

Draft Contract

Authority Project Manager:

The Authority Project Manager, when hereinafter used, shall refer to the administrator or designated representative responsible for the facilities as defined herein and will be the contact person for the successful Company for day-to-day operations. The Authority Project Manager will serve as the Authority contact for all contractual issues.

The Authority Project Manager is the sole point of contact in the Authority with regards to all procurement and contractual matters relating to the commodities and/or services described herein. The Authority Project Manager is the only office authorized to change, modify, amend, alter, clarify etc, the specifications, terms, and conditions of any contract awarded. The designated Authority Project Manager shall remain the “sole point of contact” throughout the life of the contract until such time the Authority board directs otherwise in writing.

Any and all items requiring the approval of the Authority Project Manager shall be submitted in writing with all information required for the Authority Project Manager to review and make a determination. Items will be returned “Rejected” should the Company fail to provide complete information. All approvals must be in writing. The Authority shall not be liable for any work or investment that has not been approved in writing by the Authority Project Manager.

Annual cost adjustments:

Pricing shall remain firm for each yearly period of the contract. Annual adjustments for the contract shall be as bid. No other cost adjustments will be considered.

The Authority may choose to compost their biosolids. In the event that they choose to do so, a contract modification or addendum may be necessary between the Authority and the Company. It is not guaranteed that the Company will receive biosolids if the Authority chooses to find other means of land application.

Contract modifications:

The contract shall not be modified, amended, extended, or augmented without prior approval of the Authority Project Manager. Authority board approval may also be required.

Change orders of any nature reflecting a modification to this contract shall not be permitted without prior approval of the Authority Project Manager. Failure to comply may result in cancellation of the contract.

Notice to proceed:

No work shall begin until a contract and notice to proceed has been issued by the Authority

Project Manager.

Laws, permits and licenses:

The Company shall be fully informed of all Local, State and Federal laws, ordinances and regulations in any manner affecting those engaged or employed in the work, or the equipment and materials used in the work. The Company shall at all times observe and comply with all such laws, codes, ordinances and regulations.

Fines/legal fees:

Company shall be responsible and held accountable for any and all fines or legal actions initiated against the Authority or its partners for any negligence on his/her part, or his/her sub-Contractor, to comply with all laws, permits, and licenses as required by Federal, State, or local agencies. Furthermore, the Company shall agree to pay the Authority and its partners for any and all legal fees incurred as part of any negligence on the part of the Company or his/her sub-Contractor.

Assignments:

The Company shall not assign, transfer, convey or otherwise dispose of the contract or his/her right to execute it or his/her right, title, or interest in the contract without written approval of the Authority Project Manager.

Sub-Contractors:

Bidders shall identify any sub-Contractors intended to be used; the information shall be submitted as specified herein.

Performance:

Failure to perform as specified in the bid documents, attachments, and references herein may be grounds for contract cancellation or termination.

Failure to perform as directed by the Authority Project Manager in a timely and satisfactory manner according to industry standards for like work may be grounds for contract cancellation or termination. All work shall be performed in accordance with nationally recognized standards, and applicable codes, and in a fashion so as not to cause an unreasonable risk of harm to the Authority or its partners and employees.

Failure to aggressively address and eliminate odors related to the work shall be grounds for contract cancellation or termination.

Resolution of disputes:

Except as otherwise herein, failure by the Company to perform any of the work, or to perform

as specified, may result in further action to be taken by the Authority. The attention of the Company shall be called to the issue, failure or omission, and an immediate correction shall be made. At the time of the first occurrence the Authority Project Manager shall call for a meeting with the Company to eliminate any misunderstanding on the issues involved. If the situation repeats a second time the Authority Project Manager, in conjunction with an Authority Operation Committee, shall issue a written warning of contract violation and possible contract termination should the situation not be promptly resolved. If the situation occurs a third time, the Authority Project Manager and Authority Board shall call for another meeting with the Company after which a written "Notice of Contract Termination" may be issued by the Authority Board.

Work coordination and scheduling:

The Authority shall use reasonable efforts to cooperate with the Company through the Authority Project Manager regarding the scheduling and/or coordinating of all deliveries and work at the Facility and the Dewatering Facility.

Cancellation clause:

The Authority reserves the right to cancel or terminate this contract for any, or no reason with 30 days written notice. The Company shall remove their equipment from Authority property within 30 days of written notice of cancellation or termination.

The Authority shall have the right to terminate the contract immediately upon written notice if the successful bidder fails to comply with all applicable State and Local regulations for non-performance, which may endanger the public health, safety or welfare or fails to comply with any portion of the contract. In which case, the Company shall remove their equipment and personnel from Authority property immediately upon written notice.

The Company may terminate this Agreement for cause, without penalty or further obligation, by giving the Authority no less than ninety (90) days' advance writing notice stating in detail the cause. For purposes of this Section 2, "cause" shall mean a breach of any material term or condition of this Agreement by the Authority which has not been corrected after the thirty (30) days' written notice from the Company.

Insurance and Indemnity Requirements:

(a) Disclaimer of Liability. The Authority shall not at any time be required to pay from its own funds for injury or damage occurring to any person or property from any cause whatsoever arising out of the Services or the Company's acts or omissions.

(b) Indemnification. The Company shall, at its sole cost and expense, indemnify, defend and hold harmless the Authority, the City of Grand Rapids, the City of Wyoming, and all their associated, affiliated, allied and subsidiary entities, now existing or hereinafter created, and their respective officers, boards, commissions, employees, agents, attorneys, and

contractors (the Authority, the City of Grand Rapids, and the City of Wyoming and such other persons and entities being collectively referred to herein as "Indemnitees"), from and against:

i. Any and all liabilities, obligations, damages, penalties, fines, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and consultants), which may be imposed upon, incurred by or be asserted against the Indemnitees by reason of any Service, act or omission of the Company, its personnel, employees, agents, contractors, subcontractors or affiliates, resulting in economic harm, personal injury, bodily injury, sickness, disease or death to any person or damage to, loss of or destruction of tangible or intangible property, libel, slander, or invasion of privacy or any other right of any person, agency, firm, entity, partnership, association, limited liability company, or corporation, which may arise out of or be in any way connected with this Agreement, any Load or any property of the Company or its affiliates (including those arising from any matter or material contained in or resulting from any Load), the provision of work hereunder, Services or other services or the Company's failure to comply with any Federal, state or local statute, law, code, ordinance or regulation.

ii. Any and all liabilities, obligations, damages, penalties, fines, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and other consultants), which are imposed upon, incurred by or asserted against the Indemnitees by reason of any claim or lien arising out of work, labor, materials or supplies provided or supplied to the Company, its contractors or subcontractors, and, upon the written request of the Authority, the Company shall cause such claim or lien covering the Authority's property to be discharged or bonded within thirty (30) days following such request.

iii. Any and all liabilities, obligations, damages, penalties, fines, claims, liens, costs, charges, losses and expenses (including, without limitation, reasonable fees and expenses of attorneys, expert witnesses and consultants), which may be imposed upon, incurred by or be asserted against the Indemnitees by reason of any financing or securities offering by the Company or its affiliates for violations of the common law or any law, statute, or regulation of the State of Michigan or the United States, including those of the Federal Securities and Exchange Commission, whether by the Company or otherwise.

iv. The Company's obligation to indemnify the Indemnitees under this Agreement shall extend to claims, losses, and other matters covered hereunder that are caused or contributed to by the negligence of one or more Indemnitees. However, in such case the obligation to indemnify shall be reduced in proportion to the negligence of the Indemnitees.

(c) Assumption of Risk. The Company undertakes and assumes for its officers, agents, contractors and subcontractors and employees (collectively, the "Company" for

the purpose of this Section 6), all risk of dangerous conditions, if any, on or about any the Authority-owned or controlled property, including but not limited to the Dewatering Facility, and the Company hereby agrees to indemnify and hold harmless the Indemnitees against and from any claim asserted or liability imposed upon the Indemnitees for personal injury or property damage to any person (other than from the Indemnitee's gross negligence) arising out of the Services, the Company's transportation or delivery of biosolids or other property or the Company's failure to comply with any Federal, state or local statute, law, code, ordinance or regulation.

(d) Defense of Indemnitees. In the event any action or proceeding shall be brought against the Indemnitees by reason of any matter for which the Indemnitees are indemnified hereunder, the Company shall, upon notice from any of the Indemnitees, at the Company's sole cost and expense, resist and defend the same with legal counsel selected by the Company and consented to by the Authority, such consent not to be unreasonably withheld; provided, however, that the Company shall not admit liability in any such matter on behalf of the Indemnitees without their written consent and provided further that Indemnitees shall not admit liability for, nor enter into any compromise or settlement of, any claim for which they are indemnified hereunder, without the prior written consent of the Company.

(e) Notice, Cooperation and Expenses. The Indemnitees shall give the Company prompt notice of the making of any claim or the commencement of any action, suit or other proceeding covered by the provisions of this Section 6. Nothing herein shall be deemed to prevent the Indemnitees from cooperating with the Company and participating in the defense of any litigation by their own counsel. The Company shall pay all expenses incurred by the Indemnitees in defending themselves with regard to any such actions, suits or proceedings. These expenses shall include all out-of-pocket expenses such as attorney fees and shall also include the reasonable value of any services rendered by their counsel and the actual expenses of the Indemnitees' agents, employees or expert witnesses, and disbursements and liabilities incurred or assumed by the Indemnitees in connection with such suits, actions or proceedings but shall not include attorneys fees for services that are unnecessarily duplicative of services provided the Indemnitees by the Company.

(f) Insurance. During the Term of this Agreement, plus any time after the Term during which removal of the Company equipment is occurring, the Company shall maintain, or cause to be maintained, in full force and effect and at its sole cost and expense, the following types and limits of insurance:

i. Worker's compensation insurance meeting State of Michigan statutory requirements and employer's liability insurance with minimum limits of Three Million Dollars (\$3,000,000) for each accident, and any applicable Federal insurance (such as FELA, Jones Act) of a similar nature.

ii. Commercial general liability insurance with minimum limits of Ten Million Dollars (\$10,000,000) as the combined single limit for each occurrence of bodily injury, personal injury and property damage. The policy shall provide blanket contractual liability insurance for all written contracts, and shall include coverage for: premises