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January 8, 2014

John Gustafson, Vice President
Progressive Waste Solutions of TX, Inc.
2601 Network Boulevard, Suite 206
Frisco, TX 75034

RE: Exclusive Franchise Agreement

Dear Mr. Gustafson:

This transmittal letter serves to confirm the City of Stephenville city council met on the 7th day of January 2014 and approved the Exclusive Franchise Agreement for the Collection, Hauling and Disposal of Municipal Solid Waste and Construction and Demolition Waste in the City of Stephenville, Texas.

Enclosed are two (2) originally signed agreements. Please sign both documents, retaining one (1) original for your records and returning one (1) executed agreement for City records.

Please contact me at 254-918-1223 should you have any questions regarding the above information. We look forward to a continued partnership.

Sincerely,

Nick Williams, PE
Director of Public Works

Enclosure: Exclusive Franchise Agreement (2 Originals)

Cc: Mark A. Kaiser, City Administrator
Municipal Solid Waste Agreement File
2014 Correspondence File

EXCLUSIVE FRANCHISE AGREEMENT
FOR THE COLLECTION, HAULING AND DISPOSAL OF
MUNICIPAL SOLID WASTE AND CONSTRUCTION AND DEMOLITION WASTE
IN THE CITY OF STEPHENVILLE, TEXAS

JANUARY 1, 2014

**EXCLUSIVE FRANCHISE AGREEMENT
FOR THE COLLECTION, HAULING AND DISPOSAL OF
MUNICIPAL SOLID WASTE AND CONSTRUCTION AND DEMOLITION WASTE
IN THE CITY OF STEPHENVILLE, TEXAS**

STATE OF TEXAS

COUNTY OF ERATH

THIS EXCLUSIVE FRANCHISE AGREEMENT (this "Agreement") is made and entered into as of January 1, 2014, by and between Progressive Waste Solutions of TX, Inc., a Texas Corporation (the "Service Provider"), and the City of Stephenville, Texas (the "City").

WHEREAS, the City and IESI TX Corporation ("IESI") entered into an Exclusive Franchise Agreement for the Collection, Hauling and Disposal of Municipal Solid Waste and Construction and Demolition Waste in the City of Stephenville, Texas dated as of January 1, 2005 (the "Original Contract");

WHEREAS, on December 2, 2008, the City and IESI entered into the First Amendment, (the "First Amendment"), where the parties amended and extended the Original Contract;

WHEREAS, the Original Contract and the First Amendment are hereby collectively referred to as the "Contract";

WHEREAS, on June 20, 2012 IESI TX Corporation changed its name to Progressive Waste Solutions of TX, Inc.;

WHEREAS, the Contract is scheduled to terminate as of December 31, 2013;

WHEREAS the City and the Service Provider mutually desire to amend, renew and restate the Contract as further described herein; and

WHEREAS, the City, subject to the terms and conditions set forth herein and the ordinances and regulations of the City, desires to grant to the Service Provider the exclusive franchise, license and privilege to collect, haul and dispose of Municipal Solid Waste and Construction and Demolition Waste (as such terms are defined herein) within the City's corporate limits.

NOW, THEREFORE, in consideration of the premises and the mutual promises, covenants and agreements set forth herein, the Service Provider and the City hereby agree as follows:

SECTION 1. DEFINED TERMS.

The following terms, as used herein, will be defined as follows:

Bag - Plastic sacks, secured at the top, designed to store refuse with sufficient wall strength to maintain physical integrity when lifted by the top. Total weight of a bag and its contents shall not exceed thirty-five (35) pounds.

Bulky Item - Any item not measuring in excess of either seventy-two (72) inches in length or one hundred fifty (150) pounds in weight, including, but not limited to, refrigerators, stoves, washing machines, water tanks, chairs, couches and other similar household items.

Bundles - Items not measuring in excess of either forty-eight (48) inches in length or fifty (50) pounds in weight and which are securely fastened together, including, but not limited to, brush, newspapers and tree trimmings.

Business Day - Any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City.

Commercial Hand Collect Unit - A small Commercial Unit that utilizes a Roll-Out(s) for the collection of its Municipal Solid Waste for its regularly scheduled collection days.

Commercial Unit - Any non-manufacturing commercial facility that generates and accumulates Municipal Solid Waste or Construction and Demolition Waste during, or as a result of, its business, including, but not limited to, restaurants, stores and warehouses.

Construction and Demolition Waste - Solid Waste resulting from construction or demolition activities or that is directly or indirectly the by-product of such activities, including, but not limited to, cartons, concrete, excelsior, gypsum board, metal, paper, plastic, rubber and wood products. Construction and Demolition Waste does not include Hazardous Waste, Municipal Solid Waste or Bulky Items.

Container - Any receptacle, including, but not limited to, dumpsters, Roll-Offs and Roll-Outs, provided to the City by the Service Provider and utilized by a Commercial, Industrial or Residential Unit for collecting Municipal Solid Waste or Construction and Demolition Waste. Containers are designed to hold between thirty (30) gallons and forty (40) cubic yards of Solid Waste.

Hazardous Waste - Waste identified or listed as a hazardous waste by the administrator of the United States Environmental Protection Agency (EPA) under the federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended, or so classified by any federal or State of Texas statute, rule, order or regulation.

Handicapped Residential Unit - Any residential dwelling that is inhabited by persons, all of whom are physically handicapped to the extent that they are unable to place Municipal Solid

Waste at the curbside, and that generates and accumulates Municipal Solid Waste. The identities of the members of a Handicapped Residential Unit shall be certified by the City Administrator and agreed to by the Service Provider.

Holidays - The following days:

- (1) New Year's Day (January 1st)
- (2) Thanksgiving Day
- (3) Christmas Day (December 25th).

Industrial Unit - Any manufacturing, mining or agricultural facility that generates and accumulates Municipal Solid Waste or Construction and Demolition Waste during, or as a result of, its operations.

Landfill - Any facility or area of land receiving Municipal Solid Waste or Construction and Demolition Waste and operating under the regulation and authority of the Texas Commission on Environmental Quality ("TCEQ") within the State of Texas, or the appropriate governing agency for landfills located outside the State of Texas.

Multi-Family Residential Unit - Any residential dwelling that is designed for, and inhabited by, multiple family units and that generates and accumulates Municipal Solid Waste.

Municipal Solid Waste - Solid Waste resulting from or incidental to municipal, community, commercial, institutional or recreational activities, or manufacturing, mining, or agricultural operations. Municipal Solid Waste does not include Construction and Demolition Waste or Hazardous Waste.

Recyclable Materials -

- (a) **Paper** - Newspapers, magazines, and catalogs, and other paper items such as mail, paper bags or other paper;
- (b) **Metal** - Metal cans composed of tin, steel or aluminum (excluding scrap metal); and
- (c) **Plastic** - Plastic containers including all varieties of the types designated as #1, #2, #3, #4, #5 and #7.

Residential Unit - Any residential dwelling that is either a Single-Family Residential Unit or a Multi-Family Residential Unit.

Roll-Off - A Container with twenty (20) cubic yards to forty (40) cubic yards of capacity.

Roll-Out - A Container with ninety-five (95) gallons of capacity.

Single-Family Residential Unit - Any residential dwelling that is designed for, and inhabited by, a single person or family unit and that generates and accumulates Municipal Solid Waste.

Solid Waste - As defined by the EPA under 40 C.F.R. § 261.2(a)(1), or by the State of Texas under the Solid Waste Disposal Act § 361.003(34) whether such waste is mixed with or constitutes recyclable materials.

White Good - Any item not measuring in excess of either two (2) cubic yards in size or one-hundred fifty (150) pounds in weight and that is manufactured primarily from metal, including, but not limited to, a bath tub, heater, hot water heater, refrigerator, sink or washer and dryer.

SECTION 2. EXCLUSIVE FRANCHISE GRANT.

The City hereby grants to the Service Provider, in accordance with the City's ordinances and regulations governing the collection, hauling and disposal of Municipal Solid Waste and Construction and Demolition Waste, the exclusive franchise, license and privilege to collect, haul and dispose of Municipal Solid Waste and Construction and Demolition Waste over, upon, along and across the City's present and future streets, alleys, bridges and public properties. In order to maintain the exclusive franchise in favor of the Service Provider contained herein, the City shall take any and all appropriate legal action against any company, customer or third party infringing upon the exclusive rights of the Service Provider. In the event that the City fails to pursue appropriate legal action in order to remedy an infringement on the Service Provider's exclusive-franchise rights, the Service Provider may retain a subrogation right from the City against any and all violations of the exclusive-franchise grant described herein and shall be entitled to any and all actual and consequential damages.

SECTION 3. OPERATIONS.

A. **Scope of Operations.** It is expressly understood and agreed that the Service Provider will collect, haul and dispose of all Municipal Solid Waste and Construction and Demolition Waste (as provided herein) (i) generated and accumulated by Commercial, Industrial and Residential Units, and (ii) placed within Containers by those Commercial, Industrial and Residential Units receiving the services of the Service Provider (or otherwise generated and accumulated in the manner herein provided by those Commercial Units, Industrial Units and Residential Units), all within the City's corporate limits, including any territories annexed by the City during the term of this Agreement (the "Services").

B. **Nature of Operations.** The City hereby grants to the Service Provider, in accordance with the City's ordinances and regulations governing the collection, hauling and disposal of Municipal Solid Waste and Construction and Demolition Waste, the title to all Municipal Solid Waste and Construction and Demolition Waste collected, hauled and disposed of by the Service Provider over, upon, along and across the City's present and future streets, alleys, bridges and public properties. All title to and liability for materials excluded from this Agreement shall remain with the generator of such materials.

SECTION 4. SINGLE-FAMILY RESIDENTIAL AND COMMERCIAL HAND COLLECT UNIT COLLECTIONS.

A. Single-Family Residential Units. The Service Provider will collect Municipal Solid Waste from Single-Family Residential Units; provided, that (i) such Municipal Solid Waste is placed in Roll-Outs provided by the Service Provider, (ii) such Roll-Outs are placed within five (5) feet of the curbside or right of way adjacent to the Single-Family Residential Unit no later than 7:00 a.m. on the scheduled collection day and (iii) such Roll-Outs are placed no closer than five (5) feet from mailboxes, vehicles or other obstructions.

B. Commercial Hand Collect Units. The Service Provider will collect Municipal Solid Waste from Commercial Hand Collect Units; provided, that (i) such Municipal Solid Waste is placed in Roll-Outs provided by the Service Provider, (ii) such Roll-Outs are placed within five (5) feet of the curbside or right of way adjacent to the Commercial Hand Collect Unit no later than 7:00 a.m. on the scheduled collection day and (iii) such Roll-Outs are placed no closer than five (5) feet from mailboxes, vehicles or other obstructions; provided, however, the Service Provider and City agree to work together to determine a mutually agreeable procedure for the placement and collection of Roll-Outs from those Commercial Hand Collect Units located on the City Square.

C. Excess or Misplaced Municipal Solid Waste. The Service Provider shall only be responsible for collecting, hauling and disposing of Municipal Solid Waste placed inside the Roll-Outs provided by the Service Provider. Municipal Solid Waste in excess of the Roll-Outs' limits, or placed outside or adjacent to the Roll-Outs, will not be collected by the Service Provider. However, such excess or misplaced Municipal Solid Waste may be collected on occasion and within reason due to Holidays or other extraordinary circumstances as determined by the Service Provider in its sole discretion. If the excess or misplaced Municipal Solid Waste continues, the City shall require the Single-Family Residential or Commercial Hand Collect Unit to utilize an additional Roll-Out so that the excess or misplaced Municipal Solid Waste will be regularly contained. The Service Provider shall be compensated for these additional Services as provided for in Section 9 hereto.

D. Handicapped Residential Units. Notwithstanding anything to the contrary contained herein, the Service Provider agrees to assist Handicapped Residential Units with house-side collection of their Roll-Outs; provided, that the Service Provider receives prior written notice from the Handicapped Residential Unit of such special need. The customer shall be solely responsible for all other modifications and accommodations required by the Americans with Disabilities Act or any other applicable law or regulation in connection with the services provided hereunder to Single-Family Residential Units.

SECTION 5. COMMERCIAL, INDUSTRIAL AND MULTI-FAMILY RESIDENTIAL UNIT COLLECTIONS.

The Service Provider will collect Municipal Solid Waste from Commercial, Industrial and Multi-Family Residential Units, as provided for in Section 9 hereof. The Service Provider shall

only be responsible for collecting, hauling and disposing of Municipal Solid Waste placed inside the Containers provided by the Service Provider. However, the Service Provider shall be obligated to offer and provide sufficient service to Commercial, Industrial and Multi-Family Residential Units, and to increase or decrease, as necessary, the frequency of collection and the size or number of Containers so that Commercial, Industrial or Multi-Family Units' Municipal Solid Waste will be regularly contained. The Service Provider shall be compensated for these additional Services as provided for in Section 9 hereof. The parties acknowledge and agree that the Service Provider shall not be responsible for damage to any private pavement or accompanying sub-surface of any route reasonably necessary to perform the Services herein contracted and that the Commercial, Industrial or Multi-Family Residential Unit assumes all liabilities for damage to pavement or road surface.

SECTION 6. SPECIAL COLLECTIONS AND SERVICES.

A. Municipal Locations. The Service Provider will provide, at no cost to the City, up to an aggregate number of thirteen (13) Containers (each up to six (6) cubic yards in size) to collect Municipal Solid Waste at certain municipal locations within the City once or twice per week, as needed. Specifically, the provisions of this Section 6.A. shall apply to the following locations:

- Municipal Service Center – 2 dumpsters
- Public Safety Building – 2 dumpsters
- City Hall - 3 Roll-Outs
- Senior Citizens Center – 1 dumpster
- City Park/City Recreation Hall Building – 3 dumpsters
- Animal Shelter – 1 dumpster
- City Library – 1 dumpster

B. Recycling Drop-Off. The Service Provider will provide, at no cost to the City, up to three (3) Roll-Offs for citizens of the City to deposit Recyclable Materials for collection and processing by the Service Provider. Such Roll-Offs shall be located at the Service Provider's facility located at 1291 N. Bates, Stephenville, TX 76401 and shall be emptied on an as needed basis.

C. Annual City Report. Beginning on or before August 31, 2014, and on or before each August 31 of this Agreement thereafter, the Service Provider shall provide the City with a written annual report containing the following information: (i) a brief description of the Service Provider's community involvement within the City during the previous calendar year; (ii) a brief description of any governmental violations received by the Service Provider while performing the Services during the previous calendar year; (iii) tonnage of Municipal Solid Waste collected from within the City during the previous calendar year; (iv) tonnage of Recyclable Materials collected from within the City during the previous calendar year; (v) tonnage of Construction and Demolition Waste collected from within the City and the percentage hauled to the City of Stephenville Class IV Landfill during the previous calendar year; (vi) percentage of complaints resolved during the previous calendar year; and (vii) link to Service Provider's parent company's audited financial statement for the previous calendar year.

D. Quality Control/Assurances. The Service Provider will maintain a quality control program to ensure the Services are performed under commonly accepted industry standards as well as the provisions of this Agreement. As quality assurance, the City may assess liquidated damages against the Service Provider for the failures expressly provided for in Section 30 hereof. The Service Provider shall designate a point of contact that will be responsible for working with the City on any quality control issues.

SECTION 7. BULKY ITEMS AND BUNDLES.

A. Pre-Arranged Collections. The Service Provider will collect (i) one (1) Bulky Item and (ii) up to one (1) cubic yard of Bundles from Single-Family Residential Units once per week, as designated by the Service Provider; provided, that (i) the Single-Family Residential Units requiring such collections notify the Service Provider no later than the end of the Business Day the Friday prior to the scheduled collection day, and (ii) the Bulky Items and/or Bundles (A) are placed at the curbside no later than 7:00 a.m. on the scheduled collection day, (B) are reasonably contained, and (C) are as defined in Section 1 hereof. The Service Provider shall only be responsible for collecting, hauling and disposing Bulky Items and Bundles from those Single-Family Residential Units that have complied with Sections 1 and 7.A. hereof. White Goods containing refrigerants will not be collected by the Service Provider unless such White Goods have been certified in writing by a professional technician to have had all such refrigerants removed.

B. Negotiated Collections. It is understood and agreed that the service provided under Section 7.A. does not include the collection of Bulky Items and Bundles comprised of Construction and Demolition Waste, White Goods or any materials resulting from remodeling, general property clean-up or clearing of property for the preparation of construction. However, the Service Provider may negotiate an agreement on an individual basis with the owner or occupant of a Single-Family Residential Unit regarding the collection of such items by utilizing the Service Provider's Roll-Off Services.

SECTION 8. TITLE TO EQUIPMENT.

Notwithstanding anything to the contrary contained herein, it is expressly understood and agreed that all equipment, including, but not limited to, Containers, provided by the Service Provider in connection with the Services, shall at all times remain the property of the Service Provider.

SECTION 9. RATES AND FEES.

Subject to adjustment, as provided in Section 10 hereof, the rates and fees to be charged and received by the Service Provider are as follows:

A. Single-Family Residential Unit Services. For the twice weekly collection Services provided to Single-Family Residential Units under Section 4.A. hereof, the Service Provider shall charge (i) \$11.34 per month for each Single-Family Residential Unit utilizing one Roll-Out, plus (ii) \$5.67 per month for each additional Roll-Out utilized by such Single-Family Residential

Unit. These rates apply to all Single-Family Residential Units that are located within the City's corporate limits and billed by the City for water and sewer services.

B. Commercial Hand Collect Unit Services. For the twice weekly collection Services provided to Commercial Hand Collect Units under Section 4.B. hereof, the Service Provider shall charge (i) \$18.81 per month for each Commercial Hand Collect Unit utilizing one Roll-Out, plus (ii) \$9.41 per month for each additional Roll-Out utilized by such Commercial Hand Collect Unit. These rates apply to all Commercial Hand Collect Units that are located within the City's corporate limits and billed by the City for water and sewer services.

C. Commercial, Industrial and Multi-Family Residential Unit Services. For the as needed/requested Services provided to Commercial, Industrial and Multi-Family Residential Units under Section 5 hereof, the Service Provider shall charge per month for each Container utilized the following rates:

Container Size	1 Collection per Week	2 Collections per Week	3 Collections per Week	4 Collections per Week	5 Collections per Week	6 Collections per Week
2 Cubic Yards	\$64.52	\$108.44	N/A	N/A	N/A	N/A
3 Cubic Yards	\$88.14	\$118.15	\$180.17	\$236.79	\$293.41	N/A
4 Cubic Yards	\$96.68	\$138.96	\$244.51	\$329.45	\$414.38	\$499.30
6 Cubic Yards	\$114.58	\$173.30	\$302.41	\$405.37	\$508.32	\$612.77
8 Cubic Yards	\$129.50	\$237.11	\$352.21	\$470.31	\$592.00	\$711.91

For any collection that the Service Provider is required to make in excess of the above weekly figures, the Service Provider shall charge the following rates, per Container.

Size of Container	Each Additional Collection
2 Cubic Yards	\$40.71
3 Cubic Yards	\$48.22
4 Cubic Yards	\$54.90
6 Cubic Yards	\$68.26
8 Cubic Yards	\$81.46

The foregoing rates apply to all Commercial, Industrial and Multi-Family Residential Units that are located within the City's corporate limits and billed by the City for water and sewer services.

D. Roll-Off Services. Subject to adjustment by the Service Provider in its sole discretion, for the Services provided under Sections 7.B. and 11 hereto, the Service Provider shall charge for each Roll-Off utilized the following fees:

Delivery or Exchange Fee	\$117.00 per delivery or exchange
Rental Fee	\$5.50 per day
Haul Fee	\$200.00 per haul
Disposal Fee	\$50.00 per ton (3 ton minimum required)

The Service Provider will negotiate agreements with each Commercial, Industrial or Residential Unit on an individual basis regarding the Roll-Off Services to be provided. The Roll-Off Services will be billed directly to such Commercial, Industrial or Residential Unit and will be collected by the Service Provider. The Roll-Offs provided pursuant to this Section 9.D. must be located within the City in accordance with City ordinances and policies. Notwithstanding anything to the contrary contained herein, the Franchise Fee (as defined below) shall not apply to the services set forth in this Section 9.D.

E. Sludge Services. The Service Provider will provide hauling and disposal services for sludge from the City's wastewater treatment plant; provided, that the sludge is accompanied by requisite documentation of the State of Texas and meets the TCEQ's disposal guidelines. The City agrees to assist the Service Provider and, if necessary, agrees to adjust and regulate load weights in order to comply with the Texas Department of Transportation's weight guidelines. For the sludge Services provided to the City under this Section 9.E., the Service Provider will charge \$365.00 for each Container hauled and emptied.

F. Stephenville Type IV Landfill. Subject to adjustment by the Service Provider, in its sole discretion, the Service Provider shall attempt to haul twenty-five percent (25%) of the Roll-Offs containing Construction and Demolition Waste that are generated within the City's corporate limits to the City's landfill located at 669 County Rd. 385, Stephenville, TX 76401.

SECTION 10. RATE ADJUSTMENT.

A. CPI-U Adjustment. On each anniversary date of this Agreement, the Service Provider shall have the right, in its sole discretion and upon giving prior notice to the City, to increase or decrease the rates set forth in Section 9 hereof (the "Initial Rates") in accordance with the CPI-U. As used herein, "CPI-U" shall mean the revised Consumer Price Index rate for all urban consumers (all items included) for the nearest available metropolitan area, based on the latest available figures from the Department of Labor's Bureau of Labor Statistics (the "Bureau"). The following website (or any successor website) will be the source for such information: http://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0300SA0,CUUS0300SA0. The CPI-U used will be the CPI-U published by the Bureau during the month ninety (90) days preceding the adjustment under this Section 10.A. The amount of the increase or decrease under this Section 10.A. shall be equal to the percentage that the CPI-U has increased or decreased over the previous twelve (12) month period.

B. Operating Cost Adjustment. In addition to the rate adjustments provided for in Section 10.A., at any time during the term of this Agreement, the Service Provider may petition the City for additional rate and price adjustments at reasonable times on the basis of material or unusual changes in its cost of operations not otherwise the basis of any other rate adjustments

herein. At the time of any such petition, the Service Provider shall provide the City with documents and records in reasonable form and sufficient detail to reasonably establish the necessity of any requested rate adjustment. The City shall not unreasonably withhold, condition or delay its consent to any requested rate increase. In the event the City fails or refuses to consent to any such requested rate increase and the Service Provider can demonstrate that such rate increase is necessary to offset the Service Provider's increased costs in connection with performing the services under this Agreement not otherwise offset by any previous rate adjustments hereunder, the Service Provider may, in its sole discretion, terminate this Agreement upon ninety (90) days written notice to the City.

C. Landfill Cost Adjustment. The parties acknowledge that the Municipal Solid Waste and Construction and Demolition Waste covered by this Agreement will be disposed of by the Service Provider at a Landfill(s) chosen by the Service Provider in its sole discretion (the "Initial Landfill(s)"). In the event that the Service Provider is unable to use the Initial Landfill(s) due to reasons out of its control, the Service Provider (i) shall have the right, in its sole discretion, to dispose of the Municipal Solid Waste and Construction and Demolition Waste covered by this Agreement at another Landfill of its choosing, and (ii) shall have the right, upon giving prior notice to the City, to increase the Initial Rates by an amount equal to the sum of (x) the amount, if any, that the disposal fees charged to the Service Provider at such other Landfill exceed those previously charged to the Service Provider at the Initial Landfill(s), and (y) the amount, if any, that the transportation costs incurred by the Service Provider in connection with transporting the Municipal Solid Waste and Construction and Demolition Waste to such other Landfill exceed those that would have been incurred by the Service Provider if such Municipal Solid Waste and Construction and Demolition Waste was transported to the Initial Landfill(s).

D. Governmental Fees. The parties acknowledge that the rates herein include all applicable fees, taxes or similar assessments incurred under federal, state and local laws, rules and ordinances (excluding sales taxes and taxes imposed on income) (the "Fees"). The parties acknowledge and understand that the Fees may vary from time to time, and, in the event any of such Fees are increased or additional Fees are imposed subsequent to the effective date of this Agreement, the parties agree that the rates herein shall be immediately increased by the amount of any such increase in Fees or additional Fees.

E. Fuel Surcharge. The Service Provider shall (i) charge the City a Fuel Surcharge (as defined herein) for any month in which the average price of diesel fuel during the preceding month exceeded \$3.00 per gallon (the "Base Price") or (ii) credit the City with a Fuel Refund (as defined herein) for any month in which the average price of diesel fuel during the preceding month fell below \$2.50 per gallon (the "Refund Price") in accordance with this Section 10.E. In the event the Average Monthly Price (as defined herein) is (i) equal to or exceeds the Refund Price and (ii) equal to or lower than the Base Price, then there will be no Fuel Surcharge charged or Fuel Refund credited to the City for the next month. The average price of diesel fuel will be determined by reference to the U.S. Energy Information Administration's published price for diesel fuel – gulf coast region. The following website (or any successor website) will be the source for such information: <http://www.eia.gov/petroleum/gasdiesel/>. The average price of

diesel fuel for each month (each, an "Average Monthly Price") shall be the average of the weekly fuel prices published for each week during such month.

The Fuel Surcharge payable for any month (each, a "Fuel Surcharge") shall be determined by referring to the schedule attached hereto as Exhibit "A" in accordance with the Average Monthly Price. The Fuel Refund credited to the City during any month (each, a "Fuel Refund") shall be determined by referring to the schedule attached hereto as Exhibit "A" in accordance with Average Monthly Price. In the event the Average Monthly Price is greater than the Base Price, the applicable Fuel Surcharge will be included on the invoice to the City for the following month. In the event the Average Monthly Price is less than the Refund Price, the City will be credited with the applicable Fuel Refund on the following month's invoice. Notwithstanding anything to the contrary contained herein, the Franchise Fee shall not apply to the Fuel Surcharge or Fuel Refund.

SECTION 11. EXCLUSIONS.

Notwithstanding anything to the contrary contained herein, this Agreement shall not cover the collection, hauling or disposal of any Hazardous Waste, animal or human, dead animals, auto parts or used tires from any Container provided by the Service Provider located at any Commercial, Industrial or Residential Unit; provided, however, that the Service Provider and the owner or occupant of a Commercial, Industrial or Residential Unit may negotiate an agreement on an individual basis regarding the collection, hauling or disposal of Construction and Demolition Waste, auto parts or used tires by utilizing the Service Provider's Roll-Off Services.

SECTION 12. TERM OF AGREEMENT.

The term of this Agreement shall be for a period of five (5) years, commencing on January 1, 2014 and concluding on December 31, 2018. At the expiration of the term of this Agreement, the Agreement will be extended for successive periods of five (5) years; provided, that neither party provides the other party with written notice of intent to terminate this Agreement at least 90 days prior to the expiration date of this Agreement or 90 days prior to any of the then applicable individual five-year extension periods. If either party provides such notice, this Agreement will cease to be renewed and will terminate at the end of either this five (5) year Agreement, or at the end of the subsequent five (5) year extension period, as applicable.

SECTION 13. ASSIGNMENT.

This Agreement shall not be assignable or otherwise transferable by the Service Provider without the prior written consent of the City; provided, however, that the Service Provider may assign this Agreement to any direct or indirect affiliate or subsidiary of the Service Provider or to any person or entity succeeding to all or substantially all of the Service Provider's assets (whether by operation of law, merger, consolidation or otherwise) without the City's consent.

SECTION 14. ENFORCEMENT.

During the term of this Agreement and any extension thereof, the City agrees to adopt and maintain ordinances and revise existing ordinances so as to enable the Service Provider to provide the Services set forth herein. The City shall take any action reasonably necessary to prevent any other solid waste collection company from conducting business in violation of the exclusive franchise granted herein. If the Service Provider experiences recurring problems of damage or destruction to or theft of the Containers provided by the Service Provider pursuant to this Agreement, the Service Provider may, prior to replacing or repairing such Containers, require security deposits from the Commercial, Industrial or Residential Units utilizing such Containers. To the maximum extent allowed by applicable law, the City also hereby grants to the Service Provider the right of ingress and egress from and upon the property of Commercial, Industrial and Residential Units for the purposes of rendering the Services contemplated hereby.

SECTION 15. PROCESSING, BILLING AND FEES.

A. Monthly Statement. On a monthly basis, the Service Provider agrees to bill the City the rates and fees charged under Sections 9.A through 9.C. hereto for all Commercial, Industrial and Residential Units possessing active water meters within the City's corporate limits, as well as from all other Commercial, Industrial and Residential Units requiring the collection, hauling and disposal of Municipal Solid Waste within the City's corporate limits (the "Monthly Statement") on or around the 1st day of the month, immediately following the month in which such Services were provided, commencing on February 1, 2014. Thereafter, the City will remit to the Service Provider in arrears an amount equal to (y) the gross receipts collected from such Monthly Statement, less (z) a franchise fee equal to seven percent (7%) of the gross receipts collected from such Monthly Statement (the "Franchise Fee"). Such remittance shall be made by the City on or before the last day of each month (for the immediately preceding month's service) commencing on February 28, 2014. Along with each monthly remittance, the City shall provide the Service Provider with a report indicating the service type, size, location, and rate for Commercial Units and Industrial Units, as well as the number and rate of Residential Units which have been billed for that month. The City shall be solely responsible for billing and collecting such rates and fees from all Commercial, Industrial and Residential Units possessing active water meters within the City's corporate limits, as well as from all other Commercial, Industrial and Residential requiring the collection, hauling, recycling and disposal of Municipal Solid Waste within the City's corporate limits. Nothing herein shall prohibit the City from collecting sums in addition to those sums called for herein.

B. Taxes. In addition to the amounts billed and collected by the City under Section 15.A., the City shall also be responsible for billing, collecting and remitting/paying any and all sales, use and service taxes assessed or payable in connection with the Services.

C. Delinquent Accounts. Each month the City shall notify the Service Provider in writing of any Commercial, Industrial or Residential Unit that is thirty (30) or more days delinquent in paying the City for the Services provided by the Service Provider and billed by the City under this Agreement. Upon receipt of such written notice of delinquency, the Service Provider may

discontinue its Services to such delinquent Commercial, Industrial or Residential Unit. Upon further written notification by the City that such Commercial, Industrial or Residential Unit has paid the delinquent amount owed, the Service Provider shall resume its Services to such Commercial, Industrial or Residential Unit on the next regularly scheduled collection day.

D. Billings for Roll-Off Services. Notwithstanding the above, the Service Provider will bill and collect the rates and fees contained in Section 9.D. hereof, from all Residential, Commercial and Industrial Units for services performed with respect to Roll-Off Containers. The Service Provider shall also bill and collect the rates and fees contained in Sections 9.D. and 9.E. from the City for all services performed for the City with respect to Roll-Off Containers.

SECTION 16. SPILLAGE.

It is understood and agreed that the Service Provider shall not be required to clean up, collect or dispose of any loose or spilled Municipal Solid Waste or Construction and Demolition Waste not caused by the Service Provider's rendering of the Services, or be required to collect and dispose of any excess Municipal Solid Waste or Construction and Demolition Waste placed outside of the Containers by any Commercial, Industrial or Residential Unit. The Service Provider may report the location of such conditions to the City so that the City can issue proper notice to the owner or occupant of the Commercial, Industrial or Residential Unit instructing the owner or occupant to properly contain such Municipal Solid Waste or Construction and Demolition Waste. Should excess Municipal Solid Waste or Construction and Demolition Waste continue to be placed outside of the Containers, the City shall require the Commercial, Industrial or Residential Unit to increase the frequency of collection of such Municipal Solid Waste or Construction and Demolition Waste, or require the Commercial, Industrial or Residential Unit to utilize a Container with sufficient capacity so that the excess Municipal Solid Waste or Construction and Demolition Waste will be regularly contained. The Service Provider shall be compensated for these additional Services as provided for in Section 9 hereof, and shall be entitled to receive an extra collection charge for each additional Container requiring an extra collection.

SECTION 17. NON-COLLECTION NOTICE AND FOLLOW-UP.

A. Notice from the Service Provider. It is specifically understood and agreed that where the owner or occupant of a Commercial, Industrial or Residential Unit fails to timely place a Container as directed in Sections 4 and 5 hereof, or is otherwise in violation of the City's ordinances and regulations, the Service Provider's reasonable rules adopted hereunder or the provisions of this Agreement relating to the nature, volume or weight of Municipal Solid Waste or Construction and Demolition Waste to be removed, the Service Provider may refrain from collecting all or a portion of such Municipal Solid Waste or Construction and Demolition Waste and will notify the City within eight (8) hours thereafter of the reason for such non-collection. The Service Provider will also provide written notice to the Commercial, Industrial or Residential Unit of the reason for such non-collection, unless such non-collection is the result of the Commercial, Industrial or Residential Unit's failure to timely place the Containers, Bulky Items or Bundles out for collection. Such written notice shall be attached to the Container or the uncollected Municipal Solid Waste, shall indicate the nature of the violation and shall indicate

the correction required in order that such Municipal Solid Waste or Construction and Demolition Waste may be collected.

B. Notice from a Commercial, Industrial or Residential Unit. When the City is notified by an owner or occupant of a Commercial, Industrial or Residential Unit that Municipal Solid Waste or Construction and Demolition Waste has not been removed from such Commercial, Industrial or Residential Unit and where no notice of non-collection or a change in collection schedule has been received by the City from the Service Provider, or the Service Provider has failed to collect Municipal Solid Waste or Construction and Demolition Waste from the Commercial, Industrial or Residential Unit without cause, as supported by notice as described herein, then the Service Provider will use all reasonable efforts to collect such Municipal Solid Waste or Construction and Demolition Waste on the day a collection order is issued by the City; provided, however, that if the Service Provider fails to make such collection on the same day that a collection order is issued by the City, the Service Provider shall make such collection no later than 12:00 p.m. on the following Business Day, and there shall be no charge to the Service Provider for any such original non-collection or late collection so long as the Service Provider makes such collection within such time.

SECTION 18. HOURS OF SERVICE.

For all the Services provided hereunder, the Service Provider's hours of service shall be between 7:00 a.m. to 7:00 p.m., Monday through Friday. The Service Provider will not be required to provide service on weekends or Holidays except during natural disasters or emergencies, and may, at its sole discretion, observe Holidays during the term of this Agreement; provided, however, that the Service Provider shall provide such services on the immediately following Business Day.

SECTION 19. CUSTOMER SERVICE.

The City agrees to field all inquiries and complaints from Commercial, Industrial and Residential Units relating to the collection, hauling and disposal of Municipal Solid Waste and Construction and Demolition Waste. The Service Provider and the City agree to cooperate with each other in the response to any such inquiries and the resolution of any such complaints. The Service Provider shall maintain an office or other facility through which it may be contacted. Such office shall be equipped with sufficient personnel and telephones and shall have a responsible person in charge from 8:00 a.m. to 5:00 p.m. on regular collection days. Calls received shall be responded to in a courteous manner, and calls received but not answered during normal office hours shall be responded to within twenty-four (24) hours.

SECTION 20. COMPLIANCE WITH APPLICABLE LAWS.

The Service Provider shall comply with all applicable federal and state laws regarding the collection, hauling and disposal of Municipal Solid Waste and Construction and Demolition Waste, including existing and future laws that may be enacted, as well as any regulations reasonably passed by the City that are not in derogation of this Agreement. Nothing in this

Agreement shall be construed in any manner to abridge the City's right to pass or enforce necessary police and health regulations for the reasonable protection of its inhabitants. The City shall have the right to make reasonable inspections of the Service Provider in order to insure compliance with this Agreement.

SECTION 21. VEHICLES AND EQUIPMENT.

Vehicles used by the Service Provider for the collection, hauling and disposal of Municipal Solid Waste and Construction and Demolition Waste shall be protected at all times while in transit to prevent the blowing or scattering of Municipal Solid Waste and Construction and Demolition Waste onto the City's public streets, or properties adjacent thereto, and such vehicles shall be clearly marked with the Service Provider's name in letters and numbers not less than two (2) inches in height. All collection vehicles used by the Service Provider shall be washed and deodorized once per week.

SECTION 22. DUE CARE.

The Service Provider shall exercise due care and caution in providing the Services so that the City's public and private property, including streets and parking areas, will be protected and preserved.

SECTION 23. PERSONNEL AND PERFORMANCE STANDARDS.

The Service Provider shall not deny employment to any person on the basis of race, creed or religion, and will insure that all federal and state laws pertaining to salaries, wages and operating requirements are met or exceeded. The Service Provider, its agents, servants and employees shall perform the Services in a courteous, competent and professional manner. During the term of this Agreement and any extension thereof, the Service Provider shall be responsible for the actions of its agents, servants and employees while such agents, servants and employees are acting within the scope of their employment or agency.

SECTION 24. INSURANCE COVERAGE.

Pursuant to this Agreement, the Service Provider shall carry the following types of insurance in an amount equal to or exceeding the limits specified below:

<u>Coverage</u>	<u>Limits of Liability</u>
(1) Worker's Compensation	Statutory
(2) Employer's Liability	\$500,000

(3) Commercial General Liability	\$1,000,000 per occurrence, \$2,000,000 in the aggregate, combined single limit for Bodily Injury and Property Damage Liability
(4) Automobile Liability	\$2,000,000 per occurrence combined single limit for Bodily Injury and Property Damage Liability
(5) Pollution Legal Liability	\$2,000,000 each loss
(6) Excess or Umbrella	\$5,000,000 per occurrence

To the extent permitted by law, any or all of the insurance coverage required by this Section 24 may be provided under a plan(s) of self-insurance, including coverage provided by the Service Provider's parent corporation. Upon the City's request, the Service Provider shall furnish the City with a certificate of insurance verifying the insurance coverage required by this Section 24.

SECTION 25. INDEMNITY.

To the extent covered by applicable insurance, the Service Provider assumes all risks of loss or injury to property or persons caused by its performance of the Services. The Service Provider agrees to indemnify and hold harmless the City and its agents, directors, employees, officers and servants from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, liabilities, losses or expenses (including, but not limited to, reasonable attorneys' fees) caused by a willful or negligent act or omission of the Service Provider, its officers and employees. However, the Service Provider shall not be liable for any legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees caused by a willful or negligent act or omission of the City, its agents, directors, employees, officers and servants.

SECTION 26. SAVINGS PROVISION.

In the event that any term or provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall, to the extent reasonably possible, remain in force as to the balance of its terms and provisions as if such invalid term or provision were not a part hereof.

SECTION 27. TERMINATION.

Any failure by either party or its successors and assigns to observe the terms and conditions of this Agreement shall, if continuing or persisting without remedy for more than thirty (30) days after the receipt of due written notice from the other party, constitute grounds for forfeiture and immediate termination of all the defaulting party's rights under this Agreement, and all such rights shall become null and void.

SECTION 28. FORCE MAJEURE.

The performance of this Agreement may be suspended and the obligations hereunder excused in the event and during the period that such performance is prevented by a cause or causes beyond reasonable control of such party. The performance of this Agreement will be suspended and the obligations hereunder excused only until the condition preventing performance is remedied. Such conditions shall include, but not be limited to, acts of God, acts of war, accident, explosion, fire, flood, riot, sabotage, acts of terrorists, unusually severe weather, lack of adequate fuel, or judicial or governmental laws or regulations.

SECTION 29. GOVERNING LAW.

In the event of any controversy, claim or dispute between the parties hereto arising out of or relating in any matter whatsoever to this Agreement, such controversy, claim or dispute shall be governed in all respects, including as to validity, interpretation and effect, by the internal laws of the State of Texas, without giving effect to the conflict of laws rules thereof. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of Texas and the Federal courts of the United States located in the State of Texas, for any controversy, claim or dispute between the parties hereto arising out of or relating in any matter whatsoever to this Agreement, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement may be enforced in or by said courts, and the parties hereto irrevocably agree that all controversies, claims or disputes arising out of or relating in any manner whatsoever to this Agreement shall be heard and determined in such a Texas State or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such controversy, claim or dispute and agree that mailing of process or other papers in connection with any such action or proceeding to the addresses of the parties listed below, or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

SECTION 30. LIQUIDATED DAMAGES.

In the event the Service Provider fails to perform in accordance with the provisions of this Agreement, the City may withhold from any monies due to the Service Provider, not as a penalty but as liquidated damages for such breach of contract, the amounts defined herein for the failures provided in this Section 30.

Failure to clean any spill on the City's streets
caused by a sudden and unforeseen mechanical
failure resulting in oil, Solid Waste, or fluid loss
from the Service Provider's collection vehicles
within 24 hours of notification from the City

\$250.00 per incident, per day

Failure to collect a missed collection within the
cure period specified in Section 17 hereof

\$100.00 per day

Prior to the assessment of any liquidated damages, the City shall notify the Service Provider in writing of the liquidated damages to be assessed and the basis for each assessment, and allow a reasonable opportunity for the Service Provider to contest the assessment of such liquidated damages.

SECTION 31. NOTICES.

Any notices required or permitted to be delivered hereunder shall be in writing and shall be deemed to be delivered when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to the respective party at the address set forth below:

If to the City:

City of Stephenville, Texas
298 West Washington St.
Stephenville, TX 76401
Attn: City Administrator

If to the Service Provider:

Progressive Waste Solutions of TX, Inc.
1291 N. Bates
Stephenville, TX 76401
Attn: District Manager

With a Copy to:

IESI Corporation
2301 Eagle Parkway, Suite 200
Ft. Worth, TX 76177
Attn: Legal Department

or such other addresses as the parties may hereafter specify by written notice and delivered in accordance herewith.

SECTION 32. ATTORNEYS' FEES.

The prevailing party in any dispute between the parties arising out of the interpretation, application or enforcement of any provision hereof shall be entitled to recover all of its reasonable attorneys' fees and costs whether suit be filed or not, including without limitation costs and attorneys' fees related to or arising out of any trial or appellate proceedings.

SECTION 33. ACCEPTANCE.

PASSED AND APPROVED BY THE CITY OF STEPHENVILLE COMMISSION MEETING
AT A TIME AND PLACE IN COMPLETE CONFORMITY WITH THE OPEN MEETING
LAWS OF THE STATE OF TEXAS AND ALL OTHER APPLICABLE LAWS THIS 3RD
DAY OF DECEMBER, 2013.

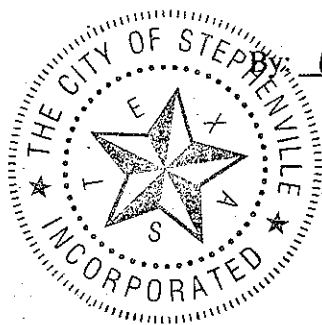
PROGRESSIVE WASTE SOLUTIONS
OF TX, INC.

CITY OF STEPHENVILLE, TEXAS

By: _____
John Gustafson, Vice President

By: *Jerry K. Weldon II*
Jerry K. Weldon, II, Mayor

ATTEST:



Cindy L. Stafford
Cindy L. Stafford, City Secretary

Exhibit "A"

City of Stephenville Fuel Surcharge/Refund Schedule

Average Monthly Price		Fuel Surcharge/Refund	
\$ 2.05	\$ 2.09	\$	(2,159.53)
\$ 2.10	\$ 2.14	\$	(1,919.58)
\$ 2.15	\$ 2.19	\$	(1,679.63)
\$ 2.20	\$ 2.24	\$	(1,439.68)
\$ 2.25	\$ 2.29	\$	(1,199.74)
\$ 2.30	\$ 2.34	\$	(959.79)
\$ 2.35	\$ 2.39	\$	(719.84)
\$ 2.40	\$ 2.44	\$	(479.89)
\$ 2.45	\$ 2.49	\$	(239.95)
\$ 2.50	\$ 2.54	\$	-
\$ 2.55	\$ 2.59	\$	-
\$ 2.60	\$ 2.64	\$	-
\$ 2.65	\$ 2.69	\$	-
\$ 2.70	\$ 2.74	\$	-
\$ 2.75	\$ 2.79	\$	-
\$ 2.80	\$ 2.84	\$	-
\$ 2.85	\$ 2.89	\$	-
\$ 2.90	\$ 2.94	\$	-
\$ 2.95	\$ 2.99	\$	-
\$ 3.00	\$ 3.04	\$	-
\$ 3.05	\$ 3.09	\$	239.95
\$ 3.10	\$ 3.14	\$	479.89
\$ 3.15	\$ 3.19	\$	719.84
\$ 3.20	\$ 3.24	\$	959.79
\$ 3.25	\$ 3.29	\$	1,199.74
\$ 3.30	\$ 3.34	\$	1,439.68
\$ 3.35	\$ 3.39	\$	1,679.63
\$ 3.40	\$ 3.44	\$	1,919.58
\$ 3.45	\$ 3.49	\$	2,159.53
\$ 3.50	\$ 3.54	\$	2,399.47
\$ 3.55	\$ 3.59	\$	2,639.42
\$ 3.60	\$ 3.64	\$	2,879.37
\$ 3.65	\$ 3.69	\$	3,119.32
\$ 3.70	\$ 3.74	\$	3,359.26
\$ 3.75	\$ 3.79	\$	3,599.21
\$ 3.80	\$ 3.84	\$	3,839.16
\$ 3.85	\$ 3.89	\$	4,079.11
\$ 3.90	\$ 3.94	\$	4,319.05
\$ 3.95	\$ 3.99	\$	4,559.00
\$ 4.00	\$ 4.04	\$	4,798.95
\$ 4.05	\$ 4.09	\$	5,038.90
\$ 4.10	\$ 4.14	\$	5,278.84
\$ 4.15	\$ 4.19	\$	5,518.79
\$ 4.20	\$ 4.24	\$	5,758.74
\$ 4.25	\$ 4.29	\$	5,998.69
\$ 4.30	\$ 4.34	\$	6,238.63
\$ 4.35	\$ 4.39	\$	6,478.58
\$ 4.40	\$ 4.44	\$	6,718.53
\$ 4.45	\$ 4.49	\$	6,958.48
\$ 4.50	\$ 4.54	\$	7,198.42
\$ 4.55	\$ 4.59	\$	7,438.37
\$ 4.60	\$ 4.64	\$	7,678.32
\$ 4.65	\$ 4.69	\$	7,918.27
\$ 4.70	\$ 4.74	\$	8,158.21
\$ 4.75	\$ 4.79	\$	8,398.16
\$ 4.80	\$ 4.84	\$	8,638.11
\$ 4.85	\$ 4.89	\$	8,878.06
\$ 4.90	\$ 4.94	\$	9,118.00
\$ 4.95	\$ 4.99	\$	9,357.95
\$ 5.00	\$ 5.04	\$	9,597.90