

EXHIBIT I

**AGREEMENT FOR OPERATION OF SONOMA COUNTY TRANSFER
STATIONS AND MATERIALS RECOVERY FACILITY**

BETWEEN

THE RATTO GROUP OF COMPANIES, INC.

and

REPUBLIC SERVICES OF SONOMA COUNTY, INC.

March 21, 2013

**AGREEMENT FOR OPERATION OF SONOMA COUNTY TRANSFER STATIONS
AND MATERIALS RECOVERY FACILITY**

This Agreement for the operation of five Sonoma County Transfer Stations and a Material Recovery Facility to be constructed under the terms herein, which facility will be located at the Central Transfer Station in Petaluma, CA, is made and entered into between The Ratto Group of Companies, Inc., a Delaware corporation (hereinafter “TRG” or “Contractor”) and Republic Services of Sonoma County, Inc., a Delaware corporation (hereinafter “Republic”), to be effective as of March 21, 2013 (the “Execution Date”), except as provided herein. TRG and Republic are each referred to as a “Party” and jointly referred to herein as the “Parties.”

RECITALS

WHEREAS, the Legislature of the State of California, by enactment of the Act (as such term is defined herein), has declared that it is within the public interest to authorize and require local agencies to make adequate provisions for solid waste handling within their jurisdictions; and

WHEREAS, the County of Sonoma desires to design a Solid Waste Management System to maximize Diversion, extend the life of the Landfill and reduce greenhouse gas emissions for the benefit of communities within the County through utilization of the County’s network of Transfer Stations and at the Landfill, and through the construction and operation of a Materials Recovery Facility; and

WHEREAS, Republic desires to enter into an Operations Agreement with the County of Sonoma for the long term management, operation, maintenance, development and capitalization of the Landfill, a Materials Recovery Facility adjacent to the Landfill at the MRF Site (“MRF”), and five Transfer Stations (“Transfer Stations”), all currently owned by the County (collectively, the “County Facilities”); and

WHEREAS, Republic and TRG desire that TRG enter into this Agreement with Republic for purpose of subcontracting the operations of the MRF and Transfer Stations to TRG, including the long term management, operation, and maintenance of the these facilities.

WHEREAS, Republic and TRG represent that they are qualified and willing to manage and operate the County Owned Facilities pursuant to this Agreement; and

WHEREAS, Republic and TRG recognize that, even after diversion of source separated recyclable materials from the waste stream in Sonoma County, a portion of the waste stream coming into the Landfill may be potentially divertible Recyclable Material. In order to recover and divert such Recyclable Materials, this Agreement provides a framework for implementing the requirements in the Operations Agreement for Recycling of material from waste streams that would otherwise be disposed of in the Landfill or the Alternative Landfill; and

WHEREAS, Republic and TRG are entering into this Agreement with the understanding that, as a condition precedent to this Agreement, certain cities and jurisdictions within the County of Sonoma, satisfactory to the County and Republic, will enter into separate flow commitment agreements with Republic for an initial term of twenty years commensurate with the “County Facilities Operations Period” as defined in the Operations Agreement, and the County and Republic will enter into an Operations Agreement as described below,

NOW, THEREFORE, intending to be legally bound, the Parties agree as follows:

ARTICLE 1. DEFINITIONS

For purposes of this Agreement, all capitalized terms and other words or phrases defined herein shall have the following meanings. Defined terms may also be used in the plural form. As used herein, “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term.

Act “Act” means the California Integrated Waste Management Act of 1989 (Public Resources Code section 49000 et seq.), as originally adopted and as it has been subsequently amended.

Affiliate. “Affiliate” means, as to TRG, the following entities (and, except as provided in this definition, no other entities, regardless of their ownership or relationship to TRG):

North Bay Corporation, a California corporation

Rohnert Park Disposal, Inc., a California corporation

Santa Rosa Recycling and Collection, Inc., a California corporation

Redwood Empire Disposal, Inc., a California corporation

Windsor Refuse & Recycling, Inc., a California corporation

Timber Cove Recycling, Inc., a California corporation

West Sonoma County Disposal, Inc., a California corporation

Redwood Empire Disposal Sonoma County, a California corporation.

In addition, “Affiliate” shall mean any successor or assign of any of the above-listed Affiliates or any other company under the control of, or common control with TRG, that collects Waste generated in Sonoma County.

Agreement. “Agreement” means this Agreement For Operation of the Material Recovery Facility and County Transfer Stations between Republic and TRG, including all exhibits and attachments and any future amendments hereto.

Alternative Daily Cover. “Alternative Daily Cover” means an alternative material, including alternative daily cover, tarps, or other suitable materials that are not entirely soil and that are authorized by Governmental Authorities to be used as daily or intermediate cover material to be placed over Waste Disposed of in the Landfill. Green Waste suitable for composting shall not be used for Alternative Daily Cover; provided, however, that Green Waste fines and contaminated Green Waste may be used for Alternative Daily Cover. None of the material delivered to the Transfer Stations or the Central Facilities by TRG or its Affiliates that is collected by TRG or its Affiliates under the terms of a Franchise Agreement with a Committed City or the County shall be deemed to be Alternative Daily Cover under Section 8.3, below.

Alternative Landfill. “Alternative Landfill” means a landfill other than the Landfill as outlined in the Operations Agreement.

Applicable Law. “Applicable Law” means (a) any statute, law, code, regulation, ordinance, rule or common law, including Environmental Laws, (b) any binding judgment, (c) any binding judicial or administrative order or decree, (d) any written directive, guideline, policy requirement or other governmental restriction, or (e) any similar form of decision of or determination by, or any written interpretation or administration of any of the foregoing by, any Governmental Authority, in each case, which is applicable to or has an impact on this Agreement, the County Facilities, the Land or any Party, whether taking effect before or after the Execution Date.

Beneficial Reuse Material. “Beneficial Reuse Material” is material that is lawfully used at the Landfill as or for Alternative Daily Cover, daily or intermediate soil cover, construction of drainage and erosion controls, retaining walls, French drains, sedimentation basins, roads, all weather surfaces, or other non-disposal, beneficial reuse at the Landfill property. None of the material delivered to the Transfer Stations or the Central Facilities by TRG or its Affiliates that is collected by TRG or its Affiliates under the terms of a Franchise Agreement with a Committed City or the County shall be deemed to be Beneficial Reuse Material under Section 8.3, below. “Beneficial Reuse” means the reuse of any material as described in this paragraph.

Board. "Board" means the Board of Supervisors for Sonoma County.

Central Facilities. “Central Facilities” shall mean the Landfill, the Central Transfer Station, and the Materials Recovery Facility.

CERCLA. "CERCLA" means the Comprehensive Environmental Responsibility Compensation and Liability Act, 42 U.S.C.A. §9601 et seq. (West 1983 & Supp. 1989), as amended, and similar State laws, as amended, and the regulations promulgated thereunder.

Change in Law. “Change in Law” means the adoption of any statute, law, ordinance, regulation or other government enforced rule or policy (collectively “Law”) after the Execution Date, or any change in any Law or in the interpretation or application thereof by any Governmental Authority after the Execution Date, or any new or increased tax, fee or charge imposed by any Governmental Authority, which affects the cost of performance by either Party under this Agreement.

CL Approvals. “CL Approvals” means all federal, state, county and other governmental Permits and approvals necessary for the operation and expansion of the Landfill.

Closed County Landfills. “Closed County Landfills” means the former landfills located immediately adjacent to or under the Transfer Stations (other than the Central Transfer Station). The Landfill is not a “Closed Landfill” for purposes of this Agreement.

Committed City. “Committed City” means a city, town or district in Sonoma County that has entered into a Waste flow commitment agreement (i.e., a waste delivery agreement) with Republic as described in the Operations Agreement.

Committed City Waste. “Committed City Waste” means Waste generated within a city, town, or district within Sonoma County, which jurisdiction has entered into a Waste flow commitment agreement with Republic as described in the Operations Agreement.

Committed County Waste “Committed County Waste” means all Waste generated in any unincorporated area of the County and any Waste which by any lawful means the County has Flow Control over, which is collected or hauled by the County, or by any County Franchised Hauler or by any other Entity over which the County has Flow Control, but excluding the exclusions therefrom in Section 12.2_of the Operations Agreement.

Construction and Demolition Debris (“C&D”). “Construction and Demolition Debris” means Recyclable Materials and non-recyclable waste including but not limited to building materials, packaging and rubble resulting solely from construction, remodeling, clean-ups and demolition operations on pavements, houses, commercial and industrial buildings and other structures.

County. “County” means the County of Sonoma.

County Facilities. “County Facilities” means the Landfill, the Transfer Stations and, following its development, the Materials Recovery Facility.

Customer. "Customer" means any individual, commercial business, licensed or franchised waste hauler, or other Entity that pays a fee or is otherwise entitled to use the Landfill, the Materials Recovery Facility or the Transfer Stations.

Disposal. "Disposal," “Dispose” or "Disposed" means the final disposition by burial of Waste received at a landfill.

Diversion. “Diversion” means the Recycling or Beneficial Reuse of Waste so that it is diverted from Disposal in a landfill.

Entity. “Entity” means an individual, partnership, joint venture, corporation, limited liability company, trust, association, unincorporated organization or any Governmental Authority.

Environmental Conditions “Environmental Conditions” means the presence, release, threat of release or existence of Hazardous Substances, Leachate and/or Landfill Gas introduced into, on, over or about (i) the Land; (ii) the soil, surface impoundments, ditches, trenches, surface water, water runoff, stormwater runoff and/or groundwater at the Land; and (iii) any improvements, buildings, structures, fixtures, machinery or equipment at the Land, in all cases set forth in clauses (i)-(iii), existing as of the Effective Date or caused by or resulting from the presence of or operation of any of the County Facilities during the Term, including any migration or threat of migration of such Hazardous Substances, Leachate and/or Landfill Gas through soil, surface impoundments, ditches, trenches, surface water, water runoff, stormwater runoff, groundwater, improvements, buildings, structures, fixtures, machinery and/or equipment to or from the Land, but excluding any migration or contamination of Hazardous Substances, Leachate and/or Landfill Gas or other hazardous conditions caused by or associated with the Closed

County Landfills.

Environmental Laws. “Environmental Laws” means any applicable statutes, regulations, rules, guidance or ordinances, as in effect from time to time, relating to air emissions, hazardous or toxic substances, solid and/or hazardous wastes, hazardous materials, wastewater discharges and similar environmental matters, including the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.) and the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), the Porter-Cologne Water Quality Control Act (Cal. Wat. Code § 13020, et seq.), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code § 25249.5, et seq.), the Hazardous Substance Account Act (Cal. Health & Safety Code § 25300, et seq.), California Integrated Waste Management Act of 1989 (Cal. Public Resources Code § 40000 et seq.), Cal. Health & Safety Code § 39000 et seq., 14 Cal. Code of Regulations § 18010 et seq., 23 Cal. Code of Regulations § 2510 et seq., 27 Cal. Code of Regulations § 20005 et. seq., and the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100, et seq.).

Exempt Waste. “Exempt Waste” means sludge, stable matter, used oil or used oil filters, automobiles, automobile parts except those which fall within the definition of Recyclable Material, boats, boat parts, boat trailers, internal combustion engines, waste under the control of the Nuclear Regulatory Commission, biohazardous or biomedical waste that may cause disease or reasonably be suspected of harboring pathogenic organisms including human and animal parts, contaminated bandages, pathological specimens, hypodermic needles, sharps, contaminated clothing and surgical gloves from the operation of medical clinics, hospitals, and other facilities that process this waste; Hazardous Substances; Hazardous Waste as identified in the California Health and Safety Code sections 25115 and 25117 and in California Code of Regulations, Title 22, Division 4.5, Chapter 23, as may be amended; and electronic waste (E-Waste) such as discarded electronics equipment containing cathode ray tubes (CRTs) computers monitors, televisions, stereo equipment, peripherals, and other electronic equipment, and other Waste that a County Facility is not allowed to receive pursuant to its permits and/or approvals.

Facility Operations Service Fee. “Facility Operations Service Fee” has the meaning set forth at Section 8.1 of this Agreement.

Fines. “Fines” are residuals from the Materials Recovery Facility that are suitable for use as Alternative Daily Cover or Beneficial Reuse Material at the Landfill.

Flow Control. “Flow Control” means the legal power of a local government agency, including the County and any city or district, whether by reason of its governmental powers, Franchise Agreement or other agreement or instrument, to cause or direct Waste including Recyclable Material to be delivered for transfer, Processing and/or Disposal to a particular solid waste landfill, transfer station, materials recovery facility or other facility.

Food Waste. “Food Waste” means material that will decompose or putrefy including pre and post consumer kitchen and table food scraps; animal or vegetable waste that is generated during or results from the storage, preparation, cooking or handling of food stuffs; fruit waste; grain waste; dairy waste; meat and fish waste; paper or waxed cardboard contaminated with various Food Waste. This material can be generated at residential and commercial premises including restaurants, grocery stores and other food processing facilities.

Force Majeure. "Force Majeure" means the occurrence of any event that materially and adversely affects either Party’s ability to perform obligations under this Agreement or either Party’s costs in constructing or operating the County Facilities, provided that such event (or the effects of such event) was not caused by the misconduct or negligence of the Party seeking excuse from performance and such event could not have been avoided by the exercise of due diligence or reasonable efforts by the Party seeking relief from an obligation due to Force Majeure and subject to notice requirements and the duty to mitigate. Such events include but are not limited to, riots, civil disturbances, epidemic, war, terrorism, embargoes, severe weather, fire, earthquake, acts of God, and acts of a governmental agency including the denial or delay in obtaining a permit or approval which denial or delay is not the fault of the Party seeking excuse from performance.

In the event of any default, delay or failure to perform caused by a Force Majeure event, any dates or times by which the affected Party otherwise is scheduled to perform shall be extended for a period of time equal in duration to the additional time required because of the excused default, delay or failure to perform.

Franchise Agreements. “Franchise Agreements” means a franchise, contract, permit or other authorization by the County or a Committed City to collect, transfer, process and/or dispose of Waste generated in their respective jurisdictions.

Governmental Authority. “Governmental Authority” means any federal, state, local or other governmental, regulatory or administrative agency, governmental commission, department, board, subdivision, court, tribunal, or other governmental arbitrator, arbitral body or other authority.

Green Waste. “Green Waste” means any vegetative matter resulting from normal yard and landscaping maintenance at commercial and residential properties. Green Waste includes sod, plant debris such as palm, yucca and cactus, grass clippings, leaves, prunings, weeds, branches, brush, Christmas trees, and other forms of horticultural waste generated at the Residential or Commercial Premise from which the Green Waste is collected. Green Waste does not include items defined as Exempt Waste.

Hazardous Substances “Hazardous Substances” means any waste, chemical, material or substance that is listed or regulated, whether presently or in the future, under Environmental Laws as a “hazardous” or “toxic” substance, including “hazardous substances” as defined in 42 United States Code section 9601 (14) and “hazardous waste” as defined in California Health and

Safety Code sections 25117 and 25117.9.

Holiday. “Holiday” means a day which is one of the following legal holidays recognized for purposes of this Agreement: January 1, July 4, Thanksgiving and December 25. No other legal holidays are considered a “Holiday” for purposes of this Agreement.

Land. “Land” means that certain real property located in the County of Sonoma, State of California and more particularly described on Exhibits A-1, A-2, A-3, A-4 and A-5 to the Operations Agreement, together with all rights, privileges, easements and appurtenances thereto, including all rights-of-way and other appurtenances used in connection with the beneficial use or enjoyment of all such real property. As used herein, “Land” shall not include the Landfill and the Closed County Landfills, even if they are a part of the Land described in Exhibits A-1 through A-5.

Landfill “Landfill” means that certain landfill located on the portion of the Land described on Exhibit A-1 to the Operations Agreement and commonly known as the Landfill. To the extent that the landfill boundaries are altered over time, the landfill, as altered, shall be considered as part of the “Landfill”.

Landfill Gas “Landfill Gas” means methane or other gas generated by the decomposition of, or a chemical activity occurring within, Waste deposited within the Landfill.

Leachate “Leachate” means liquid generated by Waste deposited within the Landfill, by the extended contact of water or other liquid with waste deposited within a landfill or by the flowing of water through landfill underdrains and similar equipment.

Materials Recovery Facility. “Materials Recovery Facility” means the equipment and infrastructure and structures designed and installed at the MRF Site, intended to process a quantity of commercial and industrial waste and divert Recyclable Material from the Landfill that is consistent with what is agreed to in the Operations Agreement, as more particularly described in Exhibit A hereto.

Materials Recovery Facility Capacity. “Materials Recovery Facility Capacity” means 30 Tons per operating hour or 300 Tons over a ten hour operating shift.

Mixed Waste. “Mixed Waste” means Recyclable Materials and non-Recyclable Materials placed in the same container for collection.

MRF Approvals. “MRF Approvals” shall have the meaning set forth in Section 5.2 of this Agreement.

MRF Site. “MRF Site” means a portion of the Central Transfer Station Land that is designated under the Operations Agreement for the purpose of constructing, developing and operating the Materials Recovery Facility.

Operations Agreement. “Operations Agreement” means an agreement between Republic and the County of Sonoma concerning the long term management, operation, and maintenance, development and capitalization of the Landfill, the County Transfer Stations and the Materials Recovery Facility to be developed at the MRF Site, to be signed by the County and Republic as a condition to this Agreement.

Operations Agreement Effective Date. “Operations Agreement Effective Date” means the Effective Date as specified in the Operations Agreement between the County and Republic.

Organic Material. “Organic Material” means Food Waste and Green Waste. Plastic products labeled as compostable or biodegradable shall not be considered Organic Material unless individually approved by the mutual agreement of Parties.

Parties. “Parties” means either or both of Republic and TRG and their respective successors and assigns.

Permits. “Permits” means land use entitlements, the Solid Waste Facilities Permits, Waste Discharge Requirements, and all other governmental permits, licenses, consents, certificates, authorizations, waivers, approvals and variances, including, in each case, all orders, mandates, requirements and directives of Governmental Authorities, necessary for the ownership, operation and management of a particular County Facility, and any renewal, modification or amendment thereto, in effect on or after the Execution Date.

Processing. “Process,” “Processing” and “Processed” refers to the, transfer, separation, sorting, segregation, cleansing, treating, and reconstituting, baling, loading and/or other handling of Waste including Recyclable Materials for the purpose of recovering Recyclable Materials and separating Recyclable Materials from Waste that is Disposed in a landfill.

Recyclable Material. “Recyclable Material” means glass, fibrous material (including paper, cardboard, and newspaper), wood, concrete, plastic, used motor oil and filters, ferrous and non-ferrous metal, aluminum and any other materials that are Recycled.

Recyclable Rich Material. “Recyclable Rich Material” means Waste containing at least fifty percent Recyclable Material by weight or commercially reasonable volumes of Recyclable Material that can be economically extracted from the waste stream at the Materials Recovery Facility.

Recycle. “Recycle,” “Recycling” and “Recycled” mean the process of collecting, sorting, Processing, cleansing, treating, and reconstituting material that would otherwise be Disposed in a landfill and returning them in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace. Recycling shall also include any Processing, energy conversion, Beneficial Reuse, or other activity deemed to be Recycling under the statutes or regulations enforced by the Department of Resources Recycling and Recovery (“CalRecycle”).

Residuals. “Residuals” means any material remaining after Processing that is not Recycled and is destined for Disposal at a permitted solid waste disposal or transfer facility. The only materials delivered by TRG to County Facilities hereunder that shall be deemed to be Residuals are Residuals from the Materials Recovery Facility, from any Source Separated Recyclable Materials processing facility owned and operated by TRG or one of its Affiliates within Sonoma County, and from TRG’s or its Affiliates’ processing of C&D within Sonoma County prior to the commencement of commercial operations at the Materials Recovery Facility.

Scale House Fees. “Scale House Fees” means the then current rates established for acceptance of Waste, including Recyclable Material and other Waste at the County Transfer Stations, the Materials Recovery Facility and Landfill.

Self Haul Waste. “Self Haul Waste” means: (a) in the case of Sonoma County residential premises, Waste that is generated at a residence and hauled by the resident to a Waste facility; and (b) in the case of commercial, industrial or other non-residential premises in Sonoma County, Waste that is transported by the generator, in a vehicle owned by the generator and operated by the generator or an employee or subcontractor of the generator. Waste that would otherwise be considered to be Self-Haul Waste that is not generated in Sonoma County shall be treated as Third Party Waste under this Agreement.

Service Fees. “Service Fees” means the Facility Operations Service Fee and the Transportation Fee, as these fees are described in Article 8.

Source Separated Recyclable Materials. “Source Separated Recyclable Material” means Recyclable Material that has been separated by the generator from Waste and includes *de minimus* amounts (i.e. no more than fifteen percent (15%) by weight or volume) of Waste and other material that is not Recycled. Source Separated Recyclable Material does not include Construction Demolition Debris or Mixed Waste.

Special Waste. “Special Waste” means any solid, liquid, semi-solid, gaseous material and associated containers which would not normally be disposed of by a municipal garbage removal and disposal system, which by way of example would include materials generated as a direct or indirect result of an industrial process or from the removal of contaminants(s) from the air, water or land. “Special Waste” would include any Waste from a non-residential source that includes, but is not limited to any of the following: industrial process waste, pollution control waste, incinerator residues, ash, spent catalyst, coke, sludges; tires, bottom settlements and water from storage tanks, oily silt, gasoline additive residues, tars, oils, grease, contaminated soil, contaminated wood, dead animals, residue, debris, articles from the cleanup of a spill or release of materials listed in this section, and regulated asbestos-containing material as defined in 40 CFR 61.141.

Third Party Waste. “Third Party Waste” means any Waste delivered to any of the County Facilities other than Committed County Waste, Committed City Waste, Self-Haul Waste and TRG Waste.

Term. “Term” shall mean the term of this Agreement as provided for in Section 2.1.

Ton. “Ton” means 2,000 pounds. As used in this Agreement, “Ton” also refers to any fraction of a Ton, as to which all per Ton charges and rates shall be apportioned to reflect such fractional amount.

Transfer Stations. “Transfer Stations” means those certain transfer stations owned by the County and commonly known as the County Transfer Stations and individually known as the Central Transfer Station, the Annapolis Transfer Station, the Guerneville Transfer Station, the Healdsburg Transfer Station and the Sonoma Transfer Station. The Transfer Stations expressly exclude the Closed County Landfills as that term is defined in the Operations Agreement between the County and Republic. Some of the Transfer Stations are located on Closed County Landfill sites. Nothing in this Agreement imposes any responsibility or obligation whatsoever on TRG or Republic with respect to such Closed County Landfills.

Transportation Service Fee. “Transportation Service Fee” has the meaning set forth at Section 8.4 of this Agreement.

TRG. “TRG” means The Ratto Group of Companies, Inc., a Delaware corporation. For the purposes of the commitment of Waste and other materials under the Operations Agreement and the payment by TRG to Republic of Scale House Fees for deliveries of Waste to any of the County Facilities as provided at Section 5.9 and Article 7 hereof, and for no other purposes, TRG includes its Affiliates.

TRG Facility. “TRG Facility” or “TRG Facilities” means any existing or future waste handling, transfer, Disposal, Recycling or materials recovery operation owned or operated by TRG or its Affiliates that is located in the County, other than a County Facility.

TRG Waste. “TRG Waste” means Waste collected in Sonoma County by TRG or any of its Affiliates that is committed to the County Facilities pursuant to section 5.9 of this Agreement.

Unpermitted Material. “Unpermitted Material” means the materials that the Landfill may not receive under its Permits, as expressly identified in a written notice provided by Republic to TRG.

Waste. “Waste” means all putrescible and non putrescible solid, semi-solid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, commercial and industrial wastes, Green Waste, any Organic Material, Food Waste, Construction and Demolition Debris, Beneficial Reuse Material, landscaper green waste, abandoned vehicles and parts thereof, discarded home and industrial appliances, vegetable or animal solid and semi-solid wastes, and other discarded solid and semi-solid wastes. Waste includes Recyclable Materials that are discarded by the generators of such materials, Mixed Waste and Construction and Demolition Debris. Waste does not include Exempt Waste.

ARTICLE 2. TERM OF AGREEMENT

2.1 Term.

This Agreement shall become effective upon execution by the Parties, but the obligations of the Parties, shall be subject to the conditions precedent that (a) the Operations Agreement be executed by the County and Republic and become effective, and the date on which the Operations Agreement becomes effective, if at all, is deemed the “Operations Agreement Effective Date;” and (b) a sufficient number of cities in Sonoma County, satisfactory to Republic as outlined in the Operations Agreement, have entered into separate Waste flow commitment agreements with the County of Sonoma and Republic for a term commensurate with the Operations Agreement.

The Term of this Agreement shall end as of 12:01 AM on the twentieth (20th) anniversary of the Operations Agreement Effective Date; provided however, if the County Facilities Operations Period as defined in the Operations Agreement is in effect beyond the twentieth anniversary of the Operations Agreement Effective Date, due to the exercise of any extension option, or by mutual agreement or otherwise, then this Agreement shall be automatically extended, without any further action by the parties, to run concurrently with the County Facilities Operations Period as established in the Operations Agreement; provided, however, that if pursuant to the Operations Agreement and during the County Facilities Operations Period Republic will no longer retain the right to operate the Annapolis, Guerneville, Healdsburg and Sonoma Transfer Stations, then the parties shall agree on a new scope of services for TRG to continue operation of the Materials Recovery Facility and the Central Transfer Station and new Service Fee(s) for such new and continued scope of services at these Central Facilities. If the parties are unable to agree on a new scope of services or new Services Fees for the continued operation of the Materials Recovery Facility and the Central Transfer Station then, at the timely request of either party, the matter shall be submitted to non-binding mediation under the auspices of the Judicial Arbitrations and Mediation Service (“JAMS”) or such other private mediation service as the parties may then agree. Thereafter, if the matter remains unresolved, either party may submit the matter to binding arbitration before a neutral arbitrator selected by the parties. If the parties are unable to agree on a neutral arbitrator, then the arbitrator shall be selected in accordance with the procedures of the Judicial Arbitrations and Mediation Service (“JAMS”) or such other private arbitration service as the parties may then agree

ARTICLE 3. OPERATIONS AGREEMENT

3.1 Operations Agreement.

Republic has entered into negotiations with the County for an Operations Agreement with the County for the long-term management, operation, maintenance, development and capitalization of the Landfill, the Materials Recovery Facility adjacent to the Landfill at the MRF Site, and the five Transfer Stations currently owned by the County. TRG has been participating in these negotiations at the invitation of Republic when Republic deems they are pertinent to TRG’s proposed operations.

Republic and TRG recognize that several provisions of the Operations Agreement may have a material effect upon the obligations of both Parties as it pertains to management of all of

the County Facilities. Specifically, it is anticipated the County will require Republic to adhere to strict management criteria as it may pertain to management, operation and long-term care of the Transfer Stations that as part of this Agreement will become the responsibility of TRG following the Operations Agreement Effective Date. Because these terms of the Operations Agreement will have a material effect on the obligations of TRG under the terms of this Agreement, Republic agrees to allow TRG to actively participate with Republic in the negotiations with and attend meetings with the County, pertaining to the long term management, operation, maintenance, development and capitalization of the Materials Recovery Facility adjacent to the Landfill at the MRF Site, and the five Transfer Stations currently owned by the County, so that TRG's interests will be effectively represented.

Notwithstanding any of the foregoing provisions in this Section 3.1, Republic shall be conclusively deemed to have fully satisfied all of its foregoing obligations to TRG if TRG executes this Agreement with Republic.

Any uncured default by Republic under the Operations Agreement shall constitute a default by Republic under this Agreement if the County terminates the Operations Agreement as a result of such default; provided, however, Republic shall not be deemed in default: (a) for so long as Republic is contesting the County's assertion that Republic has committed such default in a court of competent jurisdiction or arbitration or other legal proceeding; (b) if any such litigation or arbitration finally concludes with a finding that the Operations Agreement is not terminated; or (c) Republic and the County settle any dispute between them regarding such default whereby the County agrees to continue the Operations Agreement in effect; or (d) if such default is determined to be the result of any action or inaction by TRG under this Agreement.

ARTICLE 4. OBLIGATIONS OF REPUBLIC

4.1 General.

As part of the Operations Agreement covering the Landfill, it is anticipated Republic shall be required by the County to use reasonable commercial efforts to obtain all federal, state, county and other governmental permits and approvals necessary for the operation and expansion of the Landfill (the "CL Approvals") and maintain, operate and monitor the scale house operations at the Transfer Stations in accordance with the terms and conditions provided therein. Republic will accept TRG's Waste for disposal or beneficial reuse upon the Landfill Land subject to the permitted capacity of the Landfill and any other Permit limitations.

4.2 Facility Scale House Operations.

Republic shall operate the scale houses at the Transfer Stations and Landfill. Republic will maintain, repair, test, obtain periodic State certifications as required by Applicable Law, and replace as necessary the current scales. Republic shall provide all scale house computer systems, including data links to the scales, and shall utilize Republic's proprietary software for purpose of invoicing and recording and reporting the data generated by the scales and scale computer system.

4.3 Special Provision for Residential, Commercial and Industrial Collection Loads at the Central Facilities.

All residential, commercial and industrial Waste delivered to the Central Facilities by collection vehicles (as opposed to transfer vehicles) shall be delivered to the Central Transfer Station provided that, upon five days notice to TRG in writing, Republic may direct some or all of this material, excluding Recyclable Rich Material, directly to the Landfill or, having previously directed such Waste to the Landfill, to the Central Transfer Station.

ARTICLE 5. OBLIGATIONS OF TRG AND REPUBLIC

5.1 Transfer Station Operations.

TRG shall maintain, operate and monitor the Transfer Stations and MRF in accordance with Applicable Laws and Permits as well as the provisions of the Operations Agreement and at a minimum in accordance with the terms and conditions of Exhibit B attached hereto, which is incorporated herein by this reference.

For the Term of this Agreement, Republic hereby grants to TRG a non-exclusive, continuing and non-revocable sub-license and access to the Transfer Stations and Materials Recovery Facility for the sole purpose of performing TRG's obligations under this Agreement.

5.2 Permitting of Materials Recovery Facility.

Republic shall be the lead Party and shall pay all costs associated with obtaining all federal, state, county and other governmental permits and approvals necessary for the construction, development and operation of the Materials Recovery Facility (the "MRF Approvals"). Republic agrees to consult with TRG during the permitting process regarding any issues that may affect TRG's performance of its obligations under this Agreement. Subject to the reasonable approval of TRG, TRG shall execute documents deemed reasonably necessary by Republic, and which are required by any of the Entities processing the MRF Approvals due to TRG's involvement with the MRF under the terms of this Agreement, to allow Republic to pursue such entitlement applications for, and obtain, all MRF Approvals as may be reasonably required.

5.3 Materials Recovery Facility Operations and Diversion Guarantee.

Upon the full permitting and the completion of construction of the Materials Recovery Facility, TRG shall repair, maintain, operate and monitor the Materials Recovery Facility for the purposes of Recycling the following categories of materials: Construction and Demolition Debris, Recyclable Rich Materials (including dry commercial material), Mixed Waste and Self Haul Waste as required by the Operations Agreement. TRG shall repair, maintain, operate and monitor the Materials Recovery Facility and all associated building and equipment in accordance with the requirements of the Operations Agreement and any components thereof detailing operations and maintenance standards for the Materials Recovery Facility. Detailed operations repair and maintenance requirements to be followed by Contractor for the Materials Recovery Facility are included in the Operations Agreement and in Exhibit A attached hereto. Republic

shall construct at its sole cost and expense the Materials Recovery Facility in accordance with the terms and provisions of Article 6 of this Agreement.

Prior to the development of the Materials Recovery Facility, unsorted materials that include Recyclable Materials will be landfilled. Upon completion of the Materials Recovery Facility, Republic shall direct Recyclable Rich Materials coming into the Facilities to the Materials Recovery Facility, subject to the terms of this Agreement. The goal of the Parties is to maximize diversion of Recyclable Materials and minimize Disposal at the Landfill to the extent required under the Operations Agreement. TRG shall have full rights to the value of commodities derived from the operation of the Materials Recovery Facility. TRG agrees to meet the diversion requirements applicable to the operation of the Materials Recovery Facility outlined in the Operations Agreement commencing upon commercial operations of the Materials Recovery Facility.

5.4 TRG Diversion Goal.

Republic has agreed to assist the County and Committed Cities in achieving their collective Waste Recycling and diversion goals, and has committed in the Operations Agreement to divert from Disposal 67,000 Tons per year of Recyclable Material, starting with the third year of operations of the Materials Recovery Facility and continuing for the remainder of the Term. To enable Republic to attain this annual Tonnage diversion goal, TRG has identified that approximately 46,173 Tons per year can be diverted from Disposal by TRG at the Transfer Stations and the Materials Recovery Facility and through its commercial dry waste re-routing and commercial Food Waste collection program.

Therefore, TRG's Tonnage diversion goal for the Term of this Agreement, which is conditioned on the performance by the County and Committed Cities of their Waste delivery commitments to Republic and the County Facilities and construction of the Materials Recovery Facility by Republic, shall be 46,173 Tons per year, commencing effective as of the third year of operations of the Materials Recovery Facility.

5.5 Waste Stream Subject to Contractor's Diversion Performance Standards.

TRG's Tonnage diversion goal will be based on and limited to TRG's diversion of Waste from Disposal and will be measured annually as the total Tonnage diverted from Disposal from the following combined waste streams received at the Transfer Stations or the Materials Recovery Facility:

- Recyclable Materials recovered from at the Materials Recovery Facility (that have not been recovered at the Transfer Stations);
- Recyclable Materials recovered at the Transfer Stations;
- One half of the Fines from the Materials Recovery Facility; and
- Source Separated commercial Food Waste collected by TRG.

5.6 Phase- In Period for and Duration of Republic's Diversion Performance Standards.

Because of the need for Republic to complete the design, Permitting, and construction of the Materials Recovery Facility and TRG to complete the initial operation of the Materials Recovery Facility, TRG's obligation to meet its Tonnage diversion goal will not commence until the third year following the MRF commencing operations and shall continue in effect for each year thereafter during the Term of the County's and all of the Committed Cities' Waste delivery commitments to the Republic and the County Facilities.

5.7 Inability To Meet Diversion Goals.

Should TRG not achieve the Tonnage diversion goal for any applicable one year period during which TRG's Diversion goal is in effect, and should Republic not meet its Tonnage diversion goal to the County for that year, Republic, TRG and County shall promptly meet and confer as to the reasons for Republic's and TRG's inability to achieve Republic's diversion goal under the Operations Agreement. Republic and TRG may present evidence to the County that circumstances beyond Republic's or TRG's reasonable control have interfered with or prevented Republic and TRG from attaining the diversion goal. The Operations Agreement provides that County may excuse Republic from having to pay liquidated damages if Republic can establish to the County's satisfaction, exercised in its sole discretion, that: (a) other Entities have taken, acquired or purchased Recyclables Materials that have been diverted from Disposal and that otherwise would have been diverted by Republic; or (b) the composition or volume of the waste stream being delivered to Republic has so materially changed that Republic can no longer reasonably achieve the diversion goals.

As part of the Parties' obligation to meet and confer, TRG shall prepare a Diversion Action Plan that details the steps TRG will take to achieve TRG's Tonnage diversion goal. TRG shall implement the Diversion Action Plan and shall have a twelve-month period to increase its diversion performance pursuant to this plan. If TRG's annual diversion for the twelve-month period covered by the Diversion Action Plan achieves the diversion tonnage for that period, TRG shall continue to implement the provisions of the Diversion Action Plan.

If TRG fails to achieve its Tonnage diversion goal for any year following the second year of MRF operations, and if the County does not in its discretion excuse Republic's achievement of the Tonnage diversion goal for that year and imposes liquidated damages on Republic, then to the extent that such Liquidated Damages have arisen as a direct and proximate result of TRG's failure to meet the TRG Diversion Goal, TRG shall indemnify Republic against such Liquidated Damages and shall pay such Liquidated Damages as they become due to the County. The obligations of TRG with respect to Liquidated Damages are cumulative to and not in the place of the rights of Republic under Article 17, below.

5.8 Facility Development.

Notwithstanding anything to the contrary in this Agreement, the obligations of TRG to maintain the Materials Recovery Facility as set forth in this Article is subject to the condition precedent that the MRF Development is completed pursuant to the requirements of Article 6 below.

5.9 Waste Commitment.

Upon the Effective Date of the Operations Agreement, TRG and its Affiliates agree that TRG and its Affiliates will deliver all Waste, including non-franchised Green Waste, Food Waste, Construction and Demolition Debris and other Waste not classified as Source Separated Recyclables collected within Sonoma County to one of the County Facilities during the Term of this Agreement, and pay to Republic the then applicable Scale House Fee being charged at a given Transfer Station, the Materials Recovery Facility or at the Landfill. TRG warrants it has full legal authority to compel its Affiliates to deliver all Committed County Waste and Committed City Waste collected by its Affiliates to the County Facilities and that TRG's Affiliates collect all of the Waste collected by any affiliate of TRG within Sonoma County. TRG guarantees payment to Republic of the Scale House Fees described in Article 7 that are applicable to such Waste deliveries. In the event that TRG sells or transfers an Affiliate to a third party, then Republic shall relieve TRG of its guaranty of payment hereunder provided that the transferred Affiliate and its owner can provide a financial guaranty that is reasonably satisfactory to Republic.

The above covenant notwithstanding, the above shall not apply to, and TRG's and its Affiliates' delivery obligation shall expressly exclude, Waste collected by TRG and its Affiliates that is required to be delivered to another location under the terms of (i) any Flow Control requirement of, or agreement with any local government agency, city, special district or other governmental jurisdiction within Sonoma County ("Flow Control Jurisdictions") that is now in existence or becomes effective during the Term of this Agreement, or any extension of either, or (ii) any agreement (including option periods where the option is exercised by the third party) with other third parties who are not Flow Control Jurisdictions, but only in the case of such third party agreements entered into prior to the Execution Date and which are listed in Exhibit C ("Third-Party Disposal Agreements"). These exclusions, if applicable, are limited solely to the County and Committed Cities and those Third-Party Disposal Agreements listed on Exhibit C.

Commencing on the Effective Date, and until the date the Central Facilities are equipped to process commercial Source Separated Food Waste as determined by Republic, TRG shall deliver commercial Source Separated Food Waste collected by TRG and its Affiliates in the County to: (a) the Golden Bear Transfer Station in Contra Costa County; and/or (b) any other facility designed by Republic that has the capability to process and divert such Food Waste from Disposal. Republic shall determine the amount of commercial Source Separated Food Waste to be delivered to each such facility.

TRG must report the amount of such commercial Source Separated Food Waste Disposed or Processed at each facility designated by Republic. For each Ton of Food Waste delivered by

TRG to the Golden Bear Transfer Station or any other facility designed by Republic, TRG shall pay Republic the then current applicable Scale House Fee on a per Ton basis. For each Ton of commercial Source Separated Food Waste delivered by TRG to the Golden Bear Transfer Station, TRG shall receive the Facility Operations Fee and the Transportation Service Fee described in Section 8.5 for deliveries to the Golden Bear Transfer Station. For each Ton of commercial Source Separated Food Waste Disposed of or Processed elsewhere for which TRG pays Republic the Scale House Fee, Republic shall rebate to TRG on a per Ton basis the total of: (i) any Disposal or Processing charge paid by TRG at an alternative facility; (ii) an amount equal to the Facility Operations Service Fee that would have been applicable had the Food Waste been processed at an appropriate facility at the County Facilities; and (iii) a Transportation Service Fee, but only if the alternative facility is located outside of Sonoma County. Should the alternative facility for the disposal or processing of Food Waste be located outside of Sonoma County, the Parties will meet and confer on a reasonable transportation fee to be paid by Republic to TRG for transportation of Food Waste to the out-of-county facility. If the Parties are unable to agree on the out-of-county transportation fee, either Party may submit the matter to mediation and Dispute Resolution per Article 26. Notwithstanding the foregoing, TRG shall deliver Food Waste collected within the County to the Central Facilities when the Central Facilities are equipped to process source separated Food Waste.

Subject to the exclusions described above, TRG and its Affiliates shall also be obligated to deliver Residuals from any materials Processing or material generated from any other TRG Facility, including facilities operated by a TRG Affiliate, within Sonoma County at the rates specified herein or as directed by the Operations Agreement during the Term of this Agreement.

It is expressly noted that upon the expiration of the existing term of any Third-Party Disposal Agreements, TRG and its Affiliates shall commence delivery of Waste covered by such agreements to the Landfill or if directed by the County the Alternative Landfill. Republic shall be responsible for increased transportation costs associated with transfer of Waste to an Alternative Landfill where the transferred Waste is exempt from the Transportation Service Fees under Section 8.5, below. Where the transferred Waste is not exempt from the Transportation Service Fee hereunder, then the Transportation Service Fee shall be adjusted to account for any increase in the distance of TRG's haul to the Alternative Landfill.

Republic and TRG acknowledge and agree that neither party makes any promise, warranty or guaranty that any minimum or maximum amount of Waste or of Recyclable Materials will be generated or collected by the County, the Committed Cities, TRG or Self Haul customers of the County Facilities, or makes any promise, warranty or guaranty regarding the composition of the Waste stream, during the Term of this Agreement, as such volumes and types of Waste are beyond the control of the parties.

5.10 Transfer of Waste to Central Facilities and/or Alternate Disposal Facility.

Pursuant to the requirements of the Operations Agreement, TRG shall transfer in transfer vehicles, which meet the standards set forth in the Operations Agreement with the County, all Waste including but not limited to residential and commercial non-franchised Green Waste and other Organic Materials delivered to any of the Transfer Stations or the Materials Recovery Facility for Processing or to the Landfill for Disposal. TRG shall transfer all Residuals from the Processing of such Waste at the Transfer Stations and Materials Recovery Facility to the Landfill. TRG is also authorized to use the County Facilities for the transportation of franchised source separated Green Waste to fulfill its transfer and transportation obligations under TRG's separate agreements with the County and/or the Waste Management Agency. TRG shall keep all Green Waste received at any of the Transfer Stations separate from all other types of Waste to avoid contamination of the Green Waste. If TRG delivers a load of Green Waste to the Sonoma Compost Facility located at the Landfill Land that is rejected as contaminated before unloading, TRG shall deliver the load to the Central Landfill and dispose of it at no charge to TRG. TRG shall have no obligation under this Agreement to reload Green Waste after it is unloaded at the Sonoma Compost facility.

The Parties acknowledge that during the Term of this Agreement Republic may not have received all of the CL Approvals for expansion and operation of the Landfill that would allow the Landfill to accept any or all of the aforementioned Waste. Until the CL Approvals are received by Republic and the Landfill is opened by Republic for full operation and allowed to receive all of the Waste to be handled by TRG and its Affiliates under this Agreement or once the Operations Agreement is entered into and the County directs the material to an Alternative Landfill, TRG and its Affiliates shall deliver the Waste and Residuals from any TRG Facility to the facility designated under the terms of the Operations Agreement, subject to the terms of Section 5.9, above.

5.11 Hours of Operation.

TRG shall operate the Transfer Stations and Material Recovery Facility and provide the services as outlined in the Operations Agreement and in this Agreement on the days and hours specified below except for Holidays.

Annapolis Transfer Station.....Wednesday-Saturday 7:00 am to 4:00 pm

Guerneville Transfer Station.....Monday & Tuesday 7:00 am to 4:00 pm Thursday-Saturday...7:00 am to 4:00 pm Sunday 9:00 am to 3:00 pm

Healdsburg Transfer Station.....Monday-Saturday 8:00 am to 4:00 pm Sunday 9:00 am to 3:00 pm

Sonoma Transfer Station.....Monday-Saturday 7:00 am to 4:00 pm Sunday 9:00am to 3:00 pm

Central Transfer Station.....Monday-Saturday 7:00 am to 4:00 pm Sunday 8:00 am to 3:00 pm

TRG will not be required to operate the Transfer Stations and Material Recovery Facility on Holidays but will be required to respond to any emergency occurrences and continue the monitoring and maintenance of the Transfer Stations per the requirements of the Operations Agreement.

TRG will cause the Transfer Stations to be open for business on Sundays except when any of Christmas Day, New Years Day, or Independence Day fall on a Sunday in which event TRG shall not be obligated to cause the Transfer Stations to be open for business.

5.12 Transfer Station Operations and Maintenance Criteria.

As noted in Section 3.1, the Operations Agreement will contain specific criteria, performance standards and operational guidelines for operations and maintenance of the Transfer Stations and Material Recovery Facility. Upon the Operations Agreement Effective Date, and subject to its rights outlined in Section 3.1, TRG agrees to comply with the agreed upon Operations and Management Protocol that is attached hereto as Exhibit A except to the extent these obligations are modified by the Operations Agreement, in which case the provisions of the Operations Agreement shall control.

5.13 Direction of Recyclable Materials.

Republic shall direct all loads that arrive at the Transfer Stations that contain Recyclable Rich Material to the Materials Recovery Facility provided that Republic shall not direct loads in excess of the Materials Recovery Facility Capacity to the Materials Recovery Facility. TRG may direct transfer vehicles containing Waste to the Landfill in its sole discretion.

5.14 Insufficient Capacity of Materials Recovery Facility.

In the event that the capacity of the Materials Recovery Facility is not sufficient to receive and process all of the Recyclable Rich Material received by Republic at the County Facilities, then the Parties shall agree upon and follow a protocol by which the Recyclable Rich Material with the lowest value shall be diverted to landfill until there is adequate capacity to process such lower value Recyclable Rich Material.

5.15 Direction of Recyclable Rich Materials.

TRG and Republic agree that, except for Recyclable Rich Material, Republic reserves the right to direct all or a portion of the route collection vehicles not containing Recyclable Rich Material utilizing the Central Transfer Station and Landfill directly to the Landfill without utilizing the Central Transfer Station. Upon receiving a request from Republic to direct such vehicles to the Landfill, TRG shall reroute such route collection vehicles directly to the Landfill. TRG acknowledges that it may not send route collection vehicles directly to the Landfill unless it receives express direction to do so from Republic.

In the event of a dispute between TRG and Republic over whether or not a collection vehicle from a particular route contains Recyclable Rich Material and should therefore not be directed to the Landfill, TRG will conduct a waste characterization of the material from the disputed route to be completed over a reasonable period of time and shall provide a written report determining whether or not the material from the route is Recyclable Rich Material. Pending completion of the waste characterization study, such waste shall be directed according to the reasonable discretion of Republic.

5.16 Other Obligations of TRG.

TRG shall perform and shall cause its Affiliates to perform the following obligations that are separate from the obligations of TRG and its Affiliates with respect to the operation of the County Facilities hereunder. Neither TRG nor any of its Affiliates will seek any rate increases from their Franchisors for providing the services set forth at sub-sections a through b, below. Neither TRG nor any of its Affiliates has any obligations hereunder with respect to its respective operations outside of operating County Facilities as provided herein and with the exception of TRG's and its Affiliates' commitment of waste streams as provided herein, except:

(a) TRG and its Affiliates shall adjust commercial collection routes in urban areas to increase the amount of dry Waste to be delivered to the Materials Recovery Facility. TRG and its Affiliates shall adjust routes in a commercially reasonable manner as reasonably necessary to meet the diversion goals of the Operations Agreement, subject to consideration of the cost of route adjustments against the increased revenue from Recyclables to be gained from increasing dry Waste loads.

(b) TRG and its Affiliates will develop and implement commercial Food Waste Collection in urban portions of the Committed Cities. TRG and its Affiliates shall collect commercial Food Waste in urban portions of Committed Cities in a commercially reasonable manner as reasonably necessary to meet the diversion goals of the Operations Agreement, subject to consideration of the cost of collection against increased diversion. The Facilities Operations Service Fee includes compensation to TRG for the development and implementation of a dry Waste and commercial Food Waste collection and Processing program. TRG and its Affiliates shall maintain their current Source Separated Recyclables Processing for Committed Cities for so long as such Committed Cities direct TRG and its Affiliates to do so and provide for such operations in the solid waste collection rates charged to TRG's collection customers. Notwithstanding the foregoing, TRG does not guarantee that its Source Separated Recycling operations will generate a particular diversion percentage.

5.17 Other Obligations of Republic.

Republic shall cooperate with TRG in directing loads of Recyclable Rich Materials to the Materials Recovery Facility so that TRG can process the Recyclable Rich Materials at the Materials Recovery Facility and achieve the TRG Diversion Goal.

5.18 Covenants Not To Compete.

In consideration for the sharing by TRG with Republic of confidential business information regarding TRG's and its Affiliates franchised collection operations in Sonoma County, receipt of which is hereby acknowledged by Republic, TRG's and its Affiliates commitment of Waste to Republic and the County Facilities, and TRG's other covenants in this Agreement, Republic agrees and covenants that, for the twenty year Waste Commitment Period described in the Operations Agreement, Republic and its affiliates will not directly or indirectly solicit, propose or bid on franchises, permits, or other agreements for the collection of Waste in Sonoma County that are currently held by TRG or its Affiliates, unless at the time of a future public agency procurement for such services the route collection franchise is not held by TRG or any of its Affiliates. The jurisdictions and agencies with whom TRG or its Affiliates currently hold permits or franchised route collection agreements are the County of Sonoma, the cities of Cloverdale, Cotati, Healdsburg, Petaluma (including both exclusive and non-exclusive franchises), Rohnert Park (including both exclusive and non-exclusive franchises), Santa Rosa (including both exclusive and non-exclusive franchises), Sebastopol the Town of Windsor, County of Sonoma Schools, Cotati-Rohnert Park Unified School District, Petaluma City School District, Petaluma Joint High School District, California State Parks (All parks located in Sonoma County), California State University – Sonoma, Santa Rosa Junior College, Santa Rosa School District, US Federal Parks located in Sonoma County, US Army Corp of Engineers – Lake Sonoma, Sonoma County Fair & Exposition, Sonoma-Marin Fair, State of California Sonoma Development Center, County of Sonoma Parks, SMART Train, and US Coast Guard – Petaluma.

In consideration for the sharing by Republic with TRG of confidential business information regarding Republic's business plans and operations in Sonoma County, Republic's investment in the County Facilities, and Republic's other covenants in this Agreement, receipt of which is hereby acknowledged by TRG, TRG and its Affiliates agree and covenant that, for the twenty year Waste Commitment Period described in the Operations Agreement, TRG and its Affiliates will not directly or indirectly operate any solid waste processing or transfer facilities in Sonoma County that compete with the County Facilities for the receipt of non-franchised or franchised Waste or Self Haul Waste generated in Sonoma County; provided, however, that TRG and its Affiliates may continue their current operations at Timber Cove Recycling, Inc. 3400 and 3417 Standish Ave., Santa Rosa, CA 95407 and at Novato Disposal Service, Inc. 2543 Petaluma Blvd South, Petaluma, CA 94952 (or such other locations as to which such operations may, from time to time, be moved) to receive and process Source Separated Recyclable Materials collected by TRG from residential and commercial customers in its franchised jurisdictions and recyclables materials purchased from customers.

ARTICLE 6. MRF IMPROVEMENTS.

TRG and Republic shall cooperate in obtaining all permits and approvals for the Materials Recovery Facility which shall be designed and constructed in accordance with the schematic drawing of the equipment to be included in the Materials Recovery Facility and described in Exhibit A. Republic shall pay all costs for the development of the Material Recovery Facility, including the cost of constructing or improving the building, and the cost of all necessary equipment. The Materials Recovery Facility shall be designed and built by Republic at Republic's sole cost and expense. The Material Recovery Facility shall be designed and built by Republic in accordance with the specifications and requirements set forth in the Operations Agreement.

The construction of improvements for the MRF shall be commenced upon the full permitting of and approval for such improvements by the County and any other Governmental Authorities with jurisdiction over such improvements, and shall be diligently prosecuted by Republic until completed. The Operations Agreement covering these facilities shall contain a tentative schedule for the completion of such improvements, which schedule is conditioned on and subject to the full permitting and approval of such improvements by the County and all other applicable Governmental Authorities. Republic shall use commercially reasonable efforts to apply for and obtain all Permits necessary for the construction and operation of such improvements, and shall use commercially reasonable efforts in diligently seeking all such Permits.

During the term of the Operation Agreement with the County, Republic shall consult with TRG as to the scope, capabilities, design and capital requirements of the MRF development project.

ARTICLE 7. TRG PAYMENTS TO REPUBLIC FOR DELIVERY OF WASTE TO COUNTY FACILITIES

7.1 General.

TRG shall deliver Waste to the County Facilities from two sources: (a) all Committed County Waste and all Committed City Waste that TRG and its Affiliates collect under any Franchise Agreements with the County and Committed Cities; and (b) Waste generated and collected by TRG and its Affiliates in Sonoma County that is not collected or generated by TRG or its Affiliates pursuant to any Franchise Agreements. The Parties anticipate that the Operations Agreement will specify a formula and process to determine the specific amount of Scale House Fees for Committed County Waste and Committed City Waste delivered to the County Facilities.

Republic will charge TRG, its Affiliates and other haulers of Committed County Waste, Committed City Waste, Third Party Waste and Self Haul Waste Scale House Fees for each Ton or unit of Waste (i.e. including but not limited to Green Waste, Organic Materials, Construction and Demolition Debris, Food Waste, Special Waste and other Waste) delivered directly to the Landfill, the Material Recovery Facility and Transfer Stations. These tipping fees will be agreed upon by the County and Republic or independently established by Republic pursuant to the

Operations Agreement and represent the consideration to Republic for the obligations assumed by Republic as part of that Operations Agreement. Republic will not charge TRG for the Disposal of residual from TRG's C&D processing at County Facilities.

7.2 Payment of Scale House Fees.

Republic will charge TRG, and TRG will pay Republic, a Scale House Fee for each Ton of Waste delivered by TRG directly to the Landfill, the Material Recovery Facility or any Transfer Station. Waste delivered by TRG to one of the County Facilities and transferred by TRG to another County Facility shall not be charged a second Scale House Fee. The Scale House Fees will be established in accordance with the Operations Agreement and flow commitment agreements between the County, Cities and Republic. The Scale House Fees will contain a Service Fee Component that will be retained by Republic as consideration for its services under the Operations Agreement and a Government Fee Component and Concessions Fee Payment that will be collected by Republic as part of the Scale House Fees and remitted by Republic to the County or other Governmental Authority as provided in the Operations Agreement. The Scale House Fees will be adjusted from time to time in accordance with the Operations Agreement. To the extent that Republic's consent is required for an increase in any Governmental Fee or Concession Fee, Republic agrees that it will not consent to such increase without the written consent of TRG.

Unless otherwise required under the Operations Agreement, TRG will pay Republic all Scale House Fees applicable to Waste delivered by TRG to any County Facility during a calendar month within 30 days of the receipt of Republic's monthly invoice, which will be generated by Republic within five business days following the close of that month.

The payment by TRG of the Scale House Fee applicable to Waste delivered by TRG to any of the County Facilities is a condition precedent to Republic's obligation to pay TRG any Services Fees with respect to such Waste.

7.3 Establishment of Scale House Fees.

As of the Effective Date of this Agreement, Republic shall charge TRG, and TRG or its Affiliates shall pay Republic, the per Ton Scale House Fee set forth in Exhibit D for the delivery by TRG of Construction and Demolition Debris and for the delivery by TRG of Residuals from any non-County owned transfer stations and materials recovery facilities that are owned or operated by TRG in Sonoma County.

The Scale House Fees set forth in Exhibit D include fees imposed by Governmental Authorities as of the Effective Date and shall be adjusted to reflect changes in these fees from time to time thereafter in accordance with the Operations Agreement. The Scale House Fees shall be subject to the same annual escalators and adjustment factors as applied to the Scale House Fee for Waste under the Operations Agreement.

ARTICLE 8. REPUBLIC PAYMENTS AND OTHER CONSIDERATION TO TRG FOR OPERATION OF COUNTY TRANSFER STATIONS AND MATERIALS RECOVERY FACILITY AND WASTE TRANSPORTATION.

8.1 Payment of Facility Operations Service Fee.

(a) TRG will be paid by Republic a per-Ton Facility Operations Service Fee for TRG's operation of all County Transfer Stations and the Materials Recovery Facility. This Facility Operations Service Fee, together with the TRG Transportation Service Fees, as provided below, and all revenues from the sale of Recyclables and other Materials processed by TRG and its Affiliates through the County Facilities, will be the full, entire and complete compensation due to TRG for furnishing all services, labor, equipment, materials and supplies and to do all other things necessary to perform the services and functions required by TRG pursuant to this Agreement and the Operations Agreement, in the manner and at the time prescribed under these agreements.

(b) As of the Effective Date of this Agreement, and except as provided in Section 8.02, the Facility Operations Service Fee will be \$18.55 per Ton for all Waste delivered directly (i.e., not transported from another County Facility) to the Landfill, or any Transfer Station or the Materials Recovery Facility. It is the Parties' intent that TRG shall receive a Facility Operations Service Fee for all Waste delivered directly to the Central Facilities and to the Transfer Stations except as specifically provided in this Article 8.

(c) TRG shall not receive a second Facility Operations Service Fee on Waste that is delivered to any one of the County Facilities that is transferred in whole or in part from any other County Facilities. For example, TRG shall receive a single Facility Operations Service Fee for Waste delivered to a Transfer Station which is then transferred to the Materials Recovery Facility or the Landfill, and where the Residuals from such Waste after Processing are delivered from the Materials Recovery Facility to the Landfill.

(d) TRG shall have the exclusive right to collect Green Waste that is part of Committed County Waste and Committed City Waste and to receive such Green Waste at the Transfer Stations and to transfer such Green Waste to a facility to be designated by the County. Republic may collect the Scale House Fee to be established by the County for Green Waste and pay such fee to the County. TRG shall be paid directly by the County or the Sonoma County Waste Management Authority, and not Republic, for the services TRG provides with respect to the receipt and transfer of such Green Waste from the Transfer Stations to the County's designated Green Waste processing facility.

8.2 Other Consideration. Republic shall accept for Disposal at the Landfill the Residual from the Materials Recovery Facility and from other processing of C&D Debris by TRG at the

Transfer Stations at no charge to TRG provided that TRG paid the applicable Scale House Fee upon the delivery of the Waste that was processed to create the Residual.

8.3 Waste Exempt From Payment of Facility Operations Service Fee.

Notwithstanding Section 8.1, TRG shall not receive a Facility Operations Service Fee for the following Waste delivered to the Transfer Stations, the Materials Recovery Facility or the Landfill:

- a. Third Party Waste delivered directly to the Landfill which is not collected under a Franchise Agreement and which is delivered pursuant to a disposal agreement or other arrangement between Republic and such Third Party.
- b. Special Waste or Beneficial Reuse Material including Alternative Daily Cover delivered directly to the Landfill.
- c. Residuals resulting from TRG's Processing of Source Separated Recyclable Materials outside of any County Facilities, which are charged the Scale House Fee established in Section 7.3 (a) and Exhibit D.
- d. Residuals resulting from TRG's Processing of Construction & Demolition Debris for which a Facility Operations Fee shall have previously been charged upon receipt of the unprocessed Construction and Demolition Debris at a County Facility.
- e. Residuals resulting from the processing of Construction & Demolition Debris and other material recovery facility Processing Residuals delivered directly to the Landfill for Disposal by M&M and Industrial Carting, and their successors and assigns, and all similarly situated competitors with operations in Sonoma County.
- f. Residential and commercial Source Separated Green Waste originating from Self Haul customers or collected pursuant to a Franchise Agreement that is delivered to a Transfer Station or to the Central Facilities by TRG, its Affiliates or any other Entity for Processing and/or composting.
- g. TRG shall not receive a Facility Operations Service Fee for Waste and other materials that have originated outside of the County, the receipt of which has been approved by the County pursuant to the Operations Agreement at the Central Landfill.

8.4 Adjustment of Facility Operations Service Fee.

Commencing on the first anniversary of the Effective Date, and annually thereafter, the Facility Operations Service Fee shall be increased by the same percentage as the percentage increase allowed for Contractor Service Fees under the Operations Agreement and otherwise in

accordance with the provisions of Section 11.4 of the Operations Agreement. Under no circumstances shall the Facility Operations Service Fee be decreased if the percentage increase in the CPI is negative, rather in that case there shall be no CPI adjustment for the year in which the index did not increase.

8.5 TRG Transportation Service Fees.

In addition to the Facility Operations Service Fee described in Section 8.1, TRG will be paid by Republic a Transportation Service Fee for each Ton of Waste transported and delivered by TRG from a County Transfer Station to either (a) the Landfill / Central Transfer Station or Materials Recovery Facility or (b) any Alternative Landfill designated in accordance with the Operations Agreement). The intent of this fee is to provide compensation to TRG for its transportation services as distinct from its facility operations services.

If another facility other than the Keller Canyon Landfill is designated as an Alternative Landfill by the County under the Operations Agreement, the Transportation Service Fee will be as mutually agreed upon by the Parties or if Parties cannot reach an agreement, then the Dispute Resolution Procedure outlined in Article 25 shall be implemented.

The Transportation Service Fees vary depending on the facility from which and to which Waste is transported by TRG, and are as follows:

<u>From Transfer Station/MRF</u>	<u>To Landfill/CTS/MRF</u>	<u>To Keller Canyon</u>
Guerneville	\$22.98 / Ton	\$30.36 / Ton
Sonoma	\$17.15 / Ton	\$22.15 / Ton
Healdsburg	\$20.58 / Ton	\$28.56 / Ton
Annapolis	\$51.45 / Ton	\$56.21 / Ton
Central	\$8.00 / Ton*	\$22.48 / Ton
Materials Recovery Facility	None due	\$22.80 / Ton

*For transportation from the Central Transfer Station to Landfill only.

Should Republic request that TRG transport Food Waste in transfer vans or collection vehicles, at the discretion of TRG, to the Golden Bear Transfer Station in Richmond, California, Republic shall pay TRG a Transportation Service Fee of \$15.50 per Ton, subject to adjustment as provided herein.

8.6 Waste Exempt From Payment of Transportation Service Fee.

Notwithstanding Section 8.4, TRG shall not receive a Transportation Service Fee for the following transportation services:

- a. TRG’s transportation of Residuals resulting from the Processing of Waste from the Material Recovery Facility to the Landfill. The Parties shall agree on a reasonable

Transportation Service Fee in the event that TRG is obligated to transfer MRF Residuals to an Alternative Landfill or alternative disposal facility;

b. Source Separated residential and commercial Green Waste originating from Self Haul customers or collected pursuant to a Franchise Agreement delivered from any of the County Facilities to the Central Facilities or any future composting facilities by TRG, its Affiliates or any other Entity for Processing and/or composting;

c. Source Separated Food Waste will not be received at the Transfer Stations and no Transportation Service Fee shall be due for Source Separated Food Waste delivered to the Central Facility except that TRG shall receive a Transportation Service Fee as provided in Section 5.9, above, for TRG's delivery of commercial Source Separated Food Waste to the Golden Bear Transfer Station or any other out-of-County facility as designed by Republic; and

d. Residuals from TRG's processing of Source Separated Recyclable Materials outside of any County Facility that are delivered to the Central Facility.

8.7 Adjustment of Transportation Service Fee.

These Transportation Service Fees assume a \$4.00 per gallon diesel fuel cost and shall be subject to a fuel adjustment (upward or downward) on a quarterly basis (starting with the end of the first full calendar quarter after the Effective Date) equivalent to 0.5% for every ten cent per gallon move (measured as a quarterly average compared to the average price per gallon for the preceding quarter) in the cost of fuel as determined through comparison to the "Retail On-Highway Diesel Price" for California published by the Energy Information Administration of the U.S. Department of Energy. These Transportation Service Fees also assume that material will be delivered in live floor trailers to both disposal facilities. TRG may also use "possum-belly" trailers and receive the same fee if there are facilities and equipment for acceptance of such "possum-belly" trailers at the disposal facilities and if sufficient capacity exists for use of these trailers in the sole discretion of Republic.

In addition to the foregoing quarterly fuel cost adjustment, commencing on the first anniversary of the Effective Date, and annually thereafter, the Transportation Service Fee shall be increased by the same CPI percentage as the increase allowed for Contractor Service Fees under the Operations Agreement and otherwise in accordance with the provisions of Section 11.4 of the Operations Agreement. Under no circumstances shall the Transportation Service Fee (as adjusted under the preceding paragraph) be decreased if the percentage increase in the CPI is negative, rather in that case there shall be no CPI adjustment for the year in which the index did not increase.

8.8 Billing and Payment Procedure.

A. Summary Reports and Payment – Facilities Operations Service Fee. Within 5 business days following the completion of a given month, Republic shall submit

to TRG monthly summaries (the “Waste Summary Report”) for applicable Waste, including Green Waste, Organic Materials and Construction and Demolition Debris, delivered by TRG and others to the Transfer Stations or Material Recovery Facility during the prior month for which TRG is entitled to receive a Facilities Operations Service Fee pursuant to this Agreement. Payment shall be made by Republic to TRG, based on the information in the applicable Waste Summary Report, on or before the thirtieth (30th) day of the succeeding month. TRG shall be paid an amount equal to the per Ton Facility Operations Service Fees outlined in Section 8.3 multiplied by the applicable Tons of Waste and Source Separated Recyclables that have paid the then current Scale House Fees at respective Transfer Stations or Landfill scale house, as shown on the applicable Waste Summary Report.

- B. Summary Reports and Payment – Transportation Service Fee. Within 5 business days following the completion of a given month, Republic shall submit to TRG monthly summaries (the “Transfer Summary Report”) for Waste transported from the outlying County Transfer Stations (those other than the Central Transfer Station) to the Landfill or Central Transfer Station/Material Recovery Facility or, if applicable, an Alternate Landfill, for which TRG is entitled to receive a Transportation Service Fee pursuant to this Agreement. Payment of the Transportation Service Fee shall be made by Republic to TRG, based on the information in the applicable Transfer Summary Report, on or before the thirtieth (30th) day of the succeeding month. TRG shall be paid an amount equal to the per Ton Transportation Service Fees outlined in Section 8.5 for the applicable County Transfer Station times the number of Tons of Waste and Source Separated Recyclables that have paid the then current Scale House Fees delivered to the Landfill, Alternative Landfill or Central Transfer Station/Material Recovery Facility for Processing, as shown on the applicable Transfer Summary Report.
- C. Objections to Reports. TRG may object to any component of the Summary Report provided by Republic under Subsections A or B, above, if it does not agree with the information contained in the respective Summary Report. Any objection must be made, if at all, on or before thirty (30) days from the actual receipt by TRG of the respective Summary Report. Both Republic and TRG agree to confer in good faith to try and resolve any disputes over the information reported on the Summary Reports. If the parties cannot reach agreement and settle the dispute involving the respective Summary Report on or before sixty (60) days from the date of actual receipt of the respective Summary Report by TRG, then, at any time thereafter, either Party may exercise its rights under Article 26 Dispute Resolution, below.
- D. Delinquency. TRG may deliver to Republic a notice of late payment at any time after the due date of a given monthly Summary Report, as specified in Subsections A or B, when the corresponding payment due, has not been received. Republic’s payments shall be deemed delinquent if not paid on such due date.

Following delivery of notice of delinquent payment by TRG to Republic, delinquent sums owed to TRG shall bear interest on the unpaid balance at a rate not to exceed the lesser of one and one-half percent (1.5%) per month or the highest rate permitted under Applicable Law.

ARTICLE 9. INDEMNITY

9.1 TRG Indemnity.

TRG shall indemnify, defend and hold harmless Republic, its direct and indirect parent companies and subsidiaries, affiliates, stockholders, directors, officers, employees, agents and Parties, from and against any and all loss, liability, penalty, forfeiture, claim, demand, action, proceeding or suit, of any and every kind and description, whether judicial, quasi-judicial or administrative in nature including, but not limited to, injury to or death of any person and damage to property, costs (including without limit any and all reasonable response, remediation and removal costs), or for contribution or indemnity claimed by third parties (collectively, "Indemnified Claims"), arising out of TRG's or its Affiliates (a) negligent acts or omissions in performing under this Agreement, except to the extent that such Indemnified Claims are attributable the negligent act or omission or willful misconduct of Republic or any of its direct and indirect parent companies and subsidiaries, affiliates, stockholders, directors, officers, employees, agents or Parties; or (b) arising out of the delivery by TRG or its Affiliates, employees, agents or sub-Parties of Exempt Waste or Unpermitted Material to the Landfill, Transfer Stations or Material Recovery Facility; (c) arising out of TRG's breach of this Agreement; or (d) arising from any Environmental Conditions resulting from TRG's or its Affiliates operations of the Transfer Stations or Materials Recovery Facility. This obligation to defend shall include all reasonable attorneys' fees, litigation support expenses, and expert witness fees. The foregoing indemnity is intended to operate as an agreement pursuant to section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act, CERCLA, 42 USC section 9607(e) to defend, protect, hold harmless, and indemnify Republic and its officers, employees and agents from liability. This indemnity shall survive termination of this Agreement. TRG shall also indemnify Republic against liability for certain Liquidated Damages as set forth in Sections 5.7 and 9.3.

9.2 Republic Indemnity.

Republic shall indemnify, defend and hold harmless TRG, its direct and indirect parent companies and subsidiaries, affiliates, stockholders, directors, officers, employees and agents, from and against any and all Indemnified Claims, arising out of Republic's or its affiliates (a) negligent acts or omissions in performing under this Agreement, except to the extent that such Indemnified Claims are attributable the negligent act or omission or willful misconduct of TRG or any of its direct and indirect parent companies and subsidiaries, affiliates, stockholders, directors, officers, employees, agents or Parties; (b) or arising out of Republic's breach of this Agreement; or (c) arising from any Environmental Conditions relating to the Landfill or resulting from Republic's or its affiliates operation of the Landfill This obligation to defend shall include all reasonable attorneys' fees, litigation support expenses, and expert witness fees. The foregoing

indemnity is intended to operate as an agreement pursuant to section 107(e) of the Comprehensive Environmental Response, Compensation and Liability Act, CERCLA, 42 USC section 9607(e) to defend, protect, hold harmless, and indemnify TRG and its officers, employees and agents from liability. This indemnity shall survive termination of this Agreement.

9.3 Other County Liquidated Damages.

As of the Execution Date of this Agreement, the Parties anticipate that the Operations Agreement may provide for liquidated damages to be paid by Republic to the County for various items of non-compliance with the Operations Agreement yet to be described. Should Republic be assessed any liquidated damages under the Operations Agreement apart from potential liquidated damages for the unexcused failure to achieve the diversion goals in the Operations Agreement, which subject is addressed in Section 5.7 of this Agreement, and should such liquidated damages arise from the acts or omissions of TRG or the breach of this Agreement by TRG, then TRG shall defend and indemnify Republic from and against the imposition of such liquidated damages and, at Republic's request, shall reimburse Republic for such liquidated damages or directly pay such liquidated damages to the County.

9.4 Indemnity Claims Notice. Subject to the terms of this Agreement and upon obtaining actual knowledge of a claim for which it is or could be entitled to indemnity under this Article, the Party seeking a defense and/or indemnity from the other Party shall provide written notice to the other Party of such claim in a timely manner (and with such accompanying materials) (the written notice under this Section is referred to as a "Notice of Claim"). A Notice of Claim shall specify, in reasonable detail, the facts known to Party about any claim for which it seeks a defense or indemnity. Notwithstanding the foregoing, the failure to provide (or timely provide) a Notice of Claim shall not affect the rights to indemnification of any Party.

ARTICLE 10. INSURANCE

10.1 Types and Amounts of Coverage.

Each Party to this Agreement shall procure from an insurance company or companies, and maintain in force at all time during the Term the types and amounts of insurance described in Exhibit X ("Insurance Requirements") to the Operations Agreement, which is incorporated herein by this reference.

10.2 Delivery of Proof of Coverage.

On or before the Effective Date, each Party to this Agreement shall furnish the other parties with certificates of each policy of insurance required hereunder. Such certificates shall show the type and amount of coverage, effective dates, and dates of expiration of policies, and shall be accompanied by copies of all required endorsements. The certificates and endorsements

for each policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. All parties shall periodically furnish renewal certificates to the other parties to demonstrate maintenance of the required coverage throughout the Term. Certificates of insurance shall name all other parties to the Agreement as an additional insureds under its respective Comprehensive General Liability policy.

TRG shall comply with the requirements of Section 14.2 and Exhibit X of the Operations Agreement to the extent such requirements are applicable to the Prime Subcontractor (that is, TRG) in Section 14.2, including but not limited to obtaining the types of coverage and limits specified therein, naming the County parties as additional insureds, and providing proof of endorsements and insurance to the County.

Failure to provide the required coverage and proofs of insurance shall be considered a default on the part of Republic and TRG.

ARTICLE 11. SUCCESSORS AND ASSIGNS; ASSUMPTION OF SERVICE FEE OBLIGATIONS.

The terms, covenants and conditions of this Agreement shall apply to and shall bind the successors and permitted assigns of all Parties to this Agreement. No Party to this Agreement shall assign or transfer its rights or obligations under this Agreement to any other Entity, without the prior written consent of all other Parties to this Agreement, which consent may not be unreasonably withheld or delayed by such Party whose approval is being requested. The Party to this Agreement who seeks to assign or transfer any rights or obligations under this Agreement, including, without limitation, an assignment of rights or obligations from one Party to another Entity hereunder arising as a result of an alleged breach or by agreement, shall first receive the written consent of the County to such assignment. Any purported assignment of any rights or obligations hereunder without the express written approval of the County upon a vote by the Board approving such transfer shall be without any force or effect. It is agreed by all Parties to this Agreement that the right to collect Scale House Fees comes with, and cannot be separated from, the obligation to pay TRG the Service Fees, Transportation Fees, and other fees and concessions described herein, and therefore Republic shall use commercially reasonable efforts to obtain the County's agreement in the Operations Agreement to include this obligation in any contract or agreement it may have in the future with any third party to collect Scale House Fees.

ARTICLE 12. NOTICES.

Any and all notices to be given under this Agreement, or which any Party may desire to give to the other, shall be in writing. Said notices shall be deemed delivered (A) on the date of delivery, when delivered by personal delivery to the other Party's place of business as designated below during regular business hours, (B) within three (3) days of deposit when delivered by deposit in the US mail, as registered or certified mail, return receipt requested, postage prepaid or (C) within one (1) day of deposit, when delivered by deposit with a nationally recognized overnight courier service, for example with Federal Express, United Parcel Service or similar services, and addressed as follows:

A. If to Republic: Notice to Republic shall be addressed as follows:

Operations Manager
Republic Services of Sonoma County
500 Meacham Road
Petaluma, California 94952

and to:

Area President
Republic Services
3260 Blume Dr., Suite 200
Richmond, CA 94806

B. If to TRG: Notice to TRG shall be addressed as follows:

Jim Salyers
TRG Corporation
3417 Standish Avenue
Santa Rosa, CA 95407

Changes of address shall be promptly filed with the other Parties.

ARTICLE 13. WAIVER

The waiver by any Party of any breach or violation of any provision of this Agreement shall not be deemed to be a waiver of any breach or violation of any other provision nor of any subsequent breach or violation of the same or any other provision. The subsequent acceptance by any Party of any monies which become due hereunder shall not be deemed to be a waiver of any pre-existing or concurrent breach or violation by the other Party of any provision of this Agreement.

ARTICLE 14. OVERRIDING FEDERAL, STATE AND LOCAL LAWS AND PERMITS

The obligations of the Parties in this Agreement are subject to any and all controlling Federal, State and local laws, ordinances and regulations and to any and all requirements contained in any permits and approvals for the Landfill. Should any material obligation or covenant of any Party in this Agreement be determined by a court of competent jurisdiction to be unenforceable by reason of any Federal, State or local law, ordinance or regulation, or should any material obligation of any Party be determined by any Governmental Authorities with jurisdiction over the Landfills to be inconsistent with any permit or approval of the Landfills, then such Party shall not be liable to the other Party for its failure to perform such obligation or covenant; however, in such event, the Party to whom the obligation or covenant is owed that is

no longer being performed may elect to terminate this Agreement without liability to the other Party.

ARTICLE 15. FORCE MAJEURE

No Party shall be in default of its obligations under this Agreement in the event, and for so long as such default is the result of an event of Force Majeure. Notwithstanding the foregoing, the performing Party shall be entitled to terminate this Agreement without further liability to the non-performing Party if the non-performing Party does not re-commence performance within thirty (30) days after the occurrence of the event which initially prevented such performance.

ARTICLE 16. PARTIES IN INTEREST

Nothing in this Agreement, whether express or implied, is intended to confer any rights on any Entity other than the Parties and their representatives, successors and assigns, except as provided herein.

ARTICLE 17. DEFAULT, NOTICE OF CURE AND TERMINATION

If either Party fails or refuses to perform any of its covenants or obligations under this Agreement, the other Party may deliver a written notice of breach of contract (“Notice of Default”) to the defaulting Party. Unless the defaulting Party corrects the breach within 30 calendar days of receiving the Notice, or if the default cannot be reasonably cured within 30 calendar days, commences the cure within said 30 calendar day period and thereafter diligently prosecutes the cure to completion, then, at any time until the defaulting Party actually corrects the noticed breach, the non-defaulting Party, at its sole election, may request mediation utilizing an agreed upon third party. Should this not be successful, the non-defaulting Party may seek to terminate this Agreement upon further written notice (“Notice of Termination”) to the defaulting Party and to the County. This Notice of Termination shall include a detailed statement of the nature of the alleged default. This Agreement may not be terminated without the express approval of the County by a vote of the Board of Supervisors which approval may include approval of any substitute sub-contractors hereunder or under the Operations Agreement. Upon receipt of County approval, a Notice of Termination shall become effective ten business days after its receipt by the defaulting Party or at the time stated in the Notice of Termination, whichever is later (the “Default Termination Date”); provided, however, that nothing herein shall waive the right of any Party to seek judicial interpretation or enforcement of this Agreement, including the determination of the validity of any such Notice of Termination. In the event that the alleged defaulting Party files suit contesting the termination of this Agreement, then such alleged defaulting Party shall continue to perform its obligations hereunder and this Agreement shall not be terminated unless the Party giving the Notice of Termination can establish that the sooner termination of this Agreement is necessary to avoid irreparable harm.

ARTICLE 18. OBLIGATIONS SURVIVING TERMINATION

Should this Agreement be terminated pursuant to its terms, each Party shall continue to meet its obligations hereunder accruing prior to the Termination Date, including its continuing indemnity obligations. Nothing in this Section shall limit a Party's liability for breach of this Agreement.

ARTICLE 19. APPLICABLE LAW

The interpretation and effect of this Agreement shall be governed by application of the laws of the State of California.

ARTICLE 20. JURISDICTION

- Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of the State of California, which shall have exclusive jurisdiction over such lawsuits. With respect to venue, the Parties agree that this Agreement is made in and will be performed in Sonoma County, California and that venue in any action between the Parties shall be conducted in the Superior Court in and for Sonoma County.

ARTICLE 21. ENTIRETY

The Parties agree that this Agreement represents the full and entire agreement between the Parties with respect to the matters covered herein. This Agreement replaces and supersedes all prior negotiations, representations and promises of each of the Parties, and is intended to be a fully integrated contract. Neither Party has relied on any other statements, representations, promises or commitments of the other Party, except as expressly set forth in this Agreement. This Agreement may only be modified if such modification is in writing and signed by both Parties.

ARTICLE 22. NEGOTIATED AGREEMENT

- Each Party represents and warrants to the other Parties that such Party is authorized to execute, deliver and perform this Agreement and that such execution, delivery and performance will not conflict with, or result in any violation of or default under, any material contract or agreement to which such Party is subject. Each Party acknowledges that no other Party or agent or attorney has made a promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter herein to induce another Party to execute this Agreement. The Parties agree that no provisions or provision may be subject to any rule of construction based upon any Party being considered the Party "drafting" this Agreement.

ARTICLE 23. HEADINGS

The headings contained in this Agreement are for descriptive purposes only. The operative provisions of this Agreement are found only in the text of this Agreement.

ARTICLE 24. SEVERABILITY

If any non-material provision of this Agreement is for any reason deemed to be invalid, and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Agreement, which shall be enforced as if such invalid or unenforceable provision had not been contained herein.

ARTICLE 25. ATTORNEYS' FEES

The prevailing Party in any dispute arising hereunder shall be entitled to recover its reasonable attorneys' fees and costs (including expert fees and costs of appeal) from the non-prevailing Party or Parties.

ARTICLE 26. DISPUTE RESOLUTION

The Parties each hereby voluntarily agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein set forth, shall be subject first to mediation under the auspices of the Judicial Arbitrations and Mediation Service ("**JAMS**") or such other mediation service on which the parties may then agree. If such mediation does not result in the settlement of all matters raised therein, the Parties each hereby expressly and voluntarily agree that any and all disputes not settled in the mediation process arising out of the terms of this Agreement, their interpretation, and any of the matters herein set forth, shall be subject to standard judicial proceedings with Sonoma County as the presiding jurisdiction.

ARTICLE 27. MUTUAL COOPERATION

The Parties agree to work together in a good faith manner, to obtain the cooperation of other Governmental Authorities in Sonoma County, as may be necessary to reasonably fulfill the intent of the parties to this Agreement and its terms.

[SIGNATURES ON NEXT PAGE]

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

REPUBLIC:

REPUBLIC SERVICES OF SONOMA COUNTY, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

TRG:

THE RATTO GROUP OF COMPANIES, a Delaware corporation, for itself and its Affiliates: North Bay Corporation; Rohnert Park Disposal, Inc.; Santa Rosa Recycling and Collection, Inc.; Redwood Empire Disposal, Inc.; Windsor Refuse & Recycling, Inc.; Timber Cove Recycling, Inc.; West Sonoma County Disposal, Inc.; and Redwood Empire Disposal Sonoma County, all California corporations.

By: _____

Name: _____

Title: _____

EXHIBIT A

Material Recovery Facility Description and Operations

A. DESCRIPTION

To fulfill its obligation to provide the Materials Recovery Facility, Republic shall permit, construct and install at the Central Transfer Station the Processing equipment described in the diagram attached to this Exhibit as Exhibit A-1.

The Processing equipment is estimated to Process up to approximately thirty tons per hour depending on which of three different kinds of materials received at the Central Transfer Station are being Processed at any given time:

- Self-haul materials.
- Construction and Demolition Debris.
- Commercial dry route loads.

Recyclables to be sorted include: cardboard, mix paper, mix containers, metal, clean wood, treated wood, roofing, concrete, gypsum, and yard waste. The sorted materials will be either baled or sent loose for wood chipping or composting at another facility.

The Materials Recovery Facility Processing system starts with two receiving or loading stations, a slow speed auger shredder and an in-ground steel belt-loading conveyor. A large portion of the incoming materials will be processed through the shredder. Sorting efficiency will be improved by shredding provided that no large unwieldy or over weight pieces are handled. Shredded materials will fall onto the infeed conveyor and then incline up to feed the elevated sorting belt. All materials picked from the sorting belt will be dropped in a debris box or a large full-sided 25' deep by 14' high by 11' wide bunker. The sort belt includes seven large full size bunkers and 3 smaller drop chutes feeding 5 to 7 yard boxes. Each of the seven full size bunkers can be re-configured to handle multiple items. The system also includes two separate multi-level fines screens to insure maximum collection of fines for use as ADC (alternate daily cover) at the landfill. The design includes a mixed paper screen to improve the efficiency in collecting mix paper from the commercial routes.

The Processing equipment included in the system will be supplied by American Pulverizer / Hustler Conveyors (shredder, sort belts and screens) and Harris Equipment (baler). Western Baler and Conveyor is the local representative for both suppliers and will provide installation.

The processing equipment to be purchased and installed by Republic shall include, but not necessarily be limited to, the following items:

60" wide x 14' long Flat Belt Shredder Discharge Conveyor with hopper
 60" wide x 28'9" long Flat Belt Conveyor with hopper
 72" wide Double Deck Fines Screen with supports and chutes
 72" wide x 40' 3/8" plate, 9" pitch Double Beaded Overlapping Pan Conveyor with pit plates and chute
 72" wide x 47' 3/8" plate, 9" pitch Double Beaded Overlapping Pan Conveyor with hopper and chute
 66" wide x 127' Flat Belt Sort Conveyor with side extensions and gravity take-up
 17'6" wide x 108' long Sorting Platform with chutes, stairs and bunker walls (bunker wall extensions by others)
 72" wide Double Deck Fines Screen with supports and chutes:
 30" wide x 40' long Flat Belt Conveyor with hopper, magnetic head pulley and splitter chute
 Control Panel
 8 bunker wall extensions.
 Mixed Paper screen with infeed and discharge conveyor.

The particular equipment to be installed will be as follows:

American Pulverizer Model SRS-36x156 Auger Shredder for size reduction to 18-24" minus and metered feeding.
 Hustler 72" wide double deck fines screen,
 Hustler 72" wide steel belt infeed conveyors.
 108' long x 66" wide Hustler sort belt and platform with eight 11' wide (one is 30' wide for push through to the transfer trailer hole), 23' deep, 14' clear height and fully skinned for debris box or bulk loading.
 Mix paper screen with infeed and discharge conveyors. Note, main sort line includes a reversing conveyor to direct materials to either the mix paper screen or on down to sorting line to further sort positions.
 Second Hustler 72" wide fines screen with fines take-away conveyor with magnetic head pulley for nails.
 Harris Gorilla two ram baler, Model Gorilla 100-S4-13/9

The current estimate of the cost of sort line equipment for the Materials Recovery Facility is included for reference purpose only and Republic shall be responsible for the cost of the equipment at the time of purchase. Republic shall also be responsible for all design costs, sales taxes, shipping and other expenses associated with the purchase and installation of the equipment. The parties have mutually selected the equipment manufacturers, suppliers and installers and have agreed on the specific equipment to be installed to complete construction of the Materials Recovery Facility; provided, however, the parties may agree on substitute equipment of equal or greater quality and efficacy.

Reference the Hustler specification 65007R6 and the Hustler drawing 110112-1R10.

Price sort line installed:	
Hustler conveyors.	\$1,742,800

AP Auger shredder	1,136,100
Hustler mix paper screen	527,030
Harris Gorilla baler	501,350

Republic shall pay all costs of designing, developing, constructing, and equipping the Materials Recovery Facility including all construction costs associated with building the Materials Recovery Facility within the existing facility at the Central Facilities. Construction costs include, but are not limited to, excavation (including the pit) and alterations to the existing building reasonably required for the efficient operation of the Materials Recovery Facility. Republic will install electric power lines to the Processing equipment. TRG will pay for daily utilities, including electricity and water usage.

B. OPERATION AND MAINTENCE

TRG will operate the Processing equipment a minimum of 40 hours per week, 5 days a week, 8-10 hours per day, Holidays excepted. TRG may operate the equipment for more than this minimum requirement at its discretion. TRG will use a minimum of 14 pickers on the belt sorting line and shall use more pickers if necessary to meet TRG’s annual diversion obligations. TRG shall Process at the MRF all material reasonably deemed suitable for Processing by TRG. TRG shall operate the Processing equipment in accordance with Applicable Law and Prudent Solid Waste Practices as defined in the Operation Agreement.

After the Processing equipment is installed by Republic, TRG will service and repair the equipment in accordance with the manufacture’s warranty requirements and other recommendations and instructions, and in accordance with Prudent Solid Waste Practices.

TRG shall provide all labor, supervision, other equipment, materials, supplies, and all other items necessary to perform the Materials Recovery Facility services required under this Agreement. Equipment to be provided by TRG may include, to the extent reasonably required to operate the Materials Recovery Facility, but not be limited to, loaders, forklifts, trucks, transfer vans and trailers, and other rolling stock commonly used in the operation of a transfer station and/or materials recovery facility. Contractor shall provide the required services in a thorough and professional manner so that the Materials Recovery Facility is provided with efficient, reliable, courteous and high-quality operations at all times. All activities of Contractor hereunder shall comply with Law, the Permits (including all mitigation required under all Permits and all environmental approvals relating to the Materials Recovery Facility) and any other applicable regulations and ordinances, as now existing or as they may be later adopted, modified or amended.

EXHIBIT B

TRANSFER STATION OPERATIONS

A. GENERAL

Contractor shall provide all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services required under this Agreement. Equipment to be provided by Contractor may include, to the extent reasonably required to operate the Transfer Stations, but not be limited to, loaders, forklifts, trucks, transfer vans and trailers, and other rolling stock commonly used in the operation of a transfer station and/or materials recovery facility. Contractor shall provide the required services in a thorough and professional manner so that the Transfer Stations are provided with efficient, reliable, courteous and high-quality operations at all times. All activities of Contractor hereunder shall comply with Law, the Permits (including all mitigation required under all Permits and all environmental approvals relating to the Transfer Stations) and any other applicable regulations and ordinances, as now existing or as they may be later adopted, modified or amended. Contractor shall be responsible for the operation, maintenance and upkeep of the Transfer Stations as set forth herein. Unless otherwise expressly prescribed, the general standard for maintenance and upkeep shall be to maintain the Transfer Stations in substantially the same condition as in existence as of the Commencement Date, with ordinary wear and tear excepted.

Except for the operations specifically permitted under this Agreement, Contractor shall not engage in any private business, including the display or sale of any salvaged materials, vehicles or other property of Contractor or its employees, or the storage of unrelated or unnecessary equipment, at the Transfer Stations. Contractor shall notify Republic in writing of any material changes in, or to the Transfer Station operations (e.g. equipment type or number, management and employees), prior to the time such material change is implemented, which change shall be subject to Republic's prior written approval, which shall not be unreasonably withheld. Any changes to the operations shall meet the service requirements, performance standards and other terms of this Agreement.

B. WASTE ACCEPTANCE

1. Unloading Areas at Transfer Stations. Contractor agrees to receive all Waste delivered to the Transfer Stations. Contractor shall develop and maintain adequately sized unloading areas at the Transfer Stations for Waste so as to provide a safe and efficient environment for Customers to unload their vehicles. Unloading areas shall be of sufficient design to provide for safe distances between unloading vehicles, enable the queuing of vehicles during peak usage periods and insure that Customers do not have to come into contact with Wastes in order to unload their vehicles. The sufficiency of all unloading areas, including their width, materials, and location shall be at the reasonable discretion of the Republic.

2. Prohibited Material. Contractor shall not accept the following non-permitted wastes at the Transfer Stations: treated wood, asphalt, concrete, hazardous substances, liquid wastes and sludges; septic tank pumping; infectious wastes; putrescible agricultural wastes; tree stumps; concrete slab material; and any other Waste that is restricted by Law or Permits, or that Republic reasonably specifies from time to time as non-permitted. Should any of these non-permitted wastes be discovered on the tipping floor, and the Contractor is unable to identify the owner of the materials, they shall be handled in the following manner:

(a) Treated wood, asphalt, concrete, and tree-stumps, shall be immediately loaded onto an appropriate vehicle and transported to either the Landfill or an alternate disposal site.

(b) Liquid wastes and sludges, septic tank pumping, medical wastes, and putrescible agricultural wastes shall be disposed at a facility that is permitted to accept those types of wastes.

(c) Hazardous Substances shall be sorted and placed into the Hazardous Substances Storage Lockers for removal by Contractor. Only Hazardous Substances are to be stored in the Hazardous Substances Storage Lockers.

3. Hazardous Substances. Contractor will not knowingly allow Hazardous Substances, or any waste described in Paragraph 2 above, to enter any of the Transfer Stations. Contractor shall take all measures necessary to determine the type of Waste being delivered and to ensure that prohibited and Hazardous Substances are not unloaded onto the Transfer Stations' tipping floors. Contractor shall have full authority to reject any prohibited and Hazardous Substances from being unloaded onto the Transfer Stations' tipping floors and to evict any person attempting to deliver and unload non-permitted wastes. Contractor shall coordinate with Republic Staff to refund any tipping fees for any such rejected wastes.

C. SORTING WASTE

1. Recycling. Contractor shall maintain the recycling programs currently in effect at the Transfer Stations and shall sort, stockpile and remove all recyclable materials recovered by Contractor prior to loading Waste into transfer vehicles for disposal.

2. Construction and Demolition Debris Diversion. Construction and demolition debris which is segregated or source separated at the time it arrives at a Transfer Station will remain segregated and initially during the Term until the Materials Recovery Facility is constructed, will be transferred to or processed at C&D processing facility within Sonoma County. Once the Materials Recovery Facility is operational, all such Construction and Demolition Debris shall be processed at the Materials Recovery Facility. Floor operators at Transfer Stations will monitor incoming loads in order to identify segregated or source separated loads and to direct such loads to the C&D stream in order to maximize diversion and ensure implementation of this provision.

3. Prohibited Material. Contractor shall staff the floor of each Transfer Station such that all employees are trained to identify and remove non-permitted and Hazardous Substances discovered on the tipping floor of the Transfer Stations, and who can safely store those wastes in the Hazardous Substance Storage Lockers located at each Transfer Station. Contractor shall arrange for, at Contractor's expense, the removal of the contents of the Hazardous Substances from the lockers at least once every 90 days, or when the material has exceeded the storage capacity of the lockers.

4. Sufficient Equipment. Contractor shall supply and maintain sufficient numbers and types of equipment, as identified in the regular reports to Republic, to ensure ongoing compliance with the State of California minimum standards identified in California Code of Regulations Title 27, Section 21600.

D. LOAD CHECKING PROGRAM

Contractor shall follow the County's Load Checking Program which meets the requirements of applicable Law and Permits. The Load Checking Program shall provide for Contractor's ability and responsibility to reject loads that are discovered to contain Hazardous Substances or Household Hazardous Waste. Contractor shall implement the approved Load Checking Program in a diligent, reasonable and non-discriminatory manner. Contractor shall produce and maintain a load checking form that shall be used to track load checks. Copies of the forms shall be submitted to Republic monthly. Contractor shall utilize suitable temporary storage that is in place at the Transfer Stations for Hazardous Substances and Household Hazardous Wastes which are discovered through the Load Checking Program (or otherwise) in conjunction with Contractor's operation of the Transfer Stations. Contractor shall place such materials on a daily basis in the Hazardous Substance Storage Lockers and have such materials removed, at Contractor's expense, at intervals required by the Permits or applicable Law or more frequently as necessary. The removal and associated expense of handling the contents of the Lockers shall be the responsibility of the Contractor. Ownership or title to such Hazardous Substances or Household Hazardous Waste shall remain with the generator thereof and shall not be deemed to have passed to Contractor or Republic.

E. WASTE REMOVAL

1. Class III Solid Waste. Contractor shall be responsible for the transfer of all Class III Solid Waste from each Transfer Station to the Landfill, or the Central Landfill as may be directed by Republic, as described in Exhibit B.

2. Gray Water. Contractor shall be responsible for removing and transporting the gray water (contact water) from the holding tanks at each Transfer Station, and at the Contractor's expense, by a licensed hauler. Republic shall be responsible for paying the cost of processing or disposal of the gray water at whatever disposal or processing facility to which the gray water is delivered. Contractor shall transport the contents of the tanks to either the Santa Rosa waste water treatment facility or, for the Annapolis Transfer Station, the Gualala waste water treatment facility. When the tanks reach capacity or when notified by Republic,

Contractor shall dispatch a licensed hauler immediately to remove the contents of the tank. The hauler shall arrive at the site with an empty tanker. If the hauler knowingly or negligently allows a substance to contaminate the contents of the gray water tank, such that the combination of liquids cannot be accepted at the waste water treatment plant, the Contractor shall be responsible for, and bear the cost of, alternative disposal.. If the hauler cannot remove all the contents of the tank in a single load, the hauler will make successive trips until all the contents of the tank have been completely evacuated. In the event emergency conditions prevent the Santa Rosa or Gualala waste water treatment facilities from accepting the gray water, Contractor may transport the grey water to the East Bay MUD facility and charge Republic for its extra costs of transporting such gray water up to a maximum of \$160 per trip to such facility which maximum amount shall be increased annually by a percentage equal to the Bay Area CPI as that term is defined at Section 7.3 of this Agreement.

F. HAZARDOUS SUBSTANCES STORAGE AND COMPATIBILITY

1. Republic or the County/JPA will supply Hazardous Substances Storage Lockers within which the Contractor shall temporarily store non-dangerous household Hazardous Wastes that Contractor determines can be safely stored.

2. Contractor shall only place in the Hazardous Substances Storage Locker those materials that can be safely stored, based on Contractor's reasonable determination. When determining whether a material can be safely stored, Contractor shall consider the compatibility of the materials stored in the same compartment of the Hazardous Substances Storage Locker, containment features of the Hazardous Substances Storage Locker, ventilation, capacity, etc. In placing materials in the Hazardous Substances Storage Locker, Contractor shall separate materials by hazard class as defined by the federal Environmental Protection Agency, federal Department of Transportation, and the California Occupational Safety and Health Administration.

3. Materials that may be considered for storage in the Hazardous Substances Storage Locker include, but are not limited to: household hazardous wastes (such as cleansers and detergents), sharps, automotive products (such as brake fluid, power steering fluid, antifreeze, etc.), solvents (such as thinners, turpentine, kerosene, acetone), paints (oil and latex based), pesticides (insecticides, fungicides, herbicides), wood preservatives, sealants, and pool chemicals. Used motor oil and oil filters and automotive batteries are to be stored in their respective containers in other locations. All materials temporarily stored in the Hazardous Material Lockers are the financial and regulatory responsibility of the Contractor. The removal and associated expense of handling the contents of the Lockers shall be the responsibility of the Contractor.

4. Republic of the County/JPS will be responsible for the maintenance and upkeep of the Hazardous Substances Storage Lockers. The lockers shall be kept clean, painted, and free of oxidation and penetrations. Vents, doors and locks shall be kept in good working order. Contractor shall be responsible on a daily basis for maintaining the lockers in a clean and orderly fashion. It shall be the Contractor's responsibility to ensure that only materials that are compatible with one another are stored in the same locker.

G. MATERIALS SCAVENGING AND SALVAGING

1. **Scavenging.** Contractor shall take all steps reasonably necessary and consistent with Prudent Solid Waste Practices to prevent its employees, customers, and any other users of the Transfer Stations from engaging in any materials scavenging activities.

2. **Salvaging.** Materials salvaging, as approved by the Local Enforcement Agency (LEA), shall be conducted in a planned and controlled manner and shall not interfere with other aspects of the site operation. Salvaged materials that have been pulled from the Transfer Stations' floors shall be temporarily stored in a specified and segregated area so as to minimize the risk of fire, health, and safety hazards, vector attraction, and other hazards and nuisances and shall become the property of the Contractor. Storage areas shall be strategically placed so as not to interfere with solid waste operations. Salvaged materials shall be removed from the operational area daily, or more often as necessary, and at the discretion of the LEA.

H. RECYCLING OPERATIONS

Contractor shall at its expense provide the necessary labor, equipment, tools, supervision, containers, and all other resources to provide required recycling services assigned to the Contractor as defined in Table H-1 below. Contractor shall provide and place sufficient numbers of containers at various locations at each Transfer Station. In the event the Regional Water Quality Control Board or the LEA require that the containers be covered, Contractor shall provide covered containers for no additional cost to Republic. Contractor shall ensure that all materials are kept inside the recycling containers and that full containers are promptly exchanged for empty containers prior to the time that materials overflow the containers. The location, the number, and the type of container to be used for the deposition of recyclable materials shall be approved by Republic. Recycling services at each Transfer Station shall be made available to the public by the Contractor during the hours that each Transfer Station is open to the public.

1. **Title to Recyclable Material**

a. Material intended to be recycled and placed in Contractor's containers shall become the property of the Contractor and the Contractor shall gain all rights, legal title, and interest in and liability for such material.

b. All revenue that Contractor might receive for the sale of the recycled material to a buyer shall be retained by Contractor.

[Continued on next page]

2. Materials to be Accepted

Table H-1
Recyclable Materials Accepted

Site	Glass	Scrap Metal	Mixed Paper	Plastic	Appliances	Batteries	Electronics	Small Engine Equipment	Mattresses	Motor Oil & Filters	Paint	Tires	Wood & Pallets	Yard Debris	C&D
Annapolis	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Central	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Guerneville	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦	♦
Healdsburg		♦					♦		♦			♦	♦	♦	♦
Sonoma		♦			♦		♦		♦			♦	♦	♦	♦

♦Materials accepted by Contractor at each site.

(a) Glass, Metals, Mixed Paper, and Plastics: Contractor shall accept ownership of and store in containers, glass; scrap metal; mixed paper products, including, but not limited to, cardboard, cartonboard, magazines, newspaper, office paper, and telephone books, in an area of the Transfer Station that will not interfere with solid waste operations. Contractor shall remove containers whenever they are full.

(b) Appliances: Contractor shall accept ownership of and be responsible for transport of appliances and other white goods at all Transfer Stations. Republic shall assume responsibility for, and ensure that, all freon and other chemical refrigerant, mercury switches and mercury containing appurtenances, polychlorinated biphenyls (PBCs), lubricating oil, and any other prohibited and toxic material is removed from the appliances prior to transport. Republic shall assume all liability for the proper removal and disposal of all items removed from the appliances in accordance with this Agreement, Law, the Permits and Prudent Solid Waste Practices.

(c) Used Automotive Batteries: Contractor shall accept used automotive batteries that have been transported for recycling by the public. Contractor will not accept automotive type batteries for recycling from commercial haulers, including commercial non-profit dealers, and loads containing more than two (2) batteries. Contractor shall supply and maintain in good working condition non-permeable, leak proof containers fitted with rain-tight lids that shall be used to temporarily store the batteries. Contractor shall ensure that automotive batteries are removed from each Transfer Station by a licensed hauler when the battery containers reach capacity.

(d) Electronics: Electronics and universal waste is a class of Hazardous Substances that includes electronic waste, such as televisions, cell phones, computers, computer monitors, batteries and, florescent bulbs. Contractor shall accept and store universal waste in a designated area adjacent to, but not interfering with, the solid waste operations of each Transfer Station. All universal waste shall be removed from the operational areas weekly, or more often if necessary, by Republic and shall become the responsibility of Republic.

(e) Small Engine Equipment: Contractor shall accept gas-powered small engine equipment, such as lawn mowers, edgers, leaf blowers, chain saws, etc. Prior to accepting such equipment for recycling, Contractor shall check the engine, and any other petroleum containing part, of each item to ensure that all fuels and oil lubricants have been removed.

(f) Mattresses: Contractor shall accept mattresses and transport them to a site that accepts mattresses.

(g) Used Automotive Oil and Filters: Contractor shall accept ownership of all used automotive engine lubricating oils and oil filters from the public. Contractor will not accept automotive engine lubricating oils for recycling from commercial haulers, including commercial non-profit dealers, and loads containing more than five (5) gallons of oil. Waste oil shall be stored in waste oil tanks supplied by Republic. At Guerneville, Healdsburg and Sonoma Transfer Stations, the waste oil tanks are housed in concrete buildings equipped with built-in sump storage to help prevent accidental spills. Contractor shall be responsible for the continuous maintenance of both the storage tanks and the concrete buildings. Contractor shall keep the tanks clean and all gauges and alarms shall be kept in good working condition. The concrete buildings shall be kept clean such that no overspill is allowed to pool on the floor of the building. Doors, vents, and locks shall be kept in good working condition and the buildings shall be maintained to prevent the contents from exposure to outside elements. Contractor shall accept ownership of and be responsible for the storage of used oil and filters. Contractor shall contact Republic when the contents of the waste oil tanks or waste oil filter containers are at two-thirds (2/3) capacity. Republic shall assume responsibility for the removal and transport of all contents of the oil storage tanks and oil filter drums.

(h) Tires: Whole tires accepted at the Transfer Stations shall be removed by Contractor and stockpiled in a designated area. Contractor shall transport all collected tires to a tire recycler at the Contractor's expense.

(i) Wood: Contractor shall accept ownership of, and be responsible for, transport to the Compost Facility of all unpainted, untreated, and clean dimensional lumber, pallets, plywood, siding, and oriented strand board (OSB) for recycling, as described in Exhibit B. [Rick, Does the reference to Ex B still work?]

(j) Yard Debris: Contractor shall collect yard debris and green waste and be responsible for the transport of material for processing to the Compost facility, as described in Exhibit B. [Rick, Does the reference to Ex B still work?]

(k) Construction and Demolition Debris: Construction and demolition debris which is segregated or source separated at the time it arrives at a Transfer Station will remain segregated and will initially during the Term be transferred to or processed at a C&D processing facility within Sonoma County. Once the Materials Recovery Facility becomes operational, all such Construction and Demolition Debris shall be transferred to the Materials Recovery Facility. Floor operators at Transfer Stations will monitor incoming loads in order to identify segregated or source separated loads and to direct such loads to the C&D stream in order to maximize diversion and ensure implementation of this provision.

2. Changes to the List of Accepted Materials.

Republic may request in writing that Contractor accept additional non-hazardous wastes for reuse and recycling that are not specifically set forth above provided that Republic shall reasonably compensate Contractor for any additional costs incurred by Contractor in connection with its receipt of such additional non-hazardous waste. Contractor shall accept these requested additional materials within thirty (30) days of the request in accordance with this Agreement. In addition, Contractor may request that certain accepted materials listed above be deleted. Contractor shall make such requests, in writing, to Republic and include all the reasons for the request and all documentation supporting Contractor's request. Republic shall consider such requests, in its reasonable discretion.

I. OPERATING STANDARDS

1. Litter Control. Contractor shall be responsible for both on-site and off-site litter control as follows:

(a) **On-Site Litter Control:** Contractor shall use reasonable conventional efforts to maintain and keep the Transfer Stations free of litter including adding additional temporary employees to collect litter. Said efforts shall be consistent with Prudent Solid Waste Practices and the requirements of applicable Law, the Permits and governmental authorities. Litter consists of any Waste outside of the unloading or stockpiling areas. Contractor shall be solely responsible for maintaining the Transfer Stations in a clean and sanitary condition and shall be responsible for any public nuisance created as a result of its operations. Contractor shall construct and maintain litter fences during windy conditions to contain blowing Waste.

(b) **Off-Site Litter Control:** Contractor shall be responsible for the prompt removal of litter blown off-site to surrounding properties as well as roads depicted on Exhibit K to the County Operations Agreement. Prior to entering off-site properties to pick-up litter, Contractor shall contact the landowner(s) for permission to enter. If any landowner refuses entry by Contractor, Contractor shall document such refusal and shall not enter the refusing landowner's property unless and until the landowner subsequently gives permission to either Republic or Contractor to enter the subject property.

2. **Vector Control.** Contractor shall use Prudent Solid Waste Practices to control birds, rodents, insects and other disease carrying or breeding organisms, subject to Law and the Permits. Contractor shall provide any chemical sprays, traps and similar measures approved by local or State agencies to control these pests, whenever necessary.

3. **Odor Control.** Contractor shall remove all Waste from the Transfer Station floor within the time frames set out in the Solid Waste Facility Permits for each site in order to control odors emanating from the Waste.

4. **Dust Control.** Contractor shall meet all requirements of applicable Law, the Permits and any applicable governmental authority with respect to dust control and mitigation. Contractor shall maintain all dust control systems existing at the Transfer Stations. Contractor shall provide sufficient equipment and manpower to apply water and/or sweep for the alleviation and prevention of dust that may occur during Contractor's daily operations at the Transfer Stations. Contractor shall post, adhere to and make all reasonable attempts to have Customers adhere to traffic speeds on all on-site unpaved roads of fifteen (15) miles per hour or less. Republic reserves the right to reasonably determine adequacy of Contractor's dust control measures. Notwithstanding the foregoing, Republic's obligations shall not limit or modify Contractor's obligations or responsibility hereunder and Contractor shall have a continuing responsibility to undertake the dust control measures specified herein.

5. **Drainage Control.** Contractor shall control drainage at each Transfer Station, to the greatest extent possible, in order to minimize the creation of, and prevent uncontrolled off-site migration of, contact water. Republic shall be responsible for maintaining updated SWPPP's for each of the Transfer Stations and the Materials Recovery Facility and shall be responsible for securing storm water samples as may be required by the Regional Water Quality Control Board or other regulatory agencies. Contractor shall be responsible for implementation of BMP's that are operational in nature such as the placement of canvass covers, straw wattles, drains inserts, sweeping and the like. Republic shall be responsible for implementation of BMP's that are structural in nature such as permanent canopies, storm water treatment systems, metal covers to permanent containers or bunkers, and the like. The parties shall work together to control storm water run off in a manner that is consistent with applicable law and the permits for the Transfer Stations and the Material Recovery Facility.

6. **Medical Waste.** Contractor shall not accept medical waste at any Transfer Station.

7. **Noise Control.** Contractor shall control excessive noise at each Transfer Station to the greatest extent possible in order to prevent nuisance to nearby residences. Contractor shall discourage the use of "jake brakes" and excessive use of truck air horns. Contractor shall, under no circumstances unless authorized by Republic, operate any of the Transfer Stations before or after the permitted hours of operation.

8. **Nuisance Control.** Contractor shall ensure that operations at each Transfer Station are conducted in such a way as to not create unnecessary nuisances that might be in

direct conflict with any mitigation measures applicable to such Transfer Station through applicable California Environmental Quality Act environmental review documentation.

9. **Sanitary Facilities.** Contractor shall provide and routinely maintain, in a clean and sanitary manner, a minimum of one portable toilet at each of the Transfer Stations, on or adjacent to the tipping floor, for the Contractor's employees and for the public.

10. **Fire Suppression Water Supply.** Contractor will provide and maintain water in the water tanks for the water suppression system at levels not less than three-quarters of total tank volume at all times and at all Transfer Stations.

11. **Fire Safety.**

(a) **Fire Control.** Should any fires occur, it shall be the responsibility of Contractor to notify the fire department and Republic immediately and to then use all available methods to control and extinguish such fires.

(b) **Smoking.** Smoking shall only be permitted in areas specifically designated and approved by Republic, in its sole discretion, for that purpose.

(c) **Burning.** No burning shall be permitted and Contractor shall use all reasonable means and act in a manner consistent with Prudent Solid Waste Practices to prevent burning of any kind at the Transfer Stations.

12. **Required Signage.** Republic will provide signage identifying the Transfer Stations, the hours the Transfer Stations are respectively open for the receipt of Waste, rules applicable to the Transfer Stations and signs at the Transfer Station scale houses listing the appropriate Facility Rates, prohibited materials and other information as deemed necessary by Contractor and Republic. Except for the signage to be provided by Republic, Contractor shall be responsible for providing all on-site signage necessary to safely and efficiently direct traffic from the scale houses to the material unloading areas of the Transfer Stations.

J. ACCESS TO THE TRANSFER STATIONS

1. **Public Access.** No Waste shall be deposited at any Transfer Station by any person at any time that such Transfer Station is not open to the public. Public Hours will be established in accordance with the Operations Agreement but in no event will the hours of operation be less than as set forth on Table 1: Public Hours of Access, below:

Table J-1
Public Hours of Access [add line for Central]

Site	Days	Hours of Access
Annapolis Transfer Station	Wednesday – Saturday	7:00 a.m. to 4:00 p.m.
Guerneville Transfer Station	Monday and Tuesday Thursday – Saturday	7:00 a.m. to 4:00 p.m.
Healdsburg Transfer Station	Monday – Saturday	8:00 a.m. to 4:00 p.m.
Sonoma Transfer Station	Monday – Saturday	7:00 a.m. to 4:00 p.m.

All sites are closed on the following holidays: Thanksgiving Day, Christmas Day, New Years Day, Labor Day, and Independence Day. Republic reserves the right to either shorten or lengthen the daily hours of operation or increase or decrease the number of operating days per year.

2. Contractor Access. Contractor shall have full and unimpaired access to the Transfer Stations. as shall be provided in the Operations Agreement.

K. MAINTENANCE PROGRAM

1. General Cleanliness. Contractor shall maintain all areas of the Transfer Stations, as they are defined in the Transfer/Processing Report (Report of Facility Information), in a neat, litter free, clean, and orderly manner. Contractor shall, to the extent not prohibited by law or regulation, power clean the interior and exterior of each Transfer Station not less often than every five years.

2. Paint. Contractor shall be responsible for washing the Transfer Station buildings. Contractor shall be responsible for the repair and replacement of the external skin of the Transfer Station buildings due to damage that is a result of negligence. Republic shall be responsible for repainting the exterior of the Transfer Stations as may be reasonably required, including repainting in the event that Contractor’s power washing of a building causes damage to the exterior paint.

3. Structural. Contractor shall be responsible for maintenance and routine repair of all structural components of the Transfer Station buildings, such as concrete walls, steel posts and girders, loading hoppers, down spouts, and any other external appurtenances that are damaged as a result of industrial activities of the Contractor at the Transfer Stations, or otherwise. Republic shall be responsible for major repairs and replacement of all structural components of the Transfer Station buildings, such as concrete walls, steel posts and girders, loading hoppers, down spouts, and any other external appurtenances that are damaged or otherwise become unserviceable as a result of ordinary wear and tear, casualty or any other

reason other than the negligence of the Contractor at the Transfer Stations. The useful life of a loading hopper shall be presumed to be five (5) years.

4. **Asphalt.** Contractor and Republic shall identify areas of asphalt at the Transfer Stations that require repair or replacement as of the commencement of this Agreement and shall work together to effect such repairs or replacements. Thereafter, Republic shall be responsible for the maintenance and repair of all asphalt turn around areas, landings, driveways and access areas. Contractor shall use street tracks on all track-mounted dozers used at the Transfer Stations and shall use all available means to prevent unnecessary damage to asphalt surfaces when running track-mounted equipment. Extra care should be used when turning track vehicles to minimize damage to those surfaces.

5. **Transfer Station Floors.** Republic will repair the floors of the Transfer Stations to the extent that the wear on the floors is greater than the wear that would normally occur in accordance with Prudent Solid Waste Practices. Contractor shall install and maintain in good working order rubber cutting edges to the front edge of the loader bucket in such a way as to prevent the unnecessary wearing of the transfer station floor surface.

6. **Gray Water Tanks.** Contractor shall clean, on a daily basis, the gray water grate systems located at the front of the Transfer Stations' floors. The systems must be maintained in order to prevent clogging of the gray water collection and distribution infrastructure that would result in the comingling of sites' gray water systems and storm water systems. It shall be the responsibility of Republic that the contents of the gray water tanks meet the acceptability criteria of the receiving waste-water treatment facility. Republic shall pay the disposal costs associated with the gray water directly to the Wastewater Treatment Facility.

7. **Electrical Connections.** Republic shall be responsible for utility connections from the street outside of each Transfer Station to each main electrical box connected directly to service from the street in each Transfer Station and from the electrical box to the scales in each Transfer Station. Contractor shall be responsible for all other electrical connections.

8. **Utilities and Telephone.** Contractor shall pay for all utilities in operating the transfer stations, including electrical and water, and shall maintain a telephone at each of the Transfer Stations at all times. All charges for telephone service installed and/or used by Contractor shall be the sole responsibility of Contractor. In the event a phone line is unavailable, Contractor shall provide a two-way radio or cellular phone at the each Transfer Station.

9. **Sanitary Facilities and Drinking Water for Employees.** Contractor shall provide sanitary facilities for its employees at the Transfer Stations. A well maintained chemical toilet and hand wash facility at each facility is the minimum requirement. In addition, Contractor shall provide on-site potable drinking water for all employees. Republic shall be responsible for any construction and related costs or expenses incurred or to be incurred to comply with ADA or OSHA.

10. Maintenance and Structural Responsibilities. Contractor shall be responsible for the daily upkeep of the Transfer Stations. Republic shall be responsible for all long term maintenance resulting from the passage of time, the reasonable usage of the improvements and ordinary wear and tear of the roads, structures, equipment, utilities, mechanical systems, and tipping floors. The parties shall work together to develop a schedule for required structural repairs at the Transfer Stations. For example, if a hopper is damaged in Contractor's operation of a Transfer Station so that repair of the metal components such as a lid or other metal attachment of the hopper is required, it shall be Contractor's responsibility to undertake such repair. In the event that the structural portion of a hopper is damaged or in the event that any part of the hopper has reached the end of its useful life, then it shall be the responsibility of Republic to repair or replace such hopper.

11. Use of Transfer Stations.

(a) Contractor Cooperation with Republic Construction Projects.

Contractor shall cooperate with Republic and Republic's contractors and engineering and operations consultants during any construction projects at the Central Landfill and the Transfer Stations and/or ongoing operations which may be undertaken during the Term of this Agreement. Republic will provide advance notification to Contractor of any construction projects to be implemented (other than those necessitated by emergency), and will work with Contractor to assure operations are reasonably coordinated with construction schedules and activities. Republic will take reasonable measures to ensure that Contractor's operations are not unduly impacted by third party contractors or consultants and Contractor shall take reasonable measures to not impact or interfere with the work of Republic personnel and third party contractors or consultants undertaking such work.

(b) Repair of Damaged Property. Contractor shall have sixty (60) calendar days to repair or replace any property at or related to the Transfer Stations which is damaged by Contractor's operations under this Agreement, excepting structural damage occurring as the result of Contractor's ordinary and proper use of the Transfer Stations. The repair of structural damage arising in the ordinary course of Contractor's operations shall be Republic's obligation. In the event Contractor does not perform its repair or replacement obligations within such sixty (60) day period, or, in the case of repairs that will take longer than thirty (30) days to complete, to commence such repair and pursue such repair until completion, Republic shall have the right (but not the obligation), without further notice to Contractor, to perform such work at Contractor's sole cost and expense. Contractor shall provide written notice to Republic of any required repair within fifteen (15) days of Contractor's having learned of the need for such repair.

(c) Contractor's Right to Existing Facilities. Contractor shall have a non-exclusive license to enter onto the Transfer Stations as specified by the Republic for administrative and daily operations and maintenance of equipment.

(d) Contractor Provided Buildings at the Transfer Stations. Contractor shall have the right and privilege to install portable structures suitable for maintenance of equipment, storage of supplies, employee facilities and office functions. Contractor shall be

responsible for maintenance of such facilities for the full Term of the Agreement. The area(s) for placement of such structures shall be subject to County's approval which will not be unreasonably withheld. Contractor has the right and privilege to lease portable structures for Contractor's use in lieu of constructing facilities. All costs and charges for constructing and/or installing or leasing buildings and facilities at the Transfer Stations and all costs and charges of any utility service furnished to any such building or facility shall be the sole and separate obligation of Contractor. Contractor shall at its own expense have the responsibility of obtaining all necessary building and use permits and approvals, including any and all necessary environmental review, for any building or facility provided by Contractor. The title to any such building or facility shall at all times remain in the name of Contractor; provided that, in the event this Agreement is terminated or completed or if the operations at the property on which the building or facility is located is terminated, Contractor shall offer for sale to the County at Contractor's depreciated book value (as shown on Contractor's most fixed asset listing) any such buildings or facilities the County may wish to acquire. In the event the County does not wish to acquire Contractor's buildings or facilities, Contractor shall remove the buildings and facilities from the premises, clear any part and/or foundation of the same, leave the premises in substantially the same condition as first encountered by Contractor, and shall clear away and remove any furnishings or other personal property, all at Contractor's sole cost and expense. If Contractor fails to comply with the requirements of this section within fifteen (15) days after such termination or relocation of the operations at the property on which the building or facility is located, Contractor shall be deemed to have abandoned the same. The County shall then have the option of taking possession of the remaining buildings, facilities, or personal property; selling the same or any part thereof; retaining the proceeds of its expenses in the matter; or of demolishing the building or facility and any such foundation, furnishings or personal property and disposing thereof. In any case, the County shall be entitled to recover from Contractor the County's expenses incurred in demolishing the building or facilities, foundation, furnishings or personal property and/or disposing of the same. Contractor is expressly advised that nothing contained herein shall be construed as authorizing, nor interpreted as a representation that the County will authorize, the construction, installation or use of any building or facility contrary to applicable Law or any permit, including the applicable provisions of the zoning ordinance, building code, fire code or other applicable ordinances of the County of Sonoma, nor as a representation that the County of Sonoma shall grant any exception or variance from any such ordinance for such purposes.

(e) **Areas of No Access.** Contractor shall not, without the consent of the County, in its sole discretion, have the right to access, enter or use the Excluded Areas.

(f) **Cooperation with Other Contractors, Licensees, Lessees and Vendors.** Contractor acknowledges and agrees that various vendors, other contractors, licensees and lessees have certain rights of access and use of the Facilities. Contractor shall not violate the terms of any lease, license or access right of such parties and shall cooperate with all of such vendors, contractors, licensees and lessees and not interfere with their respective rights, use and enjoyment with respect to the Facilities.

L. **EQUIPMENT**

Contractor shall supply all equipment necessary to handle, push, cover or transfer Waste, maintain on-site roads, provide dust control, perform both on and off-site litter clean-up services, and otherwise perform the requirements of this Agreement. Contractor agrees to provide all necessary labor, parts, fuels, and lubricants necessary to maintain and operate any and all equipment needed to operate the Transfer Stations. With the exception of the Annapolis Transfer Station, fuel and lubricants for the equipment shall be provided using mobile refueling trucks; Fuel and lubricants are not to be stored at the transfer stations. Fueling, lubricating and minor maintenance of equipment shall take place on the transfer station floor only. Fuel and lubricants may be stored at the Annapolis Transfer Station in quantities and containers approved by the Republic. Equipment shall be of sufficient size and quantity to safely and efficiently operate the Transfer Stations and shall comply with Law, the Permits and any and all State and Federal vehicle emissions standards and applicable safety regulations. Contractor is responsible for maintaining equipment which will operate with a minimum of down time. Contractor shall promptly remove all equipment and other property not used in, or necessary for proper operations.

M. LABOR

1. Sufficient Number of Employees. Contractor shall employ and have on duty, during all hours that the Transfer Stations are required to be open, a sufficient number of trained and competent employees.

Contractor's employees shall control dumping at all locations that Wastes are unloaded, control and clean up litter, inspect Waste loads for prohibited materials in accordance with the County's Load Checking Program, and perform other duties as may be required to operate the Transfer Stations, including operation of Contractor's equipment to ensure that all of Contractor's operations are performed in accordance with this Agreement, Law, the Permits and Prudent Solid Waste Practices. Contractor shall have additional labor forces available within 24 hours of severe wind events to provide on-site and off-site litter control as described in Paragraph I(1) above.

2. On-Site Contractor Representative; Employee General Qualifications/Training. At least one of Contractor's employees at each of the Transfer Stations shall be designated as a representative of the Contractor to interact with the County, Republic and Customers, shall be at the Transfer Stations, in each case during all weekday hours of operation and shall be reachable by phone at all times.

3. Employee Clothing. Contractor employees shall wear proper personal protective equipment.

4. Safety Program and Monthly Safety Meetings. Contractor shall develop and maintain a complete safety program. Contractor shall provide documentation to Republic upon request that the safety program is being adhered to by Contractor and Contractor's employees. Contractor shall conduct operations, safety, and Hazardous Substances recognition training meetings at least monthly. The Contractor representative for each Facility shall participate in Republic's site-safety meetings.

5. **Hazardous/Unacceptable Material Training.** It is recognized that some non-approved materials, including Hazardous Substances, Household Hazardous Waste or medical and infectious waste may occasionally be unloaded by a Customer. Contractor shall train all on-site employees to recognize such unacceptable materials and shall submit copies of Hazardous Material Health and Safety certification or equivalent training documentation for each employee to Republic within two (2) weeks of an employee's on-site employment.

N. **HEALTH AND SAFETY**

Contractor shall operate the Transfer Stations at all times in a safe and careful manner demonstrating consideration for the health and safety of all persons, employed or otherwise in the Transfer Stations, including the general public. Contractor shall operate equipment in a professional, courteous, and workman like manner and adhere to all Laws, including without limitation, California Code of Regulations Title 22, Section 66264.16 (Personnel Training), California Code of Regulations Title 8, Section 3380 (Personal Protective Devices) and Section 5192 (Hazardous Waste Operations and Emergency Response).

1. **Injury and Illness Prevention Program.** Contractor shall develop and implement an Injury and Illness Prevention Program, SB-198, in accordance with the requirements of California Code of Regulations Title 8, Section 3203.

2. **Training.** Contractor shall provide all necessary training to its personnel as required by Contractor's Injury, Illness, and Prevention Plan. Contractor's employees assigned to operations at the Transfer Stations shall be adequately trained in all subjects as they pertain to the operation and maintenance of solid waste facilities, Hazardous Substances recognition, screening, and handling, equipment use, environmental controls, and emergency procedures. Contractor shall be responsible for providing and maintaining records of all such training.

3. **Safety.** Contractor shall apply all safety measures in accordance with the California Department of Transportation "Manual of Traffic Safety for Construction and Maintenance Zones," California Occupational Safety and Health Administration, and all other applicable safety codes.

4. **Emergency Response and Evacuation Plan.** Contractor shall provide to Republic an Emergency Response and Evacuation Plan prior to the Commencement Date. Contractor shall develop and maintain the Plan that, addresses, among other things, the steps the Contractor will take in the event of an environmental discharge of any potential pollutants. Contractor shall document and report immediately to Republic, and any relevant local, state, and federal agencies, the discharge of any petroleum product and identify steps taken to clean-up the release.

5. **Special Occurrences.** Contractor shall develop and complete a Special Occurrence Form and submit completed forms to Republic within 24-hours of the occurrence of an unusual situation at any Transfer Station. An unusual situation would include, but not be limited to: fires; injuries; property damage; accidents; explosions; theft; vandalism; mechanical

failure of any portion of a Transfer Station; environmental incidents such as chemical or liquid spills or the release of Hazardous Substances; flooding; violations, and other concerns. The report shall specify the area of concern, action taken, dates of actions and inspection, when needed by inspectors.

6. Other Provisions. Contractor shall provide all other necessary facilities including, but not limited to: eye wash stations, personal protective equipment, and other items that may be required to comply with California Division of Occupational Safety and Health and Department of Transportation standards, Law or other regulations as applicable.

O. PROTECTION OF THE ENVIRONMENT

1. Spill Prevention, Control, and Countermeasure Plan. Contractor shall provide to Republic a Spill Prevention, Control, and Countermeasure (SPCC) Plan, as applicable, in accordance with 40 CFR 112, prior to the Commencement Date. Contractor shall document and report immediately to Republic, and any relevant local, state, and federal agencies, the discharge of any oil product and identify steps taken to clean-up the release.

2. Contingency Plan. Contractor shall develop a Contingency Plan, in accordance with 40 CFR 109, for the removal of any oil product from the inland navigable waters of the United States and costal and contiguous zone waters. Contractor will develop the Plan within sixty (60) days of the execution of the Agreement. Contractor will not perform any work that is the responsibility of Republic without the verbal/written consent from Republic. Once Contractor receives the verbal/written consent from Republic the Contractor will perform the approved scope of work and will be compensated on a time and materials basis unless a bid price is requested.

3. Spill Kits. Contractor shall provide and maintain spill kits in good working order at all times. The spill kits shall contain any and all materials that Contractor might need to prevent a spill from entering a Transfer Station's storm water system. The kits should be strategically located and with frequency to ensure a timely response to a spill.

P. PERMITS AND LEGAL REQUIREMENTS

The Transfer Stations are subject to Law and Permits. Contractor shall be familiar with and comply with all such Laws and Permits and supporting documents including, without limitation: General Permit to Discharge Storm Water Associated with Industrial Activities, Order No. 97-03-DWQ and supporting documents - Storm Water Pollution Prevention Plans, issued by the California Regional Water Quality Control Board; and Solid Waste Facility Permits and supporting document – Transfer/Processing Reports, issued by the California Integrated Waste Management Board. Contractor shall bear the cost of any fines and re-inspections issued for any violations by the Contractor of any of the terms of any Permits, or any other applicable requirements of Law, and governmental authority. Contractor shall secure, from the applicable Governmental Authority, any and all necessary permits, consents and authorizations for the

performance of work and any site improvements performed by Contractor in conjunction with this Agreement. In the cases when Republic directs Contractor to perform work that is Republic's express responsibility under the Agreement or this Scope of Services, Republic will acquire any necessary permits and reimburse Contractor as provided at Section R, below.

Q. REPORTING AND RECORDKEEPING REQUIREMENTS

1. Reports. Contractor shall comply with all reporting and record keeping requirements of the Operations Agreement.

R. ADDITIONAL WORK DIRECTED BY REPUBLIC

Republic may from time to time during the Term request that Contractor perform additional services related to the operation of the Transfer Stations not specifically identified in this Agreement. Upon Republic's request, Contractor shall offer its opinion on the reasonableness of the requested work and, if there is agreement on performing the requested work, promptly provide a written estimate of Contractor's cost for performing the requested services, with a detailed breakdown of the components of Contractor's projected costs and pricing proposal costs and documentation which reasonably supports Contractor's projected costs. Upon receipt of Contractor's proposal, Republic may, in its sole discretion, deliver a written acceptance to Contractor of its proposal to perform the additional services and the Contractor shall perform such additional services in accordance with Contractor's proposal. Whenever Contractor performs work required hereunder that is the responsibility of Republic with the consent of Republic (or otherwise within Contractor's right to perform such work without the consent of Republic under the terms of this Agreement), then Republic shall compensate Contractor for these services on a time and materials basis or such other agreed upon method in accordance with Contractor's proposal for each individual project.

Exhibit C

Third-Party Disposal Agreements

1. Solid Waste Disposal Agreement dated May 24, 2009 by and between The Ratto Group of Companies, Inc. and Potrero Hills Landfill, Inc.

2. Solid Waste Disposal Agreement dated _____ by and between the Ratto Group of Companies and Recology

Exhibit D

Initial Scale House Fees

TRG and its Affiliates shall pay Republic, the following initial per Ton Scale House Fees, subject to adjustment as provided in the Agreement:

\$82.00 per Ton: for the delivery by TRG of Construction and Demolition Debris;

\$58.04 per Ton: for the delivery by TRG of Residuals from any non-County owned transfer stations and materials recovery facilities that are owned or operated by TRG in Sonoma County.