Materials Processing

Upon acceptance at deposition of the materials on the composting pad, windrow construction is begun. Space is left between the edge of the pad and the end of each windrow in order to accommodate turning of the composting equipment.

Grass loads are incorporated into existing leaf windrows at a ratio designed to facilitate the composting process and minimize odors. The composting equipment is then used to process the windrow and ensure that a complete mixing has occurred.

After the initial mixing has taken place, each windrow is placed on a maintenance schedule. Processing of the windrow with the composting equipment on a regular basis provides shredding, aeration, and uniform decomposition of the compost. Maintenance schedules are based on industry standards. During the course of the composting process regular monitoring takes place.

Analysis of the finished product shall be conducted on a quarterly basis. The results shall be documented and a copy furnished to the Maryland Department of Agriculture, where the compost shall be graded according to the results of the analysis. The compost produced at the Dickerson Facility has always met Class A Standards (meaning the product is safe for any application).

Water quality monitoring shall be performed on the Facility's three storm water management ponds on a monthly basis. The results of the analyses shall be submitted to MDE on a quarterly basis in

The site shall be regularly policed in order to keep litter and sediment runoff to a minimum. This shall minimize onsite and offsite impacts.

Curing and Screening

At the end of each composting cycle, the compost material shall be consolidated and stored until it can be screened. After screening the materials shall be stockpiled before loading into incoming trucks or bagging, as the case may be.

There are a number of additional administrative activities which are performed on a daily basis at the Facility. These include procurement of supplies and materials, maintenance procedures, recordkeeping, etc. In addition, there is a constant flow of information between the Facility and offsite facilities to include technical and administrative support, as well as managerial support and guidance.

Bagging Operations

Bagging of the finished compost material shall be limited to a maximum of two mechanical bagging lines, both of which shall be located under the roof of the existing pavilion at the Facility. The bagging line may be sheltered and heated to allow bagging in the winter months, thereby requiring side and end screening on the pavilion as may be necessary. Maximum production of the bagging operation shall be 500,000 bags per fiscal year. The maximum allowed storage on the Facility site shall be no more than 300,000 bags (of not more than 3 cubic feet each), all of which shall be limited to the existing asphaltic pad, and none of which shall be stacked more than one pallet-load high at any time. No additional structures to accommodate storage of the bags shall be constructed or placed on the Facility. In connection with the bagging operation, consumables may be stored on the asphaltic pad, including shipping lumber, pallets, bags, shrink wrap and pallet covers, hand tools and two (2) forklifts.

AMENDED EXHIBIT 7
METHODS AND MODES OF TRANSPORTATION

The finished compost product produced at the Dickerson Facility may be composed of three main feed stock materials: leaves, grass, and chipped brush, all of which shall be collected as part of the County's recycling program. All material coming to the Facility via the transfer station shall be pre-processed (ground) before being transported to the facility.

Material shall be transported to the Facility via down-County transfer station locations, including the Brookeville Transfer Station and the County Solid Waste Transfer Station and Recycling Center in Gaithersburg. All materials delivered from Brookeville is done so via trucks. All materials received at the transfer station shall be transported either via truck or rail. The rail containers shall be internodal containers that can be moved via truck chassis or rail car.

Yard trim material shall be loaded so that there is at least one foot of free board (space between the top of the load and the top of the truck/rail container wall), and the load shall be tarped to prevent spillage en route.

Materials transported via rail shall be placed on the train at the transfer station railyard, which then shall move to the County's Resource Recovery Facility (RRF). Once at the RRF railyard, the yard trim containers shall be unloaded and then loaded on to a truck chassis for transport to the Facility via truck. Off loading procedures are described in Exhibit 6, "Operations."

Bulk finished products shall be transported from the Facility in not less than forty (40) cubic yard, and not more than one hundred (100) cubic yard, trucks. Bagged finished product shall be transported from the Facility in not less than ten (10) ton (20,000 pound) minimums. There shall be no onsite advertising, promotions or cash sales, either wholesale or resale, from the Facility with regard to the finished compost product, whether in bulk or in bags.

EXHIBIT A

LEASE-BACK AGREEMENT

THIS LEASE-BACK AGREEMENT, by and between MONTGOMERY COUNTY, MARYLAND, hereinafter referred to as the "County", and SUGARLOAF CITIZENS ASSOCIATION, INC., hereinafter referred to as the "Sugarloaf", is made this 1st day of August, 2000.

WHEREAS, the parties entered into a Lease Agreement from the County to Sugarloaf for certain real property located immediately adjacent to the County's Yard Waste Compost Facility, the "Facility," dated December 27, 1996, the "Lease,"; and

WHEREAS, the Lease was in connection with, and as a result of, a written agreement between the parties of settlement and compromise dated April 19, 1996, hereinafter referred to as the "Agreement"; and

WHEREAS, the parties have been engaged in negotiations for a modification of the Agreement and the Lease.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree to lease-back a portion of the premises under the following terms and conditions:

1. Lease-back of a portion of the premises to the County: Sugarloaf hereby agrees to lease-back to the County for its sole and exclusive use the Feed Barn, as defined in the Agreement, for the storage of consumable supplies of the Facility Operations, such as shipping lumber, pallets, bags, shrink wrap, pallet covers, hand tools and one (1) forklift, but not including any Yard Waste nor finished Yard Waste Product, either in bags or bulk. Sugarloaf also grants to the County reasonable means of ingress and egress to the Feed Barn for the purpose of placing or removing the aforesaid supplies, the same to be accessed by the existing driveway serving the premises and/or the existing gate in the existing fence between the Facility the Leased Premises under the Lease.

2. Term. The term created hereby for the use of the Feed Barn by the County shall be for a period of five (5) years from the date hereof, and may renewed for an additional term or terms thereafter upon such conditions as determined in Sugarloaf's sole discretion, upon written request by the County.

3. Subleasing and assignment. The County may not sublease or assign any portion of the Feed Barn leased by this Amendment without the prior written consent of Sugarloaf, which will not be unreasonably withheld. Notwithstanding any sublease or assignment,

assigns or contractors for the purposes stated herein in connection with the bagging operations of the Facility.

4. Maintenance. During the original term and any extension term of this Lease-Back Agreement, the County shall be responsible for all maintenance of the Feed Barn and shall keep the same in a good and presentable condition, and not commit waste with regard thereto.

5. Insurance. The County shall exercise its right to self-insure. The County is a member of the Montgomery County Self-Insurance Program; Article 20-37 of the Montgomery County Code restricts the legal defense fund to members of the Fund and does not allow for outside entities. The certificate of insurance evidences limits of insurability for general liability coverage in the amounts of $500,000.00 aggregate and $200,000.00 each occurrence and $20,000.00 per person, $40,000.00 per accident for bodily injury and $15,000.00 for property damage for automobile liability and State of Maryland statutory limits for worker's compensation. Currently, the limits for Worker's Compensation/Employers' Liability are as follows:

Bodily injury by accident	--	$100,000 each accident
Bodily injury by disease	--	$500,000 policy limits
Bodily injury by disease	--	$100,000 each employee.

These are the maximum limits of liability for which the Montgomery County Self-Insurance Program is responsible, as determined by the Local Government Tort Claims Act, 1986. This insurance policy must be maintained continuously by the County during the full term and any extension terms of this Lease-Back Agreement.

6. Default. In the event that the County is in violation of any of the terms and conditions of this lease-back agreement, Sugarloaf shall send written notice of such violation to tenant by Registered Mail. Should the County fail to correct any violation to the reasonable satisfaction of Sugarloaf within ninety (90) days from the receipt of such notice, then Sugarloaf shall have the right to immediately terminate this Lease-Back Agreement. Upon such termination, Sugarloaf shall be entitled to immediate possession of the leased premises.

7. Sugarloaf Not a Partner. It is expressly understood that Sugarloaf shall not be construed or held to be a partner or associate of the County in the conduct of County's business; it being expressly understood that the relationship between the parties hereto is and shall remain at all times that of landlord and tenant.

8. Solicitation. Sugarloaf represents that it has not retained anyone to solicit or secure this agreement from Montgomery County, Maryland, upon an agreement or understanding for a

commission, percentage, brokerage or contingent fee, excepting for an attorney rendering professional legal services consistent with applicable canons of ethics.

9. Public Employment. Sugarloaf understands that unless authorized under Section 11B-52 and Chapter 19A of the Montgomery County Code, 1984, it is unlawful for any person transacting business with Montgomery County, Maryland to employ a public employee for employment contemporaneous with his or her public employment.

10. Surrender Upon Termination. At the expiration of this Lease-Back Agreement, the County shall surrender the Leased Property in as good condition as it was at the beginning of the term, ordinary wear and tear excepted. Prior to the expiration of this Lease-Back Agreement, the County shall remove all of its equipment, trade fixtures and personal property and repair all damage caused by such removal.

11. Right of Entry. The Premises is and shall remain an open structure. Sugarloaf and its agents or representatives may inspect the same from outside of the premises from time to time, but not enter the premises unless accompanied by a representative of the County.

12. Force Majeure. Anything in this agreement to the contrary notwithstanding, providing such cause is not due to the willful act or a neglect of either party, neither party shall be deemed in default with respect to the performance of any of the terms, covenants and conditions of this lease-back agreement if the same shall be due to any strike, lockout, civil commotion, warlike operation, invasion, rebellion, hostilities, military or unsurged power, sabotage, governmental regulations or controls, inability to obtain any material, service or financing, through an act of God or other cause beyond the control of either party.

13. Waiver of Jury Trial. Should any controversy arise by and between the parties concerning any of the terms and conditions contained in this lease, each of the parties hereby waives its right to a jury trial and freely elects to be tried by any court of competent jurisdiction without a jury.

14. Notices. Unless otherwise provided herein, whenever notice is to be given under the terms of this lease, such notice shall be deemed to have been given three (3) United States Postal Service working days after enclosed in an envelope having the proper postage, addressed to the party, and deposited at the United States Post Office or mailbox. Any such notice shall be in the form of Certified Mail, Return Receipt Requested.

IF ADDRESSED TO THE COUNTY:
Montgomery County Executive
101 Monroe Street
Rockville, Maryland 20850

With a copy by First Class Mail to:
County Attorney for Montgomery County
Third Floor
101 Monroe Street
Rockville, Maryland 20850

IF ADDRESSED TO SUGARLOAF:

Sugarloaf Citizens Association, Inc.
Post Office Box 381
Barnesville, Maryland 20838

With a copy by First Class Mail to:
William J. Roberts, Esquire
Post Office Box 368
20,000 Fisher Avenue
Poolesville, Maryland 20837.

15. Quiet Enjoyment. Sugarloaf covenants and agrees with the County that upon the County's faithful performance of the obligations set forth herein, the County may and shall peaceably and quietly have, hold and enjoy the premises for the term and period aforesaid, subject to all of the provisions of this lease, and subject to the County's covenant of quiet enjoyment to Sugarloaf as set forth in the Lease.

16. Partial Invalidity. In case any provision or any part of any provision contained in this lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remaining part of the affected provision of this lease, but this lease shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein but only to the extent it is invalid, illegal or unenforceable. In the event that any such provision may be construed so as to overcome any such potential invalidity, illegality or unenforceability, then a liberal interpretation shall be applied and the lease shall be interpreted in such a manner favorably to its validity, legality and enforceability, it being the express intention of the parties hereto to fully perform the obligations contained herein and the purposes sought hereby. And it is also the intention of both parties that in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added, as a part of this agreement, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

17. General Provisions. This document represents the entirety of the Lease-Back agreement between the parties hereto with respect to the subject matter hereof and shall not be amended, altered or modified except by writing duly executed by each of the parties hereto. This agreement shall be binding upon the parties and their respective successors and assigns. This Lease-Back Agreement shall be governed and construed in accordance with the laws of the State of Maryland without regard to any presumption or other rule of law regarding construction thereof or construing the same against the party causing this lease-back agreement to be drafted. The recitals are, and form, a part of this lease-back agreement. Each party shall execute and deliver to the other in a form satisfactory to each party's counsel such documents and agreements and shall take such other action as may be reasonably necessary to more effectively carry out the terms and provisions of this agreement as needed.

IN WITNESS WHEREOF, the parties hereto, intending to be fully bound hereby for themselves, successors and assigns, and the undersigned warranting their authority to bind their respective principals, have hereunto set their hands and seals on the day and first hereinabove written.

MONTGOMERY COUNTY, MARYLAND

Witness

By: _____ (SEAL)
DOUGLAS M. DUNCAN,
County Executive

SUGARLOAF CITIZENS ASSOCIATION, INC.

Witness

By: _____ (SEAL)
JANE S. HUNTER,
President

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

_____ for
CHARLES W. THOMPSON, JR.,
County Attorney

EXHIBIT B

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT dated December 27, 1996, by and between MONTGOMERY COUNTY, MARYLAND, hereinafter referred to as the "Landlord", and SUGARLOAF CITIZENS ASSOCIATION, INC., hereinafter referred to as the "Tenant", is made this 1st day of August, 2000.

WHEREAS, the parties entered into a Lease Agreement from the County to Sugarloaf for certain real property located immediately adjacent to the County's Yard Waste Compost Facility, the "Facility," dated December 27, 1996, the "Lease,"; and

WHEREAS, the Lease was in connection with, and as a result of, a written agreement between the parties of settlement and compromise dated April 19, 1996, hereinafter referred to as the "Agreement"; and

WHEREAS, the Lease was amended by a First Amendment to Lease Agreement dated June 5, 1997; and

WHEREAS, the parties have been engaged in negotiations for additional modifications of the Agreement and the Lease.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree to further amend the Lease as follows:

1. Renewal. Paragraph 3. of the Lease is hereby deleted in its entirety and, in lieu thereof, the following substituted therefor:

> 3. RENEWAL. Assuming the Tenant has faithfully performed its duties and obligations under this Lease and is not in default thereunder, the Tenant may, at the Tenant's option and sole discretion, renew this Lease for two (2) additional and consecutive terms of five (5) years each following the expiration of the initial term hereof, and thereafter continue to renew for additional five (5) years terms each, so long as at the time of renewal the Landlord shall not have terminated its operations of the Montgomery County Yard Waste Compost Facility and declared the Premises as surplus property for disposition at public sale. Said renewal terms shall be deemed automatic absent prior written notice by the Tenant to the Landlord of an intent not to renew provided to the Landlord at least six (6) months prior to expiration of an existing term.

2. Subleasing and Licensing. The introductory portion of Paragraph 6. of the Lease and subparagraphs A.1. and A.2 thereof are hereby deleted in their entirety (subparagraph B. of Paragraph 6 remains unchanged) and, in lieu thereof, the following substituted therefor:

6. SUBLEASING AND LICENSING: The Tenant may sublet or grant a license for use of portions of the dairy barn for charitable or educational purposes or for matters or functions of concern or interest to the community generally. All subtenants and licensees must conform with existing zoning laws and to the Use provision in Paragraph 8 of this Lease.

A. FINANCIAL RESTRICTIONS.

1. The County and the Tenant agree that the subleasing or licensing of all or any portion of the dairy barn located on the Leased Premises by the Tenant shall have as its primary goal the use of the building by the community for charitable or educational purposes or for matters or functions of concern or interest to the community generally. The County and the Tenant further agree that the subleasing or licensing of all or any portion of the dairy barn shall have as a secondary goal the recovery of reasonable operating and leasing expenses incurred by the Tenant in the operation, maintenance, improvement, and administration of the Leased Premises. The Tenant may, but shall not be obligated to, charge a rent for use of the dairy barn. The Tenant agrees that rental amounts, if any, charged to a subtenant or licensee for the use of the dairy barn shall be limited to the subtenant's or licensee's prorated share of actual operation, maintenance and administrative expenses incurred by Tenant, which expenses may include any costs for improvements made to the dairy barn or its immediate surroundings or to any furnishings or equipment purchased for use in the dairy barn.

2. Tenant acknowledges and agrees that all funds received by Tenant as the result of any sublease or license of any portion of the dairy barn or its immediate surroundings shall be used by the Tenant exclusively for the operation, maintenance, improvement, and administration of the Leased Premises, and shall not result in any profit or financial gain in excess of that permitted under Paragraph A.1. hereof. Pursuant to the provisions of this Paragraph, the County may require the Tenant to provide written evidence of compliance hereunder.

3. Use. Paragraph 8. of the Lease is hereby deleted in its entirety and, in lieu thereof, the following substituted therefor:

8. USE: A portion of the dairy barn may be used by the Tenant for its office space. The remaining portions of the dairy barn and surrounding leased areas, including adjacent yards and parking areas, shall be used only for charitable or educational purposes or for matters of concern or interest to

the community generally and which are lawful. The single-family residence may only be used for residential purposes. The Southern Field, located northeast of the intersection of Martinsburg and Wasche Roads and immediately south of the Compost Facility, as more particularly shown as part of Parcel B on Exhibit 1, may only be used for agricultural purposes, defined as those uses categorized as "Agricultural" and permitted by right in Section 59-C-9.3 of the Montgomery County Code (1994) as now existing or hereafter amended. All of the aforesaid features are more particularly shown in Exhibit 1 and Exhibit 2, attached hereto and incorporated herein by reference. Tenant agrees that all uses of the Leased Premises, including those of any subtenants and licensees, shall conform with all applicable zoning ordinances.

4. Insurance. Paragraph 14 of the Lease, "INSURANCE", is hereby amended by adding a new Paragraph 14.H. as follows:

H. In the event any portion of the Premises should be leased back to the Landlord by the Tenant, the requirements for insurance coverage to be maintained by the Tenant as set forth in this Paragraph 14, specifically and only with regard to that portion of the Premises leased back to the Landlord, shall be waived and the Tenant shall not be required to provide such insurance for that portion of the Premises during any period of such a lease-back, and the Landlord shall self-insure for any damages or injuries occurring thereon.

4. Access. Paragraph 20 of the Lease, "ACCESS", is hereby amended by adding the following sentence at the end thereof:

Notwithstanding the foregoing, absent an immediate emergency which threatens life or property, the County, its contractors, agents or employees may only enter that area of the Dairy Barn devoted to the Tenant's office when accompanied by a representative of the Tenant.

5. Affirmation of Lease. In all other respects, the Lease shall remain in full force and effect, and the provisions thereof and Exhibits thereto, except as expressly amended herein, shall continue in full force and effect, and the parties hereby expressly ratify and confirm the same.

IN WITNESS WHEREOF, the parties hereto, intending to be fully bound hereby for themselves, successors and assigns, and the undersigned warranting their authority to bind their respective principals, have hereunto set their hands and seals on the day and first hereinabove written.

MONTGOMERY COUNTY, MARYLAND

Witness

By: _____ (SEAL)
DOUGLAS M. DUNCAN,
County Executive

SUGARLOAF CITIZENS ASSOCIATION, INC.

Witness

By: _____ (SEAL)
JANE S. HUNTER,
Treasurer

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

_____ for
CHARLES W. THOMPSON, JR.,
County Attorney

SUGARLOAF CITIZENS ASSOCIATION, INC.

THIS IS TO CERTIFY that, at a regular meeting of the Board of Directors of Sugarloaf Citizens Association, Inc., the "Association," duly held on the 28th day of June, 2000, the Board of Directors of the Association duly voted by resolution introduced, seconded, and appropriately passed by a majority of said Board of Directors, to authorize Jane S. Hunter, Treasurer and immediate past President of the Association:

1. To conduct negotiations with Montgomery County, Maryland, the "County," as authorized agent and officer of the Association, relating to bagging operations of the finished compost product on the site of the Montgomery County Yard Waste Composting Facility;

2. To negotiate the terms of any documents in connection therewith, including:

   A. Any amendment to the Agreement of Settlement & Compromise dated April 19, 1996, including exhibits thereto, between the Association the County;

   B. Any amendment to the Lease Agreement between the County as Landlord and the Association as Tenant dated December 27, 1996;

   C. Any Lease-Back Agreement between the County as Tenant and the Association as Landlord for the use of the Feed Barn located on the premises which is the subject of the aforesaid Lease Agreement;

and

3. To execute and acknowledge on behalf of the Association, as a duly authorized agent and Officer of the Association, any and all of the aforesaid documents.

ROBERT ZARNETSKE, President

ATTEST:

CLAIRE GUNSTER-KIRBY, Secretary