

LOUISA K. MORRIS
Director



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COUNTY OF MENDOCINO

DEPARTMENT OF SOLID WASTE

3200 Taylor Drive
Ukiah, California 95482

January 10, 2017

Jerry Ward, President
Solid Wastes of Willits
P.O. Box 1425, Willits, CA 95490

Sent via email to swow@pacific.net

Re: Covenant Not to Sue and Hold Harmless Agreement

Dear Mr. Ward,

It is our understanding, based on statements made to the Mendocino County Board of Supervisors on December 20, 2016, that SWOW is evaluating whether to enter into bankruptcy proceedings due to losses associated with fulfilling the terms of its Mendocino and Humboldt County Solid Waste and Recycling Contracts. Furthermore, we understand that you are concerned about SWOW's ability to meet immediate payment obligations to your vendors, employees and financial lending institutions.

Based upon the above representations of imminent financial insolvency and the fact that the Mendocino County Board of Supervisors did not provide you the anticipated and immediate financial relief you were seeking at their December 20, 2016 meeting, we believe it is prudent to take immediate action. If you are unable to perform your obligations under SWOW's County contracts, we must act to ensure adequate transportation and disposal of County solid waste in SWOW's franchise areas and transfer stations managed by SWOW under contracts with the County of Mendocino.

Prior to County Solid Waste staff conducting necessary outreach to identify alternative transportation and disposal solutions and development of a critical pathway to release SWOW from its contract obligations related to its solid waste and recycling contracts, we require that SWOW sign the attached Covenant not to Sue and Hold Harmless.

This action simply allows the County to explore options while we continue to work with SWOW in an effort to resolve outstanding issues. Please execute and return two original covenants to my office no later than close of business (5pm) on Friday, January 13, 2017.

Sincerely,

Louisa K. Morris
County of Mendocino, Solid Waste Director

cc: Mendocino County Board of Supervisors
Attachment: Covenant Not to Sue and Hold Harmless Agreement