

## ASSIGNMENT AND ASSUMPTION AGREEMENT

December

This Assignment and Assumption Agreement is entered into as of ~~November~~ 05, 2017, by and among NOVATO SANITARY DISTRICT ("District"), NOVATO DISPOSAL SERVICE, INC., a California corporation ("NDS"), and RECOLOGY SONOMA MARIN, a California corporation ("Recology").

WHEREAS, District and NDS are parties to an Amended and Restated Agreement for Solid Waste Collection, Processing, Diversion and Disposal dated March 2011 ("Franchise Agreement");

WHEREAS, The Ratto Group of Companies Inc. and its owners and affiliated entities, including NDS (collectively, "Ratto"), entered into an Asset Purchase Agreement dated August 11, 2017 ("APA") which provides for the purchase by Recology Inc. or its designated subsidiaries of substantially all of Ratto's assets;

WHEREAS, in connection with the closing of the transactions contemplated by the APA ("Closing"), NDS wishes to assign the Franchise Agreement to Recology, and Recology wishes to accept such assignment;

WHEREAS, Recology seeks to assure the District that, following the purchase pursuant to the APA, Recology will operate in accordance with high professional standards and provide services to the District's constituents in full compliance with the terms of the Franchise Agreement and the District's operational expectations;

WHEREAS, Section 11.6 of the Franchise Agreement provides that the Franchise Agreement may not be assigned by NDS without the prior written consent of District, not to be unreasonably withheld;

NOW, THEREFORE, the parties agree as follows:

1. Subject to and effective as of the Closing, NDS will assign to Recology all of its right, title and interest in and to the Franchise Agreement.
2. Subject to and effective as of the Closing, Recology will accept such assignment and will assume all duties and obligations of NDS under the Franchise Agreement from and after the Closing.
3. Recology agrees to notify District of the assignment date (i.e. the Closing date) within five (5) business days thereafter.
4. Recology agrees to conduct a review of billings in accordance with Section 5.1.2 of the Franchise Agreement, within one (1) year of the assignment date.
5. Recology agrees to provide a list of vehicles assigned to District's franchise, with vehicles ages and anticipated replacement schedule, within sixty (60) days of assignment date.
6. Within three months (ninety calendar days) of the assignment and close date of the acquisition, Recology will provide a proposal to the District on how it will address the following items:
  - a. Failure of NDS to meet its Zero Waste Minimum Landfill Diversion Requirement of 60% by December 31, 2015.

- b. The poor performance of NDS's Commercial and MFD Organic Waste Service, particularly given its failure to meet its 60% Diversion Requirement.
- c. Failure to provide MFD Recycling Tote Bags.
- d. Lack of adequacy of NDS's customer service system.
- e. Increased community outreach.
- f. Increased outreach to public schools.

7. Recology accepts, and District acknowledges the satisfaction of, all conditions under Section 11.6 with respect to the foregoing assignment and assumption.

8. Recology acknowledges that Exhibit 8 of the Franchise Agreement provides a methodology for the Detailed Rate Review, which review will evaluate forecasted labor-related costs, vehicle-related costs, and other costs including pass-through expenses. It is agreed that the pass-through expenses are not included in any calculation of Company profit and based on past practice and agreement by Ratto, that pass-through expenses include: disposal fees for debris and refuse; processing and disposal fees for organics; Franchise Fees; Integrated Waste Management Fees; and the Rate Application Review Fee.

9. District hereby consents to the foregoing assignment and assumption on the terms and conditions set forth herein, subject to receipt by the District of an acceptable parent company guarantee from Recology Inc.

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date first written above.

**NOVATO SANITARY DISTRICT**

By: 

Name: A. Gerald Peters

Title: President, Board of Directors

**NOVATO DISPOSAL SERVICE, INC.**

By: 

Name: Rick Powell

Title: President

**RECOLOGY SONOMA MARIN**

By: 

Name: Michael J. Sangiacomo

Title: President & CEO

**APPROVED AS TO FORM:**

  
Kenton L. Alm, Esq.  
General Counsel,  
Novato Sanitary District

  
Bryce Giddens, Esq.  
Counsel, Recology, Inc.