

**GROUND LEASE AGREEMENT**

**By and Between**

**the**

**COUNTY OF VENTURA**

**and**

**PROGRESSIVE ENVIRONMENTAL INDUSTRIES, INC.**

**(Ojai Valley Organics Recycling Center)**

**GROUND LEASE AGREEMENT**  
**(Ojai Valley Organics Recycling Center)**

This Ground Lease Agreement ("Ground Lease") is dated March 28, 2023 for reference purposes only and is by and between the County of Ventura ("Lessor" or "County") and Progressive Environmental Industries, Inc., a California corporation, together with its permitted successors or assigns as more particularly set forth herein (collectively, "Lessee").

**RECITALS**

WHEREAS, Lessor currently owns 112.23 acres of unimproved real property located at 534 Old Baldwin Road, Ojai, California 93023, Assessor Parcel Number 032-0-070-070 ("Site"); and

WHEREAS, the location of the Site and the remote nature of the surrounding area, with its low population density, make transportation and processing of organics for composting commercially inefficient; and

WHEREAS, historically, a compostable materials handling facility ("CMHF") occupied a portion of the Site and provided commercial composting and processing services to the surrounding rural area of Ventura County until it ceased operations as it was not commercially viable; and

WHEREAS, in order to meet the state's organics diversion goals and requirements, the County determined that a replacement CMHF on the Site is desirable and in the best interest of the County; and

WHEREAS, Lessee is willing to lease an 11.7 acre portion of the Site ("Property"), more particularly shown in Exhibit "A," attached hereto and incorporated herein by this reference, and operate a CMHF pursuant to the terms of Conditional Use Permit 4408, including all modification thereof ("CUP"), Compostable Materials Handling Facility Operating Agreement for Ojai Valley Organics Recycling Center ("Operating Agreement"), the terms of this Lease, and all other applicable laws; and

WHEREAS, Lessor is willing to lease the Property to Lessee on the terms and conditions set forth herein, in order to meet its organic diversion obligations and in order to have the Property actively maintained and improved consistent with the Operating Agreement and CUP; and

WHEREAS, this Lease is permitted pursuant to Government Code section 25536(a) upon approval by a 4/5ths vote of the County's Board of Supervisors; and

WHEREAS, the lease of the Property falls outside the scope of Government Code Section 54221, et seq. as it is for a term less than five years and does not involve development or demolition (Surplus Land Act Guidelines, Section 102(h)(1)); and

NOW, THEREFORE, in consideration of the mutual promises contained in this Ground Lease and for other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Lessor and Lessee (each a "Party" and collectively, the "Parties") agree as follows:

## AGREEMENT

### ARTICLE 1. INCORPORATION, EXHIBITS, AND DEFINITIONS.

#### Section 1.1    Incorporation of Recitals.

The foregoing recitals are hereby incorporated by reference and made a part of this Ground Lease.

#### Section 1.2    Exhibits.

The following exhibits are attached hereto and incorporated into this Ground Lease:

Exhibit "A":    Site Map.

#### Section 1.3    Definitions.

The following capitalized terms have the meanings set forth in this Section 1.3 wherever used in this Ground Lease, unless otherwise provided:

(a)    "Director" shall mean the Director of the County's Water and Sanitation Department or the Director's designee.

(b)    "Effective Date" shall mean the date that both this Lease and the Operating Agreement are fully executed. In the event that this Lease and Operating Agreement are fully executed on different days, the Effective Date shall be the date that the later document is fully executed.

(c)    "Hazardous Materials" means any substance, material, or waste which is (i) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant" or any other terms comparable to the foregoing terms under any provision of California law or federal law, (ii) petroleum, (iii) asbestos and asbestos containing materials, (iv) polychlorinated biphenyls or (v) radioactive materials.

The term "Hazardous Materials" shall not include commercially reasonable quantities of products customarily used in the operation of CMHF, so long as such materials and substances are stored, used and disposed of in compliance with all applicable Hazardous Materials Laws.

(d)    "Hazardous Materials Laws" means all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials.

ARTICLE 2.  
LEASE OF THE PROPERTY

Section 2.1 Demise of Property.

Subject to the terms, covenants, and conditions hereof and in consideration of promises contained in this Ground Lease, Lessor hereby demises and leases the Property to Lessee, and Lessee hereby leases and takes from Lessor, the Property.

Section 2.2 Term.

Unless terminated sooner pursuant to the provisions of this Ground Lease, this Ground Lease shall continue in full force and effect for the Term, commencing on the Effective Date and shall expire at midnight on the day prior to the fifth anniversary of the Effective Date. .

Section 2.3 Use.

Subject to the provisions of this Ground Lease, Lessee shall use the Property for a CMHF in compliance with all County approvals, permits, the requirements of the Operating Agreement, and all applicable laws as may be in effect from time to time during the Term. The Property shall not be used for any other purpose. Nor shall Lessee cause or permit any waste in, on or about the Property. During the Term, Lessee agrees to cooperate with any audits or investigations by Lessor relating to Lessee's compliance with this Lease, any County approvals and permits, and the Operating Agreement.

Section 2.4 Possession.

Lessor agrees to, and shall, provide possession of the Property to Lessee immediately following the Effective Date.

Section 2.5 As-Is Conveyance.

(a) As-Is. EXCEPT AS SET FORTH IN THIS GROUND LEASE, AS OF THE EFFECTIVE DATE, LESSEE ACCEPTS THE PROPERTY "AS IS," WITH NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, BY LESSOR CONCERNING THE CONDITION OF THE PROPERTY OR SUITABILITY OF USE.

ARTICLE 3.  
SITE PREPARATION AND REPAIRS

Section 3.1 Site Preparation and Repairs.

(a) Permit Compliance. Lessee shall not perform any site preparation or repairs prior to receiving any and all required permits and approvals from the County.

(b) Specific Standards. Lessee shall operate the CMHF in accordance with the Operating Agreement and all applicable permits including the CUP during the Term of this Ground Lease.

(c) Rights of Access. Representatives of Lessor shall have the reasonable right of access to the Property and the facilities thereon without charges or fees, at normal business hours on Business Days, during the period of operation, for the purposes of ascertaining compliance with the terms of this Ground Lease.

(d) Discharge of Liens. Lessee shall not permit or suffer any lien (including, but not limited to, the liens of mechanics, laborers, material men, suppliers or vendors for work or materials alleged to be done or furnished in connection with the Property, encumbrances or other charge to be recorded or filed against the Property, or any part thereof, or upon Lessee's leasehold interest therein, except as otherwise permitted under this Ground Lease.

Notwithstanding the foregoing, Lessee shall have the right to contest in good faith and by appropriate legal proceedings the validity or amount of any mechanics', laborers', materialmen's, suppliers' or vendors' lien or other claimed lien; provided that Lessee shall utilize all reasonable means (including the posting of adequate security for payment) to protect the Property, and any part thereof, against foreclosure, and shall indemnify, defend and hold harmless Lessor and its elected officials, directors, employees, agents, subcontractors, volunteers, successors and assigns from any and all third-party demands, claims, actions, losses, damages, costs, expenses, including reasonable attorney's fees, or liability resulting from any and all such liens, except to the extent arising from Lessor's gross negligence, willful misconduct, illegal acts or breach of this Ground Lease.

(e) Protection of Lessor. Nothing in this Ground Lease shall be construed as constituting the consent of Lessor, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations of or repairs to the Property or any improvements thereon, or any part thereof, by any contractor, subcontractor, laborer or materialman, nor as giving Lessee or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services or the furnishing of any materials in such manner as would give rise to the filing of mechanics' liens or other claims against the fee interest of the Property. Lessor shall have the right at all reasonable times to post and keep posted on the Property any reasonable notices which Lessor may deem reasonably necessary for the protection of Lessor and of its fee interest in the Property from mechanics' liens or other claims, including, but not limited to, a notice of non-responsibility pursuant to California Civil Code Section 8444.

### Section 3.2 No Liens.

Lessee shall not have any right, authority or power to bind the Lessor, or the Lessor's fee interest in the Property, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the use of the Property. The Lessee shall not have any right to encumber the Lessee's estate in the Property without the written consent of the Lessor.

### Section 3.3 Permits, Licenses and Easements for Utilities.

At no material cost to Lessor, Lessor shall cooperate with Lessee in the submittal of applications for all required permits, licenses, applications for utility services and easements, provided that Lessee shall be responsible for obtaining any and all permits, licenses, easements and other authorizations required by any governmental authority(ies) with respect to any utility work to be performed on the Property and for granting or causing to be granted all permits, licenses, easements and other governmental authorizations that are necessary or helpful, as determined by Lessee, for electric, telephone, gas, water, sewer, drainage, access and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the operation of the CMHF. Lessee shall be entitled to connect into the existing utilities that are owned or operated by Lessor serving the Property (if any), provided Lessee remains responsible for payment of standard fees therefor.

Section 3.4 Lessor as Regulator.

Lessee acknowledges and agrees that neither this Ground Lease nor any other agreement with Lessor in its proprietary capacity as lessor under this Ground Lease shall limit the general police power of Lessor acting in its regulatory capacity as a governmental agency and that nothing contained herein is an agreement of Lessor as a governmental agency having regulatory jurisdiction over the Property to issue or grant to Lessee any permit (including land use permits). Lessee further acknowledges that Lessor in its proprietary capacity as lessor under this Ground Lease has control over contractual rights concerning land uses of the Property which might be more restrictive and specific by such contractual rights, and the rights inuring to Lessors as a matter of law, than it may have in its governmental role as regulator. Nothing contained herein shall be construed to require Lessor to exercise its powers as a regulatory agency.

ARTICLE 4.

CHARACTER, OPERATION AND MAINTENANCE OF IMPROVEMENTS

Section 4.1 Maintenance of Property.

As partial consideration for the Lessor entering this Ground Lease, Lessee shall maintain the Property in good condition consistent with County standards during the Term. This includes maintaining all trees and landscaping. To the extent that any pavement repair is required to accommodate on-site best water management practices or other regulatory requirements applicable to Lessee's use of the Property, Lessee is to perform such repairs consistent with County approved plans and specifications at no cost to Lessor.

Section 4.2 Cost of Operation and Maintenance of Improvements.

As between Lessor and Lessee, all costs incurred by Lessee in the repair, operation, and maintenance of the Property shall be paid by Lessee.

Section 4.3 Non-Discrimination.

In accordance with applicable law, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, age, handicap, marital status, gender identity, pregnancy, ancestry, national origin, or

any other protected class in the lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Ground Lease, or any part thereof.

Section 4.4 Compliance with Laws.

Lessee shall, at Lessee's sole cost and expense, comply with all applicable federal, state, County, municipal and other governmental statutes, laws, rules, orders, regulations(including stormwater regulations), and ordinances affecting the Property or the use thereof, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted were within the contemplation of the Parties at the time of execution of this Ground Lease, or involve a change of policy on the part of the governmental authority enacting the same.

Section 4.5 Taxes and Assessments.

A taxable possessory interest may be created by this Ground Lease, and Lessee may be subject to the payment of property taxes levied on such interest. Lessee shall pay, before delinquent, any and all taxes and assessments levied upon the Property or against Lessee by reason of Lessee's use and occupancy of the Property.

Section 4.6 The Lessor's Right to Cure.

If Lessee, in violation of the provisions of this Ground Lease, shall fail to pay and to discharge any Taxes, or any other tax or fee, Lessor may (but shall not be obligated to) pay or discharge such Taxes, and the amount paid by the Lessor shall be deemed to be and shall, upon demand of Lessor, be payable by Lessee as repayment of an advance, which shall be due within ten(10) days of the demand.

#### Section 4.7 Permitted Contests.

Lessee shall not be required to pay, discharge or remove any Taxes (including penalties and interest) upon or against the Improvements, or any part thereof, so long as Lessee shall in good faith contest the same or the validity thereof by appropriate legal proceedings and such legal proceedings shall operate to prevent the collection of the taxes so contested, or the sale of the Improvements, or any part thereof, to satisfy the same; and Lessee shall, prior to the date such taxes are due and payable, meet all requirements for contest imposed by the taxing entity whose Tax is being contested (including, without limitation, depositing any sums required by such taxing entity). In the event the final determination of any such contest is adverse to Lessee, Lessee shall promptly pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Lessee. Any proceedings to contest the validity or amount of taxes or to recover back any taxes paid by Lessee shall be brought by Lessee, at Lessee's sole expense, in the name of Lessee. If any such proceedings are brought by Lessee, Lessee shall indemnify, defend and hold harmless Lessor and its elected officials, directors, employees, agents, subcontractors, volunteers, successors and assigns from and against any and all losses, costs or expenses of any kind (including, but not limited to, reasonable attorneys' fees and expenses) which may be imposed upon or incurred by Lessor in connection with those proceedings except to the extent arising from Lessor's gross negligence, willful misconduct, illegal acts or breach of this Ground Lease.

Lessor shall cooperate with Lessee in providing Lessee information in connection with contests permitted under this Section.

#### Section 4.8 Service and Utilities.

Lessee shall pay promptly as the same become due and payable all charges, costs, bills, connection fees, and expenses of and for water, gas, electricity, sewer, air-conditioning, telephone and all other public or private services and utilities of whatever kind furnished or supplied to or used by Lessee or any other party in connection with the use, occupancy, maintenance or operation of the Property and the CMHF or any part thereof, and shall comply with all contracts relating to such services and shall do all other things reasonably necessary and required for the maintenance and continuance of such services.

#### Section 4.9 Hazardous Materials.

##### (a) Covenants.

(1) No Hazardous Materials Activities. Lessee hereby represents and warrants to Lessor that, at all times from and after the Effective Date, Lessee shall not cause or permit the Property or any improvements thereon to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(2) Hazardous Materials Laws. Lessee hereby represents and warrants to Lessor that, at all times from and after the Effective Date, Lessee shall comply and cause the



Property and the Improvements thereon to comply with all Hazardous Materials Laws, including without limitation, those relating to soil and groundwater conditions.

(3) Notices. Lessee hereby represents and warrants to Lessor that, at all times from and after the Effective Date, Lessee shall immediately notify Lessor in writing of any claims or actions pending, for which Lessee has been served, or threatened in writing against Lessee, the Property or the Improvements thereon by any governmental authority(ies) or any other person or entity relating to Hazardous Materials or pursuant to any Hazardous Materials Laws (collectively "Hazardous Materials Claims").

(4) Remedial Action. In response to the presence of any Hazardous Materials on, under or about the Property in violation of Hazardous Materials Laws during the Term, Lessee shall immediately take, at Lessee's sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials Claims unless and to the extent any such Hazardous Materials Claims relate any Hazardous Materials which were present on, under or about the Property prior to the Effective Date.

(b) Environmental Indemnity of Lessor. Without limiting the generality of the indemnity set forth elsewhere in this Ground Lease, and to the fullest extent allowed by law, Lessee shall defend, indemnify, and hold harmless Lessor and its elected officials, directors, employees, agents, subcontractors, volunteers, successors and assigns (the "Lessor Indemnified Parties") from and against any third-party demands, claims, actions, losses, damages, costs, expenses, including reasonable attorney's fees, or liability they may actually incur directly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, or disposal by Lessee or its contractors, subcontractors, sublessees, agents and employees, of Hazardous Materials on, under, or about the Property or any improvements thereon in violation of Hazardous Materials Laws (except to the extent caused by any act or omission of the Lessor Indemnified Parties). Notwithstanding the foregoing, Lessee shall have no liability for any such claims, loss, damage, costs, expense or liability imposed upon or incurred by or asserted against any Lessor Indemnified Parties to the extent arising from (i) the negligence, willful misconduct, illegal acts or breach of this Ground Lease by any Lessor Indemnified Parties, (ii) actions, conditions or events relating to Hazardous Materials placed in, on, above or under the Property prior to the Effective Date, or after the expiration of the Term of this Ground Lease (or the earlier termination thereof) and were not caused by the direct or indirect actions of Lessee or any party acting, by, under, or through Lessee, and (iii) any other portion of the Site.

(c) Environmental Indemnity of Lessee. To the fullest extent allowed by law, Lessor shall defend, indemnify, and hold harmless Lessee and its directors, employees, agents, subcontractors, volunteers, successors and assigns (the "Lessee Indemnified Parties") from and against any third-party demands, claims, actions, losses, damages, costs, expenses, including reasonable attorney's fees, or liability they may actually incur directly arising out of or attributable to the presence of Hazardous Materials on, under, or about the Property that were present as of the day prior to the Effective Date (except to the extent caused by any act or omission of the Lessee Indemnified Parties). Notwithstanding the foregoing, Lessor shall have no liability for any such claims, loss, damage, costs, expense or liability imposed upon or incurred by or asserted against any Lessee Indemnified Parties to the extent arising from (i) the negligence, willful misconduct, illegal acts or breach of this Ground Lease by any Lessee

Indemnified Parties, and (ii) actions, conditions or events relating to Hazardous Materials placed in, on, above or under the Property after the Effective Date.

Section 4.10 Signs and Advertising.

Lessee shall not erect or display, or permit to be erected or displayed, on the Property, any signs or advertising of any kind without first obtaining the written consent of the Director. Lessee shall obtain all necessary permits after securing the Director's written approval, and before erecting or displaying, or permitting to be erected or displayed, any sign or advertising.

Section 4.11 Trash and Rubbish Services.

Lessee shall keep the Property free of all trash and rubbish materials generated from or accumulating on the Property. Trash and rubbish do not include compostable materials that are on the Property as a function of the allowed use under this Ground Lease.

Section 4.12 Fire Prevention.

Lessee shall at all times comply with all applicable laws, ordinances, orders, and regulations pertaining to fire prevention, and shall furnish and keep adequate fire extinguishers in sufficient numbers and in convenient and accessible places on the Property during the Term. The fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Lessee receives an inspection notice or a deficiency notice following an inspection by any Fire Department, Lessee agrees to make any and all corrections in the manner required by said Fire Department within thirty (30) days after receipt of such notice.

ARTICLE 5.  
ASSIGNMENT AND SUBLETTING

Section 5.1 Prohibited Transfers.

Lessee shall not transfer or assign this Ground Lease, or any interest therein, and shall not sublet said Property or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and employees of Lessee excepted) to occupy or use the Property, or any portion thereof, without the prior written consent of Director, and such consent may be made contingent on Lessor's reasonable assessment of the proposed assignee's experience, financial security, creditworthiness, and proposed use. Any assignment or subletting without the written consent of the Director shall be void, and shall, at the option of the Lessor, terminate this Ground Lease. If Lessee is a corporation, limited liability company, partnership, or similar entity, and if a change of control or ownership of Lessee occurs, including, but not limited to, by merger, consolidation, reorganization, change of identity, or sale or disposition of shares or security, such change of ownership or control shall constitute a transfer and assignment under this Ground Lease.

ARTICLE 6.  
INSURANCE; DAMAGE AND DESTRUCTION OF PROPERTY

Section 6.1    Insurance Requirements.

During the Term, including any extensions, Lessee shall maintain the type and amounts of insurance specified in the Operating Agreement and incorporated herein by this reference. Lessee shall submit to Lessor evidence of the insurance coverage meeting the requirements set forth in the Operating Agreement on, or before, the Effective Date.

Section 6.2    Damage or Destruction to Property.

If Property should be destroyed by any cause, except as caused by the fault of Lessee, or declared unsafe or unfit for occupancy or the authorized use by any authorized public authority for any reason, except as caused by the fault of Lessee, either wholly or in such a degree as to substantially impair Lessee's use of the Property, then the Ground Lease may be terminated by either the Lessor or Lessee upon notice to the other Party.

ARTICLE 7.  
SURRENDER; HOLDING OVER

Section 7.1    Surrender of Property.

(a)    Surrender. At the end of the Term or other sooner termination of this Ground Lease, Lessee shall surrender and deliver to Lessor the Property and the possession of the Property, free and clear of all liens and encumbrances other than those, if any, created by Lessor, without payment or allowance whatever by Lessor.

(b)    Delivery. Unless otherwise agreed by Lessor, Lessee shall cause and be solely responsible for the Property to be delivered to Lessor at time of surrender upon the conditions stated in the Operating Agreement.

(c)    No Relocation Claim. Lessee acknowledges that Lessee has voluntarily entered into this Ground Lease, and, upon the expiration or termination of this Ground Lease, Lessee shall not be entitled to any relocation assistance, or any other benefit, under any provision of law.

(d)    Property Restoration and Removal of Personal Property. At the end of the Term or termination of this Ground Lease, whichever occurs first, Lessee shall, at Lessee's sole expense, restore the Property and remove all of Lessee's personal property from the Property in accordance with the Operating Agreement. This obligation shall survive the termination of the Ground Lease and/or the Operating Agreement.

Section 7.2    Holding Over.

If Lessee shall retain possession of the Property or any part thereof without Lessor's prior written consent following the expiration or sooner termination of this Ground Lease for any reason (the "Holding Over Period"), which the Parties agree would cause Lessor irreparable

damage that is not readily quantifiable, then Lessee shall pay to Lessor an amount equal to one thousand dollars per day due paid to the Lessor every thirty days until Lessee is no longer in possession. Acceptance of liquidated damages by Lessor following expiration or termination shall not constitute a renewal of this Ground Lease and nothing contained in this Section shall waive Lessor's right of reentry or any other right. Lessee shall be only a Lessee at sufferance, whether or not Lessor accepts any payment from Lessee while Lessee is holding over without Lessor's written consent.

## ARTICLE 8. EMINENT DOMAIN

### Section 8.1    Condemnation.

If a public authority under the power of eminent domain should take the whole of the Premises, then the term of this Agreement shall cease on the day of possession by said public authority. If a part only of the Premises should be taken under eminent domain, or if the taking is temporary, Lessee shall have the right to either terminate this Agreement or to continue in possession of the remainder of the Premises. If Lessee remains in possession, all the terms hereof shall continue in effect.

## ARTICLE 9. EVENTS OF DEFAULT

### Section 9.1    Events of Default.

Each of the following, subject to the applicable notice and cure period below, shall be a "Lessee Event of Default" by Lessee hereunder:

(a)    Failure by Lessee to pay or cause to be paid any, insurance premiums or other liquidated sums of money herein stipulated to be paid by Lessee, if such failure shall continue for a period of ten (10) Business Days after written notice thereof has been given by Lessor to Lessee;

(b)    Except as expressly provided otherwise in this Ground Lease, failure by Lessee to perform or observe any other provisions of this Ground Lease to be observed and performed by Lessee, if such failure shall continue for a period of thirty (30) days after written notice thereof has been given by Lessor to; provided, however, that if any such failure cannot reasonably be cured within such thirty (30) day period, then Lessor shall not have the right to terminate this Ground Lease or Lessee's right to possession hereunder so long as Lessee promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure and then corrects such failure within a reasonable period of time.

(c)    Failure to maintain, in good standing, the Operating Agreement and CUP during the Term of this Ground Lease.

## Section 9.2 Rights and Remedies.

(a) Termination. At any time after the occurrence of a Lessee Event of Default hereunder, Lessor, subject in all respects to the provisions of this Ground Lease with respect to Lessor's rights to cure defaults by Lessee, may terminate this Ground Lease by giving Lessee written notice thereof, setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Ground Lease and Lessee's estate created hereby and all interest of Lessee and all parties claiming by, through or under Lessee shall automatically terminate upon the effective date for termination as set forth in such notice, with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 hereof for the expiration of the Term. In such event, Lessor, its agents or representatives, shall have the right, without further demand or notice, to re-enter and take possession of the Property at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for existing breaches of covenants or any other remedy available at law or equity to Lessor.

(b) Additional Remedies. In addition to the remedy set forth above, upon any Lessee Event of Default Lessor may exercise any remedy available at law or at equity, including, but not limited to, specific performance.

(c) Remedies Cumulative. No right, power, or remedy given to Lessor by the terms of this Ground Lease is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to Lessor by the terms of any such instrument, or by any statute or otherwise against Lessee and any other person. Neither the failure nor any delay on the part of Lessor to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by Lessor of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

(d) Lessee Obligation. Upon the exercise of Lessor's remedies pursuant to this Section, Lessee shall execute such releases, deeds and other instruments in recordable form as Lessor shall reasonably request in order to accurately set forth of record then current status of the Lessee's estate in the Property and Lessee's rights hereunder. The obligations set forth in this subsection shall survive the termination of the Ground Lease.

## Section 9.3 Default by Lessor.

(a) Events of Default. Lessor shall be in default of this Ground Lease if it fails to perform any material provision of this Ground Lease that it is obligated to perform, and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Lessor. If the default cannot reasonably be cured within thirty (30) days, the Lessor shall not be in default of this Ground Lease if the Lessor commences to cure the default within such thirty (30) day period and diligently and in good faith continues to cure the default until completion.

(b) Right to Cure; the Lessee's Remedies. If the Lessor shall have failed to cure a default by the Lessor after expiration of the applicable time for cure of a particular default,

the Lessee, at its election, but without obligation therefor (i) may seek specific performance of any obligation of Lessor, after which Lessee shall retain, and may exercise and enforce, any and all rights that Lessee may have hereunder, at law or at equity against the Lessor as a result of such default, (ii) may terminate this Ground Lease. Notwithstanding the foregoing, if the Property becomes unsuitable for Lessee's use, due to the presence of Hazardous Materials not attributable to Lessee or Lessee's agents or employees, termination of this Ground Lease shall be the sole remedy available to the Lessee.

(c) Notices. Notices given by Lessor or by Lessee under this Article shall specify the alleged default and the applicable Ground Lease provisions and shall demand that Lessee or Lessor, as applicable, perform the appropriate provisions of this Ground Lease within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Ground Lease unless expressly set forth in such notice.

#### ARTICLE 10. MISCELLANEOUS PROVISIONS

##### Section 10.1 Notice, Demands, Payments and Communication.

(a) Notices. Formal notices, demands, payments, and communications between Lessor and Lessee shall be in writing and shall be sufficiently given if and shall not be deemed given unless dispatched by (i) registered or certified mail, postage prepaid, return receipt requested, (ii) delivered by personal delivery or reputable overnight delivery service, or (iii) delivered by facsimile or by electronic mail, with an additional copy immediately delivered by one of the methods set forth in clause (i) or (ii), to the principal office of the Parties as follows:

Lessor: County of Ventura  
800 South Victoria Avenue  
Ventura, California 93009-1650  
Attention: Director, Water and Sanitation Department

Lessee: Progressive Environmental Industries  
P.O. Box 4395  
Santa Barbara, CA 93101  
Attn: Arturo Gonzalez, President

(b) New Address; Delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt for delivery or refusal of delivery.

##### Section 10.2 Indemnification.

Upon written demand by Lessor, to the fullest extent allowed by law, Lessee shall indemnify, defend (with counsel reasonably selected by Lessor) and hold harmless the Lessor Indemnified Parties (as defined in Section 4.9 above) from and against any and all third-party

claims, liens, demands, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, and all costs incurred in connection therewith (including without limitation actual attorneys' fees and costs of experts and consultants) arising from: (i) Lessee's performance or non-performance of its obligations under this Ground Lease; (ii) Lessee's lease of the Property; or (iii) the approval, development, construction, and operation of the CMHF, except for claims arising solely from the gross negligence, willful misconduct, illegal acts, or breach of this Ground Lease by any Indemnified Party.

#### Section 10.3 Severability.

If any term, provision, covenant or condition of this Ground Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provision shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

#### Section 10.4 Governing Law; Venue.

This Ground Lease is made and entered into in the State of California and shall, in all respects, be governed by and interpreted in accordance with the laws of the State of California applicable to contracts entered into and to be fully performed therein. The venue for any action, suit, arbitration, judicial reference or other proceeding concerning the Lease shall be in Ventura County, California.

#### Section 10.5 Binding Upon Successors; Covenants to Run with Land.

This Ground Lease shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest and assigns of each of the Parties; provided, however, that there shall be no transfer of any interest by Lessee except pursuant to the terms of this Ground Lease. Any reference in this Ground Lease to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor or assign of such Party who has acquired an interest in compliance with the terms of this Ground Lease, or under law.

The terms of this Ground Lease shall run with the land and shall bind all successors in title to the Property during the Term of this Ground Lease, except that the provisions of this Ground Lease that are specified to survive termination of this Ground Lease shall run with the land in perpetuity and remain in full force and effect following such termination. Every contract, deed, or other instrument hereafter executed covering or conveying the Property or the Improvements or any portion thereof shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless Lessor expressly releases the Property, the Improvements, or the applicable portion of the Property, from the requirements of this Ground Lease.

#### Section 10.6 Relationship of Parties.

Nothing contained in this Ground Lease shall be interpreted or understood by either of Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between Lessor and Lessee or their

agents, employees or contractors, and Lessee shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Ground Lease.

Section 10.7 Third-Party Beneficiary.

No person or entity other than Lessor, Lessee, and their permitted successors and assigns shall have any right of action under this Ground Lease. No claims, demands, or causes of action by any entity, party, or person claiming to be a third-party beneficiary hereunder are enforceable.

Section 10.8 Further Assurances.

At any time during the Term, and from time to time upon written request by Lessor, Lessee shall do any acts and execute and deliver any documents as may be reasonably requested by Lessor to accomplish the purposes of this Ground Lease; provided, however, in no event shall Lessee be obligated to assume any additional obligations or liabilities not otherwise set forth in this Ground Lease.

Section 10.9 Modifications and Amendments.

This Ground Lease shall not be modified or amended in any respect, except by written instrument specifically referencing such a modification or amendment which is executed by or on behalf of the Parties in the same manner as this Ground Lease is executed.

Section 10.10 Waivers.

Any waiver by the Lessor of any obligation or condition in this Ground Lease must be in writing. No waiver will be implied from any delay or failure by Lessor to take action on any breach or Lessee Event of Default or to pursue any remedy allowed under this Ground Lease or applicable law. Any extension of time granted to Lessee to perform any obligation under this Ground Lease shall not operate as a waiver or release from any of its obligations under this Ground Lease. Consent by Lessor to any act or omission by Lessee shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Lessor's written consent to future waivers.

Section 10.11 Integration.

The terms and provisions of this Ground Lease supersede any inconsistent terms and conditions of any agreement for the possession of or entry onto the Property issued by Lessor to Lessee. This Ground Lease and the attached exhibits constitute the entire agreement of the Parties with respect to the matters set forth in this Ground Lease. As of the Effective Date, the right of entry agreement entitled Contract Number 8314, including any amendment thereto, is terminated and is of no further force or effect. This Ground Lease supersedes any prior agreement and understandings between the Parties as to such matters, oral or written, all of which are hereby cancelled. The foregoing shall not be interpreted as a termination or cancellation of the Operating Agreement or CUP, as may be in effect on or after the Effective Date of this Ground Lease.



Section 10.12 Gender and Number.

Words of any gender used in this Ground Lease shall be held to include any other gender, and any words in the singular number shall be held to include the plural (and vice versa), when the sense requires.

Section 10.13 Multiple Originals; Counterparts.

This Ground Lease may be executed in counterparts and multiple originals, each of which shall be deemed to be an original. Delivery of this Ground Lease may be effectuated by electronic communication (including by PDF sent by electronic mail, facsimile or similar means of electronic communication). Any signatures (including electronic signatures) delivered by electronic communication shall have the same legal effect as physically delivered original signatures.

Section 10.14 Interpretation.

This Ground Lease shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Parties have read and reviewed this Ground Lease and agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (including but not limited to California Civil Code Section 1654 as may be amended from time to time, or any other state law, or common law principle) shall not apply to the interpretation of this Ground Lease.

Section 10.15 Captions.

The captions and headings used in this Ground Lease are for convenience and reference only and are not to be construed as controlling over the text of this Ground Lease.

Section 10.16 Waiver of Lis Pendens.

As partial consideration for Lessor entering into this Ground Lease, Lessee hereby expressly waives all rights to record or file a lis pendens or a notice of pendency of action or similar notice or to seek any other equitable relief against all or any portion of the Property with respect to this Ground Lease or any dispute or act arising from it. This Section shall survive the expiration or termination of this Ground Lease.

***Remainder of Page Left Intentionally Blank***

WHEREFORE, the Parties have executed this Ground Lease as of the Effective Date.

**LESSOR:**

COUNTY OF VENTURA

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date \_\_\_\_\_

APPROVED AS TO FORM

TIFFANY NORTH  
County Counsel, County of Ventura

By: \_\_\_\_\_

Joseph Brick  
Asst. County Counsel

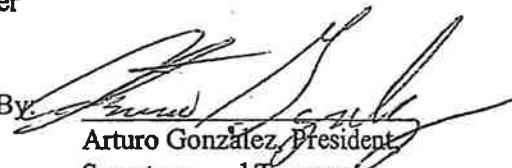
Date \_\_\_\_\_

*Signatures continue on following page*

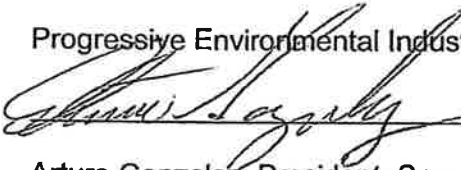
**LESSEE:**


**PROGRESSIVE ENVIRONMENTAL  
INDUSTRIES, INC., a California corporation**

**By: Arturo Gonzalez, President, Secretary, and  
Treasurer**

By:   
Arturo Gonzalez, President,  
Secretary, and Treasurer  
Date 2-27-23

**IN WITNESS WHEREOF**, this Agreement is effective on the date first provided on page one hereof.

Progressive Environmental Industries  
By  2-27-23  
Arturo Gonzalez, President, Secretary, and Treasurer

COUNTY OF VENTURA  
By   
Chair, Board of Supervisors

ATTEST: DR. SEVET JOHNSON  
Clerk of the Board of Supervisors,  
County of Ventura, State of California

By   
Deputy Clerk of the Board

