

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
12.1
(ID # 6433)

MEETING DATE:
Tuesday, June 4, 2019

FROM : DEPARTMENT OF WASTE RESOURCES:

SUBJECT: DEPARTMENT OF WASTE RESOURCES: Approve the Ninth Amended and Restated Master Lease, Memorandum of the Master Lease, and First Amended and Restated Waste Delivery Agreement between the County of Riverside and Agua Mansa MRF, LLC. District 2. [\$0 - Department of Waste Resources Enterprise Funds] (CEQA- Adopt a Mitigated Negative Declaration)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt a Mitigated Negative Declaration for EA No. 2015-03, based on the findings incorporated in EA No. 2015-03, concluding that with mitigation, the Project does not cause significant environmental impacts;
2. Adopt the Mitigation Monitoring Program (MMP) for EA No. 2015-03 with the requirement that the facility operator submit to the Riverside County Department of Waste Resources (RCDWR) an annual report detailing compliance with the MMP, no later than 45 days after the beginning of the calendar year,
3. Approve the Ninth Amended and Restated Master Lease (Master Lease), and Memorandum of Master Lease, between the County of Riverside and Agua Mansa MRF, LLC., for the continued operation of the Robert A. Nelson Transfer Station/Material Recovery Facility;
4. Approve the First Amended and Restated Agreement for Disposal of Solid Waste (Waste Delivery Agreement) between the County of Riverside and Agua Mansa MRF, LLC., for the disposal of residual waste from the Robert A. Nelson Transfer Station/Material Recovery Facility;

Continued on page 2

ACTION:Policy

Hans Kemkamp, General Manager - Chief Engineer

5/9/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: June 4, 2019
xc: Waste, recorder

Keçia Harper
Clerk of the Board
By:
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors:

5. Authorize the Chairman to execute the Master Lease, Memorandum of Master Lease, and Waste Delivery Agreement on behalf of the County;
6. Authorize the RCDWR General Manager-Chief Engineer to execute other documents necessary to complete this transaction, subject to approval as to form by County Counsel;
7. Direct the RCDWR to file the Notice of Determination with the County Clerk within five working days of approval by this Board; and
8. Direct the Clerk of the Board to record the Memorandum of Master Lease with the County Recorder, and return the Memorandum of Master Lease to the RCDWR upon recordation.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Waste Resources Enterprise Fund			Budget Adjustment:	No
			For Fiscal Year:	18/19

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Robert A. Nelson Transfer Station/Material Recovery Facility (RAN TS/MRF) is an existing solid waste transfer station and materials recovery facility, located within the Agua Mansa Industrial Park at 1830 Agua Mansa Road that has been in operation since December 1997. The RAN TS/MRF is operated by Burrtec Waste Industries, Inc. (Burrtec) through a lease agreement with the RCDWR. The RAN TS/MRF operates under Solid Waste Facility Permit (SWFP) No. 33-AA-0258 and is permitted to process up to 4,000 tons per day (tpd) of municipal solid waste.

The RAN TS/MRF processes mixed municipal, commercial and industrial solid waste, separated recyclable materials, green and woody waste, and construction and demolition (C&D) debris, etc. Up to 700 tons per day of green and woody waste are processed within the Organics Processing Area to produce a variety of products, including wood mulch, biofuel, alternative landfill daily cover, compost, and soil amendments.

Burrtec has proposed modifications to the composting/organics operation, as well as other minor site improvements. Environmental Assessment (EA) No. 2015-03 was prepared to analyze the proposed changes, which include the addition of an aerated static pile compost system, removal of the existing pilot composting system, installation of a food waste processing unit in the transfer station, and construction of an underground storm water infiltration system for the compost area (Project). The Project also includes amendments to the Master Lease and Waste Delivery Agreement, as well as recordation of the Memorandum for the Master Lease.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

Master Lease and Waste Delivery Agreement (Key Features)

- Identifies the aerated static pile composting operation.
- Provides for a 20 year Term (consistent with Waste Delivery Agreement)
- Offers additional County control to address odors (if needed)
 - Compliance with County Organics BMPs.
- Requires a maintenance assurance, clean up/restoration bond.
- Establishes In-County waste priority; limits on acceptance of Out-Of-County material.
- Updates materials subject to out-of-county organics processing fees.
- Includes scheduled disposal fee increases (beginning in FY 20/21, the contract rate will increase by \$1 per ton (above CPI) for four years, ending in FY 23/24).
- Increases the minimum load (loads weighing up to 600 lbs) rate to \$14.27/ton.
- Establishes a self-haul rate surcharge of \$10.45/ton.

California Environmental Quality Act (CEQA) Findings

EA 2015-03 was prepared to evaluate the potential environmental impacts from the proposed Project and to identify appropriate mitigation measures to reduce or eliminate these impacts. The EA was prepared in conformance with the California Environmental Quality Act (CEQA), California Code of Regulations (CCR) Section 15000 et. seq. While the EA identified that the proposed Project has the potential to impact environmental resources, each of the potential impacts can be fully mitigated to below a level of significance with implementation of the mitigation measures identified in the EA. A MMP for the Project has been prepared incorporating these mitigation measures. As a result, the RCDWR prepared a Mitigated Negative Declaration (MND) and MMP for adoption by the Board of Supervisors (Board), pursuant to sections 15063 and 15097 of the State CEQA Guidelines.

In accordance with the State CEQA Guidelines, the Notice of Intent to Adopt the MND and EA were posted with the State Clearinghouse and the Riverside County Clerk. The EA/MND was transmitted to responsible and trustee agencies, interested parties, and neighboring properties, for a 30-day comment period that began on March 7, 2017 and ended on April 7, 2017. Public notice, advertising the comment period for the EA/MND, was published in the Press Enterprise. Copies of the EA were made available to the public at RCDWR Headquarters, the Riverside County Clerk, the Glen Avon Library, and the Louis B. Rubidoux Branch Library, as well as made available on the RCDWR's website.

During the public comment period, comment letters were received from the Riverside County Flood Control and Water Conservation District (District), the California Department of Toxic Substances Control, CalRecycle, and the South Coast Air Quality Management District. No new significant environmental impacts were identified as a result of the comment letters. However, in response, RCDWR made changes and corrections to the text of the EA for clarity. Furthermore, as no new significant effects were raised, the minor technical changes prepared by the RCDWR would not trigger the need for recirculation of the EA/MND, as stated under State CEQA Guidelines section 15073.5. Additions within the EA/MND are shown in underline

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

while deletions are shown in ~~strike through~~. The comment letters along with RCDWR responses are included as an attachment.

Impact on Residents and Businesses

Completion of the Project will improve operational efficiencies by introducing new technologies to process green/food waste materials at the site, as well as improve environmental conditions by reducing air emissions and improving storm water controls. Rate increases proposed in the revised Waste Delivery Agreement are spread over 4 years and in doing so will minimize the financial impact on residents and businesses. The proposed \$1.00/ton rate increases (from 2020 to 2024) will increase the residential monthly rate by approximately \$0.10 to \$0.15, each year, above CPI. Depending on the size of a business, level of service and frequency requested, the commercial disposal rate can vary significantly. Generally speaking, the disposal component of a trash bill comprises only 20% to 30% of the overall charge. The proposed \$1.00/ton increases (from 2020 to 2024) represent approximately 3.5% of the current per ton rate. Thus, the increases could result in a 0.7% to 1.05% increase to the typical commercial customer for each of those four years, above CPI.

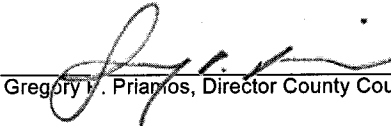
ATTACHMENTS

- ATTACHMENT A: 9th Amended and Restated Master Lease**
- ATTACHMENT B: First Amended and Restated Waste Delivery Agreement**
- ATTACHMENT C: EA/MND No. 2015-03**
- ATTACHMENT D: Public Agency Comments and RCDWR Responses**
- ATTACHMENT E: MND Form**
- ATTACHMENT F: Mitigation Monitoring Program**
- ATTACHMENT G: Notice of Determination**
- ATTACHMENT H: Memorandum of Master Lease**



Jason Farin, Senior Management Analyst

5/28/2019



Gregory V. Priamos, Director County Counsel

5/17/2019

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
Riverside County)
Department of Waste Resources)
14310 Frederick St.)
Moreno Valley, CA 92553)

2019-0205306

06/07/2019 11:17 AM Fee: \$ 0.00

Page 1 of 134

Recorded in Official Records
County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder



Space Above Line for Recorder's Use Only 110

MEMORANDUM OF NINTH AMENDED AND RESTATED MASTER LEASE

This Memorandum for the NINTH AMENDED AND RESTATED Master Lease (this "Memorandum") is dated and signed as of the 4th day of June 2019, by and between the County of Riverside, a political subdivision of the State of California ("COUNTY") and Agua Mansa MRF, LLC ("LESSEE"), with reference to the following facts:

COUNTY and LESSEE amended and restated that certain lease on June 4, 2019 for the premises described below. The Lease is referred to in this Memorandum as "the Lease". The Premises being leased (the "Premises") consists of approximately nine hundred fifty-nine thousand six hundred twenty-seven (959,627) square feet of real property located within the Riverside County Recycling Market Development Zone in the City of Jurupa Valley, State of California, together with the rights, privileges, easements and appurtenances belonging to or in any way pertaining to the Premises. The Premises are legally described as:

PARCEL A

Portions of Parcels 3 & 4 of Parcel Map 24088-1, Recorded in Book 177, Pages 26 through 31 of Parcel Maps, Records of Riverside County State of California. Lying within Sections 2 and 3, Township 2 South, Range 5 West San Bernardino Base and Meridian, lying within the unincorporated area of Riverside County, State of California described as follows:

All of Parcel 4 of Said Parcel Map 24088-1. Together with that portion of Parcel 3 of Said Parcel Map lying South of the following described line:

Commencing at the Northwest Corner of Said Parcel 3;

Thence North 53°50'25" East along the North line of said Parcel 3, a distance of 140.00 feet;

Thence South 36°09'35' East, on a line parallel with the west line of Said Parcel 3, a distance of 177.67 feet;

Thence North 53°50'25" East, on a line parallel with the north line of Said Parcel 3, a distance of 310.00 feet;

Thence South 36°09'35" East, on a line parallel with the west line of Said Parcel 3, a distance of 162.99 feet;

Thence North 53°50'35" East, on a line parallel with the north line of said Parcel 3, a distance of 361.00 feet to the East line of Said Parcel 3;

Thence South 36°09'35" East along the east line of Said Parcel 3 a distance of 288.37 feet more or less to a point on the Southerly line of Said Parcel 3.

The above-described Parcel of land contains 22.03 acres, more or less.

JUN 04 2019 12.1C

NOW, THEREFORE, for and in consideration of the forgoing, COUNTY and LESSEE hereby agree as follows:

1. Agreement to Lease. COUNTY hereby leases to LESSEE, and LESSEE hereby leases from COUNTY, the Premises at the rental and upon all of the terms and conditions set forth in the Lease, which Lease is incorporated herein by this reference. In the event of any inconsistency between the terms and conditions of this Memorandum and the terms and conditions of the Lease, the terms and conditions of the Lease shall govern and control.

2. Recordation of Memorandum of Lease. COUNTY and LESSEE acknowledge that this Memorandum is being executed and recorded in compliance with Section 31(j) of the Lease, and that Amendments No. 1,3,4,5,6, and 8 (the "Amendments") to the Lease are included as an attachment to this Memorandum. These Amendments are shown as **Exhibit A**, attached hereto and by this reference incorporated herein.

3. Term. Subject to the terms and conditions contained in the Lease, the Premises are leased for a term of twenty (20) years, commencing on the date the Lease is executed.

4. Counterparts. This Memorandum may be executed in identical counterparts, and all counterparts together shall be construed as one document.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PROVISIONS ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Memorandum has been executed and is effective on the date the Board of Supervisors takes action on it.

COUNTY:
COUNTY OF RIVERSIDE, ON BEHALF
OF DEPARTMENT OF WASTE RESOURCES,
a political subdivision of the State of California

LESSEE:
AGUA MANSA MRF, LLC,
a California corporation

Dated: June 4, 2019

Dated: May 14, 2019

By: [Signature]
Kevin Jeffries
Chairman, Board of Supervisors

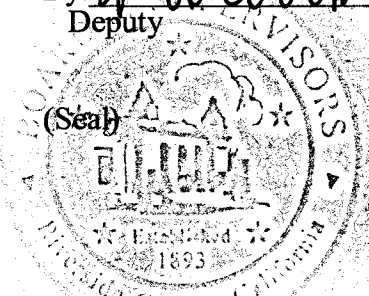
By: [Signature]
Name: COLE BURR
Its: President

RECOMMENDED FOR APPROVAL:

By: [Signature]
Hans Kernkamp
General Manager-Chief Engineer

ATTEST:
Kecia R. Harper
Clerk of the Board

By: [Signature]
Deputy



APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: [Signature]
Synthia M. Gunzel
Chief Deputy County Counsel

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.


State of California
County of San Bernardino

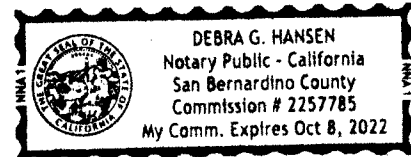
On May 14, 2019 before me, Debra G. Hansen, Notary Public
(insert name and title of the officer)

personally appeared Cole Burr,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ ~~are~~
subscribed to the within instrument and acknowledged to me that ~~he~~ ~~she~~ ~~they~~ executed the same in
~~his~~ ~~her~~ ~~their~~ authorized capacity(ies), and that by ~~his~~ ~~her~~ ~~their~~ signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



Amendment 1 to the Master Lease

Amendment No. 1 To
MASTER LEASE

June 24, 1997

This Amendment No. 1 to MASTER LEASE made and entered into this 24 day of June, 1997, by and between the Riverside County Waste Resources Management District, herein called DISTRICT, and Burrtec Waste Industries, Inc. herein called LESSEE.

WITNESSETH:

WHEREAS, the parties are parties to that certain MASTER LEASE dated March 11, 1997 for approximately 12.2 acres located in an Unincorporated County area of Riverside County, California in the Agua Mansa Enterprise/Recycling Market Development Zone, referred to herein as the "Premises"; and

WHEREAS, the Premises are leased hereby for the exclusive purpose of providing the financing, permitting, design, construction and operation of a solid waste transfer station with materials recovery capability and other related uses, including but not limited to a truck and waste bin storage and maintenance facility (The Facility); and

WHEREAS, the parties desire to amend said MASTER LEASE to facilitate the financing of said facility;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties have agreed as follows: (Note: reference numbers refer to existing sections of the aforementioned MASTER LEASE)

1. Section 3(a) of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

3. Title.

(a) DISTRICT shall deliver to LESSEE a Preliminary Title Report issued by ATI Title Company of California (the "Title company"). LESSEE's leasehold interest in the Land shall be insured within 45 days of the Commencement Date by a CLTA Policy of Leasehold Title insurance (the "Policy"). The Policy of title insurance provided for pursuant to this Section shall insure LESSEE's interest in the Premises free and clear of all liens, encumbrances, restrictions, and rights of way of record; subject only to the following permitted conditions of title ("Permitted Title Exceptions"):

(1) The applicable zoning, building and development regulations of any city, county, state or federal jurisdiction affecting the land; and

(2) Exceptions to coverage (#1 - #6), in addition to the printed exceptions and exclusions contained in the Policy, listed on pages 3 and 4 of Preliminary Title Report 69013-02 as amended on February 11, 1997.

2. Section 7(b) of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

7(b) Once the work is approved by DISTRICT, LESSEE shall with reasonable diligence prosecute to completion all construction of the improvements. The improvements shall be ready for use no later than December 1, 1997, provided that the time for completion shall be extended for as long as LESSEE shall be prevented from completing the construction by delays beyond LESSEE's control, including but not limited to flood, earthquake, fire, acts of God, war, epidemic and civil commotion, or in the event that approvals required under Section 7(a) are not granted within the applicable time frame; provided, however, failure regardless of cause to complete construction within twelve (12) months after December 1, 1997 shall, at DISTRICT's election, constitute a breach of this Lease. In the event that the facility is not ready to transfer solid waste by December 1, 1997 due to delays that are within LESSEE'S control, the Lease Term will be reduced 10 days for every day the project is late; provided, however, that the Term of this Lease shall not be reduced by more than four (4) years. The project will be deemed late if the facility is not functional on a continuous basis for the purposes of transferring waste as determined by the DISTRICT's Chief Executive Officer. LESSEE shall have the responsibility for supplying all technical information and preparing all permits relevant to the project that are required by federal, state, and local regulatory agencies.

The drop-off/buy-back recycling center shall be ready for use no later than July 1, 1998.

3. Section 7(f) of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

7(f) **Ownership of Improvements.** The improvements on the Premises shall be owned by LESSEE until the expiration or sooner termination of the Term; provided, however, that any transfer of such improvements prior to the scheduled expiration of the Term shall, until all financing obligations (including, without limitation, principal, interest, costs and fees) owing to the Lender have been fully and indefeasibly paid in full, be subject to any deed of trust, mortgage, trust indenture, lien, security agreement, fixture filing or other encumbrance placed upon such improvements pursuant to section 18 (f); provided further, that any termination of the Lease that is followed by the replacement of the Lease with a lease in favor of the Lender or the Lender's assignee as provided in Section 18(f)(7) shall not be deemed a termination of the Lease for the purposes of this Section 7(f) and shall not result in the transfer of improvements to the Premises to District. LESSEE shall not remove any improvements from the Premises nor

waste, destroy or modify any improvements on the Premises, except as permitted by this Lease or in the normal course of business for repair, modification for enhanced operation, or replacement as further provided in paragraph 7(a). The parties covenant and agree for themselves and all persons claiming under them that the improvements are real property. Upon expiration or sooner termination of the Term of this Lease, all improvements on the Premises, including those installed in the Truck Yard (i.e. buildings, infrastructure, scales, scale house computer systems, scale house, drop-off/buy-back facilities, household hazardous waste facility, fuel facilities, fences etc., but exclusive of unattached furnishings, rolling stock and other detachable processing and handling equipment) shall, with compensation to LESSEE amounting to payment of \$1.00 as permitted in this Lease, thereupon become DISTRICT's property free and clear of all claims and encumbrances to or against them by LESSEE or any third person except, in the case of the termination of the Lease prior to the scheduled expiration of the Term, any encumbrance permitted under Section 18(f), and LESSEE shall defend and indemnify DISTRICT against all liability and loss arising from any competing claims by parties other than the Lender or the holder of any other lien permitted under Section 18(f). DISTRICT reserves the right to negotiate or seek proposals for the continued operation of the facility at that time. Notwithstanding the foregoing language, in the event that this Lease is terminated prior to the scheduled expiration of its term as a result of a breach of the District, then in addition to any other damages which LESSEE may be entitled to receive from the District, District shall be obligated to purchase all fixed improvements on the Premises at a price equal to LESSEE's then unamortized book value of such improvements as reported by LESSEE on its tax returns including, without limitation, All obligations (including, without limitation, principal, interest, fees and costs) that are due or that will or may become due to the Lender.

4. Section 15(a)(1) through 15(a)(4) of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

15. Default.

(a) **LESSEE's Default.** The occurrence of any of the following shall constitute a default by LESSEE:

(1) Failure to construct a transfer station on the Premises within the time frame as stated in Section 7(b) or not in compliance with the terms set forth in Section 7 hereof, subject to the cure period set forth in Section 15(a)(5).

(2) Failure to pay rent, taxes as described above or the disposal fees outlined in Exhibit "B" or any other payment required to be made by LESSEE hereunder as and when due, subject to the cure period set forth in Section 15(a)(5).

(3) Failure to maintain the Premises as required by this Lease, subject to the cure period set forth in Section 15(a)(5).

(4) Abandonment or surrender of the Premises or the leasehold estate by LESSEE, subject to the cure period set forth in Section 15(a)(5).

5. Section 15(c) of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

15(c) Lender's Right to Cure Defaults.

(1) **Notice of Default.** Concurrently with giving notice of default to LESSEE under Section 15(b)(1), above, DISTRICT shall deliver (in accordance With the provisions of Section 18) a copy of such notice of default to the Lender at its address as furnished to DISTRICT in accordance with Section 18.

(2) **Lender's Right to Cure.** During the continuance in effect of a first leasehold encumbrance, DISTRICT will not terminate this Lease because of any default on the part of LESSEE provided that the Lender, within ninety (90) days after DISTRICT has sent a written notice pursuant to Section 15(b)(1):

(i) Cures such default, if such default can be cured by the payment of money, or, if the default is not so curable, commences or causes the trustee under the encumbrance to commence, and thereafter diligently pursue to completion proceedings to foreclose the encumbrance; and

(ii) Keeps and performs all of the covenants and conditions of this Lease requiring the payment or expenditure of money by LESSEE until such time as LESSEE's leasehold interest is sold upon foreclosure pursuant to the encumbrance, or transferred by an assignment in lieu of foreclosure.

(3) **Transfer by Lender.** Notwithstanding the provisions of Section 18(a) hereof restricting assignment of this Lease, this Lease may be assigned to the Lender by judicial or non-judicial foreclosure or by assignment in lieu of foreclosure (without, however, releasing LESSEE from any of its obligations hereunder) without further consent of DISTRICT or any assumption agreement by the Lender, the liability of the Lender being limited to the period of its possession or ownership of this Lease. No other or further assignment shall be made except in accordance with the provisions of Section 18 of this Lease.

6. Section 18(f) of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

18(f) Encumbrance or Assignment as Security. Notwithstanding any other provision contained in this Lease, LESSEE shall, subject to the conditions set forth below, have the right to encumber or assign its interest in this Lease, the Premises, the Facility and any other improvements to the Premises by means of a deed of trust,

mortgage, trust indenture, security agreement, fixture filing or other encumbrance for the benefit of any commercial bank, institutional lender or other financial institution providing financing to LESSEE (which financing may include, without limitation, construction loans, term loans, working capital loans, revolving credit facilities and letters of credit to support debt instruments) for the development, construction, equipping, operation or maintenance of the Facility and any other improvements to the Premises, and/or for the benefit of the holders of bonds (or the trustee acting on their behalf) that may be issued to provide financing for any of the foregoing purposes. The term "Lender" shall refer to Union Bank of California, N.A. or such other financial institution providing the financing described in the immediately preceding sentence; provided, however, that if such financing is provided by a syndicate of financial institutions acting together, the term "Lender" shall, unless the context otherwise requires, refer to Union Bank of California, N.A. or such other financial institution with the authority to represent such syndicate in dealings with LESSEE, in such financial institution's capacity as agent, administrative agent, collateral agent, issuing bank or otherwise; provided further, that any reference to obligations owed to the Lender or of similar import shall refer collectively to obligations owed to the Lender and to obligations owed to holders of bonds, if any, issued to finance the Facility and, in the case where the financing is provided by a syndicate of financial institutions, to obligations owed to all members of the syndicate. The right of LESSEE to encumber or assign its interest in the Lease, the Premises, the Facility and any other improvements to the Premises pursuant to this Section 18(f) shall be subject to the following limitations:

(1) prior to the execution of any instrument or agreement evidencing such encumbrance and/or the obligations secured thereby (or any amendment, supplement or modification thereto) (collectively, the "Financing Documents"), LESSEE shall deliver to DISTRICT written notice of the name and address of the Lender and a copy of such instrument or agreement (or amendment, supplement or modification) substantially in the form to be executed, and DISTRICT may require reasonable changes in such instrument or agreement (or amendment, supplement or modification) only to the extent necessary to ensure that it does not violate the requirements of this Lease; provided, however, that DISTRICT's failure to object to any provision of such instrument or agreement (or amendment, supplement or modification) within seven (7) calendar days after DISTRICT's receipt thereof shall constitute an approval thereof;

(2) the Financing Documents shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Facility, provided that (a) the Facility is capable of being fully repaired or rebuilt; and (b) (i) the proceeds of such insurance are sufficient to fully repair or rebuild the Facility or (ii) LESSEE agrees to fully repair or rebuild the Facility, notwithstanding the fact that such proceeds are insufficient to fully repair or rebuild the Facility.

(3) the Financing Documents shall contain provisions that all notices of default under the Financing Documents must be sent to DISTRICT and LESSEE and that DISTRICT shall have 30 days to cure any default by LESSEE after the time for LESSEE

to cure it has expired; provided that neither DISTRICT's right to cure any default nor any exercise of such a right shall constitute an assumption of liability under the note or deed of trust.

(4) upon the recordation of any Financing Document in any official real estate recording office, LESSEE shall furnish to DISTRICT the date and place of recording or filing of record thereof and the recorder's instrument number, book, and page reference or other recorder's index reference.

(5) until the obligations evidenced by the Financing Documents have been fully and indefeasibly paid in full, there shall be no cancellation, surrender, acceptance of surrender or modification of this Lease except by a written instrument executed by DISTRICT, LESSEE and the Lender;

(6) no encumbrance shall cover any interest in any real property other than LESSEE's leasehold interest in the Premises and LESSEE's ownership or other interest in the improvements to the Premises. No encumbrance shall secure indebtedness for refuse collection trucks or related collection bins nor for indebtedness not related to the Premises, the Facility, the other improvements or the business conducted in direct connection with any of the foregoing;

(7) on termination of this Lease by DISTRICT on LESSEE's default, or on the Lender's acquisition of the leasehold by foreclosure, DISTRICT shall enter into a new lease with the Lender or the Lender's assignee covering the Premises covered by the terminated or foreclosed lease if the Lender (a) gives notice of request within 30 days after termination or foreclosure, (b) pays all costs resulting from default and termination, (c) remedies all defaults construed as though the Lease had not been terminated, and (d) obtains approval of DISTRICT in accordance with section 18(d) of any assignment of the interest that it has acquired from LESSEE; the new lease shall be for the remainder of the Term of the terminated or foreclosed lease, effective at the date of termination or foreclosure, at the rent and on the covenants agreements, conditions, provisions, restrictions, and limitations contained in the terminated or foreclosed lease;

(8) Except as expressly provided herein, nothing contained in the leasehold encumbrance shall be deemed or construed to relieve LESSEE from the full and faithful observance and performance of its covenants herein contained, or from any liability for the nonobservance or nonperformance thereof, or to constitute a waiver of any rights of DISTRICT hereunder ;

(9) Subject to the foregoing, District shall cooperate in the efforts of LESSEE to obtain any such financing by the prompt execution of any and all documents and the prompt granting of any and all consents and approvals required in connection therewith ; and

(10) Without the consent of DISTRICT, which consent shall not be unreasonably denied or delayed, LESSEE shall not obtain any financing that is secured by a lien on the Premises, the Facility or any other improvements to the Premises which is of a priority lower than third priority.

7. Section 39 of the MASTER LEASE dated March 11, 1997 is deleted and replaced with the following:

39. Right of First Refusal.

In the event that DISTRICT should elect to sell the Premises to a private purchaser, DISTRICT shall first give notice to LESSEE of such intent, together with a true and complete copy of the proposed terms of sale, and shall give LESSEE the right to purchase the Premises upon the same terms of sale. LESSEE shall exercise its right to purchase the Premises, if at all, by delivering notice to DISTRICT of its intent to purchase within forty-five (45) days following LESSEE'S receipt of DISTRICT'S notice.

If DISTRICT elects to sell the Premises, and is required to seek bids for such sale, LESSEE shall be deemed to have submitted a revocable bid in an amount which exceeds the highest bid actually received by One Dollar (\$1.00). LESSEE shall have the right to revoke such bid by delivering notice of revocation within fifteen (15) days following LESSEE'S receipt of notice from DISTRICT of the deemed amount of LESSEE'S bid, in which event DISTRICT may proceed, in the sole and exclusive exercise of its discretion, to sell the Premises to the highest other bidder, or to reject all bids and retain ownership of the Premises.

Any purchaser of the Premises from DISTRICT shall be bound by the terms of this Lease, as lessor, and its interest in the Premises and the other property subject to this Lease shall be subject to any encumbrance placed thereon pursuant to Section 18 (f).

8. Except to the extent specifically modified or amended hereby, all of the terms, covenants and conditions of the MASTER LEASE dated March 11, 1997 shall remain in full force and effect between the parties.

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IN WITNESS WHEREOF, the parties have caused this Amendment No. 1 to MASTER LEASE to be duly executed on the day and year first above written.

RIVERSIDE COUNTY WASTE
RESOURCES MANAGEMENT DISTRICT
1995 Market Street
Riverside, CA 92501

Burrtec Waste Industries, Inc.
9890 Cherry Ave.
Fontana, CA 92335

Dated: June 24, 1997 (10.2)

Dated: 6/19/97

RECOMMENDED FOR APPROVAL

By: Robert A. Nelson
Robert A. Nelson
Chief Executive Officer

By: [Signature]
Responsible Officer
Title: President

RIVERSIDE COUNTY WASTE
RESOURCES MANAGEMENT DISTRICT

By: [Signature]
Chairman, Board of Directors
TOM MULLEN

ATTESTED:

By: [Signature]
GERALD A. MALONEY, Clerk

FORM APPROVED
COUNTY COUNSEL

JUN 19 1997

BY: [Signature]

Amendment 3 to the Master Lease

THIRD AMENDED MASTER LEASE

LESSEE Name: Agua Mansa MRF, LLC

The parties to this THIRD AMENDED MASTER LEASE desire to amend it substantially in its entirety to read as follows. This document constitutes an amendment of the existing Master Lease (dated March 11, 1997 and as amended on June 24, 1997 and October 23, 2001) and does not constitute a new lease or reletting of the property, but is constituted merely a revision expressing the current Agreement of the parties with respect thereto. With regard to the paragraph on Title insurance, COUNTY has provided to LESSEE a CLTA Policy of Leasehold Title insurance dated April 22, 1997 and the parties agree that subject to all the other terms and conditions of this amendment to the Master Lease, said coverage remains in effect for the amended agreement. None of the other provisions of the original Master Lease shall have any effect whatsoever except to the extent they are specifically restated herein.

The County of Riverside herein called COUNTY, leases to Agua Mansa MRF, LLC herein called LESSEE, the property described below upon following terms and conditions:

1. **Description.** The premises leased hereby consisting of approximately 16.62 acres located in an Unincorporated County area of Riverside County, California in the Agua Mansa Enterprise/Recycling Market Development Zone, referred to herein as the "Premises", as more particularly described on Exhibit "A" attached hereto and, by this reference made a part of this Lease.

2. **Use.**

(a) The Premises are leased hereby for the exclusive purpose of providing the financing, permitting, design, construction and operation of a solid waste transfer station with materials recovery capability, a materials recovery facility (MRF), a permanent green and woody waste processing facility (GWF) and other related uses in Areas "W" and "Z" shown on Exhibit A-1, (The Facility). The LESSEE shall abide by the terms and conditions of the AGREEMENT FOR DISPOSAL OF SOLID WASTE attached as Exhibit "B" and the City of Riverside AGREEMENT FOR TRANSFER SERVICES attached as Exhibit "C". The facility to be constructed on the Premises is described on Exhibit "D".

(b) LESSEE will operate the gate, install and maintain a minimum of two seventy foot electronically operated scales, and set prices for all services, providing however, all Riverside County unincorporated haulers and private customers, shall be charged rates for comparable services which are not greater than rates established in the City of Riverside contract obtained by LESSEE.

(c) LESSEE will operate the materials recovery facility and the green and woody waste processing facility and maintain a separate fee booth and a seventy foot electronically operated scale near the loading dock (when the MRF is constructed).

(d) If funds are available, COUNTY may periodically operate a household hazardous waste (HHW) facility on the Premises paying for operations and its disposal costs of hazardous wastes. This facility will be the ABOP (i.e. Anti-Freeze, Batteries, Oil and Paint) variety and may serve as a site for the County Mobile program that

accepts additional items. LESSEE will provide a facility that is acceptable to COUNTY for these purposes and cooperate with COUNTY regarding its operation. Prior to COUNTY'S periodic use of the Premises for operation of the HHW facility, the operator of the HHW facility shall provide a description of the scope of operation and a written assurance to not interfere with the transfer station, MRF operations and green and woody waste processing facility.

The LESSEE shall transfer any hazardous waste received and generated at this site and identified through its load check program with no charge to COUNTY. The LESSEE is responsible for providing staff at the scale house and tipping floor for load checking, and shall be receptive to periodic unannounced site inspections by COUNTY personnel to confirm compliance.

(e) In order to help address illegal dumping, LESSEE agrees to accept and charge all self-haul, non-hazardous, non-commercial, solid waste loads (with less than 50% of the load green and/or woody waste) weighing up to 600 pounds (the "Minimum Load Charge") not more than \$8.00 per load. The Minimum Load Charge shall not apply to any other type of load delivered to the Transfer Station. Each such small load is assumed to be 0.3 tons. In the event LESSEE's contract with the City of Riverside requires rates that are lower than stated herein, the lower rates will prevail as expressed above in Section 2(b).

(f) The Green and Woody Waste processing Facility shall only service Riverside County customers with the understanding that out-of-county material can come to it as long as this material does not exceed 250 tons per day or compromise the Riverside County daily capacity needs. This out-of-county material cannot be disposed or used as Alternative Daily Cover (ADC) at COUNTY landfills. The delivery of out-of-county material and any processing fee paid to COUNTY by LESSEE for it shall meet the requirements of Section 3I of the Second Amended Agreement for Disposal of Solid Waste.

(g) LESSEE shall include a penalty charge at the gate for delivery of uncovered loads, which charge shall equal the comparable charges at COUNTY landfills.

(h) COUNTY and LESSEE shall cooperate with each other in discussions with third parties relating to the potential granting of a rail easement along the curved southeast boundary of the Premises. LESSEE shall approve the grant of such an easement, provided that it does not unreasonably interfere with LESSEE's use of the Premises, both as existing and as contemplated.

LESSEE has constructed at its sole expense, the revised driveway openings and related access improvements shown within the areas specified on Exhibit A-2 as the sole responsibility of LESSEE prior to the time COUNTY completed the adjacent LNG refueling station, and shall complete the additional necessary construction as specified on Exhibit A-2 and the landscaping and closure of the existing driveway prior to the date the MRF is completed.

COUNTY and LESSEE shall cooperate with each other regarding joint use of the driveway area that is constructed in respect to Area "X" on Exhibit A-2. The new driveway shall be used by LESSEE for its transfer station/MRF trucks, mixed recyclables trucks, specified commercial roll-offs, and green/woody waste trucks and by COUNTY for the LNG refueling station. COUNTY may also use the driveway for future uses on the remainder of the COUNTY property. COUNTY has processed the driveway access required for Area "X" and

the LNG refueling station through the COUNTY approval process at its sole expense.

(i) LESSEE shall use the LNG refueling station built, operated and maintained by COUNTY as defined in the FUELING STATION USAGE AND PRICING AGREEMENT attached as Exhibit "G".

(j) With the exception of the household hazardous waste facility operations, the LESSEE will be responsible for staffing the entire Facility, maintaining the spare parts inventory, supplying consumables, providing mobile operations equipment, transferring residue, and providing all other accommodations. Furthermore, with the exception of COUNTY reviews for contract compliance, the LESSEE shall secure, pay for and maintain all certificates, permits, government fees, licenses, and Local Enforcement Agency charges and any other inspections necessary for the operation of the Facility. The LESSEE will be responsible for all costs associated with the operations including but not limited to accounting, purchasing, payroll, personnel, and material marketing functions and general and administrative overhead costs. In addition, the LESSEE will be responsible for all costs of electricity, water, and other utilities required for operations. The LESSEE will also pay for all taxes relating to the project and prorata Mello Roos obligation.

(k) The applicable zoning, building and development regulations of any city, county, state or federal jurisdiction affecting the land shall be complied with. COUNTY hereby warrants that the uses contemplated by this Master Lease are currently in compliance with all environmental clearance requirements, zoning and land use regulations applicable to the Site as of the commencement of the Master Lease.

3. Title.

(a) Within forty-five (45) days of the execution of the Third Amended Master Lease, County will deliver to LESSEE a current endorsement (the "Endorsement") to title policy # 2010-15525 (the "Policy") issued by ATI Title Company of California (the "Title Company"). The Endorsement shall insure LESSEE's interest in the Land free and clear of all liens, encumbrances, restrictions, and rights of way of record; subject only to the following permitted conditions of title ("Permitted Title Exceptions"):

(1) The applicable zoning, building and development regulations of any city, county, state or federal jurisdiction affecting the land; and

(2) Exceptions to coverage (#1 - #6), in addition to the printed exceptions and exclusions contained in the Policy, listed on pages 3 and 4 of Preliminary Title Report 69013-02 as amended on February 11, 1997.

(b) The cost of said Endorsement shall be paid by LESSEE.

4. Term.

The Term of this Lease commenced on March 11, 1997 ("the Commencement Date"), and shall end on March 10, 2021 unless sooner terminated as provided for herein or unless extended by mutual agreement of COUNTY and LESSEE.

If LESSEE has not completed construction of the GWF by October 30, 2003 and has not completed construction of the MRF by December 31, 2003, the Term of this Lease shall be reduced by four years and end on March 10, 2017.

5. Lease Payment.

(a) LESSEE shall pay the sum of \$1.00 per year to COUNTY as payment for the leased premises, payable, in advance, on the first day of the Lease (the "Base Rental"). In addition to the Base Rental, LESSEE shall pay rental on Area "W" and Area "Z" (See Exhibit A-1) based on fair rental value. At the execution of this Third Amendment, the fair rental value for Area "W" shall remain at its existing rate; Two Thousand One Hundred Fifty-Nine Dollars and Sixty-Six Cents (\$2,159.66) per month.

The fair rental value for Areas "X" and "Y" at the execution of this Third Amended Master Lease shall be deemed to be Two Thousand Six Hundred Sixty Eight Dollars (\$2,668.00) per month. Upon completion of the MRF and GWF as provided herein, Area "X" and "Y" shall be deemed a part of the Base Rental, provided however, in the event the MRF and GWF are not constructed, LESSEE shall continue to pay fair rental value for Area "X" and "Y" at the rate of Two Thousand Six Hundred Sixty-Eight Dollars (\$2,668.00) per month and shall not be allowed to use Area "Z". The fair rental value for Area "Z" is One Thousand Three Hundred Thirty-Four Dollars (\$1,334.00) per month.

If the MRF and GWF are constructed, no part of Areas "X", and "Y" shall be used for refuse collection activities.

Thereafter every two years beginning in March 2003 the fair rental value for Areas "W", "X", "Y" and "Z" (where appropriate, per this section) shall be recalculated, based on the percentage increase in the cost of living, which adjustment shall be determined as follows: In each March when an adjustment is to be made, the published Index figure for the month of February shall be determined. The monthly rental payable for the succeeding two (2) years of the lease term shall be the initial fair rental value for Areas "W," "X", "Y" and "Z" reserved under this Section 5(a), increased by the same percentage, if any, by which the published Index figure for the month of February shall have increased over the Consumer Price Index figure for February 2001. The term "Index" as used in this Lease shall mean the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside Average, Subgroup "All Items" (1982-84 = 100). If at any time the Index should not exist in the format recited herein, COUNTY shall substitute any official index published by the Bureau of Labor Statistics, or successor or similar governmental agency, as may then be in existence and shall, in COUNTY's opinion, be most nearly equivalent thereto.

(b) All rent payable hereunder shall be paid without deduction or offset and in legal currency of the United States as at the time of payment shall be legal tender for the payment of private debts.

6. Taxes/Assessments.

(a) **Covenant to Pay Taxes.** LESSEE shall pay directly to the appropriate taxing authorities all taxes ("Taxes") levied or assessed upon or against the

Premises during the Term and all property taxes levied on personal property located on the Premises. All taxes shall be paid at least 15 days prior to their due date. LESSEE shall furnish to COUNTY at least 10 days prior to the date when any Taxes would become delinquent receipts or other appropriate evidence establishing their payment, and before any fine, interest or penalty shall become due or be imposed by operation of law for their non-payment, and LESSEE shall promptly furnish to COUNTY satisfactory evidence establishing such payment. LESSEE may comply with this requirement by retaining a tax service to notify COUNTY whether the taxes have been paid.

(b) **Definition of Taxes.** The term "Taxes" shall include all real property taxes (including increases in real property taxes caused by reappraisals that are the result of changes in the ownership of COUNTY's interest), possessory interest taxes, personal property taxes, charges and assessments, (including street improvement liens) which are levied, assessed upon or imposed by any governmental authority or political subdivision thereof during any calendar year of the Term hereof with respect to the Premises and the Land and any improvements, fixtures, and equipment and all other property of LESSEE or COUNTY, real or personal, or used in connection with the operation of the Premises and any tax which shall be levied or assessed in addition to or in lieu of such real or personal property taxes, and any license fees, tax measured by or imposed upon rents, or other tax or charge upon COUNTY's leasing of the land or the receipt of rent hereunder. All assessments, taxes, fees, levies and charges imposed by governmental agencies for services such as fire protection, street, sidewalk and road maintenance, refuse removal and other public services generally provided without charge to owners or occupants prior to the adoption of Proposition 13 by the voters of the State of California in the June 1978 election, also shall be deemed included within the definition of "taxes" for the purposes of this Lease.

(c) **Proration of LESSEE's Assessment Liability.** LESSEE's liability to pay Mello Roos Assessments shall be prorated on the basis of a 365 day year to account for any fractional portion of a fiscal assessment year included in the Term at its commencement or expiration.

(d) LESSEE shall pay annual Mello Roos Assessments on the Premises to COUNTY within thirty (30) days of receiving an invoice from COUNTY. LESSEE's rate for the first ten years of the Lease will be 13.20 cents per square foot of lease property as defined on Exhibit "A" and as located on Exhibit "A-1" (based on an estimated 10 year average) and 16.09 cents per square foot of lease property as defined on Exhibit "A" and as located on Exhibit "A-1" for the lease years remaining.

If the Mello Roos Assessments on the Premises are refinanced by the Agua Mansa Industrial Growth Association during the Term of this Lease, LESSEE's rate shall be recomputed by COUNTY based on the new terms of the refinancing. If COUNTY elects to prepay its Mello Roos obligations at any time during the Term of this Lease, LESSEE may elect to prepay its entire share of the Mello Roos Assessments to COUNTY concurrently.

• The Premises is approximately 16.6 acres, or 723,967 square feet, in size.

7. Improvements.

(a) Proposed plans for all improvements, alterations or installation of

fixtures by LESSEE shall first be submitted to Riverside County Waste Management Department ("the Department") in writing in order to obtain its written consent to proceed. Requests for approval will be granted or denied by the Department within twenty-one (21) days, and will not be unreasonably denied or delayed. Any denial shall be in writing and shall be accompanied by detailed reasons for the denial.

LESSEE shall then submit the proposed plans to other COUNTY Departments for permit approval.

(b) Once the work is approved by COUNTY, LESSEE shall with reasonable diligence prosecute to completion all construction of the improvements. The Transfer Station and the Area "W" improvements have already been completed. LESSEE shall construct the GWF so it is ready for use no later than October 30, 2003 and shall construct the MRF so it is ready for use no later than December 31, 2003 or the Area "X" and "Y" rental shall remain at fair rental value as discussed in Section 5(a) and Area "Z" shall not be used. LESSEE shall have the responsibility for supplying all technical information and preparing all permits relevant to the project that are required by federal, state, and local regulatory agencies.

The drop-off/buy-back recycling center shall remain open throughout the term.

(c) LESSEE has (at COUNTY'S Direction) prepared and provided to COUNTY the final plans and special provisions for the civil and landscaping improvements for the LNG/CNG refueling station and LESSEE's consultant shall provide technical advisory services for the installation of these facilities at no cost to COUNTY.

(d) All work shall be performed in a good and workmanlike manner, shall substantially comply with the plans and specifications submitted to COUNTY and shall comply with all applicable governmental permits, laws, ordinances and regulations. The parties acknowledge that it is common practice in the construction industry to make minor changes during the course of construction without substantially altering the plans and specifications previously approved by COUNTY; on completion of the work, LESSEE shall give COUNTY notice of all changes in plans and specifications made during the course of the work and shall, at the same time, supply COUNTY with "as built" drawings accurately reflecting all such changes.

(e) Improvements shall comply with the CC&R's on file in COUNTY'S office pertaining to these parcels.

(f) **Ownership of Improvements.** The improvements on the Premises shall be owned by LESSEE until the expiration or sooner termination of the Term provided, however, that any transfer of such improvements prior to the scheduled expiration of the Term shall, until all financing obligations (including, without limitation, principal, interest, costs, and fees) owing to the Lender have been fully and indefeasibly paid in full, be subject to any deed of trust, mortgage, trust indenture, lien, security agreement, fixture filing or other encumbrance placed upon such improvements pursuant to Section 18 (f); provided further, that any termination of the Lease that is followed by the replacement of the Lease with a lease in favor of the Lender or the Lender's assignee as provided in Section 18(f)(7) shall not be deemed a termination of the Lease for the purposes of this Section 7(f) and shall not result in the transfer of improvements to the Premises to COUNTY. LESSEE shall not remove any

improvements from the Premises nor waste, destroy or modify any improvements on the Premises, except as permitted by this Lease or in the normal course of business for repair, modification for enhanced operation, or replacement as further provided in paragraph 7(a). The parties covenant and agree for themselves and all persons claiming under them that the improvements are real property. Upon expiration or sooner termination of the Term of this Lease, all improvements on the Premises (including all improvements completed as of the date of this Third Amended Master Lease), including those installed in Areas "W", "X", "Y" and "Z" (i.e. buildings, infrastructure, scales, scale house computer systems, scale house, drop-off/buy-back facilities, household hazardous waste facility, fuel facilities, fences etc., but exclusive of unattached furnishings, rolling stock and other detachable processing and handling equipment) shall, with compensation to LESSEE amounting to payment of \$1.00 as permitted in this Lease, thereupon become COUNTY's property free and clear of all claims and encumbrances to or against them by LESSEE or any third person except, in the case of the termination of the Lease prior to the scheduled expiration of the Term, any encumbrance permitted under Section 18(f), and LESSEE shall defend and indemnify COUNTY against all liability and loss arising from any competing claims by parties other than the Lender or the holder of any other lien permitted under Section 18(f). COUNTY reserves the right to negotiate or seek proposals for the continued operation of the facility at that time. Notwithstanding the foregoing language, in the event that this Lease is terminated prior to the scheduled expiration of its term as a result of a breach of the COUNTY, then in addition to any other damages which LESSEE may be entitled to receive from the COUNTY, COUNTY shall be obligated to purchase all fixed improvements on the Premises at a price equal to LESSEE's then unamortized book value of such improvements as reported by LESSEE on its tax returns including, without limitation, all obligations (including, without limitation, principal, interest, fees and costs) that are due or that will or may become due to the Lender.

(g) LESSEE shall provide a maintenance assurance, clean up/restoration bond (or other acceptable assurance approved by COUNTY'S counsel) in the amount of \$150,000.00 which sum shall be available to COUNTY to provide maintenance assurance, or environmental remediation to the leased or adjoining parcels in the event LESSEE activities cause environmental damage. This bond amount shall be maintained throughout the Lease Term and be adjusted every five years. The maximum increase allowable at any time of adjustment will be equal to the percent change in the Consumer Price Index (CPI). Computation of the change in the CPI will be made according to the following methodology:

(1) Said computation shall be equal to the change in the Consumer Price Index for all Urban Consumers (CPI-U) for the Los Angeles/Anaheim/Riverside Metropolitan Area, "(1982 - 84 = 100)", as published by the United States Department of Labor, Bureau of Labor Statistics. Said change shall be measured for the sixty (60) month period beginning when the Term starts and ending sixty (60) months later. The first increase may be effective on the first July 1 date after the sixty month period, based upon changes in the Consumer Price Index formula for the five year period. The adjustment methodology will be repeated every five years during the Term with the last adjustment taking place after fifteen (15) years of the Term.

8. Signs. LESSEE shall not erect, maintain or display any signs upon the leased premises without first obtaining the written approval of COUNTY, which approval shall not be unreasonably withheld. Signs shall comply with Riverside County Ordinance 348 and California State Solid Waste Permit requirements.

9. Custodial/Maintenance.

(a) **Physical Condition of the Land.** To the best of COUNTY's knowledge, without having made any independent investigation or study, the Premises are not contaminated by any hazardous or toxic materials. Except as specifically otherwise set forth in Section 2(k) hereof, COUNTY makes no covenants or warranties respecting the condition of the soil or subsoil or any other physical or environmental condition of the land. LESSEE has performed soils tests of the land and hereby approves the condition of the soils. COUNTY has heretofore recommended to LESSEE that prior to commencement of the Term that LESSEE conduct an environmental site assessment on the land, to determine the suitability of the Land for construction of the Project.

(1) Every six (6) years, beginning in the sixth year of the Term, LESSEE shall employ and pay for an independent consultant approved by COUNTY in writing, to conduct an environmental site assessment of the land to determine the condition of the land and the soils with respect to the presence of any hazardous or toxic materials. The last such environmental site assessment shall take place during the twenty-second year of the Term (four years after the previous one and two years before the end of the term). All findings and backup material for the environmental site assessments shall be provided to COUNTY for review by the end of the designated year of completion. COUNTY shall notify LESSEE of any cleanup and/or remediation action required to be taken as a result of the assessment findings within six (6) months of receipt of the independent site assessment report.

(b) LESSEE, at its expense shall provide for its own custodial/maintenance services in connection with the entire leased premises, including without limitation, keeping the building and the grounds in a neat and attractive condition including weed abatement and litter control.

(c) In addition to the requirements of Section 7(g), LESSEE shall promptly and diligently repair, paint, restore, and replace as required to maintain, or to remedy all damage to or destruction of all or any part of the improvements. The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality and use to the condition of the improvements before the event giving rise to the work, except as expressly provided to the contrary in this Lease. COUNTY shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises. COUNTY's election to perform any obligation of LESSEE under this provision or LESSEE's failure or refusal to do so shall not constitute a waiver of any right or remedy for LESSEE's default, and LESSEE shall promptly reimburse, defend and indemnify COUNTY against all liability, loss, cost and expense arising from such election. Notwithstanding the foregoing, the operator of the HHW facility will be responsible for any repairs relating to the Facility, which arise out of the operation of the HHW facility together with all interior maintenance of the HHW facility.

(d) In determining whether LESSEE has acted promptly as required under the foregoing section, one of the criteria to be considered is the availability of any applicable insurance proceeds.

(e) LESSEE waives the provisions of California Civil Code Sections 1941 and 1942 with respect to COUNTY's obligations for leasability of the Premises and

LESSEE's right to make repairs and deduct the expenses of such repairs from Lease payments. LESSEE also waives the right to deduct the expenses from the required disposal fees due COUNTY.

10. Destruction.

(a) **Lease to govern LESSEE's Rights.** LESSEE waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to any destruction of the Premises, and agrees that LESSEE's rights in case of destruction shall be governed solely by the provisions of this Lease.

(b) **Restoration by LESSEE.** In addition to the requirements of Section 7(g), LESSEE shall promptly and diligently repair, paint, restore and replace as required to maintain the Premises in first class condition and repair, or to remedy all damage to or destruction of all or any part of the improvements from any cause whatsoever required to be insured against pursuant to this Lease. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality and use to the condition of the improvements before the event giving rise to the work, except as expressly provided to the contrary in this Lease. COUNTY shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises. COUNTY's election to perform any obligation of LESSEE under this provision or LESSEE's failure or refusal to do so shall not constitute a waiver of any right or remedy for LESSEE's default, and LESSEE shall promptly reimburse, defend and indemnify COUNTY against all liability, loss, cost and expense arising from it. Any casualty or destruction shall not terminate this Lease. In reconstructing the improvements, LESSEE shall comply with (a) the Conditions of Major Construction set forth in Exhibit "E" and (b) the provisions of Section 7.

(c) **Uninsured Damage or Destruction.**

(i) In the event that the Premises should be damaged by an event against which LESSEE is not required to carry insurance pursuant to Section 17 of this Lease, and the cost to repair or restore the Premises does not exceed One Hundred Thousand Dollars (\$100,000), LESSEE shall promptly repair or restore the Premises as set forth above in Section 10(b).

(ii) In the event that the Premises should be damaged by an event against which LESSEE is not required to carry insurance pursuant to Section 17 of this Lease, and the cost to repair or restore the Premises exceeds One Hundred Thousand Dollars (\$100,000), LESSEE shall not be required to repair or restore the Premises, but shall, instead, be entitled to terminate this Lease, without penalty, by delivering notice of such termination to COUNTY within sixty (60) days following the date of such damage or destruction.

11. Utilities. LESSEE shall pay any applicable connection charges and pay for all utility services, including, but not limited to, telephone, electric, water, gas, and sewer services as may be required in the maintenance, operation and use of the leased premises.

12. Inspection of Premises. COUNTY, through its duly authorized agents, shall have, at any time, the right to enter the leased premises for the purpose of inspecting, monitoring and evaluating the obligations of LESSEE hereunder and for the

purpose of doing any and all things which it is obligated and has a right to do under this Lease.

13. Quiet Enjoyment. LESSEE shall have, hold and quietly enjoy the use of the leased premises so long as it shall fully and faithfully perform the terms and conditions that it is required to do under this Lease.

14. Compliance with Government Regulations. LESSEE shall, at LESSEE's sole cost and expense, comply with the requirements of all local, state and federal statutes, regulations, rules, ordinances and orders now in force or which may be hereafter in force, pertaining to the leased premises. The final judgment, decree or order of any Court of competent jurisdiction, or the admission of LESSEE in any action or proceedings against LESSEE, whether LESSEE be a party thereto or not, that LESSEE has violated any such statutes, regulations, rules, or ordinances, or orders, in the use of the leased premises, shall be conclusive of that fact as between COUNTY and LESSEE.

15. Default.

(a) LESSEE's Default. The occurrence of any of the following shall constitute a default by LESSEE:

(1) Failure to construct a transfer station on the Premises within the timeframe as stated in Section 7(b) or not in compliance with the terms set forth in Section 7 hereof, subject to the cure period set forth in Section 15 (a)(5).

(2) Failure to pay rent, taxes as described above or the disposal fees outlined in Exhibit "B" or any other payment required to be made by LESSEE hereunder as and when due, subject to the cure period set forth in Section 15 (a)(5).

(3) Failure to maintain the Premises as required by this Lease, subject to the cure period set forth in Section 15 (a)(5).

(4) Abandonment or surrender of the Premises or the leasehold estate by LESSEE, subject to the cure period set forth in Section 15 (a)(5).

(5) Failure to perform any other covenant or Provision of this Lease, if the failure to perform is not cured within 30 days after written notice. If the failure to perform cannot reasonably be cured within 30 days, LESSEE shall not be in default of this Lease if LESSEE commences to cure the failure to perform within the 30 day period and thereafter diligently and in good faith prosecutes the cure to completion, and such default is cured within a total of 90 days from the date of the notice.

(6) The subjection of any right or interest to attachment, execution, or other levy, or to seizure under legal process, if not released within 45 days after notice from COUNTY to LESSEE.

(7) An assignment by LESSEE for the benefit of creditors or the filing of a voluntary or involuntary petition by or against LESSEE under any law for the purpose of, adjudicating LESSEE a bankrupt; or for extending time for payment, adjustment, or

satisfaction of LESSEE's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within 45 days after the assignment, filing, or other initial event.

(8) The appointment of a receiver, unless such receivership is terminated within 45 days after the appointment of the receiver, to take possession of LESSEE's interest in the Premises or of LESSEE's interest in the leasehold estate or of LESSEE's operations on the Premises for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership (a) pursuant to the first leasehold encumbrance, or (b) instituted by COUNTY, the event of default being not the appointment of a receiver at COUNTY's instance but the event justifying the receivership.

(9) Any material breach of the "AGREEMENT FOR TRANSFER SERVICES" between LESSEE and the City of Riverside, which results in termination of the "AGREEMENT FOR TRANSFER SERVICES."

(b) Remedies.

(1) **Cumulative Nature Of Remedies.** If any default by LESSEE shall continue uncured, following written notice thereof to LESSEE from COUNTY as required by this Lease, for the period, if any, applicable to the default under the applicable provision of this Lease, COUNTY shall have the remedies described in this subsection (b) in addition to all other rights and remedies provided by law or equity, to which COUNTY may resort cumulatively or in the alternative.

(2) **Termination.** COUNTY may at COUNTY's election following determination of default terminate this Lease by giving LESSEE notice of termination. In the event COUNTY terminates this Lease, COUNTY may recover possession of the Premises (which LESSEE shall surrender and vacate upon demand) and remove all persons and unattached property therefrom, and COUNTY shall be entitled to recover as damages all of the following:

(i) The worth at the time of the award of any unpaid rent or other charges, which have been earned at the time of termination;

(ii) The worth at the time of the award of the amount by which the unpaid rent and other charges which would have been earned after termination until the time of the award exceeds the amount of the loss of such rental or other charges that LESSEE proves could have been reasonably avoided;

(iii) The worth at the time of the award of the amount by which the unpaid rent and other charges for the balance of the Term after the time of the award exceeds the amount of the loss of such rental and other charges that LESSEE proves could have been reasonably avoided; and

(iv) Any other amount necessary to compensate COUNTY for the

detriment proximately caused by LESSEE's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. As used in subsections (i) and (ii) above, the "worth at the time of the award" shall be computed by allowing interest at the rate of 12 percent per annum. As used in subsection (iii) above, the "worth at the time of the award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus two percent.

(3) Continuation of the Lease. Even though LESSEE has breached this Lease and abandoned the Premises, at COUNTY's option this Lease shall continue in effect for so long as COUNTY does not terminate LESSEE's right to possession, and COUNTY may enforce all of its rights and remedies hereunder, including the right to recover rent as it comes due under this Lease, and in such event COUNTY will permit LESSEE to sublet the Premises or to assign its interest in the Lease, or both, with the consent of COUNTY, which consent will not unreasonably be withheld provided the proposed assignee or subLESSEE is satisfactory to COUNTY as to credit and experience and ability to perform the obligations of LESSEE, and will occupy the Premises for the same purposes specified herein. For purposes of this subsection, the following shall not constitute a termination of LESSEE's right to possession: (i) acts of maintenance or preservation or efforts to relet the Premises; or (ii) the appointment of a receiver under the initiative of COUNTY to protect COUNTY's interest under this Lease.

(4) Use of LESSEE's Personal Property. COUNTY may at COUNTY's election use LESSEE's personal property located on, about or appurtenant to the Premises or any of such property and fixtures without compensation and without liability for use or damage, or store them for the account and at the cost of LESSEE. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

(5) Assignment of Subrents. LESSEE assigns to COUNTY all subrents and other sums falling due from sublessee, licensees, and concessionaires (herein called sublessee) during any period in which LESSEE is in default, and LESSEE shall not have any right to such sums during that period. This assignment is subject and subordinate to any and all assignments of the same subrents and other sums to the lender under the first leasehold encumbrance. COUNTY may at COUNTY's election reenter the Premises with or without process of law, without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. COUNTY shall receive and collect all subrents and proceeds from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of COUNTY in recovering possession, placing the Premises in good condition, and preparing or altering the Premises for reletting; second, to the reasonable expense of securing new sublessee; third, to the fulfillment of LESSEE's covenants to the end of the Term; and fourth, to COUNTY's uses and purposes. LESSEE shall nevertheless pay to COUNTY on the due dates specified in this Lease the equivalent of all sums required of LESSEE under this Lease, plus COUNTY's expenses, less the proceeds of the sums assigned and actually collected under this provision.

(c) Lender's Right to Cure Defaults.

(1) Notice of Default. Concurrently with giving notice of default to LESSEE under Section 15(b)(1), above, COUNTY shall deliver (in accordance With the provisions of Section 18) a copy of such notice of default to the lender at its address as furnished to COUNTY in accordance with Section 18.

(2) Lender's Right to Cure. During the continuance in effect of a first leasehold encumbrance, COUNTY will not terminate this Lease because of any default on the part of LESSEE provided that the lender, within ninety (90) days after COUNTY has sent a written notice pursuant to Section 15(b)(1):

(i) Cures such default, if such default can be cured by the payment of money, or, if the default is not so curable, commences or causes the trustee under the encumbrance to commence, and thereafter diligently pursue to completion proceedings to foreclose the encumbrance; and

(ii) Keeps and performs all of the covenants and conditions of this Lease requiring the payment or expenditure of money by LESSEE until such time as LESSEE's leasehold interest is sold upon foreclosure pursuant to the encumbrance, or transferred by an assignment in lieu of foreclosure.

(3) Transfer by Lender. Notwithstanding the provisions of Section 18(a) hereof restricting assignment of this Lease, this Lease may be assigned to the lender by judicial or non-judicial foreclosure or by assignment in lieu of foreclosure (without, however, releasing LESSEE from any of its obligations hereunder) without further consent of COUNTY or any assumption agreement by the lender, the liability of the lender being limited to the period of its possession or ownership of this Lease. No other or further assignment shall be made except in accordance with the provisions of Section 18 of this Lease.

(d) Waiver of Rights. LESSEE hereby waives any right of redemption or relief from forfeiture under California code of Civil Procedure Sections 1174 or 1179, or under any other present or future law, in the event LESSEE is evicted or COUNTY takes possession of the Premises by reason of any default by LESSEE hereunder.

(e) COUNTY's Default COUNTY shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within 60 days after written notice by LESSEE to COUNTY specifying wherein COUNTY has failed to perform such obligation; provided, however, that if the nature of COUNTY's obligation is such that more than 60 days are required for its performance, then COUNTY's shall not be deemed to be in default if it shall commence such performance within such 60 day period and thereafter diligently and in good faith prosecute the cure to completion.

16. Professional Conduct

(a) In the event any official or employee for LESSEE or its successor-in-interest or any environmental or design professional hired by LESSEE or its successor-in-

interest, is indicted by a grand jury, named as a defendant in a felony complaint filed in any court in the United States, or is otherwise alleged to have participated in any criminal activity directly or indirectly associated with the solid waste management business, activities or operations of LESSEE or its successor-in-interest, LESSEE or its successor-in-interest shall provide notice thereof to the COUNTY within 7 days of such indictment, complaint or allegation. Such notice shall contain a description of the indictment, complaint or allegation, as well as a copy of such indictment or complaint or other matters of public record related thereto. In addition to the foregoing, LESSEE or its successor-in-interest shall provide the COUNTY with copies of any reports required to be prepared by LESSEE or its successor-in-interest pursuant to federal securities laws, including quarterly and annual reports.

(b) In the event any official for LESSEE or its successor-in-interest or any environment or design professional hired by LESSEE or its successor-in-interest, who has direct responsibility for any phase of the development or operations at the transfer station, including but not by way of limitation, any similar personnel for LESSEE or its successor-in-interest having a responsibility for transferring or delivering waste to the transfer station or landfill, is convicted, indicted by a Grand Jury, or named as a defendant in a felony complaint filed in the Superior Court or a complaint filed in Federal Court associated with conduct of doing business for LESSEE or its successor-in-interest, this person shall upon written request from the COUNTY be immediately removed from any assignment whatsoever, directly associated with the development or operation of the transfer station during the pendency of trial and/or following conviction.

(c) In the event any director, official or employee of LESSEE, ever be convicted of a felony associated with the solid waste business, said director, official or employee will be immediately terminated from such position.

(d) In the event the conduct by LESSEE or any director, official or employee of LESSEE causes the termination of LESSEE's City of Riverside AGREEMENT FOR TRANSFER SERVICES, this Lease shall be terminated on the effective date of such City termination.

17. Insurance and Indemnity.

(a) Insurance.

LESSEE shall procure at its sole cost and expense and keep in full force and effect from the commencement date of this Agreement continuing until the end of the Term of the Agreement the following insurance provisions:

(1) **Workers' Compensation Insurance** Procure and maintain Workers' Compensation Insurance as prescribed by the laws of the State of California. Such insurance shall provide for Employers Liability including Occupational Disease with limits not less than \$1,000,000 per occurrence. Policy shall be endorsed to provide a Borrowed Servant Endorsement, Alternate Employer Endorsement or Additional Insured Endorsement naming COUNTY and the Riverside County Waste Resources Management District (District) And their respective Directors, Officers, Board of Supervisors, employees, agents or representatives as additional insureds. Policy shall provide a Waiver of Subrogation on behalf of COUNTY and District.

(2) General Liability LESSEE shall procure at its sole cost and expense, and keep in effect from the Commencement Date of this Lease and at all times until the end of the Term Comprehensive Broad Form General Liability insurance coverage that shall protect LESSEE from claims including but not limited to damages for Premises liability, contractual liability, products/completed operations, personal and advertising injury (broad form) and Fire Legal Liability in an amount not less than \$50,000 which may arise from or out of LESSEE's operation use and management of the leased Premises or the performance of its obligations hereunder, whether such operations, use or performance be by LESSEE, by any sublessee, contractor, subcontractor, vendor, or by anyone employed directly or indirectly by either of them or volunteers serving either of them. Such insurance shall name COUNTY and the District, and their respective Directors, Officers, Board of Supervisors, employees, agents or representatives as additional insureds with respect to this lease and the obligations hereunder with limits not less than \$5,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit. All such policies shall be endorsed to add COUNTY and the District and their respective members, officers, employees and agents as additional insureds, and to provide that such coverage shall be primary and that any insurance maintained by COUNTY and the District shall be excess insurance only. This insurance shall act for each insured, as though a separate policy had been written for each. This, however, shall not act to increase the limit of liability of the insuring company. Such coverage shall be endorsed to waive the insurer's rights of subrogation against COUNTY and the District.

(3) Automobile Liability LESSEE shall maintain auto liability insurance for all owned, non-owned or hired automobiles or licensed equipment in an amount not less than \$1,000,000 per occurrence combined single limit. Policy shall name COUNTY and the District and their respective Directors, Officers, Board of Supervisors, employees, agents or representatives as additional insureds and provide a Waiver of Subrogation in favor of COUNTY and the District.

(4) Property Insurance.

(i) LESSEE shall obtain and keep in force during the Term of this Lease a policy of insurance covering loss or damage to the Premises, and all personal property of LESSEE, in the amount of the full replacement value thereof, as the same may exist from time to time, against all perils included within the classification of fire, extended coverage, builder's risk, vandalism, and malicious mischief. LESSEE shall, in addition, obtain and keep in force during the Term of this Lease a policy of rental value insurance covering a period of one year, with loss payable to COUNTY, which insurance shall also cover all real estate taxes and insurance costs for said period. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$10,000 per occurrence, and LESSEE shall be liable for such deductible amount.

(ii) In addition to the foregoing, LESSEE shall insure its furniture, fixtures, and equipment in their full replacement value.

(iii) Not less often than every five (5) years during the Term of this Lease, LESSEE and COUNTY shall agree in writing on the full replacement cost of the Premises

and all improvements thereon. If, in the opinion of COUNTY, the amount or type of property damage insurance coverage, or another amount or type of insurance at that time is not adequate or not provided for herein, LESSEE shall either acquire or increase the insurance coverage as required by COUNTY.

(5) Environmental Impairment Liability Procure and maintain a policy of insurance to cover sudden and accidental and gradual release of any and all pollutants. Policy shall provide coverage for bodily injury and property damage and clean up in an amount not less than three million dollars (\$3,000,000) per occurrence and three million dollars (\$3,000,000) aggregate which shall be excess the deductible or Self Insured Retention. Policy shall name COUNTY and the District as additional insureds and provide a waiver of subrogation in favor of COUNTY and the District. Any policy and its certificate provided for the insurance required by this paragraph shall require an extended reporting period of one year with a minimum ninety (90) days notice of cancellation.

(b) Insurance Requirements

(1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California unless waived, in writing, by COUNTY, and such carrier (s) shall have an A.M.BEST rating of no less than an A:V. In addition, any deductibles or self-insured retentions must be declared by such carrier (s) and such deductibles and retentions shall have the prior consent, in writing, from COUNTY and, at the election of COUNTY, such carriers shall be notified in writing and shall either: (1) reduce or eliminate such deductibles or self-insured retentions relating to COUNTY and the District and their respective officers, employees or agents or (2) procure a bond which guarantees payment of losses and related investigations, claim(s) administration and defense expenses and costs. If no written notice is received from COUNTY within ten (10) days of the acceptance of agreement then such deductibles or self-insured retentions shall be deemed acceptable.

(2) Cause its insurance carrier(s) to furnish COUNTY and the District with either (1) properly executed original Certificate (s) of Insurance and certified original copies of endorsements effecting coverage as required herein, or (2) if requested to do so, in writing by COUNTY and the District provide original Certified copies of policies including all endorsements and any and all attachments thereto, showing that such insurance is in full force and effect, and COUNTY and the District and their respective Directors and Officers, Board of Supervisors, elected officers, employees, agents or representatives are named as additional insureds with respect to this Lease and the obligations of LESSEE hereunder. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier (s) that thirty (30) days written notice shall be given to the COUNTY and the District prior to any modification, cancellation, expiration or reduction in coverage of such insurance. LESSEE shall not take possession or otherwise use the leased Premises until COUNTY and the District have been furnished original Certificate (s) of Insurance and certified original copies of endorsements or policies of insurance including all endorsements and any and all other attachments as required in this Section. The original endorsements for each policy and the Certificate of Insurance shall be signed by an individual authorized by the insurance carrier to do so on its behalf.

(3) It is understood and agreed to by the parties hereto, and the insurance company(s), Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary and COUNTY and the District's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

(4) **COUNTY'S Reserved Rights - Insurance.** COUNTY reserves the right to adjust the monetary limits of insurance coverage during the Term of this Agreement or any extension thereof if in COUNTY's reasonable judgment, the amount or type of insurance typically carried by owners or LESSEE's is inadequate, COUNTY shall have the right to require LESSEE to increase the amount and/or change the types of insurances required in this Section.

(5) COUNTY shall notify LESSEE in writing of changes in insurance requirements and company(s) and, if LESSEE does not deposit certificates evidencing acceptable insurance policies/company(s) with COUNTY incorporating such changes within sixty (60) calendar days of receipt of such notice, LESSEE shall be in default under this Lease without the requirement of further notice to LESSEE, and COUNTY shall be entitled to exercise all legal remedies.

(6) If LESSEE fails or refuses to maintain insurance as required hereunder, or fails to provide the proof of insurance, COUNTY shall have the right to declare this Lease in default without further notice to LESSEE, and COUNTY shall be entitled to exercise all legal remedies for breach of this Lease.

(7) The procuring of such required policies of insurance shall not be construed to limit LESSEE's liability hereunder, nor to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding said insurance policies, LESSEE shall be obligated for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Lease or with the use or occupancy of the Premises.

(c) Insurance Policies.

(1) If LESSEE shall fail to obtain any insurance required hereunder, COUNTY may, at its election, obtain such insurance and LESSEE shall, as additional rent, reimburse COUNTY for the cost thereof plus a ten percent (10%) handling charge, within five (5) days following demand therefor. Insurance required hereunder shall be issued by companies reasonably satisfactory to COUNTY. LESSEE shall deliver to COUNTY copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses as required by this Section 17. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days' prior written notice to COUNTY. LESSEE shall, at least thirty (30) days prior to the expiration of such policies, furnish COUNTY and the District with renewals or "binders" thereof. LESSEE shall not do or permit to be done anything, which shall invalidate the insurance policies referred to in this Section 17. If LESSEE does or permits to be done anything which shall increase the cost of the insurance policies referred to in Section 17(a)(4), then LESSEE shall forthwith upon COUNTY's demand reimburse COUNTY and the District for any additional premiums attributable to any act or omission or operation of LESSEE causing such increase in the cost of insurance. All policies of insurance shall name COUNTY and the District and, at COUNTY's option, any additional parties designated by

COUNTY, as an additional insured. This insurance shall act for each insured, as though a separate policy had been written for each. This, however, shall not act to increase the limit of liability of the insuring company. All insurance required to be provided hereunder is in addition to, and not in lieu of, the indemnity provisions of Sections 17(b) and (f) hereof.

(2) LESSEE shall not use the Premises in any manner, even if the use is for purposes permitted herein, that will result in the cancellation of any insurance, which within five (5) calendar days cannot be renewed or replaced. LESSEE further agrees not to keep on the Premises or permit to be kept, used, or sold thereon, anything prohibited by any fire or other insurance policy covering the Premises. LESSEE shall, at LESSEE's sole cost and expense, comply with any and all requirements, in regard to the Premises, of any insurance organization necessary for maintaining fire and extended coverage insurance.

(d) **Waiver of Subrogation.** LESSEE hereby releases and relieves COUNTY and the District and waives its entire right of recovery against COUNTY and the District for loss or damage arising out of or incident to the perils insured against under Section 17(a)(4), which perils occur in, on, or about the Premises, whether due to the negligence of COUNTY or the District or their respective agents, employees, contractors and/or invitees. LESSEE shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing waiver of subrogation is contained in this Lease.

(e) **Performance Bond, Insurance and Surety Instruments.**

(1) On and after the day the Facility is deemed functional on a continuous basis for the purposes of transferring waste as determined by the COUNTY's General Manager-Chief Engineer, and throughout the Term, LESSEE shall furnish a bond, insurance policy (in a form reasonably acceptable to COUNTY), and/or comparable instrument(s) approved by COUNTY, or any combination thereof, (the "Surety Instruments") guaranteeing the continuous performance of obligations assumed under this Lease. The principal sum of the Surety Instruments shall be two hundred fifty thousand dollars (\$250,000). The Term of each Surety Instrument shall be issued for a three (3) year period on an "evergreen" basis, but not less than one (1) year or the remaining period in the Term hereof, whichever is less. Not less than ninety (90) days before the expiration of each such Surety Instrument, LESSEE shall either extend such Surety Instrument as evidenced by a continuation certificate in a form reasonably acceptable to COUNTY, or furnish a replacement Surety Instrument in the principal sum equal to two hundred fifty thousand dollars (\$250,000).

(f) **Indemnity.**

(1) LESSEE represents that it has inspected the leased premises, accepts the condition thereof and fully assumes any and all risks incidental to the use thereof. COUNTY and the District shall not be liable to LESSEE, its officers, agents, employees, subcontractors or independent contractors for any personal injury or property damage suffered by them which may result from hidden, latent or other dangerous conditions in, on, upon or within the leased premises; except to the extent that such dangerous conditions are caused by the negligence of the COUNTY and the District or their respective officers, agents or employees.

(2) LESSEE shall indemnify, defend, protect, and hold harmless COUNTY and the District and their officers, agents, employees, and independent contractors from and against any and all claims, demands, losses, proceedings, damages, causes of action, liability, costs and expenses, (including attorneys' fees) arising from or in connection with, or caused by (i) any act, omission or negligence of LESSEE or any sublessee of LESSEE, or their respective officers, contractors, licensees, invitees, agents, servants or employees, wheresoever the same may occur; (ii) any use of the Premises, or any accident, injury, death or damage to any person or property occurring in, on or about the Premises, or any part thereof, or from the conduct of LESSEE's business or from any activity, work or thing done, permitted or suffered by LESSEE or its sublessee, contractors, employees, or invitees, in or about the Premises or elsewhere (other than arising as a result of gross negligence or intentional misconduct of COUNTY or the District or any of their respective officers, agents, and employees); and (iii) any breach or default in the performance of any obligations on LESSEE's part to be performed under the terms of this Lease, or arising from any negligence of LESSEE, or any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against COUNTY and the District and the District by reason of any such claim, LESSEE upon notice from COUNTY shall defend the same parties at LESSEE's expense by counsel satisfactory to COUNTY and the District. LESSEE, as a material part of the consideration to COUNTY, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises arising from any cause other than COUNTY's and the District's gross negligence or intentional acts, and LESSEE hereby waives all claims in respect thereof against COUNTY and the District. These provisions are in addition to, and not in lieu of, the insurance required to be provided by Sections 17 (a) and (b) hereof. COUNTY further agrees to indemnify, defend, and hold LESSEE harmless from any claims, losses or damages that result from any personal injury or property damage occurring on any property owned by COUNTY that is adjacent to the Premises that is not leased to LESSEE or which is to be maintained by LESSEE, unless such personal injury or property damage results from LESSEE's negligent or intentional act or omission.

(3) The obligations to indemnify and hold COUNTY and the District free and harmless herein shall survive until any claim, action or cause of action with respect to any such alleged acts or omissions are fully and finally barred by the applicable statute of limitations.

(4) Prior to COUNTY's periodic use of the Premises for the operation of the HHW facility, the operator of the HHW facility shall provide a written assurance to indemnify, defend and hold LESSEE harmless from and against any and all damage, liability, cost or expense arising out of the operation of the HHW facility other than arising as a result of negligence or intentional misconduct of LESSEE or any of its officers, agents, and employees.

(g) **Exemption of DISTRICT and the County of Riverside from Liability** LESSEE hereby assumes all risks and liabilities of a landowner in the possession, use or operation of the Premises. LESSEE hereby agrees that DISTRICT and the County of Riverside shall not be liable for injury to LESSEE's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of LESSEE, LESSEE's employees, invitees, customers, contractors, workers, or any other person in or about the Premises, including any liability arising from the physical condition of the Premises or the

presence of any hazardous or toxic materials or substances on the Premises, nor shall COUNTY and the District be liable for injury to the person of LESSEE, LESSEE's employees agents or contractors, whether such damage or injury is caused by or results from hazardous or toxic materials or substances, fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to LESSEE. These provisions are in addition to, and not in lieu of, the insurance required to be provided by Sections 17(a) and (b) hereof. Nothing contained herein shall be construed as excusing COUNTY and the District from liability for their respective gross negligence or intentional misconduct.

(h) The specified insurance limits required in section 17 herein shall in no way limit or circumscribe LESSEE's obligations to indemnify and hold COUNTY and the District free and harmless herein.

18. Assignment, Subletting and Encumbering.

(a) Except as provided in Section 18 (c) (d) (e) and (f) hereof to the contrary, LESSEE shall not voluntarily assign or encumber its interest in this Lease, in the Land, or in the Premises, or sublease substantially all or any part of the Land or the Premises, or allow any other person or entity (except LESSEE's authorized representatives) to occupy or use all or any part of the Premises. For the purposes hereof, an "encumbrance" shall mean mortgage, deed of trust, land sale contract, lease or other financing device. Assignment, subleasing or encumbering the Premises is absolutely prohibited. Any attempted assignment, encumbrance, or sublease shall be voidable and, at COUNTY's election, shall constitute a default hereunder. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this section.

(b) If LESSEE is a corporation, then any dissolution, merger, consolidation, or other reorganization of LESSEE, or the sale or other transfer of a controlling percentage of the capital stock of LESSEE to any person other than an Affiliate of LESSEE, as defined in 18 (e) shall be deemed a voluntary assignment hereof. The phrase "controlling percentage" means the ownership of, or the right to vote, stock possessing 25% or more of the total combined voting power of all classes of LESSEE's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply if the stock of LESSEE is publicly traded through an exchange or over the counter.

(c) LESSEE shall have the right to sublet the Premises or any portion thereof, for occupancy leases with COUNTY's prior written consent, which consent shall not unreasonably be withheld.

(1) Each sublease shall contain a provision, satisfactory to COUNTY and to each lender having an interest at the time the sublease is executed, requiring the subLESSEE to attorn to COUNTY, or, in the event of any proceeding to foreclose any leasehold encumbrance, to the lender, or any person designated in a notice from such lender, if LESSEE defaults under this Lease and if the sublessee is notified by COUNTY or the lender of LESSEE's default and is instructed to make such sublessee's rental payments to

COUNTY or the lender or designated person.

(2) LESSEE shall, promptly after execution of each sublease, notify COUNTY of the name and mailing address of the sublessee and shall, on demand, permit COUNTY to examine and copy the sublease.

(3) LESSEE shall not accept, directly or indirectly more than one (1) month's prepaid rent from any sublessee or a security deposit in excess of two (2) months' rent.

(4) All subleases shall be "triple net" leases, with the rent payable thereunder to be net of all operating costs, maintenance, taxes, insurance, and utilities (unless LESSEE has received COUNTY's prior written consent to different terms).

(d) **Allowable Assignment.** Prior to completion of all improvements constituting the Project and after COUNTY's issuance of a Certificate of Completion therefor, LESSEE shall not assign this Lease to any person or entity without COUNTY's consent, which consent may be given or withheld in COUNTY's sole and absolute discretion.

(e) **Assignment to Affiliate of LESSEE** Notwithstanding anything contained in Sections 18 (a) through (d), above, upon notice to COUNTY, LESSEE shall be entitled to transfer to any Affiliate of LESSEE all or any portion of LESSEE'S interest in this Lease. For purposes of this Lease, an Affiliate of LESSEE shall be defined as any of the following: (i) Cole Burr, Tracy A. Burr, Edward G. Burr or Sandra L. Burr, as individuals (collectively, the "Burrs"), (ii) any trust for the benefit of one or more of the Burrs, or the descendants of one or more of the Burrs, and which is 100% controlled by one or more of the Burrs (a "Burr Trust"), or (iii) any partnership, corporation, limited liability company or other entity which is 100% beneficially owned by one or more of the Burrs, by a Burr Trust, or by any combination of the two.

(f) **Encumbrance or Assignment as Security.** Notwithstanding any other provision in this Lease, LESSEE shall, subject to the conditions set forth below, have the right to encumber or assign its interest in this Lease, the Premises, the Facility and any other improvements to the Premises by means of a deed of trust, mortgage, trust indenture, security agreement, fixture filing or other encumbrance for the benefit of any commercial bank, institutional lender or other financial institution providing financing to LESSEE (which financing may include, without limitation, construction loans, term loans, working capital loans, revolving credit facilities and letters of credit to support debt instruments) for the development, construction, equipping, operation or maintenance of the Facility and any other improvements to the Premises, and/or for the benefit of the holders of bonds, (or the trustee acting on their behalf) that may be issued to provide financing for any of the foregoing purposes. The term "Lender" shall refer to Union Bank of California, N.A. or such other financial institution providing the financing described in the immediately preceding sentence; provided, however, that if such financing is provided by a syndicate of financial institutions acting together, the term "Lender" shall, unless the context otherwise requires, refer to Union Bank of California, N.A. or such other financial institution with the authority to represent such syndicate in dealings with LESSEE, in such financial institution's capacity as agent, administrative agent, collateral agent, issuing bank or otherwise; provided further,

than any reference to obligations owed to the Lender or of similar import shall refer collectively to obligations owed to the Lender and to obligations owed to holders of bonds, if any, issued to finance the Facility and, in the case where the financing is provided by a syndicate of financial institutions, to obligations owed to all members of the syndicate. The right of LESSEE to encumber or assign its interest in the Lease, the Premises, the Facility and any other improvements to the Premises pursuant to this Section 18(f) shall be subject to the following limitations:

(1) prior to execution of any instrument or agreement evidencing such encumbrance and/or the obligations secured thereby (or any amendment, supplement or modification thereto) (collectively, the "Financing Documents"), LESSEE shall deliver to COUNTY written notice of the name and address of the Lender and a copy of such instrument or agreement (or amendment, supplement or modification) substantially in the form to be executed, and COUNTY may require reasonable changes in such instrument or agreement (or amendment, supplement or modification) only to the extent necessary to ensure that it does not violate the requirements of this Lease; provided, however, that COUNTY's failure to object to any provision of such instrument or agreement (or amendment, supplement or modification) within seven (7) calendar days after COUNTY's receipt thereof shall constitute an approval thereof;

(2) the Financing Documents shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Facility, provided that (a) the Facility is capable of being fully repaired or rebuilt; and (b) (i) the proceeds of such insurance are sufficient to fully repair or rebuild the Facility or (ii) LESSEE agrees to fully repair or rebuild the Facility, notwithstanding the fact that such proceeds are insufficient to fully repair or rebuild the Facility;

(3) the Financing Documents shall contain provisions that all notices of default under the Financing Documents must be sent to COUNTY and LESSEE and that COUNTY shall have 30 days to cure any default by LESSEE after the time for LESSEE to cure it has expired; provided that neither COUNTY's right to cure any default nor any exercise of such a right shall constitute an assumption of liability under the note or deed of trust;

(4) upon the recordation of any Financing Document in any official real estate recording office, LESSEE shall furnish to COUNTY the date and place of recording or filing of record thereof and the recorder's instrument number, book, and page reference or other recorder's index reference;

(5) until the obligations evidenced by the Financing Documents have been fully and indefeasibly paid in full, there shall be no cancellation, surrender, acceptance of surrender or modification of this Lease except by a written instrument executed by COUNTY, LESSEE and the Lender;

(6) no encumbrance shall cover any interest in any real property other than LESSEE's leasehold interest in the Premises and LESSEE's ownership or other interest in the improvements to the Premises. No encumbrance shall secure indebtedness for refuse collection trucks or related collection bins nor for indebtedness not related to the Premises, the Facility, the other improvements or the business conducted in direct connection with any

of the foregoing;

(7) on termination of this Lease by COUNTY on LESSEE's default, or on the lender's acquisition of the leasehold by foreclosure, COUNTY shall enter into a new lease with the Lender or the Lender's assignee covering the Premises covered by the terminated or foreclosed lease if the Lender (a) gives notice of request within 30 days after termination or foreclosure, (b) pays all costs resulting from default and termination, (c) remedies all defaults construed as though the Lease had not been terminated, and (d) obtains approval of COUNTY in accordance with Section 18 (d) of any assignment of the interest that it has acquired from LESSEE; the new lease shall be for the remainder of the Term of the terminated or foreclosed lease, effective as the date of termination or foreclosure, at the rent and on the covenants agreements, conditions, provisions, restrictions, and limitations contained in the terminated or foreclosed lease;

(8) Except as expressly provided herein, nothing contained in the leasehold encumbrance shall be deemed or construed to relieve LESSEE from the full and faithful observance and performance of its covenants herein contained, or from any liability for the nonobservance or nonperformance thereof, or to constitute a waiver of any rights of COUNTY hereunder;

(9) Subject to the foregoing, COUNTY shall cooperate in the efforts of LESSEE to obtain any such financing by the prompt execution of any and all documents and the prompt granting of any and all consents and approvals required in connection therewith; and

(10) Without the consent of COUNTY, which consent shall not be unreasonably denied or delayed, LESSEE shall not obtain any financing that is secured by a lien on the Premises, the Facility or any other improvements to the Premises which is of a priority lower than third priority.

19. Toxic Materials. During the Term of this Lease and any extensions thereof, LESSEE shall not violate any federal, state or local law, or ordinance or regulation, relating to industrial hygiene or to the environmental condition on, under or about the leased premises including, but not limited to, soil and groundwater conditions. Further, LESSEE, its successors, assigns and sublessee, shall not use, generate, manufacture, produce, store or dispose of on, under or about the leased premises or transport to or from the leased premises any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "hazardous materials"). For the purpose of this Lease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws. Notwithstanding the foregoing, LESSEE shall not be responsible for any hazardous materials relating to or released as a result of the operations of the household hazardous

waste facility.

20. Free from Liens. LESSEE shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to LESSEE, in, upon, or about the leased premises, and which may be secured by a mechanics', materialmen's or other lien against the leased premises or COUNTY's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by such lien matures or becomes due; provided, however, that if LESSEE desires to contest any such lien, it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment, and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, LESSEE shall forthwith pay and discharge said judgment.

21. Employees and Agents of LESSEE. It is understood and agreed that all persons hired or engaged by LESSEE shall be considered to be employees or agents of LESSEE and not of COUNTY.

22. Binding on Successors. LESSEE, its assigns and successors in interest, shall be bound by all the terms and conditions contained in this Lease, and all of the parties thereto shall be jointly and severally liable hereunder.

23. Severability. The invalidity of any provision in this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

24. Venue. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Lease shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereto waive all provisions of law providing for a change of venue in such proceedings to any other county.

25. Attorney's Fees. In the event of any litigation or arbitration between LESSEE and COUNTY to enforce any of the provisions of this Lease or any right of either party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment rendered in such litigation or arbitration.

26. Notices. All notices, consents or other communications which are required or permitted by this Agreement to be served on or given to any party shall be in writing and shall be deemed served or given when personally delivered or, in lieu of personal delivery, on receipt, rejection or return undelivered, when deposited in the United States mail, first-class, certified or registered, postage prepaid, return receipt requested or overnight mail delivery service, addressed to the applicable party at the address which is provided in this paragraph. Unless notice of a different address has been given in accordance with this Section, all such notices shall be addressed as follows:

COUNTY:
Riverside County
Waste Management Department
14310 Frederick Street
Moreno Valley, CA 92553

LESSEE:
Eric Herbert
Agua Mansa MRF, LLC.
C/O 9890 Cherry Ave.
Fontana, CA 92335

or to such other addresses as from time to time shall be designated by the respective parties.

27. Estoppel Certificates.

(a) In the event of a proposed sale or refinancing of the Premises or any part thereof, at any time and from time to time, within twenty (20) days after notice of request by either party, the other party shall execute, acknowledge, and deliver to the requesting party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect; or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement and acknowledging that there are no uncured defaults or failures to perform any covenant or Provision of this Lease on the part of the requesting party or specifying any such defaults or failures which are claimed to exist. The statement shall also state the dates to which the Rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, commercial banker, and investment banker of either party and by any prospective purchaser or the lender of the Premises or all or any part or parts of LESSEE's or COUNTY's interests under this Lease.

(b) Either party's failure to execute, acknowledge, and deliver, on request, the certified statement described above within the specified time shall constitute acknowledgment by such party to all persons entitled to rely on the statement that this Lease is unmodified and in full force and effect and that the rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice of request and shall constitute a waiver, with respect to all persons entitled to rely on the statement, of any defaults on the requesting party's part that may exist before the date of the notice.

28. Surrender of Premises. At the expiration or earlier termination of the Term, LESSEE shall surrender to COUNTY the possession of the Premises. Surrender or removal of improvements shall be as directed in the provisions of this Lease on ownership of improvements at expiration or termination. LESSEE shall leave the surrendered property and any other property in good and broom clean condition. All property that LESSEE is not required to surrender but that LESSEE does abandon shall, at COUNTY's election, become COUNTY's property at expiration or the sooner termination of this Lease.

29. No Discrimination.

(a) LESSEE shall not discriminate upon the basis of race, color, creed, religion, sex, marital status, age, national origin, ancestry, physical handicap, or medical condition in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, or any part thereof, nor shall LESSEE or any person claiming under or through LESSEE establish or permit any such practice or practices of discrimination or segregation with respect to the selection, location, number, use or occupancy of LESSEES, LESSEES,

sublessee, sublessee or vendees of the Premises. The foregoing covenant shall run with the land. LESSEE shall insert into and make a part of any lease, rental agreement, occupancy permit, use or sales agreement or any other document pertaining to the Premises a provision that there shall be no restrictions imposed thereon because of race, color, creed, religion, sex, marital status, age, national origin, ancestry, physical handicap, or medical condition.

(b) LESSEE agrees, for itself, its successors and assigns, to refrain from restricting the rental, sale or lease of the Premises on the basis of race, color, creed, religion, ancestry, sex, marital status, national origin, age of any person, physical handicap, or medical condition. All deeds, leases or contracts entered into with respect to the Premises shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, national origin, sex, marital status, age, ancestry, physical handicap, or medical condition in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of LESSEEs, LESSEEs, sublessee, sublessee or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(2) **In leases:** "The LESSEE herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this Lease is made and accepted upon and subject to the following conditions: That there be no discrimination against or segregation of any person or group of persons, on account of age, race, color, creed, religion, sex, marital status, national origin, ancestry, physical handicap, or medical condition in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the land herein leased nor shall the LESSEE himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of LESSEEs, LESSEEs, sublessee, sublessee or vendees in the land herein leased."

(3) **In contracts:** "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, age, national origin, sex, marital status, ancestry, physical handicap, or medical condition in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of LESSEEs, LESSEEs, sublessee, sublessee or vendees of the land."

30. **Miscellaneous.**

(a) **Governing Law.** This Lease shall be construed and interpreted in accordance with the laws of the State of California.

(b) Covenants and Conditions. All provisions, whether covenants or conditions, on the part of LESSEE shall be deemed to be both covenants and conditions.

(c) Transfer of COUNTY's Interest. COUNTY shall not transfer its interest in the premises except upon the assumption by the transferee of all obligations and liabilities relating to the Lease. In no event shall any transfer of COUNTY's interest relieve COUNTY of any liability which either arose prior to the date of transfer or which is based on facts or circumstances in existence as of the date of the transfer.

(d) Waiver. The waiver by COUNTY or LESSEE of any breach or default by the other party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach or default of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by the COUNTY shall not be deemed to be a waiver of any preceding breach or default by LESSEE of any term, covenant, or condition of this Lease, other than the failure to pay the particular rents so accepted, regardless of COUNTY's knowledge of such preceding breach or default at the time of acceptance of such rent.

(e) No Joint Venture. Nothing contained herein shall be construed to render the COUNTY in any way or for any purpose a partner, joint venturer, or associated in any relationship with LESSEE other than that of COUNTY and LESSEE, nor shall this Lease be construed to authorized to act as agent for the other.

(f) Exhibits. All exhibits to which reference is made in this Lease are hereby incorporated by reference. Any reference to "this Lease" includes matters incorporated by reference.

(g) Entire Agreement; Modification. This Lease contains the entire agreement between the Parties. No verbal agreement or implied covenant, representation, inducement or understanding of any kind or nature shall be held to vary the provisions hereof, any statements, law or custom to the contrary notwithstanding. No promise, representation, warranty, or covenant not included in this Lease has been or is relied on by either party. Each party has relied on its own inspection of the Premises and examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in this Lease itself. The failure or refusal of either party to inspect the Premises, to read this Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice. No provision of this Lease may be amended or varied except by an agreement in writing signed by the parties hereto and the lender under the first leasehold encumbrance or their respective successors.

(h) Consents to LESSEE. Neither COUNTY's execution of this Lease nor any consent or approval given by COUNTY hereunder in its capacity as COUNTY shall waiver, abridge, impair or otherwise affect COUNTY's powers and duties as a governmental body. Any requirements under this Lease that LESSEE obtain consents or approvals of COUNTY are in addition to and not in lieu of any requirements of law that LESSEE obtain approvals or permits. COUNTY hereby certifies, however, that as of the date hereof, there are no consents or approvals required to be given by COUNTY in connection with the execution and performance by LESSEE of the Master Lease in accordance with its terms and provisions which have not been granted by COUNTY.

(i) Records. COUNTY or any representative or designee thereof may examine the books and records of LESSEE, or any officer, employee, agent, contractor,

affiliate, related person, assignee or franchise, as such books and records relate to, directly or indirectly, solid waste (as defined in Exhibit "B") tonnage and the disposition of hazardous waste by LESSEE.

(j) **Recordation of Memorandum of Lease.** This Third Amended Master Lease shall not be recorded. A memorandum of an Amendment of Lease shall be recorded. The parties shall execute the memorandum in form and substance as required by a title insurance company insuring LESSEE's leasehold estate or the interest of any leasehold or fee lender, and sufficient to give constructive notice of this Third Amended Master Lease to subsequent purchasers and lenders. A memorandum of Lease satisfying the same purpose for the original Master Lease was recorded on April 22, 1997 and a memorandum of Second Amended Master Lease was recorded on December 5, 2001.

(k) **Execution in Counterparts.** This Lease, or the memorandum of this Lease, or both, may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

31. **Permits, Licenses and Taxes.** LESSEE shall secure, at its expense, all necessary permits and licenses as it may be required to obtain, and LESSEE shall pay for all fees and taxes levied or required by any authorized public entity. LESSEE recognizes and understands that this Lease may create a possessory interest subject to property taxation and that LESSEE may be subject to the payment of property taxes levied on such interest.

32. **Paragraph Headings.** The paragraph headings herein are for the convenience of the parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Lease.

33. **COUNTY's Representative.** COUNTY hereby appoints the General Manager-Chief Engineer of the Waste Management Department as its authorized representative to administer this Lease.

34. **Agent for Service of Process.** It is expressly understood and agreed that in the event LESSEE is not a resident of the State of California or it is an association or partnership without a member or partner resident of the State of California, or it is a foreign corporation, then in any such event, LESSEE shall file with COUNTY's General Manager-Chief Engineer, upon its execution hereof, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Lease, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon LESSEE. It is further expressly understood and agreed that if for any reason service of such process upon such agent is not feasible, then in such event LESSEE may be personally served with such process out of this County and that such service shall constitute valid service upon LESSEE. It is further expressly understood and agreed that LESSEE is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto.

35. **Entire Lease.** This Lease is intended by the parties hereto as a final expression of their understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms and conditions thereof and supersedes any and all prior and contemporaneous leases, agreements and understandings, oral or written, in connection therewith. This Lease may be changed or modified only upon the written consent of the parties hereto.

36. Guarantor/Parent Company Guarantee. LESSEE has provided COUNTY the written Agreement of Burrtec Waste Group, Inc. signed by a duly authorized corporate officer that Burrtec Waste Group, Inc. together with LESSEE guarantees the performance of all of the obligations and duties of LESSEE hereunder attached as Exhibit "F".

37. Closure of Burrtec Recycling Center.

LESSEE formerly operated the Burrtec Recycling Center ("BRC") at 9470 Mission Boulevard in the Unincorporated Area of Riverside County. LESSEE terminated its operation of BRC. Upon such termination, Conditional Use Permit #2711 and all amendments thereto were deemed automatically revoked, without notice or hearing, and LESSEE, and/or its successor(s) in interest, hereby waived the right to challenge such revocation.

38. Illegal Dumping Retrieval Services.

LESSEE shall have the continued responsibility to collect illegally dumped material attributable to operation of the Facility along the Traveled Way on primary delivery routes to the Facility northerly of Highway 60 on Market Street, Rubidoux Boulevard, and Agua Mansa Road as shown on Exhibit A-III. Inspection and retrieval shall be completed not less often than twice weekly.

In addition, LESSEE shall provide similar illegal dumping retrieval services within all public rights of way in Riverside County within a one mile radius of the transfer station.

39. Right of First Refusal.

In the event that COUNTY should elect to sell the Premises to a private purchaser, COUNTY shall first give notice to LESSEE of such intent, together with a true and complete copy of the proposed terms of sale, and shall give LESSEE the right to purchase the Premises upon the same terms of sale. LESSEE shall exercise its right to purchase the Premises, if at all, by delivering notice to COUNTY of its intent to purchase within forty-five (45) days following LESSEE's receipt of COUNTY's notice.

If COUNTY elects to sell the Premises, and is required to seek bids for such sale, LESSEE shall be deemed to have submitted a revocable bid in an amount which exceeds the highest bid actually received by One Dollar (\$1.00). LESSEE shall have the right to revoke such bid by delivering notice of revocation within fifteen (15) days following LESSEE's receipt of notice from COUNTY of the deemed amount of LESSEE's bid, in which event COUNTY may proceed, in the sole and exclusive exercise of its discretion, to sell the Premises to the highest other bidder, or to reject all bids and retain ownership of the Premises.

Any purchaser of the Premises from COUNTY shall be bound by the terms of this Lease, as lessor, and its interest in the Premises and the other property subject to this Lease shall be subject to any encumbrance placed thereon pursuant to Section 18(f).

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed and is effective on the date the Board of Supervisors takes action on it.


RIVERSIDE COUNTY WASTE
MANAGEMENT DEPARTMENT
14310 Frederick Street
Moreno Valley, CA 92553


Agua Mansa MRF, LLC
1830 Agua Mansa Road
Riverside, CA 92509

Dated: _____

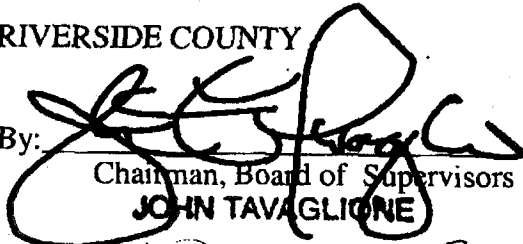
Dated: 2-3-03

RECOMMENDED FOR APPROVAL

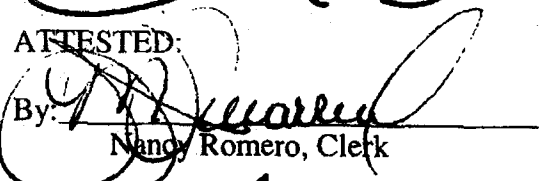
By: 
Joseph R. McCann
General Manager-Chief Engineer

By: 
Responsible Officer
Title: VICE PRESIDENT

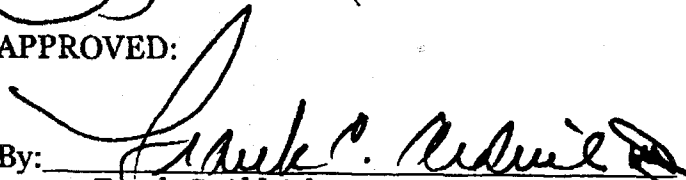
RIVERSIDE COUNTY

By: 
Chairman, Board of Supervisors
JOHN TAVAGLIONE

ATTESTED:

By: 
Nancy Romero, Clerk

APPROVED:

By: 
Frank C. Aldrich III, Deputy County Counsel

aldrich

Amendment 4 to the Master Lease

Amendment No. 4 To
The Master Lease

September 9, 2003

This Amendment No. 4 to the Master Lease made and entered into this 9 day of September, 2003, by and between the Riverside County Waste Management Department, herein called COUNTY, and Agua Mansa MRF, LLC, herein called LESSEE.

WITNESSETH:

WHEREAS, the parties are parties to that certain MASTER LEASE dated March 11, 1997 for approximately 12.2 acres located in an Unincorporated County area of Riverside County, California in the Agua Mansa Enterprise/Recycling Market Development Zone, referred to herein as the "Premises"; and

WHEREAS, the Premises are leased hereby for the exclusive purpose of providing the financing, permitting, design, construction and operation of a solid waste transfer station with materials recovery capability and other related uses, including but not limited to a truck and waste bin storage and maintenance facility (The Facility); and

WHEREAS, the parties amended said MASTER LEASE on June 24, 1997 to facilitate the financing of said Facility and on June 26, 2001 and February 11, 2003 substantially in its entirety both times; and

WHEREAS, the parties desire to amend said MASTER LEASE to extend the Term and include other items of agreement between the parties;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties have agreed as follows (NOTE: reference numbers refer to existing sections of the aforementioned MASTER LEASE):

1. Section 1 of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

1. **Description.** The premises leased hereby consist of approximately 19.03 acres located in an Unincorporated County area of Riverside County, California in the Agua Mansa Enterprise /Recycling Market Development Zone, referred to herein as the "Premises", as more particularly described on Exhibit "A '03" attached hereto and, by this reference made a part of this Lease.

2. Section 2 (e) of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

(e) In order to help address illegal dumping, LESSEE agrees to accept and charge all self-haul, non-hazardous, non-commercial, solid waste loads (with less than 50% of the load green and/or woody waste) weighing up to 600 pounds (the "Minimum Load Charge") not more than \$10.00 per load. The Minimum Load Charge shall not apply to any other type of load delivered to the Transfer Station. Each such small load is assumed to be 0.3 tons. COUNTY agrees to negotiate in good faith with LESSEE on the Minimum Load Charge two years after this Amendment No. 4 is executed by the Board of Supervisors. In the event LESSEE's contract with the City of Riverside requires rates that are lower than stated herein, the lower rates will prevail as expressed above in Section 2(b).

3. Section 2 of the amended MASTER LEASE dated February 11, 2003 is expanded with the addition of the following subsection (l):

(l) LESSEE shall obtain a fifteen (15) year extension to the term of LESSEE's Agreement for Transfer Services with the City of Riverside by October 2004 to include green waste services.

4. Section 3, Title, of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

3. Title.

(a) Within forty-five (45) days of the execution of the Fourth Amended Master Lease, COUNTY will deliver to LESSEE a current endorsement or another policy (both referred to here as the "Endorsement") for the part of the Premises not already covered by title policy # 2010-15525 (the "Policy") or an existing endorsement to the Policy. The Endorsement shall insure LESSEE's interest in the Land free and clear of all liens, encumbrances, restrictions, and rights of way of record; subject only to the following permitted conditions of title ("Permitted Title Exceptions"):

(1) The applicable zoning, building and development regulations of any city, county, state or federal jurisdiction affecting the land; and

(2) Exceptions to coverage (#1-#6), in addition to the printed exceptions and exclusions contained in the Policy, listed on pages 3 and 4 of Preliminary Title Report 69013-02 as amended on February 11, 1997.

(3) The cost of said Endorsement shall be paid by LESSEE.

(b) The parties agree such an Endorsement was not delivered to LESSEE by COUNTY for the Third Amendment to this Master Lease (with no penalty to COUNTY).

5. Section 4, Term, of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

4. Term.

The Term of this Lease commenced on March 11, 1997 ("the Commencement Date"), and shall end on March 10, 2029 unless sooner terminated as provided for herein or unless extended by mutual agreement of COUNTY and LESSEE.

If LESSEE has not reached substantial completion, of the GWF by October 30, 2003 and the MRF building by December 31, 2003, the Term of this Lease shall be reduced by four years.

6. Section 5(a), Lease Payments, of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

(a) LESSEE shall pay the sum of \$1.00 per year to COUNTY as payment for the leased premises, payable, in advance, on the first day of the Lease (the "Base Rental"). In addition to the Base Rental, LESSEE shall pay rental on Area "W" and Area "Z" (See Exhibit A-1 '03) based on fair rental value. At the execution of the Third Amendment, the fair rental value for Area "W" was Two Thousand One Hundred Fifty- Nine Dollars and Sixty-Six Cents (\$2,159.66) per month.

The fair rental value for Areas "X" and "Y" at the execution of the Third Amended Master Lease was Two Thousand Six Hundred Sixty-Eight Dollars (\$2,668.00) per month. Upon completion of the MRF and GWF as provided herein, Area "X" and "Y" shall be deemed a part of the Base Rental, provided however, in the event the MRF and GWF are not constructed, LESSEE shall continue to pay fair rental value for Area "X" and "Y" at the rate of Two Thousand Six Hundred Sixty-Eight Dollars (\$2,668.00) per month. The fair rental value for Area "Z" at the execution of the Third Amendment was One Thousand Three Hundred Thirty-Four Dollars (\$1,334.00) per month. In consideration of the LESSEE's commitment to pursue the Conversion or Recycling/Diversion Project contemplated in Section 40, beginning on January 1, 2004, Area "Z" shall be deemed a part of the Base Rental and increase in size to approximately 4.25 acres. If the Conversion or Recycling/Diversion Project is not substantially completed, by December 31, 2006, Area "Z" shall be removed as part of the leased premises and not be used by LESSEE.

If the MRF and GWF are constructed, no part of Areas "X", and "Y" shall be used for refuse collection activities.

Thereafter every two years beginning in March 2003 the fair rental value for Areas "W", "X", "Y" and "Z" (where appropriate, per this section) shall be recalculated, based on the percentage increase in the cost of living, which adjustment shall be determined as follows: In each March when an adjustment is to be made, the published Index figure for the month of February shall be determined. The monthly rental payable for the succeeding two (2) years of the lease term shall be the initial fair rental value for Areas "W", "X", "Y" and "Z" reserved under this Section 5(a), increased by the same percentage, if any, by which the published Index figure for the month of

February shall have increased over the Consumer Price Index figure for February 2001. The term "Index" as used in this Lease shall mean the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside Average, Subgroup "All Items" (1982-84 = 100). If at any time the Index should not exist in the format recited herein, COUNTY shall substitute any official index published by the Bureau of Labor Statistics, or successor or similar governmental agency, as may then be in existence and shall, in COUNTY's opinion, be most nearly equivalent thereto.

7. Section 6 (d) of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

(d) LESSEE shall pay annual Mello Roos Assessments on the Premises to COUNTY within thirty (30) days of receiving an invoice from COUNTY. LESSEE's rate for the first ten years of the Lease will be 13.2 cents per square foot of lease property as defined on Exhibit "A '03" and as located on Exhibit "A-1 '03" (based on an estimated 10 year average) and 16.09 cents per square foot of lease property as defined on Exhibit "A '03" and as located on Exhibit "A-1 '03" for the lease years remaining.

If the Mello Roos Assessments on the Premises are refinanced by the Agua Mansa Industrial Growth Association during the Term of this Lease, LESSEE's rate shall be recomputed by COUNTY based on the new terms of the refinancing. If COUNTY elects to prepay its Mello Roos obligations at any time during the Term of this Lease, LESSEE may elect to prepay its entire share of the Mello Roos Assessments to COUNTY concurrently.

The Premises is approximately 19.03 acres or 828,947 square feet in size.

8. Section 7(b) of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

(b) Once the work is approved by COUNTY, LESSEE shall with reasonable diligence prosecute to completion all construction of the improvements. The Transfer Station and the Area "W" improvements have already been completed. LESSEE shall construct the GWF so it is substantially completed, by October 30, 2003 and shall construct the MRF building so it is substantially completed, by December 31, 2003 or the Area "X" and "Y" rental shall remain at fair rental value as discussed in Section 5(a). LESSEE shall proceed with the Conversion or Recycling/Diversion Project contemplated in Section 40 so it is substantially completed, by December 31, 2006 or Area "Z" shall be removed as part of the leased premises and not be used by LESSEE. LESSEE shall have the responsibility for supplying all technical information and preparing all permits relevant to the project that are required by federal, state, and local regulatory agencies.

The drop-off/buy-back recycling center shall remain open throughout the term.

9. Section 30, Miscellaneous, subsection (j) of the amended Master Lease dated February 11, 2003 is deleted and replaced with the following:

(j) Recordation of Memorandum of Lease. This Amendment No. 4 to the Master Lease shall not be recorded. A memorandum of an Amendment of Lease shall be recorded. The parties shall execute the memorandum in form and substance as required by a title insurance company insuring LESSEE's leasehold estate or the interest of any leasehold or fee lender, and sufficient to give constructive notice of this Amendment No. 4 to the Master Lease to subsequent purchasers and lenders. A memorandum of Lease satisfying the same purpose for the original Master Lease was recorded on April 22, 1997 and a memorandum of Second Amended Master Lease was recorded on December 5, 2001. Such memorandums were not recorded after Amendment No. 1 to the Master Lease and the Third Amended Master Lease.

10. Section 30, Miscellaneous, of the amended MASTER LEASE dated February 11, 2003 is amended with the addition of the following:

(l) Other Issues. LESSEE hereby expressly consents to modification of the Franchise Area 4 Agreement and agrees to pursue no legal action against COUNTY for such modification.

If LESSEE is successful in pursuit of a legal judgment for damages against International Rubbish Service (IRS), the former franchisee for County Franchise Area 4, COUNTY shall also benefit in the decision against the former Franchisee to the degree that IRS damaged COUNTY.

All monies due COUNTY for billings not paid by LESSEE during the time of LESSEE's complaint against IRS shall be paid within thirty (30) days of execution of Amendment number 4 to the Master Lease by the Riverside County Board of Supervisors.

11. The amended MASTER LEASE dated February 11, 2003 is amended with the addition of the following Section 40, Conversion or Recycling/Diversion Project:

40. Conversion or Recycling/Diversion Project. LESSEE shall construct a conversion or a recycling/diversion facility to be designed, built and operated by a qualified party or LESSEE. The size, type, and location of the facility being proposed is undefined at the time of execution of this Amendment No. 4 to the Master Lease, but the facility proposed shall meet the following criteria:

(a) An approved demonstration project with capacity for a minimum of 100 tons per day shall be on line not later than the date given in Sections 5 and 7 of this Master Lease.

(b) A competitive selection process will be utilized by LESSEE to determine

the best-qualified third party vendor to design, build and operate the project.

(c) The selected project shall align with the then existing regulatory requirements of the State of California diversion credit. The facility's goal is to use output material that would be otherwise landfilled. The diversion goal set for the selected project will be at least 60% of the facility's throughput.

(d) The site on which the project is to be constructed is Area "Z" as shown on Exhibit "A-1 '03" without additional lease compensation. An appropriate lease modification to reflect the project will be executed by the parties hereto, when presented by COUNTY.

(e) LESSEE shall separately process and obtain at his own (or selected vendor's) expense, all necessary land use and environmental approvals; and all necessary County, State or Federal construction and operating permits.

(f) The demonstration project shall be designed so that it is expandable to meet the anticipated future needs of user agencies.

(g) During the first three years of operation, LESSEE shall provide COUNTY monthly environmental data collected with semiannual summary reports of the plant performance. After the first three years, the data and reporting requirements will be reduced as then defined by COUNTY.

(h) LESSEE agrees to expand the Conversion project when COUNTY requests it to do so after satisfactory performance has been demonstrated, and appropriate permitting has been obtained. New terms and rates will be negotiated in good faith at that time.

12. Exhibit A of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the attachment entitled Exhibit A '03.

13. Exhibit A-1 of the amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the attachment entitled Exhibit A-1 '03.

14. Except to the extent specifically modified or amended hereby, all of the terms, covenants and conditions of the March 11, 1997 MASTER LEASE as amended June 24, 1997, June 26, 2001 and February 11, 2003 shall remain in full force and effect between the parties.

[Rest of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Amendment No. 4 to the MASTER LEASE to be duly executed on the day and year first above written.

RIVERSIDE COUNTY WASTE
MANAGEMENT DEPARTMENT
14310 Frederick Street
Moreno Valley, CA 92553

Agua Mansa MRF, LLC
1830 Agua Mansa Road
Riverside, CA 92509

Dated: _____

Dated: 8-29-03

RECOMMENDED FOR APPROVAL

By: [Signature]
Joseph R. McCann
General Manager-Chief Engineer

By: [Signature]
ERIC D. HERBERT
Responsible Officer
Title: VICE PRESIDENT

RIVERSIDE COUNTY

By: [Signature]
Chairman, Board of Supervisors
JOHN TAVABLON

ATTESTED:

By: [Signature]
Nancy Romero, Clerk

APPROVED:

By: [Signature]
Frank C. Aldrich III, Deputy County Counsel

Amendment 5 to the Master Lease

Amendment No. 5 To
The Master Lease

February 24, 2004

This Amendment No. 5 to the Master Lease made and entered into this 24th day of February, 2004, by and between the Riverside County Waste Management Department, herein called COUNTY, and Agua Mansa MRF, LLC, herein called LESSEE.

WITNESSETH:

WHEREAS, the parties are parties to that certain MASTER LEASE dated March 11, 1997 for approximately 12.2 acres located in an Unincorporated County area of Riverside County, California in the Agua Mansa Enterprise/Recycling Market Development Zone, referred to herein as the "Premises"; and

WHEREAS, the Premises are leased hereby for the exclusive purpose of providing the financing, permitting, design, construction and operation of a solid waste transfer station with materials recovery capability and other related uses, including but not limited to a truck and waste bin storage and maintenance facility (The Facility); and

WHEREAS, the parties amended said MASTER LEASE on June 24, 1997 to facilitate the financing of said Facility, on October 23, 2001 and February 11, 2003 substantially in its entirety both times, and on September 9, 2003 to extend the Term and include other items of agreement between the parties; and

WHEREAS, the parties desire to amend said Master Lease to extend the substantial completion date for the material recovery facility and amend the legal descriptions of both the Third and the Fourth Amendments to the MASTER LEASE ;

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties have agreed as follows (NOTE: reference numbers refer to existing sections of the aforementioned MASTER LEASE and its amendments):

1. Section 4 of the amended Master Lease dated September 9, 2003 is deleted and replaced with the following:

4. Term

The Term of this Lease commenced on March 11, 1997 ("the Commencement Date"), and shall end on March 10, 2029 unless sooner terminated as provided for herein or unless extended by mutual agreement of COUNTY and LESSEE.

If LESSEE has not reached substantial completion of the GWF by October 30, 2003 and the MRF building by April 2, 2004 (having received a Certificate of Occupancy for the MRF), the Term of this Lease shall be reduced by four years.

2. Section 7(b), Lease Payments, of the amended MASTER LEASE dated September 9, 2003 is deleted and replaced with the following:

(b) Once the work is approved by COUNTY, LESSEE shall with reasonable diligence prosecute to completion all construction of the improvements. The Transfer Station and the Area "W" improvements have already been completed. LESSEE shall construct the GWF so it is substantially completed, by October 30, 2003 and shall construct the MRF building so it is substantially completed, by April 2, 2004 (having received a Certificate of Occupancy for the MRF) or the Area "X" and "Y" rental shall remain at fair rental value as discussed in Section 5(a). LESSEE shall proceed with the Conversion or Recycling/Diversion Project contemplated in Section 40 so it is substantially completed, by December 31, 2006 or Area "Z" shall be removed as part of the leased premises and not be used by LESSEE. LESSEE shall have the responsibility for supplying all technical information and preparing all permits relevant to the project that are required by federal, state, and local regulatory agencies.

The drop-off/buy-back recycling center shall remain open throughout the term.

3. Exhibit A of the Amended MASTER LEASE dated February 11, 2003 is deleted and replaced with the following:

Exhibit A

PARCEL A

Portions of Parcels 3 & 4 of Parcel Map 24088-1, Recorded in Book 177, Pages 26 through 31 of Parcel Maps, Records of Riverside County State of California. Lying within Sections 2 and 3, Township 2 South, Range 5 West San Bernardino Base and Meridian, lying within the unincorporated area of Riverside County, State of California described as follows:

All of Parcel 4 of Said Parcel Map 24088-1. Together with that portion of Parcel 3 of Said Parcel Map lying Southwest of the following described line:

Commencing at the Northwest Corner of Said Parcel 3;

Thence North 53°50'25" East along the North line of said Parcel 3, a distance of 140.00 feet, to the True Point of Beginning;

Thence South 36°09'35" East, on a line parallel with the west line of Said Parcel 3, a distance of 220.00 feet;

Thence North 53°50'25" East, on a line parallel with the north line of Said Parcel 3, a distance of 130.00 feet;

Thence South 36°09'35" East, on a line parallel with the west line of Said Parcel 3, a distance of 607.51 feet more or less, To a point on the Southerly line of said Parcel 3.

The above described Parcel of land contains 16.62 acres, more or less.

4. Exhibit A '03 of the amended MASTER LEASE dated September 9, 2003 is deleted and replaced with the following:

Exhibit A '03

PARCEL A

Portions of Parcels 3 & 4 of Parcel Map 24088-1, Recorded in Book 177, Pages 26 through 31 of Parcel Maps, Records of Riverside County State of California. Lying within Sections 2 and 3, Township 2 South, Range 5 West San Bernardino Base and Meridian, lying within the unincorporated area of Riverside County, State of California described as follows:

All of Parcel 4 of Said Parcel Map 24088-1. Together with that portion of Parcel 3 of Said Parcel Map lying Southwest of the following described line:

Commencing at the Northwest Corner of Said Parcel 3;

Thence North $53^{\circ}50'25''$ East along the North line of said Parcel 3, a distance of 140.00 feet, to the True Point of Beginning;

Thence South $36^{\circ}09'35''$ East, on a line parallel with the west line of Said Parcel 3, a distance of 220.00 feet;

Thence North $53^{\circ}50'25''$ East, on a line parallel with the north line of Said Parcel 3, a distance of 310.00 feet;

Thence South $36^{\circ}09'35''$ East, on a line parallel with the west line of Said Parcel 3, a distance of 554.33 feet more or less, To a point on the Southerly line of said Parcel 3.

The above described Parcel of land contains 19.03 acres, more or less.

5. Except to the extent specifically modified or amended hereby, all of the terms, covenants and conditions of the March 11, 1997 MASTER LEASE as amended June 24, 1997, October 23, 2001, February 11, 2003 and September 9, 2003 shall remain in full force and effect between the parties.

[Rest of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Amendment No. 5 to the MASTER LEASE to be duly executed on the day and year first above written.

RIVERSIDE COUNTY WASTE
MANAGEMENT DEPARTMENT
14310 Frederick Street
Moreno Valley, CA 92553

Agua Mansa MRF, LLC
1830 Agua Mansa Road
Riverside, CA 92509

Dated: _____

Dated: 2-12-04

RECOMMENDED FOR APPROVAL

By: [Signature]
Hans Kernkamp
General Manager-Chief Engineer

By: [Signature]
Responsible Officer
Title: VICE PRESIDENT

RIVERSIDE COUNTY

By: [Signature]
Chairman, Board of Supervisors
ROY WILSON

ATTESTED:

By: [Signature]
Nancy Romero, Clerk

APPROVED:

By: [Signature]
Frank C. Aldrich III, Deputy County Counsel

2/24/04

**Amendment 6 to the Master Lease
(Entitled "Amended and Restated Master Lease")**

Amended and Restated Master Lease

between

**the County of Riverside
"COUNTY"**

and

**Agua Mansa MRF, LLC
"LESSEE"**

Dated July 31, 2007

Table of Contents

1.	Description.....	1
2.	Use.....	1
3.	Title.....	5
4.	Term.....	5
5.	Lease Payment.....	5
6.	Taxes/Assessments.....	6
7.	Improvements.....	7
8.	Signs.....	9
9.	Custodial/Maintenance	9
10.	Destruction.....	10
11.	Utilities.....	11
12.	Inspection of Premises.....	11
13.	Quiet Enjoyment	11
14.	Compliance with Government Regulations.....	11
15.	Default.....	11
16.	Professional Conduct.....	15
17.	Insurance and Indemnity	16
18.	Assignment, Subletting and Encumbering	21
19.	Toxic Materials.....	24
20.	Free from Liens	25
21.	Employees and Agents of LESSEE.....	25
22.	Binding on Successors	25
23.	Severability	25

24.	Venue	25
25.	Attorney's Fees	25
26.	Notices	26
27.	Estoppel Certificates	26
28.	Surrender of Premises	27
29.	No Discrimination	27
30.	Miscellaneous	28
31.	Permits, Licenses and Taxes	30
32.	Paragraph Headings	30
33.	COUNTY's Representative	30
34.	Agent for Service of Process	30
35.	Entire Lease	30
36.	Guarantor/Parent Company Guarantee	30
37.	Closure of Burrtec Recycling Center	30
38.	Illegal Dumping Retrieval Services	31
39.	Right of First Refusal	31
40.	Conversion or Recycling/Diversion Project	31

List Of Exhibits

Exhibit A '07	Premises Legal Description
Exhibit A-1 '07	Facility
Exhibit A-2	Revised Driveway Openings and Related Access Map
Exhibit A-111	Illegal Dumping and Retrieval Service
Exhibit B	Agreement for Disposal of Solid Waste
Exhibit C	Agreement for Transfer Services
Exhibit D	Facility Description
Exhibit E	Condition of Construction
Exhibit F	Guarantor/Parent Company Guarantee
Exhibit G	Fueling Station Usage and Pricing Agreement

AMENDED AND RESTATED MASTER LEASE

LESSEE Name: Agua Mansa MRF, LLC

The parties to this AMENDED AND RESTATED MASTER LEASE ("Master Lease") dated April __, 2007, desire to amend it in its entirety to read as follows: This document constitutes an amendment and restatement of that certain Master Lease ("Original Master Lease") dated March 11, 1997 by the parties, and as amended on June 24, 1997 ("First Amendment"), October 23, 2001 ("Second Amended Master Lease"), February 3, 2003 ("Third Amended Master Lease"), September 9, 2003 ("Fourth Amendment"), and February 24, 2004, and does not constitute a new lease or reletting of the property, but is constituted merely a revision expressing the current Agreement of the parties with respect thereto. None of the other provisions of the Original Master Lease shall have any affect whatsoever except to the extent they are specifically restated herein.

The County of Riverside herein called "COUNTY", leases to Agua Mansa MRF, LLC herein called "LESSEE", the property described below upon following terms and conditions:

1. **Description.** The premises leased hereby consist of approximately 22.03 acres located in an unincorporated County area of Riverside County, California in the Agua Mansa Enterprise/Recycling Market Development Zone, referred to herein as the "Premises", as more particularly described on Exhibit A '07 attached hereto and, by this reference made a part of this Master Lease.

2. **Use.**

(a) The Premises are leased hereby for the exclusive purpose of providing the financing, permitting, design, construction and operation of a solid waste transfer station with materials recovery capability, a materials recovery facility ("MRF"), a permanent green and woody waste processing facility ("GWF") and other related uses in Areas W, Z and Z' shown on Exhibit A-1 '07, (the "Facility"). The LESSEE shall abide by the terms and conditions of the AGREEMENT FOR DISPOSAL OF SOLID WASTE attached as Exhibit B and the City of Riverside AGREEMENT FOR TRANSFER SERVICES attached as Exhibit C. The facility to be constructed on the Premises is described on Exhibit D. COUNTY is in the process of contracting with a third party for the operation and maintenance of the LNG refueling station. If and when said operation and maintenance contract is executed by the COUNTY, the attached Fuel Station Usage and Pricing Agreement (Exhibit G) will become null and void. LESSEE will then contract with the third party for its use of the LNG refueling station.

(b) LESSEE will operate the gate, install and maintain a minimum of two seventy foot electronically operated scales, and set prices for all services, providing however, all Riverside County unincorporated haulers and private customers, shall be charged rates for comparable services which are not greater than rates established in the City of Riverside contract obtained by LESSEE.

(c) LESSEE will operate the materials recovery facility and the green and woody waste processing facility and maintain a separate fee booth and a seventy foot electronically operated scale near the loading dock.

(d) If funds are available, COUNTY may periodically operate a household hazardous waste ("HHW") facility on the Premises paying for operations and its disposal costs of hazardous wastes. This facility will be the ABOP (i.e. Anti-Freeze, Batteries, Oil and Paint) variety and may serve as a site for the County Mobile program that accepts additional items. LESSEE will provide a facility that is acceptable to COUNTY for these purposes and cooperate with COUNTY regarding its operation. Prior to COUNTY'S periodic use of the Premises for operation of the HHW facility, the operator of the HHW facility shall provide a description of the scope of operation and a written assurance to not interfere with the transfer station, MRF operations and green and woody waste processing facility.

The LESSEE shall transfer any hazardous waste received and generated at the Premises and identified through its load check program with no charge to COUNTY. LESSEE agrees that it shall endeavor to return hazardous/universal waste discovered in its load check program to the responsible party whenever possible (including materials generated by the residential and small quantity generator sectors). LESSEE is responsible for providing staff at the scale house and tipping floor for load checking, and shall be receptive to periodic unannounced site inspections by COUNTY personnel to confirm compliance (in accordance with County of Riverside Ordinance 779).

(e) In order to help address illegal dumping, LESSEE agrees to accept and charge all self-haul, non-hazardous, non-commercial, solid waste loads (with less than 50% of the load green and/or woody waste) weighing up to 600 pounds (the "Minimum Load Charge") not more than \$10.00 per load. The Minimum Load Charge shall not apply to any other type of load delivered to the Transfer Station. Each such small load is assumed to be 0.3 tons. In the event LESSEE's contract with the City of Riverside requires rates that are lower than stated herein, the lower rates will prevail as expressed above in Section 2(b).

(f) The Green and Woody Waste processing Facility shall only service Riverside County customers with the understanding that out-of-county material can come to it as long as this material does not exceed 250 tons per day or compromise the Riverside County daily capacity needs. This out-of-county material cannot be disposed or used as Alternative Daily Cover ("ADC") at COUNTY landfills. The delivery of out-of-county material and any processing fee paid to COUNTY by LESSEE for it shall meet the requirements of Section 3I of the Second Amended Agreement for Disposal of Solid Waste. It is expected that processed green and woody waste material shall be sent to facilities that qualify for AB 939 diversion credit (biomass conversion – as long as this facility's material does receive diversion credit – and composting facilities, etc). Processed green waste as ADC at Riverside County landfills is allowed once other feasible options for higher beneficial use have been exhausted. Some of the material will stay on site and be processed further as a soil amendment. Part of Area Z will be used for this additional processing while Area Z' will be used as a soil amendment and stockpile area (see Exhibit A-1 '07).

The soil amendment operation, and any other use or market for Green and Woody waste developed by LESSEE that takes place on Areas Z and/or Z', shall first use Riverside County Green/Woody material before it uses Green/Woody material from out-of-County. This first priority for Riverside County material will help ensure that in-county material has a place to go and will keep it moving through the facility which will help the facility meet the requirement of not letting out-of-county material compromise Riverside County daily capacity needs. It also supports COUNTY's desire that in-county green and woody material go to a higher beneficial use before it is sent to the landfill as ADC.

The 20 foot high net screen to contain windblown debris will be extended from where the current screen ends along the south side of the premises to the shared boundary of Area Z and Area Z'. If any grinding is conducted in Area Z', or litter is not contained in Area Z' by the required chainlink fence that is to surround the leased premises, the net screen will be extended the length of the remaining property where green/woody waste material is ground or to take care of the litter problem.

(g) LESSEE shall include a penalty charge at the gate for delivery of uncovered loads, which charge shall equal the comparable charges at COUNTY landfills.

(h) COUNTY and LESSEE shall cooperate with each other in discussions with third parties relating to the potential granting of a rail easement along the curved southeast boundary of the Premises. LESSEE shall approve the grant of such an easement, provided that it does not unreasonably interfere with LESSEE's use of the Premises, both as existing and as contemplated.

LESSEE has constructed at its sole expense, the revised driveway openings and related access improvements shown within the areas specified on Exhibit A-2 as the sole responsibility of LESSEE prior to the time COUNTY completed the adjacent LNG refueling station, and shall complete the additional necessary construction as specified on Exhibit A-2 and the landscaping and closure of the existing driveway prior to the date the MRF is completed.

COUNTY and LESSEE shall cooperate with each other regarding joint use of the driveway area that is constructed in respect to Area X on Exhibit A-2. The new driveway shall be used by LESSEE for its transfer station/MRF trucks, mixed recyclables trucks, specified commercial roll-offs, and green/woody waste trucks and by COUNTY for the LNG refueling station. COUNTY may also use the driveway for future uses on the remainder of the COUNTY property. COUNTY has processed the driveway access required for Area X and the LNG refueling station through the COUNTY approval process at its sole expense.

(i) LESSEE shall use the LNG refueling station built, operated and maintained by COUNTY as defined in the FUELING STATION USAGE AND PRICING AGREEMENT attached as Exhibit G.

(j) With the exception of the household hazardous waste facility operations, LESSEE will be responsible for staffing the entire Facility, maintaining the spare parts inventory, supplying consumables, providing mobile operations equipment, transferring residue, and providing all other accommodations. Furthermore, with the exception of COUNTY reviews

for contract compliance, the LESSEE shall secure, pay for and maintain all certificates, permits, government fees, licenses, and Local Enforcement Agency charges and any other inspections necessary for the operation of the Facility. The LESSEE will be responsible for all costs associated with the operations including but not limited to accounting, purchasing, payroll, personnel, and material marketing functions and general and administrative overhead costs. In addition, the LESSEE will be responsible for all costs of electricity, water, and other utilities required for operations. The LESSEE will also pay for all taxes relating to the project and prorata Mello Roos obligation.

(k) The applicable zoning, building and development regulations of any city, county, state or federal jurisdiction affecting the land shall be complied with. COUNTY hereby warrants that the uses contemplated by this Master Lease are currently in compliance with all environmental clearance requirements, zoning and land use regulations applicable to the Site as of the commencement of the Master Lease.

(l) LESSEE shall obtain a fifteen (15) year extension to the term of LESSEE's Agreement for Transfer Services with the City of Riverside by October, 2004 to include green waste services.

(m) Within thirty (30) days of execution of this Amended and Restated Master Lease in compliance with Mitigation Measure T-1 of the Mitigation Monitoring Program for Environmental Assessment No. 40362, dated June 2006, the LESSEE shall present evidence to the Riverside County Waste Management Department that payment in the amount of \$76,218.00 was made to the Riverside County Transportation Department for the LESSEE's fair share amount of 25 percent of total estimated construction costs to reconstruct Agua Mansa Road between Wilson Street and Market Street.

(n) Mitigation Measure T-2 of the Mitigation Monitoring Program for Environmental Assessment No. 40362, dated June 2006, requires the LESSEE to install a signal and improve the intersection of Agua Mansa Road at the Facility's main entrance prior to increasing operations at the Facility to 4,000 tons per day. In as much as LESSEE has made substantial progress in processing engineering plans for the signal through the Riverside County Transportation Department, and with construction expected to take nine to ten months, Mitigation Measure T-2 is revised to read as follows:

T-2 Within thirty (30) days of execution of this Amended and Restated Master Lease, the LESSEE shall present evidence to the Riverside County Waste Management Department that a performance bond for signal improvements at the Facility's main entrance on Agua Mansa Road, in a form and amount acceptable to the County, has been posted in favor of the County of Riverside. Said performance bond shall be kept current, without lapse, until the signal is installed and operational, as verified through inspection by the Transportation Department, which, in no case, shall be later than July 1, 2008.

3. Title.

(a) COUNTY shall deliver to LESSEE a Preliminary Title Report issued by Chicago Title Company of California (the "Title Company"). LESSEE's leasehold interest in the Land shall be insured within forty-five (45) days of the execution of this Amended and Restated Master Lease by a CLTA Policy of Leasehold Title Insurance (the "Policy"). The Policy of title insurance provided for pursuant to this Section shall insure LESSEE's interest in the Land free and clear of all liens, encumbrances, restrictions, and rights of way of record; subject only to the following permitted conditions of title ("Permitted Title Exceptions"):

(1) The applicable zoning, building and development regulations of any city, county, state or federal jurisdiction affecting the land; and

(2) Exceptions to coverage (#1-#13), in addition to the printed exceptions and exclusions contained in the Policy, listed on Schedule B of Preliminary Title Report 72085328-K32 dated May 24, 2007 (and as amended on June 5, 2007).

(b) LESSEE shall have the option of purchasing an ALTA Extended coverage Policy of Leasehold Title Insurance. If LESSEE elects to purchase an ALTA Policy, LESSEE shall notify COUNTY of such fact within 5 days after the date hereof and shall cause a licensed surveyor or civil engineer to conduct a survey of the Land, to prepare from the survey a legal description satisfactory to the Title Company, and to prepare a plot plan showing the location of any streets, easements, and rights of way over or in favor of the Land, and shall then promptly obtain the initials of the parties on such survey within 30 days after receipt of the Preliminary Title Report. LESSEE shall use the survey for approving or disapproving the Preliminary Title Report and the Policy of title insurance; and

(c) The cost of LESSEE'S Policy of title insurance equal to a CLTA Standard Coverage Policy shall be paid by COUNTY. The additional cost for the ALTA Extended Coverage Policy and the cost of any survey ordered by LESSEE, if any, shall be paid by LESSEE.

4. Term.

The Term of this Master Lease commenced on March 11, 1997 ("the Commencement Date"), and shall end on March 10, 2029 unless sooner terminated as provided for herein or unless extended by mutual agreement of COUNTY and LESSEE.

5. Lease Payment.

(a) LESSEE shall pay the sum of \$1.00 per year to COUNTY as payment for the leased premises, payable, in advance, on the first day of the Master Lease (the "Base Rental"). In addition to the Base Rental, LESSEE shall pay rent on Area W (See Exhibit A-1 '07) based on fair rental value. At the execution of the Third Amended Master Lease, the fair rental value for Area W was Two Thousand One Hundred Fifty-Nine Dollars and Sixty-Six Cents (\$2,159.66) per month. In consideration of LESSEE's commitment to pursue the Conversion or Recycling/Diversion Project contemplated in Section 40, beginning on January 1,

2004, Area Z was deemed a part of the Base Rental of \$1 per year and increased in size to approximately 4.25 acres.

No part of Areas X, and Y shall be used for refuse collection activities.

Thereafter every two years beginning in March 2003 the fair rental value for Area W shall be recalculated, based on the percentage increase in the cost of living, which adjustment shall be determined as follows: In each March when an adjustment is to be made, the published Index figure for the month of February shall be determined. The monthly rental payable for the succeeding two (2) years of the lease term shall be the initial fair rental value for Area W reserved under this Section 5(a), increased by the same percentage, if any, by which the published Index figure for the month of February shall have increased over the Consumer Price Index figure for February 2001. The term "Index" as used in this Master Lease shall mean the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside Average, Subgroup "All Items" (1982-84 = 100). If at any time the Index should not exist in the format recited herein, COUNTY shall substitute any official index published by the Bureau of Labor Statistics, or successor or similar governmental agency, as may then be in existence and shall, in COUNTY's opinion, be most nearly equivalent thereto.

(b) All rent payable hereunder shall be paid without deduction or offset and in legal currency of the United States as at the time of payment shall be legal tender for the payment of private debts.

6. Taxes/Assessments.

(a) **Covenant to Pay Taxes.** LESSEE shall pay directly to the appropriate taxing authorities all taxes ("Taxes") levied or assessed upon or against the Premises during the Term and all property taxes levied on personal property located on the Premises. All taxes shall be paid at least 15 days prior to their due date. LESSEE shall furnish to COUNTY at least 10 days prior to the date when any Taxes would become delinquent receipts or other appropriate evidence establishing their payment, and before any fine, interest or penalty shall become due or be imposed by operation of law for their non-payment, and LESSEE shall promptly furnish to COUNTY satisfactory evidence establishing such payment. LESSEE may comply with this requirement by retaining a tax service to notify COUNTY whether the taxes have been paid.

(b) **Definition of Taxes.** The term "Taxes" shall include all real property taxes (including increases in real property taxes caused by reappraisals that are the result of changes in the ownership of COUNTY's interest), possessory interest taxes, personal property taxes, charges and assessments, (including street improvement liens) which are levied, assessed upon or imposed by any governmental authority or political subdivision thereof during any calendar year of the Term hereof with respect to the Premises and the Land and any improvements, fixtures, and equipment and all other property of LESSEE or COUNTY, real or personal, or used in connection with the operation of the Premises and any tax which shall be levied or assessed in addition to or in lieu of such real or personal property taxes, and any license fees, tax measured by or imposed upon rents, or other tax or charge upon COUNTY's leasing of the land or the receipt of rent hereunder. All assessments, taxes, fees, levies and charges imposed

by governmental agencies for services such as fire protection, street, sidewalk and road maintenance, refuse removal and other public services generally provided without charge to owners or occupants prior to the adoption of Proposition 13 by the voters of the State of California in the June 1978 election, also shall be deemed included within the definition of "taxes" for the purposes of this Master Lease.

(c) **Proration of LESSEE's Assessment Liability.** LESSEE's liability to pay Mello Roos Assessments shall be prorated on the basis of a 365 day year to account for any fractional portion of a fiscal assessment year included in the Term at its commencement or expiration.

(d) LESSEE shall pay annual Mello Roos Assessments on the Premises to COUNTY within thirty (30) days of receiving an invoice from COUNTY. LESSEE's rate for the first ten years of the Lease will be 13.2 cents per square foot of lease property as defined on Exhibit A '07 and as located on Exhibit A-1 '07 (based on an estimated 10 year average) and 16.09 cents per square foot of lease property as defined on Exhibit A '07 and as located on Exhibit A-1 '07 for the lease years remaining.

The Mello Roos Assessments on the Premises were refinanced by the Agua Mansa Industrial Growth Association in 2003. COUNTY elected to prepay its Mello Roos obligations at that time, but LESSEE elected to not prepay its share of the Mello Roos Assessments to COUNTY concurrently. COUNTY reviewed the payment situation at the point when the per square foot rate was to increase to 16.09 cents and determined that this rate will meet LESSEE'S remaining obligation in regard to the Mello Roos Assessments provided that LESSEE continues making payments until the canceling of the bond or the end of the lease term, whichever comes first.

The Premises is approximately 22.03 acres, or 959,627 square feet in size.

7. Improvements.

(a) Proposed plans for all improvements, alterations or installation of fixtures by LESSEE shall first be submitted to Riverside County Waste Management Department ("the Department") in writing in order to obtain its written consent to proceed. Requests for approval will be granted or denied by the Department within twenty-one (21) days, and will not be unreasonably denied or delayed. Any denial shall be in writing and shall be accompanied by detailed reasons for the denial. LESSEE shall then submit the proposed plans to other COUNTY Departments for permit approval.

(b) Once the work is approved by COUNTY, LESSEE shall with reasonable diligence prosecute to completion all construction of the improvements. The Transfer Station, the Area W, the GWF and the MRF building improvements have already been completed. LESSEE shall proceed with the Conversion or Recycling/Diversion Project contemplated in Section 40. LESSEE shall have the responsibility for supplying all technical information and preparing all permits relevant to the project that are required by federal, state, and local regulatory agencies.

The drop-off/buy-back recycling center shall remain open throughout the term.

(c) LESSEE has (at COUNTY'S Direction) prepared and provided to COUNTY the final plans and special provisions for the civil and landscaping improvements for the LNG/CNG refueling station and LESSEE's consultant shall provide technical advisory services for the installation of these facilities at no cost to COUNTY.

(d) All work shall be performed in a good and workmanlike manner, shall substantially comply with the plans and specifications submitted to COUNTY and shall comply with all applicable governmental permits, laws, ordinances and regulations. The parties acknowledge that it is common practice in the construction industry to make minor changes during the course of construction without substantially altering the plans and specifications previously approved by COUNTY; on completion of the work, LESSEE shall give COUNTY notice of all changes in plans and specifications made during the course of the work and shall, at the same time, supply COUNTY with "as built" drawings accurately reflecting all such changes.

(e) Improvements shall comply with the CC&R's on file in COUNTY's office pertaining to these parcels.

(f) **Ownership of Improvements.** The improvements on the Premises shall be owned by LESSEE until the expiration or sooner termination of the Term provided, however, that any transfer of such improvements prior to the scheduled expiration of the Term shall, until all financing obligations (including, without limitation, principal, interest, costs, and fees) owing to the Lender have been fully and indefeasibly paid in full, be subject to any deed of trust, mortgage, trust indenture, lien, security agreement, fixture filing or other encumbrance placed upon such improvements pursuant to Section 18(f); provided further, that any termination of the Lease that is followed by the replacement of the Master Lease with a lease in favor of the Lender or the Lender's assignee as provided in Section 18(f)(7) shall not be deemed a termination of the Master Lease for the purposes of this Section 7(f) and shall not result in the transfer of improvements to the Premises, to COUNTY. LESSEE shall not remove any improvements from the Premises, nor waste, destroy or modify any improvements on the Premises, except as permitted by this Master Lease or in the normal course of business for repair, modification for enhanced operation, or replacement as further provided in paragraph 7(a). The parties covenant and agree for themselves and all persons claiming under them that the improvements are real property. Upon expiration or sooner termination of the Term of this Amended and Restated Master Lease, all improvements on the Premises (including all improvements completed as of the date of this Master Lease), including those installed in Areas W, X, Y, Z and Z' (i.e. buildings, infrastructure, scales, scale house computer systems, scale house, drop-off/buy-back facilities, household hazardous waste facility, fuel facilities, fences etc., but exclusive of unattached furnishings, rolling stock and other detachable processing and handling equipment) shall, with compensation to LESSEE amounting to payment of \$1.00 as permitted in this Master Lease, thereupon become COUNTY's property free and clear of all claims and encumbrances to or against them by LESSEE or any third person except, in the case of the termination of this Master Lease prior to the scheduled expiration of the Term, any encumbrance permitted under Section 18(f), and LESSEE shall defend and indemnify COUNTY against all liability and loss arising from any competing claims by parties other than the Lender or the holder of any other lien permitted under Section 18(f). COUNTY reserves the right to negotiate or seek proposals for the continued operation of the facility at that time. Notwithstanding the foregoing language, in the event that this Master Lease is terminated prior to the scheduled expiration of its term as a

result of a breach of the COUNTY, then in addition to any other damages which LESSEE may be entitled to receive from the COUNTY, COUNTY shall be obligated to purchase all fixed improvements on the Premises at a price equal to LESSEE's then unamortized book value of such improvements as reported by LESSEE on its tax returns including, without limitation, all obligations (including, without limitation, principal, interest, fees and costs) that are due or that will or may become due to the Lender.

8. Signs. LESSEE shall not erect, maintain or display any signs upon the leased premises without first obtaining the written approval of COUNTY, which approval shall not be unreasonably withheld. Signs shall comply with Riverside County Ordinance 348 and California State Solid Waste Permit requirements.

9. Custodial/Maintenance.

(a) Physical Condition of the Land. To the best of COUNTY's knowledge, without having made any independent investigation or study, the Premises are not contaminated by any hazardous or toxic materials. Except as specifically otherwise set forth in Section 2(k) hereof, COUNTY makes no covenants or warranties respecting the condition of the soil or subsoil or any other physical or environmental condition of the land. LESSEE has performed soils tests of the land and hereby approves the condition of the soils. COUNTY has heretofore recommended to LESSEE that prior to commencement of the Term that LESSEE conduct an environmental site assessment on the land, to determine the suitability of the Land for construction of the Project.

(1) Every six (6) years, beginning in the sixth year of the Term, LESSEE shall employ and pay for an independent consultant approved by COUNTY in writing, to conduct an environmental site assessment of the land to determine the condition of the land and the soils with respect to the presence of any hazardous or toxic materials. The last such environmental site assessment shall take place during the thirtieth year of the Term (two years before the end of the term). All findings and backup material for the environmental site assessments shall be provided to COUNTY for review by the end of the designated year of completion. COUNTY shall notify LESSEE of any cleanup and/or remediation action required to be taken as a result of the assessment findings within six (6) months of receipt of the independent site assessment report.

(b) LESSEE, at its expense shall provide for its own custodial/maintenance services in connection with the entire leased premises, including without limitation, keeping the building and the grounds in a neat and attractive condition including weed abatement and litter control.

(c) LESSEE shall promptly and diligently repair, paint, restore, and replace as required to maintain, or to remedy all damage to or destruction of all or any part of the improvements. The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality and use to the condition of the improvements before the event giving rise to the work, except as expressly provided to the contrary in this Master Lease. COUNTY shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises. COUNTY's election to perform any obligation

of LESSEE under this provision or LESSEE's failure or refusal to do so shall not constitute a waiver of any right or remedy for LESSEE's default, and LESSEE shall promptly reimburse, defend and indemnify COUNTY against all liability, loss, cost and expense arising from such election. Notwithstanding the foregoing, the operator of the HHW facility will be responsible for any repairs relating to the Facility, which arise out of the operation of the HHW facility together with all interior maintenance of the HHW facility.

(d) In determining whether LESSEE has acted promptly as required under the foregoing section, one of the criteria to be considered is the availability of any applicable insurance proceeds.

(e) LESSEE waives the provisions of California Civil Code Sections 1941 and 1942 with respect to COUNTY's obligations for leaseability of the Premises and LESSEE's right to make repairs and deduct the expenses of such repairs from Master Lease payments. LESSEE also waives the right to deduct the expenses from the required disposal fees due COUNTY.

10. Destruction.

(a) **Lease to govern LESSEE's Rights.** LESSEE waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to any destruction of the Premises, and agrees that LESSEE's rights in case of destruction shall be governed solely by the provisions of this Master Lease.

(b) **Restoration by LESSEE.** LESSEE shall promptly and diligently repair, paint, restore and replace as required to maintain the Premises in first class condition and repair, or to remedy all damage to or destruction of all or any part of the improvements from any cause whatsoever required to be insured against pursuant to this Master Lease. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality and use to the condition of the improvements before the event giving rise to the work, except as expressly provided to the contrary in this Master Lease. COUNTY shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Premises. COUNTY's election to perform any obligation of LESSEE under this provision or LESSEE's failure or refusal to do so shall not constitute a waiver of any right or remedy for LESSEE's default, and LESSEE shall promptly reimburse, defend and indemnify COUNTY against all liability, loss, cost and expense arising from it. Any casualty or destruction shall not terminate this Master Lease. In reconstructing the improvements, LESSEE shall comply with (a) the Conditions of Construction set forth in Exhibit E and (b) the provisions of Section 7.

(c) Uninsured Damage or Destruction.

(1) In the event that the Premises should be damaged by an event against which LESSEE is not required to carry insurance pursuant to Section 17 of this Master Lease, and the cost to repair or restore the Premises does not exceed One Hundred Thousand Dollars (\$100,000), LESSEE shall promptly repair or restore the Premises as set forth above in Section 10(b).

(2) In the event that the Premises should be damaged by an event against which LESSEE is not required to carry insurance pursuant to Section 17 of this Master Lease, and the cost to repair or restore the Premises exceeds One Hundred Thousand Dollars (\$100,000), LESSEE shall not be required to repair or restore the Premises. LESSEE shall, however, be required to meet with the COUNTY to determine if the COUNTY wishes to repair or replace the damaged property. If the COUNTY elects to repair or replace the damaged property, LESSEE shall be responsible for the first \$100,000 of the cost of such repair and/or replacement and COUNTY and LESSEE shall negotiate the sharing of any costs in excess of \$100,000. If COUNTY and LESSEE fail to agree on a sharing arrangement of costs above \$100,000 and COUNTY refuses to pay for all costs in excess of \$100,000, LESSEE shall, be entitled to terminate this Master Lease, without penalty, by delivering notice of such termination to COUNTY within sixty (60) days following the date of such damage or destruction.

11. **Utilities.** LESSEE shall pay any applicable connection charges and pay for all utility services, including, but not limited to, telephone, electric, water, gas, and sewer services as may be required in the maintenance, operation and use of the leased premises.

12. **Inspection of Premises.** COUNTY, through its duly authorized agents, shall have, at any time, the right to enter the leased premises for the purpose of inspecting, monitoring and evaluating the obligations of LESSEE hereunder and for the purpose of doing any and all things which it is obligated and has a right to do under this Master Lease.

13. **Quiet Enjoyment.** LESSEE shall have, hold and quietly enjoy the use of the leased premises so long as it shall fully and faithfully perform the terms and conditions that it is required to do under this Master Lease.

14. **Compliance with Government Regulations.** LESSEE shall, at LESSEE's sole cost and expense, comply with the requirements of all local, state and federal statutes, regulations, rules, ordinances and orders now in force or which may be hereafter in force, pertaining to the leased premises. The final judgment, decree or order of any Court of competent jurisdiction, or the admission of LESSEE in any action or proceedings against LESSEE, whether LESSEE be a party thereto or not, that LESSEE has violated any such statutes, regulations, rules, or ordinances, or orders, in the use of the leased premises, shall be conclusive of that fact as between COUNTY and LESSEE.

15. **Default.**

(a) **LESSEE's Default.** The occurrence of any of the following shall constitute a default by LESSEE:

(1) Failure to construct a transfer station on the Premises within the timeframe as stated in Section 7(b) or not in compliance with the terms set forth in Section 7 hereof, subject to the cure period set forth in Section 15(a)(5).

(2) Failure to pay rent, taxes as described above or the disposal fees outlined in Exhibit B or any other payment required to be made by LESSEE hereunder as and when due, subject to the cure period set forth in Section 15(a)(5).

(3) Failure to maintain the Premises as required by this Master Lease, subject to the cure period set forth in Section 15(a)(5).

(4) Abandonment or surrender of the Premises or the leasehold estate by LESSEE, subject to the cure period set forth in Section 15(a)(5).

(5) Failure to perform any other covenant or Provision of this Master Lease, if the failure to perform is not cured within 30 days after written notice. If the failure to perform cannot reasonably be cured within 30 days, LESSEE shall not be in default of this Master Lease if LESSEE commences to cure the failure to perform within the 30 day period and thereafter diligently and in good faith prosecutes the cure to completion, and such default is cured within a total of 90 days from the date of the notice.

(6) The subjection of any right or interest to attachment, execution, or other levy, or to seizure under legal process, if not released within 45 days after notice from COUNTY to LESSEE.

(7) An assignment by LESSEE for the benefit of creditors or the filing of a voluntary or involuntary petition by or against LESSEE under any law for the purpose of, adjudicating LESSEE a bankrupt; or for extending time for payment, adjustment, or satisfaction of LESSEE's liabilities; or for reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within 45 days after the assignment, filing, or other initial event.

(8) The appointment of a receiver, unless such receivership is terminated within 45 days after the appointment of the receiver, to take possession of LESSEE's interest in the Premises or of LESSEE's interest in the leasehold estate or of LESSEE's operations on the Premises for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership (a) pursuant to the first leasehold encumbrance, or (b) instituted by COUNTY, the event of default being not the appointment of a receiver at COUNTY's instance but the event justifying the receivership.

(9) Any material breach of the "AGREEMENT FOR TRANSFER SERVICES" between LESSEE and the City of Riverside, which results in termination of the "AGREEMENT FOR TRANSFER SERVICES."

(b) Remedies.

(1) **Cumulative Nature Of Remedies.** If any default by LESSEE shall continue uncured, following written notice thereof to LESSEE from COUNTY as required by this Master Lease, for the period, if any, applicable to the default under the applicable provision of this Master Lease, COUNTY shall have the remedies described in this subsection (b) in addition to all other rights and remedies provided by law or equity, to which COUNTY may resort cumulatively or in the alternative.

(2) Termination. COUNTY may at COUNTY's election following determination of default terminate this Master Lease by giving LESSEE notice of termination. In the event COUNTY terminates this Master Lease, COUNTY may recover possession of the Premises (which LESSEE shall surrender and vacate upon demand) and remove all persons and unattached property therefrom, and COUNTY shall be entitled to recover as damages all of the following:

(i) The worth at the time of the award of any unpaid rent or other charges, which have been earned at the time of termination;

(ii) The worth at the time of the award of the amount by which the unpaid rent and other charges which would have been earned after termination until the time of the award exceeds the amount of the loss of such rental or other charges that LESSEE proves could have been reasonably avoided;

(iii) The worth at the time of the award of the amount by which the unpaid rent and other charges for the balance of the Term after the time of the award exceeds the amount of the loss of such rental and other charges that LESSEE proves could have been reasonably avoided; and

(iv) Any other amount necessary to compensate COUNTY for the detriment proximately caused by LESSEE's failure to perform its obligations under this Master Lease or which in the ordinary course of things would be likely to result therefrom. As used in subsections (i) and (ii) above, the "worth at the time of the award" shall be computed by allowing interest at the rate of 12 percent per annum. As used in subsection (iii) above, the "worth at the time of the award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus two percent.

(3) Continuation of the Lease. Even though LESSEE has breached this Master Lease and abandoned the Premises, at COUNTY's option this Master Lease shall continue in effect for so long as COUNTY does not terminate LESSEE's right to possession, and COUNTY may enforce all of its rights and remedies hereunder, including the right to recover rent as it comes due under this Master Lease, and in such event COUNTY will permit LESSEE to sublet the Premises or to assign its interest in the Master Lease, or both, with the consent of COUNTY, which consent will not unreasonably be withheld provided the proposed assignee or subLESSEE is satisfactory to COUNTY as to credit and experience and ability to perform the obligations of LESSEE, and will occupy the Premises for the same purposes specified herein. For purposes of this subsection, the following shall not constitute a termination of LESSEE's right to possession: (i) acts of maintenance or preservation or efforts to relet the Premises; or (ii) the appointment of a receiver under the initiative of COUNTY to protect COUNTY's interest under this Master Lease.

(4) Use of LESSEE's Personal Property. COUNTY may at COUNTY's election use LESSEE's personal property located on, about or appurtenant to the Premises or any of such property and fixtures without compensation and without liability for use or damage, or store them for the account and at the cost of LESSEE. The election of one remedy

for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

(5) Assignment of Subrents. LESSEE assigns to COUNTY all subrents and other sums falling due from sublessee, licensees, and concessionaires (herein called sublessee) during any period in which LESSEE is in default, and LESSEE shall not have any right to such sums during that period. This assignment is subject and subordinate to any and all assignments of the same subrents and other sums to the lender under the first leasehold encumbrance. COUNTY may at COUNTY's election reenter the Premises with or without process of law, without terminating this Master Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. COUNTY shall receive and collect all subrents and proceeds from reletting, applying them: first, to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of COUNTY in recovering possession, placing the Premises in good condition, and preparing or altering the Premises for reletting; second, to the reasonable expense of securing new sublessee; third, to the fulfillment of LESSEE's covenants to the end of the Term; and fourth, to COUNTY's uses and purposes. LESSEE shall nevertheless pay to COUNTY on the due dates specified in this Master Lease the equivalent of all sums required of LESSEE under this Master Lease, plus COUNTY's expenses, less the proceeds of the sums assigned and actually collected under this provision.

(c) Lender's Right to Cure Defaults.

(1) Notice of Default. Concurrently with giving notice of default to LESSEE under Section 15(b)(1), above, COUNTY shall deliver (in accordance with the provisions of Section 18) a copy of such notice of default to the lender at its address as furnished to COUNTY in accordance with Section 18.

(2) Lender's Right to Cure. During the continuance in effect of a first leasehold encumbrance, COUNTY will not terminate this Master Lease because of any default on the part of LESSEE provided that the lender, within ninety (90) days after COUNTY has sent a written notice pursuant to Section 15(b)(1):

(i) Cures such default, if such default can be cured by the payment of money, or, if the default is not so curable, commences or causes the trustee under the encumbrance to commence, and thereafter diligently pursue to completion proceedings to foreclose the encumbrance; and

(ii) Keeps and performs all of the covenants and conditions of this Master Lease requiring the payment or expenditure of money by LESSEE until such time as LESSEE's leasehold interest is sold upon foreclosure pursuant to the encumbrance, or transferred by an assignment in lieu of foreclosure.

(3) Transfer by Lender. Notwithstanding the provisions of Section 18(a) hereof restricting assignment of this Master Lease, this Master Lease may be assigned to the lender by judicial or non-judicial foreclosure or by assignment in lieu of foreclosure (without, however, releasing LESSEE from any of its obligations hereunder) without further consent of

COUNTY or any assumption agreement by the lender, the liability of the lender being limited to the period of its possession or ownership of this Master Lease. No other or further assignment shall be made except in accordance with the provisions of Section 18 of this Master Lease.

(d) **Waiver of Rights.** LESSEE hereby waives any right of redemption or relief from forfeiture under California code of Civil Procedure Sections 1174 or 1179, or under any other present or future law, in the event LESSEE is evicted or COUNTY takes possession of the Premises by reason of any default by LESSEE hereunder.

(e) **COUNTY's Default** COUNTY shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within 60 days after written notice by LESSEE to COUNTY specifying wherein COUNTY has failed to perform such obligation; provided, however, that if the nature of COUNTY's obligation is such that more than 60 days are required for its performance, then COUNTY's shall not be deemed to be in default if it shall commence such performance within such 60 day period and thereafter diligently and in good faith prosecute the cure to completion.

16. **Professional Conduct.**

(a) In the event any official or employee for LESSEE or its successor-in-interest or any environmental or design professional hired by LESSEE or its successor-in-interest, is indicted by a grand jury, named as a defendant in a felony complaint filed in any court in the United States, or is otherwise alleged to have participated in any criminal activity directly or indirectly associated with the solid waste management business, activities or operations of LESSEE or its successor-in-interest, LESSEE or its successor-in-interest shall provide notice thereof to the COUNTY within 7 days of such indictment, complaint or allegation. Such notice shall contain a description of the indictment, complaint or allegation, as well as a copy of such indictment or complaint or other matters of public record related thereto. In addition to the foregoing, LESSEE or its successor-in-interest shall provide the COUNTY with copies of any reports required to be prepared by LESSEE or its successor-in-interest pursuant to federal securities laws, including quarterly and annual reports.

(b) In the event any official for LESSEE or its successor-in-interest or any environment or design professional hired by LESSEE or its successor-in-interest, who has direct responsibility for any phase of the development or operations at the transfer station, including but not by way of limitation, any similar personnel for LESSEE or its successor-in-interest having a responsibility for transferring or delivering waste to the transfer station or landfill, is convicted, indicted by a Grand Jury, or named as a defendant in a felony complaint filed in the Superior Court or a complaint filed in Federal Court associated with conduct of doing business for LESSEE or its successor-in-interest, this person shall upon written request from the COUNTY be immediately removed from any assignment whatsoever, directly associated with the development or operation of the transfer station during the pendency of trial and/or following conviction.

(c) In the event any director, official or employee of LESSEE, ever be convicted of a felony associated with the solid waste business, said director, official or employee will be immediately terminated from such position.

(d) In the event the conduct by LESSEE or any director, official or employee of LESSEE causes the termination of LESSEE's City of Riverside AGREEMENT FOR TRANSFER SERVICES, this Master Lease shall be terminated on the effective date of such City termination.

17. Insurance and Indemnity.

(a) Insurance.

Without limiting or diminishing the LESSEE's obligation to indemnify or hold the COUNTY harmless, LESSEE shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages during the term of this Master Lease:

(1) **Workers' Compensation Insurance.** LESSEE shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. The Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than one million dollars (\$1,000,000) per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

(2) **General Liability.** LESSEE shall maintain Commercial General Liability insurance coverage, including, but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of LESSEE's performance of its obligations hereunder. The Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds. The Policy's limit of liability shall not be less than five million dollars (\$5,000,000) per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Master Lease or be no less than two (2) times the occurrence limit.

(3) **Automobile Liability.** LESSEE shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than one million dollars (\$1,000,000) per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Master Lease or be no less than two (2) times the occurrence limit. The Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

(4) Property Insurance.

(i) LESSEE shall maintain all risk property insurance on all real property on the Premises, in an amount equal to the full replacement value thereof. LESSEE shall, in addition, obtain and keep in force during the Term of this Master Lease a policy of

rental value insurance covering a period of one year. Such property insurance shall name the COUNTY as Loss Payee as the COUNTY's interests may appear. If such insurance coverage has a deductible clause, the deductible amount shall not exceed twenty-five thousand dollars (\$25,000) per occurrence, and LESSEE shall be liable for such deductible amount.

(ii) **Personal Property:** LESSEE shall maintain all risk property insurance covering LESSEE's personal property located on, in or about, the leased premises in an amount equal to the full replacement cost value of said contents. The COUNTY shall not be responsible for any loss and/or damage of any nature whatsoever to LESSEE's personal property or property of others in the care, custody or control of LESSEE.

(iii) Not less often than every five (5) years during the Term of this Master Lease, LESSEE and COUNTY shall agree in writing on the full replacement cost of the Premises and all improvements thereon. If, in the opinion of COUNTY, the amount or type of property damage insurance coverage, or another amount or type of insurance, at that time is not adequate or not provided for herein, LESSEE shall either acquire or increase the insurance coverage as required by COUNTY.

(iv) If LESSEE undertakes any new construction or material renovation of existing real property on the premises, LESSEE shall maintain Builders' All Risk Insurance with a limit equal to the highest value at risk for the construction. Such coverage shall cover all work in progress on the premises as well as temporary structures and offsite storage and transit to the jobsite. LESSEE or their general contractor shall be responsible for any deductibles under such coverage. The COUNTY shall be named as an insured on any such coverage; however, COUNTY has no responsibility to pay premiums under said coverage.

(5) **Environmental Impairment Liability.** LESSEE shall procure and maintain a policy of insurance to cover sudden and accidental and gradual release of any and all pollutants. Policy shall provide coverage for bodily injury and property damage and clean up in an amount not less than three million dollars (\$3,000,000) per occurrence and three million dollars (\$3,000,000) aggregate which shall be excess the deductible or Self Insured Retention. Policy shall name COUNTY and the District as additional insureds and provide a waiver of subrogation in favor of COUNTY and the District. Any policy and its certificate provided for the insurance required by this paragraph shall require an extended reporting period of one year with a minimum ninety (90) days notice of cancellation.

(b) General Insurance Provisions – All Lines:

(1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an AM Best rating of not less than A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term;

(2) The LESSEE's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed Five Hundred Thousand Dollars (\$500,000) per occurrence, such retentions shall have the prior written consent of the County

Risk Manager before the commencement of operations under this Master Lease. Upon notification of self-insured retention unacceptable to the COUNTY, and at the election of the County's Risk Manager, LESSEE's carriers shall either: 1) reduce or eliminate such self-insured retention as respects this Master Lease with the COUNTY; or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses;

(3) LESSEE shall cause LESSEE's insurance carrier(s) to furnish the County of Riverside with either: 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Master Lease shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverages set forth herein and the insurance required herein is in full force and effect. *LESSEE shall not commence operations until the COUNTY has been furnished original Certificate(s) of Insurance and certified original copies of endorsements and, if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.*

(4) It is understood and agreed to by the parties hereto, and the insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and the COUNTY's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

(5) **The COUNTY'S Reserved Rights - Insurance.** If, during the term of this Master Lease or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.); or, the term of this Master Lease, including any extensions thereof, exceeds five (5) years, the COUNTY reserves the right to adjust the types of insurance required under this Master Lease and the monetary limits of liability for the insurance coverage's currently required herein, if, in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the LESSEE has become inadequate.

(6) LESSEE shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Master Lease.

(7) The insurance requirements contained in this Master Lease may be met with a program(s) of self-insurance acceptable to the COUNTY.

(8) LESSEE agrees to notify COUNTY of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Master Lease.

(9) Failure of the LESSEE to provide appropriate evidence of insurance as required herein within sixty (60) days after the renewal or anniversary of this Master Lease will place the LESSEE in default under this Master Lease.

(c) **Waiver of Subrogation.** LESSEE hereby releases and relieves COUNTY and the District and waives its entire right of recovery against COUNTY and the District for loss or damage arising out of or incident to the perils insured against under Section 17(a)(4), which perils occur in, on, or about the Premises, whether due to the negligence of COUNTY or the District or their respective agents, employees, contractors and/or invitees. LESSEE shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing waiver of subrogation is contained in this Master Lease.

(d) **Performance Bond, Insurance and Surety Instruments.**

(1) On and after the day the Facility is deemed functional on a continuous basis for the purposes of transferring waste as determined by the COUNTY's General Manager-Chief Engineer, and throughout the Term, LESSEE shall furnish a bond, insurance policy (in a form reasonably acceptable to COUNTY), and/or comparable instrument(s) approved by COUNTY, or any combination thereof, (the "Surety Instruments") guaranteeing the continuous performance of obligations assumed under this Master Lease and to provide maintenance assurance, or environmental remediation to the leased or adjoining parcels in the event LESSEE activities cause environmental damage. The principal sum of the Surety Instruments shall be two hundred fifty thousand dollars (\$250,000). The Term of each Surety Instrument shall be issued for a three (3) year period on an "evergreen" basis, but not less than one (1) year or the remaining period in the Term hereof, whichever is less. Not less than ninety (90) days before the expiration of each such Surety Instrument, LESSEE shall either extend such Surety Instrument as evidenced by a continuation certificate in a form reasonably acceptable to COUNTY, or furnish a replacement Surety Instrument in the principal sum equal to two hundred fifty thousand dollars (\$250,000).

This bond amount shall be maintained throughout the Lease Term and be adjusted every five years. The maximum increase allowable at any time of adjustment will be equal to the percent change in the Consumer Price Index (CPI). Computation of the change in the CPI will be made according to the following methodology:

(2) Said computation shall be equal to the change in the Consumer Price Index for all Urban Consumers (CPI-U) for the Los Angeles/Anaheim/Riverside Metropolitan Area, "(1982 - 84 = 100)", as published by the United States Department of Labor, Bureau of Labor Statistics. Said change shall be measured for the sixty (60) month period beginning January 1, 2007 and ending sixty (60) months later. The first increase may be effective on the first July 1 date after the sixty month period, based upon changes in the Consumer Price Index formula for the five year period. The adjustment methodology will be

repeated every five years during the Term with the last adjustment taking place on July 1, 2027 based on the sixty (60) month period ending January 1, 2027.

(e) Indemnity.

(1) LESSEE represents that it has inspected the leased premises, accepts the condition thereof and fully assumes any and all risks incidental to the use thereof. COUNTY and the District shall not be liable to LESSEE, its officers, agents, employees, subcontractors or independent contractors for any personal injury or property damage suffered by them which may result from hidden, latent or other dangerous conditions in, on, upon or within the leased premises; except to the extent that such dangerous conditions are caused by the negligence of the COUNTY and the District or their respective officers, agents or employees.

(2) LESSEE shall indemnify, defend, protect, and hold harmless COUNTY and the District and their officers, agents, employees, and independent contractors from and against any and all claims, demands, losses, proceedings, damages, causes of action, liability, costs and expenses, (including attorneys' fees) arising from or in connection with, or caused by (i) any act, omission or negligence of LESSEE or any sublessee of LESSEE, or their respective officers, contractors, licensees, invitees, agents, servants or employees, wheresoever the same may occur; (ii) any use of the Premises, or any accident, injury, death or damage to any person or property occurring in, on or about the Premises, or any part thereof, or from the conduct of LESSEE's business or from any activity, work or thing done, permitted or suffered by LESSEE or its sublessee, contractors, employees, or invitees, in or about the Premises or elsewhere (other than arising as a result of gross negligence or intentional misconduct of COUNTY or the District or any of their respective officers, agents, and employees); and (iii) any breach or default in the performance of any obligations on LESSEE's part to be performed under the terms of this Master Lease, or arising from any negligence of LESSEE, or any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against COUNTY and the District by reason of any such claim, LESSEE upon notice from COUNTY shall defend the same parties at LESSEE's expense by counsel satisfactory to COUNTY and the District. LESSEE, as a material part of the consideration to COUNTY, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises arising from any cause other than COUNTY's and the District's gross negligence or intentional acts, and LESSEE hereby waives all claims in respect thereof against COUNTY and the District. These provisions are in addition to, and not in lieu of, the insurance required to be provided by Sections 17(a) and (b) hereof. COUNTY further agrees to indemnify, defend, and hold LESSEE harmless from any claims, losses or damages that result from any personal injury or property damage occurring on any property owned by COUNTY that is adjacent to the Premises that is not leased to LESSEE or which is to be maintained by LESSEE, unless such personal injury or property damage results from LESSEE's negligent or intentional act or omission.

(3) The obligations to indemnify and hold COUNTY and the District free and harmless herein shall survive until any claim, action or cause of action with respect to any such alleged acts or omissions are fully and finally barred by the applicable statute of limitations.

(4) Prior to COUNTY's periodic use of the Premises for the operation of the HHW facility, the operator of the HHW facility shall provide a written assurance to indemnify, defend and hold LESSEE harmless from and against any and all damage, liability, cost or expense arising out of the operation of the HHW facility other than arising as a result of negligence or intentional misconduct of LESSEE or any of its officers, agents, and employees.

(f) **Exemption of DISTRICT and the County of Riverside from Liability**
LESSEE hereby assumes all risks and liabilities of a landowner in the possession, use or operation of the Premises. LESSEE hereby agrees that DISTRICT and the County of Riverside shall not be liable for injury to LESSEE's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of LESSEE, LESSEE's employees, invitees, customers, contractors, workers, or any other person in or about the Premises, including any liability arising from the physical condition of the Premises or the presence of any hazardous or toxic materials or substances on the Premises, nor shall COUNTY and the District be liable for injury to the person of LESSEE, LESSEE's employees agents or contractors, whether such damage or injury is caused by or results from hazardous or toxic materials or substances, fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to LESSEE. These provisions are in addition to, and not in lieu of, the insurance required to be provided by Sections 17(a) and (b) hereof. Nothing contained herein shall be construed as excusing COUNTY and the District from liability for their respective gross negligence or intentional misconduct.

(g) The specified insurance limits required in Section 17 herein shall in no way limit or circumscribe LESSEE's obligations to indemnify and hold COUNTY and the District free and harmless herein.

18. Assignment, Subletting and Encumbering.

(a) Except as provided in Section 18(c)(d)(e) and (f) hereof to the contrary, LESSEE shall not voluntarily assign or encumber its interest in this Master Lease, in the Land, or in the Premises, or sublease substantially all or any part of the Land or the Premises, or allow any other person or entity (except LESSEE's authorized representatives) to occupy or use all or any part of the Premises. For the purposes hereof, an "encumbrance" shall mean mortgage, deed of trust, land sale contract, lease or other financing device. Assignment, subleasing or encumbering the Premises is absolutely prohibited. Any attempted assignment, encumbrance, or sublease shall be voidable and, at COUNTY's election, shall constitute a default hereunder. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this section.

(b) If LESSEE is a corporation, then any dissolution, merger, consolidation, or other reorganization of LESSEE, or the sale or other transfer of a controlling percentage of the capital stock of LESSEE to any person other than an Affiliate of LESSEE, as defined in 18(e) shall be deemed a voluntary assignment hereof. The phrase "controlling percentage" means the ownership of, or the right to vote, stock possessing 25% or more of the total combined voting

power of all classes of LESSEE's capital stock issued, outstanding, and entitled to vote for the election of directors. This paragraph shall not apply if the stock of LESSEE is publicly traded through an exchange or over the counter.

(c) LESSEE shall have the right to sublet the Premises or any portion thereof, for occupancy leases with COUNTY's prior written consent, which consent shall not unreasonably be withheld.

(1) Each sublease shall contain a provision, satisfactory to COUNTY and to each lender having an interest at the time the sublease is executed, requiring the subLESSEE to attorn to COUNTY, or, in the event of any proceeding to foreclose any leasehold encumbrance, to the lender, or any person designated in a notice from such lender, if LESSEE defaults under this Master Lease and if the sublessee is notified by COUNTY or the lender of LESSEE's default and is instructed to make such subLESSEE's rental payments to COUNTY or the lender or designated person.

(2) LESSEE shall, promptly after execution of each sublease, notify COUNTY of the name and mailing address of the sublessee and shall, on demand, permit COUNTY to examine and copy the sublease.

(3) LESSEE shall not accept, directly or indirectly more than one (1) month's prepaid rent from any sublessee or a security deposit in excess of two (2) months' rent.

(4) All subleases shall be "triple net" leases, with the rent payable thereunder to be net of all operating costs, maintenance, taxes, insurance, and utilities (unless LESSEE has received COUNTY's prior written consent to different terms).

(d) **Allowable Assignment.** Prior to completion of all improvements constituting the Project and after COUNTY's issuance of a Certificate of Completion therefor, LESSEE shall not assign this Master Lease to any person or entity without COUNTY's consent, which consent may be given or withheld in COUNTY's sole and absolute discretion.

(e) **Assignment to Affiliate of LESSEE.** Notwithstanding anything contained in Sections 18(a) through (d), above, upon notice to COUNTY, LESSEE shall be entitled to transfer to any Affiliate of LESSEE all or any portion of LESSEE'S interest in this Master Lease. For purposes of this Master Lease, an Affiliate of LESSEE shall be defined as any of the following: (i) Cole Burr, Tracy A. Burr, Edward G. Burr or Sandra L. Burr, as individuals (collectively, the "Burrs"), (ii) any trust for the benefit of one or more of the Burrs, or the descendants of one or more of the Burrs, and which is 100% controlled by one or more of the Burrs (a "Burr Trust"), or (iii) any partnership, corporation, limited liability company or other entity which is 100% beneficially owned by one or more of the Burrs, by a Burr Trust, or by any combination of the two.

(f) **Encumbrance or Assignment as Security.** Notwithstanding any other provision in this Master Lease, LESSEE shall, subject to the conditions set forth below, have the right to encumber or assign its interest in this Master Lease, the Premises, the Facility and any other improvements to the Premises by means of a deed of trust, mortgage, trust indenture, security agreement, fixture filing or other encumbrance for the benefit of any commercial bank,

institutional lender or other financial institution providing financing to LESSEE (which financing may include, without limitation, construction loans, term loans, working capital loans, revolving credit facilities and letters of credit to support debt instruments) for the development, construction, equipping, operation or maintenance of the Facility and any other improvements to the Premises, and/or for the benefit of the holders of bonds, (or the trustee acting on their behalf) that may be issued to provide financing for any of the foregoing purposes. The term "Lender" shall refer to Union Bank of California, N.A. or such other financial institution providing the financing described in the immediately preceding sentence; provided, however, that if such financing is provided by a syndicate of financial institutions acting together, the term "Lender" shall, unless the context otherwise requires, refer to Union Bank of California, N.A. or such other financial institution with the authority to represent such syndicate in dealings with LESSEE, in such financial institution's capacity as agent, administrative agent, collateral agent, issuing bank or otherwise; provided further, that any reference to obligations owed to the Lender or of similar import shall refer collectively to obligations owed to the Lender and to obligations owed to holders of bonds, if any, issued to finance the Facility and, in the case where the financing is provided by a syndicate of financial institutions, to obligations owed to all members of the syndicate. The right of LESSEE to encumber or assign its interest in the Lease, the Premises, the Facility and any other improvements to the Premises pursuant to this Section 18(f) shall be subject to the following limitations:

(1) prior to execution of any instrument or agreement evidencing such encumbrance and/or the obligations secured thereby (or any amendment, supplement or modification thereto) (collectively, the "Financing Documents"), LESSEE shall deliver to COUNTY written notice of the name and address of the Lender and a copy of such instrument or agreement (or amendment, supplement or modification) substantially in the form to be executed, and COUNTY may require reasonable changes in such instrument or agreement (or amendment, supplement or modification) only to the extent necessary to ensure that it does not violate the requirements of this Master Lease; provided, however, that COUNTY's failure to object to any provision of such instrument or agreement (or amendment, supplement or modification) within seven (7) calendar days after COUNTY's receipt thereof shall constitute an approval thereof;

(2) the Financing Documents shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Facility, provided that (a) the Facility is capable of being fully repaired or rebuilt; and (b) (i) the proceeds of such insurance are sufficient to fully repair or rebuild the Facility or (ii) LESSEE agrees to fully repair or rebuild the Facility, notwithstanding the fact that such proceeds are insufficient to fully repair or rebuild the Facility;

(3) the Financing Documents shall contain provisions that all notices of default under the Financing Documents must be sent to COUNTY and LESSEE and that COUNTY shall have 30 days to cure any default by LESSEE after the time for LESSEE to cure it has expired; provided that neither COUNTY's right to cure any default nor any exercise of such a right shall constitute an assumption of liability under the note or deed of trust;

(4) upon the recordation of any Financing Document in any official real estate recording office, LESSEE shall furnish to COUNTY the date and place of recording

or filing of record thereof and the recorder's instrument number, book, and page reference or other recorder's index reference;

(5) until the obligations evidenced by the Financing Documents have been fully and indefeasibly paid in full, there shall be no cancellation, surrender, acceptance of surrender or modification of this Master Lease except by a written instrument executed by COUNTY, LESSEE and the Lender;

(6) no encumbrance shall cover any interest in any real property other than LESSEE's leasehold interest in the Premises and LESSEE's ownership or other interest in the improvements to the Premises. No encumbrance shall secure indebtedness for refuse collection trucks or related collection bins nor for indebtedness not related to the Premises, the Facility, the other improvements or the business conducted in direct connection with any of the foregoing;

(7) on termination of this Master Lease by COUNTY on LESSEE's default, or on the lender's acquisition of the leasehold by foreclosure, COUNTY shall enter into a new lease with the Lender or the Lender's assignee covering the Premises covered by the terminated or foreclosed lease if the Lender (a) gives notice of request within 30 days after termination or foreclosure, (b) pays all costs resulting from default and termination, (c) remedies all defaults construed as though the Lease had not been terminated, and (d) obtains approval of COUNTY in accordance with Section 18(d) of any assignment of the interest that it has acquired from LESSEE; the new lease shall be for the remainder of the Term of the terminated or foreclosed lease, effective as the date of termination or foreclosure, at the rent and on the covenants agreements, conditions, provisions, restrictions, and limitations contained in the terminated or foreclosed lease;

(8) Except as expressly provided herein, nothing contained in the leasehold encumbrance shall be deemed or construed to relieve LESSEE from the full and faithful observance and performance of its covenants herein contained, or from any liability for the nonobservance or nonperformance thereof, or to constitute a waiver of any rights of COUNTY hereunder;

(9) Subject to the foregoing, COUNTY shall cooperate in the efforts of LESSEE to obtain any such financing by the prompt execution of any and all documents and the prompt granting of any and all consents and approvals required in connection therewith; and

(10) Without the consent of COUNTY, which consent shall not be unreasonably denied or delayed, LESSEE shall not obtain any financing that is secured by a lien on the Premises, the Facility or any other improvements to the Premises which is of a priority lower than third priority.

19. Toxic Materials. During the Term of this Master Lease and any extensions thereof, LESSEE shall not violate any federal, state or local law, or ordinance or regulation, relating to industrial hygiene or to the environmental condition on, under or about the leased premises including, but not limited to, soil and groundwater conditions. Further, LESSEE, its successors, assigns and sublessee, shall not use, generate, manufacture, produce, store or dispose

of on, under or about the leased premises or transport to or from the leased premises any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "hazardous materials"). For the purpose of this Master Lease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws. Notwithstanding the foregoing, LESSEE shall not be responsible for any hazardous materials relating to, or released as a result of, the operations of the household hazardous waste facility.

20. Free from Liens. LESSEE shall pay, when due, all sums of money that may become due for any labor, services, material, supplies, or equipment, alleged to have been furnished or to be furnished to LESSEE, in, upon, or about the leased premises, and which may be secured by a mechanics', materialmen's or other lien against the leased premises or COUNTY's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by such lien matures or becomes due; provided, however, that if LESSEE desires to contest any such lien, it may do so, but notwithstanding any such contest, if such lien shall be reduced to final judgment, and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, LESSEE shall forthwith pay and discharge said judgment.

21. Employees and Agents of LESSEE. It is understood and agreed that all persons hired or engaged by LESSEE shall be considered to be employees or agents of LESSEE and not of COUNTY.

22. Binding on Successors. LESSEE, its assigns and successors in interest, shall be bound by all the terms and conditions contained in this Master Lease, and all of the parties thereto shall be jointly and severally liable hereunder.

23. Severability. The invalidity of any provision in this Master Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

24. Venue. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Master Lease shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereto waive all provisions of law providing for a change of venue in such proceedings to any other county.

25. Attorney's Fees. In the event of any litigation or arbitration between LESSEE and COUNTY to enforce any of the provisions of this Master Lease or any right of either party

hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the successful party all costs and expenses, including reasonable attorney's fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment rendered in such litigation or arbitration.

26. Notices. All notices, consents or other communications which are required or permitted by this Agreement to be served on or given to any party shall be in writing and shall be deemed served or given when personally delivered or, in lieu of personal delivery, on receipt, rejection or return undelivered, when deposited in the United States mail, first-class, certified or registered, postage prepaid, return receipt requested or overnight mail delivery service, addressed to the applicable party at the address which is provided in this paragraph. Unless notice of a different address has been given in accordance with this Section, all such notices shall be addressed as follows:

COUNTY:

Riverside County
Waste Management Department
14310 Frederick Street
Moreno Valley, CA 92553

LESSEE:

Agua Mansa MRF, LLC
C/O 9890 Cherry Avenue
Fontana, CA 92335

or to such other addresses as from time to time shall be designated by the respective parties.

27. Estoppel Certificates.

(a) In the event of a proposed sale or refinancing of the Premises or any part thereof, at any time and from time to time, within twenty (20) days after notice of request by either party, the other party shall execute, acknowledge, and deliver to the requesting party, or to such other recipient as the notice shall direct, a statement certifying that this Master Lease is unmodified and in full force and effect; or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement and acknowledging that there are no uncured defaults or failures to perform any covenant or provision of this Master Lease on the part of the requesting party or specifying any such defaults or failures which are claimed to exist. The statement shall also state the dates to which the Rent and any other charges have been paid in advance. The statement shall be such that it can be relied on by any auditor, creditor, commercial banker, and investment banker of either party and by any prospective purchaser or the lender of the Premises or all or any part or parts of LESSEE's or COUNTY's interests under this Master Lease.

(b) Either party's failure to execute, acknowledge, and deliver, on request, the certified statement described above within the specified time shall constitute acknowledgment by such party to all persons entitled to rely on the statement that this Master Lease is unmodified and in full force and effect and that the rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice of request and shall constitute a waiver, with respect to all persons entitled to rely on the statement, of any defaults on the requesting party's part that may exist before the date of the notice.

28. Surrender of Premises. At the expiration or earlier termination of the Term, LESSEE shall surrender to COUNTY the possession of the Premises. Surrender or removal of improvements shall be as directed in the provisions of this Master Lease on ownership of improvements at expiration or termination. LESSEE shall leave the surrendered property and any other property in good and broom clean condition. All property that LESSEE is not required to surrender but that LESSEE does abandon shall, at COUNTY's election, become COUNTY's property at expiration or the sooner termination of this Master Lease.

29. No Discrimination.

(a) LESSEE shall not discriminate upon the basis of race, color, creed, religion, sex, marital status, age, national origin, ancestry, physical handicap, or medical condition in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, or any part thereof, nor shall LESSEE or any person claiming under or through LESSEE establish or permit any such practice or practices of discrimination or segregation with respect to the selection, location, number, use or occupancy of Lessees, sub lessees or vendees of the Premises. The foregoing covenant shall run with the land. LESSEE shall insert into and make a part of any lease, rental agreement, occupancy permit, use or sales agreement or any other document pertaining to the Premises a provision that there shall be no restrictions imposed thereon because of race, color, creed, religion, sex, marital status, age, national origin, ancestry, physical handicap, or medical condition.

(b) LESSEE agrees, for itself, its successors and assigns, to refrain from restricting the rental, sale or lease of the Premises on the basis of race, color, creed, religion, ancestry, sex, marital status, national origin, age of any person, physical handicap, or medical condition. All deeds, leases or contracts entered into with respect to the Premises shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, national origin, sex, marital status, age, ancestry, physical handicap, or medical condition in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of LESSEEs, sublessee or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(2) **In leases:** "The LESSEE herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this Master Lease is made and accepted upon and subject to the following conditions: That there be no discrimination against or segregation of any person or group of persons, on account of age, race, color, creed, religion, sex, marital status, national origin, ancestry, physical handicap, or medical condition in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the land herein leased nor shall the LESSEE himself or herself, or any person claiming under or through him or her, establish or permit any such practice

or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of LESSEEs, sublessee or vendees in the land herein leased."

(3) **In contracts:** "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, age, national origin, sex, marital status, ancestry, physical handicap, or medical condition in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of LESSEEs, sublessee or vendees of the land."

30. Miscellaneous.

(a) **Governing Law.** This Master Lease shall be construed and interpreted in accordance with the laws of the State of California.

(b) **Covenants and Conditions.** All provisions, whether covenants or conditions, on the part of LESSEE shall be deemed to be both covenants and conditions.

(c) **Transfer of COUNTY's Interest.** COUNTY shall not transfer its interest in the premises except upon the assumption by the transferee of all obligations and liabilities relating to the Master Lease. In no event shall any transfer of COUNTY's interest relieve COUNTY of any liability which either arose prior to the date of transfer or which is based on facts or circumstances in existence as of the date of the transfer.

(d) **Waiver.** The waiver by COUNTY or LESSEE of any breach or default by the other party of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach or default of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder by the COUNTY shall not be deemed to be a waiver of any preceding breach or default by LESSEE of any term, covenant, or condition of this Master Lease, other than the failure to pay the particular rents so accepted, regardless of COUNTY's knowledge of such preceding breach or default at the time of acceptance of such rent.

(e) **No Joint Venture.** Nothing contained herein shall be construed to render the COUNTY in any way or for any purpose a partner, joint venturer, or associated in any relationship with LESSEE other than that of COUNTY and LESSEE, nor shall this Master Lease be construed to authorized to act as agent for the other.

(f) **Exhibits.** All exhibits to which reference is made in this Master Lease are hereby incorporated by reference. Any reference to "this Master Lease" includes matters incorporated by reference.

(g) **Entire Agreement; Modification.** This Master Lease contains the entire agreement between the Parties. No verbal agreement or implied covenant, representation, inducement or understanding of any kind or nature shall be held to vary the provisions hereof, any statements, law or custom to the contrary notwithstanding. No promise, representation, warranty, or covenant not included in this Master Lease has been or is relied on by either party.

Each party has relied on its own inspection of the Premises and examination of this Master Lease, the counsel of its own advisors, and the warranties, representations, and covenants in this Master Lease itself. The failure or refusal of either party to inspect the Premises, to read this Master Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice. No provision of this Master Lease may be amended or varied except by an agreement in writing signed by the parties hereto and the lender under the first leasehold encumbrance or their respective successors.

(h) Consents to LESSEE. Neither COUNTY's execution of this Master Lease nor any consent or approval given by COUNTY hereunder in its capacity as COUNTY shall waive, abridge, impair or otherwise affect COUNTY's powers and duties as a governmental body. Any requirements under this Master Lease that LESSEE obtain consents or approvals of COUNTY are in addition to and not in lieu of any requirements of law that LESSEE obtain approvals or permits. COUNTY hereby certifies, however, that as of the date hereof, there are no consents or approvals required to be given by COUNTY in connection with the execution and performance by LESSEE of the Master Lease in accordance with its terms and provisions which have not been granted by COUNTY.

(i) Records. COUNTY or any representative or designee thereof may examine the books and records of LESSEE, or any officer, employee, agent, contractor, affiliate, related person, assignee or franchise, as such books and records relate to, directly or indirectly, solid waste (as defined in Exhibit B) tonnage and the disposition of hazardous waste by LESSEE.

(j) Recordation of Memorandum of Lease. This Master Lease shall not be recorded. A Memorandum of Amended and Restated Master Lease shall be recorded. The parties shall execute the memorandum in form and substance as required by a title insurance company insuring LESSEE's leasehold estate or the interest of any leasehold or fee lender, and sufficient to give constructive notice of this Master Lease to subsequent purchasers and lenders. A Memorandum of Lease satisfying the same purpose for the Original Master Lease was recorded on April 22, 1997 and a Memorandum of Second Amended Master Lease was recorded on December 5, 2001. Such memoranda were not recorded after Amendment No. 1 to the Master Lease, the Third Amended Master Lease, Amendment No. 4 to the Master Lease or Amendment No. 5 to the Master Lease (Amendment No. 5 did not state that a Memorandum of Lease would be recorded). Memoranda for these other four amendments will be recorded.

(k) Execution in Counterparts. This Master Lease, or the memorandum of this Master Lease, or both, may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

(l) Other Issues. LESSEE hereby expressly consents to modification of the Franchise Area 4 Agreement and agrees to pursue no legal action against COUNTY for such modification. If LESSEE is successful in pursuit of a legal judgment for damages against International Rubbish Service ("IRS"), the former franchisee for County Franchise Area 4, COUNTY shall also benefit in the decision against the former franchisee to the degree that IRS damaged COUNTY. All monies due COUNTY for billings not paid by LESSEE during the time

of LESSEE's complaint against IRS shall be paid within thirty (30) days of execution of Amendment number 4 to the Master Lease by the Riverside County Board of Supervisors.

31. Permits, Licenses and Taxes. LESSEE shall secure, at its expense, all necessary permits and licenses as it may be required to obtain, and LESSEE shall pay for all fees and taxes levied or required by any authorized public entity. LESSEE recognizes and understands that this Master Lease may create a possessory interest subject to property taxation and that LESSEE may be subject to the payment of property taxes levied on such interest.

32. Paragraph Headings. The paragraph headings herein are for the convenience of the parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Master Lease.

33. COUNTY's Representative. COUNTY hereby appoints the General Manager-Chief Engineer of the Waste Management Department as its authorized representative to administer this Master Lease.

34. Agent for Service of Process. It is expressly understood and agreed that in the event LESSEE is not a resident of the State of California or it is an association or partnership without a member or partner resident of the State of California, or it is a foreign corporation, then in any such event, LESSEE shall file with COUNTY's General Manager-Chief Engineer, upon its execution hereof, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Master Lease, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon LESSEE. It is further expressly understood and agreed that if for any reason service of such process upon such agent is not feasible, then in such event LESSEE may be personally served with such process out of this County and that such service shall constitute valid service upon LESSEE. It is further expressly understood and agreed that LESSEE is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto.

35. Entire Lease. This Master Lease is intended by the parties hereto as a final expression of their understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms and conditions thereof and supersedes any and all prior and contemporaneous leases, agreements and understandings, oral or written, in connection therewith. This Master Lease may be changed or modified only upon the written consent of the parties hereto.

36. Guarantor/Parent Company Guarantee. LESSEE has provided COUNTY the written Agreement of Burrtec Waste Group, Inc. signed by a duly authorized corporate officer that Burrtec Waste Group, Inc. together with LESSEE guarantees the performance of all of the obligations and duties of LESSEE hereunder attached as Exhibit F.

37. Closure of Burrtec Recycling Center. LESSEE formerly operated the Burrtec Recycling Center ("BRC") at 9470 Mission Boulevard in the Unincorporated Area of Riverside County. LESSEE terminated its operation of BRC. Upon such termination, Conditional Use

Permit #2711 and all amendments thereto were deemed automatically revoked, without notice or hearing, and LESSEE, and/or its successor(s) in interest, hereby waived the right to challenge such revocation.

38. Illegal Dumping Retrieval Services. LESSEE shall have the continued responsibility to collect illegally dumped material attributable to operation of the Facility along the Traveled Way on primary delivery routes to the Facility northerly of Highway 60 on Market Street, Rubidoux Boulevard, and Agua Mansa Road as shown on Exhibit A-111. Inspection and retrieval shall be completed not less often than twice weekly.

In addition, LESSEE shall provide similar illegal dumping retrieval services within all public rights of way in Riverside County within a one mile radius of the transfer station.

39. Right of First Refusal. In the event that COUNTY should elect to sell the Premises to a private purchaser, COUNTY shall first give notice to LESSEE of such intent, together with a true and complete copy of the proposed terms of sale, and shall give LESSEE the right to purchase the Premises upon the same terms of sale. LESSEE shall exercise its right to purchase the Premises, if at all, by delivering notice to COUNTY of its intent to purchase within forty-five (45) days following LESSEE's receipt of COUNTY's notice.

If COUNTY elects to sell the Premises, and is required to seek bids for such sale, LESSEE shall be deemed to have submitted a revocable bid in an amount which exceeds the highest bid actually received by One Dollar (\$1.00). LESSEE shall have the right to revoke such bid by delivering notice of revocation within fifteen (15) days following LESSEE's receipt of notice from COUNTY of the deemed amount of LESSEE's bid, in which event COUNTY may proceed, in the sole and exclusive exercise of its discretion, to sell the Premises to the highest other bidder, or to reject all bids and retain ownership of the Premises.

Any purchaser of the Premises from COUNTY shall be bound by the terms of this Master Lease, as lessor, and its interest in the Premises and the other property subject to this Master Lease shall be subject to any encumbrance placed thereon pursuant to Section 18(f).

40. Conversion or Recycling/Diversion Project. LESSEE shall pursue the development of a conversion or a recycling/diversion facility to be designed, built and operated by a qualified party or LESSEE. The size and type of the facility being proposed is undefined at the time of execution of this Master Lease, but the facility proposed shall meet the following criteria:

(a) It will be an approved demonstration project with capacity for a minimum of 100 tons per day.

(b) A competitive selection process will be utilized by LESSEE to determine the best-qualified third party vendor to design, build and operate the project.

(c) The selected project shall endeavor to align with the then existing regulatory requirements of the State of California for diversion credit. The facility's goal is to use output material that would be otherwise landfilled. The diversion goal set for the selected project will be at least 60% of the facility's throughput.

(d) The site on which the project is to be constructed is Areas Z and Z' as shown on Exhibit A-1 '07 without additional lease compensation. An appropriate lease modification to reflect the project will be executed by the parties hereto, when presented by COUNTY.

(e) LESSEE shall separately process and obtain at his own (or selected vendor's) expense, all necessary land use and environmental approvals; and all necessary County, State or Federal construction and operating permits.

(f) The demonstration project shall be designed so that it is expandable to meet the anticipated future needs of user agencies.

(g) During the first three years of operation, LESSEE shall provide COUNTY monthly environmental data collected with semiannual summary reports of the plant performance. After the first three years, the data and reporting requirements will be reduced as then defined by COUNTY.

(h) LESSEE agrees to expand the Conversion project when COUNTY requests it to do so after satisfactory performance has been demonstrated, and appropriate permitting has been obtained. New terms and rates will be negotiated in good faith at that time.

(i) LESSEE commits to pursue the Conversion or Recycling/Diversion Project contemplated in this Section 40 until July 1, 2010. After July 1, 2010, as long as the expected diversion is comparable to that of LESSEE'S green and woody waste operation using Areas Z and Z' (in terms of a percentage diverted from the material generated by both the project and the transfer station combined) or can be shown to be a demonstrably better use of resources in other ways, COUNTY may proceed with the development of a Conversion or Recycling/Diversion project on Areas Z and Z' without the participation of the LESSEE. In this situation, COUNTY will give LESSEE six (6) months notice to vacate Areas Z and Z' and the two areas shall be removed as part of the leased premises. The two areas shall then not be used by LESSEE. For any period of time, after July 1, 2010, that COUNTY elects not to give the above six (6) months notice to LESSEE, LESSEE may continue using Areas Z and Z' in accordance with the provisions of this Master Lease until said notice is given to LESSEE.

IN WITNESS WHEREOF, this Master Lease has been executed and is effective on the date the Board of Supervisors takes action on it.

RIVERSIDE COUNTY WASTE
MANAGEMENT DEPARTMENT
14310 Frederick Street
Moreno Valley, CA 92553

Agua Mansa MRF, LLC
1830 Agua Mansa Road
Riverside, CA 92509

Dated: 7/23/07

Dated: 7/23/07

RECOMMENDED FOR APPROVAL

By: [Signature]
Hans Kernkamp
General Manager
*Joseph R. McCann
Asst. Chief Engineer*

By: [Signature]
Responsible Officer
Title: President

RIVERSIDE COUNTY
By: [Signature]
Chairman, Board of Supervisors
JOHN TAVAGLIONE

ATTESTED:
By: [Signature] DEPUTY
for Nancy Romero, Clerk

APPROVED:
By: [Signature]
Joe Rank, County Counsel

**Amendment 8 to the Master Lease
("Eight Amended and Restated Master Lease")**