

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

AGREEMENT

36261

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3 THIS AGREEMENT is made and entered into as of May 6, 2022, for
4 reference purposes only, pursuant to Resolution No. RES-22-0052 adopted by the City
5 Council of the City of Long Beach at its meeting on April 5, 2022, by and between
6 PETROCHEM MATERIALS INNOVATION, LLC, a Nevada limited liability company
7 (hereinafter referred to interchangeably as “Petrochem Materials Innovation, LLC” or
8 “Contractor”), whose address is 6168 Innovation Way, Carlsbad, California 92009, and the
9 CITY OF LONG BEACH (“City”), a municipal corporation.

10 WHEREAS, the City requires the furnishing and delivery of as-needed premix
11 rubberized emulsion aggregate slurry (“REAS”) and related equipment for the repair and
12 maintenance of City roads; and

13 WHEREAS, Section 1802 of the Long Beach City Charter permits the City to
14 make purchases under the existing purchasing contracts of other governmental agencies
15 on a voluntary and selective basis when authorized to do so by a resolution of the City
16 Council; and

17 WHEREAS, Petrochem Manufacturing, Inc., entered into a contract with the
18 City of Los Angeles, California, for as-needed REAS, Contract No. 59680 and the currently
19 operating Amendment No. 7 (“Los Angeles Contract”), attached hereto as Exhibit “A”,
20 which expires on December 31, 2022; and

21 WHEREAS, on April 5, 2022, through the adoption of Resolution No. RES-
22 22-0052, the City Council authorized the City Manager to execute a contract, and any
23 necessary documents with Petrochem Manufacturing, Inc., on the same terms and
24 condition afforded to the City of Los Angeles with the option to renew for as long as the
25 City of Los Angeles contract is in effect, at the discretion of the City Manager, and with an
26 annual amount of One Million Dollars (\$1,000,000) with a twenty percent (20%)
27 contingency in the amount of Two Hundred Thousand Dollars (\$200,000) for a total annual
28 contract amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000);

1 and

2 WHEREAS, Petrochem Manufacturing, Inc., requested the Agreement
3 herein names Petrochem Materials Innovation, LLC as the contracting party; and

4 WHEREAS, the City was provided an Operating Agreement for Petrochem
5 Materials Innovation, LLC, with an effective date of January 1, 2014, attached hereto as
6 Exhibit "B", which memorializes that Petrochem Manufacturing, Inc., contributed one
7 hundred percent (100%) of its assets as an initial capital contribution in exchange for its
8 membership interest in Petrochem Materials Innovation, LLC;

9 NOW, THEREFORE, in consideration of the mutual terms, covenants, and
10 conditions in this Agreement, the parties agree as follows:

11 1. The Los Angeles Contract is incorporated by this reference as if fully
12 set forth, and the same terms and conditions contained in the Los Angeles Contract shall
13 be applicable here, except as follows:

14 A. Wherever the Los Angeles Contract refers to the City of Los
15 Angeles, California, it shall be deemed to refer to the City of Long Beach, California;

16 B. Contractor shall sell, furnish and deliver to the City as-needed
17 premix REAS and related equipment of the same kind and on the same terms and
18 conditions identified in the Los Angeles Contract in an annual amount of One
19 Million Dollars (\$1,000,000), with a twenty percent (20%) contingency in the
20 amount of Two Hundred Thousand Dollars (\$200,000), for a total annual contract
21 amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000),
22 until the City of Los Angeles Contract expires on December 31, 2022, with the
23 option to renew for as long as the City of Los Angeles Contract is in effect, at the
24 discretion of the City Manager.

25 C. Payment shall be made by the City on delivery to and
26 acceptance of the as-needed premix REAS and related equipment and submittal of
27 an invoice to the City. The City will make a good faith attempt to make payment
28 thirty (30) days after the date of the invoice.

1 D. The term of this Agreement shall commence at midnight on
2 May 6, 2022, and shall terminate at 11:59 p.m. on December 31, 2022, unless
3 sooner terminated or extended as provided in Paragraph B this Agreement.

4 E. All warranties shall accrue to the City of Long Beach.

5 2. Neither this Agreement nor any money that becomes due to
6 Contractor under this Agreement may be assigned by Contractor without the prior written
7 consent of the City Manager or his designee.

8 3. Any notice given under this Agreement shall be in writing and
9 personally delivered or deposited in the U.S. Postal Service, return receipt, and shall be
10 delivered or mailed to Contractor at the relevant address first stated above, and to the City
11 at 411 West Ocean Boulevard, Long Beach, California 90802 Attn: City Manager. Notice
12 shall be deemed given three (3) days after deposit in the mail.

13 4. The terms appearing on the Los Angeles Contract are incorporated in
14 this Agreement.

15 5. Contractor shall cooperate with the City in all matters relating to self-
16 accrual of use tax. Contractor shall contact the City Treasurer for additional information
17 regarding self-accrual.

18 6. To the extent that the Los Angeles Contract and this Agreement are
19 inconsistent, the following priority shall govern: (1) this Agreement and (2) the Los Angeles
20 Contract

21 7. This Agreement and all documents which are incorporated by
22 reference in this Agreement constitute the entire understanding between the parties and
23 supersede all other agreements, oral or written, with respect to the subject matter of this
24 Agreement.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Lona Beach, CA 90802-4664

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IN WITNESS WHEREOF, the parties have caused this document to be duly executed with all formalities required by law as of the date first stated above.

PETROCHEM MATERIALS INNOVATION, LLC, a Nevada limited liability company

May 9,, 2022

By [Signature]
Name Leland Pace
Title Manager

_____, 2022

By _____
Name _____
Title _____

"Contractor"

CITY OF LONG BEACH, a municipal corporation

May 24, 2022

By [Signature]
City Manager

"City" EXECUTED PURSUANT TO SECTION 301 OF

This Agreement is approved as to form on THE CITY CHARTER, May 17, 2022.

CHARLES PARKIN, City Attorney

By [Signature]
Deputy

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

EXHIBIT "A"

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CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX NO. (213) 928-9515

December 14, 2021

Petrochem Manufacturing, Inc.
6168 Innovation Way
Carlsbad, CA 92009

SUBJECT: CITY OF LOS ANGELES SUPPLY CONTRACT 59680 - AMENDMENT 7
SLURRY, PREMIX R.E.A.S.

The City of Los Angeles hereby exercises Contract renewal option number 5 of 5, in accordance with the Contract terms. The Contract will now expire on December 31, 2022.

Supplier requests for price adjustments must include a cover letter and price list(s) from the manufacturer, wholesaler or distributor, and show new price and percentage adjustment for each contract line item or product group. **No increases will be granted without prior approval of the City Purchasing Agent. Any increases granted are effective on the date of the City Purchasing Agent's approval.**

This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into .pdf (or signatures in another electronic format designated by City) and sent by e-mail shall be deemed original signatures.

All other contract terms and conditions remain unchanged and in force. Questions regarding this contract modification should be addressed to Martha Medina, at 213-928-9536, or via e-mail to Martha.Medina@lacity.org.

Tony M. Royster *MM*
General Manager and
City Purchasing Agent

By: *Concepcion*
Supply Services Manager

Approved as to Form
Michael N. Feuer
City Attorney

By: *Kimberly Miera*
Kimberly D. Miera
Deputy City Attorney



AN EQUAL EMPLOYMENT OPPORTUNITY -- AFFIRMATIVE ACTION EMPLOYER



**City of Los Angeles, California
Contract**

City of Los Angeles Purchasing Agent
111 E 1ST STREET
ROOM 110
LOS ANGELES CA 90012

Vendor ID: 0000034616
PETROCHEM MANUFACTURING INC
5205 AVENIDA ENCINAS #K
CARLSBAD CA 92008

Contract ID 59680	Page 1
Contract Dates 01/01/2016 to 12/31/2017	Rate Date PO Date
Description: Slurry, Premix R.E.A.S.	Contract Maximum 66,788,010.00
Allow Multicurrency PO	

City of Los Angeles' vendors are required to have on file an approved Affirmative Action Plan and Certification. Contact Buyer at the City Purchasing Office at (213-485-3677) for information on this requirement.

In order to receive payments from the City of Los Angeles, vendors must have a valid Business Tax Registration Certificate (BTRC) number. Contact the City Clerk's Tax and Permits Division (213-485-3916) for information on this requirement.

All shipments, shipping papers, invoices and correspondence must be identified with the City of Los Angeles' Contract Purchase Order Number.

**Overshipments will not be accepted unless authorized by requestor prior to shipment.
Terms and conditions of parent contract are binding on its Contract Purchase Orders.**

Procurement Analyst: Martha Medina Phone Number: 213-928-9536
E-mail address: Martha.Medina@lacity.org Fax Number: 213-928-9511

Requirements Contract for: **Slurry, Pre-Mix R.E.A.S. ** Award No. 59680


Payment Terms: Net 30 Days Delivery: 1 Days ARO RFQ No.:EV4672 Previous Contract: 59180

Renewal Options: 5 Option Date 1 = --/--/-- Option Date 2 = --/--/-- Option Date 3 = --/--/--
Options Granted: 0 Option Date 4 = --/--/-- Option Date 5 = --/--/--

You are hereby notified of the award of this contract with the City of Los Angeles in accordance with RFQ Number EV4672, to furnish the City's annual requirements for the items and/or services identified in this document. The entire RFQ (including Attachment A and specifications) or any items thereof, addendums, and general conditions comprise the contract. The Quotation document signed by the appropriate contractor and by duly authorized City officials is on file in the Purchasing Agent's office.

NOTE: SALES TAX WILL BE ADDED AT TIME OF ORDER.

The following listed item(s) cover the only product(s) or service(s) approved for purchase under this contract. Products or services requested by the City and not listed in the contract require a separate City Purchase Order in order for the supplier to receive payment.



For Purchasing Agent, City of Los Angeles, California

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City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59680		Page 2
Contract Dates 01/01/2016 to 12/31/2017		Rate Date PO Date
Description: Slurry, Premix R.E.A.S.		Contract Maximum 66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
1	0.00	Premix, Rubberized Emulsion Aggregated Slurry, Type I	1	0.00	0	

Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 2.38000 GLL

Premix, Rubberized Emulsion, Aggregate Slurry, Type I, all in accordance with Standard Specifications for Public Works Construction 2012 Edition, Sections 203-3.4.4 to 203- 5.54, 302-4.6.4.1 to 302-5.1 and GSD/BSS Specifications for Modified Asphalts, Pavements and Processes, as well as any changes or updates going forward.

Prices reflect asphalt prices at 1/1/2016 to \$355/ton (liquid)

2	0.00	Premix, Rubberized Emulsion Aggregated Slurry, Type II	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 2.01000 GLL

Premix, Rubberized Emulsion, Aggregate Slurry, Type II, all in accordance with Standard Specifications for Public Works Construction 2012 Edition, Sections 203-3.4.4 to 203- 5.54, 302-4.6.4.1 to 302-5.1 and GSD/BSS Specifications for Modified Asphalts, Pavements and Processes, as well as any changes or updates going forward.

3	0.00	Premix, Rubberized Emulsion Aggregated Slurry, Type III	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 2.01000 GLL

Premix, Rubberized Emulsion, Aggregate Slurry, Type III, all in accordance with Standard Specifications for Public Works Construction 2012 Edition, Sections 203-3.4.4 to 203- 5.54, 302-4.6.4.1 to 302-5.1 and GSD/BSS Specifications for Modified Asphalts, Pavements and Processes, as well as any changes or updates going forward.

4	0.00	Service, Regular Time Labor only (application of Central Plant Mixed Slurry)	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 95.00000 HUR

SERVICE, LABOR, PER PERSON:
 Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached.

Regular rate: \$ 95.00

Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.

City of Los Angeles, California Contract

City of Los Angeles Purchasing Agent
111 E 1ST STREET
ROOM 110
LOS ANGELES CA 90012

Vendor ID: 0000034616
PETROCHEM MANUFACTURING INC
5205 AVENIDA ENCINAS #K
CARLSBAD CA 92008

Contract ID		Page
59680		3
Contract Dates		Rate Date
01/01/2016 to 12/31/2017		PO Date
Description:		Contract Maximum
Slurry, Premix R.E.A.S.		66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Minimum Order Qty	Item Contract Maximum Amt	Order Qty	Contract Maximum Amt
5	0.00	Service, Overtime Labor only (application of Central Plant Mixed Slurry)	1	0.00	0	

Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 142.00000 HUR

SERVICE, LABOR, PER PERSON:
Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached.

Overtime rate: \$ 142.50

Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.

6	0.00	Rental, Service/Haul Trucks (Bare)	1	0.00	0	
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 200.00000 DAY

DAILY, WEEKLY & MONTHLY RENTAL RATES: (Bare)

Daily: \$200.00

Minimum rental time: 1 Day

Number of units available: 9

7	0.00	Rental, Application Trucks (Bare).	1	0.00	0	
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 252.00000 HUR

APPLICATION TRUCKS: (Bare)

HOURLY RENTAL RATES: Within the City of Los Angeles, City Limits

Hourly: \$252.00

Overtime: \$252.00

Sunday/Holiday: \$252.00

Minimum rental time: 4 Hours

Number of units available: 22

City of Los Angeles, California Contract

City of Los Angeles Purchasing Agent
111 E 1ST STREET
ROOM 110
LOS ANGELES CA 90012

Vendor ID: 0000034616
PETROCHEM MANUFACTURING INC
5205 AVENIDA ENCINAS #K
CARLSBAD CA 92008

Contract ID		Page
59680		4
Contract Dates		Rate Date
01/01/2016 to 12/31/2017		PO Date
Description:		Contract Maximum
Slurry, Premix R.E.A.S.		66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Minimum Order Qty	Order Amt	Item Contract Maximum Qty	Contract Maximum Amt
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APPLICATION TRUCKS: (Bare)

HOURLY RENTAL RATES: NOT Within the City of Los Angeles, City Limits

Hourly: \$252.00

Overtime: \$252.00

Sunday/Holiday: \$252.00

Minimum rental time: 4 Hours

Number of units available: 22

8	0.00	Job Tankers, for delivery of Premix, R.E.A.S in trailer mounted 4,000 gallon tank to any location within the City of Los Angeles.	1	0.00	0
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 600.00000 EA

JOB TANKER:
ddelivery of Premix, R.E.A.S in trailer mounted 4,000 gallon tank to any location within the City of Los Angeles.
\$600 Per Load

9	0.00	Asphalt Binder, Heavy Traffic, Structurally Modified Binder PG 76-10, (City of Los Angeles Custom Mix).	1	0.00	0
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 800.00000 STN

Heavy Traffic Binder: Structurally Modified Binder PG 76-10
Specifications as called in Attachment B of EV 4672, as provided by GSD Bureau of Standards.

10	0.00	Delivery, Trucking to Asphalt Plant 1 of Asphalt Binder, Heavy Traffic, Structural Modified PG-10 (City of Los Angeles Custom Mix).	1	0.00	0
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 17.00000 STN

Delivery, Trucking to Asphalt Plant I of Custom Blend, Heavy Traffic Asphalt Binder, Structural Modified PG 10.

City of Los Angeles, California Contract

City of Los Angeles Purchasing Agent
111 E 1ST STREET
ROOM 110
LOS ANGELES CA 90012

Vendor ID: 0000034616
PETROCHEM MANUFACTURING INC
5205 AVENIDA ENCINAS #K
CARLSBAD CA 92008

Contract ID 59680		Page 5
Contract Dates 01/01/2016 to 12/31/2017		Rate Date PO Date
Description: Slurry, Premix R.E.A.S.		Contract Maximum 66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Minimum Order Qty	Item Contract Maximum Amt	Item Contract Maximum Qty	Item Contract Maximum Amt
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11	0.00	Delivery, Trucking to Asphalt Plant II Asphalt Binder, Heavy Traffic, Structural Modified PG-10 (City of Los Angeles Custom Mix).	1	0.00	0	
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 19.00000 STN

Delivery, Trucking to Asphalt Plant II of Custom Blend, Heavy Traffic Asphalt Binder, Structural Modified PG 10.

12	0.00	Rental, of Job Tankers, for Delivery of Premix, R.E.A.S. not within the City of L.A., (price to include delivery fee and mileage from PMI's shipping Plant).	1	0.00	0	
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 3.00000 SMI

For any location outside the City of L.A., delivery change from PMI Shipping Plant
\$3.00 per mile (\$600.00 Minimum)

13	0.00	Fine Aggregate Slurry Mix: Premixed REAS.	1	0.00	0	
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 3.00000 GLL

Specifications as called in Attachment B of EV 4672, as provided by GSD Bureau of Standards.

14	0.00	Pump Rental, Specialized Slurry Pump, (pump capable of 250 gallons centralized mix slurry per minute).	1	0.00	0	
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Price Agreement: Price Date: PO Date
Price Quantity: Line Quantity
Quantity Type: Quantity To Date
Contract Base Price \$ 500.00000 DAY

DAILY RENTAL RATES:

Daily: \$500.00

Minimum rental time: 1 day

Number of units available: 12

City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59680	Page 6
Contract Dates 01/01/2016 to 12/31/2017	Rate Date PO Date
Description: Slurry, Premix R.E.A.S.	Contract Maximum 66,788,010.00
Allow Multicurrency PO	

Line #	Item ID	Item Desc	Item Qty	Minimum Order Amt	Contract Qty	Maximum Amt
15	0.00	Delivery, Trucking (common carrier) to Asphalt Plant I of Asphalt, Heavy Traffic Binder, (City of LA Custom Mix).	1	0.00	0	
Price Agreement:						
		Price Date:		PO Date		
		Price Quantity:		Line Quantity		
		Quantity Type:		Quantity To Date		
		Contract Base Price	\$ 17.00000	STN		
Note* Please include Proof of Delivery/Bill of Lading from common carrier trucking along with their invoice to ensure prompt payment.						
16	0.00	Delivery, Trucking (common carrier) to Asphalt Plant II of Asphalt, Heavy Traffic Binder, (City of LA Custom Mix).	1	0.00	0	
Price Agreement:						
		Price Date:		PO Date		
		Price Quantity:		Line Quantity		
		Quantity Type:		Quantity To Date		
		Contract Base Price	\$ 19.00000	STN		
Note* Please include Proof of Delivery/Bill of Lading from common carrier trucking along with their invoice to ensure prompt payment.						
17	0.00	Plant Opening	1	0.00	0	
Price Agreement:						
		Price Date:		PO Date		
		Price Quantity:		Line Quantity		
		Quantity Type:		Quantity To Date		
		Contract Base Price	\$ 1,500.00000	EA		
Plant Opening:						
Saturday \$ 1,500						
Sunday \$ 1,500						
Holiday \$ 1,500						
18	0.00	Per Diem for Los Angeles.	1	0.00	0	
Price Agreement:						
		Price Date:		PO Date		
		Price Quantity:		Line Quantity		
		Quantity Type:		Quantity To Date		
		Contract Base Price	\$ 150.00000	DAY		
19	0.00	Rental, Storage Tank Portable for Jobsite Work.	1	0.00	0	

City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59680		Page 7
Contract Dates 01/01/2016 to 12/31/2017		Rate Date PO Date
Description: Slurry, Premix R.E.A.S.		Contract Maximum 66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Minimum Order Qty	Item Contract Maximum Amt
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 1,000.00000 DAY</p> <p>PORTABLE STORAGE TANK RENTAL:</p> <p>DAILY, RENTAL RATES:</p> <p>Daily: \$ 1,000.00</p> <p>Minimum rental time: 1 Day</p> <p>Number of units available: 5</p>				
20	0.00	Rental, Slurry Box	1	0.00 0
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 250.00000 DAY</p> <p>SLURRY BOX RENTAL:</p> <p>DAILY, RENTAL RATES:</p> <p>Daily: \$ 250.00</p> <p>Minimum rental time: 1 Day</p> <p>Number of units available: 5</p>				
21	0.00	Rental, Delivery, Tanker - Bare, each load.	1	0.00 0
<p>Price Agreement: Price Date: PO Date Price Quantity: Line Quantity Quantity Type: Quantity To Date</p> <p>Contract Base Price \$ 250.00000 EA</p> <p>TANKER (Bare) DELIVERY, RENTAL:</p> <p>DAILY, RENTAL RATES:</p> <p>\$ 200.00 per load</p> <p>Number of units available: 28</p>				

City of Los Angeles, California

Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59680		Page 8
Contract Dates 01/01/2016 to 12/31/2017		Rate Date PO Date
Description: Slurry, Premix R.E.A.S.		Contract Maximum 66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Qty	Item Minimum Order Amt	Item Contract Maximum Qty	Item Contract Maximum Amt
22	0.00	Labor, Posting and Notifying of Affected Traffic Disruptions	1	0.00	0	

Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 200.00000 EA

LABOR:
 Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached.

Regular rate: \$95.00

Overtime rate: \$142.50

Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.

23	0.00	Hangtag/Doorknob Notices of Affected Traffic Disruptions	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 0.30000 EA

HANG TAG NOTICES:

\$0.30 Per Hang Tag Notice \$300.00 Minimum per job

24	0.00	Traffic Control, To furnish, place/maintain traffic signage, excluding electronic, of affected areas, (NO LABOR INVOLVED).	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 1,500.00000 DAY

25	0.00	Rental, Sweeper, Mobile Units, to be used "only" should City Sweepers not show up.	1	0.00	0	
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Price Agreement: Price Date: PO Date
 Price Quantity: Line Quantity
 Quantity Type: Quantity To Date
 Contract Base Price \$ 0.01000 HUR

HOURLY RENTAL RATES:

Hourly: \$ 200.00

Overtime: \$ 300.00

Sunday/Holiday: \$ 400.00

Minimum rental time: 8 Hours

City of Los Angeles, California Contract

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012

Vendor ID: 0000034616
 PETROCHEM MANUFACTURING INC
 5205 AVENIDA ENCINAS #K
 CARLSBAD CA 92008

Contract ID 59680		Page 9
Contract Dates 01/01/2016 to 12/31/2017		Rate Date PO Date
Description: Slurry, Premix R.E.A.S.		Contract Maximum 66,788,010.00
Allow Multicurrency PO		

Line #	Item ID	Item Desc	Item Minimum Order Qty	Item Contract Maximum Amt
		Number of units available: 2		

City of Los Angeles, California

Contract

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SUPPLIER CONTACT:

Contact Person: Frank B. Hoffman
 Title: C. F. O.

Telephone No.: 760-603-0961

Fax No.: 760-603-0962

E-Mail Address: frank@pmitechnology.com

24 Hour Contact No.: 760-271-0197

CONTRACT PURCHASE ORDERS:

Contract Purchase Orders will be issued during the contract period for materials or services as required. Supplier shall deliver no goods or services until a City department issues a Contract Purchase Order.

APPROVED CONTRACT ITEM PURCHASES:

The listed items cover the only products approved for purchase under this contract.

The City of Los Angeles will not pay any invoice covering the delivery of any merchandise that is not explicitly authorized by this contract. Any products requested by the City not listed in the contract require a separate City Purchase Order in order for the supplier to receive payment.

RENEWAL OPTION:

The City reserves the right to renew this contract for five additional one(1) year period(s). All renewals shall be on an annual basis and under the same terms and conditions of the original contract.

ANNUAL PRICE ADJUSTMENT FOR LONG TERM FIXED PRICE CONTRACTS:

Unit Prices for each line item shall be fixed for one year from the contract start date. On contract anniversaries and renewals, unit prices may be adjusted for the next year in accordance with manufacturer's published price adjustments. Any price adjustments shall be mutually agreed upon by the City Purchasing Agent and the supplier. Price increases will not exceed a reasonable amount, supported by written documentation as indicated in the paragraph below and as determined by the City Purchasing Agent, for any price adjustment. Price reductions may be issued at any time.

The City reserves the right to terminate contract without further obligation by either party in event price increases are not acceptable. Escalating factors will not be automatically granted. Requests for price increases shall be in writing and accompanied by each manufacturer(s) price list(s) with appropriate supporting documents acceptable to the City. Such documents shall include, but not be limited to manufacturer/distributor/dealer invoices, insurance bills, utility bills, freight bills, payroll records, etc. The request shall state the percentage increase and the revised price for each affected contract item.

No increases will be granted without prior approval of the City Purchasing Agent.

ESTIMATED EXPENDITURES AND THRESHOLD ADJUSTMENT:

Total expenditures for the life of this contract, including the initial term and all renewals or extensions, are estimated to be \$67,788,010. No guarantee can be given that this total will be reached or that it will not be exceeded. Supplier agrees to furnish more or less in accordance with actual contract requirements.

AUTHORIZED DISTRIBUTOR/DEALER:

The supplier indicates it is an authorized factory distributor/dealer for the manufacturer quoted, or has provided a formal Letter of Certification from the manufacturer, stating that the manufacturer will honor any warranty claims by the City for equipment, parts, and/or materials provided by the supplier.

The manufacturer will be responsible for any default of the supplier that is not corrected by the supplier in a timely

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and efficient manner. This responsibility includes replacing incorrect or defective parts, trouble shooting, and correcting problems that are traceable to the manufacturer.

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The supplier shall be entitled to a reasonable extension of time for unavoidable delay in delivery due to causes not reasonably foreseeable by the parties at the time of the Contract/Purchase Order execution, and that are entirely beyond the control and without the fault or negligence of the supplier, including, but not limited to, acts of God or the public enemy, war or other national emergency making delivery temporarily impossible or illegal, acts or omissions of other suppliers, strikes and labor disputes not brought on by any act or omission of the supplier, fire, flood, epidemics, quarantines, or freight embargoes.

INSURANCE:

The suppliers General Liability and Workers Compensation Insurance Certificates are recorded in the City Administrative Officer's Risk Management Track4LA database.

REPRESENTATIVE SAMPLE TESTING:

Representative samples may be taken from each delivery and tested for compliance with specifications. Testing costs will be paid by the City for samples that comply. If samples do not comply with requirements, the expense of testing will be charged to the supplier, and delivery will be rejected. The supplier will be required to pick up the rejected material and to make a new delivery within 5 days of notification by the City. Notification will be made by the most effective means to the supplier's designated representative.

SALES/USE TAX PAID DIRECTLY TO STATE:

Since the supplier has not indicated it has a permit to collect California State sales tax, the City will pay use tax directly to the State of California. No sales tax will be paid to the supplier.

CITY OF LOS ANGELES

City of Los Angeles Purchasing Agent
 111 E 1ST STREET
 ROOM 110
 LOS ANGELES CA 90012



ANNUAL REQUIREMENTS CONTRACT

Contract Number	Description	RFQ Number
ARC 40 59680 13	Slurry, Premix R.E.A.S.	
Contract Dates	Payment Terms	Delivery Days ARO
11-24-20 to 12-31-22	1% Net 30	1
Central Purchasing	Vendor	Bill To
Contact: Martha Medina Phone: (213) 928-9536 E-mail: Martha.Medina@lacity.org	000034616 PETROCHEM MATERIALS INNOVATION,LLC 6168 INNOVATION WAY CARLSBAD, CA 92009	City of Los Angeles Supply Svcs., Accounts Payable 555 Ramirez St., Space 312 Los Angeles CA 90012

Reason for Modification

Administrative Change to upload signed Amendment 7, Renewal option 5 of 5. mmm

Renewal Period Options

Option	Effective Date	Expiration Date
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Line Items

Line	Commodity Code	CL Description	UOM	Unit Price	Markdown %	Markup %
1	30121601	Premix, Rubberized Emulsion Aggregated Slurry, Type I	GLL	\$2.4900		
<p>Extended Description: Premix, Rubberized Emulsion, Aggregate Slurry, Type I:</p> <p>Slurry made in accordance with Standard Specifications for Public Works Construction 2012 Edition, Sections 203-3.4.4 to 203- 5.54, 302-4.6.4.1 to 302-5.1 and GSD/BSS Specifications for Modified Asphalts, Pavements and Processes, as well as any changes or updates going forward.</p> <p>Prices reflect asphalt prices at 1/1/2016 to \$355/ton (liquid)</p>						
2	30121601	Premix, Rubberized Emulsion Aggregated Slurry, Type II	GLL	\$2.1100		
<p>Extended Description: Premix, Rubberized Emulsion, Aggregate Slurry, Type II:</p> <p>All in accordance with Standard Specifications for Public Works Construction 2012 Edition, Sections 203-3.4.4 to 203- 5.54, 302-4.6.4.1 to 302-5.1 and GSD/BSS Specifications for Modified Asphalts, Pavements and Processes, as well as any changes or updates going forward.</p>						
3	30121601	Premix, Rubberized Emulsion Aggregated Slurry, Type III	GLL	\$2.0100		
<p>*** THIS LINE IS NOT ACTIVE ***</p>						
<p>Extended Description: Premix, Rubberized Emulsion Aggregated Slurry, Type III</p>						

Line	Commodity Code	CL Description	UOM	Unit Price	Markdown %	Markup %
4	30121400	Service, Regular Time Labor only (application of Central Pla	HUR	\$95.0000		
<p>Extended Description: SERVICE, LABOR, PER PERSON: Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached.</p> <p>Regular rate: \$ 95.00</p> <p>Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.</p>						
5	30121400	Service, Overtime Labor only (application of Central Plant M	HUR	\$142.0000		
<p>Extended Description: SERVICE, LABOR, PER PERSON: Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached.</p> <p>Overtime rate: \$ 142.50</p> <p>Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.</p>						
6	721417	Rental, Service/Haul Trucks (Bare)	DAY	\$200.0000		
<p>Extended Description: Rental, Service/Haul Trucks (Bare)</p> <p>DAILY, WEEKLY & MONTHLY RENTAL RATES: (Bare) Daily: \$200.00 Minimum rental time: 1 Day Number of units available: 9</p>						
7	721417	Rental, Application Trucks (Bare).	HUR	\$252.0000		
<p>Extended Description: APPLICATION TRUCKS: (Bare)</p> <p>HOURLY RENTAL RATES: Within the City of Los Angeles, City Limits</p> <p>Hourly: \$252.00 Overtime: \$252.00 Sunday/Holiday: \$252.00</p> <p>**Minimum rental time: 4 Hours** Number of units available: 22</p> <p>APPLICATION TRUCKS: (Bare)</p> <p>HOURLY RENTAL RATES: NOT Within the City of Los Angeles, City Limits Hourly: \$252.00</p>						
8	721417	Job Tankers, for delivery of Premix, R.E.A.S in trailer moun	EA	\$550.0000		
<p>Extended Description: Job Tankers, for delivery of Premix, R.E.A.S. in trailer mounted 4,000 gallon tank to any location within the City of Los Angeles.</p> <p>JOB TANKER: As needed Delivery of Premix, R.E.A.S in trailer mounted 4,000 gallon tank to any location within the City of Los Angeles.</p> <p>\$600 Per Load</p>						
9	301216	Asphalt Binder, Heavy Traffic, Structurally Modified Binder	STN	\$800.0000		
<p>Extended Description: Heavy Traffic Binder: Structurally Modified Binder PG 76-10 (City of Los Angeles Custom Mix)</p> <p>Specifications as called in Attachment B of EV 4672, as provided by GSD Bureau of Standards.</p>						

Line	Commodity Code	CL Description	UOM	Unit Price	Markdown %	Markup %
10	78121603	Delivery, Trucking to AP1 Asphalt Binder, PG 76-10	STN	\$17.0000		
Extended Description: Delivery, Trucking to Asphalt Plant 1 of Asphalt Binder, Heavy Traffic, Structural Modified PG-10 (City of Los Angeles Custom Mix).						
Delivery, Trucking to Asphalt Plant I of Custom Blend, Heavy Traffic Asphalt Binder, Structural Modified PG-10.						
11	78121603	Delivery, Trucking - AP2, Asphalt Binder, PG 76-10	STN	\$19.0000		
Extended Description: Delivery, Trucking to Asphalt Plant II Asphalt Binder, Heavy Traffic, Structural Modified PG-10 (City of Los Angeles Custom Mix).						
Delivery, Trucking to Asphalt Plant II of Custom Blend, Heavy Traffic Asphalt Binder, Structural Modified PG 10.						
12	721417	Rental, of Job Tankers, for Delivery of Premix, R.E.A.S. not	SMI	\$3.0000		
Extended Description: Rental, of Job Tankers, for Delivery of Premix, R.E.A.S. not within the City of L.A., (price to include delivery fee and mileage from PMI's shipping Plant).						
For any location outside the City of L.A., delivery change from PMI Shipping Plant						
\$3.00 per mile (\$600.00 Minimum)						
For any location outside the City of L.A., delivery change from PMI Shipping Plant \$3.00 per mile (\$600.00 Minimum)						
13	301216	Fine Aggregate Slurry Mix: Premixed REAS.	GLL	\$3.0000		
Extended Description: Fine Aggregate Slurry Mix: Premixed REAS.						
Specifications as called in Attachment B of EV 4672, as provided by GSD Bureau of Standards.						
14	721417	Pump Rental, Specialized Slurry Pump, (pump capable of 250	DAY	\$500.0000		
Extended Description: Pump Rental, Specialized Slurry Pump.						
(Pump capable of 250 gallons centralized mix slurry/minute).						
DAILY RENTAL RATES:						
Daily: \$500.00						
Minimum rental time: 1 day						
Number of units available: 12						
15	78121603	Delivery, Trucking (common carrier) AP1, Asphalt, Hvy Bndr	STN	\$17.0000		
Extended Description: Delivery, Trucking (common carrier) to Asphalt Plant I of Asphalt, Heavy Traffic Binder, (City of LA Custom Mix)						
Note* Please include Proof of Delivery/Bill of Lading from common carrier trucking along with their invoice to ensure prompt payment.						
16	78121603	Delivery, Trucking (common carrier) to AP2 of Asphalt, Heavy	STN	\$19.0000		
Extended Description: Delivery, Trucking (common carrier) to Asphalt Plant II of Asphalt, Heavy Traffic Binder, (City of LA Custom Mix).						
Note* Please include Proof of Delivery/Bill of Lading from common carrier trucking along with their invoice to ensure prompt payment.						

Line	Commodity Code	CL Description	UOM	Unit Price	Markdown %	Markup %
17	721116	Plant Opening	EA	\$1,500.0000		
Extended Description: Plant Opening: For, Saturday, Sunday or Holidays						
Saturday \$ 1,500						
Sunday \$ 1,500						
Holiday \$ 1,500						
18	801116	Per Diem for Los Angeles.	DAY	\$150.0000		
Extended Description: Per Diem for Temp Los Angeles personnel						
19	721417	Rental, Storage Tank Portable for Jobsite Work.	DAY	\$1,000.0000		
Extended Description: Rental, Storage Tank Portable for Jobsite Work.						
PORTABLE STORAGE TANK RENTAL:						
DAILY, RENTAL RATES:						
Daily: \$ 1,000.00						
Minimum rental time: 1 Day						
Number of units available: 5						
20	721417	Rental, Slurry Box	DAY	\$250.0000		
Extended Description: SLURRY BOX RENTAL:						
DAILY, RENTAL RATES:						
Daily: \$ 250.00						
Minimum rental time: 1 Day						
Number of units available: 5						
21	721417	Rental, Delivery, Tanker - Bare, each load.	EA	\$200.0000		
Extended Description: TANKER (Bare) DELIVERY, RENTAL:						
DAILY, RENTAL RATES:						
\$ 200.00 per load						
Number of units available: 28						
22	801116	Labor, Posting & Notifying Affected Traffic Disruptions	HUR	\$0.0100		
*** THIS LINE IS NOT ACTIVE ***						
Extended Description: NOTE: THIS LINE IS BEING REPLACED BY LINES 26 (REG.RATE) & LINES 27 (OVERTIME RATE)						
LABOR:						
Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached.						
Regular rate: \$95.00						
Overtime rate: \$142.50						
Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.						

Line	Commodity Code	CL Description	UOM	Unit Price	Markdown %	Markup %
23	551215	Hangtag/Doorknob Notices of Affected Traffic Disruptions	EA	\$0.3000		
Extended Description: HANG TAG NOTICES: \$0.30 Per Hang Tag Notice \$300.00 Minimum per job = (1,000 hang tags)						
24	55121710	Traffic Control, To furnish, place/maintain traffic signage,	DAY	\$1,500.0000		
Extended Description: Traffic Control, To furnish, place/maintain traffic signage, excluding electronic, of affected areas, (NO LABOR INVOLVED).						
25	721417	Rental, Sweeper, Mobile Units.(only if no showCity Sweepers)	HUR	\$0.0100		
*** THIS LINE IS NOT ACTIVE *** Extended Description: NOTE: THIS LINE IS BEING REPLACED BY LINES 28 (REG.RATE), LINES 29 (OVERTIME RATE) & LINES 30 (SUNDAY & HOLIDAY) HOURLY RENTAL RATES: Regular Rate Hourly: \$ 200.00 Overtime Rate Hourly: \$ 300.00 Sunday/Holiday Rate Hourly: \$ 400.00 Minimum rental time: 8 Hours Number of units available: 2						
26	801116	Labor, Reg .Rate, Posting & Notify Affected TrafficDisrupt	HUR	\$95.0000		
Extended Description: NOTE: THIS LINE IS REPLACEMENT FOR LINES 22 (REG.RATE)LABOR: Labor, Posting and Notifying of Affected Traffic Disruptions Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached. Regular rate: \$95.00 Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.						
27	801116	Labor, Overtime Rate, Posting & Notify Affected Traffic	HUR	\$142.5000		
Extended Description: NOTE: THIS LINE IS REPLACEMENT FOR LINES 22 (Overtime Rate) LABOR: Labor, Posting and Notifying of Affected Traffic Disruptions Labor for work performed in accordance with the RFQ/Contract specifications and requirements attached. Overtime rate: \$142.50 Labor rates shall be subject to change in accordance with the applicable prevailing wage, living wage, or minimum wage, and upon supplier's written notification to the Purchasing Agent.						
28	721417	Rental, Sweeper, Mobile Unit, Regular rate	HUR	\$200.0000		
Extended Description: NOTE: THIS LINE REPLACES LINES 25 (REG.RATE), Rental, Sweeper, Mobile Units, to be used "only" should City Sweepers not show up. HOURLY RENTAL RATES: Regular Rate Hourly: \$ 200.00 Minimum rental time: 8 Hours Number of units available: 2						

Line	Commodity Code	CL Description	UOM	Unit Price	Markdown %	Markup %
29	721417	Rental, Sweeper, Mobile Units, Overtime Rate.	HUR	\$300.0000		
Extended Description: NOTE: THIS LINE REPLACES LINES 25 (OVERTIME RATE) Rental, Sweeper, Mobile Units, to be used "only" should City Sweepers not show up. HOURLY RENTAL RATES: Overtime Rate Hourly: \$ 300.00 Minimum rental time: 8 Hours Number of units available: 2						
30	721417	Rental, Sweeper, Mobile Units, Sunday/ Holiday Rate.	HUR	\$400.0000		
Extended Description: NOTE: THIS LINE REPLACES LINES 25 (Sunday & HOLIDAY RATE) Rental, Sweeper, Mobile Units, to be used "only" should City Sweepers not show up. HOURLY RENTAL RATES: Overtime Rate Hourly: \$ 400.00 Minimum rental time: 8 Hours Number of units available: 2						
31	30121601	1781 Slurry, Pilot Program	GLL	\$2.1100		
Extended Description: Pilot Program: 1781 Slurry						
32	30121601	Cold in Place Recycling, CIR, Pilot Program	GLL	\$3.6500		
Extended Description: Pilot Program: CIR						
33	30121601	Reclaimed Asphalt Pavement RAP, Central Mixed Slurry, Pilot	GLL	\$2.0100		
Extended Description: Pilot Program: Reclaimed Asphalt Pavement RAP, Centrally Mixed Slurry						
34	30121601	Emulsion, Cold Patch, Modified Emulsion, Pilot Program	GLL	\$3.6500		
Extended Description: Pilot Program: Emulsion Cold Patch, Modified Emulsion						
35	30121601	Premix, REAS, Type II (76-22 Binder)	GLL	\$2.3500		
Extended Description: Premix, Rubberized Emulsion Aggregate Slurry, Type II(76-22 Binder)						
36	30121601	1781-LA (76-22 Binder)	GLL	\$2.3000		
Extended Description: 1781-LA (76-22 Binder)						
37	721417	Rental, Pneumatic Rubber Tire Roller	DAY	\$500.0000		
Extended Description: Rental, Pneumatic Rubber Tire Roller						
38	78121603	Delivery Fee, Job Trailer for delivery of Equipment	EA	\$600.0000		
Extended Description: Delivery Fee, Job Trailer for delivery of Equipment to any location within the City of Los Angeles						

Authorized By

Annual Requirements Contract Clauses, Terms, and Conditions

Line Item Provisions

Clauses and Comments on PDF

Document Provisions

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Supporting Documents

CONTRACT COMMENTS

Document ID 59680	Document Phase Final	Document Description Slurry, Premix R.E.A.S.	Page 8 of 11
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INTENTIONALLY LEFT BLANK TO ADD CLAUSES AND COMMENTS.

Document ID 59680	Document Phase Final	Document Description Slurry, Premix R.E.A.S.	Page 9 of 11
Procurement Analyst: Martha Medina		Phone Number: 213-928-9536	
E-mail address: Martha.Medina@lacity.org		Fax Number: 213-928-9511	

Requirements Contract for: **Slurry, Pre-Mix R.E.A.S. ** Award No. 59680

Payment Terms: 1.88% net 30 days Delivery: 1 Days ARO RFQ No.:EV4672 Previous Contract: 59180

Renewal Options: 5 Option Date 1 = --/--/-- Option Date 2 = --/--/-- Option Date 3 = --/--/--
Options Granted: 0 Option Date 4 = --/--/-- Option Date 5 = --/--/--

You are hereby notified of the award of this contract with the City of Los Angeles in accordance with RFQ Number EV4672, to furnish the City's annual requirements for the items and/or services identified in this document. The entire RFQ (including Attachment A and specifications) or any items thereof, addendums, and general conditions comprise the contract. The Quotation document signed by the appropriate contractor and by duly authorized City officials is on file in the Purchasing Agent's office.

NOTE: SALES TAX WILL BE ADDED AT TIME OF ORDER.

The following listed item(s) cover the only product(s) or service(s) approved for purchase under this contract. Products or services requested by the City and not listed in the contract require a separate City Purchase Order in order for the supplier to receive payment.

SUPPLIER CONTACT:

Contact Person: Frank B. Hoffman, Title: C. F. O.
Telephone No.: 760-603-0961
Fax No.: 760-603-0962
E-Mail Address: frank@pmitechnology.com
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CONTRACT PURCHASE ORDERS:

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APPROVED CONTRACT ITEM PURCHASES:

The listed items cover the only products approved for purchase under this contract. The City of Los Angeles will not pay any invoice covering the delivery of any merchandise that is not explicitly authorized by this contract. Any products requested by the City not listed in the contract require a separate City Purchase Order in order for the supplier to receive payment.

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Document ID	Document Phase	Document Description	Page
bills, freight bills, payroll records, etc. The request shall state the percentage increase and the revised price for each affected contract item.	Final	Slurry, Premix R.E.A.S.	10 of 11

No increases will be granted without prior approval of the City Purchasing Agent. ESTIMATED EXPENDITURES AND THRESHOLD ADJUSTMENT:

Total expenditures for the life of this contract, including the initial term and all renewals or extensions, are estimated to be \$67,788,010. No guarantee can be given that this total will be reached or that it will not be exceeded. Supplier agrees to furnish more or less in accordance with actual contract requirements.

AUTHORIZED DISTRIBUTOR/DEALER:

The supplier indicates it is an authorized factory distributor/dealer for the manufacturer quoted, or has provided a formal Letter of Certification from the manufacturer, stating that the manufacturer will honor any warranty claims by the City for equipment, parts, and/or materials provided by the supplier.

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LIQUIDATED DAMAGES FOR LATE DELIVERY:

Delivery delays beyond the Contract/Purchase Order delivery date will result in added expense to the City. The City of Los Angeles shall be paid damages for such delay. Inasmuch as the amount of damage is extremely difficult to ascertain, the supplier agrees to compensate the City in the amount of \$100.00 per calendar day beyond the delivery date specified. This amount shall be fixed as liquidated damages that the City will suffer by reason of such delay, and not as a penalty. The City shall have the right to deduct and retain the amount of such liquidated damages from any monies due the supplier.

The supplier shall be entitled to a reasonable extension of time for unavoidable delay in delivery due to causes not reasonably foreseeable by the parties at the time of the Contract/Purchase Order execution, and that are entirely beyond the control and without the fault or negligence of the supplier, including, but not limited to, acts of God or the public enemy, war or other national emergency making delivery temporarily impossible or illegal, acts or omissions of other suppliers, strikes and labor disputes not brought on by any act or omission of the supplier, fire, flood, epidemics, quarantines, or freight embargoes.

INSURANCE:

The suppliers General Liability and Workers Compensation Insurance Certificates are recorded in the City Administrative Officer's Risk Management Track4LA database.

Document ID	Document Phase	Document Description	Page
REPRESENTATIVE SAMPLE TESTING:	REPRESENTATIVE SAMPLE TESTING:	REPRESENTATIVE SAMPLE TESTING:	11
Representative samples may be taken from each delivery and tested for compliance with specifications.	Representative samples may be taken from each delivery and tested for compliance with specifications.	Representative samples may be taken from each delivery and tested for compliance with specifications.	11

Representative samples may be taken from each delivery and tested for compliance with specifications. Testing costs will be paid by the City for samples that comply. If samples do not comply with requirements, the expense of testing will be charged to the supplier, and delivery will be rejected. The supplier will be required to pick up the rejected material and to make a new delivery within 5 days of notification by the City. Notification will be made by the most effective means to the supplier's designated representative.

SALES/USE TAX PAID DIRECTLY TO STATE:

Since the supplier has not indicated it has a permit to collect California State sales tax, the City will pay use tax directly to the State of California. No sales tax will be paid to the supplier.

REPRESENTATIVE SAMPLE TESTING:

Representative samples may be taken from each delivery and tested for compliance with specifications. Testing costs will be paid by the City for samples that comply. If samples do not comply with requirements, the expense of testing will be charged to the supplier, and delivery will be rejected. The supplier will be required to pick up the rejected material and to make a new delivery within 5 days of notification by the City. Notification will be made by the most effective means to the supplier's designated representative.

SALES/USE TAX PAID DIRECTLY TO STATE:

Since the supplier has not indicated it has a permit to collect California State sales tax, the City will pay use tax directly to the State of California. No sales tax will be paid to the supplier.

OTHER GOVERNMENT AGENCY PURCHASES:

Other government agencies may make purchases using the prices, terms and conditions of this contract.

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Lana Beach, CA 90802-4664

EXHIBIT "B"

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OPERATING AGREEMENT

OF

**PETROCHEM MATERIALS INNOVATION, LLC
A NEVADA LIMITED LIABILITY COMPANY**

EFFECTIVE AS OF JANUARY 1, 2014.

OPERATING AGREEMENT
OF
PETROCHEM MATERIALS INNOVATION, LLC

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OPERATING AGREEMENT
OF
PETROCHEM MATERIALS INNOVATION, LLC

ARTICLE I
DEFINITIONS

The following terms used in this Operating Agreement shall have the following meanings (unless otherwise expressly provided herein);

1.01 "Articles of Organization" shall mean the Articles of Organization of Petrochem Materials Innovation, LLC as filed with the Secretary of State of Nevada as the same may be amended from time to time.

1.02 "Capital Account" as of any given date shall mean the Capital Contribution to the Company by a Member as adjusted up to the date in question pursuant to Article VIII.

1.03 "Capital Contribution" shall mean any contribution to the capital of the Company in cash or property by a Member whenever made as adjusted from time to time to reflect properly any additional contributions or withdrawals by the Members. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to this Operating Agreement.

1.04 "Code" shall mean the Internal Revenue Code of 1986 or corresponding provisions of subsequent superseding federal revenue laws.

1.05 "Company" shall refer to Petrochem Materials Innovation, LLC.

1.06 "Deficit Capital Account" shall mean with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the taxable year, after giving effect to the following adjustments:

a) credit to such Capital Account any amount which such Member is obligated to restore under Section 1.704-1(b)(2)(ii)(c) of the Treasury Regulations, as well as any addition thereto pursuant to the next to last sentence of Sections 1.704-2(g)(1) and (i)(5) of the Treasury Regulations, after taking into account thereunder any changes during such year in partnership minimum gain (as determined in accordance with Section 1.704-2(d) of the Treasury Regulations) and in the minimum gain attributable to any partner nonrecourse debt (as determined under Section 1.704-2(i)(3) of the Treasury Regulations); and

b) debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Treasury Regulations.

This definition of Deficit Capital Account is intended to comply with the provision of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and 1.704-2, and will be interpreted consistently with those provisions.

1.07 "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; (iii) such Reserves as the Manager deems necessary for the proper operation of the Company's business.

1.08 "Economic Interest" shall mean a Member's or Economic Interest Owner's share of one or more of the Company's Net Profits, Net Losses and distributions of the Company's assets pursuant to the provisions of this Operating Agreement and the Nevada Act, but shall not include any right to participate in the management or affairs of the Company, including, the right to vote on, consent to or otherwise participate in any decision of the Members or Manager.

1.09 "Economic Interest Owner" shall mean the owner of an Economic Interest who is not a Member and who shall have no right to vote or participate in the management or affairs of the Company.

1.10 "Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association or any foreign trust or foreign business organization.

1.11 "Fiscal Year" shall mean the Company's fiscal year, which shall be the calendar year.

1.12 "Gift" shall mean any a Transfer to a trust that is revocable by the Transferor acting alone, as well as a gift or bequest, a trust or estate distribution, or other Transfer for no consideration (by operation of law or otherwise, except with respect to bankruptcy) of all or any part of a Transferor's Membership Interest or Economic Interest.

1.13 "Majority Interest" shall mean one or more Membership Interests which taken together exceed 50% of the aggregate of all Membership Interests.

1.14 "Manager" shall mean the Person identified in Article V or the Person(s) who succeeds any Person as a Manager.

1.15 "Member" shall mean each party (and the principal of the agent of each party) who executes this Agreement as a Member ("Initial Member") and each party who may hereafter become a Member. If a Person is a Member immediately prior to the purchase or other acquisition by such Person of an Economic Interest, such Person shall have the rights of a Member with respect to such purchased or otherwise acquired Membership Interest or Economic Interest, as the case may be.

1.16 "Membership Interest" shall mean a Member's entire interest in the Company including such Member's Economic Interest and, the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement and the Nevada Act.

1.17 "Net Profits" and "Net Losses" shall mean the income, gain, loss, deductions and credits of the Company in the aggregate or separately stated, as appropriate, determined in accordance with accounting principles applied on a consistent basis using the cash method of accounting, at the close of each fiscal year on the Company's information tax return filed for federal income tax purposes.

1.18 "Nevada Act" shall mean N.R.S. Chapter 86.

1.19 "Operating Agreement" shall mean this Operating Agreement as originally executed and as amended from time to time.

1.20 "Person" shall mean any natural person or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such natural person or Entity where the context so permits.

1.21 "Reserves" shall mean, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed necessary by the Manager for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.

1.22 "Selling Member" shall mean any Member that sells, assigns, pledges, hypothecates or otherwise transfers for consideration all or any portion of the Member's Membership Interest or Economic Interest by operation of law or otherwise.

1.23 "Transfer" shall mean any sale, assignment, pledge, hypothecation, exchange, gift or any other transfer, or any lien, levy, charging order or other imposition against the interest of a Member or Economic Interest Owner. A "Transferor" is a Person who disposes of an interest by a Transfer; a "Transferee" is a Person who acquires an interest by a Transfer. The following may, by a Vote of the Members other than the deemed Transferor, be deemed to be a Transfer and a Withdrawal Event upon written notice to the Transferor and Transferee:

(a) A change in the general partner or general partners of a partnership Member;

(b) The cumulative transfer or other change, within a twelve month period, of in excess of 33% of the voting power of a corporate Member, other than a Member having a class securities registered under Section 12 of the Securities Exchange Act of 1934.

(c) A change in the trustees of a trust Member;

(d) The appointment of a Proxy or other delegation of voting power or agreement therefore with a duration in excess of twelve (12) months; and

(e) A change in the managers of a manager-managed limited liability company or the members of member-managed limited liability company.

1.24 "Transferring Member" shall collectively mean a Selling Member or any other Transferor of a Membership Interest.

1.25 "Treasury Regulations" shall include proposed, temporary and final regulations promulgated under the Code in effect as of the date of filing the Articles of Organization and the corresponding Sections of any regulations subsequently issued that amend or supersede such regulations.

1.26 "Vote of the Managers" shall mean, when there is more than one Manager, the majority of the number of Managers.

1.27 "Vote of the Members," unless otherwise provided by law or this Operating Agreement, shall mean the written consent of Members holding a Majority Interest of the Membership Interests.

ARTICLE II FORMATION OF COMPANY

2.01 Formation. On the 3rd day of December, 2013, Petrochem Materials Innovation, LLC was organized as a Nevada Limited Liability Company by having filed on its behalf Articles of Organization with the Nevada Secretary of State pursuant to the Nevada Act. In the event of a conflict between the Articles of Organization and this Operating Agreement, the Articles of Organization shall govern.

2.02 Name. The name of the Company is Petrochem Materials Innovation, LLC

2.03 Offices. The Company's office in Nevada for maintaining such records as are required under the Nevada Act shall be 7881 W. Charleston Blvd., Suite 250, Las Vegas, NV 89117. The Company may locate its offices at any other place or places as the Manager may from time to time deem advisable.

2.04 Agent for Service of Process. The Company's initial Registered Agent is Leland Pace and such Agent's business street address is 7881 W. Charleston Blvd., Suite 250, Las Vegas, Nevada 89117. The Registered Agent and such Registered Agent's business street address may be changed from time to time by filing the new address and/or the name of the new Registered Agent with the Nevada Secretary of State pursuant to the Nevada Act.

2.05 Term. The term of the Company shall expire on December 31, 2046, unless the Company is earlier dissolved in accordance with either the provisions of this Operating Agreement or the Nevada Act.

ARTICLE III
PURPOSE OF COMPANY

The Company is organized for all purposes permitted by law.

ARTICLE IV
NAMES AND ADDRESSES OF MEMBERS AND ECONOMIC INTEREST OWNERS

The names and addresses of the Members and Economic Interest Owners are set forth in Exhibit "A" hereto.

ARTICLE V
MANAGEMENT

5.01 Management. The business and affairs of the Company shall be managed by a Manager. The initial Manager shall be Michael V. Burris. The Manager shall direct, manage and control the business of the Company. Subject to the terms of this Agreement, the Manager(s) shall have the authority to approve expenditures, sign agreements, hire and terminate employees, set salaries, incentive compensation, bonuses and profit sharing, purchase and sell real and personal property, set Reserves, approve plant expansions and to delegate any of the foregoing to the Officers of the Company.

5.02 Term of Manager(s). Each Manager shall serve until the earlier of (1) the Manager's resignation, retirement, death or disability; (2) the Manager's removal by Majority of Interest of the Members or (3) the expiration of the Manager's term, if a term has been designated by a Majority of Interest of the Members. A new Manager shall be appointed by a Majority Interest of the Members on the occurrence of any of the foregoing events.

5.03 Appointment and Removal of Manager. Each Manager shall be appointed by a Majority Interest of the Members for (a) a term expiring with the appointment of his successor, or (b) a term expiring at a definite time specified by a Majority Interest of the Members in connection with such appointment. A Manager may be removed with or without cause at any time by action of a Majority Interest of the Members.

5.04 Duties of Manager(s). The Manager(s) shall have the powers and duties described in this Article V hereof and such other powers and duties may be prescribed in this Agreement or by the Majority Interest of the Members. Notwithstanding the foregoing, no Manager shall take any of the following actions on behalf of the Company unless a Majority Interest of the Members has consented to the taking of such action.

- (a) Any act that would make it impossible to carry on the ordinary business of the Company;
- (b) Any confession of a judgment against the Company;

- (c) The dissolution of the Company;
- (d) The disposition of all or a substantial part of the Company's assets not in the ordinary course of business;
- (e) The incurring of any debt not in the ordinary course of business;
- (f) A change in the nature of the principal business of the Company;
- (g) The incurring of any contractual obligation or the making of any capital expenditure with a total cost of more than \$50,000; and
- (h) The filing of a petition in bankruptcy or the entering into of an arrangement among creditors.

5.05 Time Devoted to the Company. It is acknowledged that the initial Manager has other business interests to which he may devote part of his time. The Manager shall devote such time to the conduct of the business of the Company as the Manager, in the Manager's own good faith and discretion, deems necessary.

5.06 Compensation. A Manager shall be entitled to compensation for the Manager's services as determined by the Majority Interest of the Members, and to reimbursement for all expenses reasonably incurred by the Manager in the performance of the Manager's duties.

5.07 Title to Assets. The Manager shall cause all assets of the Company, whether real or personal, to be held in the name of the Company.

5.08 Banking. All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such locations as shall be determined by the Manager(s). Withdrawal from such accounts shall require only the signature of the person or persons as the Manager(s) may designate.

5.09 Liability for Certain Acts. Each Manager shall exercise such Manager's power in good faith. A Manager who so exercises such Manager's power to manage the business affairs of the Company shall not have any liability by reason of being or having been a Manager of the Company. All fiduciary duties and liabilities for breaches of contract of the Managers and Members are eliminated to greatest extent possible under Nevada law. A Manager does not, in any way, guarantee the return of any other Member's Capital Contribution or a profit for any of the Members from the operations of the Company.

5.10 Officers. There shall be a President, Chief Operating Officer, Chief Financial Officer, Secretary and such other officers as may be designated by a Majority of Interest (collectively "Officers"). The Officers shall be appointed by a Majority Interest of the Members. The following Officers are hereby appointed by a Majority Interest of the Members to serve until their successors are duly appointed:

President
Chief Financial Officer
Secretary

Michael V. Burris
Frank Hoffman
Michael V. Burris

Each of the Officers shall have the powers and duties of management usually invested in such office subject to the approval and oversight of the Manager.

5.11 Indemnity of the Members, Managers, Officers, Employees and Other Agents. To the maximum extent permitted under the Nevada Act, the Company shall indemnify each Member and Manager and make advances for expenses to the maximum extent permitted under the Nevada Act. The Company shall indemnify its Officers, employees and other agents who are not Members or Managers to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by Vote of the Members or Manager.

ARTICLE VI RIGHTS AND OBLIGATIONS OF MEMBERS

6.01 Limitation of Liability. Each Member's liability shall be limited as set forth in this Operating Agreement, the Nevada Act and other applicable law.

6.02 Company Debt Liability. A Member will not be personally liable for any debts or losses of the Company beyond the Member's respective Capital Contributions and any obligation of the Member under Section 8.01 or 8.02 to make Capital Contributions, except as provided in Section 6.06 herein or as otherwise required by law.

6.03 Information. The Manager shall maintain at the office of the Company, and shall make available to Members during ordinary business hours to inspection and copying (at the Member's expense) the following:

(a) A current list of the full name and last known business address of each Member and Manager separately identifying the Members in alphabetical order and the Managers, if any, in alphabetical order;

(b) A copy of the filed Articles of Organization and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any document has been executed; and

(c) Copies of any then effective written operating agreement and of any financial statements of the Company for the three (3) most recent years.

6.04 Company Books. In accordance with Section 10.09 herein, the Manager shall maintain and preserve, during the term of the Company, and for five (5) years thereafter, all accounts, books, and other relevant Company documents. Upon reasonable request, each Member shall have the right, during ordinary business hours, to inspect and copy such Company documents at the requesting Member's expense.

6.05 Priority and Return of Capital. Except as may be expressly provided in Article X, no Member or Economic Interest Owner shall have priority over any other Member or Economic Interest Owner, either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided that this Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.06 Liability of a Member to the Company.

(a) A Member who rightfully receives the return in whole or in part of its contribution is nevertheless liable to the Company only to the extent now or hereafter provided by the Nevada Act.

(b) A Member who receives a distribution made by the Company in violation of this Operating Agreement or law is liable to the Company for a period of six years after such distribution.

ARTICLE VII MEETINGS OF MEMBERS

7.01 Special Meetings. Special meetings of the Members, for any purpose, unless otherwise prescribed by statute, may be called by any Manager or Member.

7.02 Place of Meetings. The Manager or Person calling the meeting may designate any place, either within or outside the State of Nevada, as the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the office of the Company designated in Section 2.03.

7.03 Notice of Meetings. Except as provided in Section 7.05, written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the Manager, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered two business days after being deposited in the United States mail, addressed to the Member at the Member's address as it appears on the books of the Company, with postage thereon prepaid.

7.04 Waiver of Notice. If all of the Members shall meet at any time and place, either within or outside of the State of Nevada, and fail to object to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken. When any notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

7.05 Record Date. For the purpose of determining the Members entitled to notice of or to vote at any meeting of the Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the

resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of the Members entitled to vote at any meeting of the Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

7.06 Quorum. The Members holding at least a Majority Interest of all the Membership Interests, represented in person or by proxy, shall constitute a quorum at any meeting of the Members. In the absence of a quorum at any such meeting, a Majority Interest of the Membership Interests so represented may adjourn the meeting from time to time for a period not to exceed 60 days without further notice. However, if the adjournment is for more than 60 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Capital Interests whose absence would cause less than a quorum.

7.07 Manner of Acting. In any Vote of the Members, only owners of duly authorized Membership Interests shall be counted in the determination of whether the requisite matter was approved by the Members.

7.08 Proxies. At all meetings of the Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Manager of the Company before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

7.09 Action by the Members Without a Meeting. Action required or permitted to be taken at a meeting of the Members may be taken by unanimous written consent without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote and delivered to the Manager of the Company for inclusion in the minutes or for filing with the Company records. Action taken under this Section is effective when all Members entitled to vote have signed the consent, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

ARTICLE VIII
MEMBERSHIP INTERESTS, ECONOMIC INTERESTS, CONTRIBUTIONS,
AND CAPITAL ACCOUNTS

8.01 Membership Interests. The Company shall have one class of Membership Interests. The Members shall have the right to vote, and among other things, elect the Manager who shall manage the affairs of the Company.

8.02 Members' and Economic Interest Owners' Capital Contributions. Each Member and Economic Interest Owner shall contribute the property identified below as its share of the Initial Capital Contribution in exchange for its Membership Interest or Economic Interest identified in Exhibit "A" or other rights and interests, as provided in this Agreement.

<u>Member/Economic Interest Owner</u>	<u>Capital Contribution</u>
Petrochem Manufacturing, Inc. (Member)	All of the assets of Petrochem Manufacturing Inc. identified in the Assignment which is attached here and incorporated herein by this reference.
Bryan B. Burris (Economic Interest Owner)	Bryan B. Burris's entire interest in that certain Agreement referred to as the "Petrochem Manufacturing Inc. Agreement" that was signed by Michael V. Burris, Bryan B. Burris and Margaret A. Burris that is attached as Exhibit "C" hereto and incorporated herein by this reference and contributed pursuant to the Capital Contribution Agreement for Petrochem Materials Innovation, LLC; PacificLife Insurance Policy No. VF51799230 with a face amount of \$3,000,000 issued on February 18, 2009 insuring the life of Bryan B. Burris for a term of ten years, expiring on February 18, 2019 (the "Policy").

8.03 Additional Contributions. Except as set forth in Section 8.02, no Member or Economic Interest Owner shall be required to make any Capital Contributions. To the extent unanimously approved by the Manager, from time to time, the Members may be permitted to make additional Capital Contributions if and to the extent the Members so desire, and if the Manager determines that such additional Capital Contributions are necessary or appropriate in connection with the conduct of the Company's business (including without limitation, expansion or diversification). In such event, the Members shall have the opportunity (but not the obligation) to participate in such additional Capital Contributions on a pro rata basis in accordance with their Interests.

8.04 Capital Accounts.

(a) A separate Capital Account will be maintained for each Member and Economic Interest Owner. Each Member's and Economic Interest Owner's Capital Account will be increased by (1) the amount of money contributed by such Member or Economic Interest Owner to the Company; (2) the fair market value of property contributed by such Member or Economic Interest Owner to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code); (3) allocations to such Member or Economic Interest Owner of Net Profits and Net Losses; and (4) allocations to such Member or Economic Interest Owner of income described in Section 705(a)(1)(B) of the Code. Each Member's or Economic Interest Owner's Capital Account will be decreased by (1) the amount of money distributed to such Member or Economic Interest Owner by the Company; (2) the fair market value of property distributed to such Member or Economic Interest Owner by the Company (net of liabilities secured by such distributed property that such Member or Economic Interest Owner is considered to assume or take subject to under Section 752 of the Code); (3) allocations to such Member or Economic Interest Owner of expenditures described in Section 705(a)(2)(B) of the Code; and (4) allocations to the account of such Member or Economic Interest Owner of Company loss and deduction as set forth in such Regulations, taking into account adjustments to reflect book value.

(b) In the event of a sale or exchange of a Membership Interest or an Economic Interest in the Company, the Capital Account of the Transferor shall become the Capital Account of the transferee to the extent it relates to the transferred Membership Interest or Economic Interest in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

(c) The manner in which Capital Accounts are to be maintained pursuant to this Section 8.04 is intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder. If in the opinion of the Company's accountants the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section 8.04 should be modified in order to comply with Section 704(b) of the Code and the Treasury Regulations thereunder, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 8.03, the method in which Capital Accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members and Economic Interest Owners.

(d) Upon liquidation of the Company (or any Member's Membership Interest or Owner's Economic Interest), liquidating distributions will be made in accordance with the positive Capital Account balances of the Members and Economic Interest Owners, as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs. Liquidation proceeds will be paid within sixty days of the end of the taxable year (or, if later, within 120 days after the date of the liquidation). The Company may offset damages for breach of this Operating Agreement by a Member whose interest is liquidated (either upon the withdrawal of the Member or the liquidation of the Company) against the amount otherwise distributable to such Member.

(e) Except as otherwise required in the Nevada Act (and subject to Sections 8.02 and 8.03), no Member or Economic Interest Owner shall have any liability to restore all or any portion of a deficit balance in such Member's or Economic Interest Owner's Capital Account.

8.05 Withdrawal or Reduction of Members' Contributions to Capital.

(a) No Member or Economic Interest Owner shall receive out of the Company's property any part of its Capital Contribution until all liabilities of the Company, except liabilities to Members on account of their Capital Contributions, have been paid or there remains property of the Company sufficient to pay them.

(b) A Member, irrespective of the nature of its Capital Contribution, has only the right to demand and receive cash in return for its Capital Contribution.

ARTICLE IX
ECONOMIC INTERESTS

9.01 Economic Interest. Subject to the terms and conditions of this Agreement, Bryan B. Burris ("Burris") shall receive an Economic Interest in his capacity as an Economic Interest Owner (and not as a Member) in the Company as follows:

(a) The Company shall make distributions to Burris of thirteen thousand four hundred thirty nine dollars and eighty five cents (\$13,439.85) per month for eighty four (84) months commencing on the first day of September, 2014 and continuing on the first of each consecutive month thereafter until paid in full. The provisions of this Section 9.01(a) shall cease and terminate upon the sale of the Company or all or substantially all of its assets.

(b) In addition to any payments made to Burris pursuant to Section 9.01(a) above, and on condition that the Company or all or substantially all of its assets have not been sold, then Company shall distribute to Burris thirty percent (30%) of any Distributable Cash that the Manager determines in his sole and absolute discretion is available for distribution. The Manager in his sole and absolute discretion shall have the right to determine all expenditures including, but not limited to, all salaries, bonuses, profit sharing, incentive compensation, purchases of equipment and plant expansions and to set the amounts necessary for Reserves even though each of the foregoing may diminish the amount of Net Profits that may be available for distribution to Burris. The Manager shall have the sole and absolute right to determine the timing of distributions to Burris, if any, under this Section 9.01(b). Nothing in this Agreement shall be construed to obligate Company to make any minimum distributions to Burris under this Section 9.01(b). The provisions of this Section 9.01(b) shall not apply to any amounts to be distributed to Burris pursuant to Section 9.01(c) below. The provisions of this Section 9.01(b) shall cease and terminate upon the sale of the Company or all or substantially all of its assets. The Company may distribute funds to the Members to pay their pro-rata share of the estimated taxable income of the Company pursuant to Section 10.11 which shall not be deemed to be Distributable Cash pursuant to this Section 9.01(b) and Burris shall not receive a portion of or credit for such tax distributions.

(c) In the event that Company or all or substantially all of its assets are sold (collectively a "Sale"), then Company shall distribute to Burris the percentage of the net sales proceeds after the payment of all expenses, debts and liabilities (hereinafter "Net Sales Proceeds") which corresponds to the number of payments received by Burris from Company prior to the Sale pursuant to Section 9.01(a) above as set forth in Exhibit "B." By way of example and not by limitation, if Burris has received 5 payments from the Company pursuant to Section 9.01(a) prior to a Sale, then Burris shall be entitled to 39.47% of the Net Sales Proceeds subject to the terms of this Agreement. All distributions pursuant to Sections 9.01(a) and (b) immediately above shall cease and terminate in the event of a Sale in which case Company shall distribute to Burris the amounts owed and calculated pursuant to this Section 9.01(c) if, as and when received by Company from the buyer. By way of example, and not by limitation, if the sale of Company is in the form of an installment sale, distributions will be made to Burris based on the calculated percentage when the installment payments are received by the Company. Burris shall have no rights to approve any Sale.

(d) The payment provisions set forth in this Article IX shall supercede the payment provisions in the Petrochem Manufacturing Agreement set forth in Exhibit "C" in their entirety.

ARTICLE X
ALLOCATIONS, INCOME TAX, DISTRIBUTIONS, ELECTIONS
AND REPORTS

10.01 Allocations of Profits and Losses from Operations. Except as otherwise provided in this Section, the Net Profits and Net Losses of the Company for each fiscal year will be allocated pro rata in proportion to the Member's Membership Interest. Notwithstanding the foregoing, net profits shall not be allocated to BRYAN B. BURRIS or his transferees in excess of the sum of the amount of distributions made to him and net losses previously allocated to him pursuant to Article IX.

10.02 Special Allocations to Capital Accounts. Notwithstanding Section 10.01 hereof:

(a) No allocations of loss, deduction and/or expenditures described in Section 705(a)(2)(B) of the Code shall be charged to the Capital Accounts of any Member or Economic Interest Owner if such allocation would cause such Member or Economic Interest Owner to have a Deficit Capital Account. The amount of the loss, deduction and/or Code Section 705(a)(2)(B) expenditure which would have caused a Member or Economic Interest Owner to have a Deficit Capital Account shall instead be charged to the Capital Account of any Members or Economic Interest Owners which would not have a Deficit Capital Account as a result of the allocation, in proportion to their respective Capital Contributions, or, if no such Members or Economic Interest Owners exist, then to the Members or Economic Interest Owners in accordance with their interests in Company profits pursuant to Section 9.01.

(b) In the event any Member or Economic Interest Owner unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-

1(b)(2)(ii)(d)(4), (5), or (6) of the Treasury Regulations, which create or increase a Deficit Capital Account of such Member or Economic Interest Owner, then items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year and, if necessary, for subsequent years) shall be specially credited to the Capital Account of such Member or Economic Interest Owner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Deficit Capital Account so created as quickly as possible. It is the intent that this Section 10.02(b) be interpreted to comply with the alternate test for economic effect set forth in Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

(c) In the event any Member or Economic Interest Owner would have a Deficit Capital Account at the end of any Company taxable year which is in excess of the sum of any amount that such Member or Economic Interest Owner is obligated to restore to the Company under Treasury Regulations Section 1.704-1(b)(2)(ii)(c) and such Member's or Economic Interest Owner's share of minimum gain as defined in Section 1.704-2(g)(1) of the Treasury Regulations (which is also treated as an obligation to restore in accordance with Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations), the Capital Account of such Member shall be specially credited with items of Company income (including gross income) and gain in the amount of such excess as quickly as possible.

(d) Notwithstanding any other provision of this Section 10.02, if there is a net decrease in the Company's minimum gain as defined in Treasury Regulation Section 1.704-2(d) during a taxable year of the Company, then, the Capital Accounts of each Member shall be allocated items of income (including gross income) and gain for such year (and if necessary for subsequent years) equal to that Member's share of the net decrease in Company minimum gain. This Section 10.02(d) is intended to comply with the minimum gain chargeback requirement of Section 1.704-2 of the Treasury Regulations and shall be interpreted consistently therewith. If in any taxable year that the Company has a net decrease in the Company's minimum gain, if the minimum gain chargeback requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Manager may in his discretion (and shall, if requested to do so by a Member) seek to have the Internal Revenue Service waive the minimum gain chargeback requirement in accordance with Treasury Regulation Section 1.704-2(f)(4).

(e) Items of Company loss, deduction and expenditures described in Section 705(a)(2)(B) which are attributable to any nonrecourse debt of the Company and are characterized as partner (Member) nonrecourse deductions under Section 1.704-2(i) of the Treasury Regulations shall be allocated to the Members' Capital Accounts in accordance with said Section 1.704-2(i) of the Treasury Regulations.

(f) Beginning in the first taxable year in which there are allocations of "nonrecourse deductions" (as described in Section 1.704-2(b) of the Treasury Regulations) such deductions shall be allocated to the Members in accordance with, and as a part of, the allocations of Company profit or loss for such period.

(g) In accordance with Section 704(c)(1)(A) of the Code and Section 1.704-1(b)(2)(i)(iv) of the Treasury Regulations, if a Member contributes property with a fair market value that differs from its adjusted basis at the time of contribution, income, gain, loss and deductions with respect to the property shall (solely for federal income tax purposes) be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company and its fair market value at the time of contribution.

(h) Pursuant to Section 704(c)(1)(B) of the Code, if any contributed property is distributed by the Company other than to the contributing Member within five years of being contributed, then, except as provided in Section 704(c)(2) of the Code, the contributing Member shall be treated as recognizing gain or loss from the sale of such property in an amount equal to the gain or loss that would have been allocated to such Member under Section 704(c)(1)(A) of the Code if the property had been sold at its fair market value at the time of the distribution.

(i) In the case of any distribution by the Company to a Member or Economic Interest Owner, such Member or Economic Interest Owner shall be treated as recognizing gain in an amount equal to the lesser of:

A. The excess (if any) of (1) the fair market value of the property (other than money) received in the distribution over (2) the adjusted basis of such Member's Membership Interest or Economic Interest Owner's Economic Interest in the Company immediately before the distribution reduced (but not below zero) by the amount of money received in the distribution, or

B. The Net Precontribution Gain (as defined in Section 737(b) of the Code) of the Member or Economic Interest Owner. The Net Precontribution Gain means the net gain (if any) which would have been recognized by the distributee Member or Economic Interest Owner under Section 704(c)(1)(B) of the Code of all property which (1) had been contributed to the Company within five years of the distribution, and (2) is held by the Company immediately before the distribution, had been distributed by the Company to another Member or Economic Interest Owner. If any portion of the property distributed consists of property which had been contributed by the distributee Member or Economic Interest Owner to the Company, then such property shall not be taken into account under this Section 10.02(i) and shall not be taken into account in determining the amount of the Net Precontribution Gain. If the property distributed consists of an interest in an entity, the preceding sentence shall not apply to the extent that the value of such interest is attributable to the property contributed to such entity after such interest had been contributed to the Company.

(j) In connection with a Capital Contribution of money or other property (other than a de minimis amount) by a new or existing Member as consideration for a Membership Interest, or in connection with the liquidation of the Company or a distribution of money or other property (other than a de minimis amount) by the Company to a retiring Member or Economic Interest Owner as consideration for an Economic Interest or Membership Interest, the Capital Accounts of the Members and Economic Interest Owners shall be adjusted to reflect a revaluation of Company property (including intangible assets) in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f). If under Section 1.704-1(b)(2)(iv)(f) of the Treasury

Regulations, Company property that has been revalued is properly reflected in the Capital Accounts and on the books of the Company at a book value that differs from the adjusted tax basis of such property, then depreciation, depletion, amortization and gain or loss with respect to such property shall be shared among the Members and Economic Interest Owners in a manner that takes account of the variation between the adjusted tax basis of such property and its book value, in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' shares of tax items under Section 704(c) of the Code.

(k) All recapture of income tax deductions resulting from sale or disposition of Company property shall be allocated to the Member, Members, Economic Interest Owner or Economic Interest Owners to whom the deduction that gave rise to such recapture was allocated hereunder to the extent that such Person is allocated any gain from the sale or other disposition of such property.

(l) Any credit or charge to the Capital Accounts of the Members and Economic Interest Owners pursuant to Sections 10.02(b),(c), and/or (d), hereof shall be taken into account in computing subsequent allocations of profits and losses pursuant to Section 10.01, so that the net amount of any items charged or credited to Capital Accounts pursuant to Sections 10.01 and 10.02 shall to the extent possible, be equal to the net amount that would have been allocated to the Capital Account of each Member pursuant to the provisions of this Article X if the special allocations required by Sections 10.02(b), (c), and/or (d), hereof had not occurred.

10.03 Distributions. All distributions of Distributable Cash and Property shall be made at such time as determined by the Manager. All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member or Members pursuant to this Section 10.03.

10.04 Limitation Upon Distributions. No distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their contributions.

10.05 Accounting Principles. The profits and losses of the Company shall be determined in accordance with accounting principles applied on a consistent basis using the cash method of accounting. It is intended that the Company will elect those accounting methods which provide the Company with the greatest tax benefits.

10.06 Interest On and Return of Capital Contributions. No Member or Economic Interest Owner shall be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein.

10.07 Loans to Company. Nothing in this Operating Agreement shall prevent any Member from making secured or unsecured loans to the Company by agreement with the Company.

10.08 Accounting Period. The Company's accounting period shall be the Fiscal Year.

10.09 Records, Audits and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. At a minimum the Company shall keep at its office the following records:

- (a) The documents described in Section 6.03;
- (b) A list of the full name and last known business, residence or mailing address of each past Member, Economic Interest Owner and Manager, to the extent known;
- (c) Copies of any writings permitted or required with respect to a Member's obligation to contribute cash, property or services;
- (d) Minutes of every annual, special meeting and court-ordered meeting;
- (e) Any written consents obtained from Members for actions taken by Members without a meeting.

10.10 Returns and Other Elections. The Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

All elections permitted to be made by the Company under federal or state laws shall be made by the Manager in the Manager's sole discretion, provided that the Manager shall make any tax election directed by a Vote of the Members.

10.11 Tax Distributions. The Company shall make tax distributions at least once each calendar year (or more frequently if the Managers deem appropriate) as necessary to pay each Member's pro-rata share of estimated taxable income of the Company. The aggregate amount of each such tax distribution shall be distributed to the Members in proportion to their Membership Interests. No tax distribution shall be made to an Economic Interest Owner.

ARTICLE XI TRANSFERABILITY

11.01 General. Except as otherwise specifically provided herein, no Member shall have the right to:

- (a) sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration, (collectively, "sell"),
- (b) gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy)

all or any part of the Member's Membership Interest without the express written permission of the Manager. Except as provided herein, no Economic Interest Owner shall have the right to Transfer his Economic Interest without the express prior written consent of the Manager which may be withheld in the Manager's sole and absolute discretion or conditioned on such terms and conditions as the Manager may impose in his sole and absolute discretion.

11.02 Right of First Refusal.

(a) A Selling Member that desires to sell all or any portion of its Membership Interest in the Company to a third party purchaser shall obtain from such third party purchaser a bona fide written offer to purchase such interest, stating the terms and conditions upon which the purchase is to be made and the consideration offered therefore. The Selling Member shall give written notification to the remaining Members, by certified mail or personal delivery, of its intention to so transfer such interest, furnishing to the remaining Members a copy of the aforesaid written offer to purchase such interest.

(b) The remaining Members, and each of them shall, on a basis pro rata to their Membership Interest or on a basis pro rata to the Membership Interests of those remaining Members exercising their right of first refusal, have the right to exercise a right of first refusal to purchase all (but not less than all) of the interest proposed to be sold by the Selling Member upon the same terms and conditions as stated in the aforesaid written offer to purchase by giving written notification to the Selling Member, by certified mail or personal delivery, of their intention to do so within ten (10) days after receiving written notice from the Selling Member. The failure of all the remaining Members to so notify the Selling Member of their desire to exercise this right of first refusal within said ten (10) day period shall result in the termination of the right of first refusal and the Selling Member shall be entitled to consummate the sale of its interest in the Company, or such portion of its interest, if any, with respect to which the right of first refusal has not been exercised, to such third party purchaser.

(c) In the event the remaining Members give written notice to the Selling Member of their desire to exercise this right of first refusal and to purchase all of the Selling Member's interest in the Company which the Selling Member desires to sell upon the same terms and conditions as are stated in the aforesaid written offer to purchase, the remaining Members shall have the right to designate the time, date and place of closing, provided that the date of closing shall be within thirty (30) days after receipt of written notification from the Selling Member of the third party offer to purchase.

11.03 Recognition of Transfer of an Economic Interest.

(a) The Manager or the remaining Members may require the Transferor (and the Transferor agrees to comply) or the Transferee or both of them to execute, acknowledge and deliver to the Manager or remaining Members) such instruments of transfer, assignment and assumption and such other certificates, representations and documents, and to perform all such other acts which the Manager or the remaining Members may deem necessary or desirable to:

(i) acknowledge the Transferee as a Member or as an Economic Interest Owner;

(ii) preserve the Company after the completion of such Transfer under the laws of each jurisdiction in which the Company is qualified, organized or does business;

(iii) maintain the status of the Company as a partnership for federal tax purposes; and

(iv) assure compliance with any applicable state and federal laws including securities laws and regulations.

(b) The Transfer of an Economic Interest shall be deemed effective as of the last day of the calendar month in which it was acknowledged. The Transferor hereby indemnifies the Company and the remaining Members against any and all loss, damage, or expense (including, without limitation, tax liabilities or loss of tax benefits) arising directly or indirectly as a result of any Transfer or purported Transfer in violation of this Article XI.

11.04 Certain Transfers by Burris. Notwithstanding the foregoing provisions of this Article, BRYAN B. BURRIS ("Burris") or his Transferees in accordance with this Section 11.04 may at any time, upon notice to the Manager, make a Gift all or any portion of such Economic Interest Holder's Economic Interest in the Company to any of the children, grandchildren or more remote descendants of Burris, or to a trust for the current benefit of any one or more of Burris, his children, his grandchildren or his more remote descendants, which transfer shall not give rise to a right of first refusal to purchase such transferred interest nor require the consent of the Manager or any Member so long as each such Transferee Agrees to be bound by the terms of this Agreement.

11.05 Mandatory Redemption of Burris's Economic Interest upon Burris's Death During Policy Term

(a) Insurance on Burris's Life. As part of his Initial Capital Contribution, Burris has contributed a policy insuring his life that is more fully described in Section 8.02 of this Agreement ("Policy"). The Company agrees to pay all required premiums ("Premiums") to maintain such policy until its initial term expires on February 18, 2019 (the "Policy Term"). The Company shall be the beneficiary and the absolute owner of the Policy for purposes of this Agreement and shall retain physical custody of the Policy.

(b) Redemption of Burris's Economic Interest. Should Burris die prior to the expiration of the Policy Term, then the Company shall redeem, and Burris's estate or other transferee surrender to the the Company, Burris's entire Economic Interest in the Company for the Redemption Price and subject to the terms set forth below:

(i) The person or persons with control over Burris' Economic Interest (the "Holder") following Burris's death shall notify the Manager, by certified mail, personal delivery or other verifiable means, of Burris's death ("Notice").

(ii) Within a reasonable time of the delivery of the Notice, but not later than ten (10) business days following the receipt of the proceeds of the Policy by the Company (the "Redemption Period"), the Company shall redeem Burris's Economic Interest from the Holder for a Redemption Price that will be the greater of (A) \$3,000,000 reduced by the cumulative amount of Premiums paid by the Company for the Policy (the "Net Policy Proceeds"); (B) the value of Burris's Economic Interest as agreed by the Holders and the Manager; and (C) the Appraised Value of Burris's Economic Interest. The Appraised Value of Burris's Economic Interest shall be determined by a competent business valuation expert ("Appraiser") who shall be selected by the Holder (or Holders, acting unanimously) and the Manager. If the Holders or the Holder and the Manager cannot agree upon the Appraiser, then the names of the Appraisers selected by each Holder and Manager shall be placed in a "hat" for a random pick, and the Appraiser so picked shall determine the Appraised Value; provided that if there are multiple Holders or multiple Managers, there shall be an equal representation of both groups in the random pick. For example, if there are two Holders, each of whom submit the name of an Appraiser, and one Manager, then the Manager's selection shall be submitted twice. In determining the Appraised Value of the Offered Interest, the Appraiser shall consider any factors which the Appraiser determines relevant, including, but not limited to, appropriate discounts for the lack of control and lack of marketability of Burris's Economic Interest. The Company shall bear the costs of such Appraiser.

(iii) Within five (5) business days of the receipt of the Notice, an escrow account ("Escrow Account") shall be opened with a person or entity selected by the Company acting as escrow holder ("Escrow Agent"). The Holder (or Holders) shall execute an assignment of Burris's Economic Interest, which assignment shall be deposited with the Escrow Agent. Thereupon, the Escrow Agent shall deposit such assignment into the Escrow Account, and the Company shall transfer into the Escrow Account all of the Net Policy Proceeds as well as a Promissory Note for the amount (if any) and terms set forth in subparagraph (iv) below. Escrow shall close at the offices of the Company or other acceptable location on a mutually acceptable date not later than ten (10) business days after receipt by the Company of the proceeds of the Policy or such later date as may be agreed to between the Manager and all of the Holders. At the closing, the Escrow Agent shall deliver the Net Policy Proceeds and the Promissory Note to the Holder (or proportionate shares of each if there are multiple Holders) and shall deliver to the Company the assignment of Burris's Economic Interest.

(iv) In order to reduce the burden upon the resources of the Company, the Company may pay the portion of the Redemption Price for Burris's Economic Interest that exceeds the Net Policy Proceeds (the "Excess Value") by transferring to the Escrow Account an unsecured promissory note ("Note") in the amount of the Excess Value. The Note shall bear interest on the unpaid principal balance at the long term applicable federal rate in effect upon the close of escrow plus 2%, or the maximum rate permitted by applicable law, if less. Payments shall be full amortized, with the entire principal amount of the Note to be paid in full on or before the tenth (10th) anniversary of the Note. The Note shall provide for full privilege of prepayment of all or any part of the principal at any time without penalty or bonus. The Note shall provide that, if a default occurs, at the election of the note holder and upon thirty (30) days written notice of such default without any cure thereof, the entire sum of principal and interest

will immediately be due and payable and that the Company shall pay reasonable attorneys' fees to the note holder if suit is commenced because of default. The obligation of the Company to each note holder shall be independent of the obligations of the Company to all other note holders.

(v) Burris by signing below hereby acknowledges and agrees that he has been notified that the Company intends to maintain a policy of life insurance on his life and consents to being insured by the proposed life insurance policy. Burris acknowledges and agrees that he has been notified in writing that the Company will be the beneficiary of any death benefits payable on his death.

ARTICLE XII ADDITIONAL MEMBER INTERESTS

From the date of the formation of the Company, any Person acceptable to the Members by their unanimous vote may become a Member in this Company by the issuance by the Company of Membership Interests for such consideration as the Members by their unanimous votes shall determine, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager may, at the Manager's option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder.

ARTICLE XIII DISSOLUTION AND TERMINATION

13.01 Dissolution.

(a) The Company shall be dissolved upon the occurrence of the following events:

(i) when the period fixed for the duration of the Company shall expire pursuant to Section 2.05 hereof;

(ii) by the unanimous written agreement of all Members; or

(iii) upon the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or occurrence of any other event which terminates the continued membership of a Member in the Company (a "Withdrawal Event"), unless the business of the Company is continued by the consent of a majority in interest of all the remaining Members within 90 days after the Withdrawal Event and there is at least one remaining Member. Such consents shall be mailed or hand delivered to the office of the Company set forth in Section 2.03 hereof (or to such other address designated by the Manager) no later than 50 days after each Withdrawal Event or transfer by a Member of its entire Membership Interest.

(b) As soon as possible following the occurrence of any of the events specified in this Section 13.01 effecting the dissolution of the Company, the appropriate representative of the Company shall execute a statement of intent to dissolve in such form as shall be prescribed by the Nevada Secretary of State and file same with the Nevada Secretary of State's office.

(c) If a Member who is a natural person dies or a court of competent jurisdiction adjudges the Member to be incompetent to manage the Member's person or his property, the Member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the Member's rights for the purpose of settling the Member's estate or administering the Member's property.

(d) Except as expressly permitted in this Operating Agreement, a Member shall not voluntarily resign or take any other voluntary action which directly causes a Withdrawal Event. Unless otherwise approved by a Vote of the Members, a Member who resigns (a "Resigning Member") or whose Membership Interest is otherwise terminated by virtue of a Withdrawal Event, regardless of whether such Withdrawal Event was the result of a voluntary act by such Member, shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member. Except as otherwise expressly provided herein, a Resigning Member shall become an Economic Interest Owner. Damages for breach of this Section 13.01(e) shall be monetary damages only (and not specific performance), and such damages may be offset against distributions by the Company to which the Resigning Member would otherwise be entitled.

13.02 Effect of Filing of Statement of Intent to Dissolve. Upon the filing by the Nevada Secretary of State of a statement of intent to dissolve, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until a certificate of dissolution has been issued by the Secretary of State or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

13.03 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Manager shall:

(i) Sell or otherwise liquidate all of the Company's assets as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind),

(ii) Allocate any profit or loss resulting from such sales to the Members pursuant to Membership Interests as set forth in Exhibit "A" and any amounts owed to Bryan pursuant to Article IX, if any.

(iii) Discharge all liabilities of the Company, including liabilities to Members and Economic Interest Owners who are creditors, to the extent otherwise permitted by law, other than liabilities to Members and Economic Interest Owners for distributions, and establish such Reserves as may be reasonably necessary to provide for contingent liabilities of the Company (for purposes of determining the Capital Accounts of the Members and Economic Interest Owners, the amounts of such Reserves shall be deemed to be an expense of the Company),

(iv) Distribute the remaining assets in the following order:

1. If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by a Vote of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members and Economic Interest Owners shall be adjusted pursuant to the provisions of Article X.

2. The positive balance (if any) of each Member's and Economic Interest Owner's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager(s), with any assets distributed in kind being valued for this purpose at their fair market value as determined pursuant to Section 13.03(b)(i). Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Section 1.704-1(b)(2)(ii)(b)(2) of the Treasury Regulations.

(c) Notwithstanding anything to the contrary in this Operating Agreement, upon a liquidation within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member or Economic Interest Owner has a Deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Person shall have no obligation to make any Capital Contribution, and the negative balance of such Person's Capital Account shall not be considered a debt owed by such Person to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Manager(s) shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

13.04 Articles of Dissolution. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining property and assets have been distributed to the Members, articles of dissolution shall be executed in duplicate and verified by the person signing the articles, which articles shall set forth the information required by the Nevada Act. Duplicate originals of such articles of dissolution shall be delivered to the Nevada Secretary of State.

13.05 Certificate of Dissolution. Upon the issuance of the certificate of dissolution, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Nevada Act. The Manager shall have authority to distribute any Company property discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the Company.

13.06 Return of Contribution Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Operating Agreement, upon dissolution, each Member and Economic Interest Owner shall look solely to the assets of the Company for the return of its Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members or Economic Interest Owners, such Persons shall have no recourse against any other Member or Economic Interest Owner.

ARTICLE XIV MISCELLANEOUS PROVISIONS

14.01 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Operating Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an executive officer of the party to whom the same is directed or, if sent by registered or certified mail, postage and charges prepaid, addressed to the Member's and/or Company's address, as appropriate, which is set forth in this Operating Agreement. Except as otherwise provided herein, any such notice shall be deemed to be given two business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

14.02 Application of Nevada Law. This Operating Agreement, and the application of interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Nevada, and specifically the Nevada Act.

14.03 Waiver of Action for Partition. Each Member and Economic Interest Owner irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.

14.04 Amendments. This Operating Agreement may not be amended except by the unanimous written agreement of all of the Members.

14.05 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

14.06 Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

14.07 Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

14.08 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

14.09 Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

14.10 Severability. If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

14.11 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

14.12 Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

14.13 Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

14.14 Rule Against Perpetuities. The parties hereto intend that the Rule against Perpetuities (and any similar rule of law) not be applicable to any provisions of this Operating Agreement. However, notwithstanding anything to the contrary in this Operating Agreement, if any provision in this Operating Agreement would be invalid or unenforceable because of the Rule against Perpetuities or any similar rule of law but for this Section 14.14, the parties hereto hereby agree that any future interest which is created pursuant to said provisions shall cease if it is not vested within twenty-one years after the death of the survivor of the group composed of

the initial Members who are natural persons and their issue who are living on the date of this Operating Agreement and their issue, if any, who are living on the effective date of this Operating Agreement.

14.15 Investment Representations. The undersigned Members and Economic Interest Owners, understand (1) that the Membership Interests and Economic Interests evidenced by this Operating Agreement have not been registered under the Securities Act of 1933, the Nevada Securities Act or any other state securities laws (the "Securities Acts") because the Company is issuing these Membership Interests and Economic Interests in reliance upon the exemptions from the registrations requirements of the Securities Acts providing for issuance of securities not involving a public offering, (2) that the Company has relied upon the fact that the Membership Interests and Economic Interests are to be held by each Member and Economic Interest Owner, respectively, for investment, and (3) that exemption from registrations under the Securities Acts would not be available if the Membership Interests and Economic Interests were acquired by a Member or Economic Interest Owner, respectively, with a view to distribution.

Accordingly, each Member and Economic Interest Owner hereby confirms to the Company that such Member and Economic Interest Owner, respectively, is acquiring the Membership Interests or Economic Interest for their own account, for investment and not with a view to the resale or distribution thereof. Each Member and Economic Interest Owner, respectively, agrees not to transfer, sell or offer for sale any portion of the Membership Interests or Economic Interests, respectively, unless there is an effective registration or other qualification relating thereto under the Securities Act of 1933 and under any applicable state securities laws or unless the holder of Membership Interests or Economic Interests delivers to the Company an opinion of counsel, satisfactory to the Company, that such registration or other qualification under such Act and applicable state securities laws is not required in connection with such transfer, offer or sale. Each Member and Economic Interest Owner understands that the Company is under no obligation to register Membership Interests or Economic Interests or to assist any Member or Economic Interest Owner in complying with any exemption from registration under the Acts if a Member or Economic Interest Owner should at a later date, wish to dispose of a Membership Interest or Economic Interest. Furthermore, each Member or Economic Interest Owner realizes that the Membership Interests and Economic Interests are unlikely to qualify for disposition under Rule 144 of the Securities and Exchange Commission unless such Member is not an "affiliate" of the Company and the Membership Interest or Economic Interest has been beneficially owned and fully paid for by such Member or Economic Interest Owner for at least three years.

14.16 Arbitration. Any and all controversies, claims or disputes arising out of or relating to this Agreement shall be subject to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association then in effect. The arbitration shall be conducted in Las Vegas, Nevada. The arbitrator shall be an attorney licensed to practice law in the State of Nevada with at least fifteen (15) years of business law experience. The award of the arbitrator shall be in the form of findings of fact and conclusions of law. The award of the arbitrator shall be final and non appealable and may be entered as a judgment in any court having jurisdiction thereof. By initialing immediately below each of the Parties acknowledges and

agrees that they are giving up, among other things, the rights to trial by jury and appeal by agreeing to this arbitration provision.

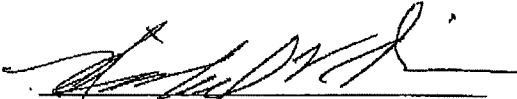
14.17 Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

14.18 Integration. This Operating Agreement and the Capital Contribution Agreement for Petrochem Materials Innovation, LLC sets forth the entire agreement between the parties with regard to the subject matter hereof. This Operating Agreement shall take precedence in the event of any conflict, inconsistency or ambiguity with the Capital Contribution Agreement or any attachments to any of the foregoing. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by either party to the other with respect to the subject matter of this Agreement. All prior and contemporaneous conversations, negotiations, actual, possible and alleged agreements and representations, covenants, and warranties with respect to the subject matter hereof are waived, merged and superseded hereby.

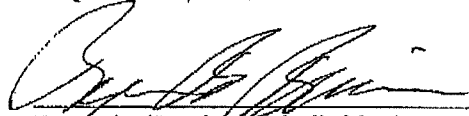
This OPERATING AGREEMENT has been executed by the Member and the Economic Interest Owner effective as of the date first set forth above.

MEMBER:

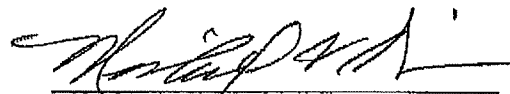
Petrochem Manufacturing, Inc.

By: 
Michael V. Burris, President

ECONOMIC INTEREST OWNER


Bryan B. Burris, an individual

MANAGER

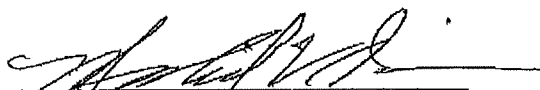

Michael V. Burris

CERTIFICATE

The undersigned hereby agree, acknowledge and certify that the foregoing Operating Agreement constitutes the Operating Agreement of Petrochem Materials Innovation, LLC effective as of the 1st day of January, 2014.

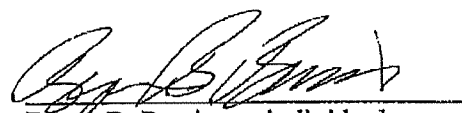
MEMBER:

Petrochem Manufacturing, Inc.



Michael V. Burris, President

ECONOMIC INTEREST OWNER



Bryan B. Burris, an individual

EXHIBIT A

Member

Membership Interest

Petrochem Manufacturing, Inc.
6168 Innovation Way
Carlsbad, CA 92009

100%

Economic Interest Owner

Economic Interest

Bryan B. Burris
3131 Avenida Olmeda
Carlsbad, CA 92009

As set forth in Article IX

EXHIBIT B
Sale Proceeds Allocated to Burris

Payments Made to Bryan B. Burris	Percentage to be Paid Pursuant to Section 9(c)
	40.00
1	39.89
2	39.79
3	39.68
4	39.58
5	39.47
6	39.36
7	39.26
8	39.15
9	39.04
10	38.93
11	38.83
12	38.72
13	38.61
14	38.50
15	38.39
16	38.28
17	38.17
18	38.06
19	37.95
20	37.84
21	37.72
22	37.61
23	37.50
24	37.39
25	37.28
26	37.16
27	37.05
28	36.93
29	36.82
30	36.71
31	36.59
32	36.48
33	36.36
34	36.24
35	36.13
36	36.01
37	35.89

38	35.78
39	35.66
40	35.54
41	35.42
42	35.31
43	35.19
44	35.07
45	34.95
46	34.83
47	34.71
48	34.59
49	34.47
50	34.34
51	34.22
52	34.10
53	33.98
54	33.86
55	33.73
56	33.61
57	33.48
58	33.36
59	33.24
60	33.11
61	32.99
62	32.86
63	32.73
64	32.61
65	32.48
66	32.35
67	32.23
68	32.10
69	31.97
70	31.84
71	31.71
72	31.58
73	31.45
74	31.32
75	31.19
76	31.06
77	30.93
78	30.80
79	30.67
80	30.53

81	30.40
82	30.27
83	30.13
84	30.00

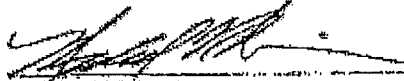
EXHIBIT C

Petrochem Agreement

Petrochem Manufacturing Inc. Agreement

The basic tenants of the agreement between Michael V. Burris and Bryan B. Burris are as follows:

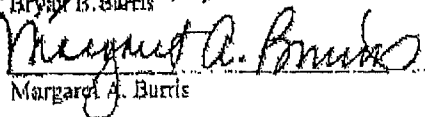
1. The company will issue 250 shares of authorized but unissued stock to Michael V. Burris in exchange for his note receivable of \$750,000.
2. The company will also redeem all of Bryan's stock from the company leaving Michael as the sole owner of the company.
3. The redemption will be paid for by paying Bryan 1/2 of free cash flow from company operations or 250,000 whichever is more.
4. The purchase price of the redemption will be 3,000,000. This is the value that is placed on the company. This value is used because the patent will expire in 2014 and the future of the company is somewhat questionable once the patent becomes public domain.
5. By using the other affiliated companies and license agreements Michael intends to continue to pay Bryan and Peg 1/2 of free cash flow even after the 3,000,000 purchase price is paid.
6. Because Michael is the 100% shareholder all decision relating to the operations, expansion and sale of the company will be his exclusive decision.
7. Bryan will receive from the company an annual salary payable in the normal increments the company uses for payroll of \$218,400.
8. This payroll is intended to continue so long as Michael owns the company or has an interest therein.
9. Should the company be sold, Bryan will receive 1/2 of the proceeds from the sale in consideration for the redemption of his stock, even if it exceeds the 3,000,000.
10. The company will continue to pay Bryan's health insurance.
11. The company will continue to pay the life insurance policies on Bryan's life.
12. Should Michael and Bryan agree, the company will enter into an agreement with an entity of Bryan's creation, or selection, to have Bryan do research.
13. Should Bryan and Peg pass away, the requirement for the company to continue to redeem stock will be terminated.


Michael V. Burris

14-Dec-11
Date


Bryan B. Burris

14-Dec-11
Date


Margaret A. Burris

14-Dec-11
Date