NCDENR
North Carolina Department of Environment and Natural Resources

Dexter R. Matthews, Director | Division of Waste Management | Michael F. Easley, Governor
William G. Ross Jr., Secretary

August 25, 2006

Mr. Tom J. Fatjo, Jr., Chairman and Chief Executive Officer
Mr. J. Edward Menger, Vice President and General Counsel
WCA Waste Corporation, Inc.
One Riverway, Suite 1400
Houston, Texas 77056

Re: New permits for solid waste management facilities permitted to MRR Southern, LLC and its subsidiaries, which facilities are currently owned and operated by WCA Waste Corporation, Inc.:
(1) and (2) Permit number # 41-16, Construction and Demolition Waste Landfill and Mixed C&D Waste Processing ("Reclamation") Facility in High Point (two permits issued under the same permit number);
(3) Permit # 92-31, Construction and Demolition Waste Landfill in Wake County;
(4) Permit # 92- 34 T, Construction and Demolition Waste Transfer Station in Wake County;
(5) Permit # 92-24, Mixed Construction and Demolition Waste Processing ("Reclamation") Facility in Wake County.

Dear Mssrs. Fatjo and Menger:

As you are aware, permits for solid waste management facilities are non-transferable. A change in ownership of a facility requires a new permit for the facility. The purpose of this letter is to apprise WCA Waste Corporation, Inc., of the information that WCA Waste Corporation, Inc. will need to submit to the Division of Waste Management in order for the Division to proceed with its review and issuance of new permits for the facilities listed above.

Information Submitted to Division following purchase of MRR Southern, LLC by WCA Waste Corporation, Inc.

On or about April 5, 2005, WCA Waste Corporation, Inc., through two Delaware limited partnerships it had created, acquired the membership interests of MRR Southern, LLC.[1] These

[1]MRR Southern, LLC, sold its membership interests in Material Recovery, LLC, Material Reclamation, LLC, MRR of High Point, LLC, and MRR Wake Transfer Station, LLC, to WCA Waste Corporation, Inc. through two limited partnerships owned by WCA Waste Corporation: WCA of North Carolina, L.P., and WCA of Wake County, L.P. Both of these limited partnerships were cancelled by WCA Waste Corporation in December, 2005, and are no longer in existence.

interests included the five permitted solid waste management facilities listed above. Following this acquisition (sometime in April, 2005), Chris Roof, an employee of "MRR / WCA", hand-delivered three notebook binders to the Division of Waste Management. The respective notebooks contained copies of the construction plan applications for the construction and demolition waste landfill and associated reclamation facility in High Point, the construction and demolition waste landfill in Wake County, and the mixed construction and demolition waste processing (reclamation) facility in Wake County.

Each construction plan application had originally been prepared by Joyce Engineering, Inc., for MRR Southern, LLC; each plan application as approved by the Division is incorporated into the permit for the respective facility. Each notebook includes an introductory statement by Joyce Engineering, Inc., similar to the following statement in the High Point C&D landfill plan:

> This document was revised in February 2005, to reflect new facility ownership by WCA of North Carolina, L.P., and a new franchise agreement with the City of High Point. The latter contains no significant changes other than to reflect/acknowledge the new facility owner and new facility name of WCA of High Point, L.L.C. All original permit applications and applicable drawings for the facility were signed, dated and sealed by a North Carolina registered professional engineer.

The cover of each construction plan application notebook states that it was prepared for WCA of North Carolina, L.P., One Riverway, Suite 1400, Houston, Texas, 77056. These documents indicate the intent of WCA Waste Corporation, Inc. to continue the construction and operation of these three facilities in accordance with the permits which were issued to MRR Southern, LLC and/ or its wholly owned companies.

On April 18, 2006, the Division received documents from David Garrett, professional geologist and professional engineer, documenting that Cell B of Phase I of the construction and demolition landfill in Wake County had been constructed in accordance with the Permit to Construct issued to WCA Waste Corporation, Inc.'s predecessor in interest MRR Southern, LLC and its subsidiary Material Recovery, LLC.

Also on April 18, 2006, David Garrett delivered to the Division a letter and supporting documents entitled "Construction Quality Assurance Report WCA of High Point CDLF Cells 4 and 5 (Phase1)", for the expansion of the landfill in Phase 1, which was previously permitted to MRR of High Point, LLC. Attached to the letter was a field survey map, dated March 26, 2006. The survey was prepared for "Waste Corporation of NC." In his letter, Mr. Garrett recommends that Cells 4 and 5 of the landfill be approved for operations.

Franchises

On April, 19, 2005, the Division received a letter on MRR Southern, LLC, letterhead from Chris Roof, signed on behalf of "MRR/WCA". The letter forwarded copies of meeting minutes of the Wake County Board of Commissioners and the High Point City Council regarding the issuance of a new franchise for the construction and demolition waste landfill located within the respective jurisdiction.

On February 21, 2005, the Wake County Board of Commissioners, on second reading, "reissued the franchise to operate a construction and demolition debris landfill previously issued to Material Recovery, LLC to Material Recovery, LLC, through its new owners WCA Waste Corporation, L.P." The ordinance further specified: " The franchised operation shall be conducted in accordance with the representations made on the application submitted by Material Recovery, LLC, and all amendments to that franchise."

There has never been an entity called "WCA Waste Corporation, L.P." registered or certified to do business in N.C. "WCA of Wake County, L.P.," was certified in North Carolina on February 22, 2005. That business entity was cancelled by the company on December 27, 2005.

On February 21, 2005, the High Point City Council, in the second of two votes, approved the transfer of the MRR Franchise for operation of a sanitary landfill for construction and demolition debris to "WCA (Waste Corporation of America)". To our knowledge, there has never been a business entity called "WCA (Waste Corporation of America)". Based upon information in the Annual Report of WCA Waste Corporation, Inc., filed with the Securities and Exchange Commission, WCA Waste Corporation, Inc., was incorporated in Delaware in February, 2004, as a subsidiary of Waste Corporation of America, Inc., which was incorporated in 2000.

In June, 2004, a reorganization of the company resulted in two separate corporations: (1) WCA Waste Corporation, which obtained WCA Waste Systems, Inc., formerly an operating subsidiary of Waste Corporation of America, and (2) Waste Corporation of America, Inc., which included certain other operating subsidiaries of the parent company. This resulted in WCA Waste Corporation and Waste Corporation of America, Inc. becoming separate business entities, each owned by the former shareholders of Waste Corporation of America, Inc. WCA Waste Corporation, Inc. is a publicly traded company (NASDAQ), and Waste Corporation of America, Inc. is a private company.[2]

Each franchise has been issued to a non-existent entity. WCA Waste Corporation, Inc., must obtain a franchise for each landfill. Each franchise shall be issued to WCA Waste Corporation, Inc. If a landfill is to be known by the name of a subsidiary business entity of WCA Waste Corporation, Inc., the franchise may also include the name of the subsidiary entity. Before obtaining the franchises, WCA Waste Corporation, Inc., and any subsidiary entity which is also named on a franchise shall be certified or registered by the Secretary of State to do business in North Carolina.

Financial Qualification Information

Pursuant to N.C.G.S. § 130A-294(b2)(1), the Division requires an applicant for a permit to satisfy the Division that the applicant, and any parent, subsidiary, or other affiliate of the applicant or parent is financially qualified to carry out the activity for which the permit is required. Please submit to the Division audited financial statements of WCA Waste Corporation, Inc., for the last three years. Please also provide information describing the Corporation's indebtedness and obligations under the terms of its borrowing agreements, and any other

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[2]It appears that the two corporations are now "affiliates", as that term is defined at N.C.G.S. § 130A-290(a)(1) and 17 C.F.R. § 240.12b-2.

information published in its annual and quarterly reports to the Securities and Exchange Commission which the Corporation considers to be relevant to its financial qualification to own, construct, operate and monitor, close and conduct post-closure care at these solid waste management facilities for which it seeks permits.

Compliance History Information

Pursuant to N.C.G.S. § 130A-294(b2)(1) and § 130A-309.06(b), the Division requires an applicant for a permit, and any parent, subsidiary or other affiliate of the applicant or parent, to submit for review the history of compliance with the requirements applicable to any solid waste management activity in which they have engaged and the history of compliance with federal and state laws, regulations and rules for the protection of the environment. In order to initiate the Division's compliance history review for the permit to operate Phase I, Cell B of the Material Recovery facility in Wake County, Mark Poindexter, Head of the Field Operations Branch, sent a letter dated July 18, 2006, to Mr. Menger requesting organizational charts for "WCA of Wake County, L.P." that shows all business entities that are direct or indirect parents, subsidiaries or other affiliates of "WCA of Wake County, L.P.", as well as any partnerships and joint ventures in which any of the entities are engaged or which have a financial interest in any of the entities.

At the time that Mr. Poindexter wrote the letter he was not aware that WCA Waste Corporation, Inc. had cancelled the business entity "WCA of Wake County, LP." Please submit a complete organizational chart, as otherwise outlined in Mr. Poindexter's letter, for WCA Waste Corporation, Inc. The chart should show all subsidiaries and affiliated entities of WCA Waste Corporation, Inc.; it should show each of the North Carolina facilities listed by the name of the business entity under which each facility is operated. Any WCA Waste Corporation, Inc. businesses in North Carolina which are not the subject of this permitting letter should also be included on the chart. All joint partnerships and joint ventures of any of the entities should also be shown on the chart.

To help expedite the compliance history review, WCA Waste Corporation, Inc. may also submit to the Division the compliance history information for the past five years for each facility and business owned or operated, now or at any time within the past five years, by WCA Waste Corporation, Inc., by any subsidiary or affiliate of WCA Waste Corporation, Inc., and by any partnership or joint venture of one of the foregoing entities. The compliance history information should cover the period from June 1, 2001 through the date of submission of the information to the Division.

Formal request and information for issuance of new permit for C&D Waste Transfer Station in Wake County

The Division is unable to locate any request from WCA Waste Corporation, Inc., or an related entity, for the issuance of a new permit for the C&D Waste Transfer Station in Wake County that was originally permitted to MRR Wake Transfer Station, LLC. Please submit a request for a new permit, together with accompanying documentation.

Recorded Deeds or Other Instruments of Conveyance

Please submit a copy of the recorded deed or other recorded instrument of conveyance for each of these facilities which shows the following: a location description of the entire site (land) within the permitted boundary of the facility, either by metes and bounds description or by

reference to a recorded plat map; the total acreage encompassed within the recorded tract; any easements, covenants or other encumbrances upon the property; and the name and address of the current owner of the land and the previous owner of the land (grantor and grantee). Please provide information about any liens or mortgages (deeds of trust) upon the properties, the facilities, and/ or the equipment.

WCA Waste Corporation, Inc. has filed with the Wake County Register of Deeds a certificate issued by the Secretary of State entitled Notice of Amendment of WCA Wake Transfer Station, LLC which shows the name change from MRR Wake Transfer Station, LLC to WCA Wake Transfer Station, LLC, as required by N.C.G.S. § 55D-26. The Division is unable to locate a filed certificate which gives notice of the name change from MRR of High Point, LLC to WCA of High Point, LLC. Please provide a copy of the appropriately filed and indexed certificate, file-stamped with the book and page number of the Guilford County Registry.

Summary

To summarize, the Division requests that WCA Waste Corporation submit the following information and documentation in order for the Division to proceed with its permit application review for WCA Waste Corporation, Inc. for the former MRR Southern, LLC construction and demolition waste management facilities referenced in this letter:

1. New franchises for each of the C&D Landfills issued to WCA Waste Corporation, Inc., by the respective jurisdictions in which the landfills are located (the City of High Point and Wake County, unless the landfill property has been annexed by a municipality.) The franchises may also include the name of the subsidiary business entity under which the landfill will be known.
2. Audited Financial Statements for WCA Waste Corporation, Inc., for the last three years, together with information describing the Corporation's indebtedness and obligations under the terms of its borrowing agreement.
3. An organizational chart showing WCA Waste Corporation, Inc. and all of its subsidiary and affiliated entities. Include information about any partnerships and joint ventures in which WCA Waste Corporation or any of these entities is engaged or which have a financial interest in any of these entities.
4. The compliance history information described on page 4 of this letter.
5. A request, with accompanying documentation, from WCA Waste Corporation, Inc., for issuance of a new permit for the MRR Wake Transfer Station.
6. For each facility, a copy of the recorded deed or other instrument of conveyance which includes a description of the land on which the facility is located.
7. Information about any liens or mortgages (deeds of trust) upon any of the properties, the facilities and/ or the equipment. Include copies of the recorded documents showing such encumbrances.
8. A copy of a recorded certificate filed in compliance with N.C.G.S. § 55D-26 for the C&D landfill and waste processing (reclamation) facility in High Point.

Solid Waste Management permits are non-transferable, and require the clear identification of the permittee. This should be WCA Waste Corporation, Inc. Your submission of the documents and information addressed in this letter is necessary to enable the Division to proceed with its permit application review for WCA Waste Corporation, Inc. for these facilities. Please be advised that no operations may take place in the newly constructed cells at the WCA High Point landfill facility until the Division issues a permit for the facility to WCA Waste Corporation, Inc. Please be further advised that current landfill operation and other solid waste management activities at each of these facilities is at risk until the Division issues a new permit for the facility.

Very truly yours,

Paul Crissman

Paul Crissman, Chief
Solid Waste Section

Enclosure
Copy: Dexter Matthews
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Chris Roof, MRR Southern
Norbert Hector, D.H. Griffin Construction Co., LLC
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