

December 23, 2013

Purchasing Division
PO Box 610
Broken Arrow, OK 74013

Re: Invitation for Bid Number 14.139 (Opening date of bid, December 31, 2013)

Dear Purchasing Personnel:

WasteZero is pleased to submit a bid to the City of Broken Arrow, OK, in response to your bid request for "Refuse Bags." We have received and reviewed all bid information and are confident that our firm has the resources to fulfill all components of the bid request.

WasteZero is providing one "ORIGINAL" submission in response to the city's invitation to bid on refuse bags, and one "ALTERNATE" response outlining the WasteZero Voucher Program™ which offers a cost-neutral solution to the city's stated needs and challenges. WasteZero supplies both high-quality, US-made bags and the valuable services to help get those bags into the hands of your residents. We make all of our plastic bags in our 24/7 state-of-the-art manufacturing facility in Hemingway, SC. The WasteZero Voucher Program™ is our solution to managing the distribution of those bags to residents.

ORIGINAL BID RESPONSE: REFUSE BAGS

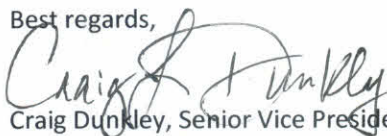
In our original response, we are providing a quote for 5,750,000 black, twist-tie, 30" X 36" refuse bags, sleeved and boxed. As requested, we've included samples of bags to illustrate WasteZero's ability to provide bags with these specifications.

ALTERNATE BID RESPONSE: WASTEZERO VOUCHER PROGRAM™

In our alternate bid response, we directly address with our WasteZero Voucher Program™ the city's challenges with its current refuse bag distribution program. Here we're providing one quote for both twist-tie AND drawstring bags (preferred by more than 70% of retail consumers). Further, the turnkey voucher program includes the production, accounting and reporting, logistics (supply and distribution), and inventorying of bags. It also includes production, delivery, and management of vouchers that residents can redeem for free, official refuse bags at local retailers—well within the timeframe necessary (resident will have bags by April 1, 2014). **This approach reduces the number of wasted, unused bags, can save the town money, and provides for cost savings at a lower redemption rate and a cap at a higher redemption rate to mitigate risk.** Just as in other cities, there is no need to change your city's ordinance; this offer meets the requirements of current ordinances and rules by preserving existing program resident eligibility.

We appreciate the opportunity to bid the City of Broken Arrow. Please do not hesitate to call with any questions.

Best regards,


Craig Dunkley, Senior Vice President
919-322-1210
WasteZero, Inc.

ALTERNATE PROPOSAL for

Invitation to Bid – Bid Number: 14.139

Refuse Bags

December 30, 2013

Submitted by:

WasteZero, Inc.

Established 1991

8540 Colonnade Center Drive

Raleigh, NC 27615

P: 800-866-3954

F: 843-558-7302

Primary Contact: Craig Dunkley, Senior Vice President

WasteZero Voucher Program™

WasteZero has listened to the leadership of Broken Arrow discuss the challenges of its existing program. With this understanding, and in response, WasteZero has prepared this alternate bid.

WasteZero Qualifications and Background

Since 1991, WasteZero has been the leading provider of municipal solid waste reduction programs in the U.S. The company is on a mission to cut residential trash in half across the nation. WasteZero partners with more than 800 municipalities throughout the United States to reduce the amount of waste that is landfilled or burned, increase recycling, and generate savings. It helps municipalities design, launch, and manage next-generation pay-as-you-throw (PAYT) systems, known as WasteZero Trash Metering™ programs. Under these programs, municipalities often eliminate or reduce fixed residential fees for trash collection, and require residents to dispose of trash only in official, pre-paid bags. These programs consistently cut residential solid waste volume to 46% below the national average or better. They also help to double and sometimes triple recycling rates.

WasteZero manufactures customized plastic trash bags for its programs—and for other customers—in the U.S. from recycled content. A certified B Corporation, the company is committed to keeping and creating jobs in the US and to solving the nation's solid waste crisis. WasteZero is based in Raleigh, N.C., has a manufacturing plant in Hemingway, S.C., and maintains regional offices around the country.

Background: Broken Arrow

WasteZero understands that the City of Broken Arrow currently provides trash bags to its residents. The current process uses approximately six million bags per year, and affords 200 bags per household per year. The bags are distributed from City Hall, with all 200 bags per household being picked up during a one-time period.

The City reports that the current program is rather difficult to manage, consumes valuable fiscal and personnel resources, maintains a certain level of waste, and the bag "is not to the level of quality that we had contracted for." WasteZero had the current program bag tested, and it came up 20% "light" at 1mil, though it was specified to be a 1.2mil product.

Broken Arrow's current program is similar to other cities' bag "handout" or "give-away" programs, and WasteZero has revamped many of these programs with the WasteZero Voucher Program™. The most common issues that Broken Arrow shares with other bag "handout" cities include:

- Wasted/unused bags
- Inconvenient distribution for residents
- Storage and logistics headaches
- Inventory and accounting nightmares
- Product quality issues

WasteZero has listened to Broken Arrow leadership discuss its current program's challenges, and in response, has prepared this Alternate Bid.

Benefits: WasteZero Voucher Program

WasteZero is providing this Alternate Bid for a WasteZero Voucher Program™ to the City of Broken Arrow. The Voucher Program will provide the following features and benefits:

- Turn-key operation of entire City Bag Program in 75 days
- Reduced bag waste
- Storage and logistics ✓
- Inventory and accounting
- Highest quality bag product
- Convenience for residents to pick up their bags at retail stores that they already frequent ✓
- Increased foot traffic for participating stores
- Professional consulting to assist with the planning, installation and execution of a recycling program...at no additional charge

WasteZero is a direct manufacturer of plastic bags and will manufacture and supply the bags necessary for the execution of Broken Arrow's program. Additionally, WasteZero welcomes City officials to visit our state-of-the-art manufacturing facility in Hemingway, SC.

WasteZero has more than eight years of experience with voucher programs, and more than 20 years of experience with Retail Store Distribution (RSD) program development and management. **Our program has saved the City of Columbia more than \$1 million over the past five years alone.**

The WasteZero Voucher Program™

In this Alternate Bid, the explanation of the WasteZero Voucher Program™ will include:

- WasteZero Voucher Program™ design
- Program support and the program team
- Supplies and services details
- Retail distribution and storage
- Accounting, inventory control, and reporting
- Pricing
- Risk management
- Quality control at WasteZero
- References

WasteZero Voucher Program Design

WasteZero will manufacture all of Broken Arrow's new refuse bags in our state-of-the-art manufacturing facility in Hemingway, SC. We have multiple bag lines, a best-in-class extrusion process, and highly customized bag-making and printing capabilities.

The WasteZero Voucher Program™ (the "Program") distributes an allotted number of vouchers to eligible Broken Arrow residents. Residents may redeem these vouchers for city refuse bags, which are made available at selected retail outlets.

- WasteZero will contract with the City of Broken Arrow to provide this Program for one year, with an option to renew for four, one-year periods. See **ATTACHMENT 1** for a suggested draft contract with terms and conditions.
- The Program's vouchers (see sample below) will be mailed to eligible residents on, or about March 20, 2014. Upon receiving necessary input from the city, the product and services will be in place by Tuesday, April 1, 2014.
- The City creates the "eligible" resident listing based on its own criteria. The city will update this list periodically to allow for changes in eligibility status, bad addresses, and new residents. The city will also need to define guidelines on multi-dwelling addresses and replacement/lost voucher policy.
- The Program vouchers include imprinted UPC codes that indicate the resident address, unique identifier number, and expiration date.
- WasteZero will send vouchers to qualified residents two times per year via US Postal Service. The City will set the dates, which may be based on current program distribution times, setting residents' expectation for bag availability.
- WasteZero will pay for all undelivered pieces to be returned through the "return service requested" system and will resend.
- WasteZero will work with the City to create a network of retail stores that will support the program.
- In most cases, WasteZero will enroll retailers, and all retailers will be within City limits.
- WasteZero will also make these bags available for sale at retailers for ineligible residents and for eligible residents who need additional bags.
- The City of Broken Arrow will approve all resident-facing materials, including the vouchers.
- WasteZero will suggest updates and improvements to its Program throughout the term of its contract with the City of Broken Arrow.

SAMPLE WasteZero Voucher

	City of Columbia Voucher 18 BLUE RECYCLING BAGS			City of Columbia Voucher 25 BLACK TRASH BAGS	
		TEAR HERE			
					
NOTICE: VOUCHER CAN BE REDEEMED ONE TIME ONLY AT YOUR LOCAL RETAILER. DO NOT DUPLICATE VOUCHER. ALL VOUCHERS ARE TRACKED. For a list of participating retailers go to: WWW.GOCOLUMBIAMO.COM Questions Contact: Public Works Department (573) 874-6291 Please check with your favorite retailer for redemption procedures.			NOTICE: VOUCHER CAN BE REDEEMED ONE TIME ONLY AT YOUR LOCAL RETAILER. DO NOT DUPLICATE VOUCHER. ALL VOUCHERS ARE TRACKED. For a list of participating retailers go to: WWW.GOCOLUMBIAMO.COM Questions Contact: Public Works Department (573) 874-6291 Please check with your favorite retailer for redemption procedures.		

Program Support and Program Team

Wendy Morgan, Voucher Program Coordinator, will manage the WasteZero Voucher Program™.

The program coordinator responsibilities include the following:

- Serve as the central point of contact for the City of Broken Arrow, and be available to the City throughout the term of the contract, as needed
- Maintain responsibility for executing and managing the Program.

Program Support attributes include the following:

- A toll-free number for retailer ordering and customer inquiries
- Customer service support for City employees and residents
- Updating of the mailing/eligibility list to
 - Ensure that residents receive their allotted vouchers (fairly)
 - Account for new residents and incorrect addresses
 - Account for changes in resident eligibility
- Educational information to eligible residents (in the mailing or on the vouchers) about the new retail store distribution methods
- Other staff assistance, including:

KEY PROJECT PARTICIPANTS			
Name	Title	Experience	Phone
Mark Dancy	President	22 years implementing PAYT programs and manufacturing the bags to support them	843-933-4142
Dennis Wise	Vice President	26 years of business operations and customer relations management	919-322-1228
Aftene Poston	Customer Service	5 years customer service experience	843-933-4130
Deborah Sumpter	Customer Service	6 years customer service experience	843-933-4146
Amanda Flegel	Customer Service	6 years customer service experience	843-933-4147
Joshua Kolling-Perin	Director, Public Relations and Thought Leadership	20 years in media, public relations, and publications	919-322-1207
Sam Averette	Manager, Process and Quality Control	22 years in the plastics industry	843-933-4125
Natalie Howell	Manager, Customer Service	20 years customer service	843-933-4128
Jim Payseur	Director, IT and Facilities	16 years IT experience	919-322-1227
Sandy Perez	Program Manager	12 years program management experience	617-299-8050
Wendy Morgan	Municipal Accounting Administrator	11 years municipal experience	843-299-0352

Supplies and Services

WasteZero is a direct manufacturer of plastic bags and will manufacture and supply the bags necessary for the execution of the Program proposed for the City of Broken Arrow. WasteZero welcomes City officials to visit our state-of-the-art manufacturing facility in Hemingway, SC.

WasteZero has more than eight years of experience with voucher programs, and more than 22 years of experience with bag manufacturing and Retail Store Distribution (RSD) program development and management. See included references attesting to our level of effectiveness.

WasteZero proposes the following products and attributes to be used in the proposed voucher program:

- WasteZero recommends a 30" x 32" drawstring (DS) bag at the desired gauge of 1.2mil. Retail consumers (over 70%) overwhelmingly choose the DS bag for its convenience. As importantly, DS bags use less plastic due to increased capacity (see **ATTACHMENT 2** "WasteZero Imprinted Trash Bags" for more information). The superior DS bag saves on wasted plastic caused by "bunching to tie" and is being offered at no additional cost to the City.
- At the preference of the City, WasteZero can instead manufacture and provide the 30" x 36" bag specified in the bid document.

- The bag (either choice) will be manufactured with recycled content, employing the LDPE resin blend called for in the specifications of the Invitation to Bid.
- The refuse bag will be black with no printing (except for manufacturing codes), as specified by the City.
- WasteZero will be responsible for the quality of supplies used in this Program throughout the life of the Program and will offer its Return and Replacement Policy to residents, included in the draft contract (**ATTACHMENT 1**).
- At its own expense, WasteZero has included in this Bid Response package samples of the proposed refuse bags described above and in the "OTHER EQUIPMENT" section.
- As part of this Program, WasteZero will provide vouchers to Broken Arrow residents that
 - Include imprinted UPC bar codes containing all information requested
 - Are approved by Broken Arrow
- As part of the program, WasteZero will package the bags 50 bags per roll.

Retail Distribution and Storage

To ensure the security of the supplies during the manufacture, transport, and warehousing stages, WasteZero

- Assumes responsibility for UPC code development and assignment to all supplies
- Stores supplies/bags in secure, local, and bonded warehouses close to the customer
- Delivers supplies/bags to retail locations either by FedEx Ground or an LTL carrier, both of which are insured

WasteZero maintains a signature-based chain of custody for all supply transactions by providing daily inventory data. We also maintain an adequate supply of bags/supplies at warehouses to ensure that retailers receive bags as needed (please see reporting section of Accounting, Inventory Control, and Reporting for more detail). This inventory is maintained in a warehouse/s to reduce risk for the City in the event of a natural or other disaster. Further, WasteZero ensures that invoices for supply transactions are generated at the time of shipment and are mailed with proof of delivery to retail locations.

For additional, non-voucher bag sales, WasteZero receives payment from retailers and deposits those monies into a secure fiduciary bank account assigned to the City of Broken Arrow.

WasteZero's Retail Store Distribution™ program is designed to provide residents a convenient way to redeem vouchers or purchase additional bags from their local retailers. WasteZero provides inventory management and order-filling services to help retailers avoid stock-out due to lack of supply.

WasteZero assumes responsibility to establish retail store distribution at those retail locations Broken Arrow officials deem appropriate. To assist store owners, we offer retailers a toll-free number to call and an e-mail address to contact WasteZero customer service to place supply orders.

WasteZero will make additional refuse bags available for sale to residents in retail stores.

WasteZero works with local and corporate chain retailers to provide reasonable ordering procedures to balance long-term retail participation.

If applicable, WasteZero will manage retailers who choose to terminate their participation.

Finally, please see **ATTACHMENT 3** "Sample Retailer Letter Agreement" included.

Accounting, Inventory Control, and Reporting

The WasteZero redemption process will take place as follows:

- Residents redeem vouchers at retail locations for bags.
- Retailers collect and submit redeemed vouchers to WasteZero for credit to be posted against open invoices.
- WasteZero scans in each redeemed voucher for credit to the retailer account.

The City of Broken Arrow will decide pricing for bags that will be available for purchase at the retail locations. These bags will be available for purchase for eligible residents needing additional bags before the next redemption period, as well as residents ineligible for free bags. WasteZero will charge a percentage of the retail price on these additional orders. WasteZero will manage the entire planning, manufacturing, distribution, retail sales and accounting processes, including collection of sales receipts.

To ensure the safety of received vouchers, WasteZero supplies each retailer with the proper FedEx materials, including WasteZero's FedEx account number for charges, so they may return redeemed vouchers for credit. Additionally, WasteZero will record all vouchers redeemed by FedEx tracking information. WasteZero will scan each voucher redeemed and store vouchers at our office for no more than two months ensuring verification by retailer that all vouchers sent have been received and posted accordingly.

WasteZero shall provide accurate reporting on the following items and identify how often that reporting will be made available to the City.

Finally, WasteZero will provide geographic bar code data that will identify redemptions by resident address. The City may determine the frequency of data reporting by WasteZero during program setup. WasteZero shall report monthly, voucher redemption numbers to the City once it receives, scans, and logs redeemed vouchers.

See **ATTACHMENT 4** for a sample illustration of the monthly reporting.

Pricing

Subject to agreement with the City, WasteZero proposes a cost scenario based on the stated unit pricing (\$0.1061008) (see **ATTACHMENT 5** "Voucher Program Cost/Investment), and voucher redemption rates.

Based on a redemption rate of:

- 56%, the City would incur total costs of approximately \$380,000
- 65% the City would incur total costs of approximately \$440,000
- 73.9% the City would incur total costs of approximately \$500,000 (proposed cap)

Currently the WasteZero Voucher Program™ average voucher redemption rate is 61%.

Based on their current (all in) expenditure of approximately \$440,000, with a WasteZero Voucher Program™, Broken Arrow may be able to save \$60,000, and also cover the risk of spending an additional \$60,000 if necessary. WasteZero is willing to cap the City's cost at \$500,000 and accept the risk of any redemption overages beyond 73.9%.

WasteZero is also providing, as a no-cost value added benefit to WasteZero Voucher Program, consulting services to assist Broken Arrow to plan, install, and execute a Curbside Recycling Program.

- WasteZero assumes all risks associated with the proposed cap price. The City and WasteZero must agree on the pricing for each proposal extension term after the first year of the Program.

Risk Management

WasteZero will manage the risks referenced in this paragraph with the WasteZero Return and Replacement Policy (included in the draft contract, see **ATTACHMENT 1**).

WasteZero will extend retailer credit consistent with the WasteZero Retailer Credit Policy and Procedures. See page 13 of proposed contract.

WasteZero assumes all risks associated with the program, including full and timely delivery of supplies and services as set forth in the proposed contract.

Quality Control at WasteZero

With WasteZero bags, you can count on quality unmatched in the industry. We make our bags with three-ply technology using metallocene, adding more reinforcement, strength, and durability than most available polyethylene bags. All WasteZero bags have recycled content to support the environmental goals of our municipal partners. We are able to and will guarantee agreed-upon delivery requirements.

We base our quality control system on ISO 9002/2008 principles and requirements, and we engage state-of-the-art testing capabilities that include, but are not limited to

- **ASTM D882** (Testing tensile, elongation, yield, and modulus gauge instruction)
- **ASTM F1306** (Testing penetration resistance)
- **ASTM D1894** (Examining the co-efficient of friction, specifically the "openability" of a bag)
- **ASTM D2103** (Testing film gauge (thickness) properties)
- **ASTM D6988** (Determining the thickness of plastic film)

WasteZero is happy to furnish additional detail around our quality control procedures upon request.

References

WasteZero References for Bags, Retail Store Distribution, and Accounting						
	Title	Municipality	Phone	# Bags/Year	Length of Relationship	# Stores Served
Cynthia Mitchell	Solid Waste Utility Mgr.	Columbia, MO	573-874-6290	4,300,000	Jan. 2008-present	13
Charlie Sumner	Town Administrator	Brewster, MA	508-896-3701 X1128	250,000	July 2013-present	15
Charlie Andreson	Director of Public Works	Sanford, ME	207-324-9135	525,000	July 2010-present	14
Jonathan Beder	Director of Public Works	Plymouth, MA	508-830-4097 X105	780,000	July 2013-present	20
Bob Knox	Public Works Director	City of Malden, MA	781-397-7162	1,300,000	October 2008-present	42
Chip Chesley	General Services Director	City of Concord, NH	603-230-3902	800,000	July 2009-present	29
Dan Morgado*	Town Manager	Town of Shrewsbury, MA	508-841-8508	760,000	August 2009-present	34
Rose LoPiccolo	Recycling Coordinator	City of Gloucester, MA	978-281-9785	600,000	January 2009-present	35
Dave Hickox	Public Works Director	Town of Dartmouth, MA	508-999-0740	530,000	July 2007-present	32
Paul Tilton	Public Works Director	Town of Sandwich, MA	508-833-8002	460,000	July 2011-present	18
Bill Chenard	Public Works Director	Town of Natick, MA	508-647-6550	350,000	July 2003-present	14
Dave Miller	DPW Business Manager	Town of Ashland, MA	508-881-0120 X19	300,000	July 2005-present	21
Will Cronin	Recycling Coordinator	Town of Middletown, RI	401-842-6519	300,000	November 2007-present	21
Bob Fiore*	Assistant Commissioner	City of Worcester, MA	508-799-1430	3,100,000	November 2001-present	148
Tim McInerney	Town Administrator	Town of Grafton, MA	508-839-5335 X1180	300,000	April 2009-present	22
Lee Leiner*	Deputy Dir. of Public Works	City of Bath, ME	207-443-8357 X204	180,000	July 2006-present	13

*WasteZero does not provide accounting services for these municipalities.

WASTEZERO VOUCHER SUPPLIES AND SERVICES AGREEMENT

This WasteZero Voucher Supplies and Services Agreement (this "Agreement") is made and entered into this the _____ day of _____, 2014 (the "Effective Date"), by and between WasteZero, Inc., a Delaware corporation, hereinafter referred to as "WasteZero", and the City of Broken Arrow, OK, hereinafter referred to as "Municipality".

WITNESSETH

WHEREAS, Municipality is responsible for the disposal of solid waste and recycling for its residents;

WHEREAS, WasteZero can design, implement and run its WasteZero Voucher Program™ (the "Program") whereby it creates and distributes voucher coupons to residents of the Municipality that can be redeemed at retail stores for solid waste bags (the "Official Municipal Bags"), and provides comprehensive supplies and services in support of the Program; and

WHEREAS, Municipality desires to engage WasteZero to implement and run the Program, including to make and distribute redeemable vouchers and manufacture and distribute Official Municipal Bags to certain retail stores and to provide certain logistics, accounting, inventory management, and other services in support of the Program.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Term. This Agreement will be binding on all parties for a period from the Effective Date of this Agreement until one (1) year from the Effective Date (the "Initial Term"). Upon the expiration of the Initial Term, subject to agreement between the Parties on the WZ Supplies and Services Fee (defined herein), the term of the Agreement may be renewed for four (4) additional one (1) year terms, each of such four (4) one (1) year terms an "Extension Term" (the Extension Terms and the Initial Term, hereinafter collectively the "Term").

2. WasteZero Services. During the Term, WasteZero will (i) manufacture and supply Official Municipal Bags that comply with the specifications set forth in Exhibit A (the "Specifications") to those retailers recommended by Municipality and set forth in Exhibit B (the "Retailers") for distribution by Retailers to residents of the Municipality; and (ii) provide the "Services" set forth in Exhibit C, including but not limited to make and distribute vouchers for qualified residents of the Municipality. The Program Coordinator set forth on Exhibit C will be the primary point of contact for full and complete execution and management of delivery of the Services set forth in this Agreement.

3. Program Implementation. The "Program Start Date" will be the agreed date for complete implementation of the Program and the initiation of retail redemptions and sales. The Program Start Date shall be on, or by, April 1, 2014. From the Effective Date until the Start Date, the Parties must work together to accomplish the "Program Implementation Schedule" set forth in Exhibit C. To enable WasteZero to provide the Services by the Program Start Date, Municipality agrees to perform its obligations also set forth in Exhibit C.

4. Designated Retailers. Municipality will provide WasteZero with a recommended list of Retailers set forth in Exhibit B it would prefer to participate in the Program. WasteZero will provide these

Retailers with the “Retailer Letter Agreement” set forth on Exhibit D describing the terms of participation in the Municipality’s Program (the “Retailer Terms”). Retailer participation will be subject to a Retailer’s acceptance of the Retailer Terms and will be reaffirmed each time Retailer accepts delivery of Official Municipal Bags. Addition or removal of Retailers from the list will be subject to mutual agreement between WasteZero and the Municipality. WasteZero will provide Retailers with toll-free number and email ordering and support.

5. Exclusive Agreement. During the Term, WasteZero and Municipality will not purchase or sell, directly or indirectly (i.e., through a third party) waste or recycling bags for purposes of this Program other than the Official Municipal Bags referred to herein.

6. Inventory Target. To ensure that an adequate inventory of Official Municipal Bags is available for distribution by Retailers, WasteZero will use commercially reasonable efforts to maintain an average number of Official Municipal Bags in WasteZero’s inventory in accordance with the target set forth in Exhibit C (the “Average Inventory Target”). Inventory belongs to Municipality.

7. Terms of Distribution. Retailers will submit written or verbal orders (“Orders”) directly to WasteZero. Orders will set forth the type and quantity of Official Municipal Bags. Orders received by WasteZero will be delivered within five (5) business days of Order placement, subject to WasteZero’s right to reject an Order from a Retailer for reasons related to WasteZero’s Collection Policy and Procedures. If this period includes a holiday observed by WasteZero, then WasteZero will notify Retailers of schedule changes for the affected order. Deliveries of Official Municipal Bags pursuant to this Agreement will be F.O.B. any plant or warehouse of WasteZero. In exchange for each Order, Retailers must provide WasteZero with redeemed vouchers and information about the number of miscellaneous retail bag sales. WasteZero will generate a monthly statement for each Retailer.

8. Miscellaneous Bag Sales. In addition to the voucher program set forth in Exhibit C, WasteZero will separately make Official Municipal Bags available to retailers for purchase at the prices set forth in Exhibit A (the “Retail Bag Prices”). The Retail Bag Prices will be set by WasteZero in consultation with the Municipality. WasteZero will collect payment and enforce payment obligations in accordance with its policies set forth in Exhibit E.

9. Compensation. To compensate WasteZero for this Agreement, WasteZero will invoice and Municipality will pay the “WZ Supplies and Services Fee” up to the guaranteed maximum price set forth on Exhibit A. WasteZero assumes all risks associated with fluctuations in the prices of resin, costs associated with voucher and retail store distribution and any other cost beyond the guaranteed maximum price. WasteZero will invoice the WZ Supplies and Services Fee upon shipment of inventory to the warehouse. Payments of the WZ Supplies and Services Fee will be reconciled with Program voucher redemptions as redemption information is received from Retail Stores.

10. Program Reports. WasteZero will provide Municipality with monthly reports showing the number of vouchers mailed, number of vouchers redeemed, UPC code information regarding the point of redemption, inventory on hand and other information Municipality reasonably requests.

11. Representations and Covenants.

a. Legal and Binding Agreement; Municipality’s Obligations. Municipality has taken or will take any and all legal actions required in order for this Agreement to be binding on Municipality for the Term, including, if applicable, passage of a legislative resolution or ordinance adopting this Agreement or authorizing an official of the Municipality to enter it on the terms and conditions contained herein.

Municipality will provide certification, if applicable, that the Official Municipal Bags qualify for a waiver of local and state sales, use, or other taxes.

b. Representations of WasteZero. WasteZero warrants that the Official Municipal Bags will, in all material respects, meet the Specifications. In the event the Official Municipal Bags delivered to Retailers fail to meet the Specifications in any material respect, WasteZero will, as Municipality and customers' sole and exclusive remedy for such failure, replace the Official Municipal Bags in accordance with WasteZero's Return and Replacement Policy as set forth on Exhibit E.

c. EXCEPT AS EXPRESSLY PROVIDED HEREIN, ALL OFFICIAL MUNICIPAL BAGS AND SERVICES PROVIDED BY WASTEZERO UNDER THIS AGREEMENT ARE PROVIDED "AS-IS" WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

12. Breach; Termination.

a. Termination for Breach. If either party reasonably concludes that the other is in material breach of this Agreement, such party will notify the other party in writing, including a detailed description of the alleged breach. If such breach is curable, the party alleged to be in breach will be allowed up to ninety (90) days after written notice by the other party in which to make necessary adjustments to remedy said deficiencies or to take action to remedy any deficiencies that require longer than ninety (90) days to cure. In the event the breaching party fails to correct (or take action to correct) such deficiencies within ninety (90) days after written notice of the deficiencies or breach, then the other party may terminate this Agreement, effective ninety (90) days after written notice of failure to correct (or failure to take action to correct) to the breaching party. If such breach is not curable, the Agreement will be terminated ninety (90) days from the date the non-breaching party provides the breaching party with written notice of such breach.

b. Insolvency. If any assignment is made by WasteZero or by any guarantor of WasteZero for the benefit of creditors, or if a petition is filed by WasteZero or by any guarantor of WasteZero for adjudication as bankrupt, or for reorganization or an arrangement under any provision of the U.S. Bankruptcy Act as then in force and effect, or if an involuntary petition under any of the provisions of the U.S. Bankruptcy Act is filed against WasteZero and such involuntary petition is not discharged within ninety (90) days thereafter, in any event Municipality may terminate this Agreement upon written notice to WasteZero.

c. Termination for Convenience. Municipality may terminate this Agreement at any time upon ninety (90) days written notice if Municipality terminates the Program.

d. Effect of Termination. Upon termination or expiration of this Agreement for any reason (i) WasteZero will ship to Municipality all Official Municipal Bags remaining in inventory, (ii) WasteZero will have no further liability or obligation under this Agreement, including without limitation, for servicing warranty claims, and (iii) WasteZero will have no continuing responsibility for the Services. The following terms and conditions will survive the expiration or termination of this Agreement for any reason: Section 11.c. and Sections 12-22, payment obligations that have accrued on or before the effective date of termination or expiration, and any other terms and conditions that contemplate performance following the effective date of termination or expiration, or that by their nature are intended to survive.

13. Limitation of Liability. WASTEZERO WILL NOT BE LIABLE TO MUNICIPALITY, RETAILER, CUSTOMER OF RETAILER OR END USER FOR ANY SPECIAL, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, TREBLE OR PUNITIVE DAMAGES, OR ANY LOSS OF

REVENUES, LOSS OF PROFITS OR LOSS OF REPUTATION ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE MANUFACTURE OR SALE OF PRODUCT OR PROVISION OF SERVICES. THESE LIMITATIONS APPLY EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF RECOVERING THESE DAMAGES OR LOSSES AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, WASTEZERO'S AGGREGATE LIABILITY FOR ANY CLAIMS OR CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE MANUFACTURE OR SALE OF PRODUCT OR PROVISION OF SERVICES WILL NOT EXCEED THE TOTAL AMOUNT PAID BY MUNICIPALITY TO WASTEZERO DURING THE SIX MONTH PERIOD PRECEDING THE ACT GIVING RISE TO THE CLAIM FOR DAMAGES.

14. Force Majeure. WasteZero will not be liable for failure to perform under this Agreement if such failure arises out of causes beyond its reasonable control. Such causes may include but not be limited to acts of the government in its sovereign or contracted capacity, fires, floods, hurricanes, tornadoes, strikes, epidemics, quarantine restriction, freight embargoes, petroleum supply shortages or disruptions, and unusually severe weather.

15. Insurance. WasteZero shall carry general liability insurance, including contractual liability coverage, in the amount of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in general aggregate. Upon written request, certificates of insurance naming Municipality as an additional insured will be provided to Municipality by WasteZero.

16. Non-Collusion. WasteZero has not entered into any agreement, directly or indirectly, or otherwise taken any action in restraint of free competitive bidding in connection with the submission of a bid or the engagement of Municipality for the purposes of entering into this Agreement.

17. Information and Cooperation. During the Term of this Agreement, Municipality will cooperate with WasteZero and provide WasteZero with any information reasonably requested by WasteZero for the performance of its obligations and tracking of Program performance. This information may include semi-annual updates on the number of households utilizing Municipality's and/or its designee's residential solid waste collection and/or disposal service, the actual corresponding residential municipal solid waste tonnage disposed, and the actual residential recycling tonnage received. WasteZero may compile information regarding Municipality's Program and may use this data in research and marketing reports, a copy of which will be provided to Municipality at Municipality's request. Municipality agrees that WasteZero may refer to Municipality's Program in its verbal and written communications.

18. Assignment. Neither party may assign this Agreement, or the rights hereunder, without prior written approval of the other, which approval will not be unreasonably withheld; provided, however, that WasteZero may, without any approval, assign this Agreement (i) to an affiliate of WasteZero or (ii) in connection with a merger or a sale or transfer of substantially all of WasteZero's assets (or such portion thereof relating to the subject matter of this Agreement). This Agreement will be binding upon and will inure to the benefit of the parties and their successors and assigns.

19. Governing Law; Arbitration. This Agreement will be governed by and construed in accordance with the laws of the state in which the Municipality is located. Any controversy or claim arising out of or related to this Agreement or any transactions contemplated herein that cannot be amicably resolved, will be resolved by binding arbitration held in the state in which the Municipality is located, or any other location mutually agreeable to the parties, by one arbitrator in accordance with the commercial arbitration rules of the American Arbitration Association. Notwithstanding the origin of the controversy or claim, either party may

initiate arbitration. The decree or judgment of any award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

20. Notice. All notices and other communications hereunder will be in writing and may be given by personal delivery, nationally recognized express courier, registered or certified mail (return receipt requested), or facsimile (receipt confirmed). Such notice will be deemed effective when received if it is given by personal delivery, nationally recognized express courier, or facsimile, and will be effective three (3) days after mailing by registered or certified mail, so long as it is actually received within five (5) days (and, if not so received within five (5) days, is effective when actually received) by the parties at the addresses (or at such other address for a party as will be specified by like notice) set forth below:

If to WasteZero, to:

8540 Colonnade Center Drive, Suite 312
Raleigh, North Carolina 27615
Attn: Cal Cunningham
Tele. No. (919) 322-1220
Email: ccunningham@wastezero.com

with a copy to:

Wyrick Robbins Yates & Ponton, LLP
4101 Lake Boone Trail, Suite 400
Raleigh, North Carolina 27607
Facsimile No.: (919) 781-4865
Attention: Larry E. Robbins

If to Municipality, to:

Attn: _____

Tele. No.: _____

Email: _____

21. Entire Agreement; Amendment. This Agreement (including the exhibits, schedules and attachments hereto) and the documents delivered pursuant hereto constitute the entire agreement and understanding among Municipality, Retailer and WasteZero and supersede any prior agreement and understanding relating to the subject matter of this Agreement. This Agreement may be modified or amended only by a written instrument executed by Municipality and WasteZero acting through their duly authorized representatives. The provisions of this Agreement constitute separate and independent covenants, and the invalidity or unenforceability of one or more of the provisions hereof will not affect the validity or enforceability of the remaining provisions.

22. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this WasteZero Supplies and Services Agreement as of the Effective Date.

Municipality

WasteZero, Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
Official Municipal Bag Specifications

1. General Specifications: Price includes the standard cost of shipping. Bags are one hundred percent (100%) made in the United States. The manufacturing plant is WasteZero-owned. Bags are made with recycled content. Bags contain three-ply extrusion technology with customizable printing options, including registered print option. WasteZero provides choice of colors, sizes, inside gray liner and more, as well as drawstring or twist-tie closure options. Multiple packaging options, include unique identifiers on every case and individual bag code dating to support quality control purposes

2. Specific bag specifications for this Agreement:

Bag Description	Black "Refuse"
Retail Pack	50 Bags Per Roll
Bag Size	30" by 32"
Bag Gauge	1.2mil
Bag Type	3-ply, co-extruded
Bag Composition	Includes recycled content
Bag Closure	Drawstring
Exterior Bag Color Selected from WasteZero Standard Color Guide	Black
Capacity Equivalent	30"x36" twist-tie equivalent

3. The Retail Bag Prices (price paid at point of sale for miscellaneous orders):

The price at which retailers may charge residents for miscellaneous rolls of Black Refuse Bags will be discussed with Municipality and set by WasteZero with the Municipality's consultation. A percentage of the Retail Bag Price will be remitted to WasteZero on each retail purchase.

4. WZ Supplies and Services Fee:

The WZ Supplies and Services Fee will be an amount not to exceed the guaranteed maximum price of \$500,000 during the Term and is calculated at \$.117725 per Official Municipal Bag purchased by Program voucher redeemed at a Retail Store. WasteZero and Municipality must agree on the WZ Supplies and Services Fee for any Extension Term.

EXHIBIT B
Retail Stores Recommended By Municipality

Store name	
Store address	
PO Box	
City	
State	
Zip	
Contact name	
Contact phone	
Fax	
E-mail	
Store name	
Store address	
PO Box	
City	
State	
Zip	
Contact name	
Contact phone	
Fax	
E-mail	
Store name	
Store address	
PO Box	
City	
State	
Zip	
Contact name	
Contact phone	
Fax	
E-mail	

Addition or removal of Retailers from the list will be subject to mutual agreement between WasteZero and the Municipality.

EXHIBIT C
Services

1. WasteZero Services Provided to Municipality:
 - a. Voucher Development and Distribution Services:
 1. Work with Municipality to create eligible resident/household list
 2. Update list monthly to account for change in eligibility, address and new residents
 3. Create custom voucher with imprinted UPC Codes, eligible resident/household, unique identification number and expiration date, subject to Municipality approval
 4. Print and mail vouchers at least two (2) times per year to eligible residents via US Postal Service for a fixed quantity of Official Municipal Bags (refuse and recycling) at dates to be determined with Municipality
 5. Bear risk and expense of re-mailing according to US Postal Service return service requested
 - b. Retail Store Distribution Services:
 1. Deliver secure, dependable supply chain and asset management
 2. Official Municipal Bag storage at WasteZero-bonded distribution centers
 3. UPC code development and registration
 4. Enroll and coordinate retailer setup processes with participating stores
 5. Monitor inventory at WasteZero distribution centers, with a goal to prevent stock out
 6. Receive, enter and process orders from retailers within five (5) business days
 7. Ship Official Municipal Bags
 - c. Accounting and Funds Management:
 1. Billing Retailers for miscellaneous (non-voucher) orders
 2. Collecting funds from Retailers
 3. Informing Municipality of any Retailers put on a credit hold via monthly reports.
 4. Sending notification of Bag Price change to all retailer contacts, approved by Municipality prior to distribution.
 5. Performing management and custodianship of the Deposit Account
2. WasteZero Startup Services and Municipality Requirements: WasteZero will provide the Services in support of the startup timeframe. WasteZero's performance of the Services is dependent on the timely completion of the Municipality's requirements. Municipality acknowledges and agrees that any failure by it to perform its requirements within the applicable timeframes may delay WasteZero's performance. No such delay will be a breach of this Agreement by WasteZero.
3. The Program Start Date will be: On or by April 1, 2014.

4. Program Implementation Schedule:

#	Program Service Activity	Responsible Party		To be completed on or before
		WasteZero	Municipality	
Supplies				
1	Provide feedback on package insert copy		☐	TBD
2	Provide final package insert copy proofs for approval	☐		TBD
3	Approve final package insert copy		☐	TBD
Distribution and Retailers				
4	Submit to WasteZero a list of recommended Retailers that Municipality would like to invite to participate in the program		☐	TBD
5	Create and send letters and collateral to retailers, outlining the retail store distribution	☐		TBD
6	Deliver initial shipment of Official Municipal Bags to retailers	☐		TBD
Voucher Development and Distribution				
7	Submit to WasteZero a list of qualified householders to receive vouchers		☐	TBD
8	Create and send vouchers with UPC code and related cover letter to Municipality for approval	☐		TBD
9	Deliver initial mailing of vouchers to qualified households	☐		TBD

5. Municipality Point of Contact:

Name: _____
 Address: _____
 Tele. No.: _____
 Email: _____

6. WasteZero Program Manager:

Name: _____
 Address: _____
 Tele. No.: _____
 Email: _____

7. The Average Inventory Target is: 2 months

EXHIBIT D

Retailer Letter Agreement

Dear Retailer:

On behalf of the City of Broken Arrow, we would like to thank you for your participation in the [Name of City of Broken Arrow's Program] (the "Program") by offering Official Municipal Bags for voucher redemption and retail sale. Your participation is a critical part of making the Program a success. WasteZero looks forward to working with you to provide supplies and services for your retail customers.

WasteZero has an Agreement with the City of Broken Arrow and will provide support to the Program subject to the terms and conditions in that Agreement (the "Retailer Terms"). The Retailer Terms supersede and replace any pre-printed or additional terms that might be included on your purchase order or correspondence. By participating in the Program, you agree to the Retailer Terms and can obtain a complete copy of the Agreement by contacting us.

Among the key Retailer Terms is that you provide Official Municipal Bags of the size and specifications selected by the City of Broken Arrow in exchange for official vouchers that are distributed to eligible residents. You will also be able to order additional Official Municipal Bags and make them available for retail sale at the prices set forth below.

In order to prevent a stock-out of Official Municipal Bags and prevent an inconvenience for your customers, you agree to keep a three (3) week supply of cases of each bag on hand. Orders placed by you must be directed to WasteZero and will ordinarily be delivered within five (5) business days of placement.

HOW TO PLACE ORDERS

You may place bag orders with WasteZero in any one of the following ways:

1. Phone: 1-800-866-3954
2. Fax: 1-843-237-8724
3. E-mail: customerservice@wastezero.com

It is likely you will experience "surge" volumes at the outset of the program as customers purchase an initial supply. Over time, the volume will develop into a typical pattern. We urge you to monitor the product closely during the program's initial weeks and communicate potential stock-out situations to us promptly. WasteZero will provide you reasonable assistance to avoid a stock-out. WasteZero reserves the right to bill you for excess freight charges caused by requests for rush delivery due to failure to place orders on a timely basis.

Upon delivery, you will sign an electronic FedEx receipt acknowledging the number and type of bags that were delivered. Your acceptance of the shipment will also reaffirm your agreement to the Retailer Terms.

HOW TO ESTIMATE ORDERS

Municipality's Official Bags are packaged in the following quantities at the following retail prices:

Bag Size	Bags per roll	Rolls per case	Price per roll	Price per case	Bar Code
Black Refuse (30" by 32")	50	8	TBD	TBD	TBD

HOW TO MAKE PAYMENTS

WasteZero will invoice you for each delivery based on the delivery receipt indicating the number of bags and dollar amount by size on the date of delivery. All invoices billed to you are due and payable, net 30 days from date of invoice. You must remit vouchers and cash from retail sales to WasteZero and provide an accurate count of retail sales in payment of the invoice. An invoice becomes overdue on the 31st day. On the 45th day, WasteZero will apply a credit hold until overdue invoices are paid in full. During a credit hold, WasteZero will not accept new orders and will make no new deliveries.

Please **make payment** out to: WasteZero, Inc.

Please **mail payments** to: WasteZero, Inc.

5180 Horry Dr., Ste. B

Murrells Inlet, SC 29576

WARRANTIES

EXCEPT AS EXPRESSLY PROVIDED HEREIN, ALL OFFICIAL MUNICIPAL BAGS AND SERVICES PROVIDED BY WASTEZERO UNDER THIS AGREEMENT ARE PROVIDED "AS-IS" WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. WASTEZERO WILL NOT BE LIABLE TO MUNICIPALITY, RETAILER, CUSTOMER OF RETAILER OR END USER FOR ANY SPECIAL, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL, TREBLE OR PUNITIVE DAMAGES, OR ANY LOSS OF REVENUES, LOSS OF PROFITS OR LOSS OF REPUTATION ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE MANUFACTURE OR SALE OF PRODUCT OR PROVISION OF SERVICES. THESE LIMITATIONS APPLY EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF RECOVERING THESE DAMAGES OR LOSSES AND NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, WASTEZERO'S AGGREGATE LIABILITY FOR ANY CLAIMS OR CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE MANUFACTURE OR SALE OF PRODUCT OR PROVISION OF SERVICES WILL NOT EXCEED THE TOTAL AMOUNT PAID BY MUNICIPALITY TO WASTEZERO DURING THE SIX MONTH PERIOD PRECEDING THE ACT GIVING RISE TO THE CLAIM FOR DAMAGES.

RETURNS AND REPLACEMENTS

WasteZero wants Retailers and customers to be completely satisfied with the quality of Official Municipal Bags. Should any Retailer or customer experience a *bona fide* product defect with his or her Official Municipal Bags, WasteZero will replace the defective product at no charge with a product of equivalent specification. Defective products must be returned for inspection. The product defect must be related to the design, manufacture, or supply of the product and not related to Retailer or customer overload, mishandling or misuse. Replacements will be processed at the point of sale. Cash refunds or discounts are not authorized. To obtain appropriate credit, Retailers must return the defective product to WasteZero.

If WasteZero ships a greater quantity of product or product of different specification than product ordered by you, at your election, WasteZero will honor a request for inventory return. Inventory returns must be coordinated with the WasteZero personnel with whom the original order was placed. WasteZero, however, will not bear the cost of correcting errors made by you in placing your order.

WasteZero looks forward to working with you to make the City of Broken Arrow's Program a success. If you have any questions or concerns, please feel free to contact us at 800-866-3954.

Sincerely,
Customer Service

WasteZero, Inc.

To Place Orders

- Phone: 1-800-866-3954
- Fax: 1-843-237-8724
- E-mail: customerservice@wastezero.com

Timing of Orders

- You may place orders on any business day.
- Delivery will be made within five (5) business days.
- Keep a 3 week supply on hand.
- Rush orders will be billed excess freight.

To Make Payments

- Make payment out to: WasteZero, Inc.
- Mail payment to: WasteZero, Inc.
5180 Horry Dr., Ste. B
Murrells Inlet, SC 29576

**Bag Order
Quick
Reference
Sheet**

**WasteZero
Customer
Service:
1-800-866-3954**

EXHIBIT E

Retailer Credit Policy and Procedures

WasteZero will invoice the Retailer for each delivery based on the delivery receipt indicating the number of bags and dollar amount by size sold to the Retailer on the date of delivery. All invoices billed to Retailers are due and payable, net thirty (30) days from date of invoice. Invoices may be paid by remitting vouchers and cash from retail sales.

WasteZero will use reasonable and customary efforts to collect all outstanding balances owed by Retailers. Outstanding balances not paid with redeemed vouchers must be paid in cash.

- In the event that the Retailer does not pay within terms, when the Retailer calls in an additional order, WasteZero will verbally remind the Retailer of the past due balances and ask for prompt payment. The Retailer will also be reminded that their account will be placed on hold when it becomes forty-five (45) days past the date of invoice (or 15 days past due).
- If an invoice becomes forty-five (45) days past the date of invoice (or fifteen (15) days past due), WasteZero will place the Retailer's account on hold, will not accept new orders from that Retailer, and will make no new deliveries to that Retailer until all invoices forty-five (45) days past the date of invoice (or fifteen (15) days past due) are paid in full. WasteZero will then remove the hold on the account, resume accepting new orders and deliver bags to the Retailer.
- In the event invoices become sixty (60) days past the date of invoice (or thirty (30) days past due):
 - No new orders will be accepted or deliveries made to the delinquent Retailer account in the future.
 - WasteZero will reserve the right to take any actions available to it to collect on the delinquent account

WasteZero Return and Replacement Policy

WasteZero wants Retailers and customers to be completely satisfied with the quality of Official Municipal Bags. Should any Retailer or customer experience a *bona fide* product defect with his or her Official Municipal Bags, WasteZero will replace the defective product at no charge with a product of equivalent specification. Defective products must be returned for inspection. The product defect must be related to the design, manufacture, or supply of the product and not related to Retailer or customer overload, mishandling or misuse. Replacements will be processed at the point of sale. Cash refunds or discounts are not authorized. To obtain appropriate credit, Retailers must return the defective product to WasteZero.

If WasteZero ships a greater quantity of product or product of different specification than product ordered by Retailer, at Retailer's election, WasteZero will honor a request for inventory return. Inventory returns must be coordinated with the WasteZero personnel with whom the original order was placed. WasteZero, however, will not bear the cost of correcting errors made by Retailers in their order placements.

Please Note: WasteZero does not give exchanges for Official Municipal Bags purchased through unauthorized Retailers or individuals.



WasteZero Imprinted Trash Bags

- o 20 years of waste reduction
- o 850 municipalities
- o 99.6% customer retention
- o US-made supplies
- o 44% decrease in solid waste
- o 2x-3x increase in recycling
- o \$200M saved by WasteZero partner municipalities to date

You may already know that for more than 20 years, WasteZero® has been dedicated to partnering with municipalities just like yours to deliver the most effective waste reduction programs in the United States.

But did you know that WasteZero is also the nation's leading provider of pay-as-you-throw (PAYT) trash metering bags?

WasteZero US-Made, Fully Customized Plastic Trash Bags—Simply the Best in the Business

You have a lot of choices when it comes to choosing your town's plastic trash bags; choices ranging from size, gauge, color, capacity, closure, print, packaging—and price. And only WasteZero can provide you with the highest quality bags to meet your very specific needs.

Some of the strongest available

WasteZero bags are some of the few bags in the industry with three-ply technology. We use a state-of-the-art plastic called metallocene, adding more reinforcement, strength, and durability than most polyethylene bags out there.

Thickness to suit your specific needs

Looking for a thinner bag at less than 1.0 mil? How about an extra-thick 3.0 mil bag? No problem. WasteZero manufactures bags in a variety of gauges. This is especially important when your needs require a specific thickness; WasteZero Trash Metering™ bags have been standing up to trash bag demands for 20 years. And we always check the thickness of your bags several times during production, ensuring your and your residents' satisfaction.

Countless customizable options

We make your bags exactly the way you want them. Need your municipal name, official seal, or directions for use printed on your bags? Custom printing is standard. You have your choice of bag colors, sizes, and thicknesses, as well as imprinting styles and colors. Prefer drawstring over twist tie bags? We offer both. You even have options right down to the way your bags are packaged, including small quantity packs like 5 bags per pack. And we manufacture all our bags with recycled content (unless you don't prefer it)—and even offer you biodegradable options as well. Our flexibility in manufacturing puts us ahead of the curve when it comes to precision customization and one-of-a-kind customer service.

US-made bags, local service

There are a lot of advantages to knowing who makes your trash bags and to working with them directly. Unlike many third-party vendors, we know, measure, and record everything about our products, from the contents of each bag to the weight and barcode of every case that leaves our US-based state-of-the-art manufacturing plant.



“

You want to know that you've got someone who knows what they're doing. Your bags are important to them. It's not like you're making 30 million bags and you're just going to run these quarter of a million bags for this community for some reason. It's nice that they know what's behind it.”

Bob Fiore
Department of Public Works
Worcester, MA

“WasteZero Product Helps Cities Boost Recycling, Limit Dumping”
The SunNews, July 13, 2009

Being your vendor is an important job, and we take it seriously. Because we make all our bags in our facility right here in the US, we control the manufacturing process from start to finish. That means whenever you have a question or a concern, you pick up the phone and speak directly to us, bypassing the challenges and time commitments often inherent with third party or overseas vendors.

Comprehensive WasteZero Trash Metering™ Programs

A full WasteZero Trash Metering program incorporates not only the highest quality US-made supplies, but also all of the services to ensure the program is successful. Only WasteZero can provide you with impact and benefits analyses, dedicated resources, resident education and outreach programs, retail distribution, and program accounting and reporting.

WasteZero Retail Store Distribution™

That's right. We deliver. We understand that the logistics of launching a PAYT or trash metering program can be time consuming and expensive. That's why we don't stop at manufacturing—our Retail Store Distribution program is in place to free you from all the distribution, warehousing, inventorying, and accounting responsibilities that go in to a successful program.

Capacity—It's in the Bag

WasteZero manufactures both twist-tie and drawstring trash bags in just about any size and color combination imaginable. But we recognize that by far, customers prefer drawstring bags. In fact, nearly 70% of all the trash bags sold in retail markets are drawstrings.

The drawstring bag—more capacity, less plastic, self-contained

When considering the most effective bags for your program, capacity is an important factor. And no bag style is more effective than a drawstring. It holds more trash while using less plastic.

It's simple: not every bag with the same dimensions holds the same amount of trash.

To learn more about our trash bags, our program services, or to place an order, visit us at www.wastezero.com or call us at 800-866-3954.



About WasteZero

WasteZero is the nation's leading provider of proven and practical waste reduction programs. We partner with municipalities throughout the US to develop innovative programs and services that reduce the amount of waste deposited into landfills and burned in incinerators, increase recycling, and generate savings and revenue. With more than 850 municipal partners—more than any other company in the US—WasteZero provides best-in-class services that include WasteZero Trash Metering™ programs and Pay-As-You-Throw conversion programs proven to reduce solid waste 44% annually on average.

WasteZero manufactures 99% of the supplies that support our programs, including customized plastic trash bags made in the US with the industry's state-of-the-art technology. Our Retail Store Distribution Program™ offers trash bag warehousing, inventory management, accounting and reporting, and more. WasteZero has offices in Cambridge, MA, Raleigh, NC, Murrells Inlet, SC and Chicago, IL. For more information, please visit www.wastezero.com or call 800-866-3954.

Find out more at www.wastezero.com



CITY OF CHARLESTON
PURCHASING DEPARTMENT

September, 2013

Dear Retailer:

On behalf of the City of Charleston, we would like to thank you for your participation in the Refuse and Recycling Voucher Program (the "Program") by offering refuse and recycling Official Municipal Bags for voucher redemption and retail sale. Your participation is a critical part of making the Program a success. We are excited to have WasteZero working with you to provide supplies and services for your retail customers.

TERMS OF PARTICIPATION

Among the key terms of your participation in the Program is that you provide Official Municipal Bags of the size and specifications selected by the City of Charleston in exchange for official vouchers that are distributed to eligible residents. You will also be able to order additional Official Municipal Bags and make them available for retail sale at the prices set forth below. The Official Municipal Bags offered for sale **will be subject to the West Virginia sales tax.**

In order to prevent a stock-out of Official Municipal Bags and prevent an inconvenience for your customers, you agree to keep a three (3) week supply of cases of each bag size on hand. Orders placed by you must be directed to WasteZero at the contact information in this letter and will ordinarily be delivered within five (5) business days of placement.

WasteZero has an Agreement with the City of Charleston and will provide support to the Program; you should call WasteZero with your questions. The terms in this letter supersede and replace any pre-printed or additional terms that might be included on your purchase order or correspondence. By participating in the Program, you agree to these terms. Upon delivery, you will sign a receipt acknowledging the number and type of bags that were delivered. Your acceptance of the shipment will also reaffirm your agreement to the terms in this letter.

HOW TO PLACE ORDERS

You may place bag orders with WasteZero in any one of the following ways:

1. Phone: 1-800-866-3954
2. Fax: 1-843-473-4991
3. E-mail: customerservice@wastezero.com

Order quantities must meet a minimum of one pallet per product. Pallet quantities per product are included below. If after 90 days you no longer wish to maintain any inventory that has not been redeemed or sold, you may contact WasteZero to return the product, at no cost.

It is likely you will experience "surge" volumes at the outset of each voucher mailing aligned to the program as customers redeem the vouchers they have received. The initial voucher mailing is targeted for September 1, 2013 to support a Program Launch on September 16, 2013. Additional voucher mailings will follow every 6 months. Over time, the volume will develop into

CITY OF CHARLESTON
PURCHASING DEPARTMENT



a typical pattern. We urge you to monitor the product closely during the program's initial voucher mailing and communicate potential stock-out situations to us promptly. WasteZero will provide you reasonable assistance to avoid a stock-out. WasteZero reserves the right to bill you for excess freight charges caused by requests for rush delivery due to failure to place orders on a timely basis.

HOW TO ESTIMATE ORDERS

Charleston's Official Municipal Bags are packaged in the following quantities at the following suggested retail prices:

Bag Size	Bags per roll	Rolls per case	Cases per pallet	Retailer Cost per roll	Recommended Retail Price per roll	Bar Code
Black Refuse (32" by 34")	50	15	28	\$5.75	\$6.00	7-34408-51201-7
Clear Recycling (32" by 34")	35	20	28	\$4.75	\$5.00	7-34408-51200-0

HOW TO MAKE PAYMENTS

Every thirty (30) days, WasteZero will invoice you for bags ordered and delivered in the preceding month. You will have thirty (30) days thereafter to remit vouchers, remit the cash from retail sales to WasteZero and provide an accurate count of retail sales. Any invoices billed to you are due and payable, net 30 days from date of invoice. An invoice becomes overdue on the 31st day. On the 45th day, WasteZero will apply a credit hold until overdue invoices are paid in full. During a credit hold, WasteZero will not accept new orders and will make no new deliveries.

Please **make payment** out to: WasteZero, Inc.

Please **mail payments** to: WasteZero, Inc.

5180 Horry Dr., Ste. D

Murrells Inlet, SC 29576

Please **include the invoice number** on your payment

All remitted vouchers must be sent to WasteZero in the mailing materials provided. An initial supply of these materials will be provided with the first order. Additional supplies may be requested by contacting WasteZero Customer Service.



RETURNS AND REPLACEMENTS

The City of Charleston wants Retailers and customers to be completely satisfied with the quality of Official Municipal Bags. Should any Retailer or Customer experience a *bona fide* product defect with his or her Official Municipal Bags, WasteZero, our third party provider, will replace the defective product at no charge with a product of equivalent specification. Defective products must be returned for inspection. The product defect must be related to the design, manufacture, or supply of the product and not related to Retailer or customer overload, mishandling or misuse. Replacements will be processed at the point of sale. Cash refunds or discounts are not authorized. To obtain appropriate credit, Retailers must return the defective product to WasteZero.

If WasteZero ships a greater quantity of product or product of different specification than product ordered by you, at your election, WasteZero will honor a request for inventory return. Inventory returns must be coordinated with the WasteZero personnel with whom the original order was placed. WasteZero, however, will not bear the cost of correcting errors made by you in placing your order.

We look forward to working with you to make the City of Charleston's Program a success. If you have any questions or concerns, please feel free to contact WasteZero at 800-866-3954.

Sincerely,
Shannon L. Milroy
Purchasing Director

Placing Orders

- Phone: 1-800-866-3954
- Fax: 1-843-473-4991
- E-mail: customerservice@wastezero.com

Timing of Orders

- You may place orders on any business day.
- Delivery will be made within five (5) business days.
- Keep a 3-week supply on hand.
- Rush orders will be billed excess freight.

Making Payments

- Make payment out to: WasteZero, Inc.
- Mail payment to: WasteZero, Inc.
5180 Horry Dr., Ste. D
Murrells Inlet, SC 29576
- Please include the invoice number on your payment

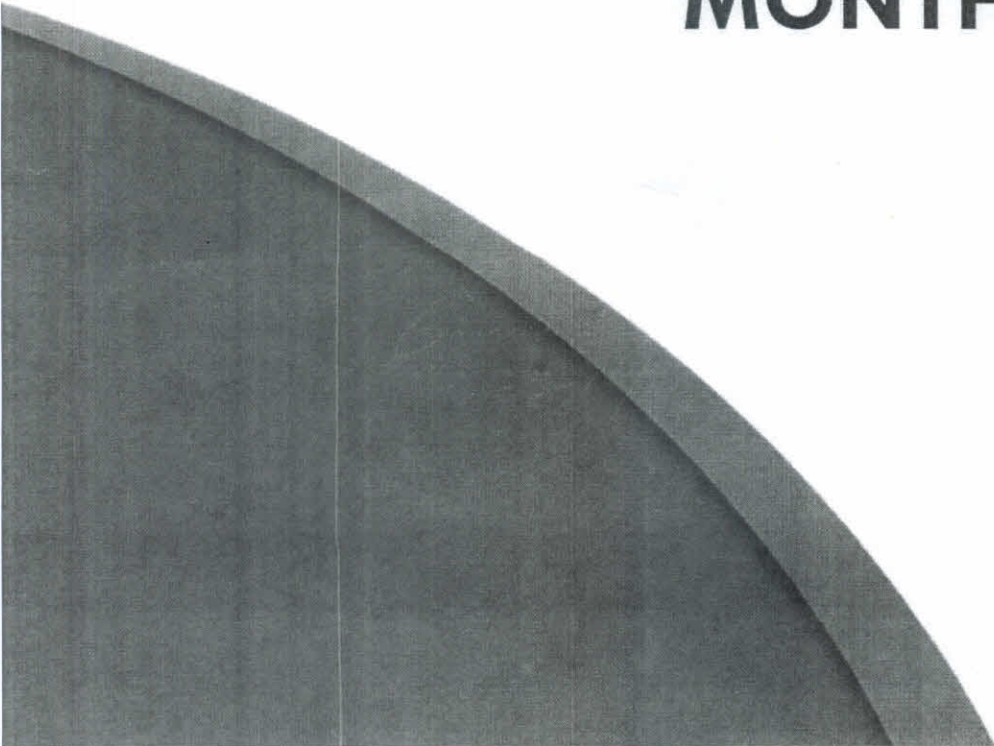
Bag Order Quick Reference Sheet

**WasteZero
Customer
Service:
1-800-866-
3954**

CITY OF COLUMBIA, MO

SEPTEMBER 2013

VOUCHER PROGRAM RETAIL STORE DISTRIBUTION[™] MONTHLY REPORT



5180 HORRY DRIVE
MURRELLS INLET, SC 29576
(O) 843-299-0352
(F) 843-299-0445
wmorgan@wastezero.com
www.wastezero.com



First Federal

P.O. Box 118068 • Charleston, SC 29423
(888-529-2220)
A Division of SCBT

1FED

Temp-Return Service Requested

ACCOUNT STATEMENT

Page 1

FIRST ANALYSIS BUSINESS CKING

Account Number
0060090895



NO IN

053453 0.4500 AV 0.360 TR00209

WASTEZERO INC
CUSTODIAN FOR CITY OF COLUMBIA MO
5180 HARRY DRIVE SUITE B
MURRELLS INLET SC 29576-5241

Statement Period: Sep 3 thru Sep 30 2013

Beginning Balance	Additions	No.	Subtractions	No.	Ending Balance
16,312.28	1,445.35	1	16,112.28	1	1,645.35

TRANSACTION ACTIVITY

	Deposits	Withdrawals	Balance
Sep 3 Beginning Balance			16,312.28
Sep 4 Deposit Check	1,445.35		17,757.63
Sep 13 Wire Transfer Debit		16,112.28	1,645.35

1FED-001-053453-001-000-131002 053453 K07
29576524174

Bank Statement - By Transaction

Columbia MO

For the Period From 9/1/13 to 9/30/13

Date	Trans ID	Deposit #	Reference	Invoice	Amount	Balance
Opening Balance						16,312.28
9/4/2013	37345	9/4/2013	100	65121	653.45	16,965.73
9/4/2013	37344	9/4/2013	100	64020	791.90	17,757.63
9/13/2013	37360	9/13/2013	101	25621	-16,112.28	1,645.35
Closing Balance						1,645.35

Cash Receipts Journal

Date	Transaction	Description	Deposit	Amount	Cases
Columbia MO					
For the Period From 9/1/13 To 9/30/13					
13-Sep-13	101	Invoice # 25621 City of Columbia Solid Waste Dept.	9/13/2013	-16,112.28	0
04-Sep-13	100	Invoice # 65121 Westlakes Ace Hardware 5	9/4/2013	653.45	15
04-Sep-13	100	Invoice # 64020 Westlakes Ace Hardware 2	9/4/2013	791.90	18
<i>Total Deposits for Period</i>				1,445.35	33

Invoice Register - By Store Detail

Invoice	Date	Store	Item	Cases	Amount
Columbia MO					
For the Period From 9/1/13 to 9/30/13					
67682	9/4/2013	Columbia MO Housing Authority	Columbia Black 33 x 37 DS	28	0.00
Total				28	0.00
67683	9/4/2013	Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
Total				28	1,470.00
67685	9/4/2013	Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
Total				28	1,470.00
67689	9/4/2013	Gerbes	Columbia Trans Blue 24 x 28 DS	70	2,413.60
		Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
Total				98	3,883.60
67694	9/4/2013	HyVee #2	Columbia Black 33 x 37 DS	28	1,470.00
Total				28	1,470.00
67695	9/4/2013	HyVee #3	Columbia Black 33 x 37 DS	28	1,470.00
Total				28	1,470.00
67697	9/4/2013	Mosers	Columbia Black 33 x 37 DS	28	1,470.00
Total				28	1,470.00
67699	9/4/2013	Schnucks	Columbia Black 33 x 37 DS	28	1,470.00
Total				28	1,470.00
67962	9/11/2013	Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
		Gerbes	Columbia Trans Blue 24 x 28 DS	70	2,413.60
Total				98	3,883.60
67963	9/11/2013	Gerbes	Columbia Black 33 x 37 DS	28	1,470.00

Friday, October 11, 2013

Invoice Register - By Store Detail

Invoice	Date	Store	Item	Cases	Amount
			Total	28	1,470.00
67966	9/11/2013				
		Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
67967	9/11/2013				
		Hyvee	Columbia Black 33 x 37 DS	28	1,470.00
		Hyvee	Columbia Trans Blue 24 x 28 DS	70	2,413.60
			Total	98	3,883.60
67971	9/11/2013				
		HyVee #2	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
67973	9/11/2013				
		Mosers	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
67974	9/11/2013				
		Patricias	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
67977	9/11/2013				
		Schnucks	Columbia Trans Blue 24 x 28 DS	70	2,413.60
			Total	70	2,413.60
67978	9/11/2013				
		Westlakes Ace Hardware 2	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68308	9/18/2013				
		Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68309	9/18/2013				
		Hyvee	Columbia Black 33 x 37 DS	56	2,940.00
			Total	56	2,940.00
68310	9/18/2013				
		HyVee #2	Columbia Trans Blue 24 x 28 DS	70	2,413.60
			Total	70	2,413.60
68311	9/18/2013				

Friday, October 11, 2013

Invoice Register - By Store Detail

Invoice	Date	Store	Item	Cases	Amount
		HyVee #3	Columbia Black 33 x 37 DS	56	2,940.00
			Total	56	2,940.00
68312	9/18/2013				
		Mosers #2	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68313	9/18/2013				
		Schnucks	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68314	9/18/2013				
		Westlakes Ace Hardware 5	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68533	9/25/2013				
		Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68534	9/25/2013				
		Gerbes	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68535	9/25/2013				
		HyVee #2	Columbia Trans Blue 24 x 28 DS	70	2,413.60
			Total	70	2,413.60
68537	9/25/2013				
		Mendars Columbia	Columbia Black 33 x 37 DS	28	1,470.00
			Total	28	1,470.00
68538	9/25/2013				
		Mosers	Columbia Trans Blue 24 x 28 DS	70	2,413.60
			Total	70	2,413.60
68541	9/25/2013				
		Schnucks	Columbia Trans Blue 24 x 28 DS	70	2,413.60
		Schnucks	Columbia Black 33 x 37 DS	28	1,470.00
			Total	98	3,883.60
			Total	1,344	58,998.80

Friday, October 11, 2013

Aged Receivables

Columbia MO

As of 9/30/13

Shipment Location	Invoice #	0-30	31-60	61-90	90+	Total
Gerbes 1		2900 Paris Rd		573-474-1427		
67144	8/21/2013		654.90			654.90
67433	8/28/2013		1,470.00			1,470.00
67683	9/4/2013	1,470.00				1,470.00
67962	9/11/2013	3,883.60				3,883.60
68533	9/25/2013	1,470.00				1,470.00
		6,823.60	2,124.90	0.00	0.00	8,948.50
Gerbes 2		1729 West Broadway		573-445-9433		
67434	8/28/2013		1,310.09			1,310.09
67685	9/4/2013	1,470.00				1,470.00
67963	9/11/2013	1,470.00				1,470.00
68308	9/18/2013	1,470.00				1,470.00
		4,410.00	1,310.09	0.00	0.00	5,720.09
Gerbes 3		205 E Nifong		573-874-2939		
68534	9/25/2013	-2,796.11				-2,796.11
		-2,796.11	0.00	0.00	0.00	-2,796.11
Hyvee		3100 W Broadway		573-477-0133		
67147	8/21/2013		2,618.72			2,618.72
67435	8/28/2013		9,237.20			9,237.20
67967	9/11/2013	3,883.60				3,883.60
68309	9/18/2013	2,940.00				2,940.00
		6,823.60	11,855.92	0.00	0.00	18,679.52
HyVee #2		405 E Nifong Blvd		(573) 442-8595		
68535	9/25/2013	-3,417.37				-3,417.37
		-3,417.37	0.00	0.00	0.00	-3,417.37
HyVee #3		25 Conley Rd		573-442-7703		
67438	8/28/2013		1,098.39			1,098.39
67695	9/4/2013	1,470.00				1,470.00
68311	9/18/2013	2,940.00				2,940.00
		4,410.00	1,098.39	0.00	0.00	5,508.39
Menards Columbia		3340 Vandiver Dr		573-474-1502		
68537	9/25/2013	585.79				585.79
		585.79	0.00	0.00	0.00	585.79
Mosers		705 Business Loop 70		573-442-4102		
68538	9/25/2013	-982.55				-982.55
		-982.55	0.00	0.00	0.00	-982.55

Monday, October 28, 2013

Aged Receivables

Columbia MO

As of 9/30/13

Shipment Location	Invoice #	0-30	31-60	61-90	90+	Total
Mosers #2		4840 Rangeline Street		573-442-5480		
67151	8/21/2013		27.02			27.02
68312	9/18/2013	1,470.00				1,470.00
		1,470.00	27.02	0.00	0.00	1,497.02
Patricias		900 North Keene		573-474-9421		
67974	9/11/2013	371.20				371.20
		371.20	0.00	0.00	0.00	371.20
Schnucks		1400 Forum Blvd		573-446-2800		
68541	9/25/2013	3,266.30				3,266.30
		3,266.30	0.00	0.00	0.00	3,266.30
Westlakes Ace Hardware 2		1910 West Worley		573-445-4012		
67442	8/28/2013		3,097.24			3,097.24
67978	9/11/2013	1,470.00				1,470.00
		1,470.00	3,097.24	0.00	0.00	4,567.24
Westlakes Ace Hardware 5		1900 Business Loop 70 E		573-449-7277		
67443	8/28/2013		3,585.82			3,585.82
68314	9/18/2013	1,470.00				1,470.00
		1,470.00	3,585.82	0.00	0.00	5,055.82
Total		23,904.46	23,099.38	0.00	0.00	47,003.84

Monday, October 28, 2013

Transaction Details

Tracking Number:	823633
Drafted By:	Wendy Morgan
Create Date:	10/15/2013 8:37:15 AM
Approved By:	Dee Hatley
Approval Date:	10/15/2013 9:33:45 AM
Status:	Processed
Payment Date:	10/15/2013
Originating Account Number:	COLUMBIA MO (60090895)
Amount:	\$1,445.35
Message to Beneficiary:	WasteZero PAYT Store Door Delivery Sales
Description:	
Beneficiary Name:	City of Columbia
Beneficiary Street 1:	701 E. Broadway
Beneficiary City:	Columbia
Beneficiary State:	MO
Beneficiary Postal Code:	65201
Beneficiary FI Routing Number:	XXXXX0210
Beneficiary FI Name:	US Bank
Beneficiary FI Street 1:	1000 E. Broadway
Beneficiary FI City:	Columbia
Beneficiary FI State:	MO
Beneficiary FI Postal Code:	65201
To Account Number:	XXXXXX767508
To Account Type:	Checking
Wire Header:	WASTEZERO INC

Voucher Program Cost/Investment Broken Arrow, OK

