SECOND AMENDED AND RESTATED FRANCHISE AGREEMENT
TO PROVIDE SOLID WASTE AND RECYCLABLES COLLECTION SERVICES
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

AND

RENO DISPOSAL CO., dba INCLINE SANITATION CO.

This SECOND AMENDED AND RESTATED FRANCHISE AGREEMENT ("Franchise") is made and entered into between the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, a general improvement district organized and existing under and by virtue of the laws of the state of Nevada, hereinafter referred to as "District"; and, RENO DISPOSAL CO., a Nevada corporation, doing business as Incline Sanitation Co., hereinafter referred to as "Collector." The parties shall be collectively referred to herein as the "Parties" and individually as a "Party", unless specifically identified otherwise. This Franchise shall be effective upon the "Effective Date", as defined below.

RECITALS

WHEREAS, District awarded Independent Sanitation Company an exclusive franchise for the operation of a solid waste collection and disposal service for all the areas within the District, entitled "Solid Waste and Recycling Franchise Agreement Incline Village General Improvement District and Independent Sanitation, aka Waste Management," dated March 29, 2007 (the "Original Franchise");

WHEREAS, Independent Sanitation Company was thereafter merged into Reno Disposal Co., a Nevada corporation doing business as Incline Sanitation Co., and was dissolved on December 21, 2007;

WHEREAS, on May 28, 2008, the District and Collector entered into the "Amended Solid Waste and Recycling Franchise Agreement Incline Village General Improvement District and Reno Disposal Co. dba Incline Sanitation Co." (the "First Amended Franchise") which amended and restated the Original Franchise; and

WHEREAS, the Parties wish to further amend and restate the Original Franchise and First Amendment by executing this Franchise.

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

TERMS AND CONDITIONS

1. DEFINITIONS. For the purpose of this Franchise, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

1.1. "Allowable Expenses" means those expenses incurred by the Collector in the performance of this Franchise, but only to the extent that such expenses are known and measurable, calculated according to Generally Accepted Accounting Principles on an accrual basis, and when applicable, prorated or allocated to the Collector’s operations within the District, do not exceed the fair market value of comparable goods or services, and are commercially reasonable and prudently incurred by the Collector solely in the course of performing its
obligations under the Franchise. Allowable Expenses shall not include any fines or penalties imposed by any court or regulatory agency for or related to Collector's operations under this Franchise.

1.2. "Bear Shed" means any wildlife-resistant enclosure that is constructed of metal or wood, has a secure door for access, is affixed to the ground, and is resistant to wildlife, including bears.

1.3. "Bin" means a receptacle for Solid Waste or other materials provided by the Collector, having a capacity of three (3), four (4), or six (6) cubic yards and that has a tight-fitting, attached metal lid which can be locked, and is designed to be dumped mechanically into a front-loading or rear-loading collection vehicle.

1.4. "Bulky Waste" means large items of Solid Waste such as appliances, furniture, large auto parts, trees or branches (more than 2” in diameter), stumps and other oversize wastes whose large size precludes or complicates handling by normal collection, processing or disposal methods.

1.5. "Cart" means an industry standard, wheeled Container of approximate thirty-two (32), sixty-four (64), or ninety-six (96) gallon capacity provided by Collector to Customers for Collection of Solid Waste or Recyclables.

1.6. "C&D Waste" means the waste building materials, packaging, and rubble resulting from construction, remodeling, repair, and demolition operations on pavements, houses, commercial buildings, and other structures. Such wastes include, but are not limited to, bricks, concrete, other masonry materials, soil, rock, lumber, road spoils, rebar, paving materials, and tree stumps.


1.8. "Commercial" means all non-Residential facilities, businesses, institutions, governmental agencies, and similar facilities, including, but not limited to, offices, factories, retail or wholesale stores, warehouses, industrial facilities, schools, hotels, motels, and public accommodation facilities.

1.9. "Compactor," means any Bin or other Container incorporating a built-in mechanism to reduce waste volume by crushing action or other compacting method.

1.10. "Container" or "Containers" means Carts, Bins, Compactors, and Drop Boxes or other containers provided by Collector for use to provide the Services.

1.11. "Customers" means Residential or Commercial Customers receiving Services within the Franchise Area.

1.12. "District" means the Incline Village General Improvement District, its Board of Trustees, officials, commissions, agents, and employees unless otherwise specifically designated.

1.13. "Drop Box" means an industry standard receptacle for Solid Waste or other material provided by the Collector, generally having a capacity equal to or greater than fourteen (14) cubic yards.

1.14. "Enhanced Wildlife Resistant Cart" means a wheeled Container of approximate sixty-four (64), or ninety-six (96) gallon capacity that has been reinforced with steel and equipped with a locking mechanism that prevent access to the Containers by wildlife.
1.15. “Enhanced Wildlife Resistant Bin” means that the various types of Bins have been reinforced with higher grade steel, self-closing lids and locking mechanisms that prevent access to the Containers by wildlife.

1.16. “Effective Date” is defined in Section 3 below.

1.17. “Excluded Solid Waste” means the following materials, provided, however, that the District and the Collector may in the future agree in writing to include any of the following materials as Solid Wastes subject to this Franchise:

- Hazardous Waste, as defined herein;
- C&D Waste, as defined herein;
- Bulky Waste;
- Animal manures, dead animals, and animal remains, including remains from slaughterhouses or butcher shops;
- Grease waste or used cooking oil;
- Sewage sludge, septic tank and cesspool pumpings, or other sludge;
- Biohazardous waste as defined in the Washoe County Board of Health Regulation § 010.068, except for Home-Generated Sharps Waste as defined herein and which are included as Solid Waste within the Franchise;
- Industrial process wastes and industrial wastewater sludge;
- Treated/de-characterized wastes;
- Antifreeze;
- Asbestos and asbestos-containing waste;
- Light ballasts;
- Petroleum contaminated soils;
- Universal wastes as defined in 40 CFR § 273.9, including batteries, pesticides, mercury-containing equipment, and universal waste lamps as defined therein;
- Other wastes which require specialized disposal or treatment under state or federal law;
- Other wastes that the Parties agree to in writing to be excluded from this Franchise.

1.18. “Franchise Area” means: (i) the entire territory included within the Incline Village General Improvement District limits as of the Effective Date; and (ii) such additional area as
may thereafter become included within the District limits from time to time due to annexation, incorporation, or other means.

1.19. “Gross Receipts” means all revenues received, including all money, cash, receipts, property or other thing of value collected by Collector from Customers, for the Services described on Exhibit A. “Gross Receipts” shall not include revenues generated from the sale of Recyclables or any rebates for Recyclables received from any source.

1.20. “Hazardous Waste” means wastes that are defined as hazardous wastes or any other radioactive, volatile, corrosive, flammable, explosive, biohazardous, or toxic waste, substance or material, as defined by or listed or characterized under applicable federal, state, or local laws or regulations, including, but not limited to the Washoe County Board of Health Regulations § 010.324; NRS 459.400 to 459.600, inclusive; the federal Resource Conservation & Recovery Act, 42 U.S.C. §§ 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; and the Hazardous Materials Transportation Act, 49 U.S.C. §§ 6901 et seq.

1.21. “Home-Generated Sharps Waste” means Sharps, as defined in Washoe County Board of Health Regulation § 010.652, which are generated from private residences and handled in accordance with applicable law.

1.22. “Multi-Family Residential” means all multiple dwelling buildings including, but not limited to, duplexes, apartments, condominiums, cooperatives, mobile homes and trailer parks, and any other buildings or business containing multiple dwelling units, which building is not a Single Family Residential dwelling.

1.23. “Net Income” is defined as Gross Receipts minus Allowable Expenses (including taxes).

1.24. “Recyclables” means those recyclable materials that are specifically listed in Exhibit C attached hereto. Upon agreement of the Parties, the District may update or modify the list of Recyclables if viable markets are available for recycling and selling the material. Moreover, District may direct Collector to add items to the list of Recyclables to comply with applicable law.

1.25. “Residential” means the regular residential dwelling units of individuals and/or families, whether owned, rented, or leased, including, but not limited to single-family homes, multiple-family dwellings, mobile homes, apartment complexes, condominiums, or similar dwelling places, but excluding hotels, motels, campgrounds, and similar temporary premises.

1.26. “Return on Revenue” means the ratio of Net Income to Gross Receipts. For purposes of this Franchise, the “Rate of Return” is nine percent (9%).

1.27. “Single-Family Residential” means a Residential dwelling unit consisting of a single-family home.

1.28. “Solid Waste” means solid waste as defined in NRS 444.490. Notwithstanding the definition of “solid waste” in NRS 444.490, the definition of Solid Waste for purposes of this Franchise does not include those materials specifically identified herein as “Excluded Solid Waste”, unless the Parties subsequently agree in writing to include such materials within the definition of Solid Waste for purposes of this Franchise. In addition, Solid Waste does not include Recyclables.

1.29. “Source Separated Recyclables” means Recyclables that have been segregated from other Solid Wastes at the point of generation and placed into designated individual Containers.
1.30. "Yard Debris" means material generated from plants, including branches or small trees (2" or less in diameter), bushes, pine needles, and grass clippings or similar material on Residential or Commercial premises, excepting Bulky Waste.

2. GRANT OF EXCLUSIVE FRANCHISE; MANDATORY SERVICE; EXCEPTIONS.

2.1. Grant of Exclusive Franchise. Subject to the terms of this Franchise, the District does hereby grant to Collector, and Collector does hereby accept, the exclusive duty, right and privilege of collecting, removing, transporting, and disposing or otherwise handling all Recyclables and Solid Waste generated, deposited and accumulated within the Franchise Area. This Franchise is exclusive in nature, and, except as provided in Section 2.3 no other person shall collect or transport any Solid Waste or Recyclables generated, deposited, accumulated or otherwise coming to exist in the Franchise Area during the term of this Franchise, or during any extension or renewal thereof, except as specifically provided herein.

2.2. Mandatory Service. Pursuant to Section 3.1 of District Ordinance No. 1, as hereinafter amended, the District requires that Solid Waste collection is mandatory for Residential and Commercial Customers in the Franchise Area, and all such Customers shall subscribe to and use the Collector's collection service, except as otherwise provided in District Ordinance No. 1 or Section 2.3. The obligation to subscribe to and use the Collector's collection service shall arise whenever there is an accumulation of Solid Waste on any Residential or Commercial premises, regardless of the amount of such accumulation. Collector shall comply with such procedures as may be specified in District Ordinances for discontinuance of service for all Customers.

2.3. Exemptions from Franchise. Notwithstanding the exclusivity of this Franchise granted in Section 2.1 above, nothing in this Franchise shall prohibit other persons from collecting or transporting the following materials:

(a) C&D Waste;

(b) Excluded Solid Waste;

(c) Yard Debris removed from any premises by a gardening, landscaping or tree trimming company using its own equipment and employees as an incidental part of a total service offered by the company, as opposed to a hauling service;

(d) Solid Waste which is removed from any premises and personally transported by the person who generated the Solid Waste, provided that the Solid Waste being hauled is contained or covered to prevent spillage onto streets or highways. This exemption applies only to the occasional cleanup of the premises and shall not be a regular occurrence. This exemption does not apply if the person generating the Solid Waste hires any party other than Collector to haul the Solid Waste generated.

(e) Solid Waste and/or Recyclables generated at the District's own facilities which are collected and transported using the District's own equipment and employees, including the collection, hauling, and disposal of bio-solids and sludge.

(f) Source-Separated Recyclables that are donated or sold by the generator to youth, civic, charitable, or other nonprofit organizations.
(g) Source-Separated Recyclables which are personally transported by the generator to one of the recycling centers maintained by the Collector or to any third party recycling center;

(h) Source-Separated Recyclables generated by Commercial Customers that are placed in containers, contain at least 90% Recyclables, collected through a private arrangement with the generator, and for which the generator is compensated at market rates, as determined by District, for the Recyclables collected.

2.4. **Enforcement of Exclusivity of Franchise.** To the extent permitted by law, the District and/or Collector shall prohibit any person from collecting, removing, transporting, disposing, recycling, or otherwise handling of Solid Waste and Recyclables, except as otherwise allowed in Section 2.3, other than by and through the Collector, where such activity is in violation of the terms of this Franchise. In its sole discretion, the District may protect and enforce the exclusive rights of Collector through appropriate ordinances and reasonable enforcement of those ordinances against third party violators. To the extent permitted by law, the Collector shall have a private right of action to independently enforce the terms of such ordinances against any third party, including a claim for injunctive relief.

3. **TERM AND RENEWAL.** The term of this Franchise shall commence on October 1, 2016 (the “Effective Date”) and shall continue in full force and effect for a term ending June 30, 2026. This Franchise may, by mutual consent of the Parties hereto expressed in writing, be renewed for an additional five (5) year period from and after the expiration of the term hereof upon the same terms and conditions as set forth herein or as otherwise agreed to by the Parties. This Franchise shall operate on a fiscal year basis so that any reference to annual or year shall mean the District’s fiscal year of July 1st to June 30th.

4. **SERVICES.**

4.1. **Basic Services.** Collector shall furnish all vehicles, labor, supervision, materials, supplies, equipment, and all other items required to collect, remove, transport, dispose of, recycle, or otherwise handle all Solid Waste and Recyclables generated or accumulated within the Franchise Area, as more fully set forth in Exhibit A attached hereto (collectively the “Services”). Collector shall dispose of Solid Waste at any permitted and licensed site or facility where such disposal is lawful, as mutually agreed to by the Parties. Collector shall deliver the Recyclables to any permitted and licensed site or facility where the processing, recycling, or sale of such materials is lawful. Collector shall comply with all laws and regulations applicable to Collector’s operations, including federal, state, and local laws, ordinances, rules and regulations applicable to the location where Solid Waste or Recyclables may be transported, disposed of, or recycled hereunder. Collector shall only collect Solid Waste or Recyclables between the hours of 5:00 am and 5:00 pm for Commercial Customers and 7:00 am and 5:00 pm for Residential Customers unless authorized in writing by District.

4.2. **Disruptions in Service.** Collector shall use commercially reasonable efforts to provide alternate equipment and/or labor to deal with disruptions in service for mechanical issues and/or labor disruptions. Collector shall notify District of any anticipated delays in the provision of any Services which are anticipated to exceed twenty-four (24) hours, and shall provide District with a written action plan to minimize service disruption. Collector shall provide District with written updates not less frequently than once each calendar day during any disruption, describing the Customers and Services affected by the disruption and providing an
estimated time for resumption of normal Services. In the event that Collector fails to provide alternate equipment and/or labor as required herein for any reason, District shall have the right to do so using emergency procurement provisions and Collector shall bear all costs of District’s procurement of alternate equipment and/or labor until Collector resumes normal service.

4.3. **Containers.** All Containers utilized by Collector for Services shall be industry standard containers. District may require that Recyclable Cart lids be a different color than those utilized for Solid Waste, and all Recyclable Containers shall be clearly identified with appropriate markings and shall identify the materials that qualify as Recyclables. Collector shall not place any Bins, Compactors, or Drop Boxes in the public right-of-way until and unless Collector or the Customer has obtained a permit to do so from District and/or Washoe County or State agencies. Collector shall not place any Container that does not comply with the District’s standards for wildlife-resistant Containers, or that does not comply with the District’s “screened or enclosed” policy, provided that Collector may place temporary Containers for a period of not more than forty-five (45) days or at a job site for the duration of a construction project.

4.4. **Sanitary Operation.** Collector shall at all times exercise diligence in the supervision of its personnel and shall cause its employees to take care to deposit all Solid Waste inside collection vehicles, leaving no pieces of Solid Waste upon any street, alley, walkway, or other public place within the District. Any spillage caused by Collector shall be immediately collected by Collector. No single collection vehicle used by Collector shall be older than ten (10) years. Collector’s vehicles shall be safe, adequate, clean, well-maintained, reasonably watertight, and constructed in such a manner to be completely covered in order to prevent the spilling, spilling, dripping, or blowing of any contents from the vehicle. Collector shall immediately clean up any spills of Solid Waste or fluids of any kind emanating from its collection vehicles. The exterior of each collection vehicle shall be kept clean. Each of the Collector’s collection vehicles shall at all times be equipped with petroleum absorbent materials and a broom and shovel to be used for cleanup activities. The Collector shall comply at all times with all recommendations or limitations concerning laden weight of collection vehicles established by the State of Nevada or any government agency, and/or the vehicle manufacturer.

4.5. **Vehicles and Equipment.** Collector’s name, phone number, and vehicle identification number shall be visibly displayed on all collection vehicles in letters and figures. Collector shall maintain all of its vehicles and equipment in a safe, clean, painted and operable condition. All collection vehicles shall be currently registered with the Nevada Department of Motor Vehicles and operated in compliance with all applicable laws and regulations.

4.6. Collector Employees.

(a) The Collector shall exercise reasonable care to hire responsible employees, to supervise the work of such employees, and to discipline an employee failing to meet reasonable standards for performance of work under this Franchise. The Collector shall comply with applicable law pertaining to employment, including, but not limited to, applicable equal opportunity employment and affirmative action requirements. Collector shall ensure all employees are properly trained and licensed for their respective duties. All employees shall undergo drug and alcohol testing to the extent required by applicable law. Collector shall adopt and enforce, through collective bargaining or otherwise, appropriate and industry-standard policies on employee conduct and hiring. At a minimum, such policies shall include a background check on prospective employees and shall comply with applicable law.
(b) Collector shall train and supervise its employees to provide professional and courteous service to customers and other members of the public. All employees shall wear uniforms while providing Services, which shall be kept as clean as reasonably possible.

(c) Collector’s employees shall not place containers of any size in a manner that blocks any driveway, sidewalk, mailbox or street, shall close all gates opened by them unless otherwise directed by the customer, and shall exercise reasonable care to perform Services in a reasonably quiet manner. Moreover, Collector’s employees shall lock and latch all Bins and Bear Sheds, as applicable, after collection.

(d) All Collector drivers shall be trained and qualified in the operation of waste collection vehicles, and must possess a valid driver’s license of the proper class and with proper endorsements. Collector shall annually request from the Nevada and California Department of Motor Vehicles a report of moving violations committed by Collector’s drivers and shall take such action as Collector deems appropriate.

(e) Collector shall prohibit its employees from directly or indirectly requesting, demanding, soliciting, or accepting any additional compensation or gratuity from members of the public in connection with the provision of Services, provided that Collector may permit its employees to accept unsolicited holiday gifts.

5. ADDITIONAL SERVICE REQUIREMENTS. In addition to the Service requirements in Section 4 above, Collector shall provide the following additional services:

5.1. Customer Service. Collector shall provide an office and telephone number within the District wherein its Customers can transact all business with Collector, during regular and posted office hours, which shall be not less than 9 a.m. to 5 p.m., Monday through Friday, except holidays. The office located within the District shall accept and administer all requests for service initiations, terminations, and modifications, including standard services, special services and complaints.

5.2. Customer Complaints. Collector shall provide District with copies of written or telephonic customer complaints, resolutions to such complaints, and all files maintained by Collector regarding customer relations issues upon request. Collector shall ensure that prompt and courteous attention is given to, and prompt and reasonable resolutions are reached of all customer complaints, including complying with the timelines set forth in Exhibit D. Collector shall record each complaint in its records, noting the name and address of the complainant, the date, time and nature of each complaint, and the nature and date of the resolution of the complaint. Collector shall maintain all records, documents, and files regarding customer complaints and the resolutions to those complaints for a period of three years.

5.3. Ombudsman. Collector shall designate and maintain an ombudsman for the duration of this Franchise, notifying District of any changes in the position. District may submit any unresolved customer complaints or disputes to the ombudsman, with the exception of disputes regarding payment of account charges by customers. If the ombudsman does not resolve the dispute or complaint within seven days, or does not resolve it to District’s reasonable satisfaction, District may make a final and binding determination of the resolution. Submission of a dispute to the ombudsman by District shall not be a condition precedent to District enforcing its rights under this Franchise or availing itself of any remedies that may be available to it.
5.4. **Transfer Station.** Collector shall be required to utilize an approved transfer station within the District. The transfer station shall provide for the temporary collection and compaction of Solid Waste in order for Collector to provide an economical method of transportation of Solid Waste to a landfill for disposal. For purposes of this Franchise, an approved transfer station is one holding a valid permit for the transfer of Solid Waste in accordance with all applicable laws and regulations of the United States, the State of Nevada, the Nevada Environmental Commission, and the Washoe District Board of Health. The transfer station shall be open to the public, with rates for public dumping conspicuously posted, along with the hours of operation and the method of determining how rates will apply to the amount of material delivered for dumping. The hours of operation shall be Monday through Friday, 8:00 a.m. to 4:30 p.m., and Saturday and Sunday from 8:00 a.m. to 4:00 p.m., or as mutually agreed between Collector and District. In addition, the transfer station shall have a recycling drop-off open to the public. The cost of operation of the recycling drop-off shall be included as a part of the recycling program. It shall be the sole responsibility of Collector to provide for a transfer station meeting the requirements of this Franchise. Collector may comply with this requirement by operating its own transfer station or by entering into an agreement with the operator of a transfer station, which meets the requirements of this Franchise.

5.5. **Signage.** The Collector shall maintain appropriate signage at the transfer station and upon all vehicles used in the provision of services under this Franchise clearly indicating that the transfer station and vehicles are operated by Collector.

5.6. **Snapshot Program.** Collector shall maintain and actively pursue public information programs, including, but not limited to, the Snapshot Program, to encourage Customer compliance with federal, State, and local laws and ordinances. Collector shall support District’s public information programs to promote public adherence to Collector’s and District’s policies. At a minimum, the Snapshot Program shall allow District to request a photograph of the pre- and post-collection of any Customer’s or any group of Customers’ Containers. This photography shall be transmitted to District along with Customer identification, time and date information, Collector employee, and property location. District shall provide Collector at least twenty-four (24) hours’ notice of any photography request, provided that District may institute standing, operational requests, such as a request for photographs of all Containers that are not properly protected from wildlife.

5.7. **General Public Outreach.** The Collector shall develop and maintain a website specific to the District to inform Customers and the general public of the Services, allow Customers to make payments and provide updates as necessary. Collector shall further include quarterly bill inserts as necessary to keep Customers informed. District shall have the right to review and approve any outreach. In addition, Collector shall include information related to District programs as requested by District, provided that the information materials conform to the Collector’s size and weight requirements for inclusion in the quarterly billing mailings.

5.8. **Recyclables Outreach.** Without limiting Collector’s obligations under Section 5.7, Collector shall develop and implement a public outreach program on and for the year after the Effective Date to inform Customers of Recyclable Service, including the type and specifics of Service, materials that qualify as Recyclables, and other Service information as requested by District.

6. **SUBCONTRACTORS.** With the exception of subcontracting Solid Waste collection in the Crystal Bay area to Tahoe Truckee Disposal Co., Inc., a California corporation, Collector shall not use
or hire any subcontractors, and shall provide all Services required under this Franchise with Collector's own personnel and equipment. If the Collector uses any subcontractors for performance of any Services in the Crystal Bay area, such subcontractors shall be licensed, qualified to provide such services, and hold all necessary permits required by the State of Nevada and Washoe County. Services of subcontractors shall be seamless with respect to the District; all customer service functions shall be consolidated in the Collector's local business office, all financial and billing documentation shall be integrated in the documentation required of the Collector, including but not limited to total revenue and total expenses incurred by the subcontractor. Collector shall consolidate all billing of subcontractors. All correspondence from the District shall be with the Collector. The District shall make no payments to, or receive any billing revenue from any subcontractor.

7. REVIEW OF PERFORMANCE AND QUALITY OF SERVICE.

7.1. Performance Review. From time to time, at its sole discretion, the District may examine Collector's operation in order to evaluate whether or not the Collector is operating at a satisfactory level of efficiency and customer satisfaction according to best practices for Solid Waste and Recyclable collection and disposal in Nevada, and in compliance with the terms of this Franchise. Collector agrees to cooperate in any such examination, and shall permit District's representatives to inspect, at Collector's principal place of business, such information pertaining to Collector's obligations hereunder as District may require, including but not limited to, such things as Customer inquiry records, collection routes, and equipment records.

7.2. Public Hearing. At District's sole option, District may at any time, and from time to time, hold a public hearing at which the Collector shall be present and shall participate, to review the Collector's performance and quality of service. Reports regarding Customer complaints may be utilized as one basis for review, in addition to any other basis or reason for which the District may wish to undertake such a review. In addition, any Customer may submit comments or complaints during the review meetings, either orally or in writing, and these shall be considered. Notwithstanding the foregoing, the District may address deficiencies in the Collector's performance, and/or breaches of this Franchise, without holding a public hearing.

7.3. Report on Performance. Subsequent to the public hearing, the District may issue a report with respect to the adequacy of the Collector's performance, quality of service, and compliance with this Franchise. If any non-compliance with this Franchise is found, District may direct Collector to correct the inadequacies, and may employ such other remedies as are set forth herein and/or available under applicable law.

7.4. Commercial and Residential Customer Surveys; Billing Information. Within fourteen (14) days after Collector initiates Service to a Customer or receives notification of change in ownership to a new Customer, Collector shall send or deliver to its Customers information concerning the conditions of service, including, but not limited to, rates, fees, charges, service options, payment options, discounts (if any), days of collections, the amount and manner of solid waste to be collected, service level and inquiry/complaint procedures, including the name, address, and local telephone number of Collector. The form and content shall be subject to the review of the District.

7.5. Audit. The District may request and/or perform, either using its own personnel or a consultant or contractor, an independent audit of the Collector's operation, billings, and collections, provided, however, that the District shall not conduct audits more frequently than once every year. The cost of such an audit shall be an Allowable Expense, unless the audit
reveals an underpayment by the Collector of the amounts owed to the District hereunder of three percent (3%) or more, in which case the cost to the Collector of participating in the audit shall not be an Allowable Expense, and the Collector shall reimburse the District for the District’s costs of conducting the audit. To the extent such an audit reveals an underpayment of the District by the Collector, the Collector shall immediately tender to the District payment in full of the underpaid amounts, together with interest at the annual rate of ten percent (10%). If the audit reveals any overpayment by Collector, Collector shall deduct such overpayment from the next quarterly remittance(s) of Franchise Fees until repaid.

8. COMPLIANCE WITH APPLICABLE LAW. In providing the Services, Collector shall comply with all ordinances, rules, and regulations heretofore or hereafter adopted by the District in the exercise of its powers and in accordance with the federal, State and local laws and regulations relating to or applicable to the Services.

9. TITLE TO SOLID WASTE AND RECYCLABLES. Except for Excluded Waste, title to and ownership of all Solid Waste collected hereunder shall transfer to Collector upon collection from Customers. If Collector inadvertently collects any Excluded Solid Waste within a Container, it shall ensure that such waste is disposed of in compliance with applicable law. Collector shall be entitled to recover all costs incurred in the handling and disposal of Excluded Waste from the generator if the source of the Excluded Waste can be determined. Title to and ownership of all Recyclables that are deposited into a Container shall transfer to Collector upon placement of the Container at curbside for collection or at such other appropriate site designated for collection. Notwithstanding any criminal sanction that may apply, Collector shall have the rights granted pursuant to NRS 444.585(3) to enforce its property rights to Recyclables under this Franchise in a civil action commenced for that purpose.

10. AUTHORIZED RATES. The District expressly reserves the right to set and regulate the rates for the Services to be rendered hereunder by the Collector such that the rates are reasonable and in the public’s interest. Collector shall provide the Services under this Franchise for the rates set forth in the Service Rate Schedule attached hereto and incorporated herein as Exhibit B, as the same may be adjusted in accordance with this Section and Section 11 below. District may require changes in the Services or the addition of new services and Collector shall comply with such changes, provided that if such changes result in increases in cost to Collector, Collector shall have the right to receive a special rate adjustment pursuant to Section 11.2 below.

11. REVISIONS TO AUTHORIZED RATES.

11.1. Annual Rate Adjustment. The rates set forth in Exhibit B shall be adjusted on July 1, 2017 and annually thereafter, by a percentage equal to the annual percent change in the Consumer Price Index ("CPI"), December to December, for All Urban Consumers, U.S. City Average-Garbage and Trash (1983=100) (CUUR0000SEHG02), as published by the Bureau of Labor Statistics (http://www.bls.gov/cpi/home.htm). Any rate adjustments pursuant to this Section 11.1 shall be subject to the following qualifications:

(a) Beginning with the rate adjustment scheduled for July 1, 2020, Collector shall not be entitled to the annual CPI rate adjustment if Collector’s rolling annual average Return on Revenue for the prior three calendar years exceeds nine percent (9%).
(b) Beginning with the rate adjustment scheduled for July 1, 2020, if the Collector’s Return on Revenue for the prior calendar year exceeds fifteen percent (15%), the Collector shall not be entitled to the annual CPI rate adjustment for that year.

(c) Regardless of the actual change in the CPI, the annual CPI rate increase in any year shall not be greater than six percent (6%) nor less than zero percent (0%), unless Collector is not entitled to an annual rate adjustment pursuant to subsection (a) or (b) above.

(d) On or before April 1st of each year, Collector shall notify the District of the rate adjustment allowed under this Section 11.1, and shall provide all reasonable supporting documentation (e.g., statement of operations, CPI calculations, etc.). Submittal of the request and supporting documentation is necessary to accommodate the District’s review of the adjustment and the District’s adoption of its annual budget on or about the third Thursday of May.

11.2. Other Rate Adjustments. In addition to the annual rate adjustment in Section 11.1 above, the rates set forth in Exhibit B shall be adjusted at any time during the Term of the Franchise for the following reasons:

(a) If the District requires changes in the Services or the addition of new services that result in increases in cost to Collector; or

(b) If the District increase the Franchise Fee or imposes any other fee during this Franchise.

Rate Review. Notwithstanding the rates established in Exhibit B or the annual adjustments under Section 11.1 above, the Parties agree that the Return on Revenue is nine percent (9%) for the Services provided under this Franchise. In establishing rates, the District and Collector agree:

(c) The District may, from time to time, revise the Rate Schedule, Exhibit B. The District or the Collector may request a rate revision whenever a significant change in revenue or expenses occurs or is anticipated. In the event the Collector requests a rate revision, the District shall consider such request in good faith and shall act upon the request without undue delay, but in no case later than one hundred twenty (120) days from the date the request was made, or the date the Collector provided the District with all documentation necessary to substantiate the Collector’s request for a rate revision, whichever is later.

(d) In determining reasonable rates, the District shall consider all relevant factors, and the Parties shall work in good faith to develop and adjust rates, as necessary, to allow Collector to earn the Return on Revenue. The District agrees that it shall not unreasonably withhold its consent or unreasonably delay a rate review request submitted by Collector. Rates shall be adequate to provide a Return on Revenue equal to nine percent (9%); however, the District shall not be required to adjust rates if the Return on Revenue in the projected year is expected to exceed nine percent (9%). The Parties agree that the 9% Return on Revenue is considered sufficient to reflect the level
of business risk assumed by the Collector, to allow investment in equipment, and to ensure quality collection Service under normal operating conditions. The Collector shall ensure that any transactions or agreements entered into between itself and any parent company, subsidiary, sister company, or any other entity partially or entirely under common ownership with the Collector are commercially reasonable.

12. FRANCHISE FEE.

12.1. From the Effective Date, Collector shall pay to the District in quarterly installments, a franchise fee ("Franchise Fee") in an amount equal to ten percent (10%) of Gross Receipts generated from Customers for the Services rendered hereunder. Notwithstanding anything herein to the contrary, it is understood and agreed that Gross Receipts for purposes of calculating the Franchise Fee hereunder shall not include any revenue received by Collector from the sale or other disposition of Recyclables collected hereunder.

12.2. Collector shall submit payment of the Franchise Fee to the District, along with supporting documentation confirming the Collector's Gross Receipts, quarterly on or before the 20th day of the month following the end of the preceding calendar quarter. By way of example, the Franchise Fee for Quarter 1 shall be due on April 20th.

13. RECORD KEEPING. During the term of this Franchise, Collector shall keep full, true, and correct books, records, and accounts, establishing the identity and number of Customers served by it, and the amount of its monthly Gross Receipts, which said books, records, and accounts shall at all times be open to inspection at the Collector's local office by the duly authorized representatives of the District during regular business hours. Further, Collector shall furnish to the District monthly a statement of all Gross Receipts actually received from Customers for the Services provided herein. Collector shall provide an annual statement of operations to the District by April 20th of each year.

14. BILLING PROCEDURES. Collector shall be entitled to adopt and enforce the following billing procedures:

14.1. Collector shall bill Residential Customers quarterly in advance. Such charges are due and payable on the first day of each billing period. The bill or charges for service shall be delinquent if not fully paid on the last day of each quarterly period. All charges which become delinquent shall be subject to a penalty of ten percent (10%) for the first month. Customers' payments shall be applied to their oldest balances due including penalties first.

14.2. Commercial Customers (except Drop Box Customers) shall be billed in advance on a monthly basis. The Collector shall bill for Drop Box Service in arrears on a monthly basis. The bill or charge for Service is due and payable on the first day of each billing period and shall be delinquent if not fully paid within thirty (30) days of the date of the invoice.

14.3. Collector shall be entitled to charge a late fee of one and one-half percent (1.5%) per month or $3.00 per month, whichever is more, until paid, on all Commercial Customer account balances that are not paid within thirty (30) days of the date of invoice for Commercial and Drop Box Customers.

14.4. To the extent provided for in NRS 444.520, all unpaid charges for Services shall constitute a debt and obligation of the owner of the real property where the Service was provided, as shown on the records of the Washoe County Assessor's Office. Any owner of real property, as shown on the Washoe County Assessor's records, where Services are provided may
request that Collector send all invoices to tenants or temporary occupants of premises, but to the extent authorized by applicable law such designation shall not relieve the owner of the real property from the primary obligation to pay the debt and obligation for Services provided to the premises.

14.5. If a Residential Customer's account remains unpaid for more than one hundred twenty (120) days after the date of the invoice, Collector may submit the unpaid charges to the District and the District shall pay such unpaid charges to Collector.

15. SUSPENSION OR TERMINATION OF SERVICE. Collector shall not suspend or terminate Service to one or more Customers unless:

15.1. The street or road access is blocked and there is no alternate route, provided that the Collector shall make at least one further attempt to provide service prior to the end of the service day if a reasonable amount of time has elapsed for the blockage to be cleared, and provided that the Collector notifies the District of the suspension of service;

15.2. Adverse weather condition render providing Service unduly hazardous to residents and persons providing Service;

15.3. Suspension or termination of Service is caused by Uncontrollable Circumstances, as defined in Section 21 below; or

15.4. A Commercial or Drop Box Customer has an unpaid account balance for a period of sixty (60) days or more and Collector has notified the Customer in writing of the Collector's intention to terminate or suspend Service, postmarked not less than seven (7) days prior to the date of intended termination or suspension of Service. In the event that Collector suspends or terminates Service to any Customer for nonpayment, Collector shall also notify District, in writing, of the date of termination or suspension and the reason therefor. Minimum service charges will continue throughout the duration of the period of suspension.

16. INDEMNIFICATION. Collector, its assigns or successors, shall indemnify, defend, and hold harmless the District, its officers, officials, employees, and agents from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with this Franchise, Collector's performance of work hereunder (including without limitation the delivery of Solid Waste to a landfill), the transportation and/or disposal of Solid Waste collected pursuant to this Franchise, or Collector's failure to comply with any of its obligations contained in the Franchise, or arising out of the granting of this Franchise, except to the extent such loss or damage which was caused by the sole negligence or willful misconduct of the District. Further, Collector shall protect, defend, indemnify, and hold harmless the District, its officers, officials, employees, and agents from and against any and all claims for actual damage, natural resources damages, remediation and removal costs, and losses of every kind and description, arising out of or resulting from any cleanup, removal, remedial, or other plan, concerning the release of any hazardous substance or hazardous waste, as hazardous substance and hazardous waste shall be defined by state and federal laws, as amended from time to time, including without limitation: (i) the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq; and (ii) the Resource Conservation and Recovery Act ("RCRA") 42 U.S.C. § 6901 et seq. This indemnity shall not apply with respect to any Excluded Solid Waste generated by the District and delivered by District to Collector. The foregoing indemnity is for the exclusive benefit of the District and Parties indemnified, and in no event shall such indemnity inure to the benefit of any third party. The
Collector's duties under this Section 16 shall survive the expiration or earlier termination of this Franchise.

17. INSURANCE.

17.1. Collector shall maintain throughout the term of this Franchise the following types of coverage with limits that are required by appropriate regulatory agencies or the following, whichever are greater, provided that the District may increase the required policy limits not more frequently than once every five years, by a percentage not to exceed that of the cumulative rate increases granted to the Collector since the commencement of this Franchise or the most recent increase in the policy limits.

17.2. Collector shall, throughout the term of this Franchise, maintain in full force and effect Commercial General (and Auto) Liability Insurance on an occurrence basis at least at broad as ISO forms CG 001 and CA 0002 (Ed 1/87)(any auto). Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII.

17.3. Limits of liability shall be at least $3,000,000 per injury and $5,000,000 CSL (combined single limit) per occurrence. If an aggregate limit is used, the limit is either applied separately to this project, or shall be twice the required occurrence limit.

17.4. Workers' compensation coverage to statutory limits and employers' liability of at least $3,000,000. Before commencing any work under this Franchise, Collector shall comply with the requirements of NRS 616.280.

17.5. Any deductibles or self-insured retention must be approved by the District.

17.6. The District, its officers, officials, employees, agents, and volunteers are to be covered as insured and shall be added by endorsement to the list of additional insured to all insurance policies. The Collector's coverage shall be primary as respects the District, the District's insurance (if any) shall be noncontributing, and all of Collector's policies of insurance shall be endorsed to this effect. Failure to comply with reporting or other provisions of the policy shall not affect coverage provided to the District. Coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of insurer's liability, and shall be endorsed to state that coverage will not be voided, suspended, cancelled, or reduced except after thirty (30) days prior written notice, certified mail, return receipt requested has been given to the District.

17.7. Upon request, Collector shall provide to the District certificates evidencing such insurance.

17.8. Collector's policies required hereunder shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to this Franchise.

18. SURETY. Collector shall forthwith furnish to the District a bond running to the District in the penal sum of $50,000 on the condition that Collector shall well and truly observe, fulfill, and perform each and every term and condition of this Franchise, which said bond shall provide that in the event of any material breach of condition hereof, unless Collector cures such breach within thirty (30) of written notice from the District, the whole amount of the penal sum herein shall be taken, and recoverable from the principal and surety on said bond. Said bond shall be approved by legal counsel for the District and filed with the Clerk for the District. Such recovery shall not prohibit the District

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from seeking actual damages due to default or breach of this Franchise. Notwithstanding the foregoing, the District may require the Collector to increase the amount of the bond not more frequently than once every five years, by a percentage not to exceed that of the cumulative rate increases granted to the Collector since the commencement of this Franchise or the most recent increase in the policy limits. To the extent that the bond is called upon or exhausted, the Collector shall replace or restore the bond.

19. TERMINATION FOR CAUSE.

19.1. Except for the occurrence or existence of Uncontrollable Circumstances (Section 21), in the event of any material failure or refusal of Collector to comply with any obligation or duty under this Franchise, the District and Collector shall meet and confer in good faith in an effort to agree on a resolution of the breach.

19.2. If the Parties are unable to agree on an informal resolution of the breach, and Collector has violated a material provision of this Franchise, the District may provide Collector with written notice of the default, stating the specific reasons for default and the provisions of the Franchise that have been violated. Collector shall then have thirty (30) days to cure such default, or commence to cure such default if it is of a nature that cannot be cured within the prescribed timeframe and proceed diligently thereafter toward curing the default, provided that if Collector's failure to maintain the policies of insurance required herein results in a lapse of coverage, District may immediately terminate this Franchise with written notice to Collector.

19.3. If Collector fails to cure the default within the stated period, fails to commence to cure such default in a manner reasonably satisfactory to remedy the breach, or fails to proceed diligently toward a cure once commencing to cure, then the District may at its option issue a written notice of termination of the Franchise. This Franchise shall terminate thirty (30) days after receipt by Collector of the notice of termination.

20. DISPUTE RESOLUTION. Except as provided for in Section 21 any dispute, controversy, difference, claim, or demand of any kind, under any theory, whether at law or equity, arising out of, with respect to, or relating to, the execution, breach, interpretation, performance, termination, enforcement, or nonperformance, of this Franchise, including without limitation, the validity, scope, and enforceability of this Franchise or any term or provision thereof, whether express or implied, or relating thereto (the “Dispute”), shall be resolved as follows:

20.1. Negotiation. The Parties will attempt in good faith to resolve the Dispute through negotiation. Either Party may initiate negotiations by providing written notice in letter form to the other Party, setting forth the subject of the dispute and the relief requested. The recipient of such notice will respond in writing within five (5) days with a statement of its position on and recommended solution to the dispute. If the Dispute is not resolved by this exchange of correspondence, then representatives of each Party will meet at a mutually agreeable time and place within ten (10) days of the date of the initial notice in order to exchange relevant information and perspectives, and to attempt to resolve the Dispute.

20.2. Available Remedies. In the event that the Dispute is not resolved through negotiation as provided above, the Parties shall have such rights and remedies as may be available in law and/or in equity.

21. UNCONTROLLABLE CIRCUMSTANCES. If either Party is prevented from or delayed in performing its duties under this Franchise by circumstances beyond its control, whether or not foreseeable, including, without limitation, fires, typhoons, hurricanes, severe weather, floods, volcanic
eruptions, pandemics, quarantines, war, civil disturbances, acts of terrorism, third party labor disputes, acts of God, or threats of such circumstances, or any future laws, rules, regulations, orders, or acts of any local, state, federal, or provincial government ("Uncontrollable Circumstances"), then the affected Party shall be excused from performance hereunder during the period and to the extent of such disability. The Party claiming Uncontrollable Circumstances shall promptly notify the other Party when it learns of the existence of an Uncontrollable Circumstances condition and when the Uncontrollable Circumstances condition has terminated. Notwithstanding anything in this Franchise to the contrary, the term "Uncontrollable Circumstances" does not include and a Party shall not be excused from performance under this Franchise for events relating to its or its subcontractor's employees or increased costs, including, without limitation, increased costs of fuel, labor, insurance or other expenses of performing the Services or labor disputes with its employees hereunder.

22. ASSIGNMENT OF FRANCHISE. Collector shall not assign this Franchise without the prior written consent of District, which shall not be unreasonably withheld, provided however that Collector may assign this Franchise to any subsidiary or, parent company without the District's consent. Collector shall file with the District written notice of any contemplated assignment of this Franchise or any part thereof, or of any other rights or privileges granted hereby, thirty (30) days before such assignment is to become effective. Collector or its assignee shall compensate District for its staff and legal costs incurred in evaluating the fitness of the proposed assignee. Collector or assignee shall pay such costs prior to the final approval of the assignment. If this Franchise is assigned as provided above, it shall be binding on and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

23. ADDITIONAL FEES; CONDITIONS. So long as the Franchise Fee is paid by the Collector (or its successors or assigns), no other general business license fee shall be imposed by the District on Collector's Services during the term of this Franchise; provided, however, such substitution of a Franchise Fee for other general business license fees shall not eliminate or otherwise modify Collector's obligation to pay fees or taxes that are not applicable to the Services, such as building permit fees, ad valorem taxes on real or personal property in the District, or other fees or taxes of like nature. In addition, District may impose or increase the Franchise Fee or any other fee during this Franchise provided that Collector may be entitled to a rate adjustment under Section 11.

24. NOTICE. Any notice required or permitted hereunder shall be in writing (including, without limitation, by facsimile transmission) and sent to the address shown below:
If to
COLLECTOR: Reno Disposal Co.
100 Vassar Street
Reno, NV 89520
Attention: District Manager

If to
DISTRICT: Incline Village General Improvement District
893 Southwood Blvd.
Incline Village, NV 89451
Attention: General Manager

From time-to-time, either Party may designate another person or address for receipt of notice hereunder. Notice shall be deemed effective on the date personally served or sent by telecopier or, if mailed, three (3) business days from the date such notice is deposited in the US mail.

25. LEGAL FEES. In the event any legal action is taken by either Party against the other Party to enforce any of the terms and conditions of this Franchise, it is agreed that the unsuccessful Party to such action shall pay to the prevailing Party therein all court costs, reasonable attorneys’ fees and expenses incurred by the prevailing Party.

26. RELATIONSHIP OF THE PARTIES. The execution of this Franchise shall not create any agency, partnership, joint venture, association or any other relationship between the Parties other than as independent contracting parties. Neither Party shall act as an agent for the other Party. Nor shall have the authority to bind or make commitments on behalf of the other Party. This Franchise has been entered into solely for the benefit of the Parties hereto and does not create any interest in any third party.

27. ENTIRE AGREEMENT; AMENDMENT. This Franchise constitutes the entire agreement among the Parties concerning the subject matter hereof and supersedes all previous correspondence, communications, agreements and understandings, whether oral or written among the Parties. This Franchise may not be modified, in whole or in part, except upon unanimous approval of the Parties and by a writing signed by all the Parties.

28. ADVICE OF COUNSEL. This Franchise was negotiated at arms-length with each Party receiving advice from independent legal counsel. It is the intent of the Parties that no part of this Franchise be construed against either of the Parties because of the identity of the drafter.

29. HEADINGS. The Headings used in this Franchise are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Franchise nor the intent of any provision thereof.

30. CONSTRUCTION. In case any one or more of the provisions contained in this Franchise shall for any reason be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision in this Franchise and this Franchise shall be construed as if the invalid illegal, or unenforceable provision had never been contained in it.

31. SURVIVAL OF CLAIMS. Termination of this Franchise shall not relieve either Party of any claims against it that arise under this Franchise before the Franchise is terminated.
32. GOVERNING LAW; VENUE. This Franchise, and all amendments or supplements thereto, shall be governed by and construed in accordance with the laws of the State of Nevada. Any action to interpret or enforce this Franchise shall be brought and maintained exclusively in the courts of and for Washoe County.

33. NEW AGREEMENT. Upon the Effective Date, this Franchise supersedes and replaces in its entirety the First Amended Franchise, which is hereby deemed null and void.

*   *   *

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IN WITNESS WHEREOF, the Parties enter into this Franchise. Each person signing this Franchise represents and warrants that he or she has been duly authorized to enter into this Franchise by the Party on whose behalf it is indicated that the person is signing.

DISTRICT:
Agreed to:
By: Kendra Wong, Chairwoman
By: Tim Callicrate, Secretary

COLLECTOR
Agreed to:
By: Barry Skolnick
President

The undersigned as read, reviewed, and approved this document

By: Steven J. Pinkerton, General Manager
By: Jason Guinasso, General Counsel
Exhibit A
Scope of Services

1. Residential Service.

1.1. Solid Waste Collection.

(a) **Schedule.** Solid Waste collection service is mandatory for all Residential Customers within the District. Collector shall collect Solid Waste from all Residential Customers at least once per week, unless the District determines that a Customer requires more frequent collection or larger service in order to prevent unlawful accumulations of Solid Waste as defined by District Ordinance No. 1, or as determined by the District.

(b) **Containers.** Collector shall provide each Residential Customer with one (1) Cart for receiving and holding all Solid Waste generated by the Customer until the time for collection and removal by Collector. Unless Customer requests a different size Container identified on Exhibit B, Collector shall provide the Customer with a 64-gallon Cart. Notwithstanding the above, the Collector is not required to provide a Cart to Residential Customers who store and properly secure their own Container in a Bear Shed, provided however that such Customer-supplied Container shall not exceed 35 gallons in size or 50 pounds in weight. In addition, if requested by the Customer or as directed by the District, Collector shall provide Customers with an Enhanced Wildlife Resistant Cart or Bin. Customers who currently own an Enhanced Wildlife Resistant Cart can continue to use their own cart and will pay a rate for service as provided in Exhibit B. Customers are responsible for the proper use of their containers. Any damage caused to the container beyond normal wear and tear is the responsibility of the customer. In the event the container needs to be replaced due to customer damage, rates as provided in Exhibit B will be charged to replace the container. Examples of such damage could be burning of the container, damage caused by impact with a car or other piece of equipment, etc.

(c) Except for Residential Customers using Bear Sheds, all Residential Customers shall place their Solid Waste Containers curbside by 7:00 am on the scheduled collection day. Residential Customers using Bear Sheds shall locate their Bear Sheds within 20 feet of the public road. All Containers and Bear Sheds must be accessible to Collector.

(d) **Service Level Change.** After the initial delivery of the Residential Solid Waste Cart, Customer may change their Container size or type once free of charge provided it is completed by April 1, 2017. No changes will be allowed until after January 1, 2017. Any additional service level changes will be charged at a rate provided in Exhibit B. Customers wishing to add additional containers to address their solid waste or recycling needs may do so at any time.

1.2. Recyclables Collection.
(a) **Schedule.** Recyclables collection service is mandatory for all Residential Customers within the District. Collector shall collect Recyclables every week on the same weekday as Solid Waste collection service.

(b) **Containers.** Collector shall provide each Residential Customer with one (1) Cart for receiving and holding all Recyclables generated by the Customer until the time for collection and removal by Collector. Unless Customer requests a different size Container identified on Exhibit B, Collector shall provide the Customer with a 64-gallon Cart. Notwithstanding the above, a Residential Customer with a Bear Shed may elect to provide their own Recyclable container, provided that it shall not exceed 35 gallons in size or 50 pounds in weight and shall be of blue color or labeled with collector approved recycling sticker. If the recycling container is not going to be stored in the Bear Shed, the customer will be required to use a recycling cart provided by the Collector. All customers can elect to return the Recyclables Cart to Collector and not participate in the recycling program.

(c) **Customer Placement of Containers.** All Residential Customers shall place their Recyclables in the same manner as their Solid Waste containers.

(d) **Recyclables.** Collector provided containers designated for Curbside Recyclables shall be used only for storage, placement and collection of Recyclables, and no other materials of any kind may be placed in such containers. District and Collector may agree in writing to change the list of Recyclables. Collector may refuse to collect materials placed in the Recyclables container which do not conform to the specifications set forth in Exhibit C and may charge recycling contamination fees, as provided in Exhibit B for containers that contain more than 10% non-Recyclables. No such charge shall be imposed until the third instance after customer has been notified by the placement of a tag (Exhibit D) on their recycling container that they are improperly using the recycling container. After five (5) offenses of improper use of the recycling container, the container may be removed by Collector.

1.3. **Miscellaneous Services.**

(a) **Transfer Station Drop-off In Lieu of Service.** As a courtesy, District Residential Customers (with appropriate ID/license/utility bill) may drop off their weekly equivalent curbside allocation of Residential Solid Waste and Recyclables at no cost. If this option is chosen, the Residential Customer shall not receive regular collection service on their next scheduled service day. If additional Solid Waste or Recyclables are placed curbside after using this option, Collector shall collect the Solid Waste but may assess charges in accordance with Exhibit B.

(b) **Transfer Station Access.** Collector shall provide or make available to all Residential Customers four (4) Transfer Station trips annually allowing for drop-off at the Transfer Station, at no charge, of one load of Solid Waste not exceeding three cubic yards in quantity, Customers must show their proof of residency (i.e., current utility bill with a Crystal Bay or Incline Village address and their driver's license) and their account must be in good standing. Identification must match the customer address that the customer is requesting this benefit for. Landlord/tenant relationships may provide written authorization for the party to use the Transfer Station Access available to the
service address. (Collector has a form) Collector will record all customer access within
the customer account on the Collector’s billing system

1.4. Yard Debris Collection. Collector shall annually mail, via first class USPS,
Customers with stickers to place on plastic bags containing Yard Debris that will be collected on
the Customer’s collection day during a sixteen (16)-week period schedule as agreeable to the
parties. Additional bags left by Customer that do not contain a sticker will be charged at the
rate as provided in Exhibit B. Each Customer in the District will have 96 stickers mailed to them
annually and be included as part of the base service. Stickers will be mailed to the billing
address on file with the customer’s account. Each sticker may be placed on one heavy-duty bag
of any color (except blue), not exceeding 40 pounds in weight, and tied or knotted to prevent
spillage of the bag’s contents. Collector shall recycle, compost, reuse or otherwise ensure that
Yard Debris is not disposed of in any landfill. In the event that no recycling or composting
operation is available within 60 miles of the District, Collector and District shall meet and confer
about options for Yard Waste. Such options may include discontinuing Yard Debris recycling or
composting or providing Collector a rate adjustment to ensure that Yard Debris recycling and
composting remains economically viable. If an agreement cannot be reached between the Parties
and subject to Collector’s right to receive a rate adjustment under Section 11.2, District shall
direct Collector regarding the treatment of Yard Debris.

1.5. Christmas Tree Recycling. Collector will offer one week of curbside Christmas tree
pick-up to each Residential Customer annually and drop off at a District-designated location in
the Franchise Area.

1.6. Home-Generated Sharps Waste Collection. The Collector shall arrange for and
manage a household sharps disposal program through a mail-in process in which Residential
Customers are able to conveniently participate, by picking up household sharps containers at the
Waste Management office in Incline Village. Charges for this service are included in the base
rate and are available to all Residential Customers. Collector’s compensation, including
adjustments thereof, shall be included in the Solid Waste collection Rates. The sharps program
shall fully comply with the applicable privacy provisions of the Health Insurance Portability and
Accountability Act (HIPAA).

1.7. Roll-Out Collection Side Yard Service. Collector shall provide free side yard service
collection to qualified disabled Customers. Side yard service shall be provided to disabled or
frail customers, free of charge that (1) are physically unable to move Carts as verified by a
doctor’s note or letter, and (2) annually sign a sworn statement that they live in a residence with
no other residents capable of moving Carts. Other Customers desiring side yard service may be
charged the fees for doing so as set forth in Exhibit B.


3. Multi-Family Residential Customers may elect to have Residential Service or Commercial
Service. Such election shall be made by the owner of the premises.


4.1. Solid Waste Collection.

(a) Schedule. Solid Waste collection service is mandatory for all Commercial
Customers within the District. Collector shall collect Solid Waste from Commercial
Customers as frequently as requested by the Customer, but at least once per week, unless the District determines that a Customer requires more frequent collection service in order to prevent unlawful accumulations of Solid Waste as defined by District Ordinance No. 1, or as determined by the District.

(b) **Containers.** Collector shall provide each Commercial Customer with a Bin or Enhanced Wildlife Resistant Cart of types, sizes, and quantities of Containers requested by the Customer. However, if directed by the District or requested by the Customer, Collector shall supply Commercial Customers with the type, size or quantity of Enhanced Wildlife Resistant Bin directed by District.

(c) **Customer Placement of Containers.** Containers must be placed in such a manner as to provide unrestricted access by Collector's equipment.

(d) **Recyclables Collection.** Collector shall also make available a recycling program for all its Commercial Customers, in accordance with District policies and substantially identical to the recycling program for Residential Customers. Default Commercial Container service includes 1-96 gallon Recyclables Cart. Additional Carts or Bins will be charged at rates provided in Exhibit B.

4.2. **Container Cleaning.** If requested by a Commercial Customer, Collector shall provide Container cleaning services at no charge to each Commercial Customer annually. For more frequent Container cleaning service requested by Customers, Collector may assess a charge in accordance with Exhibit B. Collector shall keep all Containers uniformly painted and in good repair, at no additional charge to Commercial Customers.

5. **Temporary Roll-Off Collection Service.** Collector will provide temporary roll off service based on Customer request and charge rates as provided on Exhibit B. Collector will only place roll off Containers in locations that are accessible by Collector equipment and do not violate District regulations. The Customer shall be solely responsible for providing a suitable location for placement that meets District requirements.

6. **Compactor Service.** Collector will provide Compactor service based on Customer request and charge rates as provided on Exhibit B. Placement of Compactors is based on the service needs of the Collector and needs to be adequate so that Collector can safely service compactor. Collector is not liable for any damage to Customer locations where enclosures and approach areas are not designed to Collector's specifications, provided that Collector shall notify in writing any Customer whose enclosures and/or approach areas are not designed to Collector's specifications, and shall provide to such Customer a copy of Collector's specifications and a detailed explanation of how the Customer's areas are out of compliance. Collector shall copy District on all such letters.
Exhibit C  
Recyclables

For purposes of the Franchise, the following materials are defined as “Recyclables”.

1. Newspaper (including inserts, coupons, and store advertisements)
2. Chipboard
3. Corrugated cardboard
4. Mixed waste paper (including office paper, computer paper, magazines, junk mail, catalogs, kraft bags and kraft paper, paperboard, egg cartons, phone books, brown paper, grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes, cereal and other similar food boxes)
5. Glass containers (including brown, clear, and green glass bottles and jars)
6. Aluminum (including beverage containers, food containers, small scrap metal)
7. Steel or tin cans

Upon agreement of the Parties, the District may update or modify this list of Recyclables if viable markets are available for recycling and selling the material.

To qualify as Recyclables, all Recyclables must be reasonably clean and otherwise in a condition acceptable to commercial recycling facilities. Without limiting the foregoing, Recyclables mixed with more than 10% (by weight) of Solid Waste, shall be considered contaminated ("Contaminated"). Collector may impose a fee or charge for placement of Contaminated Recyclables in a Recycling Container for Collection, or may charge for and dispose of such Contaminated materials as Solid Waste, and may refuse to accept such Contaminated materials.

Recyclables specifically exclude any waste tires, radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, bio-hazardous, regulated medical or hazardous waste, toxic substance or material, as defined by, characterized or listed under applicable federal, state, or local laws or regulations, or chemical or other properties that are deleterious or capable of causing material damage to any part of Collector’s property, its personnel or the public or materially impair the strength or the durability of the Collector’s structures or equipment, or any materials containing information (in hard copy or electronic format, or otherwise) which information is protected or regulated under any local, state or federal privacy or data security laws, including, but not limited to the Health Insurance Portability and Accountability Act of 1996, as amended, or other regulations or ordinances (collectively, “Excluded Materials”). Collector makes no representations as to the recyclability of the materials which are subject to this Franchise.

Commingled Recyclables may not contain more than 10% non-Recyclables and may contain no Excluded Materials. Collector may discontinue recycling services to customers who fail to abide by this requirement as provided in Section 1.2 of Exhibit A.
Exhibit D
Recycling Contamination

RECYCLING CONTAMINATION NOTICE

Date __________ Address __________________________

Contamination:
☐ Can full of trash.
  Please unlock the trash from the recycling cart to ensure we
can collect your recycling on your next recycling service day.
☐ May be billed accordingly due to contamination in recycling
cart.

Motor Oil & Hazardous Waste:
☐ Contaminated motor oil will not be collected.
☐ Hazardous materials will not be collected.
  (Motor oil, paint, and some cleaning supplies, batteries, light bulbs, etc.)
☐ Electronic waste will not be collected.
☐ Cooking oil, transmission fluid or antifreeze will not be
  collected.
  Visit www.yourshereilace.com for disposal location and
  information.

Overflow:
☐ All materials must be placed inside cart and the lid should be
  at least half-way closed.

Please review the checked items listed below and correct
prior to your next scheduled service.
☐ Cart was not placed curbside by 7 a.m.
☐ Improper location – place at the curb, clear of all parked cars,
  with handles facing away from the street.

Other problem(s) not listed above ________________________________

Driver _______________________
Route # ______________________

If you have questions about the items marked on this tag, please
call customer service at: 775- 831-2971

See reverse side for recycling information.

Recycle Often. Recycle Right.™