



RE-SENT ON 03/21/2017

March 10, 2017

Maurice Quillen  
Recology San Francisco  
250 Executive Park Ste 2100  
San Francisco, CA 94134

**Subject: Lease No. L-12540- Pier 96 - Market Adjustment and Payment Plan Letter Agreement**

This letter is written to document the mutual agreement between the Port of San Francisco ("Port") and Recology San Francisco ("Recology") concerning the recent market rate adjustment effective on January 1, 2017 for rent owed to the Port for Lease L-12540 (the "Lease"). Port advised Recology of the Base Rent Adjustment rental rate of \$285,695.45 per month by letter dated 6/30/2016. Recology has asked that the increase be phased in incrementally and Port has agreed to a "Payment Plan" which, in summary, allows the Base Rent increase to be deferred and paid over two (2) years commencing on July 1, 2017 through June 30, 2019. The total amount of the Base Rent increase subject to deferral is \$959,901.18 (\$285,695.45 - \$125,711.92 x 6) (the "Deferred Rent"). As part of the Payment Plan, Port also agrees to defer the required increase to the Security Deposit. Please refer to Attachment A for the schedule of payments due under the Payment Plan. In addition, Port has calculated an amount due of \$621,689 in unassessed CPI increases since January 1, 2009 when the last CPI increase was imposed, which shall be paid by Recology in a lump sum due by March 31, 2017.

Port agrees to the Payment Plan upon the following terms and conditions:

1. Recology will continue to pay the pre-adjusted monthly Base Rent of \$125,711.92 through June 30, 2017.
2. Commencing on July 1, 2017, Recology will commence payment of the full Base Rent Adjustment in the monthly amount of \$285,695.45.
3. Commencing on July 1, 2017, and on the first day of each month thereafter through June 30, 2019, Recology will also pay an installment of the Deferred Rent in the amount of \$ 39,995.88.
4. Also on July 1, 2017, Recology will increase its Security Deposit by depositing an additional \$374,676.61. After such increase to the Security Deposit is made, the full amount of the Security Deposit then held by Port under the Lease will be \$571,390.90.
5. Also on July 1, 2017, Recology will pay a one-time administrative fee in the amount of \$16,798.27 in consideration of Port's administration of the Payment Plan.
6. Accordingly, the total payment due on July 1, 2017 to the Port is \$ 717,166.21, (\$285,695.45 + \$39,995.88 + \$16,798.27 + \$374,676.61).

The Payment Plan is conditioned upon Recology remaining a Tenant in Good Standing as defined by Port policy. If, for any reason the Lease terminates prior to the full repayment of the outstanding amount, Recology agrees that it shall be immediately liable to Port for the entire outstanding amount which shall be due no later than the termination date. Recology may pre-pay, without penalty, the outstanding balance of the Deferred Rent at any time.

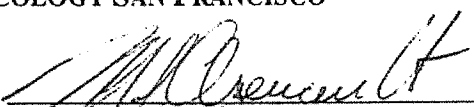
Port's acceptance of Recology's partial payments as contemplated by the Payment Plan does not constitute a waiver of Port's rights, including any right of Port to recover possession of the Premises, pursuant to California Code of Civil Procedure section 1161.1 in the event of any default by Recology pursuant to the Lease as supplemented by this letter agreement.

Except as described in this letter agreement, all other terms and conditions of the Lease remain unchanged. For the avoidance of doubt, nothing in this letter shall impact any further adjustments to Base Rent or to the Security Deposit as provided for in the Lease, including, but not limited to, the periodic cost of living adjustments as provided by Section 5.2.

All capitalized terms that are not defined in this letter have the meaning provided in the Lease.

Please acknowledge your agreement to the terms and conditions outlined in this letter by signing below and returning one original to my attention.

By signing this letter, Port and Recology agree to the terms and conditions of this letter:

Port:	<p><b>CITY AND COUNTY OF SAN FRANCISCO,</b> a municipal corporation, operating by and through the <b>SAN FRANCISCO PORT COMMISSION</b></p> <p>By: _____ Mark Lozovoy, Acting Deputy Director, Real Estate Division Date Signed: _____</p>
RECOLOGY:	<p><b>RECOLOGY SAN FRANCISCO</b></p> <p>By: <u></u> Name: <u>Mark Arsenault</u> Title: <u>Group Manager, U.P.</u> Date Signed: <u>3/30/17</u></p>

Enclosures:

Attachment A – Payment Plan Schedule

Cc: Mark Lozovoy (via email, w/ encl.)  
Brad Benson (via email, w/ encl.)  
Rona H. Sandler, Esq. Port Legal (via email, w/encl.)  
Elaine Forbes, Executive Director

# ATTACHMENT A - Payment Plan Schedule

Recology San Francisco

-12540

	Base Rent Payment		Additional Rent		Fees/Sec.	Reference Amounts
			Payment	Deferred Rent	Deposit	
1/1/2017	\$	125,711.92	\$ -	\$ 159,983.53		\$ 159,983.53
2/1/2017	\$	125,711.92	\$ -	\$ 319,967.06		\$ 159,983.53
3/1/2017	\$	125,711.92	\$ -	\$ 479,950.59		\$ 159,983.53
4/1/2017	\$	125,711.92	\$ -	\$ 639,934.12		\$ 159,983.53
5/1/2017	\$	125,711.92	\$ -	\$ 799,917.65		\$ 159,983.53
6/1/2017	\$	125,711.92	\$ -	\$ 959,901.18	\$ 16,798.27	\$ 159,983.53
<b>7/1/2017</b>	\$	<b>285,695.45</b>	\$ <b>56,794.15</b>	\$ <b>919,905.30</b>	\$ <b>374,676.61</b>	\$ <b>717,166.21</b>
8/1/2017	\$	285,695.45	\$ 39,995.88	\$ 879,909.42		
9/1/2017	\$	285,695.45	\$ 39,995.88	\$ 839,913.53		
10/1/2017	\$	285,695.45	\$ 39,995.88	\$ 799,917.65		
11/1/2017	\$	285,695.45	\$ 39,995.88	\$ 759,921.77		
12/1/2017	\$	285,695.45	\$ 39,995.88	\$ 719,925.89		
<b>1/1/2018</b>	\$	<b>285,695.45</b>	\$ 39,995.88	\$ 679,930.00	TBD by BLS, First CPI adjustment to base rent only.	
2/1/2018	\$	285,695.45	\$ 39,995.88	\$ 639,934.12		
3/1/2018	\$	285,695.45	\$ 39,995.88	\$ 599,938.24		
4/1/2018	\$	285,695.45	\$ 39,995.88	\$ 559,942.36		
5/1/2018	\$	285,695.45	\$ 39,995.88	\$ 519,946.47		
6/1/2018	\$	285,695.45	\$ 39,995.88	\$ 479,950.59		
7/1/2018	\$	285,695.45	\$ 39,995.88	\$ 439,954.71		
8/1/2018	\$	285,695.45	\$ 39,995.88	\$ 399,958.83		
9/1/2018	\$	285,695.45	\$ 39,995.88	\$ 359,962.94		
10/1/2018	\$	285,695.45	\$ 39,995.88	\$ 319,967.06		
11/1/2018	\$	285,695.45	\$ 39,995.88	\$ 279,971.18		
12/1/2018	\$	285,695.45	\$ 39,995.88	\$ 239,975.30		
1/1/2019	\$	285,695.45	\$ 39,995.88	\$ 199,979.41		
2/1/2019	\$	285,695.45	\$ 39,995.88	\$ 159,983.53		
3/1/2019	\$	285,695.45	\$ 39,995.88	\$ 119,987.65		
4/1/2019	\$	285,695.45	\$ 39,995.88	\$ 79,991.77		
5/1/2019	\$	285,695.45	\$ 39,995.88	\$ 39,995.88		
6/1/2019	\$	285,695.45	\$ 39,995.88	\$ 0.00		
7/1/2019	\$	285,695.45	-	\$ 0.00		
8/1/2019	\$	285,695.45	-	\$ 0.00		
9/1/2019	\$	285,695.45	-	\$ 0.00		
10/1/2019	\$	285,695.45	-	\$ 0.00		
11/1/2019	\$	285,695.45	-	\$ 0.00		
12/1/2019	\$	285,695.45	-	\$ 0.00		

# ATTACHMENT A - Payment Plan Schedule

Recology San Francisco

L-12540

	Base Rent Payment	Additional Rent Payment	Deferred Rent	Fees/Sec. Deposit	Reference Amounts
1/1/2020	\$ 285,695.45	-	\$ 0.00		
2/1/2020	\$ 285,695.45	-	\$ 0.00		
3/1/2020	\$ 285,695.45	-	\$ 0.00		
4/1/2020	\$ 285,695.45	-	\$ 0.00		
5/1/2020	\$ 285,695.45	-	\$ 0.00		
6/1/2020	\$ 285,695.45	-	\$ 0.00		
7/1/2020	\$ 285,695.45	-	\$ 0.00		
8/1/2020	\$ 285,695.45	-	\$ 0.00		
9/1/2020	\$ 285,695.45	-	\$ 0.00		
10/1/2020	\$ 285,695.45	-	\$ 0.00		
11/1/2020	\$ 285,695.45	-	\$ 0.00		
12/1/2020	\$ 285,695.45	-	\$ 0.00		
1/1/2021	\$ 285,695.45	-	\$ 0.00		
2/1/2021	\$ 285,695.45	-	\$ 0.00		
3/1/2021	\$ 285,695.45	-	\$ 0.00		
4/1/2021	\$ 285,695.45	-	\$ 0.00		
5/1/2021	\$ 285,695.45	-	\$ 0.00		
6/1/2021	\$ 285,695.45	-	\$ 0.00		
7/1/2021	\$ 285,695.45	-	\$ 0.00		
8/1/2021	\$ 285,695.45	-	\$ 0.00		
9/1/2021	\$ 285,695.45	-	\$ 0.00		
10/1/2021	\$ 285,695.45	-	\$ 0.00		
11/1/2021	\$ 285,695.45	-	\$ 0.00		
12/1/2021	\$ 285,695.45	-	\$ 0.00		
1/1/2022	\$ 285,695.45	-	\$ 0.00		
2/1/2022	\$ 285,695.45	-	\$ 0.00		
3/1/2022	\$ 285,695.45	-	\$ 0.00		
4/1/2022	\$ 285,695.45	-	\$ 0.00		
5/1/2022	\$ 285,695.45	-	\$ 0.00		
6/1/2022	\$ 285,695.45	-	\$ 0.00		
7/1/2022	\$ 285,695.45	-	\$ 0.00		
8/1/2022	\$ 285,695.45	-	\$ 0.00		
9/1/2022	\$ 285,695.45	-	\$ 0.00		
10/1/2022	\$ 285,695.45	-	\$ 0.00		
11/1/2022	\$ 285,695.45	-	\$ 0.00		
12/1/2022	\$ 285,695.45	-	\$ 0.00		
1/1/2023	\$ 285,695.45	-	\$ 0.00		
2/1/2023	\$ 285,695.45	-	\$ 0.00		
3/1/2023	\$ 285,695.45	-	\$ 0.00		
4/1/2023	\$ 285,695.45	-	\$ 0.00		
5/1/2023	\$ 285,695.45	-	\$ 0.00		
6/1/2023	\$ 285,695.45	-	\$ 0.00		
7/1/2023	\$ 285,695.45	-	\$ 0.00		