RECYCLING AND SOLID WASTE DISPOSAL SERVICES AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF WILLIAMSON §

This Recycling and Solid Waste Disposal Services Agreement ("Agreement") is made and entered into this 18th day of March, 2008, by and between **FERN BLUFF MUNICIPAL UTILITY DISTRICT** (the "District"), a political subdivision of the State of Texas operating pursuant to Chapters 49 and 54 of the Texas Water Code, and **ROUND ROCK REFUSE, INC.** (the "Contractor"), a Texas corporation, and is as follows:

I. Purpose of Agreement

The purpose of this Agreement is to state the terms and conditions under which the Contractor will provide recycling and solid waste disposal services to all single family residential customers within the District. This Agreement is entered into by the District pursuant to the authority granted to the District by Sections 30.002 and 54.203 of the Texas Water Code and Section 364.034 of the Texas Health and Safety Code.

II. Services to be Performed

A. The services specified in Section II of this Agreement shall be provided to the District for the compensation specified in Section IV hereof.

1. Solid Waste Disposal

The Contractor will provide solid waste collection and disposal for all single family residential utility customers within the boundaries of the District.

Solid waste collection shall be provided to each customer within the District once per week. Unless an additional collection day is agreed to in writing by the Contractor and the District, the collection days for all residences in the District shall be limited to two days per week. Recycling shall take place on the regular collection days. In the event the regular collection day for a customer falls on Thanksgiving Day, Christmas Day or New Year's Day, collection shall occur on the Saturday before such holiday. The Contractor shall pick up all items placed at curbside by the residents, including large or bulky items, at no additional charge; however, the Contractor shall not be required to collect toxic or hazardous waste, batteries, tires, refrigerators, air conditioners, freezers or any item containing CFCs. Big timbers and unbundled brush, Contractor reserves the right to consult with the District's General Manager when a resident abuses the agreement and leaves excessive uncontainerized piles of trash, expecting to be picked-up at no charge. Contractor will charge the customer a reasonable fee set by the General Manager.

2. Recycling

The Contractor will provide recycling collection services for plastic (milk bottles and soda bottles), aluminum and steel cans and newsprint and magazines to all residential customers within the District once per week. In the event Contractor is able to sell recycling materials, Contractor shall provide a rebate to the District after deducting Contractor's actual expenses of the recycling pick-up.

The Contractor will publicize annual recycling education via Fern Bluff's newsletters, and shall notify the Board of such publicity.

The Contractor shall furnish receipts from the recycling center for materials recycled from the District.

3. Containers to be Provided

The Contractor shall provide 92-gallon, roll-out garbage carts and 14- or 18-gallon recycling containers to each occupied residence within the District. The District's general manager shall, via telecopier, provide the Contractor with a weekly written list of any customers who have initiated or terminated utility service according to the District's records. The Contractor shall provide containers to all additional customers within three (3) days after notification of initiation of utility service from the District's general manager. Upon specific written request of the District's general manager, Contractor shall within three (3) days of such notice, pickup containers from a terminated customer. The Contractor's failure to deliver the appropriate receptacles to a customer shall subject the Contractor to a penalty of $250.00 per occurrence. The Contractor shall notify the District's general manager of any residences which have requested initiation or termination of garbage service which are not reflected on the written lists provided by the District's general manager. In the event a customer gives written notice to the Contractor that the container is unwanted, the Contractor shall remove container from customer's residence within one week of such notice. Contractor shall not be required to remove garbage from non-Round Rock containers larger than 32 gallons. The Contractor shall also provide 92-gallon containers for the Park and Swim Center. Such containers shall be emptied once per week by the Contractor.

B. "Clean Up Day" Two (2) roll-off, 30-cubic yard dumpsters shall be provided and emptied by the contractor twice annually for "Clean Up Day", at times specified by the District, at no charge to the District. For each dumpster load in excess of two (2), a usage charge of $200.00 will be assessed. Any item containing CFCs, such as refrigerators or air conditioners must bear the proper tag indicating that the CFCs have been removed. Batteries, tires and any type of hazardous or toxic waste may not be disposed of in the dumpsters.

C. Christmas Tree Pick-Up Contractor agrees to pick-up and dispose of Christmas trees collected curbside at customers' residences during normal pick-up rounds for no extra charge.

III. Contract Administration

A. Contract Administration All work performed by the Contractor under this Agreement shall be verified by the District's general manager.

B. Vehicle and Property Condition The Contractor shall keep all vehicles utilized by the Contractor in the performance of its duties under this Agreement in proper operating condition. Vehicles which are leaking oil, hydraulic fluid or other substances, or which present an unhygienic or unsafe appearance shall not be permitted. Use of any vehicle which is leaking oil, hydraulic fluid or other substances shall subject the Contractor to a fine of $250.00 per day, in accordance with the District's rules, it being acknowledged that releasing such substances on the streets and rights of way within the District may result in their being deposited in the District's storm sewer and drainage systems in violation of the District's rules.

The Contractor shall take all steps necessary to ensure that all areas where trash is picked up and removed shall be left in a neat and litter free condition, and no loose trash shall be left in such locations. All vehicles shall be properly and adequately covered, and no trash shall be permitted to blow out of such vehicles.

C. Safety All drivers utilized by Contractor for solid waste and recycled materials collection within the District shall be required to observe all safety laws, including, but not limited to, compliance with all speed limit and traffic control signs. Failure of any driver to comply with such requirements shall render the Contractor subject to a penalty of $250.00 per confirmed occurrence. Occurrences shall be deemed confirmed upon either: (i) the issuance of a traffic ticket to the driver by any governmental authority with jurisdiction; (ii) the signing of a written complaint by any resident of the District which sets forth the date, time, description of vehicle (including truck number), description of violation, and location of the violation; or (iii) the signing of a written complaint by any director, consultant or contractor of the District, or their employees, which sets for the date, time, description of vehicle (including truck number), description of violation, and location of the violation.

D. Customer Relations Customer complaints, such as calls for missed pick-ups, shall be first directed to the Contractor for resolution. In the event the Contractor is unable to resolve a legitimate customer complaint within twenty-four (24) hours of notice from the District's general manager, the Contractor shall be subject to a penalty in the amount of $250.00 as liquidated damages resulting from the Contractor's failure to resolve such complaint.

The Contractor shall monitor and log all customer complaints received, and shall provide a monthly summary of such complaints to the District as described in subparagraph F, below.

E. Customer Service In the event the Contractor misses the collection of solid waste and/or recycling materials from over one percent (1%) of the district's customers on any collection day and such materials are not picked up by the Contractor within

twenty-four (24) hours of notice from the District's general manager, the Contractor shall be subject to a penalty in an amount equal to $250.00 for each missed residence as liquidated damages resulting from such failure.

F. Reports The Contractor shall submit written reports in the form attached hereto as Exhibit "A" to the attention of the District's attorney with a copy to the District's general manager at least five (5) working days prior to each regular Board of Directors meeting.

G. Meeting Attendance The Contractor shall send a representative to the Board's regular monthly meeting upon request.

IV. Compensation

A. Billing The Contractor will bill the District monthly for all solid waste disposal and recycling services rendered by the Contractor during the previous calendar month. The invoice shall be delivered to the District at least ten (10) days prior to the District's regular monthly meeting date. The District shall pay the Contractor within ten (10) days of the first regular monthly Board meeting occurring after receipt of such invoice.

B. Rates Base period rate through September 30, 2008, the monthly fee to be paid to Contractor shall be $12.50 per residence. Starting October 1, 2008, Contractor shall have the option to enforce Consumer Price Index (CPI) annually at a rate not to exceed 3%. The Contractor agrees to give the District a minimum of 30 days notice prior to increase.

Contractor may petition the District for any increases to the State's Landfill Fee, currently set at $0.40 per cubic yard. Increases shall be determined in accordance with the following formula:

State Increase Amount X 1 Yard of Trash = Increased Amount

Example:
$0.10 X 1 Yard = $0.10 Increase Per Residence Per Month

V. Compliance with Applicable Laws

The Contractor will comply with all applicable federal, state, county and city laws, ordinances and regulations in performing all services to be rendered by the Contractor to the District pursuant to this Agreement. To the fullest extent permitted by law, the Contractor shall indemnify and hold harmless the District, its officers, directors, agents and employees, from all claims, liability and expense arising out of any actual or alleged failure of the Contractor to comply with such laws, ordinances and regulations.

VI. Insurance, Indemnity and Bond

A. Insurance The Contractor shall secure and maintain in effect insurance to

protect the Contractor, its subcontractors, employees, and the District form claims for bodily injuries, death or property damage which may arise out of or result form the Contractor's performance or nonperformance of its duties under this Agreement, whether such performance or nonperformance is by Contractor, by any subcontractor, or by anyone directly or indirectly employed by Contractor or any subcontractor. The following minimum levels of coverage are required:

1. Public liability and property damage:
(no pollution exclusion endorsement shall be permitted)

   a. General Liability: $300,000 per occurrence

   b. Property Damage: $300,000 per occurrence

2. Umbrella Liability: $1,000,000

3. Worker's Compensation: As required by law.

Certificates of insurance confirming such coverage and naming the District as an additional insured shall be provided to the District on or before the date of this Agreement. Renewal certificates shall be provided to the District at least fifteen (15) days prior to the date of expiration of any required coverage. Any failure by Contractor to maintain any required insurance or to furnish any required certificate shall be grounds for immediate termination of this Agreement.

B. Indemnity To the fullest extent permitted by law, the Contractor shall and does hereby indemnify and hold harmless the District and its officers, directors, agents and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney's fees arising out of or resulting from the Contractor's performance or failure to perform the work required under this Agreement. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist to any party or person described in this paragraph. The indemnification requirement set out herein shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for the Contractor or any subcontractor under any workers compensation acts, disability benefit acts or other employee benefit acts.

VII. Term and Termination

A. Term Subject to provisions of subparagraph B of this Article VII, the term of this Agreement shall terminate on September 30, 2011.

B. Termination This Agreement shall be terminable by the District at any time for cause and with a thirty day notice without cause during this Agreement. Without limiting the generality of the foregoing, the assessment of fines or penalties against Contractor by the District in accordance with Articles II and III of this Agreement of $500.00 or more in any three (3) month period or breach by Contractor of any substantitive provision of this Agreement which is not cured by Contractor within five (5)

days of written notice from the District shall constitute cause for the termination of this Agreement.

VIII. Miscellaneous

A. The Contractor shall provide adequate supervision to assure that all work will be done in accordance with these specifications and generally accepted solid waste disposal practices. The site will be inspected by supervisory personnel at least monthly during the term of this Agreement.

B. Except as otherwise provided herein, all work outside the express terms of this Agreement must have prior written approval by the Board of Directors. Charges for extra work will be submitted to the Board of Directors for approval prior to commencement of the work.

C. This Agreement may not be assigned by either party without the prior, written approval of the other party. The use of any subcontractor shall be subject to the prior, written approval of the Board, which may be withheld for any reason.

D. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Williamson County, Texas.

E. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Agreement.

F. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

G. This Agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

Executed to be effective January 1, 2008.

FERN BLUFF MUNICIPAL UTILITY DISTRICT

By: _____
Janey Miller, President
Board of Directors

Address: c/o Winstead, PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701

ATTEST:

_____
Joseph F. Teiber, Secretary
Board of Directors

ROUND ROCK REFUSE, INC.
A Texas corporation

By: _____
Ralph Rocco
General Manager

Address: P.O. Box 18684
Austin, Texas 78760

EXHIBIT"A"

Round Rock Refuse, Inc.
Month _____
Year _____

Recycling Receipt: Copies of receipts from the company accepting the recycled materials which have been collected in the District shall be attached as exhibits to this report.

Complaint Log:

Date and Time	Name Address	Complaint	Resolution

Special Notes:

_____
_____
_____
_____
_____
_____
_____
_____

Round Rock Refuse, Inc. By:

By: _____
_____

Initialed:

_____ Fern Bluff MUD
_____ Round Rock Refuse