



October 28, 2011

Mr. Fred Blackwell
Assistant City Administrator
Community and Economic Development Agency
City of Oakland
One Frank H. Ogawa Plaza, 3rd floor
Oakland, CA 94612

Re: North Gateway Area

Dear Mr. Blackwell:

California Waste Solutions, Inc. (CWS) and CASS, Inc. are pleased to submit this letter of intent to develop 23+/- acres of the North Gateway Area of the former Oakland Army Base. We plan to invest a minimum of \$60 million for the construction of two new recycling facilities in the North Gateway. The facilities will include processing areas, office space, parking, and other improvements and uses related to our separate operations.

This letter is an expression of interest only, and is not contractual in nature. Our investment is subject to the completion of the current environmental review for the former Army Base, recordation of a final map, and infrastructure development being underway. Our investment is also dependent on being able to enter into a disposition and development agreement with either the Oakland Redevelopment Agency or the City of Oakland.

This Letter of Intent is an expression of intent only, and does not set forth all of the matters upon which agreement must be reached in order for the proposed investment to be consummated. Accordingly, this Letter of Intent does not constitute a legally binding document and does not create any legal obligations on the part of or any rights in favor of any person nor does it create any obligation on CASS, Inc. or California Waste Solutions to negotiate further.

CWS provides recycling, waste management and materials brokering services to public and private sector clients throughout northern California and the western United States. CWS collects and procures materials that include all general recyclable materials,

including: paper, envelopes, file folders, newspaper, magazines, junk mail, cardboard, cans, glass, plastic, metal, wood, and styrofoam. These materials come from single-stream and source-separated programs. CWS also collects debris, construction and demolition waste, refuse, and markets organic material such as green waste and food scraps for composting and digestion. In addition to materials collections and processing, CWS brokers recycled materials, both nationally and internationally.

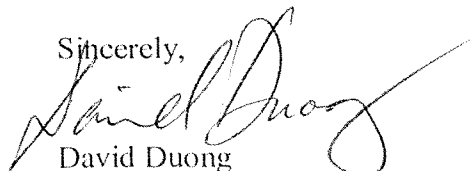
CWS operates recycling plants in Oakland and one in San José as well as support facilities for its truck fleet and collections operations. CWS services approximately 40,000 single family and 30,000 multi-family households, along with service to 600 Small Businesses in Oakland. CWS collects and processes approximately 165,000 of San Jose's single-family households.

CASS has been in operation recycling ferrous and non-ferrous metals since 1970. CASS exports and imports these metals as well as produces secondary aluminum ingots in a wide range of aluminum alloys for resale. Although scrap metal collection comprises a larger volume of business for CASS, secondary aluminum production provides CASS with a more diversified market. CASS produces specified ingot for regional and global markets. The ingot is distributed by truck to the greater Bay Area and shipped by container through the Port to global destinations (primarily Malaysia, China, and Japan). CASS is one of four remaining secondary aluminum remelters in California and is number two in the secondary market. CASS is the only secondary ingot maker that produces and markets alloys using no poisonous chemicals. Moreover, CASS' products use 100% of its furnace by-products, eliminating environmental waste stream liability.

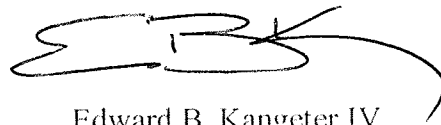
For ferrous metals, CASS deals in steel and cast iron. CASS is one of the largest providers of cast iron in the region and a source for local businesses. Combined with just-in-time inventorying, CASS's services help support the growth of local businesses. The majority of CASS's materials are trucked in. Being able to accept and sell via rail would enable CASS to increase its tonnage and domestic sales.

Materials recycling is a growing industry. Domestically, in 2006, scrap was a \$65 billion industry that provided 50,000 jobs. By 2008, it had become an \$86 billion industry that provided 85,000 jobs and recycled 150 million metric tons of scrap materials. That included 85 million tons of iron and steel and 5.5 million tons of aluminum. Altogether, \$28.6 billion worth of scrap commodities were exported to 153 countries in 2008, up from \$15.7 billion worth of scrap to 143 countries in 2006.

Sincerely,



David Duong
California Waste Solutions, Inc.
President and CEO



Edward B. Kangeter IV
CASS, Inc.
CEO