



CITY OF ANN ARBOR, MICHIGAN

Public Services Administration

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July 7, 2016

Mike Brennan
Secretary and General Counsel
ReCommunity Holdings II, Inc.
809 West Hill Street
Charlotte, NC 28208

Sent via email and U.S. Mail

Re: Notice of Termination of Contract for Operating and Management of the City of Ann Arbor Material Recovery Facility/Transfer Station – Effective 2:00 AM July 11, 2016

Dear Mr. Brennan:

Under Subsection 12.02(c) of the contract between the City of Ann Arbor and ReCommunity Holdings II, Inc. (“ReCommunity”), for Operating and Management of the City of Ann Arbor Material Recovery Facility/Transfer Station (“MRF” and “TS”), the City of Ann Arbor today invokes its right to terminate the contract without having to give ReCommunity any further opportunity to cure.

Therefore, effective 2:00 AM on Monday, July 11, 2016, the contract between the City and ReCommunity for Operating and Management of the City of Ann Arbor Material Recovery Facility/Transfer Station is terminated and ReCommunity is directed to cease all services and operations at the MRF and at the TS. Also effective 2:00 AM on Monday, July 11, 2016, ReCommunity, its employees, contract employees, officials, and other agents are directed to stay away from and not to enter any part of the Wheeler Center properties, including the MRF, the TS, and the properties on which they are located. ReCommunity also must terminate deliveries to the City of Ann Arbor MRF of all non-City materials.

ReCommunity must continue to honor its contract obligations through 2:00 AM on July 11, 2016, including the processing of all materials at both the MRF and the TS. ReCommunity will be responsible for the City’s costs to process any materials left at either facility.

The City invokes its right to terminate under Section 12.02(c) based on continuing unsafe operations by ReCommunity. By the City’s letter dated June 10, 2016, you were put on notice

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that the City reserved its right to terminate if safety deficiencies continued. Both City safety personnel and the City's contracted safety inspectors have observed and documented that safety deficiencies have continued without break since June 10, 2016. All of these reports have been shared with ReCommunity personnel on site and with Linda Fendrick-Crowther.

The City will review its and ReCommunity's obligations under the contract upon termination so that appropriate and required steps can be taken, including the impact on ReCommunity's and the City's obligations relative to the new baler. The City assumes that ReCommunity will do the same and that written exchanges and/or discussions will follow. The City reserves all its rights to under the contract and the surety bond to assert claims and seek other remedies if needed.

The City will not dispose of any tools, equipment, or other property of ReCommunity or its employees. If ReCommunity or any of its employees needs access to the MRF, the TS, or other Wheeler Center properties, ReCommunity can request access in writing to Christina Gomes, including an explanation of the purpose of the requested access and the time needed for the requested access. The City will respond to make arrangements for access if it approves the request.

This notice of termination does not replace or end the discussions regarding net revenues. The City will respond separately to ReCommunity's July 1, 2016, letter on that topic.

Because of the impact of this letter on ReCommunity's operations at the City's MRF and TS, I am taking the liberty of sending a copy by email to Messrs. Grinold, Santos, Klemann, and Duffy.

Sincerely,



Craig A. Hupy, P.E.
Public Services Area Administrator

cc: Sean Duffy, ReCommunity President and COO
Stephen Klemann, ReCommunity Business Development Manager
Ron Grinold, ReCommunity Plant Manager
Ron Santos, ReCommunity Regional Manager
Howard S. Lazarus, City Administrator
Tom Crawford, Chief Financial Officer
Steven Schantz, Safety Manager
Christina Gomes, Solid Waste and Recycling Program Coordinator
Cresson Slotten, Systems Planning Unit Manager
Molly Maciejewski, Public Works Manager
Abigail Elias, Chief Assistant City Attorney
Berkley Surety Group