

LEASE AGREEMENT

(Portion of Downey Area Recycling and Transfer Facility)

This Lease Agreement (“**Lease**”) is dated June 23, 2021 (the “**Effective Date**”) and is between **COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing under the County Sanitation District Act, California Health and Safety Code Section 4700 *et seq.*, (the “**District**”) and **TOMARA INDUSTRIES, INC.**, a California corporation, d/b/a Golden State Fibres (“**Tenant**”). The District and Tenant are each a “**Party**” and together are the “**Parties**”.

A. **Downey Area Recycling and Transfer Facility.** The District owns approximately 6.7 acres of real property commonly known as the Downey Area Recycling and Transfer Facility located at 9770 Washburn Road, Downey, California 90241, identified as Los Angeles County Assessor’s Parcel Numbers 6284-029-906, -907, -908, -909, -910 and -911 (“**DART**”). The main improvement at the DART property is the Materials Recovery Facility (“**MRF**”), a structure of approximately 76,040 square feet designed and used by the District to recover and aggregate recyclable materials from solid waste. Tenant desires to have exclusive use of a 20,000 square foot portion of MRF and some of its material handling systems to transload, clean, and bale Secondary Fibers (as defined below), exclusively leasing portions of the loading dock and loading dock platform to receive, transload, load, and ship baled Secondary Fibers, as depicted in Exhibit A. Tenant also desires to have non-exclusive use of portions of MRF and DART and support facilities, as depicted in Exhibit A. Further, Tenant desires to have non-exclusive use of the employee parking lot at the north portion of DART (“**Employee Parking Lot**”), as depicted in Exhibit B. As used herein, the term “**Secondary Fibers**” means pre-and post-consumer paper and cardboard, both baled and unbaled.

B. **Access.** Commercial and personal vehicles of Tenant will access DART from Regentview Avenue, Downey Norwalk Road and/or Washburn Road, as depicted in Exhibit B. Tenant’s personal vehicles will access the Employee Parking Lot by one driveway located on Regentview Avenue and one driveway located on Downey Norwalk Road. Tenant desires to have non-exclusive use of the above access routes.

C. **Premises and Use.** Collectively, the Tenant Exclusive Use Areas (as described and depicted on Exhibit B) constitute the “**Premises.**” The non-exclusive use portions of DART are not part of the Premises and may be used by the Tenant only pursuant to the terms and conditions set forth in this Lease.

D. **Business Objective.** Tenant desires to lease the Premises from the District for the purpose of receiving, unloading, cleaning, re-baling, loading, storing, staging, inspecting, disassembling, handling, and reassembling Secondary Fibers, and performing associated trucking services (the “**Business Objective**”) at DART, consisting of short-term parking of trucks and trailers at the Loading Dock and use of the Commercial Access Route (as defined below), all of which are generally depicted on the site plan in Exhibit B (the “**Site Plan**”).

E. **Property Subject to Lease.** Collectively, the Premises, the Non-Exclusive Use Areas (as defined below), and the Commercial Access Route constitute the “**Property**”. The portions of DART that Tenant may use non-exclusively pursuant to the express provisions of this Lease are depicted on Exhibits A and B and are collectively referred to as the “**Non-Exclusive Use Areas**”. The Inbound Scales and the Outbound Scale (which are depicted in Exhibit B) are included in the definition of “Commercial Access Route”. Tenant desires to utilize the Property for vehicular and pedestrian movements, employee parking, lunchroom and restroom use, and to work compatibly with the District’s obligations to manage the Property,

all in support of Tenant's Business Objective. The term "**Site**" as used in this Lease includes the Property and all other portions of DART.

F. **Availability of Premises and Property.** The District does not have an immediate need for the use of the Premises, and has excess capacity at the Property, and desires to fully utilize and obtain revenue from the Premises as set forth in this Lease, pending its use for the District's solid waste operations.

G. **Surplus Land Act Compliance.** In accordance with the terms, provisions and requirements of the California Surplus Land Act (California Government Code Sections 54220-54233) (the "**Act**"), the Board of Directors of the District has reviewed the ownership intent and use of the Premises. Pursuant to a Resolution, adopted by the Board of Directors of the District on January 13, 2021, the Premises is declared as "Exempt Surplus Land" for purposes of the Act because the Premises serves a valid agency use, and leasing of the Premises furthers such agency use.

The Parties therefore agree as follows:

1. Leased Premises.

1.1 **Leased Premises.** Subject to the terms and conditions of this Lease, the District hereby leases to Tenant, and Tenant leases from the District, the Premises.

1.2 **Line C Area.** Tenant may remove in its entirety the conveyors, bunkers and supports for Line C located in the Optional Exclusive Use Area as depicted in **Exhibits A and B** (the "**Line C Removal Work**"). The District conceptually approves of the Line C Removal Work, however, prior to the commencement of the Line C Removal Work, Tenant shall submit Plans and Specifications for the Line C Removal Work to the District's Chief Engineer and General Manager or his or her designee ("**Chief Engineer**") for the Chief Engineer's consent which consent may be conditioned (e.g., specified time period for removal) or withheld in the Chief Engineer's sole and absolute discretion. If approved in writing by the Chief Engineer, Tenant, at its sole expense, may choose to remove Line C in its entirety. Tenant shall ensure that the Line C Removal Work does not affect Lines A and B which are depicted in **Exhibit A**. Tenant shall place all parts, equipment and scrap metal resulting from the Line C Removal Work at a location at DART designated by the District, and all parts, equipment and scrap metal will remain the property of the District. Tenant shall perform the Line C Removal Work at its sole cost and expense and in accordance with all applicable Laws, requirements of the District, and Sections 22.2, 22.3, and 22.4 of the Lease. Upon Tenant's use of any portion of the area in which the conveyors, bunkers and supports for Line C were located (the "**Line C Area**") (as reasonably determined by the District), the Base Rent (as defined below) will increase by the sum of \$3,750 per month which is based on the addition of the full square footage of the Line C Area and the Line C Area will be added to the Premises. The adjustment to the Base Rent and the Premises by the District after use of the Line C Area will be conclusive and binding upon the Tenant. If requested by the District, Tenant shall immediately execute and deliver to the District written confirmation (in form and content acceptable to the District) of the new description of the Premises and the Base Rent amount as increased pursuant to this Section 1.2 and Section 4.1.3.

- 1.3 Leasehold Limitations. This Lease and the rights and privileges granted Tenant in and to the Property are subject to all covenants, conditions, restrictions, easements, and exceptions of record (including, without limitation, those exceptions set forth in the Preliminary Reports prepared by Commonwealth Land Title Company, Order No. 09196024, dated May 9, 2019, and Order No. 09196023, dated April 26, 2019) or that are apparent from an inspection of the Site (“**Existing Conditions**”) and all applicable Laws (as defined below).
- 1.4 As-Is Condition. Tenant acknowledges and agrees that, except as otherwise expressly set forth in this Lease, District has not made, does not make, and specifically negates and disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to (a) the Site (or the District’s interest therein), (b) the value, nature, quality or condition of the Site, including, without limitation, the improvements thereon, soil, topography, and geology thereof, (c) the income of the Premises, (d) the suitability of the Premises for any and all activities and uses which Tenant intends to conduct thereon, (e) the compliance of the Property (or any aspect thereof) with any Existing Conditions or any law (including, without limitation, zoning laws or Environmental Laws (as defined below), rule, or regulation, order of law, statute, bylaw or ordinance of a governmental agency having jurisdiction governing or regulating the Property, as they may be amended from time to time (collectively, “**Laws**”), (f) the fitness of the Property for any use to be made or intended to be made by Tenant, (g) the merchantability, marketability, profitability or fitness for a particular purpose of the Premises, (h) the future development of the Site, (i) the zoning of the Property, (j) any governmental approvals or agreements concerning the Property, (k) title condition of the Property, or (l) any other matter with respect to the Site, and specifically, that District has not made, does not make, and specifically disclaims any representations regarding compliance with any environmental protection, pollution or land use Laws (including, Environmental Laws). Tenant further acknowledges and agrees that it has had the opportunity to fully inspect the Property, is fully familiar with the Property, and particularly the Baler (which is depicted on Exhibit A), and all aspects thereof, and is relying solely on its own investigation of the Property, including the Baler. District is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Site, the Property, or the Baler, furnished by any person, including, without limitation, District’s directors, officers, managers, agents, representatives, attorneys, or employees other than as expressly set forth in this Lease. Tenant further acknowledges and agrees that it is leasing the Premises and has the right to use certain aspects of the Property (as specifically set forth in this Lease) on “as is” and “with all faults” basis subject to all Laws and Existing Conditions except as otherwise expressly set forth in this Lease. Except as otherwise expressly set forth in this Lease, Tenant and anyone claiming by, through or under Tenant hereby fully and irrevocably releases District, its directors, officers, managers, employees, representatives, attorneys and agents from any and all claims that it or they may now have or hereafter acquire against District, its directors, officers, managers, employees, representatives, attorneys and agents for any cost, loss, liability, damage, expense, demand, action or cause of action arising from the Site. This release includes claims of which Tenant is presently unaware of or which Tenant does not presently suspect to exist in its favor which, if known by Tenant, would materially affect

Tenant's release of District. Tenant specifically waives the provisions of California Civil Code Section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY".

The foregoing releases survive the expiration or termination of the Lease. The foregoing releases shall not apply to (a) Pre-Existing Environmental Contamination (as defined in Section 17, Environmental), (b) the migration of Hazardous Materials (as defined in Section 17) onto the Premises from outside the Premises, or (c) any Hazardous Materials brought onto the Premises during the term of this Lease by the District or any of the District's employees, contractors, subcontractors, consultants, agents, representatives, invitees, licensees, tenants (other than Tenant), or permittees (collectively, the "**District Representatives**") or any third party acting on behalf of the District. The Lease is subject to no contingencies whatsoever in favor of Tenant.

Initials by Tenant: 

2. Use.

2.1 Permitted Use. In occupying the Premises, conducting its Business Objective at the Premises, and using all other aspects of the Property that Tenant is permitted to use pursuant to this Lease, Tenant shall comply with the Conditional Use Permit 98-54 issued by the City of Downey as amended, Solid Waste Facilities Permit SWIS 19-AA-0801, National Pollutant Discharge Elimination System General Permit Order NDPEs No. CAS000001 and the District's associated Storm Water Pollution Prevention Plan (SWPPP), Development Agreement with City of Downey, as amended, all Existing Conditions (including any and all easements), all applicable Laws, and any and all other permits or governmental approvals concerning the Property. A list of permits and governmental approvals is attached as Exhibit D (the "**Listed Permits**"). Tenant acknowledges that such list is not inclusive of all permits or governmental approvals concerning the Property and represents and confirms that it has received and reviewed the Listed Permits. If the Listed Permits are amended or modified, the District will notify Tenant in writing as soon as possible after the District becomes aware of such amendment or modification.

2.1.1 DART.

(a) MRF. The permitted uses of the MRF at the Premises (as depicted on Exhibit A) by the Tenant are limited to receiving up to 7,000 tons per month of Secondary Fibers in bales; and storing, staging, inspecting, disassembling, handling, cleaning, re-baling, reassembling and reloading the bales of Secondary Fibers into containers or trucks, together with incidental administrative activities (collectively, the "**Permitted MRF Use**"). Disassembling, breaking and cleaning of bales by the

Tenant shall be performed inside the MRF only in the area designated on Exhibit A. The Permitted MRF Use by the Tenant shall also include the use and storage of forklifts and equipment reasonably necessary to perform and support the Permitted MRF Use. Tenant shall have exclusive use of approximately 20,000 square feet of space within the MRF as depicted in Exhibit A. Tenant shall have non-exclusive use of a pedestrian walkway of width 3 feet generally along the westerly and northerly walls of the MRF and adjacent to Tenant's exclusive area, and the lunchroom and restrooms as depicted in Exhibit A.

- (b) Baler and Associated Conveyor Systems (Belts 20, 21, 22 and 23). The permitted uses by the Tenant of the Baler and Belts 20, 21, 22 and 23 within the MRF (as depicted in Exhibit A) is limited to rebaling of Secondary Fibers, together with incidental administrative activities (collectively, the “**Permitted Baler and Conveyor Use**”). The Permitted Baler and Conveyor Use by the Tenant also includes the use, maintenance and storage of equipment reasonably necessary to perform and support the Permitted Baler and Conveyor Use. Tenant shall have exclusive use of the Baler and Belts 20, 21, 22 and 23 which feed it. Tenant shall be solely responsible for operation and maintenance of Baler and Belts 20, 21, 22 and 23 and to pay the costs associated therewith.
- (c) Loading Dock. The permitted uses of the Loading Dock (as depicted in Exhibit A) by Tenant are limited to the receiving, unloading, inspecting, handling, staging, and reloading of bales of Secondary Fibers, together with incidental administrative activities. Disassembling and cleaning of bales may not, under any circumstances, be performed by Tenant at or on the Loading Dock. Inbound and outbound vehicles to and from the Loading Dock may include only trucks, tractor-trailers and sea containers on chassis. Tenant may store forklifts and equipment reasonably necessary to perform and support the Permitted Loading Dock Use only on that portion of the loading dock that is a part of the Premises. The permitted uses of the Loading Dock described above in this Section 2.1.1 (c) are collectively referred to as the “**Permitted Loading Dock Use**”. Tenant shall have exclusive use of the at-grade platforms immediately adjacent to the platform guardrails south, west and north of the Loading Dock. Tenant shall have non-exclusive use of the northerly portion of the north platform, leaving always three (3) feet of clearance, southerly portion of the south platform, leaving always five (5) feet of clearance and westerly portion of the west platform, leaving always three (3) feet of clearance. All of the aforementioned exclusive and non-exclusive use areas are depicted in Exhibit A. District represents and warrants that to the actual knowledge of the District's employees of the Solid Waste and Engineering Section, as of the Commencement Date (as defined below), the Loading Dock is in good condition and repair.
- (d) Office. The permitted uses by Tenant of the Office within the MRF (as depicted in Exhibit A) are limited solely to administrative office activities incidental to the Permitted MRF Uses, Permitted Baler and Conveyor Uses, and Permitted Loading Dock Uses. The uses described in the immediately preceding sentence are collectively referred to as the “**Permitted Office Use**”. The Permitted Office Use

by Tenant shall also include the use and storage of equipment reasonably necessary to perform and support the Permitted Office Use. Tenant shall have exclusive use of the Office (which is approximately 90 square feet) as depicted in Exhibit A.

(e) Commercial Access Route around MRF. The permitted uses by Tenant of the “**Commercial Access Route**” (as defined and depicted in Exhibit B) around MRF on the Site are limited to the counterclockwise movement around the MRF from the entrance at the intersection of Washburn Road and Regentview Avenue to the exit onto Downey Norwalk Road by roll-off and flatbed trucks, tractor-trailers and sea containers on chassis. Tenant shall ensure that its drivers are fully aware of and strictly follow the routes on the Site as described in this subsection (e) and depicted on Exhibit B:

(i) For inbound loads of Secondary Fibers, the Tenant’s truck drivers shall drive loaded roll-off and flatbed trucks, tractor-trailers and sea containers on chassis onto the Inbound Scales to be weighed by the District to determine the gross weight. The Tenant’s truck drivers shall back all roll-off and flatbed trucks in through the Roll-up Door and all tractor-trailers and sea containers on chassis into the Loading Dock for delivery of Secondary Fibers. Upon exiting the Loading Dock, the Tenant’s truck drivers shall drive the empty tractor-trailers and containers on chassis in the counterclockwise route to the Outbound Scale to be weighed by the District to determine the tare weight and the net weight. The Tenant’s truck drivers shall exit onto Downey Norwalk Road. At the Inbound Scales and the Outbound Scale the District shall be solely responsible for weighing Tenant’s trucks associated with the delivery of inbound Secondary Fibers and for providing Tenant with a printed weigh receipt.

(ii) For outbound loads of Secondary Fibers, the Tenant’s truck drivers shall drive empty roll-off and flatbed trucks, tractor-trailers and sea containers on chassis onto the Inbound Scales to be weighed by the District to determine the tare weight. The Tenant’s truck drivers shall back all tractor-trailers and sea containers on chassis into the Loading Dock to be loaded with Secondary Fibers. Upon exiting the Loading Dock, the Tenant’s truck drivers shall drive tractor-trailers and containers on chassis in the counterclockwise route to the Outbound Scale to be weighed by the District to determine the gross weight and the net weight. The Tenant’s truck drivers shall exit onto Downey Norwalk Road. At the Inbound Scales and the Outbound Scale the District shall be solely responsible for weighing Tenant’s trucks associated with the delivery of outbound secondary fibers and for providing Tenant with a printed weigh receipt.

Tenant shall have non-exclusive access to the two Inbound Scales and one Outbound Scale and to the paved access route surrounding the MRF from the entrance at the intersection of Washburn Road and Regentview Avenue to the exit onto Downey Norwalk Road. Tenant’s rights in the Commercial Access Route (as defined and depicted in Exhibit B) are

limited to commercial vehicle access and include no possessory rights. Tenant is expressly prohibited from staging or storing any materials, inventory or vehicles in the Commercial Access Route.

(f) Employee Parking Lot. The permitted uses by Tenant of Employee Parking Lot on the Property (as depicted in Exhibit B) are limited to employee parking of up to 15 personal vehicles during normal work hours, as determined by the District. Activities in support of the Business Objective will not be permitted in the Employee Parking Lot and Tenant shall utilize the Employee Parking Lot only for the parking of personal vehicles as described in this Lease with the exception of the ingress and egress of roll-off trucks unloading Secondary Fibers through the Roll-up Door. Tractor-trailers and sea containers on chassis and associated trucking services shall not be permitted to access or park in the Employee Parking Lot. Tenant shall have non-exclusive use of the Employee Parking Lot as depicted in Exhibit B.

(g) Mobile Equipment. Tenant, at its sole expense, shall be responsible for providing forklift and equipment to perform the Business Objective. Tenant shall be permitted to perform repair and maintenance of forklifts within the “**Tenant Maintenance Area**” (as defined and shown on Exhibit B) adjacent to where the District performs its repairs and maintenance of forklift and related equipment. Tenant, at its sole expense, shall be responsible for all repair and maintenance costs related to forklift and related equipment. Tenant shall provide its own labor, parts, tools and materials to perform all repairs and maintenance on its mobile equipment (including forklifts). Tenant shall perform repair and maintenance of forklifts and related equipment in accordance with customary practices that are standard in the industry and in accordance with all applicable Laws.

2.1.2 Roll-up Door Access. Tenant will have non-exclusive access to the Roll-up Door (which is depicted on Exhibits A and B) to accommodate Tenant’s roll off truck business that consists of roll-off trucks delivering incoming Secondary Fibers. The District shall maintain the Roll-Up Door, provided, however, if any part of the Roll-Up Door is damaged by the acts, omissions, or negligence of Tenant or any of Tenant’s employees, agents, operators, representatives, contractors, subcontractors, guests, licensees, or invitees (collectively, the “**Tenant Parties**” and individually, a “**Tenant Party**”), then Tenant shall immediately repair such damage to the satisfaction of the District at Tenant’s sole cost and expense. Notwithstanding the directive of subparagraph 2.1.1(e)(ii) above, Tenant acknowledges that the Roll-Up Door cannot accommodate flatbed trucks, and Tenant shall ensure that flatbed trucks do not deliver any items through the Roll-Up Door.

2.2 Prohibited Use. Tenant shall not use the Property for any purpose, or engage in or permit any activity within or from the Property, except only as expressly provided in this Lease. Without limiting the immediately preceding sentence, Tenant shall not repair or perform any maintenance on any tractors, trailers or containers in any location at the Property, except within the Tenant Maintenance Area, and Tenant shall ensure that no individual acting on behalf of Tenant sleeps or loiters at the Property. Tenant shall not utilize any of the Non-Exclusive Use

Areas for the storage of any of its equipment, inventory, vehicles or any other personal property. Tenant shall not conduct or permit to be conducted any public or private nuisance in, on, or from the Property. Tenant shall not engage in any activities that involve the discharge or storage of Hazardous Materials (as defined in Section 17). Tenant shall not erect, place upon, operate, or maintain any improvement on the Property without the prior written consent of the District, which consent may be withheld in the District's sole and absolute discretion. Tenant shall not conduct any business on the Property in violation of the terms of this Lease, or any applicable Laws or Existing Conditions. Tenant shall not be permitted to use any existing electric forklift charging stations or to use any of District's mobile or other equipment at the Property except only as specifically and expressly set forth in this Lease.

- 2.3 Prohibited Items. Tenant shall not transport or permit to be transported to or from the Premises any Controlled Substance (as defined in 21 U.S.C. §802), cannabis (in any form) or any Hazardous Materials, except only for Authorized Hazardous Products (as defined below) and Contaminated Debris (as defined in Section 8, Solid Waste Removal). In addition, Tenant shall not (i) possess, or permit any person or entity to possess, at the Property any cannabis, marijuana or cannabinoid product or compound (collectively "**Cannabis**"), or any substance regulated under any state or federal Law ("**Regulated Substances**"), or (ii) use the Property (or any portion thereof), or permit the Property (or any portion thereof) to be used, for the growing, cultivation, manufacturing, administration, distribution (including without limitation, any retail sales), possession, use or consumption of any Cannabis or any Regulated Substance.
- 2.4 Permits and Licenses. Tenant shall obtain, comply with, and keep in force at all times, at Tenant's sole cost and expense, any and all required governmental licenses, approvals and permits needed for the proper and lawful conduct of Tenant's use of the Premises and Tenant's business and activities at the Property (collectively, "**Permits**"). Tenant shall provide copies of all Permits to District within ten (10) calendar days after District's request. The District shall keep in force and effect the Listed Permits; provided, however, the District makes no representation or warranty that Tenant's use of the Property or the Business Objective complies with the terms or conditions of the Listed Permits or any other permits and approvals.
- 2.5 Non-Use Areas. Tenant shall not use or occupy, or permit any Tenant Parties to use or occupy any part of the Site (or any equipment thereon), except only the Property as expressly set forth in this Lease.

3. Term.

- 3.1 Initial Term. The term (the "**Initial Term**") of this Lease shall commence on July 1, 2021 (the "**Commencement Date**") and shall expire December 31, 2021 (the "**Expiration Date**").
- 3.2 Potential Subsequent Term. Prior to the Expiration Date, the Parties may mutually decide to extend the Initial Term in six (6) month increments. The Parties agree to negotiate in good faith regarding such extensions of the Initial Term. If no written amendment to the Lease is executed and delivered by both Parties prior to the expiration of the Initial Term, then this Lease shall be deemed automatically, immediately, and unconditionally expired without notice on the Expiration Date.

4. Rent.

4.1 Rent. All monetary obligations of Tenant under this Lease are deemed to be “rent” or “Rent” and are due and payable on the dates specified in this Lease without offset, grace, or deduction. Tenant acknowledges it will not receive notices or invoices for the payment of Base Rent. Tenant shall make its payments of rent to “County Sanitation District No. 2 of Los Angeles County” and shall send the payments to the address provided in Section 27 (or such other address as District may designate in writing from time to time).

4.1.1 Base Rent. Tenant shall pay to the District as base rent, the sum of \$25,000 per month (the “**Base Rent**”). This Base Rent may be increased as provided in this Lease, including Section 1.2 above. The Base Rent is due in and payable by Tenant commencing on the Commencement Date and continuing on the 1st day of each month thereafter.

4.1.2 Variable Rent. Tenant shall pay to the District, as additional rent, of the sum of \$4.50 per ton of inbound Secondary Fibers delivered by Tenant to DART, with a minimum monthly additional rental amount of \$22,500 per month (the “**Variable Rent**”). For example, if in a given month, the total net inbound tons of Secondary Fibers delivered to DART by Tenant is 4,500 tons, the total Variable Rent for that calendar month would be less than the minimum monthly Variable Rent of \$22,500 (4,500 tons x \$4.50/ton = \$20,250), and therefore, Tenant would be obligated to pay the minimum monthly Variable Rent of \$22,500. As another example, if in a given month the total net inbound tons of Secondary Fibers delivered to DART by Tenant is 6,152 tons, the total Variable Rent for that calendar month would be \$27,684 per month (6,152 tons x \$4.50/ton = \$27,684). By the fifth (5th) business day of each calendar month, the District shall mail and email to the Tenant an invoice for the Variable Rent that is due for the immediately preceding calendar month. The District shall include in the email to Tenant a spreadsheet that tabulates all of the information on the paper weigh receipts described in Section 2.1.1(e). The Variable Rent includes the City of Downey annual license fee. The Variable Rent as calculated by the District pursuant to the paper weigh receipts is conclusive and binding upon Tenant. The Tenant shall pay the Variable Rent within five (5) business days of receipt of the emailed invoice. Any delay by the District in mailing an invoice for the Variable Rent will not waive the District’s right to collect Variable Rent for any month. Notwithstanding the foregoing, for the initial three (3) months following the Commencement Date, variable rent hereunder shall be calculated based on a minimum of 2,500 tons at \$4.50 per ton of Secondary Fibers delivered by Tenant to DART to account for the ramp-up period.

4.1.3 Increases in Rent. On each 12-month anniversary of the Commencement Date (the “**Commencement Date Anniversary**”), if the Initial Term is extended as described in Section 3.2 above, the Base Rent the Variable Rent and the minimum monthly Variable Rent will be adjusted by the percentage change in the Consumer Price Index (the “**CPI**”) as described below. For purposes of this lease, the CPI is the All Urban Consumers (CPI-U): Selected areas, all items index [1982-84=100, unless otherwise noted] for the Los Angeles-Long Beach-Anaheim, CA promulgated by the Bureau of

Labor Statistics, U.S. Department of Labor Consumer Price Index. On or prior to the applicable Commencement Date Anniversary, the adjustment in the monthly Base Rent, Variable Rent and minimum monthly Variable Rent will be calculated as follows: the monthly Base Rent Variable Rent and minimum monthly Variable Rent payable for the month immediately preceding the Commencement Date Anniversary will be multiplied by the percentage change in the CPI for the 12-month period ending three (3) months prior to the Commencement Date Anniversary (e.g. if the percent change in the CPI is 2%, the new Base Rent = 1.02 x current Base Rent). In no event will the new Base Rent, the new Variable Rent or the new minimum monthly Variable Rent be less than the applicable amount of Rent payable for the month preceding the adjustment. If the compilation and/or publication of the CPI is transferred to any other governmental department or bureau or agency or is discontinued, then the index most nearly the same as the CPI, as determined by the District, will be used to make such calculation. If the Parties inadvertently fail to adjust the rent on any Commencement Date Anniversary, then such failure will not be deemed a waiver by the District of that particular rental adjustment, but rather, that rental adjustment will be added to any subsequent rental adjustment with appropriate back charges as necessary to capture the inadvertent shortage.

- 4.1.4 If the District sells the Property at any time during the term of this Lease, Tenant shall not be responsible for any property tax increase based on any reassessment of the Property.
- 4.2 Tenant Representation. Tenant represents and warrants for the benefit and reliance of the District that neither Tenant, nor its business has suffered, and does not anticipate suffering, any losses (including, without limitation, loss of income) due to the COVID-19 pandemic (the “**COVID-19 Circumstances**”). Tenant also represents and covenants that upon the occurrence of any COVID-19 Circumstances, it shall immediately take any and all steps to ameliorate the COVID-19 Circumstances that prevent Tenant from paying full rent on time under this Lease.
- 4.3 Possessory Interest Tax. Tenant acknowledges that its leasehold interest in the Premises is a possessory interest that may be subject to the imposition of taxes (“**Possessory Interest Taxes**”). Tenant shall pay any and all Possessory Interest Taxes to the Los Angeles County Treasurer-Tax Collector (or other applicable governmental authority) in a timely manner.
- 4.4 Charges for Late Payment. Tenant acknowledges that the late payment of rent under this Lease (including Base Rent, Variable Rent and Possessory Interest Tax) will cause the District to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Costs include, but are not limited to, administrative processing of delinquency notices and increased accounting costs. Accordingly, if any payment of rent, or any other sum due to the District under this Lease is not paid by the due date, a late charge equal to five (5) percent of each such overdue amount will be added to the payment, and the total sum will become immediately due and payable to the District. The late charge represents a fair and reasonable estimate of the costs that the District will incur by reason of Tenant’s late payment. The District’s acceptance of late charges or any portion of the overdue payment will

not constitute a waiver of Tenant's default with respect to the overdue payment or prevent the District from exercising any of its other rights and remedies under this Lease, at law or equity.

- 4.5 **Interest.** Any amount payable to the District pursuant to this Lease, other than late charges, that is not received by the District within thirty (30) calendar days following the date on which it was due will bear interest starting on the 31st day after it was due. The interest ("**Interest**") charged will be equal to the prime rate reported in the Wall Street Journal as published closest prior to the date when due plus two percent, but will not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in this Lease.
5. **Security Deposit.** Tenant shall deliver to the District, at least ten (10) calendar days prior to the Commencement Date, a security deposit in the amount of \$72,500 ("**Security Deposit**"). The District's interest in the Security Deposit will be deemed perfected under California law upon receipt by the District. Upon an Event of Default, District may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due to District or to reimburse or compensate District for any liability, expense, loss or damage which District may suffer or incur by reason thereof. If District uses or applies all or any portion of said Security Deposit, Tenant shall within ten (10) calendar days after written request therefore deposit monies with District sufficient to restore said Security Deposit to the full amount required by this Lease. Pursuant to this Lease and all applicable Laws, all or any portion of the unused Security Deposit at the termination of this Lease will be refunded to the Tenant within the time period prescribed under California law. No part of the Security Deposit will be considered to be held in trust, to bear interest, or to be prepayment for any monies to be paid by Tenant under this Lease. The District is not required to keep the Security Deposit separate from its general accounts.
6. **Taxes.** Tenant shall pay, prior to delinquency, all taxes assessed against and levied upon the Tenant's Personal Property (as defined below), Trade Fixtures (as defined below), all furnishings, equipment, and other property of Tenant, and any and all Alterations (as defined below) (collectively, "**Other Property Taxes**"). The District will not be obligated to pay Tenant's delinquent Other Property Taxes; but, if the District elects to pay and pays Tenant's delinquent Other Property Taxes, Tenant shall immediately pay the District the full amount of the Tenant's delinquent Other Property Taxes including any late charges, penalties, or interest.
7. **Utilities.** The Premises has existing electrical, potable water, wastewater, and data and telecommunications utilities. District shall pay for Tenant's reasonable and customary use of electricity, potable water and wastewater services at the Premises. If the Tenant bales more than two thousand (2,000) tons of material in any given month, then the Tenant shall pay to the District within ten (10) days after demand, the sum of Five Dollars (\$5) per ton for each ton baled in excess of two thousand (2,000) tons of material as an additional utility cost for that month. District assumes no responsibility for service interruptions or service quality delivered by the local service providers unless and to the extent caused solely by the gross negligence or willful misconduct committed in bad faith of District or any District Representative. Tenant shall be responsible for setting up accounts with the appropriate utility providers for data and telecommunications service, and shall pay for these services in a timely manner. Tenant shall be solely responsible to effectuate and pay for any data or telecommunications upgrades at the Premises if Tenant elects to upgrade the existing connection, conduits, lines, wiring, or equipment related to the data/telecommunications utilities.

8. **Solid Waste Removal.** Tenant intends to remove contamination and other debris (the “**Contaminated Debris**”) from the Secondary Fibers that it delivers to the Premises. If any of the Contaminated Debris is considered to be Hazardous Material or is otherwise not allowed to be disposed of at a local, municipal solid waste landfill, including, without limitation, the Frank R. Bowerman Landfill, the Olinda Alpha Landfill or the El Sobrante Landfill (collectively, the “**Landfills**”) pursuant to applicable Laws, Existing Conditions, or the requirements of the District, then Tenant shall be solely responsible for the proper disposal of such Contaminated Debris in accordance with applicable Laws, Existing Conditions, requirements of the District, and the provisions of this Lease. Contaminated Debris that is NOT Hazardous Material and that may be disposed of at the Landfills (“**Allowable Contamination**”) shall be placed by Tenant at its sole expense at a location on the Main Tipping Floor at the MRF (as depicted on Exhibit A) designated by the District. Tenant shall inform the District’s Solid Waste Operations Supervisor for the Premises prior to placing the Allowable Contamination on the Main Tipping Floor and shall comply with all requirements and directions of the District (as amended or enacted from time to time) (collectively, “**District Tipping Floor Rules**”) in placing the Allowable Contamination on the Main Tipping Floor. In addition, Tenant shall indemnify, defend, and hold harmless the District and the Indemnified Parties (as defined in Section 16 Tenant Indemnification) from and against any and all claims, injuries, damages, suits, causes of action, liabilities, fees and costs (including attorneys’ fees) arising from or related to Tenant’s placement of the Allowable Contamination on the Main Tipping Floor or violation of any applicable Laws or District Tipping Floor Rules. The District shall be solely responsible for the disposal of the Allowable Contamination provided that the amount of Allowable Contamination is less than or equal to 0.6 percent (0.6%) of the net inbound weight of Secondary Fibers delivered to the Premises by Tenant during any calendar month, as determined solely by the District. For the purposes of this Lease, the Parties assumed that Tenant would break thirty (30) percent of the baled Secondary Fibers it delivers to DART for removal of contamination and that there would be two percent or less Allowable Contamination by weight in that Secondary Fibers (i.e. $0.3 \times 0.02 = 0.006$). If the amount of Allowable Contamination is greater than 0.6 percent (0.6%) of the net inbound weight of Secondary Fibers delivered to the Premises by Tenant during any calendar month, as determined solely by the District, then Tenant shall pay the District for the weight of the Allowable Contamination that is in excess of 0.6 percent (0.6%) at a rate equal to the posted tipping fee at DART for municipal solid waste. For example, if during a given month the Tenant delivers 5,000 tons of Secondary Fibers to DART, Tenant generates 33 tons of Allowable Contamination and the posted tipping fee for municipal solid waste at DART, which as of July 1, 2021 is \$78.92 per ton, then for that month Tenant would pay the District \$236.76 for the disposal of the excess Allowable Contamination ($5,000 \text{ tons} \times 0.006 = 30 \text{ tons of Allowable Contamination}$, the excess Allowable Contamination = $33 - 30 = 3 \text{ tons}$, $3 \times \$78.92 = \236.76). By the fifth (5th) business day of each calendar month the District shall mail and email to the Tenant an invoice for the excess Allowable Contamination that is due for the immediately preceding calendar month. The Tenant shall pay such invoices within five (5) business days of receipt of the emailed invoice. The District’s calculation of the excess Allowable Contamination and the payment therefor is conclusive and binding upon the Tenant.

9. **Access.**

9.1 **Commercial Access.** Tenant shall ensure that any and all commercial vehicles enter DART at the intersection of Regentview Avenue and Washburn Road , then drive southerly from the

entrance to the Inbound Scales, then turn left in an easterly direction around the MRF Building, then turn left in a northerly direction to the Loading Docks, and back into the Loading Docks. Upon departing the Loading Docks, Tenant shall ensure that commercial vehicles drive northerly to the Outbound Scale, continue northerly to Downey Norwalk Road, and turn left for access to surface streets and area freeways.

9.2 Employee Access. Tenant shall ensure that any and all passenger vehicles access the employee parking either by the driveway accessing Regentview Avenue at the northwest side of DART or by the driveway accessing Downey Norwalk Road at the north side of DART.

9.3 Depiction of Access. The access routes described in this section are depicted on Exhibits A and B. Tenant shall ensure that all Tenant Parties (including, without limitation, drivers of its trucks) are aware of, understand, and abide by the access routes as described and depicted in this Lease.

9.4 Schedule. Tenant shall have access to DART only during the hours that the District posts at DART for the acceptance of municipal solid waste from the public. Tenant acknowledges that such hours may change from time to time.

9.5 Restrictions on Access and Use of Non-Exclusive Use Areas.

9.5.1 Use of Commercial Access Route. Subject to any rights, powers, and privileges reserved by District under the terms of this Lease, Tenant and all Tenant Parties will have non-exclusive use of the Commercial Access Route for ingress and egress to the Premises and non-exclusive use of the Non-Exclusive Use Areas. Tenant acknowledges that District and other individuals and entities have the right to use the Commercial Access Route and the Non-Exclusive Use Areas. The rights granted to Tenant to use the Commercial Access Route or the Non-Exclusive Use Areas do not include the right to store any property, equipment or vehicles, temporarily or permanently, on any of these areas or to use the Commercial Access Route or the Non-Exclusive Use Areas for any purpose except only as expressly provided in this Lease. Tenant shall not make any Alterations (as defined below) to the Commercial Access Route, the Non-Exclusive Use Areas or any aspect thereof without the prior written consent of the Chief Engineer which consent may be withheld in the Chief Engineer's sole and absolute discretion. Tenant shall not interfere with the use of the Commercial Access Route or the Non-Exclusive Use Areas by the District or any other person or entity.

9.5.2 Rules and Regulations. The District may, from time to time, install directional or traffic signage or establish, modify, amend, and enforce reasonable Rules and Regulations for the management, safety, maintenance and repair of any part of the Commercial Access Route or the Non-Exclusive Use Areas. Tenant shall abide by all such signage and such Rules and Regulations and shall ensure that all Tenant Parties abide by such signage and Rules and Regulations.

- 9.5.3 Maintenance of Commercial Access Route. The District shall maintain in good order, condition and repair the Commercial Access Route and the Non-Exclusive Use Areas. However, if any portion of the Commercial Access Route or any of the Non-Exclusive Use Areas is damaged by the acts, omissions, or negligence of Tenant or any Tenant Party, then Tenant shall immediately repair such damage to the satisfaction of the District at Tenant's sole cost and expense. To minimize the impact to the day-to-day operation at DART, Tenant shall tow away broken-down commercial vehicles within two (2) hours of breaking down at Tenant's sole cost and expense.
- 9.5.4 Termination of Right to Use Commercial Access Route; No Assignment. Tenant's right to use the Commercial Access Route and the Non-Exclusive Use Areas will terminate upon expiration or earlier termination of this Lease. Tenant shall not sell, transfer, convey, exchange, assign, pledge, hypothecate, dispose of, or encumber, voluntarily, involuntarily, by operation of law or otherwise its right to use the Commercial Access Route or the Non-Exclusive Use Areas or any portion thereof.
- 9.5.5 District's Rights. The District may, in its sole and absolute discretion, from time to time:
- (a) Make changes to the Commercial Access Route or any of the Non-Exclusive Use Areas as long as reasonable access to the Premises remains available;
 - (b) Close temporarily any portion of the Commercial Access Route or any of the Non-Exclusive Use Areas for maintenance or repair purposes as long as reasonable access to the Premises remains available;
 - (c) Add improvements and other structures to the Commercial Access Route or any of the Non-Exclusive Use Areas; and
 - (d) Do and perform such other acts and make such other changes in, to or with respect to the Commercial Access Route or any of the Non-Exclusive Use Areas as the District deems reasonably appropriate and so long as such acts or changes do not materially and adversely interfere with Tenant's access to or from the Premises.

10. Use of Commercial Access Route and Employee Parking Lot.

- 10.1 Tenant shall use commercially reasonable efforts in exercising any non-exclusive rights hereunder to coordinate its activities with respect to access to the Premises with the District's site representative (as designated in Section 27) so as not to unreasonably interfere with the District's use or other permitted users of the District's adjacent facilities.
- 10.2 Tenant assumes full responsibility for ensuring that all Tenant Parties comply with the provisions of this Lease, any signage in the Commercial Access Route, Employee Parking Lot or Non-Exclusive Use Areas, and any Rules or Regulations established by the District.
- 10.3 Tenant acknowledges the existence of a special Traffic Congestion Area ("**Traffic Congestion Area**") located at the northeast corner of the MRF and entrance to the Loading Dock (as depicted on Exhibits A and B). Tenant's commercial vehicles will be backing in westerly

through this Traffic Congestion Area to the Loading Dock, through which other individuals and entities will also be driving other vehicles northerly to the Outbound Scale. In addition, pedestrians will be walking in multiple directions in the Traffic Congestion Area. Although District may (but is not obligated to) provide traffic directors to provide direction in the Traffic Congestion Area, Tenant remains fully responsible for the safety of all Tenant Parties on and around the Site as permitted under this Lease (including the Traffic Congestion Area), as well as the drivers and vehicles operated by other individuals and entities and all pedestrians walking on the Property (including the Traffic Congestion Area). Tenant shall ensure that all Tenant Parties (whether driving or walking on the Property or working thereon) comply with any and all requirements of the District, and the directions of the District traffic directors (if present). To minimize congestion, Tenant shall ensure that commercial vehicles back into the Loading Dock within two minutes of arrival into the Traffic Congestion Area.

11. Signage. Tenant shall not construct, maintain, or allow any signs (except signs related to safety measures), banners, flags or similar signage upon the Premises without the District's prior written consent, which shall not be unreasonably withheld. Unapproved signs, banners, flags, or similar signage may be removed by the District at its discretion without prior notice to Tenant. Sign rights granted to Tenant pursuant to this Lease will be personal to Tenant and may not be assigned. Tenant shall ensure that any approved signage and the installation and maintenance thereof complies with all applicable Laws and Existing Conditions.

12. Maintenance & Repair.

12.1 Tenant's Obligations.

12.1.1 Tenant's Maintenance Obligations. Except only as specifically set forth in Section 12.2.1, District's Maintenance Obligations, Tenant, at its sole cost and to the satisfaction of the Chief Engineer, shall maintain in good order and condition and perform repair and preventative maintenance of all aspects of the Loading Dock and the Premises (including, without limitation, the Baler and Conveyor Belts 20, 21, 22 and 23) in accordance with manufacturer's and District's standards and in accordance with applicable Laws. Tenant shall keep the Premises clean, neat, sanitary and free and clear of rubbish, litter and graffiti at Tenant's sole cost. Tenant shall not conduct any activities on the Site that have the potential to contribute pollutants to the District's stormwater and shall immediately clean to the District's satisfaction any leaks from its trucks, forklifts or other vehicles. Tenant shall store oils and maintenance fluids in the designated lube/oil storage area shown on Exhibit A and in accordance with District requirements and applicable Laws.

12.1.2 Tenant's Repair Obligations. Tenant at its sole cost and to the satisfaction of the Chief Engineer, shall repair any damage to the Site (or any part thereof) caused in whole or in part by the negligence, act or omission of Tenant or any Tenant Party. If such repair to the Site is not completed by Tenant in a reasonable amount of time, Tenant shall reimburse the District's actual costs to repair such property damage. Following an accident in which Tenant or any Tenant Party damages the Site, an accident report may be created by the District and shall be signed by Tenant promptly upon District's

request. Tenant expressly waives and releases its right to make repairs at the District's expense under Sections 1932(1) and 1942 of the California Civil Code or under any other Laws.

12.2 District's Obligations.

12.2.1 District's Maintenance Obligations. District, at its sole cost and expense, shall maintain in good order and condition and perform repair and preventative maintenance of all aspects of the Property that are not included in the Premises, the roof and interior walls of the Premises, and the existing electrical, plumbing, heating, ventilating and air conditioning system, exhaust fans and fire sprinkler system in the Premises. District shall clean the ceiling and interior walls of the Premises in compliance with the Solid Waste Facilities Permit.

12.2.2 District's Repair Obligations. Except for damage caused in whole or in part by the negligence, act or omission of Tenant or any Tenant Party, District will repair at its sole and absolute discretion the roof and interior walls of the Premises, and the existing electrical, plumbing, heating, ventilating and air conditioning system, exhaust fans and fire sprinkler system in the Premises and the portions of the Property not inclusive of the Premises.

12.3 General Obligations. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and the Parties expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease. From time to time the Inbound and Outbound Scales need to be taken out of service on an as-needed basis so that the District can perform maintenance and repairs. The District cannot guarantee that all of the scales will be available at all times during operating hours. When one scale is down, the other available scales will be used by the Parties. The District shall provide reasonable information upon request with respect to the existing stormwater and runoff management facilities at the Premises.

The District shall provide guidance to Tenant (at no cost or liability to the District) for proper operation and maintenance of the Baler and Associated Conveyor Systems; provided, however, Tenant shall be fully responsible for the proper operation, maintenance, and repair of the Baler and the Associated Conveyor Systems by Tenant and all Tenant Parties in accordance with applicable Laws and requirements of the District. The District has no liability to the Tenant in connection with the operation, repair, or maintenance of the Baler, Associated Conveyor Systems or any other equipment at the Property. At the Tenant's request, the District may (but shall not be obligated to) repair or maintain the Baler or Associated Conveyor Systems, if the District has determined that it has the available resources and time to perform such repairs or maintenance. If the District repairs or maintains the Baler and Associated Conveyor Systems, then Tenant shall pay the District on a time and material basis (as determined by the District) within five (5) days after demand for payment. Tenant has sole discretion regarding who performs such repairs and maintenance activities and is not obligated to ask the District to perform such work. If the District performs any repairs or maintenance of the Baler or Associated Conveyor Systems, the District will only warrant that such work was performed in

accordance with the District's customary practices. The District shall have no liability or responsibility for such repair or maintenance work and will not, under any circumstances, be liable for personal injury or injury to Tenant's business or for any loss of income or profit therefrom.

13. **Entry and Inspection.** The District and its authorized agents may, after notice that is reasonable under the circumstances, at all reasonable times during normal business hours and at any time without notice in an urgent situation, enter upon the Premises for the purposes of (a) inspecting the same, confirming that Tenant is complying with its obligations under this Lease, and protecting the interest therein of District, (b) taking all required materials and equipment into the Premises, and performing all work that the District is required or permitted to perform under this Lease, (c) maintaining any service provided by District to Tenant under this Lease, (d) posting notices of non-responsibility, and (e) performing sampling and other activities with respect to stormwater and wastewater monitoring, all without abatement of rent to Tenant for any loss of occupancy or quiet enjoyment of the Premises, or damage, injury or inconvenience resulting from such actions. The District may also enter on or pass through the Premises at such times as are required by circumstances of emergency.

13.1 **Emergencies.** The District may also enter on or pass through the Premises or to access other District property with 24-hour notification provided by the District to Tenant or at any time without notice in case of emergency or for any purpose related to protecting the Property. If Tenant is not personally present when such an entry by District is necessary, the District may enter by any means without liability to Tenant except for any failure to exercise reasonable care for Tenant's property.

13.2 **Miscellaneous.** The District's actions under this Section 13 will not constitute an actual or constructive eviction or relieve Tenant of any obligation with respect to making any repair, replacement, or improvement or complying with any Laws, order, or requirement of any government or other authority. No provision of this section may be construed as obligating the District to perform any repairs, testing, alterations, or other improvements. In addition, Tenant shall cooperate with any utility easement holders in connection with their periodic inspections of, and activities on, their easement areas.

14. **Liens and Encumbrances.** Tenant shall keep the Premises free from any mechanic's, materialman's, architect's, engineer's or other liens or encumbrances, and any claim therefor, arising from any work performed by or on behalf of Tenant. Tenant shall remove any such claim, lien, or encumbrance of record, by bond or otherwise within thirty (30) calendar days after written notice from the District. Tenant shall have no authority, expressed or implied, to create any lien, charge or encumbrance upon the estate of the District in the Property (or any portion thereof).

15. **Insurance.** Tenant shall procure, carry and maintain in full force and effect at all times throughout the duration of this Lease, at Tenant's sole cost and expense, the following insurance coverage with the following limits of insurance, which must be maintained with insurers and under forms or policies satisfactory to the Chief Engineer. The insurance must be written as "occurrence" type policies, must provide for defense costs "ex-limits," and must protect Tenant and the District, and any other persons, firms, or corporations as are designated by the Chief Engineer (collectively, "**Insured Parties**") as having an interest in the Premises, in the manner and at the amounts set forth below:

- 15.1 Commercial General Liability Insurance. Tenant shall procure, carry, and maintain commercial general liability insurance to include coverage for all operations of Tenant under this Lease, including, but not limited to the following: (a) premises, operations, and mobile equipment liability; (b) completed operations and products liability; (c) blanket contractual liability; (d) explosion, collapse, and underground hazards (XCU); (e) personal injury liability. Tenant shall provide the Commercial General Liability Insurance with limits not less than the following: (i) \$3,000,000.00 each occurrence, or for a combined occurrence of bodily injury and property damage; (ii) \$1,000,000.00 completed operations and products liability; and (iii) \$1,000,000.00 personal and advertising injury. Tenant shall provide the policy with an endorsement for a general aggregate limit per project. Defense costs may not be included in said general aggregate limit.
- 15.2 Automobile Liability Insurance. Tenant shall procure, carry, and maintain automobile liability insurance to include coverage for any owned, non-owned, or hired vehicle(s) brought by Tenant or its agents or other invitees on to the Site. The automobile liability insurance policy must have limits of not less than \$2,000,000.00 combined single limits for bodily injury and property damage.
- 15.3 Workers' Compensation and Employer's Liability Insurance. Tenant shall procure, carry, and maintain a policy of workers' compensation insurance as required by any applicable law, regulation or statute. The employer's liability insurance must be provided with limits not less than the following: (i) \$1,000,000.00 each accident; (ii) \$1,000,000.00 disease – policy limits; and (iii) \$1,000,000.00 disease – each employee. The Workers' Compensation and Employer's Liability and Insurance Policy must contain a waiver of subrogation rights against the District and other Insured Parties. Tenant shall provide the Chief Engineer with a copy of an endorsement to the policies reflecting this waiver.
- 15.4 Policies. Prior to the Commencement Date, Tenant shall provide true, correct, and complete policies, relevant endorsements, and certificates of insurance to the District evidencing the following:
- 15.4.1 The insurance policies referred to subsections 15.1 through 15.3 inclusive are in place.
- 15.4.2 The Chief Engineer is to receive prior written notice of a policy cancellation or reduction in coverage for any reason. In that regard, Tenant shall not deliver any certificate that simply contains words to the effect that the insurer will “endeavor” to notify the Chief Engineer of the cancellation or reduction of the policy or that “the failure to mail the notice will impose no obligation of any kind upon the company, its agents or representatives.”
- 15.4.3 An endorsement has been made to the policies naming Insured Parties as additional insureds. The endorsement must be duly-executed and must be in a form acceptable to the Chief Engineer. The endorsement must also provide that the insurance afforded to all of the Insured Parties and the additional insureds is primary insurance and that any insurance carried by or afforded to District, its directors, officers, and employees

and other Insured Parties is excess and not contributing to the insurance required by this Lease.

- 15.4.4 Each of the policies of insurance required by this Lease must contain “Cross Liability” or “Severability of Interest” clauses. No policy may contain any exclusion regarding loss or damage to property caused by explosion, collapse of buildings or structures or damage to property underground, premises-operation, completed operations, contractual insurance, and independent District’s coverages. Each of the policies required by this Lease must contain a provision or endorsement stating that the insurance, subject to all of its other terms and conditions, applies to the liability assumed by Tenant under this Lease. Any endorsement must be in a form acceptable to the Chief Engineer.
- 15.4.5 Tenant may satisfy minimum coverage amounts listed in Section 15.1 to 15.3 inclusive above by a combination of one or more primary insurance policies and umbrella or excess coverage policies on which Tenant is the named insured. Tenant may also use those policies in connection with satisfying the requirements of this Section 15.4.
- 15.5 Insurers. Tenant shall provide said insurance coverages through insurers that have at least an “A” policyholders rating and an “X” financial rating in accordance with the current Best’s Key Rating Guide. In the event the coverage evidenced by any certificate is canceled or reduced, Tenant shall procure and furnish to the Chief Engineer new certificates of insurance and policies conforming to the above requirements at least five (5) calendar days before the effective date of cancellation. If Tenant fails to procure and maintain any insurance required by this Lease, the District may procure the insurance and charge the expense to Tenant as additional Rent or the Chief Engineer may terminate this Lease upon failure of Tenant to procure the insurance within 48 hours written notice demanding Tenant do so, at her sole discretion. The District’s or Chief Engineer’s failure to enforce any provision of this Section 15 will not act as a waiver of Tenant’s obligation to procure the required insurance or as a waiver of enforcement of any of the provisions of this Section 15 at a later date. The District is not obligated to procure or maintain the above required insurance if Tenant fails to do so. All requirements of this Section 15 apply to Tenant’s operators at the Premises, contractors and sub-contractors, and Tenant shall cause all of its operators at the Premises, contractors and sub-contractors to comply with the provisions of this Section 15 and be responsible to the District for compliance. The foregoing requirements constitute Tenant’s minimum insurance requirements.
- 15.6 Waiver and Release. Tenant waives and releases the District from any damages resulting from any interruption of Tenant’s business, including but not limited to, damages resulting from any loss of income or business resulting from the District’s actions relating to the cancellation, termination, or expiration of Tenant’s insurance policies. The Tenant further releases and relieves each of the Insured Parties and waives its entire right of recovery for loss or damage arising out of or incident to the perils insured against which perils occur in, on or about the Property, whether due to the negligence of the Insured Party or Tenant, or their agents, employees, contractors, and/or invitees. This is a waiver of subrogation clause and the Tenant shall, upon obtaining the policies of insurance required by this clause, give notice to the

insurance carrier or carriers that the foregoing waiver of subrogation is contained in this Lease. District will procure a waiver of subrogation on Tenant's behalf with respect to any insurance policies that District obtains to cover the Premises.

15.7 Personal Property. Tenant warrants and represents to the District that Tenant maintains insurance in adequate amounts for all personal property of the Tenant located in or at the Property, including, without limitation, fixtures, furnishings, equipment, and furniture ("**Personal Property**"). The District will not be liable for injury or damage to the goods, wares, merchandise, fixtures, furnishings, equipment, furniture, or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the Site whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain or from any other cause. The District will under no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

15.8 District's Insurance. Any and all insurance policies held by District will be in excess and not contributing to the insurance required to be obtained and maintained by Tenant pursuant to the terms of this Lease.

16. Indemnification. Tenant shall indemnify, protect, defend and hold harmless the District and all other County Sanitation Districts of Los Angeles County, and their respective successors, assigns, partners, directors, officers, trustees, beneficiaries, members, employees, agents, lenders, attorneys and affiliates (collectively, the "**Indemnified Parties**") from and against any and all claims, injuries, loss of rents, damages, liens, suits, causes of action, judgments, penalties, attorneys' and consultants' fees, expenses and liabilities ("**Claims**") to the extent arising out of the negligence or any act or omission of Tenant or any Tenant Party, a default, breach, or Event of Default (as defined below) on the part of Tenant under this Lease, any misrepresentation on the part of Tenant under this Lease, the occupancy or use of the Property (or any part thereof) by Tenant or any Tenant Party, or the entry by Tenant or any Tenant Party onto the Site. If any action or proceeding is brought against an Indemnified Party, by reason of any of the foregoing matters, Tenant shall, upon written notice from the Indemnified Party, defend that Indemnified Party, at Tenant's sole expense, by counsel reasonably satisfactory to such Indemnified Party. The Indemnified Party need not have first paid any such claim in order to be defended or indemnified. All indemnities in favor of District under this Lease survive the expiration or termination of the Lease.

17. Environmental.

17.1 Definitions. The following defined terms are made a part of this Lease.

17.1.1 "**Environmental Laws**" means any federal, state or local statute, regulation or ordinance or any judicial or administrative decree or decision, whether now existing or hereafter enacted, promulgated or issued, with respect to any Hazardous Materials, groundwater, surface water, wetlands, landfills, open dumps, storage tanks, underground storage tanks, waste including solid waste, waste water, storm water runoff, or air emissions. Without limiting the generality of the foregoing, the term encompasses each of the following statutes, and regulations, orders, decrees, permits and licenses now or hereafter promulgated thereunder, and amendments and successors

to such statutes and regulations as may be enacted and promulgated from time to time during the term of this Lease: (A) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) (“**CERCLA**”) and its amendments; (B) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); (C) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.); (D) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (E) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (F) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (G) the Safe Drinking Water Act (Section 300f et seq.); (H) the Uranium Mill Tailings Radiation Control Act (42 U.S.C. Section 7901 et seq.); (I) the Occupational Safety and Health Act (29 U.S.C. Section 655 et seq.); (J) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (K) the Noise Control Act (42 U.S.C. Section 4901 et seq.); and (L) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 11001 et seq.).

17.1.2 “**Governmental Authority**” means the United States, the State of California and any political subdivision thereof, and any and all agencies, departments, commissions, boards, bureaus, bodies, councils, offices, authorities, or instrumentality of any of them (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

17.1.3 “**Hazardous Materials**” means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Laws. Without limiting the generality of the foregoing, the term will mean and include:

(a) Hazardous Substances or Hazardous Substance as defined in CERCLA, the Superfund Amendments and Reauthorization Act of 1986, or Title III of the Superfund Amendment and Reauthorization Act, each as amended, and regulations promulgated thereunder including, but not limited to, asbestos or any substance containing asbestos, polychlorinated biphenyls, any explosives, radioactive materials, chemicals known or suspected to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions, infectious wastes, any petroleum or petroleum-derived waste or product or related materials and any items defined as hazardous, special or toxic materials, substances or waste, lead or lead-containing materials, urea formaldehyde foam insulation and polyfluoroalkyl substances, perfluorooctanoic acid, and perfluorooctane sulfonate.

(b) Hazardous Waste as defined in the Resource Conservation and Recovery Act of 1976, as amended, and regulations promulgated thereunder.

(c) Materials defined as Hazardous Materials in the Hazardous Materials Transportation Act, as amended, and regulations promulgated thereunder.

(d) Chemical Substance or Mixture as defined in the Toxic Substances Control Act, as amended, and regulations promulgated thereunder.

17.1.4 “**Release**” or “**Released**” will mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, discarding,

burying, abandoning, or disposing into the environment that is not authorized by Environmental Law.

17.1.5 “**Remediation**” or “**Remediate**” means the cleanup or removal of Hazardous Materials Released, such actions as may be necessary to take in the event of the Release or the threat of Release of Hazardous Materials, such actions as may be necessary to comply with any Environmental Laws, or required by the District or any Governmental Authority to monitor, assess, and evaluate the Release or threat of Release of Hazardous Materials, the disposal of removed material, or the taking of such other actions as may be necessary to prevent, minimize, or mitigate damage to the public health or welfare or to the environment, which may otherwise result from a Release or threat of Release of Hazardous Materials.

17.2 Environmental Laws. Tenant shall comply with all Environmental Laws and shall defend, indemnify and hold harmless the Indemnified Parties from and against all Claims arising from or related to the use, storage, disposal, transport or handling, or the emission, discharge or Release of any Hazardous Material from, or any alleged violation of any Environmental Law, on or at the Site as a result of any act, omission, or negligence on the part of Tenant or any Tenant Party. Notwithstanding the foregoing, this indemnity will not apply to Claims arising solely from (a) Pre-Existing Environmental Contamination, (b) the migration of any Hazardous Materials onto the Property from outside the Premises or the Property, or (c) any Hazardous Materials brought onto the Property during the term of this Lease by the District or any District Representative or any third party acting on behalf of the District.

17.3 Compliance. Tenant shall ensure that all Tenant Parties and other individuals or entities entering upon the Property at the request or invitation of Tenant do not bring onto, maintain upon, use or Release in or about the Site any Hazardous Materials except as provided herein. Tenant agrees that it shall not use, or permit any Tenant party to use, the Site or any other part of the Site for the unlawful production, generation, manufacture, treatment, transportation, storage or disposal of any Hazardous Substance.

17.3.1 Authorized Hazardous Products. Tenant’s employees, agents, and other individuals or entities entering upon the Premises at the request or invitation of Tenant may bring into and maintain upon or about the Premises Hazardous Materials only if:

(a) Those specific Hazardous Materials have been approved in advance, in writing by the Chief Engineer (“**Authorized Hazardous Products**”), and

(b) The Authorized Hazardous Products are maintained only in quantities reasonably necessary for Tenant’s operations at the Premises, and

(c) The Authorized Hazardous Products and any equipment that generates the Authorized Hazardous Products are used and stored strictly in accordance with all applicable Laws (including Environmental Laws), the standards prevailing in the industry for those Authorized Hazardous Products and the manufacturers’ instructions, and

- (d) The Authorized Hazardous Products are not disposed of in or about the Site and are not used in a manner that would constitute a Release of those substances, and
- (e) All the Authorized Hazardous Products and any equipment that generates or holds Authorized Hazardous Products are removed from the Premises by Tenant prior to the expiration or earlier termination of this Lease.

17.4 Clean-up Obligations. Tenant shall furnish to the District immediately, and in any case no later than three (3)) calendar days after Tenant's receipt, copies of all notices and other communications received by Tenant with respect to any actual or alleged Release of any Hazardous Material in or about the Site. Tenant shall, whether or not Tenant receives any notice or communication, notify the District in writing of any discharge or Release of Hazardous Material on the Site that comes to Tenant's attention. In the event that Tenant is required to maintain any Hazardous Materials license or permit in connection with any use conducted by Tenant or any equipment operated by Tenant at the Property, Tenant shall provide copies of each license or permit, each renewal of any license or permit, and any communication relating to suspension, renewal, or revocation of any license or permit. Copies of those documents must be furnished to the District within ten (10) calendar days after receipt of or submission by Tenant. Tenant's compliance with the immediately preceding sentences will not relieve Tenant of any obligation of Tenant under this Lease. With respect to the Site, Tenant shall diligently and promptly commence, prosecute, and complete the clean-up and removal of all Hazardous Materials introduced into or on the Site by Tenant or any Tenant Party. Except for any violation of Environmental Laws that relates to the migration of Hazardous Materials from outside of the Premises or any Remediation as a result thereof, or any Release of Hazardous Materials to the extent caused by the District or any of its agents, contractors, employees, representatives, invitees or any third party, or any Pre-Existing Environmental Contamination, Tenant at its sole expense shall Remediate the impacted areas to all applicable regulatory standards. Tenant shall undertake all testing and investigation required by any Governmental Authorities, promptly prepare and implement any remedial action plan required by any Governmental Authorities, and obtain all regulatory approvals for verification and closure. Tenant shall conduct all Remediation under this section to the reasonable satisfaction of the Chief Engineer and all applicable Governmental Authorities. Tenant shall inform the District (in writing on a weekly basis) of its progress, and the District may participate in all communications and meetings related to any Remediation undertaken by Tenant. Tenant shall promptly provide to District copies of all studies, consultant reports, and correspondence related to any testing or clean-up actions undertaken by or on behalf of Tenant. Subject to the terms and conditions of this Lease, the District may enter, inspect, and test the Premises for violations of Tenant's obligations under this section. If Tenant removes any soils from the Premises for any reason, then Tenant shall promptly fill the Premises to an at-grade level with clean fill compacted at the level of prior compaction, all to the satisfaction of District.

17.5 Pre-Existing Environmental Conditions. The District agrees to assume the cost and expense for any and all Remediation that may be required during the term of this Lease by any Governmental Authority (including, without limitation, any federal or state court, any federal, state or local agency with jurisdiction over the Premises) or any third party (including, without limitation, an owner of land in the vicinity of the Premises) for any and all materials, pollutants,

irritants, contaminants and Hazardous Materials existing in, on, under, or emanating from the soil, surface water, groundwater or subsurface at the Premises, in each case that existed at the Site solely prior to the Commencement Date (“**Pre-Existing Environmental Contamination**”).

17.6 District Indemnity. The District shall defend, indemnify and hold Tenant harmless from and against any Claims arising solely out of (a) Pre-Existing Environmental Contamination, or (b) any Hazardous Materials brought onto the Premises during the term of this Lease by the District or any District Representative or any third party acting on behalf of the District. As used in this Section 17.6, Hazardous Materials shall be deemed to include Pre-Existing Environmental Contamination.

18. Surrender, Restoration and Holding Over. Tenant shall deliver up and surrender to the District possession of the Premises, specifically including the Baler and Associated Conveyor Systems, and use of the Property, upon the expiration of the Lease or its termination in any way in accordance with its terms, in good working order and repair, ordinary wear and tear excepted. Upon surrender of possession of the Premises and use of the Property, Tenant shall remove any tenant improvements and restore the Property to the condition existing upon the Commencement Date. If Tenant fails to surrender the Property or fails to restore the Property upon expiration or termination of this Lease, Tenant shall be in breach of this Lease. Notwithstanding anything to the contrary contained in this Lease, if Tenant continues in possession of the Premises or use of the Property following the expiration or termination of this Lease, the monthly Base Rent will increase, automatically and without notice, to an amount equal to 150% of the Base Rent paid by Tenant immediately prior to such holdover commencing. The Parties agree that the foregoing amount of Base Rent payable during any hold over by Tenant is a reasonable amount. The foregoing is not to be construed to waive, limit or impair, in any way, any of District’s rights or remedies under this Lease, at law or equity, in the event of the expiration or termination of the Lease or in the event of any default or breach on the part of Tenant. Tenant shall indemnify, defend, protect and hold harmless all Indemnified Parties from and against any and all Claims whether direct or indirect, known or unknown, or foreseen or unforeseen, which may arise from or be related to Tenant’s continued possession of the Premises following the expiration or termination of this Lease.

19. Assignment and Subletting. Tenant shall not, without the prior written consent of District (which consent may be withheld in the District’s sole and absolute discretion) sublease the Premises or any part thereof, sell, transfer, convey, exchange, assign, mortgage, pledge, hypothecate, dispose of, or encumber, voluntarily, involuntarily, by operation of law or otherwise this Lease (or any portion thereof) or its rights hereunder, or permit the use of the Premises by any individuals or entities other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "Transfer"). Any assignment for the benefit of creditors or any sale, assignment, conveyance, exchange, transfer, disposition, pledge, hypothecation or encumbering of all or any part of the beneficial or ownership interest, or voting shares, of Tenant, whether voluntarily, involuntarily, by operation of law, or otherwise is deemed to constitute a Transfer requiring the District’s prior written consent under this Lease. In addition, Tenant shall not permit any third-party contractors to provide operational services at the Premises without the prior written consent of the District which consent may be withheld in the District’s sole and absolute discretion.

20. Casualty/Condemnation.

- 20.1 Casualty. If Tenant causes damage to or the destruction of facilities or improvements located within the Premises, or if facilities or improvements located with the Premises are declared unsafe or unfit for use or occupancy by a public entity with jurisdiction, then Tenant shall commence repair or replacement of the improvements as required or permitted under this section as soon as practical, but no later than ninety (90) calendar days after the event that caused the damage or destruction. Tenant shall diligently perform such repairs to completion. If Tenant does not commence the repairs within ninety (90) calendar days, the District may undertake the repairs. Tenant shall reimburse the District for the actual and documented cost of any such repair costs undertaken by the District. If Tenant does not reimburse the District for repair costs, the District will deliver a notice of nonpayment requiring Tenant to pay within five (5) business days. Upon the passage of the five (5) business days, the District will be authorized to withdraw this cost from the Security Deposit; provided, however, the District's withdrawal of such cost from the Security Deposit will not be deemed to constitute a waiver of any default or breach under this Lease on the part of Tenant for Tenant's failure to reimburse District for the repair costs as referred to above. Tenant shall repair all aspects of the Premises in accordance with the provisions of this Lease and to the reasonable satisfaction of the District. If the Site is damaged or destroyed through no negligence, act or omission of Tenant and, as a result of such damage or destruction, the Property is not suitable for the use expressly set forth in this Lease, Tenant shall have the option to terminate this Lease by delivering written notice to District within sixty (60) calendar days following the occurrence of such damage or destruction, in which event this Lease will terminate as of the date specified in Tenant's notice. If Tenant does not terminate this Lease as provided above in strict accordance with the time period set forth in the immediately preceding sentence, this Lease will continue in full force and effect. Rent (including, without limitation, the Base Rent) will abate during restoration and repair of the Premises in direct proportion to the percentage of the Premises which is unusable by Tenant, as determined by the District. District has no obligation to restore or repair the Premises except only as provided in Section 12.2.2 District's Repair Obligations.
- 20.2 Eminent Domain. If greater than 25% of the area of the Premises is taken under power of eminent domain, this Lease will terminate as of the date of that condemnation, or as of the date possession is taken by the condemning authority, whichever first occurs. No award for any taking will be apportioned, and Tenant hereby assigns to the District any award made in such taking or condemnation together with all rights of Tenant in or to the same or any part of the Premises. The District shall not retain any interest in or require Tenant to assign to the District any award made to Tenant for the taking of the personal property and fixtures of Tenant, the value of Tenant's leasehold estate, or the goodwill of Tenant's business, or for the interruption of or damage to Tenant's business, provided that the award does not diminish any award to the District. The District may, without any obligation to Tenant, agree to sell or convey the Property, or any portion of the Property, to the condemning authority free from the Lease, and the rights of Tenant under the Lease otherwise will terminate without the institution of any action or proceeding by the District. The District's agreement to sell or convey any portion of the Property will not prejudice or impair Tenant's statutory right to recover relocation benefits and business interruption losses.

21. **Trade Fixtures, Machinery, Equipment and Property.** The District agrees that all trade fixtures, machinery, equipment, furniture, or other property of any kind and nature kept or installed upon the Premises by Tenant (including all inventory transported to the Premises for handling or storage) will not become the property of the District or a part of the realty no matter how affixed to the Premises and may be removed by Tenant at any time, subject to Sections 22.5 and 22.6 below.

22. **Alterations and Trade Fixtures.**

22.1 **Approval.** Any alterations, additions, or improvements made by or on behalf of Tenant to the Premises (“**Alterations**”) are subject to District’s prior written consent which consent may be withheld in District’s sole and absolute discretion; provided, however, Tenant may make non-structural Alterations to the MRF (excluding the roof) or may paint the interior of buildings on the Premises and exterior pavement on the Premises (including striping for parking or traffic), without the District’s consent but upon prior written notice to the District, as long as such Alterations do not involve puncturing, relocating, or removing the roof, ceilings, floors or any load bearing walls and will not affect the Building Systems (as defined below). If Tenant is making an Alteration that requires the District’s consent as provided in this section, Tenant, at its sole cost and expense, shall cause plans and specifications (“**Plans and Specifications**”) to be prepared for such Alterations. Tenant shall submit the Plans and Specifications to the Chief Engineer for review and approval and shall not undertake any Alterations unless and until such Plans and Specifications have been approved, in writing, by the Chief Engineer. Tenant shall pay the District’s reasonable costs for review of the Plans and Specifications for the proposed Alterations. Tenant shall be solely responsible for constructing any Alterations. Tenant shall construct the Alterations in accordance with the approved Plans and Specifications.

22.2 **Standard of Construction.** All Alterations will be constructed at Tenant’s sole cost and expense, in a good and workmanlike manner that conforms to all applicable Laws, and by contractors reasonably acceptable to District. Tenant shall only use good grades of materials. District may monitor construction of the Alterations. District’s right to review Plans and Specifications and to monitor construction will be solely for its own benefit, and District shall have no duty to see that such Plans and Specifications or construction comply with applicable Laws. Tenant shall obtain any and all applicable permits and governmental approvals with respect to all Alterations performed by Tenant and shall immediately provide to the District copies thereof upon receipt.

22.3 **Payment by Tenant.** Tenant shall provide District with the identities and mailing addresses of all persons performing work or supplying materials, prior to beginning such construction, and District may post on and about the Property notices of non-responsibility pursuant to applicable Law. Tenant shall furnish security or make other arrangements satisfactory to District to assure payment for the completion of all work free and clear of liens and shall provide certificates of insurance for worker’s compensation and other coverage in amounts and from an insurance company satisfactory to District protecting District against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to District sworn statements setting forth the names of all contractors and subcontractors who did work on the Alterations and final lien waivers from all such contractors and subcontractors.

- 22.4 Prevailing Wages. In connection with any construction, alteration, demolition, installation, or repair work performed at the Premises (including Line C Removal Work), Tenant shall pay no less than the prevailing wages ascertained and published by the California Department of Industrial Relations and on file with the County's Board of Supervisors if prevailing wages are required to be paid pursuant to applicable Laws. Tenant shall cause notices of prevailing wages to be posted as required by the California Labor Code and other applicable Laws.
- 22.5 Alterations and Improvements upon Surrender. Upon surrender of the Premises, all Alterations and any leasehold improvements constructed by District or Tenant shall remain on the Premises as District's property, except to the extent District's requires removal at Tenant's expense of any such items or District and Tenant have otherwise agreed in writing in connection with District's consent to any Alterations. Prior to the expiration or termination of this Lease, Tenant, at its sole expense, shall repair any and all damage caused by such removal and restore the Premises to their condition existing upon the Commencement Date, normal wear and tear excepted.
- 22.6 Trade Fixtures. Tenant, at its own cost and expense and without District's prior approval, but upon prior written notice to the District, may erect such shelves, bins, machinery and trade fixtures (collectively "**Trade Fixtures**") in support of its Business Objective provided that such items do not alter the basic character of the Premises, do not overload or damage the Premises, and may be removed without damage to the Premises, and the construction, erection, and installation thereof complies with all applicable Laws and with District's requirements set forth in this Lease, including, without limitation, the provisions set forth in this sentence. Prior to the expiration or termination of this Lease, Tenant, at its sole expense, shall remove its Trade Fixtures. In the event Trade Fixtures cause unintended damage to the Premises, Tenant shall repair any and all damage caused by such removal.

23. Default.

- 23.1 Tenant Default. The following events constitute events of default (an "**Event of Default**") on the part of Tenant under this Lease:
- 23.1.1 Tenant's failure to pay rent within three (3) business days after notice of non-payment received from District.
- 23.1.2 Tenant's failure to establish and maintain a Security Deposit in sufficient amount as described in Section 5 above.
- 23.1.3 In case of or in anticipation of bankruptcy, insolvency, or financial difficulties:
- (a) The making by Tenant or any Guarantor of any general assignment for the benefit of creditors;
 - (b) A case is commenced by or against Tenant or any Guarantor under Chapters 7, 11, or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so, commenced against Tenant, the same is not dismissed within sixty (60) calendar days;

- (c) The appointment of a trustee or receiver to take possession of substantially all of Tenant's or any Guarantor's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) calendar days; or
 - (d) Tenant's convening of a meeting of its creditors or any class of its creditors for the purpose of affecting a moratorium upon or composition of its debts.
- 23.1.4 Tenant's failure to perform any other obligation under this Lease within thirty (30) calendar days following receipt of written notice from District; provided, however, that if due to the nature of such breach, cure is not reasonably possible within such 30-day period, Tenant shall not be deemed in breach if cure is commenced within the initial 30-day period and diligently pursued to completion provided however, in no event will Tenant's cure period exceed sixty (60) calendar days.
- 23.1.5 The discovery that any financial statement of Tenant or of any Guarantor given to District was false.
- 23.1.6 A misrepresentation by Tenant under this Lease.
- 23.1.7 The death or incapacity of a Guarantor.
- 23.1.8 The termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of the Guaranty.
- 23.1.9 The Guarantor becoming insolvent or the subject of a bankruptcy filing.
- 23.1.10 Guarantor's refusal to honor the Guaranty.
- 23.1.11 A Guarantor's breach of its guaranty obligation on an anticipatory basis.

24. District's Remedies.

24.1 Rights and Remedies. Upon the occurrence of any breach or Event of Default on the part of Tenant, District shall have the following rights and remedies, in addition to those allowed by law or in equity, any one or more of which may be exercised or not exercised without precluding the District from exercising any other remedy provided in this Lease or otherwise allowed by law or in equity:

- 24.1.1 Termination. The District may terminate this Lease and all rights of Tenant under this Lease by giving written notice of termination to Tenant. In the event that the District elects to terminate this Lease, the District may recover from Tenant:
 - (a) Damages permitted by California Civil Code Sec. 1951.2(a), including the worth at the time of award of the unpaid rent which had been earned at the time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Tenant proves could have been reasonably

avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and any other amount necessary to compensate the District for all the detriment proximately caused by the Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, without limitation, the cost of recovering possession of the Premises, expenses of reletting (including necessary repair, renovation, and alteration of the Premises), brokers' fees incurred, reasonable attorneys' fees, and any other reasonable fees and costs; and

- (b) At the District's election, such other sums in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The "worth at the time of award" of the amounts due prior to and after the date of award will be computed by allowing interest at the rate of the highest rate permitted by Law from the date such amounts accrued to the District. The worth at the time of award of amounts due after the date of award will be computed by discounting those amounts at one (1%) percentage point above the discount rate of the Federal Reserve Bank of San Francisco at the time of award.

24.1.2 Reletting. Without terminating or effecting a forfeiture of this Lease or otherwise relieving Tenant of any obligation under this Lease in the absence of express written notice of the District's election to do so, the District may enter and relet the Premises or any portion thereof at any time or from time to time and for such term(s) and upon such condition(s) and at such rental as the District deems proper. Whether or not the Premises are relet, Tenant shall pay to the District all amounts required under this Lease up to the date that the District terminates Tenant's right to possession, and thereafter Tenant shall pay to the District, until the end of the Term of the Lease, all rent and additional rent required under the terms of this Lease. Payments by Tenant will be due at the times provided in this Lease, and the District need not wait until the termination of this Lease to recover them. Re-letting of the Premises or any portion of the Premises will not relieve Tenant of any obligation under this Lease. Proceeds received by the District from such reletting will be applied: first, to any indebtedness other than rent due from Tenant; second, to costs of reletting; third, to the cost of any alterations and repairs to the Premises; fourth, to rent due and unpaid hereunder. Any residual will be held by the District and applied in payment of future rent as the same becomes due under this Lease. Should that portion of the proceeds received by the District from re-letting applied to payment of rent be less than the rent payable by Tenant during any month, Tenant shall pay such deficiency to the District immediately upon demand. The District may execute any lease under this section in its own name, and the tenant under such lease will have no obligation to see to application by the District of proceeds received by the District, nor will Tenant have any right to collect such proceeds. The District will not by any re-entry or other act be deemed to accept any surrender by Tenant of the Premises or be deemed to terminate this Lease or to relieve Tenant of any obligation under this Lease, unless the District gives Tenant express written notice of the District's election to do so.

- 24.2 Lease to Remain in Effect. Notwithstanding District's right to terminate this Lease, to the extent permitted pursuant to applicable Law, District may, at its option, even though Tenant has breached this Lease and abandoned the Premises, continue this Lease in full force and effect and not terminate Tenant's right to possession, and enforce all of District's rights and remedies under this Lease. Further, in such event District shall be entitled to recover from Tenant all costs of maintenance and preservation of the Premises, and all costs, including attorneys' fees and receivers' fees, incurred in connection with appointment of and performance by a receiver to protect the Premises and District's interest under this Lease. No re-entry or taking possession of the Premises by District shall be construed as an election to terminate this Lease unless a notice (signed by a duly authorized representative of District) of intention to terminate this Lease is given to Tenant.
- 24.3 All Sums Collectible as Rent. All sums due and owing to District by Tenant under this Lease will be collectible by District as rent.
- 24.4 No Surrender. No act or omission by District or its agents during the Term will be an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises will be valid unless made in writing and signed by a duly authorized representative of District. District shall be entitled to a restraining order or injunction to prevent Tenant from defaulting under any of its obligations other than the payment of rent or other sums due hereunder.
- 24.5 Effect of Termination. Neither the termination of this Lease nor the exercise of any remedy under this Lease or otherwise available at law or in equity will affect District's rights of indemnification set forth in this Lease, and all rights to indemnification and other obligations of Tenant intended to be performed after termination or expiration of this Lease will survive termination or expiration of this Lease.
- 24.6 No Waiver. No delay or omission of the District to exercise any right or remedy will be construed as a waiver of such right or remedy of any default by Tenant under this Lease. The acceptance by the District of rent or any other sums under this Lease will not be:
- (a) A waiver of any preceding breach or default by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular rent or sum accepted, regardless of the District's knowledge of such preceding breach or default at the time of acceptance of such rent or sum or,
 - (b) A waiver of the District's right to exercise any remedy available to the District by virtue of such breach or default. No act or thing done by the District or the District's agents during the term of this Lease will be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender will be valid unless in writing and signed by the District.
 - (c) In any action for unlawful detainer, the reasonable rental value of the Premises for the period of the unlawful detainer will be the rent and additional rent reserved in this Lease for such period, unless the District or Tenant proves to the contrary by competent evidence.

(d) The rights and remedies reserved to the District in this Lease, including those not specifically described, will be cumulative, and, except as otherwise provided by California statutory law in effect at the time, the District may pursue any or all of such rights and remedies, at the same time or otherwise.

(e) No delay or omission of the District to exercise any right or remedy will be a waiver of such right or remedy or of any default by Tenant under this Lease.

25. **Tenant Remedies.** If the District fails to perform any of its obligations under this Lease, and the District does not perform such obligation within thirty (30) calendar days after receipt of written notice from Tenant, Tenant shall be entitled to exercise all remedies available to Tenant at law or in equity. Notwithstanding the foregoing, if due to the nature of such default, cure is not reasonably possible within such thirty (30) day period, District shall not be deemed in breach if cure is commenced within the initial thirty (30) day period and diligently pursued to completion.

26. **ADA Accessibility.**

26.1 **CASp Statement.** District makes the following statement based on District's actual knowledge in order to comply with California Civil Code Section 1938: The Premises has not undergone an inspection by a Certified Access Specialist ("CASp").

26.2 **No Representations.** District makes no warranty or representation as to compliance of the Premises with the Americans with Disabilities Act ("ADA") or any similar legislation. Tenant agrees to make any such necessary modifications and/or additions at Tenant's expense.

26.3 **Right to CASp.** A CASp can inspect the Premises and determine whether the Premises comply with all of the applicable construction-related accessibility standards under California law. Although California law does not require a CASp inspection of the Premises, the District may not prohibit Tenant from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of the Tenant, if requested by Tenant. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection.

26.4 **Fee for CASp.** District and Tenant hereby mutually agree that in the event a CASp inspection is requested by Tenant, the fee for the CASp inspection and the cost of making any repairs necessary to correct violations of construction-related accessibility standards noted in the CASp inspection shall be paid solely by Tenant.

27. **Notice.** Any notices or invoices relating to this Lease, and any request, demand, statement or other communication required or permitted hereunder must be in writing and delivered by overnight service (such as FedEx, UPS, etc.), hand delivery, or U.S. Mail, with a courtesy copy by email to the email address set forth below. Each of the Parties shall promptly notify each other of any change of contact information. A notice will be deemed to have been received on (a) the date of delivery, if delivered by hand during regular business hours or if delivered overnight service; or (b) on the third business day following mailing by U.S. mail to the address set forth below.

If to District (for lease administrative issues):

Los Angeles County Sanitation Districts
Attn: Supervisor, Property Management Group
1955 Workman Mill Road
Whittier, CA 90601
(562) 908-4288, extension 2762
property@lacsds.org

If to District's site representative (for coordinating access and all other day-to-day issues):

Los Angeles County Sanitation Districts
Attn: Navnit Padival, Supervising Engineer
Puente Hills Materials Recovery Facility
2808 Workman Mill Road, Whittier CA 90601
(562) 908-4288, extension 6007
npadival@lacsds.org

If to Tenant: Tomara Industries, Inc. (d/b/a Golden State Fibres)
Attn: Mr. Thomas V. Collet
5585 E. 61st Street
Commerce, CA 90040
(323) 722-7303 office
(818) 266-6138 cell
tom@goldenstatefibresinc.com

28. **Security.** During the Term of the Lease, the District shall maintain in good working order and repair the structural condition (but not the aesthetic condition) of the existing perimeter walls as currently installed around the DART; provided, however, if the perimeter walls around the DART are damaged due to any act, omission or negligence of Tenant or any Tenant Party, Tenant shall promptly repair such damage at Tenant's sole cost and expense to the satisfaction of District. The District shall have no obligation to provide designated security service with respect to the Premises; however, Tenant shall have the right hereunder to perform or contract for security service with respect to the Premises, 24 hours per day, 7 days per week basis upon prior written notice to District. The District makes no warranties, express or implied, relating to the security of the Premises, and the District shall not be responsible or liable for any damage to any equipment or property involved in Tenant's activities. During the term of the Lease, the Tenant shall maintain and provide to the District a current list of all employee names.
29. **Health and Safety.** Tenant represents that it has developed health and safety procedures for recycling facilities and has a safe work history operating recycling facilities similar to the Premises. While outside of the Premises but inside the Site, Tenant shall comply with, and shall ensure that all Tenant Parties comply with, (a) all of the District's health and safety programs, policies rules, and procedures, (b) all traffic safety signs, traffic directors, or other posted directions at the Site, and (c) any and all written or verbal health and safety directions from the District's supervisor responsible for the Site (collectively, the "**Applicable Health and Safety Requirements**"). Notwithstanding anything to the contrary in this Lease, if Tenant or any Tenant Party fails to comply with any of the Applicable Health and Safety Requirements, the District may, at its sole option, immediately,

automatically, and unconditionally terminate this Lease without a right to cure in favor of Tenant. Tenant shall provide to all Tenant Parties, at its sole cost, all required training and protective devices, personal protective equipment (“PPE”), and other safety equipment necessary to properly protect all Tenant Parties from injury and other potential workplace exposures. Tenant shall ensure that required safety equipment is being used by all Tenant Parties and that all Tenant Parties are properly trained to perform their assigned work. Tenant shall ensure that all Tenant Parties do not use phones or radios while operating or driving any equipment or vehicles on the Site and do not use ear sets in conjunction with phones or radios while on the Site. The District reserves the right to stop Tenant’s work if a District’s employee observes unsafe behaviors of Tenant or any Tenant Parties, and Tenant shall not resume work until work practices are corrected and safe to the District’s satisfaction in its sole discretion.

30. Labor Relations. Tenant, at its sole expense, shall be responsible to provide and manage properly trained labor at the Premises to perform the Business Objective. Tenant shall exercise complete and exclusive control over and responsibility for all aspects of hiring, employment, supervision, direction, hours, working conditions, compensation, discipline and discharge for all of Tenant’s employees who work at the Property.

31. Miscellaneous.

31.1 Mechanic’s Liens. Tenant has no express or implied authority to create or place any lien or encumbrance of any kind upon, or in any manner to bind the interest of District or Tenant in, the Premises or to charge the rent payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs. District may record, at its election, notices of non-responsibility pursuant to California Civil Code Section 8444 in connection with any work performed by Tenant. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises and that it will save and hold District harmless from all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the interest of District in the Premises or under this Lease. Tenant shall give District immediate written notice of the placing of any lien or encumbrance against the Premises and cause such lien or encumbrance to be discharged within thirty (30) calendar days of the filing or recording thereof; provided, however, Tenant may contest such liens or encumbrances as long as such contest prevents foreclosure of the lien or encumbrance and Tenant causes such lien or encumbrance to be bonded or insured over in a manner satisfactory to District within such thirty (30) day period. Without limiting any other rights or remedies of District, if Tenant fails for any reason to cause a lien or encumbrance to be discharged within thirty (30) days of the filing or recording thereof, then District may take such action(s) as it deems necessary to cause the discharge of the same (including, without limitation, by paying any amount demanded by the individual or entity who has filed or recorded such lien or encumbrance, regardless of whether the same is in dispute), and Tenant shall reimburse the District for all reasonable costs and expenses incurred by District in connection therewith within ten (10) days following written demand therefor.

- 31.2 Invalidity. If any term or provision of this Lease or portion thereof will be found invalid, void, illegal, or unenforceable generally or with respect to any particular Party, by a court of competent jurisdiction, it will not affect, impair or invalidate any other terms or provisions or the remaining portion thereof, or its enforceability with respect to any other Party.
- 31.3 Construction. The headings used in this Lease are for convenience of reference only and will not be considered or referred to in resolving questions of interpretation. This Lease will be construed neither for nor against the drafting Party but will be given a fair and reasonable interpretation in accordance with the meaning of its terms.
- 31.4 Non-Waiver. No provision of this Lease will be deemed waived by either Party unless expressly waived in writing by the waiving Party.
- 31.5 Modification. This Lease sets forth all of the agreements and understandings of the Parties with regard to its subject matter and any amendment or modification must be written and properly executed by both Parties.
- 31.6 Quiet Enjoyment. The District agrees that so long as Tenant complies with the terms and conditions of this Lease, Tenant shall hold the Premises during the Term, free of claims by any party acting by or through the District or claiming paramount title, subject to all other terms and provisions of this Lease.
- 31.7 Authorization. The individuals executing this Lease on behalf of the District and Tenant represent and warrant they have authority and power to execute this Lease on behalf of the District and Tenant, respectively.
- 31.8 Governing Law. This Lease will be interpreted and governed by the laws of the State of California with venue for any dispute in Los Angeles County.
- 31.9 Covenants and Conditions. All of Tenant's obligations under this Lease are covenants and conditions.
- 31.10 Entire Agreement; Counterparts. This Lease contains all of the agreements of the Parties hereto with respect to any matter covered or mentioned in this Lease, and all prior agreements and/or understandings, whether written or oral, are superseded hereby. This Lease may be executed in one or more counterparts, which when taken together, will constitute one and the same original.
- 31.11 Delegation to the Chief Engineer. The Chief Engineer, or her or his designee, is authorized to take all actions on behalf of the District in connection with any approvals, consents, or actions required of or by the District under this Lease, including extending the Initial Term to a month-to-month basis or extending the Lease term, as described in Section 3.2.
- 31.12 District Exculpation. The liability of District and the Indemnified Parties to Tenant for any default or other wrongful act by District relating to the Site is limited solely and exclusively to an amount which is no more than the net interest of District in the Premises. None of the Indemnified Parties will have any personal liability for any act, negligence or omission of the

District, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. Notwithstanding anything to the contrary in this Lease, neither District nor any of the Indemnified Parties shall be liable under any circumstances for Tenant's loss of profit, loss of rents or other revenues, loss of business opportunity, loss of good will or loss of use, or other similar forms of consequential damages, in each case however occurring.

- 31.13 Attorney's Fees. In the event any action is instituted by a Party to interpret or enforce this Lease, the prevailing Party in such action (as determined by the court, agency or other authority before which such suit or proceeding is commenced), will be entitled to such reasonable attorneys' fees, costs and expenses as may be fixed by the decision maker.
- 31.14 Public Records. Tenant acknowledges that any and all written information submitted to or obtained by the District from Tenant or any other person or entity having to do with or related to this Lease or the Property, either pursuant to this Lease or otherwise may be treated as a public record open to inspection by the public pursuant to the California Public Records Act (California Government Code Section §§ 6250 through 6276.48) as now in force or as may be amended (the "Act"). Tenant hereby waives, for itself, its agents, employees, subtenants, and any person claiming by, through, or under Tenant, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and hereby agrees to indemnify, defend, and hold the District harmless from any and all claims, demands, liabilities, or obligations arising out of or resulting from a claim by Tenant that such information is a trade secret, or confidential, or is not subject to inspection by the public, including without limitation reasonable attorney's fees and costs.
- 31.15 Partnership. Nothing contained in this Lease will be construed to make the District and Tenant partners or joint venturers, or to render either Party liable for the debts or the obligations of the other.
- 31.16 Estoppel Certificate. Within ten (10) business days after request by the District, Tenant shall execute, acknowledge, and deliver to the District an Estoppel Certificate confirming and certifying the accuracy of any and all statements and information as may be requested by the District.
- 31.17 Time. Time is of the essence with respect to Tenant's performance of its obligations under this Lease.
- 31.18 Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by District to or for Tenant of any cash or other bonus, inducement or consideration for Tenant's entering into this Lease (including, without limitation, abatement of rent for any early possession by Tenant), all of which concessions are hereinafter referred to as "**Inducement Provisions**" are conditioned upon Tenant's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon an Event of Default, any such Inducement Provision is automatically deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration abated, given or paid by District under an Inducement Provision will be immediately due and payable by Tenant to District,

notwithstanding any subsequent cure of the breach by Tenant. The acceptance by District of rent or the cure of the breach which initiated the operation of this section will not be deemed a waiver by District of the provisions of this section unless specifically stated in writing by District at the time of such acceptance.

31.19 Tenant Authority and Additional Representations. Tenant represents and warrants for the benefit and reliance of District as follows: (a) Tenant has the legal power, right and authority to enter into this Lease, (b) all requisite corporate action has been taken by Tenant in connection with entering into this Lease, (c) there is not pending against or affecting Tenant, or the Guarantor nor is there threatened, any action, suit or proceeding at law, or in equity, or any investigation by or before any administrative agency or any other private or governmental proceeding against or with respect to Tenant or the Guarantor, (d) neither Tenant, nor the Guarantor is in default, or will be in default, with respect to any order, writ, injunction, decree or demand of any court, arbitrator, tribunal, government or local authority, and (e) Tenant is not acting, directly or indirectly, for, or on behalf of, any group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (“OFAC”)) or the United States Treasury Department as a terrorist, “Specially Designated National and Blocked Person,” or other banned or blocked person, entity, or nation pursuant to any law that is enforced or administered by the Office of Foreign Assets Control. Tenant is not engaging in the transaction contemplated by this Lease (this “Transaction”), directly or indirectly, on behalf of, or instigating or facilitating this Transaction, directly or indirectly, on behalf of, any such person, group, entity or nation. Tenant not engaging in this Transaction, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering.

31.20 Commission. Tenant and District represent and warrant to the other that it has had no dealing with any person, firm, broker or finder in connection with the negotiation of this Lease. Tenant represents and warrants to the District that no broker or other person, firm or entity (including, without limitation any related individual or entity or any affiliate, subsidiary or parent company of Tenant) is entitled to any commission or finder’s fee payable by the District in connection with the transaction that is the subject of this Lease. Tenant shall indemnify, protect, defend and hold the District harmless from and against liability for compensation or charges which may be claimed by any broker, finder or other person (including, without limitation any related individual or entity or any affiliate, subsidiary, or parent company of Tenant) by reason of any dealing or actions of Tenant, including any costs, expenses, including attorneys’ fees, reasonably incurred with respect thereto.

31.21 Severability. In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect by a court, arbitrator or administrative agency having jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

31.22 Consultation. The Parties hereto hereby represent and warrant to one another that each of them has had the full opportunity of consulting counsel of their own choosing in connection with the

preparation of this Lease, that each of them has read and understood the provisions of this Lease and is fully aware of the contents and legal effect thereof.

31.23 Force Majeure. Notwithstanding anything to the contrary contained in this Lease, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, civil commotions, casualty, actual or threatened public health emergency (including, without limitation, epidemic, pandemic, famine, disease, plague, quarantine, and other significant public health risk), governmental edicts, actions, orders, declarations or restrictions (including (i) any states of emergency and quarantines imposed by a governmental entity or agency, and (ii) any government imposed shelter-in-place orders, stay at home orders and/or restrictions on travel related thereto that preclude Tenant, its agents, contractors or its employees from accessing the Premises), breaches in cybersecurity, and other causes beyond the reasonable control of the Party obligated to perform regardless of whether such other causes are foreseeable or unforeseeable (collectively, “**Force Majeure**”) shall excuse the performance of such Party for a period equal to any such prevention, delay or stoppage. If this Lease specifies a time period for performance of an obligation of either Party, then that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure, and the other Party to this Lease shall not be entitled to compensation for any inconvenience or nuisance caused thereby. Notwithstanding anything to the contrary in this Lease, no event of Force Majeure shall (1) excuse or delay Tenant's obligations to pay Rent and other charges as and when due pursuant to this Lease, (2) be grounds for Tenant to abate any portion of Rent due pursuant to this Lease, or entitle either Party to terminate this Lease, (3) extend the time period for Tenant to vacate and surrender the Premises to District following the expiration or termination of this Lease, or (5) excuse Tenant's obligations under Section 15 above to maintain the required insurance. In addition, any delays or failures to perform resulting from lack of funds shall not be deemed a Force Majeure. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1511 of the California Civil Code, and hereby agrees that this Section 31.23 is an express provision to the contrary.

31.24 Guaranty. Concurrently upon execution of this Lease, Tenant shall cause Thomas V. Collet (“**Guarantor**”), to execute and deliver to District a guaranty in form and content acceptable to the District in substantially similar form as shown in Exhibit C attached hereto (the “**Guaranty**”). Tenant will be deemed in breach of this Lease (without any right of cure) if Guarantor fails or refuses, immediately upon the District’s request to provide: (a) current financial statements, (b) an estoppel certificate in form and content acceptable to the District fully executed and acknowledged by Guarantor, (c) written confirmation in form and content acceptable to the District that the Guaranty is in full force and effect, or (d) such other documentation as may be reasonably requested by District.

31.25 Days. Unless otherwise specifically indicated to the contrary, the word “days” as used in this Lease means and refers to calendar days.

31.26 Attachments to Lease. This Lease includes the following exhibits, which are attached to this Lease and made a part of this Lease:

Exhibit A – Area Plan
Exhibit B – Site Plan
Exhibit C – Guaranty
Exhibit D – Listed Permits

[Signature Page Immediately Follows]

The Parties are signing this Lease as of the Effective Date.

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

By: _____
Chairperson, Board of Directors

ATTEST:

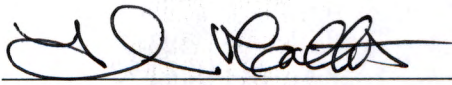
Secretary to the Board

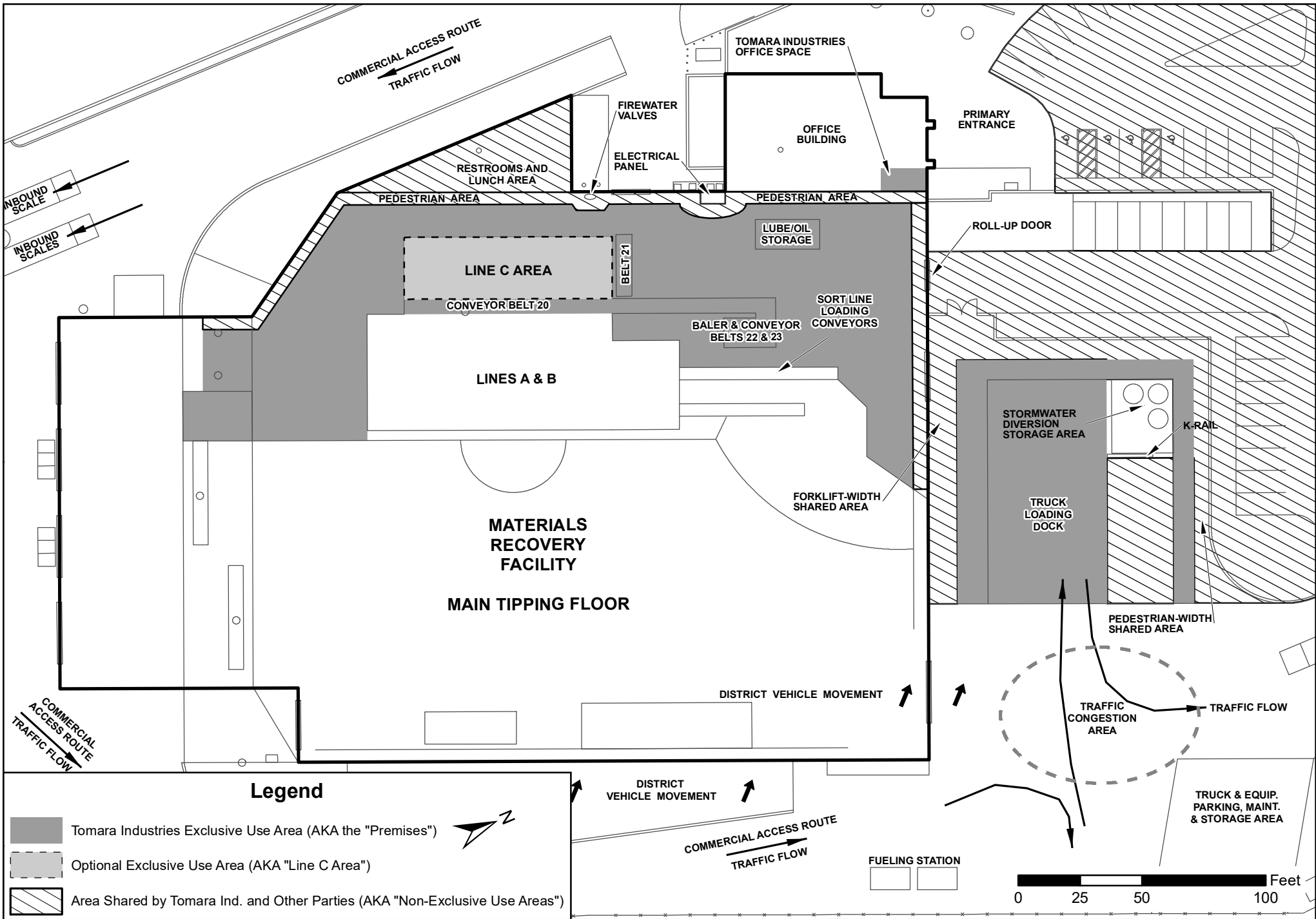
APPROVED AS TO FORM:

Lewis Brisbois Bisgaard & Smith, LLP

By: _____
District Counsel

**TOMARA INDUSTRIES, INC.,
a California corporation**

By:  _____
Thomas V. Collet, President

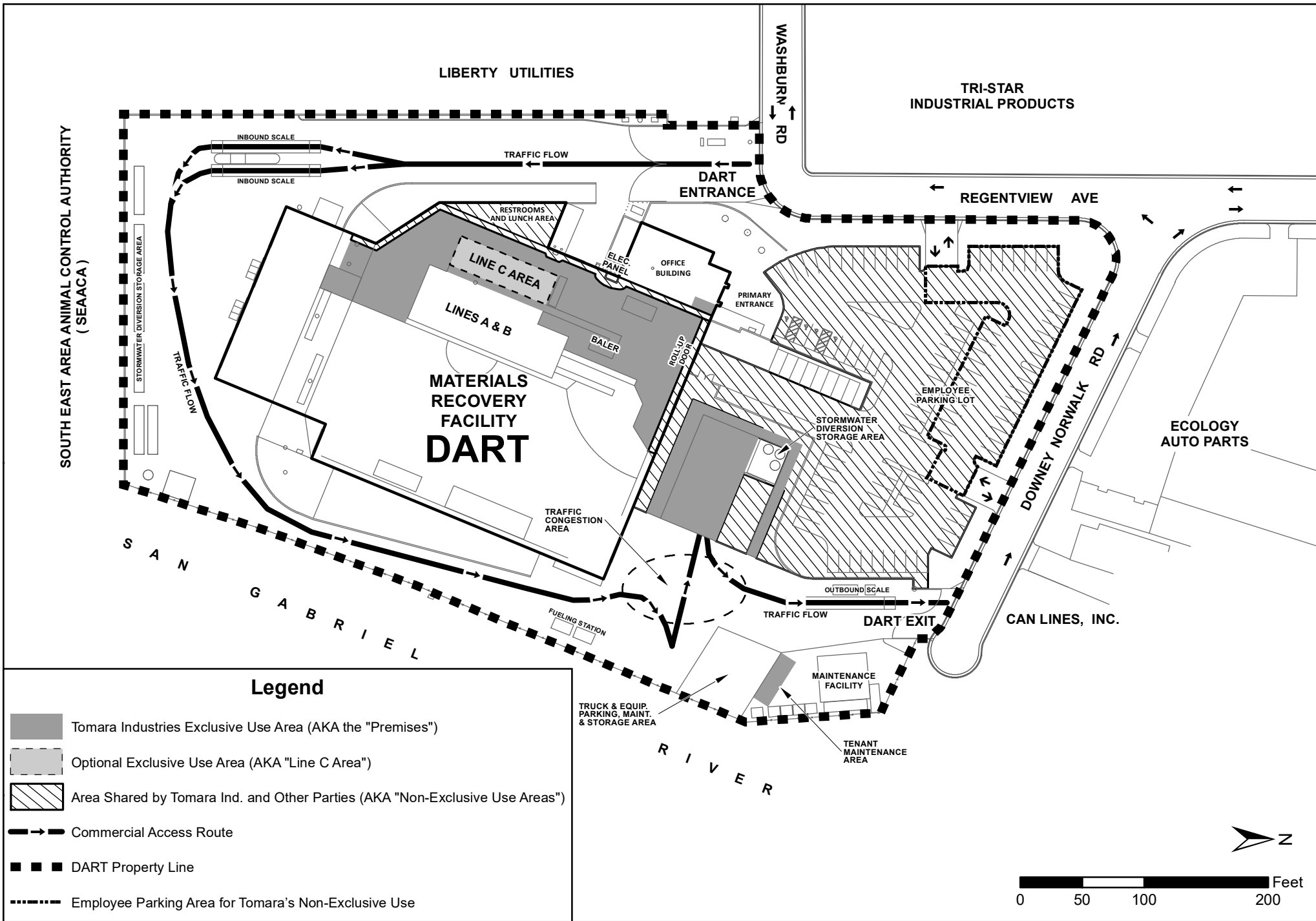


AREA PLAN

Lease of DART

Date: 4/28/2021

Exhibit A



SITE PLAN

Lease of DART

Date: 4/29/2021

Exhibit B

EXHIBIT C

GUARANTY OF LEASE

This Guaranty of Lease (“**Guaranty**”) is dated June 23, 2021 (the “**Effective Date**”) and is entered into by Thomas V. Collet (“**Guarantor**”), for the benefit of **COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY**, a county sanitation district organized and existing under the County Sanitation District Act, Health and Safety Code Section 4700 *et seq.* (the “**District**”), with reference to the following facts:

A. The District and Tomara Industries, Inc., a California corporation (“**Tenant**”) are entering into a Lease Agreement, dated concurrently with the Effective Date, concerning the Downey Area Recycling and Transfer Facility located at 9770 Washburn Road, Downey, California (the “**Lease**”).

B. Guarantor has a financial interest in Tenant.

C. The District would not execute the Lease if Guarantor did not execute and deliver to the District this Guaranty.

NOW THEREFORE, in consideration of the execution of the Lease by District and as a material inducement to the District to execute the Lease, Guarantor unconditionally and irrevocably guarantees the prompt payment by Tenant of all rents and all other sums payable by Tenant under the Lease and the faithful and prompt performance by Tenant of each and every one of the terms, conditions and covenants of said Lease to be kept and performed by Tenant. The Guarantor agrees that this Guaranty, and the obligations of Guarantor under this Guaranty will not be discharged except by complete and final payment and performance of all obligations of Tenant under the Lease and all obligations of Guarantor under this Guaranty.

It is specifically agreed by the District and Guarantor that: (i) the terms of the Lease may be modified by agreement between District and Tenant, or by a course of conduct, and (ii) the Lease may be assigned by the District or any assignee of District without consent or notice to Guarantor and that this Guaranty shall guarantee the performance of the Lease as so modified.

This Guaranty shall not be released, modified or affected by the failure or delay on the part of the District to enforce any of the rights or remedies of the District under the Lease.

No notice of default by Tenant under the Lease need be given by the District to Guarantor, it being specifically agreed that this Guaranty is a continuing guarantee under which the District may proceed immediately against Tenant and/or against Guarantor following any breach or default by Tenant or for the enforcement of any rights which District may have as against Tenant under the terms of the Lease or at law or in equity.

The District shall have the right to proceed against Guarantor following any breach or default by Tenant under the Lease without first proceeding against Tenant and without previous notice to or demand upon either Tenant or Guarantor.

Guarantor waives (a) notice of acceptance of this Guaranty; (b) demand of payment, presentation and protest; (c) all rights to assert or plead any statute of limitations relating to this Guaranty or the Lease; (d) any right to require the District to proceed against the Tenant or any other person or entity liable to District; (e) any right to require the District to apply to any default any security deposit or other security it

may hold under the Lease; (f) any right to require the District to proceed under any other remedy District may have before proceeding against Guarantor; (g) any right of subrogation that Guarantor may have against Tenant; (h) any defense that may arise by reason of (1) the incapacity, cessation of liability, lack of authority, or dissolution, death or disability of Tenant, (2) the revocation or repudiation of this Guaranty by Guarantor or the revocation or repudiation of the Lease by Tenant or any other person or persons, (3) the failure of the District to file or enforce a claim against Tenant or any other person or entity, (4) the unenforceability in whole or in part of the Lease, (5) any impairment or suspension of any right or remedy of the District against Tenant (whether by reason of transfer of assets, liquidation, bankruptcy, reorganization, insolvency or otherwise and whether or not the Lease may be or is disaffirmed, rejected or abandoned by any trustee of Tenant), (6) the District's election, in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code, or (7) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code; (i) any defense based upon an election of remedies by District, which destroys or otherwise impairs the subrogation rights of Guarantor or the right of Guarantor to proceed against Tenant for reimbursement or both; (j) any defense to the effect that the obligations of a surety must be neither larger in amount or in other respects more burdensome than that of the principal; and (k) any defense based on the alteration, in any respect, of any of the obligations of Tenant under the Lease, without the consent of Guarantor, or upon the impairment or suspension, in any way, of the rights or remedies of the District against Tenant. Notwithstanding anything to the contrary contained herein, Guarantor hereby waives any rights of reimbursement, subrogation, or indemnification, which Guarantor may have against Tenant.

Guarantor represents and warrants for the benefit and reliance of the District that (a) Guarantor has the full right, power and authority to enter into this Guaranty and to perform its obligations under the terms of this Guaranty; (b) this Guaranty is the legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms; (c) neither the execution and delivery of this Guaranty, nor the consummation of the transactions herein contemplated, nor compliance with the terms and provisions hereof, will contravene any law or regulation to which the Guarantor is subject or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants or provisions of, or constitute a default under, or result in the creation or imposition of any mortgage, pledge, lien, charge, encumbrance or security interest upon any of the property or assets of the Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which the Guarantor is a party or by which the Guarantor may be bound; (d) no order, consent, license, authorization or approval of, or exemption by, or the giving of notice to, or registration with, any governmental agency or public authority is required in connection with the execution, delivery or performance of this Guaranty, and (e) there is no private or governmental action, suit, proceeding or investigation pending, or threatened, against or affecting Guarantor, at law, in equity, or otherwise, which is likely to result in any material adverse change in the assets or the financial condition of Guarantor, or materially impair its ability to perform its obligations under this Guarantee.

Guarantor subordinates all existing or future indebtedness of Tenant to Guarantor to the obligations owed to the District under the Lease and this Guaranty.

If Guarantor is married, Guarantor agrees that recourse may be had against his separate property for all of the obligations hereunder.

The obligations of Tenant under the Lease to execute and deliver estoppel certificates shall be deemed to also require the Guarantor to do and provide the same to the District. The failure of the Guarantor to provide the same to District shall constitute a default under the Lease.

The term "District" refers to and means the District named in the Lease and also District's successors and assigns.

The term "Tenant" refers to and means the Tenant named in the Lease and also Tenant's successors and permitted assigns.

Any recovery by the District from any other guarantor or insurer shall first be credited to the portion of Tenant's indebtedness to District which exceeds the maximum liability of Guarantor under this Guaranty.

No provision of this Guaranty or right of the District can be waived, nor can the Guarantor be released from its obligations except in writing signed by the District.

Any litigation concerning this Guaranty shall be initiated in a state court of competent jurisdiction in the county in which the leased premises are located and the Guarantor consents to the jurisdiction of such court. This Guaranty shall be governed by the laws of the State in which the leased premises are located and for the purposes of any rules regarding conflicts of law the parties shall be treated as if they were all residents or domiciles of such State.

The individual executing this Guaranty on behalf of Guarantor represents and warrants to the District that he is duly authorized to bind Guarantor and has the legal power, right and authority to execute and deliver this Guaranty on behalf of Guarantor.

In the event any action is brought by the District against Guarantor to enforce the obligation of Guarantor hereunder, the unsuccessful party in such action shall pay to the prevailing party therein a reasonable attorney's fee. The attorney's fee award shall not be computed in accordance with any court fee schedule, but shall be such as to full reimburse all attorney's fees reasonably incurred.

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the date first above written.

GUARANTOR

By: _____
Thomas V. Collet

EXHIBIT D

Listed Permits

1. City of Downey Conditional Use Permit No. 98-54.
2. Solid Waste Facility Permit No. 19-AA-0801.
3. Industrial Activities Stormwater Pollution Prevention Plan for WDID 4 19I016727.
4. Spill Prevention Control and Countermeasure Plan, dated December 2016.
5. City of Downey Development Agreement, dated June 27, 1997.
6. National Pollutant Discharge Elimination System General Permit for Storm Water Discharges Associated with Industrial Activities, No. CAS000001.