

DECEMBER 15, 1998

EXCLUSIVE FRANCHISE AGREEMENT

BETWEEN

MIDWAY CITY SANITARY DISTRICT

AND

CR & R INCORPORATED AND RAINBOW DISPOSAL COMPANY

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AGREEMENT

This Agreement is made and entered into this ____ day of December, 1998, for all bin service and materials recovery processing of refuse by and between MIDWAY CITY SANITARY DISTRICT, a public entity, hereinafter referred to as "District", and CR & R INCORPORATED, a California corporation, and RAINBOW DISPOSAL COMPANY, INC., a California corporation, hereinafter jointly referred to as "Contractor".

RECITALS

WHEREAS, District wishes to enter into an exclusive franchise agreement with Contractor for the provision of all residential, commercial, industrial, construction and temporary bin service within the jurisdictional boundaries of District; and

WHEREAS, Contractor wishes to provide these exclusive refuse collection and disposal services within the jurisdictional boundaries of District; and

WHEREAS, the work to be done under this Agreement shall include the furnishing of all labor, material and equipment necessary for the collection and disposal of all bin refuse within the jurisdictional boundaries of the District as permitted by the applicable resolutions and ordinances of the District and as defined by this Agreement; and

WHEREAS, the work to be done under this Agreement shall also include the furnishing of all labor, material and equipment necessary for the recycling of all refuse collected by the District and all refuse collected by Contractor pursuant to this Agreement; and

WHEREAS, Contractor has agreed to be responsible for insuring that the District continues to meet the solid waste diversion requirements of the California Integrated Waste Management Act, Public Resources Code Sections 40050 et seq. (the "Act"); and

WHEREAS, District is obligated to achieve solid waste diversion requirements pursuant to (i) the Act, (ii) that certain Memorandum of Understanding entered into between District and the City of Westminster wherein District is responsible to the City for compliance with the Act, and (iii) the City of Westminster Source Reduction and Recycling Element ("SRRE") dated March 1992, as the same has been updated from time to time by the annual reports prepared by District and submitted to the California Integrated Waste Management Board by the City; and

WHEREAS, in order to achieve compliance with the Act, District may elect in accordance with the terms of this Agreement to implement a green/yard waste program, diverting materials away from Contractor's facilities; and

WHEREAS, the Board of Directors of the District hereby determines that it is in the public interest to enter into this Agreement.

NOW, THEREFORE, in consideration of the promises, covenants and conditions contained in this Agreement, the Parties agree as follows:

SECTION 1: DEFINITIONS AND TERMS.

The following words or terms shall be defined as hereinafter set forth:

A. "Agreement" shall mean this Agreement for the collection and disposal of refuse and other waste material from the District.

B. "Bin(s)" shall mean all three cubic yard, 10 cubic yard and 40 cubic yard and other similar large containers utilized for the collection of residential, commercial and construction refuse.

C. "Board" shall mean the Board of Directors of the Midway City Sanitary District

D. "Manager" shall mean the District Manager, or his/her designated representative.

E. "Refuse" shall mean all putrescible and non-putrescible solid waste including animal waste, garbage, rubbish, ashes, waste material, industrial waste, agricultural waste, material and rubble resulting from building, remodeling or construction operations, salvage, tree trunks or limbs, but excluding human body waste, discarded vehicle bodies, or other bulky or heavy objects such as dirt, sod, or rocks, and hazardous waste material.

SECTION 2: TERM OF AGREEMENT.

Term: This Agreement shall become effective and be in force as of January 1, 1999, and shall expire on June 30, 2007, at 11:59 p.m, unless earlier terminated in accordance with the provisions of this Agreement.

SECTION 3: CONTRACTOR'S BIN COLLECTION AND DISPOSAL OBLIGATIONS.

The Contractor shall be obligated to perform bin collection and disposal services as follows:

A. Collection and Disposal: Contractor shall furnish all labor, material and equipment necessary for the collection and disposal of all bin refuse within the present or future jurisdictional limits of District pursuant to the terms of this Agreement. However, Contractor shall not be required to collect refuse unless it has been placed in bins or otherwise prepared for collection as provided for in this Agreement, or directed by District ordinances.

B. Ordinances and Resolutions Govern: Contractor shall comply at all times with applicable District ordinances and resolutions. Contractor shall meet the requirements of state and local laws and regulations in matters of solid waste handling.

C. Collection of Non-Refuse Materials: Contractor may collect and dispose of dirt, sod, rock, or other bulky or heavy objects which require special handling and may assess special collection charges for such service, provided the Board authorizes and approves the collection, disposal and charges. However, no special collection charges shall be imposed for service provided under Paragraph F of this Section 3.

D. Failure to Collect: Should Contractor fail to collect and dispose of refuse set out or placed for collection as hereinafter provided in accordance with the collection schedule established by Contractor within twenty-four (24) hours of a request being communicated to Contractor to do so, District may collect and dispose of same. Contractor shall be liable for the expenses incurred by District for such collection and disposal.

E. Provision for Bins: Contractor shall furnish business establishments and residences with bins as required by District ordinance or as requested by the customer. Said bins shall be placed in a location approved by the District and shall be maintained in a satisfactory condition at all times by Contractor and shall remain the property of Contractor. Contractor shall notify the customers as necessary that clear access to the bins is required for collection. If Contractor fails to provide a bin within 48 hours of a request for same by a customer, Contractor shall contact the District to make provisions for same. Contractor shall be liable for the expenses incurred by District for such collection and disposal.

F. Bulky Waste Collections: Upon notification by customer or tenant, Contractor shall collect and dispose of bulky items (such as sofas, televisions, appliances, etc.) as long as such items are placed by the customer in the designated bin area. Contractor shall provide its customers with two (2) pickups of such bulky items per year, free of charge. In the case of multi-residential units, Contractor shall be responsible only for the collection of bulky waste items that were tenant-owned items. Contractor shall also assist the District with District clean-up days. As requested by District, Contractor shall provide 10 or 40 cubic yard bins, up to any combination of 10 bins, and shall recover from District only those costs attributable to transfer station fees.

G. Route Changes: Contractor shall establish routes and schedules for collection of refuse and shall notify all of its District customers, in writing, of their individual scheduled day of collection, including an alternate date for holidays occurring on the scheduled pick-up day. The Contractor shall maintain these schedules, but may change the schedules when necessary, upon at least one (1) week's written notice to the customers affected by the change.

H. Office for Inquiries: Between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, Contractor shall maintain office hours with a representative to handle inquiries from the District or customers regarding service, schedules, complaints, rates, etc. The telephone number of Contractor shall be a toll-free call for residents of the District and advertised in the local telephone directories. The Contractor shall at all times attempt to resolve all complaints in a prompt and professional manner. The Contractor shall maintain a written log of all complaints and of all instances when bin refuse is not collected and the

reasons therefor, pursuant to Section 6.2.2 of District Ordinance No. 44 and any amendments thereto.

I. Entering Private Property: Contractor shall enter private courtyards or other private property to make collection under this Agreement, including service driveways or non-dedicated streets of condominiums, apartments, motels, hotels, mobile home parks, or institutional, commercial, and industrial establishments provided that the same permit reasonable access for Contractor's employees and equipment. Failure to provide reasonable access by the private property owner, association or other person or entity having control of the premises shall excuse Contractor from the obligation to perform refuse collection services at said site. In any of the above situations, Contractor shall have the right to obtain from the property owner a release from liability if, in the opinion of the Contractor or the Manager entry by the refuse trucks might cause damage to the streets, driveways or premises. Said release of liability would apply only to street, driveway or premises damage caused by Contractor's vehicle and would not apply to damage of any other type or cause.

SECTION 4: REMOVAL OF BIN REFUSE.

District hereby grants to Contractor, for the term herein set forth, the sole and exclusive right and privilege to collect, transport and dispose of all refuse generated by business establishments or residences requiring bin service, whether pursuant to District ordinance or otherwise, and no other person shall collect, transport or dispose of such refuse. This grant of exclusive franchise shall be subject to the terms of this Agreement and any other limitations that may be imposed by District ordinance.

SECTION 5: RECYCLING OBLIGATIONS.

A. AB 939 Compliance. Contractor acknowledges that District's Board takes seriously its obligation to comply with the Act. Accordingly, the Contractor shall undertake the following obligations in order for District to meet its solid waste diversion requirements for Contractor to satisfy its best effort obligation(s) set forth in Section 5.C.

B. SRRE Base Data. For purposes of determining compliance with the Act, the waste characterization and diversion information contained in the SRRE shall be used as the base data, unless the District identifies errors in such data and corrections are subsequently made by the District or by the County of Orange and accepted by the California Integrated Waste Management Board.

C. Contractor Obligations. The Contractor shall be obligated to perform recycling services as follows:

1. All refuse collected by Contractor within the District shall be collected by Contractor's employees and transported to a material recovery facility(ies) ("MRF"), as defined and described in the California Integrated Waste Management Act of 1989, California Public Resources Code Sections 40050, et seq. (hereinafter the "Act"), or other facility for processing of recyclables in accordance with the SRRE component of the District's Integrated Waste Management Plan, as updated from time to time by the District's Annual Reports to the California Integrated Waste Management Board.

2. Any MRF or other facility utilized by Contractor for meeting the Act's solid waste diversion requirements must receive the District's approval prior to material being delivered to the site.
3. As of the date of this Agreement, Contractor will provide recycling services at a level necessary to divert 25% of District's solid waste stream as per the SRRE in accordance with the Act.
4. In the event that District elects to utilize Contractor's facilities for either mixed green/yard waste processing or delivery of separated green/yard waste, in accordance with Section 5.E. hereinbelow, Contractor shall use its best efforts to provide recycling services at a level necessary to divert 50% of District's solid waste stream as per the SRRE, on or before January 1, 2000, in accordance with the Act.
5. In the event that District elects to implement curbside collection of separated green/yard waste and District selects an outside green/yard waste processing vendor in accordance with Section 5.E. hereinbelow, Contractor shall use its best efforts to provide recycling services at a level necessary to divert 35% of District's solid waste stream as per the SRRE, on or before January 1, 2000, in accordance with the Act.
6. In the event that Contractor offers any municipal or special district customer a green/yard waste recycling or other supplemental recycling program, for contributing to the achievement of diversion in compliance with the Act, the Contractor shall provide immediate

notice to the District of such offer. Contractor agrees to offer the District a comparable program at a comparable price.

D. District's Obligations. Except as otherwise provided in this Agreement, District agrees to transport all curbside refuse and commingled recyclables collected by the District to a MRF facility owned and operated by either CR & R Incorporated or Rainbow Disposal Company, at District's discretion, for transfer and disposal of refuse and processing of recyclables in accordance with the SRRE.

E. District Green/Yard Waste.

The District shall have the following rights with regard to a curbside green/yard waste program throughout the term of this Agreement.

1. At the election of District, District may develop and implement a green/yard waste separated collection program for the purposes of increasing District's percentage of diversion of waste in accordance with the SRRE. In the event District elects to establish a green/yard waste program, District may deliver or cause to be delivered separated green waste to a MRF, compost or other facility other than Contractor's facilities for processing or reuse. In no event shall District be in breach of this Agreement or liable to Contractor for MRF Rates (under Section 10 of this Agreement) or any disposal fees for diverted green/yard waste, and any drop in MRF tonnage delivered to Contractor due to a green/yard waste program shall be without cost to District.

2. District may deliver green/yard waste to Contractor's facilities at the rate set forth in this Agreement.

3. District may select a green/yard waste processing vendor other than Contractor (as further described in Section 6 below).

4. District retains the right to remove green/yard waste from transfer and/or processing facilities at Contractor's MRF. District shall have the option to use Contractor's facilities for mixed green/yard waste processing at the rate set forth in this Agreement.

5. District shall have the option to alternate between any of the green/yard waste options stated above in this Section 5.E. during the term of this Agreement.

F. Other District Programs. District agrees to undertake the following obligations in order to maintain and achieve compliance with the Act:

1. As of the date of this Agreement, District will implement weekly collection of commingled recyclables.

2. During calendar year 1999, District will work with Dr. Eugene Tseng in conducting a study of source reduction and recycling within the District. The cost of the study will be paid for by Contractor.

3. On or before January 1, 2000, District will elect to implement one of the green/yard waste options stated in Section 5.E. above.

G. SRRE Modifications. All further modifications to and compliance with the SRRE which are either submitted by District or required by the State of California or the County of Orange during the term of this Agreement, shall be implemented by Contractor. Any consultant hired to perform work to implement such modifications shall be selected by the District.

H. Contractor Reports. Contractor shall cause written reports to be prepared, obtained and timely submitted to the District on forms approved by the District which will

enable the District to meet all of the reporting requirements of the Act, and any amendments thereto.

I. Public Education. Contractor agrees to provide a Public Education Program to students in grades three (3) through (6) attending schools in the City of Westminster. Specifically, Contractor shall inform all elementary schools in the City of Westminster of the availability of tours, including funded bus transportation, to the Rainbow Disposal Materials Recovery Facility (MRF). Transportation will be provided in School District buses, but the transportation cost will be the responsibility of Contractor. The purpose of the field trips will be to educate youngsters as to the value of waste reduction and recycling. Contractor agrees to send one mailing each school year to all elementary schools located in the City of Westminster, informing them of this Public Education Program.

J. MRF Facilities. Contractor shall act as the contracting body and lead agency with the owner/operator of a MRF or other facility used for solid waste diversion with respect to this Agreement and shall be responsible for insuring that such owner/operator acts in a manner which will meet the requirements of this Agreement.

K. Guarantee. Contractor agrees and guarantees that Contractor will do each, every and all things required to insure that the District will at all times be in full compliance with all of the provisions of the Act and any amendments thereto. Contractor agrees to pay, save, defend and hold the District harmless from any and all loss, expense, damage, fines, penalties and liabilities of every kind and nature whatsoever due to any non-compliance with any statutory requirement whether presently existing or hereinafter enacted. Any and all fines, penalties or expenses to the District arising from the failure on the part of the Contractor to achieve the diversion requirements of the Act in accordance

with the SRRE shall be paid in full by the Contractor promptly on delivery of notice from the District.

L. Disposal Location: Contractor shall, at the written direction of the District, deliver all of District's non-recyclable refuse, which is thereafter processed and transferred through Contractor's facilities, to a landfill owned and operated by the County of Orange, as approved by the District.

M. Waste Diversion: The parties anticipate that the District's Curbside Recycling Program and other programs implemented by District or Contractor from time to time will achieve sufficient diversion to meet the requirements of the Act. Notwithstanding the above, in the event that District's curbside recycling program and other programs (green/yard waste program or mixed waste processing in accordance with Section 5.E.) fail to achieve the diversion requirements of the Act or Contractor's best effort diversion obligations, Contractor agrees in accordance with the terms of this Agreement to process District's mixed refuse and recover additional recyclable materials, at no additional cost to District, from District's non-recyclable residential refuse in an amount sufficient to meet the requirements of the Act.

N. Recyclables: The parties acknowledge and agree that all materials delivered to Contractor from the Curbside Collection Program may not be standard or normal and customary for recyclable materials and such materials shall be referred to herein as "Residual Waste." Contractor shall dispose of all Residual Waste without District's payment of the Disposal Fee or any additional pass-through cost or other charge unless and until the Contractor establishes to the satisfaction of the District that the Curbside Collection Program has a yield greater than 10% by weight of Residual Waste

(the "Additional Residual Waste Cap"). In no event shall the fee charged to District for disposal of refuse above the Additional Residual Waste Cap be greater than the then current MRF Rate under Section 10 of this Agreement.

Contractor shall immediately notify District in writing if and/or when the Residual Waste is equal to eight percent (8%) of the volume of District's refuse from its Curbside Collection Program. The District's General Manager may, at his election, undertake a public education program to accomplish a reduction in the Residual Waste being generated in the Curbside Collection Program's waste stream. Thereafter, the following steps shall be taken by the parties:

1. If District elects to implement a public education program, then Contractor shall allow District sixty (60) days to achieve a reduction in the Residual Waste and establish to the satisfaction of Contractor that the Residual Waste weight is not above the Additional Residual Waste Cap.
2. In the event that Contractor determines, following the above described sixty (60) day cure period, that the weight of District's Residual Waste is above the Additional Residual Waste Cap, then the Contractor shall have the right to collect the disposal fee for the transfer of the amount of Residual Waste which is above the Additional Residual Waste Cap.
3. Notwithstanding the above subparagraph 2, at the election of the District, the District may select an impartial third-party auditor to evaluate the Contractor's findings with respect to the volume of the

Residual Waste. The third party audit shall be conducted, finished and reviewed by the Board within thirty (30) days of District's election to conduct the audit. Pending the results of the audit, the District shall not be billed a disposal fee for the Residual Waste; however, if the audit confirms the findings of the Contractor, then District shall pay the disposal fee for the overage during the time period the audit was conducted. The third-party auditor shall, after evaluation of the waste stream, report its findings to the Board of Directors of the District for consideration, review and approval. The District's Board of Directors shall have the right of reasonable review and approval of the findings of the auditor, and, if approved by District, the findings shall be conclusive for the purpose of establishing the percentage of Residual Waste properly allocable to the account of the District in accordance herewith.

4. In the event the audit confirms the Contractor's determination of Residual Waste occurring above the Additional Residual Waste Cap, then District shall pay all expenses of the audit; however, in the event the audit determines the Residual Waste is below the Additional Residual Waste Cap, then District shall have the right to deduct the costs of the audit from the next statement from Rainbow Transfer Recycling, Inc.

SECTION 6: DISTRICT'S RECYCLING OPTIONS.

A. Early Termination. District shall have the right to review the overall performance of Contractor with respect to its obligation to achieve the diversion rates set forth in Section 5.C. of this Agreement. On or before June 30 of each year of this Agreement, District shall evaluate Contractor's compliance and may elect to terminate this Agreement if the Board determines that the services offered by Contractor are insufficient to consistently achieve the diversion percentages (in accordance with this Agreement) in each annual period when combined with the then current operations and green/yard waste diversion programs of the District. Factors the District may consider in reaching a termination decision include, but are not limited to: (i) the Contractor's negative performance in complying with the diversion percentages (in this Agreement) over the previous 4 quarter periods, and (ii) requests or notices by the City of Westminster, the County of Orange and/or the California Integrated Waste Management Board that the District achieve compliance with the Act.

Notwithstanding the foregoing, District shall not terminate this Agreement in accordance with this Section 6.A., unless Contractor has been given thirty (30) days written notice of its insufficient services and has failed to remedy, to the District's satisfaction, the alleged insufficient service within said period.

B. AB 939 Variance. District shall be under no obligation to pursue an extension or variance to the compliance percentages or deadlines established by State law under SB 1066 or otherwise.

SECTION 7: STANDARDS FOR COLLECTIONS AND OPERATIONS.

Contractor shall comply with all solid waste enterprise operating standards established by District ordinance. Contractor shall perform all work pursuant to the following requirements:

A. Traffic and Noise Problems: Contractor shall conduct its operation as to offer the least possible obstruction and inconvenience to public traffic or disruption to the peace and quiet of the area within which collections are effected. No Sunday residential collection shall be made unless deemed necessary by Contractor and Manager due to an unusual occurrence or emergency.

B. Maintenance of Vehicles: Contractor shall maintain all trucks and equipment used within the District in good mechanical condition and the same shall be clean, numbered and uniformly painted. Each piece of equipment shall display a sign bearing Contractor's name and telephone number in minimum lettering of four inches (4"). All trucks shall be washed at least once each week when in use within the boundaries of District.

C. Equipment Storage: All vehicles and equipment used in the collection, disposal and recycling of refuse within the jurisdiction of the District shall at all times be kept on property within a properly zoned area either within a building or fenced yard when not in use.

D. Truck Bodies & Equipment: All truck bodies used by Contractor shall be constructed of metal and shall be water-tight and leak-proof, and shall have adequate coverings at all times to prevent spillage of refuse, except that other types of vehicles as are deemed necessary by the Manager or Contractor may be used in refuse collection.

E. Contractor's Employees:

1. Dress: All personnel of Contractor collecting refuse within the District shall wear and maintain a uniform.
2. Manner of Work: Personnel of Contractor who carry on their work in a noisy or sloppy manner, or who violate the provisions of the State Motor Vehicle Code while working, shall be disciplined, including possible dismissal or re-assignment outside of the jurisdictional limits of District, at the sole discretion of Contractor, upon the reasonable demand of the District's Manager.

F. Disposal of Refuse: Contractor shall dispose of all refuse only at places or sites where such disposal is lawful and District shall not be liable for the disposal of same or to provide sites or places for the disposal of same.

SECTION 8: SPECIAL PROVISIONS AND CONDITIONS.

The District and Contractor mutually agree to the following provisions and conditions:

A. Subcontractors: This Agreement shall not be assigned or transferred, either in whole or in part, without the consent of the Board. The terms and conditions set in connection with the approval of any assignment or transfer of this Agreement shall be determined at the sole discretion of the District upon receipt from Contractor of a request to approve a transfer. District may in its sole discretion, after evaluation of the acquiring party, elect not to approve any assignment or transfer. If the Contractor elects to assign this Agreement without the prior written approval of the District, this Agreement may be terminated by the District upon thirty (30) days written notice. Notwithstanding any

assignment approval by District, which may be given in accordance with this Section 8.A., the Contractor shall remain responsible for the full performance of this Agreement in accordance with its terms, and District may seek any damages for failure in performance or breach of this Agreement directly from Contractor.

B. Compliance with all Laws: Contractor agrees to handle, transport, and dispose of all refuse and to perform all of the services on its part as required by the provisions of this Agreement, in a careful manner and in accordance with all laws, ordinances and regulations of the United States, State of California, County of Orange, City of Westminster and District.

C. Waiver: No acquiescence in, or failure or neglect of either District or Contractor to insist on strict performance of any or all of the terms of this Agreement shall be considered as, or constitute a waiver of, any term or condition of this Agreement or any performance required thereunder, or any remedy, damage or other liability arising out of such refusal, neglect, or liability to perform at any time.

D. Independent Contractor Status: It is understood that the legal status of Contractor in this Agreement is that of an independent contractor and not that of an agent or employee of District. Contractor shall have no authority to make any contracts or other type of legal commitments on behalf of District.

E. Fees and Gratuities: Contractor shall not, nor shall it permit any agent or employee employed by it to request, demand, or accept, either directly or indirectly, any compensation or gratuity from any person, firm, or corporation for collections made except as herein provided.

SECTION 9: LAWS AND REGULATIONS.

Except as otherwise provided or limited herein, District may, at any time by a written order, direct that changes or extras in the obligations of Contractor set forth in this Agreement be implemented, provided that an equitable adjustment in the price schedule and rates charged by Contractor hereunder, as agreed upon by District and Contractor, shall be incorporated into the resolution establishing the refuse collection rates as provided for in this Agreement.

SECTION 10: CHARGES AND COLLECTIONS.

The following shall be the terms and conditions of the compensation and rate adjustments:

A. Commercial Bin Collection Rates: Commercial Bin collection rates are attached hereto as Exhibit "A" and are hereby made a part of this Agreement as though set forth herein. The rates set forth in Exhibit "A" shall remain fixed for the full term of this Agreement, except to the extent of any increase or decrease in landfill charges by the County of Orange prior to that date. Contractor may only implement commercial rate increases in addition to Exhibit "A" if a resolution of approval is adopted by the Board.

B. MRF Rates: MRF rates to be charged to District for processing of all non-recyclable refuse collected by District (excluding recyclables) shall be at a rate of \$36.35 per ton, adding a Consumer Price Index ("CPI") increase to this rate effective July 1, 1999, and each July 1st thereafter, during the full term of this Agreement together with added adjustments upward or downward to reflect any change in the Orange County landfill charge made in accordance with that certain agreement executed on or about June 1,

1997 by and between the County of Orange and individual cities and special districts setting a ten (10) year tipping fee for landfill disposal.

The CPI shall be calculated as shown on Exhibit "B" attached hereto and incorporated by this reference. The CPI shown on Exhibit "B" shall be the annual fluctuation, if any, on the March index of the U.S. Department of Labor, Bureau of Labor Statistics for the Los Angeles, Long Beach, Anaheim statistical area, subject to District approval.

C. Green/Yard Waste Rates. A MRF surcharge rate to be charged to District for mixed green/yard waste processing, if selected by District in accordance with Section 5.E. hereinabove, shall be at the rate of \$15.00 per ton. MRF rates to be charged to District for disposal of separated "clean" green/yard waste (delivered with less than 5% contamination), if selected by District in accordance with Section 5.E. hereinabove, shall be at the rate of \$25.00 per ton, notwithstanding Section 10.B., above.

D. Residential Recyclables: Contractor shall accept all recyclable materials from District's curbside collection program at a rate of zero dollars per ton for the full term of this Agreement.

E. Landfill Cost Increases. Any increase in landfill dumping fees may be passed through to Contractor's commercial customers without prior authorization from District, provided that Contractor provides District and each of its customers with thirty (30) days advance written notice of the increase in such fees and the reason for any increases in such fees. Contractor shall submit financial and accounting data to District which clearly identifies the amount of the requested rate increase due to landfill charges and the basis therefore as justified by the County of Orange in accordance with that certain agreement

executed on or about June 1, 1997 by and between the County of Orange and individual cities and special districts setting a ten (10) year tipping fee for landfill disposal. Any decrease in landfill fees shall be passed through to commercial customers immediately and contractor shall provide District with written notice regarding the decrease and the reason therefor.

F. Prepaid Accounts: Contractor agrees to service all District accounts which have ben paid in advance at the rate charged by the District for the balance of the prepaid period.

G. Ownership: All refuse and other matter collected under the terms of this Agreement shall become the property of Contractor from and after the time of collection, except any and all materials which are improperly disposed of by the generator or owner thereof in contravention of applicable law, including, but not limited to, laws governing the disposal of toxic and hazardous wastes.

H. Sale of By-Products: Contractor shall be entitled to all revenue generated through the sales of salvageable materials. The franchise fee paid District shall not apply to the sale of salvaged materials and all sums realized from the sale of salvaged materials shall be excluded from the definition of gross revenues. Provided, however, that District shall receive proper diversion percentage credit for all salvaged items.

I. Billing Responsibilities: Contractor shall perform all billing for commercial services it provides pursuant to this Agreement.

J. Books and Records Subject to Audit: The District or its authorized agent may audit the books and records of Contractor with respect to requests for rate increases for any reason and with respect to revenues collected by Contractor within District.

Contractor shall maintain all books and records relating to revenues collected and costs of doing business for a period of three (3) years and shall make such books and records available to District upon request.

SECTION 11: FRANCHISE FEE.

For and in consideration of the Exclusive Franchise granted herein, Contractor shall pay to District a franchise fee of seven percent (7%) of the total gross revenues collected from all bin collection services provided pursuant to this Agreement. The franchise fee amount shall be paid by Contractor to District on a monthly basis, by the 15th day of each month for total gross revenues received in the immediately preceding month. Such payment shall be delinquent if not received on the 20th day of each month at which time interest at the rate of one percent (1%) per month on the amount due shall be imposed. Along with payments of the monthly franchise fee, Contractor shall provide District with a summary of all revenues collected during each monthly period. The franchise fee shall not be considered received until the summary of revenues has been received by District.

SECTION 12: INSURANCE AND BONDING PROVISIONS.

A. Worker's Compensation Insurance: The Contractor, by executing this Agreement, certifies and agrees that it is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Worker's Compensation, or to undertake self-insurance in accordance with the provisions of that Code and the Contractor agrees to comply with such provisions during the term of this Agreement. All compensation policies shall bear an endorsement whereby it is provided that, in the event of expiration, proposed cancellation or modification of such policy for any reason whatsoever, the District shall be notified by certified mail not less than thirty (30)

days before said expiration, cancellation or modification is effective. Certificates of such insurance with said endorsement or rider shall be filed with the District during the term of this Agreement. It is understood that the District and its officers and employees shall not be responsible for any claim or suit in law or equity occasioned by the failure of the Contractor to comply with the foregoing provisions of the Labor Code and the Contractor agrees to hold the District harmless and to defend the District from liability thereon. Such Worker's Compensation insurance shall be endorsed to provide for a waiver of subrogation against the District.

B. Liability Insurance:

1. Contractor shall maintain in full force and effect during the term of this Agreement, commercial or comprehensive general liability insurance and auto public liability insurance for the benefit of any person or persons who may be injured or sustain property damage as a result of Contractor's performance of work under this Agreement. This coverage shall be in the following amounts:

Public Liability - \$2,000,000 per occurrence/\$5,000,000 aggregate.

Auto Liability - \$2,000,000 per occurrence/\$5,000,000 aggregate.

Such policy(ies) shall name the District, its Directors, officers, agents and employees, as additional insureds, shall be issued by a company authorized to do business in this state which has an "A" policyholder's rating and a financial rating of at least Class VII in accordance with the most current Best's Guide Rating. Said insurance coverage will provide primary insurance for the District to the exclusion of any other insurance or self-insured retention levels which the District may carry with respect to claims and injuries arising out of the activities of Contractor.

2. All such insurance policies maintained by Contractor pursuant to these provisions shall bear an endorsement whereby it is provided that in the event of expiration, cancellation or modification of such policy for any reason whatsoever, the District shall be notified by certified mail not less than thirty (30) days before such expiration, cancellation or modification is effective. The endorsement shall further provide that the insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon to cover a loss under said policy. Contractor shall provide the District with a current certificate or certificates of insurance duly executed by Contractor's insurance carrier(s) on a form approved by the District. Such certificates shall be provided to the District before commencement of performance under this Agreement. District shall have the right, upon request, to have Contractor provide a copy of all policies.

C. Indemnity: Notwithstanding the provision of insurance as required above and specifically in addition thereto, Contractor agrees to indemnify, defend and hold the District and each of its directors, agents and employees harmless from any and all claims, suits, or other action, both legal and equitable, including court costs and reasonable attorneys' fees arising out of Contractor's performance of the services described in this Agreement and/or the District's granting of this exclusive franchise. Notwithstanding the foregoing, Contractor will not indemnify, defend and hold the District and each of its officers and employees harmless from any and all claims, suits and other legal action, both legal and equitable, arising out of the gross negligence or intentional misconduct of the District and any of its officers or employees.

D. Performance Bonds: A surety bond to guarantee specific performance of the terms, conditions and obligations of this Agreement, in the amount of Fifty Thousand

Dollars (\$50,000.00) shall be procured by the Contractor to be executed by a surety company licensed to do business in California. Said bond shall be obtained by the Contractor concurrent with the execution of this Agreement and shall be approved by the District prior to performance of work under this Agreement. The Contractor shall renew the bond and file it with the District at least thirty (30) days prior to the termination of the bonds.

In lieu of a performance bond, Contractor may deposit with a state or federally-chartered bank, as escrow agent, a certificate of deposit (hereinafter "CD") in the amount of Fifty Thousand Dollars (\$50,000.00). Any CD deposited must be issued by banks authorized to do business in California that have all accounts insured by the Federal Deposit Insurance Corporation or by Saving & Loans Associations authorized to transact business in California that have all accounts insured by the Savings Association Insurance Fund. The CD shall be in bearer form or be unconditionally endorsed to District. The District may, at any time, convert the CD to cash in case of a default by Contractor without notice to Contractor. The rights of District to the CD shall be superior to any other lien or claim of lien. Any escrow agreement entered into by Contractor pursuant to this Agreement shall provide for conversion of the CD to cash upon District's demand. Contractor shall pay all expenses or penalties incurred in the conversion or sale of the CD. Contractor shall be the beneficial owner of the CD and is entitled to any and all interest paid thereon.

SECTION 13: FACILITIES ACCESS.

Contractor shall use best efforts to provide District's sanitary disposal trucks with a reasonable "turn around" time (approximately 30 minutes under normal operating conditions) upon their arrival at Contractor's transfer facilities. At the election of the

District, District's drivers shall be entitled to collect data as to the weight of each sanitary disposal truck prior to unloading and immediately after unloading at Contractor's facilities. The District's drivers shall inform the scale house operators prior to unloading of each load for which manual weighing has been requested. Manual weighing shall include weighing of the truck loaded and after unloading.

SECTION 14: CONTRACTOR'S BIN SERVICE EQUIPMENT.

Contractor shall provide to District on request an inventory of bin equipment and collection vehicles utilized for service within the jurisdiction of the District, including quantity, make, model, year manufactured and year of purchase or acquisition by Contractor. Contractor agrees to indemnify, defend and hold the District and its directors and employees harmless from any and all claims, suits or other action, both legal and equitable, including court costs and attorneys' fees arising out of any incident involving the listed equipment.

SECTION 15: FAILURE TO PERFORM.

A. Noncompliance:

1. Failure by the Contractor to perform the work and provide the services described within and in full accordance with these specifications and contract documents shall be considered a breach of this Agreement. Breach of any of the terms, conditions or provisions of these specifications and contract documents by the Contractor shall be grounds for cancellation by the District and upon cancellation by the District, the District shall be at liberty to recontract or otherwise cause to be performed the work and services which are the subject matter of this Agreement to other Parties, or to undertake the performance of such work and service without a contract. In either case, the District may

hold the Contractor and its surety liable for any such work and services over and above the cost to the District as herein provided. Termination of this Agreement as herein provided shall not terminate, suspend or affect the liability of the surety upon the performance bond.

2. Notwithstanding the foregoing, Contractor shall not be in breach of this Agreement and this Agreement may not be canceled unless, with respect to failure to render refuse collection, disposal and recycling services, Contractor has been given at least forty-eight (48) hours written notice of its noncompliance and has failed to remedy the alleged breach within said period. With respect to any alleged breach other than failure to provide refuse collection, disposal or recycling services called for under this Agreement, Contractor shall not be in breach of this Agreement unless Contractor has been given thirty (30) days written notice of its noncompliance and has failed to remedy to the District's satisfaction the alleged breach within said period.

B. Force Majeure: Failure to comply with any of the provisions of this Agreement relative to the collection, disposal and recycling of refuse on the part of Contractor by reason of major disaster, epidemic, strikes, enforcement of any Federal, State or local law not now in effect or other causes beyond the control and without fault of either Party to the Agreement shall not constitute a breach of this Agreement. However, in no event shall difficulties or inconvenience to Contractor, whether physical, legal or economic, be construed to be beyond the ability or control of Contractor nor act as an excuse for the breach of any of the provisions of this Agreement.

C. Savings Clause: If any provision of this Agreement shall, for any reason, be held to be invalid, the unenforceability of such provision shall not affect any of the remaining provisions of this Agreement.

SECTION 16: ATTORNEYS' FEES.

If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which the Party may be entitled.

SECTION 17: NOTICE.

In the event notice is required under any Section or provision of this Agreement, then the respective Parties shall be considered to have been notified by mail if the mail is sent to the addresses shown below by certified mail, return receipt requested, and such notice shall be deemed effective upon receipt.

"District"

Midway City Sanitary District
14451 Cedarwood Street
Westminster, CA 92683
Attention: Del Boyer

"Contractor"

RAINBOW / CR & R Incorporated
P.O. Box 125
Stanton, CA 90680
Attention: _____

SECTION 18: AUTHORIZED SIGNATURES.

Each of the Parties warrants that the person signing this Agreement on their behalf has been duly authorized to enter into this Agreement on their respective behalf.

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IN WITNESS WHEREOF, the parties execute this Agreement as of the date, first above written.

MIDWAY CITY SANITARY DISTRICT

DATED: 12/15/1998

By James V. Evans
President

ATTEST:

Gary L. Neugebauer
Secretary

APPROVED AS TO FORM:
THOMAS L. WOODRUFF
GENERAL COUNSEL

By Thomas L. Woodruff
Thomas L. Woodruff

CR & R INCORPORATED

DATED: 12/15/98

By D. E. F.

RAINBOW DISPOSAL COMPANY, INC.

DATED: 12-15-98

By Ron Sherman

EXHIBIT "A"

APPROVED COMMERCIAL BIN COLLECTION RATES

Initial Rates thru September 30, 1999

<u>3 yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1 x	\$70.72
	2 x	141.53
	3 x	212.31
	4 x	283.12
	5 x	353.91
	6 x	424.69

October 1, 1999 thru June 30, 2000

<u>3 yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1 x	\$73.98
	2 x	148.02
	3 x	222.04
	4 x	296.44
	5 x	370.09
	6 x	444.11

After July 1, 2000

<u>3 yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1 x	\$77.25
	2 x	154.51
	3 x	231.77
	4 x	309.77
	5 x	386.28
	6 x	463.54

EXHIBIT "B"

MRF RATES

1ST YEAR EXAMPLE:

\$36.35	MRF Rates
<u>-\$22.75</u>	O.C. Landfill
\$13.60	
<u>x 3%</u>	CPI
\$.41	Total Increase
\$36.76	New MRF Rate

2ND YEAR EXAMPLE:

\$36.76	MRF Rates
<u>-\$22.75</u>	O.C. Landfill
\$14.01	
<u>x 2.5%</u>	CPI
\$.35	Total Increase
\$37.11	New MRF Rate

3RD YEAR EXAMPLE: (ORANGE COUNTY LANDFILL RATES GO UP \$10.00 PER TON - PASS THROUGH IS \$10.00 ADDED TO \$37.11 = \$47.11)

\$47.11	MRF Station
<u>-\$32.75</u>	O.C. Landfill
\$14.36	
<u>x 2.75%</u>	CPI
\$.39	Total Increase
\$47.50	New MRF Rate

*Note: The CPI shall be the then current annual fluctuation measured on the March indices published by the U.S. Department of Labor, Bureau of Labor Statistics for the Los Angeles, Long Beach, Anaheim statistical area.

AMENDMENT AGREEMENT

This AMENDMENT AGREEMENT (the "Amendment"), is dated March 19, 2002 to the Exclusive Franchise Agreement, dated December 15, 1998, by and between the **MIDWAY CITY SANITARY DISTRICT** (the "District") and **CR&R INCORPORATED** and **RAINBOW DISPOSAL CO., INC.** (collectively the "Contractor").

WHEREAS, the District and the Contractor have entered into the Agreement;

WHEREAS, the District and the Contractor, have agreed to amend certain provisions of the Agreement;

NOW, THEREFORE, in consideration of the promises, covenants and conditions contained in this Amendment, the Parties agree as follows:

1. SECTION 1, DEFINITIONS AND TERMS, of the Agreement is hereby amended to add a definition for "fuel emergency" as follows:

"F. "Fuel Emergency" shall mean any instance where the District is unable to obtain fuel for its collection truck fleet from its regular sources as determined by the District Manager.

2. SECTION 2, TERM OF AGREEMENT, of the Agreement is hereby amended to extend the term thereof for an additional four years. This Amendment and the Agreement shall expire on June 30, 2011.

3. Paragraph A of SECTION 10, CHARGES AND COLLECTIONS, of the Agreement is hereby amended to add the following sentence:

"Roll off Box rates for both 40 yd and 10 yd boxes have been maintained by the Contractor at the same rate for similar service provided in the City of Huntington Beach. Contractor may adjust said rates effective July 1, 2002, and yearly thereafter using the following formula:

Current Rate x ((CPI x 76%) + (Fuel Cost Change x 8%) + (Landfill Rate Change x 16%))"

The initial rates for Roll off Box under this Amendment are included in Exhibit A attached hereto.

4. SECTION 13, FACILITIES ACCESS, of the Agreement is hereby amended by adding the following paragraph:

"The Contractor will make available their fueling depots to the Districts sanitary disposal trucks in the event of a Fuel

Emergency. The District will reimburse Contractor for fuel dispensed in District vehicles at Contractors latest fuel invoice cost."

5. All terms and obligations of the Agreement shall remain unchanged and in full force and effect except as expressly modified by this Amendment.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment Agreement to be executed on the date and year set forth above.

MIDWAY CITY SANITARY DISTRICT

CC&R INCORPORATED

James V. Evans
James V. Evans, Date
President

George H. Zink
Date
Title: Vice President 3-19-02

ATTEST:

RAINBOW DISPOSAL CO., INC.

Joy L. Neugebauer 3-19-2002
Joy L. Neugebauer, Date
Secretary

Don Shlesman 3-19-02
Date
Title: Jr. Vice President

APPROVED AS TO FORM:

THOMAS L. WOODRUFF
GENERAL COUNSEL

By: Omar Sandoval 3-19-02
Omar Sandoval Date

EXHIBIT "A"

APPROVED COMMERCIAL BIN COLLECTION RATES

Continuing Rates Thru June 30, 2007

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	77.25
	2x	154.51
	3x	231.77
	4x	309.77
	5x	386.28
	6x	463.54

Rates Effective July 1, 2007

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	80.73
	2x	161.45
	3x	242.18
	4x	322.91
	5x	403.63
	6x	484.36

Rates Effective July 1, 2008

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	84.36
	2x	168.72
	3x	253.08
	4x	337.44
	5x	421.79
	6x	506.15

Rates Effective July 1, 2009

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	88.16
	2x	176.31
	3x	264.47
	4x	352.62
	5x	440.78
	6x	528.93

EXHIBIT "A"

APPROVED COMMERCIAL BIN COLLECTION RATES

Continuing Rates Thru June 30, 2007

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	77.25
	2x	154.51
	3x	231.77
	4x	309.77
	5x	386.28
	6x	463.54

Rates Effective July 1, 2007

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	80.73
	2x	161.45
	3x	242.18
	4x	322.91
	5x	403.63
	6x	484.36

Rates Effective July 1, 2008

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	84.36
	2x	168.72
	3x	253.08
	4x	337.44
	5x	421.79
	6x	506.15

Rates Effective July 1, 2009

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	88.16
	2x	176.31
	3x	264.47
	4x	352.62
	5x	440.78
	6x	528.93

EXHIBIT "A"

APPROVED COMMERCIAL BIN COLLECTION RATES - CONTINUED

Rates Effective July 1, 2010

<u>3 Yard</u>	<u>Weekly Collection Schedule</u>	<u>Rate</u>
	1x	92.12
	2x	184.24
	3x	276.37
	4x	368.49
	5x	460.61
	6x	552.73

APPROVED ROLL OFF BOX RATES

Rates Effective July 1, 2001
(Subject to Annual Adjustments)

<u>Size</u>	<u>Rate</u>	<u>Included Tonnage</u>
40 Yard Box	\$340.00	6.00
10 Yard Low-Boy	\$365.00	8.00

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RESOLUTION NO. 2002-02

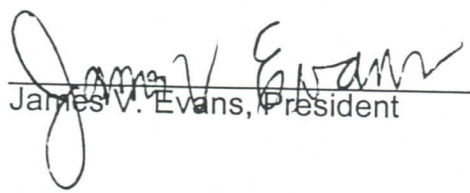
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, APPROVING AN AMENDMENT TO THE EXCLUSIVE FRANCHISE AGREEMENT BETWEEN THE DISTRICT AND CR&R INCORPORATED AND RAINBOW DISPOSAL COMPANY.

WHEREAS, the District entered into an Exclusive Franchise Agreement dated December 15, 1998 (hereinafter referred to as the "Agreement") for all bin service and materials recovery processing of refuse with CR&R INCORPORATED AND RAINBOW DISPOSAL, INC. (hereinafter referred to as the "Contractor");

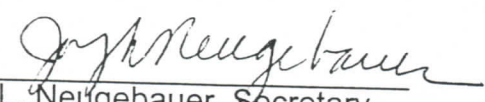
WHEREAS, the District and Contractor wish to amend the Agreement pursuant to the terms and subject to the conditions provided for in Attachment 1 hereto.

NOW, THEREFORE, the Board of Directors of the District hereby agrees and resolves to approve the amendments to the Agreement pursuant to the terms and subject to the conditions provided for in Attachment 1 hereto.

PASSED AND ADOPTED, at a regular meeting of the Board of Directors of Midway City Sanitary District of Orange County, California, held this 19th day of March 2002.


James V. Evans, President

ATTEST:


Joy L. Neugebauer, Secretary

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CERTIFICATION

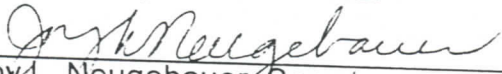
I, Joy L. Neugebauer, Secretary of the Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing Resolution No. 2001-02 was duly adopted at a meeting of the Board of Directors of said District, held on the 19th day of March 2002, by the following vote of the members of the Board:

AYES:

NOES:

ABSENT:

and I further certify that James V. Evans, as President and Joy L. Neugebauer, as Secretary, signed and approved said Resolution on the 19th day of March 2002.

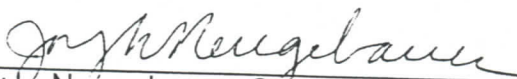

Joy L. Neugebauer, Secretary

(District Seal)

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

I, Joy L. Neugebauer, Secretary of Midway City Sanitary District of Orange County, California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2002-02 passed and adopted by the Board of Directors of said District at a meeting thereof held on the 19th day of March, 2002.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official Seal of said District this 19th day of March 2002.


Joy L. Neugebauer, Secretary

(District Seal)



Board approval

8A

3-5-2002

mel

P.O. BOX 1026 • HUNTINGTON BEACH, CA 92647-1026 • PH: (714) 847-3581 FAX: (714) 841-4660

March 5, 2002

Board or Directors
Midway City Sanitary District

Rainbow Disposal Co., Inc. and CR&R, Incorporated (the Companies) are proposing a four-year extension of the current Franchise Agreement with the District dated December 15, 1998.

The proposed extension will enable us to continue to provide the highest quality service and diversion rates at the lowest possible cost. The waste industry is faced with many challenges in the upcoming years including continual AB939 compliance and emission standards on refuse vehicles. The four-year extension will allow us to secure the most favorable financing as we meet these challenges.

Our proposal also includes fixed pricing on all commercial service through the contract period. The only variable pricing elements are the MRF fees tied to CPI, and a pass-through of any County of Orange dump fee modification. This would provide the District and its customers with price stability at very low rates through June 30, 2011.

As a part of the proposal, the Companies will formally agree to allowing the District to utilize our fueling facilities as a backup source of fuel for emergency purposes only. We would seek a reimbursement of our cost of fuel only for this program. Clearly, we are not seeking to profit from this program, but purely to provide the District with a viable contingency plan in the event of fuel service disruption. Please note that the Companies are not in the fuel resale business.


Attached is a summary of the proposal details. Thank you for the opportunity to serve the Midway City Sanitary District.

RAINBOW DISPOSAL CO., INC.

CR&R INCORPORATED


Ron Shenkman


George Lazaruk


Bruce Shuman

**Extension Proposal to
Midway City Sanitary District
Summary of Details**

Proposed Rates Effective July 1, 2007

3 Yard	Weekly Collection Schedule	Rate
	1	80.73
	2	161.45
	3	242.18
	4	322.91
	5	403.63
	6	484.36

Proposed Rates Effective July 1, 2008

3 Yard	Weekly Collection Schedule	Rate
	1	84.36
	2	168.72
	3	253.08
	4	337.44
	5	421.79
	6	506.15

Proposed Rates Effective July 1, 2009

3 Yard	Weekly Collection Schedule	Rate
	1	88.16
	2	176.31
	3	264.47
	4	352.62
	5	440.78
	6	528.93

Proposed Rates Effective July 1, 2010

3 Yard	Weekly Collection Schedule	Rate
	1	92.12
	2	184.24
	3	276.37
	4	368.49
	5	460.61
	6	552.73

Extension Proposal to
Midway City Sanitary District
Summary of Details

Other Major Points:

- Any County of Orange landfill fees would be passed-through.
- MRF fees would continue with annual CPI increases and O.C. Landfill charges as in current contract.
- Roll off Rates which currently mirror by practice, the rates in the Cities of Huntington Beach and Fountain Valley would be contractually mirrored. Please note that the current contract does not address roll off rates.
- Effective immediately, MCSD vehicles would have access on an emergency basis to the Rainbow Disposal and CR&R fueling facilities. Fuel cost to be reimbursed based on latest invoice.

**SECOND AMENDMENT TO
EXCLUSIVE FRANCHISE AGREEMENT**

This SECOND AMENDMENT TO EXCLUSIVE FRANCHISE AGREEMENT (the "Second Amendment") is made as of August 17, 2004, effective October 1, 2004, between **MIDWAY CITY SANITARY DISTRICT** (the "District") and **CR&R INCORPORATED** and **RAINBOW DISPOSAL COMPANY** (collectively the "Contractor").

WHEREAS, on December 15, 1998, District and Contractor entered into an Exclusive Franchise Agreement for the provision of collection and disposal of refuse and recycling service within the jurisdictional boundaries of the District (the "Agreement"); and

WHEREAS, on March 19, 2002, District and Contractor entered into an Amendment Agreement extending the term of the Agreement through June 30, 2011; and

WHEREAS, the parties wish to further amend the Agreement as set forth hereinbelow.

NOW, THEREFORE, in consideration of the mutual promises, agreements and undertakings in this Second Amendment, the parties to this Second Amendment agree as follows:

1. SECTION 2, TERM OF AGREEMENT, of the Agreement is hereby amended in its entirety to read as follows:

SECTION 2: TERM OF AGREEMENT.

Term: The term of this Agreement shall be for a minimum of ten (10) years, commencing October 1, 2004, through September 30, 2014, unless earlier terminated in accordance with the provisions of this Agreement. On October 1, 2005, and each year thereafter, the term of this Agreement shall be automatically extended one (1) additional year, so that the remaining term shall continue to be ten (10) years. In no event shall said term, including any extension thereof, at any time exceed a total period of ten (10) years, and should either party desire that said automatic renewal and extension provision be terminated, such party shall give the other written notice of non-renewal not less than one hundred eighty (180) days prior to July 1st of any year of the Agreement. Any such notice shall serve to terminate the automatic one (1) year renewal and extension provision only, and this Agreement shall remain in effect for the

balance of the term then outstanding. In the event that either party exercises its right to terminate said automatic renewal and extension provision, it is acknowledged that the parties may nevertheless subsequently reinstate the automatic renewal and extension provision by mutual written agreement."

2. SECTION 11, FRANCHISE FEE, of the Agreement is hereby amended to read in its entirety as follows:

"SECTION 11: FRANCHISE FEE.

For and in consideration of the Exclusive Franchise granted herein, Contractor shall pay to District a franchise fee of nine percent (9%) of the total gross revenues collected from all bin collection services provided pursuant to this Agreement. The franchise fee amount shall be paid by Contractor to District on a monthly basis, by the 15th day of each month for total gross revenues received in the immediately preceding month. Such payment shall be delinquent if not received on the 20th day of each month at which time interest at the rate of one percent (1%) per month on the amount due shall be imposed. Along with payments of the monthly franchise fee, Contractor shall provide District with a summary of all revenues collected during each monthly period. The franchise fee shall not be considered received until the summary of revenues has been received by District."

3. All provisions of the Agreement and Amendment Agreement, except as modified by this Second Amendment, shall remain in full force and effect and are reaffirmed. Each party acknowledges that it, as its respective interests appear, is liable for all damages arising from nonperformance under this Second Amendment if all conditions of this Second Amendment are not met; and that if this Second Amendment is performed, such performance shall be accepted as full performance of its obligations under this Agreement. Other than as stated in this Second Amendment, this Second Amendment shall not operate as a waiver of any condition or obligation imposed on the parties under the Agreement or Amendment Agreement.

4. In the event of any conflict, inconsistency, or incongruity between any provision of this Second Amendment and any provision of the Agreement or Amendment Agreement, including prior amendments thereto, the provisions of this Second Amendment shall govern and control.

5. This Second Amendment, together with the Agreement and Amendment Agreement, constitutes the entire agreement between the parties to the Agreement pertaining to the subject matter of this Second Amendment, and any and all other written or oral agreements existing between the parties before the date of this Second Amendment with respect to the subject matter of this Second Amendment are expressly canceled.

IN WITNESS WHEREOF, the parties execute this Second Amendment as of the date first above written.

MIDWAY CITY SANITARY DISTRICT

Dated: 9-7-2004

By Joy L. Neugebauer
President

ATTEST:

Margie L. Rice
Secretary

APPROVED AS TO FORM:

Amar Sandoval
General Counsel

CR&R INCORPORATED

Dated: 9-7-2004

By [Signature]
Title DIVISION PRESIDENT

RAINBOW DISPOSAL COMPANY, INC.

Dated: 9-14-04

By [Signature]
Title Chairman

**THIRD AMENDMENT TO
EXCLUSIVE FRANCHISE AGREEMENT**

This **THIRD AMENDMENT TO EXCLUSIVE FRANCHISE AGREEMENT** (the "Third Amendment") is made as of November 21, 2011 (the "Effective Date"), between **MIDWAY CITY SANITARY DISTRICT** (the "District") and **CR&R INCORPORATED** and **RAINBOW DISPOSAL COMPANY, INC., dba RAINBOW ENVIRONMENTAL SERVICES COMPANY** (collectively the "Contractor").

WHEREAS, on December 15, 1998, District and Contractor entered into an Exclusive Franchise Agreement for the provision of collection and disposal of refuse and recycling service within the jurisdictional boundaries of the District (the "Original Agreement"); and

WHEREAS, on March 19, 2002, District and Contractor entered into an Amendment Agreement (the "First Amendment") extending the term of the Agreement and amending certain other provisions of the Original Agreement; and

WHEREAS, on August 17, 2004, District and Contractor entered into a Second Amendment To Exclusive Franchise Agreement (the "Second Amendment") extending the term of the Agreement and amending certain other provisions of the Original Agreement and First Amendment; and

WHEREAS, the Original Agreement, the First Amendment, and the Second Amendment are referred to collectively herein as the "Agreement;" and

WHEREAS, the parties wish to further amend the Agreement as set forth herein below.

NOW, THEREFORE, for and in consideration of the terms and conditions of this Third Amendment, District and Contractor hereby agree as follows:

1. SECTION 1, DEFINITIONS AND TERMS, of the Agreement is hereby amended to add definitions for "Environmental Laws," "Hazardous Contaminant," "Hazardous Substance," and "Hazardous Waste" as follows:

"G. "Environmental Laws" shall mean all federal and state statutes, county, local and District ordinances concerning public health, safety and the environment including, by way of example and not limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.; the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; the Federal Clean Water Act, 33 USC §1251 et seq.; the Federal Clean Air Act, 42 USC §7401 et seq.; the Toxic Substances Control Act, 15 USC §2601

et seq.; the Occupational Safety and Health Act, 29 USC §651 et seq.; the California Hazardous Waste Control Act, California Health and Safety Code §25100 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code §25300 et seq.; the Porter-Cologne Water Quality Control Act, California Water Code §13000 et seq.; the Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code §25249.5 et seq.; as currently in force or as hereafter amended, and all rules and regulations promulgated thereunder.

H. "Hazardous Contaminant" shall mean any "Hazardous Material," as that term is defined under California Health & Safety Code Section 25501(o); any "Hazardous Substance," as that term is defined herein or under California Health & Safety Code Sections 25281(h), 25501(p), 25501.1 and under Title 42, Section 6901(14) of the United States Code; any "Hazardous Waste," as that term is defined herein and under Title 42, Section 6903(5) of the United States Code and under California Health & Safety Code Section 25501(q); any chemical which the Governor has identified as a chemical known to the State to cause cancer or reproductive toxicity pursuant to California Health & Safety Code Section 25249.8; any crude oil or refined or unrefined petroleum product or any fraction or derivative thereof; and any asbestos or asbestos-containing material. The term "Hazardous Contaminant" shall also include materials identified in any and all amendments to the above-referenced statutory and regulatory provisions made before or after the date of execution of this Agreement.

I. "Hazardous Substance" shall mean any of the following: (a) any substances defined, regulated or listed (directly or by reference) as "Hazardous Substances," "hazardous materials," "Hazardous Wastes," "toxic waste," "pollutant" or "toxic substances" or similarly identified as hazardous to human health or the environment, in or pursuant to (i)

the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.(CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC §5101, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC §7401 et seq.; and (vii) California Water Code §13050; (b) any substances identified in any and all amendments, rules or regulations promulgated thereunder to such enumerated statutes or acts currently existing or hereafter enacted; and (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other applicable federal, state or local laws or regulations, including any of the Environmental Laws, currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyl's ("PCBs"), petroleum, natural gas and synthetic fuel products, and by-products.

J. "Hazardous Waste" shall mean all substances defined as Hazardous Waste, acutely Hazardous Waste, or extremely Hazardous Waste by the State of California in Health and Safety Code, Div. 20, Chap. 6.5 including but not limited to §25110.02, §25115, and §25117 or in the future amendments to or recodifications of such statutes or identified and listed as Hazardous Waste by the US Environmental Protection Agency (EPA), pursuant to the Federal Resource Conservation and Recovery Act (42 USC §6901 et seq.) (RCRA), all future amendments thereto, and all rules and regulations promulgated thereunder.

2. SECTION 2, TERM OF AGREEMENT, of the Agreement is hereby amended in its entirety to read as follows:

"SECTION 2: TERM OF AGREEMENT.

The term of this Agreement shall be for a minimum of ten (10) years from the Effective Date of the Third Amendment, commencing November 21, 2011, 2011, and shall be in full force and effect through November 21, 2021, unless earlier terminated in accordance with the provisions of this Agreement. On November 21, 2012, and each year thereafter, the term of this Agreement shall be automatically extended one (1) additional year, so that the remaining term shall continue to be ten (10) years. In no event shall said term, including any extension thereof, at any time exceed a total period of ten (10) years, and should either party desire that said automatic renewal and extension provision be terminated, such party shall give the other written notice of non-renewal not less than two (2) years prior to July 1st of any year of the Agreement. Any such notice shall serve to terminate the automatic one (1) year renewal and extension provision only, and this Agreement shall remain in effect for the balance of the term then outstanding. In the event that either party exercises its right to terminate said automatic renewal and extension provision, it is acknowledged that the parties may nevertheless subsequently reinstate the automatic renewal and extension provided by mutual written agreement."

3. Paragraph E of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to add subparagraph (6) to read as follows:

"6. District shall have the option to divert the green/yard waste material from solid waste containers with the recovery systems at the MRFs. The diversion will be accomplished by running the solid waste from the solid waste containers through a system of trommels, conveyors and sorting technology. The Contractor shall recover green/yard waste and organic material from the exiting solid waste cart at the MRFs with a guaranteed 75% minimum recycling diversion."

4. Paragraph H of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read in its entirety as follows:

"H. Contractor Reports. Contractor shall cause written reports, including but not limited to quarterly waste reports and quarterly over-the-top reports, to be prepared, obtained and timely submitted to the District on forms approved by the District, which will enable the District to meet all of the reporting requirements of the Act, and any amendments thereto. Upon request, Contractor shall give an oral report to the Board regarding the required reports or other Agreement-related information."

5. SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to add paragraph O to read as follows:

"O. Holiday Trees—Annually. The District conducts an annual holiday tree recycling program following December 25th each year for rate payers within the District. Contractor agrees that it will, without cost to the District, provide a front loader solid waste truck to the District for daily pickup of trees placed at the curbside in conjunction with the annual holiday tree recycling program. Contractor agrees to provide said front loader solid waste truck to the District annually upon request of the District for at least twelve (12) days, or such longer period as the District reasonably determines necessary. The District will transport the trees to the MRF selected by the District for recycling into alternative daily cover, biomass fuel, or mulch."

6. Paragraph A of SECTION 10, CHARGES AND COLLECTIONS, of the Agreement is hereby amended to read in its entirety as follows:

"A. Commercial Bin Collection Rates. Contractor shall provide commercial bin collection services to its commercial customers pursuant to this Agreement at rates it sets, charges to, and collects from such customers, which Commercial Bin Collection rates shall not exceed those set forth in the attached Exhibit "A", which sets out the maximum Commercial Bin Collection rates that may be charged by

the Contractor, as such maximum rates may be adjusted from time to time pursuant to the terms hereof. The total maximum rates consist of a service component and a landfill component. Commencing on July 1, 2015, the service component and the landfill component associated with any of the maximum rates as set forth in Exhibit "A" may be adjusted by the Contractor, and such maximum rates may be adjusted by the Contractor annually thereafter on each subsequent July 1st during the Term hereof, (i) by multiplying the then-current service component by a percentage equal to the change in the Consumer Price Index for All Urban Consumers, not seasonally adjusted, all items index (CPI-U) – Los Angeles County, Riverside County, Orange County average ("Service Component CPI"), for the twelve (12) month period ending on the date of December 31 immediately prior to the applicable Adjustment Date (the "Service Component CPI Adjustment"), and (ii) by multiplying the then current landfill component by a percentage equal to the annual percentage change in the amount of the landfill dumping fees (also referred to herein as the "Contract Rate") imposed by the County of Orange ("County") as of the applicable Adjustment Date pursuant to the then-current waste disposal agreement between County and District (the "Landfill Component CPI Adjustment"). Notwithstanding the foregoing, in any year in which the annual change in the Service Component CPI exceeds three percent (3%), the Service Component CPI Adjustment shall be calculated by multiplying the then current service component by a percentage equal to the sum of (i) three percent (3%) and (ii) one-half of the change in the Service Component CPI in excess of three percent (3%). For example, if the annual change in the Service Component CPI in a given year is four percent (4%), the Service Component CPI Adjustment would be limited to three and one-half percent (3.5%). Notwithstanding the foregoing, in no event shall the annual Service Component CPI Adjustment exceed eight percent (8%)

in any one year period. In addition, commencing on July 1, 2015, and notwithstanding the foregoing, (1) no Landfill Component CPI Adjustment shall be made until such time as the Contract Rate imposed by the County equals or exceeds thirty-one dollars and ninety nine cents (\$31.99) per ton; and (2) on the first Adjustment Date that the Contract Rate imposed by the County exceeds thirty one dollars and ninety nine cents (\$31.99) per ton, the Landfill Component CPI Adjustment shall be calculated by multiplying the then current landfill component by a percentage equal to the quotient of the (i) the difference between the Contract Rate as of the applicable Adjustment Date and \$31.99 per ton, and (ii) \$31.99 per ton [current landfill component x ((Contract Rate - \$31.99) ÷ \$31.99)]. On or before April 10 of each year, Contractor shall provide the District with a revised Exhibit "A" reflecting the Service Component CPI Adjustment and the Landfill Component CPI Adjustment, along with data supporting the basis for its calculations, so that the District may review and verify the accuracy of the Contractor's calculations. Contractor shall provide District and each of its customers with at least thirty (30) days advance written notice of all rate adjustments. Contractor may only implement commercial rate increases in addition to those authorized in by this Agreement through a written amendment to this Agreement."

7. Paragraph E of SECTION 10, CHARGES AND COLLECTIONS, of the Agreement is hereby amended to read in its entirety as follows:

"E. Landfill Cost Increases. Contractor may adjust the landfill component of the maximum rates set forth on Exhibit "A" to reflect any increase in landfill dumping fees imposed by the County pursuant to the then-current waste disposal agreement between County and District, which increased landfill dumping fees are in excess of the Landfill Component CPI Adjustment, provided that Contractor provides District and each of its customers with thirty (30) days

advance written notice of the increase in such fees and the reason for any increases in such fees. Along with the notice to District, Contractor shall submit financial and accounting data to District which clearly identifies the amount of the rate increase due to increased landfill charges and the basis therefore as justified by the County. Contractor shall immediately adjust the landfill component of the maximum rates to reflect any decrease in landfill dumping fees implemented by the County and shall provide District with written notice regarding the decrease and the reason(s) therefor.”

8. SECTION 11, FRANCHISE FEE, of the Agreement is hereby amended to read in its entirety as follows:

"SECTION 11: FRANCHISE FEE.

For and in consideration of the Exclusive Franchise granted herein, for the entire Term of this Agreement, Contractor shall pay to District a franchise fee equal to a percentage of the total gross revenues collected from all bin collection services provided pursuant to this Agreement (the "Franchise Fee"). As of the Effective Date of the Third Amendment, the Franchise Fee is nine percent (9%). Commencing on the first day of the first full month following the Effective Date of the Third Amendment, the Franchise Fee shall be ten percent (10%). Commencing July 1, 2013, the Franchise Fee shall be thirteen percent (13%). Commencing July 1, 2014, the Franchise Fee shall be fourteen percent (14%). The Franchise Fee amount shall be paid by the Contractor to the District on a monthly basis, by the 15th day of each month for total gross revenues received in the immediately preceding month. Such payment shall be delinquent if not received on the 20th day of each month at which time interest at the rate of one percent (1%) per month on the amount due shall be imposed. Along with payments of the monthly Franchise Fee, Contractor shall provide the District with a summary of all revenues collected during each monthly

period, including but not limited to monthly detailed aging report, drop-off bin report, and over-the-top report. The Franchise Fee shall not be considered received until the summary of revenues has been received by the District."

9. Subparagraph 1 of Paragraph B of SECTION 12, INSURANCE AND BONDING PROVISIONS, of the Agreement is hereby amended to read in its entirety as follows:

"1. Contractor shall maintain in full force and effect during the term of this Agreement, commercial or comprehensive general liability insurance, automobile liability insurance, and employer's liability insurance, for the benefit of any person or persons or Contractor's employees who may be injured or sustain property damage as a result of Contractor's performance of work under this Agreement. This coverage shall be in the following amounts:

Comprehensive General Liability: Ten Million Dollars (\$10,000,000.00) limit aggregate and Ten Million Dollars (\$10,000,000.00) limit per occurrence for bodily injury, personal injury, and property damage. Such limits can be achieved through a combination of primary and excess liability policies.

Automobile Liability: Ten Million Dollars (\$10,000,000.00) limit aggregate and Ten Million Dollars (\$10,000,000.00) limit per occurrence for bodily injury and property damage. Such limits can be achieved through a combination of primary and excess liability policies.

Employer's Liability: Employer's Liability limits
of One Million Dollars (\$1,000,000.00) per
occurrence.

Such policy(ies) shall name the District, its Directors, officers, agents, and employees, as additional insureds, and shall be issued by a company authorized to do business in this state which has an "A" policyholder's rating and a financial rating of at least Class VII in accordance with the most current Best's Guide Rating. Said insurance coverage will provide primary insurance for the District to the exclusion of any other insurance or self-insured retention levels which the District may carry with respect to claims and injuries arising out of the activities of Contractor. Variance from the insurance requirements set forth in this Agreement may occur only if authorized by District's Board of Directors."

10. Paragraph C of SECTION 12, INSURANCE AND BONDING PROVISIONS, of the Agreement is hereby amended to read in its entirety as follows:

"C. Indemnity.

- i. CR&R Incorporated and Rainbow Environmental Services Company each hereby agree to and shall indemnify and hold harmless District, and its Directors, officers, employees, agents and volunteers (collectively the indemnitees) from and against any and all loss, liability, penalty, forfeiture, claim, demand, action, proceeding or suit in law or equity of any and every kind and description (including, but not limited to, injury to and death of any Person and damage to property, or for contribution or indemnity claimed by third parties) arising out of, resulting from, and/or in any way connected with this Agreement including, but not limited to (1) the negligence or willful misconduct of CR&R Incorporated and/or Rainbow Environmental Services

Company, and their respective officers, employees, agents, and/or subcontractors in performing services under this Agreement; (2) the failure of CR&R Incorporated and/or Rainbow Environmental Services Company, its officers, employees, agents, and/or subcontractors to comply in all respects with the provisions of this Agreement (including without limitation CR&R Incorporated and Rainbow Environmental Services Company's obligation to ensure the District complies with the requirements of the then-current waste disposal agreement between County and District), applicable laws (including, without limitation, the Environmental Laws), ordinances and regulations, and/or applicable permits and licenses; (3) the acts of CR&R Incorporated and/or Rainbow Environmental Services Company, and their respective officers, employees, agents, Companies and/or subcontractors in performing services under this Agreement for which strict liability is imposed by law (including, without limitation, the Environmental Laws); and (4) any challenge to the approval and execution of, or any provisions hereof in this Agreement (including any claim that the application of any provision hereof violates any provision of the California Constitution).

- ii. The foregoing indemnity and hold harmless provisions shall apply regardless of whether such loss, liability, penalty, forfeiture, claim, demand, action, proceeding, suit, injury, death or damage is also caused in part by any of the indemnitees negligence, but shall not extend to matters resulting from the indemnitees sole negligence, or willful misconduct.
- iii. CR&R Incorporated and Rainbow Environmental Services Company each further agree to and shall, upon demand of

the District, at CR&R Incorporated and Rainbow Environmental Services Company's sole cost and expense, defend (with attorneys acceptable to the District) District and its Directors, officials, officers, employees, agents and volunteers against any claims, actions, suits in law or equity or other proceedings, whether judicial, quasi-judicial or administrative in nature, arising or resulting from any of the aforementioned events, and to reimburse the District for any and all costs and expenses the District incurs in providing any such defense, either before, during or after the time CR&R Incorporated and Rainbow Environmental Services Company elect to provide such defense, including any and all costs incurred in overseeing any defense to be provided herein by CR&R Incorporated and Rainbow Environmental Services Company.

- iv. CR&R Incorporated and Rainbow Environmental Services Company each further agree, upon demand of the District, made by and through the District General Counsel, that it shall protect District and appear in and defend the District and its Directors, officials, officers, employees, contractors, agents and volunteers, in any claims or actions by third parties, whether judicial, administrative or otherwise, including, but not limited to disputes and litigation over the definitions of "Solid Waste" or "Recyclable Material," the scope of the rights granted herein, conflicts between the rights granted herein and rights asserted by other persons, or the limits of District's authority with respect to the grant of licenses, franchises or agreements, exclusive or otherwise, asserting rights under the Dormant Commerce Clause or any other federal or state laws to provide solid waste collection, handling, recycling, and/or disposal services in the District.

- v. In addition, CR&R Incorporated and Rainbow Environmental Services Company's duty to defend, indemnify and hold harmless herein, includes all fines and/or penalties imposed by the State of California Department of Resources Recycling and Recovery, or any successor department or agency, subject to the restrictions set forth in California Integrated Waste Management Act, Public Resources Code section 40000 et seq., if the requirements of the Act are not met by CR&R Incorporated and/or Rainbow Environmental Services Company with respect to the waste stream collected under this Agreement, and such failure is (1) due to the failure of CR&R Incorporated and/or Rainbow Environmental Services Company to meet their obligations under this Agreement, or (2) due to CR&R Incorporated and/or Rainbow Environmental Services Company's delays in providing information that prevents CR&R Incorporated, Rainbow Environmental Services Company or District from submitting reports required by the Act in a timely manner.
- vi. In addition, CR&R Incorporated and Rainbow Environmental Services Company's duty to defend, indemnify and hold harmless herein, includes payment of costs, attorney fees and damages incurred by and judgments entered against District relating to claims or allegations that District is setting rates for service under this Agreement or in connection with the application of Article XIIC and Article XIID of the California Constitution (Proposition 218) for the imposition, payment or collection of rates and fees for services provided by CR&R Incorporated and/or Rainbow Environmental Services Company under this Agreement.

- vii. Claims included within the scope of this paragraph include, but are not limited to, claims for refunds of rates paid by customers, and all claims by CR&R Incorporated and/or Rainbow Environmental Services Company against District for funds to replace revenue lost as the result of an invalidation of the rate increase, or for breach of contract if any rate increase implemented by CR&R Incorporated and/or Rainbow Environmental Services Company is invalidated, enjoined or prohibited in any manner or to any extent.
- viii. The provisions of this Section shall not terminate or expire, shall be given the broadest possible interpretation and shall survive the expiration or earlier termination of this Agreement."

11. SECTION 12, INSURANCE AND BONDING PROVISIONS, of the Agreement is hereby amended to add paragraph E to read as follows:

"E. Hazardous Contaminant, Hazardous Substances or Hazardous Waste Indemnification.

- i. Without regard to any insurance coverage or requirements, and without limiting the above general indemnification obligation in any way, CR&R Incorporated and Rainbow Environmental Services Company each specifically agree to and shall, to the maximum extent permitted by law, defend (with counsel acceptable to District) reimburse, indemnify, and hold District and its past and present Directors, officials, officers, employees, contractors and agents (hereinafter "Indemnified Parties") harmless from and against any and all claims, actions, liabilities, damages, demands, judgments, losses, costs, liens, expenses, suits, actions, attorneys' fees, consultant fees, penalties and any and all

other losses, damages, fees and expenses of whatever kind or nature ("Claims") (including but not limited to response costs, investigative costs, assessment costs, monitoring costs, treatment costs, cleanup costs, removal costs, remediation costs, and similar costs, damages and expenses) that arise out of or are alleged to arise out of or in any way relate to any action, inaction or omission of CR&R Incorporated and/or Rainbow Environmental Services Company that:

- a. results in any demand, claim, notice, order, or lawsuit, asserting that any Indemnified Party is liable, responsible or in any way obligated to investigate, assess, monitor, study, test, treat, remove, remediate, or otherwise cleanup, any Hazardous Contaminant, Hazardous Substance or Hazardous Waste; or
 - b. relates to material collected, transported, recycled, processed, treated or disposed of by CR&R Incorporated and/or Rainbow Environmental Services Company.
- ii. CR&R Incorporated and Rainbow Environmental Services Company's obligations pursuant to this Section shall apply, without limitation, to:
- a. any Claims brought pursuant to or based on the provisions of the Environmental Laws as defined in Section 1 above;
 - b. any Claims based on or arising out of or alleged to be arising out of the ownership, use, lease, sale, design, construction, maintenance or operation by CR&R Incorporated and/or Rainbow Environmental Services Company of any facility;

- c. any Claims based on or arising out of or alleged to be arising out of the marketing, sale, distribution, storage, transportation, disposal, processing or use of any materials recovered by CR&R Incorporated and/or Rainbow Environmental Services Company;
 - d. any Claims based on or arising out of or alleged to be arising out of any breach of any express or implied warranty, representation or covenant arising out of or in connection with this Agreement.
- iii. The foregoing indemnity and defense obligations shall apply irrespective of the negligence or willful misconduct of CR&R Incorporated and/or Rainbow Environmental Services Company or any affiliate of CR&R Incorporated and/or Rainbow Environmental Services Company.
 - iv. The provisions of this Section shall not terminate or expire, shall be given the broadest possible interpretation and shall survive the expiration or earlier termination of this Agreement."

12. SECTION 13, FACILITIES ACCESS, of the Agreement, is hereby amended to add the following paragraph:

"District may also utilize Contractor's Compressed Natural Gas (CNG) fueling facilities at the Contractor's cost of fuel. District may use Contractor's facilities for vehicle storage when CNG fueling option is being utilized."

13. SECTION 14, CONTRACTOR'S BIN SERVICE EQUIPMENT, of the Agreement is hereby amended to read in its entirety as follows:

"SECTION 14: CONTRACTOR'S BIN SERVICE EQUIPMENT.

Concurrently with provision of notice of each annual CPI Adjustment, on April 10 of each year, Contractor shall provide to District an

inventory of bin equipment and collection vehicles utilized for service within the jurisdiction of the District, including but not limited to (i) vehicles quantity, make, model, year manufactured, year of purchase or acquisition by Contractor, and (ii) for bin equipment, the account name, account number, account service address, service level per billing system (i.e. quantity, size, and frequency), observed containers (i.e. quantity, type, and size), and applicable fee schedule for all bin sizes. Contractor agrees to indemnify, defend, and hold the District and its Directors, officials, officers, agents, employees, and volunteers harmless from any and all claims, suits or other action, both legal and equitable, including court costs and attorneys' fees arising out of any incident involving the listed equipment."

14. Exhibit "A" to the Agreement is hereby replaced in its entirety with Exhibit "A" attached to this Third Amendment.

15. All provisions of the Agreement, First Amendment, and Second Amendment, except as modified by this Third Amendment, shall remain in full force and effect and are reaffirmed. Each party acknowledges that it, as its respective interests appear, is liable for all damages arising from nonperformance under this Third Amendment if all conditions of this Third Amendment are not met. Other than as stated in this Third Amendment, this Third Amendment shall not operate as a waiver of any condition or obligation imposed on the parties under the Agreement, the First Amendment or the Second Amendment.

16. In the event of any conflict, inconsistency, or incongruity between any provision of this Third Amendment and any provision of the Agreement, the First Amendment, or the Second Amendment, including prior amendments thereto, the provisions of this Third Amendment shall govern and control.

17. This Third Amendment, together with the Agreement, the First Amendment, and the Second Amendment, constitutes the entire agreement between the parties to the Agreement pertaining to the subject matter of this Third Amendment, and any and all other written or oral agreements (except the Agreement, the First Amendment, and the Second Amendment) existing between the parties before the date of this Third Amendment with respect to the subject matter of this Third Amendment are expressly canceled.

18. The persons executing this Third Amendment on behalf of the parties warrant that they are duly authorized to execute this Third Amendment and that by executing this Third Amendment, the parties are formally bound.

IN WITNESS WHEREOF, the parties execute this Third Amendment as of the date first above-written.

MIDWAY CITY SANITARY DISTRICT

Dated: 11-21-2011

By: Margie L. Rice
MARGIE L. RICE
President

ATTEST:

Joy L. Neugebauer
JOY L. NEUGEBAUER
Secretary

Approved as to Form

Thomas F. Nixon
THOMAS F. NIXON
General Counsel

CR&R INCORPORATED

Dated: 11/21/2011

By: [Signature]
Title: Div. President

By: [Signature]
Title: Sr. v.p.

**RAINBOW DISPOSAL COMPANY, INC., dba
RAINBOW ENVIRONMENTAL SERVICES
COMPANY**

Dated: 11/21/2011

By: [Signature]
Title: CEO

By: [Signature]
Title: Chairman

EXHIBIT "A"

MAXIMUM COMMERCIAL BIN COLLECTION RATES

Effective the First day of the First Month following the Approval of the 3rd Amendment

Weekly - 3 Cubic Yard Bin Collection Rates

Weekly Collection	Service Component	Landfill Component	Total Rate
1x a week	\$82.05	\$15.63	\$97.68
2x a week	\$164.10	\$31.26	\$195.36
3x a week	\$246.16	\$46.89	\$293.05
4x a week	\$328.21	\$62.52	\$390.73
5x a week	\$410.26	\$78.15	\$488.41
6x a week	\$492.32	\$93.77	\$586.09

Drop-off Bin Rates

Container Size	Service Component	Landfill Component	Total Rate
40 cubic yard	\$380.83	\$72.54	\$453.37
10 cubic yard	\$411.43	\$78.37	\$489.80

Rent-a-Bin Rates

Service Level	Service Component	Landfill Component	Total Rate
Weekday	\$48.45	\$9.23	\$57.68
Weekend	\$59.51	\$11.33	\$70.84

EXHIBIT "A"

MAXIMUM COMMERCIAL BIN COLLECTION RATES

EFFECTIVE July 1, 2012

Weekly - 3 Cubic Yard Bin Collection Rates

Weekly Collection	Service Component	Landfill Component	Total Rate
1x a week	\$84.10	\$16.02	\$100.12
2x a week	\$168.20	\$32.04	\$200.24
3x a week	\$252.32	\$48.06	\$300.38
4x a week	\$336.42	\$64.08	\$400.50
5x a week	\$420.52	\$80.10	\$500.62
6x a week	\$504.62	\$96.12	\$600.74

Drop-off Bin Rates

Container Size	Service Component	Landfill Component	Total Rate
40 cubic yard	\$390.35	\$74.35	\$464.70
10 cubic yard	\$421.72	\$80.33	\$502.05

Rent-a-Bin Rates

Service Level	Service Component	Landfill Component	Total Rate
Weekday	\$49.66	\$9.46	\$59.12
Weekend	\$60.99	\$11.62	\$72.61

EXHIBIT "A"

MAXIMUM COMMERCIAL BIN COLLECTION RATES

EFFECTIVE July 1, 2013

Weekly - 3 Cubic Yard Bin Collection Rates

Weekly Collection	Service Component	Landfill Component	Total Rate
1x a week	\$88.81	\$16.92	\$105.72
2x a week	\$177.61	\$33.83	\$211.44
3x a week	\$266.43	\$50.75	\$317.18
4x a week	\$355.23	\$67.66	\$422.90
5x a week	\$444.04	\$84.58	\$528.62
6x a week	\$532.85	\$101.49	\$634.34

Drop-off Bin Rates

Container Size	Service Component	Landfill Component	Total Rate
40 cubic yard	\$412.18	\$78.51	\$490.69
10 cubic yard	\$445.30	\$84.82	\$530.12

Rent-a-Bin Rates

Service Level	Service Component	Landfill Component	Total Rate
Weekday	\$52.44	\$9.99	\$62.43
Weekend	\$64.40	\$12.27	\$76.67

EXHIBIT "A"
MAXIMUM COMMERCIAL BIN COLLECTION RATES

EFFECTIVE July 1, 2014

Weekly - 3 Cubic Yard Bin Collection Rates

Weekly Collection	Service Component	Landfill Component	Total Rate
1x a week	\$91.03	\$17.34	\$108.36
2x a week	\$182.05	\$34.68	\$216.73
3x a week	\$273.09	\$52.02	\$325.11
4x a week	\$364.11	\$69.36	\$433.47
5x a week	\$455.14	\$86.69	\$541.83
6x a week	\$546.17	\$104.03	\$650.20

Drop-off Bin Rates

Container Size	Service Component	Landfill Component	Total Rate
40 cubic yard	\$422.49	\$80.47	\$502.96
10 cubic yard	\$456.44	\$86.94	\$543.38

Rent-a-Bin Rates

Service Level	Service Component	Landfill Component	Total Rate
Weekday	\$53.75	\$10.24	\$63.99
Weekend	\$66.01	\$12.57	\$78.59

**FOURTH AMENDMENT TO
EXCLUSIVE FRANCHISE AGREEMENT**

This FOURTH AMENDMENT TO EXCLUSIVE FRANCHISE AGREEMENT (the "Fourth Amendment") is made as of July 1, 2017 (the "Effective Date"), between **MIDWAY CITY SANITARY DISTRICT** (the "District") and **CR&R INCORPORATED** ("CR&R" or the "Contractor").

WHEREAS, on December 15, 1998, District and CR&R and Rainbow Disposal Company, Inc. ("Rainbow") entered into an Exclusive Franchise Agreement for the provision of collection and disposal of refuse and recycling service within the jurisdictional boundaries of the District (the "Original Agreement"); and

WHEREAS, on March 19, 2002, District and CR&R and Rainbow entered into an Amendment Agreement (the "First Amendment") extending the term of the Agreement and amending certain other provisions of the Original Agreement; and

WHEREAS, on August 17, 2004, District and CR&R and Rainbow entered into a Second Amendment To Exclusive Franchise Agreement (the "Second Amendment") extending the term of the Agreement and amending certain other provisions of the Original Agreement and First Amendment; and

WHEREAS, on November 21, 2011, District and CR&R and Rainbow entered into a Third Amendment To Exclusive Franchise Agreement (the "Third Amendment") extending the term of the Agreement and amending certain other provisions of the Original Agreement, First Amendment, and Second Amendment; and

WHEREAS, the Original Agreement, the First Amendment, the Second Amendment, and the Third Amendment are referred to collectively herein as the "Agreement;" and

WHEREAS, on November 15, 2016, the District's Board of Directors adopted Resolution No. 2016-13 approving the transfer and assignment of Rainbow's interest in the Agreement to CR&R, subject to that certain Assignment and Assumption Agreement by and between the District, CR&R and Rainbow, dated November 30, 2016; and

WHEREAS, the parties wish to further amend the Agreement as set forth herein below.

NOW, THEREFORE, for and in consideration of the terms and conditions of this Fourth Amendment the parties to the Agreement hereby agree as follows:

1. From and after the Effective Date of this Fourth Amendment, Rainbow shall no longer be a party to the Agreement, and the term "Contractor" in the Agreement shall mean and refer solely to CR&R. Through its execution of this Fourth Amendment, Rainbow hereby agrees to the foregoing.

2. SECTION 1, DEFINITIONS AND TERMS, of the Agreement is hereby amended to add a definition for "Organic Waste or Organics" as follows:

"K. "Organic Waste" or "Organics" shall mean food waste, green waste, landscape and pruning waste, nonhazardous wood waste and soiled paper waste that is mixed in with food waste."

3. Subparagraph (3) of Paragraph C of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read in its entirety as follows:

"3. For the term of this Agreement, Contractor shall provide recycling services at a level necessary to divert at least that percentage of District's solid waste stream required to be diverted pursuant to the Act or other applicable law and as provided in the SRRE."

4. Subparagraph (4) of Paragraph C of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read in its entirety as follows:

"4. Contractor shall implement recycling and organics diversion programs for commercial businesses and multi-family residential units within the District in accordance with the requirements of AB 341 (Mandatory Commercial Recycling), AB 1826 (Organic Waste), and all other applicable law. Contractor shall use its best efforts to bring customers that meet the requirements of AB 341, AB 1826, or other applicable law into compliance with State law. Said programs shall include applicable public education and outreach as approved by the District to encourage users to divert organic waste with an on-site food waste, green/yard waste, or other organic waste diversion program, as applicable. Said education shall include, but not be limited to, organics stickers applied to organic waste collection Bins and containers, container or Bin tags, and education fliers sent to qualifying business and multi-family residential unit customers. All green waste, food waste, or type of organic waste containers or Bins shall depict the organic waste materials allowed in the organic waste program. Contractor shall conduct a waste audit of all commercial and

multi-family residential accounts to determine their recyclable content, prior to services being rendered, and shall share said waste audit with the District. Customers with a significant recyclable or organic content shall be encouraged to commence a source separated program and shall be provided separate organic waste Bins or containers at rates that do not exceed the maximum rates set forth in Exhibit "A".

5. Subparagraph (5) of Paragraph C of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read in its entirety as follows:

"5. In order to comply with California law, Contractor shall direct applicable organic waste collected by Contractor pursuant to this Section 5.C., or delivered to Contractor for processing pursuant to an organic waste collection program implemented by District pursuant to Section 5.E. of this Agreement, to an organic waste processing facility approved by the District, which is capable of meeting the requirements of AB 1826 and any applicable law. Any such facility shall at all times be fully permitted by all local, State, and, if applicable, federal agencies and provide the District diversion credit for all material processed (less any contaminants). Initially, the approved site shall be CR&R anaerobic digestion (AD) facility located in the City of Perris, California. Such site may be modified by mutual written agreement of Contractor and District, without amending this Agreement.

6. Paragraph D of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read in its entirety as follows:

"D. District's Obligations. Except as otherwise provided in this Agreement, District agrees to transport all curbside refuse and commingled recyclables collected by the District to a MRF facility owned and operated by Contractor, or other facility mutually approved by both parties, for transfer and disposal of refuse and processing of recyclables in accordance with the SRRE."

7. Paragraph E of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to add subparagraph (7) to read as follows:

"7. Commencing July 1, 2017, all references to "green/yard waste" or "green waste" in this Section 5.E. shall also mean and include organic waste."

8. Paragraph H of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read as follows:

"H. Contractor Reports. Contractor shall cause written reports, including but not limited to quarterly waste collection and diversion reports and quarterly over-the-top reports, to be prepared, obtained and timely submitted to the District on forms approved by the District, which will enable the District to meet all of the reporting requirements of the Act, and any amendments thereto, and to ensure Contractor's compliance with this Agreement. Upon request of District, Contractor shall provide written responses to any questions from District regarding the reports and/or calculations therein, shall provide all additional documentation required to substantiate the information and calculations in the reports to District's satisfaction, and shall make available to District for questions and/or meetings Contractor's personnel, consultants, or agents responsible for the reports and/or calculations therein. Falsification of any record or the negligent or intentional submittal of false or misleading information to the District shall be considered a material breach of this Agreement. Upon request, Contractor shall give an oral report to the Board regarding the required reports or other Agreement-related information."

9. Paragraph 0 of SECTION 5, RECYCLING OBLIGATIONS, of the Agreement is hereby amended to read as follows (deletions shown in strikeout text; additions shown in bolded, underlined text):

"0. Holiday Trees—Annually. The District conducts an annual holiday tree recycling program following January 1st of each year for

rate payers within the District. Contractor agrees that it will, without cost to the District, provide two front loader solid waste trucks to the District for daily pickup of trees placed at the curbside in conjunction with the annual holiday tree recycling program. Contractor agrees to provide said front loader solid waste trucks to the District annually upon request of the District for at least twelve (12) days, or such longer period as the District reasonably determines necessary. The District will transport the trees to the MRF selected by the District for recycling into alternative daily cover, biomass fuel, or mulch."

10. Paragraph A of SECTION 6, DISTRICT'S RECYCLING OPTIONS, of the Agreement is hereby amended to read in its entirety as follows (deletions shown in strikethrough text; additions shown in bolded, underlined text):

"A. Early Termination. "District shall have the right to review the overall performance of Contractor with respect to its obligation to achieve the diversion rates set forth in Section 5.C. of this Agreement. On or before June 30 of each year of this Agreement, District shall evaluate Contractor's compliance and, notwithstanding Section 2 of this Agreement, may elect to terminate this Agreement if the Board determines that the services offered by Contractor are insufficient to consistently achieve the diversion percentages (in accordance with this Agreement) in each annual period when combined with the then current operations and organic waste diversion programs in the District. Factors the District may consider in reaching a termination decision include, but are not limited to: (i) the Contractor's negative performance in complying with the diversion percentages (in this Agreement) over the previous 4 quarter periods, and (ii) requests or notices by the City of Westminster, the County of Orange and/or the California Integrated Waste Management Board that the District achieve compliance with the Act.

Notwithstanding the foregoing, District shall not terminate this Agreement in accordance with this Section 6.A., unless Contractor has

been given thirty (30) days written notice of its insufficient services and has failed to remedy, to the District's satisfaction, the alleged insufficient service within said period."

11. Paragraph A of SECTION 10, CHARGES AND COLLECTIONS, of the Agreement is hereby amended to read in its entirety as follows:

"A. Commercial Bin and Organics Collection Rates. Contractor shall provide commercial bin and organics collection services to its commercial customers pursuant to this Agreement at rates it sets, charges to, and collects from such customers, which Commercial Bin and Organics Collection rates shall not exceed those set forth in the attached Exhibit "A", which sets out the maximum Commercial Bin and Organics Collection rates that may be charged by the Contractor, as such maximum rates may be adjusted from time to time pursuant to the terms hereof. The total maximum rates consist of a service component and a landfill component. Commencing on July 1, 2018, the service component and the landfill component associated with any of the maximum rates as set forth in Exhibit "A" may be adjusted by the Contractor, and such maximum rates may be adjusted by the Contractor annually thereafter on each subsequent July 1st during the Term hereof, (i) by multiplying the then-current service component by a percentage equal to the change in the Consumer Price Index for All Urban Consumers, not seasonally adjusted, all items index (CPI-U) — Los Angeles County, Riverside County, Orange County average ("Service Component CPI"), for the twelve (12) month period ending on the date of December 31 immediately prior to the applicable Adjustment Date (the "Service Component CPI Adjustment"), and (ii) by multiplying the then current landfill component by a percentage equal to the annual percentage change in the amount of the landfill dumping fees (also referred to herein as the "Contract Rate") imposed by the County of Orange ("County") as of the applicable Adjustment Date pursuant to the then-current waste disposal agreement between

County and District (the "Landfill Component CPI Adjustment"). Notwithstanding the foregoing, in any year in which the annual change in the Service Component CPI exceeds three percent (3%), the Service Component CPI Adjustment shall be calculated by multiplying the then current service component by a percentage equal to the sum of (i) three percent (3%) and (ii) one-half of the change in the Service Component CPI in excess of three percent (3%). For example, if the annual change in the Service Component CPI in a given year is four percent (4%), the Service Component CPI Adjustment would be limited to three and one-half percent (3.5%). Notwithstanding the foregoing, in no event shall the annual Service Component CPI Adjustment exceed eight percent (8%) in any one year period. Subject to District's written approval, Exhibit "A" may be revised from time to time, without amendment to this Agreement, to reflect new or additional commercial bin or organics collection services provided by Contractor to its Customers not then currently reflected on Exhibit "A" and the maximum rates that may be charged by Contractor for such new or additional commercial bin or organics and organics collection services. On or before April 10 of each year, Contractor shall provide the District with a revised Exhibit "A" reflecting all commercial bin and organics collection services being provided by Contractor and the Service Component CPI Adjustment and the Landfill Component CPI Adjustment, along with data supporting the basis for its calculations, so that the District may review and verify the accuracy of the Contractor's calculations. Contractor shall provide District and each of its customers with at least thirty (30) days advance written notice of all rate adjustments. Contractor may only implement commercial rate increases in addition to those authorized-in by this Agreement through a written amendment to this Agreement."

12. Paragraph B of SECTION 10, CHARGES AND COLLECTIONS, of the Agreement is hereby amended to read in its entirety as follows:

"B. MRF Rates. Effective July 1, 2017, MRF rates to be charged to District for processing of all non-recyclable refuse collected by District (excluding recyclables and organic waste diverted from the landfill) shall be at a rate of \$51.62 per ton, adding a Consumer Price Index ("CPI") increase to this rate effective July 1, 2018, and each July 1st thereafter, during the full term of this Agreement together with added adjustments upward or downward to reflect any change in the Orange County landfill charge made in accordance with the then-current waste disposal agreement between County of Orange and District.

The CPI shall be calculated as shown on Exhibit "B" attached hereto and incorporated by this reference. The CPI shown on Exhibit "B" shall be the Service Component CPI calculated pursuant to Section 10.A, above, subject to District approval.

Notwithstanding the foregoing or any other provision of this Agreement, any fees imposed by CalRecycle or another regulatory agency that are added to the current landfill charge or otherwise imposed on Contractor with respect to disposal of refuse collected by the District shall only be charged and passed through to the District in proportion to the actual tonnage of refuse collected by the District that is delivered to and disposed of at the landfill, and not in proportion to the total tonnage of all refuse collected by the District and delivered to Contractor for processing. Any such pass-through regulatory fees shall be billed to District by Contractor after each quarterly tonnage report has been reviewed by the District and finalized. District will make payment to Contractor for such pass-through regulatory fees within thirty (30) days after the finalized quarterly tonnage report has been presented to the District Board of Directors at a public meeting and District has confirmed that all state-mandated recycling and solid waste diversion requirements have been met by Contractor."

13. Paragraph C of SECTION 10, CHARGES AND COLLECTIONS, of the Agreement is hereby amended to read in its entirety as follows:

"C. Organic Waste Rates. A MRF surcharge rate to be charged to District for mixed organic waste processing, if selected by District in accordance with Section 5.E. hereinabove, shall be at the rate of \$4.89 per ton. MRF rates to be charged to District for disposal of separated "clean" organic, if selected by District in accordance with Section 5.E. hereinabove, shall be at the rate of \$87.50 per ton, notwithstanding Section 10.B., above."

14. Exhibit "A" to the Agreement is hereby replaced in its entirety with Exhibit "A" attached to this Fourth Amendment.

15. All provisions of the Agreement, First Amendment, Second Amendment, and Third Amendment except as modified by this Fourth Amendment, shall remain in full force and effect and are reaffirmed. Each party acknowledges that it, as its respective interests appear, is liable for all damages arising from nonperformance under this Fourth Amendment if all conditions of this Fourth Amendment are not met. Other than as stated in this Fourth Amendment, this Fourth Amendment shall not operate as a waiver of any condition or obligation imposed on the parties under the Agreement, the First Amendment, the Second Amendment, or the Third Amendment.

16. In the event of any conflict, inconsistency, or incongruity between any provision of this Fourth Amendment and any provision of the Agreement, the First Amendment, the Second Amendment, or the Third Amendment, including prior amendments thereto, the provisions of this Fourth Amendment shall govern and control.

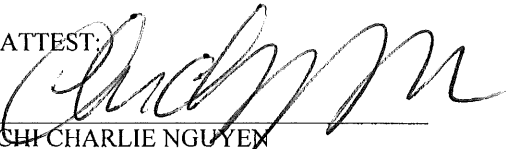
17. This Fourth Amendment, together with the Agreement, the First Amendment, the Second Amendment, and the Third Amendment, constitutes the entire agreement between the parties to the Agreement pertaining to the subject matter of this Fourth Amendment, and any and all other written or oral agreements (except the Agreement, the First Amendment, the Second Amendment, and the Third Amendment) existing between the parties before the date of this Fourth Amendment with respect to the subject matter of this Fourth Amendment are expressly canceled.

18. The persons executing this Fourth Amendment on behalf of the parties warrant that they are duly authorized to execute this Fourth Amendment and that by executing this Fourth Amendment, the parties are formally bound.

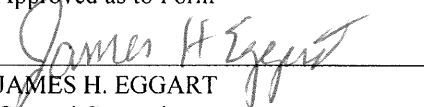
[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties execute this Fourth Amendment as of the date first above-written.

Dated: 6/20/2017


ATTEST: 

CHI CHARLIE NGUYEN
Secretary

Approved as to Form


JAMES H. EGGART
General Counsel

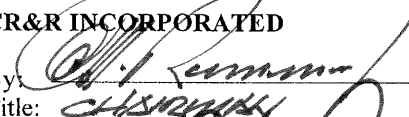
MIDWAY CITY SANITARY DISTRICT

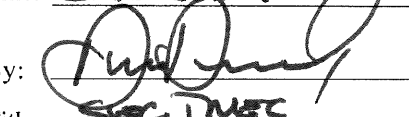
By: 

TYLER D'VEP
President

Dated: 6.15.2017

CR&R INCORPORATED

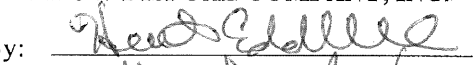
By: 


Title: CHAIRMAN
By: 

Title: SEC. TINES

Dated: 6/13/2017
HTB 6/13/2017

RAINBOW DISPOAL COMPANY, INC.

By: 

Title: Vice President
By: 

Title: _____

**EXHIBIT A
MAXIMUM COMMERCIAL BIN AND ORGANICS COLLECTION RATES**

Weekly Collection	Service Component	Disposal Component	Total Rate
3 Cubic Yard Refuse Bin Rates			
1 x week	\$95.32	\$17.95	\$113.27
2 x week	\$190.63	\$35.90	\$226.53
3 x week	\$285.96	\$53.85	\$339.81
4 x week	\$381.27	\$71.81	\$453.08
5 x week	\$476.59	\$89.75	\$566.34
6 x week	\$571.91	\$107.70	\$679.61
Rolloff Box			
40 cubic yard (includes 6 tons)	\$442.41	\$83.30	\$525.71
10 cubic yard (includes 8 tons)	\$477.96	\$90.00	\$567.96
Additional Tonnage	-	\$65.00	\$65.00
3 Cubic Yard Rent-a-bin (CUB) (Old)			
Weekday	\$56.28	\$10.60	\$66.88
Weekend	\$69.12	\$13.01	\$82.13
3 Cubic Yard Rent-a-bin (CUB)			
7 Day Rental	\$77.87	\$12.78	\$90.65
Delivery Fee	\$50.00	-	\$50.00
Extra Dump	-	\$65.00	\$65.00
Overload Charge	-	\$50.00	\$50.00
Rental over 7 days	\$10.00	-	\$10.00
65% Diversion Guarantee	-	\$25.00	\$25.00
Compactor Rates			
30 & 40 Cubic Yard Compactor	\$198.69	-	\$198.69
Tonnage Fee	-	\$65.00	\$65.00
95 Gallon Container - Recycle			
1 x week	\$40.76	-	\$40.76
2 x week	\$81.51	-	\$81.51
3 x week	\$122.27	-	\$122.27
4 x week	\$163.02	-	\$163.02
5 x week	\$203.78	-	\$203.78
3 Cubic Yard Recycle Bin Rates			
1 x week	\$95.32	-	\$95.32
2 x week	\$190.63	-	\$190.63
3 x week	\$285.96	-	\$285.96
4 x week	\$381.27	-	\$381.27
5 x week	\$476.59	-	\$476.59
6 x week	\$571.91	-	\$571.91

**EXHIBIT A
MAXIMUM COMMERCIAL BIN AND ORGANICS COLLECTION RATES**

Weekly Collection	Service Component	Disposal Component	Total Rate
4 Cubic Yard Refuse Bin Rates 4-Yard			
1 x week	\$126.77	\$23.94	\$150.71
2 x week	\$253.53	\$47.87	\$301.40
3 x week	\$380.33	\$71.81	\$452.14
4 x week	\$507.10	\$95.74	\$602.84
5 x week	\$633.87	\$119.68	\$753.55
6 x week	\$760.64	\$143.62	\$904.26
4 Cubic Yard Recycle Bin Rates 4-Yard			
1 x week	\$126.77	-	\$126.77
2 x week	\$253.53	-	\$253.53
3 x week	\$380.33	-	\$380.33
4 x week	\$507.10	-	\$507.10
5 x week	\$633.87	-	\$633.87
6 x week	\$760.64	-	\$760.64
4 Cubic Yard Split Bin (Trash/ Recycling) Rates			
1 x week	\$126.77	\$11.96	\$138.73
2 x week	\$253.53	\$23.94	\$277.47
3 x week	\$380.33	\$35.89	\$416.22
4 x week	\$507.10	\$47.85	\$554.95
5 x week	\$633.87	\$59.82	\$693.69
6 x week	\$760.64	\$71.78	\$832.42
2 Cubic Yard Compactors Refuse			
1 x week	\$142.98	\$35.90	\$178.88
2 x week	\$285.96	\$71.80	\$357.76
3 x week	\$428.95	\$107.70	\$536.65
4 x week	\$571.93	\$143.60	\$715.53
5 x week	\$714.91	\$179.50	\$894.41
6 x week	\$857.89	\$215.40	\$1,073.29
3 Cubic Yard Compactors Refuse			
1 x week	\$142.98	\$53.85	\$196.83
2 x week	\$285.96	\$107.70	\$393.66
3 x week	\$428.95	\$161.53	\$590.48
4 x week	\$571.93	\$215.38	\$787.31
5 x week	\$714.91	\$208.24	\$923.15
6 x week	\$857.89	\$323.07	\$1,180.96

**EXHIBIT A
MAXIMUM COMMERCIAL BIN AND ORGANICS COLLECTION RATES**

Weekly Collection	Service Component	Disposal Component	Total Rate
35 Gallon Container - Food Scrap			
1 x week	\$21.33	\$13.39	\$34.72
2 x week	\$42.65	\$26.76	\$69.41
3 x week	\$84.35	\$40.15	\$124.50
4 x week	\$85.30	\$53.53	\$138.83
5 x week	\$106.63	\$66.92	\$173.55
6 x week	\$127.95	\$80.30	\$208.25
65 Gallon Container - Food Scrap			
1 x week	\$21.33	\$24.85	\$46.18
2 x week	\$42.65	\$49.71	\$92.36
3 x week	\$84.35	\$74.56	\$158.91
4 x week	\$85.30	\$99.41	\$184.71
5 x week	\$106.63	\$124.28	\$230.91
6 x week	\$127.95	\$149.13	\$277.08
2 Cubic Yard Bin - Food Scrap			
1 x week	\$95.32	\$153.64	\$248.96
2 x week	\$190.63	\$307.29	\$497.92
3 x week	\$285.96	\$460.93	\$746.89
4 x week	\$381.27	\$614.58	\$995.85
5 x week	\$476.59	\$768.22	\$1,244.81
6 x week	\$571.91	\$921.85	\$1,493.76
95 Gallon Container - Green Waste			
1 x week	\$40.76	\$25.32	\$66.08
2 x week	\$81.51	\$50.64	\$132.15
3 x week	\$122.27	\$75.96	\$198.23
4 x week	\$163.02	\$101.27	\$264.29
5 x week	\$203.78	\$126.59	\$330.37
6 x week	\$244.54	\$151.90	\$396.44
3 Cubic Yard Bin - Green Waste			
1 x week	\$95.32	\$164.63	\$259.95
2 x week	\$190.63	\$329.25	\$519.88
3 x week	\$285.96	\$493.88	\$779.84
4 x week	\$381.27	\$658.51	\$1,039.78
5 x week	\$476.59	\$823.14	\$1,299.73
6 x week	\$571.91	\$987.77	\$1,559.68
4 Cubic Yard Bin - Green Waste			
1 x week	\$126.77	\$219.50	\$346.27
2 x week	\$253.53	\$439.00	\$692.53
3 x week	\$380.33	\$658.51	\$1,038.84
4 x week	\$507.10	\$878.02	\$1,385.12
5 x week	\$633.87	\$1,097.52	\$1,731.39
6 x week	\$760.64	\$1,317.02	\$2,077.66


**EXHIBIT A
MAXIMUM COMMERCIAL BIN AND ORGANICS COLLECTION RATES**

Weekly Collection	Service Component	Disposal Component	Total Rate
Other Additional Services			
Roll Off Box Services			
Delivery Charge	\$150.00	-	\$150.00
Roll Off Haul Rate	\$158.09	-	\$158.09
Roll Off Processing Rate per Ton	\$65.00	-	\$65.00
Daily rental over 7 days	\$15.00	-	\$15.00
Steam Clean Compacter Service	\$300.00	-	\$300.00
Relocation Fee	\$75.00	-	\$75.00
Recycling Material Haul - Service Only	\$158.09	-	\$158.09
Dry Run Fee - trip charge	\$75.00	-	\$75.00
Overloaded Bins - occurrence	\$450.00	-	\$450.00
Overloaded bins - per ton	-	\$65.00	\$65.00
Clean Recycle Material Load	\$158.09	-	\$158.09
65% Diversion Guarantee (additional)	\$150.00	-	\$150.00
Commercial Bin Services			
Delivery Charge	\$50.00	-	\$50.00
Pull Out Services - 10 to 25 feet	\$35.00	-	\$35.00
Pull Out Services - 25 to 50 feet	\$65.00	-	\$65.00
Pull Out Services - 50 to 100 feet	\$100.00	-	\$100.00
Pull Out Services - over 100 feet	-	-	Quoted
Bin replacement over 1x/yr	\$150.00	-	\$150.00
Burned Bin Replacement	\$400.00	-	\$400.00
Locking Bin	\$7.00	-	\$7.00
Locking Bin set up fee	\$75.00	-	\$75.00
Extra Dumps Waste	-	\$65.00	\$65.00
Extra Dumps recycle	-	\$35.00	\$35.00
Extra Dump Food Scraps CARTS	-	\$ 50.00	\$50.00
Extra Dump Green Waste Bin	-	\$85.00	\$85.00
Extra Dumps Food Scraps Bins	-	\$100.00	\$100.00
Relocation Fee	\$50.00	-	\$50.00
Extra Bulky Items Collection	\$25.00	-	\$25.00
Stinger Truck Service	\$45.00	-	\$45.00
Over The Top Program	\$85.00	-	\$85.00
Electronic Waste	\$25.00	-	\$25.00
Late Fees (per month)	1.50%		1.50%

CERTIFICATE OF SECRETARY

The undersigned, Secretary of **RAINBOW DISPOSAL CO., INC.**, a California corporation (the "Company"), does hereby certify on behalf of the Company, that **HEATH EDDLEBLUTE** is a duly elected Vice President of the Company, that in such capacity he, the President or any other Vice President of the Company, can exercise such power and perform such duties as usually accompanies such offices, and implicit in such power is the authority to execute that certain Fourth Amendment to Exclusive Franchise Agreement between Midway City Sanitary District and CR&R Incorporated, and that there is no current intention to remove him from such office.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 9th day of June, 2017.

A handwritten signature in black ink, appearing to read 'Mileen B. Schuler', is written over a horizontal line.

Mileen B. Schuler
Secretary