

GRANT AGREEMENT

THIS GRANT AGREEMENT (this "Agreement") is made and entered into as of the last signature date below (the "Effective Date") by and between CARTON COUNCIL OF NORTH AMERICA, INC. ("CCNA") and the CITY OF MILWAUKEE (the "City"). CCNA and the City are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITAL

The Parties desire to confirm in writing their mutual agreement regarding the terms on which CCNA would make funds available to the City to assist the City in the purchase of robotic sorting equipment used or useful in the sorting of aseptic and gable-top cartons at the City of Milwaukee & Waukesha County Joint Materials Recovery Facility located at 1401 W. Mt. Vernon Avenue, Milwaukee, WI 53233 (the "Facility").

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained in this Agreement, CCNA and the City agree as follows:

AGREEMENT

1. Acceptance and Sorting of Post-Consumer Cartons.

(a) During the term of this Agreement, the City agrees to: (i) accept and sort post-consumer gable top and aseptic cartons ("Post-Consumer Cartons") at the Facility; (ii) offer Post-Consumer Carton recycling to all of the current and future municipal customers of the Facility and all third party haulers that deliver residential material to the Facility; and (iii) sell mill-ready bales of Post-Consumer Cartons (and/or mill-ready bales of Post-Consumer Cartons combined with post-consumer paper cups), in each case in full truckload quantities.

(b) The City represents and warrants that upon installation of the equipment described in Section 2 below, the City will have, and thereafter will maintain, the facilities and expertise necessary to perform this Agreement and that it will use commercially reasonable efforts to maximize the volume of Post-Consumer Cartons recycled by it pursuant to this Agreement.

(c) The City shall conduct the Post-Consumer Carton acceptance and sorting activities contemplated by this Agreement, and shall perform its other activities pursuant to this Agreement, in accordance with applicable industry best practices and all applicable laws, including, without limitation, laws relating to workplace safety, lobbying, disclosure, ethics, and other laws governing business relationships with government entities. The City shall use its best efforts to ensure that: (i) recycled bales or other units of material produced at the Facility which consist solely of Post-Consumer Cartons meets all standards established by the Institute of Scrap Recycling Industry, Inc. which are applicable to Post-Consumer Cartons, including, without limitation, PSI (Paper Stock Industries) grade #52 specifications; (ii) recycled bales or other units of material produced at the Facility which consist of Post-Consumer Cartons and post-consumer paper cups (and/or other material) meets the specifications required by purchasers for such combinations. As and to the extent requested by CCNA from time to time, the City shall work with CCNA to actively promote food and beverage carton recycling in the region served by the Facility.

2. Capital Equipment Grant.

(a) Subject to the provisions of this Section 2, CCNA shall provide grant funds to the City in connection with the City's purchase of the following robotic sorting equipment (the "Equipment"): robotic sorter, including air compressor and controls. CCNA acknowledges that the Equipment will be jointly-owned by the City and Waukesha County. During the term of this Agreement, the City shall ensure that Post-Consumer Cartons are

set as the highest priority pick for the Equipment. CCNA understands that the City may also set post-consumer paper cups as the highest priority pick for the Equipment. The City may also use the Equipment to sort materials other than Post-Consumer Cartons and post-consumer paper cups, but only to the extent the sorting of such other materials does not interfere with the ability of the Equipment to sort Post-Consumer Cartons. If the City elects to do so, the City shall provide CCNA with written notice of such election and shall identify in such notice the additional grade(s) of material to be sorted. The amount of funds to be furnished by CCNA for the purchase of the Equipment is \$125,000 (such amount being referred to herein as the "Grant Funds"). Unless otherwise agreed in writing by CCNA, the Grant Funds shall not be used to cover installation costs. The Grant Funds shall be paid by CCNA to the City on the following timetable:

(i) \$62,500 shall be paid within ten (10) business days after the City provides CCNA with a written purchase order or orders describing the Equipment and the quoted cost of such items; and

(ii) \$62,500 shall be paid within ten (10) business days after the City provides CCNA with the following:

(A) written confirmation, in a form acceptable to CCNA, that: (1) the Equipment has been delivered to, and is operational at, the Facility; and (2) the City has completed each of the tasks listed on Exhibit A hereto; and

(B) a letter of credit issued by a financial institution acceptable to CCNA in an amount not less than the amount of grant funds to be paid hereunder, which letter of credit shall secure the payment obligations described in Section 1(c) below, contain provisions allowing CCNA to draw upon such letter of credit in the event the City does not make a payment required pursuant to Section 2(b) or 2(c) below, and otherwise be in a form acceptable to CCNA. The City shall have the right to adjust the amount of the letter of credit from time to time to account for the reduction in the amount potentially payable pursuant to Section 2(b) or 2(c) below, but at no time may the then-current amount of the letter of credit be less than the then-current amount that would be payable pursuant to Section 2(b) or 2(c) below in the event a payment obligation arises under either of such Sections.

The date on which the deliveries contemplated by Section 2(a)(ii)(B) above have occurred is referred to herein as the "Commencement Date". The City shall use its best efforts to ensure that the Equipment is operational at the Facility no later than, and that the tasks listed on Exhibit A hereto are completed no later than, _____, 2022.

(b) Without limiting any other rights or remedies of CCNA, if this Agreement is terminated by CCNA after the Commencement Date pursuant to Section 5(b) below or if this Agreement is terminated after the Commencement Date pursuant to Section 5(d) below as a result of the bankruptcy or insolvency of the City, then the City shall pay to CCNA, as damages, an amount calculated as follows: (i) the aggregate amount of Grant Funds paid by CCNA to the City under this Agreement, multiplied by (ii) a fraction, the numerator of which is an amount equal to sixty (60) minus the number of months this Agreement is in effect (rounded to the nearest month) following the first day of the month in which the Commencement Date occurs, and the denominator of which is sixty (60). For purposes of determining the number of months this Agreement is in effect following the first day of the month in which the Commencement Date occurs, such period shall be deemed to end on either the first day or the last day of the month in which this Agreement is terminated, whichever date is closer to the actual termination date. Any amount to be paid by the City pursuant to this Section shall be paid within 30 days after the termination date.

(c) Without limiting any other rights or remedies of CCNA, if this Agreement is terminated by CCNA pursuant to Section 5(d) below or by CCNA prior to the Commencement Date pursuant to Section 5(b) below, or if this Agreement is terminated prior to the Commencement Date pursuant to Section 5(c) below as a result

of the bankruptcy or insolvency of the City, then the City shall pay to CCNA, as damages, all of the Grant Funds paid to the City prior to the termination date.

3. Reporting. During the term of this Agreement, the City shall, on a calendar quarter basis, provide CCNA with a written report setting forth, with respect to the Facility, (a) the volume of recycled Post-Consumer Cartons shipped by the Facility during the reporting period, or if Post-Consumer Cartons are combined with post-consumer paper cups and/or other materials, the volume of such combined materials shipped by the Facility during the reporting period, and (b) any other information reasonably requested by CCNA.

4. Term. The term of this Agreement shall begin on the Effective Date and shall continue in effect for a period of five (5) years from the Commencement Date, unless earlier terminated pursuant to Section 5(b), (c), (d) or (e) below.

5. Grounds for Termination; Effect of Termination.

(a) This Agreement shall automatically terminate upon expiration of the term described in Section 4 above.

(b) A Party may terminate this Agreement immediately upon the delivery of written notice to the other Party if the other Party breaches any material provision of this Agreement and fails or is otherwise unable to cure such breach within 30 days of receipt of notice of the breach from the non-breaching Party.

(c) CCNA may terminate this Agreement without cause upon one year advance written notice to the City. For the avoidance of doubt, the payment obligations described in Sections 2(b) and 2(c) above do not apply in the case of a termination of this Agreement by CCNA pursuant to this Section 5(c).

(d) To the extent permitted by applicable law, this Agreement shall terminate automatically if a Party files a petition in bankruptcy, or files a petition or otherwise seeks relief under or pursuant to any bankruptcy, insolvency, or reorganization statute or proceeding, or a petition in bankruptcy is filed against a Party, or a Party becomes insolvent or makes an assignment for the benefit of its creditors, or a custodian, receiver, or trustee is appointed for all or a substantial portion of its business or assets.

(e) Upon the termination of this Agreement, all of the rights and obligations of the Parties shall terminate, except that termination of this Agreement shall not (i) relieve either Party from any liabilities resulting from a breach of this Agreement which occurs prior to termination, (ii) relieve the City from any obligation to maintain the letter of credit described above insofar as necessary to fund any payment obligation pursuant to Section 2(b) or 2(c) above, (iii) relieve either Party from any payment obligation arising hereunder with respect to the period prior to termination, and (iv) result in a termination of any the following provisions, which shall survive termination: 2(b), 2(c), 3, 5(e), 6(a), 6(b), 6(d), 7, 8 and 9.

6. Indemnification; Limitation of Liability; Insurance.

(a) The City shall defend, hold harmless and indemnify CCNA and its officers, directors, employees and representatives from and against all liabilities, damages and costs, including reasonable attorneys' fees, arising out of any third party claims caused by or resulting from the breach of this Agreement by the City. The City shall also defend, hold harmless and indemnify CCNA and its officers, directors, employees and representatives from and against all liabilities, damages and costs, including reasonable attorneys' fees, arising out of any third party claim for personal injury, including bodily injury, death or disease, or for loss of damage to property which results from or is caused by any of the following: (i) the City's ownership of the Equipment; and (ii) the operation and/or use of the Equipment.

(b) IN NO EVENT SHALL CCNA BE LIABLE UNDER THIS AGREEMENT FOR CONSEQUENTIAL, INCIDENTAL OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED UNDER CONTRACT, TORT, OR ANY OTHER THEORY.

(c) The City shall maintain in full force and effect during the term of this Agreement, with one or more insurance companies reasonably satisfactory to CCNA, comprehensive general liability insurance, including coverage for personal injury, with respect to all claims and damages arising out of actions taken by the City pursuant to this Agreement, regardless of when such claims are made or when the underlying injuries occur or manifest themselves. Such insurance policy(ies) shall have aggregate policy limits of not less than One Million Dollars (\$1,000,000). Further, the City shall maintain in full force and effect on the same terms excess liability coverage with policy limits of not less than Five Million Dollars (\$5,000,000). Such policy(ies) shall include an endorsement naming CCNA and its subsidiaries, directors, officers, agents and employees as additional insureds, and shall provide that notice will be given to CCNA at least 30 days prior to any expiration, cancellation or material change in the terms of the policy(ies). Upon request by CCNA from time to time during the term of this Agreement, the City shall furnish to CCNA certificates of insurance evidencing the City's compliance with this Section.

(d) The City's liability under this Agreement shall not be limited by the amount or terms of the insurance required under Section 6(c) above.

7. Intellectual Property Rights. Nothing in this Agreement shall be construed to grant to either Party any rights in the trademarks, service marks, trade names or other intellectual property of the other Party.

8. Confidentiality. During the term of this Agreement, the City shall use reasonable efforts to refrain from disclosing to any third party (other than employees of the City on a need-to-know basis and the City's attorneys and accountants who need to know such information in connection with their performance of professional services for the City) any of the financial arrangements described in Section 2 above. The City shall ensure that each person receiving or otherwise having access to such information complies with the restrictions contained in the preceding sentence. The parties acknowledge that the terms of this Agreement, including the financial arrangements described in Section 2 above, may need to be disclosed as part of the City's process for approving this Agreement and/or as otherwise required to comply with applicable law and/or judicial or administrative process, and the parties agree that any such disclosure by the City shall be permitted.

9. Miscellaneous.

(a) CCNA and the City shall at all times be independent parties. Neither Party is an employee, joint venturer, franchisee, agent, or partner of the other; neither Party is authorized to assume or create any obligations or liabilities, express or implied, on behalf of or in the name of the other. This Agreement does not create a lender-borrower relationship. The employees, methods, facilities and equipment of each Party shall at all times be under the exclusive direction and control of that Party. CCNA has no obligation to provide the City with any business registrations, permits or licenses required to perform this Agreement. The City shall be solely responsible for obtaining and maintaining all registrations, permits or licenses required for it to perform this Agreement.

(b) The failure of a Party to insist, in any one or more instances, upon performance of any term, covenant or condition of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

(c) All notices, demands, and other communications under this Agreement or in connection herewith shall be in writing and be transmitted by United States first class mail or overnight courier to the following address (as applicable):

If to CCNA:

Carton Council of North America, Inc.
3300 Airport Road
Denton, TX 76207
Attn: Edward Klein, President

If to the City:

City of Milwaukee
DPW Operations – Sanitation Section
841 N. Broadway, Room 620
Milwaukee, WI 53202
Attn: Samantha Longshore, Resource Recovery Program Manager

Each notice or other communication that satisfies the requirements set forth above shall be deemed to have been properly given or delivered (i) on the fifth business day after being mailed by United States first class mail, return receipt requested, postage prepaid or (ii) on the first business day after being deposited with a national overnight courier. CCNA or the City may elect to receive notices or communications at a different address by notifying the other in accordance with the preceding requirements.

(d) If any provision of this Agreement is held to be invalid or unenforceable for any reason, the Parties acknowledge and agree that (i) such invalidity or unenforceability shall not affect any other provision of this Agreement, (ii) the remaining terms, covenants and conditions hereof shall remain in full force and effect, and (iii) any court of competent jurisdiction may so modify the objectionable provision as to make it valid and enforceable.

(e) This Agreement may only be modified, supplemented or amended by an agreement in writing signed by the Parties.

(f) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to conflicts of law principles.

(g) This Agreement shall be binding upon, inure to the benefit of and be enforceable by and against CCNA, its successors and assigns, and the City, its successors and assigns. Notwithstanding the foregoing, the City may not delegate or assign, in whole or in part, all or any portion of its rights and/or obligations hereunder without the prior written consent of CCNA.

(h) This Agreement, which includes the Preamble and Recital above and Exhibit A hereto (all of which are incorporated herein by reference), sets forth the entire agreement of the Parties with respect to its subject matter and supersedes any prior agreements between the Parties with respect to its subject matter.

(i) Headings contained in this Agreement are inserted for purposes of convenience of reference only and shall not constitute a part of this Agreement.

(j) This Agreement may be executed in counterparts, each of which shall be deemed an original and both of which, taken together, shall constitute one and the same instrument. Signatures for the Parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for any purpose whatsoever.

[Signature Page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

CARTON COUNCIL OF NORTH
AMERICA, INC.

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

CITY OF MILWAUKEE

By: _____

Print Name: _____

Title: _____

Exhibit A

Carton Recycling Awareness Procedures

The City shall:

- Provide notification in writing to all customers the City serves within the geographic service area of the Facility, including the private haulers and communities (e.g., counties, municipalities, etc.), that deliver residential recyclable material to the Facility, that cartons are an acceptable recyclable material that are now included in the dual stream recyclables that are accepted at the Facility.
- Update its website to show that cartons are part of the acceptable list of recyclable materials for the Facility.
- Update the City's information and promotional materials to identify cartons as part of the acceptable list of recyclable materials for the Facility.
- Eliminate any references on the City's information and promotional materials and website that may identify cartons or "waxed coated cartons" as not recyclable or on a list of prohibited materials.
- Identify to CCNA the private haulers, communities and other customers served by the Facility.