

WASTE SUPPLY AND DISPOSAL AGREEMENT

By and Between

**LEXINGTON FAYETTE URBAN
COUNTY GOVERNMENT
LEXINGTON, KENTUCKY**

and

WASTE SERVICES OF THE BLUEGRASS, INC.

_____, 2015

TABLE OF CONTENTS

1.	DEFINITIONS.....	2
1.1	Agreement.....	2
1.2	Intentionally Omitted.....	2
1.3	Commencement Date.....	2
1.4	Contract Documents.....	2
1.5	Council.....	2
1.6	Disposal Site.....	2
1.7	Environmental Laws.....	2 - 3
1.8	Excluded Waste.....	3
1.9	Force Majeure.....	3
1.10	Hazardous Materials.....	3 - 4
1.11	LFUCG Waste.....	4
1.12	Non-LFUCG Waste.....	4
1.13	Premises.....	4
1.14	Recyclable Materials.....	4
1.15	Solid Waste.....	4
1.16	Special Waste.....	4 - 5
1.17	Sludge.....	5
1.18	Ton.....	5
1.19	Transfer Station.....	5
1.20	Waste.....	5
2.	REPRESENTATIONS AND WARRANTIES OF LFUCG.....	5
2.1	Existence and Good Standing.....	5
2.2	Approval and Authorization.....	5
2.3	No Litigation.....	5 - 6
2.4	Covenant for Delivery of Waste.....	6
2.5	Warranty of Clean Environmental Condition.....	7
2.6	Statements.....	7
3.	REPRESENTATIONS AND WARRANTIES OF WSB.....	7
3.1	Existence and Good Standing.....	7
3.2	Approval and Authorization.....	8
3.3	No Litigation.....	8
3.4	Compliance with Laws.....	8
3.5	Statements.....	8
4.	TERM.....	8
5.	RENEWALS.....	8 - 9

6.	OPERATION OF TRANSFER STATION.....	9
6.1	Standard of Operation.....	9
6.2	Specific Operational Obligations.....	9 - 10
6.3	Unloading Rights of LFUCG.....	10
6.4	Obligation to Accept Waste.....	11
6.5	Acceptance of Waste.....	11
6.6	Ownership of Waste.....	11
6.7	Access.....	11 - 12
7.	FEES.....	12
7.1	Fees and Payments.....	12
7.2	Payment.....	12
7.3	Host Fee.....	12
7.4	Intentionally Omitted.....	12
7.5	Methane Gas.....	13
8.	TERMINATION.....	13
9.	EVENT OF DEFAULT.....	13
10.	OBLIGATION TO CURE DEFAULT.....	13
11.	INSURANCE.....	13 - 14
12.	INDEMNIFICATION.....	14
12.1	Risk Management Provisions.....	14
13.	NOTICES.....	14 - 15
14.	ASSIGNMENT AND SUBCONTRACTING.....	15 - 16
15.	FORCE MAJEURE.....	16
16.	CONTRACT DOCUMENTS.....	16 - 17
17.	SLUDGE AND SPECIAL WASTE HANDLING.....	17
18.	SEVERABILITY.....	18
19.	GOVERNING LAW.....	18

20.	BINDING EFFECT.....	18
21.	CONSTRUCTION.....	18
22.	ENTIRE AGREEMENT.....	18

SCHEDULES

	SCHEDULE A – PRICES.....	20
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WASTE SUPPLY AND DISPOSAL AGREEMENT

THIS AGREEMENT is entered into this ___ day of _____, 2015, by and between the LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT ("LFUCG"), an urban county government organized and existing pursuant to the laws of the Commonwealth of Kentucky, and Waste Services of the Bluegrass, Inc., ("WSB") a corporation organized and existing under the laws of the Commonwealth of Kentucky.

RECITALS

It is hereby ascertained, determined and declared by the parties that:

A. One of LFUCG's governmental functions is the responsibility to provide its citizens with solid waste disposal services.

B. One method of providing solid waste disposal services is the use of a transfer station for the acceptance of all solid waste generated by Fayette County residents.

C. Accordingly, LFUCG advertised for proposals for the transportation, operation of the transfer station and disposal of the solid waste collected by LFUCG, and WSB was the successful bidder.

D. WSB has agreed to lease and operate a transfer station owned by the LFUCG and located at 1505 Old Frankfort Pike for the acceptance of LFUCG'S waste, and to transport LFUCG's waste to a contained landfill at the prices contained in Schedule A, attached hereto and incorporated herein by reference as if fully set out herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements

contained herein, including the foregoing recitals, LFUCG and WSB, each intending to be legally bound, agree as follows:

1. DEFINITIONS. In addition to the definitions set forth in the Contract Documents, the following definitions shall apply in this Agreement:

1.1 Agreement: This Waste Supply and Disposal Agreement between LFUCG and WSB.

1.2 Intentionally omitted

1.3 Commencement Date: July 5, 2015.

1.4 Contract Documents: All bid documents and exhibits related to operation of the Transfer Station, including the Request for Proposal #50-2014 ("RFP") (Exhibit A), WSB's Response to LFUCG's RFP #50-2014 (Exhibit B), this Waste Supply and Disposal Agreement, Performance Bond (Exhibit C), Certificate of Insurance (Exhibit D), Addenda (Exhibit E), Lease Agreement (Exhibit F) and any other document(s) related to the bid.

1.5 Council: The Lexington Fayette Urban County Council of Fayette County, Kentucky.

1.6 Disposal Site: The properly permitted contained landfill or other properly permitted disposal site or properly permitted facility used by WSB for the final treatment, utilization, processing, or deposition of any acceptable waste received under this Agreement.

1.7 Environmental Laws: Any federal, state, county, or local statute, law, regulation rule, ordinance, code, directive, policy, license or permit, imposing liability or standards of conduct or responsibility concerning or otherwise relating to environmental or health and safety

matters, as amended from time to time and all as now or at any time hereafter may be in effect.

1.8 Excluded Waste: Highly flammable substances, Hazardous Materials, liquid wastes, certain pathological waste, explosives, radioactive materials, waste of any kind that is generated by any hazardous waste incinerator or facility, or any other waste excluded by any applicable Environmental Laws or excluded by any of the terms and conditions of any permits, licenses or approvals obtained with respect to WSB's operation of the Transfer Station and the Disposal Site. This term shall also include such other waste material which the parties mutually agree poses an unreasonable risk or danger to the operation or safety of the Transfer Station, transportation of waste, Disposal Site or the environment.

1.9 Force Majeure: Any act, event or condition reasonably relied upon by WSB or LFUCG as justification for delay in or excuse from performing or complying with any obligation, duty or agreement required of WSB or LFUCG under this Agreement, which act, event or condition is beyond the reasonable control of WSB or LFUCG or its agents relying thereon, including, without limitation: (i) an act of God, epidemic, landslide, lightning, earthquake, fire, explosion, storm, flood or similar occurrence; (ii) an act of public enemy, war, blockade, insurrection, riot, general arrest or restraint of government and people, civil disturbance or disobedience, sabotage or similar occurrence; (iii) a strike, work slowdown, or similar industrial or labor action other than by employees of LFUCG, WSB or its affiliates or subcontractors; and (iv) the order or judgment of a court of competent jurisdiction which stays, invalidates, or otherwise prevents the performance of this Agreement by either party.

1.10 Hazardous Materials: Radioactive material, any waste, substance, material,

pollutant, or containment that is considered to be hazardous, toxic, flammable, explosive, or dangerous under Environmental Laws, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et. seq.), the Toxic Substances Control Act (15 U.S.C. §2601 et. seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1501 et. seq.) , Kentucky Revised Statute 224.01-400, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous toxic, flammable or dangerous waste, substance or material.

1.11 LFUCG Waste: All Waste collected or generated by LFUCG or any department, division or unit thereof, or by any contractor employed by LFUCG.

1.12 Non-LFUCG Waste: All Waste not collected or generated by LFUCG or any department, division or unit thereof.

1.13 Premises: Premises as defined in the Lease Agreement between WSB and LFUCG signed on even date herewith.

1.14 Recyclable Materials: Materials removed from LFUCG Waste and intended to be reused or transformed into new products. Additionally, the parties agree that LFUCG may in the future designate Sludge as a Recyclable Material.

1.15 Solid Waste: All garbage, refuse, sludge, and other discarded material, including solid, semi-solid or contained gaseous material, resulting from industrial, commercial, mining (excluding coal mining waste, coal mining products, refuse and overburden) and

agricultural operations, and from community activities, but not including Special Waste, Recyclable Materials, Excluded Waste, solid or dissolved material in domestic sewage, or solid or dissolved material in irrigation return flow or industrial discharges which are point sources subject to permits under Section 402 of the Federal Pollution Control Act, as amended (86 Stat. 880), or sources, special nuclear, or by-product material as defined by the Atomic Energy Act of 1994, as amended (69 Stat. 923) (KRS 224.01-010 (31)(a)).

1.16 Special Waste: Those wastes of high volume and low hazard or which require special or exceptional handling or approval from the Cabinet for disposal, including, but not limited to, mining waste, utility wastes (fly ash, bottom ash, scrubber sludge), sludge from water treatment facilities and wastewater treatment facilities, cement kiln dust, gas and oil drilling muds and oil production brines (KRS 224.50-760).

1.17 Sludge: Any solid, semi-solid or liquid waste generated from a municipal, commercial or industrial wastewater treatment plant, water supply treatment plant or air pollution control facility exclusive of the treated effluent from a wastewater treatment plant or any other such waste having similar characteristics and effects.

1.18 Ton: 2,000 pounds.

1.19 Transfer Station: The Transfer Station located at 1505 Old Frankfort Pike.

1.20 Waste: Solid Waste and Special Waste.

2. REPRESENTATIONS AND WARRANTIES OF LFUCG. LFUCG represents warrants and agrees as follows:

2.1 Existence and Good Standing. LFUCG validly exists as a political subdivision in good standing under the laws of the Commonwealth of Kentucky.

2.2 Approval and Authorization. LFUCG has full power and authority to enter into this Agreement and to fully perform all of its duties and obligations hereunder pursuant to various enabling sections of the Kentucky Revised statutes. The Council has duly authorized the execution and delivery of this Agreement and LFUCG's performance of all of its duties and obligations contained herein, and this Agreement constitutes a valid and legally binding obligation of LFUCG, enforceable in accordance with its terms.

2.3 No Litigation. There is no action, suit, or proceeding pending or, to the best of LFUCG'S knowledge and belief, threatened against or affecting LFUCG, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, council,

bureau, agency or instrumentality wherein any decision, ruling or finding would adversely affect the transactions contemplated herein.

2.4 Covenant for Delivery of Waste. LFUCG covenants and agrees that beginning on the Commencement Date and continuing until this Agreement is terminated or expires, (i) the Transfer Station shall be the exclusive facility used by LFUCG for the disposal of Waste; (ii) except as provided in Section 17 of this Agreement, it will deliver or cause to be delivered to the Transfer Station all LFUCG Waste; (iii) the quantity of LFUCG Waste delivered to the Transfer Station shall not be less than 100,000 Tons annually; and (iv) unless LFUCG designates Sludge as a Recyclable Material, all Sludge shall be provided to WSB for disposal in accordance with Section 17 of this Agreement. To the extent necessary to fulfill these covenants, LFUCG agrees that it will take all available action, administrative, legislative or judicial, including the adoption of all necessary waste plans, ordinances, or resolutions, to cause all LFUCG Waste, except as otherwise provided in Section 17, to be delivered to the Transfer Station. LFUCG agrees not to contract during the term of this Agreement with any other Person for the transfer or disposal of LFUCG Waste or operate any facility within Fayette County offering the same or similar services as the Transfer Station or the Disposal Site; provided, however, that LFUCG specifically reserves the right to dispose of construction and demolition waste collected or generated by LFUCG or LFUCG contractors, Recyclable Materials, and grass, brush, leaves and similar wastes which are collected by LFUCG, in any manner it determines to be appropriate, whether pursuant to this Agreement or otherwise. The LFUCG reserves the right to construct or build a new transfer station in Fayette County. A new transfer station would be operated under the

same terms of this contract by WSB.

2.5 Warranty of Clean Environmental Condition. LFUCG warrants and represents that the Transfer Station is in compliance with all Environmental Laws. There are no pending, or to the knowledge of LFUCG, threatened claims, notices of violation, demands, assessments or litigation with respect to any non-compliance with any Environmental Laws at the Transfer Station. Except as may be disclosed to WSB by LFUCG in writing prior to the Commencement Date, LFUCG warrants and represents that the Premises are in compliance with all Environmental Laws.

2.6 Statements. To the best knowledge and belief of LFUCG and its officials and employees, no statement, information, representation or warranty of LFUCG contained in this Agreement or furnished by or on behalf of LFUCG in connection with the transactions contemplated in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make a statement contained herein not misleading.

3. REPRESENTATIONS AND WARRANTIES OF WSB. WSB represents and warrants as follows:

3.1 Existence and Good Standing. WSB has been duly organized under the laws of Kentucky and validly exists in good standing under the laws of the Commonwealth of Kentucky.

3.2 Approval and Authorization. WSB has all requisite corporate power and authority to enter into and fully perform this Agreement. WSB's execution and delivery of this Agreement and WSB's performance of all of its duties and obligations contained herein have been

duly authorized by all necessary corporate action on the part of WSB and this Agreement of WSB, subject to any approval required by any applicable statute, is enforceable against WSB in accordance with its terms.

3.3 No Litigation. There is no action, suit or proceeding pending or, to the best knowledge and belief of WSB, threatened against or affecting WSB at law or in equity or before or by any federal, state, municipal, or other governmental department wherein any decision would materially or adversely affect the transactions contemplated herein.

3.4 Compliance with Laws. WSB covenants and agrees that, in the operation of the Transfer Station, WSB will comply, in all material respects, with any and all federal, state, and local laws applicable to WSB concerning the operation of the Transfer Station and transportation of waste, subject to WSB's right to contest in good faith the interpretation, application and enforcement of any such laws.

Further, WSB covenants and agrees that any Disposal Site utilized by WSB shall be a permitted solid waste management facility operating in compliance in all material respects with any and all applicable laws.

3.5 Statements. To the best knowledge and belief of WSB and its officials and employees no statement, information, representation or warranty of WSB contained in this Agreement or furnished by or on behalf of WSB in connection with the transactions contemplated in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make a statement contained herein not misleading.

4. TERM. Unless terminated earlier pursuant to Section 8 herein, the term of this

Agreement shall commence on July 5, 2015, and shall continue in full force and effect until July 4, 2020.

5. RENEWALS. Unless either party provides written notice to the other party prior to July 1, 2019 of its intention not to renew this Agreement, this Agreement shall be deemed to have been extended and renewed without any further documentation for an additional five (5) year term, commencing on July 5, 2020, and terminating on July 4, 2025, under the same terms and conditions as provided herein and in the bid documents.

6. OPERATION OF TRANSFER STATION.

6.1 Standard of Operation. WSB shall operate the Transfer Station according to generally accepted standards for the operation of transfer stations, under the supervision of qualified and trained transfer station personnel and in accordance with the Contract Documents, which are incorporated herein by reference as if fully set out herein, and all applicable laws, ordinances, regulations and orders.

6.2 Specific Operational Obligations. In connection with WSB's operation of the Transfer Station, the parties agree to the following specific obligations: (i) WSB shall not allow trucks delivering Waste to the Transfer Station to backup on any highway from which access to the Transfer Station is made; (ii) WSB shall be responsible for all snow and ice removal on the access road from the highway to the Transfer Station; (iii) WSB and LFUCG shall divide equally the cost of constructing and maintaining any access road from the highway to the Transfer Station subject to the terms of the Lease Agreement; (iv) WSB shall require all trucks transporting Waste to and from the Transfer Station to be tarped or covered and may refuse to accept any uncovered

trucks; (v) WSB shall collect any litter as needed on the access road, on the highway from which access to the Transfer Station is made for a distance of one-half mile from the intersection of the

highway and access road in both directions, on Jimmie Campbell Drive, and around and on 1401 and 1405 Old Frankfort Pike. WSB shall collect any litter along the transportation route which was caused by trucks transporting Waste from the Transfer Station to the Disposal Site; (vi) WSB shall keep the Transfer Station and all permanent fixtures contained therein free of all liens and encumbrances; (vii) WSB shall keep and maintain the Transfer Station at all times during the term hereof in good order and repair (reasonable wear and tear excepted) and shall be responsible for all maintenance of the Transfer Station, both interior and exterior subject to the terms of the Lease Agreement; and (viii) WSB shall procure for the duration of this Agreement insurance against loss or damage by fire or other casualty, with full extended coverage, in an amount equal to the reasonable replacement value of the Transfer Station as provided in paragraph 11.

6.3 Unloading Rights of LFUCG. WSB acknowledges and agrees that efficient and expedient unloading procedures at the Transfer Station are important to LFUCG and that it is imperative that LFUCG trucks are unloaded in a reasonable amount of time so that they may return to their collection routes. WSB agrees to take all reasonable and necessary steps to facilitate efficient and expeditious loading procedures at the Transfer Station. LFUCG agrees to

use its best efforts to lay out its collection routes in a manner that spaces the arrival of LFUCG trucks and avoids, to the extent reasonably possible, the delivery of large quantities of LFUCG Waste at the same time. Ultimately, it is the responsibility of WSB that LFUCG trucks are unloaded in a timely manner and, in the event any LFUCG truck is required for any non-Force Majeure reason, to wait more than one (1) hour to unload at the Transfer Station, WSB shall, as a penalty, pay LFUCG the sum of one hundred dollars (\$100.00) for each hour or portion thereof exceeding one (1) hour, per truck. If for any non-Force Majeure reason, WSB is unable to accept a LFUCG truck at the Transfer Station, and the LFUCG truck unloads directly at the Disposal Site, WSB shall, as a penalty, pay LFUCG the sum of two hundred dollars (\$200.00) per truck, per trip to the Disposal Site.

6.4 Obligation to Accept Waste. In its operation of the Transfer Station, WSB hereby agrees to accept and dispose of all LFUCG Waste and all Non-LFUCG Waste generated in Fayette County and delivered to the Transfer Station.

6.5 Acceptance of Waste. Under no circumstances shall WSB knowingly accept at the Transfer Station any Waste generated outside the counties of Fayette, Scott, Bourbon, Clark, Madison, Jessamine, Woodford, Franklin, Owen, Grant, Harrison, Montgomery, Garrard, Mercer, Lincoln, Boyle and Anderson. LFUCG shall not knowingly deliver or seek to dispose of any Excluded Waste or any other waste that would not be acceptable for disposal at the Transfer Station or the Disposal Site. If any Excluded Waste is delivered to the Transfer Station by LFUCG, LFUCG shall insure, at its own expense, that such materials are disposed of in full compliance with all applicable environmental laws and regulations. WSB may detain and inspect the contents of all vehicles owned or operated by or on behalf of LFUCG that are delivering waste to the transfer station. LFUCG agrees to undertake reasonable efforts to confirm that waste being delivered to the Transfer Station contains no Excluded Waste.

6.6 Ownership of Waste. Ownership of Waste shall pass to and be accepted by WSB upon unloading of Waste at the Transfer Station, loading of Sludge into truck trailers, and/or removal of roll-offs with contaminated soil or asbestos. Ownership of Excluded Waste delivered to the Transfer Station by or on behalf of LFUCG shall not pass to WSB at any time unless WSB agrees in advance in writing to accept such Excluded Waste.

6.7 Access. LFUCG shall have the right to inspect any or all of WSB's and any

subcontractor's operations, facilities or records (excluding confidential financial records) related to this Agreement. LFUCG shall have access to operations and the facilities at any and all times during normal business hours or when there is activity of any kind at those operations or facilities. Any such entry by LFUCG, its agents and representatives, shall not unreasonably interfere with WSB's operations.

7. FEES.

7.1 Fees and Payments. LFUCG shall pay WSB fees in accordance with the schedule of fees attached hereto as Schedule A. The environmental remediation fee of \$1.75 per ton or as that amount may be amended in the future shall be paid separately by LFUCG. Excluded from this provision shall be any Host Fees imposed by Scott County Fiscal Court.

7.2 Payment. No later than the tenth (10th) day of each month, WSB shall invoice LFUCG, via electronic mail or otherwise, for LFUCG Waste accepted by WSB during the previous calendar month. LFUCG shall pay such invoice no later than the last day of the month in which the invoice was received.

7.3 Host Fee. WSB shall no later than the fifteenth (15th) day of each month pay LFUCG a host fee for each Ton of Non-LFUCG Waste accepted at the Transfer Station during the previous calendar month. The amount of the host fee shall be \$2.00 per ton. In consideration of WSB's commitment to pay LFUCG a host fee for all Non LFUCG Waste, LFUCG consents to the use of the Transfer Station for such Non-LFUCG waste, and the establishment by WSB of all fees for Non-LFUCG Waste. There shall be a minimum host fee of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) paid annually at the end of each one (1) year term for the life of

the contract. For clarification purposes, WSB shall be entitled to credit against the One Hundred Twenty-Five Thousand Dollar (\$125,000.00) minimum for LFUCG Host Fees paid by WSB during each one (1) year term.

7.4 Intentionally Omitted

7.5 Methane Gas. On an annual basis, WSB shall pay to LFUCG twenty percent (20%) of the net profit from sales of gas from the methane collection and conversion system to be constructed at its Scott County, Kentucky, landfill. "Net Profit" for purposes of this Section 7.5 shall mean gross income less business related expenses.

8. TERMINATION. Either party may terminate this Agreement upon an Event of Default under this Agreement and failure to cure pursuant to Section 10 below by the other party.

9. EVENT OF DEFAULT. For purposes of this Agreement, an Event of Default with respect to either party shall exist if any of the following events occur: (i) such party breaches or otherwise fails to observe any of the material terms or provisions of this Agreement; (ii) such party shall breach any material covenants, representations, or warranties in this Agreement.

10. OBLIGATION TO CURE DEFAULT. Prior to a party exercising its termination rights pursuant to Section 8, the non-defaulting party shall notify the defaulting party of the default. Each party shall in the case of any default of its obligations under this Agreement either (i) cure the default within thirty (30) days of receipt of written notice from the non-defaulting party, or (ii) continuously demonstrate within such cure period that it is actively and continuously pursuing a course of action that can reasonably be expected to lead to a curing of the default (the thirty (30) day period will be extended for so long as the defaulting party is actively and continuously pursuing such a course); provided, however, that in the event of the failure of any party to pay the other party any sum required to be paid when due hereunder, cure shall consist of payment which shall be made within fifteen (15) days of written demand from the non-defaulting

party, together with interest accruing at the legal rate from the date payment was due.

11. INSURANCE. WSB, at its expense, shall maintain during the term Pollution Liability Insurance with minimum limits of \$5,000,000. Commercial General Liability Insurance with minimum limits of \$2,000,000, including Property Insurance (replacement value), sufficient to repair or replace any damage or destruction resulting from any occurrence covered by such insurance. Automobile Liability Insurance with combined single limits of \$1,000,000 and Workers' Compensation Insurance with minimum limits no less than those prescribed by Kentucky law. All policies shall name "The Lexington Fayette Urban County Government, its elected and appointed officials, employees, agents, boards, consultants, assigns, volunteers and successor in interest, as additional insureds on any and all appropriate policies issued. All policies of insurance shall be issued by companies qualified and licensed to do business in the Commonwealth of Kentucky with a rating classification of no less than Excellent (A) and a financial size category of no less than VIII, as defined by the most current Best's Key Rating Guide. Certificates of Insurance shall provide that coverage shall not be suspended, voided, canceled by either party, reduced in coverage, or in limits, except after thirty (30) days prior written notice by certified mail, return receipt requested, to Lexington Fayette Urban County Government, Division of Risk Management, 200 East Main Street, Lexington, Kentucky 40507.

12. INDEMNIFICATION.

12.1 The Risk Management Provisions of RFP No. 50-2014 are incorporated herein by reference as if fully stated. Copies of the required Certificates of Insurance shall be provided to OWNER as required therein.

13. NOTICES. Written notice, demand, or other communication required to be given under this Agreement by either party to the other shall be sufficiently delivered if it is dispatched by registered mail, postage prepaid, return receipt requested, or delivered personally to:

To LFUCG: Commissioner of Public Works
Lexington Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

Commissioner of Law
Lexington Fayette Urban County
Government
Department of Law
200 East Main Street
Lexington, KY 40507

To: WSB: Waste Services of the Bluegrass, Inc.
259 West Short Street, Suite 325
Lexington, KY 40507
Attention: W. Todd Skaggs, President

Hon. John A. Webb

McKenzie, Woolery & Webb, P.S.C.

P.O. Box 1554

1932 Carter Avenue

Ashland, KY 41105-1554

14. ASSIGNMENT AND SUBCONTRACTING. No party to this Agreement shall assign its rights or obligations hereunder in whole or in part without first giving sixty (60) days' notice to, and obtaining the express written consent of, the other party, which consent shall not be unreasonably withheld. Without limiting the foregoing, (i) a transfer of in excess of fifty percent (50%) of the then issued and outstanding voting securities of WSB; or (ii) a Change of Control shall be deemed an assignment for purpose of this paragraph; provided, however, such a transfer to a corporate affiliate of WSB, is hereby excluded and shall not be deemed an assignment. Furthermore, WSB shall not subcontract this Agreement in whole or in part without the written consent of LFUCG, which shall not be unreasonably withheld; provided, however, that WSB may subcontract any of its rights and obligations under this Agreement only as provided in its Response to LFUCG's Invitation to Bid. Any subcontractor not identified in said Response shall be subject to prior written approval by LFUCG which approval shall not be unreasonably withheld. Notwithstanding the foregoing, if an emergency occurs which causes contracting with a new subcontractor to be necessary, WSB may immediately secure the services of a new subcontractor

to handle or transport Waste prior to requesting LFUCG approval. However, WSB may subcontract under an emergency only until such time as LFUCG has responded to WSB's request for written approval, which request shall be made by WSB as soon as possible after the emergency occurs. WSB shall, notwithstanding any subcontract hereunder, remain primarily liable to LFUCG for performance of this Agreement. "Change of Control" as used in this Section shall mean a transfer of a sufficient ownership interest in WSB the result of which allows a transferee to control management of WSB or otherwise direct the affairs of WSB.

15. FORCE MAJEURE. In the event WSB or LFUCG is rendered unable, wholly or in part, by an event of Force Majeure to carry out any of its obligations under this Agreement, then, in addition to the other remedies provided in this Agreement, the obligations of WSB or LFUCG may be suspended during the continuation of any inability so caused by the event of Force Majeure, but for no longer period. Immediately upon such event and continuing throughout the duration of such event, the parties shall each use their best efforts to remedy such event of Force Majeure as expeditiously as possible. Any time that WSB or LFUCG intends to

rely upon an event of Force Majeure to suspend obligations as provided in this Section, WSB or LFUCG shall notify the other party to this Agreement as soon as reasonably practicable, 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.

If an event of Force Majeure materially and adversely increases either party's costs to perform under this Agreement, the parties agree to meet and negotiate in good faith regarding any adjustment in fees.

16. CONTRACT DOCUMENTS. The Contract Documents are hereby incorporated into this Agreement by reference. In the event that a conflict exists between the provisions of this Agreement and those of the Contract Documents, the provisions of this Agreement shall control, followed by the Request for Proposal #50-2014 (Exhibit A) then WSB's Response to LFUCG's RFP #50-2014 (Exhibit B).

17. SLUDGE AND SPECIAL WASTE HANDLING. With regard to the disposal of sludge generated by LFUCG, WSB shall provide truck trailers at the LFUCG Waste Water Treatment Plants, which truck trailers shall be loaded by LFUCG. WSB shall transport the truck trailers directly to the Disposal Site and LFUCG shall not be required to deliver sludge from the Waste Water Treatment Plants to the Transfer Station. With regard to the disposal of Special Waste, the parties agree that, because of the consistency of some Special Waste, WSB may determine to by-pass the Transfer Station and transport certain Special Wastes directly to the WSB determined Disposal Site.

18. SEVERABILITY. In the event any one or more of the provisions contained in this

Agreement shall, for any reason, be held to be invalid, illegal, unconstitutional, or unenforceable, all remaining provisions of this Agreement shall not be affected and shall remain in full force and effect as if such provision had never been contained herein; provided, however, that it is the intention of the parties hereto that in lieu of each term, clause, or provision that is held to be invalid, illegal or unenforceable, there shall be added by mutual agreement as a part of this Agreement a term, clause or provision as similar in terms to such invalid, illegal or unenforceable term, clause or provision as may be possible and valid, legal or enforceable.

Notwithstanding the above, if the term of this Agreement is held to be invalid, illegal, or unenforceable in any respect, then the term of this Agreement shall automatically be the maximum valid and legal term allowed by applicable common or statutory law.

19. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

20. BINDING EFFECT. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

21. CONSTRUCTION. Words importing the singular number shall include the plural in each case and vice versa, and words importing persons shall include firms, corporations or other entities.

The terms "herein", "hereunder", "hereto", "hereof" and any similar terms, shall refer to this Agreement; the term "heretofore" shall mean before the date of adoption of this Agreement; and the term "hereafter" shall mean after the date of this Agreement. This Agreement is the result of joint negotiations and authorship and no part of this Agreement shall be construed as the product of any of the parties hereto.

22. ENTIRE AGREEMENT. This Agreement, including the Contract Documents, constitutes the entire understanding between LFUCG and WSB, and cancels and supersedes all prior negotiations, representations, understandings and agreements, either written or oral, between such parties with respect to the subject matter hereof. No changes, amendments, alterations, or modifications to this Agreement will be effective unless in writing and signed by the parties hereto.

IN WITNESS WHEREOF, LFUCG AND WSB have caused their respective duly authorized officers to execute this Agreement as of the day and year first above written.

ATTEST:

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT**

By: _____

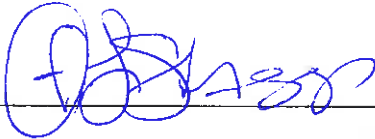
COUNCIL CLERK

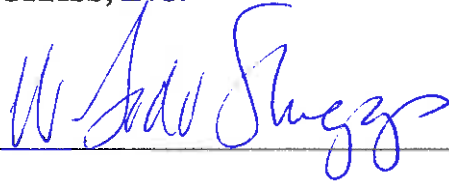
By: _____

Its: _____

ATTEST:

**WASTE SERVICES OF THE
BLUEGRASS, INC.**

By:  _____

By:  _____

W. TODD SKAGGS, PRESIDENT

STATE OF _____)

: SS

COUNTY OF _____)

The foregoing Lease Agreement was produced and acknowledged before me this the ____ day of _____, 2015, by _____, _____ of LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, who acknowledged that he had full authority to act on behalf of the said LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT.

My Commission expires _____.

NOTARY PUBLIC, STATE AT LARGE

STATE OF Kentucky)

: SS

COUNTY OF Fayette)

The foregoing Lease Agreement was produced and acknowledged before me this the 24th day of February, 2015, by W. TODD SKAGGS as PRESIDENT of WASTE SERVICES OF THE BLUEGRASS, INC., a Kentucky corporation, on behalf of the said corporation.

My Commission expires 2/13/2016.

Rebecca J. Thomas

NOTARY PUBLIC, STATE AT LARGE

SCHEDULE A

Transportation and Disposal Fees

Schedule

Item	Units	Unit Price Transport	Unit Price Disposal	Unit Price Total
Municipal solid waste	tons	\$9.00	\$8.75	\$17.75
Tires (individually)	tons	\$0.00	\$1.75	\$1.75
Tires (by the ton)	tons	\$0.00	\$175.00	\$175.00
Contaminated Soils	tons	\$8.00	\$12.75	\$20.75
Municipal sewage sludge	tons	\$9.00	\$9.75	\$18.75

Asbestos	tons	\$0.00	\$55.00	\$55.00
Special Wastes	tons	\$8.00	\$12.75	\$20.75
Auto gas tanks	each	\$0.00	\$40.00	\$40.00
1 & 2 lb LP tanks	each	\$0.00	\$6.50	\$6.50
CDD material	tons	\$9.00	\$9.75	\$18.75
20 lb propane tanks	each	\$0.00	\$12.00	\$12.00
Host Fee to be <i>paid to LFUCG</i> for non-LFUCG waste processed through Transfer Station				\$2.00