

## 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: David Parker

Title: Secretary/Treasurer  
4/2/15

ACI

By: Manojo Porter

Title: Manojo Porter  
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 |
|--|----------------------------|--------------|--------------|--------------|--------------|
| <b>Classification</b>                            | <b>Wages - Hourly Rate</b> |              |              |              |              |
| 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                         |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Health and Welfare</b>   | <b>Employer Payment Monthly Rate - per employee</b> |                                      |                                      |                                      |                                      |
| 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 |
|---|--|--------------|--------------|--------------|--------------|
| <b>Pension Plan</b>   | <b>Employer Contribution - Hourly Rate</b> |              |              |              |              |
| 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 |
|---|--------------------------------------|--------------|--------------|--------------|--------------|
| <b>Shift and Job Differentials</b>                | <b>Additional Wage - Hourly Rate</b> |              |              |              |              |
| 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      |