

## **Settlement Agreement**

This Settlement Agreement (the “Agreement”) is between the City and County of San Francisco, a municipal corporation and charter city and county (the “City”), on the one hand, and Sunset Scavenger Company (“RSS”), Golden Gate Disposal & Recycling Company (“RGG”), Recology San Francisco (“RSF”), and Recology Properties Inc. (“Recology Properties”), on the other hand. The City, the SF Recology Companies, and Recology Properties are also sometimes referred to individually as a “Party” and together as the “Parties.” Unless otherwise defined in this Agreement, initially capitalized terms used in this Agreement shall have the meaning given them in Article 1 below.

### **Recital**

This Agreement is made with reference to the following facts and circumstances:

1. On November 16, 2021, the Office of the Controller, City and County of San Francisco (“Controller’s Office”) notified the SF Recology Companies that it was reviewing the 2021 Annual Rate Report. As part of that review, the Controller’s Office requested that the SF Recology Companies provide explanations and documentation related to expenses, revenues, and transparency and accountability in the rate-reporting process in addition to explanations and documentation related to historical rate reporting. The SF Recology Companies discussed these issues with the Controller’s Office and responded to all requests from the Controller’s Office. On May 16, 2022, the Controller’s Office issued a preliminary assessment on the refuse rate-setting process.

### **Agreement**

This Agreement and the negotiations and discussions leading up to this Agreement do not constitute, nor shall they be construed as, an admission of liability by the Bound Recology Companies. This Agreement does not constitute an admission by the Bound Recology Companies that they have engaged in any unlawful act or overcharged for refuse collection; nor does this Agreement constitute an admission that the filed-rate doctrine and general prohibition on retroactive ratemaking are not lawful defenses to any alleged claims any other Party had, has, or may have against them. The Bound Recology Companies expressly deny that they have engaged in any unlawful act and deny liability for all claims any other Party had, has, or may have against them.

Accordingly, to settle and avoid the risks and costs of litigation, in consideration of the mutual covenants and agreements in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree to the following terms and conditions as a complete and final resolution of the issues described in this Agreement.

## Article 1: Definitions

### 1.1 Definitions

For purposes of this Agreement, the following terms shall have the meaning set forth below.

- (a) “2017 Rate Order” means the Rate Application that the SF Recology Companies submitted to the City on February 10, 2017, the Director’s Report and Recommended Orders on the 2017 Rate Application of the SF Recology Companies, and the City and County of San Francisco Refuse Collection and Disposal Rate Board 2017 Resolution and Order, dated June 19, 2017.
- (b) “2021 Settlement Agreement” means the March 4, 2021, Settlement Agreement in CGC-21-590091 and the related Stipulated Injunction and Judgment.
- (c) “Bound Recology Companies” means RSS, RGG, RSF, and Recology Properties.
- (d) “Effective Date” means the operative date of the Agreement as provided in Article 6, below.
- (e) “Net Proceeds” means the sales price of a Subject Property that is the subject of a Transfer, less all reasonable and customary direct costs and expenses incurred or to be incurred by the seller of the Subject Property in connection therewith, including, without limitation, legal, accounting, investment banking fees and commission, broker’s fees and commissions, and all federal, state, local and other taxes assessed or to be assessed on the transfer of title (i.e., such as documentary transfer taxes but not any regular ad valorem property taxes, fixed charges and special assessments that are unrelated to the sale of the Subject Property paid through escrow or otherwise).
- (f) “OR” means operating ratio, as used in the 2017 Rate Order and as presently required to be calculated (i.e., both actual and projected OR-eligible costs and other rate-allowed costs and, for non-Rate Schedule Services, the actual and projected costs of such services) and reported by the SF Recology Companies in subsequent quarterly and annual Rate Reports.
- (g) “Rate Schedules” means the following rate schedules for services provided by the SF Recology Companies, as posted on the City’s Public Works website as of July 1, 2022: “Residential and Apartment Refuse Rates [buildings of five units or less],” “Uniform Apartment Rates [buildings of six units or more],” “Uniform Commercial Rates,” “Extra Services Price Sheet,” “Uniform Compactor Rates,” “Uniform Debris Box Rates,” and “Tipping Fee.” It is understood that the rates set forth in the Rate Schedules will change over time, as provided in the Agreement and through subsequent rate-setting.

- (h) “Rate Schedule Services” means any service provided by any of the SF Recology Companies for which a rate is provided on one of the Rate Schedules.
- (i) “Rate Year Ending 2022A” or “RYE22A” means the twelve-month period July 1, 2021 through June 30, 2022.
- (j) “Rate Year Ending 2022B” or “RYE22B” means the twelve-month period October 1, 2021 through September 30, 2022.
- (k) “Rate Year Ending 2022C” or “RYE22C” means the fifteen-month period July 1, 2021 through September 30, 2022.
- (l) “Rate Year Ending 2023” or “RYE23” means the twelve-month period October 1, 2022 through September 30, 2023. As used in the Agreement, all Rate Years from and after RYE23 shall run for a twelve-month period beginning on October 1 following the end of the immediately preceding Rate Year and ending on the next September 30.
- (m) “SF Recology Companies” means RSS, RGG, and RSF.
- (n) “Subject Properties” (each, individually, a “Subject Property”) means all real properties owned by the Bound Recology Companies as of or after the Effective Date and (i) used by the SF Recology Companies in San Francisco operations, presently or at any time previously if any property rental charges have been paid by San Francisco ratepayers, and (ii) located in San Francisco, California, or Brisbane, California. The list of Subject Properties may change over time and will be updated as set forth in Articles 4 and 10 below.
- (o) “Substituted Costs” means all material, elective expenses incurred by the SF Recology Companies not previously reported as expenses in Tables 9 and 10 of the immediately preceding annual Rate Report (the 2021 Annual Rate Report, as updated June 13, 2022, for Substituted Costs in RYE22B, and the RYE22B Annual Rate Report for Substituted Costs in RYE23) and not previously approved as expense types in the 2017 Rate Order. For the purposes of this definition, a material expense is the greater of (i) the dollar amount of the COLA applied to the prior rate year’s line item amount or (ii) \$150,000. For the purposes of this definition, an elective expense is an expense incurred by the SF Recology Companies that was not incurred as a result of (a) changes in refuse volumes, including but not limited to, number of employees, employee overtime, employee benefits, fuel, and disposal and processing costs relating to those changes in refuse volumes; (b) fuel or other commodity costs; (c) changes in employee costs due to Collective Bargaining Agreements entered into on or after January 1, 2022; (d) federal, state, local, or other taxes or regulatory requirements; (e) GAAP required changes in accounting rules; (f) requirements of third-party lease amendments or agreements relating to real property leased by any of the Bound Recology Companies; and (g) bad debt.

- (p) “Transfer” means a future sale, transfer, conveyance, or assignment of a Subject Property, excepting any (i) deed of trust, mortgage, or similar instrument granted by the Bound Recology Companies and (ii) sale, transfer, conveyance, or assignment of a Subject Property where the Subject Property continues to be used to provide substantially similar service to San Francisco ratepayers and the Bound Recology Companies cause the transferee to be bound by the provisions of Article 10 with respect to that Subject Property.

## **Article 2: Settlement and Release of Claims**

### **2.1 Release of Claims by the City Against the Bound Recology Companies**

In consideration of the promises, conditions and covenants contained in the Agreement, and except for any claims relating to a breach of any obligation by the Bound Recology Companies under the Agreement or the 2021 Settlement Agreement, the City, on behalf of itself, its officials (including but not limited to its elective boards, appointed boards, and commissions, agents, employees, attorneys, consultants, and representatives) shall and do release, abandon, and waive any and all claims, causes of action, damages, debts, demands, dues, rights of action, suits, sums of money, variances, or obligations of any kind or nature whatsoever, whether or not now known, matured or unmatured, liquidated or unliquidated, absolute or contingent, suspected or unsuspected, up to the Effective Date that it may have, hold, or own, or might have had, held, or owned against the Bound Recology Companies or their respective agents, assignees, attorneys, directors, employees, insurers, officers, predecessors, representatives, servants, subrogees, and successors, arising out of or relating to (and except as expressly provided for in the Agreement under the provisions governing the Balancing Account (as defined below) and Subject Properties and the matters specifically excluded from this release) any prior rate application, prior ratemaking process, prior period rate report, prior rate reporting obligation, or prior or current rates charged to San Francisco ratepayers, including but not limited to (a) issues related to the inquiry by the Controller’s Office, identified in the letter from the Controller’s Office to the SF Recology Companies, dated November 16, 2021; (b) revenues, expenses, costs, profits, or losses of the SF Recology Companies, or any projections, estimates, forecasts, or predictions thereof, including but not limited to variances between projected and actual revenues, expenses, costs, or profits through and up to the Effective Date; (c) the sale of any real property by the Bound Recology Companies and any monies from the sale thereof through and up to the Effective Date; and (d) intercompany rental expenses for real property paid in full or in part by ratepayers directly or indirectly through the rates in any prior period and through and up to the Effective Date. For the avoidance of doubt, nothing in the foregoing release, abandonment, and waiver shall be construed to prevent the City, Refuse Rate Administrator, or Rate Board from setting just and reasonable rates in any future ratemaking process, including the ratemaking process and reporting contemplated in the Agreement to set rates to be effective October 1, 2023, and thereafter.

The City does not release any future conduct occurring after the Effective Date, enforcement of the Agreement, or enforcement of the 2021 Settlement Agreement. This release specifically excludes (1) municipal and state tax claims and liabilities, (2) violations of criminal law, (3) or any other claim or matter the City Attorney lacks the authority to enforce.

## **2.2 Release of Claims by the Bound Recology Companies Against the City**

In consideration of the promises, conditions and covenants contained in the Agreement, and except for any claims relating to a breach of any obligation by the City under the Agreement or the 2021 Settlement Agreement, the Bound Recology Companies, on behalf of themselves, their officials (including but not limited to their agents, employees, attorneys, consultants, representatives, affiliates, predecessors, successors, and assigns) shall and do release, abandon, and waive any and all claims, causes of action, damages, debts, demands, dues, rights of action, suits, sums of money, variances, or obligations of any kind or nature whatsoever, whether or not now known, matured or unmatured, liquidated or unliquidated, absolute or contingent, suspected or unsuspected, up to the Effective Date, that they may have, hold, or own, or might have had, held, or owned against the City or the City's officials (including but not limited to the City's elective boards, appointed boards, and commissions), and all their respective agents, assignees, attorneys, directors, employees, insurers, officers, predecessors, representatives, servants, subrogees, and successors (collectively, the "City Releasees"), arising out of or relating to (and except as expressly provided for in the Agreement under the provisions governing the Balancing Account (as defined below) and Subject Properties and the other matters specifically excluded from this release) any prior rate application, prior ratemaking process, prior period rate report, prior rate reporting obligation, or prior or current rates charged to San Francisco ratepayers, including but not limited to (a) issues related to the inquiry by the Controller's Office, identified in the letter from the Controller's Office to the SF Recology Companies, dated November 16, 2021; (b) revenues, expenses, costs, profits, or losses of the SF Recology Companies, or any projections, estimates, forecasts, or predictions thereof, including but not limited to variances between projected and actual revenues, expenses, costs, or profits through and up to the Effective Date; (c) the sale of any real property by the Bound Recology Companies and any monies from the sale thereof through and up to the Effective Date; and (d) intercompany rental expenses for real property paid in full or in part by ratepayers directly or indirectly through the rates in any prior period and through and up to the Effective Date. For the avoidance of doubt, the foregoing release, abandonment, and waiver is not intended to include, and does not include, any claims that the Bound Recology Companies may have, hold, or own, or might have had, held, or owned against any customer (including but not limited to the City, its respective departments, and any other City Releasees) arising out of or relating to payment of any amounts due to the SF Recology Companies at any time in connection with services rendered or other obligations performed by the SF Recology Companies.

## **2.3 Waiver of Civil Code Section 1542**

The Parties expressly agree that the mutual release of claims is intended to and does extend to any and all claims the Parties may have against one another arising out of or related in any way to the subjects of the releases described in Sections 2.1 and 2.2, above, now or in the future, whether known or unknown, up to the Effective Date and subject to the exclusions noted above. As a further inducement and consideration in resolution of the disputes, the Parties expressly and specifically waive any rights or benefits available to them under California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Initials:

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Sunset Scavenger Company

\_\_\_\_\_  
Golden Gate Disposal & Recycling Company

\_\_\_\_\_  
Recology San Francisco

\_\_\_\_\_  
Recology Properties Inc.

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City and County of San Francisco

## **2.4 Survivability of Releases**

As of the Effective Date, the releases described in Section 2.1 and Section 2.2 above shall survive any termination of this Agreement.

## **2.5 Voluntary Release**

Each Party has carefully read this Agreement, and signs it freely and voluntarily upon the advice of its own attorneys. Each such Party affirms that the only consideration for its execution of this Agreement are the terms stated in the body of this Agreement; that no other promise or agreement of any kind has been made to it, or with it, by any Person to cause them to execute this Agreement; that it is competent to execute this Agreement; that its agreement to execute this Agreement has not been obtained by any duress or undue influence; and that it fully understands and voluntarily executes this Agreement knowing it constitutes the release of claims provided in Section 2.1 and Section 2.2 of the Agreement.

## **2.6 Negotiated Settlement**

The discussions that have produced this Agreement have been conducted with the explicit understanding that they are inadmissible under California Evidence Code Sections 1152 and

1154 and Federal Rule of Evidence 408, and that such discussions shall be without prejudice to the position of either Party and may not be used in any manner in any proceeding or otherwise, except as may be necessary to enforce or interpret this Agreement or as otherwise required by law.

## **2.7 Enforcement of Terms**

Nothing in this Agreement shall be construed as releasing any claim by any of the Parties to enforce the terms of this Agreement.

### **Article 3: Subsequent Rate Application and Rate Order**

The Parties agree to work together in good faith to agree on rate-setting procedures to govern the next rate application. The Parties agree that this process is intended to result in new rates going into effect not later than October 1, 2023. The SF Recology Companies shall submit a rate application based on the best available data, including RYE22B actual revenues and expenses and FYE22 audited financial statements, i.e., fiscal year October 1, 2021 to September 30, 2022, as described in Article 5, below. The rate application shall identify, for Rate Schedule Services, actual and projected OR-eligible costs and other rate-allowed costs and, for non-Rate Schedule Services, the actual and projected costs of such services. The rate application shall also separately identify actual and projected revenues from Rate Schedule Services and from non-Rate Schedule Services. For all such costs and revenues, the rate application shall specify the accounting basis, e.g., GAAP or non-GAAP (e.g., cash basis, modified accrual, full accrual).

### **Article 4: Reporting and Notification**

#### **4.1 Rate Reports**

The SF Recology Companies shall file an annual rate report for RYE22B and RYE23 (each, an “Annual Rate Report”), which Annual Rate Reports shall be due on January 31 following the end of the applicable rate year (i.e., the Annual Rate Report for RYE22B shall be due by January 31, 2023, and the Annual Rate Report for RYE23 shall be due by January 31, 2024). In addition, the SF Recology Companies shall file quarterly rate reports as follows: for the three months ended December 31, 2022; for the six months ended March 31, 2023; and for the nine months ended June 30, 2023. The quarterly rate reports shall be due 60 days after the end of each applicable quarter.

#### **4.2 Subject Properties**

- (a) In order to ensure compliance with the requirements of Article 10, the Bound Recology Companies shall notify the City of any sale, transfer, conveyance, or assignment of a Subject Property, excepting any deed of trust, mortgage, or similar instrument granted by the Bound Recology Companies, within 30 days following the date of sale, transfer, conveyance, or assignment.

- (b) The Bound Recology Companies shall report to the City all transfer tax payments made in San Francisco and in other counties and/or cities in connection with the sale, transfer, conveyance, or assignment of Subject Properties, including those paid by the seller and buyer.
- (c) With the submission of FYE22 and FYE23 Audited Financial Statements to the Controller's Office, the Bound Recology Companies shall submit a supplemental schedule of Subject Properties including any Transfers of Subject Properties over the reporting period of the Audited Financial Statement. This supplemental schedule shall include Agreed Upon Procedures ("AUP") reviewed and approved by external auditors.
- (d) With the submission of the RYE22B and RYE23 Annual Rate Reports, the SF Recology Companies shall submit a supplemental schedule of Subject Properties including any Transfers of Subject Properties over the reporting period of the applicable Annual Rate Report.
- (e) All future rate applications must include a supplemental schedule of Subject Properties, updated to reflect any additions, Transfers, and related details of all Subject Property transactions, including gross property sale proceeds, Net Proceeds, transfer taxes paid by county as well as US Internal Revenue Code Section 1031 Like-Kind Exchange Investment Property documentation.
- (f) Each supplemental schedule of Subject Properties, as described in subsections 4.2(c), (d), and (e) above shall include the associated costs for each Subject Property being charged to San Francisco ratepayers for the applicable reporting period. Each rate application and Annual Rate Report shall note if any Subject Property previously paid for, in whole or in part by San Francisco ratepayers, is no longer used in San Francisco operations and is available for potential Transfer.

### **4.3 Substituted Costs**

- (a) The SF Recology Companies shall submit to the Controller's Office a report of all Substituted Costs incurred by the SF Recology Companies, including a brief description as to why the Substituted Costs were needed and not originally included for public review in the preceding rate application, during the applicable rate year quarter. This report shall be due 45 days after the conclusion of the applicable reporting period and, in addition, be included as a schedule in the applicable quarterly or annual Rate Report to ensure full public transparency.
- (b) Upon reporting of Substituted Costs, the City shall have the right to review such Substituted Costs and may for good cause deny the SF Recology Companies the ability to include such Substituted Costs in its true-up calculation of actual above- or below-target profit following the end of RYE23, as described in subsection 8.4(b), if the Substituted Costs were not considered to be eligible expense types as per the 2017



Rate Order. The City’s determination described in the preceding sentence must be made within 45 days of receiving a report of Substituted Costs.

### **Article 5: Audited Financial Statements**

The SF Recology Companies shall submit FYE22 and FYE23 audited financial statements for the combined SF Recology Companies within 15 days of their issuance to the SF Recology Companies (typically, in December) to the Controller’s Office for posting on a public website. As used in the Agreement, “Audited Financial Statements” for the SF Recology Companies shall include the following: (1) component details for RSS/RGG (combined entities) and RSF that identify all revenues and expenses, including the intercompany charges between these entities and related eliminations as well as profit target calculations by subsidiary for RSS/RGG (combined entities) and RSF to ensure that profit targets based on the revenues reported in the rate reports and related OR-eligible costs exclude intercompany charges between the SF Recology Companies; (2) information sufficient to show the intercompany charges to any and all affiliates (including parents and subsidiaries); and (3) a supplemental schedule of the notional balance in the Balancing Account, as that notional Balancing Account is defined in the Agreement. For FYE22 and FYE23, item (3) above must be separately the subject of and accompanied by an AUP report issued by third-party auditors. As in the past, the SF Recology Companies will be permitted to update the reporting differences note that is included on the website that explains the differences between the Audited Financial Statements’ reporting required under GAAP-basis full accrual accounting versus the rate basis quarterly and annual rate reporting, which have been a combination of full accrual, modified accrual, and cash basis accounting, depending on the revenue and expense items. The SF Recology Companies shall also provide to the Controller’s Office in view-only format within 15 days of the issuance of the Audited Financial Statements: (a) any and all management representation letters in support of the Audited Financial Statements; and (b) any and all internal control letters issued by the independent auditor of the Audited Financial Statements.

### **Article 6: Effective Date**

This Agreement is effective on the date that this Agreement has been duly executed by all Parties shown on the signature lines at the end of this Agreement, and the City has finally enacted the resolution approving the Agreement (the “Effective Date”).

### **Article 7: COLA**

#### **7.1 RYE23 COLA**

RSS and RGG shall forgo implementing the cost of living adjustment (the “COLA”) originally scheduled to be implemented on July 1, 2022. However, an adjusted RYE23 COLA increase for RSS/RGG shall be applied to rates set forth in the applicable Rate Schedules on and after January 1, 2023, based on the adjustment factors included in the methodology delineated in the 2017 Rate Order, with all elements of the COLA to be calculated using changes over an 18-month period (i.e., the fixed labor component calculated using the change from July 1, 2021 to January 1, 2023, and components based on an index calculated using the change between the

October 2022 or most recent available relevant index data and the April 2021 relevant index data). In addition, on and after July 1, 2022, RSF shall apply the RYE23 COLA increase to its tipping fee (the “RSF COLA Increase”) as follows: (A) all intercompany tipping fee charges, except those noted in item (C) below, shall reflect the RSF COLA Increase, whether or not such intercompany tipping fee charges relate to Rate Schedule Services; (B) the tipping fee charged to self-haul customers shall reflect the RSF COLA Increase, since such tipping fees are not for mandatory services; and (C) the per-ton and per-pound fees charged to compactor customers under the Uniform Compactor Rates shall remain unchanged by the RSF COLA Increase until January 1, 2023, at which time such fees shall be adjusted to reflect the RSF COLA Increase. No additional COLA increase shall be applied to RSF through September 30, 2023.

## **7.2 No COLA Increase on July 1, 2023**

No COLA increase shall be applied to rates for RSS, RGG, and RSF on July 1, 2023.

## **7.3 Supplemental, Temporary COLA**

If new rates are not in effect as of October 1, 2023, the SF Recology Companies shall be entitled to implement a supplemental, temporary COLA, beginning on October 1, 2023. Recology shall submit the proposed supplemental, temporary COLA to the City by August 1, 2023 for Controller review prior to implementation, and the Controller shall review and act upon that review within 30 days. In the event a supplemental, temporary COLA is implemented, the resulting revenue will be limited to an amount equal to the revenue that the SF Recology Companies would have earned through a COLA increase applied to rates for RSS, RGG, and RSF on July 1, 2023 through to the date that new rates, as authorized by the Refuse Rate Board, are in effect, had such COLA increase been applied as of July 1, 2023. This supplemental, temporary COLA shall be calculated as follows: (i) for RSS and RGG, using the methodology delineated in the 2017 Rate Order, with all elements of the supplemental, temporary COLA increase calculated using changes over a 6-month period (i.e., the fixed labor component calculated using the change from January 1, 2023 to July 1, 2023, and components based on an index calculated using the change between the April 2023 or most recent available relevant index data and the October 2022 relevant index data) and (ii) for RSF using the methodology delineated in the 2017 Rate Order, with all elements of the supplemental, temporary COLA increase calculated using changes over a 12-month period (i.e., the fixed labor component calculated using the change from July 1, 2022 to July 1, 2023, and components based on an index calculated using the change between the April 2023 or most recent available relevant index data and the April 2022 relevant index data). The Controller shall not deny the SF Recology Companies the ability to implement this supplemental, temporary COLA calculated according to the specifications above in the event that new rates are not in effect on October 1, 2023. The SF Recology Companies shall not implement this supplemental, temporary COLA in the event that new rates are in effect on October 1, 2023.

Any rates that include the supplemental, temporary COLA described in this Section 7.3 shall remain in effect until such rates are replaced by new rates, as authorized by the Refuse Rate Board in a subsequent rate order.

## **Article 8: Balancing Account**

### **8.1 Initial Notional Credit**

The SF Recology Companies shall establish a notional balancing account (the “Balancing Account”) with an initial ratepayer notional credit of \$25,000,000.

### **8.2 Credit for Projected Shortfall for RYE22C**

The initial notional balance of the Balancing Account of \$25,000,000 shall be decreased as follows:

- (a) The SF Recology Companies shall immediately decrease the notional balance by up to \$(7,900,000). This amount equals 50% of the estimated profit below the target profit that would have been earned at a 91% OR for RYE22C and according to the methodology specified in Article 9 below. This decrease shall result in an initial notional credit to the Balancing Account of no less than \$17,100,000.
- (b) The Annual Rate Report for RYE22B shall provide a schedule for the notional Balancing Account including an adjustment for the amount equal to the difference between the estimate of \$(7,900,000) and 50% of the actual difference between profit earned and the target profit on eligible costs that would have been earned at a 91% OR for RYE22C. This notional true-up shall use the same expense types of eligible costs as reported in all of the RYE22 rate reports, except that it shall exclude any supplemental directors and officers liability coverage as well as supplemental directors and officers liability coverage change costs related to provisions changes from claims made-based to claims incurred-based coverage.

### **8.3 Credit for Forgone COLA from July 1, 2022 through December 31, 2022**

The notional balance of the Balancing Account shall be decreased as follows:

- (a) The SF Recology Companies shall decrease the notional balance in an amount equal to the amount forgone as a result of forgoing implementation of the RYE23 COLA on July 1, 2022 (i.e., the COLA impacting rates and associated revenues for Rate Schedule Services that had been scheduled to apply for the period July 1, 2022 through December 31, 2022) as provided in subsection 8.3(b) below.
- (b) In Q1 of RYE23 (October 1, 2022 – December 31, 2022), the SF Recology Companies shall decrease the notional balance of the Balancing Account in an amount equal to the estimated amount forgone as a result of forgoing implementation of the RYE23 COLA on July 1, 2022. In Q2 of RYE23 (January 1, 2023 – March 31, 2023), the SF Recology Companies shall true-up the Balancing Account (increase or decrease the notional balance, as necessary) to reflect the difference in the calculation between the estimate used in the preceding sentence and the actual amount forgone as a result of forgoing implementation of the RYE23 COLA on July 1, 2022. These

notional Balancing Account adjustments shall be included as a schedule in all subsequent RYE23 quarterly rate reports and in the RYE23 Annual Rate Report.

#### 8.4 Adjustments for 50% Above- or Below-Target Profit for RYE23

The notional balance of the Balancing Account shall be increased or decreased as follows:

- (a) The SF Recology Companies shall increase or decrease the notional balance based on profits earned or losses incurred in RYE23 in an amount to be calculated by multiplying estimated profits earned above or below the profit that would be earned using a 91% OR on eligible costs for RYE23 by 50% and according to the timing provisions and the methodology specified below.
- (b) As of the end of each quarter of RYE23, the SF Recology Companies shall increase or decrease the notional balance in an amount equal to 50% of the quarterly estimated profit above or below the target profit on eligible costs that would have been earned using a 91% OR, calculated according to the methodology specified in Article 9 below. As of the end of each subsequent quarter, the SF Recology Companies shall true-up the Balancing Account (increase or decrease the notional balance, as necessary) to reflect the difference in the calculation between the estimates used in the preceding sentence, and the actual figures for the prior quarter. Following the end of RYE23 and the issuance of the FYE23 Audited Financial Statements and RYE23 Annual Rate Report, the SF Recology Companies shall true-up the Balancing Account (increase or decrease the notional balance, as necessary) for RYE23 to reflect the difference in the calculation between the actual figures used in the previous quarters of RYE23 per the preceding sentence, and the actual figures included in the RYE23 Annual Rate Report. Each quarterly rate report in RYE23 and the RYE23 Annual Rate Report shall include a schedule showing these adjustments to the notional Balancing Account, along with the period beginning and ending notional balances. The following schedule illustrates the timing of the adjustments to the notional balance of the Balancing Account based on profits earned in RYE23:

Date	Balancing Account Action
Dec. 31, 2022	Increase/decrease based on 50% of estimated Q1 above- or below-target profit on eligible costs
Mar. 31, 2023	Increase/decrease based on 50% of estimated Q2 above- or below-target profit on eligible costs plus true-up of Q1 calculation to reflect difference between estimates and actuals, as such actuals are reflected in the quarterly rate report for the quarter ending December 31, 2022
June 30, 2023	Increase/decrease based on 50% of estimated Q3 above- or below-target profit on eligible costs plus true-up of Q2 calculation to reflect

	difference between estimates and actuals, as such actuals are reflected in the quarterly rate report for the quarter ending March 31, 2023
Sept. 30, 2023	Increase/decrease based on 50% of estimated Q4 above- or below-target profit on eligible costs plus true-up of Q3 calculation to reflect difference between estimates and actuals, as such actuals are reflected in the quarterly rate report for the quarter ending June 30, 2023
Jan. 31, 2024	True-up of total RYE23 increases and decreases to reflect difference between actuals used in previous quarters of RYE23, and actuals reflected in the RY23E Annual Rate Report

### 8.5 No Effect on Profit Calculation

The increases or decreases in the notional balance of the Balancing Account described in Sections 8.2, 8.3, and 8.4, above, shall have no effect on the calculation of above- or below-target profit for RYE22C or RYE23, as described in Article 9, below.

### 8.6 Minimum Balance

The notional balance of the Balancing Account shall not drop below zero as of the application of the true-up for RYE23 regardless of the amount of RYE23 COLA that is partially forgone and profits earned below target with respect to RYE23. This provision is without prejudice to establishing the operation of a balancing account equally in both positive and negative directions (including, if applicable, below zero) as part of the Rate Order expected to become effective October 1, 2023.

### 8.7 Ratepayer Benefit

Any notional balance remaining to the benefit of the San Francisco ratepayers in the Balancing Account after the true-up for RYE23 occurs shall be applied to offset rate increases in equal amounts over the subsequent five rate years (RYE25 – RYE29).

## Article 9: Calculation of Above- / Below-Target Profit

The SF Recology Companies shall be allowed an OR of 91% on the actual OR-eligible expenses of RSS/RGG and RSF, consistent with the 2017 Rate Order. An above-target profit or a below-target profit for RYE22C or RYE23 shall be calculated by taking the difference between RYE22C or RYE23 actual net profits or losses, as applicable, and (actual OR-eligible expenses for the applicable rate year divided by 91% OR less actual OR-eligible expenses) as illustrated below, where “expenses” means OR-eligible expenses and “actual net profits” means actual net profits or losses based on actual costs and revenues reported in the quarterly rate reports and annual Rate Reports:

$$\text{above/below target profit} = \text{actual net profits} - \left[ \frac{\text{expenses}}{0.91} - \text{expenses} \right]$$

Above- or below- target profit shall be calculated separately for RSS/RGG, on the one hand, and for RSF, on the other. The results of these calculations shall be added to obtain a combined net above- or below-target profit.

A positive value of the combined net above- or below-target profit shall result in the SF Recology Companies increasing the notional balance of the Balancing Account in an amount equal to 50% of that positive value. A negative value of the combined net above- or below-target profit shall result in the SF Recology Companies decreasing the notional balance of the Balancing Account in an amount equal to 50% of that negative value.

This calculation and any increases or decreases to the notional balance of the Balancing Account shall be performed based on estimated values as described in Article 8 above with true-ups to occur on or before the dates specified above.

## **Article 10: Subject Properties**

### **10.1 Notional Credit to Balancing Account**

Any Transfer of a Subject Property shall result in a notional credit to the Balancing Account in accordance with this Article 10. The Bound Recology Companies represent that the properties listed in Appendix A comprise all the Subject Properties as of the Effective Date.

### **10.2 Calculation of Ratepayer Contributions for Subject Properties**

Total property rental expenses paid by ratepayers for a Subject Property shall be calculated by taking the sum of the annual (intercompany or otherwise) property rental expenses paid by ratepayers through the rates for the total length of time that the Subject Property has been included in the rates or for the total length of time for which extant rate applications provide such data. Because property rental expenses for real property have been treated inconsistently in past rate orders, property rental expenses for each individual Subject Property through RYE23 are listed in Appendix A. The Parties agree that the amounts for property rental expenses through RYE23 listed in Appendix A are final and that any notional credit to be applied to the balancing account based on these numbers shall not be subject to adjustment or recalculation. Notwithstanding this provision, property (intercompany or otherwise then applicable) rental expenses paid by ratepayers for any Subject Property from and after RYE24 shall be included in any notional credit to the Balancing Account upon the Transfer of such Subject Property.

### **10.3 Method of Crediting Balancing Account**

- (a) The Balancing Account shall receive a notional credit over the five rate years subsequent to the Transfer of a Subject Property. Each annual notional credit shall total one-fifth of the total notional credit.

- (b) The total notional credit for a Subject Property shall be equal to the property rental expenses paid by San Francisco ratepayers through the rates for use of such Subject Property in accordance with the provisions of Section 10.2.
- (c) Any increase in the notional balance of the Balancing Account pursuant to the requirements of Article 10 shall have no effect on the calculation of above- or below-target profit for RYE22C or RYE23, as described in Article 9.

#### **10.4 Property Exchanges**

- (a) In connection with any property exchange (wherein the Bound Recology Companies propose to transfer a Subject Property in return for other real property), the Bound Recology Companies must demonstrate whether use of the new property benefits San Francisco ratepayers in a similar manner and with a substantially equivalent and proportionate intensity or capacity as the original Subject Property and provide the City with appropriate evidence of this use and capacity. Upon City's approval of the demonstration of the use and capacity of the new property (such approval not to be unreasonably denied or delayed), the sum of annual property (intercompany or otherwise) rental expenses paid by ratepayers for the original Subject Property will be transferred from the original Subject Property to the new property (and the Bound Recology Companies will revise the supplemental schedules of Subject Properties as described below to include the new property, which will then become a new Subject Property subject to the provisions of the Agreement), without any notional credit to the Balancing Account at that time except as set forth below. Any decrease in proportional benefit or use to San Francisco ratepayers under a Subject Property exchange will trigger a proportional notional credit to the Balancing Account based on the percentage decrease in the benefit or use of the new property, and the remainder value (i.e., the extent to which the new property replaces the existing Subject Property) will be used to calculate the intercompany rental expenses paid by ratepayers for the new property acquired.
- (b) A cashless exchange, including an exchange for nominal cash consideration, or a partial cashless exchange, of a Subject Property used by the SF Recology Companies for San Francisco operations for another property to be used for San Francisco operations shall not result in a notional credit to the Balancing Account or any future balancing account to the extent that the rental payments credited to SF Ratepayers are transferred to the new property as set forth in subsection 10.4(a) above.
- (c) The Bound Recology Companies agree that any such exchange will obligate them to use the newly acquired property for San Francisco operations in at least the same proportion as the formerly owned property. The Bound Recology Companies shall provide to the City notice of an exchange within 30 days after the closing thereof, together with the Bound Recology Companies' determination of the existing intercompany rental payment amounts assigned to the original Subject Property and the amount of such payments that the Bound Recology Companies believe should transfer to the new property. The Bound Recology Companies shall provide such

backup information and materials as may be requested by the City to evidence the operations that are being transferred as well as the valuation and uses of the respective properties, and shall include a copy of the property exchange or purchase and sale agreement. The Bound Recology Companies shall also disclose any such exchange in the annual rate report subsequent to the exchange. The Parties agree that in the rate application process subsequent to the exchange, the reasonableness of the intercompany rental expenses for the newly acquired property and its use for San Francisco operations shall be reviewed.

- (d) The total property (intercompany or otherwise) rental expenses paid by San Francisco ratepayers, if any, for the Subject Property formerly owned by the Bound Recology Companies shall be applied to the newly acquired property such that in the event of a Transfer of the newly acquired property, the total property rental expenses, if any, for the formerly owned property shall be credited to the Balancing Account in addition to total property (intercompany or otherwise) rental expenses, if any, for the newly acquired property.
- (e) Property (intercompany or otherwise) rent charged and included in the rates, if any, for the formerly owned Subject Property shall be applied to the newly acquired property for the purposes of rate reporting.

#### **10.5 Limitations on Property Cost Recovery in Rates**

No property acquired through an exchange described in Section 10.4 above shall result in greater annual or total property rental or other charges to San Francisco ratepayers than San Francisco ratepayers were charged for the formerly owned Subject Property without authorization of the Refuse Rate Administrator. This provision is without prejudice to the SF Recology Companies applying for an increase in intercompany rental or other costs in a subsequent rate application, including without limitation for improvements made to a newly acquired Subject Property.

Once real property costs for any Subject Property have been fully recovered through the rates, including financing costs, rates charged to San Francisco ratepayers shall not include any property (intercompany or otherwise) rental or financing costs associated with such Subject Property, unless otherwise agreed with the City (including but not limited to a mutually agreed improvement to a Subject Property).

#### **10.6 Requirement to Cause Successors to Be Bound**

In the event of any sale, transfer, conveyance, or assignment, excepting any deed of trust, mortgage, or similar instrument granted by the Bound Recology Companies, of a Subject Property, including any sale, transfer, conveyance, or assignment to a direct or indirect subsidiary of Recology Inc., and where the Subject Property continues to be used to provide substantially similar service to San Francisco ratepayers, no Transfer shall be deemed to have occurred if the Bound Recology Companies cause the transferee to be bound by the provisions of this Article 10 with respect to that Subject Property.



## **10.7 Cessation of Service**

If the Bound Recology Companies cease to provide refuse service to San Francisco ratepayers, a Transfer shall be deemed to have occurred with respect to (i) all Subject Properties identified in the supplemental schedule of Subject Properties submitted with the most recent Audited Financial Statements, excluding any such Subject Properties that continue to be used to provide substantially similar service to San Francisco ratepayers, and (ii) any Subject Property that had been acquired by any of the Bound Recology Companies since the issuance of the most recent Audited Financial Statements, excluding any such Subject Property that continues to be used to provide substantially similar service to San Francisco ratepayers. For the avoidance of doubt, in the event any Subject Properties subject to this provision continue to be used to provide substantially similar service to San Francisco ratepayers and have been sold, transferred, conveyed, or assigned, excepting any deed of trust, mortgage, or similar instrument, to a transferee other than the Bound Recology Companies, the requirements of Section 10.6 shall apply.

## **10.8 Subsequently Excluded Subject Properties**

In the event any Subject Property does not continue to be used and will not be used in the future to benefit San Francisco ratepayers (each such Subject Property hereinafter referred to as a “Subsequently Excluded Subject Property”), the Bound Recology Companies shall apply a notional credit to the Balancing Account over the five rate years subsequent to the date that the Subsequently Excluded Subject Property is determined to no longer be used to benefit San Francisco ratepayers. This notional credit shall equal the property rental expenses paid by San Francisco ratepayers through the rates for use of such Subsequently Excluded Subject Property, as specified in Appendix A, plus any property (intercompany or otherwise then applicable) rental expenses paid by ratepayers for use of such Subsequently Excluded Subject Property from and after RYE24. A determination that a Subject Property will no longer be used to benefit San Francisco ratepayers shall not be made outside of the rate application process and must be so stated as part of the applicable Rate Order.

## **Article 11: General**

### **11.1 Notices**

Except as otherwise expressly provided in this Agreement, all notices, demands, approvals, consents and other formal communications between the Parties required or permitted under this Agreement shall be in writing and shall be deemed given and effective upon the date of receipt (i) if given by personal delivery or electronic mail on a business day (or the next business day if delivered on a day that is not a business day), (ii) if sent for next-business-day delivery (with all expenses prepaid) by a reliable overnight delivery service, with receipt of delivery, or (iii) if mailed by United States registered or certified mail, first class postage prepaid, to the Party at their respective addresses for notice designated below and may include courtesy copies by email to the addresses designated below.

In the case of a notice or communication to the City:

US Mail or other Hard Copy Delivery

Keslie Stewart  
San Francisco City Attorney's Office  
1390 Market Street, 7th Floor  
San Francisco, CA 94102

Email

keslie.stewart@sfcityatty.org

And in the case of a notice or communication to the SF Recology Companies or Recology Properties:

US Mail or other Hard Copy Delivery

SF Recology Companies / Recology Properties  
50 California Street, 24th Floor  
San Francisco, CA 94111  
Attn: Legal Department

Christine Wong  
Michael Komorowski  
Morrison & Foerster LLP  
425 Market Street  
San Francisco, CA 94105

Email

christinewong@mofocom  
mkomorowski@mofocom

Every notice given to a Party under the terms of this Agreement must state (or must be accompanied by a cover letter that states) substantially the following:

- (a) the Section of this Agreement under which the notice is given and the action or response required, if any; and
- (b) if applicable, the period of time within which the recipient of the notice must respond.

Any mailing or email address may be changed at any time by giving written notice of such change in the manner provided above at least 10 days before the effective date of the change.

## 11.2 Time of Performance

- (a) **Expiration.** All performance dates (including cure dates) expire at 5:00 p.m., San Francisco, California time, on the performance or cure date, unless otherwise provided in this Agreement.

- (b) **Weekends and Holidays.** A performance date that falls on a Saturday, Sunday or City holiday (or official City furlough day) is deemed extended to the next City working day.
- (c) **Days for Performance.** All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.
- (d) **Time of the Essence.** Time is of the essence for each and every provision of this Agreement.

### 11.3 Interpretation of Agreement

- (a) **Words of Inclusion.** The use of the terms “including,” “such as” or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters set forth, whether or not language of non-limitation is used with reference to such items or matters. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter.
- (b) **No Presumption Against Drafter.** This Agreement has been negotiated at arm’s length and between Persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, experienced and knowledgeable legal counsel has represented each Party. Accordingly, this Agreement shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the Party responsible for drafting any part of this Agreement.
- (c) **Costs and Expenses.** The Party on which any obligation is imposed in this Agreement shall be solely responsible for paying all costs and expenses incurred in the performance of such obligation, unless the provision imposing such obligation specifically provides to the contrary.
- (d) **Agreement References.** A reference to any provision, term or matter “in this Agreement,” shall be deemed to refer to any and all provisions of this Agreement reasonably related in the context of such reference, unless such reference refers solely to a specific numbered or lettered Article, Section or paragraph of this Agreement or any specific subdivision of this Agreement.
- (e) **Appendix.** Whenever an “Appendix” is referenced, it means an attachment to this Agreement unless otherwise specifically identified. All such Appendices are incorporated in this Agreement by reference.

#### **11.4 Successors and Assigns**

This Agreement is binding upon and will inure to the benefit of the successors and assigns of the Parties.

#### **11.5 No Third-Party Beneficiaries**

This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns.

#### **11.6 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed signature page of this Agreement by DocuSign or other similar reputable electronic signature service or by electronic mail in portable document format (PDF) will be effective as delivery of a manually-executed signature page of this Agreement.

#### **11.7 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all negotiations or previous conditions mentioned in or incidental to this Agreement. No parol evidence of any prior draft of this Agreement or any other agreement shall be permitted to contradict or vary the terms of this Agreement.

#### **11.8 Choice of Law and Venue**

The Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to California's conflict of laws rules. Any disputes arising out of or related to the Agreement in any way, either directly or indirectly, will be subject to binding arbitration before JAMS in San Francisco, California pursuant to the then-existing JAMS Streamlined Arbitration Rules and Procedures. Any dispute about the scope of this agreement to arbitrate and/or the arbitrability of any dispute shall be resolved in binding arbitration in accordance with this provision. The prevailing party in any arbitration shall be awarded reasonable attorneys' fees and expenses actually incurred in the arbitration.

#### **11.9 Further Assurances**

The Parties agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to effectuate the terms of this Agreement. The City Attorney is authorized to execute on behalf of the City any agreements, memoranda or similar documents that are necessary or proper to achieve the purposes and objectives of this Agreement and that do not materially increase the obligations of the City under this Agreement, if the City Attorney determines that the document is necessary or proper, consistent with the purposes of

this Agreement and in the City's best interests. The City Attorney's signature on any such document shall conclusively evidence such a determination.

### **11.10 Severability**

If any provision of this Agreement, or its application to any Person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other Person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be grossly inequitable under all of the circumstances, or would frustrate the fundamental purposes of this Agreement.

### **11.11 Amendments; Corrections of Technical Errors**

Neither this Agreement nor any of its terms may be terminated, amended or modified except by a written instrument executed by the Parties. Any amendment of this Agreement shall be subject to approval of the Board of Supervisors as provided in the resolution approving this Agreement. If by reason of inadvertence, and contrary to the intention of the Parties, errors are made in this Agreement or its Appendix, the Parties by mutual agreement may correct such error by written memorandum executed by them without the necessity of amendment of this Agreement. The City Attorney may execute any such written memorandum on behalf of the City.

### **11.12 Representations, Warranties, and Covenants**

- (a) **Bound Recology Companies' Representations, Warranties and Covenants.** The Bound Recology Companies represent, warrant, and covenant to the City that as of the Effective Date, each of the following statements is accurate and complete:
  - (i) **Valid Existence; Good Standing.** The Bound Recology Companies are duly organized, validly existing and in good standing under the laws of the State of California.
  - (ii) **Authority.** The Bound Recology Companies have all requisite power and authority to execute and deliver this Agreement and to carry out and perform all of its duties and obligations under this Agreement.
  - (iii) **No Limitation on Ability to Perform.** Neither the Bound Recology Companies' articles of incorporation, organization and/or bylaws, nor any other agreement, court decision, or law regarding the Bound Recology Companies prohibits or materially limits or otherwise affects the right or power of the Bound Recology Companies to enter into and perform all of the terms and covenants of this Agreement.

- (iv) **Valid Execution.** The execution and delivery of this Agreement (and the agreements contemplated in this Agreement) by the Bound Recology Companies have been duly and validly authorized by all necessary action on the part of the Bound Recology Companies. Upon its execution and delivery by all Parties and on the Effective Date, this Agreement will be a legal, valid, binding and enforceable obligation of the Bound Recology Companies.
  - (v) **Financial Matters.** The Bound Recology Companies warrant that they have not filed a petition for relief under any chapter of the U.S. Bankruptcy Code and have no present intention to petition for relief under any chapter of the U.S. Bankruptcy Code and to the Bound Recology Companies' knowledge, no involuntary petition naming the Bound Recology Companies has been filed under any chapter of the U.S. Bankruptcy Code.
- (b) **City Representations, Warranties, and Covenants.** The City represents, warrants, and covenants to the other Parties that as of the Effective Date, each of the following statements is accurate and complete:
- (i) **Authority.** The City has all requisite power and authority to execute and deliver this Agreement and to carry out and perform all of its duties and obligations under this Agreement.
  - (ii) **Valid Execution.** The execution and delivery of this Agreement (and the agreements contemplated in this Agreement) by the City have been duly and validly authorized by all necessary action on the part of the City. Upon its execution and delivery by all Parties and as of the Effective Date, this Agreement will be a legal, valid, binding and enforceable obligation of the City.
  - (iii) **Defaults.** The execution, delivery and performance of this Agreement do not and will not violate or result in a violation of, contravene or conflict with, or constitute a default under (A) any agreement, document or instrument to which the City is a party or (B) any applicable law, statute, ordinance or regulation.

### 11.13 No Reliance

The Parties enter this Agreement relying entirely upon independent evaluation and analysis and without reliance upon any oral or written representations and warranties of any kind or nature by either Party or its officials, commissions, agents, employees, attorneys, consultants, and representatives, other than as explicitly provided for in this Agreement.

### 11.14 Cooperation and Non-Interference

In connection with this Agreement, the Parties shall reasonably cooperate with one another to achieve the objectives and purposes of this Agreement. In so doing, the Parties shall each refrain from doing anything that would render its performance under this Agreement impossible and each must do everything that this Agreement contemplates that the Party shall do

to accomplish the objectives and purposes of this Agreement. In all situations arising out of this Agreement, the Parties must each attempt to avoid and minimize the damages resulting from the conduct of the other and must take all reasonably necessary measures to achieve the provisions of this Agreement.

#### **11.15 Joint and Several Liability**

The Parties agree that the obligations of any one or more of the Bound Recology Companies arising out of this Agreement shall rest with the Bound Recology Companies, jointly and severally, except as otherwise specifically provided.

Dated: \_\_\_\_\_

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Salvatore M. Coniglio  
Chief Executive Officer  
SUNSET SCAVENGER  
COMPANY

Dated: \_\_\_\_\_

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Salvatore M. Coniglio  
Chief Executive Officer  
GOLDEN GATE DISPOSAL &  
RECYCLING COMPANY

Dated: \_\_\_\_\_

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Salvatore M. Coniglio  
Chief Executive Officer  
RECOLOGY SAN FRANCISCO

Dated: \_\_\_\_\_

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Salvatore M. Coniglio  
Chief Executive Officer  
RECOLOGY PROPERTIES INC.

Dated: \_\_\_\_\_

---

David Chiu  
City Attorney  
CITY AND COUNTY OF SAN  
FRANCISCO



APPROVED AS TO FORM:

MORRISON & FOERSTER LLP

Dated: \_\_\_\_\_

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CHRISTINE Y. WONG  
Attorneys for Sunset Scavenger Company,  
Golden Gate Disposal & Recycling  
Company, Recology San Francisco, and  
Recology Properties Inc.

DAVID CHIU, CITY ATTORNEY

Dated: \_\_\_\_\_

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KESLIE STEWART  
Chief of Public Integrity and Investigations  
Attorney for City and County of San  
Francisco

## Appendix A

### Property rental expenses for each Subject Property through RYE23 (9/30/23):

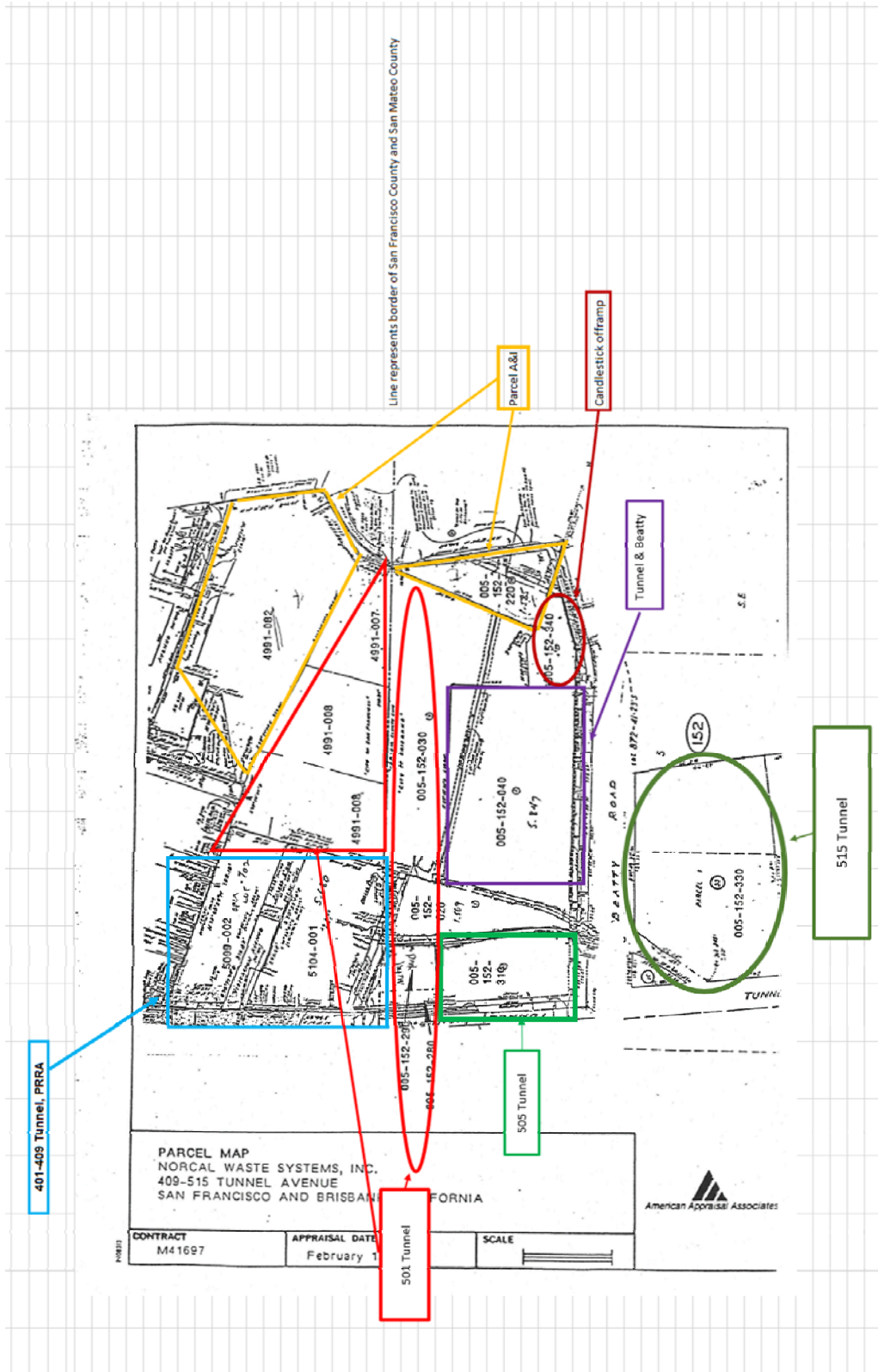
Subject Property	Rental Expenses in Rates (\$)
Tunnel & Beatty	2,636,431
Parcels A&I	2,136,434
401-409 Tunnel	9,580,995
501 Tunnel	-
505 Tunnel	1,359,825
515 Tunnel (7.043 Acre Parcel)	-
595 Tunnel Bldg.	1,040,838
Candlestick Offramp	-
465 Wheeler Ave.	341,550
466 Tocoloma Ave.	-
West Wing	8,905,055
<b>Total Property</b>	<b>26,001,127</b>

### Description

County	APN	1991 APN	Acres	Use	Address
San Francisco	5099-002 / 5091-010	5099-002	0.702	Open lot	401-409 Tunnel
San Francisco	5104-001	5104-001	5.68	PRRA	401-409 Tunnel
San Francisco	4991-007	4991-007	1.059	Shop	501 Tunnel
San Francisco	4991-008	4991-008	2.1	Transfer Station	501 Tunnel
San Francisco	4991-009	4991-009	2.588	Public, Hazardous Facility	501 Tunnel
San Mateo	0005-152-020	0005-152-020	1.569	Parking Curbside	501 Tunnel
San Mateo	0005-152-030	0005-152-030	4.77	Scales, truck parking	501 Tunnel
San Mateo	0005-152-280	0005-152-280	0.176	Sanitary Fill office	501 Tunnel
San Mateo	0005-152-290	0005-152-290	0.544	Metal yard	501 Tunnel
San Mateo	0005-152-310	0005-152-310	1.65		505 Tunnel

San Mateo	0005-152-330	0005-152-330	7.043	Debris Box storage	515 Tunnel
San Mateo	0005-152-330	0005-152-330		CLEM rental	515 Tunnel
San Mateo	0005-152-330	0005-152-330		Open	515 Tunnel
San Mateo	0005-152-270	0005-152-270			595 Tunnel
San Mateo	0005-152-340	0005-152-340	0.798	Parking	Candlestick Offramp
San Francisco	4991-954	4991-082	7.31	Parking, Transfer station	Parcels A&I
San Francisco	4991-954	4991-082		Shop	Parcels A&I
San Mateo	0005-152-220	0005-152-220	1.535	Truck parking	Parcels A&I
San Mateo	0005-152-040	0005-152-040	5.847	Sunset Admin	Tunnel & Beatty
San Mateo	0005-152-040	0005-152-040		Shop	Tunnel & Beatty
San Francisco	5092-009	5092-009		House	466 Tocoloma Ave.
San Francisco	5091-014	5091-014		House	465 Wheeler Ave.
Conversion 1 acre to sq. ft		43560 sq. ft			
Conversion 10,000 sq. ft to acre		0.229568411 acre			

# APN View



# Map View

