

**AMENDMENT NO. 1 TO THE 2006 FRANCHISE AGREEMENT
BETWEEN THE CITY OF CORONA AND WASTE MANAGEMENT**

This AMENDMENT NO. 1 TO THE AMENDED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT FOR SOLID WASTE HANDLING SERVICES ("Amendment") is entered into this 20th day of June, 2007, by and between the CITY OF CORONA, a municipal corporation of the State of California, hereinafter "City," and USA WASTE OF CALIFORNIA, INC. dba WASTE MANAGEMENT OF THE INLAND EMPIRE, a Delaware corporation, hereinafter "Contractor." City and Contractor may be referred to individually as "Party" or collectively as "Parties", as the context may require.

RECITALS

WHEREAS, the City executed an Amended and Restated Exclusive Franchise Agreement for Solid Waste Handling Services ("Agreement") with Contractor on July 5, 2006, made effective on November 1, 2006, which agreement is still in effect; and

WHEREAS, under Section 18 of the Agreement, Contractor provides its services to the City for rates fixed by the City from time to time ("Rates") and which may be adjusted to reflect changes in the Consumer Price Index ("CPI"); and

WHEREAS, under Section 18.B of the Agreement, approved rates are reviewed annually and a grant of rate adjustment shall be made by ordinance following a public hearing concerning the proposed increase so that adjustments shall be effective on July 1 of each calendar year; and

WHEREAS, the Parties have determined that the current procedure for rate adjustments creates a challenge to the City both with respect to the timely approval of adjusted rates and with respect to the proper adjustment of rates to reflect increases in landfill costs; and

WHEREAS, the Parties wish to amend Section 18.B of the Agreement to allow the City Council of the City to set the Rates by resolution or ordinance; and

WHEREAS, the Parties further wish to amend Section 18.B of the Agreement to allow an increase in the landfill fee portion of the Rates to be approved by the City Manager or his or her designee; and

WHEREAS, on June 20, 2007, the City Council of the City of Corona adopted Ordinance No. 2894, authorizing the City Manager to execute an amendment to the Agreement substantially in the form of this Amendment No. 1;

NOW, THEREFORE, the Parties hereto agree as follows:

1. Section 18.B of the Agreement is hereby amended to read as follows:

“B. MODIFICATION AND ADJUSTMENT OF RATES

Rates set forth in Exhibit C shall remain in effect until adjusted by action of the City Council.

Annual Rate Adjustment. Approved rates shall be reviewed annually and may be adjusted to reflect changes in the Consumer Price Index (CPI). Grantee shall submit adjustment requests to the City by May 1 of each calendar year. The adjustments shall reflect the change in the CPI index for all urban consumers within the Los Angeles-Anaheim-Riverside Metropolitan Area during the March to March period just passed. A grant of a rate adjustment shall be by ordinance or by resolution following a public hearing concerning the proposed increase. City's City Council shall not unreasonably deny a requested rate increase. If granted, the adjustments shall be effective on July 1 of each calendar year. This adjustment shall apply to the collection component of the current rate, which is the total rate less landfilling cost.

Landfilling Cost Adjustment. The landfilling fee portion of the rate schedule shall be adjusted only when landfilling costs increase or decrease and may be applied on a prorated basis to customers. Such adjustments in the landfilling fee portion of the rate schedule (“Landfill Fee Adjustment”) may be approved by the City Manager or his or her designee, which approval shall not be unreasonably withheld, provided however that 1) the Landfill Fee Adjustment approval process is not applicable to cost adjustments imposed by landfill facilities at which the rates or fees are established or controlled by Grantee or any of its Affiliated Companies; 2) Grantee provides notice to customers of any such Landfill Fee Adjustment per Section 18.C below; and 3) Grantee provides the City with a calculation of how such Landfill Fee

Adjustment is derived. To the extent that Grantee disposes of, processes, or recycles materials at a facility that it owns, operates, or controls (or that is owned, operated, or controlled by any Affiliated Company) ("Grantee-controlled Landfill Facility"), the landfill costs charged to City customers by such Grantee-controlled Landfill Facility shall be equal to or less than the lowest landfill rates charged to any other city in western Riverside County to which the Grantee provides services similar to those provided to the City. To the extent that Grantee disposes of, processes, or recycles materials at a landfill facility for which the rates or fees are established or controlled by Grantee or any of its Affiliated Companies, such landfill costs shall be processed in the same manner as the service component changes and shall also be effective on July 1 annually.

It is the intent of the City that the CPI-based rate adjustments allowed by this Section 18 continue the CPI-based formula for service rate increases and landfill cost-based formula for landfill rate increases adopted by the City on April 1, 1992 as part of the prior franchise agreement. It is also the intent of the City that the rate increase mechanisms described in this Section be a "clearly defined formula for inflation adjustment" for purposes of California Government Code Section 53750."


2. The amendments effected by this Amendment shall supersede any provision of the Agreement to the contrary, and in the event of a conflict between this Amendment and the Agreement, this Amendment shall control.

3. All other provisions of the Agreement, as amended, shall remain in full force and effect and shall apply as applicable to these Amendments.

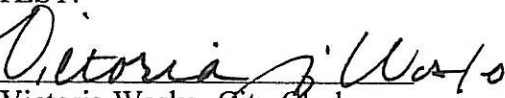
CITY OF CORONA

By: 
Beth Groves, City Manager

**USA WASTE
OF CALIFORNIA, INC.**

By: 
Scott A. Bradley
Vice President

ATTEST:

By: 
Victoria Wasko, City Clerk

APPROVED AS TO LEGAL FORM:
BEST BEST & KRIEGER LLP

By: 
City Attorney


ASSISTANT SECRETARY'S CERTIFICATE

USA WASTE OF CALIFORNIA, INC.

The undersigned, being the Assistant Secretary of USA Waste of California, Inc., a Delaware corporation ("the Company"), does hereby certify that the following resolution was adopted by the Board of Directors of the Company and that such resolution has not been amended, modified or rescinded and is in full force and effect as of the date hereof:

RESOLVED, that Scott A. Bradley (Market Area General Manager), or any officer of the Company, be and hereby are authorized, following compliance with appropriate corporate policies and procedures, to negotiate and execute by and on behalf of the Company any and all agreements, instruments, documents or papers, as they may deem appropriate or necessary, pertaining to or relating to AMENDMENT NO. 1 TO THE AMENDED AND RESTATED EXCLUSIVE FRANCHISE AGREEMENT FOR SOLID WASTE HANDLING SERVICES between the Company and the City of Corona, California, and that any such action taken to date is hereby ratified and approved.

Dated: June 18, 2007


Robert E. Longo
Assistant Secretary