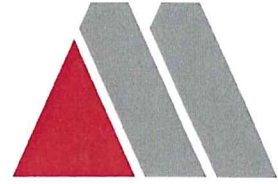


September 12, 2021

Honorable Gary Dickson, Supervisor  
Town of West Seneca  
1250 Union Road  
West Seneca, NY 14224



Re: Contract extension: Collection and Processing of Recyclable Materials

Dear Supervisor Dickson.

The current agreement between the Town of West Seneca and Modern Disposal Services, Inc. includes three (3) extension options when exercised, extends the current agreement five (5) years through January 31, 2027.

Whereas the current term expires January 31, 2022, Modern respectfully requests the Town of West Seneca to exercise all remains options for the period February 1, 2022, through January 31, 2027.

Current terms and conditions of the contract would remain in full force and effect except that with the extension, the Town of West Seneca would adopt the Blended Value – Risk Reward recycling procession formula. This modification will allow the Town to benefit when commodity values exceed processing costs receiving monthly check when this occurs.

An example of the benefit and using August 2021 commodity values, the Town's volume of recyclables collected curbside (253 ton), the Town would have received a check for \$9,621.35 which represent commodity values less processing expense. Under the current contract term however, the Town's processing expense for August 2021 was \$11,304.92.

Commodity values are at an all-time high and will fluctuate with the market. It makes for good business sense to share in the Risk and Reward of market swings as you would with any investments.

I have included the Blended Value / Risk Reward formula, historical commodity values and an explanation of the process.

Please contact me at 716-622-0210 should you need additional information or schedule a meeting to discuss this opportunity.

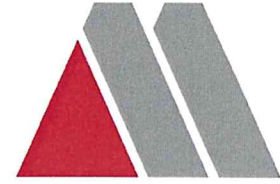
We look forward to continuing to work with the Town of West Seneca through the extension of our contract and thank you for considering this request.

Sincerely,

Joseph M. Hickman  
Strategic / Municipal Sales Manager



■ 4746 Model City Road, P.O. Box 209, Model City, NY 14107-0209  
■ 716-754-8226 ■ 1-800-330-7107 ■ Fax: 716-754-8964



Modern would like to thank the Town of West Seneca for entertaining the Blended Value / Risk Reward processing alternative. The BV / RR more accurately accounts for fluctuation in market valuations for recycling commodities.

Recyclables are commodities and their value will fluctuate during the term of a municipal contract in the same way stocks fluctuate when you invest.

Traditionally, fixed processing fees are set a level which offers long-term protection against market fluctuation (Risk) over the life of the agreement.

This traditional pricing methodology offers pricing safety and stability to the Municipality (no Risk, no Reward). All the risk and reward go to the processor for the life of the agreement, as the current "Norm" provides no measures to share market improvements as commodity prices rise ("Reward").

An example of a Blended Value / Risk Reward model is provided and featuring the Town of West Seneca's monthly tonnage and market conditions for August 2021.

This example demonstrates the true impact of rising markets especially in paper/fiber and plastics

While no one can predict future markets, markets pricing is often cyclical and can change direction at any time. Therefore, without a market valuation tool (Blended Value / Risk Reward), in this example, the Town would not benefit from a market with rising commodity pricing. It's important to note, that current markets may or may not be at the top and could move downward as well as upward.

We believe that the Blended Value / Risk Reward model for residential recycling commodities allows the Town of West Seneca to realize the benefit of market fluctuation.



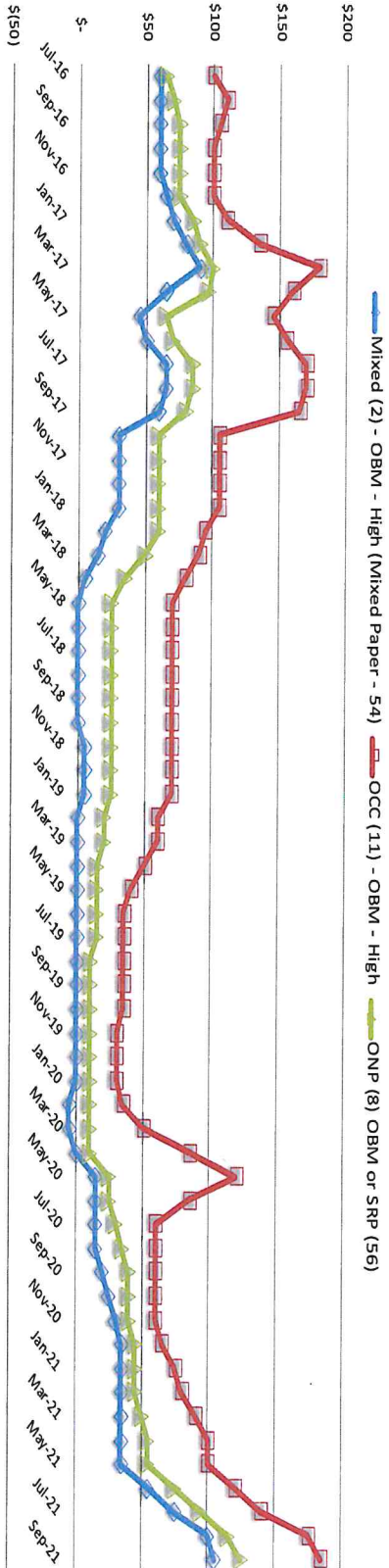
**Blended Value / Risk Reward Formula  
Prepared for the Town of West Seneca**

Assumptions (Projected annual recycling rate, Average Index Rates, Average Breakdown of Commodities)

Total Monthly Recycling	253	tons			
BRE Processing Expense (Subject to annual CPI adjustment)	\$98.00	\$/ton			
Commodities from Recycling Stream	Average Composition	Assumed Supply	Revenue Sharing **	Average Monthly Market Prices - August 2021	Values
OCC (Cardboard)	21.7%	54.98	100%	\$175.00	\$9,621.35
Mixed Paper / MP	39.2%	99.32	100%	\$100.00	\$9,931.71
Aluminum Beverage Containers (sorted/baled)	0.4%	1.01	100%	\$1,460.00	\$1,479.62
Steel Cans (sorted / baled)	2.4%	6.08	100%	\$282.50	\$1,717.78
PET Plastic (baled)	3.3%	8.36	100%	\$500.00	\$4,180.44
HDPE NATURAL #2 (baled)	0.5%	1.27	100%	\$2,250.00	\$2,850.30
COLORED HDPE #2 (baled)	1.5%	3.80	100%	\$1,250.00	\$4,750.50
Commingled #3 - 7 (baled)	0.2%	0.51	100%	\$90.00	\$45.60
3 Mixed Glass**	5.0%	12.67	100%	-\$10.00	(\$126.68)
Residual	25.8%	65.37	0%	\$0.00	\$0.00

AVERAGE COMMODITY RATE PER TON	\$135.98
FACILITY PROCEESING RATE PER TON	\$98.00
SUM OF MONTLY COMMODITY VALUE	\$34,450.63
FACILITY PROCEESING FEE	(\$24,829.28)
CUSTOMER (Charge) or Refund PER MONTH	\$9,621.35
CUSTOMER (Charge) or Refund PER TON	\$37.98

### Paper Markets



### Plastics and Glass

