SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB") 1001 I Street, Sacramento, California 95814, and RRM TRANSPORTATION, INCORPORATED (hereinafter "RRM"), 1806 Hemlock Pl. Suite 206, Schaumburg, IL 60173.

I. RECITALS

(1) California Health and Safety Code (HSC) Sections 39650-39675 mandate the reduction of the emission of substances that have been determined to be toxic air contaminants (TACs). In 1998, following an exhaustive 10-year scientific assessment process, the ARB identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. Drayage trucks are controlled under the Drayage Truck Regulation as codified in Title 13, CCR Section 2027.

(2) Title 13 CCR, Section 2027 (d)(3)(A) requires drayage truck owners meet all applicable emission requirements and deadlines set forth in Phases 1 and 2 detailed in Section 2027 (d).

(3) Title 13 CCR, Section 2027 (d)(5)(A)(2) requires drayage truck motor carriers only dispatch drayage trucks that meet emission standards and compliance deadlines set forth in Phases 1 and 2 in Section 2027 (d). Section 2027 (d)(5)(A)(3) requires motor carriers only dispatch drayage trucks that are registered and in good standing with the Drayage Truck Registry (DTR).

(4) The ARB Enforcement Division has documented that RRM, as a drayage truck owner, failed to bring drayage trucks in its fleet into compliance by the deadlines set forth in the Drayage Truck Regulation. The ARB Enforcement Division has also documented that RRM, as a motor carrier, dispatched drayage trucks that are either not compliant with the emissions standards set forth in the Drayage Truck Regulation or not registered with the DTR.

(5) Failure to comply with Title 13 CCR, Section 2027 (d)(5)(A)(2) and Section 2027 (d) is a violation of state law resulting in penalties. HSC Section 39674 authorizes civil or administrative penalties not to exceed one thousand dollars ($1,000) or ten thousand dollars ($10,000) for each day that the violation occurs.

(6) In order to resolve these alleged violations, RRM has taken, or agreed to take, the actions enumerated below under "TERMS & RELEASE". Further, the ARB accepts this Agreement in termination and settlement of

this matter.

(7) In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of this Agreement. Specifically, the ARB and RRM agree as follows:

II. TERMS & RELEASE

In consideration of the ARB not filing a legal action against RRM for the alleged violations referred to above, and RRM'S payment of the penalties set forth in Section 1 below, the ARB and RRM agree as follows:

(1) Upon execution of this Agreement, RRM shall pay a civil penalty of $14,400.00. Payment shall be made in 4 quarterly payments as described below, beginning on May 15, 2014.

SETTLEMENT AGREEMENT AND RELEASE ARB AND RRM TRANSPORTATION, INCORPORATED:

Payment Due Date:	In the Amount of and Paid to:
May 15, 2014	**$3,600.00** paid to **Peralta Colleges Foundation**
August 15, 2014	**$3,600.00** paid to **Air Pollution Control Fund**
November 14, 2014	**$3,600.00** paid to **Air Pollution Control Fund**
February 13, 2015	**$3,600.00** paid to **Air Pollution Control Fund**

Please send the signed Settlement Agreement and any future mailings or documents required per the terms of this Settlement Agreement to:

Mr. Sidney Lau, Air Resources Engineer
Air Resources Board, Enforcement Division
P.O. Box 2815
Sacramento, CA 95812

Please submit each payment by the applicable payment due date along with the corresponding "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

California Air Resources Board
Accounting Office
P.O. Box 2815
Sacramento, CA 95812

(2) Effect of Untimely Payment. If any payment is more than 15 days late, the entire remaining balance becomes immediately due and payable. In addition, if the Attorney General files a civil action to enforce this settlement agreement, RRM shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.

(3) It is agreed that if RRM, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving RRM, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute is filed by or against RRM, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of RRM'S, its subsidiary, or parent company's properties, or if any deposit account or other property of RRM, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or RRM, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.

(4) It is further agreed that the penalties described in "Terms and Release", paragraph 1 are punitive in nature, rather than compensatory. Furthermore, the penalty is intended to deter and punish RRM for violations of state environmental statutes, and these penalties are payable to and for the benefit of ARB, a governmental unit. Therefore, it is agreed that these penalties imposed on RRM through ARB arising from the facts described in recital paragraphs (1) through (5) are non-dischargeable under 11 United States Code § 523 (a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty or forfeiture payable to and for benefit of governmental unit, and is not compensation for actual pecuniary loss, other than certain types of tax penalties.

(5) RRM shall not violate HSC Section 43701 et seq., 44011.6 et seq. and Title 13 CCR Sections 2027 et seq., 2180 et seq., 2183 et seq., 2190 et seq., and 2485 et seq., or any other provision or law under the jurisdiction of ARB.

(6) RRM shall comply with one or both of the following options to attend the California Council on Diesel Education and Technology (CCDET I) class (SAE J1667 Snap Acceleration Smoke Test Procedure for Heavy-Duty Diesel Powered Vehicles) as described on the ARB webpage at

http://www.arb.ca.gov/enf/hdvip/ccdet/ccdet.htm. This class is conducted by various California Community Colleges and instructs attendees on compliance with the PSIP, ECL and the HDVIP.

(a) RRM shall have the fleet maintenance manager (or equivalent) and all staff performing opacity tests for compliance with PSIP and the HDVIP attend the CCDET I class. Proof of CCDET I completion shall be provided to ARB within six months of the date of this Agreement and be maintained in each applicable employee's file for the term of his or her employment.

(b) If RRM uses a contractor to perform the annual smoke opacity testing required under the PSIP, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET I course, RRM shall obtain proof that the contractor's staff conducting the smoke opacity tests completed the CCDET I course within the past four years. This proof of CCDET I completion shall be provided to ARB with PSIP records as required by this Agreement and be maintained with the annual PSIP records.

(7) RRM shall comply with one or both of the following options to attend the CCDET II class (Diesel Exhaust After Treatment and Maintenance), described on the ARB's webpage http://www.arb.ca.gov/enf/hdvip/ccdet/ccdet.htm. This class is conducted by various California Community Colleges and instructs attendees on California's emission regulations and the proper care and maintenance of diesel exhaust after treatment systems (DEATS).

(a) RRM shall have the fleet maintenance manager (or equivalent) and all staff responsible for maintenance of DEATS attend the CCDET II class. Proof of CCDET II completion shall be provided to ARB within six months of the date of this Agreement and also be maintained in each applicable employee's file for the term of his or her employment.

(b) In case RRM uses a contractor for the maintenance of DEATS, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET II course, RRM shall obtain proof that the contractor's staff maintaining the DEATS device(s) completed the CCDET II course within the last four years. This proof of the CCDET II completion shall be provided by RRM to the ARB within six months of the date of this settlement and be maintained with the DEATS installation and maintenance records.

(8) RRM shall complete Low NOx Software Upgrades (reflash) on all applicable heavy-duty diesel engines operating in California and report to the ARB within 45 days of this agreement.

(9) Each 1974 or newer diesel powered heavy-duty commercial vehicle in RRM's fleet shall comply with the emission control label (ECL) requirements set forth in the CCR, Title 13, Section 2183.

(10) RRM shall instruct all employees who operate diesel fueled commercial vehicles to comply with the idling regulations set forth in CCR, Title 13, Section 2485, within 45 days of this Agreement.

(11) RRM shall not violate the Drayage Truck Regulation, as codified in Title 13 CCR, Section 2027.

(12) RRM shall not dispatch drayage trucks that are not compliant with the emission standards set forth in the Drayage Truck Regulation or trucks that are not registered with the DTR. The ARB reserves the right to audit the dispatch records of RRM for compliance with Title 13 CCR, Section 2027 (d)(5) any time in the future.

(13) RRM shall not violate the Truck and Bus Regulation as codified in Title 13 CCR, Section 2025.

(14) This Agreement shall apply to and be binding upon RRM, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(15) This Agreement constitutes the entire agreement and understanding between ARB and RRM, concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and RRM, concerning the subject matter hereof.

(16) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement.

(17) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

(18) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.

(19) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.

(20) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires the ARB to provide information on the basis for the penalties it seeks (see Health and Safety Code section 39619.7). This information, which is provided throughout this settlement agreement, is summarized here.

The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in Health and Safety Code sections 42403 and 43024.

Drayage Violations

The per vehicle penalty for the drayage violations involved in this case is a maximum of $1,000 per vehicle per day for strict liability violations or $10,000 per vehicle per day for negligent or intentional violations pursuant to HSC Section 39674. The penalty obtained for the drayage motor carrier violations involved in this case is $14,400 for the year 2013. The penalty obtained is as follows: $9,060 for dispatching 302 noncompliant dispatches, or $30 per noncompliant dispatch, $4,540 for failing to meet emission standards by the compliance deadlines in Title 13 CCR Section 2027(d) for 5 drayage trucks, or $908 per vehicle per violation, and $800 for dispatching 8 vehicles not registered in the drayage truck registry or $100 per vehicle.

The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.

Drayage Violations

The penalty provision being applied for the Drayage Truck Regulation (Title 13 CCR, Section 2027) violations in this case is HSC Section 39674 because the Drayage Truck Regulation is a Toxic Air Contaminant Control Measure adopted pursuant to authority contained in HSC Sections 39650 – 39675.

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.

Drayage Violations

The drayage provisions cited above do prohibit emissions above a specified opacity or level of g/hp-hr. However, since the hours of operation of the non-compliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

(21) RRM acknowledges that ARB has complied with SB 1402 in prosecuting or settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC section 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

(22) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the consideration of past penalties in similar cases, and the potential costs and risk associated with litigating these particular violations. Penalties in further cases might be smaller or larger on a per unit basis.

(23) The penalty was based on confidential settlement communications between ARB and RRM that ARB does not retain in the ordinary course of business either. The penalty is the product of an arms length negotiation between ARB and RRM and reflects ARB's assessment of the relative strength of its case against RRM, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that RRM may have secured from its actions.

(24) Now therefore, in consideration of the payment on behalf of RRM to the Air Pollution Control Fund and the Peralta Colleges Foundation, the ARB hereby releases RRM and their principals, officers, agents, predecessors and successors from any and all claims, the ARB may have or have in the future based on the circumstances described in paragraphs (1) through (5) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

By: _____

Name: James Ryden

Title: Chief, Enforcement Division

Date: 6/3/14

RRM Transportation, Incorporated

By: Roman Melnyk

Name: _____

Title: Manager

Date: 05/27/14