11-07-12
G.8.8

DISPOSAL AGREEMENT
SOLID WASTE AND
RECYCLABLE MATERIALS

THIS AGREEMENT is made and entered into in Reno, Nevada, on this 7th day of NOVEMBER, 2012 ("Effective Date"), between the City of Reno, a political subdivision of the State of Nevada, (hereinafter called "City"), and Refuse, Inc., a Nevada corporation (hereinafter called "Contractor"), with reference to the following facts.

WITNESSETH:

A. WHEREAS the Contractor owns and operates an environmentally-sound and permitted Solid Waste disposal site known as the Lockwood Regional Landfill located in Storey County, Nevada (the "Disposal Site"), and also owns and operates an environmentally sound and duly permitted Solid Waste transfer station located at 1390 East Commercial Row and 13890 Mt. Anderson, both in Reno, Nevada (the "Transfer Station").

B. WHEREAS the Contractor also currently owns and operates a material recovery facility for the processing and recovery of Recyclable Materials, located at 1100 Commercial Row, in Reno Nevada (the "MRF"), and is in the process of permitting and developing a new, integrated Eco-Center in Reno, Nevada which, when and if constructed and operational, will contain a new material recovery facility for the processing and recovery of Recyclable Materials, a household hazardous waste drop-off facility, a green waste and electronics drop-off facility, and potentially other recycling and recovery operations (the "Eco-Center").

C. WHEREAS the City has entered into a residential collection franchise agreement with a Franchised Hauler for the collection, transportation, recycling, and disposal of Solid Waste and Recyclable Materials from residential customers within the City of Reno (the "Residential Franchise Agreement"), and has also entered into two commercial franchise agreements for separate and distinct zones of the City with two Franchised Haulers for the collection and transportation of commercial Solid Waste and Approved Recyclable Materials from commercial and industrial customers within the City of Reno (the "Commercial Franchise Agreements").

D. WHEREAS the City has a desire to ensure that the recycling and disposal of Solid Waste and Recyclable Materials collected from City residents and businesses occurs in an environmentally safe, sound, and responsible manner, and to also ensure that the rates for Solid Waste disposal and processing of Recyclables remain cost-effective for its ratepayers.

E. WHEREAS the City and Contractor thus desire to enter into this Agreement to, among other things, (a) provide for the delivery, transfer, processing, handling, transport, and disposal of Approved Disposal Materials generated within the City at Contractor's Transfer Station, MFR, Eco-Center, or Disposal Site; and (b) establish the respective obligations of the City and Contractor with respect to the

provision of delivery, transfer, processing, handling, transport, and disposal services for all Approved Disposal Materials generated within the City.

NOW, THEREFORE, for and in consideration of the covenants and agreements herein contained and for other valuable consideration, the receipt of which is hereby specifically acknowledged, the parties hereto do hereby agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement the following words or phrases shall have the following meanings. To the extent of any inconsistency between the definitions of the following terms provided in this Article and the use or definition of those terms that may appear in related City, County, State or Federal laws, ordinances or regulations, the following definitions shall be used in the interpretation of this Agreement.

"Affiliate(s)" means an entity controlled by, controlling or under common control with Contractor. "Control" and derivations thereof means the ability to control, through ownership of equity interests or contract, the management and affairs of the entity.

"Agreement" means this Agreement between the City and Contractor, including all exhibits and future amendments.

"Applicable Law" means all Federal, State and local laws, ordinances, regulations, rules, orders, judgments, decrees, resolutions, permits, approvals, or other type of requirement imposed by any governmental agency having jurisdiction over the collection and disposition of Solid Waste or Recyclable Materials, including those that are in force and effective as of the Effective Date, as well as such additions and changes thereto as become effective by means of their enactment, amendment, issuance or promulgation at any time after the Effective Date and during the Term of this Agreement.

"Approved Disposal Materials" means the Solid Waste and Approved Recyclable Materials that are collected by the Franchised Haulers under the City Franchise Agreements, excluding i) Excluded Materials, ii) Excluded Recyclable Materials, iii) Exempted Drop Box Materials, iv) Exempted Hauler Account Materials, v) Exempted Facility Materials, vi) Food Waste and vii) Green Waste.

"Approved Recyclable Materials" means the Recyclable Materials approved for recycling under this Agreement, which are listed on Exhibit A attached hereto and which may be changed from time to time by agreement of Contractor and City, excluding Excluded Recyclable Materials.

"Bulky Items" means all discarded waste matter that is too large to be placed in a Cart, including appliances not containing chlorofluorocarbons, furniture, carpets, mattresses, and similar large items that require special handling due generally to their size, excluding Excluded Materials.

"Cart" means an industry standard, wheeled Container of approximate thirty-five (35), sixty-four (64), and ninety-six (96) gallon capacity for collection of Solid Waste or Recyclables.

"City Council" means the governing legislative body of the City of Reno.

"Change in Law" means the following events or conditions:

i) Enactment, adoption, promulgation, issuance, modification, or written change or initial public announcement or enforcement in administrative or judicial interpretation of any Applicable Law occurring on or after the Effective Date; or

ii) Order or judgment of any governmental body, issued on or after the Effective Date, to the extent such order or judgment is not the result of willful or negligent action, error or omission or lack of reasonable diligence of Contractor; provided, however, that the contesting in good faith or the failure in good faith to contest any such order or judgment shall not constitute or be construed as such a willful or negligent action, error, or omission or lack of reasonable diligence.

"Change in Scope" is a material change in the type, extent or level of Disposal Services.

"City" means the legal entity known as the City of Reno, Nevada, a political subdivision of the State of Nevada.

"City Franchise Agreements" means the Residential Franchise Agreement and the Commercial Franchise Agreements, each as defined in Recital C of this Agreement.

"City Representative" means the City Manager, or his/her designee, who may be a City official, employee or an agent of City specifically designated to serve as the City Representative and authorized to act on behalf of the City hereunder.

"Commercial Activity" means as provided in the Commercial Franchise Agreements.

"Commercial Franchise Agreements" means as provided in the Recitals hereof.

"Construction and Demolition Debris" means debris resulting from construction, remodeling, repair, renovation, demolition, excavation, dredging, grubbing and related cleanup of residential, commercial or governmental buildings or other structures and pavement, including without limitation construction materials, rubble, bricks, concrete, other masonry materials, soil, rock, lumber, rebar, paving materials and vegetation, including tree stumps. Materials resulting from landscape maintenance are not Construction and Demolition Debris.

"Consumer Price Index" or "CPI" means the Consumer Price Index, All Urban Consumers, U.S. City Average-Item: Garbage and Trash Collection (1982=100) as published by the United States Department of Labor, Bureau of Labor Statistics ("CPI"), or any successor index.

"Container(s)" means Carts, Bins, and drop boxes or other containers for use to provide collection of Solid Waste and Recyclable Materials.

"Contractor" means the Party identified as Contractor on page 1 of this Agreement.

"Designated Facility" means the Transfer Station, Disposal Site, MRF, Eco-Center or any similar facility owned or operated by Contractor, to which all Approved Disposal Materials shall be delivered by the Franchised Haulers.

"Disposal," "Disposing," "Dispose," or "Disposed" means the final disposition of Solid Waste, but does not include other beneficial uses such as alternative daily cover.

"Disposal Services" means i) the acceptance, transfer, and transportation of Solid Waste that is Approved Disposal Materials and received from the Franchised Haulers, within and from the Transfer Station (or other Designated Facility, if directed by Contractor) to the Disposal Site; ii) the management of the disposal of all Solid Waste that is Approved Disposal Materials at the Disposal Site; iii) the acceptance, processing, transfer, transportation and management of Approved Recyclable Materials that are Approved Disposal Materials and received from the Franchised Haulers, within and from the MRF (or other Designated Facility, if directed by Contractor); and iv) the transportation and disposal at the Disposal Site of any Residuals from such processing of Approved Recyclable Materials, all as provided in this Agreement. Disposal Services do not include acceptance, processing, transfer, transportation or management of i) Excluded Materials, ii) Excluded Recyclable Materials, iii) Exempted Drop Box Materials, iv) Exempted Hauler Account Materials, v) Exempted Facility Material, vi) Food Waste or vii) Green Waste.

"Disposal Site" means as provided in Recital A of this Agreement.

"Eco-Center" means as provided in Recital B of this Agreement.

"Effective Date" means the date on which this Agreement is fully executed by the Parties, as reflected on page 1 of this Agreement.

"Excluded Materials" means: (i) Hazardous Waste; (ii) Medical and Infectious Waste; (iii) volatile, corrosive, biomedical, infectious, biohazardous, and toxic substances or material, including without limitation batteries; (iv) waste that Contractor reasonably believes would, as a result of or upon disposal, be a violation of Federal, State, or local law, regulation or ordinance, including land use restrictions or conditions; (v) waste that in Contractor's reasonable opinion would present a significant risk to human health or the environment, cause a nuisance or otherwise create or expose Contractor or City to potential liability; (vi) electronic waste determined by Contractor to be Excluded Materials (including without limitation television sets, computers and computer components); (vii) materials collected and processed at rendering facilities; (viii) Special Waste, (ix) incidental amounts of Self-Haul materials which are delivered by an individual directly to a transfer station, recycling facility or Disposal facility in a manner consistent with City ordinances and codes and other applicable laws; (x) Construction and Demolition Debris; (xi) materials which otherwise would constitute Collection Materials that are removed from premises by landscaping, gardening, cleaning service, appliance sale and service company or construction contractors as an incidental part of a gardening, landscaping, tree trimming, cleaning, maintenance, appliance sale or service or construction or similar service offered by that service provider, using its own personnel and equipment, rather than as a hauling service; (xii) Scrap Metals; (xiii) Paper Shredder Materials; (xiv) Bulky Items and items Contractor determines to be

excessively bulky or heavy; and (xv) Source Separated Recyclable Materials donated by the generator to any United States Internal Revenue Code Section 501(c) 3 or other federally recognized non-profit organization, including charities, youth groups and civic organizations, which materials may be transported from the non-profit organization by Self-Haul or by a third party hauler.

"Excluded Recyclable Materials" means either or both i) Approved Recyclable Materials from Commercial Activity that are a) separated by the generator thereof from all other materials and which contain not less than ninety percent (90%) Approved Recyclable Materials and b) sold by the generator thereof directly to a buyer of Recyclable Materials at market price, title to which materials transfers to the buyer upon collection or pickup of such materials, but excluding such materials collected and transported as a service; and ii) any other Recyclable Materials that are not Approved Recyclable Materials.

"Exempted Drop Box" means as provided in the Commercial City Franchise Agreements.

"Exempted Drop Box Material" means as provided in the Commercial City Franchise Agreements.

"Exempted Drop Box Services" means as provided in the Commercial City Franchise Agreements.

"Exempted Facility" means as provided in the Commercial City Franchise Agreement.

"Exempted Facility Materials" means as provided in the Commercial City Franchise Agreements.

"Exempted Facility Materials Limit" means as provided under the Commercial City Franchise Agreements.

"Exempted Haulers" means as provided in the Commercial City Franchise Agreements.

"Exempted Hauler Account" means as provided in the Commercial City Franchise Agreements.

"Exempted Hauler Account Material" means as provided in the Commercial City Franchise Agreements.

"Exempted Hauler Account Services" means as provided in the Commercial City Franchise Agreements.

"Extension Term" means one or more extensions of the Term of this Agreement, as provided under Section 3.1(B).

"Food Waste" means all compostable pre-consumer and post-consumer food waste, such as whole or partial pieces of produce, meats, bones, cheese, bread, cereals, coffee grounds and egg shells, and food-soiled paper such as paper napkins, paper towels, paper plates, coffee filters, paper take-out boxes, pizza boxes, paper milk cartons or other paper products accepted by the Contractor's selected composting facility or other processing facility and that has been Source Separated and placed in a Container for Recycling. Food Waste shall not include dead animals weighing over 15 pounds, plastics, diapers, cat litter, liquid wastes, pet wastes or other materials prohibited by the selected composting or other processing facility. The materials accepted by composting site selected by Contractor may change from time to time and the definition of Food Waste shall change accordingly.

"Franchised Haulers" means the parties providing collection and transportation services of Solid Waste and Approved Recyclable Materials under the City Franchise Agreements.

"Franchise Hauler Terms" means as provided in Section 3.4 hereof.

"Garbage" means putrescible animal and vegetable waste resulting from the handling, storage, preparation, cooking and sale and serving of food and beverage, excluding Excluded Materials and Source Separated Food Waste that is actually Recycled. The mixing, addition, or commingling of Garbage with rubbish, trash or other waste matter, exclusive of items i) through viii), inclusive under the definition of Excluded Materials, renders the entire resulting mixture as Garbage.

"Green Waste" means Source Separated biodegradable materials including branches (less than three [3] inches in diameter), brush, cut flowers, dead plants, grass clippings, house plants, leaves, pruning's, shrubs, weeds, wood (uncoated and untreated), wood chips, yard trimmings, Christmas trees (with no stands, flocking and/or decorations, and cut into two [2]-foot sections), excluding Excluded Materials.

"Hazardous Waste" means hazardous waste as defined in Nevada Revised Statutes 459.430, hazardous substance as defined in Nevada Revised Statute 459.429 and other hazardous or toxic materials as defined under any other local, state or federal law.

"Medical and Infectious Waste" means biomedical waste generated at hospitals, public or private medical clinics, dental offices, research laboratories, pharmaceutical industries, blood banks, mortuaries, veterinary facilities, and other similar establishments.

"MRF" means as provided in Recital B of this Agreement.

"Party" or "Parties" means City or Contractor individually, or City and Contractor, respectively.

"Permitted Transferee" means an Affiliate of Contractor.

"Paper Shredder Materials" means paper and similar paper products and the products and residue resulting from shredding thereof collected and shredded by properly licensed service providers providing paper shredding services.

"Qualifications" means the Assignee Qualifications, as defined in Section 10.6 of this Agreement.

"Rate Revenues" means the revenues from the Rates billed to and collected from Franchised Haulers by Contractor for provision of Disposal Services, but excluding any revenues, receipts or proceeds from other sources, including without limitation Special Services and proceeds from the sale of Recyclable Materials.

"Rates" or "Rate" means the amount each and all Franchised Haulers shall be charged by Contractor for Disposal Services under this Agreement, which Rates or Rate may be adjusted from time to time during the Term as provided under this Agreement, including the Solid Waste Disposal Rate (as defined in Section 5.2(A) of this Agreement) and the Recyclables Rate (as defined in Section 5.2(B) of this Agreement).

"Recyclable Materials" or "Recyclables" means materials that can be processed and returned to the economic mainstream in the form of raw materials or products, including without limitation materials that become capable of being recycled using new methods, processes or technology developed or implemented after the Effective Date, but including Source Separated Green Waste and Source Separated Food Waste.

"Recycle", "Recycled", "Recycling" means the process of collection, sorting, cleansing, treating and reconstituting of Recyclable Materials that would otherwise be disposed of, and returning them to the economy in the form of raw materials for new, reused, repaired, refabricated, remanufactured, or reconstituted products.

"Residential Franchise Agreement" means as provided in Recital C of this Agreement.

"Residue" or "Residuals" means materials which remain after processing Recyclable Materials which cannot be Recycled, marketed, or otherwise utilized, including, but not limited to, materials such as contaminated paper, putrescible waste, and other debris.

"Self-Haul" or "Self-Hauler" means that the generator of any Approved Disposal Materials, may himself or herself, but not by or through an agent, contractor or other third party, occasionally collect, transport and dispose of incidental amounts of Approved Disposal Materials generated by that generator only, subject to the terms and conditions of the Residential Franchise Agreement and the Commercial Franchise Agreements.

"Solid Waste" means all putrescible and nonputrescible waste matter in solid or semi-solid form, including but not limited to rubbish, Garbage, ashes, refuse and Residue, but excluding Excluded Materials.

"Source Separated" means the separation of any material or category of materials from other materials by the generator at the point or place of generation.

"Special Services" means various disposal and other services which is not within the Disposal Services under this Agreement, but which services Contractor at its option may offer to it's the Franchised Haulers or to others at rates, charges and other terms and conditions determined by Contractor.

"Special Waste" includes any materials that under current or future statute, ordinance or regulation require the application of special treatment, handling, or disposal practices beyond those normally required for Solid Waste. As defined for purposes of this Agreement, "Special Waste" shall be deemed to include, without limitation, all of the following: flammable waste; liquid waste transported in a bulk tanker; sewage sludge; pollution control process waste; residue and debris from cleanup of a spill or release of chemical substances, contaminated soil, waste, residue, debris, and articles from the cleanup of a site or facility formerly used for the generation, storage, treatment, Recycling, reclamation, or Disposal of any other Special Wastes; dead animals; manure; waste water; explosive substances; radioactive substances; fluorescent tubes; and abandoned or discarded automobiles, trucks, motorcycles or parts thereof, including tires and vehicle batteries.

"Term" means the period provided in Section 3.1(A), as extended by any Extension Terms under Section 3.1(B).

"Transfer Station" means as provided in Recital A of this Agreement.

"Working Days" means, unless otherwise specified, Monday through Friday, excluding legal holidays.

ARTICLE 2
CONTRACTOR'S REPRESENTATIONS, WARRANTIES

2.1 REPRESENTATIONS AND WARRANTIES OF CONTRACTOR

Contractor represents and warrants to City as follows:

A. BUSINESS STATUS

Contractor is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada. Contractor is qualified to transact business in the State of Nevada and has the corporate power to own its properties and to carry on its business as now owned and operated and as required by this Agreement.

B. CORPORATE AUTHORIZATION

Contractor has the authority to enter into and perform its obligations under this Agreement. The Board of Directors of Contractor has taken all actions required by law, its articles of incorporation, its bylaws or otherwise to authorize the execution of this Agreement. Each individual signing this Agreement represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of Contractor, such that this Agreement shall constitute a valid and binding obligation of Contractor enforceable in full accordance with its terms, except only to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting enforcement of creditors' rights.

C. NO CONFLICT

Contractor warrants and represents that, to Contractor's knowledge, as of the Effective Date neither the execution nor the delivery by Contractor of this Agreement nor the performance by Contractor of its obligations hereunder: (i) conflicts with, violates, or results in a breach of any law or governmental regulation applicable to Contractor; or (ii) conflicts with, violates, or results in a breach of any term or condition of any judgment, decree, agreement (including, without limitation, the certificate of incorporation of Contractor), or instrument to which Contractor is a party or by which Contractor or any of its properties or assets are bound, or constitutes a default under any such judgment, decree, agreement or instrument.

D. INFORMATION SUPPLIED BY CONTRACTOR

To Contractor's knowledge the information supplied by Contractor in all written submittals made in connection with procurement of Contractor's services, including Contractor's financial information, is true, accurate, correct, and complete in all material respects on and as of the Effective Date of this Agreement.

E. CONTRACTOR QUALIFICATIONS

Contractor warrants and represents it has the experience, financial capability and operational capability to perform the Contractor's duties and obligations under this Agreement and meets or exceeds the Qualifications.

ARTICLE 3
DISPOSAL SERVICES AGREEMENT

3.1 AGREEMENT TERM AND EXTENSIONS

Term

This Agreement shall be effective during the Term, which shall commence on the Effective Date and shall expire on the date 17 years thereafter on November 7, 2029 ("Expiration Date"), unless extended as provided in Section 3.1 (B) below.

B Extension Terms; Termination

The initial Term of this Agreement and each Extension Term of this Agreement shall be automatically extended for an additional five (5) year Extension Term unless City or Contractor provides written notice of termination not less than five (5) years prior to the expiration of the initial Term and each Extension Term. Contractor shall be entitled to terminate this Agreement effective anytime during the last 3 years of the initial Term upon not less than twenty four (24) months prior written notice to City.

C Periodic Review by City and Contractor of Collection Services

1. During the 24 month period ("Review Period") commencing on the date five (5) years after the Effective Date ("First Review Period Commencement Date") and on the date of each successive five (5) year anniversary after the First Review Period Commencement Date during the initial Term and all Extension Terms, each of the City or Contractor may initiate, conduct and complete the review of the operation of the Collection Services under this Agreement, in order to i) assess the effectiveness of the Collection Services and ii) identify areas for possible improvement ("Review"). Either City or Contractor may provide written notice to the other ("Review Notice") stating, in reasonable detail, the nature, scope and specific areas for review, but the provision of the Review Notice shall not be a condition precedent to the Review and Review Notice contents shall not limit the nature, scope or specific areas of the Review.

2. City and Contractor shall during the Review Period cooperate in good faith to conduct the review of the Collection Services. If as a result of the Review either or both the City or Contractor

determine improvements to the Collection Services would be beneficial, i) City and Contractor shall cooperatively prepare a written report reflecting the results of the Review, the aspects of the Collection Services suggested for improvement and any amendments to this Agreement necessary to make such improvements ("Report") and ii) Contractor and the City will conduct, in good faith, discussions and negotiations concerning any improvements to the Collection Services, including any related amendments to this Agreement; provided, however, neither City nor Contractor shall be obligated to agree to any changes to the Collection Services or amendments to this Agreement. The Report shall provide, in reasonable detail, the findings of the Review, together with any recommendations for improvements or changes to the Collection Services and related amendments to this Agreement. If the City and Contractor do not agree on all of the contents of the Report or the recommendations, the Report shall include the positions of both City and Contractor. The Review, preparation of the Report and all discussions and negotiations shall be completed on or before the expiration of the Review Period. If Contractor and City agree to changes to the Collection Services or agree to amend this Agreement, the amendment will be executed on or prior to the expiration of the Review Period and the changes to the Collection Services will be implemented as soon as reasonably possible thereafter.

3.2 CONTRACTOR'S DISPOSAL SERVICES

A. Solid Waste

Beginning on the Effective Date, and throughout the term of this Agreement, Contractor, by itself or through its subcontractors, shall have the right and obligation to (a) accept, transfer, and transport all quantities and loads of Solid Waste that is Approved Disposal Material from the Franchised Haulers, within and from the Transfer Station (or other Designated Facility, if directed by Contractor) to the Disposal Site; and (b) manage the disposal of all Solid Waste that is Approved Disposal Material at the Disposal Site (collectively the "Waste Disposal Services").

B. Approved Recyclable Materials

Beginning on the Effective Date, and throughout the term of this Agreement, Contractor, by itself or through its subcontractors, shall have the right and obligation to (a) accept, process, transfer, transport, and otherwise manage all quantities and loads of Approved Recyclable Materials that are Approved Disposal Materials from the Franchised Haulers, at the Contractor's MRF (or other Designated Facility, if directed by Contractor); and (b) transport and dispose of any Residuals at the Disposal Site (collectively, the "Recycling Services"). Contractor shall be entitled, but shall not have the exclusive right or obligation, to accept, process, recycle or manage Food Waste or Green Waste under this Agreement.

C. Contractor shall be solely responsible for the sale of Approved Recyclable Materials, and shall be entitled to retain all proceeds therefrom. In the event Contractor is unable, after commercially reasonable efforts, to sell any Approved Recyclable Materials on economically reasonable terms, Contractor and City will cooperate in good faith to determine mutually acceptable terms for the handling or Disposal of such Approved Recyclable Materials, including without limitation Disposing of such Approved Recyclable Materials as Solid Waste and adjusting the Recyclables Rates payable on such Approved Recyclable Materials.

D. Contractor to Furnish Resources

The services to be provided by Contractor pursuant to this Agreement shall include the furnishing of all labor, supervision, vehicles, equipment, materials, supplies, and all other items necessary to perform all Disposal Services, and the payment of all related expenses including all transfer and Disposal fees, processing fees for Recyclable Materials taxes, utility charges, etc. Contractor shall provide Disposal Services using standard industry practice for comparable operations.

E. Continuation of Disposal Services

In the event all or any of the City Franchise Agreements are terminated, replaced, superseded, amended or otherwise modified prior to the expiration or termination of this Agreement, Contractor shall continue to have the right to continue to provide the Disposal Services on the terms provided under this Agreement for all Approved Disposal Materials (whether or not collected by the Franchised Haulers) generated by residential and commercial uses in the City to the full extent provided under this Agreement; provided, however, the Rates will be adjusted as provided in Section 5.3 hereof if necessary. City and Contractor will cooperate in good faith to amend this Agreement to provide for continued performance of the Disposal Services by Contractor.

F. Delivery of Exempted Drop Box Materials and Exempted Hauler Account Materials

Except as expressly provided herein or in the City Franchise Agreements, neither this Agreement nor the City Franchise Agreements shall limit or preclude Exempted Drop Box Materials collected and transported using Exempted Drop Box Services or Exempted Hauler Account Materials collected and transported using Exempted Hauler Account Services from being delivered by any Exempted Hauler, including Contractor, to any facility for acceptance, processing, recycling, transfer or disposal, including without limitation facilities other than the Designated Facilities.

G. Exemption for Exempted Facility Materials

1. Subject to the Exempted Facility Material Limit and otherwise as provided in this Section 3.2 G, i) the requirement and obligation of a Franchised Hauler to deliver all Approved Disposal Materials to a Designated Facility shall not include or apply to Exempted Facility Materials delivered by a Franchised Hauler to the Exempted Facility and accepted by, processed or recycled at or disposed from the Exempted Facility and ii) this Agreement and the Disposal Agreement shall not limit or preclude the Exempted Facility from accepting, processing, recycling or disposing of any Exempted Facility Materials.

2. The Exempted Facility shall file with the City a quarterly report, in form required by the City and certified true, correct and complete by an owner or officer of the Exempted Facility, consistent with the obligations of the Exempted Facility under Section 3.2 G 7 hereof, stating i) the volume of all Solid Waste and Recyclable Materials, including without limitation the type and volume of Exempted Facility Materials, Exempted Drop Box Materials and Exempted Hauler Account Materials accepted, processed, recycled and disposed during the calendar quarter and ii) such other information the City may require.

3. The Exempted Facility shall be a third party beneficiary with the right to enforce, subject to the terms and conditions in this Section 3.2 G, the rights of the Exempted Facility under Section 3.2 G. Sections 3.2 G and 3.2 F shall not be amended in a manner that would terminate, limit or restrict i) the right of any Franchised Hauler to deliver Exempted Facility Materials to the Exempted Facility, or ii) the right of any Exempted Hauler to deliver Exempted Drop Box Materials or Exempted Hauler Account Materials to the Exempted Facility as provided under Section 3.2 F hereof, or iii) the right of the Exempted Facility to accept, process, recycle or dispose of the materials delivered under Sections 3.2 G 3 i) and ii) hereof, without the prior written consent of the Exempted Facility, which the Exempted Facility may not unreasonably withhold, condition or delay; provided, however, nothing in this Section 3.2 G shall restrict the ability or right of the City to adopt ordinances or otherwise exercise its regulatory authority relating to the collection, transportation, processing, recycling and disposal of Solid Waste or Recyclable Materials, including without limitation Exempted Facility Materials.

4. The rights of the Exempted Facility under this Section 3.2 G may be sold, assigned or transferred to a third party in whole, but not in part, provided such third party obtains all licenses necessary for the acceptance, processing, recycling and disposal of the Exempted Facility Materials and the Exempted Facility owner shall be entitled to sell, transfer and/or convey an ownership interest, in whole or in part, in the Exempted Facility. If the Exempted Facility shall dissolve or otherwise cease business for a period equal to or more than one (1) year, the rights of the Exempted Facility under this Section 3.2 G shall terminate.

5. The Exempted Facility shall pay to the City in quarterly installments a host fee equal to two and one-tenth cents ($0.021) for each cubic yard of Exempted Facility Materials, Exempted Drop Box Materials and Exempted Hauler Materials that are accepted, processed, recycled or disposed at the Exempted Facility. The host fee payable under this Section shall be increased in proportion to changes in the Host Fee payable by the Designated Facility Owner under the Disposal Agreement.

6. The Exempted Facility shall be in default hereunder if the Exempted Facility shall i) fail to timely pay the host fee or fail to timely file with the City the reports, each as required under this Section 3.2 G, ii) accept, process, recycle or dispose of Exempted Facility Materials totaling in excess of one hundred five percent (105%) the Exempted Facility Materials Limit for the Exempted Facility, iii) accept, process, recycle or dispose of Exempted Facility Materials more than the Exempted Facility Material Limit on two occasions in any consecutive five (5) year period, or iv) otherwise materially fail to comply with this Section 3.2 G. Upon thirty (30) days written notice of default by City and the failure of the defaulting Exempted Facility to cure such default, City shall be entitled to exercise all rights and remedies available to the City, including without limitation the right to terminate the rights under this Section 3.2 G of the defaulting Exempted Facility.

7. The Exempted Facility will exercise industry standard, reasonable efforts to screen materials received from the Exempted Haulers and the Franchised Haulers to identify Exempted Facility Materials, Exempted Drop Box Materials, Exempted Hauler Account Materials and other materials in order to i) prepare and file the reports required to be filed with the City under this Section 3.2 G, ii) comply with

the Exempted Facility Materials Limit, iii) pay the host fee required under this Section 3.2 G and otherwise comply with the requirements of this Section 3.2 G.

3.3 ADDITIONAL OBLIGATIONS OF CONTRACTOR

As part of the consideration under this Agreement, Contractor agrees to the following:

A. Construction of Eco-Center.

Within twenty eight (28) months following the Effective Date of this Agreement, Contractor or its affiliates shall use commercially reasonable efforts to commence and diligently prosecute construction of the Eco-Center or other similar facilities that will provide transfer, processing, and disposal of Solid Waste and Recyclables. The Contractor's obligations to construct and complete the Eco-Center shall be contingent upon the Contractor's obtaining all necessary permits and approvals from local, regional, or state authorities necessary for the construction and operation of the Eco-Center. It is anticipated that the Eco-Center will include the following features; however, the final design and scope of the facilities shall be subject to Contractor's discretion, in consultation with the City:

1. A material recovery facility for the processing of single stream Recyclables, which processing may include, without limitation, sorting, separating, baling and shipping of Recyclables;

2. A larger Solid Waste transfer area with increased capacity for receiving and transferring Solid Waste, along with area for separation of Recyclables from Solid Waste as determined appropriate by Contractor;

3. A receiving and transfer area for community drop off and disposal of green waste, electronic waste, and household hazardous waste (HHW), subject to the development of rates and policies for such services;

4. A community education center providing a facility viewing area and printed and online educational materials;

5. A designated recycling coordinator, to be employed by Contractor, who shall educate and assist residential and commercial customers to enhance recycling and diversion rates; and

6. Such other services and facilities as mutually agreed upon by the Contractor and the City.

Contractor shall be responsible for the cost of developing the Eco-Center; however, the City shall provide reasonable cooperation and coordination to help facilitate the development of such facility or facilities, including but not limited to providing in the City Franchise Agreements that the Franchised Haulers must deliver Approved Disposal Materials to a Designated Facility (except for Exempted Facility Materials) and to abide by the safety and other operational rules and restrictions of the Designated Facility.

B. Natural Gas Fueling Facility.

Within sixteen (16) months following the Effective Date of this Agreement, Contractor or its affiliates shall use commercially reasonable efforts to commence and diligently prosecute construction of a retail compressed natural gas (CNG) fueling facility that will allow the City to purchase CNG for the City's vehicles at market retail rates. The Contractor's obligations to construct and complete the retail CNG facility shall be contingent upon the Contractor's obtaining all necessary permits from local, regional, or state authorities necessary for the construction and operation of such facility. Contractor shall be responsible for the cost of siting, permitting, and developing the retail CNG facility; however, the City shall provide reasonable cooperation and coordination to help facilitate the development of such facility.

C. Solar Compactors.

Within sixteen (16) months following the Effective Date of this Agreement, Contractor or its affiliates shall purchase twenty five (25) "Big Belly" 32-gallon solar powered Solid Waste compactors for transfer to the City and placement in locations throughout the City as mutually agreed upon by the Contractor and the City. These solar compactors are to be used for public street-side collection of Solid Waste. Collection of Solid Waste materials from the compactors will be included within the scope of the Commercial Franchise Agreements as part of the City Collection Services (as defined in the Commercial Franchise Agreements) and shall be the shared obligation of the Commercial Franchised Haulers as provided in the Commercial Franchise Agreements; provided, however, the City shall own and be responsible for the repair and replacement of the compactors.

D. Compressed Natural Gas Vehicles

Within twenty eight (28) months following the Effective Date of this Agreement, Contractor or its affiliates shall purchase and place into service twelve compressed natural gas powered collection vehicles ("CNG Vehicles") for Collection Services (as defined in the City Franchise Agreements) by Reno Disposal, Inc.. Contractor or its affiliates will own, operate and maintain the CNG Vehicles as required in the City Franchise Agreements.

E. City Disposal Services

City shall be entitled to deliver Approved Disposal Materials generated by the City at City properties to Contractor's Transfer Stations at no charge as provided in and subject to this Section ("City Disposal Services"). The City Disposal Services only shall be provided by Contractor for Approved Disposal Materials generated from buildings, parks and similar facilities owned by City and generated in the normal and ordinary course of operation of such facilities and does not include: i) any material that requires special handling, equipment or processing, including without limitation Excluded Materials or Special Waste; ii) materials generated by businesses operating for-profit on or from City property; iii) materials resulting from natural disasters; special events; repair, construction or reconstruction of City facilities or from activities of any subcontractor on City property; iv) access to or disposal at the Disposal Site; or v) any other Disposal Services or other services relating to materials generated from any use, activity or cause other than the operation of City owned facilities in the normal ordinary course for such facility. Any Disposal Services provided by Contractor to City other than the City Disposal Services shall

be paid for by City at the established Rates. In the event the cost or value of the City Collections Services exceeds $215,000 at the Rates established as provided herein and adjusted for changes in the CPI in the manner provided in Section 5.3 hereof, the Rates shall be concurrently increased in an amount necessary to pay the full amount of such increase and City and Contractor shall cooperate in good faith to establish such increase in Rates.

3.4 CITY'S OBLIGATION TO PROVIDE FOR DELIVERY OF APPROVED DISPOSAL MATERIALS AND OTHER FRANCHISE HAULER RESPONSIBILITIES; CITY FRANCHISE AGREEMENT TERMS

City hereby agrees to the following terms, covenants and conditions and further agrees i) to cause the terms, covenants and conditions in this Section 3.4 and all other terms applicable to the Franchised Haulers and provided under this Agreement (collectively, the "Franchise Hauler Terms") to be included as obligations of each Franchised Hauler in each City Franchise Agreement, ii) to maintain each City Franchise Agreement in full force and effect during the Term of this Agreement (except and unless terminated by City as a result of default by the Franchised Hauler thereunder) and iii) to abide by and enforce the terms, covenants and conditions of the City Franchise Agreements. The foregoing agreements are a material part of the consideration under this Agreement and material to Contractor's agreement to enter into this Agreement and provide the Disposal Services, capital improvements, and other services and consideration contemplated herein:

A. Delivery of Approved Disposal Materials

Beginning on the Effective Date, and throughout the term of this Agreement, the Franchised Haulers will deliver all Approved Disposal Materials collected, handled or transported under the City Franchise Agreements to the Designated Facilities in accordance with the terms and conditions of this Agreement. Each Franchised Hauler shall deliver i) all Solid Waste that is Approved Disposal Material to the designated Transfer Station, unless Contractor directs the Solid Waste be delivered to another Designated Facility and ii) all Approved Recyclable Material that is Approved Disposal Material to the MRF, unless Contractor directs the Approved Recyclable Material be delivered to another Designated Facility. No Approved Disposal Materials shall be delivered to the Disposal Site by the Franchised Haulers without the prior express approval of Contractor. No person or entity other than Contractor shall be allowed or entitled to accept the Approved Disposal Materials for processing, recycling or disposal except as expressly provided under this Agreement. Notwithstanding anything in this Section 3.4 (A) to the contrary, i) the Franchised Haulers shall be entitled to deliver (a) Excluded Materials; (b) Exempted Drop Box Materials; (c) Exempted Hauler Account Materials; (d) Food Waste and (e) Green Waste Disposal facilities other than the Designated Facilities, ii) Disposal facilities other than the Designated Facilities shall be entitled to accept (a) Excluded Materials; (b) Exempted Drop Box Materials; (d) Exempted Hauler Account Materials; (e) Food Waste and (f) Green Waste for processing or recycling and iii) the Franchised Haulers shall be entitled to deliver to the Exempted Facility, and the Exempted Facility shall be entitled to accept, process, recycle and dispose, Exempted Facility Materials. Nothing in this Agreement or the City Franchise Agreements shall be interpreted to prohibit or prevent a Franchised Hauler from directly or indirectly owning and operating a transfer station, disposal facility, materials recovery facility or similar facility that accepts and to which a Franchised Hauler may Collect

and deliver (a) Excluded Materials; (b) Exempted Drop Box Materials; (c) Exempted Hauler Account Materials; (d) Food Waste; and (e) Green Waste, for processing or recycling.

B. No Excluded Materials; Screening of Materials

Franchised Haulers will deliver only Approved Disposal Materials of the type appropriate for the Designated Facility to which the materials are delivered and otherwise in accordance with the terms of this Agreement. No Excluded Materials will be delivered to any Designated Facility by a Franchised Hauler except with the prior written and informed approval of Contractor. The Franchised Haulers will exercise industry standard, reasonable efforts to screen all materials to i) screen and verify only Approved Recyclable Materials are delivered for Recycling and ii) screen and remove all Hazardous Waste and other Excluded Materials from the materials delivered to the Designated Facilities. Except as provided in Section 3.4 F hereof, ownership of Hazardous Waste and other Excluded Materials shall not transfer to Contractor unless Contractor shall expressly and knowingly accept such ownership in writing and Contractor shall not be responsible for any Hazardous Wastes or other Excluded Materials delivered to a Designated Facility in violation of this Agreement.

C. Payment of Rates by Franchised Haulers

The Franchised Haulers will pay the Rates to Contractor in accordance with Section 5.2 of this Agreement and otherwise as required under this Agreement.

D. Limited License

The Franchised Haulers shall have a limited license to enter the Designated Facilities for the sole purpose of unloading Approved Disposal Materials at an area designated, and in the manner directed, by Contractor.

E. Compliance by Franchised Haulers

Each Franchised Hauler and its employees, subcontractors, or other agents shall comply with: i) Applicable Law related directly or indirectly to the delivery and Disposal of materials to the Designated Facilities, including without limitation the ordinances of the City, ii) all rules and regulations of the Designated Facilities of which the Franchised Hauler has not less than thirty (30) days prior written notice, including without limitation rules relating to safety, acceptance, rejection or revocation of acceptance of materials, and hours of operation, measuring and reporting volumes of Approved Disposal Materials delivered to the Designated Facilities and iii) all other Franchise Hauler Terms in the Disposal Agreement.

F. Inspection and Rejection of Materials by Contractor

Contractor shall have the right to inspect, analyze or test any material delivered by the Franchised Haulers to any Designated Facility. Contractor shall have the right to reject, refuse or revoke acceptance of any material if, in the reasonable opinion of Contractor, the material or tender of delivery fails to conform to, or the Franchised Haulers fail to comply with, the terms of this Agreement, including

without limitation as a result of delivery of Excluded Material. In the event Contractor, by notice to a Franchised Hauler, rejects or within 10 business days of receipt revokes acceptance of materials hereunder, the Franchised Hauler shall, at its sole cost, immediately remove or arrange to have the rejected waste removed from Contractor's control or property. If the rejected material is not removed within three (3) days from receipt of notice, Contractor shall have the right and authority to handle and dispose of the rejected material or Excluded Material in any commercially reasonable manner determined by Contractor. The Franchised Hauler shall pay and/or reimburse Contractor for any and all costs, damages and/or fines incurred as a result of or relating to the tender or delivery of the rejected material or Excluded Material or other failure to comply or conform to this Agreement, including, without limitation, costs of inspection, testing, analysis, handling and disposal of the rejected material or Excluded Material. Title to, ownership of and liability for Excluded Material shall transfer to Contractor unless such Excluded Material is rejected or the acceptance of which is timely revoked. Without limiting the foregoing, Approved Recyclable Materials mixed with i) more than a de minimis amount of Garbage, ii) ten percent (10%) or more of materials other than Approved Recyclable Materials, or iii) any amount of Excluded Materials, shall be considered contaminated ("Contaminated"). Contractor may impose a fee or charge for delivery of Contaminated Recyclable Materials, may charge for and dispose of such Contaminated materials as Solid Waste, and may refuse to accept such Contaminated materials.

G. Franchise Hauler Noncompliance

Contractor may suspend on prior written notice some or all Disposal Services to Franchised Haulers the event a Franchised Hauler fails to comply with the requirements applicable to Franchised Haulers in this Agreement or otherwise fails to follow the requirements and procedures under this Agreement or Applicable Law, rules and policies including without limitation, i) improper preparation, separation or contamination of Approved Recyclable Materials, ii) delivery of Excluded Materials to a Designated Facility; or iii) other failure of a Franchised Hauler to comply with the requirements under this Agreement or Applicable Law, rules and policies of which Contractor has provided the Franchised Haulers reasonable prior notice. Upon occurrence of such event(s), Contractor may refuse to accept such materials and may charge fees and charges as provided herein or otherwise approved by City, including without limitation charges and fees for special or additional services and otherwise to the extent necessary to pay the direct and indirect costs of and damages from such noncompliance. Upon notice of such a failure by Contractor to the Franchise Hauler and City and failure of the Franchise Hauler to remedy such failure within thirty (30) days, Contractor may suspend Disposal Service to the Franchise Hauler. The Franchised Hauler shall be reinstated on the first business day following the date upon which any such failure has been corrected. Nothing in this Section or in any other Section of this Agreement is intended to limit or restrict the rights or remedies of Contractor under this Agreement, the City Franchise Agreements or Applicable Law.

H. Time of Delivery

The Contractor shall provide identical access and parity of use to the Transfer Station, the MRF, the Eco-Center, and any alternative facilities designated pursuant to Section 3.4 I for each Franchise Hauler for delivery and unloading of Solid Waste and Approved Recyclable Materials (including incidental residue)

at such facilities. Except where either or both the days and hours of operation for such facilities have been changed upon thirty (30) days prior written notice, such facilities shall be open for each and all of the Franchise Haulers every day of the week between the hours of 5:00 AM and 10:00 PM. Subject to compliance with the notice requirements of this Section 4.4 H, operational and delivery hours may be adjusted by the Designated Facility Owner and approved by City. Contractor shall have the right to adjust the operating hours of the Designated Facilities to the extent reasonably necessary in the event of an emergency.

I. Alternative Facilities

During the Term of this Agreement, the Contractor may designate alternative facilities for the receipt, processing, transfer, or disposal of Approved Disposal Materials, Green Waste and Food Waste, provided such alternative facilities do not result in an increase in Rates or material increase in costs to the Franchised Haulers and the Franchised Hauler(s) selected by Contractor will deliver the Approved Disposal Materials to such alternative facilities as directed by Contractor. If Contractor designates an alternative facility, unless the alternative facility is required to pay the Host Fee to the City, Contractor shall pay or cause to be paid the Host Fee applicable to any Approved Disposal Materials delivered to the alternative facility. Upon the approval of City, Contractor may cause or allow Approved Disposal Materials to be delivered to the City waste water treatment plant, in which event no Host Fee, tipping fee or other fee will be payable to City for or on such materials. Nothing in this Section 3.4 I shall limit the right of a Franchised Hauler to deliver Exempted Facility Materials to the Exempted Facility or the right of the Exempted Facility to accept, process, recycle or dispose of Exempted Materials under Section 3.2 G hereof.

J. Ownership of Disposal Materials

Ownership of all Approved Disposal Materials, upon delivery to and acceptance by a Designated Facility, shall transfer to Contractor and shall become the property of Contractor.

K. Third Party Beneficiary; Contractor Rights

Contractor shall be a third party beneficiary of the City Franchise Agreements with all rights and remedies to enforce the Franchise Hauler Terms and other terms, covenants and conditions under the City Franchise Agreements.

3.5 COMPENSATION TO CONTRACTOR; RATES; SPECIAL SERVICES

Contractor shall be entitled to charge and collect the Rates from Franchised Haulers for Disposal Services, as more fully provided in Section 5.2 of this Agreement, which Rates may be adjusted as provided in this Agreement. The collection of Rate Revenues by Contractor from the Franchised Haulers for Disposal Services shall be Contractor's sole compensation for provision of Disposal Services. However, Contactor also shall be entitled provide and collect fees and charges for Special Services and other services and Contractor shall maintain in full force and effect throughout the term of this Agreement a current business license from the City as it relates to provision of Special Services and such other services.

3.6 HOST FEES PAYABLE TO CITY

A. Host Fees for Approved Disposal Materials from Franchised Haulers

Contractor shall pay to the City in monthly installments during the Term a Host Fee equal to Forty Two Cents ($.42) for each ton of Approved Disposal Materials accepted by Contractor from Franchised Haulers under this Agreement at a Designated Facility located in the City (excluding the Disposal Site), the tonnage of which shall be determined by weighing the Approved Disposal Materials when transported from the Designated Facility.

B. Host Fees for Other Disposal Materials

Contractor also shall pay to the City in monthly installments during the Term a Host Fee equal to Forty Two Cents ($.42) for each ton of disposal materials other than Approved Disposal Materials accepted by Contractor from Franchised Haulers under this Agreement at a Designated Facility located in the City (excluding the Disposal Site), the tonnage of which shall be determined by weighing the Approved Disposal Materials when transported from the Designated Facility.

C. Adjustment of Host Fee

The Host Fee shall be increased in proportion to changes in the CPI as provided in Section 5.3 hereof and the City reserves the right to increase or decrease the Host Fee upon ninety (90) days written notice to Contractor. In the event City increases or decreases the Host Fee, the Rates shall concurrently be increased or decreased, respectively, in an amount equal to the increase or decrease of the Host Fee, in which event the increase or decrease in Rates shall be cooperatively determined and agreed to in good faith by the City and Contractor during the 90 day notice period.

D. Payment of Host Fees by Contractor to City

The Host Fees for each calendar month ("Subject Month") during the Term and any extensions of the Term shall be paid by Contractor on or before the 25th day of the following calendar month and shall be calculated by Contractor on the basis of the tons of Approved Disposal Materials and the tons of other materials actually delivered to and accepted by the Designated Facilities during the Subject Month. Contractor shall provide to City along with the monthly payment a statement of the tons of Approved Disposal Materials and Host Fee for such payment, attested to by a representative of contractor as being true and correct. Any Host Fee not paid by the date due shall bear interest at Seven Percent (7%) per annum until paid. The tons of Approved Disposal Materials accepted at the Designated Facility under this Agreement, the Host Fees and the calculation thereof shall be subject to audit and inspection by the City under Sections 6.4 and 7.3 below and contractor shall cooperate fully in all such audits and inspections.

E. No Additional Fees or Charges

The Host Fee shall be the only fee or compensation paid by Contractor to City in connection with the Disposal Services and this Agreement and no other license, permit, privilege or other fee, tax or charge shall be imposed by City upon Contractor; provided; however, that nothing in this section shall modify the obligation of Contractor to pay building permit fees and other similar fees relating to the Designated Facilities.

F. Host Fees Payable By Other Facilities

City shall require all transfer stations, material recovery facilities, disposal sites, landfills or other facilities for the transfer, processing, recycling, deposit or disposal of Solid Waste or Recyclable Materials located in the City, in addition to the Designated Facilities, to pay the Host Fee in the manner and amount provided in this Agreement and adjusted as provided herein.

3.7 EMERGENCY SERVICES

In the event that Contractor, for any reason whatsoever, fails, refuses, or is unable to perform the Disposal Services for Solid Waste for a period of more than five (5) consecutive business days, and if as a result thereof, Solid Waste accumulates at a Designated Facility to such an extent, in such a manner, or for such a time that City reasonably finds that such accumulation endangers or menaces the public health, safety, or welfare and is in violation of Applicable Law, then City shall have the right, but not the obligation, upon twenty four (24) hours prior written notice to Contractor, during the period of such emergency to perform, or cause to be performed, such Disposal Services itself with its own or other personnel and equipment without liability to Contractor.

3.8 INFORMATION MANAGEMENT SYSTEMS

Contractor shall maintain such information management systems as are needed to collect, store, and organize operational and financial data, and to produce the reports and plans as specified in this Agreement. All data shall be backed up so as to ensure no loss of data due to computer failure.

3.9 ADOPTION BY CITY OF ORDINANCES AND AMENDMENTS

On or before the Effective Date hereof and thereafter during the Term of this Agreement, City shall adopt and thereafter maintain new or amended ordinances reasonably necessary or appropriate to implement and make enforceable and binding the terms and conditions of this Agreement; provided, however, subject to Contractors rights under this Agreement, City shall have the right and discretion to adopt and amend ordinances or otherwise exercise its regulatory authority relating to the subject matter of this Agreement.

3.10 OTHER SERVICES

In addition to and separate from Disposal Services, Contractor may voluntarily offer services to persons and entities other than City and the Franchised Haulers and may offer services other than the Disposal Services provided under this Agreement, all in the manner and at rates, fees and charges in an amount determined by Contractor, including without limitation services related to i) Excluded Materials, ii)

Excluded Recyclable Materials, iii) Exempted Drop Box Materials, iv) Exempted Hauler Materials, v) Food Waste and v) Green Waste.

3.11 TRANSITION AND IMPLEMENTATION OF DISPOSAL SERVICES

Contractor currently provides certain Solid Waste and Recyclable Materials disposal services in the City and will continue to do so after the Effective Date and until implementation of the Disposal Services under this Agreement. Contractor will commence the implementation of Disposal Services and other obligations required by this Agreement on the dates specified herein for each such service or obligation, but if no date is specified for a particular service or obligation, within 30 days after on the Effective Date.

ARTICLE 4
OPERATIONS

4.1 PERSONNEL

Contractor shall furnish qualified operational, mechanical, supervisory, clerical and other personnel as necessary to provide the Disposal Services required by this Agreement in a safe and efficient manner and otherwise as provided in this Agreement.

4.2 EQUIPMENT

Contractor shall procure, maintain and replace sufficient equipment to properly provide the Disposal Services. All equipment used in the performance of Disposal Services shall be maintained in an operational manner to industry standards.

4.3 INCLEMENT WEATHER, CONSTRUCTION AND OTHER SERVICE DISRUPTIONS

When weather, construction or other conditions reasonably prevent or impair Disposal Services, Contractor may make reasonable adjustments to the Disposal Services, but shall continue Disposal Services to the extent reasonably safe and efficient.

4.4 SERVICE COMPLAINTS AND RESOLUTION

Contractor shall maintain computer records of all oral and written service complaints registered with Contractor from Franchised Haulers receiving Disposal Services ("Complaint Record"). Contractor shall be responsible for prompt and courteous attention to, and prompt and reasonable resolution of, all customer complaints. Contractor shall record the Complaint in the customer file contained in the Contractor's customer database, noting the name and address of complainant, date and time of complaint, nature of complaint, identity of supervisor, and nature and date of resolution. City has the right under this Agreement to inspect the Complaint's made against Contractor upon written request.

ARTICLE 5

COMPENSATION TO CONTRACTOR

5.1 COMPENSATION TO CONTRACTOR; RATES

The compensation to be paid by the Franchised Haulers to Contractor under this Agreement shall be the Rates; provided, however, Contractor shall be entitled to charge other fees and charges as provide herein.

5.2 GENERAL RATES PROVISIONS

Commencing within 30 days after the Effective Date, Contractor shall charge and collect the Rates provided in this Section 5.2 from the Franchised Haulers for Disposal Services, which Rates may be adjusted as provided in this Agreement.

A. Rate for Solid Waste

Contractor shall charge the Franchised Haulers and the Franchised Haulers shall pay an initial rate of $11.41 per compacted cubic yard and $8.90 per uncompacted cubic yard (measured in accordance with reasonable methods and procedures adopted by Contractor of which at least 30 days written notice has been provided to the Franchised Haulers) of Solid Waste delivered to the Transfer Station or other Designated Facility (if directed by Contractor) (the "Solid Waste Disposal Rate"). The Solid Waste Disposal Rate includes all services related to receiving, transferring, transporting and disposing of the Solid Waste, inclusive of federal, state and local taxes, fees and assessments in effect and applicable to the transfer, transport or disposal of such Solid Waste as of the Effective Date. Contractor shall be entitled to install scales and related equipment at the Transfer Station or other Designated Facility and to convert the Solid Waste Disposal Rate from a rate per cubic yard calculation methodology to a reasonably equivalent rate per ton calculation methodology; provided Contractor and City shall cooperate in good faith to determine the appropriate equivalent rate per ton.

B. Rate for Approved Recyclable Materials

Contractor shall charge the Franchised Haulers and the Franchised Haulers shall pay an initial rate of $43.22 per ton of Approved Recyclable Materials delivered to the MRF or other Designated Facility, if directed by Contractor (the "Recyclables Rate"). The Recyclables Rate includes all services related to the receiving, transfer, processing, sorting, marketing and sale of Approved Recyclable Materials, inclusive of federal, state and local taxes, fees and assessments in effect and applicable to the receiving, transfer, processing, sorting, marketing, and sale of Approved Recyclable Materials as of the Effective Date. In charging the Recyclables Rate hereunder, Contractor shall determine the tonnage of Approved Recyclable Materials by weighing the Franchised Hauler's vehicles at the Designated Facility. Any Solid Waste Residue remaining after the processing of Approved Recyclable Materials shall be disposed of and charged at the Solid Waste Disposal Rate set forth in Section 5.2(A) above.

C. Rates for Special Waste and Other Services

Subject to reasonable handling restrictions or limitations imposed by Contractor, Contractor may accept from Franchised Haulers or others Special Waste and other materials at the Transfer Station, Disposal Site or other Designated Facility, as directed by Contractor, for disposal or other handling. If accepted by

Contractor, Contractor shall charge and the Franchised Haulers or others shall pay the published gate rates for such Special Waste or other materials as published by Contractor on the date of delivery.

5.3 ADJUSTMENT OF RATES AND HOST FEE

A. CPI Rate Adjustment

The Rates for all Disposal Services and the Host Fee shall increase annually in proportion to the percentage increase in the CPI over the preceding year, as provided below ("CPI Adjustment"). Adjustments to the Rates and Host Fee shall be made in units of one cent ($0.01) and fractions thereof shall be rounded to the nearest cent.

The first annual CPI Adjustment shall occur January 1, 2014 (such date and each anniversary thereof during the Term, an "Adjustment Date"). The Rates and Host Fee shall be increased in proportion to the percentage increase in the CPI over the most recent twelve (12) month period ending on October 1 of the year preceding the Adjustment Date. The Contractor's calculations of the CPI Adjustment and the Host Fee shall be i) certified true, correct and complete by the Contractor Representative and ii) provided to the City no later than December 1 of the year preceding the Adjustment Date. The adjusted Rates and Host Fee shall take effect on the Adjustment Date and shall apply for the ensuing year. If the CPI is changed or discontinued, it will be replaced by an index that would achieve as closely as possible to the same result as if the CPI had not been changed or discontinued.

B. Other Adjustments to Rates

Because the Rates are primary compensation to Contractor for the Disposal Services, the Rates must be sufficient to pay known and unknown costs that may increase over time or to otherwise compensate Contractor for the Disposal Services. Accordingly, City and Contractor agree that, in addition to the CPI Adjustment and the other adjustments under this Section, the Rates shall be increased ("Rate Adjustment") in an amount necessary to compensate Contractor for:

1. Increases in costs or expenses resulting from a Change in Law or Change in Scope of Services;

2. Increase in the Host Fee or other fee, tax, tariff, assessment or other charge levied or assessed on the storage, handling, transportation or disposal of Solid Waste or Recyclables after the Effective Date and required, initiated or approved by City or another federal, state or local governmental agency;

3. A change in the volume of Solid Waste or Recyclable Materials or other materials disposed by Contractor hereunder that causes a material increase to Contractor's costs or expenses or material decrease in Contractor's revenues, including without limitation changes to the requirement that all Franchised Haulers deliver Solid Waste and Approved Recyclable Materials to Contractor as provided under this Agreement;

4. Increase in the fees, expenses or costs to Contractor for the transfer, processing, transportation, recycling, or disposal of Solid Waste and Approved Recyclable Materials, including without limitation a

material increase in the cost of fuel, except to the extent such increase was already factored into the CPI increase; and

5. Any other circumstance, cause, or reason not within the reasonable control of Contractor, including without limitation a Force Majeure event, that causes an increase in costs or expenses or reduction in revenue of Contractor, such that the Rates do not fairly compensate Contractor for the Disposal Services.

Contractor may initiate a Rate Adjustment under this Section 5.3 not more than once annually, beginning no earlier than January 1, 2014. To obtain a Rate Adjustment, Contractor shall prepare and submit to the City and the Franchised Haulers a rate adjustment statement setting forth the nature of the event causing the increase in costs and a calculation of the increased costs and the Rate Adjustment necessary to offset such increased costs. The City may request any and all documentation and data reasonably necessary to evaluate the Rate Adjustment and shall confirm or deny (with detailed written explanation of the reason for any denial and an alternative Rate Adjustment proposal by City) within ninety (90) days of receipt of the statement from Contractor and after soliciting for a period of not less than 30 days written comment on any proposed Rate Adjustment from the Franchised Haulers, which confirmation shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 6

BILLING; COLLECTION AND PAYMENT

6.1 BILLING, COLLECTION; DISPOSAL AGREEMENTS WITH FRANCHISED HAULERS

Contractor is responsible for billing the Franchised Haulers and collecting Rates Revenues for all Disposal Services. Billing for all Disposal Services shall be in arrears on a monthly basis for all tons or cubic yards of Approved Disposal Materials delivered to and accepted by Contractor during the preceding month. All payments shall be by the Franchised Haulers shall be due and payable on the first day of each monthly billing cycle and shall be delinquent if not paid on or before the last day of that month. Contractor shall be entitled to charge a late fee equal to five percent (5%) of the delinquent amount and interest at seven percent (7%) per annum on all delinquent accounts. Contractor shall be entitled to suspend any delinquent Franchise Hauler's account and delivery rights after Thirty (30) day's written notice. Contractor shall be entitled to charge the Franchised Haulers other appropriate fees and charges, including without limitation NSF check charges and collections costs, and shall be entitled to require a deposit equal to the average monthly billings to such Franchised Hauler as a condition to providing Disposal Services to any Franchised Hauler delinquent more than two times in any 60 month period. All Rates, charges, penalties, interest and other amounts due to Contractor for Disposal Services to a Franchised Hauler shall constitute an obligation of each Franchised Hauler. Contractor shall be entitled to establish rules, procedures and requirements for Franchised Haulers for Disposal Services and for collecting any amount payable for the Disposal Services. At Contractor's election, Contractor and the Franchised Haulers will enter into written disposal agreements by which the Franchised Haulers and Contractor agree to the terms and conditions provided under this Agreement for Disposal Services.

Nothing in this Section shall limit any rights or remedies of Contractor, including without limitation the right to enforce the terms of this Agreement, the Reno Municipal code relating hereto and Contractor's agreements with the Franchised Haulers or to collect any all amounts due for Disposal Services and other services.

6.2 RECEIPT OF PAYMENT

Contractor shall record all amounts received from the Franchised Haulers into an appropriate accounting account.

6.3 MONTHLY PAYMENT OF HOST FEES

On or before the twenty-fifth (25th) day of each calendar month, Contractor shall prepare and submit a monthly statement to City for the prior month, together with the Host Fees payable to City for the prior calendar month. The monthly statement shall include amount (in cubic yards or tons, as appropriate) of Approved Disposal Materials accepted by each Designated Facility under this Agreement for the month and the calculation of the Host Fee.

6.4 AUDIT OF HOST FEE AND AMOUNT OF APPROVED DISPOSAL MATERIALS

City may at its sole discretion and cost select a qualified independent firm to perform an audit of Contractor's records and data specifically relevant to the calculation and payment of the Host Fee, as set forth in this Article. Contractor shall, upon 30 days written notification by City, permit the audit and inspection of all of such records and data by the firm specified by City. The frequency and timing of the audits shall be determined at City's discretion, but shall not exceed a maximum of two (2) audits during the Base Term and one (1) during any five year extension of the Term.

ARTICLE 7
RECORD KEEPING, REPORTING AND INSPECTION

7.1 RECORD KEEPING

A. Accounting Records

Contractor shall maintain full, complete and separate financial, statistical and accounting records and accounts, pertaining to the Rates Revenues and Host Fee calculations and payments. Such records shall be subject to audit, copy, and inspection by City Representative or designee at any time during normal business hours upon prior written reasonable notice. Contractor shall maintain and such records for a period of not less than five (5) years following the close of each of Contractor's fiscal years.

B. Approved Disposal Materials Records

Contractor shall maintain records of the quantities of (i) Solid Waste accepted under the terms of this Agreement; and (ii) Recyclable Materials, by type, accepted under the Terms of this Agreement.

7.2 ANNUAL AND QUARTERLY REPORTING

A. General

Annual and quarterly reports shall be submitted to the City within forty five (45) days after the end of the reporting period which include a summary of i) Solid Waste accepted under the terms of this Agreement; and (ii) Recyclable Materials, by type, accepted under the Terms of this Agreement.

7.3 INSPECTION BY THE CITY

City Representative, or designee(s), shall have the right to observe and review Contractor's facilities and records specifically relevant to the amount of Approved Disposal Materials accepted under this Agreement and the calculation of the Rate Revenues and Host Fee and in connection therewith to enter the Designated Facility premises during normal business hours for the purposes of such observations, and review at any time upon not less than twenty four (24) hours prior written notice. City Representative shall notify Contractor's representative upon arrival. City Representative will comply with all policies and procedures of Contractor when on Contractor's premises. Contractor may condition any such entry in or upon Contractor's premises, by City Representative or designee(s), on the prior execution of a waiver of any liability of Contractor for any injury or damages suffered by City Representative or designee(s), or their respective heirs and assigns, or others claiming by, through or under them, arising out of or relating to such entry.

ARTICLE 8
INDEMNITY, INSURANCE, PERFORMANCE SECURITY

8.1 INDEMNIFICATION OF THE CITY

Contractor agrees to and shall indemnify, defend and hold harmless City its officers, officials, employees, volunteers, agents and assigns (collectively, the "Indemnitees") from and against any and all costs, damages, loss, liability, fines, penalties, forfeitures, claims, demands, actions, proceedings or suits (whether administrative or judicial), in law or in equity, of every kind and description, (including, but not limited to, injury to and death of any person and damage to property) to the extent caused by (i) the failure of Contractor to comply with this Agreement and ii) the performance by Contractor, its officers, agents, employees, and subcontractors of the Disposal Services or other obligations of Contractor hereunder, except in each case to the extent caused by the default, negligence or intentional misconduct of City. The indemnification obligation hereunder shall arise only in excess of any available and collectible insurance proceeds, and the Contractor shall be liable hereunder to pay only the amount of damages, if any, that exceeds the total amount that all insurance has paid for the damages, plus the total amount of all deductible and self-insured expenses paid under all insurance policies.

8.2 INSURANCE SCOPE AND LIMITS

A. During the Term of this Agreement Contractor shall procure and maintain the following minimum insurance coverage, to the extent available:

1. Commercial General Liability: Commercial General Liability Insurance with limits of not less than Two Million Dollars ($2,000,000) per occurrence with an aggregate of Four Million Dollars ($4,000,000). This policy shall be issued on a per-occurrence basis.

2. Automobile Liability: Comprehensive Automobile Liability Insurance with limits for bodily injury of not less than Two Million Dollars ($2,000,000). Coverage shall include owned and non-owned vehicles used in connection with the Agreement.

3. Worker's Compensation: A policy of Worker's Compensation insurance as may be required by the Nevada Revised Statutes.

B. Other Insurance Provisions

1. The insurance policies shall contain, or be endorsed to contain, the following provisions:

a. City, its officers, officials, employees and volunteers are to be covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; and with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts or equipment furnished in connection with such work or operations.

b. Contractor's insurance coverage shall be primary insurance in relation to the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, agents or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

c. Each insurance policy required by this clause shall be occurrence-based, or an alternate form as approved by City and shall be endorsed to state that coverage shall not be canceled by the insurer or reduced in scope or amount except after thirty (30) days prior written notice has been given to City.

d. Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Worker's Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, employees and volunteers for losses arising from work performed by Contractor for City.

C. All Coverages. Each insurance policy required by this Article shall be occurrence-based or an alternate form as approved by the City and endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

D. Verification of Coverage

Contractor shall furnish City, within 30 days after the Effective Date and upon request of City thereafter, with original certificates evidencing coverage required under this Section 8.2.

E. Acceptability of Insurers

All insurance policies required by this Article shall be issued by admitted insurers in good standing with and licensed to do business in the State of Nevada, and possessing a current A.M. Best, Inc. rating of B+ FSC VIII or better.

F. Subcontractors

Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated in this Section.

G. Liability Coverage Amounts

Not more often than every five (5) years during the Term, City shall be entitled to increase the amount of liability insurance coverage required under this Section 8.2 if such coverage is below amounts generally accepted for similar services. In that event, City and Contractor will cooperate in good faith to establish the amount of liability insurance coverage generally accepted for similar services and Contractor will provide such liability coverage amounts.

8.3 INSTRUMENT FOR SECURING PERFORMANCE

Not less than thirty (30) days after the Effective Date, Contractor shall file with City an instrument, in form reasonably acceptable to City, securing Contractor's faithful performance of Contractor's obligations under this Agreement. The principal sum of the instrument shall be not less than Two Hundred Fifty Thousand Dollars ($250,000). The instrument may be in the form of a letter of credit, performance bond, or other performance guarantee and shall remain in force during the Term. If the instrument is a performance bond it shall be executed by a surety company designated as an admitted insurer in good standing with and authorized to transact business in this State by the Nevada Department of Insurance and otherwise reasonably acceptable to the City. The premium for such bond or letter of credit, or any other charges related in any way to Contractor's obtaining or maintaining any and all such instruments, shall be fully borne and paid by Contractor. Recovery under the instrument shall not preclude City from seeking additional damages for Contractors default under this Agreement.

ARTICLE 9
DEFAULT AND REMEDIES

9.1 DEFAULT OF CONTRACTOR

A. Any of the following shall constitute an event of default ("Event of Default") by Contractor hereunder:

1. If Contractor shall fail to perform any of the material covenants, conditions and agreements of this Agreement, unless Contractor shall materially cure or remedy such failure within thirty (30) days after written notice by City to Contractor specifying in detail the nature of such default or, if such failure

is not reasonably capable of being cured or remedied within such thirty (30) day period, Contractor commences cure or remedy within such 30 day period and diligently prosecutes the same to completion.

2. Contractor files a voluntary petition for debt relief under any applicable bankruptcy, insolvency, or other similar law, or has an involuntary bankruptcy action filed against it which is not dismissed within 90 days of notice to Contractor; Contractor consents to the appointment of, or taking of possession by, a receiver (or similar official) of Contractor's operating assets or any substantial part of Contractor's property; or Contractor shall make any general assignment for the benefit of Contractor's creditors.

3. Contractor ceases to provide Disposal Services as required under this Agreement for a period of five (5) consecutive Working Days or more, for any reason within the reasonable control of Contractor, such cessation poses a material threat to the health, safety and welfare of the public and City shall have provided not less than three (3) Working Days written notice of such default.

9.2 CITY REMEDIES FOR EVENT OF DEFAULT BY CONTRACTOR

A. Upon an uncured Event of Default by Contractor, City shall have the right to:

1. Terminate the Agreement in accordance with Section 9.3.

2. In addition to, or in lieu of termination, exercise all of its remedies in accordance with this Article and any other remedies at law and in equity to which City shall be entitled, including without limitation the right to pursue the performance security under Section 8.3 and make an available claim under any insurance policy.

3. At its discretion waive Contractor's default in full or in part.

9.3 TERMINATION BY CITY

Subject to Dispute Resolution in Section 10.7, City shall only exercise its right to terminate this Agreement through action of the Reno City Council at a regularly scheduled (or special) public meeting of that body. Contractor shall be given reasonable notice of such meeting, a written statement of the factual and legal basis of the claimed Event of Default and an opportunity to respond and to offer testimonial and documentary evidence during the hearing of the matter at such meeting and City shall provide to Contractor copies of all records and information in City's possession or control relating to the Event of Default giving rise to such termination.

9.4 CONTRACTOR REMEDIES; TERMINATION

Contractor shall be entitled to terminate this Agreement or pursue specific performance of this Agreement if City shall fail to perform any of the material covenants, conditions and agreements of this Agreement, unless City shall materially cure or remedy such failure within sixty (60) days after written notice by Contractor to City specifying in detail the nature of such default or, if such failure is not

reasonably capable of being cured or remedied within such sixty (60) day period, City commences cure or remedy within such 60 day period and diligently prosecutes the same to completion. Contractor shall have the right to terminate this Agreement upon ninety (90) days written notice to City if Applicable Law prohibits, materially limits or makes uneconomical the Disposal Services or the operation by Contractor of any Designated Facility as contemplated in this Agreement. Except as provided in Section 10.7, nothing herein shall limit Contractor's rights and remedies available at law or equity for default by a party under this Agreement or the City Franchise Agreements.

ARTICLE 10
MISCELLANEOUS AND OTHER AGREEMENTS OF THE PARTIES

10.1 RELATIONSHIP OF PARTIES

The Parties intend that Contractor shall perform the Disposal Services as an independent contractor engaged by City and not as an officer or employee of City or as a partner of or joint venturer with City. No employee or agent of Contractor shall be or shall be deemed to be an employee or agent of City. Except as expressly provided herein, Contractor shall have the exclusive control over the manner and means of conducting Disposal Services and all persons performing such services on behalf of Contractor. Neither Contractor nor its officers, employees, subcontractors, and agents shall obtain any rights to retirement benefits, workers' compensation benefits, or any other benefits which accrue to City employees by virtue of their employment with City.

10.2 FORCE MAJEURE

Provided that the requirements of this Section are met, Contractor shall not be deemed to be in default and shall not be liable for failure to perform under this Agreement if Contractor's performance is prevented or delayed by acts of terrorism, acts of God including landslides, public or private construction activities, lightning, forest fires, storms, floods, freezing and earthquakes, civil disturbances, wars, blockades, public riots, explosions, unavailability of required materials or disposal restrictions, work stoppages or lockouts, governmental restraint or other causes, whether of the kind enumerated or otherwise, that are not reasonably within the control of the Contractor ("Force Majeure"). If as a result of a Force Majeure event, Contractor is unable wholly or partially to meet its obligations under this Agreement, it shall promptly give the City written notice of the Force Majeure event, describing it in reasonable detail. The Contractor's obligations under this Agreement shall be suspended, but only with respect to the particular component of obligations affected by the Force Majeure event and only for the period during which the Force Majeure event exists.

10.3 COMPLIANCE WITH LAW

In providing the services required under this Agreement, Contractor shall at all times, at its sole cost (subject to rate adjustment provisions elsewhere in this Agreement), comply with all Applicable Laws, including all permit requirements for Disposal Service.

10.4 GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada.

10.5 JURISDICTION AND VENUE

Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of the State of Nevada, which shall have exclusive jurisdiction over such lawsuits. With respect to venue, the Parties agree that this Agreement is made in and will be performed in City of Reno.

10.6 ASSIGNMENT

A. Definition

For purposes of this Section 10.6, the term, "Assignment" shall include, but not be limited to: (i) a transfer by Contractor to another person or entity of all of Contractor's rights, duties and obligations under this Agreement, including without limitation subcontracting of all or a portion of Contractors obligations hereunder; (ii) a sale, exchange, or other transfer of substantially all of Contractor's assets dedicated to service under this Agreement to a third party; (iii) a sale, exchange, or other transfer of fifty percent (50%) or more of the outstanding common stock of Contractor; (iv) any reorganization, consolidation, merger, recapitalization, stock issuance or reissuance, voting trust, pooling agreement, escrow arrangement, liquidation, or other transaction to which Contractor or any of its shareholders is a party which results in a change of ownership or control of fifty percent (50%) or more of the value or voting rights in the stock of Contractor; and (v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any such transfer or change of ownership. If Contractor is not a corporation, an assignment shall also include, among other things, any transfer or reorganization that has an effect similar to the situations described in foregoing sentence for corporations. For purposes of this Article, the term "proposed assignee" shall refer to the proposed transferee(s) or other successor(s) in interest pursuant to the assignment.

B. City Consent to Assignment; Written Assignment and Assumption

Except for Assignments to a Permitted Transferee and except as provided in this Article or otherwise in this Agreement, Contractor shall not make an Assignment of this Agreement to any other person or entity without the prior written consent of City, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that the assignee shall be deemed suitable and City shall consent to an Assignment if the Assignee meets the Assignee Qualifications (as defined below). A formal written instrument of assignment shall be executed by Contractor and an approved assignee or Permitted Transferee, which shall provide for the assignee's assumption and acceptance of all terms and conditions of this Agreement, including all duties and obligations imposed thereby, and also the assignee's express adoption of the representations of Contractor set forth herein as its own representations. Assignments to Permitted Transferees shall not require the consent of the City.

C. Qualifications of Assignee

A proposed assignee shall be deemed suitable and City shall consent to an Assignment to a proposed assignee upon submission of reasonably satisfactory evidence or support that (i) that the proposed assignee has at least five (5) years of Solid Waste and Recyclable Materials disposal experience similar to the Disposal Services; ii) that the proposed assignee currently or recently conducted Solid Waste and Recyclable Materials disposal on a scale reasonably equal to or exceeding the scale of operations conducted by Contractor under this Agreement; (iii) the proposed assignee conducts its operations in substantial accordance with accepted industry standards (iv) the proposed assignee conducts its Solid Waste and Recyclable Materials management practices in substantial compliance with all Federal, State, and local laws; and (v) the proposed assignee has the reasonable financial capability and other financial capabilities to perform the obligations of Contractor under the Agreement to industry standards and to otherwise comply with all terms, covenants and conditions of this Agreement applicable to Contractor. (collectively, the "Assignee Qualification").

D. Transition

If City consents to an assignment, Contractor shall cooperate fully with City and subsequent Contractor(s) or subcontractor(s), and shall provide all appropriate assistance to ensure an orderly transition. Such cooperation and assistance shall include, but not be limited to, Contractor providing, to City and the subsequent Contractor(s) or subcontractor(s), all route lists and billing information listing accounts, and using Contractor's reasonable efforts to avoid and minimize any disruption or inconvenience to customers.

10.7 DISPUTE RESOLUTION

A. Continue Performance

In the event of any dispute arising under this Agreement, City and Contractor shall continue performance of their respective obligations under this Agreement and shall attempt to resolve such dispute in a cooperative manner, including but not limited to, negotiating in good faith.

B. Mediation

Any unresolved dispute arising between the Parties under this Agreement after negotiation in good faith shall first be submitted to non-binding mediation before a recognized mediator having experience with agreements of this nature and that is mutually acceptable to the Parties, provided that neither Party shall unreasonably withhold its acceptance. If the parties are unable, after a period of thirty (30) days from commencement of the dispute resolution process, to agree on a mediator, either Party shall be entitled to petition a court of competent jurisdiction to appoint such a mediator for the Parties. . In the absence of judicial jurisdiction to appoint a mediator, mediation will be before a panel composed of a mediator selected by each party and a third mediator selected by the two mediators so selected. Each Party shall bear its own costs, including attorney's fees, incurred in connection with the mediation. If the mediation does not result in a resolution of the dispute that is acceptable to both Parties, either Party may pursue any right or remedy available at law or equity, except as expressly and specifically limited under this Agreement.

10.8 NON-DISCRIMINATION

Contractor shall not discriminate in the provision of service or the employment of persons engaged in performance of this Agreement on account of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, or sex of such persons or as otherwise prohibited by law.

10.9 BINDING ON SUCCESSORS

The provisions of this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the Parties.

10.10 PARTIES IN INTEREST

Except as expressly provided to the contrary herein, nothing in this Agreement, whether express or implied, is intended or shall be deemed to confer any rights on any persons other than City and Contractor and their representatives, successors and permitted assigns.

10.11 WAIVER

The waiver by either Party of any breach or violation of any provisions of this Agreement shall not be deemed to be a waiver of any breach or violation of any other provision, nor of any subsequent breach of violation of the same or any other provision. The subsequent acceptance by either party of any monies that become due hereunder shall not be deemed to be a waiver of any preexisting or concurrent breach or violation by the other party of any provision of this Agreement.

10.12 NOTICE

A. Notice Procedures

Except as otherwise specifically provided herein, all notices, demands, requests, proposals, approvals, consents and other communications made in connection with this Agreement shall be in writing and shall be effective when personally delivered to a representative of the Parties at the address below or deposited in the United States mail, first class postage prepaid, addressed as follows:

If to CITY:
City of Reno
Office of the City Manager
P.O. Box 1900
One East First Street
15th Floor
Reno, Nevada 89505
Attention: City Manager

If to Contractor:
Refuse, Inc.
100 Vassar St.
Reno, Nevada 89502

Attention: District Manager

The address to which communications may be delivered may be changed from time to time by a notice given in accordance with this Section 10.12.

B. Facsimile Notice Procedures

1. Facsimile notice may be substituted for written notice with the following limitations:

a. Facsimile notice shall be considered valid and delivered during standard business hours and days, Monday through Friday, at such time as an authorized representative of the receiving Party acknowledges receipt in writing or by facsimile acknowledgement to the sending party.

b. Written notice, in accordance with Paragraph A, must follow any facsimile notice, in order for the facsimile notice to be considered valid notice hereunder.

2. If above conditions are met, facsimile notice will be considered effective from date and time of transmission as indicated on receiving Party's original copy of the transmission.

3. Facsimile notices must be sent to the following addressees:

If to City:	City Manager Fax number: (775)334-2020
If to Contractor:	District Manager Fax number: (775) 329-4662

4. The facsimile number to which communications may be transmitted may be changed from time to time by a notice given in accordance with this Section 11.12.

10.13 ACTION BY CITY; CITY AND CONTRACTOR REPRESENTATIVE

Subject to the restrictions provided in this Section 10.13, whenever action or approval by City is required under this Agreement, the City Council hereby delegates to the City Representative the authority to act on or approve such matter unless specifically provided otherwise in this Agreement or unless the City Representative determines in his or her sole discretion that such action or approval requires referral to the City Council. The City Representative will have the authority to make approvals, issue interpretations, waive provisions, execute all necessary documents enter into amendments and otherwise take actions on behalf of the City relating to this Agreement, including without limitation approving Rate Adjustments, agreeing with Contractor to change the Approved Recyclable Materials and extensions of time to perform, so long as such actions do not materially change the scope or nature of the Disposal Services or the exclusive right and obligation of Contractor to perform the Disposal Services. All actions of City Representative are subject to appeal by Contractor to the City Council and Contractor is entitled to rely on all actions of the City Representative. Any alteration, change or modification of or to this Agreement, in order to become effective, will be made in writing and in each instance signed on behalf of each party. Contractor shall, by the Effective Date, designate in writing a

responsible official, or duly authorized agent, who shall serve as the representative of Contractor in all matters related to the Agreement and shall inform City in writing of such designation and of any limitations upon his/her authority to bind Contractor. City may rely upon action taken by such designated representative as action of Contractor. Notwithstanding anything to the contrary in this Section 10.13, the City Council shall have the sole authority to take the following actions; i) termination of this Agreement under Section 9.3 of this Agreement, ii) Rate increases in excess of three percent (3%) in excess of the CPI increase, iii) any increase or decrease of the Host Fee.

10.14 ENFORCEMENT

Contractor shall be entitled to independently enforce against third parties the terms, covenants, conditions and requirements of this Agreement and City ordinances related thereto, including without limitation defending challenges thereto and to prevent violations by third parties thereof (including without limitation the right and obligation to provide the Disposal Services). City shall reasonably cooperate in such enforcement; provided, however, City shall not be required to incur third party costs in connection therewith. City will adopt and enforce appropriate ordinances to implement this Agreement and otherwise relating to the collection and transportation of Solid Waste and Recyclable Materials.

10.15 THIRD PARTY BENEFICIARY

Each Franchised Hauler shall be a third party beneficiary of this Agreement with all rights and remedies to enforce as to the Contractor the terms, covenants and conditions under this Agreement that relate to duties, obligations, and services of the Contractor to and for the benefit of such Franchised Hauler.

10.16 GOOD FAITH

Each Party's interpretation and performance under this Agreement shall be reasonable and consistent with the intent to deal fairly and in good faith with the other Party hereto. Each party's exercise of any discretion hereunder shall be made in good faith and consents and approvals shall not be unreasonably withheld, conditioned or delayed, unless expressly stated to the contrary herein.

10.17 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Contractor and City with respect to the subject matter hereof and supersedes all previous Agreement negotiations, proposals, commitments, writings, advertisements, publications, and understanding of any nature whatsoever unless expressly included in this Agreement.

10.18 REFERENCES TO LAWS

All references in this Agreement to laws shall be understood to include such laws as they may be subsequently amended or recodified, unless otherwise specifically provided.

10.19 INTERPRETATION

Each of the Parties has received the advice of legal counsel prior to signing this Agreement. Each Party acknowledges no other party or agent or attorney has made a promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter herein to induce another party to execute this Agreement. The Parties agree no provision or provisions may be subject to any rules of construction based upon any party being considered the party "drafting" this Agreement.

10.20 MODIFICATION

Any matters of this Agreement may be modified from time to time by the written consent of both Parties without, in any way, affecting the remainder.

10.21 SEVERABILITY

If any provision of this Agreement is for any reason found or deemed to be invalid or unenforceable, this Agreement shall be construed as not containing such provision. All other provisions of this Agreement which are otherwise lawful shall remain in full force and effect, and shall be enforced as if such invalid or unenforceable provision had not been contained herein, and to this end the provisions of this Agreement are hereby declared to be severable.

10.22 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be considered an original.

10.23 EXISTING FRANCHISE AGREEMENT

The existing First Amended City of Reno Garbage Franchise Agreement dated August 9, 1994, as amended ("Existing RFA"), will remain in place and effective until the later of i) the Effective Date of this Agreement and ii) the date all of the City Franchise Agreements, in form acceptable to Contractor and City, are executed and become effective.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CITY OF RENO

a political subdivision of the State of Nevada.

By DAVID L. AIAZZI Date 11-07-12

For Robert A. Cashell, Sr., Mayor

Attest:

By Lynnette R. Jones

Lynnette R. Jones, City Clerk

CITY OF RENO CORPORATE SEAL WASHOE COUNTY, NEVADA

111312

APPROVED AS TO LEGAL FORM:

By_____

City Attorney's Office

CONTRACTOR

Refuse, Inc., a Nevada corporation

By: _____

Title: Vice President

Date: 11/16/12

List of Exhibits:

Exhibit A- List of Approved Recyclable Materials

EXHIBIT A

List of Approved Recyclable Materials

EXHIBIT A
DISPOSAL AGREEMENT
APPROVED RECYCLABLE MATERIALS

1. Newspaper (including inserts, coupons, and store advertisements)
2. Chipboard
3. Corrugated cardboard
4. Mixed waste paper (including office paper, computer paper, magazines, junk mail, catalogs, kraft bags and kraft paper, paperboard, egg cartons, phone books, brown paper, grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, cereal and other similar food boxes)
5. Glass containers (including brown, clear, and green glass bottles and jars)
6. Aluminum (including beverage containers, food containers, small scrap metal)
7. Steel or tin cans
8. Plastic containers classified under Resin Identification Code Nos. 1 through 7, inclusive.
9. Food Waste (only if source separated and placed by the generator in a separate Container designated by Contractor for Food Waste)
10. Any other materials mutually agreed to by the CONTRACTOR and the City.

To qualify as Approved Recyclable Materials, all Recyclable Materials must be reasonably clean and otherwise in a condition acceptable to commercial recycling facilities. Without limiting the foregoing, Approved Recyclable Materials mixed with i) more than a de minimis amount of Garbage, ii) 10% or more of materials other than Approved Recyclable Materials, or iii) any amount of Excluded Materials, shall be considered contaminated ("Contaminated"). Contractor may impose a fee or charge for placement of Contaminated Recyclable Materials in a Recycling Container for Collection, may charge for and dispose of such Contaminated materials as Solid Waste, and may refuse to accept such Contaminated materials.