HACCO, INC.

→ HW CA File
FID# 114010820

Administrative Office
P.O. Box 7190
537 Atlas Avenue (53714)
Madison, WI 53707
(608) 221-6200 • FAX (608) 221-6208

Manufacturing Plant
110 Hopkins Drive
Randolph, WI 53956
(414) 326-5141
FAX (414) 326-5135

RECEIVED
JAN 22 1997
BUREAU OF SOLID
HAZARDOUS WASTE MANAGEMENT

January 21, 1997

Ms. Colleen D. Hellenbrand
Administrative Assistant
Hazardous Waste Management Section
Bureau of Solid and Hazardous Waste Management
Department of Natural Resources
Box 7921
Madison, WI 53707-7921

RE: Financial Responsibility
HACCO, Inc.
WID 006075352

Dear Ms. Hellenbrand:

Enclosed please find a new Letter of Credit for $315,000, a letter from HACCO requesting the change in amount and due date, and a Change in Terms Agreement. The documents do not have original signatures which you may require, but please review the documents so if additional changes are necessary, we can make them before sending you the originals. Please contact me at 221-6200 after your review.

Very Truly Yours,

HACCO, Inc.

Richard D. Yabroff, P.E.
Environmental Manager

attachment

cc: Cynde English, WDNR

UNION COLONY BANK

Rick Yabroff
HACCO, Inc.
P O Box 7190
Madison, WI 53707

Dear Rick:

Enclosed you will find copies of the following documents:

1. Letter of Credit #530 in the amount of $315,000 for the benefit of the State of Wisconsin.
2. Application and Agreement for Commercial Irrevocable Letter of Credit Amendment
3. Change in Terms Agreement
4. Disbursement Request and Authorization

Should you have any questions, please feel free to contact me at (970) 395-7628.

Sincerely,

Mike Nichols

Mike Nichols
Vice President

MN:srw
enclosure

1701 Twenty Third Avenue • Greeley, CO 80631 • Phone 970-356-7000 • Fax 970-356-1015

UNION COLONY BANK

State of Wisconsin
Department of Natural Resources
Box 7921
Madison, WI 53707

IRREVOCABLE LETTER OF CREDIT FOR
CORRECTIVE ACTION SPECIAL ORDER (530)
(for use by hazardous waste facilities) (number)
Form 4400- 6-94

Dear Secretary, Department of Natural Resources

We hereby establish our Irrevocable Letter of Credit No. 530 in favor of the State of Wisconsin Department of Natural Resources ("WDNR") as beneficiary, at the request and for the account of HACCO, Inc. ("HACCO"), 537 Atlas Avenue, Madison, WI 53714 as customer, up to the aggregate amount of Three Hundred Fifteen Thousand and No/100 U.S. dollars $ 315,000.00, available upon presentation of:

1. A sight draft bearing references to this letter of credit no. 530, together with

2. A signed statement declaring that the amount of the draft is payable pursuant to sections 144.443 and 144.735, Wis. Stats., as amended, and the terms and conditions of the Corrective Action Special Order ("Order") issued by the WDNR, effective on the 8th day of January, 1997 and any amendments thereto.

HACCO is a party bound by the Order and any amendments thereto. This Order, which requires HACCO to take corrective action under section 144.735, Wis. Stats., applies to the HACCO facility at 110 Hopkins Drive, Randolph, Wisconsin, a hazardous waste facility owned by HACCO and located in Section 6, Township 12N, Range 13E, Village of Randolph, Dodge County, Wisconsin. Under section 144.735, Wis. Stats., and the terms of the Order, WDNR may also require HACCO to take corrective action beyond the facility, if necessary.

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Sections 144.443(2)(c) and 144.735, Wis. Stats., and the terms and conditions of the Order require HACCO to establish and maintain proof of financial responsibility ensuring that funds are available to comply with the corrective action required by the Order. This letter of credit is written to provide proof of financial responsibility pursuant to sections 144.443(2)(c) and 144.735, Wis. Stats., and section NR 635.17, Wis. Adm. Code, as amended, and to ensure compliance with the Order and any amendments thereof.

This letter of credit shall inure to the benefit of the beneficiary and is effective on January 8, 1997. This letter of credit shall expire on July 11, 1997, except that it shall automatically renew on each successive termination date until HACCO receives written notice from WDNR, according to section XXX of the Order, that the terms of the Order have been satisfactorily completed, unless we elect to cancel this letter of credit.

In the event we wish to cancel this letter of credit, we shall provide notice in writing of our intent to cancel to the beneficiary by registered or certified mail not less than 120 days prior to the end of the current term of this letter. Unless the customer delivers to the beneficiary a replacement letter of credit or other proof of financial responsibility under section 144.443, Wis. Stats, we shall pay to the beneficiary the unused balance of this letter of credit on the termination date.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us.

All or part of this letter of credit may be drawn upon by the beneficiary, upon written request of the Secretary of the beneficiary and in accordance with section XXVII of the Order, to be used to carry out the terms and conditions of the Order if the customer or any successor in interest fails to do so.

I hereby certify that I am authorized to execute this letter of credit on behalf of Union Colony Bank, a bank or financial
(Name of Issuing Institution)
institution which is examined and regulated by a federal agency, or in the case of a bank or financial institution located within the State of Wisconsin, which is examined and regulated by the state or a federal agency.

Attest:

James L. Tuggle

James L. Tuggle, President

1-8-97

(Date Signed)

This credit is subject to the Wisconsin Uniform Commercial Code and the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce. In the event of inconsistency the Wisconsin Uniform Commercial Code shall apply.

APPLICATION AND AGREEMENT FOR COMMERCIAL IRREVOCABLE LETTER OF CREDIT AMENDMENT

January 8, 1997

$315,000.00

James L. Tuggle, President
Union Colony Bank
P O Box 961
Greeley, Colorado 80632

Dear Mr. Tuggle:

In reference to Union Colony Bank of Greeley's Letter of Credit No. 530 in favor of State of Wisconsin, Department of Natural Resources, I am requesting the following amendments be made:

1. Union Colony Bank Commercial Irrevocable Letter of Credit No. 530 is amended to be extended to become due July 11, 1997.

2. The aggregate amount of Union Colony Bank's Commercial Irrevocable Letter of Credit No. 530 is hereby modified to Three Hundred Fifteen Thousand and No/100 U.S. Dollars ($315,000.00).

I hereby acknowledge that all other terms and conditions to Union Colony Bank of Greeley's Letter of Credit No. 530 remain the same.

Sincerely,

HACCO, INC.

BY: Robert J. Kenkel

TITLE: Assistant Secretary

CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call	Collateral	Account	Officer	Initials
$315,000.00		07-11-1997	LOC #530	0113	32		01040	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: HACCO, INC., A WISCONSIN CORPORATION (TIN:)
423 18TH STREET
GREELEY, CO 80631

Lender: UNION COLONY BANK
GREELEY BRANCH
P.O. BOX 961
1701 23RD AVENUE
GREELEY, CO 80632

Principal Amount: $315,000.00 **Date of Agreement: January 8, 1997**

DESCRIPTION OF EXISTING INDEBTEDNESS. PROMISSORY NOTE DATED JANUARY 8, 1996 IN THE AMOUNT OF $431,760.00.

DESCRIPTION OF COLLATERAL. UNSECURED.

DESCRIPTION OF CHANGE IN TERMS. UNION COLONY BANK COMMERCIAL IRREVOCABLE LETTER OF CREDIT NO. 530 IS AMENDED TO BE EXTENDED TO BECOME DUE JULY 11, 1997 AND THE AGGREGATE AMOUNT OF UNION COLONY BANK'S COMMERCIAL IRREVOCABLE LETTER OF CREDIT NO. 530 IS HEREBY MODIFIED TO THREE HUNDRED FIFTEEN THOUSAND AND NO/100 U.S. DOLLARS ($315,000.00). ALL OTHER TERMS AND CONDITIONS OF SAID NOTE SHALL REMAIN THE SAME.

PROMISE TO PAY. HACCO, INC., A WISCONSIN CORPORATION ("Borrower") promises to pay to UNION COLONY BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Three Hundred Fifteen Thousand & 00/100 Dollars ($315,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on July 11, 1997. Interest on this Agreement is computed on a 365/360 simple interest basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

VARIABLE INTEREST RATE. The interest rate on this Agreement is subject to change from time to time based on changes in an independent index which is the Prime rate as published in the Wall Street Journal. When a range of rates have been published, the higher of the rates will be used (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each day. **The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance of this Agreement will be at a rate equal to the Index, resulting in an initial rate of 8.250% per annum.** NOTICE: Under no circumstances will the interest rate on this Agreement be more than the maximum rate allowed by applicable law.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Agreement or any agreement related to this Agreement, or in any other agreement or loan Borrower has with Lender. (c) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Agreement. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding cure of such default: (a) cures the default within twenty (20) days; or (b) if the cure requires more than twenty (20) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Agreement and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, do one or both of the following: (a) increase the variable interest rate on this Agreement to 4.000 percentage points over the Index, and (b) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Agreement (including any increased rate). The interest rate will not exceed the maximum rate permitted by applicable law. Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. **This Agreement has been delivered to Lender and accepted by Lender in the State of Colorado. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of WELD County, the State of Colorado. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.**

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Agreement against any and all such accounts.

LINE OF CREDIT. This Agreement evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Agreement may be requested either orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Agreement at any time may be evidenced by endorsements on this Agreement or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Agreement if: (a) Borrower or any guarantor is in default under the terms of this Agreement or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Agreement; (b) Borrower or any guarantor ceases doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Agreement or any other loan with Lender; or (d) Borrower has applied funds provided pursuant to this Agreement for purposes other than those authorized by Lender.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

MISCELLANEOUS PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE AGREEMENT.

BORROWER:

HACCO, INC., A WISCONSIN CORPORATION

By: _____
ROBERT J. HENKEL, ASSISTANT SECRETARY

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