

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal
Dept: General Manager/City Manager
Subject: SOLID WASTE DISPOSAL
AGREEMENT WITH REPUBLIC WASTE
SERVICES OF SOUTHERN CALIFORNIA,
DBA GARDEN GROVE DISPOSAL

From: Keith G. Jones
Dept: Public Works
Date: May 25, 2010

OBJECTIVE

To receive Garden Grove Sanitary District Board and City Council approval to enter into a new agreement with Republic Waste Services of Southern California, LLC dba Garden Grove Disposal (GGD).

BACKGROUND

The County of Orange entered into an agreement with Orange County cities in 1997 for use of the County's landfill system. The County established a landfill disposal rate of \$22 per ton for all franchise waste haulers and the agreement expires on June 30, 2010. Last year, the County and the City Manager's Association renegotiated a new County waste disposal agreement. In March 2009, the County approved a new agreement for all Orange County cities and their franchise waste haulers establishing a new disposal rate of \$29.95 per ton effective July 1, 2010. On March 26, 2009, City Council approved and entered into an agreement with the County approving the new rate, which will allow Garden Grove to continue access to the County's landfill system.

Since 1989, the City has contracted with GGD for exclusive franchise solid waste collection services. Over the years, the agreement has been amended to include recycling and green waste collection. In 1999, the City entered into a restated agreement with Republic Services for 14 years, expiring on June 30, 2014. The existing agreement with GGD allows for annual Consumer Price Index (CPI) increases of up to five percent, as well as, landfill rate pass-through adjustments.

In March 2009, the City of Fullerton renegotiated its solid waste agreement with Republic Services. The Fullerton agreement included many benefits; such as, free city trash service, walkout service for eligible residents, and enhanced bulky item collection programs.

DISCUSSION

In the absence of a new agreement with GGD, pass through of the new County of Orange landfill rates will result in residential rates increasing by \$0.95 per month for residential customer accounts effective July 1, 2010. Per the existing agreement, GGD is also entitled to an annual CPI adjustment. The CPI is 1.76 percent, which equates to an additional \$0.30 per residential account. Therefore, residential trash rates would be subject to a \$1.25 monthly increase effective July 1, 2010. The new monthly rate would be \$20.91.

On April 13, 2010, at the City Council Study Session, staff presented to Council an alternative to adjusting residential rates. GGD has agreed to absorb residential rate increases for fiscal year 2010-11 in exchange for an additional 10 years to the current contract, which expires in 2014; therefore, the proposed term of the new agreement will be a total of 14 years, expiring on June 30, 2024. In addition, GGD has agreed to update the existing agreement to include many of the benefits that were provided to the City of Fullerton.

With the approval of a new contract, GGD will absorb the residential rate increase of \$1.25 per month for residential customers; as a result, residents will receive a combined savings of \$450,225 per year through the term of the agreement. GGD will be eligible for a CPI increase in July 2011. Similar to the existing agreement, the maximum CPI increase for any given year will be five percent. Increases higher than five percent will require amendment of the agreement.

Under the new agreement, GGD will be able to adjust commercial rates to include both the landfill rate increase and CPI. The increase will vary depending on the size of the container and frequency of pickup. Commercial rates will increase between 5.6 and 11.2 percent.

The new contract will also provide increased revenue to the City, implementation of various environmental programs if mandated by State and Federal regulations, AB 939 indemnification, and other services already in place in other Orange County cities. The new agreement with GGD will annually provide an additional \$1.0 million in benefits to the City through franchise fees, administrative cost reimbursement, community donations, and free trash service for city facilities.

The following provides an overview of several of the new or enhanced services being proposed in the new contract.

- Franchise Fees Increased - Franchise fees are paid to the City for the exclusive contract, right, and privilege to collect, transport, and dispose of all solid waste generated or accumulated within the franchise area. Franchise fees are considered a cost to the hauler and increases in franchise fees are not passed on to the customer. Current franchise fees established in the existing agreement are 8.5 percent for residential accounts, and 2.5 percent for commercial accounts. In addition, there is no franchise fee imposed on roll-off bin revenue. The current annual franchise fees to the City are approximately \$886,000.

The new contract will establish franchise fees at 7.25 percent for both residential and commercial accounts. In addition, roll-off revenue will also be included in the franchise fee calculations. The new franchise fees will generate approximately \$1,362,000 to the City, an increase of \$476,000 annually.

- City Facility Trash Service - The new contract will also provide free trash service to city facilities. Currently, the City pays for trash service at city facilities, such as, City Hall, Municipal Service Center, Garden Grove Park, Community Meeting Center, fire stations, etc. GGD will provide these services at no charge. As a result, this benefit will save the City approximately \$300,000 annually.
- Annual Administrative Cost Reimbursement to the GGSD - GGD will reimburse the City \$140,000 annually for administrative costs that the City incurs to administer the agreement. This amount will also be adjusted annually based upon the CPI. There is no administrative cost reimbursement in the existing agreement. Furthermore, if the new contract is approved, GGD will make a one-time lump sum payment for legal costs associated with the renegotiation of the contract.
- Direct Billing - GGD will be solely responsible for the billing and collection of payments from every customer for solid waste services. This will save the City approximately \$108,000 annually in billing and payment related costs.

- Recycling Revenue and CRV Payments - In November 1999, the City relinquished its portion of CRV and recycling revenue in exchange for a residential rate freeze for two years (with an estimated cumulative benefit to ratepayers of \$562,000) ending on June 1, 2002. As a result, the City currently does not receive recycling revenue from the sale of recyclables that are collected through the residential collection program. The new contract will allow the City to renegotiate terms for collection of recycling revenue after four years, beginning in July 2014. At that time, the City will evaluate similar agreements in place in other Orange County cities and make any necessary adjustments to the recycling revenue terms of the contract in order to bring the City's recycling compensation in line with other Orange County cities.
- Increased Contribution to Community Programs - Annually, GGD contributes approximately \$40,000 to community programs. Under the new contract, GGD will contribute a total of \$60,000 (cash or in-kind services) towards community programs. The contribution will be split equally among donations to the Garden Grove Community Foundation, City programs, such as holiday celebrations, youth activities, senior citizen programs, etc., and in-kind donations such as free bin rentals. This amount will be adjusted annually based upon the Consumer Price Index (CPI).
- Discount for Disabled or Low Income Senior Customers - In the new contract, GGD will establish and adopt a program to provide a discounted rate for qualified disabled or low-income senior customers. Eligible residents will receive a reduction in their rate by 15 percent. Residents must apply and meet certain income and age requirements, and/or be a qualified disabled person. However, if the number of eligible residents exceeds one percent of the total number of residential accounts, GGD and the City will confer in good faith to determine a fair and reasonable adjustment to the requirements and conditions of the program, and/or the maximum rates.
- AB 939 Obligations, Guarantee, and Indemnification - In 1989, the Integrated Waste Management Act (AB 939) was passed requiring local agencies to divert 50 percent of solid waste from landfills. This required local agencies to establish source reduction, recycling, and composting programs. Currently, the City is responsible and held liable for any violations and/or fines imposed by the State. The new contract will provide the City with guarantees that GGD will divert at least 50 percent of solid waste. If the City does not meet state-mandated diversion requirements in the future, GGD must implement any necessary programs at no cost. GGD will also indemnify

and hold harmless the City from and against all fines and or penalties imposed by any regulatory agency for violations of AB 939.

- Walk-Out Service - GGD is offering a walk-out service for eligible customers at no additional charge. The carts will be brought from the customer's backyard, side yard, or other location to the collection vehicle and returned to the location where they are stored. There will be eligibility requirements, such as a DMV-issued disabled person placard/license plate, or a physician's letter to be on file with GGD.
- Addition of Future Programs - The Agreement has been written to address future programs that may be required by CalRecycle, (formerly the California Integrated Waste Management Board) and or other state and federal regulations. In the event that future programs are mandated (such as, sharps and medicine waste, curbside grease, food waste, etc.), GGD and the GGSD shall meet and determine if an adjustment to the rate is fair and reasonable to implement mandated programs.
- Universal/Electronic Waste Program - The existing residential bulky item program (removal of couches, headboards, mattresses, etc.) will be expanded to include curbside pickup of universal and electronic waste (computers, TVs, etc.). The residential bulky item collection services will be increased from two to three pickups per year in addition to the annual Christmas tree pickup.
- Telephone Customer Service - GGD provides residents with a customer service phone number for bulky-item pickups, billing information, start up and cancellation of service, and other service-related inquiries. The new contract will require GGD to subscribe to a telephone translation service to ensure that residents needing assistance in Spanish, Vietnamese, Korean, or any other language, are available.
- Public Education - GGD currently publishes an annual newsletter to residents, which provides information regarding recycling and other disposal programs. The new contract will require GGD to make annual notices, how-to brochures, and corrective action notices in English, Spanish, Korean, and Vietnamese.


FINANCIAL IMPACT

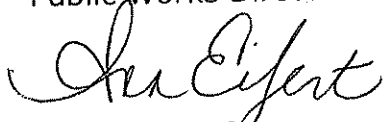
The new agreement with GGD will provide approximately \$1.5 million annually in additional benefits to the residents and City through a rate freeze, increased franchise fees, administrative cost reimbursement, community donations, and free trash service for city facilities. Most importantly, of the \$1.5 million, \$450,000 is passed on to residents by GGD holding the current rate and absorbing the landfill rate adjustments and CPI increases until July 2011. Residential rates will not increase for fiscal year 2010/2011.

RECOMMENDATION

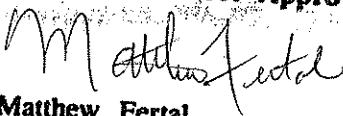
It is recommended that the Garden Grove Sanitary District Board and City Council:

- Approve the new 14-year contract with Republic Waste Services of Southern California, LLC dba Garden Grove Disposal; and,
- Authorize the General Manager/City Manager to execute agreement and to make minor adjustments if necessary.


KEITH G. JONES
Public Works Director


By: Ann Eifert
Senior Administrative Analyst

Attachment: Agreement with Republic Waste Services of Southern California, LLC
dba Garden Grove Disposal

Recommended for Approval

Matthew Fertal
General Manager

AGREEMENT

BETWEEN

CITY OF GARDEN GROVE

GARDEN GROVE SANITARY DISTRICT

AND

**REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC
dba GARDEN GROVE DISPOSAL**

FOR

SOLID WASTE HANDLING SERVICES

EFFECTIVE JULY 1, 2010

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AGREEMENT

This Agreement ("Agreement") is entered into to be effective as of the 1st day of July, 2010, by and between the City of Garden Grove, a municipal corporation ("City"), Garden Grove Sanitary District, a subsidiary special district formed and existing pursuant to the Sanitary District Act of 1923, California Health & Safety Code Section 6400, et seq. ("District") and Republic Waste Services of Southern California, LLC, a Delaware Limited Liability Company dba Garden Grove Disposal ("Republic") (collectively, the "Parties") to provide an exclusive franchise for Solid Waste Handling Services within the City.

RECITALS:

A. The Legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 ("AB 939"), has declared that it is in the public interest to authorize and require local agencies to make adequate provision for the disposal of all Solid Waste within their jurisdictions.

B. For purposes of this Agreement and the convenience of all persons, the term "City" shall mean either or both the City of Garden Grove and/or the Garden Grove Sanitary District. District, being a subsidiary district as defined in Government Code Section 56078, is governed by City's City Council as the ex officio Board of Directors of District. The terms "City" and "City Council" when used herein singularly shall refer to the powers, rights, duties or actions of both City and District, unless the content indicates otherwise. When both agencies are listed, e.g., "City and/or District", there is no legal distinction intended from the use of the term "City" alone. They are so phrased solely for emphasis.

C. Pursuant to California Public Resources Code Section 40059(a)(1), the City Council of the City has determined that the public health, safety and welfare require that an exclusive franchise agreement be awarded to a qualified solid waste enterprise for Solid Waste Handling Services within the City and District Limits.

D. District, acting as a subsidiary district of City, previously entered into a Second Updated and Restated Franchise Agreement for the provision of solid waste handling services, with Garden Grove Disposal, a Division of Taormina Industries, LLC, on November 30, 1999 (the "Prior Agreement"). It is the intent of the Parties by entering into this Agreement to supersede the Prior Agreement, except with respect to certain continuing obligations as more specifically set forth herein.

E. It is the intent of the Parties that Republic, and not City or District, shall be solely responsible for establishing and collecting all charges for Solid Waste Handling Services provided by Republic pursuant to this Agreement.

F. City, District and Republic are mindful of the provisions of the Federal and State of California laws governing the safe collection, transport, recycling, and disposal of Solid Waste, including the California Integrated Waste Management Act of 1989, commonly referred to as AB 939 (California Public Resources Code Sections 40000, et seq.), the Resource

Conservation and Recovery Act of 1976 also known as the Solid Waste Disposal Act (42 USCA Section 6901 et seq.) ("RCRA"), and the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 USC Section 9601 et seq.) ("CERCLA"). City and Republic desire to leave no doubts as to their respective roles, and to memorialize that by entering into this Agreement, City is not thereby becoming an "arranger" or a "generator" as those terms are used in CERCLA, and that it is Republic, not City, who is "arranging for" the collection, transport for disposal, composting, and recycling of municipal Solid Waste in the City which may contain Hazardous Contaminants. City and Republic understand and agree that it is Republic, and not City, who will arrange to collect Solid Waste, that City has not, and, by this Agreement does not, instruct Republic on its collection methods, nor supervise the collection process, nor do the Parties intend to place title to such Solid Waste in City, but rather intend that whatever, if any, title in and to such Solid Waste that otherwise might exist in or with City in the absence of this Agreement is hereby transferred to Republic, and further that if Republic gains title to such Solid Waste it is by operation of law and agreement with its Customers and is not the result of this Agreement. By entering this Agreement City and Republic further desire to confirm that Republic has agreed to indemnify the City in connection with any claims relating to the inadvertent or intentional collection, transportation and/or disposal of Hazardous Contaminants as defined in Section 2.22 that may occur in connection with Republic's performance under this Agreement.

G. Republic has agreed, as part of this Agreement, to provide such services as are necessary or desirable to ensure City complies with the requirements of AB 939.

H. City desires, among other things, to ensure adequate landfills remain available to meet the public's need for the safe handling and disposal of Solid Waste, and further desires to ensure its citizens do not incur undue costs in safely disposing of Solid Waste they generate, and has thus entered into the County Agreement. Republic has agreed, as part of this Agreement, to provide such services and take such actions as are necessary or desirable to ensure City complies with its obligations pursuant to the County Agreement.

COVENANTS:

Based upon the foregoing Recitals and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the Parties, City and Republic hereby agree as follows:

SECTION 1. RECITALS

The Parties acknowledge the above recitals are true and correct and incorporate them herein as if they were fully restated.

SECTION 2. DEFINITIONS

Whenever any term used in this Agreement has been defined by the California Public Resources Code, the definition of such term set forth therein shall apply unless the term is otherwise defined in this Agreement.

2.1 AB 939

"AB 939" shall mean the California Integrated Waste Management Act of 1989, currently codified as California Public Resources Code Section 40000 et seq., as it may be amended from time to time.

2.2 Affiliate

"Affiliate" means a business in which Republic owns a direct or indirect ownership interest, a business (including corporations, limited and general partnerships and sole proprietorships) which has a direct or indirect ownership interest in Republic and/or a business which is also owned, controlled or managed by any business or individual which has a direct or indirect ownership interest in Republic. For purposes of determining whether an indirect ownership interest exists, the constructive ownership provisions of Section 318(a) of the Internal Revenue Code of 1986, as in effect on the date of this Agreement, shall apply; provided, however, that (i) "ten percent (10%)" shall be substituted for "fifty percent (50%)" in Section 318(a)(2)(C) and in Section 318(a)(3)(C) thereof; and (ii) Section 318(a)(5)(C) shall be disregarded. For purposes of determining ownership under this paragraph and constructive or indirect ownership under Section 318(a), ownership interest of less than ten percent (10%) shall be disregarded and percentage interests shall be determined on the basis of the percentage of voting interest or value which the ownership interest represents, whichever is greater.

2.3 Animal Waste

"Animal Waste" shall mean animal carcasses, dead animals, and/or parts or portions of dead animals. Animal Waste shall not include manure.

2.4 Bins

"Bins" shall mean a metal Container, including dumpsters, compactors, and any similar such devices with a capacity of under ten (10) cubic yards.

2.5 Bulky Items

"Bulky Items" means Solid Waste that cannot and/or would not typically be accommodated within a Cart including specifically: furniture (including chairs, sofas, mattresses, and rugs); appliances (including refrigerators with and without Freon, ranges, washers, dryers, water heaters, dishwashers, plumbing, small household appliances and other similar items, commonly known as "white goods"); Residential wastes (including wood waste, tree branches, scrap wood, in the aggregate not exceeding one cubic yard per Collection); and clothing. For purposes of this Agreement, and notwithstanding any provision hereof to the contrary, Bulky Items shall specifically include items commonly known in the waste industry as "brown goods," "e-waste" and "universal waste" (including, without limitation all types of electronic waste, stereos, televisions, computers and monitors, cellular phones, VCRs, microwaves and other similar type of equipment and products). Bulky Items do not include car bodies, Construction and Demolition Debris or (with the exception of appliances/white goods

described above) items that cannot reasonably be moved with equipment of the type which, pursuant to industry standards would normally be carried in a truck Collecting Bulky Items. In the event a question arises as to whether a specific item, or category of items meets the definition of Bulky Items, City shall be responsible to determine whether said definition shall apply, which determination shall be final and binding on the Parties.

2.6 CalRecycle

"CalRecycle" means the State of California Department of Resources Recycling and Recovery, the department within the State Natural Resources Agency responsible for the administration of the Integrated Waste Management Act of 1989, California Public Resources Code Section 40000 et seq. ("Act"), or any successor department or agency created or designated for such purpose. Pursuant to the Act, the term "Board" when used therein means CalRecycle or the Director of CalRecycle, as appropriate.

2.7 Cart

"Cart" means a plastic Container with a hinged lid and wheels serviced by an automated or semi-automated process, as opposed to a manual process of lifting and dumping.

2.8 City Limits

"City Limits" and "District Limits" shall mean the territorial boundaries of the City and the District, respectively, together with all amendments and changes thereto, which boundaries are depicted on maps, incorporated herein by reference, that are kept on file in the office of the City Clerk of the City of Garden Grove, and which are from time to time amended to reflect changes.

2.9 City Manager

"City Manager" shall mean the City Manager of the City of Garden Grove or his or her designee. The City Manager is, by adopted regulations of the District's Board of Directors, the General Manager of the District.

2.10 Collect/Collection

"Collect" or "Collection" shall mean to take physical possession of, transport, and remove Solid Waste from a premises.

2.11 Commercial Premises

"Commercial Premises" means Premises upon which business activity is conducted, including but not limited to retail sales, services, wholesale operations, manufacturing and industrial operations and Multi-Family Residential Facilities ("MFRF") as defined in Section 2.26, but excluding Residential Premises upon which business activities are conducted when such activities are permitted under applicable zoning regulations and are not the primary use of

the property. Notwithstanding any provision to the contrary herein, in the Municipal Code, or otherwise, for purposes of this Agreement, Premises upon which MFRFs, hotels and motels are operated, shall be deemed to be Commercial Premises.

2.12 Container

"Container" means any and all types of Solid Waste receptacles, including Carts and Bins and Rolloff Boxes.

2.13 County Agreement

"County Agreement" shall mean that certain waste disposal agreement, as the same may be amended from time to time, entered into among various Orange County cities, including specifically the City of Garden Grove and/or Garden Grove Sanitary District, and the County of Orange relating to the use of County landfills for the disposal of Solid Waste collected in such cities, and which is on file in the office of City's City Clerk.

2.14 Customer

"Customer" shall mean any person receiving Solid Waste Handling Services from Republic within the Franchise Area.

2.15 Dwelling Unit

"Dwelling Unit" shall mean a residential structure containing one or more habitable rooms, having one and only one kitchen, and arranged for or occupied by one or more persons living as a household unit with common access to all living, eating and food preparation areas.

2.16 Effective Date

"Effective Date" shall mean July 1, 2010.

2.17 Environmental Laws

"Environmental Laws" means all federal and state statutes, county, local and City ordinances concerning public health, safety and the environment including, by way of example and not limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.; the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; the Federal Clean Water Act, 33 USC §1251 et seq.; the Federal Clean Air Act, 42 USC §7401 et seq.; the Toxic Substances Control Act, 15 USC §2601 et seq.; the Occupational Safety and Health Act, 29 USC §651 et seq.; the California Hazardous Waste Control Act, California Health and Safety Code §25100 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code §25300 et seq.; the Porter-Cologne Water Quality Control Act, California Water Code §13000 et seq.; the Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code §25249.5 et seq.; as currently in force or as hereafter amended, and all rules and regulations promulgated thereunder.

2.18 Franchise Area

"Franchise Area" shall mean all Premises within the City and/or District Limits, including Premises which may be annexed and thereby added to the City and/or District Limits following the Effective Date.

2.19 Franchise Fee

"Franchise Fee" shall mean the franchise fee set forth and more fully defined in Section 11.3 hereof.

2.20 Green Waste

"Green Waste" shall mean organic waste generated from any landscape, including but not limited to: grass clippings, leaves, prunings, tree trimmings, weeds, branches and brush collected pursuant to this Agreement in sizes that can be placed in Green Waste Containers.

2.21 Gross Receipts

"Gross Receipts" shall mean and include all monies, fees, charges, consideration, and revenue received or imputed to Republic and/or any Affiliate of Republic, in connection with, arising from, or in any way attributable to the Solid Waste Handling Services carried out by or on behalf of Republic pursuant to this Agreement. Gross Receipts includes, without limitation, all Customer charges imposed and collected for Solid Waste Handling Services, other fees imposed and collected by Republic pursuant to this Agreement and fees imposed and collected in connection with Temporary Services. In calculating the total amount of Gross Receipts no deductions or subtractions of any kind shall be made, such as Franchise Fees, other payments made by Republic to City pursuant to this Agreement, fines, penalties, claims, settlements, judgments or any other cost of doing business. If an administrative fee (an "AB 939 Fee") is established by City and collected by Republic pursuant to Public Resources Code Sections 41901-02 and notwithstanding anything in this Section to the contrary, for purposes of calculating Franchise Fees due to City by Republic, Gross Receipts shall be deemed to not include an amount equal to AB 939 Fees collected by Republic and paid to City. Notwithstanding the foregoing, revenue received from the sale of Recyclables shall be excluded from Gross Receipts, but shall be subject to the provisions of Section 11.5 hereof.

2.22 Hazardous Contaminant

For purposes of this Agreement, the term "Hazardous Contaminant" shall mean any "Hazardous Material," as that term is defined under California Health & Safety Code Section 25501(o); any "Hazardous Substance," as that term is defined herein or under California Health & Safety Code Sections 25281(h), 25501(p), 25501.1 and under Title 42, Section 6901(14) of the United States Code; any "Hazardous Waste," as that term is defined herein and under Title 42, Section 6903(5) of the United States Code and under California Health & Safety Code Section 25501(q); any chemical which the Governor has identified as a chemical known to the State to

cause cancer or reproductive toxicity pursuant to California Health & Safety Code Section 25249.8; any crude oil or refined or unrefined petroleum product or any fraction or derivative thereof; and any asbestos or asbestos-containing material. The term "Hazardous Contaminant" shall also include materials identified in any and all amendments to the above-referenced statutory and regulatory provisions made before or after the date of execution of this Agreement.

2.23 Hazardous Substance

"Hazardous Substance" shall mean any of the following: (a) any substances defined, regulated or listed (directly or by reference) as "Hazardous Substances," "hazardous materials," "Hazardous Wastes," "toxic waste," "pollutant" or "toxic substances" or similarly identified as hazardous to human health or the environment, in or pursuant to (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601 et seq.(CERCLA); (ii) the Hazardous Materials Transportation Act, 49 USC §5101, et seq.; (iii) the Resource Conservation and Recovery Act, 42 USC §6901 et seq.; (iv) the Clean Water Act, 33 USC §1251 et seq.; (v) California Health and Safety Code §§25115-25117, 25249.8, 25281, and 25316; (vi) the Clean Air Act, 42 USC §7401 et seq.; and (vii) California Water Code §13050; (b) any substances identified in any and all amendments, rules or regulations promulgated thereunder to such enumerated statutes or acts currently existing or hereafter enacted; and (c) any other hazardous or toxic substance, material, chemical, waste or pollutant identified as hazardous or toxic or regulated under any other applicable federal, state or local laws or regulations, including any of the Environmental Laws, currently existing or hereinafter enacted, including, without limitation, friable asbestos, polychlorinated biphenyl's ("PCBs"), petroleum, natural gas and synthetic fuel products, and by-products.

2.24 Hazardous Waste

"Hazardous Waste" means all substances defined as Hazardous Waste, acutely Hazardous Waste, or extremely Hazardous Waste by the State of California in Health and Safety Code, Div. 20, Chap. 6.5 including but not limited to §25110.02, §25115, and §25117 or in the future amendments to or recodifications of such statutes or identified and listed as Hazardous Waste by the US Environmental Protection Agency (EPA), pursuant to the Federal Resource Conservation and Recovery Act (42 USC §6901 et seq.) (RCRA), all future amendments thereto, and all rules and regulations promulgated thereunder.

2.25 Multi-Family Dwelling

"Multi-Family Dwelling" means any building or lot containing more than one Dwelling Unit at which Republic determines (and City/District agrees) that each unit can receive Solid Waste Handling Services through the use of standard Carts. For purposes of this Agreement each unit shall be deemed to be a Single Family Dwelling as defined in Section 2.34.

2.26 Multi-Family Residential Facility

"Multi-Family Residential Facility (MFRF)" means any building or lot containing more than one Dwelling Unit at which Republic determines (and City/District agrees) the Dwelling

Units must receive Solid Waste Handling Services through the use of shared Bins, since they are not reasonably able to store Carts or otherwise receive individualized Solid Waste Handling Service through the use of the automated Collection system utilizing Carts contemplated by this Agreement for Single Family Dwellings and Multi-Family Dwellings. Any ambiguity as to whether a Customer's Premises qualifies for purposes of this Agreement as a Single Family Dwelling, Multi-Family Dwelling or MFRF shall be resolved by the City Manager whose decision shall be final. For purposes of this Agreement, service received by MFRFs shall be deemed to be a commercial account.

2.27 Municipal Code

"Municipal Code" shall mean City's Municipal Code of Ordinances, the District's Code of Regulations, and all uncodified ordinances duly adopted by City, and as amended from time to time.

2.28 Person

"Person" shall mean any individual, firm, association, organization, partnership, corporation, business trust, joint venture, the United States, the State of California, the County of Orange, towns, cities, and special purpose districts.

2.29 Premises

"Premises" shall mean any land, building, and/or structure within the City and/or District limits where Solid Waste is generated or accumulated.

2.30 Recycle or Recycling

"Recycle" or "Recycling" shall mean the process of collecting, sorting, cleaning, treating and reconstituting materials that would otherwise become solid waste and returning these materials to the economic mainstream in the form of raw materials for new, reused or reconstituted products which meet the quality standards used in the marketplace.

2.31 Recyclable Material

"Recyclable Material" or "Recyclables" shall mean that Solid Waste discarded within the Franchise Area which is capable of being recycled.

2.32 Residential Premises

"Residential Premises" shall mean all premises upon which Dwelling Units exist. Notwithstanding any provision to the contrary herein, in the Municipal Code, or otherwise, for purposes of this Agreement, Premises upon which MFRFs, hotels and motels are operated shall be deemed to be Commercial Premises.

2.33 Rolloff Box

"Rolloff Box" means Solid Waste Collection Containers of ten (10) cubic yards or larger, including compactors.

2.34 Single Family Dwelling

"Single Family Dwelling" means a building or lot containing one Dwelling Unit, and for purposes of this Agreement includes buildings and lots with more than one Dwelling Unit where such Dwelling Units are determined by Republic (and City/District agrees) to be reasonably able to store Carts or otherwise receive individualized Solid Waste Handling Service by the automated Collection system process utilizing Carts contemplated herein. Any ambiguity as to whether a Customer's Premises qualifies as a Single Family Dwelling or Multi-Family Residential Facility shall be resolved by City.

2.35 Solid Waste

"Solid Waste" shall mean and include all discarded putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, rubbish, construction waste, industrial waste, commercial Solid Waste, Bulky Items, and any other discarded solid, semisolid, and liquid waste permitted to be disposed of at a Class III landfill and which are included within the definition of "Nonhazardous Solid Waste" set forth in the California Code of Regulations, as it may be amended from time to time. Solid Waste does not include hazardous (Class I) waste, low-level radioactive waste, untreated medical waste, or Special Wastes as defined herein.

2.36 Solid Waste Handling Services

"Solid Waste Handling Services" means the Collection, transfer, transport, recycling, processing, and disposal of Solid Waste.

2.37 Special Wastes

"Special Wastes" shall mean wastes other than Solid Waste including sewage sludge (biosolids), industrial sludge, asbestos, auto bodies, tires, used motor oil, Hazardous Contaminants, Animal Waste, explosive substances, radioactive materials, and other materials which may not be disposed of at a Class III landfill or which require special handling. It shall also mean and include universal waste (or U-Waste), which are those wastes listed in Section 66261.9 of Division 4.5, Title 22, California Code of Regulations.

2.38 Temporary Service

"Temporary Service" shall mean Solid Waste Handling Services provided by Republic on an as-needed and temporary basis to any Premises within the City and/or District in conjunction with construction, demolition, cleanup or other projects, and by use of temporarily placed Bins or Rolloff Boxes.

2.39 Term

"Term" shall have the meaning ascribed in Section 6 of this Agreement.

SECTION 3. GRANT OF EXCLUSIVE FRANCHISE FOR SOLID WASTE HANDLING SERVICES FROM ALL RESIDENTIAL AND COMMERCIAL PREMISES, AND FOR PROVIDING SOLID WASTE HANDLING SERVICE

3.1 Scope of Franchise

Except as hereinafter expressly set forth, City and District hereby grant to Republic and Republic hereby accepts from City and District, for the Term hereof, the exclusive contract, right, and privilege of franchise to Collect, transport, and dispose of all Solid Waste generated or accumulated within the Franchise Area from Single and Multi-Family Dwellings, Multi-Family Residential Facilities, commercial and industrial premises and facilities. The exclusive franchise, right and privilege to provide Solid Waste Handling Services within City and District Limits, granted to Republic by this Agreement shall be interpreted to be consistent with all applicable state and federal laws, now in effect and adopted during the term of this Agreement, and the scope of this Agreement shall be limited by all applicable current and developing laws and regulations. In the event that future interpretations of current law or future enactments limit the ability of City to lawfully grant to Republic a franchise for the scope of services as specifically set forth herein, Republic agrees that the scope of this Agreement will be limited to those services and materials which may be lawfully provided, and that City shall not be responsible for any lost profits claimed by Republic as a result thereof.

3.2 Matters Excluded from Scope of Franchise

Notwithstanding any other provisions set forth in this Agreement to the contrary, the exclusive franchise granted herein shall exclude the Collection, transportation, recycling, and disposal of:

(A) any Solid Waste otherwise within the scope of this Agreement which is transported by a Self Hauler as that term is used in the Municipal Code, or any other City ordinance, resolution, regulation or policy, as such may be adopted or amended from time to time;

(B) any Recyclable Material sold or donated by the person or entity that generated such Recyclable Material (the "Generator") to any person or entity other than Republic; provided, however, to the extent permitted by law, if the Generator is required to pay monetary or non-monetary consideration for the Collection, transportation, transfer, or processing of Recyclable Material to any person or entity other than Republic, and the Generator receives a reduction or discount in price (or in other terms of the consideration the Generator is required to pay), such sale or donation shall not qualify under this exemption;

(C) any Solid Waste otherwise within the scope of this Agreement which is Collected or transported to a disposal or recycling facility by City employees in the course and scope of their employment with City;

(D) the Collection, transportation, or disposal of any Hazardous Contaminant, Substance or Waste as defined herein; Universal Waste; E-Waste; biohazardous waste; untreated medical waste; infectious waste; Animal Waste; used cooking fats, oils, grease and similar waste; or other materials which do not constitute Solid Waste by the person or entity that generated such Wastes (the "Generator");

(E) the Collection, transportation, and disposal of Construction and Demolition Waste by a construction contractor, handyman, repairman, or other similar service provider, using its own equipment, as an incidental part of the services provided to its Customers, rather than as a hauling service, provided that such waste is not Collected or transported by a third party hired for the primary purpose of Collecting and transporting said materials;

(F) the Collection, transportation, and disposal of Green Waste and related Solid Waste by a gardener, or landscaper, as an incidental part of the gardening or landscaping services provided to its customers, rather than as a hauling service, provided, that such Solid Waste is not collected or transported by a third party hired for the primary purpose of Collecting and transporting said materials;

(G) Solid Waste Handling Services provided by any Person having a legal right to continue doing so, pursuant to Public Resources Code Section 49520, et. seq., or otherwise, as long as and to the extent such legal right continues to exist; except that to the degree any territory in which Republic has a franchise granted by another governmental entity is annexed into City or District during the Term, Republic agrees the provisions of this Agreement shall apply to such territory and further acknowledges that this Agreement constitutes any notice required by the Public Resources Code in connection therewith.

SECTION 4. ENFORCEMENT OF EXCLUSIVITY

Republic shall be responsible for enforcing the exclusivity of this Agreement. City shall reasonably assist Republic in its efforts to enforce the exclusivity hereof. In addition, City shall adopt such ordinances or other regulations as it deems to be necessary or desirable to protect the exclusive rights granted herein. City shall have the right, but not the obligation, to enforce the exclusivity hereof, including by instituting appropriate legal proceedings, and/or to request that Republic do so. Republic shall have an affirmative obligation to enforce such exclusivity provisions when requested to do so by City. Republic shall reimburse City for its reasonable legal costs, extraordinary administrative costs (including staff time), or other expenses incurred in connection with City's actions to either enforce the exclusivity hereof, or to assist Republic in doing so.

SECTION 5. ACCEPTANCE OF AGREEMENT; WAIVER OF TERMS

Republic agrees to be bound by and comply with all the requirements of this Agreement. Republic waives Republic's right to change the terms of this Agreement under Federal, State, or local law, or administrative regulation. Republic waives any right or claim to serve the City and District or any part of the City and District under any prior grant of franchise, contract, license, or permit issued or granted by any governmental entity including any right under Section 49520 of the Public Resources Code. Additionally, by and upon the execution of this Agreement, Republic agrees to the termination of the Prior Agreement as of the Effective Date, agrees to waive any and all rights under the Prior Agreement, and agrees to release and hold the City and District harmless from any of the City's or District's obligations thereunder (excepting, however, the right to compensation accrued and unpaid for services provided prior to the Effective Date); provided, however, nothing contained in this provision is intended to or shall relieve Republic from any obligation existing under the Prior Agreement pertaining to insurance, indemnification, or other legal obligations to City and District or Customers (as opposed to obligations to provide service pursuant to the terms thereof), or from any obligation set forth in the Prior Agreement which are called out as surviving the termination thereof, and all such obligations, including specifically those indemnification obligations relating to Environmental Laws, general liability, and AB 939 shall survive the termination of the Prior Agreement.

SECTION 6. TERM

The term of this Agreement (the "Term") shall be for the period of time commencing on July 1, 2010, and ending at midnight on June 30, 2024, unless this Agreement is terminated sooner pursuant to Section 18 hereof, or otherwise.

SECTION 7. CONDITIONS TO EFFECTIVENESS OF AGREEMENT

The satisfaction of each and all of the conditions set out below, each of which may be waived in whole or in part by City in writing, is a condition precedent to the effectiveness of this Agreement, and a condition of Republic's continued right to the benefits conveyed herein:

7.1 Accuracy of Representation

All representations and warranties made by Republic and set forth in this Agreement shall be accurate, true, and correct on and as of the Effective Date of this Agreement.

7.2 Absence of Litigation

There shall be no litigation pending in any court challenging the award of this Franchise to Republic or the execution of this Agreement or seeking to restrain or enjoin its performance.

7.3 Furnishing of Insurance, Bond, Letter of Credit, and Corporate Guarantee

Republic shall have furnished evidence of the insurance and Surety required by Sections 14 and 15 hereof, and shall comply with all ongoing requirements relating thereto, and shall provide the Corporate Guarantee required by Section 30.9 hereof.

7.4 Effectiveness of City Council/District Board of Directors Actions

City's and District's Resolutions approving this Agreement shall become effective pursuant to California law.

7.5 Payment of Fees and Costs

Republic shall have made payment to City of all fees, costs and other payments due as of the Effective Date as more fully set forth in Section 11.

SECTION 8. SOLID WASTE HANDLING SERVICES PROVIDED BY REPUBLIC

8.1 General

8.1.1 Equipment

Republic shall furnish all labor, supervision, materials, supplies, and equipment necessary to provide for all services required by the terms of this Agreement.

8.1.2 Performance Standards

Republic shall perform Solid Waste Handling Services as required hereunder in a workmanlike manner consistent with good housekeeping standards and all relevant provisions of the Municipal Code and District's Regulations. Republic's equipment shall be maintained so as to both: (1) meet the highest industry standards with regards to efforts to prevent liquid from leaking and to the degree possible be "watertight" and "leak-proof" and, (2) at all times comply with the provisions of all laws and regulations, including any applicable National Pollution Discharge Elimination Systems ("NPDES") permit, with regards to leaking of materials. Republic shall immediately clean up any spills from its equipment of which it becomes or is made aware.

8.1.3 Noise and Disruption

Republic shall perform Solid Waste Handling Services as required hereunder in such a manner as to minimize noise and other disruptive impacts including, without limitation, those upon traffic. Republic shall use its best efforts to coordinate its Collection schedules such that street sweeping on any given street shall occur the business day following Collection of Solid Waste by Republic.

8.1.4 Collection Times

Republic shall not commence Solid Waste Handling Services for Customers at Commercial Premises until 6:00 a.m. and for Customers at Residential Premises until 7:00 a.m., nor shall such activities occur after 8:00 p.m. for Customers at Commercial Premises and 7:00 p.m. for Customers at Residential Premises. The City Manager may require Republic to comply with time frames applicable to Residential Premises in connection with Solid Waste Handling Services for Customers at Commercial Premises whose premises are in close proximity to Residential Premises. Solid Waste Handling Services at Residential Premises shall not occur on Saturdays; excepting Temporary Bin Services and Collection occurring on Saturdays following such holidays as may be approved by the City Manager. No Solid Waste Handling Services shall occur on Sundays at Residential Premises, except in exceptional circumstances for which specific approval is given by the City Manager. Solid Waste Handling Services may occur at Commercial Premises on Sundays; provided, however, no such service shall occur on Sundays in connection with any Premises at which the City Manager determines such service would be contrary to the public interest.

8.1.5 Collection Schedule

Republic shall establish Collection routes and a Collection schedule which shall be approved by the City Manager such that Customers at all Residential and Commercial Premises within the City will have not less than one established Collection day each week. Republic shall provide notice to each Customer of its established Collection day(s), and shall provide at least one week's notice to Customers of any change in their established Collection day(s). Notwithstanding any provision herein to the contrary, should any established Collection date fall on a legal holiday, or on any other holiday which is observed by either a landfill or other lawful disposal site to which Solid Waste is taken for disposal, or a recycling facility to which Recyclable Material is taken, Republic shall provide for Collection one (1) day later during the pick-up week, and the regular pick-up schedule shall be resumed the following week. A pick-up week shall be defined as Monday through Saturday. Republic may not change its established Collection schedules without obtaining the prior written consent of the City Manager.

8.1.6 Commingling of Routes

Republic shall not, during its Collection process, commingle Solid Waste Collected hereunder with Solid Waste Collected in any other city or any unincorporated area, or on behalf of any other entity operating or existing within City or District Limits that is not subject to this Agreement, and is specifically prohibited from combining Collection routes related to services provided pursuant to this Agreement with Collection routes for other jurisdictions it may service.

In the event at some future date during the term of this Agreement, City either constructs, owns and operates a Solid Waste transfer station or grants approvals to Republic for it to develop and operate a transfer station within the City Limits, then any Solid Waste brought to said transfer station by Republic for handling shall be exempt from this Section.

8.1.7 Replacement of Containers

Republic shall, whenever possible, place Carts in the street gutter, adjacent to the curb upon completing Collection. Republic shall replace all Bins in the location upon the property of each Customer utilizing Bins designated for storage of Bins, and shall secure gates, doors, and/or enclosures when applicable.

8.1.8 Republic's Containers

(A) Republic's Containers shall meet the minimum standards set forth on the attached Exhibit B.

(B) Republic shall be responsible to maintain and replace, as necessary, all of its Containers.

(C) All Republic's Containers shall be maintained by Republic in good repair, and any question as to the meaning of this standard shall be resolved by the City Manager.

(D) All Carts shall be maintained by Republic in a watertight condition, as shall all Bins which are used primarily for the disposal of Solid Waste containing liquids.

(E) Republic shall replace any damaged Carts at no charge to Customers, provided, however, Republic shall be entitled to charge Customers for the replacement of any Cart that has been damaged by a Customer, ordinary wear and tear excepted. Any such charge shall not exceed Republic's actual and reasonable costs, which shall be subject to the City Manager's verification and approval of compliance with the terms of this Agreement.

(F) Republic shall replace any lost or stolen Carts within three business days, at no cost to Customers. Republic shall only be obligated to replace a lost or stolen Cart for a Customer at no charge two times during the Term hereof. For each replacement of a lost or stolen Cart thereafter, Republic shall be entitled to charge Customers an amount which shall not exceed Republic's actual and reasonable costs, and which shall be subject to the City Manager's verification and approval of compliance with the terms of this Agreement.

(G) Republic shall, at Customer's request once annually, refurbish, replace, and steam clean as necessary all Bins and Rolloff Boxes at no charge to Commercial Customers; provided, however, City may require the steam cleaning or replacement of Bins utilized at restaurants, bars and grocery stores/markets more frequently if it determines such action is needed to protect public health and safety. Additional steam cleaning shall be provided to any Customers who request it at a charge not to exceed the maximum rate set forth in Exhibit A hereto, or alternatively Republic shall provide a replacement Bin/Rolloff Box to Commercial Customers at no charge.

(H) Republic shall remove any graffiti that appears on its Containers within twenty-four (24) hours after becoming aware of it.

(I) All Bins and Rolloff Boxes shall be kept freshly painted in a uniform fashion and shall be identified with Republic's name and phone number in letters not less than three inches high on its exterior so as to be visible when the Container is placed for use.

(J) At a Commercial Customer's request, Republic shall provide Bins with locking lids and locks and may charge rates to Commercial Customers for locking Bins which do not exceed the maximum rates set forth on Exhibit A.

8.1.9 Missed Pick-ups

In case of a missed pick-up called in by a Customer, Republic shall Collect Solid Waste and Recyclable Material from such Customer no later than the next day of the pick-up week following the date of the call. Records of the addresses of all missed pick-ups shall be maintained by Republic, and shall be reported to City upon request. If Republic demonstrates to the satisfaction of the City Manager a pattern of ongoing late "set-outs" by a given Customer, missed pick-ups resulting from late set-outs by that Customer shall not be counted as missed pick-ups in evaluating Republic's performance hereunder.

8.1.10 Record of Non-collection

As more fully set forth herein, Republic shall Collect all Solid Waste placed for Collection by Customers, excepting materials that are specifically called out herein (such as Hazardous Contaminants). Whenever Republic determines not to Collect any Solid Waste deposited for Collection, Republic shall leave a tag at least 2" by 6" in size, indicating the reason for Republic's refusal to do so. This information may be either handwritten or left by means of a check system (i.e., checking off boxes on a preprinted form). The tag shall provide Republic's business name and its local telephone number and shall be securely fastened to the Container or the article refused. Republic shall maintain a record of all such taggings at its place of business. Such record shall contain the date of such notice, street address, reason for non-collection, and a summary of any communications between Republic and the Customer involved. Such record shall be retained, either in the form of the original document or by electronic storage, so that it may be conveniently inspected by representatives of City upon request.

8.2 Residential Solid Waste Handling Service

8.2.1 Single Family and Multi-Family Dwellings

Republic shall provide each Customer at a Single Family Dwelling or Multi-Family Dwelling with one (1) ninety-six (96) gallon Cart designated for the Collection of mixed Solid Waste (a Refuse Cart). Republic shall Collect all Solid Waste placed in Refuse Carts for Collection not less than once per week using an automated Collection system at rates that do not exceed the maximum rates set forth in Exhibit A. Republic shall also, at no additional charge, Collect Solid Waste which a Customer may place adjacent to their Refuse Cart(s) in bags or boxes for Collection during the two weeks following December 25th. Any Customer requesting a smaller Refuse Cart(s) shall be provided with a sixty-four (64) gallon Refuse Cart(s) by Republic instead of the standard ninety-six (96) gallon Cart noted above. Upon request from any

Customer at a Single Family Dwelling or Multi-Family Dwelling, Republic shall provide such Customer with one or more additional Refuse Carts, and shall Collect all Solid Waste placed for Collection in such additional Refuse Carts at rates that do not exceed the maximum rates set forth in Exhibit A. Wherever feasible, Customers shall be directed by Republic to place Carts for Collection either in the street gutter, against the curb, in front of their Premises, or adjacent to their Premises in the alley or easement in the rear of their Premises. If a Customer and Republic cannot agree upon a Collection location, or if City determines the selected location may cause safety or other concerns, City may make the final determination of the Collection location.

8.2.2 Walk-Out Service

Republic shall provide eligible Customers with "walk-out service" as set forth in this paragraph at no additional charge. This service shall require Republic to use its own forces to bring a Customer's Carts from a Customer's backyard, side yard, or such other location at which the Customer's Containers are regularly stored, to Republic's Collection Vehicle; and, after disposal of the contents thereof, returning said Containers to the location where they are regularly stored. To be eligible for this service a Customer shall have a DMV issued disabled person placard/license plates, or be a person who provides a physician's letter as described herein. Each Customer desiring walk-out service shall cause a letter to be submitted to Republic from a physician confirming the Customer is unable to move his/her Carts to the curb, and that to the best of his knowledge there is no other capable person living in the Customer's household to provide this service. Republic may require each eligible Customer to provide a new letter from a physician on an annual basis in order to maintain eligibility for walk-out service. In order to receive walk-out service, a Customer will be required to sign a standardized agreement, the terms of which shall be subject to City's approval, that authorizes entry onto the Customer's property and holds Republic harmless for any liability (including specifically liability related to pets escaping) associated with Republic providing the service. Any dispute regarding a Customer's eligibility for walk-out service shall be resolved by the City Manager.

8.2.3 Manure Collection

Republic may provide Customers whose premises are zoned in a manner authorizing equestrian or other large animals to be kept on site, and who so request, with Bins for the collection of manure at rates that do not exceed the maximum rates set forth on Exhibit A.

8.2.4 Recycling Program for Single Family Dwellings and Multi-Family Dwellings Using Carts

Republic shall provide each Customer at a Single Family Dwelling or Multi-Family Dwelling with one (1) ninety-six (96) gallon Cart designated for the Collection of Recyclables (a Recycling Cart) at no additional charge. Upon request from any Customer at a Single Family Dwelling or Multi-Family Dwelling, Republic shall provide such Customer with one or more additional Recycling Carts at no additional charge. Any Customer requesting smaller Recycling Cart(s) shall be provided with a sixty-four (64) gallon Recycling Cart(s) by Republic instead of the standard ninety-six (96) gallon Cart noted above. Republic shall Collect Recyclable Material placed in Recycling Carts for Collection from each Customer at a Single Family Dwelling and

Multi-Family Dwelling on the same day as such Customer's Refuse Cart is Collected, utilizing an automated Collection process. Customers shall be directed to place Recycling Carts in the same location for Collection as Refuse Carts. At a minimum the following materials shall be allowed to be deposited by Customers for Collection in Recycling Carts aluminum cans; glass jars and bottles; bi-metal, and tin cans; empty aerosol containers; polyethylene terephthalate plastic ("PET"); high density polyethylene plastic ("HDPE"); plastics types 3 – 7; plastic bags, shrink wrap, and other plastic materials (if readily identifiable as being recyclable); juice boxes and milk cartons (aseptic packaging, Tetra Pak© and waxed cardboard); coat hangers and metal foil; newspaper; mixed paper (e.g., ledger, computer, junk mail, magazines, paperback books cereal boxes, envelopes, paper shopping bags and non-metallic wrapping paper); corrugated cardboard; and telephone books.

8.2.5 Curbside Grease Collection Program

If ever required by the applicable sanitation district or other regulatory agency, Republic shall design a program for the collection of grease, fat, oils and similar waste generated from household cooking activities (the "Curbside Grease Collection Program") that the City Manager finds satisfactory and approves. Republic shall be responsible to ensure the Curbside Grease Collection Program complies with all applicable laws and regulations. At such time as a Curbside Grease Collection Program is implemented and in order to ensure that Republic is fairly compensated for any additional costs incurred in implementing such a program, Republic and City shall meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth on Exhibit A in order to compensate Republic for implementing such a program.

8.2.6 Curbside Food Waste Collection Program

If City is ever required by the Orange County Sanitation District or any other state or local regulatory agency, Republic shall design a program for the curbside collection of food waste generated from household activities (the "Curbside Food Waste Collection Program") that the City Manager finds satisfactory and approves. Republic shall be responsible to ensure the Curbside Food Waste Collection Program complies with all applicable laws and regulations. At such time as (if) a Curbside Food Waste Collection Program is implemented and in order to ensure that Republic is fairly compensated for any additional costs incurred in implementing such a program, Republic and City shall meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth on Exhibit A in order to compensate Republic for implementing such a program.

8.2.7 Green Waste Program for Single Family Dwellings and Multi-Family Dwellings Using Carts

Republic shall provide all Customers at Single Family Dwellings and Multi-Family Dwellings to whom it provides Refuse Carts, with a ninety-six (96) gallon Cart for Collection of commingled Green Waste (a "Green Waste Cart") at no additional charge. Upon request from any Customer at a Single Family Dwelling or Multi-Family Dwelling, Republic shall provide such Customer with one or more additional Green Waste Carts at no additional charge. Any

Customer requesting a smaller Green Waste Cart(s) shall be provided with a sixty-four (64) gallon Green Waste Cart(s) by Republic instead of the standard ninety-six (96) gallon Cart noted above. Republic shall Collect Green Waste placed in Green Waste Carts for Collection from each Customer on the same day as such Customers' Refuse Cart is Collected, using an automated collection process. Customers shall be directed to place Green Waste Carts in the same location for Collection as Refuse Carts. In addition to collecting Green Waste placed for Collection in Green Waste Carts as described above, on the Collection day for each Customer to whom this Section applies, Republic shall, by a manual process, Collect all Green Waste placed for Collection by Customers which is either bundled, placed in Customer provided Containers, or placed in compostable bags. In addition, Republic shall make available tags, of a design approved by City, which may be distributed to Customers utilizing Customer provided Containers for Green Waste Collection. These tags shall be designed in a manner allowing Customers to affix them to, and thereby identify, those Containers provided by Customers for the Collection of Green Waste.

8.2.8 Use of Bins for Multi-Family Residential Facilities

Use of a Bin(s) at Multi-Family Residential Facilities ("MFRF") shall, for purposes of this Agreement, be deemed a commercial use and account governed by Section 8.3, below. Republic shall supply MFRF's with Bins meeting the minimum standards set forth in Exhibit B for Solid Waste Handling Services ("Refuse Bins"). Republic shall provide a number of Bins reasonably needed for Solid Waste Collection at each Premises at which MFRFs exist bearing in mind both the number of Dwellings and space limitations. Republic shall endeavor to provide at least one (1) Refuse Bin for every six (6) Dwelling Units located at each MFRF. The size of Refuse Bins utilized, and the frequency of their Collection, shall be mutually agreed upon by Republic and the property owner or manager, except that Collection shall occur not less than one time per week and City shall have the right to impose minimum requirements for Bin sizes and more frequent Collection should it determine such action is needed to protect public health, safety and welfare. In the event of any dispute as to the adequacy of the number of Bins at any given MFRF, the City Manager shall have the ability to approve the number of Refuse Bins used at such location. Republic may charge the owner or manager of each MFRF rental rates for each Bin required at the Premises that do not exceed the maximum rates set forth in Exhibit A. In the event extra pickups are required at a MFRF in any given month, Republic may charge the owner or manager of the MFRF for such pickups an amount that does not exceed the maximum rate as set forth in the attached Exhibit A.

8.2.9 Residential Bulky Item Service

Republic shall provide unlimited Bulky Item Collection services, on an on-call basis, to residents living at all Single Family Dwellings and Multi-Family Dwellings in City receiving automated Collection service via Carts. Republic may charge rates for such services which shall not exceed the maximum rates set forth in the attached Exhibit A. The unlimited Bulky Item Collection service set forth in this Section shall only apply with respect to Bulky Items generated at the Dwelling Unit at which the Customer calling for service resides. In order to receive such service, residents shall provide Republic with notice by phone of the number and type of Bulky Items to be collected. Bulky Item Collection service calls shall be responded to within a

reasonable time but not longer than seven (7) days from the date of the Customer's call for service and Republic shall Collect and dispose of all Bulky Items placed for Collection pursuant to the terms hereof. Republic shall produce, keep current, and provide public information specifically outlining its Bulky Item Collection service, which shall specifically include the annual publication and distribution of a brochure describing this service to residents of all Single Family and Multi-Family Dwellings in City. Should a property manager, or the owner, of a Multi-Family Dwelling contact Republic for Bulky Item Collection in connection with Bulky Items not generated at the Dwelling Unit at which such person actually resides, Republic shall provide Bulky Item Collection Service in the same manner as to other Commercial Premises as set forth in Section 8.3.3 below.

8.2.10 Bulky Item Diversion

Bulky Items Collected pursuant to this Agreement may not be landfilled until the following hierarchy of diversion efforts has been followed by Republic:

- a. Reuse as is (if energy efficient);
- b. Disassemble for reuse or Recycling;
- c. Recycle or other means of diversion; and
- d. Disposal.

This hierarchy is intended to preclude the use of front or rear loading packer vehicles for Bulky Items unless the compaction mechanism is not used to compact the Bulky Items. The disposition of Bulky Items shall be tracked by Republic and this information shall be included in Republic's quarterly reports to City.

8.2.11 Proper Handling of Bulky Items

Republic shall properly handle all materials required to be collected as Bulky Items, including specifically items that require special handling pursuant to the Environmental Laws, such as materials that constitute "universal waste" and/or "e-waste."

8.2.12 Residential Sharps Collection Program

If requested to do so by City, or otherwise required by law, Republic shall design a program for the collection of used needles (the "Sharps Collection Program") that the City Manager finds satisfactory and approves. Republic shall be responsible to ensure the Sharps Collection Program complies with all applicable laws and regulations. It is anticipated that any Sharps Collection Program at a minimum will allow for Customers to mail used needles to a specific collection location, in specialized packaging provided by Republic, and/or deliver used needles to a location in or near City designated by Republic. At such time as (if) a Sharps Collection Program is implemented, and if necessary in order to ensure that Republic is fairly compensated for the additional costs incurred in implementing such a program, Republic and

City shall meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth on Exhibit A.

8.2.13 Residential Non-Controlled Medication Collection Program

If requested to do so by City, or otherwise required by law, Republic shall design and present a program to City for the collection of unused non-controlled medicines (the "Non-Controlled Medication Collection Program") that the City Manager finds satisfactory and approves. Republic shall be responsible to ensure any Non-Controlled Medication Collection Program complies with all applicable laws and regulations. It is anticipated that any Non-Controlled Medication Collection Program at a minimum will allow for Customers to mail unused medication (excepting controlled substances) to a specific Collection location, in specialized packaging provided by Republic, and/or deliver unused medication (excepting controlled substances) to a location in or near City designated by Republic. At such time as (if) a Non-Controlled Medication Collection Program is implemented, and if necessary in order to ensure that Republic is fairly compensated for the additional costs incurred in implementing such a program, Republic and City shall meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth on Exhibit A.

8.2.14 Curbside Hazardous Contaminant Program

If requested to do so by City, or otherwise required by law, Republic shall design a program for the curbside collection of Hazardous Contaminants that the City Manager finds satisfactory and approves. Republic shall be responsible to ensure the program complies with all applicable laws and regulations. It is anticipated that any such program at a minimum will allow for Customers to deposit at a specific collection location, in specialized packaging provided by Republic and/or deliver any such contaminant to a location in or near City, designated by Republic. At such time as (if) such program is implemented, and if necessary in order to ensure that Republic is fairly compensated for the additional costs incurred in implementing such a program, Republic and City shall meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth on Exhibit A.

8.3 Commercial Solid Waste Handling Services

8.3.1 Commercial Bins and Rolloff Boxes

Republic shall provide all Commercial Customers with at least one Bin and/or Rolloff Box for Collection of mixed Solid Waste. Republic shall Collect all Solid Waste placed in Bins or Rolloff Boxes for Collection, including Customer-owned Bins or Rolloff Boxes that are connected to a Customer's own packer unit, not less than once per week, at rates that do not exceed the maximum rates set forth in Exhibit A. Republic shall provide additional Containers to Customers and shall provide additional Collections upon request, or as may be required by City's Municipal Code, health and safety requirements, or by the City Manager, and may charge rates for such services which do not exceed the maximum rates set forth in Exhibit A. Bins and Rolloff Boxes shall be Collected by Republic from the location upon each Customer's property designated for their storage, and replaced to that location with gates and/or doors secured, as

applicable, after Collection is completed, unless different arrangements are agreed upon by the Customer and Republic.

8.3.2 Commercial Carts

As an alternative to the requirements of Section 8.3.1, Republic shall offer Collection in Refuse Carts to Commercial Customers that do not have space for, or do not generate enough waste to require the use of Bins for Collection. Rates for Customers receiving such service shall not exceed the maximum rates set forth on Exhibit A. If Republic and Customer have a disagreement as to whether a Refuse Cart is appropriate, or if City determines the Collection in a Refuse Cart causes health and safety or other concerns, City shall make the final determination as to whether Collection in a Refuse Cart may occur.

8.3.3 Commercial Bulky Item Service

Republic shall provide unlimited Bulky Item Collection services, on an on-call basis, to Commercial Customers, including residents, property managers, or owners of MFRFs. Republic may charge rates for such services which shall not exceed the maximum rates set forth in the attached Exhibit A. Bulky Item Collection service calls shall be responded to within a reasonable time but not longer than seven (7) days from the date of the Customer's call for service. Republic shall produce, keep current, and provide public information specifically outlining the Bulky Item pick-up service. Bulky Items Collected pursuant to this Section are subject to the diversion and handling requirements set forth in Sections 8.2.9 and 8.2.10.

8.3.4 Other Collection Programs As May Be Required by Law

In the event CalRecycle, or any Federal, State, or Local law or regulation, imposes upon City or Republic a requirement for the implementation of any source separated program for the Collection of any waste material (whether or not meeting the definition of Solid Waste hereunder) not already covered by this Agreement, whether Commercial or Residential in nature, Republic shall design and present a program to City to comply with such requirement, which program shall meet the City Manager's reasonable approval. At such time as (if) any such program is implemented, and if necessary in order to ensure that Republic is fairly compensated for the additional costs incurred in implementing such a program, Republic and City shall meet and confer in good faith to determine a fair and reasonable adjustment to the maximum rates set forth on Exhibit A.

8.3.5 Manure Collection

Republic may provide Customers whose premises are zoned in a manner authorizing equestrian or other large animals to be kept on site, and who so request, with Bins for the collection of manure at rates that do not exceed the maximum rates set forth on Exhibit A.

8.4 Temporary Services

Republic shall provide Temporary Services as defined in Section 2.38 on an on-call basis to any Customer requesting such service pursuant to the following conditions:

(A) Bins and Rolloff Boxes utilized in connection with Temporary Services shall meet the minimum standards set forth herein.

(B) No charges excepting rates not exceeding the maximum rates set forth in the attached Exhibit A related to Bins (whether Bins for clean-up projects or Bins for construction projects – which are designated as Temporary Bins and Temporary Construction Bins respectively on Exhibit A, and which may have differing maximum rates as reflected on Exhibit A) or Rolloff Boxes utilized in connection with Temporary Services shall be imposed by Republic, unless reviewed in accordance with Section 8.7 (Special Services).

(C) Temporarily placed three (3) cubic yard Bins may be used for small cleanup type projects at Residential Premises; provided, however, Bins used for such purposes shall not remain at the same address for a period that exceeds four consecutive weeks. Bins used for Temporary Service shall not remain in any public rights-of-way for a period exceeding two consecutive weeks. Bins may not be placed in any public rights-of-way so as to create a safety hazard or so as to block any right-of-way to a degree that it is not reasonably usable. Bins placed in City's rights-of-way shall be subject to such requirements as may be imposed by City, and at a minimum shall be equipped with reflectors, reflective tape, reflective paint, or other reflective devices which, to the satisfaction of the City Manager, make such Bins reasonably visible to vehicle traffic at night.

(D) At any such times as City may have in place an ordinance regulating the recycling and disposal of construction and demolition waste, Republic agrees to comply with all provisions of any such ordinance, and to provide services for construction contractors in City as may be contemplated by any such ordinance at no charge (such as assistance in preparing plans for the collection, recycling and disposal of construction and demolition waste). Moreover, during the pendency of any such ordinance, Republic shall be responsible to provide any administrative support as may be requested by City which is necessary to implement such ordinance.

(E) In addition to complying with any related requirements that may exist in any ordinance which may then be in effect in City regulating construction and demolition waste, including specific diversion levels that may be required by any such ordinance, Republic shall make all reasonable efforts to recycle all construction and demolition waste it Collects, especially to the degree such loads contain clean inert materials. Towards this end, Republic shall make available to Customers involved in construction separate containers within which to Collect different types of marketable materials, such as dirt, steel, concrete and wood.

8.5 Recycling Obligations

8.5.1 Minimum Requirements for Green Waste and Recyclable Materials

Republic shall utilize a truck dedicated for the purpose of Collecting Green Waste from Customers, such that Green Waste which has been separated prior to Collection, once Collected,

is not commingled with other Solid Waste (including Recyclable Material). Similarly, Republic shall utilize a truck dedicated for the purpose of Collecting Recyclable Materials, such that Recyclable Material Collected in Recycling Carts, once Collected, is not commingled with other Solid Waste (including Green Waste). All material Collected by Republic in Recycling Carts pursuant to this Agreement shall be delivered to a properly permitted facility for recycling and reuse purposes. All Green Waste separated prior to Collection and thereafter Collected by Republic pursuant to this Agreement (including specifically materials Collected in Green Waste Carts or Customer provided Containers as well as Holiday Trees) shall be delivered to a properly permitted facility for recycling, mulching, composting, or alternative uses for which diversion credit is provided as may be approved by the California Department of Resources, Recycling & Recovery. All Bins and Rolloff Boxes, whether for Commercial Customers or Temporary Service shall be delivered to a properly permitted facility for recycling and reuse purposes.

8.5.2 Extent of Applicable Franchise Rights

Nothing in this Agreement shall be construed as giving Republic the right to Collect Recyclable Material which has not been discarded and placed for Collection by Republic in the location designated for that purpose.

8.5.3 AB 939 Obligations, Guarantee, and Indemnification

8.5.3.1 Warranties and Representations

Republic warrants and represents that it is aware of and familiar with City's Source Reduction and Recycling Element (the "SRRE"), that it is familiar with City's waste stream, and that it has the ability to and will provide sufficient programs and services to ensure City will meet or exceed the diversion requirements (including, without limitation, amounts of Solid Waste to be diverted, time frames for diversion, and any other requirements) set forth in AB 939, and all amendments thereto, and that it shall do so without imposing any costs or fees other than those set forth on the attached Exhibit A (including if new programs are implemented which are not called out herein) or otherwise authorized pursuant to this Agreement.

8.5.3.2 Mutual Cooperation

City and Republic shall reasonably cooperate in good faith with all efforts by each other to meet City's diversion and other compliance requirements imposed by AB 939. In this regard, City's obligations shall include, without limitation, making such petitions and applications as may be reasonably requested by Republic for time extensions in meeting diversion goals, or other exceptions from the terms of AB 939.

8.5.3.3 Waste Reduction and Program Implementation

Republic shall implement the programs identified in the City's Source Reduction and Recycling Element (SRRE) and Household Hazardous Wastes Element (HHWE) immediately upon the Effective Date hereof, and will implement any programs required by any amendments or modifications thereto. In meeting this obligation Republic shall be mindful of and comply with all requirements of the County Agreement, including specifically, without limitation, the

requirements thereof generally relating to (i) the delivery of Solid Waste only to transfer stations that provide quarterly certifications of Solid Waste delivered, and (ii) the disposal of residual Solid Waste that remains after recycling processes have been completed. Republic shall provide City with monthly, quarterly and annual written reports in a form adequate to meet City's AB 939 related filing and reporting requirements to CalRecycle and to the County of Orange throughout the Term of this Agreement wherein City's performance under the above programs shall be set forth in detail. Republic shall be responsible to prepare, or assist City with the preparation of, all reports and other information as may be required by any agency, including specifically, the State of California, in order to comply with AB 939. Republic shall reimburse City for any costs City incurs in appearing before CalRecycle and/or the County of Orange in relation thereto.

8.5.3.4 Guarantee and Indemnification

Republic warrants and guaranties that it will carry out its obligations under this Agreement such that: (i) both it and City will at all times be in compliance with the requirements of AB 939, and (ii) City will meet or exceed the diversion requirements (including, without limitation, amounts of Solid Waste to be diverted, time frames for diversion, and any other requirements) set forth in AB 939, and all amendments thereto. In this regard Republic agrees that it will, in addition to any other requirement contained herein, at its sole cost and expense:

(A) to the extent legally permitted, defend, with counsel approved by City, indemnify, and hold harmless City and City's officials, employees, and agents from and against all fines and/or penalties and other liabilities which may be imposed by CalRecycle or any other regulatory agency if: (1) Republic fails or refuses to timely provide information relating to its operations which is required pursuant to this Agreement or AB 939 and such failure or refusal prevents or delays City from submitting reports required by AB 939 in a timely manner; or (2) the source reduction and recycling goals, diversion goals, program implementation requirements, or any other requirements of AB 939 are not met with respect to the waste stream Collected under this Agreement;

(B) assist City in responding to inquires from CalRecycle;

(C) assist City in preparing for, and participating in, CalRecycle's biannual review of City's SRRE pursuant to Public Resources Code Section 41825;

(D) assist City in applying for any extension, including under Public Resources Code Section 41820, if so directed by City;

(E) assist City in any hearing conducted by CalRecycle relating to City's compliance with AB 939;

(F) assist City with the development of and implement a public awareness and education program that is consistent with the City's SRRE and HHWE, as well as any related requirements of AB 939;

(G) provide City with recycling, source reduction, and other AB 939 related technical assistance;

(H) defend, with counsel acceptable to City, City and City's officials, employees, and agents against the imposition of fines and/or penalties, or any other liabilities, issued by CalRecycle pursuant to AB 939;

(I) be responsible for and pay, any fees, penalties or other costs imposed against the City by CalRecycle, and indemnify and hold harmless City from and against any fines, penalties, or other liabilities, levied against it for violation of AB 939's diversion requirements, or violation of any other provision of AB 939, arising from or in any way related to Republic's performance of its obligations under this Agreement.

8.5.4 Waste Generation/Characterization Studies

Republic acknowledges that City must perform Solid Waste generation and Disposal characterization studies periodically to comply with the requirements of AB 939. Republic agrees to participate and cooperate with City and its agents and to accomplish studies and data collection and prepare reports, as needed and directed by City, to determine weights and volumes of Solid Waste Collected and characterize Solid Waste generated, disposed, transformed, diverted or otherwise handled/processed to satisfy the requirements of AB 939.

8.5.5 Implementation of Additional Diversion Services

In the event City does not meet the current diversion goal of 50% imposed by AB 939 or any other standard subsequently established by State Legislature with respect to all waste generated in City, City may direct Republic to perform additional services (including the implementation of new diversion programs) or modify the manner in which it performs existing services, and Republic agrees to do so at no additional charge. Pilot programs and innovative services which may entail new Collection methods, and use of new or alternative waste processing and disposal technologies are included among the kinds of changes which City may direct.

8.6 Additional Services

As part of the consideration for entering this Agreement, Republic shall provide the following additional services at no charge, and shall not adjust its rates to Customers to offset costs incurred in providing any of the following services:

8.6.1 Monitoring and Cleaning of Bin Enclosures

Republic shall work with the City Manager in identifying and resolving continual problems with overflowing Bins or Bin enclosures, and/or other unsanitary conditions caused by Customers. Republic shall clean out any overflowing Bins or Bin enclosures within City within twenty-four (24) hours of notification by City. Republic may bill Customers for any such

services when they are required by City in an amount not to exceed Republic's actual and reasonable costs incurred in doing so.

8.6.2 Public Service Calls From City Departments

Republic shall, free of charge, respond to calls from City's Maintenance and Code Enforcement Divisions and from its Police Department, to provide Containers and dispose of Bulky Items and other Solid Waste as a result of illegal or unauthorized dumping, or other Code enforcement matters, occurring within City. Republic agrees that if requested to provide such services in connection with abatement activities for which reimbursement is sought from the property owner by City through abatement liens or otherwise, Republic will provide billing information sufficient for City to include it in its liens, and Republic will be paid at such time as the abatement lien is paid, or reimbursement is otherwise obtained by City from the property owner. Upon receipt of a call for service from City made pursuant to this Section, Republic shall advise City within four (4) hours as to when service will be provided, and unless otherwise agreed by City service shall be provided within 72 hours.

8.6.3 Assistance for Special Events

At the request of City, Republic shall, free of charge, assist persons designated by City (whether City employees or private individuals) who are responsible to organize or coordinate special events or events in large venues (including but not limited to concerts, festivals, carnivals, parades or sporting events) in the implementation of Recycling programs for said special events. Republic shall be responsible to prepare and submit to City a "waste reduction and recycling plan" prior to such events, and within 30 days following each such event shall submit a "waste characterization report" listing the amount of each material collected for disposal and recycling at the event. Republic shall, free of charge, provide all necessary Recycling services at said events.

8.6.4 Holiday Trees

For a reasonable period (as determined by City) following December 25th each year, Republic shall, free of charge, pick up all Holiday Trees placed out for Collection by Customers. Such trees shall not be comingled with other Solid Waste and shall be delivered to a proper facility for processing, rather than disposal, as required by the provisions hereof.

8.6.5 Handling of Electronic Waste

Republic shall Collect electronic waste, or "e-waste," and universal waste, from any Customer and shall handle and dispose of such materials in accordance with all applicable laws and regulations.

8.7 Special Services

Republic may provide special pickup procedures or services in addition to the services described herein for Customers who request or require such services at rates established by

Republic, which maximum rates are based on Republic's actual and reasonable costs incurred in doing so and are subject to review by the City Manager. Republic shall notify the City Manager of any such services prior to such time as they are provided in order to allow the City an opportunity to conduct necessary inspections, review the proposed rate, and impose appropriate regulations.

SECTION 9. MINIMUM STANDARDS FOR REPUBLIC'S SOLID WASTE
HANDLING SERVICE COLLECTION VEHICLES

9.1 General

Republic shall provide vehicles for the Collection of Solid Waste ("Collection Vehicles") that are sufficient in number and capacity to efficiently perform the work required by this Agreement in strict accordance with its terms. Republic is expressly obligated to provide such Collection Vehicles and routes as are required to meet the service standards set forth herein. Republic shall have available on Collection days sufficient back-up vehicles for each type of Collection Vehicle used to respond to complaints and emergencies.

9.2 Air Quality/Fuel Requirements

Republic's Collection Vehicles shall comply with all rules and regulations of the South Coast Air Quality Management District, the Air Resource Board, and any other regulatory body that may be in existence during the term of this Agreement, as well as other Federal, State and local laws and regulations that may be enacted during the term of this Agreement. Republic's Collection Vehicles shall meet or exceed such air quality standards as may be adopted by the forgoing regulatory bodies during the Term.

9.3 Specific Requirements

Each Collection Vehicle utilized by Republic in the performance of this Agreement shall meet the following minimum standards:

(A) Each Collection Vehicle shall be registered with the California Department of Motor Vehicles.

(B) Each Collection Vehicle shall be inspected regularly by Republic to ensure it meets the requirements of the California Vehicle Code and the California Highway Patrol. Republic shall provide to City copies of its Biannual Inspection of Terminals ("BIT") inspection reports to City within 30 days of its receipt of such reports and shall make all records related to its vehicles, including Republic's maintenance records, available to City upon request by the City Manager.

(C) Each Collection Vehicle shall be equipped with devices capable of covering every open section of the vehicle in which Solid Waste may be placed and, while operating upon the public rights-of-way, shall be covered so as to prevent any Solid Waste from falling or being blown or otherwise dislodged from the vehicle.

(D) Each Collection Vehicle shall be continuously maintained so as to both: (1) meet the highest industry standards with regards to efforts to prevent liquid from leaking and to the degree possible ensure each Collection Vehicle is "watertight" and "leak-proof" and, (2) at all times comply with the provisions of all laws and regulations including the Vehicle Code and any applicable NPDES permit, with regard to materials leaking from Collection Vehicles. Republic

shall be responsible to promptly clean any spillage or Solid Waste that leaks or otherwise escapes the vehicle.

(E) Each Collection Vehicle shall be painted periodically, which shall include all necessary body work, and shall be regularly cleaned, so that such vehicles do not become unsightly, as determined by the City Manager. Each vehicle shall be painted with Republic's colors and identifying information as required herein.

(F) Republic's name, local or toll free telephone number, and a vehicle number shall be visibly printed or painted in letters not less than five (5) inches in height on both sides and the rear of each Collection Vehicle. Additionally, the name Garden Grove Disposal shall be displayed on both sides and the rear of every residential Solid Waste Collection vehicle in letters not less than twelve (12) inches in height.

(G) Each Collection Vehicle shall be maintained in a clean and sanitary condition both inside and out and shall be washed at least once every seven (7) calendar days and steam cleaned on a regular basis.

(H) Each Collection Vehicle shall carry a broom, shovel, and operable fire extinguisher, and shall be equipped with a communication device sufficient to allow the driver to communicate directly with Republic's dispatcher and/or main office.

(I) Each Collection Vehicle shall be kept in good repair and working order, and shall be equipped with appropriate safety equipment, including any new safety related technologies that become standard in the waste industry, and at a minimum shall have a video monitor based back-up system, or its equivalent. Republic shall keep a sufficient supply of replacement parts and equipment on hand to ensure adequate vehicle maintenance and timely and continuous performance of the services contemplated by this Agreement.

(J) Republic shall inspect each Collection Vehicle daily to ensure that all equipment is operating properly. Collection Vehicles which are not operating properly shall be removed from service until repaired and operating properly. Republic shall perform all scheduled maintenance functions upon Collection Vehicles in accordance with the manufacturer's specifications and schedule. Republic shall repair, or arrange for the repair of, all of its vehicles and equipment for which repairs are needed because of accident, breakdown or any other cause so as to maintain all equipment in a safe and operable condition. Republic shall keep accurate records of all Collection Vehicle maintenance and repair, recorded according to date and mileage, including signed verifications that repairs and maintenance has been properly performed, and shall make such records available to City upon request.

(K) No Collection Vehicle shall be utilized if it is leaking brake, hydraulic, or other operating fluids. Republic shall clean up any vehicle leaks or spills of fluids from their vehicles as well as fluids, leaks or spills from the Solid Waste being transported per the NPDES permit in effect at the time. No fluids shall be washed into storm drains at any time. All NPDES dry-cleaning measures shall be complied with. All Collection Vehicles must be equipped with absorbent for such cleanup efforts.

(L) Upon request, Republic shall furnish City a written inventory of all equipment, including Collection Vehicles, used in providing service pursuant to this Agreement. This inventory shall list all equipment by manufacturer, ID number, date of acquisition, type and capacity.

(M) Republic shall utilize Collection Vehicles that meet the highest of industry standards concerning size, weight, nature, and type so as to not be unreasonably intrusive on the community with respect to noise, emissions, maneuverability, safety, and other factors and to avoid or minimize pavement damage and wear and tear of the street or adjacent properties, as approved by the City Manager.

(N) Republic shall not load Collection Vehicles in excess of the manufacturer's recommendations or limitations imposed by state or local laws or regulations. Noise levels of equipment used for Collection shall not exceed 75db (seventy-five decibels) when measured at a distance of twenty-five (25) feet from the vehicle, five (5) feet from the ground.

9.4 Costs of Operation and Damages

Republic shall be responsible for any costs incurred in connection with ensuring all Collection Vehicles comply with all applicable laws and regulations, including without limitation any such laws and regulations that may now exist or hereinafter be adopted relating to noise, fuels, emission standards, or weight limits.

9.5 City Inspection

City may cause or require any Collection Vehicle used in performance of this Agreement to be inspected and tested at any time and in such manner as may be appropriate to determine that the vehicle is being maintained in compliance with the provisions of this Agreement.

9.6 Correction of Defects and Removal of Vehicles from Use within City

Republic agrees to immediately remove from service, and replace or repair, to the City's satisfaction, any Collection Vehicle which the City Manager determines to be of unsightly appearance, unsafe, unsanitary, leaking, out of compliance with any law or regulation or this Agreement, in an unsatisfactory operating condition or otherwise inappropriate for use; and any such vehicle shall not be returned to service until the City Manager gives his written consent for its return.

SECTION 10. REPUBLIC'S SOLID WASTE HANDLING SERVICE PERSONNEL

10.1 Uniforms

Each of Republic's Collection employees shall wear a clean uniform bearing the Republic's name.

10.2 Identification of Employees

Republic shall provide identification badges, cards or similar devices, for all of its employees, and all authorized subcontractors, who may make personal contact with residents of the City. City may require Republic to notify Customers yearly of the form of said identification.

10.3 Employee List

Republic shall provide a list of current employees and authorized subcontractors to City upon request.

10.4 Driver's License

Each employee operating a vehicle as part of his duties shall, at all times, carry a valid operator's license for the type of vehicle he is operating. All employees who may have contact with Customers in the course of performing their duties shall be able to speak English.

10.5 Screening of Field Employees

Republic shall make reasonable efforts to determine if its employees working in the field (i.e., drivers of Collection Vehicles, and employees otherwise involved in Collection at Customer Premises) have been convicted of a felony, and shall identify any such employees known to it to City. City shall have the ability to require that any employee so identified by Republic not work in the field within City.

10.6 Discontinued Use of Unsatisfactory Employees

No employee shall continue to have any involvement whatsoever with regard to any work in anyway relating to or arising from this Agreement if City gives notice to Republic that such employee is determined by City to be discourteous, disorderly, inefficient, or otherwise objectionable (provided the term "otherwise objectionable" shall not permit City to "ban" an employee for reasons that violate public policy or a person's established civil rights); and, further, City shall give a reason for requesting the "ban" of any employee from engaging in work related to this Agreement.

10.7 Training and Legal Compliance

Republic shall provide operating and safety training that meets minimum California Division of Occupational Health and Safety ("OSHA") standards for all personnel, and shall comply with all Federal and California OSHA laws and regulations applicable to its employees and personnel.

10.8 Customer Service

10.8.1 Local Office; Local Participation

Republic maintains an office located at 1131 North Blue Gum Street, in Anaheim. No change in this location shall occur without City's approval if such change would result in Republic not having an office within 25 miles of City's City Hall. Said office shall be open at a minimum, from 8:00 a.m. to 5:00 p.m. Monday through Friday, and 8:00 a.m. to 12:00 p.m. Saturday, holidays excepted. At least one responsible and qualified representative of Republic, capable of communicating in English, shall be present and available during all times that an office is required to be open as noted above ("Office Hours"), for personal communication with the public, and a similarly qualified person shall be available for communication with the public by phone during any times other than Office Hours when Collection is occurring.

10.8.2 Telephone Customer Service Requirements

(A) Republic shall maintain a toll free telephone number that rings at an office within North Orange County at all times during Office Hours. English and Spanish speaking personnel will be available during Office Hours to assist Customers with telephonic inquiries. Republic shall also have the ability (through the use of outside resources or otherwise, including having access to translation services for telephone inquiries made during Office Hours) to communicate with Customers who speak Korean, Vietnamese, or another foreign language to ensure their inquiries, questions, complaints and other matters are dealt with in a reasonably timely fashion. All such personnel shall be polite and responsive, and shall be sufficiently knowledgeable, and have the authority to respond and/or advise Customers seeking assistance. Republic's telephone system shall be adequate to handle the volume of calls typically experienced on the busiest days. Republic shall provide City with a 24-hour emergency number to a live person, not voice-mail.

(B) Republic shall make reasonable attempts to answer all phone calls within five (5) rings. If a call has been placed on hold for three (3) minutes, the caller will either be switched to a message center which shall be responsible to obtain the caller's address and phone number, or a Customer service representative will obtain the Customer's address and a number at which the call can be returned. Republic shall make at least three attempts within the next twenty-four (24) hour period to return the call, with the first such attempt not more than one (1) hour after the caller leaves the message. If Republic is unsuccessful in contacting the Customer after following this procedure, it shall send a letter to the caller indicating its efforts.

(C) Republic shall record Customer complaints regarding Customer service personnel in accordance with Section 10.8.3. Customer service representatives receiving multiple complaints are to be transferred from Customer service duties relating to services performed under this Agreement.

10.8.3 Complaint Documentation

(A) All service complaints shall be directed to Republic. Republic shall log all complaints received by telephone and said log shall include the date and time the complaint was received, the name, address and telephone number of the caller, a description of the complaint, the name of the employee recording the complaint and the action taken by Republic to respond to and remedy the complaint.

(B) All written Customer complaints and inquiries shall be date-stamped when received and shall be initially responded to within one (1) business day (Monday through Friday) of receipt. Republic shall log action taken by Republic to respond to and remedy the complaint.

(C) Daily logs of complaints shall be retained for a minimum of twenty-four (24) months and shall be available to City at all times upon request.

(D) All Customer service records and logs kept by Republic shall be available to City upon request. City shall, at any time during regular Office Hours, have access to Republic's Customer service department for purposes that may include monitoring the quality of Customer service or researching Customer complaints. Republic shall provide to City on a quarterly and annual basis, a complaint log, in a form approved by the City, that includes all of the complaints logged pursuant to this Section, the complainant and the resolution.

10.8.4 Resolution of Customer Complaints

(A) Disputes between Republic and its Customers regarding all services provided in accordance with this Agreement shall be attempted to be resolved by the parties based on the terms and provisions of this Agreement. In the event the parties are unable to resolve the dispute, it shall be referred to and resolved by the City Manager. In such case, the City Manager's decision shall be final and binding.

(B) Intervention by the City is not a condition precedent to any rights or remedies third parties might otherwise have in any dispute with Republic. Nothing in this Section is intended to affect the remedies of third parties against Republic.

10.8.5 Government Liaison

Republic shall designate in writing a "Government Liaison" who shall be responsible for working with City and/or City's designated representative(s) to resolve Customer complaints. City shall have the right to approve the Republic's choice for a liaison.

10.9 Education and Public Awareness

10.9.1 General

(A) Republic acknowledges and agrees that education and public awareness are critical, key and essential elements of any efforts to achieve the requirements of AB 939. Accordingly, Republic agrees to explore opportunities to expand public and Customer

knowledge concerning needs and methods to reduce, reuse and recycle Solid Waste and to cooperate fully with City in this regard.

(B) Republic shall maintain a program of providing information relevant to needs and methods to reduce, reuse and recycle Solid Waste, and City, upon request from Republic, may include such information along with water bills provided to Customers. All public education materials shall be approved in advance by City. Republic shall keep a record of all promotional and public education materials utilized, and shall provide quarterly reports to City, summarizing its public outreach and education efforts.

(C) At a minimum, Republic shall conduct school assemblies and promote recycling through presentations and educational materials to the Chamber of Commerce, homeowners associations, construction contractors and other civic groups. Republic shall also provide articles on recycling for local newsletters.

10.9.2 On-going Education Requirements

In order to promote public education, in addition to any other materials it develops, Republic shall create the following public education materials and programs at its expense, which will be distributed as indicated below. All of these materials and programs shall be produced and/or available in English and Spanish languages, and all written materials shall be approved by City in advance of distribution, and shall bear the City seal, unless otherwise approved by the City:

(1) *Annual Notices* – Not less than once each year during the Term of this Agreement, Republic shall prepare and distribute to each Customer a brochure providing relevant information about Republic's services, including, at a minimum: information regarding access to and use of available services; Collection schedules; holiday Collection schedules; Republic's Customer service numbers; procedures to begin and terminate services; and information promoting and explaining available programs, such as Recycling, Green Waste, Holiday Tree and Bulky Item Collections, the availability of Household Hazardous Waste, U-waste and E-waste Collection, and the proper handling and disposal of such wastes. This brochure shall also be printed and made available in Korean and Vietnamese languages.

(2) *How-To Brochure* – Republic will prepare and distribute a brochure packet to new Customers when they start service. This packet will contain updated information on how to use the Republic-provided Carts, when, where and how to place Solid Waste for Collection, and who to contact with service or Billing questions. This brochure shall also be printed and made available in Korean and Vietnamese languages.

(3) *Corrective Action Notice* – Republic shall develop a corrective action notification form for use in instances where a Customer sets out inappropriate materials for Collection, that explains the appropriate manner for disposal of such items. This form shall also be printed and made available in Korean and Vietnamese languages.

(4) *Republic Representative* – Republic shall retain on its staff an individual who shall as part of his or her job function routinely visit civic groups, school assemblies, homeowners' associations and other similar groups, to promote and explain the Recycling and other programs that Republic offers, and participate in demonstrations, and civic events.

(5) *Web Site Page* – Republic shall dedicate one page of its web site to City services, which shall include at least the following information: a listing of contact names and numbers for Customer Service; information on Bulky Item Collection; Collection of Hazardous Waste, E-waste and U-waste Collection schedules, including holiday schedules; and the procedures to begin and terminate services. During the first six months following the implementation of new services hereunder, this web page shall also provide information explaining the new service, the proper use of Carts, and the options to either dispose of or continue using existing Customer provided Containers. Republic shall assist the City in establishing a link to this web page from the City's web site.

(6) *Container Labels* – Refuse, Recycling and Green Waste Carts shall carry stickers/labels or other identifying markings indicating the materials that should and should not be placed in each Container.

SECTION 11. REPUBLIC'S CONSIDERATION

In addition to any other consideration set forth herein, as part of its consideration for entering this Agreement, and for the exclusive franchise, right and privilege to provide Solid Waste Handling Services within City as specified herein Republic shall provide the following:

11.1 Reimbursement of Renegotiation Costs

Republic shall pay to City a one-time lump sum payment to reimburse the City for its actual out-of-pocket contract consultant and legal costs and expenses City incurred in connection with the renegotiating with Republic and entering this Agreement. City shall provide an invoice to Republic for the amount due pursuant to this Section and the outstanding amount shall be paid by Republic within thirty (30) days of being invoiced by City.

11.2 Administrative Cost Reimbursement

On or before July 1, 2010, or within 10 days of the Effective Date, whichever is later, and on or before July 1 each year thereafter, Republic shall make a payment to City in the amount more fully set forth in this paragraph to reimburse City for its administrative costs incurred related to this Agreement (the "Administrative Cost Reimbursement") during the ensuing year. The amount of the annual Administrative Cost Reimbursement is based on a review of past time expended by City staff relating to solid waste agreements and the reasonable estimate of actual costs that will be incurred. The initial annual Administrative Cost Reimbursement shall be in the amount of One Hundred Forty Thousand Dollars (\$140,000.00). Thereafter, the amount due on or before July 1, 2011 and each July 1 thereafter shall be the sum of: (1) One Hundred Forty Thousand Dollars (\$140,000.00) [adjusted annually by the change in the Consumer Price Index

for the 12 month period ending the preceding January 31¹, for All Urban Consumers, CUURA421SA0 not seasonally adjusted, all items index (CPI-U) – Los Angeles County, Riverside County, Orange County average]²; plus (2) City's actual consultant costs related to requests from Republic pertaining to this Agreement [i.e., requests for discretionary rate adjustments, requests for transfers, or requests to consider new programs]; plus (3) City's legal fees and out of pocket costs incurred in the administration of this Agreement, including fees and costs associated with analyzing new legislation, considering requests from Republic (including specifically, without limitation, requests for maximum rate adjustments), and otherwise analyzing issues that arise in connection with this Agreement. Commencing with the payment due July 1, 2011, invoices for the Administrative Cost Reimbursement will be provided to Republic by City and shall be due to City within thirty (30) days of the date such invoice is mailed by City, or on July 1, whichever comes later.

11.3 Franchise Fee

Republic shall pay to City, a franchise fee equal to Seven and 25/100ths percent (7.25%) of Republic's annual Gross Receipts each year, or portion thereof, during the entire Term of this Agreement (the "Franchise Fee"). Said Franchise Fee shall be paid to City monthly on or before the twentieth (20th) day of each month. Should any such due date fall on a weekend or holiday in which the City's business offices are closed, payment shall be due on the first day thereafter in which the City's business offices are open. The amount of each payment shall be equal to Seven and 25/100ths percent (7.25%) of Republic's Gross Receipts received in the calendar month preceding the date payment is due.

For those Customers, if any, whose service rates are collected on the tax rolls or otherwise by the City on behalf of Republic, and in the event any Customer makes a payment due for service to the City, City shall forward said sums to Republic, which shall include such sums in the Gross Receipts for the month in which payment is made to Republic. In order to realize more efficient costs of processing, Republic authorizes the Franchise Fee due in connection with amounts that are collected from Customers by City on behalf of Republic, if any, to be deducted by City prior to City forwarding said funds.

The Franchise Fee due hereunder shall apply to Gross Receipts of Republic collected after the expiration of the Term hereof relating to Republic's performance during the Term hereof. Franchise Fees shall be accompanied by a statement certified by an officer of Republic attesting to the accuracy of the amounts paid, and setting forth the basis for their calculation in a manner acceptable to City.

11.4 Services at City Facilities

¹ The first CPI adjustment shall occur in connection with the 12 month period ending January 31, 2011 so as to apply to the payment due on or before July 1, 2011.

² The CPI adjustment amount in each year shall be the base amount to which the CPI is applied for the following year.

Republic shall provide Collection services for all wastes except building demolition waste and Hazardous Contaminants, Wastes or Substances at all Premises owned and/or operated by the City, and shall provide Containers for such service as City deems appropriate for each of its various Premises (i.e., Carts, Bins or Rolloff Boxes), all at no cost to City. Such services shall be provided for all existing City facilities, as they may be expanded from time to time, as well as all new or additional facilities acquired/constructed during the Term hereof. Republic shall carry out its obligations pursuant to this provision in a manner, and to a degree, approved by the City Manager. A list of Premises owned and/or operated by the City requiring Collection services pursuant to this Section as of the Effective Date are set forth in Exhibit C. Said list is included for reference purposes only and is not necessarily intended to be inclusive of all City facilities for which Collection services are to be provided pursuant to this provision, either as of the Effective Date or in the future.

11.5 Future Negotiations Pertaining to Sharing of CRV and Recycling Revenues

Within 90 days following July 1, 2014, Republic shall provide City with a summary of all revenues it receives as a result of (i) payments from the State of California's California Redemption Value ("CRV") program which pertain to Solid Waste Collected in City and (ii) the sale of Recyclables which pertain to Solid Waste Collected from Residential Premises in City between the Effective Date and July 1, 2014. The summary shall, at a minimum, detail gross revenue received by Republic or any of its Affiliates from the sale of Recyclables Collected from Residential Premises within the City by Republic, the types of CRV materials Collected within City by Republic, and the amounts paid to Republic or any of its Affiliates by the State of California or its approved processor in connection with CRV materials Collected by Republic during the applicable period. Within 60 days following the delivery of the summary required by this Section, Republic and City shall meet and engage in good faith negotiations designed to determine if and to what degree the parties shall share in the revenues paid to Republic by the State related to CRV and/or received by Republic for the sale of Recyclables Collected from Residential Premises within the City. The intent of this Section is to allow the parties to evaluate the financial terms of this Agreement after its four year anniversary, compare it to similar agreements in place in other cities in Orange County at that time, and, if it is determined that City is not faring as well financially as other cities receiving similar services, to adjust the financial terms hereof to bring City's financial compensation in line with standards in other Orange County cities for the Term hereof following July 1, 2014 utilizing CRV revenue and/or revenue from the sale of Recyclables as the means to accomplish that intent.

11.6 Annual Contribution to Community Programs

As further consideration for the rights granted to Republic herein, Republic shall contribute Sixty Thousand Dollars (\$60,000.00) each year during the term hereof for community uses (the "Community Uses Contribution"), to be allocated as follows: (1) Republic shall make a payment of Twenty Thousand Dollars (\$20,000.00) to City to use for community programs of any nature as City deems appropriate, including, but not be limited to, public holiday celebrations, public concerts, youth activities, senior citizen programs and continuing education classes; (2) Republic shall make a payment of Twenty Thousand Dollars (\$20,000.00) to the Garden Grove Community Foundation; and (3) Republic shall donate Twenty Thousand Dollars

(\$20,000.00) by cash contribution or in-kind services to charity in the City as determined by Republic. Such payments to City and the Garden Grove Community Foundation shall be due on or before July 1 of each year, with the first payment due on or before thirty (30) days following the Effective Date. The amount of each component of the Community Uses Contribution shall be adjusted each year during the Term by the change in the Consumer Price Index for the 12-month period ending the preceding January 31³ [All Urban Consumers, CUURA421SA0 not seasonally adjusted, all items index (CPI-U) – Los Angeles County, Riverside County, Orange County average.]

11.7 Neighborhood Cleanup Events

The Parties acknowledge that City periodically conducts neighborhood cleanup events designed to upgrade City residential areas. Republic shall provide Containers, Collection and disposal services for such event, at no cost to City or Customers, up to a maximum of sixteen (16) Rolloff Boxes per year.

SECTION 12. CHARGE FOR LATE PAYMENTS

In the event Republic fails to timely make any of the payments provided for in Section 11 or any other provision of this Agreement, Republic shall pay to City, as additional consideration for entering into this Agreement, a sum of money equal to five percent (5%) of the amount due. This amount is required in order to defray those additional expenses and costs incurred by City by reason of the late payment including, but not limited to, the cost of administering, accounting for, and collecting said late payment and the cost to City of postponing services and projects necessitated by the delay in receiving the revenue. In addition to any other remedy provided by law, any amounts not paid to City by Republic within sixty (60) days of the due date shall be subject to interest in the amount of ten percent (10%) per annum, calculated on a daily basis for each day such sums remain past due.

SECTION 13. REPUBLIC'S BILLING SERVICES AND SYSTEMS

13.1 Direct Billing

Republic shall, at its own expense, be solely responsible for the billing to and collection from every Customer for all its Solid Waste Handling services and shall provide itemized bills to each Customer distinctly showing charges for all classifications of services, including charges for late payments. Republic acknowledges that it, and not Customers, is to pay a Franchise Fee to City as consideration for this Agreement. Accordingly, Republic's bills shall not include separate itemization of a "franchise fee" or other similar designation. Billings shall be made monthly for Commercial Customers and may occur bi-monthly or quarterly for Residential Customers. Customers may be billed in advance of, or subsequent to services being provided at the option of Republic. Customers ordering service after the first of the month or canceling service prior to the end of the month shall be charged on a prorated per-pickup basis.

³ The first CPI adjustment shall occur in connection with the 12 month period ending January 31, 2011 so as to apply to the payment due on or before July 1, 2011.

13.2 Unoccupied Premises

During any time when a Premises is unoccupied and following receipt of written notice by Republic from Customer that the Premises have been vacated, Collection services shall not be provided by Republic, and Republic shall not bill such Premises for Solid Waste Handling Service. The Customer at any such Premises shall be responsible to provide reasonable evidence to Republic, pursuant to such guidelines as Republic shall develop and City Manager shall approve, demonstrating the Premises are vacant. Any Customer grievance regarding a claim that a Premises was unoccupied and received no service, and hence should not be billed for a given period pursuant to this Section, may be appealed by the Customer to the City Manager whose decision shall be final. It is the intent of the Parties that Republic shall not be entitled to charge for services which are not needed or used. Notwithstanding the foregoing, it is the intent of the Parties that Premises shall not be deemed vacant for purposes of this Section 13.2 during such period of time that such Premises are unoccupied due only to a temporary absence of the owner(s) or occupant(s), such as a period during which the owner(s) or occupant(s) are merely on vacation.

13.3 Delinquent Accounts

(A) Any service account unpaid by the due date listed on the billing statement shall be deemed delinquent. Except to the extent otherwise provided herein, it shall be the sole responsibility of Republic to take any authorized measures to collect any delinquent sums owed.

(B) Any delinquent fees or service charges to be imposed in connection with delinquent accounts shall be set by Republic and be subject to City Manager review.

(C) Republic may discontinue service to any Customer whose account is delinquent in the manner as set forth in this Section. Customers who have not remitted required payments within thirty (30) days after the date of billing shall be notified on forms approved by the City Manager. Said forms shall contain a statement that services may be discontinued fifteen (15) days from the date of notice if payment is not made before that time. If payment is not made by the expiration of said fifteen (15) day period, Republic may discontinue service forty-eight (48) hours thereafter.

(D) Republic shall resume Solid Waste Handling Services on the next regularly scheduled Collection day for any Customer whose service is discontinued upon receipt of payment of delinquent fees and any related service restart charges, or at such sooner time as directed to do so by City.

(E) A deposit equal to the maximum rate for one month's service as set forth on Exhibit A, as such rates may be amended from time to time, may be required of accounts which have been discontinued for non-payment prior to re-instituting service at such accounts.

(F) Republic shall make all reasonable efforts to diligently pursue and collect all delinquent sums owed by Customers to Republic for Solid Waste Handling Service provided by

Republic. Following exhaustion all such reasonable efforts by Republic, Republic may request City's assistance in collecting any remaining delinquent sums owed, and City shall endeavor, in good faith, to assist Republic with its collection efforts. City's obligation to assist Republic hereunder shall include, to the extent authorized by law, the imposition of a lien on the property receiving Solid Waste Handling Service and collection of such delinquent amounts on the tax rolls in accordance with applicable law. Notwithstanding the foregoing, City shall have no liability to Republic for failure to collect any such delinquent sums from Customers on behalf of Republic. Republic shall reimburse City for any and all costs incurred by City in assisting Republic in the collection of delinquent sums owed.

13.4 Minimum Requirements for Billing Statements

In addition to any other pertinent data, billing statements mailed by Republic shall be printed to contain the following information:

- (A) A "statement date" indicating the date the bill is generated and mailed.
- (B) A notice to Customers that:
 - (1) payments are due upon receipt of the bill,;
 - (2) the Customer's account will become delinquent if payment is not received by the 30th day following the statement date;
 - (3) notice of the date and time by which payments must be received in order to avoid delinquent fees (i.e., on the 31st day following the statement date); and
 - (4) a notification of the amount of fees that will be imposed and the potential for service discontinuation, if payments are not received by the specified date and time.
- (C) A Notice to Customers that payments can be made in the following manner:
 - (1) by mailing payment to Republic at such address as Republic may designate; or
 - (2) by automatic withdrawal from a banking account; or
 - (3) by major credit card on-line (i.e., via the Internet).
- (D) A Notice that inquiries relating to Solid Waste Handling Services should be directed to Republic, including an address, phone number and internet site, for such inquiries.

13.5 Billing System

13.5.1 Computerization of Account Information

Republic shall provide and maintain, at its expense, computer equipment sufficient to operate pertinent computer programs and otherwise provide the services required by this Section. Republic shall create, at its own expense, computer programs sufficient to operate a computerized billing system, permanently maintain all account records and otherwise meet the requirements of this Section.

13.5.2 Minimum Computer Programming Requirements

In addition to any other requirements set forth herein, the programs created by Republic to operate and maintain the billing system shall at a minimum be able to perform the following functions:

- (A) create a permanent record of any adjustment to a Customer's account;
- (B) work in connection with a backup system such that all Customer account data and records is protected from a computer failure and permanently preserved on not less than a daily basis;
- (C) allow Customers to make payments on-line (i.e., via the Internet).

13.5.3 Billing Inquiries

All billing inquiries shall be entered into the computerized billing system. Republic's computer programs shall keep a permanent record of all billing inquiries and all adjustments to Customer bills resulting therefrom.

13.5.4 Distribution of Public Information

If requested to do so by City, and at no charge to City, Republic shall insert any printed material prepared by City into its billing statements for delivery to its Customers. City shall not request Republic to include any printed material in its bills if such material is of a size, shape, or weight that would increase Republic's postage costs or if such material does not fit into the envelopes utilized by Republic to mail the bills. Any printed material to be included in the bills to be mailed by Republic shall be provided to Republic within a reasonable time in advance of Republic's scheduled mailing date, such that the insertion of such material into billing envelopes does not delay their scheduled mailing date.

13.6 Payment, Accounting Systems

13.6.1 Collection and Processing of Payments

13.6.1.1 Accounting and Deposit of Funds

All payments received by Republic shall be appropriately credited to Customer accounts, deposited in a bank account and accounted for in a businesslike manner utilizing generally accepted accounting principles. To facilitate audits and record keeping Republic shall make all

withdrawals from its bank accounts by check, ACH debit/credit or wire, regardless of whether the withdrawal is to provide funds to City, Republic, or any permissible subcontractor, vendor or supplier of Republic.

13.6.1.2 Allocation of Funds

With respect to payments received from each Customer, unless a Customer specifically directs a different allocation, funds shall be allocated first to outstanding charges for Solid Waste Handling Services, then to any related delinquency fees or other administrative charges, up to the amount of any outstanding balance. Any overpayment shall be credited to future bills in the same sequence, or returned to Customers as appropriate.

SECTION 14. FAITHFUL PERFORMANCE

(A) Contemporaneously with execution of this Agreement, as security for Republic's faithful performance of all obligations of this Agreement, Republic shall provide a surety mechanism (the "Surety") as more fully defined below in the amount of One Million Dollars (\$1,000,000.00). The Surety may be comprised of either a performance bond or an irrevocable letter of credit, or a combination of both. If a letter of credit is utilized to satisfy some or all of the Surety requirement it shall be drawn upon a financial institution with an office within fifty (50) miles of City, and otherwise in a form acceptable to the City Attorney. The performance bond, if any, shall be issued by a duly authorized corporate surety company authorized to do business in California, and in a form acceptable to the City Attorney and in full compliance with the provisions of California Code of Civil Procedure Sections 995.610 – 995.660 re Admitted Surety Insurers. The cost of the Surety shall be the sole obligation of Republic. The Surety shall be released within thirty (30) days after both (i) the expiration of the Term of this Agreement; and (ii) Republic's satisfactory performance of all obligations hereunder.

(B) In the event Republic shall for any reason become unable to, or fail in any way to, perform as required by this Agreement, City and/or District may declare a portion or all of the Surety, as may be necessary to recompense and make whole the City and/or District, forfeited to the City and/or District. Upon partial or full forfeiture of the Surety, Republic shall restore the Surety to its original amount within thirty (30) days of the City's and/or District's notice to do so. Failure to restore the Surety to its full amount within thirty (30) days shall be a material breach of this Agreement.

(C) Notwithstanding any provision hereof to the contrary, thirty (30) days following City and/or District providing Republic with written notice of its failure to pay City and/or District any amount owing under this Agreement, either the letter of credit or performance bond comprising the Surety may be utilized by City and/or District for purposes including, but not limited to:

(1) Payment of sums due under the terms of this Agreement which Republic has failed to timely pay to City and/or District, including specifically, but not limited to, liquidated damages.

(2) Reimbursement of costs borne by City and/or District to correct violations of this Agreement not corrected by Republic.

(D) City and/or District may draw upon the entire letter of credit (if any) utilized to meet Republic's obligations pertaining to the Surety, and convert it to a cash deposit, if Republic fails to cause the letter of credit to be extended or replaced with another satisfactory letter of credit no later than sixty (60) days prior to its expiration.

SECTION 15. INSURANCE COVERAGE

Republic shall procure and maintain during the entire Term of this Agreement the following types of insurance, written and issued to comply with all terms and conditions in this Section 15, and shall maintain the following minimum levels of coverage, which shall apply to any claims which may arise from or in connection with Republic's performance hereunder or the actions or inactions of any of Republic's officers, agents, representatives, employees, or subcontractors in connection with Republic's performance. The insurance requirements hereunder in no way limit Republic's various defense and indemnification obligations, or any other obligations as set forth herein.

15.1 Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. The most recent editions of Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 00 01).
2. The most recent editions of Insurance Services Office form number CA 00 01 1001 covering Automobile Liability, code 1 "any auto".
3. Workers' Compensation insurance and Employer's Liability Insurance as required by the Labor Code of the State of California.

15.2 Minimum Limits of Insurance

Republic shall maintain in force for the term of this Agreement limits no less than:

1. Comprehensive General Liability: Ten Million Dollars (\$10,000,000.00) limit aggregate and Ten Million Dollars (\$10,000,000.00) limit per occurrence for bodily injury, personal injury and property damage. Such limits can be achieved through a combination of primary and excess liability policies.
2. Automobile Liability: Ten Million Dollars (\$10,000,000.00) limit aggregate and Ten Million Dollars (\$10,000,000.00) limit per accident for bodily injury and property damage. Such limits can be achieved through a combination of primary and excess liability policies.

3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000.00) per accident.

15.3 Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by City. If, in the reasonable opinion of the City, Republic does not have sufficient financial resources to protect the City from exposure with respect to any deductibles or self-insured retentions Republic shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

15.4 Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

15.4.1 General Liability and Automobile Liability Coverages

City and District, as well as their respective elected and appointed officials, officers, employees, agents and volunteers are to be named as additional insureds as respects: liability arising out of activities performed by or on behalf of Republic; Premises owned, leased or used by Republic; and/or vehicles owned, leased, hired or borrowed by Republic. The coverage shall contain no special limitations on the scope of protection afforded to City and District, or their respective elected and appointed officials, officers, employees, agents or volunteers.

Republic's insurance coverage shall be primary insurance as respects City and District, as well as their respective elected and appointed officials, officers, employees, agents or volunteers. Any insurance or self-insurance maintained by City or District, or their respective elected and appointed officials, officers, employees, agents or volunteers shall be excess of Republic's insurance and shall not contribute with it.

Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City and/or District, or their respective elected and appointed officials, officers, employees, agents or volunteers.

Coverage shall state that Republic's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

15.4.2 Workers' Compensation and Employers Liability Coverage

The insurer shall agree to waive all rights of subrogation against City, as well as its elected and appointed officials, officers, employees, agents or volunteers, for losses arising from work performed by Republic for City and District.

15.4.3 All Coverages

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, amended, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to City and District.

15.5 Acceptability of Insurers

The insurance policies required by this Section shall be issued by an insurance company or companies authorized to do business in the State of California and with a rating in the most recent edition of Best's Insurance Guide Reports of size category VII or larger and a rating classification of A or better, unless otherwise approved by the City Manager.

15.6 Verification of Coverage

Republic shall furnish City with certificates of insurance and with original executed endorsements affecting coverage required by this Article. The certificates and endorsements for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by or acceptable to City and District and are to be received and approved by City and District before work commences. City and District reserve the right to require complete, certified copies of all required insurance policies, at any time.

15.7 Loss or Reduction in Insurance

In the event that Republic fails to retain or maintain insurance with the scope and amounts of coverage required hereunder, City and/or District shall have the right, but not the obligation to either terminate this Agreement, or obtain insurance coverage as required herein on behalf of Republic and utilize funds from the Surety defined in Section 14 to pay the cost of providing such coverage.

SECTION 16. ASSIGNMENT, SUBLETTING, AND TRANSFER; REQUIREMENTS AND LIMITATIONS

16.1 General

Republic shall not assign its rights, nor delegate, subcontract or otherwise transfer its obligations under this Agreement (collectively referred to as an "Assignment") to any other Person without the prior approval by the City Council of the City. Any such Assignment made without the approval by the City Council of the City shall be void and the attempted Assignment shall constitute a material breach of this Agreement.

16.2 "Assignment" to be Broadly Interpreted

For purposes of this Section the term "Assignment" shall be given the broadest possible interpretation, and shall include, but not be limited to: (i) a sale, exchange or other transfer of substantially all of the Republic's assets dedicated to service under this Agreement to a third party; (ii) a sale, exchange or other transfer of any ownership interest of Republic to a third party; (iii) any dissolution, reorganization, consolidation, merger, re-capitalization, stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction which results in a change of ownership or control of Republic; (iv) any assignment by operation of law, including those resulting from mergers or acquisitions by or of Republic of any of its Affiliates, insolvency or bankruptcy, making assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of Republic's property, or transfer occurring in the event of a probate proceeding; and (v) any combination of the foregoing (whether or not in related or contemporaneous transactions) which has the effect of any such transfer or change of ownership, or change of control of Republic.

16.3 Nature of Agreement – Personal to Republic

Republic acknowledges that this Agreement involves rendering a vital service to City's residents and businesses, and that City has selected Republic to perform the services specified herein based on (1) Republic's experience, skill and reputation for conducting its Solid Waste Handling Services in a safe, effective and responsible fashion, at all times in keeping with applicable Environmental Laws, regulations and best Solid Waste management practices, and (2) Republic's financial resources to maintain the required equipment and to support its indemnity obligations to City under this Agreement. City has relied on each of these factors, among others, in choosing Republic to perform the services to be rendered by Republic under this Agreement.

16.4 Procedure for Consideration of Assignment

If Republic requests City's consideration of and consent to an Assignment, the City Council of City may deny, approve or conditionally approve such request in its sole and absolute discretion. Under no circumstances shall City be obliged to consider any proposed Assignment if Republic is in default at any time during the period of consideration. Should the City consent to any Assignment request, such Assignment shall not take effect until all conditions relating to the City's approval have been met. Any request for an Assignment shall be made in a manner to be prescribed by the City Manager, and no request by Republic for consent to an Assignment need be considered by City unless and until Republic has met (or with respect to matters that would only occur upon completion of the Assignment if approved, made reasonable assurances that it will meet) the following requirements:

(A) Prior to City's consideration of any assignment request, Republic shall pay City a non-refundable assignment fee in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) as additional consideration and in order to reimburse City for its reasonable direct and indirect expenses, including administrative, investigative, consulting, and attorney's fees and

costs necessary to investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such Assignment.

(B) If requested to do so, Republic shall furnish City with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years.

(C) Republic shall furnish City with satisfactory proof: (i) that the proposed assignee has at least ten (10) years of Solid Waste management experience on a scale equal to or exceeding the scale of operations conducted by Republic under this Agreement; (ii) that in the last five (5) years, the proposed assignee has not suffered any significant citations or other censure from any federal, state or local agency having jurisdiction over its Solid Waste management operations due to any significant failure to comply with state, federal or local laws, including the Environmental Laws and that the assignee has provided City with a complete list of such citations and censures; (iii) that the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion; (iv) that the proposed assignee conducts its Solid Waste management practices in accordance with sound Solid Waste management practices in full compliance with all federal, state and local laws regulating the Collection and disposal of Solid Waste including Hazardous Substances; and, (v) of any other information required by City to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.

(D) The proposed assignee shall execute an agreement assuming all of Republic's rights and liabilities under this Agreement.

SECTION 17. REVIEW OF SERVICES AND PERFORMANCE

17.1 Performance Hearing

(A) Commencing on or about July 1, 2012, and on a biennial basis thereafter, City may hold a hearing to review Republic's Solid Waste Collection efforts, source reduction, processing and other diversion services and overall performance under this Agreement (the "Solid Waste Services and Performance Review Hearing" or "Performance Hearing"). The purpose of the Performance Hearing is to provide for a discussion and review of technological, economic, and regulatory changes in Collection, source reduction, recycling, processing and disposal to achieve a continuing, advanced Solid Waste Collection, source reduction and recycling and disposal system; and to ensure services are being provided by Republic with adequate quality, effectiveness and economy and in full compliance with the terms of this Agreement. Topics for discussion and review at the Performance Hearing shall include, but shall not be limited to, services provided, feasibility of providing new services, application of new technologies, Customer complaints, amendments to this Agreement, developments in the law, new initiatives for meeting or exceeding AB 939's goals, regulatory constraints and Republic performance. City and Republic may each select additional topics for discussion at any Performance Hearing.

(B) In addition to the Performance Hearings City may hold in accordance with the immediately preceding paragraph, if the number of Customer complaints regarding Republic's Solid Waste Handling Services are deemed by City to be excessive, City may, at any time (subject to the paragraph immediately below), hold a Performance Hearing.

(C) City shall notify Republic of its intent to hold a Performance Hearing at least ninety (90) days in advance thereof. The notice will indicate whether the hearing will occur before City staff, the City Council, or such other body as the City may designate in the notice. Forty-five (45) days after receiving notice from City of a Performance Hearing, Republic shall submit a report to City which may contain such information as it wishes to have considered, and shall contain the following:

- (1) Current diversion rates and a report on Republic's outreach activities for the past year.
- (2) Recommended changes and/or new services to improve the City's ability to meet the goals of AB 939 and to contain costs and minimize impacts on rates.
- (3) Any specific plans for provision of changed or new services by Republic.

(D) The reports required by this Agreement regarding Customer complaints shall be used as one basis for review of Republic's performance, and Republic may submit other relevant performance information and reports for consideration at the Performance Hearing. In addition to the above, City may request Republic to submit any other specific information relating to its performance for consideration at the Performance Hearing, and any Customer may submit comments or complaints during or before the Hearing, either orally or in writing. Republic shall be present at and participate in the Performance Hearing.

17.2 Performance Satisfaction Survey

If requested by the City, Republic will create and conduct a survey at Republic's expense in preparation for any Solid Waste Services and Performance Review Hearing held pursuant to Section 17.1, except no more than three (3) surveys may be requested during the Term of this Agreement. City shall notify Republic of its desire for such a survey at least ninety (90) days in advance of the Solid Waste Services and Performance Review Hearing. The purpose of the survey is to determine Customer satisfaction with current Collection services and Customer service provided by the Republic. The Survey will be distributed to a minimum of ten percent (10%) of the Customers, selected at random. Republic shall obtain City's approval of the survey's content, format, and mailing list prior to its distribution. The City may require that Republic have Customer responses to the survey returned directly to the City. The Survey results shall be made available to the City thirty (30) days prior to the Solid Waste Services and Performance Review Hearing.

SECTION 18. CITY'S REMEDIES; DEFAULT AND TERMINATION

18.1 Notice of Default

If the City Manager determines that Republic has defaulted in the performance of any obligation hereunder, or that Republic's performance pursuant to this Agreement with respect to such matters has not been in conformity with reasonable industry standards which are obtained in similar cities in Southern California, the provisions of this Agreement, the requirements of the Municipal Code or District Regulations, the requirements of CalRecycle, including, but not limited to, requirements for source reduction and recycling or any other applicable Federal, State, or local law or regulation, including but not limited to the laws governing transfer, storage, or disposal of special wastes, or hazardous wastes, the City Manager may provide written notice to Republic of such default. The City Manager may, in such written notice, set a reasonable time within which correction of such cure shall be made. Unless a longer or shorter time is otherwise specified by the City Manager, a reasonable time for cure shall be thirty (30) days from the date such written notice is given.

18.2 Failure to Cure

If Republic fails to cure, to the satisfaction of the City Manager, all deficiencies contained in the written notice thereof within the specified time, or if it is not reasonably possible to cure such deficiencies within the specified time, and Republic fails to commence to cure or remedy such deficiencies within the specified time and diligently effect such cure or remedy thereafter, then the City Manager may refer the matter to the City Council for review, or review the matter himself.

18.3 Review by City Manager

If the City Manager reviews the matter and determines that Republic has failed to properly or adequately cure any default set forth above, the City Manager may recommend termination of the Agreement to the City Council and District Board. If the City Manager refers the matter to the City Council, the City Council shall set the matter for consideration before the City Council as an agenda item.

18.4 City Council Review

In reviewing the matter the City Council may consider any information reported by the City Manager regarding the deficiencies, and shall give Republic, or its representatives and any other interested person, a reasonable opportunity to be heard. The Council shall determine whether Republic has failed to properly or adequately perform as set forth above, and if so whether to terminate the Agreement, or to pursue any other remedy available to City.

18.5 Performance During Reviews

Republic's performance under this Agreement is not excused during any period of time when its performance is under review as set forth above, including at any time prior to a final decision as to whether such performance is deficient.

18.6 Termination without Right to Cure

The above right of termination as a result of Republic's failure to timely cure any deficiency is in addition to City's right to terminate this Agreement without affording Republic an opportunity to cure in circumstances where Republic is determined by City to have materially breached this Agreement. City shall thus be afforded the right to terminate this Agreement in the event of any material breach hereof by Republic without affording Republic the right to cure as a result of any action, inaction or circumstance which is a legally defined material breach, or is defined herein as a material breach, and/or under any of the following circumstances which are hereby specifically defined as material breaches:

- (A) If Republic practices, or attempts to practice, any fraud upon City.
- (B) If Republic becomes insolvent, unable, or unwilling to pay its debts, or upon listing of an order for relief in favor of Republic in a bankruptcy proceeding.
- (C) If Republic willfully violates any orders or rulings of any regulatory body having jurisdiction over Republic relative to this Agreement. So long as City's rights are not prejudiced during the pendency of any challenge to such orders or rulings by Republic, Republic may contest any such orders or rulings by appropriate proceedings conducted in good faith, in which case no material breach of this Agreement shall be deemed to have occurred until a final ruling has been rendered.
- (D) If Republic ceases to provide Solid Waste Handling Services, including Collection of Solid Waste and/or Recyclable Material, as required under this Agreement over all or any portion of the Franchise Area for a period of seven (7) days or more, for any reason not specified as a force majeure event hereunder.
- (E) If Republic fails to materially comply with any insurance or indemnification requirement set forth in this Agreement.
- (F) If City is required to pay any fine or penalty, which is not paid on its behalf by Republic or which Republic fails, refuses, neglects or is unable to pay or indemnify City against, relating to any diversion or other requirement of AB 939.
- (G) If Republic, or any management level employee of Republic is convicted of a Criminal Matter (as defined herein). For purposes of this Section the term Criminal Matter refers to any felony or misdemeanor offense having any relationship to either Solid Waste Handling Services or public corruption (including, without limitation, bribery, conflict of interest related allegations, vote selling, or any similar type charges).

18.7 Liquidated Damages

18.7.1 General

The City finds, and Republic agrees, that as of the time of the execution of this Agreement, it is impractical, if not impossible, to reasonably ascertain the extent of damages which shall be incurred by City as a result of a breach by Republic of certain specific obligations under this Agreement. The factors relating to the impracticability of ascertaining damages include, but are not limited to, the fact that: (i) substantial damage results to members of the public who are denied services or denied quality or reliable service; (ii) such breaches cause inconvenience, anxiety, frustration, and deprivation of the benefits of the Agreement to individual members of the general public for whose benefit this Agreement exists, in subjective ways and in varying degrees of intensity which are incapable of measurement in precise monetary terms; (iii) the services that are the subject of this Agreement might be available at substantially lower costs than alternative services and the monetary loss resulting from denial of services or denial of quality or reliable services is impossible to calculate in precise monetary terms; and (iv) the termination of this Agreement for such specific breaches, and other remedies are, at best, a means of future correction and not remedies which make the public whole for past breaches.

18.7.2 Service Performance Standards; Liquidated Damages for Failure to Meet Standards

The parties further acknowledge that consistent, reliable Solid Waste Handling Service is of utmost importance to City and that City has considered and relied on Republic's representations as to its quality of service commitment in entering this Agreement with it. The parties further recognize that some quantified standards of performance are necessary and appropriate to ensure consistent and reliable service and performance. The parties further recognize that if Republic fails to achieve the performance standards, or fails to submit required documents in a timely manner, City and its residents will suffer damages and that it is and will be impractical and extremely difficult to ascertain and determine the exact amount of damages which City will suffer. Therefore, without prejudice to City's right to treat such breaches as an event of default, the parties agree that the following liquidated damage amounts represent a reasonable estimate of the amount of such damages for such specific breaches, considering all of the circumstances existing on the date of this Agreement, including the relationship of the sums to the range of harm to City that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or impractical. In placing their initials at the places provided, each party specifically confirms the accuracy of the statements made above and the fact that each party has had ample opportunity to consult with legal counsel and obtain an explanation of the liquidated damage provisions at the time that the Agreement was made.

Republic
Initial Here _____

City
Initial Here _____

18.7.3 Calculations for Liquidated Damages

Republic agrees to pay (as liquidated damages and not as a penalty) the amounts set forth below for each type of action warranting such damages:

18.7.3.1 Collection Reliability

(A) For each failure to commence service to a new Customer account within seven (7) days after order, which exceed five (5) such Franchise Area wide failures annually: \$150.00.

(B) For each failure, which exceeds ten (10) such Franchise Area wide failures annually, to Collect Solid Waste from any established Customer account on the scheduled Collection day and not Collected within the period described in this Agreement: \$150.00.

(C) For each failure to Collect Solid Waste, which has been properly set out for Collection, from the same Customer on two (2) consecutive scheduled pickup days: \$150.00.

18.7.3.2 Collection Quality

(A) For each occurrence of failure to properly return empty Containers to avoid pedestrian or vehicular traffic impediments or to place Containers upright with lids secured which exceeds ten (10) such Franchise Area wide occurrences annually: \$150.00.

(B) For each occurrence of excessive noise or discourteous behavior which exceeds ten (10) such Franchise Area wide occurrences annually: \$250.00.

(C) For each occurrence of Collecting Solid Waste during unauthorized hours which exceeds five (5) such Franchise Area wide occurrences annually: \$250.00.

(D) For each occurrence of damage to private property in an amount in excess of \$1,000 which exceeds five (5) such Franchise Area wide occurrences annually: \$250.00.

(E) For each failure to clean up Solid Waste spilled from Containers, excepting amounts that are so nominal in nature that they would not reasonably be expected to be noticed by the driver of a Collection Vehicle, within 90 minutes that exceeds ten (10) such Franchise Area wide failures annually: \$150.00.

18.7.3.3 Customer Responsiveness

(A) For each failure to initially respond to a Customer complaint within one (1) business day, which exceeds five (5) such Franchise Area wide occurrences annually, and for each additional day in which the complaint is not addressed: \$250.00.

(B) For each failure to process Customer complaints to City as required herein, which exceeds five (5) such Franchise Area wide occurrences annually: \$250.00.

(C) For each failure to remove graffiti from Containers, or to replace with Containers bearing no graffiti, within twenty-four (24) hours of request from City: \$150.00.

18.7.3.4 Timeliness of Submissions to City

(A) Any report shall be considered late until such time as a correct and complete report is received by City. For each calendar day a report is late, the daily liquidated damage amount shall be:

- (1) Monthly Reports: \$100.00 per day
- (2) Quarterly Reports: \$250.00 per day
- (3) Annual Reports: \$350.00 per day

18.7.4 Process for Assessment of Liquidated Damages

(A) City may determine the occurrence of events giving rise to liquidated damages through the observation of its own employees or representatives or investigation of Customer complaints. It is the desire of the parties to work together to avoid the imposition of liquidated damages and accordingly City will endeavor to timely communicate to Republic any information that it receives which might give rise the imposition of liquidated damages in order to facilitate Republic's ability to correct any deficiency, or prevent the recurrence of any conduct for which liquidated damages might eventually be imposed.

(B) Prior to assessing liquidated damages, City shall give Republic notice of its intention to do so. The notice will include a brief description of the incident(s)/non-performance. Republic may review (and make copies at its own expense) all information in the possession of City relating to incident(s)/non-performance. Republic may, within ten (10) days after receiving the notice, request a meeting with City. Republic may present evidence in writing and through testimony of its employees and others relevant to the incident(s)/non-performance. City will provide Republic with a written explanation of its determination on each incident(s)/non-performance prior to authorizing the assessment of liquidated damages. The decision of City shall be final.

(C) City may assess liquidated damages for each calendar day or event, as appropriate, that Republic is determined to be liable in accordance with this Agreement.

18.7.5 Timing of Payment

Republic shall pay any liquidated damages assessed by City within ten (10) days after they are assessed. If they are not paid within the ten (10) day period, City may proceed against any security required by this Agreement to obtain payment, deduct amounts due from any amounts collected from Customers by City on behalf of Republic which would otherwise be due Republic, and/or find Republic in default and exercise its right to terminate this Agreement as set forth herein.

SECTION 19. CITY'S ADDITIONAL REMEDIES FOR BREACH BY REPUBLIC

In addition to any other remedies set forth herein, City shall be entitled to any or all of the following rights and remedies in the event of a breach of this Agreement by Republic:

(A) The right to use Republic's equipment for the purpose of providing Solid Waste Handling Service, including Recyclable Material, for a period not to exceed six (6) months. In the case of equipment not owned by Republic, Republic shall assign to City, to the extent Republic is permitted to do so under the instruments pursuant to which Republic possesses such equipment, the right to use and possess the equipment. If City exercises its rights under this Section, City shall pay to Republic the reasonable rental value of the equipment for the period of City's possession thereof (although payment may, if appropriate, occur in the form of a setoff against damages otherwise owed by Republic pursuant to the terms hereof);

(B) The right to license others to perform the services otherwise to be performed by Republic hereunder, or to perform such services itself; and

(C) The right to obtain damages and/or injunctive relief. Both parties recognize and agree that in the event of a breach of this Agreement by Republic, City will suffer irreparable injury and incalculable damages sufficient to support injunctive relief, to specifically enforce the provisions of this Agreement, and to enjoin the breach hereof.

SECTION 20. REPUBLIC'S REMEDIES FOR BREACH BY CITY; ADMINISTRATIVE HEARING

20.1 Administrative Hearing

Should Republic contend that City is in breach of any aspect of this Agreement, it shall give notice to the City Manager requesting an administrative hearing on the allegation. The hearing shall occur as soon as reasonably possible, or on such date as mutually agreed by the parties, and shall be held before an impartial hearing officer to be determined by the City Manager. The hearing officer shall make an advisory ruling on Republic's allegations, and suggest a remedy to the Parties if a breach by City is determined to exist. The hearing officer's ruling and recommendations shall become final and binding if the parties so agree in writing within thirty (30) days of the date notice of the decision is given to both parties. Otherwise, the hearing officer's ruling shall have no further force or effect.

20.2 Other Remedies; Claims

Republic shall be entitled to all available remedies in law or equity for City's breach of this Agreement; provided, however, Republic shall not file or otherwise commence any action against City, in law or equity, in any court, until after an administrative hearing as set forth above has been completed, and the above noted thirty (30) day period to accept the hearing officer's decision has passed, or either City or Republic has given timely written notice to the other that it will not accept the hearing officer's decision.

20.3 Actions for Damages

As a prerequisite to the filing and maintenance of any action for damages by Republic against City arising out of this Agreement, Republic shall present a claim to City, as required by Government Code Section 910 et seq., within 30 days of the date of the occurrence giving rise to the claim for damages.

SECTION 21. RIGHTS OF CITY TO PERFORM DURING EMERGENCY

21.1 Provision of Service

Should Republic, for any reason whatsoever, fail, refuse or be unable to provide Solid Waste Handling Services for a period of more than seventy-two (72) hours, and if as a result thereof, Solid Waste should accumulate in City to such an extent or in such a manner that the City Manager finds that such accumulation constitutes a public emergency endangering or menacing the public health, safety, or welfare, City shall have the right, but not the obligation, upon twenty-four (24) hours prior written notice to Republic, during the period of such emergency, to temporarily take possession of any or all equipment and facilities of Republic previously used in providing Solid Waste Handling Services and provide, through its own forces or otherwise, Solid Waste Handling Services which Republic otherwise would be obligated to provide pursuant to this Agreement. Republic agrees that in such event it shall fully cooperate with City to affect such a transfer of possession for City's use.

21.2 Possession of Equipment

Except as provided in Section 21.3, Republic agrees, that in the event of circumstances described in Section 21.1 above, and City determines that Republic has defaulted as provided in Section 18 above, City may take temporary possession of and use all of said equipment and facilities without paying Republic any rental compensation or other charge during the time of possession. Upon Republic giving City notice that it has cured the default and is able to resume its normal responsibilities under this Agreement City shall relinquish possession of all of the above mentioned property to Republic.

21.3 Exclusions from Right to Possession of Equipment without Compensation

Specifically excluded from the circumstances in which City may possess and utilize Republic's equipment without compensation are circumstances in which Republic fails or refuses to provide Solid Waste Handling Services hereunder for any reason which is a force majeure event as defined in Section 30.1 herein. In such circumstances City's right to utilize and possess Republic's equipment shall be subject to the provisions of Section 19 above.

21.4 City's Exercise of Rights

City's exercise of its rights under this Section 21 (i) does not constitute the taking of private property for which compensation must be paid; (ii) will not create any contract, tort or

common law liability on the part of City to Republic; and (iii) does not exempt Republic from the indemnity provisions of Section 27, which are meant to extend to the circumstances arising under this Section, provided that Republic is not required to indemnify City against claims and damages arising from the active negligence or willful misconduct of City officers, employees, agents or volunteers acting under this Section.

SECTION 22. PRIVACY

Republic shall strictly observe and protect the privacy rights of Customers. Information identifying individual Customers or the composition or contents of a Customer's Solid Waste stream, or any of the billing information pertaining to any Customers, shall not be revealed to any person, governmental unit, private agency, or company, unless upon the authority of a court of law, by statute, ordinance, or regulation of a governmental agency having jurisdiction, or upon valid authorization of the Customer. This provision shall not be construed to preclude Republic from preparing, participating in, or assisting in the preparation of waste characterization studies or waste audits which may be required by AB 939 or this Agreement. Republic shall not market or distribute, outside the normal course of its business, mailing lists with the names and addresses of Customers. The rights afforded Customers pursuant to this Section shall be in addition to any other privacy right afforded Customers pursuant to federal or state law.

SECTION 23. REPORTS AND ADVERSE INFORMATION

The parties acknowledge that City will require reporting at various intervals by which information important to City can be compiled and analyzed. Throughout the Term the parties agree to work together to address City's needs with respect to the information to be contained in reports prepared by Republic. The following is intended as a starting point in order to have established an objective baseline for reporting, but the frequency and content of the reports called out below may be changed by agreement of the parties; provided any such change is approved by the City Manager in writing. Records related to performance of this Agreement shall be maintained by Republic in forms and by methods that facilitate flexible use of data contained in them to structure reports, as needed. The format of each report shall be approved by City. In addition to submitting all reports on paper, Republic agrees to submit all reports in an electronic format approved by the City, compatible with City's software/computers at no additional charge. Monthly reports shall be submitted within twenty (20) calendar days after the end of the report month. Quarterly reports shall be submitted within twenty (20) calendar days after the end of the calendar quarter.

23.1 Monthly Reports

At a minimum, Republic shall report the following to City on a monthly basis: Solid Waste Collected from Residential Premises (excluding MFRFs) by Republic for each month, sorted by type of Solid Waste in tons, broken down at a level acceptable to City (which at a minimum shall include: refuse, Green Waste, e-waste and universal waste item counts, types of recyclables including PET, HDPE, mixed plastics, aluminum, cardboard, and mixed paper), as well as by customer type (i.e., single family, multi-family, etc.); Solid Waste Collected from commercial and industrial Customers (including MFRFs) by Republic for each month, sorted by

tonnage and loads, broken down at a level acceptable to City; the Facilities where all Solid Waste Collected was processed or disposed; warning notices issued for contaminated Recyclable Materials, and Green Waste Containers; and a narrative summary of problems encountered (including scavenging) and actions taken with recommendations for City, as appropriate.

23.2 Quarterly Reports

At a minimum, Republic shall report the following to City on a quarterly basis: the information required in the monthly reports; the complaint summary for the quarter summarized by nature of complaints; copies of promotional and public education materials sent during the quarter; description of Republic outreach activities conducted the previous quarter; and such other information or reports that the City may reasonably request or require. Republic shall, upon demand by City, provide true and accurate copies of landfill disposal (tipping) receipts and similar such documents in order to enable City to verify Republic's quarterly reports.

23.3 Annual Reports

On or before June 30 of each year during the Term of this Agreement and within fifteen (15) days prior to the end of the Term, Republic shall submit a written annual report, at its sole expense, in a form approved by City, which includes, but is not limited to, the following information:

(A) A summary of the previous year's activities including, but not limited to, services begun or discontinued during the reporting year, and the number of Customers broken down on a monthly basis;

(B) A summary of the total tons of Solid Waste Collected in City in the preceding year as well as a summary of the total tonnage diverted from the State's landfill systems during that time frame;

(C) Information and reports required by City to meet its reporting obligations imposed by AB 939 and the regulations implementing AB 939, in a form and content approved by the City Manager;

(D) A revenue statement, certified by the chief financial officer of Republic, setting forth Franchise Fees paid, if any, and the basis for the calculation thereof, including specifically a breakdown of sources of revenue included in Gross Receipts and the amount of revenue derived from each such source comprising Gross Receipts;

(E) A list of Republic's officers and the members of its Board of Directors (if any), as well as a list identifying all Persons holding a greater than five percent (5%) ownership interest in Republic, as well as a copy of its annual report, if any; and

(F) A list of Republic Services, Inc.'s officers and members of its Board of Directors (if any), as well as a list identifying all Persons holding a greater than five percent (5%) ownership interest in Republic Services, Inc. as well as a copy of its annual report, if any.

23.4 Adverse Information

(A) Republic shall provide City two copies of all reports and other written material affecting this Agreement submitted by Republic to the United States Environmental Protection Agency, the California Department of Resources, Recycling & Recovery, the California Regional Water Quality Control Board, and any other federal, state, regional, or local regulatory agency. Copies shall be submitted to City simultaneously with Republic's filing of such matters with said agencies. Republic's routine correspondence to said agencies need not be automatically submitted to City, but shall be made available to City upon written request.

(B) Republic shall submit to City copies of all pleadings, applications, notifications, communications, and documents of any kind submitted by Republic to, as well as copies of all decisions, correspondence, and actions by, any Federal, State, and local courts, regulatory agencies, and other government bodies relating in any manner to Republic's performance of services pursuant to this Agreement. To the degree authorized by law, any confidential data exempt from public disclosure shall be retained in confidence by City and its authorized agents and shall not be made available for public inspection.

(C) Republic shall submit to City such other information or reports in such forms and at such times as City may reasonably request or require.

(D) All reports and records required under this or any other Section hereof shall be furnished at the sole expense of Republic.

23.5 Disaster Plan

Upon request of City, Republic shall assist City in the preparation of an updated draft disaster debris cleanup implementation plan that sets forth procedures for collection of debris following a major disaster such as an earthquake, flood, fire or other similar event. The disaster plan shall address priorities for cleanup at critical facilities, procedures for reimbursement for costs, describe communication plans, list key contact persons, and provide maps showing proposed sites for stockpiling of disaster debris that cannot be transported to the landfill. Republic shall coordinate the implementation of the plan with City's emergency service teams.

23.6 Failure to Report

The refusal of Republic to file any of the reports required, or the inclusion of any materially false or misleading statement or representation made knowingly by Republic in such report shall be deemed a material breach of the Agreement, and shall subject Republic to all remedies, legal or equitable, which are available to City under this Agreement or otherwise.

SECTION 24. COMPENSATION

24.1 Service Provider Rates

Republic shall provide services to Customers pursuant to this Agreement at rates it sets, charges to, and collects from Customers, which rates shall not exceed those set forth in the attached Exhibit A, which sets out the maximum rates that may be charged by Republic, as such maximum rates may be adjusted from time to time pursuant to the terms hereof. The maximum rates set forth in Exhibit A are inclusive of all services to be provided, including transportation, disposal, and Container costs, and no other charges shall be imposed by Republic for such services.

24.2 Limitations On Rate Adjustments

At least forty-five (45) days prior to adjusting any rate(s) charged to Customers, Republic shall provide written notice to the City Manager of its intent to adjust such rate(s) and the amount of such adjustment. Republic shall be entitled to implement the intended adjustment to such rate(s) unless the City Manager determines that the adjusted rates will exceed the then-current maximum rates as set forth on Exhibit A.

24.3 Discount for Disabled or Low Income Senior Customers

Republic shall develop and adopt a program to provide a discounted rate for qualified disabled or low income senior Customers. The program shall, at a minimum, meet the standards and conditions set forth in Exhibit D attached hereto and incorporated herein by reference. If, at any time during the Term of this Agreement, the number of Customers receiving a discounted rate pursuant to such a program exceeds one percent (1%) of the total number of residential Customers receiving Solid Waste Handling Services from Republic, Republic and City shall meet and confer in good faith to determine a fair and reasonable adjustment to the standards and conditions of the program and/or the maximum rates for such Customers set forth in Exhibit A, in order to ensure that Republic is fairly compensated for the additional costs incurred in continuing to provide the program.

24.4 Resolution of Disputes Regarding Rate Adjustments

Any dispute regarding an adjustment to the maximum rates Republic may charge, or the computation thereof, shall be decided by the City Manager. The rates in effect at the time such dispute is submitted to the City Manager shall remain in effect pending resolution of such dispute. The effective date of the adjusted maximum rate following the resolution of any such dispute, whether retroactive or prospective, shall be determined by the City Manager.

24.5 Annual Consumer Price Index Adjustments to Service Component of Maximum Rates

Commencing on July 1, 2011, the service component associated with any of the maximum rates as set forth in Exhibit A may be adjusted by Republic, and such rates may be adjusted by Republic annually thereafter on each subsequent July 1st during the Term hereof (the "Adjustment Dates"), by multiplying such service component by a percentage equal to the change in the Consumer Price Index ("CPI") for All Urban Consumers, CUURA421SA0 not seasonally adjusted, all items index (CPI-U) – Los Angeles County, Riverside County, Orange County average for the twelve (12) month period ending on the date of January 31 immediately prior to the applicable Adjustment Date (the "CPI Adjustment"). Notwithstanding the foregoing,

the CPI Adjustment shall not exceed five percent (5%) in any given year. At least forty-five (45) days prior to each Adjustment Date, Republic shall provide the City Manager with a revised Exhibit A reflecting the CPI Adjustment, along with data supporting the basis for its calculations, so that City may review and verify the accuracy of Republic's calculations. No CPI Adjustment shall become effective until the City Manager confirms the accuracy of Republic's calculations and the submitted revised Exhibit A.

24.6 Annual Adjustments to Landfill Disposal Component of Maximum Rates

It is the intention of the Parties that the Landfill Disposal Component associated with any of the maximum rates as set forth in Exhibit A shall be adjusted no more often than annually on each Adjustment Date such that they reflect each Customer's pro-rata share of any increase or decrease in the actual landfill disposal (tipping) fees incurred by Republic for disposal of Solid Waste Collected pursuant to this Agreement. To arrive at an appropriate adjustment formula to satisfy this intent, Republic warrants and represents that the "Landfill Disposal Component Tonnage Basis" set forth in Exhibit A is a fair estimate of the amount of Solid Waste generated and ultimately disposed of by each applicable Customer and/or service type. In accordance with Section 28 of this Agreement, Republic shall maintain and make available to the City and/or its auditor or examiner records and data relating to landfill disposal costs incurred by Republic and calculation of the Landfill Disposal Component Tonnage Basis applicable to each Customer and/or service type set forth on Exhibit A. If, at any time during the Term of this Agreement, the City Manager determines or agrees that, based on such records and data, the Landfill Disposal Component Tonnage Basis for any Customer and/or service type should be adjusted to more accurately reflect a fair estimate of Solid Waste generated and ultimately disposed of by such Customer and/or service type, Exhibit A shall be revised accordingly. The initial maximum rate associated with the Landfill Disposal Component for various services set forth in Exhibit A has been arrived at by multiplying the Landfill Disposal Component Tonnage Basis for each applicable Customer and/or service type by \$29.95 which is the current per ton tipping fee charged by the Orange County Landfill System (where as of the Effective Date Solid Waste must be delivered for disposal per the County Agreement). If prior to any Adjustment Date a change occurs in the tipping fees charged to Republic by the landfill to which it delivers Solid Waste Collected hereunder, the Landfill Disposal Component associated with any of the maximum rates set forth in Exhibit A shall be adjusted as of the Adjustment Date by similarly multiplying the Landfill Disposal Component Tonnage Basis for each applicable Customer and/or service type by the per ton tipping fee then in effect, subject to the City Manager's verification and concurrence with Republic's calculations. In the event an increase occurs in applicable landfill tipping fees at a time other than an annual Adjustment Date, Republic may request an adjustment to the maximum rates applicable to the Landfill Disposal Component set forth on Exhibit A pursuant to Section 24.7 hereof, subject to the City Manager's verification and concurrence with Republic's calculations.

24.7 Discretionary Amendments

Republic may request an amendment to this Agreement at any time in the event of unusual changes in its costs of providing service under this Agreement. For each request for an amendment sought pursuant to this Section, Republic shall prepare a schedule documenting the

extraordinary costs it has incurred or is incurring. Such request shall be prepared in a form acceptable to City with support for the requested amendment and any assumptions made by Republic in conjunction with any proposed adjustments to the maximum rates. City's determination whether to agree to any proposed amendment shall be in its sole judgment and absolute discretion, and no amendment may be made unless mutually agreed upon by the parties in writing.

24.8 Grants

From time to time, Federal, State or local agencies including the City may provide to Republic grants to assist in financing qualified programs provided by Republic in the City (including, without limitation, grants for diversion programs and related equipment, alternative fuel vehicles and equipment, and household Hazardous Contaminant Collection and Disposal). Republic shall notify City upon receipt of any such grant funds that may be used to fund services provided pursuant to the terms of this Agreement. With the exception of grants already received by Republic as of the Effective Date, and grants for either household Hazardous Waste Collection and Disposal or Collection Vehicles, Republic shall meet and engage in good faith negotiations with City regarding how any funds received through grants for services in the City should be used or shared to benefit City and its residents and businesses.

SECTION 25. IDENTIFICATION OF REPUBLIC

Republic has agreed to use the name "Republic Waste Services of Southern California, LLC" dba Garden Grove Disposal to identify itself to the public as the specific organization that shall provide all services under this Agreement. Unless otherwise approved in writing by City, this name shall be used for all correspondence, billing statements, directory listings, references, signs, and vehicle and Bin identification.

SECTION 26. CITY'S FLOW CONTROL OPTION/COUNTY AGREEMENT

26.1 Flow Control Option

City shall have the absolute ability to choose the location for the delivery and/or disposal of all Solid Waste (including Recyclable Material, Green Waste, and construction and demolition waste) Collected pursuant to this Agreement (hereinafter City's "Flow Control Option"). Republic expressly consents to City's ability to direct the location for disposal of Solid Waste hereunder, and waives any and all rights to challenge City's ability to do so, including without limitation any rights under the Commerce Clause of the United States Constitution. As of the Effective Date, City shall be deemed to have exercised its Flow Control Option so as to require delivery of all Solid Waste Collected hereunder to the Orange County landfill system in a manner consistent with its obligations under the County Agreement (including, without limitation, its obligations related to Solid Waste that is delivered to a processing/transfer facility prior to being delivered to a landfill for disposal), and Republic has agreed to handle all Solid Waste Collected hereunder in a manner consistent with City's exercise of its Flow Control Option as noted above. At any time during the Term of this Agreement the City Manager may notify Republic in writing that City no longer desires to exercise its Flow Control Option. In the

event City so notifies Republic of its desire to cease exercising its Flow Control Option, Republic shall have the absolute discretion to utilize any disposal facility, transfer station, recycling facility, material recovery facility, landfill, or other facility of its choosing to retain, recycle, process, and dispose of Solid Waste generated within the City, provided the use of such facility by Republic enables it to meet all other requirements of this Agreement.

26.2 County Agreement

Republic expressly acknowledges its awareness and understanding of the County Agreement which has been adopted and entered into by City. Moreover, Republic acknowledges that it has had an opportunity to review the County Agreement, and is aware of the provisions thereof that require all Solid Waste collected in the City and District Limits to be disposed of in the Orange County landfill system. Republic further acknowledges that the County of Orange is an intended third party beneficiary of Republic's obligations relating in any way to the disposal of Solid Waste pursuant to this Agreement and the County Agreement. Republic hereby adopts as its obligations hereunder such provisions of the County Agreement that require action or inaction by it as City's Solid Waste franchisee. Republic represents and warrants that it can and will perform its duties in connection with this Agreement in such a manner as to ensure that City does not breach the terms of the County Agreement as a result of Republic's actions or inaction. In the event City advises Republic in writing that the County Agreement has been terminated, or that it no longer wishes to exercise its Flow Control Option in a manner consistent with the County Agreement, then Republic's obligations pursuant to this paragraph shall be terminated.

SECTION 27. INDEMNIFICATION

27.1 General

(A) Republic hereby agrees to and shall indemnify and hold harmless City and District, and their respective elected and appointed boards, commissions, officers, employees, agents and volunteers (collectively the indemnitees) from and against any and all loss, liability, penalty, forfeiture, claim, demand, action, proceeding or suit in law or equity of any and every kind and description (including, but not limited to, injury to and death of any Person and damage to property, or for contribution or indemnity claimed by third parties) arising out of, resulting from, and/or in any way connected with this Agreement including, but not limited to (1) the negligence or willful misconduct of Republic, its officers, employees, agents, Companies and/or subcontractors in performing services under this Agreement; (2) the failure of Republic, its officers, employees, agents, Companies and/or subcontractors to comply in all respects with the provisions of this Agreement (including without limitation Republic's obligation to ensure City complies with the requirements of the County Agreement), applicable laws (including, without limitation, the Environmental Laws), ordinances and regulations, and/or applicable permits and licenses; (3) the acts of Republic, its officers, employees, agents, Companies and/or subcontractors in performing services under this Agreement for which strict liability is imposed by law (including, without limitation, the Environmental Laws); and (4) any challenge to the approval and execution of, or any provisions hereof in this Agreement (including any claim that the application of any provision hereof violates any provision of the California Constitution).

(B) The foregoing indemnity and hold harmless provisions shall apply regardless of whether such loss, liability, penalty, forfeiture, claim, demand, action, proceeding, suit, injury, death or damage is also caused in part by any of the indemnitees negligence, but shall not extend to matters resulting from the indemnitees sole negligence, or willful misconduct.

(C) Republic further agrees to and shall, upon demand of City and District, at Republic's sole cost and expense, defend (with attorneys acceptable to City) City and District, and their respective elected and appointed boards, commissions, officers, employees, agents and volunteers against any claims, actions, suits in law or equity or other proceedings, whether judicial, quasi-judicial or administrative in nature, arising or resulting from any of the aforementioned events, and to reimburse the City and District for any and all costs and expenses City and District incurs in providing any such defense, either before, during or after the time Republic elects to provide such defense, including any and all costs incurred in overseeing any defense to be provided herein by Republic.

(D) Republic further agrees, upon demand of the City and District, made by and through the City Attorney, that it shall protect City and District and appear in and defend the City and District and their respective elected officials, officers, employees, contractors, agents and volunteers, in any claims or actions by third parties, whether judicial, administrative or otherwise, including, but not limited to disputes and litigation over the definitions of "Solid Waste" or "Recyclable Material," the scope of the rights granted herein, conflicts between the rights granted herein and rights asserted by other Persons, or the limits of City's and/or District's authority with respect to the grant of licenses, or agreements, exclusive or otherwise, asserting rights under the Dormant Commerce Clause or any other federal or state laws to provide Solid Waste Handling Services in the City and/or District.

(E) In addition, Republic's duty to defend, indemnify and hold harmless herein, includes all fines and/or penalties imposed by CalRecycle, subject to the restrictions set forth in California Integrated Waste Management Act, Public Resources Code section 40000 et seq., if the requirements of the Act are not met by Republic with respect to the waste stream collected under this Agreement, and such failure is (1) due to the failure of republic to meet its obligations under this Agreement, or (2) due to Republic delays in providing information that prevents Republic or City and/or District from submitting reports required by the Act in a timely manner.

(F) In addition, Republic's duty to defend, indemnify and hold harmless herein, includes payment of costs, attorney fees and damages incurred by and judgments entered against City and/or District relating to claims or allegations that City is setting rates for service under this Agreement or in connection with the application of Article XIIC and Article XIID of the California Constitution (Proposition 218) to the imposition, payment or collection of rates and fees for services provided by Republic under this Agreement.

(G) Claims included within the scope of this paragraph include, but are not limited to, claims for refunds of Solid Waste rates paid by Customers, and all claims by Republic against City and/or District for funds to replace revenue lost as the result of an invalidation of the rate increase, or for breach of contract if any rate increase implemented by Republic is invalidated, enjoined or prohibited in any manner or to any extent.

(H) The provisions of this Section shall not terminate or expire, shall be given the broadest possible interpretation and shall survive the expiration or earlier termination of this Agreement.

27.2 Hazardous Contaminant, Substances or Waste Indemnification

(A) Without regard to any insurance coverage or requirements, and without limiting the above general indemnification obligation in any way, Republic specifically agrees to and shall, to the maximum extent permitted by law, defend (with counsel acceptable to City) reimburse, indemnify, and hold City and District and its past and present officials, officers, employees, contractors and agents (hereinafter "Indemnified Parties") harmless from and against any and all claims, actions, liabilities, damages, demands, judgments, losses, costs, liens, expenses, suits, actions, attorneys' fees, consultant fees, penalties and any and all other losses, damages, fees and expenses of whatever kind or nature ("Claims") (including but not limited to response costs, investigative costs, assessment costs, monitoring costs, treatment costs, cleanup costs, removal costs, remediation costs, and similar costs, damages and expenses) that arise out of or are alleged to arise out of or in any way relate to any action, inaction or omission of Republic that:

(1) results in any demand, claim, notice, order, or lawsuit, asserting that any Indemnified Party is liable, responsible or in any way obligated to investigate, assess, monitor, study, test, treat, remove, remediate, or otherwise cleanup, any Hazardous Contaminant, Substance or Waste; or

(2) relates to material collected, transported, recycled, processed, treated or disposed of by Republic.

(B) Republic's obligations pursuant to this Section shall apply, without limitation, to:

(1) any Claims brought pursuant to or based on the provisions of the Environmental Laws as defined in Section 2.17 above;

(2) any Claims based on or arising out of or alleged to be arising out of the ownership, use, lease, sale, design, construction, maintenance or operation by Republic of any facility;

(3) any Claims based on or arising out of or alleged to be arising out of the marketing, sale, distribution, storage, transportation, disposal, processing or use of any materials recovered by Republic;

(4) any Claims based on or arising out of or alleged to be arising out of any breach of any express or implied warranty, representation or covenant arising out of or in connection with this Agreement.

(C) The foregoing indemnity and defense obligations shall apply irrespective of the negligence or willful misconduct of Republic or any Affiliate of Republic.

(D) The provisions of this Section shall not terminate or expire, shall be given the broadest possible interpretation and shall survive the expiration or earlier termination of this Agreement.

SECTION 28. REPUBLIC'S BOOKS AND RECORDS; AUDITS

28.1 Maintenance and Inspection of Records

Republic shall maintain all records relating to the services provided hereunder, including but not limited to Customer lists, billing records, accounts payable records, maps, AB 939 compliance records, records reflecting the number of refuse, Recycling and Green Waste routes and route hours by service category (such as residential, multi-family, commercial, rolloff, and special services), records demonstrating facilities, equipment and personnel used to perform services, records reflecting the number of refuse, Recycling and Green Waste containers in service by frequency of collection for each Customer group (such as single family, multi-family, commercial, rolloff); records reflecting the number of Rolloff Box pulls, and such other documents and materials which reasonably relate to Republic's compliance with the provisions of this Agreement (the "Records"), for the full Term of this Agreement, and an additional period thereafter of not less than three (3) years, or any longer period required by law. City shall have the right, upon five (5) business days advance notice, to inspect the Records. Such Records shall be made available to City at Republic's regular place of business, but in no event outside the County of Orange.

28.2 CERCLA Defense Records

City views the ability to defend against the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and related litigation as a matter of great importance. For this reason, the City regards the ability to prove where Solid Waste Collected in the City was taken for Disposal, as well as where it was not taken, to be matters of concern. Republic shall maintain data retention and preservation systems which can establish where Solid Waste Collected in the City was landfilled (and therefore establish where it was not landfilled) for not less than five (5) years following the termination of this Agreement, and agrees to notify City's Risk Manager, City Clerk and City Attorney before destroying such records thereafter. At any time, including after the expiration of the Term hereof, Republic shall provide copies of such records to City. The requirements of this Section shall survive the expiration of the Term of this Agreement.

28.3 Audits

28.3.1 Periodic Examination of Services

From time to time, and anticipated to be at least once every year, City may request Republic to make any or all of its records related to performance hereunder available to an

independent auditor or examiner, to be selected by the City, for auditing and examination purposes (a "Discretionary Audit"). City shall bear the cost of any Discretionary Audit, except as otherwise provided herein. Should any Discretionary Audit reveal an underpayment of any Franchise Fee required pursuant to this Agreement, the amount of such underpayment shall become due and payable to City not later than fifteen (15) days after written notice of such underpayment is sent to Republic by City, complete with any additional late charges as set forth herein. If a Discretionary Audit reveals inaccuracies or inconsistencies in more than five percent (5%) of all Customer accounts, either with Republic's operations or billing systems, or an underpayment of Franchise Fees of more than three percent (3%), Republic shall bear the entire cost of such Discretionary Audit and shall pay a sum necessary to cover such costs to the City within thirty (30) days of demand.

28.3.2 Route Audit

Republic shall complete an audit at its expense of its Collection routes for all Customers at such times as may be requested by City; provided, however, that while City may request that such an audit occur at any time, it may not request such audits at Republic's expense more than six (6) times during the Term. The timing of such audits is at the City's discretion and may be required to be timed with the issuance of a request for proposals for a new agreement. The route audit, at minimum, shall consist of an independent physical observation by Person(s) other than the route driver or route supervisor of each Customer in the City. The route audit shall include, as a minimum, the following information for each account:

- Route Number;
- Truck Number;
- Account Name;
- Account Number;
- Account Service Address;
- Service Level per Billing System (quantity, size, frequency);
- Service Level per Routing System;
- Observed Containers (quantity, type and size);
- Bin condition; and
- Proper signage.

Within thirty (30) days after the completion of the route audit, Republic shall submit to City a report summarizing the results thereof which shall include:

- Identification of the routes;
- Truck numbers;
- Number of accounts, by route and in total;
- Types of exceptions observed;
- Number of exceptions by type;
- Total monthly Billing, pre-audit;
- Total monthly Billing, post-audit (subsequent to corrections of identified exceptions);
- Percentage of the number of accounts with errors to the total number of accounts served; and

- Percentage of the "net" change in monthly Billing as a result of the audit to the total pre-audit monthly Billing.

The report shall include a description of the procedures followed to complete the audit, and shall include the names and titles of those supervising the route audits and the name and titles of those performing the observations. Additionally, the report shall include a description of the pre-audit training of the route auditors, particularly if temporary personnel are used. The report shall also include a description of the changes and Republic's plans to resolve any exceptions. The results of the audit shall be available for review by the City or its representative.

SECTION 29. TRANSITION OBLIGATIONS

At the end of the Term, or in the event this Agreement is terminated for cause prior to the end of the Term, Republic shall cooperate fully with City and any subsequent solid waste enterprise it designates to assure a smooth transition of services. Republic's cooperation shall include, but not be limited to, providing route lists, billing information and other operating records needed to service all premises covered by this Agreement. The failure to cooperate with City following termination shall be conclusively presumed to be grounds for specific performance of this covenant and/or other equitable relief necessary to enforce this covenant. Republic shall provide any new solid waste enterprise with all keys, security codes and remote controls used to access garages, gates and bin enclosures. Republic shall be responsible for coordinating transfer immediately after its final collection activities, so as to not disrupt services. Republic shall provide City with detailed route sheets containing service names and addresses, billing names and addresses, monthly rate and service levels (number and size of containers and pickup days) at least 90 days prior to the transition date, provide an updated list two weeks before the transition, and a final updated list with any changes the day before the transition. Republic shall provide means of access to the new solid waste enterprise at least one full business day prior to its first day of collection, and within sufficient time so as to not impede in any way the new solid waste enterprise from easily servicing all containers.

Prior to the termination date, Republic shall, in writing, provide City or its designee with the right to purchase any or all of Republic's containers used in the Franchise Area at specified prices or alternatively provide City or its designee the right to use all of said containers for a period of sixty (60) days at specified rental prices.

SECTION 30. GENERAL PROVISIONS

30.1 Force Majeure

Republic shall not be in default under this Agreement in the event that its ability to provide Solid Waste Handling Services or Temporary Services, in compliance with its obligation to do so hereunder, is temporarily interrupted or discontinued for any of the following reasons: riots, wars, sabotage, civil disturbances, insurrections, strikes or other labor disturbances lasting less than 14 days, explosion, natural disasters such as floods, earthquakes, landslides, and fires, or "other catastrophic events" which are beyond the reasonable control of Republic. The term "other catastrophic events" does not include: (i) the financial inability of Republic to perform;

(ii) failure of Republic to obtain any necessary permits or licenses from other governmental agencies; (iii) the failure to obtain the right, or the loss of the right, to use the facilities of any public utility where such failure is due in substantial part to the acts or omissions of Republic; or (iv) strikes or other labor disturbances lasting 14 days or longer.

30.2 Independent Contractor

Republic is an independent contractor and not an officer, agent, servant, or employee of City. Republic is solely responsible for the acts and omissions of its officers, agents, employees, and subcontractors, if any. Nothing in this Agreement shall be construed as creating a partnership or joint venture between City and Republic. Neither Republic nor its officers, employees, agents, or subcontractors shall obtain any rights to retirement or other benefits which accrue to City employees.

30.3 Pavement Damage

Republic shall be responsible for the cost of repair of any extraordinary damage to the public streets located within the City resulting from providing the services required hereunder. Ordinary wear and tear and shorter life expectancy of street improvements are not included as "extraordinary."

30.4 Property Damage

Any physical damage caused by the negligent or willful acts or omissions of employees, agents, or subcontractors of Republic, to private or public property, shall be promptly repaired or replaced at Republic's expense.

30.5 Right of Entry

Republic shall not have the right, until Republic receives permission from the property owner, to enter or drive on any private street, court, place, easement, or other private property for the purpose of providing Temporary Services and/or Solid Waste Handling Services pursuant to this Agreement.

30.6 Law to Govern; Venue

The laws of the State of California shall govern this Agreement. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of Orange.

30.7 Amendment

This Agreement is intended to carry out City's obligations to comply with the provisions of AB 939, as implemented by regulations of the Department of Resources, Recycling &

Recovery ("Regulations"), as they may be amended from time to time. Notwithstanding the provisions of Section 24.7 above, in the event that AB 939 or other state or federal laws or regulations enacted after this Agreement has been enacted, prevent or preclude compliance with one or more provisions of this Agreement, such provisions of the Agreement shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Except as otherwise expressly stated herein, no other amendment of this Agreement shall be valid unless in writing duly executed by the parties and approved by action of the governing body of both City and District.

30.8 Notices

All notices required or permitted to be given under this franchise shall be in writing and shall be personally delivered or sent by United States certified mail, postage prepaid, return receipt requested, and addressed as follows:

To City: City of Garden Grove/Garden Grove Sanitary District
 Attn: City Manager
 11222 Acacia Parkway
 Garden Grove, CA 92840

To Republic: Republic Waste Services of Southern California, LLC.
 Attn: General Manager
 1131 North Blue Gum Street,
 Anaheim, California 92806

or to such other address as either party may from time to time designate by notice to the other given in accordance with this Section. Notice shall be deemed given on the date served if served personally between the hours of 8:00 a.m. to 5:00 p.m. on any regular business day for City's business offices. If mailed, notice shall be deemed given three (3) business days from the date such notice is deposited in the United States mail in the manner prescribed above.

30.9 Guarantee of Republic's Performance

Pursuant to a guarantee in substantially the form attached as Exhibit E, Republic Services, Inc., a Delaware corporation ("Guarantor"), has agreed to guarantee Republic's performance of its obligations pursuant to this Agreement, and Republic shall insure that Guarantor shall provide a fully executed copy of the Guarantee required by this provision concurrently with Republic's delivery of this Agreement to City.

30.10 Savings Clause

If any non-material provision of this Agreement is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the validity and enforceability of any of the remaining provisions of this Agreement.

30.11 Exhibits Incorporated

Exhibits A through E are attached to and incorporated in this Agreement by reference.

30.12 Joint Drafting

This Agreement shall be interpreted as if it were drafted jointly by the parties to the Agreement.

30.13 Attorneys' Fees and Litigation Costs

In the event either party brings any action or proceeding to enforce or interpret the terms or provisions of this Agreement, the prevailing party in any such action or proceeding shall be entitled to recover its reasonable attorneys' fees and other litigation costs and expenses, including without limitation expert witness fees, consultant fees and costs. Without limiting its scope in any way, this provision is expressly intended to, and shall, apply to fees and costs incurred in any appeal.

30.14 City's Authorized Agent

Notwithstanding anything contained herein to the contrary, and excepting amendments hereto and such actions set forth herein specifically calling for City Council action or approval, the City Manager is designated as the City's authorized agent to take any action with regard to any matter, or enforce any right, set forth herein requiring action by the City.

30.15 Integrated Agreement

This Agreement contains the entire integrated agreement and understanding concerning the subject matter herein and supersedes and replaces any prior negotiations, promises, proposals, and agreements between the Parties, whether written or oral. The Parties acknowledge this document has been executed with the consent and upon the advice of counsel. Each of the Parties acknowledges that no party or agent or attorney of any other party has made any promise, representation, or warranty, express or implied, not contained in this Agreement, to induce the other party to execute this instrument. The Prior Agreement is superceded hereby except as expressly provided otherwise.

30.16 Section Headings

The section headings in this Agreement are for convenience of reference only and are not intended to be used in the construction of this Agreement nor to alter or affect any of its provisions.

30.17 Compliance with Law

In providing the services required under this Agreement, Republic shall at all times, at its sole cost, comply with all applicable laws and regulations of the United States, the State of California, the provisions of the Municipal Code, District's Regulations and any federal, state, regional or local administrative and regulatory agencies, now in force and as they may be enacted, issued or amended.

30.18 Change of Franchise Area Boundaries

The Parties acknowledge that as of the Effective Date, there are certain areas with the District limits, but are outside of and not included in the City limits. These areas will be included in Republic's service area. It is possible that in the future, some or all of these areas will be legally detached and removed from the District limits and accordingly will not be part of Republic's Franchise Area. Thereafter, Republic agrees it will not be entitled to maintain Solid Waste Handling Service within any detached area under the terms of this Franchise Agreement. Further, Republic waives any right or claim of damages in tort or contract for the loss of Customers within its area of service due to the legal reorganization of the District.

"City"

CITY OF GARDEN GROVE

By: _____
_____, Mayor
Printed Name

APPROVED AS TO FORM:

By: _____
Thomas F. Nixon
City Attorney

"District"

GARDEN GROVE SANITARY DISTRICT

By: _____
_____, President
Printed Name

ATTEST:

By: _____
_____, City Clerk

APPROVED AS TO FORM:

By: _____
Thomas F. Nixon

Attorney for District

“Republic”

REPUBLIC WASTE SERVICES OF
SOUTHERN CALIFORNIA, LLC dba
GARDEN GROVE DISPOSAL

(Corporate Seal)

By: _____

Printed Name

Its: _____

By: _____

Printed Name

Its: Secretary

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EXHIBIT AError! Bookmark not defined.

MAXIMUM RATE SCHEDULE FOR SOLID WASTE HANDLING SERVICES:

ATTACHED

MAXIMUM RATES FOR SERVICE

	Maximum Rate For Service Component	Landfill Disposal Component Tonnage Basis	Maximum Rate For Landfill Disposal Component	Total: Maximum Rate To Customer
<u>RESIDENTIAL</u>				
Regular Weekly Pickup of Refuse, Green Waste, and Recycling Carts from Residential Customers at Single-Family Dwellings and Dwelling Units at Multi-Family Dwellings (Monthly)				
Standard	\$16.07	0.11999	\$3.59	\$19.66
"Grandfathered" Residential Premises w/o Green Waste Carts	\$14.93	0.11999	\$3.59	\$18.52
Additional Carts for Residential Customers (Monthly-per each add'l Cart)				
Refuse Cart	\$5.46	0.11999	\$3.59	\$9.05
Green Waste Cart	\$6.27	n/a	n/a	\$6.27
Recycling Cart	\$0.00	n/a	n/a	\$0.00
Temporary Residential 3-Yard Bin Service(Single drop-off and collection)	\$67.73	0.16500	\$4.94	\$72.67
Residential Bulky Item Service				
Holiday Trees First 3 Pickups / Calendar Year (Limit 10 Items/pu)	\$0.00	n/a	n/a	\$0.00
Each Additional Pickup (Limit 2 Items)	\$42.00	n/a	n/a	\$42.00
Each Additional Item	\$6.00			\$6.00

MAXIMUM RATES FOR SERVICE

	Base Maximum Rate For Service Component	Disposal (Landfill) Component Tonnage Basis	Maximum Rate For Disposal Component	Total: Maximum Rate To Customer
<u>COMMERCIAL</u>				
Regular Weekly Pickup of Refuse Carts from Commercial Customers (Monthly, per Cart- Maximum of 4 Carts)	\$17.36	0.14365	\$4.30	\$21.66
Regular Weekly 3-Yard Commercial/MFRF Bin Service (Monthly)				
Serviced 1 x per week	\$126.82	0.71500	\$21.41	\$148.23
Serviced 2 x per week	\$193.02	1.43000	\$42.83	\$235.85
Serviced 3 x per week	\$259.23	2.14500	\$64.24	\$323.47
Serviced 4 x per week	\$325.44	2.86000	\$85.66	\$411.10
Serviced 5 x per week	\$391.63	3.57500	\$107.07	\$498.70
Serviced 6 x per week	\$457.85	4.29000	\$128.49	\$586.34
Extra Pick-up (1st Bin)	\$60.80	0.16500	\$4.94	\$65.74
Additional Bins at Same Time	\$31.77	0.16500	\$4.94	\$36.71
Regular Weekly 3-Yard Manure Bin Service (Monthly)				
Serviced 1 x per week	\$125.81	1.19167	\$35.69	\$161.50
Serviced 2 x per week	\$191.05	2.38334	\$71.38	\$262.43
Serviced 3 x per week	\$256.23	3.57501	\$107.07	\$363.30
Serviced 4 x per week	\$321.45	4.76668	\$142.76	\$464.21
Serviced 5 x per week	\$386.67	5.95835	\$178.45	\$565.12
Serviced 6 x per week	\$451.86	7.15002	\$214.14	\$666.00
Extra Pick-up (Each Bin)	\$68.00	0.27500	\$8.24	\$76.24
Regular Weekly 3-Yard Mini Packer Service (Monthly)				
Serviced 1 x per week	\$164.77	2.14500	\$64.24	\$229.01
Serviced 2 x per week	\$284.40	4.29000	\$128.49	\$412.89
Serviced 3 x per week	\$404.05	6.43500	\$192.73	\$596.78
Serviced 4 x per week	\$523.67	8.58000	\$256.97	\$780.64
Serviced 5 x per week	\$643.30	10.72500	\$321.21	\$964.51
Serviced 6 x per week	\$762.92	12.87000	\$385.46	\$1,148.38
Extra Pick-up (Each Bin)	\$89.45	0.49500	\$14.83	\$104.28

MAXIMUM RATES FOR SERVICE

	Base Maximum Rate For Service Component	Disposal (Landfill) Component Tonnage Basis	Maximum Rate For Disposal Component	Total: Maximum Rate To Customer
<u>COMMERCIAL</u>				
Regular 4-Yard Commercial Bin Service (Monthly/Existing Bins Only)				
Serviced 1 x per week	\$139.21	0.95333	\$28.55	\$167.76
Serviced 2 x per week	\$219.11	1.90666	\$57.10	\$276.21
Serviced 3 x per week	\$299.00	2.85999	\$85.66	\$384.66
Serviced 4 x per week	\$378.91	3.81332	\$114.21	\$493.12
Serviced 5 x per week	\$458.80	4.76665	\$142.76	\$601.56
Serviced 6 x per week	\$538.70	5.71998	\$171.31	\$710.01
Extra Pick-up (Each Bin)	\$69.23	0.22000	\$6.59	\$75.82
Temporary 3-Yard Commercial Construction Bin Service (Monthly)				
Serviced 1 x per week	\$139.92	0.71500	\$21.41	\$161.33
Serviced 2 x per week	\$201.88	1.43000	\$42.83	\$244.71
Serviced 3 x per week	\$263.84	2.14500	\$64.24	\$328.08
Serviced 4 x per week	\$325.78	2.86000	\$85.66	\$411.44
Serviced 5 x per week	\$387.75	3.57500	\$107.07	\$494.82
Serviced 6 x per week	\$449.68	4.29000	\$128.49	\$578.17
Extra Pick-up (Each Bin)	\$81.63	0.16500	\$4.94	\$86.57
Locking Bins				
Installation	\$70.00	n/a	n/a	\$70.00
Monthly	\$6.00	n/a	n/a	\$6.00
Permanent Roll-Off Box Service (Per Load - Minimum 4 loads per month)				
Drop-Off Box	\$307.25	4.75	\$142.26	\$449.51
Demolition Box	\$304.92	6.75	\$202.16	\$507.08
Compactor Box	\$372.40	7.50	\$224.63	\$597.03

MAXIMUM RATES FOR SERVICE

	Base Maximum Rate For Service Component	Disposal (Landfill) Component Tonnage Basis	Maximum Rate For Disposal Component	Total: Maximum Rate To Customer
<u>COMMERCIAL</u>				
Temporary Roll-Off Box Service (Three Day Service)				
Drop-Off Box	\$323.99	4.75	\$142.26	\$466.25
Demolition Box	\$327.04	6.75	\$202.16	\$529.20
Green Waste Box	\$358.61	n/a	n/a	\$358.61
Roll-Off Box Service Over-Weight Surcharge (Per Ton Over Stated Tonnage)				
Drop-Off Box (> 8 Tons)	\$6.21	1.0	29.95	\$36.16
Demolition Box (> 8 Tons)	\$6.21	1.0	29.95	\$36.16
Compactor Box (> 8 Tons)	\$6.21	1.0	29.95	\$36.16
Green Waste Box (> 8 Tons)	\$35.09	n/a	n/a	\$35.09
Additional Roll-Off Box Charges				
Relocation Fee	\$51.41	n/a	n/a	\$51.41
Trip Charge / Dead Run	\$51.41	n/a	n/a	\$51.41
Saturday Service Per Box	\$31.68	n/a	n/a	\$31.68
Steam Cleaning (applicable to requests in excess of one per year)				
Bins	\$75.00	n/a	n/a	\$75.00
Roll-Off Boxes	\$90.00	n/a	n/a	\$90.00
Commercial Bulky Item Service				
First 2 Items	\$42.00	n/a	n/a	\$42.00
Each Additional Item	\$6.00	n/a	n/a	\$6.00

EXHIBIT B

CONTAINER/BIN SPECIFICATIONS

- Republic shall provide Container Specifications to City for approval. All Containers utilized by Republic shall perform to the reasonable satisfaction of the City Manager in order to be utilized in City.
- Each Solid Waste, Green Waste and Recycling Cart utilized by Republic shall be labeled in English and Spanish and with graphics so as to: (1) explain/depict the items for which it is designated to Collect, and (2) identify the name of Republic. In addition, each such Cart shall include information, in a format acceptable to City (such as hot stamping or stickers) regarding Republic's Bulky Item service, and a phone number that Customers can call to access such service.
- Refuse, Recycling and Green Waste Carts shall carry stickers/labels or other identifying markings indicating the materials that should and should not be placed in each Container.
- The body of Solid Waste Carts shall be a uniform black color, Recycling Carts shall be a uniform green color and Green Waste Carts shall be a uniform brown color.
- Any Cart distributed by Republic in City after the Effective Date shall be newly manufactured and have never previously been used for the Collection of Solid Waste; excepting that Carts which have been refurbished such that they are "like new" may be used so long as their condition is satisfactory as determined by the City Manager.
- Upon request of any Customer, Republic shall provide Bins with lids that close securely and which are capable of being locked at rates that do not exceed those set forth in Exhibit A.

EXHIBIT C

EXISTING CITY FACILITIES REQUIRING COLLECTION SERVICES

City Facility	Address
Buena Clinton Family Resource Center	12661 Sunswept Avenue
City Hall	11222 Acacia Parkway
CMC / Senior Center	11300 Stanford Avenue
Courtyard Center	12732 Main Street
Fire Station 2	11805 Gilbert Street
Fire Station 3	12132 Trask Avenue
Fire Station 4	12191 Valley View Street
Fire Station 5	12751 Western Avenue
Fire Station 6	12111 Chapman Avenue
Fire Station 7	14162 Forsyth Lane
Garden Grove Park	9301 Westminster Avenue
Gem Theater	12852 Main Street
Municipal Service Center	13802 Newhope Street
Police Department	11301 Acacia Parkway

EXHIBIT D

DISCOUNT FOR DISABLED OR LOW INCOME RESIDENTS AGE 65 AND OLDER

Those residents who qualify under any of the following three categories and apply shall receive a discount of fifteen percent (15%) per month from their regular solid waste charges statement.

A. SUPPLEMENTAL SECURITY INCOME ("SSI"):

1. SSI are payments by the Federal Government, through the Health and Human Services Department, Social Security Administration ("SSA") to disabled adults who have limited income and resources and also to persons age 65 and older without disabilities who meet the financial limits.
2. SSI is a Federal Income supplement program funded by general tax revenues, not Social Security taxes. It is designed to help aged, blind and disabled people who have little or no income in order to provide cash to meet basic needs for food, clothing and shelter.
3. Qualifications of Applicant - Customer:
 - i. Must be over 65, blind or disabled.
 - ii. Must meet all requirements of the SSA established by statute or regulation.
 - iii. Must be a United States citizen or national or be a qualified alien.
 - iv. For Republic's program, the Customer's qualifications must be met by the adult applicant, not a dependent, or other family member.

B. MEDI-CAL:

1. Medi-Cal is California's Medicaid program. This is a public health insurance program which provides needed health care services for low-income individuals including families with children, seniors, persons with disabilities, foster care, pregnant women, and low-income people with specific diseases such as tuberculosis, breast cancer or HIV/AIDS. Medi-Cal is financed equally by the State and federal government. Payments are made by the State of California Department of Health Care Services ("DHCS") and administrated by the Orange County Social Services Agency ("OCSSA"), and are for health care provider expense billing/reimbursement purposes.

2. Qualifications of Applicant - Customer:
 - i. Customer must meet all requirements of DHCS established by statute or regulation.
 - ii. An individual claim must be filed by Customer with DHCS and/or OCSSA and an award of benefits must be received by Customer.
 - iii. Must be a United States Citizen or national or be a qualified alien.

C. SOCIAL SECURITY DISABILITY INSURANCE RECIPIENTS ("SSDI"):

SSA pays benefits to people who cannot work because they have a medical condition that is expected to last at least one year or result in death.

1. SSDI are payments by the SSA. (Republic does not accept disabilities from private insurance companies for this reduced rate, due to the verification and approval process required).
2. Qualifications of Applicant - Customer:
 - i. Customer must meet all requirements of the SSA, established by statute or regulation.
 - ii. An individual claim must be filed by Customer with the Federal Government and an award of benefits must be received by the Customer. Must have been disabled and unable to work in accordance with SSA earnings tests involving both the "recent work" and "duration of work" tests.
 - iii. Republic does not allow reduced fees for residents who are receiving checks for disabled minors, dependents, or other family members or friends.

EXHIBIT E

CORPORATE GUARANTY

THIS GUARANTY (the "Guaranty") is given as of the 1st day of _____, 2010, and is made with reference to the following facts and circumstances:

A. Republic Waste Services of Southern California LLC, a Delaware Limited Liability Company ("Republic") dba Garden Grove Disposal is an affiliate of Republic Services, Inc., a Delaware corporation (Guarantor).

B. Republic has entered a franchise agreement with the City of Garden Grove and the Garden Grove Sanitary District with an Effective Date of July 1, 2010, entitled "Agreement Between The City of Garden Grove/Garden Grove Sanitary District and Republic Waste Services of Southern California , LLC, dba Garden Grove Disposal for Solid Waste Handling Services" (the "Franchise").

C. It is a requirement of the Franchise that Guarantor guarantee Republic's performance of the Franchise, including any ongoing obligations in the "Prior Agreement" (as that term is defined in the Franchise).

D. Guarantor is providing this Guaranty to induce the City and District to approve the Franchise.

E. For purposes of this Surety and the convenience of all persons, the term "City" shall mean the City of Garden Grove and/or the Garden Grove Sanitary District. District, being a subsidiary district as defined in Government Code Section 56078, is governed by City's City Council as the ex officio Board of Directors of District. The terms "City" and "City Council" when used herein singularly shall refer to the powers, rights, duties or actions of both City and District, unless the content indicates otherwise.

NOW, THEREFORE, in consideration of the foregoing, Guarantor agrees as follows:

1. **Guaranty of the Franchise.** Guarantor hereby irrevocably and unconditionally guarantees to the City and District the complete and timely performance, satisfaction and observation by Republic of each and every term and condition of the Franchise which Republic is required to perform, satisfy or observe. In the event that Republic fails to perform, satisfy or observe any of the terms and conditions of the Franchise, Guarantor will promptly and fully perform, satisfy or observe them in the place of Republic (including by causing the services required of Republic to be performed by a Solid Waste Enterprise acceptable to City and District). Guarantor hereby guarantees payment to the City and District of any damages, costs or expenses which might become recoverable by the City and District from Republic due to its breach of the Franchise. Included in the forgoing Guaranty, is a guarantee by Guarantor of any ongoing obligations of Republic under the Prior Agreement.

2. Guarantor's Obligations Are Absolute. The obligations of the Guarantor hereunder are direct, immediate, absolute, continuing, unconditional and unlimited, and, with respect to any payment obligation of Republic under the Franchise, shall constitute a guarantee of payment and not of collection, and are not conditional upon the genuineness, validity, regularity or enforceability of the Franchise. In any action brought against the Guarantor to enforce, or for damages for breach of, its obligations hereunder, the Guarantor shall be entitled to all defenses, if any, that would be available to Republic in an action to enforce, or for damages for breach of the Franchise (other than discharge of, or stay of proceedings to enforce, obligations under the Franchise under bankruptcy law).

3. Waivers. Except as provided herein the Guarantor shall have no right to terminate this Guaranty or to be released, relieved, exonerated or discharged from its obligations under it for any reason whatsoever, including, without limitation: (1) the insolvency, bankruptcy, reorganization or cessation of existence of Republic; (2) the actual or purported rejection by a trustee in bankruptcy of the Franchise, or any limitation on any claim in bankruptcy resulting from the actual or purported termination of the Franchise; (3) any waiver with respect to any of the obligations of the Franchise guaranteed hereunder or the impairment or suspension of any of the City's or District's rights or remedies against Republic; or (4) any merger or consolidation of Republic with any other corporation, or any sale, lease or transfer of any or all the assets of Republic. Without limiting the generality of the foregoing, Guarantor hereby waives the rights and benefits under California Civil Code Section 2819.

The Guarantor hereby waives any and all benefits and defenses under California Civil Code Section 2846, 2849, and 2850, including without limitation, the right to require the City to (a) proceed against Republic, (b) proceed against or exhaust any security or collateral the City may hold now or hereafter hold, or (c) pursue any other right or remedy for Guarantor's benefit, and agrees that the City may proceed against Guarantor for the obligations guaranteed herein without taking any action against Republic or any other guarantor or pledgor and without proceeding against or exhausting any security or collateral the City may hold now or hereafter hold. City may unqualifiedly exercise in its sole discretion any or all rights and remedies available to it against Republic or any other guarantor or pledgor without impairing the City's rights and remedies in enforcing this Guaranty.

The Guarantor hereby waives and agrees to waive at any future time at the request of the City to the extent now or then permitted by applicable law, any and all rights which the Guarantor may have or which at any time hereafter may be conferred upon it, by statute, regulation or otherwise, to avoid any of its obligations under, or to terminate, cancel, quit or surrender this Guaranty.

The Guarantor hereby expressly waives diligence, presentment, demand for payment or performance, protest and all notices whatsoever, including, but not limited to, notices of non-payment or non-performance, notices of protest, notices of any breach or default, and notices of acceptance of this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, Guarantor's obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the City as a preference, fraudulent transfer or otherwise, irrespective

of (a) any notice of revocation given by Guarantor or Republic prior to such avoidance or recovery, and (b) payment in full of any obligations then outstanding.

4. **Term.** This Guaranty is not limited to any period of time, but shall continue in full force and effect until all of the terms and conditions of the Franchise have been fully performed or otherwise discharged and Guarantor shall remain fully responsible under this Guaranty without regard to the acceptance by the City of any performance bond or other collateral to assure the performance of Republic's obligations under the Franchise. Guarantor shall not be released of its obligations hereunder as long as there is any claim by the City against Republic arising out of the Franchise based on Republic's failure to perform which has not been settled or discharged.

5. **No Waivers.** No delay on the part of the City in exercising any rights under this Guaranty or failure to exercise such rights shall operate as a waiver of such rights. No notice to or demand on Guarantor shall be a waiver of any obligation of Guarantor or right of the City to take other or further action without notice or demand. No modification or waiver of any of the provisions of this Guaranty shall be effective unless it is in writing and signed by the City and by Guarantor, nor shall any waiver be effective except in the specific instance or matter for which it is given.

6. **Attorney's Fees.** In addition to the amounts guaranteed under this Guaranty, Guarantor agrees in the event of Guaranty's breach of its obligations including to pay reasonable attorney's fees and all other reasonable costs and expenses incurred by the City in enforcing this Guaranty, or in any action or proceeding arising out of or relating to this Guaranty, including any action instituted to determine the respective rights and obligations of the parties hereunder.

7. **Governing Law: Jurisdiction.** This Guaranty is and shall be deemed to be a contract entered into in, and pursuant to the laws of, the State of California and shall be governed and construed in accordance with the laws of California without regard to its conflicts of laws, rules for all purposes including, but not limited to, matters of construction, validity and performance. Guarantor agrees that any action brought by the City to enforce this Guaranty may be brought in any court of the State of California and Guarantor consents to personal jurisdiction over it by such courts, with venue resting in Orange County, California.

8. **Severability.** If any portion of this Guaranty is held to be invalid or unenforceable, such invalidity will have no effect upon the remaining portions of this Guaranty, which shall be severable and continue in full force and effect.

9. **Binding On Successors.** This Guaranty shall inure to the benefit of the City and its successors and shall be binding upon Guarantor and its successors, including transferee(s) of substantially all of its assets and its shareholder(s) in the event of its dissolution or insolvency.

10. **Authority.** Guarantor represents and warrants that it has the corporate power and authority to give this Guaranty, that its execution of this Guaranty has been authorized by all necessary action under its Article of Incorporation and By-Laws, and that the person signing this Guaranty on its behalf has the authority to do so.

11. Notices. Notice shall be given in writing, deposited in the U.S. mail, registered or certified, first class postage prepaid, addressed as follows:

To the City: City Manager
 City of Garden Grove
 Garden Grove Sanitary District
 11222 Acacia Parkway
 Garden Grove, CA 92840

To the Guarantor: Republic Services, Inc
 Attn: Mr. Tim Bender
 Vice President, Deputy General Counsel
 18500 N. Allied Way
 Phoenix, AZ 85054

Guarantor:
Republic Services, Inc.

By:
Name: Printed
Title:

This Guaranty has been approved by adopted Resolution or Order of the Board of Directors of Republic Services, Inc. on _____, 2010.

(Corporate Seal)