

SETTLEMENT AGREEMENT

This Settlement Agreement (“**Agreement**”) is dated as of June ____, 2023 and is between COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY (the “**District**”), a special district organized and existing pursuant to the provisions of the County Sanitation District Act, Health and Safety Code section 4700 *et seq.* and JN GREASE SERVICE, INC., a California corporation (the “**Company**”). The District and the Company are each a “**Party**” and together are the “**Parties**”.

The District owns and operates the Joint Water Pollution Control Plant (“**JWPCP**”), and accepts food waste slurry (“**Slurry**”) for processing at the JWPCP. The District adopted the *Minimum Standards for Food Waste Slurry for Delivery to Joint Water Pollution Control Plant* (“**Minimum Standards**”), which sets forth standards used to control the quality of the processed food waste slurry that will be delivered to the JWPCP.

The Company is and was a corporation in good standing located in California and has a contract (“**Contract**”) with the District to haul and dispose of Slurry at the JWPCP. At all relevant times, the Company operated a food waste recycling business located at 25685 Sherman Road, Romoland, California 92585. In connection with its business, the Company utilized certain hauling services to deliver Slurry to the JWPCP.

The Company failed to pay to the District (the “**Debt**”). The District gave notice of charges to the Company and since that date, interest and penalties have accrued on the Debt.

The Parties now desire to resolve their differences and to confirm the amount to be paid by the Company to the District.

The Parties therefore agree as follows:

1. **Confirmation of Obligations and Liabilities.** The current amount of the debt is \$ 117,571.96 (the “**Debt**”). The Company may not raise against the District any defense, offsets, claims, counterclaims, or any other argument with respect to the payment of all monies owed under the Contract for the Debt.
3. **Payment of Debt.** The Company must pay the District the sum of \$ 118,056.95, plus interest according to the following terms.
 - a. Weekly Payments.
 - i. *Payment of Debt.* Commencing on _____, 2023, the Company must make four (4) weekly payments of \$ 25,000 each, and one (1) payment of \$ 18,049.29 as described on the Payment Schedule attached as **Exhibit A**.
 - ii. *Prepayment.* No provision in this Agreement is meant to limit the Company’s right or privilege to prepay any portion of the debt. Any payment made in excess of the weekly scheduled amount will be credited toward the next consecutive payment.

- iii. *Due Date and Delinquency.* Payments are due as described in **Exhibit A** and are considered delinquent if not received at the District's office by the close of business on the 3rd day past the due dates specified in **Exhibit A**.
 - iv. *Form of Payment.* All payments must be by check and either mailed or hand-delivered to the District at the address set forth below in Section 8.
 - v. *Insufficient Funds.* If any check is returned for insufficient funds ("NSF Check"), the Company must immediately replace any NSF Check with a cashier's check in the amount of the NSF Check plus a \$35.00 NSF Check penalty and any applicable Delinquency Penalty as defined in Section 4 below.
- b. Calculation of Interest.
- i. *Delinquency Interest.* If the Company defaults upon the Agreement, interest on the balance of the Debt will accrue at the legal interest rate of 10% per annum.

4. **Delinquency and Default.**

- a. Delinquency. If the full weekly payment is not received by the 3rd day after which it is due, the Company will be delinquent on the Payment Schedule. For each delinquency on the Payment Schedule, the Company must pay a \$50.00 delinquency penalty ("**Delinquency Penalty**").
- b. Notice and Opportunity to Cure. If the Company becomes delinquent on the Payment Schedule, the District will provide a delinquency notice by first class mail to the Company. The Company may cure the delinquency by paying the full weekly payment amount due plus the Delinquency Penalty within five (5) days after the transmittal date of the delinquency notice. Failure to pay the Delinquency Penalty constitutes a failure to cure.
- c. Default. Failure by the Company to cure a delinquency within five (5) days after notice constitutes default on this Agreement. Upon default, the District may enforce the judgment, less any credits or payments made by the Company, without any further notice to the Company. Should the District grant the Company's request for a brief extension of time to cure any delinquency, the Parties acknowledge that an extension of time is not intended to be a waiver of the District's right to demand timely payment in the future.

6. **Enforcement.**

- a. District's Right to Enforce. Except as specifically provided below, the Company acknowledges that the District is entitled to enforce the Contract, and may take any other action that a creditor is entitled to take to collect on a debt.
- b. If the Company defaults on or breaches this Agreement, the District may pursue all of its rights under the law without further notice to the Company

7. **8. Notices.** The Parties must provide all notices, correspondence, and payments as follows:

To the District:

Robert C. Ferrante
Chief Engineer and General Manager
Los Angeles County Sanitation Districts
1955 Workman Mill Road
Whittier, CA 90601
Attn: William Chen
Phone: (562) 699-7411 x 2431
Fax: (562) 908-4864

To JN Grease Service, Inc.:

Jose Navarro
President
JN Grease Service, Inc.
P.O. Box 141
Perris, CA 92572
Attn: Jose Navarro
Phone: 949-343-5714
Fax:

9. **Limited Release.** This Agreement resolves and releases only the past due unpaid balance owed for food waste delivery invoices, and does not in any way release, affect, reduce or limit any of the Company' other obligations or liabilities to the District, including any additional obligations, determined by a District audit.
10. **Representations and Warranties.** Each Party represents to the other Party that it is not aware of any other person or entity having an interest (nor has it assigned or otherwise transferred any interest) in the claim that is the subject of this Agreement. Each Party shall indemnify and hold harmless the other Party from any and all liabilities, claims, demands, obligations, damages, costs, expenses and attorneys' fees as a result of anyone asserting such interest, assignment, or transfer. Each Party additionally warrants that each person signing this Agreement is authorized to enter into and execute this Agreement on behalf of the Party for which that person is signing.
11. **General Provisions.**
- a. Execution. The Parties shall execute any other documents and take any additional actions necessary or appropriate to give full force and effect to the terms and to the intent of this Agreement.
 - b. Successors and Assigns. This Agreement inures to the benefit of, and is binding upon, the respective successors and assigns of each of the Parties.
 - c. Attorneys' Fees. If any legal action or other proceeding is brought for the enforcement or interpretation of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.
 - d. Interpretation. The Parties acknowledge that they have been represented by independent counsel of their choice throughout the negotiations that preceded the execution of this Agreement. Each Party has participated in negotiating this Agreement, so if an ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if the Parties had drafted it jointly as opposed to being construed against a Party because it was responsible for drafting one or

more provisions of this Agreement. The Parties waive California Civil Code section 1654.

- e. Governing Law. The laws of the State of California govern all matters arising out of this Agreement.
- f. Severability of Agreement. The provisions of this Agreement are severable, and if any provision or portion is declared illegal or unenforceable, the remainder of this Agreement will be effective and binding on the Parties.
- g. Entirety of Agreement. This Agreement constitutes the Parties' entire agreement and supersedes all prior and contemporaneous agreements and understandings of the Parties with respect to the past due unpaid balance owed for food waste delivery invoices only; there are no other warranties, representations, or other agreements between the Parties with respect to the Debt. No supplementation, modification, waiver or termination of this Agreement will be binding unless executed in writing by the Party to be bound.

Each Party is signing this Agreement on the date stated in the introductory clause.

**COUNTY SANITATION DISTRICT NO. 2
OF LOS ANGELES COUNTY**

By _____
Chairperson, Board of Directors

ATTEST:

By _____
Secretary to the Board

APPROVED AS TO FORM:
LEWIS, BRISBOIS, BISGAARD & SMITH LLP

By _____
District Counsel

JN Grease Service, Inc.

By  _____

Name Chris Navarro

Title Vice President

Payment Schedule

EXHIBIT “A”

AMOUNT DUE	DUE DATE	DATE RANGE		DAYS	DAILY INTEREST	TOTAL INTEREST	PRINCIPAL	BALANCE
		FROM	TO					
								\$117,571.96
\$25,000.00	5/24/2023	5/17/2023	5/23/2023	7	\$24.96	\$174.72	\$24,825.28	\$92,746.68
\$25,000.00	5/31/2023	5/24/2023	5/30/2023	7	\$19.69	\$137.83	\$24,862.17	\$67,884.51
\$25,000.00	6/7/2023	5/31/2023	6/6/2023	7	\$14.41	\$100.87	\$24,899.13	\$42,985.38
\$25,000.00	6/14/2023	6/7/2023	6/13/2023	7	\$9.13	\$63.91	\$24,936.09	\$18,049.29
\$18,056.95	6/16/2023	6/14/2023	6/15/2023	2	\$3.83	\$7.66	\$18,049.29	0