

SETTLEMENT CONFIDENTIAL SUBJECT TO FRE AND NJRE 408

TERM SHEET – December 6, 2011

**SETTLEMENT BETWEEN BOROUGH OF RINGWOOD
AND FORD MOTOR COMPANY**

The Borough of Ringwood (“Borough”) and Ford Motor Company (“Ford”) (each a “Party,” and collectively the “Parties”) have been named as potentially responsible parties pursuant to Section 107(a) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 *et seq.* (“CERCLA”), for the Ringwood Mines Landfill Site located in Ringwood, New Jersey (“Site”). In recognition of their common interests and their desire to avoid costly and protracted litigation, the Parties have agreed to enter into a settlement agreement containing the principal terms set forth in this term sheet (“Term Sheet”). The Parties agree that nothing set forth in this Term Sheet shall constitute an admission by either Party for any purpose or any fact whatsoever.

1. The Borough will pay 15% of costs for the remedial actions set forth in the Excel Environmental Resources Remedial Action Cost Estimates dated October 20, 2011 (attached hereto and referred hereafter as “Excel RACE”) for the Areas of Concern (“AOCs”) up to the amount of the cost estimates therein as follows:
 - A. Impermeable cap for Peter’s Mine Pit Area (\$7,012,832);
 - B. Permeable cap for O’Connor Disposal Area (\$7,301,366); and
 - C. Permeable cap for Cannon Mine Area (\$1,252,050).

The costs estimated above include long-term and on-going inspection, operation and maintenance of the remedial caps as outlined in the Excel RACE for a period of thirty (30) years, although the Parties acknowledge that the obligation for inspection, operation and maintenance of the remedial caps continues as long as the caps are in place and therefore, the financial obligation as agreed to by the Parties herein also continues, until such time as the caps no longer serve as the selected remedy or applicable regulations are amended or the United States Environmental Protection Agency (“EPA”) or the State of New Jersey Department of Environmental Protection (“NJDEP”) eliminate the required inspection, operation and maintenance of the remedial caps.

2. The Borough will pay 15% of costs for the regulatory oversight for EPA and NJDEP estimated at \$1,621,501 in the Excel RACE for the remedial actions contained therein.
3. The Borough will pay 15% of costs for the long-term site-related groundwater monitoring (AOC #4, Site-Related Groundwater) for up to thirty (30) years, currently estimated by Ford at an annual cost of \$150,000. The parties agree to engage in diligent and good faith negotiations for resolution of the costs for the long-term site-related groundwater monitoring which goes beyond the initial thirty (30) years. The parties expect the actual cost will be less than \$150,000 per year due to a reduction in the number of groundwater wells and/or sampling points and also a reduction in the parameters to be analyzed.

4. Ford shall be responsible for establishment of 100% of the financial assurance for AOC #4, Site-Related Groundwater Monitoring to be required by EPA, which shall also inure to the benefit of the Borough or as negotiated by the Parties and agreed to by the EPA and NJDEP over the course of time.

Ford shall retain the consultant(s) to perform the long-term Site-Related Groundwater Monitoring, which costs shall be paid for pursuant to the terms as set forth herein.

5. The Borough will continue to evaluate and use its best efforts in good faith to obtain consent to deed restrict areas of the Site it owns where EPA and/or NJDEP approves that waste or hazardous substances may be left in place controlled by caps. The Borough agrees to evaluate a land swap or purchase agreement for the Peter's Mine Pit Area if appropriate.
6. All other previously identified areas of concern at the Site, including but not limited to, the paint sludge removal areas ("SR-Areas"), Borough Landfill, St. Georges Pit, New London Pit, residences, etc. and any future areas of concern are not subject to the settlement as the Parties reserve their rights against each other as to the costs associated with these areas.
7. For either work required by the EPA and/or NJDEP that is not set forth in the Excel RACE, or if the costs exceed the estimates contained therein for any AOC, the Parties reserve their rights and agree to engage in diligent and good faith negotiations to reach a mutually agreeable resolution as to the costs associated for that work or costs that exceed the estimates in the Excel RACE; if the negotiations are unsatisfactory to either party for any reason, said Party may provide notice to the other and proceed to file suit or take any other action with respect to the contested work or costs. Notice shall include the notice required in the Tolling Agreement by either party to terminate the Tolling Agreement.
8. Ford and the Borough (through its professionals, McManimon & Scotland and Excel Environmental Resources) shall collaborate and cooperate and participate together in the work effort required by the CERCLA process through the management and implementation of the Remedial Action and EPA's issuance of a Record of Decision at the four (4) AOCs, namely, Peter's Mine Pit Area, O'Connor Disposal Area, Cannon Mine Area and Site-Related Groundwater. This work effort includes, but is not limited to, the remaining Remedial Investigation and Remedial Action alternatives evaluation, Remedial Action Design, and Remedial Action implementation (including Contractor Bidding, Contractor Selection, Remedial Action Implementation and Construction Management), and that all reasonable efforts with respect to cost efficiency and cost growth control will be utilized by the Parties and their environmental consultant(s) for all remaining work associated with the four (4) AOCs that are the subject of the Settlement Agreement until such time that work in these AOCs is complete, whether the work is voluntarily proposed or agreed to by the Parties or directed by EPA and/or NJDEP.
9. The Borough will continue to contribute in-kind services and storage space, and cooperate with Ford in joint effort through the implementation of the Remedial Investigation, the evaluation of Remedial Action alternatives, EPA's issuance of Record of Decisions,

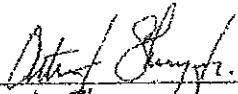
implementation of the Remedial Actions, and long-term inspection, operation and maintenance within all four AOCs that are the subject of this Settlement Agreement.

10. The Borough shall work with Ford and Ford's environmental consultant(s) with respect to the technical, regulatory and strategic aspects of any remaining Remedial Investigation and Remedial Action in these four AOCs in an effort to obtain regulatory approval and community acceptance of a remedy which is technically and regulatorily appropriate, protective of human health and the environment and compliant with applicable law and regulations
11. The Parties shall share and provide to the other copies of all non-privileged reports and material communications (whether written, electronic or verbal) related to the Site exchanged, submitted to or received from any person or entity including but not limited to, their environmental consultants, EPA, NJDEP, any public agency, the Citizens Advisory Group or the public, upon receipt or as soon as practicable.
12. The Parties shall continue to pay for their own professionals, including but not limited to, their attorneys and environmental consultants.
13. Each Party agrees to irrevocably release and waive and covenant not to sue the other for their past costs to date and for the work performed in exchange for the commitments as set forth herein, and in recognition of the value received to date by the Borough's in-kind services, cooperation and collaboration leading up to the Settlement Agreement which includes, but is not limited to, the technical and strategic services provided by the Borough's professionals paid for by the Borough.
14. Ford shall provide written acknowledgment of its acceptance of the Borough's cooperation and contribution received to date and as contemplated by the Settlement Agreement to the EPA relative to the Unilateral Administrative Orders previously issued to the Borough. Ford shall support the Borough's participation in RI/FS AOC if requested by the Borough.
15. Each Party agrees to irrevocably release and waive and covenant not to sue the other for any work performed and the associated costs thereof paid pursuant to Paragraphs 1, 2 and/or 3 above. As between the Parties, Ford shall pay all costs associated with any work, whether investigative or Remedial Action in nature, required by the EPA and/or NJDEP which is related solely to paint sludge and agrees that the Borough has no responsibility for any such work and/or any associated costs whether additional or incremental.
16. The Parties and their legal counsel shall consult and work together in good faith to support the technical, regulatory and strategic efforts as needed, including but not limited to, resolution of any issues upon which the Parties' environmental consultants cannot reach mutual agreement.
18. Although the basis of the financial allocations set forth in Paragraphs 1, 2 and 3 specified in this Term Sheet is the remedies identified in the Excel RACE, nothing herein is to be construed as an endorsement of such remedies as the Parties understand that EPA may

select a different remedy or remedies. Should any additional investigation and/or Remedial Action of solely paint sludge, drums and/or any other Ford waste or materials ("Ford Wastes") be required, as between the Parties Ford shall be responsible for the work and associated costs of any and all additional work related to solely Ford Wastes should any be warranted or required beyond construction of the permeable cap remedies set forth in the Excel RACE, whether the work is voluntarily proposed, agreed to by the Parties, or directed by EPA and/or NJDEP.

- 19 The parties shall endeavor to agree upon protocols for an Alternate Dispute Resolution process to be included in the Settlement Agreement to resolve any disputes which cannot be resolved by the Parties' legal counsel within the scope of the Term Sheet, Settlement Agreement or the work to be performed as part of the CERCLA process.
- 20 In recognition of their common interests, the Parties agree to seek to develop consensus on issues and to minimize taking positions adverse to the interests of the other Party.
- 21 In the event the work contemplated herein exceeds the cost estimates set forth in the Excel RACE, or differs from the work agreed to be covered under the Excel RACE, and is subject to new negotiation between the Parties, the Term Sheet remains valid and enforceable.
- 22 The Parties agree that these terms will be incorporated into a Settlement Agreement and Waiver and Release and Covenant Not to Sue.
- 23 As indicated by the signatures below, the Parties agree to be bound by the terms of the Term Sheet and that the Term Sheet shall be enforceable.
- 24 In the event that any provision in, or obligation under, the Term Sheet shall be deemed invalid, illegal, or unenforceable in any jurisdiction the validity, legality, and enforceability of the other provisions in, or obligations under, this Term Sheet shall not be in any way affected or impaired thereby.
- 25 The individuals signing this Term Sheet on behalf of the Parties certify that they are authorized to bind their respective Party to this Term Sheet.
- 26 It is expected and understood that this Term Sheet may be executed in counterparts and that all counterparts so executed are to constitute one agreement binding to all Parties hereto, notwithstanding the fact that all Parties are not signatories to the original or the same counterpart. Any party hereto may execute this Term Sheet by facsimile signature, PDF or similar form of communication, and such signature shall be legal and valid for all purposes.

On Behalf of Ford Motor Company

Signature : 
By: Peter J. Sherry
It's: Secretary

On Behalf of the Borough of Ringwood

By: 
Wanda Chin Monahan

McManimon & Scotland, L.L.C
Counsel to the Borough of Ringwood

Dated: December 8, 2011

Dated: December 22, 2011