

MEMORANDUM

December 9, 2014

TO: Honorable Mayor and City Commission

VIA: Kenneth Fields, City Manager

FROM: Tom Moran, Utilities Director
Sarah B. Kirkland, Utilities Projects Administrator

SUBJECT: BCR Clean B Services Contract with BCR Environmental

SYNOPSIS: The approval of the contract will allow an alternative biosolids management solution to reduce the cost and risk associated with biosolids management by odors, improving regulatory compliance, reducing energy consumption, and providing a long term, sustainable disposition strategy.

RECOMMENDATION

It is recommended that the City Commission consider taking the following action:

1. Approve the services contract with BCR Environmental.
2. Authorize the City Manager to execute the appropriate documents on the City's behalf in regards to this service.

BACKGROUND

The City of Lake Wales currently operates one wastewater treatment plant (WWTP) with a DEP permitted capacity of 2.19 mgd. The average daily flow, based on a three (3) year average is approximately 0.97 mgd with an annual biosolids production of nearly 240 dry tons per year. Currently, the City processes the waste activated sludge (WAS) through two digesters. The sludge is aerated using both blowers and mixers in an energy-intensive process. The sludge is dewatered on a daily basis through a screw press which achieves approximately 12% solids. Lake Wales has contracted AMS to provide hauling and disposition services. AMS reconstitutes the sludge into a liquid, adds lime to achieve Class B standards, and then land applies the treated biosolids. Unfortunately, land application of lime stabilized material is becoming increasingly restricted by FDEP. Furthermore, existing residuals management facilities in Florida are shutting down and/or becoming increasingly unreliable and landfill sludge disposal costs continue to rise. These factors all combine to create a very uncertain future for biosolids disposition in Florida.

BCR Environmental proposes an alternative biosolids management solution that would reduce the cost and risk associated with biosolids management by eliminating odors, improving regulatory compliance, reducing energy consumption, and providing a long term, sustainable disposition strategy. BCR's recommended solution consists of treating the biosolids with a CleanB system at the plant and then hauling the material to BCR's Haines City NuTerra Facility for conversion to a Class AA premium compost product under a cost effective, 5-year service agreement. Installation of a CleanB™ system at the WWTP would allow the City to repurpose the existing aerated sludge holding tank as additional storage or an additional step in the biological treatment process to achieve Enhanced Nutrient Removal. Repurposing the digesters would also allow for the elimination of the blowers and mixers that currently alternate use throughout the day. The BCR solution can therefore deliver immediate operational cost savings based on a reduction in energy usage. Furthermore, the CleanB™ system improves the dewaterability of the biosolids, thus reducing hauling and disposition costs by decreasing the volume of residuals.

BCR will disinfect and deodorize the City's biosolids in approximately 10 minutes of processing time, achieving odor free Class B™ material on site. And by doing so, the City would gain access to BCR's Haines City NuTerra Facility. BCR's proposal will provide a long term, sustainable biosolids disposition solution that will turn Lake Wales' Class B biosolids into highly desirable and marketable Class AA/EQ biosolids compost product.

Within the Whole Solution Service Package, BCR will provide a fully installed CleanB™ unit under a 5-year lease agreement. The City would incur an operational fee that would cover the treatment equipment and operational cost, hauling, and disposition at the Haines City NuTerra Facility. BCR will also provide a full parts and labor warranty over the course of the 5 year term.

OPTIONS

Choose not to approve the contract for bio-solids services and run the risk of a much costlier solution at which time the mandate comes down from FDEP that the current method of disposal is no longer allowed.

FISCAL IMPACT

The fiscal impact is to be cost neutral. The city is trading one type of biosolids disposal for another. The new biosolids disposal would more ecologically friendly.

ATTACHMENTS

BCR Environmental Services Contract
Sole Source Letter
Project Proposal

SERVICE AGREEMENT

This Service Agreement (“Agreement”), dated as of December 16, 2014 the (“Contract Date”), is by and between BCR Environmental Corporation, a Delaware corporation whose address is 3740 St. Johns Bluff Road South, Suite 21, Jacksonville, Florida 32224 (“BCR”), and the City of Lake Wales, FL (“Client”) with its principal office at 201 Central Avenue West, Lake Wales FL 33853. Capitalized terms used, but not otherwise defined, in this Agreement have the meanings given to them on Annex I attached to this Agreement.

RECITALS:

WHEREAS, BCR is providing one (1) BCR CleanB™ (the “System”) at the Lake Wales wastewater treatment plant located at 840 Henry Street, Lake Wales, FL 33853 (the “Plant”); and

WHEREAS, BCR is providing treatment, transportation and management of the End-Product Material from the Plant to final disposition; and

WHEREAS, Client desires to contract with BCR, and BCR desires to contract with Client, to provide the foregoing services in accordance with the conditions, provisions and terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, covenants, representations and warranties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties agree as follows:

ARTICLE I ENGAGEMENT; SERVICES.

Section 1.1 Services. During the Term, and in accordance with the conditions, provisions and terms contained in this Agreement, BCR will provide the services as more particularly described in Exhibit A attached hereto (collectively, the “Services”).

Section 1.2 Term. This Agreement will be effective for the period commencing on the Contract Date and initially ending five (5) years after the Effective Date, unless terminated earlier pursuant to Article III (including any extensions thereof, the “Term”). Unless sooner terminated in accordance with the conditions, provisions and terms contained in this Agreement, the Term will be extended automatically thirty (30) days prior to the expiration thereof, for one (1) additional five (5) year period, unless either Party gives the other Party written notice at least thirty (30) days prior to the expiration of the Term of its intention not to renew. The contemplated renewal shall be contingent upon satisfactory performance evaluation by the Client and subject to availability of funds. The performance of the City of Lake Wales and its obligation to pay under this contract is contingent upon annual appropriation by the City Commission of Lake Wales.

Section 1.3 Accessibility. During the Term, Client will provide BCR with reasonable access to the Plant in order for BCR to provide the Services.

Section 1.4 Agreements, Covenants, Representations and Warranties Regarding the Services.

(a) Quality Workmanship. BCR and its Representatives providing Services under this Agreement will provide the Services in a professional and workmanlike manner, consistent with the standards of care and diligence recognized in the industry for companies and individuals performing services of a similar nature. The Services will materially comply with the descriptions and representations as to the Services (including performance capabilities, completeness, specifications, configurations and function) agreed upon by the Parties.

(b) Compliance with Laws. Except as otherwise provided herein, BCR will, and will cause its Representatives to, perform all of the Services in compliance with all applicable ethical standards, Laws, Orders, and Permits, and Client’s policies, procedures and standards in effect from time to time during the Term.

(c) Insurance. BCR will purchase and maintain, at its own cost and expense, the following insurance at all times during the Term: (i) commercial general liability insurance with a limit of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence and Two Million Dollars (\$2,000,000) in the aggregate; (ii) automobile liability insurance with a limit of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence; and (iii) statutory workers compensation coverage as required by Law. BCR will provide proof of such insurance to Client upon Client’s reasonable request. Client will be named as an additional insured on such insurance policies.

(d) No Conflicts. Each of the Parties represents and warrants to the other Party that neither the execution and delivery by such Party of this Agreement, nor the performance by such Party or any of its Representatives of any acts contemplated by this Agreement (including the provision of the Services), will conflict with, or result in any breach of, or cause a default (with or without notice or lapse of time or both) under any condition, provision or term contained in any Contract (including any confidentiality agreement, consulting agreement, employment agreement, non-compete agreement or similar agreement with any other Person) or Order to which BCR, Client or any of their respective Representatives is a party or a signatory, individually or as an officer, or by which BCR, Client or any of their respective Representatives is bound.

Section 1.5 Duties of Client. During the Term, to support BCR’s efforts to provide the Services, Client, at its own cost and expense, will provide assistance, information and/or materials as reasonably requested by BCR, including:

(a) providing Biosolids from the Plant to the System that conform to the standards set forth in the Operations and Maintenance Manual. For the avoidance of doubt, the Client is responsible for providing the necessary equipment and access to provide the System a Biosolids supply in accordance with specifications of the System;

(b) providing an appropriately trained operator(s) to operate the System;

(c) operating the System in accordance with the Operations and Maintenance Manual and in compliance with all applicable ethical standards, Laws, Orders, and Permits in effect from time to time during the Term;

(d) securing all Permits necessary to operate the Plant and the System during the term;

(e) providing BCR representatives reasonable and appropriate access to the Plant;

(f) providing BCR with connectivity to the System, including waste activated sludge (WAS) supply, potable & reuse water supply, electrical supply, and centrate & WAS reject to the in-plant lift station;

(g) providing BCR with data communication connectivity through either a dedicated VPN or an independent internet line;

(h) utilizing a BCR approved laboratory, a list of which can be found in Exhibit E, to provide laboratory testing in accordance with Client's permit;

(i) providing and maintaining an Environmental, Health, and Safety program in compliance with OSHA, EPA, and other regulations which may apply;

(j) providing reasonable security for the System;

(k) restricting access to the System to authorized and trained personnel;

(l) providing BCR with notification of any permit non-compliance within 24 hours of such non-compliance;

(m) providing BCR a mutually agreed upon schedule of operations on a monthly basis and notifying BCR of any substantive change to the schedule. This schedule shall identify all periods when BCR will have its equipment set up at the Plant and all periods when the equipment will be in operation;

(n) preparing and submitting formal reports regarding the Plant as required by all applicable ethical standards, Laws, Orders, and Permits in effect from time to time during the Term;

(o) purchasing, unless Client is self-insured, and maintaining, at its own cost and expense, such insurance as is appropriate and necessary to protect it from claims arising out of, based upon, connected with, incidental to or related to Client's operation of the Plant and Client's duties, liabilities and obligations under this Agreement. Client will provide proof of such insurance to BCR upon BCR's reasonable request;

(p) providing BCR with a tax exempt certificate each calendar year during the Term;

(q) providing all necessary consumables, utilities and labor required by the System not included in the Services detailed in Exhibit A of this Agreement; and

(r) providing all site design and permitting and all required site utilities to within five (5) feet of the System

(s) providing connectivity from the System to Client's dewatering device and connectivity to remove effluent from the System to Client's lift station or headworks as required.

Section 1.6 Independent Contractor. BCR's engagement and provision of the Services will be as an independent contractor to Client. BCR, its Affiliates and their respective Representatives will not be an employee, joint venturer or partner of Client or any of Client's Affiliates for any reason. As an independent contractor to Client, BCR will be solely responsible for all federal, local, provincial and state employment (including self-employment),

income, social security and other similar levies and taxes payable by BCR on or with respect to its receipt of amounts pursuant to the conditions, provisions and terms contained in this Agreement. Nothing contained in this Agreement will confer upon BCR, its Affiliates or any of their respective Representatives any remedies or rights of any kind or nature whatsoever or to any benefits that may be provided, directly or indirectly, under any employee benefit arrangement, plan or policy, nor will anything contained in this Agreement constitute a limitation on or restriction against the right of Client or any of Client's Affiliates to amend, modify or terminate any such arrangement, plan or policy at any time and from time to time.

Section 1.7 No Agency. Neither BCR, its Affiliates nor any of their respective Representatives will have any authority to act for or to bind Client or any of Client's Affiliates in any way except as expressly provided in this Agreement, and BCR, its Affiliates and their respective Representatives will not (a) hold herself, himself, itself or themselves out as having the power to make commitments to others on behalf of Client or any of Client's Affiliates without Client's prior written consent, or (b) extend credit in the name of Client or any of Client's Affiliates without Client's prior written consent. Except with respect to BCR's provision of the Services, neither BCR, its Affiliates, nor any of their respective Representatives will make any representations or warranties on behalf of Client or any of Client's Affiliates without Client's prior written consent.

Section 1.8 Client's Employees. The Parties acknowledge, agree and understand that any of Client's employees that BCR may coordinate with in connection with its provision of the Services will not be an employee, joint venture or partner of BCR or any of BCR's Affiliates for any reason. Client will be solely responsible for all federal, local, provincial and state employment (including self-employment), income, social security and other similar levies and taxes payable by Client in connection with its employees.

ARTICLE II COMPENSATION

Section 2.1 Fees. As compensation for the Services, Client will pay BCR the Fees as more particularly described in Exhibit B attached hereto. During the Term, BCR may adjust the Fees after delivering ninety (90) days prior written notice to Client in the event there is a material change in any applicable Law that arises after the Contract Date that adversely affects BCR's ability to provide any of the Services, as determined by BCR. BCR will also provide to Client written documentation of such material change.

Section 2.2 Invoices. BCR will submit monthly invoices to Client for the Fees for the Services performed by BCR in the immediately preceding calendar month. Subject to the conditions, provisions and terms contained in this Agreement, the Fees due to BCR will be paid by Client in accordance with the Florida Prompt Payment Act following receipt by Client of each invoice. Any amounts due hereunder that are not paid within forty five (45) days of the date of delivery of the applicable invoice will accrue interest at a rate of one percent (1.0%) per month, or the maximum rate permitted by law, whichever is lower, from the date such amount was due hereunder until paid. Any condition, provision or term contained herein to the contrary notwithstanding, if Client fails to pay any amounts invoiced pursuant to the conditions, provisions and terms contained in this Agreement, then BCR will have the right, in addition to its other remedies and rights, to suspend performance of the Services (or to terminate this Agreement pursuant to the conditions, provisions and terms contained in 0), until all outstanding amounts have been paid in full, as determined by BCR in its absolute and sole discretion.

**ARTICLE III
TERMINATION; EFFECT OF TERMINATION.**

Section 3.1 Termination for Breach. Client may terminate this Agreement immediately upon written notice thereof if BCR (a) is in breach of any of the conditions, provisions or terms contained in this Agreement which, if capable of cure, is not cured within the Cure Period after ninety (90) days prior written notice of such breach providing reasonable specificity of the grounds therefore, or (b) is Insolvent or makes any assignment for the benefit of its creditors, or initiates, consents to the initiation of, or is the subject of any Proceeding under any Bankruptcy or similar laws for the relief of debtors. Anything contained herein to the contrary notwithstanding, BCR may terminate this Agreement immediately upon written notice thereof if Client breaches the conditions, provisions and terms contained in this Agreement, specifically the conditions, provisions and terms contained in Article II.

Section 3.2 Termination for Breach Cure. Subject to the Cure Period, each Party shall have the option to respond to and cure any written notice of Termination for Breach received from the notifying Party.

Section 3.3 Effect of Early Termination. On the expiration or termination of this Agreement for any reason, BCR will be paid the Fees, if any, earned prior to and including the effective date of such termination and any other outstanding costs, expenses, fees and/or reimbursements owed to BCR in accordance with the conditions, provisions and terms contained in Article II.

Section 3.4 Return of Property. Within thirty (30) Business Days after the effective date of the expiration or termination of this Agreement by any Party for any reason, the receiving Party will deliver to the disclosing Party all of the disclosing Party's (a) personal property that is in the receiving Party's control or possession (in all forms and in all media), and all copies thereof, and (b) Confidential Information required to be returned pursuant to the conditions, provisions and terms contained in Section 6.2. BCR shall also terminate management of the End-Product Material from the Plant to final disposition and any other contractual services. Additionally, unless the Purchase Option has been exercised, BCR shall remove the System within the aforementioned thirty (30) Business Days timeframe.

Section 3.5 Survival. The conditions, provisions and terms of this Agreement which contemplate performance or observance subsequent to the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and continue in full force and effect except for those conditions, provisions and terms that only provide for performance or observance during the Term.

**ARTICLE IV
PURCHASE OF THE SYSTEM**

Section 4.1 Purchase Option. Client shall have the option to purchase the System at any time during the Term by providing ninety (90) days written notice to BCR of its intent to exercise such option. Should Client choose to exercise its Purchase Option, Client hereby agrees to pay to BCR the Purchase Price of the System as set forth in Exhibit D. The Purchase Price of the System will be fully earned and shall be due and payable in full in cash along with the notice of such Purchase Option.

Section 4.2 Base Service Fee Adjustment for Purchase Option. Upon the exercise of the Purchase Option the Base Service Unit Fee shall be adjusted in accordance with Exhibit B, subsection (e) (i). **Error! Reference source not found.**

**ARTICLE V
INDEMNIFICATION; DISCLAIMER**

Section 5.1 Indemnification by BCR. BCR agrees and covenants to defend, hold harmless, indemnify, reimburse and release Client and Client's Affiliates and their respective Representatives, against and from all and any claims, demands, Liabilities and Proceedings, including Litigation Expenses, on account of death or injury, or damage to or loss of property, that is caused, in part or in whole, by BCR's or any of BCR's Representative's gross negligence, or arising out of, based upon, connected with, incidental to or related to the non-performance or performance by BCR of the conditions, provisions and terms contained in this Agreement; provided, however, that this Section 5.1 will not apply to the extent that any claim, demand, Liability or Proceeding is caused by Client's or any of Client's Representatives' (other than BCR or its Representatives) negligence or willful misconduct.

Section 5.2 Indemnification by Client. Client agrees and covenants to defend, hold harmless, indemnify, reimburse and release BCR and BCR's Affiliates and their respective Representatives, against and from all and any claims, demands, Liabilities and Proceedings, including Litigation Expenses, on account of death or injury, or damage to or loss of property, (a) that is caused, in part or in whole, by Client's or any of Client's Representative's failure to act or negligence, or arising out of, based upon, connected with, incidental to or related to the non-performance or performance by Client of the conditions, provisions and terms contained in this Agreement; provided, however, that this Section 5.2 will not apply to the extent that any claim, demand, Liability or Proceeding is caused by BCR's or any of BCR's Representatives' negligence or willful misconduct, or (b) arising out of, based upon, connected with, incidental to or related to the delivery, use and/or storage of any Hazardous Substances at the Plant, including product liability claims.

Section 5.3 DISCLAIMER. BCR DISCLAIMS ALL EXPRESS, STATUTORY AND IMPLIED WARRANTIES APPLICABLE TO ALL AND ANY CHEMICALS PROCURED BY BCR ON BEHALF OF CLIENT IN CONNECTION WITH THIS AGREEMENT. THE ONLY WARRANTIES APPLICABLE TO THE CHEMICALS PROCURED BY BCR ON BEHALF OF CLIENT IN CONNECTION WITH THIS AGREEMENT WILL BE THE WARRANTIES, IF ANY, OF THE MANUFACTURERS OF SUCH CHEMICALS.

**ARTICLE VI
RESTRICTIVE COVENANTS**

Section 6.1 General. Each Party acknowledges, agrees and understands that

(a) the conditions, provisions and terms contained in this Article VI provide a special and unique benefit to the disclosing Party and its Affiliates, and that the receiving Party's and/or any of the receiving Party's Representatives' breach of or default under, or threatened breach of or default under, any of the conditions, provisions or terms contained in this Article VI will result in (i) an irreparable injury to the disclosing Party and its Affiliates, (ii) the disclosing Party and its Affiliates having an inadequate remedy at law, and (iii) the disclosing Party and its Affiliates suffering damages that cannot be measured strictly in monetary terms. Upon the disclosing Party's adequate proof of the receiving Party's and/or any of the receiving Party's Representatives' breach of or default under, or threatened breach of or default under, any conditions, provision or term contained in this Article VI, the disclosing Party will be entitled to receive immediate relief enjoining any further or threatened breach of or default under any of, or requiring specific performance pursuant to,

the conditions, provisions and terms contained in this Article VI in order to enforce or prevent any violations of the conditions, provisions or terms contained in this Article VI (without posting a bond or other security); and

(b) a breach or violation of any condition, provision or term contained in this Agreement by the disclosing Party, and/or any of the disclosing Party's Representatives, will not be a defense to the enforceability of the agreements and covenants contained in this Article VI.

Nothing contained in this Article VI will be construed to limit in any way the disclosing Party's remedies and rights that otherwise may exist at law or in equity with respect to the receiving Party's and/or any of the receiving Party's Representatives' breach of or default under, or threatened breach of or default under, any of the conditions, provisions and terms contained in this Article VI.

Section 6.2 Confidential Information. During the Term, the Parties may become privy to Confidential Information of the other Party with respect to such other Party's business. During the Term and after the expiration or termination of this Agreement for any reason, neither Party will, and each Party will cause its Representatives not to, disclose, divulge, furnish, reveal, use or make available any of the Confidential Information of the other Party to any Person (a) without the other Party's prior written consent, or (b) in connection with any activity or business other than that of the other Party; provided, however, that this Section 6.2 will not apply to information that (i) is at the time of disclosure a part of the public domain or thereafter becomes a part of the public domain through no violation of this Agreement or any other agreement, or applicable Laws, (ii) was demonstrably in the possession of such receiving Party prior to its disclosure, (iii) is hereafter acquired by such receiving Party through a third party under no obligation of confidence, (iv) is independently developed by such receiving Party without the benefit or use of the other Party's information as evidenced by such receiving Party's written records, or (v) which is required to be disclosed by Law, regulation or valid court or Order but only to the extent required by such Law, regulation or Order and only if such receiving Party first notifies the other Party, to the extent permitted, of the Law, regulation or Order and permits the other Party to seek a protective order or other relief from disclosure. At any time upon demand of the disclosing Party, the receiving Party promptly will return to the disclosing Party or, at the disclosing Party's absolute and sole option, destroy all documents, materials and personal property that are in the receiving Party's control or possession (in all forms and in all media), and all copies thereof, that contain, disclose or embody Confidential Information, including any Confidential Information prepared by the receiving Party.

Section 6.3 Trade Marks; Service Marks. Each Party acknowledges, agrees and understands that it does not have, and will not acquire, any interest in the other Party's service marks, trade dress, trademarks, trade names or any other similar proprietary rights, unless otherwise expressly agreed to in a writing executed by both Parties.

ARTICLE VII DISPUTE RESOLUTION

Section 7.1 Efforts by the Parties. Subject to the conditions, provisions and terms contained in Section 7.3, the Parties will act in good faith and reasonably to promptly resolve, by negotiation, any dispute arising out of, based upon, connected with, incidental to or related to this Agreement. Any Party may give the other Parties written notice of any dispute not resolved in the normal course of business ("Dispute Notice"). Within seven (7) days after the delivery of a Dispute Notice, the Parties will meet at a mutually acceptable place and time, and thereafter as often as they deem

appropriate or necessary, to exchange relevant information and to attempt to resolve such dispute. During the course of such negotiations, all reasonable requests made from any Party to the another Party for information that is not confidential, privileged or proprietary and that reasonably arises out of, is based upon, is connected with, is incidental to or is related to this Agreement will be honored so that each of the Parties may be fully advised of the other Parties' position. All negotiations arising out of, based upon, connected with, related to or incidental to any Dispute Notice are confidential and will be treated as compromise and settlement negotiations for purposes of the rules of evidence of all applicable jurisdictions. If such dispute has not been resolved within fifteen (15) days after the deemed delivery of the Dispute Notice, or if the Parties fail to meet within seven (7) days after the delivery of the Dispute Notice, then any Party involved in such dispute may initiate mediation of such dispute pursuant to the conditions, provisions and terms contained in Section 7.2.

Section 7.2 Mediation. Subject to the conditions, provisions and terms contained in Section 7.3, if any dispute arising out of, based upon, connected with, incidental to or related to this Agreement has not been resolved by negotiation pursuant to the conditions, provisions and terms contained in Section 7.1, then the Parties will submit to mediation. The Parties will cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. The Parties agree and covenant that they will participate in the mediation in good faith. Unless otherwise agreed to in writing by the Parties involved in such dispute, the mediation will take place in Polk County, Florida. The mediation proceedings and negotiations will be confidential and will be treated as compromise and settlement negotiations for purposes of the rules of evidence of all applicable jurisdictions.

Section 7.3 Exceptions. The dispute resolution requirements contained in this Article VII will not be available for (a) any dispute that otherwise would be barred by the applicable statute of limitations, or (b) any dispute arising out of, based upon, connected with, incidental to or related to Article VI.

Section 7.4 Costs, Expenses and Fees. The Parties involved in dispute resolution procedures pursuant to the conditions, provisions and terms contained in this Article VII will bear their respective Litigation Expenses in connection with such dispute resolution procedures, except that the Parties involved in such dispute resolution procedures will share equally the costs, expenses and fees of any neutral third party or mediator and the costs, expenses and fees of any facility used in connection with such dispute resolution procedures.

ARTICLE VIII MISCELLANEOUS

Section 8.1 Interpretation; Construction. The use in this Agreement of the word "including" means "including, without limitation." The words "hereby," "herein," "hereinafter," "hereof," "hereto," "hereunder," and other words of similar import refer to this Agreement as a whole, including the Annexes, Attachments, Exhibits and Schedules attached to this Agreement, as the same may be altered, amended, modified, repealed, restated and/or supplemented in accordance with the conditions, provisions and terms contained in this Agreement, and not to any particular article, clause, paragraph section, subparagraph or subsection contained in this Agreement. All references to articles, clauses, paragraphs, sections, subparagraphs, subsections, Annexes, Attachments, Exhibits and Schedules means the articles, clauses, paragraphs, sections, subparagraphs and subsections contained in this Agreement and the Annexes, Attachments, Exhibits and Schedules attached to this Agreement, except as otherwise expressly provided in this Agreement. The title of and the article,

section and paragraph headings contained in this Agreement are for convenience of reference only and will not affect or govern the interpretation of any of the conditions, provisions or terms contained in this Agreement. The use in this Agreement of the feminine, masculine or neuter forms also will denote the other forms, as in each case the context may require. The use in this Agreement of the singular form of a definition or term also will denote the plural forms of such definition or term, and vice-versa, as in each case the context may require. Where specific language is used to clarify by example a general statement contained in this Agreement, such specific language will not be deemed to limit, modify or restrict in any manner the construction of the general statement to which it relates. Each use of the term “shall” or “will” indicates a compulsory obligation. The Parties intend the use of the term “and/or” in an ordered list to make the items in the ordered list both several and inclusive of each other, as the context requires. Unless expressly provided otherwise, the measure of a period of a month or year for purposes of this Agreement will be that date of the following month or year corresponding to the starting date; provided, however, that if no corresponding date exists, the measure will be that date of the following month or year corresponding to the next day following the starting date. For example, one (1) month following February 18 is March 18, and one (1) month following March 31 is May 1.

Section 8.2 Notices.

(a) All demands, documents, notices, payments, reports, requests, returns or other communications delivered pursuant to the conditions, provisions and terms contained in this Agreement and other applicable Law will be in writing and will be deemed to be sufficient if (i) delivered personally, (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) sent by a nationally-recognized, overnight courier, to the Parties at the addresses set forth in the introductory paragraph of this Agreement (or at such other address for a Party as is specified by a written notice satisfying the conditions, provisions and terms contained in this 0).

(b) All such demands, documents, notices, payments, reports, requests, returns or other communications will be deemed to have been delivered and received (i) in the case of personal delivery, on the date of such delivery, (ii) in the case of delivery by certified or registered mail, on the third (3rd) Business Day following such mailing, and (iii) in the case of delivery by a nationally-recognized, overnight courier guaranteeing next Business Day delivery, on the Business Day following dispatch.

Section 8.3 Benefits of Agreement; Assignment. All of the conditions, provisions and terms contained in this Agreement will be binding upon and will inure to the benefit of the Parties and their respective Affiliates, permitted assignees and permitted successors. Except as otherwise expressly contained in this Agreement, this Agreement will not confer any remedies or rights upon any Person other than the Persons referred to in the immediately preceding sentence. This Agreement is not assignable by any Party without the prior written consent of each other Party, except that BCR may assign this Agreement and/or its authority, duties, Liabilities, obligations, powers, privileges and rights contained in this Agreement to any of its Affiliates or to any Person succeeding to all or any substantial portion of its assets or business.

Section 8.4 Force Majeure. Whenever any action is required to be taken pursuant to the conditions, provisions and terms contained in this Agreement within a specified period of time, such additional period of time will be provided to the Party required to take such action as will equal any period of delay resulting from causes beyond the reasonable control of the Party required to take such action, including actions of or interference by governmental

or other regulatory authorities, acts of God (including flood, fire or acts of nature), acts of terrorism, labor disturbance, wars, riots or other civil disturbances (collectively, “Force Majeure Events”). No Party will be held in breach of any condition, provision or term contained in this Agreement because of any Force Majeure Event, provided that Party exercises commercially reasonable efforts to resume performance pursuant to the conditions, provisions and terms contained in this Agreement as soon as practicable after the occurrence of such Force Majeure Event (provided that resumption is a commercially reasonable option).

Section 8.5 Remedies. Subject to the conditions, provisions and terms contained in Article V, each Party will have and retain all remedies and rights existing in its favor under this Agreement, at law or in equity, including rights to bring actions for injunctive relief, specific performance and other equitable relief to enforce or prevent a breach of or default under, or threatened breach of or default under, any condition, provision or term contained in this Agreement. The pursuit of any remedy or right by a Party will not be deemed an election of such remedy or right and will not preclude such Party from exercising or pursuing any other available remedy or right. To the extent permitted by any applicable Law, but subject to the conditions, provisions and terms contained in Article V, all such remedies and rights (a) will be cumulative, (b) will be in addition to any other remedies and rights provided by applicable Law, and (c) may be exercised concurrently or separately. Nothing contained in this Section 8.5 may be construed to limit in any way the benefits and rights of, or the remedies available to, any Party.

Section 8.6 Waiver. The failure of any Party to seek redress for a breach of or default under, or failure to insist upon the strict performance of, any condition, provision or term contained in this Agreement, including specifically any failure to exercise any recourse, remedy or right, will not prevent a subsequent act or failure from having the effect of an original breach of or default under, or failure to satisfy, any such condition, provision or term contained in this Agreement. No waiver of any condition, provision or term contained in this Agreement will be effective unless it is contained in a written document executed by each Party, and then only to the extent specifically provided in such writing. No waiver by any Party of any breach of or default under any agreement, covenant, representation or warranty hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent breach of or default under any agreement, covenant, representation or warranty hereunder, or affect in any way any rights arising out of, based upon, connected with, incidental to or related to any such prior or subsequent occurrence.

Section 8.7 Litigation Expenses. Except as otherwise expressly contained in this Agreement, including the conditions, provisions and terms contained in Section 7.5, each Party will bear its own costs, expenses and fees (including attorneys’ costs, expenses and fees) incurred in connection with the negotiation of this Agreement, the performance of its duties, Liabilities and obligations contained in this Agreement, the consummation of the transactions contemplated by this Agreement, and its compliance with the conditions, provisions and terms contained in this Agreement

Section 8.8 Transaction Expenses. Except as otherwise expressly contained in this Agreement, each Party will bear its own costs, expenses and fees (including attorneys’ costs, expenses and fees) incurred in connection with the negotiation of this Agreement, the performance of its duties, Liabilities and obligations contained in this Agreement, the consummation of the transactions contemplated by this Agreement, and its compliance with the conditions, provisions and terms contained in this Agreement.

Section 8.9 Governing Law; Mutual Waiver of Jury Trial.

(a) This Agreement will be construed, governed by and interpreted in accordance with the domestic Laws of the State of Florida without giving effect to any choice of law or any conflicting provision, rule or term (whether of the State of Florida or any other jurisdiction) that would cause the Laws of any jurisdiction other than the State of Florida to be applied. In furtherance of the foregoing, the domestic Laws of the State of Florida will control the construction and interpretation of this Agreement, even if under such other jurisdiction’s choice of law or conflict of law analysis, the substantive Laws of another jurisdiction ordinarily would apply.

(b) The parties hereby knowingly, intentionally and voluntarily waive all of their respective rights to a trial by jury in any proceeding brought to enforce or defend any conditions, provisions and terms contained in this agreement. No party will seek to consolidate any proceeding in which such party has waived the right to a trial by jury with any other proceeding in which such party cannot waive, or has not waived, the right to a trial by jury. The conditions, provisions and terms contained in this Section 7.9(b) have been discussed fully by the parties, and the conditions, provisions and terms hereof will not be subject to any exceptions. No party has agreed with, or represented to, any other party that the conditions, provisions and terms contained in this Section 7.9(b) will not be enforced fully in all instances. Each party acknowledges and agrees that it has had the opportunity to consult with, and has consulted with, legal counsel, to discuss and consider the implications of this waiver of jury trial.

Section 8.10 Jurisdiction and Venue.

(a) Each of the Parties irrevocably and unconditionally submits, for herself, himself or itself and her, his or its assets, to the exclusive jurisdiction and venue of the Tenth Judicial Circuit in and for Polk County, Florida(a “Florida Court”), in any Proceeding arising out of, based upon, connected with, incidental to or related to this Agreement or the transactions contemplated hereby, or for enforcement or recognition of any judgment arising therefrom, based upon, connected thereto, incidental thereto or related thereto, and each of the Parties irrevocably and unconditionally acknowledges, agrees and understands that all claims with respect to any such Proceeding will be heard and determined in any Florida Court having subject matter jurisdiction. Each of the Parties agrees and covenants that a final judgment in any such Proceeding will be conclusive and may be enforced in any other jurisdiction by a Proceeding on the judgment or in any other manner provided by applicable Law.

(b) Each of the Parties irrevocably and unconditionally waives, to the fullest extent he, she or it effectively and legally may do so, (i) any objection that he, she or it now or hereafter may have to the laying of venue of any Proceeding arising out of, based upon, connected with, incidental to or related to this Agreement or the transactions contemplated hereby in any Florida Court (ii) the claim or defense of an inconvenient forum to the maintenance of such Proceeding in any Florida Court.

Section 8.11 Independence of Agreements, Covenants, Representations and Warranties. All agreements and covenants contained in this Agreement will be given independent effect so that if a certain action or condition constitutes a breach of or default under a certain agreement or covenant, the fact that such action or condition is permitted by another agreement or covenant will not affect the occurrence of such breach or default, unless expressly permitted under an exception to such initial agreement or covenant. All representations and warranties contained in this Agreement will be given independent effect so that if a particular

representation or warranty is breached or proves to be inaccurate or untrue, the fact that another representation or warranty concerning the same or similar subject matter is not breached or is accurate and true will not affect the breach of or the inaccuracy or untruth of such initial representation or warranty.

Section 8.12 Mutual Contribution. The Parties and their respective counsel have contributed mutually to the drafting of this Agreement, and the Parties have chosen the language used in this Agreement to express their mutual intent. Consequently, no condition, provision or term contained in this Agreement will be construed against any Party on the ground that such Party (or such Party’s counsel) drafted the condition, provision or term or caused the condition, provision or term to be drafted.

Section 8.13 Severability. If any condition, provision or term contained in this Agreement would be held in any jurisdiction to be illegal, invalid, prohibited or unenforceable for any reason, then such condition, provision or term, as to such jurisdiction, will be ineffective, without invalidating the remaining conditions, provisions and terms contained in this Agreement or affecting the enforceability, legality or validity of such condition, provision and/or term in any other jurisdiction. Anything in the immediately preceding sentence to the contrary notwithstanding, if such condition, provision or term could be drawn more narrowly so as not to be illegal, invalid, prohibited or unenforceable in such jurisdiction, it will be so narrowly drawn, as to such jurisdiction, without invalidating the remaining conditions, provisions and terms contained in this Agreement or affecting the enforceability, legality, or validity of such condition, provision or term in any other jurisdiction.

Section 8.14 Counterparts and Electronic Delivery. The Parties may execute this Agreement in any number of counterparts, and each such counterpart will be deemed an original signature page to this Agreement. All such counterparts will be considered one and the same Contract and will become effective when one (1) or more counterparts have been executed by each Party and delivered to each other Party, it being understood that all Parties need not execute the same counterpart. Any counterpart or other signature delivered by facsimile, e-mail or other electronic device will be deemed for all purposes as constituting good and valid execution and delivery of this Agreement by such Party.

Section 8.15 Amendment. Except as otherwise expressly contained in this Agreement, this Agreement may not be altered, amended, modified, restated and/or supplemented except pursuant to a written document signed by each Party.

Section 8.16 Entire Agreement. This Agreement and the other agreements and documents referenced herein and attached to this Agreement (including the Annexes, Attachments, Exhibits and Schedules attached hereto) and any other document contemporaneously entered into with this Agreement contain all of the Contracts among the Parties with respect to the transactions contemplated hereby and thereby and supersede all prior Contracts among the Parties with respect to such transactions. The Parties acknowledge, agree and understand that they are not relying on any oral or written inducements, promises, representations or warranties not included or referenced in this Agreement.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Contract Date.

CLIENT:

THE CITY OF LAKE WALES, FL

By: _____

Name: _____

Title: _____

BCR:

BCR ENVIRONMENTAL CORPORATION

By: _____

Name: _____

Title: _____

ANNEX I

Definitions

As used in this Agreement, the following capitalized terms have the meanings given to them in this Annex I. Any capitalized terms not defined in this Annex I have the meanings given to them in the respective sections of this Agreement in which they first appear.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person. As used in this definition of Affiliate, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by Contract or otherwise.

“Agreement” means this Service Agreement, together with all Annexes, Exhibits and Schedules attached hereto, as the same may be altered, amended, modified, restated and/or supplemented from time to time pursuant to the conditions, provisions and terms contained herein and therein.

“Annex I” means this Annex I, as the same may be altered, amended, modified, restated or supplemented from time to time in accordance with the conditions, provisions and terms contained in this Agreement.

“Bankrupt” or “Bankruptcy,” as applicable, means, with respect to any Person, any (a) assignment for the benefit of such Person’s creditors, (b) application or petition for the appointment of a custodian, liquidator, receiver or trustee of any substantial part of such Person’s assets, (c) filing of an application or a petition, or commencement of a Proceeding, by such Person relating to herself, himself or itself under any arrangement, bankruptcy, Insolvency, reorganization or similar Law, or (d) filing of an application or a petition, or commencement of a Proceeding, under any arrangement, bankruptcy, Insolvency, reorganization or similar Law against such Person where either (i) such Person effectively has given her, his or its adoption, approval, authorization, confirmation, consent and/or ratification, or (ii) such application, petition or Proceeding has continued undischarged and unstayed for a period of sixty (60) days.

“Base Services” shall have the meaning given to such term in Exhibit A.

“Base Service Fee” shall have the meaning given to such term in Exhibit B.

“Base Service Unit Fee” shall have the meaning given to such term in Exhibit B.

“Business Day” means any day that is not a Saturday, Sunday or a day on which banking institutions in Florida are authorized or required to be closed.

“Confidential Information” means any confidential or proprietary information owned, possessed or utilized by the disclosing Party, its subsidiaries or any of their respective Affiliates (whether or not specifically labeled or identified as “confidential”), in any form or media, with respect to the affairs, business, products, research and development, or services of the disclosing Party, its subsidiaries’ or any of their respective Affiliates, or any of their respective customers, distributors, independent contractors, suppliers or other business relations, including (a) all Intellectual Property Rights, (b) the “look and feel” of any software and websites, (c) internal business

information such as agent and independent contractor lists and related information, books and records, business acquisition plans, business plans, compilations, cost information, current and anticipated customer requirements, customer lists and related information, customer data and documentation and databases (including architectures, structures, System and technologies), details of Contracts (including Contracts with agents, customers, employees, independent contractors, suppliers and vendors), distribution channels, environmental and regulatory information, financial information and data (including budgets, financial statements, forecasts and projections), market studies, marketing plans, new personnel acquisition plans, operational methods, personnel, pricing information (including price lists and pricing policies), product development plans and techniques, reports, research and development (including past, current and planned), strategies, supplier lists and related information, technical information, test results, vendor lists and related information, and (d) any information that constitutes a “trade secret” under the Laws of the State of Florida.

“Compliant End-Product Material” biosolids that (i) meet at a minimum Class B standards as defined by the EPA in 40 CFR Part 503 and (ii) have been dewatered to at least fifteen (15%) solids.

“Contract” means any bond, commitment, concession, credit agreement, franchise, grant of easement, indenture, lease, license, loan agreement, mortgage, note, Permit, purchase order, right of way, sale order, service order, sublease, or other agreement, arrangement, commitment, contract, instrument or understanding, whether oral or written.

“CPI” means the unadjusted change in the Bureau of Labor Statistics’ All Items Index for the preceding twelve (12) months prior to each anniversary of the Contract Date.

“Cure Period” means thirty (30) days; provided, however, if the breaching Party has been and continues to diligently pursue the cure, then such thirty (30) day period will be automatically extended to sixty (60) days.

“Effective Date” means the date of Start Up of the System.

“EIA” means the Department of U. S. Energy Information Administration, Gasoline and Diesel Fuel Update, U.S. On-Highway Diesel Fuel Prices, Lower Atlantic (PADD1C) for the preceding twelve (12) months prior to each anniversary of the Contract Date.

“End-Product Management Services” shall have the meaning given to such term in Exhibit A.

“End-Product Management Service Fee” shall have the meaning given to such term in Exhibit B.

“End-Product Management Service Unit Fee” shall have the meaning given to such term in Exhibit B.

“End-Product Material” shall have the meaning given to such term in Exhibit A.

“End Product Material” means all biosolids produced by the Plant whether compliant or not.

“Fees” means, collectively, all of the fees more particularly described in Exhibit B attached hereto, including the (a) Base Service Fee, (b) End-Product Management Service Fee, (c) Supplemental Technical Service Fee and (d) Non-Standard Use Service Fee, if any.

“Governmental Authority” means any domestic or foreign government or political subdivision thereof, whether on a federal, local, provincial or state level and whether executive, legislative or judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof.

“Hazardous Substance” means any chemical, material, product, substance or waste whose intensity, nature, presence and/or quantity of disposal, effect, existence, manufacture, release, spill, transportation and/or use, either by itself or in combination with other materials expected to be at the Plant, is either (a) potentially injurious to the environment, the public health, safety or welfare, or the Plant, (b) monitored or regulated by any Governmental Authority, or (c) a basis for potential Liability of Client or any of its Affiliates to any Governmental Authority or other Person under any applicable Law. Hazardous Substances will include asbestos, chemicals, crude oil, gasoline, hydrocarbons, noise, pesticides, petroleum, pollutants, polychlorinated biphenyls, radiation, toxic chemicals, and any products and/or by-products thereof.

“Insolvent” or “Insolvency,” as applicable, means, with respect to any Person, (a) the admission by such Person in writing that he, she or it is unable to pay her, his or its Liabilities generally as they become due, (b) the taking by such Person of any action (corporate or otherwise) in furtherance of any application, petition or Proceeding relating to herself, himself or itself under any arrangement, bankruptcy, insolvency, reorganization or similar Law, or (c) such Person becoming insolvent or being unable to pay her, his or its Liabilities generally as they become due.

“Intellectual Property Rights” means all industrial and intellectual property rights of every kind and nature and all compilations, derivative works, improvements, modifications and revisions thereof, whether published or unpublished, and whether or not copyrightable, patentable or otherwise subject to legal protection, in whatever form and in whatever media, including (a) copyrightable works, copyright applications, copyrights, moral rights and neighboring rights, (b) mask works, (c) patentable business methods, patentable designs, patentable devices, patentable discoveries, patentable improvements, patentable inventions, patentable methodologies, patentable procedures, patentable processes, patentable products, patentable recipes, patentable research and development, patent applications, patent rights and patents, including all additions, continuations, continuations-in-part, divisions, extensions, reissues, renewals and supplements, (d) service marks, service mark applications, trade dress, trademarks and trademark applications and trade names, and (e) algorithms, business methods, certificates of public convenience and necessity, compositions, concepts, data, designs, development tools, devices, discoveries, domain names, drawings, formats, formulae, franchises, graphics, ideas, improvements, instructions, inventions, know-how, letters patent, licenses, logos and designs, marketing materials, methodologies, plans, procedures, processes, products, programs, recipes, research and development, slogans, software, specifications, techniques, user interfaces and all other technology, and all documentation and media constituting, describing or arising out of, based upon, connected with, incidental to or related to the foregoing, including manuals, memoranda and records.

“Law” means any applicable (a) domestic directive, ordinance, regulation, rule, statute, treaty or similar condition, provision or term having the effect or force of law, whether on a

federal, local, provincial or state level, (b) domestic or foreign common law, whether on a federal, local, provincial or state level, or (c) Order of any Governmental Authority.

“Liability” means any debt, liability or other obligation, whether absolute or contingent, accrued or unaccrued, asserted or unasserted, known or unknown, or liquidated or unliquidated, matured or unmatured, and whether due or to become due, regardless of when asserted.

“Litigation Expenses” means all and any out-of-pocket costs, expenses and fees incurred in connection with asserting, appealing, defending or investigating any claim or dispute in a Proceeding arising out of, based upon, connected with, incidental to or related to this Agreement, including all and any of the following: arbitration and mediation costs, expenses and fees; commercial delivery, mailing and courier charges; reasonable consultant and expert witness fees; reasonable copying and document reproduction costs, expenses and fees; court costs, expenses and fees; court filing fees, court reporter and transcript fees (whether for deposition, evidentiary hearing, non-evidentiary hearing or trial); electronic discovery costs and expenses; electronic research costs, expenses and fees (including Westlaw and Lexis Nexis); reasonable information technology support charges; reasonable investigation costs and expenses; post-judgment collection costs, expenses, and fees; telephone charges; reasonable travel expenses; and reasonable fees and disbursements of outside accountants, consultants, expert witnesses, investigators, legal counsel and other professionals and para-professionals, regardless of whether such costs, expenses and fees are non-taxable or taxable under applicable Law. Litigation Expenses include the costs, expenses and fees of legal counsel in any Proceeding to determine entitlement to reasonable fees and disbursements of legal counsel, as well as in determining and quantifying the amount of the foregoing costs, expenses and fees.

“Monthly Minimum Base Service Fee” shall have the meaning given to such term in Exhibit B.

“Non-Compliant End-Product Material” biosolids that (i) do not meet at a minimum Class B standards as defined by the EPA in 40 CFR Part 503 and/or (ii) have not been dewatered to at least fifteen (15%) solids.

“Non-Standard Use Services” shall have the meaning given to such term in Exhibit A.

“Non-Standard Use Service Fee” shall have the meaning given to such term in Exhibit B.

“Operational Improvements” means any applicable (a) service, (b) equipment, (c) design, (d) software, or (e) other offering by BCR to Client from time to time during the Term.

“Operations and Maintenance Manual” means BCR’s Operations and Maintenance Manual for the System attached hereto as Exhibit C, as the same may be altered, amended, modified, restated and/or supplemented from time to time.

“Order” means any administrative order, compliance agreement, decree, injunction, judicial order, judgment, writ or other determination of any arbitrator or Governmental Authority.

“Party” means a party to this Agreement.

“Parties” means, collectively, the parties to this Agreement.

“Permits” means all approvals, authorizations, certificates, consents, franchises, licenses, permits, registrations,

variances and similar rights obtained, or required to be obtained, from a Governmental Authority.

“Person” should be construed as broadly as possible and will include an individual or natural person, and an association, a business, a corporation, a Governmental Authority, a joint stock company, a joint venture, a limited liability company, a partnership (including a general partnership, a limited partnership, a limited liability partnership and a limited liability limited partnership), a trust, an unincorporated organization and any other entity.

“Proceeding” means any action, appeal, investigation, proceeding or suit before any arbitrator, Governmental Authority or mediator, including Bankruptcy and Insolvency proceedings.

“Purchase Price of the System” means the amount at which the System can be purchased by the Client as detailed in Exhibit D.

“Representatives” means, with respect to any Person, such Person’s Affiliates, agents, directors, employees, lenders, managers, members, officers, owners, partners, shareholders, trustees and other representatives (including its accountants, attorneys and financial advisors).

“Start Up” means the date on which the System can be utilized for the purposes for which it was intended.

“Supplemental Technical Services” shall have the meaning given to such term in Exhibit A.

“Supplemental Technical Service Fee” shall have the meaning given to such term in Exhibit B.

“Technical Services” shall have the meaning given to such term in Exhibit B.

EXHIBIT A

Services

Commencing on the Effective Date, BCR will provide the System and the following Services in accordance with the conditions, provisions and terms of this Exhibit A and the Agreement.

(a) Base Services. Prior to the Effective Date and during the Term, as applicable, BCR will provide to Client the following base services (collectively, the "Base Services"):

(i) The use of the System, including the use of the following BCR provided items;

(A) A concrete slab of adequate size and specification to accommodate the System; and

(B) Chemical storage tanks and requisite containment required for the operation of the System;

(ii) Complete installation inside five (5) feet of the System. Such installation shall include all connections to the System for waste activated sludge ("WAS"), potable water, reuse water, discharge of treated sludge to dewatering, communication connectivity, and electrical;

(iii) Remotely monitoring the data output from the System at the Plant, including, monitoring the System's chemical usage and tank levels;

(iv) Providing at a minimum an annual inspection of the System to ensure proper operations and maintenance;

(v) Providing an annual System performance summary report within thirty (30) days of completing the annual System inspection;

(vi) Providing annual System operator training to include instruction on overall operations and standard operating procedures, repair and maintenance procedures, and safety procedures associated with the System;

(vii) Subject to Non-Standard Use Services, providing all repair and maintenance services for the System upon Client's written request and subsequent written acceptance by BCR. Such repair and maintenance services shall commence (i) within seventy-two (72) hours of BCR receiving the parts required to provide the service, or (ii) within seventy-two (72) hours of BCR's written acceptance should no parts be required;

(viii) Providing up to eight (8) hours per month of technical services via computer, email, or telephone, as reasonably determined appropriate by BCR, regarding the operation of the System, including instructing Client's personnel regarding (1) the daily operating procedures for the System, (2) System safety procedures, and (3) testing and compliance procedures associated with the System (collectively, the "Technical Services"). Such hours will not roll over to subsequent months if not used by Client;

(ix) Utilize the data output from the System at the Plant to determine chemical usage to facilitate chemical procurement;

(x) Providing chemicals necessary to operate the System by providing logistical services to have such chemicals delivered to the Plant in such a manner that process interruptions are minimized;

(b) End-Product Management Services. During the Term, BCR will provide to Client all of the services necessary to haul, dispose

and manage the dewatered Compliant End-Product Material at BCR approved disposition sites, and the Non-Compliant End-Product Material at a Class I or Class II landfill in accordance with Client's Permit(s) and all applicable Laws that are in effect as of the Contract Date. Disposal services shall be in accordance with Client's Permit(s) and all applicable Laws that are in effect as of the Contract Date

(c) Supplemental Technical Services. BCR will provide to Client supplemental Technical Services (the "Supplemental Technical Services") in the event that Client (A) requests that BCR provide additional Technical Services outside of the monthly allowance (8 hours per month), or (B) requests that a BCR representative provide on-site support of the System at the Plant. In the event on-site Supplemental Technical Services are required, a BCR representative will begin providing such Supplemental Technical Services within seventy-two (72) hours of notification by Client.

(d) Operational Improvements. During the Term, BCR may introduce Operational Improvements into the market. BCR will inform Client when such Operational Improvements become available. In the event Client elects to purchase and/or implement such Operational Improvements, BCR will provide Client with (a) a description of the Operational Improvements to be provided, (b) the rates payable to BCR in consideration of the provision of the Operational Improvements, and (c) any other relevant conditions, provisions and terms applicable to the Operational Improvements.

(e) Non-Standard Use Services. Any repair and maintenance required as a result of misuse or neglect shall be outside of the scope of this Agreement. Client may request BCR perform such repair and/or maintenance services; however, such services shall be subject to the below-listed Non-Standard use service fees (the "Non-Standard Use Services Fees") should BCR agree to perform the services.

EXHIBIT B

Fees

Commencing on the Effective Date, Client will be responsible for paying to BCR the following Fees in accordance with the conditions, provisions and terms of this Agreement; provided, however, Client will pay to BCR the Supplemental Technical Service Fees for any Supplemental Technical Services requested by Client during the Term commencing on the Contract Date:

(a) Base Service Fee. In consideration of the Base Services provided by BCR, Client will pay BCR a service fee (the “Base Service Fee”). The Base Service Fee shall be paid monthly and shall be calculated as the product of (i) the dry tonnage of biosolids processed by the System and (ii) three hundred seventy-nine dollars and sixty-nine cents (\$379.69) (the “Base Service Unit Fee”); however, under no circumstances shall the monthly Base Service Fee be less than ten thousand three hundred and twenty-one dollars (\$10,321) (the “Monthly Minimum Base Service Fee”). Such Base Service Unit Fee and Monthly Minimum Base Service Fee shall be increased annually by the greater of (i) the annual increase in the overall CPI and (ii) three percent (3.0%).

(i) Adjustment to the Base Service Unit Fee and Monthly Minimum Base Service Fee for the Purchase of the System. Should the Purchase Option be exercised during the Term the then-current Base Service Fees shall be reduced on a monthly basis by four thousand five hundred eighty-three dollars (\$4,583). Additionally, the Monthly Minimum Base Service Fee shall be reduced to five thousand seven hundred thirty-eight dollars (\$5,738).

(b) End-Product Management Service Fee. In consideration of the End-Product Management Services provided by BCR, Client will pay BCR a service fee (the “End-Product Management Service Fee”). The End-Product Management Service Fee shall be paid monthly and shall be calculated as the product of (i) the maximum of (a) the actual tonnage of biosolids hauled away from the Plant on a per load basis or (b) twenty-two (22) tons and (ii) twenty-eight dollars and fifty cents (\$28.50) (the “End-Product Management Service Unit Fee”). Non-Compliant End-Product Material shall be invoiced to the Client at the sum of the actual cost incurred to haul and dispose of the Non-Compliant End-Product Material plus eighteen percent (18%).

(i) Adjustment to the End-Product Management Service Unit Fee. The End-Product Management Service Unit Fee will be adjusted annually to reflect any changes in the costs of providing the End-Product Management Services during the previous contract year due to inflation. At least forty (40) calendar days prior to the annual anniversary of the Contract Date, BCR may submit a written adjustment to the End-Product Management Service Unit Fee. The adjustment to the End-Product Management Service Unit Fee shall be based on the changes in the CPI and the EIA, as applicable, during the previous year. The adjustments shall reflect the percentage change in the CPI and EIA, measured from the first day after the anniversary of the Contract Date in the previous calendar year to the anniversary of the Contract Date in the calendar year in which the adjustment will occur. Thirty five percent (35%) of the total adjustment to the End-Product Management Service Unit Fee shall be based on the change in the cost of diesel fuel, as reflected by the change in EIA. Sixty five percent (65%) of the total adjustment to the End-Product Management Unit Service Fee shall be based on the change in the cost of BCR’s other expenses, as reflected by the change in the CPI. If the CPI or EIA is discontinued or substantially altered, the Parties will mutually agree upon another relevant price index published by the United States Government or by a reputable publisher of financial and economic indices.

Description	% of Total Adjustment	Index
Diesel fuel & insurance	35.0%	EIA
All other expense	65.0%	CPI

The following hypothetical example demonstrates how the annual adjustment to the Rates will be calculated. If (a) the cost of diesel fuel increased eight percent (8%) during the prior year, as shown by an increase in EIA, and (b) all of the Company’s other expenses increased three percent (3%), as shown by the CPI, then (c) the total adjustment to the Rates will be four and three fourths percent (4.75%), as shown by the calculation in the table below:

Description	% of Total Adjustment	Actual Change in Index (%)	Adjustment to Rates (%)
Diesel fuel & insurance	35.0%	8.0%	2.80%
All other expense	65.0%	3.0%	1.95%
Total	100.0%		4.750%

(ii) Adjustment to the End-Product Management Service Unit Fee Due to Regulatory or Law Change. In addition, BCR may, from time-to-time, provide written notice to Client of an adjustment to the End-Product Management Service Unit Fee due to any material changes in any applicable Law that arise after the Contract Date that adversely affect BCR’s ability to transport and/or manage the End-Product Material, as determined by BCR and agreed upon by Client.

(c) Supplemental Technical Service Fee. In consideration of the Supplemental Technical Services provided by BCR, if any, Client will pay BCR (i) an hourly rate of seventy-five dollars (\$75.00) per hour for each BCR representative that provides such Supplemental Technical Services (the number of BCR representatives shall be agreed upon by Client), which hourly rate will be increased annually by the annual increase in the CPI, (ii) plus all additional costs and expenses incurred by BCR for Supplemental Technical Services requested by Client and performed by BCR (the “Supplemental Technical Service Fee”).

(d) Operational Improvement Fee. Any payment or fees due as part of an Operational Improvement shall be mutually agreed upon between Client and BCR in writing.

(e) Non-Standard Use Service Fee. In consideration of any repair and maintenance associated with any misuse or neglect provided by BCR, if any, Client will deliver to BCR a fee equal (i) the product of (A) the actual cost of any parts required to perform such services, and (B) 1.30, (ii) plus all of the labor required to install such parts at an hourly rate of one hundred seventy five dollars (\$175.00) per hour, which hourly rate will be increased annually by the CPI (iii) plus all additional costs and expenses incurred by BCR for Non-Standard Use Services requested by Client and performed by (the “Non-Standard Use Service Fee”).

EXHIBIT C

Operations and Maintenance Manual

To be provided upon Start Up.

EXHIBIT D

Purchase Option

Purchase Year	Purchase Price of the System
Year 1	\$900,000
Year 2	\$845,000
Year 3	\$790,000
Year 4	\$735,000
Year 5	\$680,000
Year 6	\$625,000
Year 7	\$570,000
Year 8	\$515,000
Year 9	\$460,000
Year 10	\$405,000

EXHIBIT E

BCR Approved Laboratories

Date: November 3, 2014

To: Mr. Tom Moran
Utility Director
The City of Lake Wales, FL
201 Central Avenue West
Lake Wales, FL 33853

Re: Discounted Compost Purchase Option

Dear Mr. Moran:

Please accept this letter as an indication of NuTerra Management LLC's ("NuTerra") interest in providing to the City of Lake Wales, FL ("Lake Wales" or the "City") compost material produced by NuTerra's organics' processing facilities at a reduced rate. As such, NuTerra shall sell up to four thousand (4,000) cubic yards of compost annually to the City at a ten percent (10.0%) discount to fair market value. For the purposes of clarity, fair market value shall be calculated as the greater of (i) the weighted-average sales price, per cubic yard, as determined from all regional-market sales of NuTerra's compost material over the previous six (6) calendar months and (ii) eight dollars (\$8.00). Please note, however, that such price shall not include delivery of the compost material to the City's requested site and that the City will not have any obligation to purchase the aforementioned compost material. Furthermore, Lake Wales shall have the ability to purchase an amount of compost material in excess of the aforementioned stipulated amount at current market rates.

If you have any questions or concerns, please feel free to contact us at your earliest convenience. NuTerra very much looks forward to beginning a long and prosperous relationship with Lake Wales.

Very truly yours,



NuTerra Management LLC

Name: KEVIN DUNLAP

Title: VP OF SALES

November 4, 2014

Mr. Tom Moran
Utility Director
City of Lake Wales
201 Central Avenue West
Lake Wales, FL 33859

Dear Mr. Moran:

BCR Environmental Corporation ("BCR") is prepared to provide a 'turn-key' solution whereby the City of Lake Wales, FL (the "Client") will operate a CleanB™ system (the "CleanB™ System") at the City of Lake Wales' Wastewater Treatment Plant (the "Project"). Based on the Client's established procurement guidelines, the following is one of the methods available to the Client for procurement of the CleanB™ System.

Procurement Method:

The Client may procure the Project without competitive bidding through sole source procurement as authorized by the a) Client's Code of Ordinances (the "Code") (based on the parameters below) and b) Florida Statutes (based on the parameters below).

a. The Code. The following language is from the Client's Purchasing Code:

(2) *Single source*. Commodities or contractual services available only from a single source may be excepted from the bid requirements if it is determined that such commodities and services are available only from a single source and such determination is documented in writing.

a. no sole source purchase shall be made without the prior authorization of the city manager

b. a copy of the written determination of single source availability shall be furnished to the finance director with the voucher authorizing payment

b. The Statutes. The Client's ability to sole source the Project is also fully supported by the Florida Statutes. Section 255.04 of the Florida Statutes provides in relevant part that:

Notwithstanding the foregoing, no county official, board of county commissioners . . . charged with the letting of contracts or purchase of

materials for the construction, modification, alteration, or repair of any publicly owned facility may specify the use of materials or systems by a sole source, unless:

- (1) The governmental body, after consideration of all available alternative materials and systems, determines that the specification of a sole material or system is justifiable based upon its cost or interchangeability;
- (2) The sole source specification has been recommended by the architect or engineer of record; and
- (3) The consideration by, and the justifications of, the governmental body are documented, in writing, in the project file.

We recommend that the Client elect to sole source the Project to BCR based on its proprietary CleanB™ System.

BCR's CleanB™ System:

The CleanB™ System is a unique offering as no other source except BCR can meet the Client's requirement to chemically treat biosolids to an EPA Class B standard in accordance with applicable law in a cost effective manner while eliminating energy-burning infrastructure such as digesters, sludge thickeners, lime stabilization and odor control. The CleanB™ System is a one-stage chemical disinfection and deodorization process that meets pathogen and vector attraction reduction requirements as defined by Title 40 Code of Federal Regulations Part 503. The CleanB™ System is modular and highly scalable, has a small carbon footprint, and may be mobilized or permanently installed on site. Every CleanB™ System is outfitted with a control system and monitoring devices to record process parameters and ensure consistent, repeatable biosolids treatment.

The CleanB™ System offers a revolutionary processing time. It reduces the typical processing time for waste activated sludge from several days to approximately 10 minutes. The simplicity and reliability of the CleanB™ System can significantly reduce the Client's operating costs through reduced labor and energy consumption. By eliminating sludge processing time, the CleanB™ System also enhances nutrient retention in the biosolids, thereby producing a more nutrient-rich, restorative product for land application. The superior product produced by the CleanB™ System presents additional Class B biosolids disposition opportunities. Furthermore, the Clean B consistently achieves a 15% – 20% improvement in the dewaterability of the treated biosolids which improves the cost of transportation and disposition.

In addition to reducing processing time, the CleanB™ System reduces odors. The CleanB™ System oxidizes sulfides, sulfates and mercaptans (odor-producing chemicals) and produces an odor-free Class B biosolids product that is safe for land application as set forth by Title 40 CFR Part 503. The CleanB™ System improves odors both at the wastewater treatment plant and at the land application site.

The foregoing benefits of the CleanB™ System allow BCR to offer its clients a significant cost savings. The installation of the CleanB™ System requires a smaller footprint than traditional processing plants resulting in lower capital costs. The reduced processing time and O&M costs associated with the CleanB™ System eliminates the need for existing energy-burning infrastructure such as digesters and thickeners. The CleanB™ can also reduce or eliminate the need for capital upgrades as well as repair and maintenance costs related to digesters and thickeners. Based on the foregoing, BCR is the only known vendor that offers the proprietary CleanB™ System that provides such outstanding environmental and economic benefits.

Conclusion:

In conclusion, we believe that the Client may engage BCR without the use of competitive bidding based on the applicable law described above. The Client's Code provides that the Client may procure the CleanB™ System directly from BCR as it is the only vendor that offers this proprietary system and it is more economically responsible to purchase from one source. The Florida Statutes also support the Client's selection of BCR's CleanB™ System as it offers long term operating and capital cost savings, and the Client can justify its selection in writing for the Project file. The environmental and economic advantages of the CleanB™ System are clear and offer distinct advantages over the other wastewater treatment options available today.

If you have any questions, please do not hesitate to contact me.

Regards,

Fredrick D. Zahn
Vice President Finance & Administration and CFO

bcr

A New Way



BCR ENVIRONMENTAL

CITY OF LAKE WALES

BCR's Whole Solution Service Package

September 23, 2014

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1.0 Executive Summary

BCR's Understanding of Lake Wales' Current Biosolids Management Strategy

City of Lake Wales currently operates one wastewater treatment plant (WWTP) with a DEP permitted capacity of 2.19 mgd. The average daily flow, based on a three (3) year average is approximately 0.97 mgd with an annual biosolids production of nearly 240 dry tons per year. Currently, the City processes the waste activated sludge (WAS) through two digesters. The sludge is aerated using both blowers and mixers in an energy-intensive process. The sludge is dewatered on a daily basis through a screw press which achieves approximately 12% solids. Lake Wales has contracted AMS to provide hauling and disposition services. AMS reconstitutes the sludge into a liquid, adds lime to achieve Class B standards, and then land applies the treated biosolids. Unfortunately, **land application of lime stabilized material is becoming increasingly restricted by FDEP**. Furthermore, existing residuals management facilities in Florida are shutting down and/or becoming increasingly unreliable and landfill sludge disposal costs continue to rise. These factors all combine to create a very uncertain future for biosolids disposition in Florida.

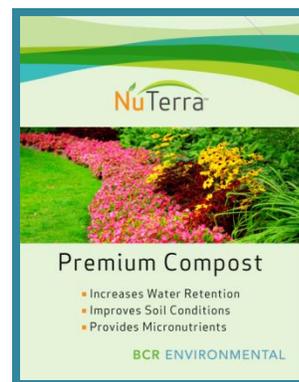


Economically Superior "Green" Project

BCR Environmental would like to propose an alternative biosolids management solution to the City of Lake Wales that would **reduce the cost and risk** associated with biosolids management by eliminating odors, improving regulatory compliance,

reducing energy consumption, and providing a long term, sustainable disposition strategy.

BCR's recommended solution consists of treating the biosolids with a CleanB™ system at the plant and then hauling the material to BCR's Haines City NuTerra Facility for conversion to a Class AA premium compost product under a cost effective, 10-year service agreement.



Installation of a CleanB™ system at the WWTP would allow the City to repurpose the existing aerated sludge holding tank as additional storage or an additional step in the biological treatment process to achieve Enhanced Nutrient Removal. Repurposing the digesters would also allow for the elimination of the blowers and mixers that currently alternate use

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throughout the day. The BCR solution can therefore deliver immediate operational cost savings to Lake Wales based on a reduction in energy usage. Furthermore, the CleanB™ system improves the dewaterability of the biosolids, thus reducing hauling and disposition costs by decreasing the volume of residuals.

BCR will disinfect and deodorize the City’s biosolids in approximately 10 minutes of processing time, achieving odor free Class B™ material on site. And by doing so, the City would gain access to BCR’s Haines City NuTerra Facility. BCR’s proposal will provide a long term, sustainable biosolids disposition solution that will turn Lake Wales’ Class B biosolids into highly desirable and marketable Class AA/EQ biosolids compost product.

Project Highlights and Key Benefits

BCR’s solution achieves the following goals:

- Environmentally beneficial project
- Reduced regulatory risk
- Odor elimination
- Ease of operation
- Decreased energy consumption
- Long term, sustainable disposition outlet that converts the biosolids to a Class AA premium compost for beneficial reuse.



In addition to reducing the City of Lake Wales risks associated with biosolids management, the ***BCR solution can also provide an operational cost savings compared to the City’s status quo.***

Based on discussions with the City staff, it is clear that these financial and environmental benefits are of interest to the City of Lake Wales. However, limited access to capital funds may create significant delays. In order to assist the City in overcoming this challenge, BCR is proposing a deal structure whereby the **City could avoid a capital investment while still achieving these goals.** This approach is called our Whole Solution Service Package.

Within the Whole Solution Service Package, BCR will provide a fully installed CleanB™ unit under a 10-year lease agreement. The City would incur an operational fee that would cover the treatment equipment and operational cost, hauling, and disposition at the Haines City NuTerra Facility. BCR will also provide a full parts and labor warranty over the course of the 10 year term. The fees, terms and conditions for BCR’s proposed solution are included herein. We look forward to working with the City of Lake Wales to deliver the future of biosolids management - today! If you have any questions or concerns, please contact Kevin Dunlap at (214) 632-1469 or kdunlap@bcrenv.com.

2.0 BCR Environmental

BCR is a Florida based company focused on integrated solutions for the biosolids treatment industry. BCR's industry-revolutionizing technologies convert biosolids into safe, valuable, and marketable end products. Founded in 2002, BCR has developed more Class A/EQ biosolids facilities in the State of Florida than any other solutions provider. The company and its experienced project team have the expertise and capabilities to provide a state-of-the-art solution resulting in a superior biosolids management program.

BCR provides low capital and operating cost treatment options that reduce or eliminate traditional wastewater treatment infrastructure and operating costs. The proposed CleanB™ system is modular and highly scalable. The City of Lake Wales will benefit from reduced nuisance odors, reduced infrastructure complexity, a small footprint, and substantially lower energy consumption, in many cases up to 90% less than traditional treatment methods. BCR has obtained regulatory approvals for its technologies, minimizing potential regulatory risks associated with waste stream disposition.

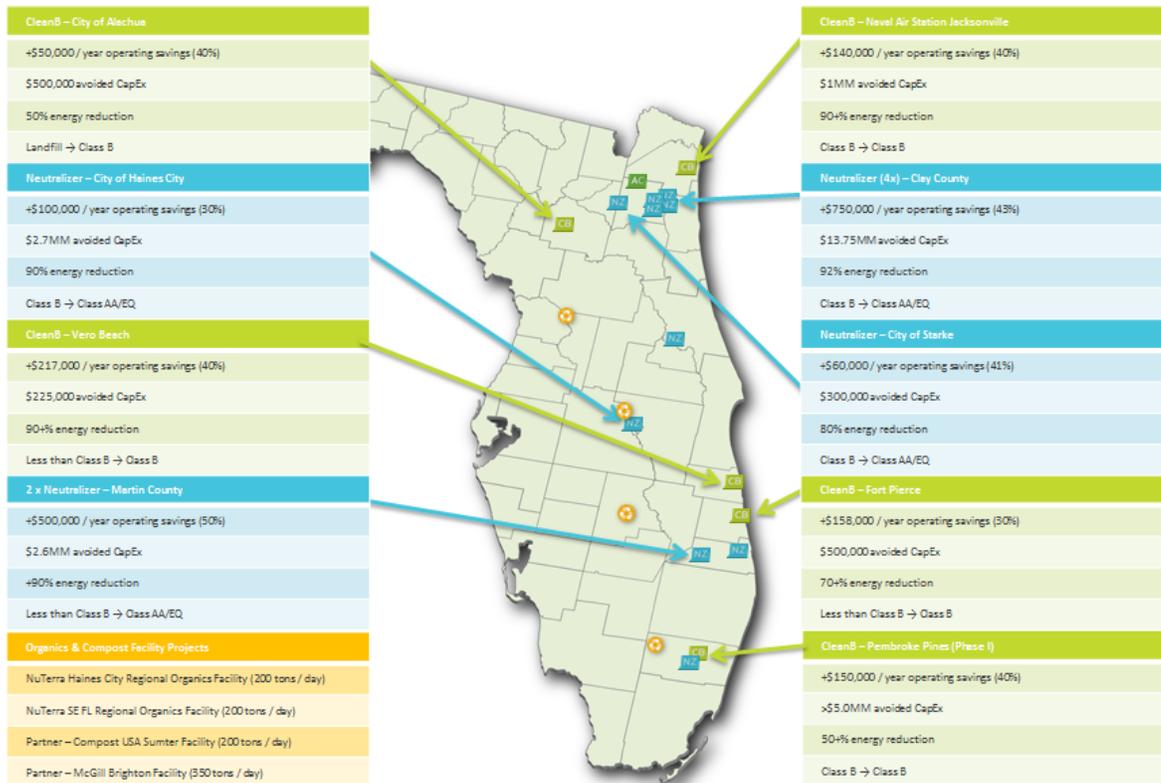
BCR has the expertise and capability to deliver a comprehensive Whole Solution that offers improved economics, greater operational flexibility, improved regulatory compliance, diversification of disposition options, and improved odor control.

Proven Experience

BCR has a *proven* history of delivering successful biosolids management projects and operations capabilities on-time and on-budget. In addition, BCR brings unmatched technical experience to ensure successful execution throughout development and operation.

BCR has an existing install base of nine (9) systems and solutions in the State of Florida with eleven (11) more under construction and development in the Mid-Atlantic and Southeast United States. The systems' operational and economic benefits have been validated by over 28 years of combined operating history with no down time or compliance issues.

Figure 1. BCR's History of Performance



Safe & Simple Biosolids Treatment

BCR's systems and solutions are specifically designed with safety and reliability in mind. After 28 years of combined operating history, BCR's safety record is exceptional. This safety record is something we are very proud of, and we continue to place safety first in everything we do.

Environmentally Responsible Approach

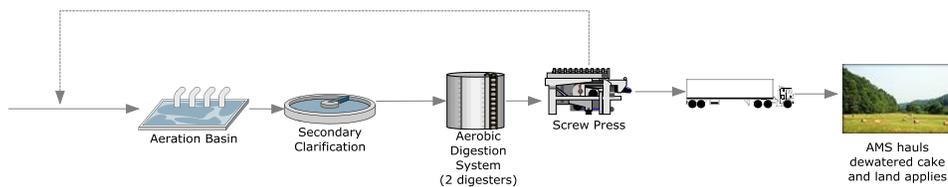
All of BCR's solutions are simple, efficient, and environmentally responsible. The CleanB™ solution BCR is proposing for the City of Lake Wales is an environmentally beneficial solution offering several key benefits compared to traditional biosolids management technologies.

CleanB™ requires minimal energy consumption and has delivered substantial energy savings to clients. As a result, a WWTP's energy footprint and greenhouse gas emissions may be dramatically improved by incorporating a CleanB™ system. For example, at the Naval Air Station (NAS) Jacksonville installation, converting to the CleanB™ system has reduced energy consumption from close to one million kilowatt hours (kWh) per year to around 3,000 kWh per year.

In addition, CleanB™ residuals and in particular the premium compost product that will be produced at Haines City are an environmentally superior option that can reduce or eliminate the need for fossil-derived fertilizers products. This quality compost product can reduce water consumption and reduce nutrient loading in local watersheds by increasing a soil’s ability to retain nutrients and eliminating the need for inorganic, potentially ecologically harmful fertilizers.

3.0 BCR’s Proposed Biosolids Management Solution

Lake Wales WWTP - Current Biosolids Management Process



BCR’s Proposed Whole Solution with CleanB™ Technology

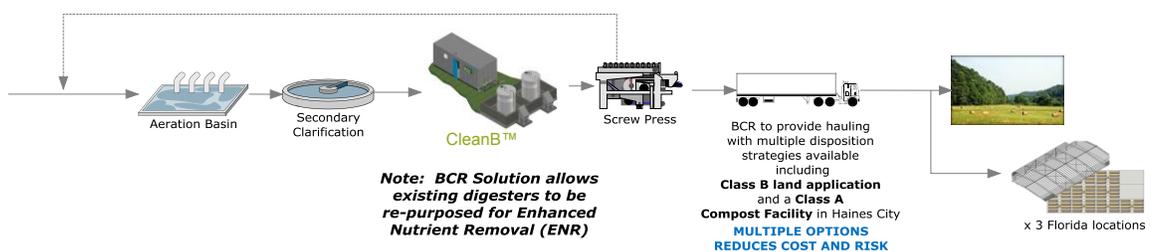


Figure 2: Comparison of Lake Wales Status Quo and BCR’s Proposed Biosolids Management Solution

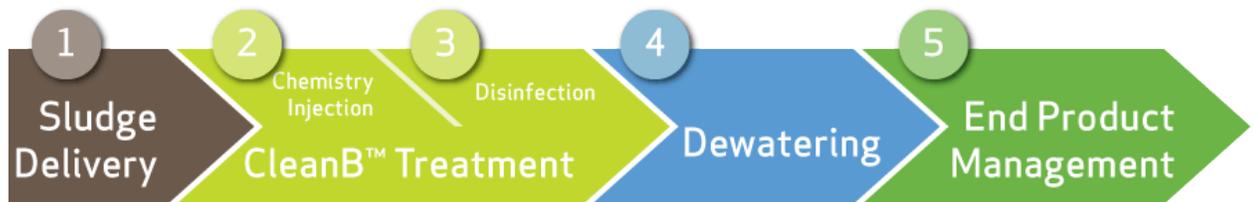
Treatment: The CleanB™ Solution

The CleanB™ system treats biosolids to meet Class B regulatory requirements for beneficial reuse in accordance with 40 Code of Federal Regulations (CFR) Part 503.

CleanB™ treatment uses two chemicals: sulfuric acid (50%) and sodium chlorite (15%), which are combined in BCR’s patented Generating System to generate chlorine dioxide onsite. The chlorine dioxide is injected into the sludge stream for disinfection and deodorization.

CleanB™ treatment operations consist of the following five steps, as described below.

Figure 3. CleanB™ Process Flow



Step 1 – Sludge Delivery: The WAS Pump delivers sludge from the clarifier at a maximum of 2% solids into the CleanB™ Process Unit at a monitored and controlled flow rate.

Step 2 – CleanB™ Chemistry Injection: The Chemistry Injection System delivers a flow-controlled dose of chlorine dioxide through BCR’s patented Generating System that adjusts to potential variation in the sludge flow rate. BCR’s Generating System is an innovative method for maintaining the desired chlorine dioxide concentration. Dosing is handled automatically by the SCADA Process Controls to ensure optimal disinfection and odor elimination.

Step 3 – CleanB™ Disinfection: CleanB™ chemistry mixes with the sludge stream in the Process Contact System, where disinfection occurs and odor-causing compounds are destroyed. The Process Contact System is a custom designed piping system engineered to fit compactly within a small footprint and provide the proper residence time for uniform disinfection. Upon exiting the CleanB™ Process Contact System, treated biosolids are delivered to the dewatering equipment without the need for any additional pumping.

Step 4 – Dewatering: Following CleanB™ Treatment, Class B biosolids are dewatered using standard dewatering technology such as a centrifuge, screw press, or belt press. The City can continue to use its screw press for this purpose.

Step 5 – End Product Management: As part of our offering, BCR would assume long-term responsibility for the transportation and end product management of all material treated by the City’s CleanB™ systems. The Class B biosolids would either be land applied or used as feedstock for BCR’s Haines City NuTerra™ Facility.

CleanB™ Benefits

The CleanB™ system treats biosolids to Class B standards and can offer the City a significant cost advantage over conventional methods. CleanB™ is the only viable Class B option that does not rely on digestion or lime stabilization.

The benefits of the CleanB™ system include:

- Low operating costs
- Elimination of odor issues

- Class B biosolids created in 10-12 minutes vs. 30-40 days for digestion
- Enhanced dewatering of biosolids (e.g. up to 20% drier solids) from the existing dewatering device
- Upgradable to Class AA compost

CleanB™ System Back-up Plan

The CleanB™ system is extremely simple, reliable, and easy to maintain. In fact, no BCR CleanB™ system maintenance and repair event has ever caused a CleanB™ system to remain out of service for longer than 24 hours. BCR will help to assure the City that the CleanB™ system will never be out of service for an extended period of time by applying the following service strategy options:

- Developing with the City a spare parts strategy that maintains an inventory of certain key spare parts at the City’s WWTP
- Maintaining all required CleanB™ system spare parts at the BCR warehouse located only a few hours away in Jacksonville, Florida
- In the unlikely event that repairs cannot be completed in a timely manner, BCR maintains mobile CleanB™ units at the BCR warehouse located in Jacksonville, Florida
- In emergency situations resulting from the CleanB™ system, BCR has the ability to haul untreated, dewatered cake solids from the City’s WWTP to a BCR NuTerra™ facility or BCR partner facility at no additional cost to the City.

End Product Management: BCR’s Haines City NuTerra™ Facility

BCR’s Haines City NuTerra™ Facility is an environmentally beneficial regional biosolids management facility delivering lower costs, enhanced regulatory compliance, and reduced liability. The 200 wet ton per day facility will produce **NuTerra™, BCR’s Class AA premium compost.**

The Haines City facility is a long-term solution addressing the challenges facing Florida biosolids management programs, including:

- Increasing regulatory restrictions
- Nutrient limitations designed to protect local watersheds
- Elimination on of Class B and even some Class A land application sites



By participating in the Haines City NuTerra™ Facility, BCR will assume long-term responsibility for your biosolids and produce a Class AA compost that meets the requirements for participation in

the U.S. Compost Council's Seal of Testing Assurance (STA) program, greatly improving marketability.

NuTerra™ Premium Compost

NuTerra™ Compost is a premium Class A/EQ (Exceptional Quality) compost suitable for a variety of beneficial uses as a soil conditioner and topdressing.

Produced by BCR's Accelerated Composting (AC) system, NuTerra™ is a nutrient-dense compost that rebuilds soil by increasing organic matter, replenishing soil microbes, and improving water conservation. NuTerra™ improves a soil's ability to retain moisture and can help boost crop yields.



NuTerra™ is an ideal soil amendment for stressed soils. This pH neutral product can provide alkalinity or buffer capacity for pH stressed soils. NuTerra™ Compost is ideal for a variety of applications including:

- Turf grass maintenance
- Landscape projects
- DOT projects
- Wetland restoration
- Component of potting soil manufacture

Interim and Back-up Hauling and Disposition Plan

BCR will assume responsibility for hauling and disposition of the City's sludge immediately after final acceptance of the CleanB™ system. BCR maintains a network of numerous sludge disposition outlets managed by BCR and our partners. If an interim disposition solution is required while the BCR Haines City NuTerra™ Facility is being constructed, BCR will either haul the City's sludge to our partner compost facility in Brighton, Florida, our partner compost facility in Sumter County, Florida or to BCR's permitted Class B land application sites located within 60 miles of Lake Wales. Regardless of the final disposition location, BCR will maintain the same disposition cost offered in this proposal.

4.0 Preliminary Economics for BCR’s Whole Solution

At BCR, we hold ourselves to a high standard when it comes to communicating cost information with our Clients and industry partners. We utilize AACE International’s Cost Estimate Classification System in order to define the projected capital costs of our solutions and a modified BCR Cost Estimate Classification System for operating costs throughout project development. BCR believes that these systems provide the Client with a more informed understanding of the costs and benefits of a project so that the quality and value of the cost/benefit information is not misinterpreted.

The figures below illustrate the Classification Systems that BCR uses.

At this stage of project development for the City of Lake Wales and without any pre-established design work, the economic analysis that BCR has provided would be considered a Class 5 estimate. The operating costs are included as a Class 2 estimate based on the information provided by the City’s Operations staff as well as assumptions regarding the BCR system operation at the Lake Wales Wastewater Treatment Plant.

Figure 7. AACE Cost Estimate Classification System

AACE’s Cost Estimate Classification System

AACE Class	Variance by AACE Class		Example Base Value	Potential Range Based on Classification	
	Downside	Upside		Min Value	Max Value
Class 1	(5.0)%	10.0%	\$1,000,000	\$900,000	\$1,050,000
Class 2	(15.0)%	10.0%	\$1,000,000	\$900,000	\$1,150,000
Class 3	(30.0)%	20.0%	\$1,000,000	\$800,000	\$1,300,000
Class 4	(60.0)%	30.0%	\$1,000,000	\$700,000	\$1,600,000
Class 5	(100.0)%	40.0%	\$1,000,000	\$600,000	\$2,000,000

AACE Versus Design Status

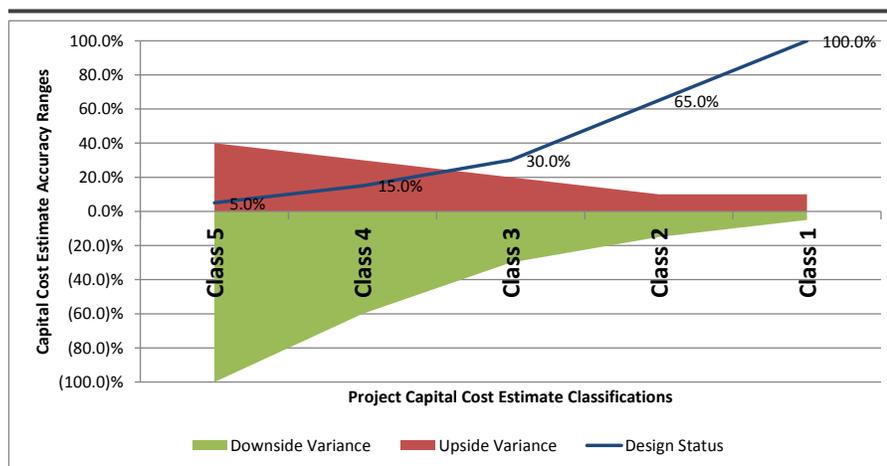
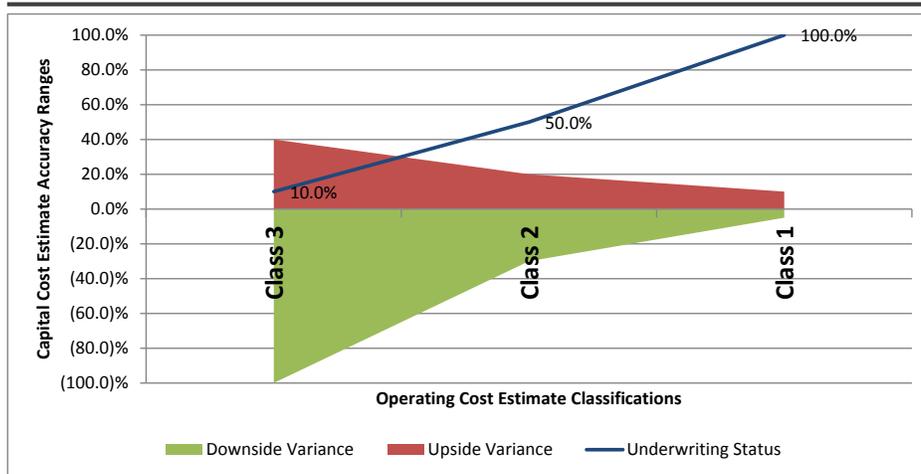


Figure 8. BCR’s Estimate Classification System

BCR's Estimate Classification System

BCR Class	Variance BCR Estimate Class		Example Base Value	Potential Range Based on Classification	
	Downside	Upside		Min Value	Max Value
Class 1	(5.0%)	10.0%	\$1,000,000	\$900,000	\$1,050,000
Class 2	(30.0%)	20.0%	\$1,000,000	\$800,000	\$1,300,000
Class 3	(100.0%)	40.0%	\$1,000,000	\$600,000	\$2,000,000

BCR Versus Design Status



Note: All cost data are based on BCR's standard design and specifications. Any change from BCR's standard design or specifications will affect pricing.

BCR's scope consists of all site work, engineering and construction within 5 feet of the CleanB™ unit. Some additional project costs may be required including civil work to bring utility connections to within 5 feet of the unit as well as a new WAS pump – none of which are included in BCR's proposal.

BCR's Proposed Whole Solution Service Package

STATUS QUO OPERATIONS

Cost Item	Estimated Annual Operating Cost	Note
Annual Avoided Capital	\$50,000	1
WAS Pump Energy	\$164	2
Aerobic Digester Energy	\$32,011	3
Dewatering Energy	\$646	4
Dewatering Polymer	\$25,450	5
Repair & Maintenance	\$25,000	6
Disposal	\$81,622	7
Total Annual Operating Expense	\$214,893	

Notes:

Energy Cost \$0.089 per KWH

- 1) Avoided annual capital charge for future upgrades including a new enhanced nutrient removal tank for ~\$1m. BCR solution would allow existing digesters to fill this role with no additional capital expense.
- 2) 10.0 HP WAS pump processing 28,200 gallons per day of 0.76% WAS running 0.7 hours per day.
- 3) 60.0 HP at Aerobic Digestion running 18.0 hours per day.
- 4) 10.0 HP screw press dewatering 75.0 gallons per minute.
- 5) Polymer dosage rate of 86.7 pounds per dry ton treating 228.3 dry tons.
- 6) Standard assumption for annual repair and maintenance on eliminated infrastructure.
- 7) Disposing of 1,642.3 wet tons at 13.4% solids. Disposal expense of \$49.70 per wet ton.

BCR OPERATING COSTS

Cost Item	Estimated Annual Operating Cost	Note
WAS Pump Energy	\$1,199	1
CleanB™ Energy	\$329	2
Dewatering Energy	\$1,199	3
Dewatering Polymer	\$36,358	4
BCR Hauling Fee	\$6,041	5
BCR Base Fee	\$169,459	6
Total Annual Operating Expense	\$214,585	

Notes:

Energy Cost \$0.089 per KWH

- 1) 10.0 HP WAS pump processing 28,200 gallons per day of 0.76% WAS running 4.9 hours per day.
- 2) 0.52 HP CleanB processing 0.76% WAS running 4.9 hours per day.
- 3) 10 HP for dewatering operating at 95.0 gallons per minute.
- 4) Polymer dosage rate of 86.7 pounds per dry ton treating 326.2 dry tons.
- 5) Hauling 18% solids at a cost of \$2 per rolling mile to BCR's Haines City facility.
- 6) Includes CleanB chemical management, sludge disposal, CleanB M&R, system monitoring, technical support, annual operator training, and annual system inspection.

OPERATING COST RECONCILIATION

Status Quo Operating Expenses	\$214,893
BCR Operating Expenses	\$214,585
Year One Operating Savings	\$308

Terms & Conditions for BCR's Whole Solution Service Package

Fee	\$/year	Charge Method	Unit Basis
BCR Hauling Cost	\$6,041	Actual cost + 5%	Actual invoices
BCR Base Fee	\$169,459	\$93.50	\$/wet ton
Total	\$175,500		

- 10-year service contract term
- Option to purchase the CleanB system at any time during contract and reduce BCR Base Fee
- BCR Base Fee is greater of \$70,000/year or \$93.50/wet ton as long as BCR owns equipment
- BCR Base Fee escalates annually at a predictable 3% or CPI
- Lake Wales has the option to purchase the CleanB™ System at any time during the contract, in accordance with the following buyout schedule:

Contract Year	Buyout Payment
Within the 1st contract year	\$ 900,000.00
Within the 2nd contract year	\$ 845,000.00
Within the 3rd contract year	\$ 790,000.00
Within the 4th contract year	\$ 735,000.00
Within the 5th contract year	\$ 680,000.00
Within the 6th contract year	\$ 625,000.00
Within the 7th contract year	\$ 570,000.00
Within the 8th contract year	\$ 515,000.00
Within the 9th contract year	\$ 460,000.00
Within the 10th contract year	\$ 405,000.00

- Upon execution of the buyout provision during any year of the contract term, the BCR annual Base Fee will be reduced by \$55,000 to approximately \$114,459 per year.

BCR Scope Breakdown

BCR Hauling Cost

- Manage logistics and hauling of treated biosolids from WWTP to Haines City NuTerra Facility or land application.

BCR Base Fee

- Provide capital for CleanB™ equipment and install according to the following scope
 - o Complete Design/Build of Base CleanB™ System
 - o Two 5,500 Gallon Chemical Storage Tanks

- All utility connections within 5 feet of the CleanB System
- All foundation work for the CleanB™ System and chemical storage tanks
- Cover for chemical storage tanks
- Manage Class B disposal services using land application or RMF facility
- Provide full R&M on CleanB™ system for term of contract
- Provide 100% of chemicals and consumables for CleanB™ system
- Provide full parts and labor warranty on equipment for term of contract
- Provide SCADA monitoring of CleanB system to maintain system performance
- Annual operator training and system inspection program
- Phone, computer and on-site technical support when required by Lake Wales

Lake Wales Scope Breakdown

- All site civil design and permitting (BCR can provide an approved Consulting Engineer to reduce overall project cost)
- All utility connections needed for the CleanB™ system brought to within 5 feet of the footprint of the system
- New WAS pumps

Benefits of the BCR Solution

- BCR assumes risk for entire solution – project, service, disposal, etc.
- Consistent production of odor-free Class B biosolids at WWTP
- Diversification of disposition outlets = significant risk reduction for the future
- Long term, sustainable disposition outlet that converts the biosolids to Class A premium compost
- No capital requirement for the solution
- No CleanB™ system maintenance and repair expense to the City for the entire contract term, which significantly reduces the City's overall M&R expense related to biosolids treatment
- Existing digesters can be repurposed for enhanced nutrient removal when necessary, therefore avoiding an estimated \$1,000,000 in capital costs in the future.
- In addition, the CleanB™ will meet the City's biosolids treatment needs through significant capacity expansion, which minimizes the WWTP capital investment required over the next 20 years
- Ease of operation
- Reduced regulatory risk
- Decreased energy consumption
- Overall 'green', sustainable project to the benefit of the entire region

5.0 Technical Information

CleanB™ Equipment Specifications

CleanB™ is a modular system requiring a minimal footprint. The major components of the system are built at BCR’s manufacturing facility prior to delivery to the client site. The primary system components consist of the CleanB™ Process Unit and the Chemical Storage & Receiving Area. The CleanB™ Process Unit is a self-contained box that includes many of the major systems that make up the CleanB™ process equipment. BCR Environmental has designed the standard CleanB™ system to easily integrate into the majority of client sites and provide the operating simplicity and cost-saving advantages of this Class B system with minimal disruption.



Figure 4. CleanB™ Process Unit

The standard CleanB™ Process Unit is contained in an 8’x40’ modular system. The standard Process Unit processes sludge at up to 2.0% total solids at the flow rates up to 120 GPM. BCR also offers a High-Volume Process Unit that processes at flow rates up to 270 GPM. All systems include the Chemistry Injection System, Process Contact System, and SCADA Process Controls.

The Chemical Storage & Receiving Area provides chemical delivery and storage capabilities for the chemicals used in the system. The two chemical storage tanks for the sulfuric acid and sodium chlorite used by the CleanB™ system are typically sized at 5,500 gallons, but the tanks can be sized to fit into the available space at the facility while minimizing the frequency of chemical delivery. Chemical storage can be located outdoors but may require heat tracing and insulation in colder climates.

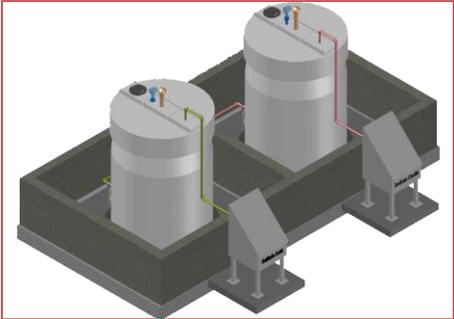


Figure 5. CleanB™ Chemical Storage & Receiving Area

To install a CleanB™ at the plant requires a space of approximately 30’x60’, preferably in close proximity to any existing sludge holding tanks or dewatering equipment. Space requirements may vary depending on site-specific capacity options. The entire CleanB™ Process Unit and Chemical Storage Tank arrangement will be placed on a concrete pad prepared in advance to receive the unit. The installation area will require a drain to the head works. The Chemical Storage Tanks may be in the same or a different location from the CleanB™ Process Unit.

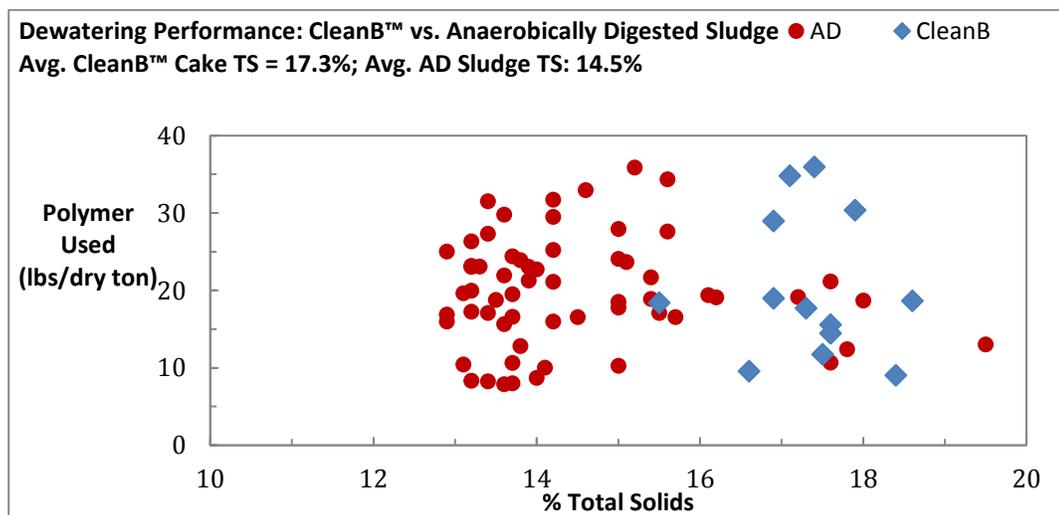
The site must be accessible by a roadway for chemical delivery and sludge hauling. Additional site requirements include access to reclaimed/reuse water, potable water, electrical, and internet connectivity.

CleanB™ Biosolids Dewaterability

CleanB™ installations typically experience improved biosolids dewatering following CleanB™ treatment. To demonstrate enhanced dewaterability, a CleanB™ Process Unit was set up to treat secondary WAS over a six week demonstration period at a 7.5 MGD WWTP that typically operates anaerobic digesters and dewaterers via Belt Filter Press.

Figure shows that, following Anaerobic Digestion (AD), the WWTP normally dewaterers to an average of 14.50% Total Solids (TS). During the CleanB™ demonstration, treated biosolids were dewatered to an average of 17.3% TS, or a 20% increase in cake solids.

Figure 6. Dewatering Performance: CleanB™ vs. AD Sludge



Average polymer used for AD dewatering was 19.8 lb/dry ton. Average polymer used for CleanB™ dewatering was 19.1 lb/dry ton. WAS thickening took place prior to AD, and this additional polymer was not accounted for in the above data. WAS thickening did not take place prior to CleanB™ treatment.

CleanB™ Energy Reduction

CleanB™ requires minimal energy consumption and has delivered substantial energy savings to clients. In addition, wastewater facilities that utilize the CleanB™ system may eliminate the requirement for aerobic digestion, thickening systems, odor control systems and other energy intensive equipment. As a result, a WWTP’s energy footprint may be dramatically improved by incorporating a CleanB™ system.

For example, at the NAS Jacksonville installation, converting to the CleanB™ system has reduced energy consumption from close to one million kilowatt hours (kWh) per year to around 3,000 kWh per year. This substantial energy reduction resulted in savings to NAS Jacksonville of around \$75,000 in 2013. Based on projected increases in energy costs, the base will save an average of \$107,000 per year in energy costs over the next 20 years.

At the City of Alachua, converting to CleanB™ has reduced energy consumption by approximately 126,000 kWh per year. This resulted in estimated savings of approximately \$17,000 in 2012. Cumulative projected energy savings to the city are estimated to be approximately \$480,000 over the next 20 years.

Proposed Layout of a BCR Solution at Lake Wales WWTP

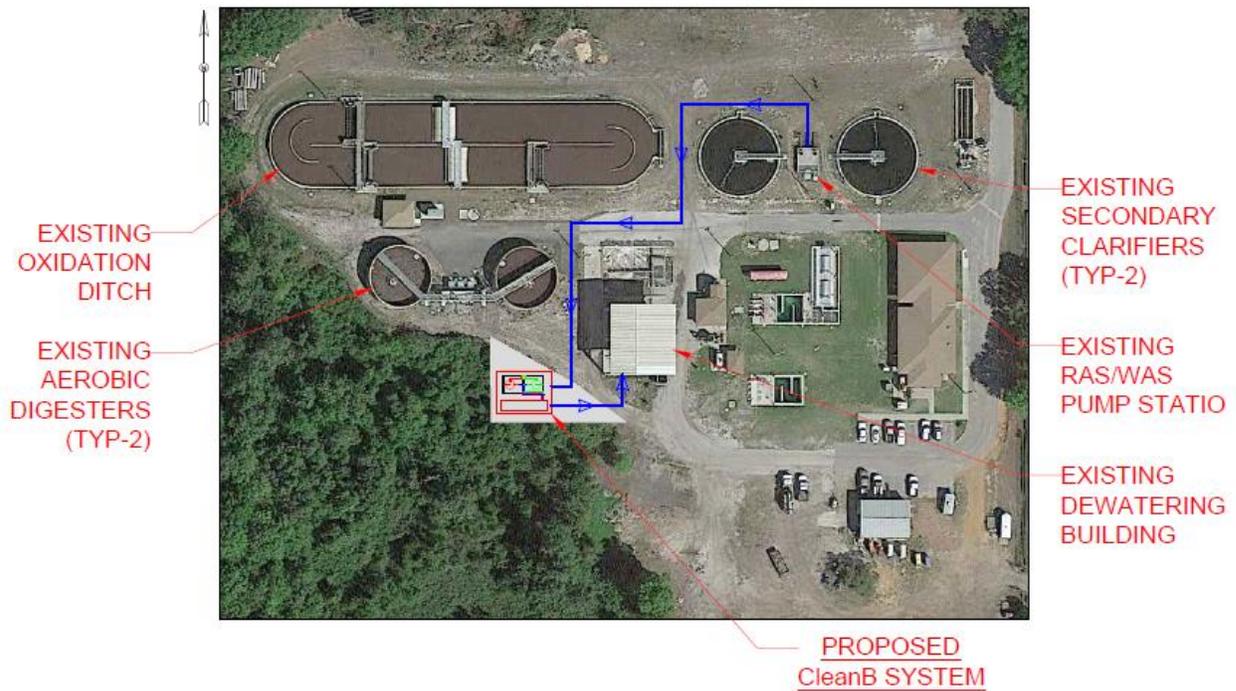


Figure 9. Proposed Layout for BCR Solution

General installation requirements for the CleanB™ system are provided in the section below specifying what the City of Lake Wales would need to provide to install the proposed CleanB™ systems. Note that these are the requirements for typical CleanB™ installations. Local codes may include additional requirements beyond those included here.

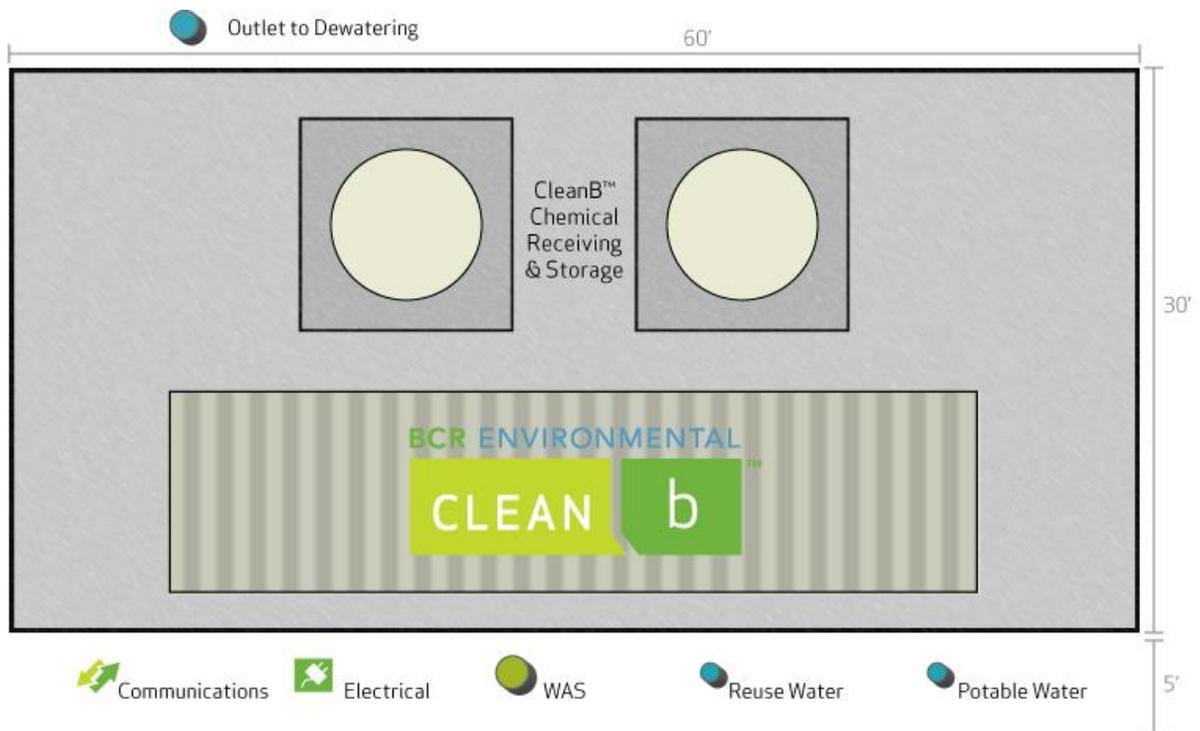
CleanB™ Space Requirements & Placement

To install a CleanB™ at the plant requires a space of approximately 30'x60', preferably in close proximity to any existing sludge holding tanks or dewatering equipment. Space requirements may vary depending on site-specific capacity options. The entire CleanB™ Process Unit and Chemical Storage Tank arrangement will be placed on a concrete pad prepared in advance to receive the unit. The site must be accessible by a roadway for chemical delivery and sludge hauling.

The Chemical Storage Tanks may be in the same or a different location from the CleanB™ Process Unit. The selected location should take into account the potential for freezing. If the chemical tanks are located outside they should be equipped with a means of maintaining the temperature of the chemicals at or above 60°F and not in excess of 100°F.

Figure 1 depicts a typical CleanB™ installation site layout and the items to be provided for integration of the system.

Figure 1. General CleanB™ Site Layout & Requirements



The following utilities must be provided to within five feet of the CleanB™ concrete pad:

- Sludge (WAS) Access
- Reclaimed/reuse water

- Potable water
- Electrical
- Communications

Sludge (WAS) Access Requirements

The CleanB™ system requires a connection point for sludge feed with a WAS pump capable of delivering sludge from the wastewater plant to the CleanB WAS Inlet System. BCR can provide upgraded WAS pumps if desired by the City. However, this is not currently included in our scope.

Additional sludge delivery requirements include the following:

- Variable Frequency Drive (VFD) WAS pump with a maximum capacity of 120 GPM for a standard CleanB system
- Provide access for sludge delivery and removal from CleanB
- Feed sludge at a maximum of 2.0% solids concentration

Reclaimed/Reuse & Potable Water Requirements

Potable water is required for safety equipment. Potable or disinfected reclaimed water is acceptable for CleanB™ process water. Unfiltered reclaimed water is not acceptable. Note that TDS may have an impact on CleanB™ system operating performance with regard to chemical demand.

Water requirements for a typical CleanB™ system are as follows:

- Reclaimed/reuse water with an effluent quality of 10/10 mg/l 95% or better
 - Minimum Flow rate: 50 gpm
 - Minimum Delivery Pressure: 80 psig
- Potable water
 - Minimum Flow Rate: 50 gpm
 - Minimum Delivery Pressure: 50 psig

Electrical Requirements

The following electrical requirements must be provided for a typical CleanB™ installation:

- One Main Power Service
 - Primary Voltage: 120v/1Φ 30A
 - Primary Conductors: 1-phase, 1-neutral, Minimum #2 Cu w/ 75°C Insulation per NEC Table 310-16; 1-grounding, Minimum #8 Cu per NEC Table 250.122
 - Client to provide disconnect
- Grounding and Bonding: In accordance with NEC 250
- Surge Protection to be supplied by client

- Lightning protection is optional but recommended
- All hardware to be 316 stainless steel

Communications Requirements

Modem and networking equipment for the CleanB™ SCADA system is included in the CleanB™ SCADA Process Controls, PLC, and HMI equipment. Additional communications requirements provided by the City include the following:

- Access and associated cabling to a high speed internet connection
- If the CleanB™ SCADA system is to be integrated with the wastewater facility's main PLC or SCADA system, access and associated cabling must be provided

CleanB™ Chemical Dosing Requirements

The CleanB™ Chemical Generator combines 15% Sodium Chlorite (NaClO_2) and 50% Sulfuric Acid (H_2SO_4) in a 1:1 volumetric proportion to yield a chlorine dioxide (ClO_2) solution. The chlorine dioxide solution is then delivered to a flowing stream of WAS.

Chlorine dioxide is an oxidant commonly used in the treatment of municipal drinking water. Through BCR's patented Chemical Generator, chlorine dioxide is generated on-site and consumed as it is generated. Dosing is handled automatically by the SCADA Process Controls to ensure optimal disinfection and odor elimination.

CleanB™ facilities are permitted for compliance with pathogen reduction requirements using Class B Alternative 1 (monitoring of fecal coliform concentrations). When a new facility is brought on-line, testing is performed on-site to determine the optimum dose rate at each facility. BCR has tested WAS in this manner from approximately 15 different facilities, and the standard dose rate that consistently meets disinfection requirements is 4 grams ClO_2 /kg dry weight solids.

Samples are taken at more frequent intervals (daily or twice per day) at startup to monitor the variance in sludge feed concentrations and demand. Once a 7 sample geometric mean fecal coliform concentration is established at a set dose rate, slight adjustments are made to the dose rate and samples are analyzed. The dose rate is then adjusted gradually to the desired point. This process can continue for 2-3 weeks after startup.