

VVWRA REGIONAL SEPTAGE RECEIVING FACILITY

LIQUID WASTE HAULER DISCHARGE PERMIT BILLING AND COLLECTION POLICY

The terms and conditions set forth in this billing and collection policy ("Policy") shall apply to all new and renewal liquid waste hauler discharge permits ("Permit") which are issued or renewed on or after January 1, 2009, by the Victor Valley Wastewater Reclamation Authority ("Authority"). Each holder of a Permit is referred to herein as a Permittee.

1. Minimum Fee Deposit

Prior to acceptance of any septage discharge from a Permittee, the Permittee shall have placed on deposit with the Victor Valley Wastewater Reclamation Authority a minimum fee deposit ("Deposit") equal to the greater of (i) One Thousand Five Hundred Dollars (\$1,500.00); or (ii) the current septage rate multiplied by the total capacity of all trucks operated by Permittee which are registered under its Permit. Such minimum fee deposit shall be held by Authority as security for the payment of septage discharge fees by each Permittee. The Deposit shall be carried over upon the renewal of any existing Permit. Upon the expiration of a Permit that is not being renewed or written notice from a Permittee that it is ceasing use of a Permit, Authority shall return the Deposit to the Permittee within thirty (30) days subject to the rights of Authority to apply the Deposit to outstanding amounts due to Authority as set forth in Section 4.

2. Advance Payment of Septage Discharge Fees

All septage discharge fees shall be due at the time of discharge and Permittee must have funds on account with Authority to pay such fees unless Permittee has been approved to pay septage discharge fees pursuant to the monthly billing process described in Section 3 of this Policy. Septage discharge fees for each truck of Permittee which discharges at the Facility shall be deducted from the funds which Permittee has on account with Authority, provided, however, that if at any time the amount of funds on account with Authority is less than the Deposit amount required by Section 1 above, then Authority shall have the right to suspend any further discharge under the Permit until the full amount of the Deposit has been restored.

3. Terms of Monthly Billing

A. Each Permittee may apply to be invoiced for septage discharge fees on a monthly basis in arrears subject to the following conditions:

- (i) Permittee shall provide Authority with such financial information as may be reasonably requested by Authority to establish that Permittee has the financial capability to pay septage discharge fees on a monthly basis. Based on its review of such information, Authority reserves the right to impose reasonable collateral requirements in addition to the Deposit as a condition to extending credit; and

- (ii) Permittee shall have deposited the minimum fee deposit required by Section 1.

B. Each invoice for septage discharge fees shall be due and payable within thirty (30) days of the invoice date. Any unpaid balance which is not paid as of the due date shall incur interest at an annual rate which is equal to the prime rate of interest which is then in effect.

C. In the event that any invoice for septage discharge fees is not paid within thirty (30) days of the date when due, or there are two or more late invoice payments within any six (6) month period, then Authority shall have the right to increase the minimum amount of the deposit to equal the average monthly billing of Permittee during the past six (6) month period. The increased Deposit shall remain in effect until Permittee has established a record of paying all septage discharge fees invoiced by the Authority on or before the payment date due for a continuous period of twenty-four (24) months.

D. In the event that Authority undertakes collection activity against a Permittee pursuant to the remedies granted in Section 5 as a result of non-payment by such Permittee, Authority may thereafter remove Permittee from monthly billing and require Permittee to pay for discharge via advance payment as set forth in Section 2.

4. Application of Deposit

In the event that any invoice is not paid on the date when due or Permittee owes any other payment obligation to Authority pursuant to the terms of the Permit, then Authority shall have the right to apply the Deposit to such payment obligation of Permittee. Permittee shall remain liable for any amount that remains due and payable following application of the Deposit and Authority shall have the right to suspend any further discharge pursuant to the Permit until all outstanding payment obligations have been paid in full and the Deposit has been restored to the required minimum amount. A list of customer accounts will be generated weekly by the Accounting Department and the list will be given to the Environmental Compliance Supervisor. The Septage Attendant will use the weekly list to check the customer's account status and ensure their accounts are in good standing. The Septage Attendant can refuse service to those customers with a delinquent account.

5. Permit Transfers

In the event of the sale, assignment or transfer of any liquid waste hauling business which holds an existing Permit, the successor in interest to such business shall be responsible for payment of all outstanding amounts due and payable to Authority prior to the transfer or reissuance of such Permit to the new owner unless such new owner acquired the assets of such business only and is conducting its liquid waste hauling business as a separate legal entity which has applied for a new Permit from Authority. In the event that a new permit is issued to the transferee, the Permittee under the old Permit shall remain liable for payment of all outstanding amounts to Authority.

6. Remedies for Payment Default

A. In the event of a payment default by Permittee, Authority shall have the right to (i) apply the Deposit as set forth in Section 4, (ii) suspend further discharge under the Permit as set forth in this Policy; and (iii) pursue any other rights and remedies which Authority may have under applicable law.

B. Any litigation or other legal proceedings which arise in connection with a payment default under the Permit shall be conducted in a federal or state court located within or for San Bernardino County, California. BY DISCHARGING UNDER THE PERMIT, PERMITTEE CONSENTS TO PERSONAL JURISDICTION AND VENUE IN ANY FEDERAL OR STATE COURT LOCATED WITHIN OR FOR SAN BERNARDINO COUNTY, CALIFORNIA, AND HEREBY WAIVES ANY DEFENSES OR OBJECTIONS THERETO, INCLUDING DEFENSES BASED ON THE DOCTRINE OF FORUM NON CONVENIENS.

C. If any action, motion or proceeding at law or in equity is instituted to enforce the payment obligations of Permittee, the prevailing party in such action or proceeding shall be entitled to an award of reasonable attorneys' fees, costs, and necessary disbursements, as determined by a court of competent jurisdiction, in addition to any other relief to which said party may be entitled.

THE UNDERSIGNED PERMITTEE ACKNOWLEDGES THAT IT HAS READ THE FOREGOING POLICY AND UNDERSTANDS THAT ITS RIGHT TO DISCHARGE UNDER THE PERMIT IS EXPRESSLY CONDITIONED UPON COMPLIANCE WITH THE TERMS OF THIS POLICY AND THE PROMPT PAYMENT OF ALL AMOUNTS DUE TO AUTHORITY.

Permit No. _____

Signature of Permittee

Print Name and Title