

**AGREEMENT FOR DELIVERY AND ACCEPTANCE OF SOURCE SEPARATED FOOD WASTE AT
PUENTE HILLS MATERIALS RECOVERY FACILITY**

This Agreement for Delivery and Acceptance of Source Separated Food Waste (“**SSFW**”) at Puente Hills Materials Recovery Facility (“**Agreement**”), is entered into this 28th day of September, 2022 (“**Effective Date**”) by and between Valley Vista Services, Inc. (“**COMPANY**”) and County Sanitation District No. 2 of Los Angeles County, a county sanitation district organized and existing pursuant to the provisions of the County Sanitation District Act, California Health and Safety Code section 4700 *et seq.* (“**District**”). **COMPANY** and the District are collectively referred to in this Agreement as the “Parties” and may be referred to individually as a “Party.”

COMPANY is involved in solid waste recycling, organics diversion and recycling collection services in the greater Los Angeles area.

The District owns and operates the Puente Hills Materials Recovery Facility (“**PHMRF**”), a solid waste recycling, transfer, and organics pre-processing facility located at 2808 Workman Mill Rd, Whittier, CA 90601.

COMPANY intends to engage certain hauling services (“**Haulers**”), either contracted by or directly owned by **COMPANY**, to haul the **SSFW** from **COMPANY**’s collection facility and to deliver and dispose of the **SSFW** at the **PHMRF**.

The Parties desire for **COMPANY** to deliver and for the District to receive **SSFW** for a period of time (“**Contract Period**”) as defined in Section 1 of this Agreement. During the Contract Period, **COMPANY** will deliver and the District will accept quantities of **SSFW** at the **PHMRF** in accordance with the terms and conditions set forth in this Agreement. The District’s purpose for accepting **SSFW** is to provide a means to recycle organic waste by accepting the material for processing into a pumpable slurry at the **PHMRF**.

The Parties therefore agree as follows:

1. **CONTRACT PERIOD.** **COMPANY** **SSFW** deliveries can commence on the Effective Date and shall continue through December 31st, 2023 (“**Contract Period**”) unless sooner terminated by the Parties in accordance with Section 12 of this Agreement. Any **SSFW** deliveries by **COMPANY** to the **PHMRF** after December 31st, 2023 will require a separate future agreement between **COMPANY** and the District.

2. **SSFW MINIMUM STANDARDS.** All **SSFW** delivered to the **PHMRF** shall be in compliance with the District’s Standards for Source Separated Organics (“**Standards**”), attached hereto as Exhibit “A”. **COMPANY** will not knowingly cause or permit **SSFW** to be delivered to the **PHMRF** that does not meet the Standards. **COMPANY** agrees to work with its customers and Haulers, as set forth in Exhibit “A”, so that customers do not provide, and Haulers do not deliver, waste that contains hazardous contaminants, excessive inert materials, or other harmful materials.

The District may update the Standards from time to time during the Contract Period. **COMPANY** may elect to terminate this Agreement if the new Standards increase **COMPANY**’s costs. The District reserves the right to cease acceptance of **SSFW** deliveries if the **SSFW** is not in conformance with the Standards or if the **SSFW** is found by the District, in its reasonable discretion, to have a material adverse effect on the **PHMRF**’s processing in any way.

3. **AVOIDANCE OF INHIBITORY MATERIALS.** The District can only accept **SSFW** at the **PHMRF** that is composed of organic food waste and that does not contain any hazardous contaminants, excessive inert materials, or other harmful materials.

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4. **SSFW QUANTITIES.** COMPANY shall deliver a minimum quantity of 450 tons per month. This quantity is mutually agreed to by COMPANY and the District’s Chief Engineer and General Manager. The District will have sufficient capacity at the PHMRF to provide up to 600 tons per month of SSFW waste processing.

If COMPANY does not meet the minimum 450 tons per month quantity requirement at the end of each month, COMPANY will be provided the following month to deliver the deficient quantity. Deficient quantities which are not corrected within one month will be charged the shortfall tonnage at the then current processing rate. Any deficient quantities in December 2023 cannot be corrected after contract termination and will be charged for the shortfall tonnage at the then current gate rate.

5. **DELIVERIES.** Deliveries shall be made Monday through Saturday, from 4:00 a.m. to 5:00 p.m. The District will not accept SSFW at PHMRF on Sundays and major holidays (New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day).

If there is insufficient capacity at the PHMRF to accept COMPANY deliveries, or if the District cannot accept a delivery for any other reason other than the SSFW not meeting the Standards, the District shall notify COMPANY, and District shall not be liable to COMPANY for resulting damages in such case.

6. **TITLE.** Title to the SSFW shall pass from COMPANY (and/or its Haulers) to the District when accepted into the PHMRF (“Acceptance”).

7. **PROCESSING RATE.** The District agrees to receive and COMPANY agrees to pay a fee for all SSFW that meets the Standards and is offloaded and accepted at the PHMRF as follows:

The processing rate for COMPANY’s SSFW delivered to the PHMRF shall be as shown in Table 1.

Table 1. Current Food Waste Processing Rate at PHMRF

Quantity	\$/ton Delivered
Minimum 450 tons per month	\$10.00 per ton less than the posted gate rate for food waste

8. **PAYMENT.** The District shall send an invoice to COMPANY on a monthly basis with the total amount due and payable to the District based on the total amount of monthly SSFW delivered, accepted and off-loaded. The District shall provide delivery information with each invoice, including the date and amount of each delivery. COMPANY may pay monthly invoices with a bank credit card. For credit card payments, a convenience fee will be charged in addition to the invoiced amount. COMPANY must pay in 30 days.

9. **FORCE MAJEURE.** The performance of this Agreement may be discontinued or temporarily suspended in the event of force majeure, provided notice thereof is given to the other Party as soon as practicable but no later than 5 business days after the start of the event causing the delay. For purposes of this Agreement, “force majeure” means actual or threatened acts, omissions, conditions, events, or circumstances that are beyond the reasonable control of a Party, including strikes, lockouts, or other labor disturbances. All such conditions preventing performance shall be remedied as soon as

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possible, except that the settlement of strikes shall be at the discretion of the Party so affected. A Party shall not be deemed to be in breach and will not be liable for failure to perform under this Agreement if the Party's performance is prevented or delayed by force majeure, provided that COMPANY reserves the right to terminate this Agreement should such delays, adversely affect COMPANY, time being of the essence to this Agreement.

10. **INDEMNITY.** Each Party shall indemnify, hold harmless, and defend the other Party, its successors and assigns, officers, directors, agents and employees ("the **Indemnified Parties**"), from and against any and all third party liabilities, claims, actions, demands, losses, damages, penalties, forfeitures, suits, and the costs and expenses incident thereto (including costs of defense, settlement, and reasonable attorneys' fees) (collectively, "**Claims**"), which the Indemnified Parties may incur, become responsible for, or pay out as a result of the other Party's (the "**Indemnifying Party**") negligent acts or omissions arising out of or relating to this Agreement, breach of this Agreement, violation of any law, or infringement of any intellectual property, trademark or patent by the Indemnifying Party arising out of or relating to this Agreement. However, the Indemnifying Party's obligations in this Section shall not apply to Claims to the extent caused by an Indemnified Party's negligence, willful misconduct, breach of this Agreement, or violation of any law.

11. **INSURANCE.** COMPANY shall obtain and keep in force a policy of Commercial General Liability insurance for personal and bodily injury, and death, and property damage based upon or arising out of the delivery of the SSFW. The policy will include the District as an additional insured to the extent of the liabilities assumed by COMPANY under this Agreement. This insurance must provide policy limits of three million dollars (\$3,000,000) per occurrence and in the aggregate. COMPANY shall furnish the District a certificate of insurance prior to commencing deliveries of SSFW. COMPANY shall maintain the specified insurance limits throughout the term of this Agreement. COMPANY shall also provide and maintain automobile liability coverage in an amount of three million dollars (\$3,000,000) per occurrence and worker's compensation coverage for all employees of COMPANY while present at the PHMRF and shall provide certificates of insurance indicating that coverage.

12. **RIGHT TO TERMINATE.** In the event of any material failure or refusal of a Party to comply with any obligation or duty imposed under this Agreement, the Parties shall meet and confer in good faith in an effort to agree on a resolution and cure of the breach. If the Parties are unable to agree on the informal resolution or cure of the breach within ten (10) business days, the Party not in breach will have the right to terminate this Agreement if:

- a. Following the ten (10) day meeting period above, the non-breaching Party gives written notice to breaching Party specifying that a particular breach or breaches exist that constitute a material breach of this Agreement on the part of that Party; and
- b. The Party in breach fails to correct the breach or fails to take reasonable steps to correct the breach within thirty (30) days from the date of the notice given by the non-breaching Party.

Either Party shall have the right to terminate this Agreement for any reason, without cause, by providing the other Party with a ninety (90) day written notice.

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The Parties further agree that before any such litigation is filed, a good faith effort shall be made to resolve any such disputes by authorized officers or representatives of the Parties on a without prejudice basis.

13. **DAMAGES.** Neither party will be liable to the other for consequential, incidental or punitive damages arising out of the performance of this Agreement.

14. **CONFLICT OF INTEREST.** The District warrants that it has not given nor received any commissions, payments, gifts, kickbacks, lavish or extensive entertainment or other things of value in connection with this Agreement and acknowledges that the giving or receiving of any such payments, gifts, entertainment, or other things of value is strictly in violation of COMPANY's corporate policy and may result in the cancellation of this and all future contracts. The District shall notify COMPANY's security department of any such solicitation by any of COMPANY's employees or agents.

15. **GOVERNING LAW AND DISPUTES.** The laws of the State of California shall govern the validity, performance, and enforcement of this Agreement. Should either Party institute a legal suit or action for the interpretation of this Agreement or the enforcement of any obligation contained herein, the venue of such action shall be in Los Angeles County, California. The prevailing Party in any such legal action shall be entitled to recover all reasonable attorney fees and litigation expenses in addition to any other relief granted.

16. **LOGOS.** Each Party represents and warrants that it will not use logos or images of the other Party or the other Party's affiliated, related, or parent entities without the written consent of the other Party.

17. **AMENDMENT.** This Agreement may be amended from time to time only by an instrument in writing signed by the Parties to this Agreement.

18. **WAIVER.** A failure of either Party to insist upon or enforce any term or provision or to exercise any right, option, or remedy of this Agreement, or to require at any time, performance of any provision hereof shall not be construed as a waiver of any such term or provision.

19. **NOTICES.** All notices hereunder shall be deemed given if delivered in writing personally or sent by certified mail, electronic transmission, or telephone facsimile to COMPANY or to the District at the address set forth in this Agreement. Any notice given by certified mail shall be deemed given at the time such notice is deposited in the U.S. mail. For purposes of this section, the addresses are as follows:

If to the District:	Robert C. Ferrante Chief Engineer and General Manager Los Angeles County Sanitation Districts 1955 Workman Mill Road Whittier, CA 90601 Attn: William Chen
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If to COMPANY: David M Perez
 Owner
 Valley Vista Services, Inc.
 17445 E Railroad Street
 City of Industry, CA 91748

20. **ENTIRE AGREEMENT.** This Agreement constitutes the entire understanding between the Parties, and cancels and supersedes all prior negotiations, understandings and agreements, oral or written.

21. **COUNTERPARTS.** This Agreement may be executed in counterparts and/or by the exchange of original, facsimile and/or Portable Document Format (.PDF) signature pages, each of which shall be considered an original, but all of which taken together shall constitute one and the same agreement.

22. **ASSIGNMENT.** Accept as to an affiliate, neither Party shall assign this Agreement without the prior written consent of the other Party.

23. **AUTHORITY OF CHIEF ENGINEER AND GENERAL MANAGER.** The District's Chief Engineer and General Manager, or his or her designee, is authorized to take any action that is appropriate to carry out the purposes of this Agreement on behalf of the District.

24. **RELATIONSHIP OF THE PARTIES.** Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the Parties. Neither Party, by virtue of this Agreement, will have any right, power or authority to act or create an obligation, express or implied, on behalf of the other Party.

25. **SURVIVAL.** The obligations set forth in Paragraphs 10 through 25 shall survive termination of this Agreement.

Signature page follows.

IN WITNESS WHEREOF, the parties have hereto executed this Agreement on the day and year set forth above.

VALLEY VISTA SERVICES, INC.

COUNTY SANITATION DISTRICT NO. 2 OF
LOS ANGELES COUNTY

By David Perez

By _____
Chairperson, Board of Directors

Title President

Date 9/17/2022 | 11:19:52 AM PDT

ATTEST:

By _____
Secretary to the Board

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

By _____
District Counsel

EXHIBIT A
STANDARDS FOR SOURCE SEPARATED FOOD WASTE DELIVERY TO
PUENTE HILLS MATERIALS RECOVERY FACILITY

1. SCOPE

This document sets forth the Standards for SSFW delivery (“**Standards**”) that are intended to control the quality of SSFW that will be delivered by COMPANY to the PHMRF. COMPANY will be required to meet the following conditions and requirements.

2. GENERAL REQUIREMENTS

- a. COMPANY may deliver the following acceptable material to PHMRF:
 - i. Acceptable Material in Any Quantity (Clean Loads)
 - 1. Fruits
 - 2. Vegetables
 - 3. Pastas, grains, rice, and beans
 - 4. Bread, cheese, and pastries
 - 5. Waste meat, eggs, poultry, and fish materials that are generated by residential sources and restaurants will continue to be accepted
 - ii. Acceptable Materials in Minimal Quantities
 - 1. Oil, grease, and bones
 - 2. Packaging and cardboard
 - 3. Paper or biodegradable plates, cups, and utensils
 - 4. Plastic containers
 - 5. Clear plastic bags
- b. SSFW must not have more than 3% contamination by weight. Contamination is defined as anything that is not the primary commodity in each truckload of SSFW delivered to the PHMRF. COMPANY shall not deliver any loads that contain any contamination that would impede the District’s ability to receive, process and covert into a pumpable slurry.
- c. COMPANY will obtain food waste via customer agreements that prohibit disposal of hazardous materials, and cleaning solvents. COMPANY will only provide loads that have an acceptable level of contamination.
- d. If the District determines that a load of SSFW is contaminated, then the District and COMPANY shall negotiate in good faith to agree upon a price that is mutually acceptable for that load. COMPANY shall use commercially reasonable efforts to have the generator of the material reduce the amount of contamination to a level acceptable to the District. If COMPANY is unable to consistently provide loads that have an acceptable level of contamination from any particular generator, the District and COMPANY shall negotiate in good faith to attempt to reach an agreement agree on a mutually acceptable new price for the more-contaminated commodity.
- e. The District reserves the right to inspect any SSFW load to confirm that there is not an unreasonable quantity of contaminants, such as those noted in Section 2c of this standard, is present.

3. PROCEDURE FOR SSFW LOADS

- a. The truck containing SSFW will be charged the Processing Fee at the scales until the load is verified as acceptable during inspection.
- b. The truck will be directed to the SSFW unloading area where the load will be inspected by a Districts' inspector. If the load is acceptable, the inspector will stamp the receipt and its load.
- c. If the load is unacceptable, the receipt will not be stamped. The load will be pushed to municipal waste and no diversion will be given.
 - i. Unacceptable waste includes:
 - 1. Metal
 - 2. Poultry feathers
 - 3. Yard waste
 - 4. Glass
 - 5. Non-Clear Plastic bag
 - 6. Lumber and drywall
 - 7. Packinghouse waste
- d. Trucks that receive the stamp will be required to weigh back, submit their stamped receipt to the weigh scale operators, and will then be charged the Processing Fee and will receive diversion credit for that load.