

OFFICIAL RECORD

Requested By:

DC/DISTRICT ATTORNEY

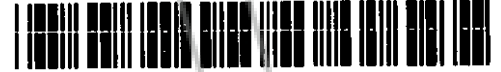
Assessor's Parcel Number: N/A

Date: MAY 11, 2010

Recording Requested By:

Douglas County - NV
Karen Ellison - Recorder

Page: 1 Of 57 Fee: 0.00
BK-0510 PG- 1825 RPTT: 0.00



Name: CYNTHIA GREGORY, DA'S OFFICE

& CARL RUSCHMEYER, PUBLIC WORKS
Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A

FRANCHISE AGREEMENT AMENDMENT #2010.111

(Title of Document)

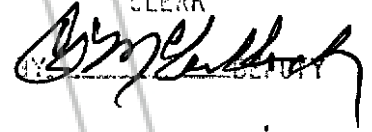
FILED

AMENDMENT TO THE 2003 SOLID WASTE SERVICES FRANCHISE
AGREEMENT

NO. 2010-111
2010 MAY 10 AM 9:33

Between
DOUGLAS DISPOSAL INC.
2140 Ruth Ave.
South Lake Tahoe, CA 96150
(530) 541-5105
(here after referred to as COMPANY)

TED THUAN
CLERK



And
DOUGLAS COUNTY,
a political subdivision of the State of Nevada
P.O. Box 218
Minden, NV 89423
(775)782-9821
(here after referred to as COUNTY)

1) **AMENDMENTS.** For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original Amended Agreement approved on December 18, 2003, and as subsequently amended by documents 0749938, 0743347, 0700481 remain in full force and effect with the exception of the following:

A) Section VI, REFUSE COLLECTION, subsection (d)(5) REFUSE COLLECTION AND COUNTY RECYCLING SERVICES, page 8 of the 2003 Amended Franchise Agreement is amended to add the language in *italics*, as follows:

5) *The locations of Separation Boxes, Containers for Aluminum, White Paper Routes and Drop Boxes are delineated for the convenience of the parties. Upon request by the COUNTY, the COMPANY shall change the location of the Separation Boxes, Containers for Aluminum, White Paper Routes and Drop Boxes as identified above in subsections (d)(1), (d)(2) and (d)(3).* COMPANY shall provide such additional County Recycling Services as may be agreed upon in writing by the COUNTY and the COMPANY. The cost of providing Separation Boxes or Drop Boxes shall be as set forth on Exhibit 2 of this Agreement.

B) Exhibit 3, Refuse Rate Index for Transfer Station Rates, page 3-4 of the 2003 franchise agreement is amended to reflect the correct index. The language being deleted is shown with a ~~strike through~~ and the new amended language is shown in *italics*, as follows:

Cost Category

Index

Labor	Series ID: cou6056221908
	Super Sector: Professional and business services
	Industry: Nonhazardous waste treatment & disposal
	NAICS Code: 562212,3,9

Workers _____ Data Type: Average Hourly Earnings of Production

Labor _____ Series ID: ceu6056210008
Super Sector: Professional and business services
Industry: Waste collection; NAICS Code 5621
Workers _____ Data Type: Average Hourly Earnings of Production

2. INCORPORATED DOCUMENTS. Exhibit A (2003 Amended Franchise Agreement as Amended on May 3, 2007) is attached hereto, incorporated by reference herein and made a part of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the 2003 Amended Franchise Agreement approved on December 18, 2003, as Amended on May 3, 2007, to be signed and intend to be legally bound thereby.

IN WITNESS THEREOF, County and Company has executed this Agreement this 6th day of May, 2010.

COUNTY OF DOUGLAS
By: Michael A. Olson
Michael A. Olson
Chair
Board of Commissioners

Douglas County Board of Commissioners
Attest: Ted Thran
Ted Thran, Clerk

DOUGLAS DISPOSAL, INC.

BY: Louanna Suduck
CLERK TO THE BOARD

By: Jeff Tillman
Jeff Tillman
President

STATE OF _____)
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2009 by Jeff Tillman as President of Douglas Disposal, Inc.

See Attached

Signature of Notarial Officer

ACKNOWLEDGMENT

State of California
County of EL DORADO)

On April 20, 2010 before me, PEGGY LEE JENNER, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared Jeff Tillman
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Peggy Lee Jenner (Seal)



AMENDMENT TO THE 2003 SOLID WASTE SERVICES FRANCHISE AGREEMENT

Between
DOUGLAS DISPOSAL INC.
2140 Ruth Ave.
South Lake Tahoe, CA 96150
(530) 541-5105
(here after referred to as COMPANY)

And
DOUGLAS COUNTY,
a political subdivision of the State of Nevada
P.O. Box 218
Minden, NV 89423
(775)782-9821
(here after referred to as COUNTY)

NO 2009 243
2009 AUG 28 PM 3:46
FED THIRAN
CLERK
IDENTITY

FILED

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BK- PG-
1829
0763394
Page: 5 Of 57
011/2010

1) **AMENDMENTS.** For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original Amended Agreement approved on December 18, 2003, and as subsequently amended remain in full force and effect with the exception of the following:

A) Section I, DEFINITIONS, subsection (h) "WASTE, SOLID WASTE, OFFAL, DEBRIS and GARBAGE," page 2 of the 2003 Amended Franchise Agreement is amended as follows:

(h) "SOLID WASTE and GARBAGE" shall mean all putrescible and nonputrescible refuse in solid or semisolid form including, but not limited to, garbage, ashes, incinerator residue, street refuse whether organic or inorganic, rubbish, junk vehicles, dead animals, demolition waste or debris, construction waste or debris, solid or semisolid commercial and industrial waste. The term does not include furniture, household appliances or hazardous waste managed pursuant to NRS 459.400 to 459.600, inclusive.

B) Section II, GRANT OF PRIVILEGE, subsection (c), page 2 of the 2003 Amended Franchise Agreement is amended as follows:

(c) The exclusive privilege granted by this Agreement is subject to the following exception: A person or entity may haul or transport solid waste generated by or from his/her/its residence or business for purposes of disposing the same to a governmentally permitted landfill or transfer station. The above exception to this exclusive franchise agreement does not permit or allow a person or entity to hire or contract with another person or entity, whether as an agent or independent contractor, to pick-up, remove, haul, dispose of or transport solid waste. Likewise, the rental of equipment wherein a driver/operator is furnished is not permitted and would be a violation of the exclusivity provision of this

Agreement. The use of rented equipment with hired equipment operators to pick-up, remove, haul, dispose of or transport solid waste is not permitted.

2. INCORPORATED DOCUMENTS. Exhibit A, the 2003 Amended Franchise Agreement as Amended on May 3, 2007 and May 7, 2009, attached hereto, is incorporated by reference and made a part of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the 2003 Amended Franchise Agreement approved on December 18, 2003, as subsequently amended, to be signed and intend to be legally bound thereby.

IN WITNESS THEREOF, County and Company has executed this Agreement this 28th day of August, 2009.

COUNTY OF DOUGLAS

By Nancy McDermid
Nancy McDermid
Chair
Board of Commissioners

Douglas County Board of Commissioners

Attest: Ted Thran
Ted Thran, Clerk

BY: Louanna Inductsi
CLERK TO THE BOARD

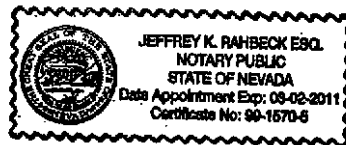
DOUGLAS DISPOSAL, INC.

By: Jeff Tillman
Jeff Tillman
President

STATE OF Nevada)
COUNTY OF Douglas)

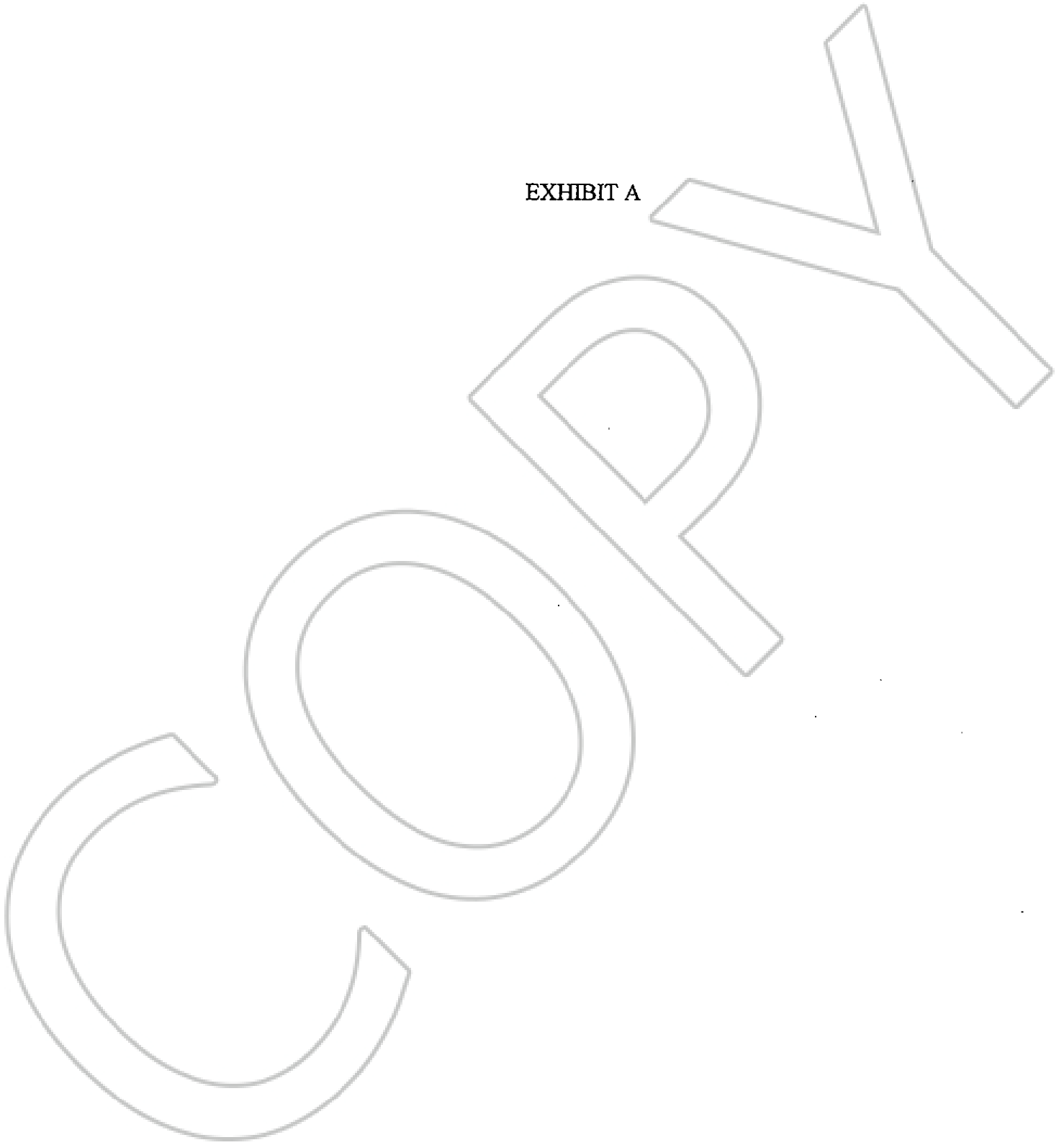
This instrument was acknowledged before me on August 26th, 2009 by Jeff Tillman as President of Douglas Disposal, Inc.

Jeffrey K. Rahbeck
Signature of Notarial Officer



Notary Statement and/or Seal

EXHIBIT A





BK- 0809
PG- 7656

OFFICIAL RECORD

Requested By:
DC/CLERKS

Assessor's Parcel Number: N/A

Date: MAY 14, 2009

Recording Requested By:

Name: CAROL, CLERK'S OFFICE

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A

Douglas County - NV
Karen Ellison - Recorder

Page: 1 Of 48 Fee: 0.00
BK-0509 PG- 4185 RPTT: 0.00

BK- 0510
PG- 1832
0763394 Page: 8 Of 57 05/11/2010

FRANCHISE AGREEMENT #2009.100

(Title of Document)

AMENDMENT TO THE 2003 SOLID WASTE SERVICES FRANCHISE AGREEMENT

Between DOUGLAS DISPOSAL INC. 2140 Ruth Ave. South Lake Tahoe, CA 96150 (530) 541-5105 (here after referred to as COMPANY) And DOUGLAS COUNTY, a political subdivision of the State of Nevada P.O. Box 218 Minden, NV 89423 (775)782-9821 (here after referred to as COUNTY)

TED THIRAN CLERK

2009 MAY 13 AM 11:52

NO. 2009.100

FILED

1) AMENDMENTS. For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original Amended Agreement approved on December 18, 2003, as amended on May 3, 2007, attached hereto as Exhibit A, remain in full force and effect with the exception of the following:

A) Exhibit 3, Refuse Rate Index for Collection Service Rates, page 3-1 of the 2003 franchise agreement is amended to reflect the correct indices as follows:

Exhibit 3 Douglas County, Nevada Refuse Rate Index

Collection Service Rates. The adjustment to the "Collection Element" of the Collection Service Rates shall be calculated using the "Refuse Rate Index" in the following manner:

- 1. The expenses of providing Collection Services in the Service Area for the designated fiscal period shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of providing Collection Services in the Service Area shall be broken down into one of the following five cost categories: Labor; Fuel; Vehicle Replacement; Vehicle Maintenance and All Other. Each cost category is assigned a weighted percentage factor based on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices are used to calculate the adjustment for each cost category. In the event an index is discontinued or no longer valid, the Agreement and Exhibit 3 may be amended to adopt a replacement index as may be recommended by the Bureau of Labor Statistics and agreed to by the COUNTY and COMPANY. The Annual Average change in each index is calculated over a twelve-month fiscal period in accordance with the terms of the Agreement.

Cost Category

Index

Labor

Series ID: ceu6056210008
Super Sector: Professional and business services
Industry: Waste collection; NAICS Code 5621
Data Type: Average Hourly Earnings of Production Workers

Fuel

Series ID: wpu057303
Group: Fuels and related products and power
Item: No. 2 diesel fuel

Vehicle Replacement

Series ID: wpu141301
Group: Transportation Equipment
Item: Truck and bus bodies sold separately

Vehicle Maintenance

Series ID: pcu333924333924
Industry: Industrial truck, trailer, and stacker mfg
Product: Industrial truck, trailer and stacker mg

All Other

3/4 Consumer Price Index, Series ID: CUURX400SAO
CPI-All Urban Consumers, All Items
West-Size B/C

4. The percentage weight for each cost category is multiplied by the Annual Average change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index

B) Exhibit 3, Refuse Rate Index for Transfer Station Rates, page 3-4 of the 2003 franchise agreement is amended to reflect the correct indices as follows:

*Exhibit 3
Douglas County, Nevada
Refuse Rate Index*

Transfer Station Rates. The adjustment to the "Operation and Hauling Element" of the Transfer Station Rates shall be calculated using the "Refuse Rate Index" in the following manner:

1. The expenses of providing Transfer Station Services in the Service Area for the designated fiscal period shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of providing Transfer Station Services in the Service Area shall be broken down

into one of the following five cost categories: Labor; Fuel; Vehicle Replacement; Vehicle Maintenance and All Other. Each cost category is assigned a weighted percentage factor based on that cost category's proportionate share of the total of the costs shown for all cost categories.

3. The following indices are used to calculate the adjustment for each cost category. In the event an index is discontinued or no longer valid, the Agreement and Exhibit 3 may be amended to adopt a replacement index as may be recommended by the Bureau of Labor Statistics and agreed to by the COUNTY and COMPANY. The Annual Average change in each index is calculated over a twelve-month fiscal period in accordance with the terms of the Agreement.

<u>Cost Category</u>	<u>Index</u>
Labor	Series ID: ceu6056221908 Super Sector: Professional and business services Industry: Nonhazardous waste treatment & disposal NAICS Code: 562212,3,9 Data Type: Average Hourly Earnings of Production Workers
Fuel	Series ID: wpu057303 Group: Fuels and related products and power Item: No. 2 diesel fuel
Vehicle Replacement	Series ID: pcu3362123362121 Industry: Truck trailer manufacturing Product: Truck trailers & chassis, with axle rating of 10,000 lbs or more
Vehicle Maintenance	Series ID: pcu333924333924 Industry: Industrial truck, trailer, and stacker mfg Product: Industrial truck, trailer and stacker mg
All Other	3/4 Consumer Price Index, Series ID: CUURX400SAO CPI-All Urban Consumers, All Items West-Size B/C

4. The percentage weight for each cost category is multiplied by the Annual Average change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index

2. **INCORPORATED DOCUMENTS.** Exhibit A (2003 Amended Franchise Agreement as Amended on May 3, 2007) is attached hereto, incorporated by reference herein and made a part of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the 2003 Amended Franchise Agreement approved on December 18, 2003, as Amended on May 3, 2007, to be signed and intend to be legally bound thereby.

IN WITNESS THEREOF, County and Company has executed this Agreement this 7th day of May, 2009.

COUNTY OF DOUGLAS

By: Nancy McDermid
Nancy McDermid
Chair
Board of Commissioners

Douglas County Board of Commissioners

Ted Thran
Ted Thran, Clerk
BY: Louise Suderick
CLERK TO THE BOARD

DOUGLAS DISPOSAL, INC.

By: Jeff Tillman
Jeff Tillman
President

STATE OF _____)
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2009 by Jeff Tillman as President of Douglas Disposal, Inc.

~~Signature of Notarial Officer~~

~~Notary Statement and/or Seal~~

ACKNOWLEDGMENT

State of California
County of EL DORADO

On April 20, 2009 before me, PEGGY LEE JENNER, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared Jeff Tillman
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature] (Seal)

BK- 0510
PG- 1837
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0763394

EXHIBIT A

COPY

DOC # 0700841
05/09/2007 04:09 PM Deputy: GB

OFFICIAL RECORD
Requested By:
DC/DISTRICT ATTORNEY

Douglas County - NV
Werner Christen - Recorder
Page: 1 of 40 Fee: 0.00
BK-0507 PG-3634 RPTT: 0.00

Assessor's Parcel Number: N/A

Date: MAY 8, 2007

Recording Requested By:

Name: CYNTHIA GREGORY, DA'S OFFICE

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A

FRANCHISE AGREEMENT #2007.094

(Title of Document)

This page added to provide additional information required by NRS 111.312 Sections 12. (Additional recording fee applies)
This cover page must be typed or legibly hand printed.

AMENDMENT TO THE 2003 SOLID WASTE SERVICES FRANCHISE AGREEMENT

Between
DOUGLAS DISPOSAL INC.
2140 Ruth Ave.
South Lake Tahoe, CA 96150
(530) 541-5105
(here after referred to as COMPANY)
And
DOUGLAS COUNTY,
a political subdivision of the State of Nevada
P.O. Box 218
Minden, NV 89423
(775)782-9821
(here after referred to as COUNTY)

FILED
2007 MAY -8 PM 2:32
2007.094

1) **AMENDMENTS.** For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original Agreement approved on December 18, 2003, attached hereto as Exhibit A, remain in full force and effect with the exception of the following:

A) Section IV, Page 4, TERM AND OPTION TO EXTEND, of the 2003 franchise agreement is corrected to reflect the correct term as follows:

**IV
TERM AND OPTION TO EXTEND**

(a) The term of this Agreement shall be deemed to commence upon August 7, 2001, and the same shall expire fifteen (15) years thereafter, unless extended as provided in paragraph (b) hereof.

(b) If COMPANY has complied with the terms of this Agreement, COMPANY is hereby granted an option to extend the term of this Agreement after its initial termination date for an additional ten (10) years upon the same terms and conditions of this Agreement. Should COMPANY elect to exercise this option, then COMPANY must do so by giving written notice of the same to COUNTY at least one(1) year prior to the expiration date of the initial term hereof.

B) The correction to Section IV, Term And Option to Extend, shall be effective as of the original date the Agreement was approved by the Douglas County Board of County Commissioners.

C) Section VIII, Pages 8-13, RATES, CHARGES AND ADJUSTMENTS, of the 2003 franchise agreement is corrected to reflect the correct dates as follows:

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PG- 1840
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VIII
RATES, CHARGES AND ADJUSTMENTS

- a) Notwithstanding Paragraphs VIII b) & c) below, during the term of this Agreement COUNTY may, from time to time, but no more often than every five years, by resolution or ordinance establish uniform rates, to include a reasonable rate of return for COMPANY, for the collection and disposal of solid waste within East Fork Township, including use of a transfer station or any other facility which is part of a solid waste management system within the COUNTY, provided, however, several rates may be established for business establishments, including apartment complexes or condominium complexes of five (5) units or more as distinguished from residential rates. COUNTY and COMPANY also agree that COUNTY may exercise the authority granted pursuant to Nev. Rev. Stat. ch 444 (or successor statutes) to impose appropriate fees and charges for a solid waste management system, including but not limited to, the operation, expansion, monitoring, and remediation of the system. Immediately after the execution of this Agreement COUNTY and COMPANY shall adopt rates, including the effective date of said rates, regarding the collection of solid waste, operation of a transfer station, transportation of solid waste to Storey County Landfill and applicable Landfill charges, but not limited thereto. Until such time as said rates are adopted the present rates being charged by COMPANY will remain in full force and effect. COMPANY agrees that the COUNTY authority to establish rates necessarily includes the power to establish rate-making procedures and to audit and review COMPANY'S records and operations.
- b) Collection Services. COMPANY shall be responsible for the billing and collection of payments for all Collection Services. COMPANY shall charge Service Recipients the Collection Service Rates established in Service Rate Forms 1 & 2 of Exhibit 1 which are attached to and included in this Agreement and as may be adjusted under the terms of this Agreement. Such monthly service rate charges to customers may be billed in quarterly in advance.
- i. Adjustments to the Collection Service Rates. On May 1, 2005, and annually thereafter, COMPANY shall, subject to compliance with all provisions of this Section, receive an annual adjustment in the "Collection Elements", "Disposal Elements" and "Franchise Fee Elements" of the following Collection Service Rates as set forth in Exhibit 1 to this Agreement:
- Residential Collection Service Rates as set forth on Service Rate Form 1 of Exhibit 1.
 - Commercial Collection Service Rates as set forth on Service Rate Form 2 of Exhibit 1.
2. Collection Element Adjustment. On May 1, 2005, and annually thereafter during the term of this Agreement, the "Collection Elements" of the Collection Service Rates set forth in Service Rate Forms 1 & 2 of Exhibit 1 shall be adjusted using the Refuse Rate Index, (RRI) methodology as set forth in Exhibit 3, which is attached to and included in this Agreement. Except as set forth in Paragraph VIII b) 1) (b) below, the RRI adjustment shall be the sum of the weighted percentage change in the Annual Average of each RRI index number between the base calendar year which shall be the prior preceding calendar year ending December 31st, and the preceding calendar year ending December 31st, as contained in the most recent release of the source documents listed in Exhibit 3. Therefore, the first "Collection Element" rate adjustment will be based on the percentage changes between the Annual Average of the RRI indices for the calendar year ended December 31, 2003, and the Annual Average of the RRI indices for the calendar year ended December 31, 2004. However, at no time will the percentage change in the Refuse Rate Index result in a reduction of the Collection Service Rates.
3. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the "Collection Elements" of the Collection Service Rates. Instead the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.



BK- 0510 PG- 1842 05/11/2010
0763394 Page: 18 Of 57

4. Financial Information. On or before March 15, 2004, and annually thereafter during the term of this Agreement, COMPANY shall utilize the Douglas County Solid Waste Financial Model to deliver to COUNTY financial information for the specific services performed under this Agreement for the preceding calendar year ending December 31st. Such financial information shall be in the format as set forth in Exhibit 3, or as may be further revised by COUNTY from time to time. If COMPANY fails to submit the financial information in the required format by March 15th, it is agreed that COMPANY shall be deemed to have waived the Collection Service Rate adjustment for that year. COMPANY'S failure to provide the financial information shall not preclude COUNTY from calculating the RRI using the prior calendar year's financial data, or pro forma data if no prior calendar year financial data is available, if that procedure would result in the calculation of a negative RRI number. If COMPANY'S failure to submit the financial information required under this Section is the result of extraordinary or unusual circumstances as demonstrated by COMPANY to the satisfaction of the County Manager, COUNTY, at its sole discretion, may consider the request for the annual Collection Service Rate adjustment.

ii. Disposal Element Adjustments. The "Disposal Elements" are based on the approved rates at the Douglas County Transfer Station and are set forth on Service Rate Forms 1, & 2 of Exhibit 1. On May 1, 2005, and, except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "Disposal Elements" will be adjusted based on the following formula:

1. (The percentage change in the Transfer Station Rate x the current "Disposal Element") plus the current "Disposal Element"

Will equal the new monthly unit "Disposal Element."

iii. Franchise Fee Element Adjustments. The "Franchise Fee Element" is a percentage of the Collection and Disposal Rates and is set forth on Service Rate Forms 1, & 2 of Exhibit 1. On May 1, 2005, and except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "Franchise Fee Elements" will be adjusted based on the following formula:

1. (The sum of the dollar changes in the "Collection and Disposal Elements" of the Collection Service Rates x the current Franchise Fee Percentage (currently 8%)) plus the current "Franchise Fee Element"

Will equal the new monthly unit "Franchise Fee Element".

c. Transfer Station Services. The COMPANY shall be responsible for the billing and collection of payments for all Transfer Station Services. The COMPANY shall charge the service rates established in Exhibit 2, which is attached to and included in this Agreement, and as may be adjusted under the terms of this Agreement.

i. Adjustments to the Transfer Station Rates. On May 1, 2005, and annually thereafter, COMPANY, shall, subject to compliance with all provisions of this Section, receive an annual adjustment in the "Operation and Hauling Elements", "Landfill Elements" and "Franchise Fee Elements previously known as County Surcharge Elements" of the Transfer Station Rates as set forth in Exhibit 2 to this Agreement.

1. Operation and Hauling Element Adjustment. On May 1, 2005, and annually thereafter during the term of this Agreement, the "Operation and Hauling Elements" of the Transfer Station Rates set forth in Exhibit 2 shall be adjusted using the Refuse Rate Index, (RRI)

methodology as set forth in Exhibit 3. Except as set forth in Paragraph VIII c) 1) (b) below, the RRI adjustment shall be the sum of the weighted percentage change in the Annual Average of each RRI index number between the base calendar year, which shall be the prior preceding calendar year ending December 31st, and the preceding calendar year ending December 31st, as contained in the most recent release of the source documents listed in Exhibit 3. Therefore, the first "Operation and Hauling Element" rate adjustment will be based on the percentage changes between the Annual Average of the RRI indices for the calendar year ended December 31, 2003 and the Annual Average of the RRI indices for the calendar year ended December 31, 2004. However, at no time will the percentage change in the Refuse Rate Index result in a reduction of the service rates.

- 2. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the Operation and Hauling Elements of the Transfer Station Rates. Instead the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.

a. Financial Information. On or before March 15, 2005, and annually thereafter during the term of this Agreement, COMPANY shall utilize the Douglas County Solid Waste Financial Model to deliver to COUNTY financial information for operation of the Transfer Station performed under this Agreement for the preceding calendar year ending December 31st. Such financial information shall be in the format as set forth in Exhibit 3, or as may be further revised by COUNTY from time to time. If COMPANY fails to submit the financial information in the required format by March 15th, it is agreed that COMPANY shall be deemed to have waived the Transfer Station Rate adjustment for that year. COMPANY'S failure to provide the financial information shall not preclude COUNTY from calculating the RRI using the prior calendar year's financial data, or pro forma data if no prior calendar year financial data is available, if that procedure would result in the calculation of a negative RRI number. If COMPANY'S failure to submit the financial information required under this Section is the result of extraordinary or unusual circumstances as demonstrated by COMPANY to the satisfaction of the County Manager, COUNTY, at its sole discretion, may consider the request for the annual Transfer Station Rate adjustment.

- 3. Landfill Element Adjustments. The "Landfill Elements" are based on the approved rates at the Landfill and are set forth in Exhibit 2. On May 1, 2005, and, except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "Landfill Elements" of the Transfer Station Rates set forth in Exhibit 2 shall be increased or decreased as set forth herein. Any change in the fees or charges paid by COMPANY to REFUSE INC., Storey County or the State of Nevada for the disposal of solid waste at the Landfill will result in an adjustment in the appropriate "Landfill Element" based on the following formula:

a. (The percentage change in the Landfill tipping fee x the current "Landfill Element") plus the current "Landfill Element"

Will equal the new per ton "Landfill Element".

- 4. "Franchise Fee Element Adjustment previously known as County Surcharge Element Adjustments." The "Franchise Fee Elements previously known as County Surcharge Elements" are set forth in Exhibit 2. On May 1, 2005, and, except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "Franchise Fee Elements previously known as County Surcharge Elements" of the Transfer Station Rates set forth in Exhibit 2 shall be increased or decreased as set forth herein. Any change in the surcharge imposed by COUNTY will result in an adjustment in

the appropriate "Franchise Fee Element previously known as County Surcharge Element" based on the following formula:

- a. The dollar change in the "Franchise Fee Element previously known as County Surcharge Elements" of the Transfer Station Rates plus the current "Franchise Fee Element previously known as County Surcharge Element" will equal the new per ton "Franchise Fee Element previously known as County Surcharge Element."
- d. Adjustment Calculations. Annual adjustments shall be made only in units of one cent (\$0.01). Fractions of less than one cent (\$0.01) shall not be considered in making adjustments. The indices shall be truncated at four (4) decimal places for the adjustment calculations.
- e. Notification. Within ten (10) business days of COMPANY providing its financial information as required by Paragraph VIII b)(4), and annually thereafter during the term of this Agreement, COUNTY shall notify COMPANY of the adjustment to the affected Collection Service Rates and Transfer Station Rates to take place on the subsequent May 1st.
- f. Non-Annual Adjustments. COMPANY shall have the right to increase the "Disposal Element" or "Franchise Fee Element" of the Collection Service Rates, or the "Landfill Element" or "Franchise Fee Element previously known as County Surcharge Element" of the Transfer Station Rates, as appropriate, without the prior approval of COUNTY, upon thirty (30) days advance written notice to COUNTY in the event of an occurrence of one or all of the events set forth in Paragraph VIII f) 1) below.
 - i. In the event of an increase in the fees or charges paid by COMPANY to REFUSE INC., Storey County or the State of Nevada, for the disposal of solid waste at Landfill, the "Landfill Element" of the Transfer Station Rates and the "Disposal Element" and "Franchise Fee Element" of the Collection Service Rates may be adjusted. Such rate adjustments shall be calculated as set forth in Paragraphs VIII b) & c) above provided, however, the increase cannot exceed the percentages established in Paragraph XII (a) (2) hereof without the prior approval of COUNTY in accordance with Paragraph VIII (h) hereof.
 - ii. In the event of an increase in Douglas County imposed surcharges or franchise fees the "Franchise Fee Element previously known as County Surcharge Element" of the Transfer Station Rates and the "Disposal Element" and "Franchise Fee Element" of the Collection Service Rates may be adjusted. Such rate adjustments shall be calculated as set forth in Paragraphs VIII b) & c) above.
- g. In the event of a decrease in the fees or charges paid by COMPANY to REFUSE INC., Storey County or the State of Nevada, for the disposal of solid waste at Landfill, a decrease in Douglas County imposed surcharges, or a decrease in franchise fees, or other fees or charges paid to Douglas County, COMPANY shall automatically decrease the appropriate element of its Collections Service Rates or Transfer Station Rates effective upon the date of the decrease.
- h. Any other rate increases shall require prior COUNTY approval.
- i. COMPANY and COUNTY agree that if COMPANY agrees to terms with any other entity within the geographic area of East Fork Township for the collection and disposal of solid waste and if COUNTY finds that some or all of the rates, fees, or charges imposed pursuant to that agreement would tend, either directly or indirectly, to unfairly or unevenly confer benefits on ratepayers under the agreement that are not enjoyed by ratepayers under this Agreement or that are in any way supported by ratepayers under this Agreement, then COUNTY is authorized to modify existing rates, fees, or charges imposed pursuant to this Agreement and to establish identical or substantially equivalent rates, charges or fees.
- j. COMPANY or COUNTY acknowledge and agree that COUNTY, if it so desires, may join or cooperate in ratemaking procedures with other entities in order to save resources and reduce duplication.

D) The correction to Section VIII, Term And Option to Extend, shall be effective as of May 1, 2005.

2. **INCORPORATED DOCUMENTS.** Exhibit A (2003 Amended Franchise Agreement) is attached hereto, incorporated by reference herein and made a part of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to the 2003 Amended Franchise Agreement to be signed and intend to be legally bound thereby.

IN WITNESS THEREOF, County and Company has executed this Agreement this 3RD day of MAY, 2007.

COUNTY OF DOUGLAS

By Doug N. Johnson
Doug N. Johnson
Chairman
Board of Commissioners

ATTEST: Barbara J. Griffin

Barbara J. Griffin, Clerk of the Board of Commissioners

By Diana Hennessey
CLERK TO THE BOARD

DOUGLAS DISPOSAL, INC.

By: Jeff Tillman
Jeff Tillman
President

By: John D. Marchini
John D. Marchini
Secretary



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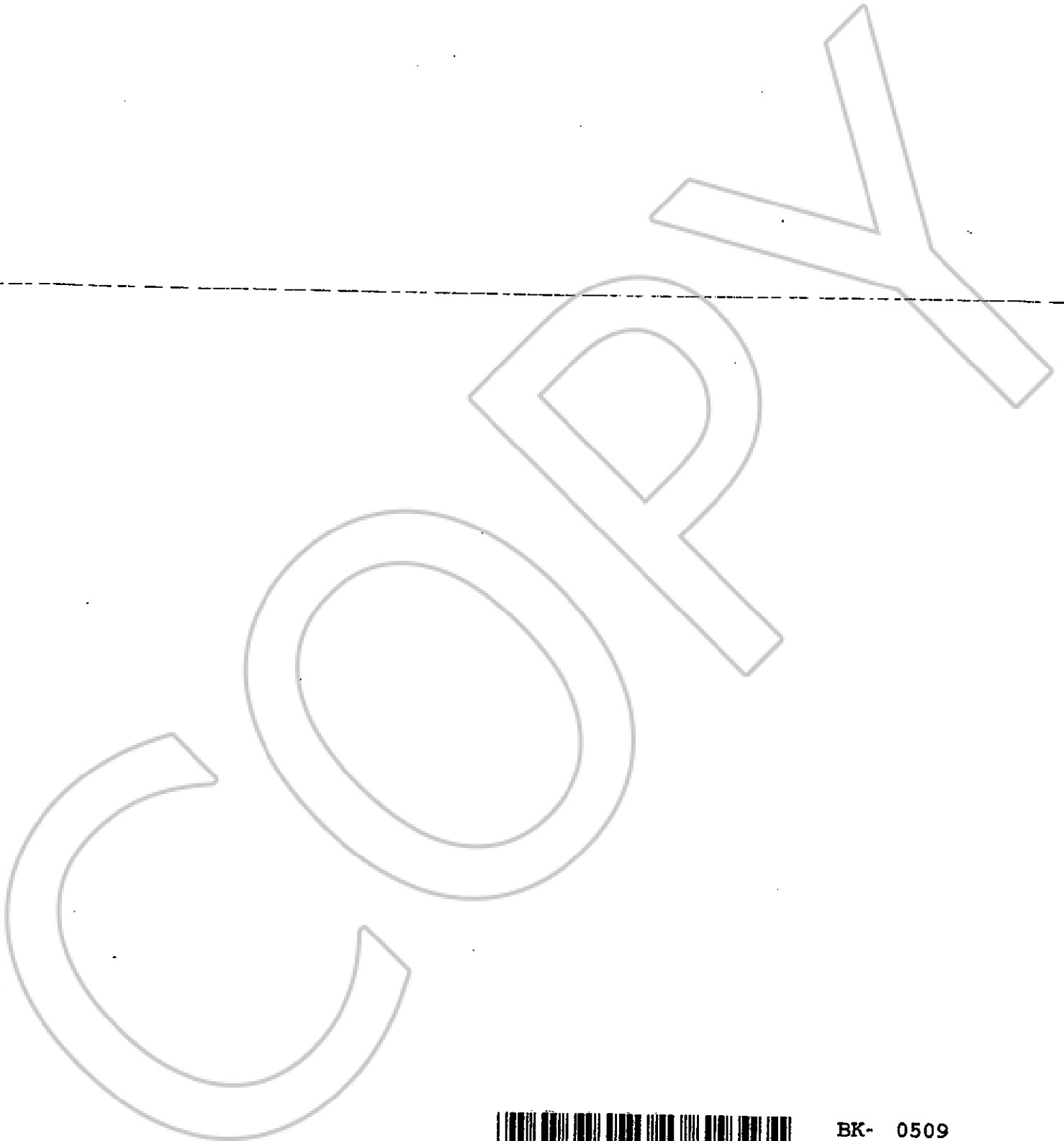
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EXHIBIT A



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BK- 0507
PG- 3641

AMENDED FRANCHISE AGREEMENT

THIS AMENDED FRANCHISE AGREEMENT, made and entered into this 17th day of December 2003, by and between Douglas County, a political subdivision of the State of Nevada (hereinafter referred to as "County") and Douglas Disposal, Inc. (hereinafter referred to as "Company"),

WITNESSETH:

WHEREAS, County and Company are desirous of modifying the method by which Collection Service Rates and Transfer Station Service Rates are adjusted.

NOW, THEREFORE, in consideration of mutual promise, covenants and agreements herein contained the parties agree as follows:

I

DEFINITIONS

For the purposes of this Agreement, the following words and phrases shall have the meaning respectively ascribed to them by this section.

(a) "Annual Average" means the result of dividing the sum of the monthly index numbers for a specific index for the twelve (12) months beginning with July and ending with June of the appropriate fiscal year, by twelve (12).

(b) "COMPANY": The term "COMPANY" shall mean Douglas Disposal, Inc., a Nevada corporation, and its successors and assigns.

(c) "COUNTY": The term "COUNTY" shall at all times mean Douglas County, State of Nevada.

(d) "Franchise fee" means the fee or assessment imposed by COUNTY on COMPANY solely because of its status as party to this Franchise Agreement, and which, inter alia, is intended to compensate COUNTY for its expenses in administering this Franchise Agreement and to fund other waste management activities.

(e) "Gross revenues" means revenues collected under the provisions of this Agreement, including, but not limited to, revenues from any rates, fees, or any other charges imposed on COMPANY customers or users of a transfer station, landfill, or any other portion of a waste management system. The term does not include Rental revenues from waste containers supplied by Douglas Disposal Container Service, except any portion of that revenue from rates, fees, or any other charges paid for disposal of the solid waste or recyclable materials collected in the

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containers; provided, however, that exclusions from gross revenues are subject to reexamination and determination by the Board of County Commissioners, which may be assisted by the Citizens Advisory Committee on Ratemaking.

(f) "Landfill": The term "Landfill" shall mean that certain Landfill presently being operated in Storey County by Refuse, Inc., and any expansion thereof.

(g) "Recyclable" or "recyclable material" means materials which are reused or processed or are in the future reused or processed, in a materials recovery or other facility, into a form suitable for reuse through reprocessing or remanufacture, consistent with the requirements of state and federal law. The term includes transformable and compostable materials. The term includes paper, newsprint or newspaper, printed matter, pasteboard, paper containers, cardboard, glass, aluminum, metals, PET, HPDE, and other plastics, beverage and other containers, compostable materials, yard debris, used motor oil, automotive batteries, anti-freeze, latex paint, brick and stone in reusable size and conditions and such other materials designated under state or federal law.

(h) "WASTE, SOLID WASTE, OFFAL, DEBRIS and GARBAGE" shall mean or include all forms of waste material that are permitted to be disposed of by the landfill method, as allowed by all Federal, State County and local laws, ordinances and regulations. The term "waste, solid waste, offal, debris or garbage" shall not include hazardous waste, as the term "hazardous waste" is defined in NRS § 459.430, as from time to time amended.

II

GRANT OF PRIVILEGE

(a) COUNTY does hereby grant to COMPANY during the term hereof the exclusive privilege, except as provided in paragraph (c), for collection and disposal of all solid waste within of East Fork Township, Douglas County, Nevada, except where otherwise precluded by NRS 244.188 or other applicable law or within the boundaries of the unincorporated towns of Minden and Gardnerville, as from time to time expanded provided that all persons or entities within the unincorporated towns of Minden and Gardnerville requiring large drop boxes and compactors of a six-yard (6 yd.) size or larger shall be serviced by COMPANY. Properties must be officially annexed to either Minden or Gardnerville before they will be serviced by Minden or Gardnerville rather than COMPANY.

(b) COUNTY does hereby grant to COMPANY during the term hereof the exclusive right or privilege to operate a "transfer/compaction" station, wherein the SOLID waste will be initially deposited before it is transported by COMPANY to the Landfill.

(c) This section shall not preclude some person from picking up and hauling his/her own solid waste to a solid waste transfer station or a governmentally approved Landfill.

(d) COMPANY and COUNTY acknowledge that COUNTY is currently subject to recycling mandates imposed by the State of Nevada and will be subject to other State and federal mandates regarding recycling in the future as well as needs arising from within the COUNTY. COMPANY and COUNTY agree that the grant of privilege under this agreement shall not preclude COUNTY from separately or exclusively operating (either through COUNTY or through a COUNTY contractor and either a comprehensive or a particular (e.g. used oil, batteries, pesticides, etc.)) recycling or materials recovery programs. any household hazardous waste program, or, if mandated by statute or regulation or needed within the COUNTY, any other program, and that, to that extent, the grant of privilege to COMPANY is nonexclusive; PROVIDED, however, that COMPANY and COUNTY agree that the following conditions will apply in the interim until COUNTY begins operation of a program, either through COUNTY operation or operation by a COUNTY contractor:

~~1. No solid waste, including any recyclable material, may be collected, recycled, or disposed of under an arrangement or agreement whereby the owner or occupier of any residential or commercial property pays any form of monetary consideration, value or monetary equivalent to another person or entity (non-profit or otherwise) to have any solid waste, including recyclable materials, picked up and/or removed from the residential or commercial property, including but not limited to charging for a pickup container and not for the actual pickup.~~

2. A donation or sale of any recyclable material by a person or entity to another person or entity is not subject to the provisions of Condition 1.

3. If recyclable materials enter COMPANY's waste stream through discarding by the owner of the recyclable materials in a SOLID waste container picked up by COMPANY or at the transfer station those materials, unless COUNTY and COMPANY otherwise agree or are required by statute or regulation to act otherwise, shall not be considered to be recyclable materials for purposes of a recycling program operated by a COUNTY contractor. COMPANY may separate and market such recyclable materials. COUNTY and COMPANY further agree that, if COUNTY determines to provide exclusive recycling programs through a COUNTY contractor, then, unless COUNTY is required by law to act otherwise, COMPANY may be a participant in any request for proposal or bidding process conducted by COUNTY.

(e) COUNTY and COMPANY further agree that COUNTY may direct COMPANY to dispose of SOLID waste at a landfill other than the Storey County Landfill in accordance with Section XI(a) or to dispose of or route SOLID waste or recyclable materials to another facility designated by COUNTY.

III

DIRECTION AND APPROVAL

(a) COUNTY does hereby direct COMPANY to dispose of all SOLID waste picked up by COMPANY and by the towns of Minden and Gardnerville, together with any other SOLID waste deposited at the transfer station, at the Landfill owned and operated by REFUSE, INC.

(b) COMPANY and COUNTY understand that the SOLID waste to be disposed of at Landfill may require the approval of the Landfill as a regional facility by the State of Nevada, Department of Conservation and Natural Resources, Division of Environmental Protection. COMPANY and COUNTY agree to take all steps necessary to obtain all governmental approvals necessary for the disposal of the SOLID waste at Landfill. The failure to obtain the necessary approvals will operate as a cancellation of this Agreement. If necessary approvals are not retained for the Landfill, COUNTY and COMPANY agree to immediately renegotiate all terms of this Agreement related to the use and payment for use of the Landfill and the location of future or further disposal of SOLID waste.

IV

TERM AND OPTION TO EXTEND

(a) The term of this Agreement shall be deemed to commence upon December 19, 1991 and the same shall expire 10 years thereafter, unless extended as provided in Paragraph (b) hereof.

(b) If COMPANY has complied with the terms of this Agreement, COMPANY is hereby granted an option to extend the term of this Agreement, after its initial termination date for an additional 10 years upon the same terms and conditions of this Agreement. Should COMPANY elect to exercise this option, then COMPANY must do so by giving written notice of the same to COUNTY at least one (1) year prior to the expiration of the initial term hereof.

V

FRANCHISE FEE AND FINANCIAL STATEMENTS

(a) During the term of this Agreement and as computed by COMPANY on a monthly basis and paid by the fifteenth (15th) of the following month, COMPANY shall pay to COUNTY as and for a franchise fee a sum equal to eight percent (8%) of the gross revenues collected by COMPANY within Douglas County, State of Nevada. COMPANY, in computing monthly amount of the franchise fee due to COUNTY, may base the payment on the amount of the franchise fee owed in the previous fiscal year, projected for the succeeding fiscal year, and adjusted periodically throughout the succeeding fiscal year. COUNTY may, in its sole discretion, provide COMPANY with ten (10) days written notice that it desires to alter the existing franchise fee and COMPANY shall, beginning with the next billing cycle, implement and account for the adjusted franchise fee. Revenues from COUNTY imposed surcharges will be excluded from "gross revenues" when determining the applicable franchise fee. If the franchise fee is not timely

paid, as provided herein, then the franchise fee shall bear interest at a rate equal to the prime rate at the largest bank in Nevada as ascertained by the commissioner of financial institutions on January 1 or July 1, as the case may be, immediately preceding the date of the nonpayment, plus 2 percent (2%), until paid. COMPANY agrees that any such interest penalty shall be borne by COMPANY and shall not be passed along to ratepayers.

(b) During the term of this Agreement, and within ninety (90) days after close of COMPANY's fiscal year, COMPANY shall furnish a verified financial statement of COMPANY's financial operations within Douglas County to COUNTY.

VI

REFUSE COLLECTION

(a) COMPANY shall, during the term of this Agreement, at least once each week, collect the amounts of SOLID waste of persons or entities desiring such service and which SOLID waste the particular customer has made financial arrangements with COMPANY to pick up. COMPANY shall have the right to establish and change collection routes and collection days to provide for efficient operation and service. If any such route change results in a different collection day, the occupant of the affected premises shall be given at least five (5) days notice in writing. COMPANY must furnish garbage and rubbish collection as herein provided to all persons who request such service within the territory covered by this franchise, provided that such service may be withheld during any period in which bills for service remain delinquent, such bills becoming delinquent fifteen (15) days after such bill is received.

(b) Twice each year the COMPANY shall provide to its subscribers free removal of rubbish and waste material in clean-up drive promotion; provided that the rubbish and waste material shall be placed in containers or tied in bundles and shall not exceed one (1) cubic yard in volume and shall be placed within reasonable proximity of the edge of the abutting road on the day when COMPANY has publicly announced that the service will be provided to its subscribers. Material requiring special disposal procedures, such as materials containing federally or state designated hazardous wastes exceeding federal or state quantities or amounts for landfill disposal (other than household hazardous wastes) or CFCs, will not be a part of this subscriber clean-up service.

(c) All customer complaints shall be directed to COMPANY. COMPANY shall record all complaints received by mail, by telephone or in person (including date, name, address of complainant and nature of complaint). COMPANY agrees to use its best efforts to resolve all complaints by close of business of the second business (waste collection) day following the date on the complaint is received. A customer dissatisfied with COMPANY's decision regarding a complaint may ask COUNTY to review the complaint. To obtain this review, the customer must request COUNTY's review within thirty (30) days of the customer's receipt of COMPANY's response to the complaints or within forty-five (45) days of submitting the complaint to .



COMPANY if COMPANY has not responded to the complaints. COUNTY may extend the time to request its review for good cause. The COUNTY Public Works Director or his designee shall determine if the customer's complaint is justified and, if so, where remedy, if any shall be imposed. Any remedy shall be limited to a rebate of customer charges related to the period of breach of any of the terms of this Franchise Agreement.

d) **REFUSE COLLECTION AND COUNTY RECYCLING SERVICES.** COMPANY currently provides the County Recycling Services set forth below.

1) "Separation boxes" for the collection of recyclable materials. The size, annual loads and location of the containers are as follows:

Separation Box Location	Box Size	Estimated Loads
Jacks Valley Elementary School	20 yd. or 30 yd.	33
Scarcelli Elementary School	20 yd. or 30 yd.	23
Holbrook Station	20 yd. or 30 yd.	10
Gardnerville Elementary School	20 yd. or 30 yd.	9
Total		75

2) White office paper routes (every other Thursday) for the collection of recyclable materials. The size and customer name are as follows:

Customer	Container Size
Home Depot	2 yd. to 4 yd.
Bently/GE	2 yd. to 4 yd.

Douglas County Sheriff's Office	2 yd. to 4 yd.
Carson Valley Inn	2 yd. to 4 yd.
Douglas County Administrative Offices	2 yd. to 4 yd.
Douglas County High School	2 yd. to 4 yd.
Douglas County School District	2 yd. to 4 yd.
Wallys Hot Springs Resort	2 yd. to 4 yd.
Carson Valley Middle School	2 yd. to 4 yd.
Harveys/Harrahs	2 yd. to 4 yd.
	2 yd. to 4 yd.
	2 yd. to 4 yd.

3) Containers for the collection of aluminum recyclable materials. The size, annual loads and location of the containers are as follows:

Aluminum Container Location	Box Size	Annual Loads
Boy Scouts (at Smith's)	6 yd.	2
Douglas County Animal Shelter	6 yd.	26

4) Operation of the drop-off center at the Douglas County Transfer Station from Tuesday through Sunday of each week during the hours of 9:00 - 12:00 in the morning and 12:30 - 4:30 in afternoon.

- 5) COMPANY shall provide such additional County Recycling Services as may be agreed upon in writing by the COUNTY and the COMPANY. The cost of providing Separation Boxes or Drop Boxes shall be as set forth on Exhibit 2 of this Agreement.
- 6) In the event the COUNTY requests recycling services from the COMPANY whose rates are not set forth in Exhibit 2, Company shall, within 30 days of receiving a written request for those recycling services, prepare and submit to the COUNTY a detailed cost estimate to provide said services.

VII

TRANSFER STATION

- (a) Immediately after the execution of this Agreement by all parties. COMPANY agrees to, as expeditiously as possible, construct a transfer station wherein solid waste from East Fork Township and Alpine County may be initially disposed of. Thereafter, and as expeditiously as possible, the solid waste will be compacted and transported to the Storey County Landfill. The size and type of transfer station and equipment to be used in the operation of the transfer station shall be mutually agreed upon between COMPANY and COUNTY.
- (b) The transfer station shall be constructed on certain real property located on the Douglas County Landfill that is presently owned by COUNTY. Immediately after the execution of the Agreement the property will be appraised and COMPANY shall purchase said property from COUNTY for its appraised value.
- (c) The effectiveness of this Agreement is contingent upon COMPANY being able to obtain financing acceptable to COMPANY and acceptable to and approved by COUNTY to construct and operate the transfer station. The failure of COMPANY to obtain financing acceptable to COMPANY and acceptable to and approved by COUNTY will operate as a cancellation of this Agreement.
- (d) COMPANY and COUNTY agree that COUNTY retains the sole authority to set rates, fees, or charges of any type for any user of the transfer station.

VIII

RATES, CHARGES AND ADJUSTMENTS

- a) Notwithstanding Paragraphs VIII. b) & c) below, during the term of this Agreement COUNTY may, from time to time, but no more often than every five years, by resolution or ordinance establish uniform rates, to include a reasonable rate of return for COMPANY, for the collection and disposal of solid waste

within East Fork Township, including use of a transfer station or any other facility which is part of a solid waste management system within the COUNTY, provided, however, several rates may be established for business establishments, including apartment complexes or condominium complexes of five (5) units or more as distinguished from residential rates. COUNTY and COMPANY also agree that COUNTY may exercise the authority granted pursuant to Nev.Rev.Stat. ch 444 (or successor statutes) to impose appropriate fees and charges for a solid waste management system, including but not limited to, the operation, expansion, monitoring, and remediation of the system. Immediately after the execution of this Agreement COUNTY and COMPANY shall adopt rates, including the effective date of said rates, regarding the collection of solid waste, operation of a transfer station, transportation of solid waste to Storey County Landfill and applicable Landfill charges, but not limited thereto. Until such time as said rates are adopted the present rates being charged by COMPANY will remain in full force and effect. COMPANY agrees that the COUNTY authority to establish rates necessarily includes the power to establish rate-making procedures and to audit and review COMPANY'S records and operations.

a. Collection Services. COMPANY shall be responsible for the billing and collection of payments for all Collection Services. COMPANY shall charge Service Recipients the Collection Service Rates established in Service Rate Forms 1 & 2 of Exhibit 1 which are attached to and included in this Agreement and as may be adjusted under the terms of this Agreement. Such monthly service rate charges to customers may be billed quarterly in advance.

i. Adjustments to the Collection Service Rates. Beginning on January 1, 2004, and annually thereafter, COMPANY shall, subject to compliance with all provisions of this Section, receive an annual adjustment in the "Collection Elements", "Disposal Elements" and "Franchise Fee Elements" of the following Collection Service Rates as set forth in Exhibit 1 to this Agreement:

- Residential Collection Service Rates as set forth on Service Rate Form 1 of Exhibit 1.
- Commercial Collection Service Rates as set forth on Service Rate Form 2 of Exhibit 1.

2. Collection Element Adjustment. Beginning on January 1, 2004, and annually thereafter during the term of this Agreement, the "Collection Elements" of the Collection Service Rates set forth in Service Rate Forms 1 & 2 of Exhibit 1 shall be adjusted using the Refuse Rate Index, (RRI) methodology as set forth in Exhibit 3, which is attached to and included in this Agreement. Except as set forth in Paragraph VIII b) 1) (b) below, the RRI adjustment shall be the sum of the

weighted percentage change in the Annual Average of each RRI index number between the base fiscal year, which shall be the prior preceding fiscal year ending June 30th, and the preceding fiscal year ending June 30th, as contained in the most recent release of the source documents listed in Exhibit 3. Therefore, the first "Collection Element" rate adjustment will be based on the percentage changes between the Annual Average of the RRI indices for the fiscal year ended June 30, 2002 and the Annual Average of the RRI indices for the fiscal year ended June 30, 2003. However, at no time will the percentage change in the Refuse Rate Index result in a reduction of the Collection Service Rates.

3. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the "Collection Elements" of the Collection Service Rates. Instead the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.
4. Financial Information. On or before November 1, 2003, and annually thereafter during the term of this Agreement, COMPANY shall utilize the Douglas County Solid Waste Financial Model to deliver to COUNTY financial information for the specific services performed under this Agreement for the preceding fiscal year ending June 30th. Such financial information shall be in the format as set forth in Exhibit 3, or as may be further revised by COUNTY from time to time. If COMPANY fails to submit the financial information in the required format by November 1st, it is agreed that COMPANY shall be deemed to have waived the Collection Service Rate adjustment for that year. COMPANY'S failure to provide the financial information shall not preclude COUNTY from calculating the RRI using the prior fiscal year's financial data, or pro forma data if no prior fiscal year financial data is available, if that procedure would result in the calculation of a negative RRI number. If COMPANY'S failure to submit the financial information required under this Section is the result of extraordinary or unusual circumstances as demonstrated by COMPANY to the satisfaction of the County Manager, COUNTY, at its sole discretion, may consider the request for the annual Collection Service Rate adjustment.
 - ii. Disposal Element Adjustments. The "Disposal Elements" are based on the approved rates at the Douglas County Transfer Station and are set forth on Service Rate Forms 1, & 2 of Exhibit 1. Beginning on January 1, 2004 and, except as set forth in Paragraph VIII f) below, annually thereafter during

the term of this Agreement, the "Disposal Elements" will be adjusted based on the following formula:

1. (The percentage change in the Transfer Station Rate x the current "Disposal Element") plus the current "Disposal Element"
Will equal the new monthly unit "Disposal Element".

iii. Franchise Fee Element Adjustments. The "Franchise Fee Element" is a percentage of the Collection and Disposal Rates and is set forth on Service Rate Forms 1, & 2 of Exhibit 1. Beginning on January 1, 2004 and, except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "Franchise Fee Elements" will be adjusted based on the following formula:

1. (The sum of the dollar changes in the "Collection and Disposal Elements" of the Collection Service Rates x the current Franchise Fee Percentage (currently 8%)) plus the current "Franchise Fee Element"
Will equal the new monthly unit "Franchise Fee Element".

c. Transfer Station Services. The COMPANY shall be responsible for the billing and collection of payments for all Transfer Station Services. The COMPANY shall charge the service rates established in Exhibit 2, which is attached to and included in this Agreement, and as may be adjusted under the terms of this Agreement.

i. Adjustments to the Transfer Station Rates. Beginning on January 1, 2004, and annually thereafter, COMPANY shall, subject to compliance with all provisions of this Section, receive an annual adjustment in the "Operation and Hauling Elements", "Landfill Elements" and "County Surcharge Elements" of the Transfer Station Rates as set forth in Exhibit 2 to this Agreement.

1. Operation and Hauling Element Adjustment. Beginning on January 1, 2004, and annually thereafter during the term of this Agreement, the "Operation and Hauling Elements" of the Transfer Station Rates set forth in Exhibit 2 shall be adjusted using the Refuse Rate Index, (RRI) methodology as set forth in Exhibit 3. Except as set forth in Paragraph VIII c) 1) (b) below, the RRI adjustment shall be the sum of the weighted percentage change in the Annual Average of each RRI index number between the base fiscal year, which shall be the prior preceding fiscal year ending June 30th, and the preceding fiscal year ending June 30th, as contained in the most recent release of the source documents listed in Exhibit 3. Therefore, the first "Operation and Hauling Element" rate adjustment will be based on the

percentage changes between the Annual Average of the RRI indices for the fiscal year ended June 30, 2002 and the Annual Average of the RRI indices for the fiscal year ended June 30, 2003. However, at no time will the percentage change in the Refuse Rate Index result in a reduction of the service rates.

2. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the Operation and Hauling Elements of the Transfer Station Rates. Instead the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.

a. Financial Information. On or before November 1, 2003, and annually thereafter during the term of this Agreement, COMPANY shall utilize the Douglas County Solid Waste Financial Model to deliver to COUNTY financial information for operation of the Transfer Station performed under this Agreement for the preceding fiscal year ending June 30th. Such financial information shall be in the format as set forth in Exhibit 3, or as may be further revised by COUNTY from time to time. If COMPANY fails to submit the financial information in the required format by November 1st, it is agreed that COMPANY shall be deemed to have waived the Transfer Station Rate adjustment for that year. COMPANY'S failure to provide the financial information shall not preclude COUNTY from calculating the RRI using the prior fiscal year's financial data, or pro forma data if no prior fiscal year financial data is available, if that procedure would result in the calculation of a negative RRI number. If COMPANY'S failure to submit the financial information required under this Section is the result of extraordinary or unusual circumstances as demonstrated by COMPANY to the satisfaction of the County Manager, COUNTY, at its sole discretion, may consider the request for the annual Transfer Station Rate adjustment.

3. Landfill Element Adjustments. The "Landfill Elements" are based on the approved rates at the Landfill and are set forth in Exhibit 2. Beginning on January 1, 2004 and, except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "Landfill Elements" of the Transfer Station Rates set forth in Exhibit 2 shall be increased or decreased as set forth herein. Any

change in the fees or charges paid by COMPANY to REFUSE INC., Storey County or the State of Nevada for the disposal of solid waste at the Landfill will result in an adjustment in the appropriate "Landfill Element" based on the following formula:

- a. (The percentage change in the Landfill tipping fee x the current "Landfill Element") plus the current "Landfill Element"

Will equal the new per ton "Landfill Element".

4. County Surcharge Element Adjustments. The "County Surcharge Elements" are set forth in Exhibit 2. Beginning on January 1, 2004, and, except as set forth in Paragraph VIII f) below, annually thereafter during the term of this Agreement, the "County Surcharge Elements" of the Transfer Station Rates set forth in Exhibit 2 shall be increased or decreased as set forth herein. Any change in the surcharge imposed by COUNTY will result in an adjustment in the appropriate "County Surcharge Element" based on the following formula:

- a. The dollar change in the "County Surcharge Elements" of the Transfer Station Rates plus the current "County Surcharge Element" will equal the new per ton "County Surcharge Element".

- d. Adjustment Calculations. Annual adjustments shall be made only in units of one cent (\$0.01). Fractions of less than one cent (\$0.01) shall not be considered in making adjustments. The indices shall be truncated at four (4) decimal places for the adjustment calculations.
- e. Notification. As of November 15, 2003, and annually thereafter during the term of this Agreement, COUNTY shall notify COMPANY of the adjustment to the affected Collection Service Rates and Transfer Station Rates to take place on the subsequent January 1st.
- f. Non-Annual Adjustments. COMPANY shall have the right to increase the "Disposal Element" or "Franchise Fee Element" of the Collection Service Rates, or the "Landfill Element" or "County Surcharge Element" of the Transfer Station Rates, as appropriate, without the prior approval of COUNTY, upon thirty (30) days advance written notice to COUNTY in the event of an occurrence of one or all of the events set forth in Paragraph VIII f) 1) below.
 - i. In the event of an increase in the fees or charges paid by COMPANY

to REFUSE INC., Storey County or the State of Nevada, for the disposal of solid waste at Landfill, the "Landfill Element" of the Transfer Station Rates and the "Disposal Element" and "Franchise Fee Element" of the Collection Service Rates may be adjusted. Such rate adjustments shall be calculated as set forth in Paragraphs VIII b) & c) above provided, however, the increase cannot exceed the percentages established in Paragraph XII (a) (2) hereof without the prior approval of COUNTY in accordance with Paragraph VIII (h) hereof.

ii. In the event of an increase in Douglas County imposed surcharges or franchise fees the "County Surcharge Element" of the Transfer Station Rates and the "Disposal Element" and "Franchise Fee Element" of the Collection Service Rates may be adjusted. Such rate adjustments shall be calculated as set forth in Paragraphs VIII b) & c) above.

g. In the event of a decrease in the fees or charges paid by COMPANY to REFUSE INC., Storey County or the State of Nevada, for the disposal of solid waste at Landfill, a decrease in Douglas County imposed surcharges, or a decrease in franchise fees, or other fees or charges paid to Douglas County, COMPANY shall automatically decrease the appropriate element of its Collections Service Rates or Transfer Station Rates effective upon the date of the decrease.

h. Any other rate increases shall require prior COUNTY approval.

i. COMPANY and COUNTY agree that if COMPANY agrees to terms with any other entity within the geographic area of East Fork Township for the collection and disposal of solid waste and if COUNTY finds that some or all of the rates, fees, or charges imposed pursuant to that agreement would tend, either directly or indirectly, to unfairly or unevenly confer benefits on ratepayers under that agreement that are not enjoyed by ratepayers under this Agreement or that are in any way supported by ratepayers under this Agreement, then COUNTY is authorized to modify existing rates, fees, or charges imposed pursuant to this Agreement and to establish identical or substantially equivalent rates, charges or fees.

j. COMPANY or COUNTY acknowledge and agree that COUNTY, if it so desires, may join or cooperate in ratemaking procedures with other entities in order to save resources and reduce duplication.

IX

COMPLIANCE WITH LAWS

(a) COMPANY represents, warrants and agrees that it will comply with all federal, State and local laws and regulations, as they now exist or as they will exist in the future, regarding the pick up and disposal of solid waste and operation



COPY



liability insurance, general liability insurance, and such other insurance coverage normally carried by COMPANY insuring against the injury, loss, or damage to persons and property caused by COMPANY's activities. Any additional insurance as may be required shall be as set forth below. COMPANY shall maintain in effect at all times during the performance under this contract all specified insurance coverage with insurers and forms of policy satisfactory to COUNTY, acceptance of which shall not be unreasonably withheld. None of the requirements as to types, limits, and approval of insurance coverage to be maintained by COMPANY are intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by COMPANY under the Agreement. Unless specifically set forth below, COUNTY shall not maintain any insurance on behalf of COMPANY.

COMPANY will provide COUNTY, annually or upon changing insurers, with certificates of insurance for coverage as listed below and endorsements affecting coverage required by this agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer and who is licensed by the State of Nevada.

A. Each insurance company's rating as shown in the latest Best's Key rating guide shall be fully disclosed and entered on the required certificate of insurance. The adequacy of the insurance supplied by COMPANY, including the rating and financial health of each insurance company providing coverage, is subject to the approval of COUNTY.

B. COUNTY and its officers and employees must be expressly covered as insureds, except on workers compensation coverage.

C. COMPANY's insurance shall be primary as respects COUNTY and its officers and employees.

D. Contractor's general liability insurance policies shall provide coverage for COMPANY's contractual liability to COUNTY. The parties further agree that COMPANY or its insurance carrier shall provide COUNTY with 30 days advance notice of cancellation of the policies.

E. All deductibles and self-insured retentions shall be fully disclosed in the certificates of insurance.

F. If the aggregate limits of less than \$2,000,000 are imposed on bodily injury and property damage, COMPANY must maintain umbrella liability



insurance of at least \$1,000,000. All aggregates must be fully disclosed and the amount on the required certificate of insurance.

G. COMPANY shall obtain and maintain, for the duration of this contract, general liability insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work under this contract by COMPANY or its agents, representatives, or employees. No separate payment shall be made by COUNTY for the cost of such insurance.

H. General liability coverage shall be on a "per occurrence" basis only and not "claims made." The coverage must be provided either on a Commercial General Liability Form A or a Broad Form Comprehensive General Liability form. The parties agree that no exceptions will be permitted to the coverage provided in such forms. Policies must include, but need not be limited to, coverage for bodily injury, personal injury, broad form property damage, premises operations, severability of interest, products and completed operations, contractual and independent contractors. General liability insurance policies shall be endorsed to include COUNTY as an additional insured. Subject to ¶ F of this section, COMPANY shall maintain limits of no less than \$1,000,000 combined single limit "per occurrence" for bodily injury (including death) personal injury, and property damages.

I. COMPANY shall obtain and maintain, for the duration of this contract, motor vehicle coverage which must include, but need not be limited to, coverage against claims for injuries to persons or damages to property which may arise from or in connection with the use of any motor vehicle in the performance of work under this contract by COMPANY or its agents, representatives, or employees. Subject to ¶ F of this section, COMPANY shall maintain limits of no less than \$1,000,000 combined single limit "per occurrence" for bodily injury and property damage.

J. COUNTY may, from time to time, review COMPANY's existing insurance and, if COUNTY determines that the insurance is inadequate or inappropriate, COUNTY and COMPANY shall negotiate adequate or appropriate insurance to be provided by COMPANY which will reflect changes in costs and exposure to liability.

K. If COMPANY fails to maintain any of the required insurance coverage, then the County will have the option to declare COMPANY in breach and terminate the contract, or COUNTY may purchase replacement insurance or pay the premiums that are due on existing policies in order that the required coverage

is maintained. COMPANY is responsible for any payments made by COUNTY to obtain or maintain such insurance, and COUNTY may collect the same from Contractor .

L. The specified insurance requirements do not relieve COMPANY of its responsibility or limit the amount of its liability to COUNTY or other persons, and COMPANY is encouraged to purchase such additional insurance as it deems necessary.

M. COMPANY is responsible for and required to remedy all damage or loss to any property, including property of COUNTY, caused in whole or in part by COMPANY or anyone employed, directed, or supervised by COMPANY.

N. Judgments, fines and associated legal expenses will not be part of the rate base in so far as they are adjudicated as part of the COMPANY's liability, individually, jointly or severally.

COMPANY shall defend with counsel reasonably acceptable to the COUNTY and indemnify the COUNTY from and against any and all liabilities, costs, claims and damages which are caused by COMPANY's failure to comply with all federal, state and local laws legally binding on COMPANY.

COMPANY agrees that it shall protect, defend with counsel reasonably acceptable to COUNTY, indemnify and hold harmless the COUNTY , its officers, employees and agents from and against any and all liabilities, fines, penalties, claims, losses, charges, damages, or judgments, including attorney's fees, arising out of or resulting in any way from COMPANY's exercise of the franchise, unless such claim is due to the sole negligence or willful acts of the COUNTY, its officers, employees or agents or from COUNTY's grant of this franchise to COMPANY.

In addition, upon request of the COUNTY, COMPANY shall defend with counsel reasonably acceptable to the COUNTY , indemnify and hold the COUNTY harmless from any and all litigation and claims, damages and liabilities arising heretofore, brought to enforce or to challenge the franchise agreement and/or COMPANY'S exclusive rights granted thereunder; provided, however, the COMPANY's obligations hereunder extend only to action brought against or by persons not parties to this agreement. County will defend agreement.

Any obligation of COMPANY to indemnify under this Section shall become due and payable when and as any liability, fine, penalty, claim, loss,

charge, damage, or judgment incurred by or imposed on any COUNTY indemnified party becomes due and payable. COMPANY may elect to defend any liability, fine, penalty, claim, loss, charge, damage, or judgment with counsel and may settle any such matter by paying the settlement.

XI

CANCELLATION

(a) COUNTY shall have the right to direct COMPANY to dispose of the SOLID waste deposited at the transfer station at some location other than Landfill upon the following terms and conditions;

1. Upon providing two (2) years written notice to COMPANY, COUNTY shall have the right to direct COMPANY to dispose of the SOLID waste deposited at the transfer station at some location other than Landfill, or

2. In the event of a fee increase(s) charged COMPANY by REFUSE, INC. , for disposal of SOLID waste at Landfill, which is/are greater than twelve percent (12%) in any twenty four (24) month period, then COUNTY may direct COMPANY upon thirty (30) days prior written notice that COMPANY dispose of the SOLID waste deposited at transfer station at some location other than Landfill.

(b) This Agreement may be cancelled, pursuant to the procedure set forth herein by either party at any time during the term hereof for a substantial breach by the opposite party of any term, condition of covenant of this Agreement, as follows:

Upon determining that such a breach or violation has been committed, the offended party shall notify, by mail, the breaching party of its intent to cancel the contract. The breaching party shall, within a period of sixty (60) days of the postmark of said mailed notice, have the right to correct any such breach or violation. If, during the sixty (60) day period, the breach or violation is corrected, no right of rescission or cancellation of this Agreement shall accrue. If, however, upon the expiration of the sixty (60) day period, the breach or violation has not been so corrected, the offended party shall have the right to seek and obtain a judicial determination of rescission and cancellation of this Agreement.

(c) If COMPANY shall, at any time during the term of this franchise, become insolvent or if proceedings in bankruptcy shall be instituted by or against

COMPANY, or if COMPANY shall be adjudged bankrupt or insolvent by any court, or if a receiver or trustee in bankruptcy or receiver of any property of COMPANY shall be appointed in any suit or proceeding brought by or against COMPANY, or if COMPANY shall make any assignment for the benefit of creditors, then in each and every case, this franchise and the rights and privileges granted hereunder shall immediately cease and be forfeited and cancelled; provided, however, that if COMPANY shall, within sixty (60) days after the filing and service on COMPANY of any involuntary petition in bankruptcy or for the appointment of a receiver, commence proper proceedings to dismiss or deny the petition or to vacate the receivership, then no such default shall accrue until entry of a final determination adverse to COMPANY.

XII

NON-ASSIGNABILITY

COMPANY shall not sell, transfer, assign or lease all or any portion of this Agreement or the transfer station nor any interest therein, nor shall any of the rights or privileges granted hereby unto COMPANY be sold, transferred, assigned or leased without the prior written consent of COUNTY being first had and obtained. Nothing in this Franchise Agreement shall obligate COUNTY to treat any acquisition costs as an allowance expense of the transferee for rate setting purposes.

XIII

OPTION TO PURCHASE

COMPANY and COUNTY agree that the current rate review and development of a ratemaking procedure by the COUNTY may have a substantial effect on the renegotiation of the option to purchase term. Accordingly, COMPANY and COUNTY agree that the negotiation of this term should be reopened and concluded at a later time, on the request of either party to reopen negotiation of this term.

In the event COUNTY cancels this Agreement in accordance with the provisions of Paragraph XI(b) or XI(c) or in the event COMPANY does not exercise its option to extend this contract for an additional ten (10) years then, and in that event, COUNTY shall have the right to purchase the real property and improvements, including the transfer station, wherein the transfer station is located, including any and all permanent fixtures located on said property upon

the following terms and conditions:

(a) The purchase price shall be in cash and shall be paid within thirty (30) days after the price to be paid is determined.

(b) In the event of non-renewal, the price to be paid shall be ten percent (10%) of the fair market value of the property to be purchased.

(c) In the event of cancellation, the price to be paid shall be the hereinafter set out fraction to be multiplied by the fair market value to determine the price to be paid, as follows:

No. of years remaining on franchise term
00 x Fair market value = Price to be paid.

(d) COUNTY's right or option to purchase the real property and improvements, wherein the transfer station is located, must be exercised by COUNTY giving written notice of its intent to exercise the option to COMPANY within thirty (30) days after the date triggering COUNTY's right to exercise the option. If written notice is not sent to COMPANY within said period of time then COUNTY's option shall expire.

(e) In the event COUNTY exercises its option to purchase the property as provided herein, the parties agree to use their best efforts to attempt to determine the fair market value of the property. If the parties are unable to do so, then the fair market value of the property will be determined by arbitration with each party appointing one arbitrator and the two arbitrators so appointed selecting a third arbitrator, with the three arbitrators then and there making a majority decision as to fair market value, which decision is final and binding upon the parties hereto. The arbitrators must make a decision as to fair market value within thirty (30) days after their selection or appointment.

XIV

MISCELLANEOUS

(a) COMPANY agrees to work and cooperate with COUNTY if COUNTY chooses to adopt some type of recycling program. COMPANY and COUNTY agree that neither this provision nor any other provision of this Agreement confer upon COMPANY any right, exclusive or otherwise, to operate any COUNTY recycling program.

(b) In the event that any party hereto is required to retain an attorney to enforce any of the terms, conditions or covenants herein contained, then, and in that event, the prevailing party shall be entitled to the award of a reasonable attorney's fee together with court costs.

(c) The subject headings of the paragraphs or sub-paragraphs of this Agreement are included for convenience only and shall not affect the construction or interpretation of any of the provisions of this Agreement.

(d) All notices or demands of any kind which either party may or is required to serve upon the other, may be served by mailing a copy of such demand or notice addressed to the other party at the address hereinafter set out by certified or registered mail, or at such other address or addresses as the parties may from time to time designate in writing. The addresses for each party are as follows:

COMPANY:

Douglas Disposal, Inc.
1240 Ruth Avenue
South Lake Tahoe, CA 96150-4357

COUNTY:

Douglas County Manager
Post Office Box 218
Minden, Nevada 89423

(e) This Agreement contains the entire agreement between the parties hereto. This Agreement can only be modified by an agreement in writing, signed by the parties hereto. The Parties hereto agree to use good faith in all dealings under this Agreement.

(f) This Agreement hereby supersedes all previous ordinances and Franchise Agreements between COMPANY and COUNTY; provided, however, should this Agreement be cancelled because of the provisions of Paragraph 111(b), or because COMPANY is unable to obtain financing satisfactory to COMPANY and COUNTY then, in that event, the previous Franchise Agreement between COUNTY and COMPANY shall remain in full force and effect until its expiration date of December 31, 1994.

(g) COUNTY and COMPANY each agree that, in fulfilling the terms of this Agreement, they will act in good faith and will apply the terms of the Agreement in good faith.

(h) The COUNTY, at the expiration of this agreement, may exercise its right to solicit competitive bids for the solid waste collection and disposal franchise.



IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year hereinafter written.

DOUGLAS COUNTY

DOUGLAS DISPOSAL, INC.

Dated: 12/18/2003

Dated: _____

By: *Kelly D. Kite*
Kelly Kite, Chairman

By: *[Signature]*
President

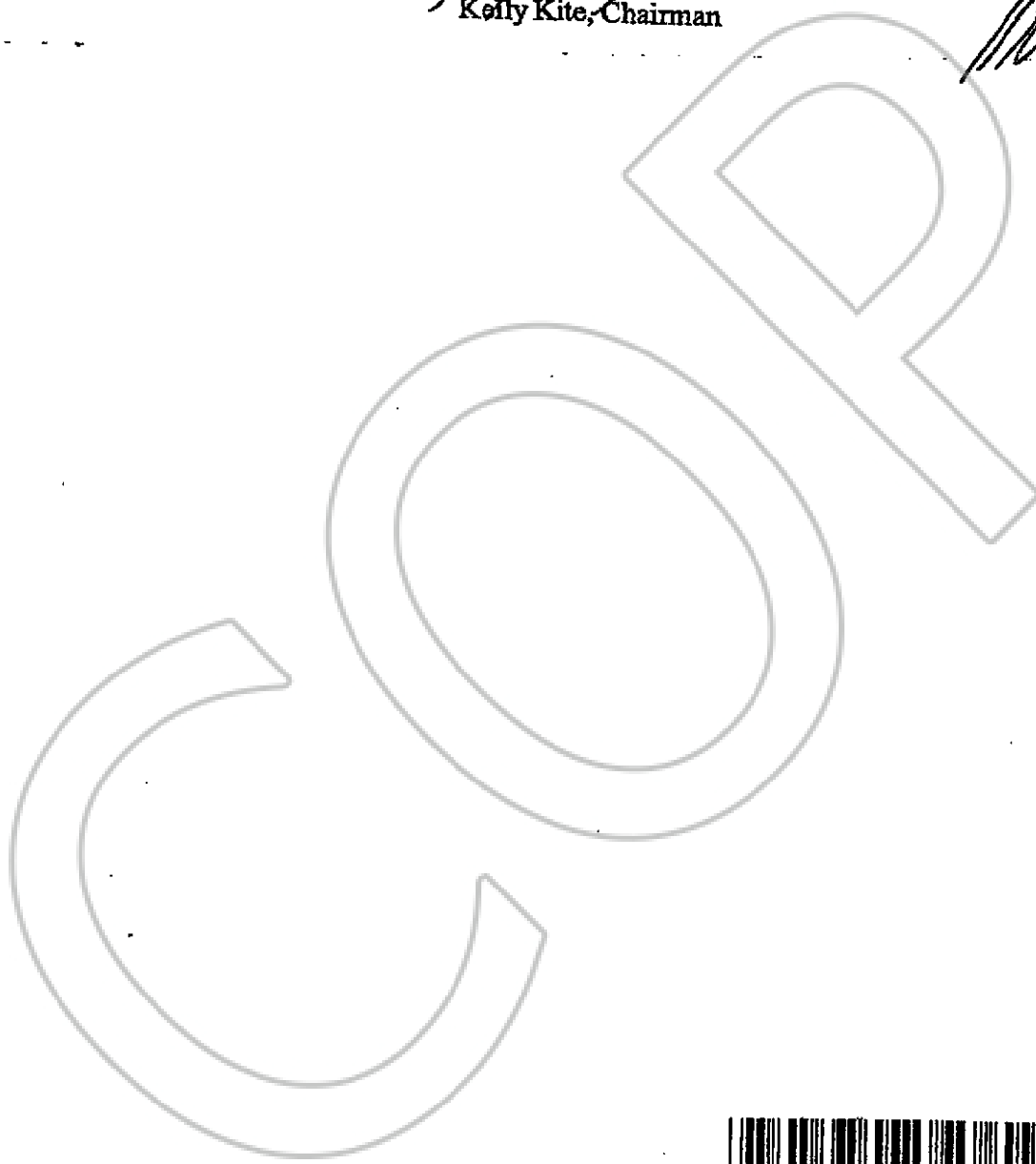


Exhibit 1
Service Rate Form 1
Residential Collection Service Rates
Carson Valley (Quarterly/Advance)
Effective January 1, 2004

	Collection Element	Disposal Element	Franchise Fee Element	Total	Collection Element	Disposal Element	Franchise Fee Element	Total
1 (32-gallon)	401	\$ 10.00	\$ 1.28	\$ 12.18	30.00	\$ 3.84	\$ 2.70	\$ 36.54
3 (32-gallon)	403	\$ 19.06	\$ 3.83	\$ 24.72	57.18	\$ 11.49	\$ 5.49	\$ 74.16
Voucher (32-45 gallon)	407	\$ 2.23	\$ 1.46	\$ 3.69	N/A	N/A	N/A	N/A
2 (45-gallon)	412	\$ 15.72	\$ 3.28	\$ 20.52	47.18	\$ 9.84	\$ 4.56	\$ 61.56
4 (45-gallon)	414	\$ 30.67	\$ 6.56	\$ 40.21	92.01	\$ 19.68	\$ 8.94	\$ 120.63
on-call (32-gallon)	438	\$ 2.04	\$ 1.28	\$ 3.58	N/A	N/A	N/A	N/A
mint (16-20 gallon)	480	\$ 8.38	\$ 0.62	\$ 9.72	25.14	\$ 1.88	\$ 2.16	\$ 29.16

Actual Plant Rates Approved December 18 2003 Res

96 Commercial

Commercial Collection Service Rates
 Carson Valley (Monthly/Arrears)
 Effective January 1, 2004

	Collection Element	Disposal Element	Franchise Fee Element	Total
32-gal can/bag	3403	\$ 2.04	\$ 1.26	\$ 3.30
45-gal can	3405	\$ 2.30	\$ 1.64	\$ 3.94
total (90-gallon)	3407	\$ 1.28	\$ 3.63	\$ 4.91
1-yd	3401	\$ 1.84	\$ 7.66	\$ 9.50
compacted rate per cubic yard	3402	\$ 4.05	\$ 16.84	\$ 20.89
5-yd	5006	\$ 112.09	\$ 45.93	\$ 158.02
20-yd	5020	\$ 252.43	\$ 153.09	\$ 405.52

Commercial Collection Service Rates
 Carson Valley (Per Collection/Arrears)
 Effective January 1, 2004

	Collection Element	Disposal Element	Franchise Fee Element	Total
32-gal can/bag	3403	\$ 3.03	\$ 0.29	\$ 3.32
45-gal can	3405	\$ 3.56	\$ 0.38	\$ 3.94
total (90-gallon)	3407	\$ 3.65	\$ 0.88	\$ 4.53
1-yd	3401	\$ 7.70	\$ 1.77	\$ 9.47
compacted rate per cubic yard	3402	\$ 16.94	\$ 3.89	\$ 20.83
5-yd	5006	\$ 147.24	\$ 10.61	\$ 157.85
20-yd	5020	\$ 359.82	\$ 32.40	\$ 392.22

**Exhibit 2
Service Rate Form
Transfer Station Service Rates
Effective January 1, 2004**

		Operation & Hauling Element	Landfill Element	Douglas County Surcharge Element	Total
Solid Waste per Ton	7600	\$ 59.50	\$ 9.05	\$ 4.35	\$ 72.90
Green Waste per Ton		\$ 26.96	\$ 8.00	\$ 4.35	\$ 39.31
Solid Waste per Yard		\$ 6.81	\$ 0.68	\$ 0.33	\$ 7.82
Green Waste per Yard		\$ 1.49	\$ 1.33	\$ 0.72	\$ 3.54
Inerts per Yard		\$ 26.43	\$ 6.79	\$ 3.26	\$ 36.48
Solid Waste		\$ 0.75	\$ 0.16	\$ 0.08	\$ 0.99
Refrigerator					\$ 44.00
TV/Monitor					\$ 25.00
Propane (5 gal)					\$ 5.00
Additional Propane Tank					\$ 1.00
Freon Cylinders					\$ 25.00
PCB/Ballast					\$ 10.00
Florescent Bulbs					\$ 1.00
Cat/Dog					\$ 12.00

Exhibit 3
Douglas County, Nevada
Refuse Rate Index
Collection Services Operating Cost Statement - Description

Operating Costs

Labor: List all administrative, officer, operation and maintenance salary accounts.
List payroll tax accounts directly related to the above salary accounts.

Fuel: List all fuel and oil accounts.

Vehicle Replacement:
List all Collection and Collection related vehicle depreciation accounts.
List all vehicle lease or rental accounts related to Collection or Collection related vehicles.

Vehicle Maintenance:
List all Collection or Collection related vehicle parts accounts.

All Other: List all other expense accounts related to the services provided under this Agreement except Franchise Fees and Disposal Costs. This category includes all insurance including general liability, fire, truck damage, extended coverage and employee group medical and life; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

Exhibit 3
Douglas County, Nevada
Refuse Rate Index
Sample Calculation for Collection Service Rates

SAMPLE REFUSE RATE INDEX CALCULATION SHEET					
Item #	Category	Data Source Bureau of Labor Statistics www.bls.gov/cpi/	Percentage Change	Item Weight	Weighted Percentage Change
1	Average Hourly Earnings	Series ID: ECS 12102i Service Producing Industries	4.14%	61.55%	2.55%
2	Motor Fuel	Series ID: WPU057303 Commodity Code 0573-03 #2 Diesel Fuel	-10.40%	6.99%	-0.73%
3	Vehicle Replacement	Series ID: PCU3713#139 Refuse and Garbage Bodies (Packer Trucks) Commodity Code 3713-139	2.88 %	2.80%	0.08%
4	Vehicle Maintenance	Series ID: PCU3537#3 Trucks and Tractors - Parts Commodity Code 3753-3 Parts and Accessories for Industrial Trucks and Tractors	1.39%	2.80%	0.04%
5	CPI All Items	Series ID: CUURX400SA0 CPI-All Urban Consumers, All Items, West - Size B/C	2.85%	25.87%	.071%
Total RRI Adjustment			100.00%	2.49	

**Exhibit 3
Douglas County, Nevada
Refuse Rate Index**

Transfer Station Rates. The adjustment to the "Operation and Hauling Element" of the Transfer Station Rates shall be calculated using the "Refuse Rate Index" in the following manner:

1. The expenses of providing Transfer Station Services in the Service Area for the designated fiscal period shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of providing Transfer Station Services in the Service Area shall be broken down into one of the following five cost categories: Labor, Fuel, Vehicle Replacement, Vehicle Maintenance and All Other. Each cost category is assigned a weighted percentage factor based on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices are used to calculate the adjustment for each cost category. The Annual Average change in each index is calculated over a twelve-month fiscal period in accordance with the terms of the Agreement.

<u>Cost Category</u>	<u>Index</u>
Labor	Series ID: ECS 12102; Service Producing Sanitary Services
Fuel	Series ID: WPU057303; Commodity Code 0573-03 #2 Diesel Fuel
Vehicle Replacement	Series ID: PCU3715#1 Truck Trailers and Chassis (10,000 Lbs/axel & over); Commodity Code 3715-1 Truck Trailers
Vehicle Maintenance	Series ID: PCU3537#3 Truck and Tractors - Parts Commodity Code 3753-3; Parts and Accessories for Industrial Trucks & Tractors
All Other	3/4 Consumer Price Index, Series ID: CUURX400SA0 CPI-All Urban Consumers, All Items West - Size B/C

4. The percentage weight for each cost category is multiplied by the Annual Average change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index (see example).

Exhibit 3
Douglas County, Nevada
Refuse Rate Index
Transfer Station Operating Cost Statement - Description

Operating Costs

Labor: List all administrative, officer, operation and maintenance salary accounts.
List payroll tax accounts directly related to the above salary accounts.

Fuel: List all fuel and oil accounts.

Vehicle Replacement:
List all Transfer and Transfer related vehicle depreciation accounts.
List all vehicle lease or rental accounts related to Transfer or Transfer related vehicles.

Vehicle Maintenance:
List all Transfer or Transfer related vehicle parts accounts.

All Other: List all other expense accounts related to the Transfer Station services provided under this Agreement except and Landfill Disposal Costs and Douglas County Surcharges. This category includes all insurance including general liability, fire, truck damage, extended coverage and employee group medical and life; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

Exhibit 3
Douglas County, Nevada
Refuse Rate Index
Sample Calculation for Transfer Station Rates

SAMPLE REFUSE RATE INDEX CALCULATION SHEET					
Item #	Category	Data Source Bureau of Labor Statistics www.bls.gov/cpi/	Percentage Change	Item Weight	Weighted Percentage Change
1	Average Hourly Earnings	Series ID: ECS 121021 Service Producing Industries	4.14%	61.55%	2.55%
2	Motor Fuel	Series ID: WPU057303 Commodity Code 0573-03 #2 Diesel Fuel	-10.40%	6.99%	-0.73%
3	Vehicle Replacement	Series ID: PCU3715#1 Truck Trailers (10,000 Lbs/axel or over) Commodity Code 3713-1	2.88 %	2.80%	0.08%
4	Vehicle Maintenance	Series ID: PCU3537#3 Trucks and Tractors -- Parts Commodity Code 3753-3 Parts and Accessories for Industrial Trucks and Tractors	1.39%	2.80%	0.04%
5	CPI All Items	Series ID: CUURX400SA0 CPI-All Urban Consumers, All Items, West - Size B/C	2.85%	25.87%	.071%
Total RRI Adjustment			100.00%	2.49	

SEAL

CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: May 8, 2007
 By: [Signature] Clerk of the Judicial District Court
 of the State of Nevada, in and for the County of Douglas.
 By: [Signature] Deputy

PAGE 3-6

JEFFREY K. RAHBECK

A PROFESSIONAL LAW CORPORATION
ROUND HILL PROFESSIONAL BUILDING
P.O. BOX 435
ZEPHYR COVE, NEVADA 89448

(775) 588-5602 OFFICE
(775) 588-8548 FAX
JKRAHBECK@CS.COM

July 22, 2009

VIA FACSIMILE: (775) 782-6255

(Hard Copy to Follow By Mail)

Mr. T. Michael Brown
Douglas County Manager
PO Box 218
Minden, NV 89423

Re: Douglas Disposal, Inc.

Dear Mr. Brown:

As you are aware, the undersigned is legal counsel for Douglas Disposal, Inc. (hereafter "DDI"). The purpose of this letter is to request that DDI's Exclusive Franchise Agreement with Douglas County be modified/amended to clarify exactly what is considered "Solid Waste" and what "self haul activity" is permitted, as well as justification for the requested modifications. In that regard, DDI requests that the original Amended Agreement approved on December 18, 2003, as subsequently amended be modified or amended in the following particulars:

1) That the definition of waste, solid waste, offal, debris and garbage, which is contained in Paragraph I(h), be changed to read as follows:

(h) "SOLID WASTE" and "GARBAGE" shall mean all putrescible and non-putrescible refuse in solid or semi-solid form including, but not limited to, garbage, ashes, incinerator residue, street refuse (whether organic or inorganic), rubbish, junk vehicles, dead animals, demolition waste or debris, construction waste or debris, and solid or semi-solid commercial and industrial waste. The terms do not include hazardous waste managed pursuant to NRS 459.400 to 459.600, inclusive.

Letter to T. Michael Brown, Douglas County Manager
Re: DDI
Page 2 - 07/22/09

2) That the self-haul exception set forth in subsection II(c) be changed to read as follows:

(c) The exclusive privilege granted by this Agreement is subject to the following exception:

A person or entity may haul or transport SOLID WASTE generated by or from his/her/its residence or business for purposes of disposing of the same to a governmentally approved landfill or transfer station. The above exception to this exclusive franchise agreement does not permit or allow a person or entity to hire or contract with another person or entity, whether as an agent or independent contractor, to pick-up, remove, haul, dispose of or transport SOLID WASTE. Likewise, the rental of equipment wherein a driver/operator is furnished is not permitted and would be a violation of the exclusivity provision of this Agreement. The use of rented equipment with hired equipment operators to pick-up, remove, haul, dispose of or transport SOLID WASTE is not permitted.

The reason for modifying the definition of "Solid Waste" or "Garbage" is to make it consistent with the definition of solid waste as is set forth in the Nevada Revised Statutes.

The current self-haul exception language that is set forth in the Franchise Agreement is the same language that was contained in earlier DDI Franchise Agreements. The language in the earlier agreements was identical to the exclusivity exception provision that was set forth in the Nevada Revised Statutes. Although the Nevada Revised Statutes no longer contain the self-haul exception language, DDI's later contracts still allowed persons or entities to haul their/its garbage. The self-haul exception language was never intended to allow a person or entity to hire agents or rent equipment (i.e., drop boxes which are picked up by the person or entity furnishing the same). What DDI is seeing is various persons or entities offering containers/drop boxes for rent or hire. These persons or entities then pick-up the containers/drop boxes and haul the same to some place other than the Douglas County Transfer Station. In turn, they don't pay any franchise fee to Douglas County like DDI does when it provides container/drop box service.

Letter to T. Michael Brown, Douglas County Manager

Re: DDI

Page 3 - 07/22/09

The requested self-haul amendment language still allows a person or entity to haul their own solid waste, which is what was originally intended. It precludes another person or entity from getting into the garbage business in violation of DDI's Exclusive Franchise by claiming they're an agent or are only renting equipment.

If the proposed changes are approved by the Board of Commissioners, it is believed that the County will receive additional franchise fees, because DDI pays franchise fees whereas the so-called agents or container/drop box providers do not.

Please place the above requests before the Board of Commissioners and advise when the matter will be heard. Should you have any questions or need further clarification, please advise.

Very truly yours,

Jeffrey K. Rahbeck
JEFFREY K. RAHBECK

JKR/eh

cc: client

Cynthia Gregory, Deputy D.A. (via email)

CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: Aug 31 2009
TTA Clerk of the 9th Judicial District Court
of the State of Nevada, in and for the County of Douglas.

By *Carol M. Kurlach* Deputy

COPY

CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and on record in my office.

DATE: May 10, 2010
[Signature] Clerk of the 6th Judicial District Court
of the State of Nevada, in and for the County of Douglas.

By [Signature] Deputy