

INTERMEDIATE PROCESSING FACILITY
CAPACITY AGREEMENT

THIS INTERMEDIATE PROCESSING FACILITY CAPACITY AGREEMENT (“Agreement”) made and entered into as of the 23rd day of October, 2008, by and between the Solid Waste Agency of Lake County, Illinois (“Agency”) and WM Recycle America, L.L.C. (“Contractor”).

RECITALS:

WHEREAS, the Agency was created by intergovernmental agreement, pursuant to Section 3.2 of the Intergovernmental Cooperation Act, 5 ILCS 220/3.2 (the “Agency Act”) and Article VII, Section 10 of the 1970 Constitution of the State of Illinois to dispose of Solid Waste generated by the communities located within Lake County, Illinois through recycling, combustion or landfilling; and

WHEREAS, the Contractor owns and operates an Intermediate Processing Facility (“IPF”); and

WHEREAS, the IPF will divert Agency Recyclable Materials from landfills and alternative waste disposal technology facilities; and

WHEREAS, the IPF will provide recycling capacity to the Agency’s Members pursuant to this Agreement; and

WHEREAS, the Agency and the Contractor desire to enter into this Agreement whereby the Contractor will accept certain materials from the Agency’s members for the purpose of recycling said materials; and

WHEREAS, the Agency has been authorized by Lake County to implement the Lake County Solid Waste Management Plan; and

WHEREAS, existing and additional recycling capacity is necessary for the members of the Agency over the next three plus years; and

WHEREAS, the Agency believes that the provision for recycling capacity is necessary for the Agency’s implementation of the Plan; and

WHEREAS, the Agency believes that the operation of the IPF is consistent with the Plan; and

NOW, THEREFORE, in consideration of the mutual premises set forth above, and the terms and conditions hereinafter set forth, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Agency and the Contractor do hereby agree as follows:

ARTICLE I
RECITALS

Section 1.01 Incorporation of Recitals. The parties agree that the recitals have been incorporated into the text of this Agreement. This Agreement constitutes the entire Agreement between the Contractor and the Agency with respect to the operation and maintenance, and provided capacity of the IPF and of the delivery of Agency Recyclable Material to the IPF.

ARTICLE II
DEFINITIONS

Section 2.01 Definitions. For purposes of this Agreement, the following words and phrases shall be given the following respective meanings.

“Agency” means the Solid Waste Agency of Lake County, Illinois.

“Agency Recyclable Material” means all residential Recyclable Material collected by Haulers within the jurisdiction of a member of the Agency or in the unincorporated area of the County. For purposes of this definition, “residential” shall be determined by the terms of each member of the Agency’s hauling agreement, but in each case such hauling agreement shall at a minimum include all single family detached residences.

“Agreement” means this Agreement, between the Agency and the Contractor.

“Blended Revenue Amount” means the number calculated according to Schedule 2 by applying the Material Composition percentage to the value of the material per ton.

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a Legal Holiday.

“Capacity Guarantee” means an average of 200 tons per day or 52,000 tons per year of Agency Recyclable Material, as adjusted annually by the mutual consent of Agency and Contractor.

“Commencement Date” means January 1, 2009.

“Contaminated Recyclable Material,” means Recyclable Material contaminated to the extent that it cannot be Processed into marketable materials by the IPF consistent with this Agreement. Water shall not be treated as a contaminating agent. Contaminated Recyclable Material shall be treated as Nonrecyclable Waste for purposes of this Agreement.

“Contract Date” means the date of the duly authorized execution of the Agreement by the Parties.

“Contractor” means WM Recycle America, L.L.C.

“County” means Lake County, Illinois, a political subdivision of the State of Illinois.

“Day” shall mean a calendar day, beginning at 12:01 A.M. in the central time zone of the United States coinciding with the calendar day, whether or not a Sunday or Legal Holiday.

“Designated Facility” means a materials recovery facility designated by the Agency, a Member, or a Lake County Township as a facility to which Agency Recyclable Materials are taken for Processing.

“Hauler” means any entity collecting Agency Recyclable Material.

“Hazardous Waste” means any material or substance that, as of the Contract Date, and for the duration of this Agreement, and pursuant to any future changes in the statutory definitions of the following statutes or regulations or any newly promulgated statutes or regulations, by reason of its composition or characteristics, is (i) hazardous waste, substance or material as defined in the Solid Waste Disposal Act, 42 USC SS6901 et seq. and 415 ILCS 5/3.220, as amended, replaced or superseded, and the regulations implementing same; (ii) material the disposal of which is regulated by the Toxic Substances Control Act, 15 USC SS2601, et seq., as amended, replaced or superseded, and the regulations implementing same; (iii) special nuclear or by-products material within the meaning of the Atomic Energy Act of 1954; (iv) a “hazardous substance” as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. SS9601 et seq., as amended, replaced or superseded, and the regulations implementing same; or (v) treated as hazardous waste or substance or material under applicable federal, State or local law. If any governmental Agency or unit having appropriate jurisdiction shall determine that substances are hazardous or harmful to health when Processed at the IPF, then thereafter any such substances or materials shall be Hazardous Waste for purposes of this Agreement. However, if the material or substance is later found or determined by the appropriate governmental Agency or unit having appropriate jurisdiction to be non-hazardous or to be removed from the respective definition of hazardous waste it shall thereafter be non-hazardous.

“Infectious Waste” means: (i) cultures and stocks of infectious agents and associated biologicals, including laboratory waste, biological production wastes, discarded live and attenuated vaccines, culture dishes, and related devices; (ii) liquid human and animal waste, including blood and blood products and body fluids, but not including urine or materials stained with blood or body fluids; (iii) pathological waste; (iv) sharps, (v) contaminated wastes from animals that have been exposed to agents infectious to humans, these being primarily research animals, and (vi) waste treated as Infectious Waste pursuant to federal, State or local laws. If any governmental Agency or unit having appropriate jurisdiction shall determine that substances are infectious then thereafter any such substance shall be Infectious Waste for purposes of this Agreement. However, if the material or substance is later found or determined by the appropriate governmental Agency or unit having appropriate jurisdiction to be non-infectious or to be removed for the respective definition of infectious waste, it shall thereafter be non-infectious.

“Intermediate Processing Facility” or “IPF” means the materials recovery facility, together with appurtenant structures and equipment located at 30869 North Route 83, Grayslake, IL., 60030 owned and operated by the Contractor pursuant to this Agreement and in accordance with Section 3.01.

“IPF Site” means, with respect to the IPF, the real property, easements and rights of way located at 30869 North Route 83, Grayslake, IL. 60030 in Lake County, Illinois.

“Legal Holiday” means New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day, or such other Legal Holidays as may be designated from time to time by the Agency.

“Member” or “Members” means one or more municipalities or other public entities within Lake County who participate as a member of the Agency and serve on its Board of Directors. A current list of Members is set forth in Exhibit A.

“Nonagency Recyclable Material” means: (i) all commercial/industrial/governmental Recyclable Material, and (ii) all Recyclable Material collected from outside the jurisdiction of any member of the Solid Waste Agency of Lake County, Illinois, or a Lake County Township, and (iii) all Recyclable Material collected outside of Lake County.

“Nonmarketed Recovered Materials” means Recovered Materials which are not marketed following Processing and readiness for market and are removed from the IPF.

“Nonrecyclable Waste” means that portion of solid waste, exclusive of Hazardous Waste or Infectious Waste, that is not Recyclable Material.

“Party” or “Parties” means either the Agency or the Contractor, as the context of the usage of such term may require.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any Agency or political subdivision thereof.

“Per Ton Payment” means the amount calculated in accordance with Schedule 2 . The Per Ton Payment shall be calculated on a quarterly basis based on the composition and market pricing for materials as indicated in Schedule 2.

“Process”, “Processed” or “Processing” means the separation, sorting, crushing, baling, shredding, flattening or other treatment of Recyclable Material, into Recovered Materials and Residual Material.

“Receiving Time” means the hours of receiving Recyclable Material for the IPF, which shall be between 6:00 AM and 3:30 PM on each Business Day and on each Saturday following a holiday specifically enumerated in the definition of Legal Holidays.

“Recovered Materials” means all materials resulting from the Processing of Recyclable Material.

“Recyclable Materials or Recyclables” means materials which generally conform to the specifications and material types set forth in Schedule 1, or other materials which the Parties by mutual agreement may designate as Recyclable Material from time to time; provided, however, such materials are not Contaminated Recyclable material.

“Residual Material” or “Residue” means the nonrecyclable material resulting from the Processing of Recyclable Material or the materials resulting from the inadvertent delivery of Nonrecyclable Waste.

“Schedule” means an exhibit or schedule attached hereto and incorporated in this Agreement, unless otherwise expressly indicated by the terms of this Agreement.

“Solid Waste” means all solid materials or substances generally discarded or rejected as being spent, useless, worthless, or valueless to the owners at the time of such discard or rejection, including but not limited to Recyclable Material, garbage, refuse, industrial and commercial waste, demolition and other construction debris; provided, however, this definition shall not include Hazardous Waste and Infectious Waste.

“State” means the State of Illinois and all of its administrative, contracting and regulatory agencies and offices.

“Ton” means two thousand (2,000) pounds avoirdupois.

“Week” means a period commencing Sunday at 12:01 a.m. and ending midnight of the following Saturday.

Section 2.02 Terms Generally. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, except as the context may otherwise require. The words “agree”, “agreement”, “approval” and “consent” shall be deemed to be followed by the phrase “which shall not be unreasonably withheld or unduly delayed” except as the context may otherwise require.

ARTICLE III OBLIGATIONS OF THE PARTIES

Section 3.01 Contractor Responsibilities.

- a) The Contractor shall make reasonable efforts to Process and market Agency Recyclable Material received at the IPF and minimize Residue produced at the IPF.

- b) In the event that it becomes necessary to bypass Recyclable Material at any time during the operation of the IPF, the Contractor shall bypass any Nonagency Recyclable Material tendered for delivery but not accepted at the IPF before bypassing any Agency Recyclable Material tendered for delivery at the IPF that is not greater than the Capacity Guarantee.
- c) Effective on the Commencement Date of this Agreement, the Contractor shall pay the Per Ton Payment to the Agency for the amount of Recyclable Material directed and delivered to the IPF by any Member, any Lake County Township or their Hauler. Such payment shall be due to the Agency forty-five (45) days after Agency submits to Contractor an invoice for the preceding quarter of March 31, June 30, September 30 and December 31; provided that the Agency includes with the invoice the documentation as set forth in Section 8.03 herein.
- d) Contractor shall have the right to renegotiate the Per Ton Payment if the United States, the State of Illinois, or any agency or instrumentality thereof, enacts a bottle bill or beverage container bill in which case the Agency and Contractor agree to review the impact of the bottle bill or beverage container bill during the first six (6) months following implementation of such event and make a good faith effort to adjust the Per Ton Payment, as of the effective date of the change, in order to assure that the Contractor will be made whole as a result of the change.
- e) If any Member diverts a portion of the Recyclable Material stream that results in a material impact upon the composition of that Recyclable Material stream, the parties agree to renegotiate the Per Ton Payment as to that Member.
- f) The Contractor shall have the right to renegotiate the Per Ton Payment if the amount of Agency Recyclables Materials declines by thirty (30) per cent from the previous twelve-month period. Within thirty (30) days after notification that the Contractor wishes to renegotiate the Per Ton Payment, the parties will meet to adjust the Per Ton Payment, effective from the date of notification, so as to assure that the Contractor will be made whole as a result of the change.
- g) The Contractor shall pay the Per Ton Payment to the Agency for any Member or any Lake County Township that enters into a contract or otherwise directs its Hauler to deliver all of the Member's or Township's Recyclable Material to the IPF.
- h) The Contractor shall operate and maintain the IPF in accordance with all applicable Federal, State and Local laws and permits.

- i) With the full cooperation of the Contractor, the Agency may, at its cost and expense access all areas of the IPF, subject to the conditions as contained in Section 10.01.
- j) The Contractor shall prepare and maintain proper, accurate and complete books and records and accounts of all its transactions related to the Agency, Members, or Lake County Townships in accordance with generally accepted standards in the industry. The Agency shall have reasonable access thereto for the purpose of determining compliance with the Agreement.
- k) The Contractor shall maintain the following operating data as to Agency Recyclable Material and Nonagency Recyclable Material, and make available upon request:
 - (i) The weight of all material delivered by each Hauler to the IPF;
 - (ii) The weight of Residual Material disposed;
 - (iii) The weight of Nonrecyclable Waste that is rejected on a per load basis;
 - (iv) The weight of Nonmarketed Recovered Materials by type;
 - (v) The Gross weight of Recovered Materials sold by type.
- l) On a quarterly basis, a report containing the following data summaries, listed by month, with respect to Agency Recyclable Material and Nonagency Recyclable Material shall be submitted to the Agency:
 - (i) the weight of all material delivered to the IPF;
 - (ii) the weight of Residual Material disposed;
 - (iii) the weight of Nonrecyclable Waste that is rejected on a per load basis;
 - (iv) the weight of Nonmarketed Recovered Materials by type;
 - (v) the Gross weight of Recovered Materials sold by type;
 - (vi) the number of visitors to the Visitors Center on a monthly basis.
- m) Contractor shall do all things necessary and appropriate to carry out the terms and provisions of this Agreement and to aid and assist the Agency in carrying out the terms and objectives of this Agreement and the intentions of the Parties as reflected by said terms.

Section 3.02 Responsibilities of the Agency

- a) The Agency shall designate the IPF as a Designated Facility where Agency Recyclable Materials may be delivered, and shall use its best efforts to advise and encourage its Members that such materials should be directed to the IPF.
- b) The Agency shall advise the Contractor in writing the Members and/or Lake County Townships that have directed their materials to the IPF and the effective date of that direction in order for the Contractor to process the Per Ton Fee. The Per Ton Fee shall be assessed as of the first of the month following said notification.

- c) Agency shall do all things necessary and appropriate to carry out the terms and provisions of this Agreement and to aid and assist Contractor in carrying out the terms and objectives of this Agreement and the intentions of the Parties as reflected by said terms.
- d) The Agency shall enter into intergovernmental agreements with its Members to transfer the Per Ton Payment. As a condition of transferring the Per Ton Payment to a Member, the Agency shall require its Member to designate the IPF as the sole delivery point for Agency Recyclable Materials by the Member's Hauler through a refuse, recyclables, landscape waste collection contract, or other legal directive.

**ARTICLE IV
INSURANCE REQUIREMENTS**

Section 4.01 Insurance. Contractor shall obtain and maintain insurance coverages of the types, in the amounts and containing such provisions as follows:

Type of Insurance	Required Limits of Liability
1. Worker's Compensation	Statutory
2. Employers' Liability	\$500,000 per accident \$500,000 disease (policy limit) \$500,000 disease (each employee)
3. Commercial General Liability including "occurrence" coverage for:	
a. Premises and operations, independent contractors protective combined Contractual liability, broad form Contractual liability, broad form property Damage and XCU hazards.	\$1,000,000 per occurrence for bodily injury and property damage \$1,000,000 annual aggregate per location for bodily injury and property damage combined.
b. Products and completed operations (including broad form property combined Damage) injury and property damage combined.	\$1,000,000 per occurrence for bodily injury and property damage \$1,000,000 annual aggregate for
c. Personal injury liability (with employment exclusion deleted)	\$1,000,000 per occurrence \$1,000,000 annual aggregate
4. Business Auto liability (including injury owned, non-owned and hired vehicles)	\$1,000,000 per accident for bodily and property damage combined.
5. Umbrella/Excess liability (to apply	\$5,000,000 per occurrence

as excess over 2 and 3 above)

\$5,000,000 annual aggregate

All liability coverages shall be written on an occurrence basis. All insurance coverage required to be purchased and maintained shall contain a provision or endorsement providing that the coverage afforded will not be canceled, materially reduced or altered or renewal refused until at least thirty (30) days' prior written notice has been given to the Agency by certified mail.

Contractor shall be responsible for promptly reporting all claims to the appropriate insurer on behalf of itself and the Agency.

ARTICLE V INDEMNIFICATION AND WAIVER

Section 5.01 Indemnification.

a) Contractor shall at its sole cost and expense indemnify, defend, keep and save harmless the Agency, the Members who participate in the Agreement, participating Lake County Townships, and officials, employees, agents and consultants of the Agency and of the participating Members, any participating Lake County Township (individually, an "Indemnified Party" and collectively, the "Indemnified Parties") against (i) all injuries, death, loss, damages, claims, patent claims, suits, liabilities, judgments, costs and expenses, which may in any way accrue against any such Indemnified Party (collectively referred to as the "Loss") in consequence of this Contract or the performance thereof, to the extent alleged or determined to be caused through the misconduct, negligence or omission of Contractor or any agent or employee, or any subcontractor or their respective employees or agents, or (ii) any Loss arising out of or in connection with the operation of the IPF. Contractor shall, at its sole cost and expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith, regardless of the merit of such claim. If any judgment shall be rendered against such Indemnified Party in any such action, Contractor shall, at its sole cost and expense, satisfy and discharge the same. Contractor expressly understands and agrees that insurance required by this Contract or otherwise provided by Contractor or such Indemnified Party shall in no way limit the responsibility to indemnify, keep and save harmless and defend the Indemnified Parties as herein provided.

b) The Indemnification obligations set forth in this section shall include indemnification for Losses resulting from claims made by third parties against any Indemnified Party. The provisions of this section shall not apply to a Loss which arises solely out of intentional misconduct on the part of the Indemnified Party seeking indemnification, or to a Loss or portion thereof, which arises, in whole or in part, out of negligence on the part of such Indemnified Party, but only to the extent that such Indemnified Party's negligence contributed to the Loss, or that the Loss is attributable to such Indemnified Party's negligence.

c) Nothing in this section shall apply to suits or actions which are barred by the applicable statute of limitations.

d) The Agency agrees, to the extent permitted by law, that it shall protect, indemnify, and hold harmless the Contractor and its affiliates (including subsidiaries), and their respective officers, members, employees and agents (the "Contractor Indemnified Parties") from and against all liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits, or actions and reasonable attorneys' fees, and shall defend the Contractor Indemnified Parties in any suit, including appeals, for personal injury to, or death of, any person or persons, or for loss or damage to property arising out of the acts or omissions of the Agency including its officers, employees and agents in the performance (or nonperformance) of the Agency's obligations under this Agreement. The Agency is not, however, required to protect, indemnify or hold harmless any Contractor Indemnified Party for loss or claim resulting from performance (Or nonperformance) of the Contractor's obligations under this Agreement or the negligence or willful misconduct of any Contractor Indemnified Party. The Agency's aforesaid indemnity is for the exclusive benefit of the Contractor Indemnified Parties, and in no event shall such indemnity inure to the benefit of any third Person.

Section 5.02 Survival. This Article V shall survive termination of this Agreement.

ARTICLE VI DELIVERY AND PROCESSING OF RECYCLABLE MATERIAL

Section 6.01 Rejection Rights. The Contractor may reject tenders of: (1) Recyclable Material delivered at hours other than the Receiving Time; (2) any load rejected pursuant to Schedule 1; (3) Recyclable Material which the IPF is unable to accept or Process; (4) Hazardous Waste or Infectious Waste; (5) Nonrecyclable Waste; and (6) any material or loads which would cause Contractor to be in violation of any law or permit requirement.

Section 6.02 Title to Waste. To the full extent recognized and permitted by law, all rights, title and interests to any material, of whatever nature, delivered to the IPF pursuant to this Agreement and accepted by the Contractor shall vest in the Contractor immediately upon such acceptance.

Section 6.03 Hazardous and Infectious Waste.

- a) Prevention of Delivery. The Agency shall use reasonable efforts to prevent and avoid the delivery to the IPF of Hazardous Waste or Infectious Waste.
- b) Prevention of Delivery. The Contractor shall use reasonable efforts to avoid the deposit of Hazardous Waste or Infectious Waste at the IPF.
- c) Removal, Transport and Disposal. If Hazardous Waste or Infectious Waste is delivered to the IPF, such Hazardous Waste or Infectious Waste shall be contained, set aside, isolated and maintained separately by the Contractor from all other Solid Waste in the IPF. The Contractor shall remove or cause to be removed such Hazardous Waste or Infectious Waste from the IPF and the IPF Site

and shall transport and dispose of, or shall provide for the transport and disposal of, such material in accordance with applicable local, State and Federal law, at a duly licensed and permitted Hazardous Waste or Infectious Waste disposal facility.

- d) Expenses. The Contractor shall be entitled to seek reimbursement from any Hauler delivering Hazardous Waste or Infectious Waste to the IPF for all Direct Costs incurred, excluding profit, for the containment, removal, clean-up and disposal of such material, including business interruption costs. The Agency, its Members or any Lake County Township that contracts or directs Recyclable Material to the IPF shall cooperate in any such reimbursement action, but shall not be liable in any manner for such costs or expenses.

ARTICLE VII TERM

Section 7.01 Term.

- a) Unless sooner terminated in accordance with the provisions of this Agreement, or unless extended pursuant to subsection (b) hereof, this Agreement shall commence on the Commencement Date and continue in effect until the third (3rd) anniversary of the Commencement Date.
- b) Not later than six months prior to the third anniversary of the Commencement Date, or any extension thereof, the Agency and the Contractor by mutual agreement, may extend the term of this Agreement for an additional two (2) year term from the third anniversary, or extension thereof, of the Commencement Date. Either party may exercise their intent to extend this agreement by providing the other party with written notice thereof. Only two such extensions shall be permitted.

ARTICLE VIII FEES, PAYMENTS AND NOTIFICATION; MEMBER OF AGENCY AND AGENCY OBLIGATIONS

Section 8.01 Disposal and Processing Fees. For the term of this Agreement, it shall be mutually agreed upon that any Processing fees shall be waived, if applicable, for any Agency Recyclable Materials that are delivered to the IPF. In the event that the Residue of any Agency Recyclable Materials exceeds 15% by weight, the Agency and Contractor will cooperate to identify the cause and to find an acceptable solution to the problem..

Section 8.02 Load Rejections: On a per load basis Nonrecyclable Waste delivered to Contractor under the Agreement cannot exceed seven percent (7%) or Contractor may reject the load. Contractor agrees to notify Agency of any such load rejection within two business days of its occurrence.

Section 8.03 Payments for Recyclable Materials. For the term of this Agreement, it shall be mutually agreed upon that the Contractor will pay a Per Ton Payment to the Agency for any Agency Recyclable Material which is directed and delivered to the Contractor. The Per Ton Payment will be calculated and paid quarterly in accordance to the calculations as specified in Schedule 2. The weights of Recyclable Materials delivered to the IPF from each Member shall be reported to the Agency and the Contractor utilizing the Hauler Report Form as indicated in Schedule 3. Contractor shall have the right to withhold from the payments to the Agency any amounts previously paid to the Agency due to incorrect invoicing.

Section 8.04 Notification. The Contractor must be notified in writing per Section 10.04, of any Agency Recyclable Material, which has been directed to the said facility by written notification from the Agency that a Member or Lake County Township has directed their hauling contractor to deliver the Agency Recyclable Materials to the IPF.

ARTICLE IX REPRESENTATIONS

Section 9.01 Representations and Covenants of Agency. The Agency represents and covenants to the Contractor that:

- a) The Agency is duly organized and existing in good standing under the laws of the State and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.
- b) This Agreement has been duly entered into and delivered by the Agency and, binding obligation of the Agency, fully enforceable in accordance with its terms.

Section 9.02 Representations and Covenants of Contractor. The Contractor hereby represents to the Agency that:

- a) The Contractor is qualified to do business in the State and is duly qualified to do business wherever necessary to carry on the business and operations contemplated by this Agreement.
- b) The Contractor holds, or is expressly authorized under, the necessary patent rights, licenses and franchises to operate the IPF pursuant to the terms of this Agreement.
- c) This Agreement has been duly entered into and delivered and constitutes a legal, valid and binding obligation of the Contractor, fully enforceable in accordance with its terms.

ARTICLE X MISCELLANEOUS

Section 10.01 Visiting Rights.

a) During the term of this Agreement, the Agency and its representatives and invitees (except for competitors of the Contractor), and representatives of regulatory agencies shall have the right to visit the IPF in the presence of a Contractor representative if approved in advance by the Contractor (which approval shall not be unreasonably withheld) and provided that such visitation shall be conducted in a manner so as to minimize interference with Contractor's performance of its obligations under this Agreement and its operation of the IPF.

b) In connection with any such visits, the Agency shall comply, and shall cause its agents, representatives, employees or invitees to comply, with all reasonable rules and regulations adopted by the Contractor, including a requirement that each Person visiting the IPF Site shall sign a statement containing terms and conditions reasonably satisfactory to the Contractor, which may require, among other things, that each Person agree (i) to assume the risk of injury during the inspection or visit but not the risk of injury due to the intentional or negligent acts or omissions of the Contractor and (ii) not to disclose or use any Confidential Information other than for the purpose for which it was disclosed. The Contractor shall have no obligation to disclose Confidential Information to members of the public who are invitees of the Agency. Individuals employed or retained by the Agency making more than one visit to the IPF Site shall be required to sign such statement at their initial visit and such statement shall apply to all subsequent visits made by that individual.

c) The Agency will require that the Contractor shall operate and maintain a the existing Visitors Center which shall be devoted to environmental education and information concerning the IPF and for which the Contractor shall provide an employee who will be responsible for maintaining and operating the Visitors Center.

Section 10.02 Compliance with Laws. Contractor shall comply with all laws and regulations applicable to the design, construction, start-up and operation of the IPF. In connection with the performance of work under this Agreement, the Contractor agrees not to discriminate against any employee or applicant for employment because of sex, race, religion, color, national origin or handicap.

Section 10.03 Assignment. This Agreement may not be assigned by either Party without the prior consent of the other Party, except that the Contractor may, without such consent, assign its interest hereunder to any Affiliate in which event the Affiliate shall assume all the obligation and undertakings of Contractor under this Agreement; provided, however, that such assignment shall not relieve the Guarantor from its obligations and undertakings under this Agreement and the Guarantor shall execute such documents as are necessary to assure that the Guarantee shall continue to remain in full force and effect. The Contractor may however, without such consent, make such assignments and create such mortgage and security interests as may be required in connection with any financing or refinancing in respect of all or part of the IPF or any modification thereof or addition thereto; provided that such assignment or interest shall not relieve the Guarantor from its interest hereunder to a governmental successor of the Agency or an authority or Agency of the County, which shall not relieve the Agency of its obligations hereunder.

Section 10.04 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or sent by certified or registered mail, postage prepaid with return receipt requested, at such addresses and shall be effective on receipt thereof:

(a) If to Agency: Executive Director
Solid Waste Agency of Lake County
1311 North Estes Street
Gurnee, Illinois 60031
Fax Number: (847) 336-9374

Chairman
Solid Waste Agency of Lake County
(Same Address)

(b) If to Contractor: WM Recycle America LLC
30869 N. Route 83
P.O. Box 189
Grayslake, Illinois 60030
Fax Number: (847) 548-1509

WM Recycle America L.L.C.
W321 N10487 Grant Drive
Germantown, WI 53022
Fax Number: 262-532-8151
Att'n: Legal Department

Either Party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice hereunder signed on behalf of the notifying Party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such Party by a duly authorized officer or employee.

Section 10.05 Relationship of the Parties. Neither Party to this Agreement shall have any responsibility to perform services for or to assume contractual obligations which are the obligation of the other Party, and except as provided herein nothing shall constitute either Party as a partner, agent or representative of the other Party, or to create any fiduciary relationship between the Parties. Contractor shall have no right or claim against the Members, or any of them, for any default, nonperformance, or breach of the terms and provisions of this Agreement by the Agency.

Section 10.06 Waiver. Unless otherwise specifically provided by the terms of this Agreement, no delay or failure to exercise a right resulting from any other breach of this Agreement shall impair such right or shall be construed to be a waiver thereof, but such right may be exercised from time to time and as often as may be deemed expedient. Any waiver shall be in writing and signed by the Party granting such waiver. If any representation, warranty or

covenant contained in this Agreement is breached by either Party and thereafter waived by the other Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other beach under this Agreement.

Section 10.07 Authorized Representatives. For purposes of this Agreement, the Parties' authorized representatives are as follows:

For Contractor: District Manager,
WM Recycle America, L.L.C.
Lake County Processing Facility
30869 N. Route 83
P.O. Box 189
Grayslake, IL 60030
Fax Number (847) 548-1509

For Agency: Executive Director
Solid Waste Agency of Lake County
1311 North Estes Street
Gurnee, Illinois 60031
Fax Number: (847) 336-9374

Either Party may change its authorized representative at any time by written notice to the other Party.

Section 10.08 Article and Section Captions: References. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof. Except as otherwise indicated, all references herein to sections and articles are to sections and articles of this Agreement.

Section 10.09 Amendment. No amendment, modification or change to this Agreement shall be effective unless same shall be in writing and duly executed by the Parties.

Section 10.10 Agreement Governed by Illinois Law. This Agreement shall be governed by the laws of the State of Illinois.

Section 10.11 No Other Agreement. All negotiations, proposals and agreements prior to the date of this Agreement are superseded hereby, there being no agreements or understandings other than those written or specified herein, unless otherwise provided. This Agreement and Schedules hereto constitute the entire agreement between the Agency and the Contractor with respect to the operation and maintenance of the IPF.

Section 10.12 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors, permitted assigns, administrators and trustees of the Agency and the Contractor.

Section 10.13 Execution of Documents. This Agreement may be executed in any number of duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute but one and the same instrument.

Section 10.14 Severability. In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties hereto shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of such determination implement and give effect to the intentions of the Parties as reflected herein, and the other terms of this Agreement, as so amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect; provided, however that the foregoing to the contrary notwithstanding, if any such determination holds invalid, illegal or unenforceable the provisions of this Agreement pertaining to the Agency's and/or the Members' obligation to designate the IPF as a Designated Facility for Agency Recyclable Materials, then this Agreement may be terminated at the option of the Contractor by written notice thereof, effective as of the date of such written notification.

Section 10.15 Further Assurances. Each Party agrees to, and shall use all reasonable efforts to, provide such information, execute and deliver any instruments and documents and take such action as may be necessary or reasonably requested or required by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumption or obligations other than those provided for in this Agreement in order to give full effect to this Agreement and to carry out the intent of this Agreement.

Section 10.16 Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement, or the breach of any duties thereunder, that cannot be resolved as a result of good faith negotiations or through mediation between the parties as provided herein, will be settled by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). All hearings will be held in Chicago, Illinois before an Arbitrator who is a licensed attorney with at least 15 years of experience in commercial law. A judgment upon the award rendered by the Arbitrator shall be entered in a Court with competent jurisdiction. As a condition precedent to the filing of an Arbitration claim, the parties agree to first mediate any claims between them. Any party refusing to mediate shall not prevent the other party or parties from pursuing their claims in arbitration. The parties will share the cost of the mediator or arbitrator equally. All other costs related to Dispute Resolution shall be borne by the party incurring them. Nothing herein will be construed to prevent any party's use of an injunction, and/or any other prejudgment or provisional action or remedy. Any such action or remedy will not waive the moving party's right to compel the arbitration of any dispute.

Section 10.17 Notices of Breach. Unless specifically provided elsewhere in this Agreement, at least fifteen (15) days' prior written notice shall be required to be given by one Party to the other Party of any breach of this Agreement by the other Party hereto or failure to fulfill any requirement of this Agreement by a Party, in order to allow the Party receiving such notice to cure any such breach, or to commence and diligently pursue the cure of any such breach which cannot reasonably be cured during such fifteen-day period, or to allow such Party time to prepare for, question or contest the fact that any such requirement of this Agreement has not been fulfilled.

IN WITNESS WHEREOF, the Agency and the Contractor have caused this Agreement to be executed in their respective names, have caused their respective corporate seals to be hereto affixed, and have caused this Agreement to be attested, all by their duly authorized officers, or representatives and the Contractor and the Agency have caused this Agreement to be dated as of the date and year first written above.

Solid Waste Agency of Lake County, Illinois

By Larry T. Mount
Chairman

ATTEST: Barbara Amadei
Secretary

WM Recycle America, L.L.C.

By [Signature]

ATTEST:

Mary H. Klesmet Asst Secy

SCHEDULE 1
RECYCLABLE MATERIALS

SINGLE STREAM SPECIFICATIONS

Commingled Recyclables, consisting of recyclable glass, aluminum, cans, plastics and papers, generally collected from residential recycling, as follows:

Materials Accepted:

Aluminum food and beverage containers

Glass food and beverage containers – brown, clear, or green

Ferrous (Iron) cans

PET plastic rigid household containers with the symbol #1, HDPE natural rigid household plastic containers with the symbol #2, –HDPE pigmented rigid plastic household containers with the symbol #2, Plastic rigid household containers with symbols #3, #4, #5.

Newsprint

Old corrugated cardboard

Magazines

Catalogs

Cereal boxes

Telephone books

Printer paper

Copier paper

Mail

All other office paper without wax liners

Materials Not Accepted : (“Nonrecyclable Waste”): include but are not limited to

Microwave trays

Mirrors

Window or auto glass

Light Bulbs

Ceramics

Porcelain

Plastics unnumbered

Plastic bags

Coat hangers

Glass cookware/bakeware

Household items such as cooking pots, toasters, etc.

In addition,

All glass containers, tin cans, bi-metal cans, aluminum cans, aerosol cans and all plastic containers must be empty and substantially free of food debris.

All Fiber must be dry and free of food debris and other contaminating material.

Tissues, paper towels or other paper that has been in contact with food is not acceptable.

Recyclables may contain up to seven percent (7%) Nonrecyclable Waste on a per load basis, provided however, Recyclables may not:

1. Materially impair the strength or the durability of the Contractor's structures or equipment;
2. Create flammable or explosive conditions in Contractor's facilities;
3. Contain dry cell batteries or lead acid batteries;
4. Contain chemical or other properties which are deleterious or capable of causing material damage to any part of Contractor's property, its personnel or the public; or
5. Contain materials defined as Hazardous Waste, Infectious Waste, any waste tires, radioactive, volatile, corrosive, flammable, explosive, biomedical, infectious, biohazardous, 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 other waste not approved in writing by Contractor.

Loads not meeting the specifications may be rejected in whole or in part by CONTRACTOR.

SCHEDULE 2
PER TON PAYMENT

Blended Revenue Amount			Per Ton Payment
\$ -	To	\$ 49.99	\$ -
\$ 50.00	To	\$ 59.99	\$ 2.50
\$ 60.00	To	\$ 69.99	\$ 5.00
\$ 70.00	To	\$ 79.99	\$ 7.50
\$ 80.00	To	\$ 89.99	\$ 10.00
\$ 90.00	To	\$ 99.99	\$ 15.00
\$ 100.00	To	\$ 109.99	\$ 18.00
\$ 110.00	To	\$ 119.99	\$ 21.00
\$ 120.00	To	\$ 129.99	\$ 24.00
\$ 130.00	To	\$ 139.99	\$ 36.00
\$ 140.00	To	\$ 149.99	\$ 40.00
\$ 150.00	To	\$ 159.99	\$ 44.00
\$ 160.00	To	\$ 169.99	\$ 48.00
\$ 170.00	and over		Blended Revenue less \$50 X 50%

What follows is an example of how the Blended Revenue Amount shall be calculated according to the schedule by applying the Material Composition percentage to the value of the material per ton.

Material Type	Material			
	Composition	Per Lb.	Per Ton	Value
Newspaper #8	47.0%	OBM HS	\$ 90	\$ 42.30
OCC	6.0%	OBM HS	\$ 110	\$ 6.60
Mixed Paper	13.0%	OBM HS	\$ 75	\$ 9.75
Glass-Mixed	16.0%		\$ (17)	\$ (2.72)
Tin	2.2%		\$ 200	\$ 4.40
Aluminum	1.0%	\$ 0.95	\$ 1,900	\$ 19.00
Plastics				
PET	2.5%	\$ 0.18	\$ 360	\$ 9.00
HDPE-Natural	1.1%	\$ 0.33	\$ 660	\$ 7.26
HDPE-Colored	1.2%	\$ 0.195	\$ 390	\$ 4.68
Mixed Film	1.0%	\$ 0.08	\$ 160	\$ 1.60
Residue	9.0%		\$ (42)	\$ (3.78)
Total Blended Value	100.0%			\$ 98.09

The value of the material per ton shall be calculated from the following sources:

1. The per ton value for all fiber grades of material shall be the High Side of the "Yellow Sheet" for the Chicago area as indicated in the first published issue of the Official Board Markets for each month.
2. The per ton value for Tin, Aluminum and Plastics shall be the High Side value for these grades as published by Waste News the second week of each month for the Chicago area.
3. The values for Mixed Glass, Residues and Mixed Film shall be the actual value for these materials as verified and reported to the Agency by the Contractor on a monthly basis within fifteen days following the end of the month in which the materials are delivered.

The total Blended Revenue shall be calculated on a quarterly basis by calculating the Blended Revenue for each month, adding these sums and dividing the result by three (3) to establish the average Blended Revenue for each calendar quarter.

The Material Composition percentages will be adjusted by mutual agreement annually based on audits of Materials delivered to the IPF under the Agreement in the prior twelve month period. Contractor will provide additional stream and processing information to Agency related to the Composition Study to support this analysis. Agreement is to be reached regarding Material Composition Percentages on or before March 31th of the subsequent year.

EXHIBIT A
AGENCY MEMBERS

The current list of Agency Memembers is set forth below. Agency will advise Contractor in a timely manner if there are any changes to the Listing.

Member	Member
Antioch	Lincolnshire
Beach Park	Lindenhurst
Deer Park	Long Grove
Deerfield	Mundelein
Fox Lake	North Barrington
Grayslake	North Chicago
Great Lakes	Park City
Green Oaks	Riverwoods
Gurnee	Port Barrington
Hainesville	Round Lake
Hawthorn Woods	Round Lake Beach
Highland Park	Round Lake Heights
Island Lake	Round Lake Park
Kildeer	Third Lake
Lake Barrington	Tower Lakes
Lake Bluff	Vernon Hills
Lake County	Wadsworth
Lake Forest	Wauconda
Lake Villa	Waukegan
Lake Zurich	Winthrop Harbor
Libertyville	Zion