

**CONTRACT AMENDMENT #1
INTERMEDIATE PROCESSING FACILITY
CAPACITY AGREEMENT**

Between

SOLID WASTE AGENCY OF LAKE COUNTY

And

WM RECYCLE AMERICA, L.L.C.

December 8, 2011

CAPACITY AGREEMENT AMENDMENT 1

THIS AMENDMENT TO THE INTERMEDIATE PROCESSING FACILITY CAPACITY AGREEMENT made and entered into as of the 8th day of December, 2011 by and between WM Recycle America, L.L.C. ("Contractor") and the Solid Waste Agency of Lake County, Illinois ("Agency"); and

WHEREAS, the Contractor and Agency entered into an agreement for certain capacity for the members of the Agency in the Contractor's Intermediate Processing Facility on October 23, 2008; and

WHEREAS, per Article VII TERM, the Contractor and the Agency wish to extend the Agreement for a period of 3 (three) years, effective as of January 1, 2012 through December 31, 2014; and

WHEREAS, the parties have agreed to amend certain portions of said Capacity Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth in the Capacity Agreement and for other good and valuable consideration, receipt of which is hereby acknowledged, the Contractor and Agency do hereby agree to amend the Capacity Agreement by substitution and or deletion of the following Sections in said Capacity Agreement:

1. This Amendment shall be effective January 1, 2012.
2. The definition of "Per Ton Payment" is amended by deleting the second sentence and replacing it with "The Per Ton payments shall be made to the Members as set forth in Section.3.01"
3. A new definition, "Agency Rebate" is added as follows: "Agency Rebate" means the amount paid to the Agency by the Contractor, calculated as set forth on Schedule 2 and Section 3.01 f) and paid as set forth in Section 3.01 c).
4. The definition of "Blended Revenue Amount" shall be replaced by the identical definition of "Stream Value.
5. Article III , OBLIGATIONS OF THE PARTIES is amended as follows:

- a. Section 3.01 c) is deleted and replaced with:

"c) The Contractor shall provide quarterly Per Ton Payments and Agency Rebates to the Agency Members and the Agency, respectively, for the amount of Recyclable Materials directed and delivered to the IPF by the Member, any Lake County Township or its Hauler during that said quarter. Such payment shall be due to the Agency Members thirty (30) days following the submission of documentation set forth in Section 8.03 herein."

- b. Section 3.01 d) is amended by replacing each instance of "Per Ton Payment" with "Per Ton Payment and Agency Rebate."
- c. Section 3.01 f) is amended by adding new section f) i) as follows.

"i) The parties agree that the tonnage of Agency Recyclable Materials delivered in any calendar year shall be considered such year's Baseline Tonnage. The Contractor shall have the right, but not more than once in any twelve (12) month period to decrease the Agency Rebate payable to the Agency as set forth as the-Agency Rebate in Schedule 2,

by up to \$0.50 (as determined by the Contractor) if the Baseline Tonnage amount of Agency Recyclable Material declines by five per cent (5%) or more for a calendar year as compared to the previous calendar year. Changes in the Agency Rebate shall be effective January 1, each year provided that the Contractor notifies the Agency not later than thirty (30) days after receipt of the documentation set forth in Section 8.03 from the Agency. The reduction in the Agency Rebate shall remain in place unless the Baseline Tonnage in any succeeding calendar year returns to 95.1% or more of the Baseline Tonnage for such year for which the reduction was calculated upon. This right shall first accrue to Contractor in the calendar year 2013 for the 2012 tonnage, when compared to the 2011 tonnage. The Agency Member's payments shall remain as set forth on Schedule 2.

“By way of examples, and not of limitation:

“If the Baseline Tonnage 2011 is 35,000 tons and the Baseline Tonnage 2012 is 33,000 tons, a decrease of 5.7%, then the Agency Rebate is reduced to \$0.50 (\$1.00 - \$0.50) for calendar year 2013.

“Thereafter,

- If the Baseline Tonnage for 2013 is 30,000 tons, there is an additional decrease of 9.1% and the Agency Rebate is reduced to \$0.50 (\$1.50 - \$0.50 - \$0.50) for calendar year 2014.
- If the Baseline Tonnage for 2013 is 33,000 tons, then the Agency Rebate reduction which was assessed for 2013 is rescinded and the Agency Rebate for 2014 is \$1.00 (\$1.50 - \$0.50.)
- If the Baseline Tonnage for 2013 is 33,251, then the Agency Rebate reductions for both 2012 and 2013 are rescinded and the Agency Rebate for 2014 is \$1.50.”

- d. Section 3.01 g) is amended by replacing “Per Ton Payment” with “Per Ton Payment and Agency Rebate.”
6. Section 3.02 b) is amended by replacing each instance of “Per Ton Fee” with “Per Ton Fee and Agency Rebate.”
7. Section 3.02 d) is deleted and replaced with “The Agency shall attempt to enter into intergovernmental agreements with its Members requesting the Members to allow Contractor to match any price for Recyclable Materials offered to such Member by a third party.
8. Article VII, TERM,
Section 7.01 Subsection b) is deleted and replaced with:

“b) No later than six months prior to the third anniversary of the Commencement Date, or any extension thereof, the Agency and the Contractor by mutual agreement, may extend the term of this Agreement for an additional three (3) year term from the third anniversary, or extension thereof, of the Commencement Date. Either party may exercise their intent to

extend this agreement by providing the other party with written notice thereof. Only two such extensions shall be permitted.”

8. ARTICLE VIII, FEES, PAYMENTS AND NOTIFICATIONS; MEMBERS OF AGENCY AND AGENCY OBLIGATIONS is amended by deleting Section 8.03 Payments for Recyclable Materials and replacing it with:

“Section 8.03 Payments for Recyclable Materials. Effective January 1, 2012 Contractor will pay a Per Ton Payment to the Agency Members and an Agency Rebate for any Agency Recyclable Materials which are directed and delivered to the Contractor by or on behalf of such Agency Member. The Per Ton Payment and Agency Rebate will be calculated monthly, and paid quarterly in accordance to the calculations as specified in Schedule 2 and Section 3.01 (f). Each Agency Member shall require their hauler to submit to the Agency a Hauler Reporting Form as outlined in Schedule 3. The Agency will then communicate to the Contractor the hauler verified volumes of Agency Member Recyclable Materials delivered during the given quarter on a monthly basis. The Contractor shall then issue quarterly payments/rebates to the Member and the Agency within thirty (30) days after receipt of the information from the Agency, accompanied by a credit memo that details the volume of Recyclable Materials delivered on behalf of such Agency Member along with the per ton unit rate as specified in Schedule 2.”

9. SCHEDULE 2, PER TON PAYMENT, is deleted and replaced with:
SCHEDULE 2

PER TON PAYMENT AND SWALCO REBATE

For the purposes of this Schedule 2, Contract Year 1 is January 1, 2012 through December 31, 2012, Calendar Year 2 is January 1, 2013 through December 31, 2013, and Calendar Year 3 is January 1, 2014 through December 31, 2014.

Lake County MRF, BU 01800
Schedule of Rebate Payments to SWALCO on Directed Volumes
Contract Year 1

If the Stream Value is . . .					Member Rebate	SWALCO Rebate
at least . . .	\$ -	but no more than . . .	\$ 49.99	then the rebate per ton is . . .	\$ -	\$ -
at least . . .	\$ 50.00	but no more than . . .	\$ 59.99	then the rebate per ton is . . .	\$ 2.50	\$ -
at least . . .	\$ 60.00	but no more than . . .	\$ 69.99	then the rebate per ton is . . .	\$ 5.00	\$ -
at least . . .	\$ 70.00	but no more than . . .	\$ 79.99	then the rebate per ton is . . .	\$ 7.50	\$ 1.00
at least . . .	\$ 80.00	but no more than . . .	\$ 89.99	then the rebate per ton is . . .	\$ 10.00	\$ 1.00
at least . . .	\$ 90.00	but no more than . . .	\$ 99.99	then the rebate per ton is . . .	\$ 15.00	\$ 1.00
at least . . .	\$ 100.00	but no more than . . .	\$ 109.99	then the rebate per ton is . . .	\$ 18.00	\$ 1.00
at least . . .	\$ 110.00	but no more than . . .	\$ 119.99	then the rebate per ton is . . .	\$ 21.00	\$ 1.00
at least . . .	\$ 120.00	but no more than . . .	\$ 129.99	then the rebate per ton is . . .	\$ 24.00	\$ 1.00
at least . . .	\$ 130.00	but no more than . . .	\$ 139.99	then the rebate per ton is . . .	\$ 36.00	\$ 1.00
at least . . .	\$ 140.00	but no more than . . .	\$ 149.99	then the rebate per ton is . . .	\$ 40.00	\$ 1.00
at least . . .	\$ 150.00	but no more than . . .	\$ 159.99	then the rebate per ton is . . .	\$ 44.00	\$ 1.00
at least . . .	\$ 160.00	but no more than . . .	\$ 169.99	then the rebate per ton is . . .	\$ 48.00	\$ 1.00
at least . . .	\$ 170.00	but no more than . . .	open	then the rebate per ton is . . .	(stream value less \$50) X 50%	\$ 1.00

Lake County MRF, BU 01800
 Schedule of Rebate Payments to SWALCO on Directed Volumes
 Contract Year 2

If the Stream Value is . . .				Member Rebate	SWALCO Rebate
at least . . .	\$ -	but no more than . . .	\$ 49.99	then the rebate per ton is . . .	\$ - \$ -
at least . . .	\$ 50.00	but no more than . . .	\$ 59.99	then the rebate per ton is . . .	\$ 3.50 \$ -
at least . . .	\$ 60.00	but no more than . . .	\$ 69.99	then the rebate per ton is . . .	\$ 6.00 \$ -
at least . . .	\$ 70.00	but no more than . . .	\$ 79.99	then the rebate per ton is . . .	\$ 8.50 \$ 1.00
at least . . .	\$ 80.00	but no more than . . .	\$ 89.99	then the rebate per ton is . . .	\$ 11.00 \$ 1.00
at least . . .	\$ 90.00	but no more than . . .	\$ 99.99	then the rebate per ton is . . .	\$ 16.00 \$ 1.00
at least . . .	\$ 100.00	but no more than . . .	\$ 109.99	then the rebate per ton is . . .	\$ 19.00 \$ 1.00
at least . . .	\$ 110.00	but no more than . . .	\$ 119.99	then the rebate per ton is . . .	\$ 22.00 \$ 1.00
at least . . .	\$ 120.00	but no more than . . .	\$ 129.99	then the rebate per ton is . . .	\$ 25.00 \$ 1.00
at least . . .	\$ 130.00	but no more than . . .	\$ 139.99	then the rebate per ton is . . .	\$ 37.00 \$ 1.00
at least . . .	\$ 140.00	but no more than . . .	\$ 149.99	then the rebate per ton is . . .	\$ 41.00 \$ 1.00
at least . . .	\$ 150.00	but no more than . . .	\$ 159.99	then the rebate per ton is . . .	\$ 45.00 \$ 1.00
at least . . .	\$ 160.00	but no more than . . .	\$ 169.99	then the rebate per ton is . . .	\$ 49.00 \$ 1.00
				(stream value less	
at least . . .	\$ 170.00	but no more than . . .	open	then the rebate per ton is . . .	\$50) X 50%

Lake County MRF, BU 01800
 Schedule of Rebate Payments to SWALCO on Directed Volumes
 Contract Year 3

If the Stream Value is . . .				Member Rebate	SWALCO Rebate
at least . . .	\$ -	but no more than . . .	\$ 49.99	then the rebate per ton is . . .	\$ - \$ -
at least . . .	\$ 50.00	but no more than . . .	\$ 59.99	then the rebate per ton is . . .	\$ 4.00 \$ -
at least . . .	\$ 60.00	but no more than . . .	\$ 69.99	then the rebate per ton is . . .	\$ 6.50 \$ -
at least . . .	\$ 70.00	but no more than . . .	\$ 79.99	then the rebate per ton is . . .	\$ 9.00 \$ 1.50
at least . . .	\$ 80.00	but no more than . . .	\$ 89.99	then the rebate per ton is . . .	\$ 11.50 \$ 1.50
at least . . .	\$ 90.00	but no more than . . .	\$ 99.99	then the rebate per ton is . . .	\$ 16.50 \$ 1.50
at least . . .	\$ 100.00	but no more than . . .	\$ 109.99	then the rebate per ton is . . .	\$ 19.50 \$ 1.50
at least . . .	\$ 110.00	but no more than . . .	\$ 119.99	then the rebate per ton is . . .	\$ 22.50 \$ 1.50
at least . . .	\$ 120.00	but no more than . . .	\$ 129.99	then the rebate per ton is . . .	\$ 25.50 \$ 1.50
at least . . .	\$ 130.00	but no more than . . .	\$ 139.99	then the rebate per ton is . . .	\$ 37.50 \$ 1.50
at least . . .	\$ 140.00	but no more than . . .	\$ 149.99	then the rebate per ton is . . .	\$ 41.50 \$ 1.50
at least . . .	\$ 150.00	but no more than . . .	\$ 159.99	then the rebate per ton is . . .	\$ 45.50 \$ 1.50
at least . . .	\$ 160.00	but no more than . . .	\$ 169.99	then the rebate per ton is . . .	\$ 49.50 \$ 1.50
				(stream value less	
at least . . .	\$ 170.00	but no more than . . .	open	then the rebate per ton is . . .	\$50) X 50%

What follows is an example of how the Stream Value shall be calculated according to the schedules by applying the Material Composition percentage to the value of the material per ton.

Commodity/Material	Verifying Source	Material Composition %	Actual June Per Ton \$	June 2011 Value
ONP #8	OBM Chicago HS	47.0%	\$ 130.00	\$ 61.10
OCC #11	OBM Chicago HS	6.0%	\$ 140.00	\$ 8.40
Mixed Paper #2	OBM Chicago HS	13.0%	\$ 90.00	\$ 11.70
Three-Mix Glass	Actual per WM	16.0%	\$ (22.18)	\$ (3.55)
Tin	Waste News HS	2.2%	\$ 120.00	\$ 2.64
Aluminum	Waste News HS	1.0%	\$ 1,940.00	\$ 19.40
PET	Waste News HS	2.5%	\$ 660.00	\$ 16.50
HDPE Natural	Waste News HS	1.1%	\$ 760.00	\$ 8.36
HDPE Colored	Waste News HS	1.2%	\$ 540.00	\$ 6.48
Mixed Plastic Film	Actual Per WM	1.0%	\$ 1.20	\$ 0.01
Residue	Actual Per WM	9.0%	\$ (48.62)	\$ (4.38)
Total		100.0%		\$ 126.67

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

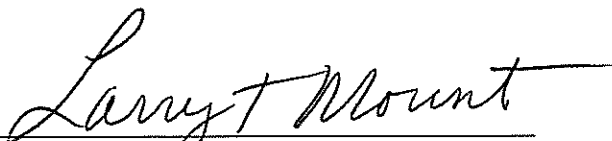
1. The per ton value for all fiber grades of material shall be the High Side of the "Yellow Sheet" for the Chicago area as indicated in the first published issue of the Official Board Markets for each previous month.
2. The per ton value for Tin, Aluminum, and Plastics other than Mixed Plastic Film shall be the High Side value for these grades as published by "Waste and Recycling News Secondary Materials Pricing" for the Chicago area as indicated in the first published week of the previous month.
3. The values for Three-Mix Glass, Mixed Plastic Film and Residue shall be the actual value for these materials as verified and reported to the Agency by the Contractor on a monthly at the beginning of each previous month.

Total Stream Value shall be calculated on a monthly basis by calculating the Stream Value from the beginning of each previous month and applying that value to the volume collected in the current month.

The material composition for calendar year 2012 shall be as set forth above. Thereafter, the material composition percentages will be adjusted each calendar year by mutual agreement based on audits of Materials diverted to the IPF under the Agreement in the prior twelve month period. Contractor will provide stream and processing information to the Agency related to the Composition Study to support this analysis. Agreement is to be reached regarding material Composition Percentages on or before December 31 of each year.

In addition to the Agency Rebate set forth above, in the event Agency Members deliver more than 42,000 tons of Recyclable Materials in any calendar year, Contractor shall pay SWALCO a bonus of \$5.00 per ton for each ton in excess of 42,000 per year. Such bonus will be paid on or before February 15 of the year following delivery.


IN WITNESS WHEREOF, the Agency and Contractor have caused this Capacity Agreement Amendment 1, to be executed in their respective names, have caused their respective corporate seals to hereto affixed, and have caused this Amendment to be dated as of the date and year first written above.



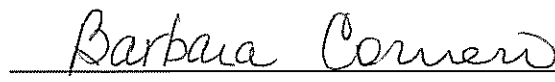
Solid Waste Agency of Lake County



WM Recycle America, L.L.C.



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