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LINCOLN COUNTY RECORDER
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NOVATION OF EXCLUSIVE DISPOSAL SITE AGREEMENT

by and between

The County of Lincoln,
a political subdivision of the State of Nevada

and

Norcal Waste Systems Crestline Landfill, Inc.
a Nevada corporation

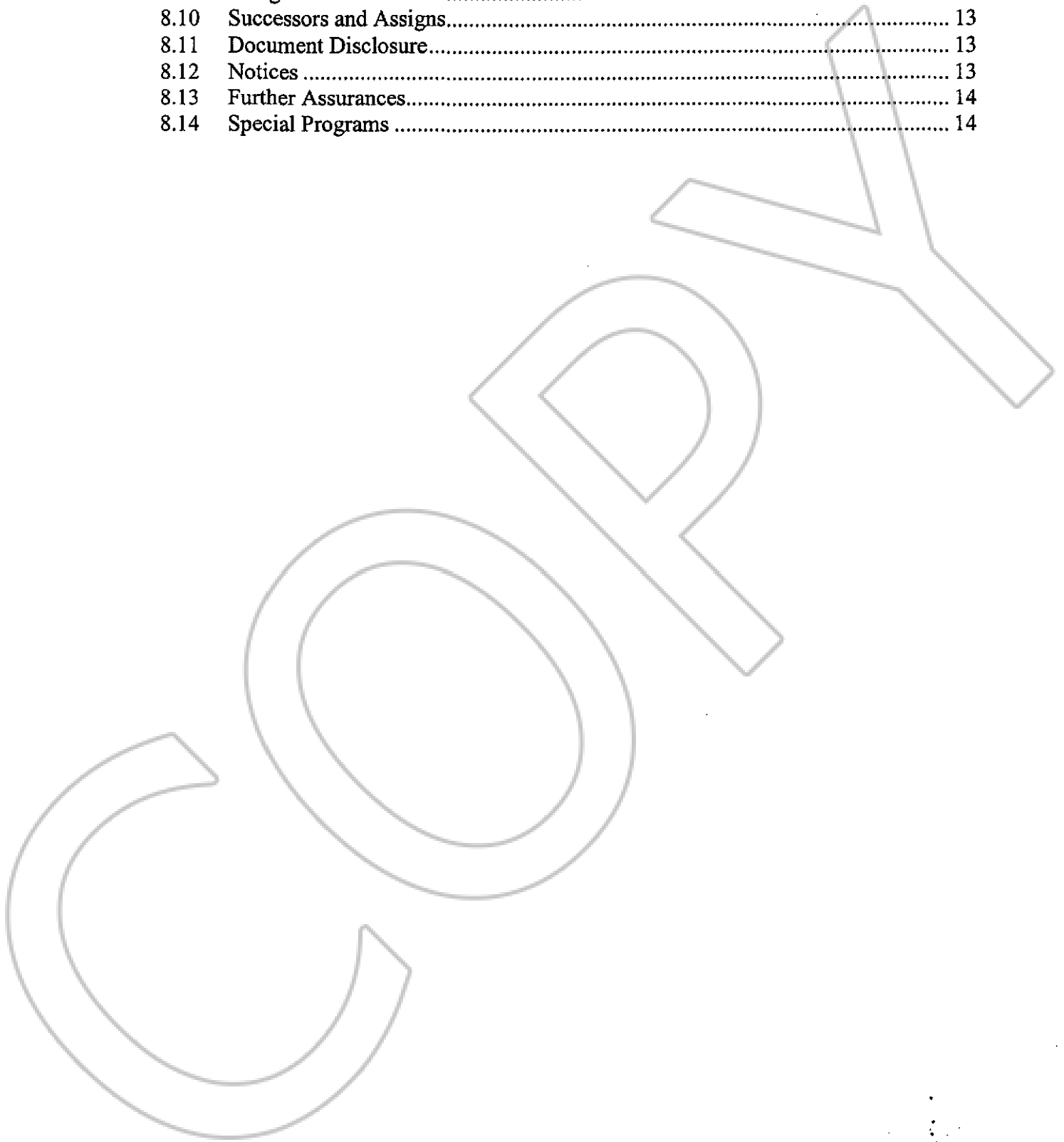
October 2, 2006

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NOVATION OF EXCLUSIVE DISPOSAL SITE AGREEMENT

This Novation of Exclusive Disposal Site Agreement (as amended, supplemented or modified from time to time, this "Agreement") is made and entered into as of **October 2, 2006**, by and between the County of Lincoln, a political subdivision of the State of Nevada ("County"), and Norcal Waste Systems Crestline Landfill, Inc., a Nevada corporation ("Landfill Operator") and wholly-owned subsidiary of Norcal Waste Systems Of Nevada, Inc.

RECITALS

WHEREAS, Landfill Operator is the owner of certain real property located at Range 70 East, Township 3 South, Sections 25, 26, 35 and 36 and more particularly described on Exhibit A attached hereto (such real property, together with all improvements, fixtures, equipment, personal property and intangibles which are the subject of this agreement, as the same may exist from time to time, "Crestline Landfill");

WHEREAS, Landfill Operator has received authorization to operate Crestline Landfill, and certain other real property, as a Class I and Class II Landfill;

WHEREAS, Landfill Operator is the beneficiary, as successor to Crestline Investment Group, Inc., of a Special Use Permit, dated August 24, 2004, pursuant to Lincoln County Code;

WHEREAS, County and Landfill Operator are parties to that certain Novation of Franchise Agreement for Exclusive Collection of Solid Waste dated December 21, 1998 (the "1998 Agreement"), which provided for the collection of solid waste within County, the disposal of such waste at Crestline Landfill, and the operation of Crestline Landfill;

WHEREAS, County and Landfill Operator wish to novate the 1998 Agreement by entering into two new agreements: this Agreement, and that certain Second Novation of Franchise Agreement for Collection of Solid Waste executed concurrently with this Agreement (as amended, supplemented or modified from time to time, the "Franchise Agreement");

WHEREAS, County continues to grant Landfill Operator the right to operate Crestline Landfill as the exclusive authorized site for the final disposal of Solid Waste generated within County, so long as Crestline Landfill is capable of receiving such waste, and wishes to grant to Landfill Operator the exclusive right to build and operate other Disposal Sites in the County as set forth herein, commencing on the Effective Date and continuing for the term of this Agreement;

WHEREAS, County continues to grant Landfill Operator the right to dispose of solid Waste generated outside the County in Crestline Landfill;

NOW, THEREFORE, County and Landfill Operator agree as follows:

Article I
EXCLUSIVE FRANCHISE

1.1 County grants to Landfill Operator the exclusive right to dispose of Solid Waste generated within the County. Said exclusive right includes the right to operate the Crestline Landfill as the exclusive authorized Municipal Solid Waste Landfill for the disposal of Solid Waste generated within the County, as set forth in the 1998 Agreement, and the exclusive right to build and operate other Disposal Sites, as defined in Section 2.1 herein, for the acceptance, recycling, transfer, and disposal of Solid Waste generated within the County.

Article II
DEFINITIONS; COUNTY AREA

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings ascribed below:

(a) "Acceptable Waste" shall mean Solid Waste which can be disposed at Crestline Landfill or any other Disposal Site, as provided in Section 1.1, under the terms and conditions of any permits, licenses or approvals obtained with respect to the operation of Crestline Landfill, other than waste material which Landfill Operator finds, in its sole discretion, to pose an unreasonable risk or danger to the operation or safety of Crestline Landfill or the environment. Acceptable Waste shall include incidental amounts of whole tires and an unlimited amount of shredded tires. No more than one thousand five hundred (1500) whole tires that have not yet been shredded for disposal may be stored on site at the Crestline Landfill at any one time.

(b) "Board" shall mean the Lincoln County Board of County Commissioners.

(c) "Confidential Information" shall have the meaning ascribed to it in Section 8.11 (c).

(d) "County Tipping Fee" shall have the meaning ascribed to it in Section 4.2.

(e) "Disposal Site" shall mean any place at which solid waste is dumped, abandoned or accepted or disposed of by incineration, land filling, composting or any other method. The term includes, but is not limited to, a municipal solid waste landfill, a material recovery facility, a transfer station, and any other facility at which conversion technology is used. Crestline Landfill is a Disposal Site pursuant to this Agreement.

(f) "Effective Date" shall have the meaning ascribed to it Section 5.1.

(g) "Force Majeure" shall have the meaning ascribed to it in Section 6.2(b).

(h) "Hazardous Material" shall mean any material or combination of materials which, because of its quantity, concentration or physical, chemical or infectious characteristics may either (i) cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible illness or (ii) pose a substantial present or potential hazard to human health or environment when improperly treated, stored, transported or

disposed of or otherwise managed. Hazardous Material also includes hazardous wastes as defined under NRS § 459.430 or federal law or regulations promulgated pursuant to any such law, as such law or regulations may from time to time be amended.

- (i) “Host Fee” shall have the meaning ascribed to it in Section 4.3.
- (j) “Interruption In Service” shall have the meaning ascribed to it in Section 6.2(c).
- (k) “Labor Action” shall have the meaning ascribed to it in Section 6.2(b).
- (l) “Municipal Solid Waste Landfill” shall mean any landfill or landfill unit that receives municipal solid waste, solid waste, commercial waste, nonhazardous industrial waste, dried sewage sludge or construction/demolition debris.
- (m) “Organic Material” shall mean those discarded materials that will decompose and/or putrefy and that County ordinance permits, directs and/or requires generators to separate from Solid Waste for collection in specifically designated containers for organic materials collection. Organic materials include yard trimmings less than six inches (6”) in diameter and five feet (5’) in length, and food scraps, such as, but not limited to, green trimmings, grass, weeds, leaves, prunings, branches, dead plants, brush, tree trimmings, dead trees, small wood pieces, other types of organic yard waste, vegetable waste, fruit waste, grain waste, dairy waste, meat waste, fish waste, paper contaminated with food scrap, pieces of unpainted or untreated wood, and pieces of unpainted and untreated wall board.
- (n) “Quarter” shall mean a fiscal quarter of Landfill Operator. As of the date hereof, Landfill Operator’s fiscal quarters end on March 31, June 30, September 30 and December 31 of each calendar year.
- (o) “Quarter End” shall have the meaning ascribed to it in Section 4.3.
- (p) “Recyclables” shall mean any Solid Waste, whether source-separated or commingled, (i) which can be processed and returned to the economic mainstream in the form of raw material or products, as determined by the Nevada State Environmental Commission, or (ii) which in Landfill Operator’s judgment can be reused, recycled, salvaged or sold. Without limiting the generality of the foregoing, “Recyclables” includes newspaper, corrugated cardboard, aluminum, Yard Debris, office paper, glass, tin and steel cans, metal, motor oil, plastic, antifreeze and Organic Material.
- (q) “Solid Waste” shall mean all putrescible and nonputrescible materials in solid or semisolid form that have been discarded or abandoned by their owner, including without limitation garbage, Recyclables, household waste, rubbish, junk vehicles and parts, junk appliances, ashes or incinerator residue, street refuse, dead animals, construction and demolition waste and debris, commercial waste, industrial waste and refuse, but excluding agricultural waste, mining waste, Hazardous Material and source-separated soil, rock, stone, gravel, unused brick and block and concrete to be used as clean fill.
- (r) “Termination Date” shall have the meaning ascribed to it Section 5.1.

(s) "Tipping Fees" shall have the meaning ascribed to it in Section 4.1.

(t) "Yard Debris" shall mean tree trimmings; grass cuttings; leaves; branches; dead plants, trees and bushes; and similar materials generated from plants, trees and bushes, whether generated on residential or commercial property.

2.2 County Area. All references herein to the physical area of County shall refer to the physical area encompassed within County limits at the time of execution of this Agreement, and any areas that may be annexed by County during the term of this Agreement, excluding any part of County which is part of the Nevada Test Site as designated by the federal government or which is otherwise owned and exclusively occupied by the federal government.

Article III LANDFILL OPERATION

3.1 Obligations of Landfill Operator.

(a) Landfill Operator shall at its expense be responsible for the day-to-day operation of Crestline Landfill or any other Disposal Site that it builds and operates pursuant to this Agreement.

(b) Landfill Operator shall at its expense be responsible for providing and maintaining all facilities, personal property and equipment necessary to operate, develop and maintain Crestline Landfill or any other Disposal Site that it builds and operates pursuant to this Agreement.

(c) Landfill Operator shall at its expense be responsible for employing all personnel necessary for, and providing all services incidental to, the business of operating, developing and maintaining Crestline Landfill or any other Disposal Site that it builds and operates pursuant to this Agreement.

(d) Landfill Operator shall use commercially reasonable efforts to provide waste disposal capacity for all Acceptable Waste generated within County for the term of this Agreement, or until such time as Crestline Landfill has reached fully permitted capacity, whichever comes first.

(e) Landfill Operator shall use commercially reasonable efforts to obtain and maintain, at its expense, all permits, licenses and approvals necessary to operate, develop and maintain Crestline Landfill or any other Disposal Site that it builds and operates in the manner contemplated by this Agreement.

3.2 Obligations of County.

(a) County shall not provide, by code, ordinance, permit, license, contract, approval, tax, surcharge, or otherwise, for the disposal of Acceptable Waste generated within County at any site other than Crestline Landfill or any other Disposal Site without the written consent of Landfill Operator, except by contract to the limited extent provided in Section 6.2(c)(ii).

(b) County shall not issue, renew, extend, amend, novate or allow to continue any permits, licenses or approvals issuable by it for the acceptance, transfer, or disposal of Acceptable Waste generated within County at any site other than Crestline Landfill or another Disposal Site owned or operated by Landfill Operator, without the written consent of Landfill Operator.

(c) County shall not directly or indirectly restrict, by code, ordinance, permit, license, contract, approval, tax, surcharge, or otherwise, Landfill Operator from accepting Acceptable Waste generated outside County for disposal at Crestline Landfill.

(d) County shall enact, maintain and/or amend such codes and ordinances as may be necessary for Landfill Operator to operate, maintain and develop Crestline Landfill and any other Disposal Site in the manner contemplated by this Agreement.

(e) County shall issue to Landfill Operator any and all permits, licenses and approvals issuable by it that are necessary for Landfill Operator to operate, maintain and develop Crestline Landfill and any other Disposal Site in the manner contemplated by this Agreement.

(f) County shall cooperate with and support the activities of Landfill Operator in obtaining, maintaining and amending all permits, licenses and approvals required to operate, maintain and develop Crestline Landfill and any other Disposal Site in the manner contemplated by this Agreement, or reasonably requested by Landfill Operator in connection with this Agreement. County shall make reasonable best efforts to assist the Landfill Operator to effectuate the land swaps contemplated in Section 3.5 herein.

(g) County shall enforce, and shall cooperate with Landfill Operator's reasonable efforts to protect, the exclusive rights and privileges granted to Landfill Operator under this Agreement, and shall not take any action which shall impair the rights of Landfill Operator under this Agreement.

3.3 Compliance with Laws. Landfill Operator shall maintain Crestline Landfill and any other Disposal Site that it builds and operates in substantial order and repair outside and inside at its sole cost and expense and shall comply with all applicable orders, regulations, rules and requirements, now or hereafter in effect, of the federal, state, county, local or other governmental authorities having the power to enact, adopt, impose or require the same whether they be usual or unusual, ordinary or extraordinary or whether they or any of them relate to environmental requirements or otherwise. Landfill Operator shall have the right, at its own cost and expense, to contest or review by legal proceedings the validity or legality of any law, order, ordinance, rule, regulation, or direction, and during such contest Landfill Operator may refrain

from complying therewith, *provided* that Landfill Operator has obtained an appropriate stay of enforcement or is not otherwise in violation of law as a result thereof.

3.4 Employees. Landfill Operator shall make a good faith effort to hire, from among the residents of County, all employees employed by Landfill Operator in County in connection with Landfill Operator's performance of this Agreement. An authorized representative of Landfill Operator shall be available during normal business hours to contact on matters relating to Landfill Operator's performance of this Agreement. Landfill Operator shall maintain written personnel policies governing behavior, alcohol and substance abuse, and hiring policies as an equal employment opportunity employer.

3.5 Land Swaps. From time to time, Landfill Operator may seek to conduct land swaps with the U.S. Bureau of Land Management in order to acquire additional land relating to its operation of Crestline Landfill. County hereby agrees to provide reasonable support and assistance to Landfill Operator in securing and permitting such land swaps.

3.6 Inspection. Landfill Operator shall permit County or its authorized representative, at County's sole expense, to visit and inspect Crestline Landfill at any time during normal business hours upon reasonable notice, *provided* that such inspections do not unreasonably interfere with the orderly operation of Crestline Landfill.

3.7 Closure and Post-Closure Requirements. Landfill Operator shall comply with all closure and post-closure requirements for Crestline Landfill as required by Nevada law and as set forth in NAC 444.685-444.6859. Specifically, Landfill Operator shall provide to County appropriate financial assurances by any means allowed in NAC 444.68525 and shall name County as an additional beneficiary of said financial assurance mechanism.

Article IV HOST & TIPPING FEES

4.1 Tipping Fees. Subject to Section 4.2, Landfill Operator shall have the exclusive right to establish, collect and receive (i) all tipping fees payable per ton of Acceptable Waste disposed at any Disposal Site pursuant to Section 1.1 ("Tipping Fees") for waste generated within or outside County, (ii) additional charges for disposal of Acceptable Waste at any Disposal Site based on volume, weight or other characteristics of such waste and (iii) other amounts paid or payable with respect to waste disposal at or the operation of any Disposal site.

4.2 County Tipping Fee. So long as Landfill Operator and Contractor (as defined in the Franchise Agreement) are the same entity, the Tipping Fee charged for Acceptable Waste generated within County and collected and disposed by Landfill Operator at the Crestline Landfill pursuant to the Franchise Agreement ("County Tipping Fee") for any given Quarter shall not exceed the lowest standard Tipping Fee charged during the preceding Quarter for disposal at Crestline Landfill of Acceptable Waste generated outside County (excluding any Tipping Fee charged by Landfill Operator with respect to a waste stream with a commitment by

Landfill Operator of less than one (1) year duration), if any. The County Tipping Fee for the first Quarter after the Effective Date shall be ninety-six and 32/100 dollars (\$96.32) per net ton.

4.3 Host Fee. Within thirty (30) days after the last day of each Quarter (each such day, a "Quarter End"), Landfill Operator shall pay to County a Host Fee of the greater of \$1.35 per ton of waste generated outside County that is accepted and disposed at Crestline Landfill, or five percent (5%) of the gross monthly revenue derived from the disposal of Acceptable Waste generated outside County that is accepted and disposed at Crestline Landfill during such Quarter. The gross monthly revenue on which the Host Fee shall be computed shall not include the revenue generated from ancillary services associated with the procurement, shipment, and handling of out-of-County Acceptable Waste or areas of the County or services not covered by the Collection Agreement. In addition, Contractor will pay to the County General Fund, every month commencing immediately upon the signing of this Agreement, fifteen cents (\$0.15) per cubic yard for any and all waste hauled to the Crestline Landfill from within the County but not picked up under the Franchise Agreement.

Article V TERM & TERMINATION

5.1 Term; Termination. This Agreement shall become effective on October 2, 2006 (the "Effective Date") and shall terminate after the expiration of forty-nine (49) years on September 30, 2055 (the "Termination Date"). Prior to the Termination Date, this Agreement may be terminated only:

- (a) by the written consent of County and Landfill Operator;
- (b) by and at the option of Landfill Operator, if:
 - (i) Crestline Landfill has reached fully permitted capacity;
 - (ii) An event of Force Majeure or the effect thereof continues for thirty (30) consecutive days;
 - (iii) Any legal proceeding or government investigation shall be pending wherein an unfavorable judgment, order, decree, stipulation or injunction would prevent Landfill Operator from successfully engaging in the activities contemplated by this Agreement or otherwise make the performance by Landfill Operator of its obligations hereunder commercially unreasonable;
 - (iv) Any of County's representations or warranties were not materially true and accurate when made; or
 - (v) County materially breaches its obligations under Sections 3.2 (Obligations of County) and fails to cure such breach pursuant to Section 6.1.
- (c) by and at the option of County if:

(i) Landfill Operator fails to accept substantially all Acceptable Waste generated within County in accordance with the terms of this Agreement for a period of thirty (30) days following receipt of written notice by County (other than pursuant to an event of Force Majeure or the effect thereof);

(ii) Landfill Operator's gross negligence or willful misconduct results in a material breach of this Agreement and Landfill Operator fails to cure such breach pursuant to Section 6.1;

(iii) The results of a Performance Review, should one be performed as set forth in Section 8.11(b), demonstrate that Landfill Operator is in material breach of this Agreement or material noncompliance with industry standards and Landfill Operator fails to cure such breach or noncompliance pursuant to Section 6.1;

(iv) Landfill Operator materially breaches its obligations under Section 4.3 (Host Fee) and fails to cure such breach pursuant to Section 6.1.

5.2 Other Breaches. All other breaches of this Agreement that do not explicitly give rise to a right of termination pursuant to Section 6.1 may be enforced by judicial or administrative order or judgment, as the case may be, but shall not give rights to either party to terminate this Agreement.

Article VI BREACH & FORCE MAJEURE

6.1 Breach. Upon a material breach by a party of its obligations under this Agreement, such party shall (i) cure the breach within ninety (90) days of receipt of written notice from the non-breaching party or (ii) continuously demonstrate within such cure period that it is actively and continuously pursuing a course of action which can reasonably be expected to lead to a curing of the breach (in which case the ninety (90) day period shall be extended for so long as the breaching party is actively and continuously pursuing such a course); *provided*, however, that in the event of the failure of any party to this Agreement to pay the other party or parties any sum or due amount required to be paid when due hereunder, cure shall consist of payment which shall be made within fifteen (15) business days of written demand from the non-breaching party; and *provided further*, that the provisions of this Section 6.1 shall not limit the option available to County under Section 5.1(c)(i).

6.2 Force Majeure.

(a) Procedure. If Landfill Operator is rendered unable to perform any of its obligations under this Agreement, in whole or in part, by reason of an event of Force Majeure or the effect thereof, then the obligations of Landfill Operator shall be suspended for the duration of such event of Force Majeure and the effect thereof (but for no longer a period), and such failure to perform shall not be deemed a breach hereunder, and this Agreement shall not terminate and shall remain in effect for such duration (unless Landfill Operator exercises the option available to it under Section 5.1(b)(ii)). At any time that Landfill Operator intends to rely upon an event of

Force Majeure to suspend obligations as provided in this Section 6.2, Landfill Operator shall notify County as soon as reasonably practical, describing in reasonable detail the circumstances of the event of Force Majeure. Notice shall again be given when the effect of the event of Force Majeure has ceased.

(b) Definition. "Force Majeure" shall mean: (i) an act of God, epidemic, landslide, lightning, earthquake, fire, explosion, storm, flood or similar occurrence; (ii) an act of public enemy, war, insurrection, terrorism, riot, anarchy, civil disturbance or disobedience, sabotage or similar occurrence, or other interference by third parties; (iii) a strike, labor dispute, work slowdown, or similar industrial or labor action (collectively, a "Labor Action"); (iv) an order or judgment (including, without limitation, a temporary restraining order, temporary injunction, permanent injunction, cease and desist order or condemnation) or other act of any federal, state, county or local court, administrative agency or governmental office or body; (v) the denial, loss, suspension, expiration, termination or failure of renewal of any permit, license or other governmental approval; (vi) the adoption or change (including a change in interpretation or enforcement) of any federal, state, county or local law, rule, regulation or ordinance after the Effective Date; (vii) the institution of a legal or administrative action or similar proceeding by any person, entity or governmental agency or instrumentality which is reasonably likely to prevent or delay any aspect of the operation or development of Crestline Landfill; (viii) if Landfill Operator is delayed or barred by governmental or judicial action from collecting all or any part of the fees to be paid under this Agreement, as may be from time to time adjusted, and any other payments that may become due and owing; or (ix) any other act, event or condition affecting Landfill Operator or Crestline Landfill which is beyond the reasonable control of Landfill Operator or its agents and is not the result of the willful or negligent action or omission of Landfill Operator.

(c) Emergency Disposal. Notwithstanding the generality of Section 2.2, if (i) Landfill Operator fail to accept substantially all Acceptable Waste generated within County for a period of more than seven (7) days (an "Interruption in Service") by reason of an event of Force Majeure or the effect thereof for which Landfill Operator has provided the notice required by Section 6.2(a), and (ii) after receipt of such notice, the Board reasonably determines after a hearing that there is a preponderance of evidence that as a result of such Interruption in Service, Acceptable Waste has accumulated to such an extent, in such a manner, or for such a time that it endangers or menaces public health or safety in County, then County shall have the right to take the following steps to temporarily cure such interruption:

(i) To make reasonable and necessary temporary contractual provisions, without the consent of Landfill Operator, for disposal of Acceptable Waste generated within County at sites other than Crestline Landfill; or

(ii) If the event of Force Majeure causing the Interruption in Service is a Labor Dispute, to immediately assume responsibility for Acceptable Waste disposal services covered by this Agreement, and to take possession or control of and to operate Crestline Landfill for such purpose;

in each case, only to the minimum extent necessary for County to cure such Interruption in Service, and only for so long as such event of Force Majeure or the effect thereof continues to

cause such Interruption in Service. The parties shall each have the right to appeal the foregoing determination by the Board to an arbitrator.

(d) Reimbursement of Costs. During such time that County is providing Acceptable Waste disposal services pursuant to Section 5.2(c)(ii), Landfill Operator shall continue to collect Tipping Fees and other fees and charges pursuant to Section 4.1, and shall reimburse County for County's reasonable and necessary actual direct costs and expenses incurred in providing such Acceptable Waste disposal services. County shall invoice Landfill Operator periodically for such costs and expenses and Landfill Operator shall pay such invoices within five (5) days after receipt thereof.

Article VII REPRESENTATIONS & WARRANTIES

7.1 Representations and Warranties of County. County represents and warrants to Landfill Operator as follows:

(a) County is a county in the State of Nevada with full legal right, power and authority to enter into and to fully and timely perform its obligations under this Agreement.

(b) Board, on behalf of County, is duly authorized to execute and deliver this Agreement and this Agreement constitutes a legal, valid and binding obligation of County which is enforceable against County in accordance with its terms.

(c) Neither the execution or the delivery by County of this Agreement nor the performance by County of its obligations in connection with the transactions contemplated hereby or the fulfillment by it of the terms and conditions hereof conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to it or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment or decree or any agreement or instrument to which County is a party or by which it is bound, or constitutes a default thereunder.

(d) No action of County or referendum of voters which has not been obtained is required for the valid execution and delivery by County of this Agreement or the performance by County of its obligations hereunder, and no action of County or referendum of voters is pending or, to County's knowledge, threatened that would materially conflict with the operation, development and maintenance Crestline Landfill and other Disposal Sites owned and operated as contemplated by this Agreement.

(e) There is no action, suit or proceeding at law or in equity before or by any court or governmental authority pending or threatened against County or Crestline Landfill (including without limitation any condemnation or eminent domain actions) in which an unfavorable decision, ruling or finding would materially adversely affect the performance by County of its obligations hereunder or other transactions contemplated hereby or that in any way would materially adversely affect the validity and enforceability of this Agreement or the rights of Landfill Operator set forth herein.

(f) County knows of no facts which would prevent, limit or restrict the granting of permits for Crestline Landfill.

7.2 Representations and Warranties of Landfill Operator. Landfill Operator represents and warrants to County as follows:

(a) Landfill Operator is a corporation duly incorporated, validly existing and authorized to do business under the laws of the State of Nevada with full legal right, power and authority to enter into and fully and timely perform its obligations under this Agreement.

(b) Landfill Operator is duly authorized to execute and deliver this Agreement and this Agreement constitutes a legal, valid and binding obligation of Landfill Operator which is enforceable against Landfill Operator in accordance with its terms.

(c) Neither the execution or delivery by Landfill Operator of this Agreement nor the performance by Landfill Operator of its obligations in connection with the transactions contemplated hereby or the fulfillment by it of the terms and conditions hereof conflicts with, violates or results in a breach of any law or governmental regulation applicable to it or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment or decree or any agreement or instrument to which Landfill Operator is a party or by which it is bound, or constitutes a default thereunder.

(d) All corporate action has been taken which is required for the valid execution and delivery by Landfill Operator of this Agreement or the performance by Landfill Operator of its obligations hereunder.

(e) There is no action, suit or proceeding at law or in equity before or by any court or governmental authority pending or threatened against Landfill Operator in which an unfavorable decision, ruling or finding would materially and adversely affect the performance by Landfill Operator of its obligations hereunder or any other transaction contemplated hereby or that in any way would materially adversely affect the validity or enforceability of this Agreement.

7.3 Survival of Representations and Warranties. The representations and warranties of the parties contained in this Agreement shall survive the date hereof and shall expire upon termination of this Agreement. Neither County nor Landfill Operator shall have any liability whatsoever with respect to any such representations or warranties after the survival period for such representation and warranty expires.

Article VIII MISCELLANEOUS

8.1 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed under the laws of the State of Nevada, without regard to choice of law provisions.

8.2 Indemnification. Landfill Operator shall defend, indemnify and hold harmless County and its agents, servants and employees from and against any and all claims, damages or losses claimed by any third party arising out of or resulting from (i) the negligence or willful misconduct of Landfill Operator or its agents, servants or employees in performing services under this Agreement, or (ii) the failure of Landfill Operator and its agents, servants or employees to comply with the provisions of this Agreement, unless such claims, damages or losses are attributable to the negligence, misconduct or omission of County or its agents, servants or employees.

8.3 Arbitration. Any controversy, claim, counterclaim or dispute arising out of or relating to this Agreement, or the breach thereof, unless otherwise settled, shall be decided by binding arbitration pursuant to NRS 38.206 et seq., and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

8.4 Attorneys' Fees. In any legal proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and out-of-pocket costs, in addition to any other relief to which such party may be entitled.

8.5 Entire Agreement. This Agreement, including all exhibits hereto and documents delivered herewith, constitutes the full and complete understanding and agreement of the parties with respect to the subject matter hereof, constitutes (together with the Franchise Agreement) a full and complete novation of the 1998 Agreement, and supersedes any other prior agreements between the parties with respect to such subject matter. The exhibits hereto are integral parts of this Agreement.

8.6 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.7 No Implied Waiver. No failure to exercise, delay in exercising or partial exercise of any right or remedy hereunder shall operate as a waiver of any provision of this Agreement. No waiver of any provision of this Agreement shall operate as a waiver of any other provision (whether or not similar), nor shall it operate as a continuing waiver, unless so provided in writing by the waiving party.

8.8 Amendment; Waiver. Except as otherwise provided herein, this Agreement may be modified or amended, and any provision hereof waived, either generally or in a particular instance and either retroactively or prospectively, only by the written consent of the parties hereto.

8.9 Assignment. This Agreement may not be assigned by either party either voluntarily or by operation of law without the written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed, *provided, however*, that no such

consent shall be required for Landfill Operator to assign this Agreement in whole or in part to any entity controlling, controlled by, or under common control with Landfill Operator.

8.10 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement, and any consents or stipulations hereunder, shall inure to the benefit of and be binding upon the respective permitted successors and assigns of each party.

8.11 Document Disclosure and Performance Review.

(a) To comply with its obligations under this Agreement, Landfill Operator shall provide to County audited financial statements and documentation that verifies the tonnage of Acceptable Waste received at Crestline Landfill and the Tipping Fees received for Acceptable Waste generated outside the County. A certified statement of an officer of Landfill Operator shall satisfy this obligation. Landfill Operator shall have no other disclosure requirements under this Agreement.

(b) In the twenty-ninth (29th) year of this Agreement, on or before October 1, 2035, County may, at its sole discretion, engage the services of a qualified third-party independent consultant to conduct a performance review of Landfill Operator's performance under this Agreement ("Performance Review"). The costs of said Performance Review shall be born equally by County and Landfill Operator. The scope of said Performance Review shall be limited to the following areas: (i) Contract performance, including Landfill Operator's record of conforming to the requirements of this Agreement and applicable laws; (ii) Landfill Operator's record of commitment to customer satisfaction; (iii) Landfill Operator's record of generating host fees for County; (iv) Landfill Operator's current volume status and analysis of future volumes; (v) Landfill Operator's safety, health and environmental performance; and (vi) Landfill Operator's permit and operating status with Nevada Division of Environmental Protection, including any record of violations. To the extent said Performance Review demonstrates that Landfill Operator has materially complied with industry standards and the terms of this Agreement, this Agreement shall automatically continue in force until the Termination Date, as set forth in Section 5.1. Should said Performance Review demonstrate any material noncompliance with industry standards or the terms of this Agreement, Landfill Operator shall have an opportunity to cure such noncompliance as set forth in Section 6.1. If Landfill Operator fails to cure as provided in Section 6.1, the provisions of Sections 5.1 and 5.2 shall apply. Should County fail to request said Performance Review by the date set forth in this Section 8.11(b), this Agreement shall automatically continue in force until the Termination Date, as set forth in Section 5.1.

8.12 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic facsimile if sent during the normal business hours of the recipient, or if not, then on the next business day, (iii) five (5) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid or (iv) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All such notices shall be sent to the party to be notified at the address set forth below or at such other address as such party may designate by ten (10) business days advance written notice given in accordance with this Section 8.12.

If to County: **c/o District Attorney
P.O. Box 60
Pioche, NV 89043
fax: (775) 962-5582**

If to Landfill Operator: **Norcal Waste Systems Crestline Landfill, Inc.
c/o Norcal Waste Systems, Inc.
160 Pacific Avenue, Suite 200
San Francisco, CA 94111
fax: 415-875-1154**

8.13 Further Assurances. Each party shall execute and deliver such additional instruments, documents and filings and shall take such other actions as shall be necessary, or shall otherwise be reasonably requested by the other party, to confirm and assure the rights and obligations of the parties provided for in this Agreement or otherwise to carry out the intent and purposes of this Agreement.

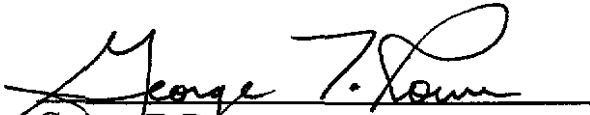
8.14 Special Programs. County and Landfill Operator shall by mutual agreement establish such commercially reasonable programs as may be required by law from time to time for the collection and disposal of bulky wastes, special waste (such as asbestos, dead animals, contaminated soils, appliances, septic tank pumpings, tires, or used oil) or yard debris generated within County, provided, however, that such programs shall not limit the exclusive franchise granted to Landfill Operator hereunder.

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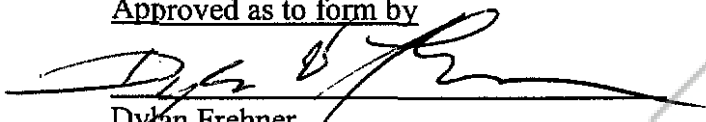
IN WITNESS WHEREOF, the parties have executed this Novation of Landfill Disposal Agreement as of the date first written above.

COUNTY

Lincoln County Board of County Commissioners


George T. Rowe
Chairman

Approved as to form by


Dylan Frehner
Assistant District Attorney

LANDFILL OPERATOR

Norcal Waste Systems Crestline Landfill, Inc.

By: 

Name: George P. McGrath

Its: Senior Vice President

EXHIBIT A

Description of Property

The West Half (W1/2) of the Southwest Quarter (SW1/4) of Section 25;

The West Half (W1/2); The Southeast Quarter (SE1/4); and The South Half (S1/2) of the Northeast Quarter (NE1/4) of Section 26;

The North Half (N1/2) of Section 35;

The Southeast Quarter (SE1/4); The West Half (W1/2) of the Northwest Quarter (NW1/4); The Southeast Quarter (SE1/4) of the Northwest Quarter (NW1/4); and the Northeast Quarter (NE1/4) of the Southwest Quarter (SW1/4) of Section 36:

All in Township 3 South, Range 70 East, M.D.B. & M., Lincoln County, Nevada.