

Item #5:
Village Trustee Schmitt
SWALCO Board Meeting – August 25, 2011

**SOLID WASTE AGENCY OF LAKE COUNTY, IL
BOARD OF DIRECTORS
THURSDAY, AUGUST 25, 2011 7:00 P.M.
WASTE MANAGEMENT RECYCLE AMERICA – RECYCLING FACILITY
30869 N. ROUTE 83 GRAYSLAKE, IL 60030**

AGENDA

1. **CALL TO ORDER**.....Chairman
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**.....Secretary
4. **APPROVAL OF MINUTES**.....Committee
Minutes of June 23, 2011
5. **PUBLIC COMMENT**
6. **NEW AGENDA ITEMS**
7. **BOARD ITEMS**Executive Director

Consent Item

1. Expenditure Report: June/July 2011

Action Items

1. WMRA Agreement Renewal (Not In Packet)
2. Deerfield Household Chemical Waste Event Invoice
3. Baker Tilly Contract Extension

Information Items

1. Task Force Recommendations
2. July – August HCW Results
3. Second Quarter Per Ton Payment
4. Member Services & Community Outreach
5. Second Quarter Electronics Summary
6. Project and Program Updates
7. Health Department Report – Mike Kuhn

8. **EXECUTIVE SESSION - IF NEEDED**
9. **ADJOURNMENT**

MINUTES

SOLID WASTE AGENCY OF LAKE COUNTY, IL
BOARD OF DIRECTORS
THURSDAY, June 23, 2011 7:00 P.M.
100 HAINESVILLE ROAD, HAINESVILLE, IL

MEMBERS ATTENDING: *See Attachment 1, Sign In and Attachment 2, Voting Record.*

PLEDGE OF ALLEGIANCE

CALL TO ORDER

Chairman Mount called the meeting to order at 7:04 p.m. with 24 members present.

APPROVAL OF MINUTES

Motion by Wadsworth, seconded by Lake Zurich to approve the minutes of March 24, 2011. *Motion was approved.*

PUBLIC COMMENT: *None*

NEW BOARD ITEMS: *None*

BOARD ITEMS

Consent Item

1. Expenditure Report - \$229,488.54 (March/April/May 2011)
Motion by Wadsworth, seconded by Lake Zurich to approve the expenditure report.
Motion was approved on a roll call vote of 24 to 0.

Action Item

1. ***Executive Committee Appointment***
On August 26, 2010 the SWALCO Board approved the appointments to the Agency's Executive Committee in accordance with the recent changes to SWALCO's Intergovernmental Agreement and By-Laws. At the March 2011 SWALCO Board meeting it was announced that the four members whose one year terms were expiring were all interested in being re-appointed to a new 2-year term. It was also announced that additional nominations would be accepted until June 1st. No additional nominations were received by SWALCO. As a result, the following individuals have been slated for re-appointment:

- Joe Napolitano – North Chicago
- Steve Mandel – Highland Park
- Mike Ellis – Grayslake

- John Wagener – Green Oaks

Their terms will run to April 2013 or until successors are named.

The terms of the other four members (Kent Street – Deerfield, Glenn Ryback – Wadsworth, Michael Talbett – Kildeer and Mike Flynn – Mundelein) of the Executive Committee will expire in April 2012. Per the Intergovernmental Agreement, the ninth member of the Executive Committee is a permanent seat held by Lake County, currently Aaron Lawlor.

The floor was opened and closed for nominations.

Motion by Riverwoods seconded by Round Lake. Motion was unanimously approved.

2. ***Professional Liability – Not In Packet***

Steve Nelson commented that the quote had not yet been received and that it would be presented to the Executive Committee in July.

3. ***Fiscal Year 2010 Audit***

By-Laws and Illinois law requires that joint action agencies undertake an annual audit. This year the firm of Baker, Tilly, Virchow, Krause, LLP. undertook the audit. This is the same firm, which audits Lake County.

The audit includes a Statement of Net Assets and a Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flows and a letter to the Board of Directors concerning comments and recommendations.

This year's audit is in conformance with the Government Accounting standard Board (GASB) 34 model. It includes fixed assets and depreciation schedules.

Motion by Deerfield seconded by Hainesville. Motion was unanimously approved.

Information Items

1. ***Fiscal Year 2011 Budget Update and Long-Term Funding Options***

As part of the budget review process, the SWALCO Executive Director prepares a board item to evaluate the state of the budget at its half-way point in the fiscal year. As of June 1st we are half-way through the fiscal year and this item provides information on the status of our projected expenditures and revenues.

Fiscal Year 2011 Budget Update: The 2011 fiscal year budget included estimated revenues of \$882,985 and expenditures of \$976,400, with an expected budget deficit of \$93,415. This was in spite of an expenditure decrease of approximately 4% from FY 2010 (after a reduction of over 10% the previous year). The primary factor leading to the expected budget deficit has been a continual decrease in local surcharge revenue from the two landfills, as indicated below (the total collected under the surcharge ordinances of Lake County and SWALCO):

Local surcharge revenue in FY 2006 - \$1,258,225

Local surcharge revenue in FY 2007 - \$1,225,691

Local surcharge revenue in FY 2008 - \$1,087,943

Local surcharge revenue in FY 2009 - \$1,012,921
 Local surcharge revenue in FY 2010 - \$725,956

Both landfills are receiving less waste due to the economic slowdown, the opening of the Crystal Lake Transfer Station (primarily impacting the Countryside LF), and the temporary re-routing of waste away from the Zion Landfill due to a lack of currently permitted capacity (Veolia is waiting on permit approval for a vertical expansion of the landfill which is still expected this summer). Based on payments made to SWALCO for the first 4 months of this fiscal year, surcharge revenue from the two landfills is estimated to be (these estimates are for SWALCO's portion of the surcharge revenue which is 75% of the amount allowed per State law):

- Countryside Landfill - \$294,570 (compared to budget estimate of \$293,700)
- Zion Landfill - \$287,940 (compared to a budget estimate of \$317,925)

The revised surcharge revenue is approximately \$582,510 for FY 2011 which is approximately \$29,115 less than the budgeted amount. The revised estimate assumes that the Zion LF receives its IEPA permit and begins accepting approximately 750 tons per day of waste that had been re-directed beginning September of this year.

The remaining estimates for revenue from the O&M fee, interest income, e-scrap income and licensing fees are on target and are shown in the table below.

Estimated expenditures are in line with the budgeted amount. Through the end of May SWALCO had expenditures and encumbrances of \$488,146.21 and a remaining funds available of \$488,253.79.

The anticipated budget deficit is \$122,530 which is \$29,115 more than projected due to the lowering of the income expected from SWALCO's surcharge ordinance. As we look forward to FY2012 we should see the budget get closer to being balanced as the Zion LF is able to accept more waste.

The current cash balance in our 930 Fund is \$1,979,931.52.

2. *April – June HCW Results*

April marked the startup of our mobile collection events, up until then we were only conducting public drop-off events. To date, participation levels for the HCW Program are off approximately 20% compared to levels this time last year. The unusually bad weather during this period could be contributing to the decreased attendance to date.

The following tables summarize the results of the events conducted during this period.

Fox Lake Streets Dept. – April 16 th			
Item	2011 Results	2009 Results	Difference
Vehicles/Households	249/263	215/237	+ 34 cars
Fox Lake Residents	34 (14%)	55 (26%)	-21 residents
1 st Timers	84 (34%)	92 (43%)	- 8

Waste Volume	Est. 20,900 lbs.	Est. 23,500 lbs.	Est. -2,600 lbs.
--------------	------------------	------------------	------------------

Vernon Hills Metra Train Station – May 7 th			
Item	2011 Results	2010 Results	Difference
Vehicles/Households	471/529	646/725	-175 cars
Vernon Hills Residents	190 (40%)	205 (32%)	-15 residents
1 st Timers	143 (30%)	228 (35%)	-85
Waste Volume	Est. 29,925 lbs.	Est. 38,375 lbs.	Est. -8,450 lbs.

Wauconda High School – June 18 th			
Item	2011 Results	2009 Results	Difference
Vehicles/Households	TBA	503/537	+ 128
Wauconda Residents	TBA	197 (34%)	+ 87
1 st Timers	TBA	207 (36%)	+ 45
Waste Volume	TBA	Est. 34,800 lbs.	+ 9,800 lbs

SWALCO's Gurnee Facility			
FY 2011	Households Served	FY 2010	Households Served
Saturday – April 9 th	87	Saturday – April 10 th	144
Monday – April 25 th	67	Monday – April 26 th	104
Saturday - May 14 th	111	Saturday – May 8 th	140
Monday – May 23 rd	84	Monday – May 24 th	100
Saturday – June 11 th	TBA	Saturday – June 12 th	121
TOTAL	349	TOTAL	609

Three collection events are proposed for July, two public drop-off events at our HCW facility (July 9th and July 25th) and one mobile event (July 16th). The mobile event will be held at the Deerfield High School located a 1959 North Waukegan Road.

3. ***Residential Electronics Collection Program Quarterly Report***

Data reported is derived from monthly settlement reports provide to the Agency by our electronics processing contractor Materials Processing Corporation (MPC).

During the first three months of the year there were ten active collection sites operating collecting a total of 244,487 pound of electronic scrap (E-Scrap) of which 218,783 pounds were identified as compliant E-scrap. Per the terms of our contract with MPC, they will credit the Agency \$0.0675 per pound for any E-scrap collected that is considered a Covered Electronic Device (CED) or an Eligible Electronic Device (EED) as defined by the State law. This calculates out to a total credit of \$14,767.45 for the first quarter of 2011.

In accordance with our Intergovernmental Agreement with our collection partners, the Agency will split one third of the Per Pound Credit with them based on total volume of compliant E-scrap

that is collected during the given quarter. During the first quarter of 2011 the Agency collection partners will receive a total of \$4,922.62. The Agency will retain the balance of \$9,845.24.

As previously mentioned at the March Board of Directors meeting, Staff has received approval from MPC to allow us to accept alkaline and rechargeable batteries along with residential electronics. Staff has begun to enroll this feature into the existing promotional materials and web site information. All collection partners have been informed of the expanded opportunity and further media announcements will be forthcoming. An important note to this enhancement to the electronic collection program is that the Agency is attempting to be cautious in how the public is informed of this opportunity. Guidance is being provided to educate and instruct residents on the proper way to prepare their rechargeable batteries prior to delivery.

4. *Project and Program Updates*

- Walter Willis and Pete Adrian met with Republic on May 23rd to discuss a proposal from Republic regarding payment for recyclables. Republic is offering payment similar to that under the agreement with WMRA, and also includes a guarantee of payment to haulers and SWALCO as well.
- Walter Willis and Pete Adrian both presented at the College of Lake County, Green County Conference on May 25th. Nearly 200 people attended the conference which focused on building a sustainable Lake County.
- The spring legislative session ended without a final compromise on SB 102. We will evaluate our options over the summer for attempting to pass a similar bill next session. We still need to finalize language with the manufacturers and retailers that provides more specific performance standards for the collection program implemented by manufacturers. SB 2106 did pass both houses and is awaiting the Governor's signature. This bill amend the e-scrap recycling law and will increase the manufacturers overall recycling goals, and expands the list of materials to be banned from the landfill effective January 1, 2012.
- SWALCO is assisting Kildeer review its hauler contract options.
- Walter Willis and Pete Adrian met with Midwest Electronics on May 25th at their new facility in Waukegan which is capable of handling e-scrap from events such as SWALCO's. Midwest Electronics is interested in processing SWALCO's e-scrap once our contract with MPC expires. SWALCO agreed to provide Midwest Electronics with data from our collection events on the types of materials collected. Midwest Electronics will use that data to prepare an estimate of what it could pay SWALCO for the material. Midwest is not affiliated with a manufacturer at this point in time. We plan to continue discussions with this local company.
- WMI held an open house on May 24 to celebrate the opening of its first natural gas filling station in the Midwest at its transfer station in Wheeling. This is an important and significant development and will result in the continual phasing in of collection vehicles fueled by domestic natural gas as opposed to diesel.
- Walter Willis gave two presentations at 2011 Illinois Recycling and Waste Management Conference and Trade Show. The first presentation was on EPR legislation here in Illinois, and the second on the preliminary outcome and recommendation of the Lake County 60% Recycling Task Force.
- Senate Bill 102 or the Plastic Bag and Film Recycling Act has passed out of the Senate Environment Committee. Compromise on the bill is still expected as the Illinois Retail Merchants Association (IRMA) still has concerns with the bill. The bill was mentioned in the March 7th edition of the national solid waste journal, *Waste and Recycling News*.

5. ***Health Department Report***

Countryside Landfill Inc.

Nine odor complaints have been reported since the last Board Meeting on March 24th: one on April 1st, May 6th, May 23rd, three on June 1, two on June 4th and one on June 8th. The landfill was notified of the complaints. The Illinois EPA BOA issued the permit on May 26th for the temporary sulfur treatment vessels. Horizontal Collector #23 was installed on June 6th in Cell 5B. The collector is approximately 600 feet long and connects to extraction well, EW127. The gas to energy plant has two engines that will be off line for an extended period of time due to mechanical problems. Gas flow to the remaining four engines is around 1300 scfm. The enclosed flare is burning approximately 2700 scfm of gas.

Veolia ES Zion Landfill

Eight odor complaints have been reported since the last Board Meeting: two on March 31st and one on May 3rd, May 7th, May 12th, May 13th, May 18th and June 1st. The landfill was notified of the complaints. Gas flow to the co-gen plant is approximately 1700 scfm and 3,000 scfm to the enclosed flare. The candlestick flare is not being used at this time. The Illinois EPA issued the permit on June 6th for the vertical expansion. The tipper is expected to be back in operation in early July.

Compost Facilities and Landscape Material Transfer Station

There have no significant problems found at the permitted sites. Construction is expected to begin soon for the Whole Earth Organics Compost Facility that will be located on the closed landfill along 14th Street and west of Green Bay Road in North Chicago. The permit for the Nu-Earth Organic Compost Facility in Waukegan is expected to be issued in a week or two. The Solid Waste Unit and the State's Attorney's Office are working with the owner of Great Lakes Farm and his attorney to resolve outstanding issues related to a violation notice for open dumping and composting without a permit. The owner is converting the property from a former nursery to a produce farm and is accepting and applying landscape materials as fertilizer.

6. ***Compost Bin and Rain Barrel Summary***

With a renewed interest in promoting backyard composting as a strategy to achieving a 60% recycling rate, the Agency in partnership with the Lake County Stormwater Management Commission hosted a one day truck load compost bin and rain barrel sale. The sale event occurred on Saturday May 21st from 9 a.m. to 3 p.m. at the Lake County Central Permit Facility in Libertyville. Compost bins were sold for \$45.00 each and rain barrels were sold for \$60.00 each.

The sale event was very well attended. During the six hour we welcomed nearly 1,000 visitors and sold a total of 272 compost bins and 534 rain barrels.

Our vendor, Enviro World, was primarily responsible for coordinating the countywide sale event at no cost to the Agency. The Agency served as host to the sale acted as liaison in promoting the sale event. SWALCO was responsible for providing volunteers to help staff the sales event and for doing so, Enviro World credited the Agency \$1.50 per compost bin and rain barrel sold.

Enviro World's promotional efforts included; flyers inserted into approximately 41,000 Lake County News-Sun and Pioneer Press newspapers the week of the sale; approximately 80,000 web page ads posted on the Sun Times Media web site (viewable when a local resident views one of the local news sites such as Grayslake Review etc.); 5,000 households were targeted with a direct mail campaign. In addition to those effort, staff partnered with the Lake County Public Works Department to have approximately 30,000 flyers inserted into County residents water and sewer bills; various newspaper articles and press releases will distributed to local media and members for publication in newspapers and newsletters. Staff coordinated public displays of the rain barrel and compost bin in several locations throughout the County such as the Grayslake Public Library, the Lake County Central Permits Facility, Village of Lindenhurst Earth Day Eco Fair and the Gurnee Mills Eco Fair. Lake County Television (LCTV) came out to the sale a videotaped a lot of the activity while also interviewing staff. LCTV has posted this as a Quick Clip on the county web site.

Following the sale we received numerous calls from residents that were interested in still purchasing a rain barrel or compost bin. So staff coordinated with Enviro World to secure a small lot of both products to fulfill the request. Staff has sold an additional 8 compost bins and 27 rain barrels. Our additional supply of compost bins is now depleted, but approximately 24 rain barrels remain in stock. If any members are interested in purchasing some of the surplus rain barrels for their community, please contact staff to make arrangements.

7. *1st Quarter Recycling and Per Ton Payment Summary*

Tonnage totals are reported by quarter. The information is provided by refuse hauling companies servicing customers in Lake County.

The 2009 and 2010 tonnage figures are listed for comparison purposes. First quarter 2011 shows that 13,474.90 tons of recyclables were collected from Lake County communities. Compared to previous year's 1st quarter totals, Lake County communities have generated approximately 1.5% more material than was reported for the first quarter of 2010.

As previously noted by staff, it appears that the decline in volume of municipal recycling collected has reached a stabilized bottom and is showing signs that it may possibly begin moving in a upward trend.

As staff has continually reported over the past year, the market values of all recyclable commodities are at or exceeding record high values. The Agency member's Per Ton Payment value for the 1st quarter of 2011 will be \$24.00 per ton. This again marks the highest value that the program has experienced since it was implemented in the 4th quarter of 2005.

8. *Athletic Shoe Recycling and Reuse Program*

With the pursuit of sustainability in mind, SWALCO has coordinated a recycle and reuse program that recycles and reuses shoes. Every year across the globe, millions of pairs of shoes end up in landfills or disposed of in some other way. This was the 7th year that SWALCO has sponsored and coordinated the program in Lake County. The Agency has partnered with Nike to recycle worn out athletic shoes and turn them into something new. Old athletic shoes (any brand) are collected, processed and recycled into a material called "Nike Grind" that is used to create sports surfaces like basketball and tennis courts, athletic fields, running tracks and playgrounds.

Products like floor tiling, padding and mats made with “Grind” are also becoming available now at places like Home Depot.

SWALCO staff have expanded the program even further as we have partnered for a second year with Share Your Soles, a local Illinois shoe charity organization to reuse shoes. This local group has been working for over 10 years to get shoes to people who need them, including areas in the U.S. and many adults and children affected by tragedies around the world. Participating groups are able to pull the gently worn athletic shoes they find, but also have the option to collect gently worn shoes of all kinds for donation.

Numerous community groups came together during the first week in May to drop-off a record number of shoes for the 2011 program. Schools, scout troops, village and city departments, park districts, libraries, corporate offices and other community groups from all around the county united in the effort. The Village of Vernon Hills Public Works Department again acted as host site for the final collection and drop-off for nearly 100 groups. SWALCO and Vernon Hills Public Works staff worked together to gather, process, package and finally, arrange for the shipping of the shoes. We again topped our best efforts collecting another record-breaking number of shoes - over 41,000. **Nearly 8 1/4 tons of shoes were kept out of landfills. Nike staffers told SWALCO staff that ours was one of the largest collections in their entire program.** In addition to the shoes sent to be recycled – more than 4,000 pairs of gently worn shoes were delivered and donated to Share Your Soles who distribute them to people in need. We understand that most of these shoes we sent from our community this year went down to Joplin, MO to help with relief efforts to aid those who had been affected by the devastating tornado that hit there in May. Beyond the fact that the program has kept a very large number of materials from ending their life in landfills and has helped to promote other agency programs, it has had, perhaps, another impact, in that, whenever someone learns of the program, sees a collection box or reads an article in their newsletter or in the local paper, they may rethink how they look at what some call “waste” and begin looking at these as resources. Whether they drop shoes off in one of the collection boxes or not, it may also inspire others to do what they can in their own ways to make a difference.

Groups registered and those that were new to the program, or had new coordinators, sent representatives to an orientation session presented by SWALCO staff. Group coordinators were given training/instructions, supplies, program guidelines and other information to help run their collections. Shoe Kits were also loaned out through SWALCO’s “lending library” for schools and other groups to use. They include a DVD about the program, samples of the “grind”, samples of materials made from the grind, curriculum for educators and other information and items.

Thank you to our members who participated. Vernon Hills and Wauconda, along with other groups, continue to offer year-round drop-off locations for the program. The City of Zion collected for several months and also helped to coordinate a collection at a local school. These collections have been helpful for individuals looking to drop-off just a few shoes collected from the family home, etc. SWALCO is pleased to be collaborating with so many different groups. This is a truly unique, fun, educational and worthwhile program that people have been so excited to be involved in. Everyone from seniors to young children can participate. It has also been very instrumental PR effort and a great way for people to learn more about SWALCO and its other programs. Many of our groups have helped to promote programs like HCW and Electronics through their own websites, newsletters and E-blasts. Schools have used it to aid in some of their

A - 1. Intermediate Processing Facility Capacity Agreement Amendment

ISSUE: Approval of amendments to the Waste Management Recycle America Intermediate Processing Facility Capacity Agreement.

RECOMMENDATION: Recommend approval, subject to General Counsel review and Executive Committee approval (anticipated to be at September 8, 2011 meeting).

BACKGROUND: The current Agreement with Waste Management Recycle America expires on December 31, 2011. SWALCO staff has been negotiating with Waste Management Recycle America over the past several months and both parties have agreed to the terms contained in Amendment 1 to the Agreement (attached). The terms include the following:

- A three year extension (as opposed to a two year extension as contemplated in the original agreement) of the Agreement.
- A "Loyalty Bonus" to the members in year two of the Agreement of \$1 per ton to the per ton payment (Schedule 2 of the Agreement).
- A second member "Loyalty Bonus" in year three of an additional \$0.50 per ton.
- A \$1 per ton education rebate to the Agency in year one and two and a \$1.50 per ton in year three.
- A "Bonus Rebate" of \$5 per ton may be paid to the Agency for every ton SWALCO members direct into the Waste Management Recycle America processing facility in excess of 42,000 tons per year.
- In the event that the volume of recyclable materials directed by members decreases by 5% or more from the previous year, members per ton payments will decrease by \$0.50 per ton.
- Payments will be made on a monthly basis by Waste Management Recycle America (SWALCO will no longer be processing the checks), this means the three month averaging of the market values will no longer occur. Instead the payments will be based on the market values for the preceding month.
- SWALCO will encourage all of our members to amend their hauling contracts to allow Waste Management Recycle America the right of first refusal if the member's hauler indicates it wants to take the recyclables to a recycling facility other than Waste Management Recycle America's Grayslake facility.

ENCLOSED DOCUMENT: Amendment 1 to the Intermediate Processing Facility Capacity Agreement

STAFF: Walter S. Willis, Executive Director; Pete Adrian, Recycling Coordinator

DRAFT

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

between

SOLID WASTE AGENCY OF LAKE COUNTY

and

WASTE MANAGEMENT RECYCLE AMERICA, L.L.C.

August 25, 2011

CAPACITY AGREEMENT AMENDMENT 1

THIS AMENDMENT TO THE CAPACITY AGREEMENT made and entered into as of the 25th day of August, 2011 by and between Waste Management 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:

Article III

OBLIGATIONS OF THE PARTIES

Section 3.01 Contractor Responsibilities.

Item (c) shall be struck in its entirety and amend as follows.

c) Effective on the Commencement Date of this Agreement, the Contractor shall provide monthly Per Ton Payments to the Agency Members for the amount of Recyclable Materials directed and delivered to the IPF by the Member, any Lake County Township or their Hauler during that said month. Such payment shall be due to the Agency Members thirty (30) days following the submission of documentation set forth in Section 8.03 herein.

Item (f) shall be amended by adding new section (f)(i) as follows.

i) The Contractor shall have the right to decrease the Per Ton Payment amounts to SWALCO (not the members' payment) as indicated in Schedule 2 if the amount of Agency Recyclable Materials declines by five percent (5%) from the previous twelve month period. The Contractor must provide notice to the Agency thirty (30) days prior to decreasing the Per Ton Payment. The parties agree that rate of decrease cannot exceed more than fifty cents (\$0.50) per ton and that only one decrease will be allowable during a twelve month period.

Article VII

TERM

Section 7.01 Term

Is amended as follows.

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 ~~two (2) year~~ 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.

ARTICLE VIII

FEES, PAYMENTS AND NOTIFICATIONS; MEMBERS OF AGENCY AND AGENCY OBLIGATIONS

Section 8.03 Payments for Recyclable Materials

Shall be struck in its entirety and amended as follows.

Section 8.03 Payments for Recyclable Materials. For the term of this Agreement, it shall be mutually agreed upon that the Contractor will pay a Per Ton Payment to the Agency Members for any Agency Recyclable Materials which are directed and delivered to the Contractor. The Per Ton Payment will be calculated and paid monthly 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 for the given month. The Contractor shall then issue monthly payments accompanied by a credit memo that details the volume of Recyclable Materials they are being credited for along with the per ton unit rate as specified in Schedule 2.

SCHEDULE 2

PER TON PAYMENT

Is amended as follows.

SCHEDULE 2
PER TON PAYMENT

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	(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 Blended Revenue Amount 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	OBM Chicago HS	6.0%	\$ 140.00	\$ 8.40
Mixed Paper	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 Blended Revenue shall be calculated on a monthly basis by calculating the Blended Revenue from the beginning of each previous month and applying that value to the volume collected in the current month.

The Material Composition percentages will be adjusted by mutual agreement annually 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 the subsequent year.

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

Waste Management Recycle America, L.L.C.

Attest

Attest

WM - SWALCO Agreement

August 2011



WM Proposal

SWALCO

SWALCO will receive a \$1.00 per ton recycling education rebate for years one and two and \$1.50 for year three of the contract to be used for education.

- SWALCO rebate will decrease \$0.50 per ton for any annual volume decrease $\geq 5\%$.

WM will pay to SWALCO a bonus rebate of \$5.00 per ton for every ton over 42,000 tons annually directed to WM per the terms of the Agreement.

(example: $43,000 \text{ yr} - 42,000 = 1,000$, $1,000 * \$5.00 = \$5,000$)

SWALCO Members

WM will directly rebate Municipalities monthly not quarterly.

SWALCO members will receive loyalty rebate bonus for years two and three of the contract.

- SWALCO Member rebate will increase \$1.00 per ton as a loyalty bonus in year two and \$0.50 in year three.



Proposal

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



Proposal

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
at least ... \$ 170.00 but no more than ... open then the rebate per ton is ... (stream value less \$50) X 50%	(stream value less \$50) X 50%	



Proposal

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
at least . . . \$ 170.00 but no more than . . . open then the rebate per ton is . . . \$50) X 50%	(stream value less	



Key Contract Issues

SWALCO Members to direct all recyclable materials to Lake County MRF exclusively.

SWALCO agrees that based on current and projected recycling volumes, there is no need for an additional MRF in Lake County

SWALCO Members will provide WM right of first refusal language for all Lake County recycling tons.

WM will provide current month's rebates based on OBM prior month and Waste Index prior month last day indices.

