

**CONTRACT TERMS AND CONDITIONS  
FOR  
LEASE AGREEMENT  
BETWEEN  
SOLID WASTE AUTHORITY OF CENTRAL OHIO  
AND  
RASTRA OHIO, INC.**

RASTRA Ohio, Inc. (“RASTRA”) and SWACO are collaborating to finance and construct a manufacturing facility which will be operated by RASTRA to manufacture building panels made from recycled polystyrene. Benefits to SWACO include:

- diverting a waste stream from the Franklin County Sanitary Landfill as well as other Ohio landfills,
- creating jobs, economic development, and new business opportunities that benefit both the environment and community to which SWACO is responsible.

**General Conditions**

1. RASTRA will design and construct a ± 25,000 sq. ft. building on approximately 3 acres of land leased by SWACO from the City of Columbus located at 2500 Jackson Pike, Columbus, OH. RASTRA will install the necessary equipment to process recyclable polystyrene and manufacture RASTRA building panels.
2. SWACO will sublease the land to RASTRA. The sublease must be assignable to the Columbus Franklin County Finance Authority (the “CFFA”) which will finance the building (see below).
3. Consistent with restrictions and limitations under State of Ohio Law, SWACO shall assist RASTRA in obtaining governmental permits and approvals for the production facility.
4. RASTRA agrees to manage and operate the facility, manage all sales and marketing efforts, and secure a sufficient source of polystyrene.
5. SWACO will work with tenants of the “Green Development Park” to maximize resources that could be shared for the purpose of “waste to food” activities.

**Financing**

The facility will be financed from three sources:

1. A \$2.3 million equity contribution from RASTRA to purchase equipment and to pay certain costs of issuance;
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2. A \$2.0 million Ohio Department of Development Loan to SWACO to purchase equipment.
3. A loan of \$4.2 million from CFFA to RASTRA for construction of the building. SWACO will back the CFFA loan by agreeing to purchase the building for the amount of the loan then outstanding in the event RASTRA defaults on the loan.

### **Security**

RASTRA shall pledge revenue from the facility to the payment of debt service on the building and rent on the equipment. RASTRA agrees not to pledge facility revenues to secure debt on any other facility.

### **Guarantees**

Personal Guarantee of RASTRA Ohio, Inc. President, Karl Holik, as to all obligations and that such personal guarantee and its underlying financial statements be reviewed and is subject to the approval of SWACO's Financial Advisor. RASTRA will provide a \$2,300,000 equity contribution to be used to purchase equipment as listed which will be used as collateral.

### **Leased Property**

Land ( $\pm 3$  acres), and Equipment (\$4,300,000 estimate).

### **Lease Term**

Initial term ending June 30, 2032 (twenty-five years after the commencement of commercial sales, tentatively June 1, 2008). The lease may be extended for an additional five-year term upon mutual agreement of both parties.

### **Lease Payments**

RASTRA to pay monthly rent equal to SWACO's cost of funds on any debt incurred by SWACO to acquire the Equipment plus fifty basis points (.50%). The land will be leased for \$5,000 per acre for the first 5 years and thereafter at 10% of appraised value per year, adjusted every 5 years by an appraiser mutually acceptable to both parties, which the cost of appraisal shall be shared by both parties.

### **Equipment Amortization**

In accordance with Ohio DOD loan to SWACO (equal principal over 84 months). Upon retirement of the Ohio DOD loan, SWACO will transfer title of the equipment purchased with the Ohio DOD loan and SWACO will release the equipment used as collateral to RASTRA.

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### **Building Amortization**

In accordance with the CFFA loan but anticipated to be level debt service with principal payments beginning May 15, 2009 with a final maturity of November 15, 2027.

### **Closing Costs**

Closing costs are to be at RASTRA's expense but may be paid from debt proceeds (or paid by SWACO) and included in the rent.

### **Waste Stream**

1. SWACO agrees to ban dedicated loads of polystyrene from the landfill and assist with the identification of other generators.
2. RASTRA agrees to reserve capacity for recyclable polystyrene from the SWACO District before receiving any polystyrene from outside the District.

### **Additional Rent**

RASTRA will pay SWACO additional rent of \$.10 per panel beginning three years after the commencement of commercial sales, not to exceed \$50,000 annually.

### **Preferential Pricing**

RASTRA agrees to sell RASTRA products for SWACO's use or for SWACO projects in accordance with the "Proposed Price Structure of RASTRA Material for SWACO Projects," attached hereto as Exhibit 1.

### **Educational Services**

RASTRA agrees to provide educational services such as classroom facilities, a viewing gallery and school tours.

### **Use of Infrastructure**

RASTRA agrees to pay a development fee for parking area, security, roadways and other shared facilities and services. Scale usage will be charged on a unit basis.

### **Access to Technology**

In addition to other remedies for a breach of the lease by RASTRA, title or license to the technology shall transfer to SWACO in the event of a breach.

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## **Interim Facility**

SWACO will assist RASTRA in identifying and locating an interim production facility in Columbus.

## **Responsibilities**

Each party will appoint a person to serve as the official contact and coordinate the activities of each organization in carrying out this agreement. The initial appointees of each organization are:

### For RASTRA:

Karl Holik  
President  
7621 E. Gray Road, Suite A1  
Scottsdale, AZ 85260  
Work 480-443-9211 ext 203  
Mobile 480-250-4250  
karl.holik@rastra.com

### For SWACO:

Timothy Berlekamp  
Director of Planning and Business Development  
6220 Young Rd.  
Grove City, OH 43123  
Work 614-801-6433  
Fax 614-871-5103  
Mobile 614-746-4685  
tim.berlekamp@swaco.org

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**PROPOSED PRICE STRUCTURE OF RASTRA MATERIAL  
FOR SWACO PROJECTS**

We offer SWACO preferred prices for Rastra materials for own projects, by selling for dealer prices. The price structure at the time the Ohio plant is in operation is not yet known. Currently we have a price policy, which considers 3 categories and the prices for each category and product:

Category	10" Rastra /sqft	12" Rastra/sqft	14" Rastra/sqft
Dealer/distributor	\$ 3.00	\$ 3.45	\$ 4.22
Representative	\$ 3.55	\$ 4.04	\$ 4.93
End user	\$ 3.95	\$ 4.53	\$ 5.49

The dealer/distributor price level applies to dealers in dedicated geographical areas within they market the product actively and attend local trade shows; representatives are sales outlets without actively marketing, they help with but do not pay for trade shows and marketing materials, could also be contractors buying greater volume; end-user is the home builder without a contractors license, on this price we grant a discount for licensed contractors unless they fall into the representative category.

We suggest to use the then prevailing end-user price as basis and calculate the dealer price at the time using the same margin.

\* This price structure was prepared by Mr. Karl Holik, RASTRA Ohio, Inc. President, and provided to SWACO on Friday, March 23, 2007.