



TEXAS DISPOSAL SYSTEMS, INC. • TEXAS DISPOSAL SYSTEMS LANDFILL, INC.

P.O. Box 17126
Austin, Texas 78760-7126
512-421-1300
512-243-4123 (Fax)
www.texasdisposal.com

September 17, 2014

Via FedEx

Via Certified Mail RRR: 7013 3020 0000 2067 8386

Charles L. Babcock
Jackson Walker, LLP
1401 McKinney Street, Suite 1900
Houston, TX 77010

Re: Cease and Desist Letter

Dear Mr. Babcock,

This letter is in response to your cease and desist letter dated September 8, 2014 to Texas Disposal Systems ("TDS"). You demand that TDS immediately cease and desist all services for the collection, hauling, and disposal of construction and demolition waste in the City of San Angelo ("City").

Your basis for this demand is Section 6A of the August 1, 2014 Special Exclusive Contract for Solid Waste Collection and Disposal Services between the City and Republic Waste Services of Texas, Ltd. ("Republic") – more specifically, the portion of Section 6A that purports to grant Republic the exclusive right to collect construction and demolition waste. This aspect of Section 6A is unenforceable because state law authorizes a person to contract with any solid waste services provider it selects on a construction project. Texas Health & Safety Code Section 364.034(h).

The City of San Angelo granted TDS a permit to provide any service within the City Limits for the transportation and disposal of garbage, trash and debris "that is allowed by state law." Because the statute authorizing cities to adopt exclusive waste contracts excepts construction waste, TDS is allowed by state law to collect such waste in San Angelo. Furthermore, the Special Exclusive Contract's purported delegation to Republic of the enforcement authority over city ordinances is an unauthorized delegation of governmental power under Texas law. Republic does not have standing to enforce any purported violation of Section 6A of its contract with the City against TDS.

TDS and the City have previously discussed their conflicting opinions on the meaning of Health & Safety Code Section 364.034(h) over a year ago. Republic has now joined the City in expressing an opinion that Section 364.034(h) does not mean what it says. Since there is no controlling case law on the matter, I believe this dispute is ripe for the courts to settle.

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Therefore, TDS will continue to provide temporary solid waste disposal services to construction projects within the corporate limits of the City of San Angelo and will continue to haul such waste collected outside the City on San Angelo streets leading to the City owned landfill located within the City limits.

Sincerely,

A handwritten signature in blue ink that reads "Gary Newton". The signature is written in a cursive style with a long horizontal stroke at the end.

Gary Newton

General Counsel