

LETTER OF UNDERSTANDING

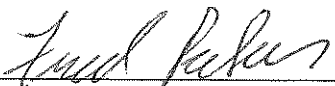
This Letter of Understanding (the "LOU") is made by and between the International Longshore and Warehouse Union, Local 6 (the "Union"), and Alameda County Industries, LLC, a California limited liability company ("ACI"). ACI and the Union are currently in the process of negotiating an initial collective bargaining agreement (the "CBA") on wages, hours and other terms and conditions of employment, covering Local 6 bargaining unit workers employed by ACI at the materials recovery facility located at 610 Aladdin Avenue in San Leandro, California (the "MRF").

ACI and the Union have reached a tentative agreement ("TA") on wages and benefits for the Local 6 bargaining unit as part of their negotiations for an initial CBA. The terms of the TA are as follows:

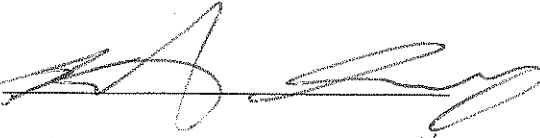
1. ACI and the Union have tentatively agreed to the wages and benefits set forth in Attachment A to this LOU.
2. ACI and the Union agree that the TA is contingent upon approval by the cities that are major users of the MRF (Alameda, Livermore and San Leandro) of adequate rate increases for the franchised waste hauler of these cities that will enable such hauler to pay processing fees at the MRF that are sufficient in amount to cover ACI's operating costs at the MRF, including ACI's costs under the CBA.
3. ACI and the Union agree that the determination of whether approved rate increases are sufficient in amount for purposes of incorporating the tentatively agreed-upon wages and benefits set forth in Attachment A into a final CBA shall be made by ACI in its sole discretion.
4. ACI and the Union agree that if any of the rate increases prove to be insufficient to support the agreement memorialized in Attachment A then the parties will continue bargaining in good faith towards a mutually acceptable initial collective bargaining agreement.

This LOU expresses the mutual intent of ACI and the Union with respect to wages and benefits.

THE UNION

By: 
 Title: Secretary/Treasurer
4/2/15

ACI

By: 
 Title: Managing Partner
4/2/15

Attachment A

Letter of Understanding between ILWU and ACI

	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Classification	Wages - Hourly Rate				
Recycling Sorter/Material Handler	\$ 15.68	\$ 16.86	\$ 18.12	\$ 19.48	\$ 20.94
Forklift/Baler/Quality Control	\$ 16.03	\$ 17.92	\$ 19.82	\$ 21.71	\$ 23.61
Runner/Utility Operator/Screen Cleaner/Warehouse	\$ 16.03	\$ 17.52	\$ 19.01	\$ 20.51	\$ 22.00
Heavy Equipment Operator/ Floater Operator	\$ 16.03	\$ 18.74	\$ 21.46	\$ 24.17	\$ 26.89
Machinery Utility	\$ 16.50	\$ 19.10	\$ 21.70	\$ 24.29	\$ 28.00

	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Health and Welfare	Employer Payment Monthly Rate - per employee				
ILWU Warehouse Welfare Fund (Trust Fund)	\$ 1,205.00	Actual rate, limited to 12% increase	Actual rate, limited to 12% increase	Actual rate, limited to 12% increase	Actual rate, limited to 12% increase
Annual H&W premium increases limited to the lesser of the actual rate or prior year rate plus 12% cap each plan year.					

	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Pension Plan	Employer Contribution - Hourly Rate				
401K Plan	\$ -	\$ -	\$ 0.40	\$ 0.55	\$ 0.75
Plan starts 7/1/2016 for employee contributions. Employer Contributions start 7/1/2017 and are capped at 2080 hours per employee per year; employer contributions made on straight time hours worked, vacation hours paid, and one (1) straight time hour contribution for each overtime hour worked.					

	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Shift and Job Differentials	Additional Wage - Hourly Rate				
Swing Shift	\$ 0.20	\$ 0.30	\$ 0.40	\$ 0.50	\$ 0.50
Night Shift	\$ 0.50	\$ 0.60	\$ 0.70	\$ 0.80	\$ 0.90
Sorter - Designated for clearing line obstruction	\$ 0.40	\$ 0.50	\$ 0.75	\$ 1.00	\$ 1.25