

**OPERATIONAL LEASE AGREEMENT
FOR
RECYCLE AND REUSE FACILITY**

RECITAL

This agreement is dated and effective on this 12TH day of MARCH, 2019 by and between BURNET COUNTY (County), a governmental entity in the State of Texas and HILL COUNTRY RECYCLING CORPORATION (Company), a company doing business in the State of Texas.

Whereas Burnet County possesses and is the legal owner of property which it desires to use as a recycling and reuse facility for such items as paper products, plastics, and metals. Such recyclable and reusable items are items that can be recycled and marketed as commercially viable and profitable commodities in the recycling market. County shall lease recycling and reuse facility operations to Company for this sole purpose, thereby fulfilling a valid public need and purpose.

AGREEMENT

Now Therefore, it is hereby agreed among the parties as follows:

County hereby agrees to lease its recycling and reuse facility operations to Company at no cost which hereby accepts and leases the operations from County subject to the terms and provisions herein described.

Company has inspected and is familiar with the property and accepts it in its present "as is" condition as suitable for the operations for which it is leased.

TERM

The initial term of this agreement (term) shall be for a period of five years. Thereafter, the Company, at its option, may extend the term of the Lease for two (2) additional five (5) year periods by giving written notice to Burnet County Judge's office not less than one year prior to the end of the initial or first extended term.

At the expiration or termination of this agreement, Company agrees to surrender the property and any and all of its buildings in good condition and repair, natural deterioration from reasonable use thereof excepted. Company, prior to the termination or end of term of this agreement, has the option at its own expense to remove from the property any and all of its equipment, appliance or other personal property that is not property owned by County that is located on the premises of the leased property.

If the Company fails to remove any items as provided in this subsection by the termination of the agreement, then the properties becomes the ownership of County. Materials collected and stored on property by the Company must be removed, at Company's expense, at the termination or expiration of this agreement.

USE OF PROPERTY

Company shall have the right to use the property to perform its duties of recycling and reuse hereunder. A list of the specific items allowed to be recycled on the property is attached as Exhibit A. Company shall promptly comply with all material regulations, orders, ordinances and laws of all legally constituted authorities applicable to the use and occupancy of the property. Company agrees to allow periodic use of Company's forklift for use by County.

Company acknowledges that it is responsible for ensuring compliance of property and its operation of it as a recycling and reuse center with any and all State and Federal environmental regulations and standards, including obtaining and maintaining the necessary environmental permits and compliance with regulations of the Texas Commission on Environmental Quality. Company acknowledges that it is fully responsible for any and all damages that may arise from the failure to comply with any of these laws and it shall, at its own expense, take any and all necessary action to correct any violations of such laws.

Company agrees to accept any recyclable items listed in Exhibit A from Burnet County, at no cost to either Burnet County or the residents thereof, in any and all amounts regardless of the market rate of recyclables. County agrees that it shall receive no compensation from Company for any recyclable items it provides.

HOURS OF OPERATION

Company agrees that its hours of operation for the recycle and reuse center in this agreement shall be Monday through Friday, 8 am to 5 pm. The center will be closed from noon to one pmdaily.

MAINTENANCE

County agrees to keep the property and any and all of the equipment, buildings or structures contained on said property in good repair and condition during the term of this lease, usual wear and tear excepted. It is understood that County shall keep and maintain the property in such a manner so as to minimize, as far as practicable, the effects of use, decay and weather.

The County shall maintain any and all buildings on the property, include any necessary repairs to the roof, windows, air conditioning, heating systems, foundations, and electrical systems, including all necessary fire alarm systems to any building or structure. The repair of any and all doors, door closure devices, moldings, locks and hardware, the correction of any sewer stoppage,

and any damages on the property or premises on the property by the deliberated act or negligence of the Company, its agents or employees is all the responsibility of Company. All grass, trees, hedges, shrubs and other landscaping shall also be kept in an attractive condition by Company.

If Company defaults in making any repairs or replacements required, County may, but shall not be required, make such repairs for the account of Company who shall reimburse County for all such expenses within 30 days of receipt of invoice. Company shall have the right to review and audit all documents related to any expense incurred by County under this subsection for which reimbursement is sought. Nothing herein shall imply a duty on the County to effectuate any repairs to the property, and the performance thereof by County shall not constitute a waiver of any obligation or default by Company.

UTILITIES

Company shall be responsible for payment of all utility costs.

ENVIRONMENTAL STUDY

County acknowledges that Company has a right to run, at its expense, a Phase I or Phase II environmental study on the property described in this agreement during the terms of this lease. If performed, Company agrees to promptly provide a copy of the study to the Burnet County.

ALTERATIONS TO PROPERTY

Company shall not make any alterations, additions, or improvements to the property and/or structures located on the property without prior written consent of the Burnet County Commissioners Court. Consent shall not be unreasonably withheld by the Commissioners Court.

INSURANCE

County shall maintain fire and extended coverage insurance on the property and all structures it owns located on the property, and the common areas on the property. The amount of the liability coverage shall be determined by County.

Company is responsible for fire and extended coverage insurance on Company's personal property located on the property, including equipment, as well as liability coverage, worker's compensation, compensation and employer's liability insurance, in amounts and with limits of liability as are generally carried by prudent operators of recycling facilities. Proof of such policies shall be provided to County Administration Office prior to the occupation of the property described in this agreement and when any changes to any policy occurs within ten working business days. Additionally, the policies shall name County as an additional insured party and the insurance company issuing the policy shall waive all rights of subrogation against County.

NON-DECRIMINATION

All Company programs and activities shall comply fully with all applicable civil rights laws and Company shall not discriminate against any person on the basis of race, color, national origin, sex, or disability.

DRUG FREE WORKPLACE

Company shall take any and all necessary actions to ensure that the property remains a drug free environment. County recommends compliance with all State and Federal regulations regarding the ban on the use and possession of illegal drugs and alcohol in the workplace. Such policy should include a mechanism for enforcement on such prohibition.

DEFAULT AND REMEDIES

Upon receipt by certified mail, return receipt requested, a party shall have thirty days to remedy any material failure to perform or any material breach of any provision in this agreement. If the default is not remedied within the thirty-day period, or if the remedy is not initiated and prosecuted diligently for an event of default that cannot be remedied completely within thirty days, then the other party may terminate this agreement immediately by providing written notice of termination by certified mail, return receipt requested.

INDEMNIFICATION

Company agrees to and shall defend, indemnify, and hold harmless County, its officials, agents, and employees from and against all claims, demands, and causes of action and liability of every kind and character including all expenses of litigation, court costs, and attorney fees that may be made or asserted by the Company or Company's employees or agents, any invites or guests that arise out of or in any way incidental to or in connection with the obligations performed under this agreement by the Company, which results in personal injury, death, property loss, or damage, excluding such claims to the extent they arise from the sole negligence or strict liability of County.

RELATIONSHIP BETWEEN PARTIES

Company and County agree that Company is acting as an independent contractor in performance of its duties hereunder, and County has no control over the manner or means of the performance of Company. Company shall provide itself the necessary tools, equipment, supplies and other needed materials necessary to perform its duties and obligations hereunder, and shall have no authority to contract on behalf of or otherwise obligate County in any manner.

ENFORCEABILITY

If one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision shall be unenforceable and shall not affect any other provision of this agreement or any other instrument referred herein.

FORCE MAJEURE

Neither County nor Company shall be required to perform any term, condition, or covenant in this agreement so long as such performance is delayed or prevented by force majeure, which shall mean an act of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, flood, and any other cause not reasonably within the control of County or Company and which by the exercise of due diligence the County or the Company is unable, wholly or in part, to prevent or overcome.

BINDING EFFECT

This agreement shall be binding upon and inure to the benefit of the Company and the County and their respective successors and assigns; provided, however, that neither shall assign any rights, duties, or obligations under this agreement without the prior written consent of the other party.

VENUE

Venue for this agreement is in Burnet County, Texas.

COUNTERPARTS

This agreement may be executed in any number of counterparts, each which shall be deemed to be an original, but all of which taken together shall constitute one and the same instrument.

AMENDMENTS

Neither this agreement nor any provision hereof may be changed, waived, discharged or terminated orally but only by written instrument signed by Company and County.

HEADINGS

All headings in this agreement are for convenience and reference purposes only and shall not affect the substance of this agreement.

ENTIRETY

This agreement embodies the entire agreement between the parties and supersedes and supplants all prior agreements and understandings with respect to the matters contained herein.

COMMUNICATIONS

Where notice, consent, approval, request, or demand from one party to the other, such communication must be in writing. Unless otherwise specified in this agreement, the parties may also communicate by e-mail. Notice by e-mail shall be considered to have been delivered on the next business day following the day the notice is sent. The addresses and e-mail address for each party for purposes hereof are as follows:

COUNTY:

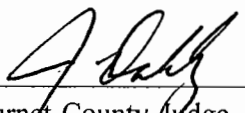
County Judge
220 S. Pierce
Burnet, TX 78611
e-mail: countyjudge@burnetcountytexas.org

COMPANY:

Hill Country Recycling Corporation
PO Box 3040
Marble Falls, TX 78654
e-mail: hcr@hillcountryrecycling.com
Attn: Bruce or Matthew Smith

Executed as of _____.

COUNTY
Burnet County



Burnet County Judge

COMPANY
Hill Country Recycling Corp.

Hill Country Recycling Corp

Exhibit A

The following is a list of the items which Company may receive, and recycle on the property under this agreement (including those items received by County):

1. All Metals
2. All Paper
3. Cardboard
4. Magazines
5. Phonebooks
6. #1 Plastic
7. #2 Plastic