

**MASTER PRODUCT AND SERVICES AGREEMENT
STATEMENT OF WORK A-1**

PROJECT	(“PROJECT SITE”): 1521 ½ Kingsdale Avenue Redondo Beach, CA 90278	EFFECTIVE DATE: Date Both Parties Have Signed																														
	CUSTOMER: City of Redondo Beach, a(n) California municipality	PALLET PBC (“PALLET”)																														
Contact Name	Michael Klein	Elizabeth Rugg																														
Billing Address	City of Redondo Beach Department of Public Works 531 N. Gertruda Ave Redondo Beach, CA 90277	1930 Merrill Creek Pkwy, Suite A Everett, WA 98203																														
Email Address	Michael.klein@redondo.org	Elizabeth@palletshelter.com																														
Telephone		425-595-4544																														
UBI/Business License No.		603 622 031																														
Federal Tax I.D.		8 2 - 1 5 1 6 7 2 2																														
Product Purchase and Sale:																																
Quantity and Type of Products Purchased:	<table border="1"> <thead> <tr> <th>Product</th> <th>Sales Price</th> <th>Quantity</th> <th>Discount (Percentage)</th> <th>Total Price</th> </tr> </thead> <tbody> <tr> <td>Shelter 64 SQF .5" Insulated</td> <td>\$7,995.00</td> <td>25.00</td> <td></td> <td>\$199,875.00</td> </tr> <tr> <td>120v Electrical Kit w/ 1500w Heater</td> <td>\$1,399.00</td> <td>25.00</td> <td></td> <td>\$34,975.00</td> </tr> <tr> <td>Air Conditioner and Install Kit - Shelter 64</td> <td>\$399.00</td> <td>25.00</td> <td></td> <td>\$9,975.00</td> </tr> <tr> <td>Folding Bunk Bed</td> <td>\$399.00</td> <td>25.00</td> <td></td> <td>\$9,975.00</td> </tr> <tr> <td>Custom Fit Mattress Pad</td> <td>\$299.00</td> <td>25.00</td> <td></td> <td>\$7,475.00</td> </tr> </tbody> </table>		Product	Sales Price	Quantity	Discount (Percentage)	Total Price	Shelter 64 SQF .5" Insulated	\$7,995.00	25.00		\$199,875.00	120v Electrical Kit w/ 1500w Heater	\$1,399.00	25.00		\$34,975.00	Air Conditioner and Install Kit - Shelter 64	\$399.00	25.00		\$9,975.00	Folding Bunk Bed	\$399.00	25.00		\$9,975.00	Custom Fit Mattress Pad	\$299.00	25.00		\$7,475.00
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Purchase Price for Products:	Total Purchase Price: \$262,275.00																															
Designated Ship Date:	Sleeping units - no later than December 31, 2023																															
Designated Delivery Date	January 5, 2024.																															
Description of Services:	<p>Pallet shall perform the following Services for the Project:</p> <p>Manufacturing Shelters and Shipping.</p> <p>Onsite assembly of Shelters and accessories at Customer’s Project Site before June 30, 2024</p>																															
Price for Services	Shipping: \$11,750.00 Assembly: \$30,000 discounted 100%																															
Tax:	\$26,032.41																															
Total Cost:	\$300,057.41																															
Payment Terms:	50% total contract cost upon signing, remaining product and shipping cost upon shipping. Customer shall pay the Purchase Price via wire transfer in accordance with the instructions contained in Pallet’s invoice. All prices are in U.S. dollars.																															
Funding Source:	Los Angeles County funds																															

Terms and Conditions:

This Statement of Work is subject to the Terms and Conditions attached to Statement of Work A-1 executed by the parties, which are incorporated herein by reference. Any and all documents, notes, memoranda or attachments made pursuant hereto are incorporated herein and made a part of this Statement of Work.

PALLET

PALLET PBC

a Delaware Public Benefit Corporation

By: _____
Amy King, President

Date: _____

CUSTOMER

City of Redondo Beach

a(n) California charter city

By: _____
William C. Brand, Mayor

Date: _____

ATTEST:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael W. Webb, City Attorney

**MASTER PRODUCT AND SERVICES AGREEMENT
TERMS AND CONDITIONS**

1. Terms and Conditions; Change Order.

(a) Terms and Conditions. As of the Effective Date set forth in an applicable Statement of Work (the “**SOW**”), of which these Terms and Conditions are attached and incorporated into by reference (these “**Terms**”), Pallet hereby agrees to: (i) manufacture and sell to Customer temporary emergency shelters commonly known as “Pallet Shelters™”(the “**Shelters**”) and supply related products, items and accessories (collectively with the Shelters, the “**Products**”) in accordance with the applicable SOW; and (ii) provide certain specialized installation and assembly services of the Products through its representatives or Subcontractors to and for the benefit of Customer (the “**Services**”), each as set forth in the applicable SOW for the project site described in the SOW (the “**Project Site**”), and Customer shall purchase the Products and Services in accordance with these Terms. For each SOW executed between Customer and Pallet, such SOW shall: (i) be numbered consecutively (e.g., A-1, A-2, A-3, etc.); (ii) expressly state that it is subject to the terms and conditions of these Terms; and (iii) be signed by both parties. As consideration for Products delivered and Services to be rendered by Pallet under these Terms, Customer shall pay to Pallet the “Purchase Price” for the Products and all “Fees” for the Services.

(b) Change Order. Subject to the terms and conditions of these Terms and the SOW, changes to any SOW can only be made by mutual written agreement of the Customer and Pallet (each, a “**Change Order**”). Any changes in the scope, timeframe, or any request for additional Services or Products that are not agreed to in the initial SOW may increase any estimated timeline for delivery of the Services or Products in such SOW. If Customer requests a Change Order, Pallet, in its sole and exclusive discretion, will determine whether it can comply with the requested changes and whether such changes would cause an increase in the price, Fees, and costs associated with the Services or Products, the time required to complete the Services or deliver the Products, or the effect on the performance of any part of the SOW.

2. Purchase Price; Fees. Payment of the purchase price for the Products (the “**Purchase Price**”), and the fees, costs and expenses for Pallet’s Services (collectively, the “**Fees**”) will be made in accordance with the applicable SOW. All prices are in U.S. dollars. Pallet shall invoice the Customer for its Products delivered and Services performed on a periodic basis as set forth in the applicable SOW. With the exception of any deposit, which is due upon signing this Agreement, and unless otherwise stated herein or in an applicable SOW, Customer shall pay all amounts invoiced from Pallet to Customer within thirty (30) days of the Customer’s receipt of the invoice. Customer shall promptly pay to Pallet any and all Fees and prepaid expenses reasonably incurred by Pallet in connection with the performance of the Services, including, without limitation, transportation, tickets, travel change fees, hotel costs, or any other purchases (the “**Prepaid Expenses**”) in accordance with the applicable (SOW).

3. Term; Termination. The term of these Terms shall extend from the Effective Date through the completion of all Services as set forth in the applicable SOW (the “**Term**”), subject to the following termination provisions. Pallet may terminate any SOW and these Terms, in whole or in part, for “Cause” upon not less than thirty (30) days prior written notice to Customer. For purposes of these Terms, “Cause” includes, but is not limited to, any of the following: (a) a material breach of these Terms or any SOW by Customer, including, without limitation, any non-payment of the Purchase Price, or any Fees when due; (b) any violation by Customer of any applicable federal, state and local laws, rules, orders, codes and regulations (collectively, “**Laws**”); or (c) if Customer is voluntarily or involuntarily dissolved, or is adjudged to be Bankrupt or is subject to a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of Customer’s insolvency. For the purpose of this Section, “Bankrupt” shall mean the filing of a voluntary or involuntary petition of bankruptcy or similar relief from creditors, insolvency, the appointment of a trustee or receiver, or any similar occurrence reasonably indicating an imminent inability to perform substantially all of the Customer’s duties under these Terms or any SOW. Upon any early termination of these Terms or otherwise, Pallet shall submit to Customer a detailed invoice of any Purchase Price remaining unpaid, and all Fees incurred to date, and Customer shall promptly pay the unpaid balance of the Purchase Price and all Fees within ten days of receipt.

4. **Products; Shipment of Products.**

(a) Purchase of Products. As consideration for the sale of the Products, the Customer shall pay to Pallet the total Purchase Price as set forth on the SOW. The Purchase Price is exclusive of any sales, use or privilege tax, personal property taxes, excise tax or any similar tax or charge that might be levied as a result of the production, sale or shipment of any Products, the use of the Products by Customer or the provision of Services (the “**Taxes**”). Customer agrees to pay and shall be solely responsible for any and all such Taxes (excluding taxes based on Pallet’s net income). Pallet shall have the option, but not the obligation, to pay any such Taxes directly, in which event Customer shall promptly reimburse Pallet in the amount thereof upon presentation by Pallet to Customer of evidence of payment.

(b) Shipment of Products. Pallet will use its best efforts to deliver the Products to the Customer at the Project Site on the date of delivery as set forth in the SOW. Notwithstanding the foregoing, Pallet will notify the Customer of any delays that may affect the estimated delivery date of the Products. If Pallet notifies Customer in accordance with these Terms, Pallet shall be afforded at least ten (15) additional days to deliver the Products. Customer shall have the right to cancel the order without penalty if the delivery is delayed beyond the additional fifteen (15) business days and fully refunded for any prepayments made to Pallet. Unless otherwise set forth in a SOW, Pallet shall be responsible for arranging for and coordinating the shipment of the Products to the Customer. Shipping dates, if any, set forth in the applicable SOW are approximate only and merely represent Pallet’s best estimate of the time required to make shipment of the Products.

(c) Delivery; Risk of Loss. Delivery of the Products to Customer will be F.O.B. Customer’s Project Site, as set forth in the SOW. All Products will be prefabricated at Pallet’s factory headquarters and shipped flat-packed in individual panels to the designated Project Site. Pallet will not “drop ship” to any other location other than Project Site. Unless otherwise instructed in writing by Customer, Pallet will have the sole and exclusive right to select the carrier for the shipment and delivery of the Products. Title and risk of loss to the Products purchased under these Terms shall pass to Customer upon delivery to the Project Site. Pallet shall be responsible for the choice of carrier and any loss or damage incurred during transportation. Pallet may deliver the Products in installments.

(d) Delay of Product Delivery. If any shipment or delivery of Products to the Customer is delayed at Customer’s request or due to the Customer’s inability to take possession of the Products (for any reason other than Pallet’s arbitrary decision not to perform), risk of loss to such Products shall pass to Customer on the date Pallet is prepared to ship the Products to the Customer. In addition to the foregoing, Pallet shall have the right, in its sole and exclusive discretion, to: (i) invoice the Customer for the Purchase Price of such Products, and such invoice shall be due upon receipt; (ii) increase the Purchase Price and Fees due from Customer to Pallet due to any changes or increases in the same since the execution of the initial SOW, provided, however, that any price adjustments due to changes in the scope of work or external market factors must be mutually agreed upon in writing by both parties; (iii) store the Products at a location acceptable to Pallet, and charge the Customer all costs and expenses associated with such storage and with transport to such storage site, F.O.B. Pallet’s factory, which Customer shall promptly reimburse to Pallet upon receipt of an invoice for the same; and/or (iv) require the Customer to arrange for and cover all costs and expenses related to the shipment of the Products from the applicable storage location to the Project Site, all transport F.O.B. Pallet’s factory.

(e) Inspection; No Refunds. Upon delivery of the Products, the Customer shall have a period of thirty (30) days to inspect all Products. If any defects or non-conformities are found, the Customer must notify Pallet within this inspection period (a “**Rejection Notice**”). Such Rejection Notice must specify in detail: (i) the total amount of Products that the Customer is rejecting; (ii) the specific details of the reason for rejection, including specific defective parts and pictures, videos, and reports of the alleged defect in the Products; and (iii) whether the alleged defects breach any express warranty of Pallet. In cases where a Product is found to be defective and such defect is covered under Pallet’s Warranty, the Pallet shall either provide a repair or replacement for the defective

Product. Pallet must be provided thirty (30) days to inspect, examine, and investigate the alleged defective Products and provide an opportunity to cure. If a Product is deemed defective and subject to return, Pallet shall bear the cost of shipping for returning the Product. Pallet will provide the Customer with the necessary shipping labels and instructions for the return. For any Third-Party Products included in the delivery, Pallet will assist the Customer in facilitating warranty claims with the respective suppliers or manufacturers. In the event that such suppliers or manufacturers are unresponsive or unable to fulfill their warranty obligations, Pallet will take reasonable steps to provide an alternative solution to the Customer, which may include helping the Customer to locate a substitute product or providing a comparable service.

5. **Limited Warranty of Pallet.** Seller agrees to warrant select Products under the terms of its standard limited warranty (the “**Limited Warranty**”), subject to modifications by Pallet. The current form of the Limited Warranty is available at www.palletshelter.com/warranty. In the event that any Products warranted under the Limited Warranty fail to comply with the stated terms, and the Customer reports such non-compliance within the warranty period in accordance with these Terms, Pallet will offer the Customer the options of repair or replacement. Customer acknowledges and agrees that this Limited Warranty extends only to Customer, and does not extend to any subsequent owner, transferee, assignee or user/resident of the Products; provided, however, this Limited Warranty may be assigned to a subsequent owner, transferee or assignee of the Products, subject to Customer’s compliance with Section 12(c), below.

6. **Customer’s Duties.**

(a) Customer shall fully cooperate with Pallet in its delivery of the Products and performance of the Services, and provide to Pallet true, complete and correct copies of all reasonably requested documentation or information reasonably necessary, desirable or required by Pallet in connection with the delivery of the Products and performance of the Services. Upon forty eight (48) hours notice, Customer shall cooperate in good faith with Pallet to provide Pallet with reasonable access to any Customer facilities, officers, directors, employees, contractors, officials, or affiliates as reasonably necessary or desired by Pallet in connection with the performance of the Services. Customer represents and warrants that to the best of its knowledge, all documents, disclosures, information and other materials provided by the Customer to Pallet in connection with the Services, including, without limitation, all third-party documents, disclosures, and/or information, are true, complete, correct, non-infringing and not materially misleading in any way. Customer and Pallet represent and warrant that the individuals executing the SOW on its behalf have all necessary, legal and requisite power and authority to execute, deliver the SOW and perform these Terms, and all other agreements and instruments to be executed and delivered in connection with these Terms.

(b) While Pallet will provide the Products and Services set forth herein, Customer shall be solely and exclusively responsible and liable for: (i) ensuring that all transactions, documents and operations in connection with these Terms, including, without limitation, all operations at the Project Site, are in compliance with all applicable Laws; (ii) procuring and maintaining all applicable permits, certifications, licenses and approvals necessary under all applicable Laws for the delivery and use of all Products and performance of all Services, including but not limited to, consultation with, inspections, and approvals from local building officials and fire authorities regarding site layout and shelter spacing; (iii) cleaning and maintaining the Products, including, without limitation, by following all user manuals, cleaning instructions and Product manuals provided by Pallet to Customer; (iv) ensuring the safety of the Products (including, without limitation, protecting, monitoring and maintaining all fire extinguishers, smoke detectors, electrical panels, keys, door locks, door handles and entrances to the Shelters), the Product’s end users and residents and the Project Site after the completion of the applicable Services; and (v) to the extent Customer uses its own Representatives to perform any assembly or installation of any Products, the acts, errors, omissions, negligence or misconduct of Customer and its Representatives in connection herewith.

(c) Pallet will assemble the Products into shelters; however, it shall have no responsibility for any Services not expressly set forth herein, including site grading, shelter leveling, electrical or plumbing connections, or staking units to the ground. Customer shall have the responsibility to provide: (i) site grading or platforms with

all sleeping shelter installation surfaces within 1/2" of level; (ii) a site map clearly indicating the location and placement of each shelter, including the direction the shelter should be facing; (iii) a telehandler forklift with lifting capacity of at least 6,000 pounds and 8-foot forks for all structures, including all sleeping units (64, 70, 120SQFT) and community rooms (400 and 800SQFT); (iv) a secure worksite with onsite security for the duration of the assembly and appropriate warnings for any non-obvious dangers, e.g., unmarked open trenches; (v) access to an appropriate dumpster for refuse; (vi) access to an onsite bathroom compliant with OSHA; (vii) Customer shall provide licensed contractors to perform electrical and plumbing hook-ups; and, (viii) for purchase of hygiene or laundry units, Customer shall be responsible to unload these units from the delivery trucks, to install toilets, sinks, heater/ac in hygiene units, and to procure and install washer/dryers in the laundry units. Further, Customer shall communicate to Pallet a date upon which its site is prepared and ready for shelter assembly and the Parties agree that date shall be no later than June 30, 2024 ("Assembly Date"). Customer acknowledges and agrees that Pallet will incur expenses and allocate resources in reliance on and in preparation for the Assembly Date that Customer provides. Customer shall not change the Assembly Date with less than 14 days' notice to Pallet. In the event Customer cancels or postpones the Assembly Date with less than 14 days' notice, Customer shall be responsible for any fees, penalties, or other non-refundable charges, plus an administrative surcharge equal to 10% of the assembly fees to compensate Pallet for the misallocation of resources and for opportunities lost in reliance on Customer's Assembly Date. Any failure by Customer to perform any of sub-parts (i) – (vii) prior to Pallet's arrival to assemble shelters may result in a Change Order reflecting lost time for the period of delay at a rate of \$85 per hour per Pallet employee on site, if it is commercially reasonable for Pallet to wait for the site to be adequately prepared, or, if it is not commercially reasonable for Pallet to wait for the site to be adequately prepared, Customer shall pay the costs associated with return travel for Pallet employees. At the conclusion of the project, Customer shall make available on site a duly authorized representative to participate in a walk through and inspection of the assembled units and sign off on a document denoting satisfactory completion or identifying items to be completed prior to satisfactory completion. Customer acknowledges and agrees that any failure to provide an authorized party to participate in the final walk through and inspection may render Pallet's warranty null and void, at Pallet's sole and absolute discretion, and shall waive any future right to claim any defect in the work performed or goods provided.

(d) Customer acknowledges and agrees that it has received and reviewed Pallet's Village Dignity Standards in the form attached hereto as Exhibit 1 (the "**Dignity Standards**"). Customer agrees that it shall use its reasonable best efforts acting in good faith to comply with, and cause its employees, agents, contractors, volunteers, Project Site managers and service providers (collectively, "**Representatives**") to comply with, the Dignity Standards for the Project Site and in connection with its use, maintenance and safety of the Products. Customer shall be primarily responsible and liable for any of its Representatives' adherence to the Dignity Standards in accordance with the terms herein. Customer represents and warrants that it has sufficient resources to comply with and adhere to the Dignity Standards and shall maintain sufficient resources at all times while it owns or licenses the Products to comply with the Dignity Standards. Customer acknowledges that its duties and obligations within this Section 6(d) are a material inducement for Pallet to enter into these Terms and for Pallet to execute the SOW, and that any failure by Customer or its Representatives to adhere to the provisions in this Section 6(d) shall constitute a material breach of these Terms. In the event of a material breach of this Section 6(c), and Pallet's receipt of notice or knowledge of the same, Pallet shall send written notice to Customer detailing the terms of the material breach and the actions that Pallet requires Customer to take in order to cure such material breach. Customer will have a period of ten (10) days, or longer where the Parties agree, from its receipt of Pallet's notice to cure to initiate the prescribed corrective actions. The terms and conditions of this Section 6 shall survive the delivery of the Products or any earlier termination or expiration of these Terms or any SOW. However, Pallet shall not be held liable for failures by the Customer to comply with the Dignity Standards that arise solely from the Customer's negligence.

(e) Customer hereby agrees to: (i) utilize reasonable efforts in performing and fulfilling its obligations hereunder; (ii) treat all end users or residents of the Products equitably, with respect, and shall not discriminate unlawfully among them in any manner; (iii) ensure that all Products reach applicable Representatives with any literature, warranties, standards/guidelines (including Dignity Standards), disclaimers and applicable licenses provided by Pallet intact; and (iv) conduct its business in a manner that will reflect favorably on Pallet and its image, credibility, good name, goodwill and reputation. Customer recognizes the great and material value of the goodwill

associated with the Pallet trademarks, service marks, logos and brands (collectively, the “**Pallet Marks**”) associated with the Products, and acknowledges that such goodwill belongs and inures solely to Pallet and that such Pallet Marks have secondary meaning in the minds of the public. Customer recognizes that the nature of the business of Pallet requires public respect for and trust in the reputation and integrity of Pallet and its Products.

7. **Subcontractors.** Subject to the terms and conditions of these Terms, Pallet may seek to assign its rights, duties or obligations under these Terms to its partners, joint venturers, contractors, agents and subcontractors (collectively, “**Subcontractors**”) with respect to the performance of Services only, on a per Project basis, subject to the limitation set forth in these Terms and any SOW. However, such assignment to Subcontractors is contingent upon the prior written approval of the Customer for each individual Subcontractor. Prior to assigning any such rights, duties, or obligations to a Subcontractor, Pallet is required to provide the Customer with comprehensive information about the proposed Subcontractor, including but not limited to their qualifications, relevant experience, proposed role in the Project, and any other pertinent information that the Customer may reasonably request to assess the Subcontractor. The Customer reserves the right to approve or reject the use of any proposed Subcontractor based on the information provided. This approval shall not be unreasonably withheld or delayed. In cases where the Customer does not approve a proposed Subcontractor, Pallet shall either propose an alternative Subcontractor or make arrangements to fulfill the obligations using its own resources, subject to the Customer’s subsequent approval. In the event of the termination or expiration of these Terms, all subcontract rights will terminate effective as of the termination or expiration of these Terms.

8. **Relationship of the Parties; Independent Contractor.** These Terms are intended to create an independent contractor relationship between the Parties. Nothing contained herein shall be construed to: (i) give either Party the power to direct or control the day-to-day activities of the other; (ii) constitute the Parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking; or (iii) allow either Party to create or assume any obligation on behalf of the other Party for any purpose whatsoever, including, without limitation, representations, contractual obligations, or obligations based on warranties or guarantees. Pallet shall have and retain sole and exclusive control over the time, place and manner in which it performs the Services.

9. **Reserved.**

10. **Insurance.** Pallet shall comply with the requirements set forth in Exhibit 2 (the “**Insurance Requirements for Pallet**”). Insurance requirements that are waived by the Customer's Risk Manager do not require amendments or revisions to this Agreement.

11. **No Warranties; Limitation of Liability; Assumption of Risk.**

(a) No Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THESE TERMS, TO THE FURTHEST EXTENT PERMITTED BY APPLICABLE LAW, PALLET HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, EITHER IN FACT OR BY OPERATION OF LAW, INCLUDING: (I) ANY WARRANTIES REGARDING ANY PRODUCT OR ANY SERVICES PROVIDED BY PALLET AND ANY OTHER TECHNICAL INFORMATION, TECHNIQUES, MATERIALS, METHODS, PRODUCTS, PROCESSES, OR PRACTICES MADE AVAILABLE BY PALLET; (II) ALL IMPLIED WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT; (III) WARRANTIES ARISING FROM A COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE, OR TRADE PRACTICE. WITHOUT LIMITATION, PALLET WILL HAVE NO LIABILITY WHATSOEVER TO CUSTOMER OR ANY OTHER PERSON FOR OR ON ACCOUNT OF ANY INJURY, LOSS, OR DAMAGE, OF ANY KIND OR NATURE, SUSTAINED BY, OR ANY DAMAGE ASSESSED OR ASSERTED AGAINST, OR ANY OTHER LIABILITY INCURRED BY OR IMPOSED ON CUSTOMER OR ANY OTHER PERSON, ARISING OUT OF ANY INJURY CAUSED TO ANY PERSON OR PROPERTY BY CUSTOMER OR ANY CUSTOMER PARTY. NO EMPLOYEE, SUBCONTRACTOR OR REPRESENTATIVE OF PALLET

IS AUTHORIZED TO MODIFY ANY PALLET WARRANTY WITHOUT THE EXPRESS WRITTEN CONSENT OF PALLET'S PRESIDENT.

(b) Limitation of Liability. TO THE FULLEST EXTENT PERMITTED BY LAW, PALLET WILL NOT BE LIABLE TO CUSTOMER, OR ANY CUSTOMER PARTY OR ANY OTHER PERSON FOR ANY INJURY TO OR LOSS OF GOODWILL, BUSINESS, OR OPPORTUNITIES (REGARDLESS OF HOW THESE ARE CLASSIFIED AS DAMAGES), OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, PUNITIVE, OR ENHANCED DAMAGES, WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCT LIABILITY, OR OTHERWISE (INCLUDING THE ENTRY INTO, PERFORMANCE, OR BREACH OF THESE TERMS), REGARDLESS OF WHETHER SUCH LOSS OR DAMAGE WAS FORESEEABLE OR THE PARTY AGAINST WHOM SUCH LIABILITY IS CLAIMED HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

12. **Miscellaneous.**

(a) Entire Agreement; Conflicts. These Terms and the applicable SOWs, collectively represent the full, final and comprehensive agreement and understanding of the Parties and any modification thereof shall not be effective unless contained in writing and signed by both Parties. Any prior or contemporaneous agreements, whether oral or written, relating to the subject matter discussed herein have been merged into these Terms. In the event of any conflict between the terms and provisions of these Terms and those of any SOW or other document, the following order of precedence will govern: (i) the most recent Change Order shall control over any other Change Order, SOW or these Terms; and (ii) the most recent SOW shall control over any prior SOW or these Terms.

(b) Severability. Each provision of these Terms shall be considered severable such that if any one provision or clause conflicts with existing or future applicable law, or may not be given full effect because of such law, this shall not affect any other provision of these Terms that can be given effect without the conflicting provision of clause; provided however, that such provision shall be modified, to the minimum extent possible and necessary, to be enforceable to the fullest extent and in compliance with any such applicable laws, prior to it being severed from these Terms in its entirety.

(c) Assignment; Third-Party Beneficiaries. Customer may not assign an applicable SOW and these Terms (and the Limited Warranty associated herewith) to a subsequent owner, transferee or assignee of the Products herein without the prior written consent of Pallet. These Terms are for the sole benefit of the Parties and their respective successors and permitted Assigns and nothing herein, express or implied, including specifically the duties and obligations set forth in Section 6(c), is intended to or will confer upon any other person, governmental entity, business or entity, any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of these Terms.

(d) Governing Law; Venue; Arbitration; Equitable Relief.

(i) Governing Law; Venue. Subject to Section 12(d)(ii), below, these Terms, any SOW and any Change Order shall be governed by and construed in accordance with the domestic laws of the state of California without giving effect to any choice of law or conflict of laws provision or rule (whether of the state of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the state of California. The Parties hereto agree that the exclusive jurisdiction and venue for any action brought between the Parties under these Terms shall be the Superior Court for Los Angeles County, California, or the federal courts residing in the Southern District of California, and each of the Parties hereby agrees and submits itself to the exclusive jurisdiction and venue of such courts for such purpose. In the event of any litigation between the Parties hereto arising out of these Terms, the prevailing Party shall be allowed all reasonable attorneys' fees, court costs

and expenses incurred in such litigation, including all such expenses incurred on appeal, together with all reasonable costs and disbursements necessary to enforce these Terms.

(ii) Arbitration. The parties will first make a good faith effort to settle by negotiation any dispute regarding these Terms. If a settlement has not been reached within fifteen (15) days of commencing that negotiation, then either party may submit the dispute to arbitration administered by the Judicial Arbitration Mediation Service (“JAMS”). There will be one arbitrator selected by the parties within ten (10) days of the notice of the arbitration demand or, if not, by JAMS, from its list of approved arbitrators with experience in hearing related cases. JAMS’ “Streamlined Arbitration Rules & Procedures” shall apply to all other claims involving less than \$250,000. All other claims shall be determined in accordance with JAMS Comprehensive Arbitration Rules and Procedures. The award rendered by the arbitrator shall be final and binding on the parties and may be entered and enforced in any court having jurisdiction, and any court where a party or its assets is located (to whose jurisdiction the parties’ consent for the purpose of enforcing the award). However, this Section will not apply to (A) actions for equitable relief, or (B) actions to enforce or appeal any arbitration award. Any arbitration under this Section will be conducted in Los Angeles County, California at the offices of Customer’s counsel. In any action under the preceding clause (A) or (B), each party waives any right to a jury trial. The arbitrator shall apply substantive law and may award reasonable attorneys’ fees and costs to the substantially prevailing party consistent with these Terms. The award rendered by the arbitrator shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction.

(iii) Equitable Relief. Each Party acknowledges that a material breach by the other Party of these Terms may cause the non-breaching Party irreparable harm, for which an award of damages would not be adequate compensation and, in the event of such a material breach or threatened breach, the non-breaching Party will be entitled to seek equitable relief, including in the form of a restraining order, orders for preliminary or permanent injunction, specific performance, and any other relief that may be available from any court, and the Parties hereby waive any requirement for the securing or posting of any bond or the showing of actual monetary damages in connection with such relief. These remedies are not exclusive but are in addition to all other remedies available under these Terms at law or in equity, subject to any express exclusions or limitations in these Terms to the contrary.

(e) Survival. The provisions of Sections 2, 3, 4(d), 5, 6, 8, 9, 11 and 12 shall survive the termination or expiration of these Terms.

(f) Notices. Any notice required or permitted by these Terms shall be in writing and delivered in person, sent by documented overnight delivery service, mailed by certified or registered mail, postage prepaid, or sent via email to the appropriate designated address of the intended recipient, transmission verification required, to the appropriate Party or Parties at the addresses referenced in the applicable SOW, or to such other address as the Parties may hereafter designate to the other in writing.

(g) Force Majeure. A Party (referred to in this Section as a “**Force Majeure Party**”) shall be excused from the performance of its applicable obligation(s) under these Terms (other than the payment of any monies owed to the other Party, including, without limitation, any Purchase Price or Fees) to the extent that such performance is made commercially impracticable, illegal, or impossible by an event of Force Majeure that is beyond the Force Majeure Party’s reasonable control, and the Force Majeure Party provides written notice of the prevention within ten (10) business days of the occurrence of the Force Majeure event to the other Party (including details of the Force Majeure event, its anticipated duration and any action being taken to avoid or minimize its effect) and uses commercially reasonable efforts to avoid the effects of such Force Majeure and to perform the affected obligation(s) to the extent reasonably possible. Such excuse of performance shall be continued for so long as the condition constituting Force Majeure continues and the Force Majeure Party takes reasonable efforts to remove the condition or otherwise perform the affected obligation(s). For purposes of these Terms, “**Force Majeure**” shall mean only acts of God, strikes, civil disturbances, fires, earthquakes, governmental order or proclamation, outbreak or pandemic, supply chain interruption (to the extent such interruption is not caused by the gross negligence of such Party), acts of terrorism, floods, explosions, riots, war, rebellion, sabotage or failure or default of public utilities or

common carriers. For clarity, notwithstanding the existence of a Force Majeure impacting a Party's performance hereunder, such Force Majeure Party shall continue performing all of its other obligations hereunder, and the other Party shall be excused from performing such of its obligations under these Terms that it cannot reasonably perform due to the non-performance by the Force Majeure Party due to such Force Majeure, until such Force Majeure Party completes performance of such obligations that are prevented by such Force Majeure.

(h) No Public Statements. Except as explicitly provided in this section, required by applicable law, or as described in the following exemptions, neither Party may issue or release any announcement, statement, press release, or other publicity or marketing materials relating to these Terms or, unless expressly permitted under these Terms, otherwise use the other party's trademarks, service marks, trade names, logos, domain names, or other indicia of source, association, or sponsorship, in each case, without the prior written consent of the other party, which may not be unreasonably withheld, conditioned or delayed. Notwithstanding the above restrictions, the prohibition against public statements shall not apply in the following circumstances: (i) When the information was disclosed due to any rule, order, referral, or request, including without limitation any rule, order, referral, or request of Customer's City Council; or (ii) when the information was disclosed as part of the Customer's customary contract approval process.

(i) Construction. The Parties hereby reaffirm that each has read the foregoing Terms and that each Party has had the opportunity to review, negotiate and participate in the creation of these Terms through independent counsel. The provisions contained herein shall not be construed or interpreted for or against any Party hereto because that Party drafted or caused that Party's legal representative to draft any of its provisions.

Exhibit 1

PALLET VILLAGE DIGNITY STANDARDS

INHERENT & ABSOLUTE

Pallet's mission is to end unsheltered homelessness. Pallet villages are operated by community partners who collaborate with village residents to end their unhoused status, while transitioning into stable housing as quickly as possible. Villages provide life-sustaining services in a manner that fosters a safe, affirming, and dignified atmosphere for all residents. Discrimination or disparate treatment toward village residents on the basis of race, religion, national origin, immigration status, gender or non-gender conforming, sexual orientation, or any other protected class is strictly prohibited.

At Pallet, we believe in all people's inherent and absolute dignity. Guided by feedback from village operators and Pallet team members with lived-experience, we have created a set of dignity standards intended as universal and irreducible requirements for the purchase and use of Pallet shelters. These are organic principles intended to evolve and refine as we learn more about what works best.

HYGIENE FACILITIES

Everyone is entitled to hygiene and sanitation that is clean, safe, secure, and that provides privacy and ensures dignity. Well-maintained toilets are mandatory at all Villages and must be available at all times. Flush toilets are strongly preferred, especially as the number of residents increases. Well-maintained hand-washing facilities are mandatory and must be available at all times. Residents must have access to showers. Showers on site are preferred. An alternative shower plan is acceptable assuming reasonable distance and safety. Residents must be able to wash their clothes as needed. Laundry on site is preferred. An alternative laundry plan is acceptable assuming reasonable distance and safety.

MEALS

All people should live free of hunger, food insecurity, and malnutrition and Villages are required to confront and solve for these issues. Clean, safe drinking water must be available to all residents at all times. The provision of two-to-three nutritious meals daily and a place to prepare meals is strongly preferred. Operators should ensure that all areas used for food storage or preparation are kept sanitary and comply with local health codes. When needed, residents should be aided in signing up for food-based government benefits upon moving in.

TRANSPORTATION

Access to essential services is a basic human right. Villages must not be more than one mile from an active public transportation hub allowing access to essential services such as food, healthcare, public benefits, and employment. Where not possible, shuttle services or other alternative transportation must be provided.

Accommodations should be made for disabled persons who are unable to access general means of transportation.



SAFETY

We all want to feel safe in our neighborhoods. Residents, staff, and the surrounding communities should be afforded every available measure of safety and security. Site infrastructure must include exterior fencing, locking gate/monitored entrances, and operable lighting. Cabin spacing must be approved by the local fire authority, addressing the risk of fire and its potential to spread. Village operators must maintain and ensure clear pathways between and in each cabin. Operators must enforce a strict policy against smoking or open flames inside cabins. Operators must have sufficient staff on duty at all times and enforce established safety measures. Staff with de-escalation and trauma-informed training is strongly preferred. A zero-tolerance policy toward violence, abuse of power, threats/intimidation, sexual harassment/assault, or discrimination of any kind is mandatory for all persons at the village.

SUPPORTIVE SERVICES

The primary function of villages is to provide a supportive, safe community for residents to access services needed to permanently end their unhoused status. Village operators must engage residents in supportive services/case management. Supportive services must be client-centric with an emphasis on attaining stable housing, publicly available benefits, holistic health care, vital documents, and employment. Case management should be frequent, consistent, and transparent. It must be offered by trained staff.

Exhibit 2

Insurance Requirements for Pallet

Without limiting Pallet's indemnification obligations under this Agreement, Pallet shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Pallet, its agents, representatives, or employees.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).

Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).

Workers' Compensation insurance as required by the State of California.

Employer's Liability Insurance.

Minimum Limits of Insurance

Pallet shall maintain limits no less than:

General Liability: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Pallet is permitted to supplement any of the above coverage limits through excess/umbrella liability policy.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the Customer. At the option of the Customer, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Customer, its officers, officials, employees and volunteers or (2) the Pallet shall provide a financial guarantee satisfactory to the Customer guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Endorsement:

General Liability: The Customer, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of work performed by or on behalf of the Pallet. General liability coverage can be provided in the form of an endorsement to the Pallet's insurance, or as a separate owner's policy.

Automobile Liability: The Customer, its officers, elected and appointed officials, employees, and volunteers shall be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Pallet.

For any claims related to this project, the Pallet's insurance coverage shall be primary insurance as respects the Customer, its officers, elected and appointed officials, employees, and volunteers. Any insurance or self-insurance maintained by the Customer, its officers, officials, employees, or volunteers shall be excess of the Pallet's insurance and shall not contribute with it.

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Customer.

Each insurance policy shall be endorsed to state that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as though separate policies had been issued to each insured.

Each insurance policy shall be in effect prior to awarding the contract and each insurance policy or a successor policy shall be in effect for the duration of the project. The maintenance of proper insurance coverage is a material element of the contract and failure to maintain or renew coverage or to provide evidence of renewal may be treated by the Customer as a material breach of contract on the Pallet's part.

Acceptability of Insurers

Insurance shall be placed with insurers with a current A.M. Best's rating of no less than A:VII and which are authorized to transact insurance business in the State of California by the Department of Insurance.

Verification of Coverage

Pallet shall furnish the Customer with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the Customer authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to Customer approval and amended to conform to the Customer's requirements may be acceptable in lieu of Customer authorized forms. All certificates and endorsements shall be received and approved by the Customer before the contract is awarded. The Customer reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Subcontractors

Pallet shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Risk Management

Pallet acknowledges that insurance underwriting standards and practices are subject to change, and the Customer reserves the right to make changes to these provisions in the reasonable discretion of its Risk Manager.