



BALER / SORT SYSTEM - SALES AGREEMENT

THIS AGREEMENT, Made this 5th day of May 2011, is between InterWest Paper, Inc. whose address is 317 West 6160 South, P.O. Box 57716, Murray, Utah 84157-0716 ("Seller") and Tooele County located at 2830 South Bauer Road, Tooele Utah 84074 ("Buyer").

1. Equipment Sale.

Seller hereby agrees to sell and deliver, and Buyer agrees to buy, receive and pay for the following described personal property, hereafter referred to as the "Baler and Sort System":

- (1) Baler: American 2 Ram Baler, Model 4020XP-75
- (1) Baler In Feed Conveyor: Karl Schmidt Model RC6-3
- (1) Sort System: Summit Equipment Complete Sort System (Per Quote)
 - a. (2) Feed Conveyors
 - b. (2) Sort Conveyors with 6 Bunkers
 - c. (2) Discharge Conveyors
 - d. (1) Eddy Current Non Ferrous Separator
 - e. (2) Conveyor Pits
 - f. (1) Magnetic Head Pulley
 - g. (1) Electrical hook-up's from main panel

2. Consideration.

Buyer agrees to pay Seven Hundred Seventy Thousand Three Hundred Thirty Two dollars and 00/100 (\$770,332.00) which price includes the Baler, In feed Conveyor, Sort System, freight charges, electrical and installation at Buyer's facility located 2830 South Bauer Road, Tooele, Utah 84074. Price does not include sales tax. Beginning on the date of delivery of the Baler, In Feed Conveyor, and Sort System; interest on the principle balance shall be based on a fixed rate of (5.35%).

3. Terms of Payment.

Beginning at the time of delivery and continuing for a period of sixty (60) months, Buyer shall pay Seller each month a minimum of Fourteen Thousand Six Hundred Sixty dollars and 96/100 (14,660.96). Buyer authorizes Seller to deduct the monthly payment from all available net proceeds from the sale of the old corrugated containers ("OCC"), Old Newspaper (ONP), Mixed Paper (Mix), Plastics #1-7, Tin Cans, Steel Cans, and Aluminum Cans (UBC's) generated by Buyer's facility with 100% of the net revenue to be credited toward the total purchase price of the baler and sort system. The OCC referred to in this paragraph shall consist of all air dry cartons, cases and corrugated boxes sold by Seller as Buyer's agent and broker. The term "all available proceeds" shall refer to the proceeds from the sale by Seller of Buyer's OCC and other available materials listed above, less freight charges, brokerage fees, and all other expenses incurred in the sale of the OCC and other recycling materials. In the event that the Buyer does not ship sufficient Fiber, Plastic's, and Metals to cover deductions, Seller will invoice Buyer and Buyer agrees to pay on a Monthly basis the difference between the amount deducted and the minimum payment due.



4. *Delivery and Installation.*

Seller estimates that the Baler and Sort System will be shipped to Buyer within sixteen (16) weeks after execution of this Agreement. The parties acknowledge, however, that matters beyond Seller's control may cause delay in shipment. The Baler and Sort System shall be delivered and installed at the Buyer's facility located at 2830 South Bauer Road, Tooele, Utah 84074. The Baler and Sort System shall be deemed received by Buyer when delivered. Seller shall install the Baler and Sort System within two (2) weeks of delivery unless Buyer requests a delay in writing. Buyer is responsible to supply the necessary 3 phase electrical circuit, with quick disconnects, to within 30 feet of the units prior to installation.

5. *Security.*

Buyer hereby grants to Zion's Bank a security interest in the Baler and Sort System as evidenced by a UCC-1 statement which Buyer agrees to execute. Upon full payment of the consideration described above, including all interest and expenses due at any time under the terms of this Agreement, the UCC-1 shall be canceled and returned to Buyer.

6. *Risk of Loss.*

The risk of loss from any casualty to the Baler and Sort System regardless of the cause, shall be on Buyer after delivery.

7. *Warranty.*

Seller extends to Buyer all warranties relating to the Baler and Sort System that Seller receives from any other party, unless otherwise prohibited. Baler warranty consists of a period of 2,080 hours (See attachment A). Conveyors and Sort System come with a limited warranty covering parts and labor due to defects in materials and workmanship. Seller extends no other warranties, and specifically disclaims any warranties of merchantability, fitness or performance. Further, the parties agree that Seller shall not be liable for any consequential, indirect or incidental damages.

8. *Indemnity.*

Buyer agrees to defend, indemnify and hold harmless Seller, its officers, agents, employees and successors, from and against any and all liability, loss, damage, and claims of any nature, whether for personal injury or otherwise, arising out of the use or condition of the Baler and Sort System. The parties agree that Buyer's agreement to defend, indemnify and hold Seller harmless is a material term of this Agreement, without which Seller would not enter into the Agreement.

9. *Maintenance, Repairs and Alterations.*

Buyer agrees to maintain the Baler and Sort System in good working order and make all necessary repairs in a timely manner at its sole expense, using only replacement parts recommended by the manufacturer of the Baler and Sort System or approved in writing by Seller. Buyer shall not make any alterations or additions to the Baler and Sort System without the prior written approval of Seller. Buyer shall not remove the baler and Sort System from the location at which it was installed by Seller without Seller's prior written approval. Seller can provide a preventative maintenance program if Buyer requests. Pro Baler Services, Inc can provide monthly maintenance service at an agreed rate of \$250 per service, to keep equipment working properly for the term on this agreement.



10. *Taxes.*

Buyer shall pay all property taxes assessed against the Baler and Sort System, the use of the Baler and Sort System or this transaction, whether the taxes are billed to Seller or Buyer.

11. *Default.*

In the event of any default hereunder by Buyer, Seller may, at its sole discretion, terminate this Agreement without prejudice to its right to collect any amounts then due and unpaid. Whether or not Seller chooses to terminate this Agreement, in the event of default Seller may take immediate possession of the Baler and Sort System without legal proceedings. Buyer shall be responsible for all costs incurred in connection with such repossession, including reasonable attorney's fees and costs of dismantling, removing and shipping the Baler and Sort System. Buyer's default shall be deemed a forfeiture of all payments previously made to Seller under the terms of this Agreement.

12. *Non-Assignment.*

This Agreement is not assignable in whole or in part, by operation of law or otherwise, except upon written consent of Seller.

13. *Entire Agreement.*

This Agreement is the final expression of Buyer and Seller with respect to the terms set forth herein. No other agreements or representations, written or oral, are intended to modify or be a part of this Agreement. Buyer and Seller may enter into other agreements with each other, but they intend this Agreement to stand alone as a separate transaction concerning a distinct subject matter. Any reference to any other agreement between the parties is included solely to accomplish the purposes of this Agreement and not to incorporate or merge any other agreement. This Agreement may be modified only in writing, signed by both parties.

14. *Sale of All Recyclable Material*

Buyer agrees to process all available old corrugated containers (OCC) newspaper (ONP) mixed paper (MIX), plastic's 1-7's, Tin & Steel cans and Aluminum cans generated in the operation of the facility. Furthermore, Buyer agrees to process each type of material separately in order to retain full value of each individual material.

15. *Baling Wire.*

The purchase of baling wire for the use of baling is not included in this agreement. Buyer may finance baling wire purchases with the Seller if requested.

16. *Special Provisions.*

No penalty will be imposed if Buyer should discontinue any item due to low value. Seller also agrees to conduct a monthly pricing review with Buyer regarding all fiber, plastics and metals pricing to insure best possible price.



16. Other Provisions.

Tooele County agrees to offer for sale each load of material processed in the Baler and Sort System to Seller at a price equal to "WEST COAST MILL PRICING," or equivalent pricing as agreed by the parties, for a period of five (5) years from the date of this Agreement. At the culmination of the initial (5) year period, this Agreement will automatically renew from year to year upon the date of original inception, unless either party shall give written notice of termination by CERTIFIED MAIL to the other party at least thirty (30) days prior to the annual renewal date.

THEREFORE, this Agreement has been duly executed in triplicate this 5th day of May 2011.

BUYER:

TOOELE COUNTY

Signed: Colleen Johnson

By: Colleen Johnson

Title: County Commissioner

Signed: Bruce J Clegg

By: Bruce J Clegg

Title: County Commissioner

Signed: Jerry Hurst

By: Jerry Hurst

Title: County Commissioner

SELLER:

INTERWEST PAPER, INC.

Signed: Lewis (Smokey) Peck

By: Lewis (Smokey) Peck

Title: President & General Manager

Signed: Jeff Cox

By: Jeff Cox

Title: Vice President

ATTEST:

Marilyn K. Gillette
MARILYN K. GILLETTE
TOOELE COUNTY CLERK





THE AMERICAN BALER COMPANY WARRANTY POLICY

All balers are warranted by American Baler to be free from defective parts or defective workmanship on parts manufactured by American Baler when used in accordance with instructions for a period of 2,080 hours of operation (a period of time that corresponds to one full year, based on eight hours of operation per day, five days per week).

In the event of a defect in parts or workmanship on parts manufactured by American Baler, American Baler will repair or replace at its discretion the defective parts or workmanship. It is the buyer's responsibility to ship defective parts to American Baler, via insured and prepaid freight service. American Baler will provide parts that are repaired or replaced under this warranty F.O.B. Bellevue, Ohio.

American Baler may provide a field service engineer to provide warranty service within the 90 day labor warranty period. A buyer requesting a field service engineer after the 90 day period must make the request to American Baler directly. American Baler will determine whether a field service engineer is required and will determine the scope of service activities that are to be provided under warranty. The following activities are not warranty service:

1. Installing parts required or replaced under warranty;
2. Completing normal maintenance activities;
3. Making adjustments to the baler;
4. Providing instructions or training on equipment not manufactured or supplied by American Baler
5. Providing instructions or training on using the baler
6. Wear items, i.e., cylinder packing, twister hooks, o-rings, filters, hydraulic oil and etc.
7. Acting as a replacement for plant maintenance personnel, and
8. Replacing wear items.

Labor is covered under warranty for a period of 90 days from the date of installation of said baler. After the 90 day period, if a field service engineer is required the buyer will be responsible for the reasonable expenses of the field service engineer, including but not limited to travel costs to and from the buyer's location, transportation while at the buyer's location, lodging expenses and meals.

THE REMEDIES SET FORTH IN THE PARAGRAPHS ABOVE SHALL BE THE BUYER'S SOLE REMEDY FROM AMERICAN BALER PURSUANT TO THIS WARRANTY.

American Baler's warranty does not cover the following costs associated with warranty service:

1. Shipping or handling charges on parts sent from buyer to American Baler;
2. Shipping costs for the delivery of parts repaired or replaced under warranty to the customer;
3. Special handling charges to expedite the delivery of parts repaired or replaced under warranty to the customer; and
4. Labor or other costs incurred by the buyer to install parts repaired or replaced under warranty after the initial 90 day period.

AMERICAN BALER PROVIDES NO WARRANTY, EXPRESS OR IMPLIED, ON PARTS NOT MANUFACTURED BY AMERICAN BALER. Instead;

The warranty on parts not manufactured by American Baler is limited to the warranty that was provided by the manufacturer or supplier of the part to American Baler. All suppliers of parts not manufactured by American Baler require that defective parts be returned to them by way of American Baler. It is the buyer's responsibility to ship defective parts not manufactured by American Baler to American Baler in Bellevue, Ohio via an insured and prepaid freight service. American Baler will, in turn, forward the defective parts to their respective supplier for warranty service.

AMERICAN BALER'S EXPRESS WARRANTY, AS STATED AND LIMITED ABOVE, IS IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED. AMERICAN BALER PROVIDES NO WARRANTIES THAT EXTEND BEYOND THE WARRANTY STATED ABOVE. THERE IS NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY NOR OF FITNESS FOR A PARTICULAR PURPOSE.

LIMITATION OF LIABILITY - AMERICAN BALER WILL IN NO EVENT BE RESPONSIBLE FOR ANY CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST PROFITS, LOST SALES, INCREASED FREIGHT OR SHIPPING COSTS, INCREASED HANDLING COSTS OR LOST PRODUCTION TIME ARISING FROM THE PERFORMANCE, OR FAILURE OF PERFORMANCE, OF THE BALER.

Any part issued via a Bill and Credit must be returned to American Baler within 30 days to receive proper credit unless other arrangements have been approved by the President of American Baler Company.