SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between the California Air Resources Board ("ARB"), with its principal office at 1001 I Street, Sacramento, California, and Sunnyside Corporation ("Sunnyside") with its principal place of business at 225 Carpenter Avenue, Wheeling, Illinois.

RECITALS

A. In an August 26, 2011 letter and subsequent meetings and correspondence, Sunnyside disclosed to ARB that between January 2011 and August 2011, Sunnyside manufactured Sunnyside Paint Thinner, Specs Paint Thinner, Odorless Paint Thinner, Mineral Spirits, VM & P Naphtha, Xylol, Methyl Ethyl Ketone, All Pro MEK, Gum Spirits, Turpentine, Vista VP-2 Lacquer Thinner, Lacquer Thinner, Utility Grade, Lacquer Thinner, 457, Allpro Lacquer Thinner, Lacquer Thinner, 457, Frazee, Lacquer Thinner, 457, ICI products that were sold, supplied, and offered for sale in California and were subject to the volatile organic compound ("VOC") limit for the Paint Thinner and/or Multi-purpose Solvent categories in title 17, California Code of Regulations ("CCR"), section 94509(a).

B. Sunnyside further disclosed the products described in recital paragraph A displayed incorrect date-codes.

C. ARB alleges the products described in recital paragraph A contained concentrations of VOCs exceeding the thirty percent VOC limit for Paint Thinners and Multi-purpose Solvents specified in title 17, CCR, section 94509(a).

D. ARB alleges the lacquer thinner and xylol products referenced in recital paragraph A contained concentrations of aromatic compounds exceeding the one percent by weight limit for Paint Thinners and Multi-purpose Solvents specified in title 17, CCR, section 94509(a).

E. ARB alleges the products described in recital paragraph A were in violation of title 17 CCR, section 94512(b)(1), which requires manufacturers of a consumer products subject to section 94509 to clearly display on each consumer product container or package, the day, month, and year the product was manufactured, or a code indicating such date.

F. ARB alleges that if the allegations described in recital paragraphs A, B, C, and D, were proven, civil penalties could be imposed against Sunnyside as provided in California Health and Safety Code ("HSC") sections 42402, et seq..

G. Sunnyside admits the factual allegations described in recital paragraphs A, B, C, and D, but denies any liability resulting from said allegations.

H. The parties agree to resolve this matter completely by means of this Agreement, without the need for formal litigation.

Therefore, the parties agree as follows:

TERMS AND CONDITIONS

1. Sunnyside shall not sell, supply or offer for sale for use in California any consumer products in violation of ARB consumer products regulations set forth in title 17, CCR, Section 94500 et seq. The terms and conditions set forth in this Agreement will remain valid and enforceable notwithstanding any future violations that may occur.

2. In settlement of the above-described violations, Sunnyside agrees to pay a penalty to ARB in the sum of seven hundred fifty thousand dollars ($750,000.00). This amount shall be paid in three parts: One separate payment of two hundred eighty-one thousand two-hundred and fifty dollars ($281,250.00) shall be made to the "**Air Pollution Control Fund**" and be due and payable upon execution of the agreement; a second separate payment of one hundred eighty-seven thousand five-hundred dollars ($187,500.00) shall be made to the School Bus and Diesel Emission Reduction Supplemental Environmental Project ("SEP") and payment shall be made by December 14, 2015 to the "**San Joaquin Valley Air Pollution Control District**" with "For School Bus and Diesel Emission Reduction SEP" annotated in the Note or Memo line of the check; and, the third payment of two hundred eighty-one thousand two-hundred and fifty dollars ($281,250.00) shall be made to the **"Air Pollution Control Fund"** and paid within six months of the execution of this Agreement.

3. All payments shall be delivered to the address shown on the Settlement Agreement Payment Transmittal Form.

4. This settlement shall apply to and be binding upon Sunnyside and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this settlement.

5. The parties stipulate this Agreement shall be the final resolution of ARB claims regarding the above-described violations and shall have the same res judicata effect as a judgment in terms of acting as bar to any civil action by ARB against Sunnyside, its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations for the alleged violations stated in recital paragraphs A, B, and C, and D. This Agreement shall be deemed the recovery of civil penalties for purposes of precluding subsequent criminal action as provided in HSC section 42400.7(a).

6. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice of law rules.

7. This Agreement constitutes the entire agreement and understanding between ARB and Sunnyside concerning the claims and settlement in this

Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreement of any kind or nature, whether written or oral, between the ARB and Sunnyside concerning these claims.

8. No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all parties to this Agreement.

9. Each of the undersigned represents and warrants he or she has full power and authority to enter into this Agreement.

10. SB 1402 Statement. California Health and Safety Code (HSC) section 39619.7 (Senate Bill 1402 - Dutton, Chapter 413, statutes of 2010) requires ARB to provide information on the basis for the penalties it seeks. This Settlement Agreement includes this information, which is also summarized here.

The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.

The penalty provision being applied is this case is HSC section 42402, et seq. because Sunnyside sold, supplied, offered for sale, or manufactured for sale consumer products for commerce in California in violation of the Consumer Products Regulations (Title 17 California Code of Regulations (CCR) section 94507, et seq.). The penalty provisions of HSC section 42402, et seq. apply to violations of the Consumer Products Regulations because these regulations were adopted under authority of HSC section 41712 which is in Part 4 of Division 26 of the Health and Safety Code.

The manner in which the penalty amount was determined, including aggravating and mitigating factors and per unit or per vehicle basis for the penalty.

Penalties must be set at levels sufficient to discourage violations. ARB considered all relevant circumstances in determining the penalty in this case, including the eight factors specified in HSC section 42403.

HSC section 42402, et seq. provides strict liability penalties of up to $10,000 per day for violations of the Consumer Product Regulations. In this case, ARB considered all relevant circumstances, including Sunnyside's self-disclosure and the fact that it is Sunnyside's first violation. In this case the total penalty of $750,000 reflects a penalty of approximately $50,000 for each product line involved. Penalties in future cases might be higher or lower, depending on the circumstances.

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.

The Consumer Product Regulations do not prohibit emissions above a specified level, but they do limit the concentration of VOCs in regulated products. In this case it was not practicable to quantify the excess emissions attributable to the violations.

11. Sunnyside acknowledges ARB has complied with SB 1402 in investigating, prosecuting and settling this case. Specifically, ARB has considered all relevant circumstances, including those listed at HSC section 42403, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined this penalty is not being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

12. Final penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar negotiated cases, and the potential costs and risk associated with litigating these particular violations. The penalty reflects violations extending over a number of days considered together with the complete circumstances of this case. The penalty was discounted in this matter based on Sunnyside's self-disclosure and the fact it is Sunnyside's first violation. Penalties in future cases might be smaller or larger, depending on the circumstances.

13. The final penalty in this case was based, in part, on confidential financial information or confidential business information provided by Sunnyside that is not retained by ARB in the ordinary course of business. The penalty in this case was also based on confidential settlement communications between ARB and Sunnyside that ARB does not retain in the ordinary course of business. The penalty also reflects ARB's assessment of the relative strength of its case against Sunnyside, the desire to avoid the uncertainty, burden and expense of litigation, to obtain swift compliance with the law and to remove any unfair advantage Sunnyside may have secured from its actions.

14. In the event any of the three payments as described in Paragraph 2, is not timely received by ARB by the due date identified in Paragraph 2, ARB's counsel shall send written notice to Sunnyside through its attorney, Paul R. Garcia, via e-mail transmission to pgarcia@partridgegarcia.com and/or U.S. Mail to Mr. Paul R. Garcia at 321 North Clark Street, Suite 720, Chicago, IL 60652. Sunnyside shall then have ten (10) days within which to cure any default noted. If Sunnyside does not cure the default by the end of the ten (10) day period, ARB will be authorized to make an *ex parte* application to a Court of competent jurisdiction to enter final judgment to reflect the unpaid and outstanding amount of the Settlement due and owing to ARB and/or the SEP Program, as appropriate. The *ex parte* application to the Court shall be by way of written declaration which shall specify which settlement and its corresponding amount,

was not timely received and shall also state written notice was sent to Sunnyside, as noted above, and ten (10) days have elapsed since the notice of non-payment was sent and such payment has not been received. Upon such application, ARB shall be entitled to have Final Judgment entered in the full amount against Sunnyside, less any credit given to Sunnyside for all payments actually received.

15. This Agreement contains all of the terms and conditions agreed upon by the Parties relating to the matters covered by this Agreement, and supersedes any and all prior and contemporaneous agreements, negotiations, correspondence, understandings, and communications of the parties, whether oral or written, respecting the matters covered by this Agreement. This Agreement may be amended or modified only by a writing signed by the parties or their authorized representatives.

16. Each party to this Agreement acknowledges he/she or it has been represented by legal counsel, and each party has reviewed, and has had the benefit of legal counsel's advice concerning, all of the terms and conditions of this Agreement.

17. Each party to this Agreement shall bear its own respective costs and attorney's fees in connection with this matter, including costs and fees associated with negotiating this Agreement. If Sunnyside fails to perform any obligation or pay any liability imposed under this Agreement, in accordance with Government Code section 12513.1, Sunnyside shall be required to pay, in addition to that liability or penalty, interest, reasonable attorney's fees, and costs for collection or enforcement proceedings to enforce the payment or obligation.

18. This Agreement may be executed by the parties in counterpart originals with the same force and effect as if fully and simultaneously executed as a single, original document.

19. The effective date of this Agreement shall be the date it is signed by the last person representing a party to the Agreement or legal counsel for a party to the Agreement.

(Signatures begin on next page)

CALIFORNIA AIR RESOURCES BOARD

Dated: October 2, 2015 By: _____
Richard Corey
Executive Officer

SUNNYSIDE CORPORATION

Dated: October 2, 2015 By. _____
Chris Pearson
Chief Operating Officer

APPROVED AS TO FORM:

Dated: October 2, 2015 _____
PAUL R. GARCIA
PARTRIDGE AND GARCIA
ATTORNEY OF RECORD FOR SUNNYSIDE

Dated: October 2, 2015 _____
KATHRYN M. MEGLI
DEPUTY ATTORNEY GENERAL
Attorneys for Air Resources Board