

## Amendment No. 2 to the License Agreement

This Amendment No. 2 (the "Second Amendment") to that one certain License Agreement dated as of May 20, 2008 (the "Agreement"), by and between the City of McKinney, Texas, a Texas municipal corporation (the "City"), and Waste Connections Lone Star, Inc., formerly known as Progressive Waste Solutions of TX, Inc. and IESI TX Corporation, (the "Contractor" and together with the City, the "Parties"), is entered into as of May 4, 2021 (the "Commencement Date").

WHEREAS, the Parties entered into an original license agreement dated September 24, 1996 which was amended on October 18, 1999, September 20, 2001, October 31, 2005, May 20, 2008, and January 8, 2014 (which 2014 amendment shall be referred to herein as the "First Amendment") which resulted in the consummation of the Agreement;

WHEREAS, the Parties desire to further amend the Agreement;

WHEREAS, the Parties desire to modify the compensation to Contractor for the remainder of the Term, including a one-time, lump sum payment, to address market conditions in solid waste collection and disposal in the region, the phasing-in of rates, and to address a correlative increase in certain customer rates in response thereto.

NOW, THEREFORE, in consideration of the foregoing, the parties hereby agree to amend the Agreement as follows:

1. Section 1.18 is hereby amended to read as follows:

"1.18 "**License Fee**" shall be and mean a percentage of the Contractor's gross receipts to be paid to the City in consideration of this Agreement. The License Fee hereunder shall be in the amount of five (5) percent of the Contractor's gross receipts as described herein below. The License Fee is separate from and in addition to the money paid by the Contractor to the City from its Recycling revenue as explained in Section 9 below."

2. Section 3.4 is hereby amended to read as follows:

3.4 Contractor Compensation:

a. Base Compensation described on Exhibit "B-1" shall remain effective for the period commencing on the Commencement Date and continuing through June 1, 2021. Thereafter, for the period of June 1, 2021 through December 31, 2021 and annually beginning on January 1, 2022, and on each successive January 1 thereafter until the termination of this agreement, the Base Compensation shall be adjusted as described on Exhibit "B". On or before ten (10) business days after the Commencement Date, the City shall pay Contractor a one-time, lump sum payment of \$ 705,922.00 to address the changes in market conditions and the phasing-in of customer rates from January 1, 2021 through June 1, 2021.

b. All changes in the Contractor's Base Compensation shall require approval by the City Council.

c. If a customer requests Solid Waste Collection or disposal services that are not described on Exhibit "B", Contractor shall so advise City and propose a reasonable fee

for such services. The City Manager, or designee, shall authorize such services at a reasonable fee, as he determines it, for a time not to exceed thirty (30) calendar days, or other time reasonably necessary to obtain City Council approval of an amendment to the City rate and Exhibit "B".

3. Section 9.5, City's Minimum Recycling Revenue, is hereby deleted in its entirety.
4. Section 12 is hereby amended to read as follows:

**Section 12. PERFORMANCE**

Except as provided herein, the Contractor shall furnish to the City an annually renewable performance bond in a form approved by the City Attorney guaranteeing the faithful performance of this Agreement (hereafter "Performance Bond"). The Performance Bond shall be executed by a surety company licensed to do business in the State of Texas and approved by the City Attorney, and shall be annually renewed for the term of this Agreement and any renewal term in the amount of TWO MILLION DOLLARS (\$2,000,000.00). The Performance Bond shall be furnished to the City by the Contractor within ten (10) days of the date of the execution of this Agreement or any renewal hereof. Without limiting any other indemnity provisions herein, said Performance Bond shall guarantee full, satisfactory and complete performance of this Agreement by the Contractor and indemnify the City against any loss, expense, cost or damage resulting from any default by the Contractor hereunder or any failure of performance hereunder by the Contractor.

5. Agreement Continues. Except as modified by this Second Amendment, the Agreement and the First Amendment remain in full force and effect.
6. Counterparts. This Second Amendment may be executed in multiple counterparts and delivered by facsimile or portable document format, each of which, when executed, shall be deemed an original, and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first set forth in this Amendment.

**CITY OF MCKINNEY**  
222 N. Tennessee St.  
McKinney, Texas 75069

By: \_\_\_\_\_  
PAUL G. GRIMES, City Manager

ATTEST:

\_\_\_\_\_  
EMPRESS DRANE  
City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
MARK S. HOUSER  
City Attorney

WASTE CONNECTIONS LONE STAR, INC.  
2138 Country Lane  
McKinney, Texas 75069

By: \_\_\_\_\_  
Name, Title

**EXHIBIT A**  
**"EXHIBIT B"**

## Exhibit B

### Annual Base Rate Increase (Contractor's portion) for Residential Collections:

The agreed increase in Contractor's portion of Base Rates for Residential Collections shall be payable through a one-time, lump sum payment covering January 1, 2021 through June 1, 2021, and thereafter, in monthly payments pursuant to the Compensation Chart below. The Contractor's portion shall increase or decrease annually on January 1, 2022, January 1, 2023 and January 1, 2024 by the percentage increase or decrease from the prior year's rate as calculated from the **Consumer Price Index for All Urban Consumers (CPI-U, Garbage and trash collection)**, [1982-84=100], CPI Index: CUSR0000SEHG02, as published by the U.S. Department of Labor, Bureau of Labor Statistics. The City is not required to raise Customer Charges in any year; however, the Contractor's portion shall increase or decrease according to the afore-stated CPI-U adjustments, irrespective of the Customer Charges established by City ordinance.

#### **Example:**

*Effective January 1, 2021 the Contractor's portion is \$10.20, and the percentage increase of CPI-U Garbage and trash collection, as measured by the above CPI Index, from January 1, 2021 to January 1, 2022 is 2.3%, the new Contractor's portion shall become \$10.43, beginning January 1, 2022. Thereafter (and as a further example), on January 1, 2022 the Contractor's portion is \$10.43 and the percentage increase of Garbage and trash collection rates, as measured by the above CPI Index, from January 1, 2022 to January 1, 2023 is 1.9%, the new Contractor's portion shall become \$10.62, beginning January 1, 2023.*

### Annual Increase in Commercial Charges:

Beginning January 1, 2021, and notwithstanding any future increases of the current Commercial Rates by the City, if at all, the Contractor shall be compensated by City (by supplemental payment) in an amount which will generate compensation under Section 3.3 equal to 110% of the Contractor's portion of current Commercial Base Rates as shown on the Compensation Chart below. The supplemental payment for the period from January 1, 2021 through June 1, 2021 shall be in the form of a one-time, lump sum payment. Beginning January 1, 2022, and notwithstanding any future increases of Commercial Rates by the City, if at all, the Contractor shall be compensated by City (by supplemental payment) in an amount which will generate compensation under Section 3.3 equal to 120% of the Contractor's portion of current Commercial Base Rates. Beginning January 1, 2023 through September 30, 2024, and notwithstanding any future increases of Commercial Rates by the City, if at all, the Contractor shall be compensated by City (by supplemental payment) in an amount which will generate compensation under Section 3.3 equal to 125% of the Contractor's portion of current Commercial Base Rates. The Contractor shall charge customers only those rates established by City ordinance.

# Exhibit B (cont.)

## Example:

*The current Commercial Rate for a 3-yard Commercial Front-Load receptacle with 1-day/wk. service has a base rate of \$79.19, as of the Commencement Date. The Contractor receives a supplement for the period from January 1, 2021 through June 1, 2021 (by one-time lump sum payment) and a monthly supplemental payment for the period from June 1, 2021 through July 1, 2021. The City increases the commercial rate by 10%, to \$87.11, by ordinance, effective on July 1, 2021, and the Contractor will begin to charge the customers \$87.11. No supplemental payment will be owing, due to the rate increase by City ordinance. On January 1, 2022, the City has not elected to raise commercial rates. The Contractor will continue to charge \$87.11 to the customer, and the City will pay a supplement of \$7.92 for the subject customer.*

## Downtown Square Charges:

Beginning January 1, 2021 through September 30, 2024, and notwithstanding any future increases of Downtown Square Charges by the City, if at all, the Contractor shall be compensated by City (by one-time, lump sum payment for the period from January 1, 2021 through June 1, 2021, and thereafter by monthly supplemental payment) in an amount which will generate compensation under Section 3.3 equal to:

Low	\$42.25
Moderate	\$125.19
High	\$254.77

The Contractor shall charge customers only those rates established by City's ordinance.

## Exhibit B (cont.)

	Waste Connections (\$1.60 Residential)	1/1/21 Waste Connections (Commercial + 110%)	1/1/22 Waste Connections (Commercial + 120%)	1/1/23 Waste Connections (Commercial + 125%)
<b>Residential</b>	\$	\$	\$	\$
1 Container + Base Recycle	10.20			
2 Container + Base Recycle	13.51			
3 Container + Base Recycle	16.80			
Res 2nd Recycle	0.71			
Res 3rd Recycle	1.42			
Res 4th Recycle	2.13			
<b>Downtown Square</b>				
Low		42.25	42.25	42.25
Moderate		125.19	125.19	125.19
High		254.77	254.77	254.77
<b>Commercial Toters</b>				
Commercial (1 Container)		8.68	9.47	9.86
Commercial (2 Containers)		17.14	18.70	19.48
Commercial (3 Containers)		25.60	27.93	29.09
<b>Commercial Front-Load</b>				
Set Fee Front Load		17.55	19.14	19.94
3 yards		46.66	50.91	53.03
		72.35	78.93	82.22
		93.72	102.24	106.50
		123.77	135.03	140.65
		136.53	148.94	155.15
		179.31	195.61	203.76
4 yards		53.79	58.68	61.13
		103.71	113.14	117.85
		118.05	128.78	134.15
		150.78	164.49	171.35
		172.17	187.82	195.65
		220.18	240.19	250.20
6 yards		66.63	72.69	75.72
		110.84	120.92	125.95
		165.03	180.03	187.53
		213.82	233.26	242.98
		240.66	262.54	273.48
		286.27	312.29	325.30
8 yards		99.43	108.47	112.99
		136.61	149.03	155.24
		206.40	225.17	234.55
		254.91	278.08	289.66
		279.15	304.53	317.22
		344.53	375.85	391.51
10 yards		122.64	133.79	139.37
		215.87	235.50	245.31
		294.63	321.42	334.81
		390.92	426.45	444.22
		472.58	515.55	537.03
		561.58	612.64	638.16
<b>Large Non-Compacted</b>				
20 cu. yds		166.11	181.21	188.76
30 cu. yds		166.11	181.21	188.76
Set Fee Roll Off		58.99	64.36	67.04
Roll Off Monthly Rental		106.24	115.90	120.73
<b>Small Compacted</b>				
2 yards		36.51	39.83	41.49
3 yards		54.35	59.29	61.76
4 yards		76.47	83.43	86.90
6 yards		87.64	95.61	99.59
8 yards		102.47	111.79	116.45
15 yards		218.85	238.74	248.69
<b>Large Compacted</b>				
20 cu. yds.		181.08	197.54	205.77
30 cu. yds.		181.08	197.54	205.77
35 cu. yds.		181.08	197.54	205.77
42 cu. yds.		181.08	197.54	205.77
Set Fee Roll Off		58.99	64.36	67.04
Roll Off Monthly Rental		106.24	115.90	120.73
<b>Recycle Containers</b>				
3 yards		40.01	43.65	45.47
4 yards		53.08	57.91	60.32
6 yards		81.03	88.39	92.08
8 yards		89.25	97.37	101.43
10 yards		189.06	206.25	214.85
3 yards (2x per week)		71.64	78.15	81.40
4 yards (2x per week)		95.02	103.66	107.98
6 yards (2x per week)		101.95	111.22	115.85
8 yards (2x per week)		108.78	118.67	123.61
10 yards (2x per week)		235.03	256.40	267.08

# Exhibit B-1

	Current Waste Connections
<b>Residential</b>	
	\$
1 Container + Base Recycle	8.60
2 Container + Base Recycle	11.91
3 Container + Base Recycle	15.20
Res 2nd Recycle	0.71
Res 3rd Recycle	1.42
Res 4th Recycle	2.13
<b>Downtown Square</b>	
Low	23.37
Moderate	41.80
High	66.37
<b>Commercial Toters</b>	
Commercial (1 Container)	7.89
Commercial (2 Containers)	15.58
Commercial (3 Containers)	23.28
<b>Commercial Front-Load</b>	
Set Fee Front Load	15.95
3 yards	42.42
	65.77
	85.20
	112.52
	124.12
	163.01
4 yards	48.90
	94.28
	107.32
	137.08
	156.52
	200.16
6 yards	60.57
	100.76
	150.03
	194.38
	218.78
	260.24
8 yards	90.39
	124.19
	187.64
	231.73
	253.77
	313.21
10 yards	111.49
	196.25
	267.85
	355.38
	429.62
	510.53
<b>Large Non-Compacted</b>	
20 cu. yds	151.01
30 cu. yds	151.01
Set Fee Roll Off	53.63
Roll Off Monthly Rental	96.58
<b>Small Compacted</b>	
2 yards	33.19
3 yards	49.41
4 yards	69.52
6 yards	79.67
8 yards	93.16
15 yards	198.95
<b>Large Compacted</b>	
20 cu. yds.	164.61
30 cu. yds.	164.61
35 cu. yds.	164.61
42 cu. yds.	164.61
Set Fee Roll Off	53.63
Roll Off Monthly Rental	96.58
<b>Recycle Containers</b>	
3 yards	36.37
4 yards	48.25
6 yards	73.66
8 yards	81.14
10 yards	171.87
3 yards (2x per week)	65.13
4 yards (2x per week)	86.38
6 yards (2x per week)	92.68
8 yards (2x per week)	98.89
10 yards (2x per week)	213.66