

RELEASE OF CLAIMS AND SETTLEMENT AGREEMENT

This Release of Claims and Settlement Agreement ("Settlement Agreement" or "Agreement") is made and entered into this 20th day of November, 2006, between the City of Ann Arbor ("City"), a Michigan municipal corporation, with offices at 100 N. Fifth Ave, Ann Arbor, Michigan, 48104, and Gelman Sciences, Inc., a Michigan Corporation, d/b/a Pall Life Sciences ("PLS"), with offices at 600 South Wagner Road, Ann Arbor, Michigan, 48103.

I. GENERAL PROVISIONS

A. Proceedings. The City and PLS (collectively, the "Parties") acknowledge that this Settlement Agreement is a compromise of claims made in the following proceedings:

1. *City of Ann Arbor v. Gelman Sciences, Inc. d/b/a Pall Life Sciences*, Case No. 04-513-CF (Washtenaw Cty. Cir. Ct.) ("State Lawsuit");
2. *City of Ann Arbor v. Gelman Sciences, Inc. d/b/a Pall Life Sciences*, Case No. 05-73100 (U.S. Dist. Ct., E.D. Mich.) ("Federal Lawsuit"); and
3. *In Re Point Source Pollution Control National Pollution Discharge Elimination System (NPDES) Petition of the City of Ann Arbor on Permit NPDES No. MI 0048453 (Pall Life Sciences)* ("Contested Case").

B. Compromise of Claims. The Parties recognize that this Settlement Agreement is a compromise of disputed claims and defenses. By entering into this Settlement Agreement, neither Party admits any fault or liability under any statutory or common law, and does not waive any rights, claims, or defenses with respect to any person except as otherwise provided herein. By entering into this Settlement Agreement, neither Party admits the validity or factual basis of any of the positions or defenses asserted by the other Party. The Settlement Agreement and the compromises reflected therein shall have

no *res judicata* effect and shall not be admissible as evidence in any other proceeding, except in a proceeding between the Parties seeking enforcement of this Agreement.

- C. Parties Bound. This Settlement Agreement applies to and is binding upon and inures to the benefit of the City, PLS, and their successors and assigns. This Settlement Agreement shall be binding upon the successors and assigns, if any, of PLS to its obligations and rights under the Consent Judgment entered into in *Attorney General v. Gelman Sciences*, Case No. 88-34734-CE (Washtenaw Cty. Cir. Ct.) (as modified by subsequent orders of the court) (the “Consent Judgment”).

II. DEFINITIONS

The following terms, when capitalized in this Agreement, shall have the meanings specified in this Section II.

- A. 1,4-Dioxane means the 1,4-dioxane present in surface water and the groundwater aquifers in the vicinity of the PLS Property, including the Unit E Aquifer, but this term as it is used in this Agreement shall not include any 1,4-dioxane that PLS establishes by a preponderance of the evidence to have originated from a release for which PLS is not legally responsible. For purposes of this Agreement only, “1,4-Dioxane” includes the 1,4-dioxane currently identified in the Unit E Aquifer, including but not limited to that which currently is below 85 ppb in concentration, which is located either (a) in the Prohibition Zone; or (b) at and in the vicinity of the Northwest Supply Well. PLS acknowledges that, as of the date of this Agreement, it is not aware of another source of the currently known 1,4-dioxane. Accordingly, the Parties agree that any 1,4-dioxane found in and near the Prohibition Zone or in and near the vicinity of the Northwest Supply Well shall be presumed to be within the above definition unless PLS can make

the proof stated above to the contrary. This definition shall not have any evidentiary effect in any future dispute or litigation between PLS and any person or entity other than the City.

- B. Bromate means the bromate present in the surface water and the groundwater aquifers in the vicinity of the PLS Property, including the unnamed tributary to Honey Creek, which is the location of Outfall 001 under the NPDES Permit (the "Honey Creek Tributary"), Honey Creek and Unit E Aquifer, but this term as it is used in this Agreement shall not include any bromate that is established by PLS to have originated from a release or discharge for which PLS is not legally responsible.
- C. City Property means property, buildings and facilities owned by the City.
- D. Claims means any claim, allegation, demand, order, directive, action, suit, cause of action, counterclaim, cross-claim, third-party action, or arbitration or mediation demand, whether at law or in equity, and whether sounding in tort, equity, nuisance, trespass, negligence, strict liability or any other statutory, regulatory, administrative, or common law cause of action of any sort, asserted and unasserted, known and unknown, anticipated and unanticipated, past, present, and future of any nature whatsoever, including, without limitation, any and all claims for injunctive relief, declaratory relief, contribution, indemnification, reimbursement, Response Costs, Response Activity Costs, loss in the value of property, statutory relief, damages, expenses, penalties, costs, liens, or attorney fees.
- E. Effective Date: The Effective Date of this Agreement shall be the latest date of the entry of the orders of dismissal specified in Section III. This Agreement shall be effective only if all of the orders of dismissal specified in Section III are entered.
- F. Escalator Factor shall be calculated by as follows:

$$\frac{\text{Escalator Index (Month of Trigger)} - \text{Escalator Index (November 2006)}}{\text{Escalator Index (November 2006)}}$$

The percentage change from the November 2006 Index to the Index for the month during which the Contingent Payment is triggered under Section VI.B will be calculated to the second decimal place.

- G. Escalator Amount shall be computed by multiplying the Escalator Factor by the Contingent Payment.
- H. Escalator Index shall be the Engineering News Record Construction Cost Index, available at the www.enr.com web site. In the event the Escalator Index is no longer published by McGraw Hill or its successor, the Parties agree to establish an alternative method of determining the Escalator Amount based on a currently published and generally accepted construction cost index.
- I. Federal Maximum Contaminant Level means the maximum contaminant level established by the Environmental Protection Agency under the Federal Safe Drinking Water Act. 42 U.S.C. 300f, et seq.
- J. GCGI means the generic residential criterion for groundwater based on ingestion of groundwater developed by the MDEQ for 1,4-dioxane under Part 201 of the Michigan Natural Resources and Environmental Protection Act ("NREPA") MCL 324.20101 *et seq.*, and Mich. Admin. Code R. 299.710, as such criteria may be amended, adjusted or replaced.
- K. Hazardous Substances has the same definition as that term in Section 20101(1) of NREPA, MCL 324.20101(1).

- L. HCT Water Treatment System means the system used by PLS to treat water collected by the PLS remediation systems and to discharge that water to the Honey Creek Tributary at Outfall 001, as described in the NPDES Permit.
- M. Major Reports means those reports that PLS is required to submit under the Consent Judgment or a MDEQ-approved work plan that address response activities affecting properties within the City or City Property, and any other final reports that PLS in good faith determines would be of significant interest to the City.
- N. MDEQ means the State of Michigan Department of Environmental Quality, and its successor state agencies.
- O. NPDES Permit means, unless specified otherwise, National Pollutant Discharge Elimination System Permit No. MI 0048453, as amended, renewed, or replaced, that authorizes PLS' discharge of treated water and effluent limits for such discharge.
- P. Northwest Supply Well means the City's municipal water supply wells located on Montgomery Street in the City of Ann Arbor.
- Q. Northwest Supply Wellfield means the municipal well field associated with the Northwest Supply Well.
- R. Prohibition Zone means the area within which groundwater use is restricted pursuant to the Prohibition Zone Order, the boundaries of which are as depicted on the attached Figure 3, including a proposed expansion of the Prohibition Zone boundary that, as of the date of this Agreement, has not been approved by the MDEQ. The Prohibition Zone as that term is used in this Agreement shall include the proposed expansion as approved by the MDEQ. Upon MDEQ approval of the expansion, the document attached as Figure 3 and identified as "PROPOSED EXPANSION 4/18/06" will be replaced with a new Figure 3 showing the

expansion as approved by the MDEQ. The Prohibition Zone, as that term is used in this Agreement, shall not include any further expansion of the Prohibition Zone beyond the boundaries depicted on Figure 3.

- S. Prohibition Zone Order means the May 17, 2005 Order Prohibiting Groundwater Use entered in *Attorney General, et al. v. Gelman Sciences, Inc.* Case No. 88-34734-CE (Washtenaw Cty. Cir. Ct.).
- T. PLS Property means the PLS facility located at 600 S. Wagner Road, Ann Arbor, Michigan.
- U. PLS Remediation means the response activities PLS is required to undertake by the Consent Judgment, associated court orders and MDEQ-approved workplans.
- V. Response Activity Costs has the same meaning as the definition of that term in Section 20101(1)(ff) of NREPA, MCL 324.20101(1)(ff).
- W. Response Costs has the same meaning as the definition of that term in 42 U.S.C. 9607(a).
- X. State Maximum Contaminant Level means the maximum contaminant level established by the State under Michigan's Safe Drinking Water Act, MCL 325.1001, *et seq.*
- Y. Trigger Level, as of the date of this Agreement, means the current GCGI for 1,4-dioxane of 85 parts per billion ("ppb"). If a new GCGI value is promulgated by the MDEQ, that value will become the Trigger Level from the time of promulgation forward, unless the new GCGI value is based on the development by the State of Michigan of a State Maximum Contaminant Level for 1,4-dioxane that is not a Federal Maximum Contaminant Level developed by USEPA. If, however, a Federal Maximum Containment Level is developed for 1,4-dioxane, a change in the GCGI value based on

that Federal Maximum Containment Level will become the new Trigger Level upon promulgation of the revised GCGI value by the MDEQ.

- Z. Unit E Aquifer means the groundwater aquifer that is the subject of the Unit E Order.
- AA. Unit E Order means the December 17, 2004 Order and Opinion Regarding Remediation of the Contamination of the “Unit E” Aquifer in *Attorney General, et al. v. Gelman Sciences, Inc.*, Case No. 88-34734-CE (Washtenaw Cty. Cir. Ct.), as may be amended.
- BB. USEPA means the United States Environmental Protection Agency.
- CC. Verified Monitoring Results shall be the results of the laboratory analysis of groundwater samples obtained from the Series A and Series B Wells described in Section VI, below, following completion of the Quality Assurance/Quality Control (“QA/QC”) and verification procedures described in Appendix A.
- DD. Well Information Database means the information PLS maintains with groundwater monitoring well information and outfall water quality information, including the following: well identification information (address, X and Y coordinates, top of casing and ground elevations, well and screen depths, survey information), dates of sampling, and sampling results.

III. SETTLEMENT PAYMENT AND DISMISSAL OF PROCEEDINGS.

- A. Settlement Payment By PLS. Within Twenty-one (21) days after the Effective Date of this Agreement, PLS shall pay to the City the sum of Two Hundred Eighty Five Thousand Dollars (\$285,000). The payment shall be made by check or draft payable to “The City of Ann Arbor” and be sent by overnight delivery to: Stephen K. Postema, City Attorney, 100 N. Fifth Avenue, Ann Arbor, Michigan 48104.

- B. Dismissal of Proceedings. Upon execution of this Agreement, the City shall promptly dismiss with prejudice all Claims in the State Lawsuit, the Federal Lawsuit, and the Contested Case, with each Party to bear its own costs. Each Party shall, at its own expense, take whatever steps are necessary on its behalf to effectuate such dismissals.

IV. RELEASE OF CLAIMS AND RESERVATION OF RIGHTS

- A. City Release. Except as provided in Paragraph IV.B, below, the City hereby irrevocably and unconditionally forever releases, discharges, and covenants not to sue, proceed against, or seek contribution from PLS, and any of its predecessors, successors, assigns, parents, subsidiaries, affiliates, officers, directors, employees, attorneys, agents, and/or representatives (the “Released Parties”) and shall forever relinquish, remise, discharge, waive, and release any and all Claims that it may now or in the future have against the Released Parties in connection with the Covered Matters. Covered Matters are defined as:

1. All Claims arising directly or indirectly from Hazardous Substances in soil, groundwater, and surface water at or emanating, released, or discharged from the PLS Property (collectively “Contamination”), including, without limitation, all Claims that were or could have been asserted in the State Lawsuit, the Federal Lawsuit and/or the Contested Case.
2. All Claims, past, present and future, for civil fines, penalties and costs.
3. All Claims and rights under the Administrative Procedures Act to petition, challenge or contest any future NPDES permit issued to PLS that authorizes the discharge to the Honey Creek Tributary from PLS’ groundwater treatment system(s).

B. Exceptions and Reservation of Rights. Notwithstanding Paragraph IV.A, above, the City reserves, and this Agreement is without prejudice to, its right to petition, challenge, sue, proceed against or otherwise seek reimbursement, contribution, indemnification and/or other remedy from PLS, with respect to:

1. Enforcement of this Agreement.
2. Any future necessary Response Activity Costs or Response Costs to address a new plume of Contamination or Contamination in a previously uncontaminated aquifer that is discovered after the date of this Agreement that could not have been brought in the State Lawsuit or Federal Lawsuit (“New Contamination”). This exception to the general release set forth in Paragraph IV.A shall not apply to:
 - a. The future migration of Contamination within the Prohibition Zone;
 - b. Contamination present in the groundwater at levels below the then applicable GCGI or State or Federal Maximum Contaminant Level, if any, that is associated with the plumes of Contamination known to exist as of the date of this Agreement (“Known Plumes”) or;
 - c. Contamination present at the Northwest Supply Wellfield or the property on which the Northwest Supply Well is located.
3. Claims that arise from the unforeseen change in the migration pathway of a Known Plume that: (a) Results in the presence of 1,4-Dioxane at levels above the then applicable GCGI or State or Federal Maximum Contaminant Level at locations where such concentrations are not present as of the date of this Agreement; and (b) causes a City Property to be considered a “facility” as defined under Part 201. This exception to the general release set forth in Paragraph IV.A shall not apply to any Claims associated with:

- a. The migration of Contamination within the Prohibition Zone; or
 - b. The Northwest Supply Wellfield or the property on which the Northwest Supply Well is located.
- 4. The presence of Contamination at the Steere Farm Wellfield.
- 5. Necessary Response Costs and/or Response Activity Costs to extent the City may recover such costs under 42 U.S.C. 9607a and/or MCL 324.20126a that arise from the continued presence of 1,4-Dioxane at levels above the GCGI within the Prohibition Zone and one or more of the following:
 - a. Soil and/or water sampling and analysis from areas within the Prohibition Zone, to determine if 1,4-Dioxane is present in wells, excavations, and similar locations where groundwater is present or evident;
 - b. Dewatering costs and disposal costs, including permit costs, for soil and groundwater removed from the Prohibition Zone that is contaminated with 1,4-Dioxane if permits are required for such dewatering or disposal;
 - c. Worker training and use of protective gear;
 - d. Increased costs of contracting in areas affected by 1,4-Dioxane (e.g., need to use 40-hour OSHA hazardous substance/waste trained personnel rather than standard contractors; increased time for completion of projects and the like); and
 - e. The City's due care obligations under MCL 324.20107a and 42 U.S.C. 9607(q)(1)(A)(iii).

This exception to the general release set forth in Paragraph IV.A shall not apply to any Claims associated with the Northwest Supply Wellfield or the Northwest Supply Well itself.

- 6. The issuance of any future NPDES Permit or renewal of PLS' current NPDES Permit that authorizes PLS' discharge of treated groundwater to the Honey Creek Tributary, but only to the extent that a future proposed NPDES Permit/renewal:

- a. Contains a new effluent limitation for a compound that is less restrictive than the effluent limitation in the current NPDES Permit;
- b. Contains an effluent limitation for a compound that is not subject to an effluent limitation in the current NPDES Permit;
- c. Allows the discharge of compounds that are not present in PLS' current effluent; or
- d. Authorizes PLS to discharge a greater volume of treated water to the Honey Creek Tributary than the current NPDES Permit.

Unchanged portions of any future NPDES Permit shall not be subject to petition, challenge or contest.

- 7. The City's rights, if any, to take action to require the MDEQ to enforce violations of the NPDES Permit.

V. HONEY CREEK RESPONSE ACTIONS REGARDING BROMATE

- A. Monitoring. Except as otherwise provided in this Agreement, monitoring for Bromate shall be accomplished at a single location. Sampling procedures and methods shall be as follows:

- 1. *Monitoring Location and Frequency*: PLS will sample surface water for Bromate on a daily basis, Monday through Friday, at the confluence of Honey Creek and the Huron River (hereinafter, "HC/HR"), as generally depicted in the diagram attached as Figure 1. The City may, at its discretion, collect samples on Saturday and Sunday of each week and is responsible for retaining any such samples. Except as provided below, PLS will only be responsible for analyzing one of the City's weekend samples (Saturday or Sunday) per month on the Monday following collection if and when the City collects such samples. PLS will also analyze the City's weekend samples if equipment malfunction or other

circumstance causing an “upset” condition occurs or is discovered on a Friday or Monday.

2. *Sampling Method and Transmission of Results:* Surface water will be collected as a grab sample. Samples will be collected between 7:00 a.m. and 10:00 a.m. or as soon as weather permits. For any samples PLS is required to obtain under this Section, the PLS analytical laboratory will analyze and report the results on the same day (for Monday through Friday samples) by email to the City’s Environmental Coordinator and to the City’s Water Quality Manager. Bromate analyses at PLS shall be conducted using USEPA Method 317 (or an equivalent, USEPA approved, method). The method detection limit (MDL) for Bromate using this method is currently 2 ppb, which constitutes the MDL that will be used with reference to determining action under this section. A lower MDL may be substituted for the agreed MDL if future changes in laboratory capabilities using acceptable methods allow.
3. *Split Sampling:* The City: (1) may split samples with PLS at any time, with 24 hours notice to PLS; (2) may collect samples at any time independent of the PLS sampling schedule; and (3) may utilize the PLS analytical laboratory as a backup laboratory for analyzing the City’s split samples at a reasonable charge not to exceed PLS’ costs.

- B. Action Plan. If an analysis of a sample by PLS or the City indicates that the concentrations of Bromate at the HC/HR exceed 2 ppb, PLS will take the following actions:

1. PLS will perform a quality control and quality assurance review to determine if the monitoring result was due to an analytical or reporting error.
2. PLS will review the performance of its HCT Water Treatment System to determine if that system is operating properly, and, if it determines the functioning of the HCT Treatment System to be a possible cause of the monitoring result, PLS will make such adjustments as it deems necessary and collect an effluent sample shortly after those adjustments to determine system performance after such adjustments.
3. Within thirty-six (36) hours after completing the actions in subparagraphs 1 and 2, PLS will collect another surface water sample at HC/HR ("Confirming Sample"). PLS will collect another surface water sample at HC/HR on any Saturday following a Friday with a monitoring result in excess of 2 ppb. The City may collect a split sample of the Confirming Sample. If the Confirming Sample shows that Bromate at HC/HR is no longer present at concentrations in excess of 2 ppb, then monitoring shall resume as provided in this Section and no further action is necessary.
4. If the Confirming Sample shows the presence of Bromate in excess of 2 ppb, PLS will take actions as soon as practicable to reduce Bromate levels at HC/HR below 2 ppb. The initial actions may include, but are not limited to, the following:
 - a. PLS may alter the flow composition into the HCT Water Treatment System so as to reduce the Bromate levels, but maintain the total flow of water treated and discharged by the system.
 - b. PLS may reduce the total flow at the point of discharge to the Honey Creek Tributary (Outfall 001 in NPDES Permit MI 00 48453).

5. If the steps outlined in the previous subsections are not sufficient to reduce concentrations of Bromate to 2 ppb at the HC/HR within a reasonable time, PLS will take additional actions to achieve this reduction. Such actions may include, but are not limited to, the following:
 - a. PLS may replace the current HCT Water Treatment System technology (ozone and hydrogen peroxide) with a combination of ultraviolet light (UV) and ozone technologies or other technology.
 - b. PLS may install a pipeline to deliver treated water to a point along the Huron River downstream from the City's water intake.
- C. Unavailability of PLS' Laboratory. In the event PLS' laboratory is no longer available, the Parties agree to negotiate in good faith to make appropriate adjustments, if any, to the laboratory turn around times set forth in this Section V. All commercially reasonable efforts will be made by PLS to identify and use a laboratory that will meet the turn around times set forth in this Section V.
- D. Termination of Honey Creek Monitoring. PLS' obligations under this Section V shall terminate once PLS is no longer discharging treated groundwater to the Honey Creek Tributary or any other surface water body connected to Honey Creek or the Huron River or if PLS' HCT Water Treatment System is changed to a system that does not produce or otherwise cause Bromate to be present in the discharge.

VI. NORTHWEST SUPPLY WELL RESPONSE ACTIVITIES

- A. Groundwater Monitoring Plan. PLS will undertake the following groundwater monitoring:
 1. *Series A Well Location.* Within 90 days of the Effective Date of this Agreement, PLS will install a nested well configuration at the approximate location identified on the map attached hereto as Figure 2 (the "Series A Wells").

2. *Monitoring of Series A Wells.* PLS shall sample the Series A Wells for 1,4-Dioxane quarterly until termination using the procedures set forth in Appendix A.
3. *Series B Wells.* If the Verified Monitoring Result obtained from any Series A Well exceeds one-half (1/2) of the Trigger Level, PLS will install a nested well configuration at each of the locations described below within 90 days of obtaining access (the “Series B Wells”). One location will be in the general vicinity of Bemidji as shown on the map attached as Figure 2. The second well location will be determined by the Parties at the time the Verified Monitoring Result obtained from any Series A Well exceeds one-half (1/2) of the Trigger Level.
4. *Monitoring of Series B Wells.* PLS shall sample the Series B Wells for 1,4-Dioxane quarterly until termination as provided in Paragraph VI.A.6 using the procedures set forth in Appendix A.
5. *Well Installation.* Wells required under this Section VI are to be installed by PLS and shall follow the well construction procedures described in Appendix A.
6. *Termination.* PLS’ obligations under this Section VI will continue until such time as the earliest of the following occurs:
 - a. The MDEQ (or other regulatory body with oversight of the PLS Remediation) no longer requires groundwater monitoring in the Unit E Aquifer upgradient of the Northwest Supply Well;
 - b. The Northwest Supply Wellfield is rendered unsuitable for drinking because of reasons other than the presence of 1,4-Dioxane;
 - c. The Northwest Supply Well fails or becomes unusable and cannot legally be replaced for reasons other than the presence of 1,4-Dioxane; or
 - d. By mutual agreement of the Parties.

B. Contingent Payment.

1. *Trigger of Contingent Payment.* In the event the Verified Monitoring Results indicate that the average concentration of 1,4-Dioxane in the nested wells at either Series B Well location exceeds the Trigger Level, then PLS shall make the payments described in Paragraphs VI.B.2 and 3. PLS' obligation to make such payments shall not be affected or reduced by the presence of 1,4-dioxane other than "1,4-Dioxane" (as defined in this Agreement) if the Trigger Level would have been exceeded even absent the presence of such 1,4-dioxane.
2. *Contingent Payment.* In the event the Contingent Payment is triggered, as described in Paragraph VI.B.1, PLS shall pay the City the sum of Four Million Dollars (\$4,000,000) (the "Contingent Payment") within Sixty (60) days of receipt of the Verified Monitoring Results. The payment shall be made by check or draft payable to "The City of Ann Arbor" and be sent by overnight delivery to: Stephen K. Postema (or his successor), City Attorney, 100 N. Fifth Avenue, Ann Arbor, Michigan 48104.
3. *Escalator Payment.* In the event the Contingent Payment is triggered, as described in Paragraph VI.B.1, PLS shall, in addition to the Contingent Payment, pay the City the Escalator Payment within Sixty (60) days of the date the Escalator Index for the month during which the Contingent Payment is triggered becomes publicly available.

C. Additional Provisions

1. *Operation of Northwest Supply Wellfield.* The City shall only operate the Northwest Supply Wellfield in a manner that benefits the City's public water

supply system. The City shall not operate the Northwest Supply Well or install and operate a new well in the Northwest Supply Wellfield for the purpose of moving the plume of 1,4-Dioxane toward the Northwest Supply Well.

2. *Response Activities.* PLS may undertake additional response activities in the vicinity of the Northwest Supply Well to provide additional assurance that concentrations of 1,4-Dioxane in the monitoring wells do not reach the Trigger Level. If these additional response activities entail installation of infrastructure within the City, the City will cooperate with such activities in a manner consistent with Section IX of this Agreement.

VII. ADDITIONAL RESPONSE ACTIVITIES

A. PLS Performance of Future Laboratory Analyses.

1. *Analysis of City Samples.* PLS at its sole cost will perform laboratory analyses for 1,4-Dioxane, and provide the results of same and related laboratory QA/QC documentation to the City, with regard to samples the City obtains from the City's source waters. PLS' obligation to analyze such samples shall be limited to samples taken at the following frequencies and from the following locations:
 - a. Quarterly groundwater samples from either the Northwest Supply Well or from the existing monitoring well located at the Northwest Supply Wellfield.
 - b. Monthly groundwater samples from the transmission main from the Steere Farm Wellfield. If 1,4-dioxane is detected in a monthly sample from the transmission main, PLS will analyze monthly groundwater samples obtained by the City from the individual Steere Farm production wells.
 - c. Monthly surface water samples from the Huron River and from Barton Pond.

2. *Split Sampling.* PLS agrees that, for quality control and quality assurance (QA/QC) purposes, on occasion the City may obtain duplicate (split) samples of water from the same sources or locations noted in Paragraph VII.A.1, above, and will cause those duplicate samples to be analyzed by a separate, independent laboratory. PLS will reimburse the City the amounts it pays in the future to obtain such independent laboratory analyses, provided that the number of such split samples is not greater than that reasonably required for appropriate QA/QC purposes.
3. *City Staff Time.* The City shall be responsible for obtaining the water samples from the locations described in Paragraph VII.A, above, and for following all appropriate sampling protocols and procedures. Except for Claims reserved in Section IV, above, PLS will not be required to reimburse the City for costs of obtaining such samples, including City staff time.
4. In the event PLS' laboratory is not available, PLS will be responsible for the cost of obtaining the laboratory analyses described in this Section VII.

VIII. TRANSPARENCY

- A. Well Information Database. Within 30 days after the Effective Date, PLS shall transmit to the City its current Well Information Database as of the date of transmittal. This information shall be provided electronically in one or more Excel® files. Data to be provided in the Well Information Database will include at a minimum: the well or other sample location information (X and Y coordinates, top of casing and ground elevations, well and screen depths, address, etc.); sampling results for 1,4-Dioxane and/or Bromate; and other water quality data from the analysis. Submittals from PLS may also include

other fields of data mutually agreed upon by the City and PLS. Thereafter, no later than the 20th day of the first full month following the initial submittal, and continuing monthly thereafter, PLS will provide to the City an update to the Well Information Database ("Update") in Excel® format. Each Update shall include dates and sample results for the previous month and any new well information developed and entered into the Well Information Database by PLS after the last submittal.

- B. Major Reports. PLS will provide the City with copies of final versions of Major Reports submitted to the MDEQ at the same time and in the same format they are submitted to the MDEQ, provided that the City can request any Major Report, or portion thereof, in electronic form, and PLS will then provide the requested material in electronic form when reasonable. PLS shall also provide copies of additional reports reasonably requested by the City. PLS shall also provide copies of requests by PLS to the MDEQ for permit modifications and copies of reports showing trend analysis of 1,4-Dioxane or Bromate concentrations in surface or groundwater. If any of the foregoing reports or documents is in paper format, the City may request that the report or document or portion(s) thereof be provided electronically, and PLS will cooperate to the extent practicable. Except as explicitly modified above, PLS will continue to provide to the City all data and reports that it is otherwise required to provide and/or which it already is providing to the City. The data and reports addressed in this Section VIII are in addition to or are modifications of those data and reports.
- C. Use of Information and Data. The City may manipulate data and information provided under this Section in any manner it chooses and understands. The City may release the data and any reports the City creates, in either paper or electronic format, provided,

however, that any such document or electronic file shall clearly state on its face that it has been created by the City. The City will provide PLS with copies of all reports that are released or that are subject to release to the public. The City shall not release any of the reports or data provided by PLS pursuant to this Section VIII in the form provided by PLS in either paper or electronic format except in response to a Freedom of Information Act (“FOIA”) request. The City shall not publish any of the reports or data PLS provides to the City on the Internet in the form provided by PLS. PLS is responsible for marking each document that PLS asserts is protected by copyright.

- D. Data Gaps. The City may review the Well Information Database and Updates and identify any perceived data gaps to PLS. After the City identifies such a gap, PLS will fill in the field(s) with information, if it is available, with the next Update. PLS will identify those gaps for which there is no information. To the extent practical, within 90 days after the City identifies a data gap to PLS, PLS will complete the dataset(s) or document why data are incomplete. The Parties acknowledge that the PLS Remediation has been ongoing for many years, and, in some cases, information regarding wells may not have been collected or may be missing or lost.
- E. Provision of Reports from the City to PLS. The City will provide PLS with any final reports that the City in good faith determines would be of significant interest to PLS. The City shall also provide copies of additional reports reasonably requested by PLS. If any of the foregoing reports is in paper format, PLS may request that the report or portion(s) thereof be provided electronically, and the City will cooperate to the extent practical.
- F. Disputes. Any issue arising under this Section which cannot be resolved quickly at a staff level shall be referred to the Coordination Committee for discussion and resolution.

IX. COOPERATION AND COORDINATION

- A. Access. The City shall provide access to City Property and rights of way to facilitate the installation of monitoring wells PLS is required to install under MDEQ-approved work plans at appropriate locations and pursuant to mutually acceptable license agreements. The City shall process PLS' access requests in an expeditious manner. The City has the right to discuss the proposed location with PLS and to recommend an alternate location(s) for the well prior to submittal of sites to the MDEQ. PLS will submit to the City an application for a license for a monitoring well at that location, subject to approval by the MDEQ. PLS will endeavor to provide both the City and property owners on the same and intersecting street(s) within 200 feet of the well location with a minimum of seventy-two (72) hours notice prior to the installation date for any such well(s).
- B. Master Bond. PLS will provide a "Master Bond" in the form attached hereto as Appendix B. The Master Bond will satisfy the surety bonding requirements of all current license agreements between the City and PLS for existing monitoring wells on City Property or rights of way and up to an additional ten (10) monitoring wells that may be installed by PLS on City Property or rights of way in the future.
- C. Communication.
1. *Communications from PLS*. PLS will use reasonable efforts to inform the City contemporaneous with the MDEQ of any unexpected findings regarding conditions on City Property and property within the City limits, conditions both inside or outside City boundaries that may or do affect property within the City limits, City-owned facilities or City-provided services, and any other findings PLS in good faith deems to be of significant concern to the City. PLS will copy

the City (if in writing) on any communications with the MDEQ and will use reasonable efforts to inform the City of other communications from PLS regarding the foregoing. To the extent possible, Mr. Fotouhi will contact Ms. McCormick and/or Mr. Naud by telephone, facsimile, or email to communicate the relevant information.

PLS will copy the City (if in writing) on any communications with the MDEQ and will use reasonable efforts to inform the City of other communications from PLS regarding the promulgation of a maximum contaminant level ("MCL") for 1,4-dioxane. To the extent possible, Mr. Fotouhi will contact Ms. McCormick and/or Mr. Naud by telephone, facsimile, or email to communicate the relevant information.

2. *Communications from the City.* The City will copy PLS (if in writing) on any communications with the MDEQ and will use reasonable efforts to inform PLS of other communications from the City regarding City comments on PLS' cleanup efforts or regarding the promulgation of a maximum contaminant level ("MCL") for 1,4-Dioxane. To the extent possible, Mr. Naud and/or Ms. McCormick will contact Mr. Fotouhi by telephone, facsimile, or email to communicate the relevant information.

D. Meetings.

1. *City Council Meetings.* In the event that City Council intends to consider an issue that the City in good faith deems to be a significant concern to PLS, the City will use reasonable efforts to provide PLS with advance notice and the opportunity to make a written or oral presentation to City Council. To the extent possible, Mr.

Naud or Ms. McCormick will contact Mr. Fotouhi by telephone, facsimile, or email to communicate the relevant information.

2. *Public Meetings.* In the event the City intends to hold or co-sponsor a public meeting related to PLS, the City will provide PLS with advance notice and the opportunity to participate in the meeting. PLS will use reasonable efforts to participate in any such public meeting. The City agrees that its participation in any such meeting shall be consistent with its agreement to cooperate with PLS' implementation of the Unit E Order and all MDEQ-approved plans entered under the Unit E Order.
3. *Intergovernmental or Citizen/Governmental Coalitions and Organizations.* In the event the City participates in any intergovernmental coalitions or citizen/governmental coalitions or organizations regarding the PLS Remediation, the City's participation shall be consistent with its agreement to cooperate with PLS' implementation of the Unit E Order and all MDEQ-approved plans entered under that Order. The City will use reasonable efforts to have a PLS representative included in any such coalition or organization. The City will copy PLS (if in writing) on any communications to such groups and will use reasonable efforts to inform PLS of other communications that the City in good faith determines would be of interest to PLS.
4. *Quarterly/Semiannual Meetings of Coordination Committee.* The City and PLS shall meet on a regular basis to discuss issues of interest to the City and/or to PLS related to the PLS Remediation. Issues of interest to the City and/or to PLS are issues related to conditions on City Property, to conditions on property within the

City limits, and to conditions both within and outside the City boundaries that may or do affect City-owned facilities or City-provided services and any other topics mutually agreed upon by the Parties. The meetings will take place quarterly for the first two years, followed by semiannual meetings thereafter, unless a different schedule is mutually agreed upon by the Parties. The participants shall be Mr. Fotouhi, Mr. Naud, and Ms. McCormick. Ms. Bartlett will participate in such meetings by telephone. Members of City Council also may participate. This group shall be referred to as the Coordination Committee. At least one week prior to each meeting, Mr. Naud and/or Ms. McCormick will notify Mr. Fotouhi of any questions or topics they wish Mr. Fotouhi to answer or address at the meeting, and Ms. Bartlett and/or Mr. Fotouhi will notify Mr. Naud and Ms. McCormick of any questions or topics they wish Mr. Naud and/or Ms. McCormick to answer or address at the meeting.

- E. Use of City Utilities. The City shall evaluate any application by PLS to use the City sanitary sewer system in accordance with the provisions of Chapter 28 of the Ann Arbor City Code. PLS understands that sanitary sewer services may be extended to a property outside the City under only certain, limited circumstances, that a service connection to the sanitary sewer within the City may only be made by agreement with the owner of the property that is serviced, and that Chapter 28 requires users of the sanitary sewer system to comply with specified pretreatment standards. If PLS requires use of the City's sanitary or storm water sewer systems in the future as a short-term method of disposing of purged groundwater, the City will consider such requests on a case-by-case basis in accordance with the provisions of Chapters 28 and 33 of the Ann Arbor City Code.

- F. City Resolution. To the extent it is inconsistent, City Council Resolution No. R-583-12-96, entitled Resolution Regarding the Immediate Cleanup of Gelman Sciences' Groundwater Contamination, is superseded by the provisions of this Agreement.
- G. Cooperation with Implementation of Unit E Order. The City shall cooperate with PLS' implementation of the Unit E Order and all MDEQ-approved plans entered under the Unit E Order. The City's cooperation shall include, but is not limited to, maintaining the Prohibition Zone Order and the attached map that depicts the Prohibition Zone established by the Prohibition Zone Order, as amended, in the same manner as the City already has done pursuant to the Prohibition Zone Order.
- H. *Successor Responsibilities.* All references to specific persons in this Section IX also include the individual's successor in the event he or she leaves the employ of the respective Party.

X. FORCE MAJEURE

- A. Force Majeure. Any delay attributable to a Force Majeure shall not be deemed a violation of a Party's obligations under this Agreement. "Force Majeure" is defined as an occurrence or nonoccurrence arising from causes beyond the control of a Party or of any entity controlled by the Party. Such occurrence or nonoccurrence includes, but is not limited to: (1) an Act of God; (2) acts or omissions of third parties for which the Party is not responsible; (3) insolvency of any vendor, contractor, or subcontractor retained by a Party as part of implementation of this Agreement; and (4) delay in obtaining necessary access agreements that could not have been avoided or overcome by due diligence. "Force Majeure" does not include unanticipated or increased costs or changed financial circumstances.

- B. When circumstances occur that a Party believes constitute Force Majeure, the Party shall notify the other Party by telephone, facsimile, or email of the circumstances within 48 hours after the Party first believes those circumstances to apply. Within 14 working days after the Party first believes those circumstances to apply, the Party shall supply to the other Party, in writing, an explanation of the cause(s) of any actual or expected delay, the anticipated duration of the delay, the measures taken and the measures to be taken by the Party to avoid, minimize, or overcome the delay, and the timetable for implementation of such measures.

XI. TERMINATION OF AGREEMENT

The Parties' obligations under this Agreement shall terminate upon PLS' receipt of the Certificate of Completion from the MDEQ confirming that PLS has completed satisfactorily all requirements of the Consent Judgment, as provided in Section XXV of the Consent Judgment, or after the MDEQ determines that 1,4-Dioxane within the Prohibition Zone does not exceed the applicable GCGI, whichever is later. Notwithstanding the foregoing, Section IV shall survive the termination of this Agreement.

XII. MISCELLANEOUS

- A. Severability. The provisions of this Agreement shall be severable. Should any provision be declared by a court of competent jurisdiction to be inconsistent with federal or state law, and therefore unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.
- B. Warranties. The Parties each represent and warrant that:

1. The execution and delivery of this Agreement has been duly and validly authorized and approved by all requisite action required under applicable law and that no further action is necessary to make this Agreement valid and binding.
 2. Each is fully authorized to enter into this Agreement and is duly organized and validly existing in good standing under the laws of one of the states of the United States of America.
 3. Each has taken all necessary governmental, corporate and internal legal actions to duly approve the making and performance of this Agreement and that no further corporate or other internal approval is necessary.
 4. The making and performance of this Agreement will not, to the knowledge of either of the Parties, violate any provision of law or of their respective articles of incorporation, charter or by-laws.
 5. Knowledgeable officials, officers, employees and/or agents of each Party have read this entire Agreement and know the contents hereof and that the terms of the Agreement are contractual and not merely recitals. Each Party has authorized this Agreement to be signed of its own free act, and, in making this Agreement, each has obtained the advice of legal counsel.
- C. Signatories. Each person executing this Agreement warrants that he or she has the authority and power to execute this Agreement from the Party on whose behalf he or she is executing.
- D. Change of Circumstances. Each Party to this Agreement acknowledges that it may hereafter discover facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Agreement. The Parties each expressly accept

and assume the risk of such possible difference in facts and agree that this Agreement shall be and remain effective notwithstanding such difference in facts.

- E. No Rights to Non-Parties. Except as expressly provided herein, this Agreement is intended to confer rights and benefits only upon the City and PLS, and is not intended to confer any right or benefit upon any other person or entity. Except as expressly provided herein, no person or entity other than PLS and the City shall have any legally enforceable right under this Agreement.
- F. Arms-Length Negotiations. This Agreement is the product of arms-length negotiation, and the language in all parts of this Agreement shall be construed as a whole according to its meaning, and not strictly for or against any Party. The Parties hereto agree that this Agreement shall not be construed according to any special rules of construction applicable to contracts of adhesion and/or insurance contracts.
- G. Modification. This Agreement may not be modified in whole or in part except by written agreement signed by the City and PLS.
- H. Headings. The headings used in this Agreement are for convenience only and shall not be used to construe the provisions of this Agreement.
- I. Cooperation. The City and PLS shall execute promptly any and all voluntary dismissals, stipulations, supplemental agreements, releases, affidavits, waivers and other documents of any nature or kind which the other Party may reasonably require in order to implement the provisions or objectives of this Agreement.
- J. No Representations. The Parties represent and agree that in executing this Agreement they do not rely and have not relied upon any representation or statement made by any other Party or by any other person or entity released herein with regard to the subject

matter, basis, or effect of this Agreement, or otherwise, which is not specifically set forth herein.

- K. Entire Agreement. This Agreement represents the entire understanding of the City and PLS, and this Agreement shall supersede and control any and all prior communications, correspondence, and memorialization of agreement or prior communication between the City and PLS or their representatives relative to the matters contained herein.
- L. Counterpart Signatures. This Agreement may be executed in multiple counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument and agreement.
- M. Governing Law. This Agreement shall in all respects be interpreted, enforced, and governed under the law of the State of Michigan and the law of the United States without regard to Michigan's conflict of laws principles.
- N. No Waiver. The failure of any of the Parties to exercise any power given such Party hereunder or to insist upon strict compliance by any Party with its obligations under this Agreement, and no custom or practice of the Parties at variance with the terms of this Agreement shall constitute a waiver of the Parties' right to demand exact compliance with the terms hereof.
- O. Enforcement. The Parties agree that the Washtenaw County Circuit Court and the United States District Court for the Eastern District of Michigan each may retain jurisdiction to enforce the terms of this Agreement as appropriate.

****SIGNATURE PAGE FOLLOWS****

IN WITNESS WHEREOF, the Parties have executed this Agreement, consisting of Thirty (30) pages plus Appendices A and B and Figures 1 – 3, by their duly authorized representatives as set forth below.

City of Ann Arbor

By: John Hieftje,
Its: Mayor

By: Jacqueline Beaudry,
Its: City Clerk

Roger W. Fraser,
City Administrator

Sue F. McCormick, Public Services
Administrator

Stephen K. Postema,
City Attorney
Counsel for the City of Ann Arbor

Fredrick J. Dindoffer,
Bodman, LLP
Counsel for the City of Ann Arbor

**Gelman Sciences, Inc., d/b/a Pall
Life Sciences**

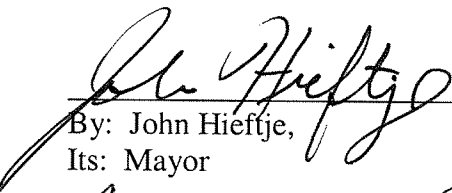
By: Mary Ann Bartlett
Its: Secretary and Director

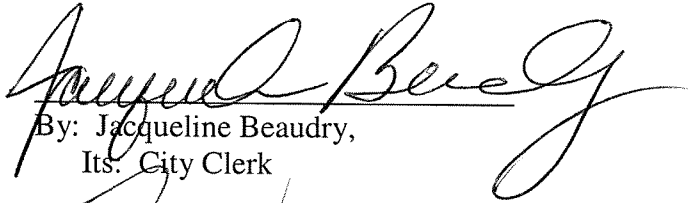
Michael L. Caldwell,
Zausmer, Kaufman, August & Caldwell, PC
Counsel for Gelman Sciences, Inc. d/b/a Pall
Life Sciences

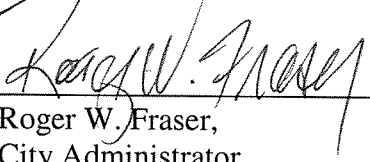
Alan D. Wasserman,
Williams, Acosta, PLLC
Counsel for Gelman Sciences, Inc. d/b/a Pall
Life Sciences

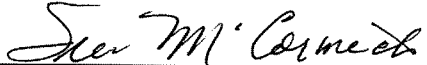
IN WITNESS WHEREOF, the Parties have executed this Agreement, consisting of Thirty (30) pages plus Appendices A and B and Figures 1 – 3, by their duly authorized representatives as set forth below.

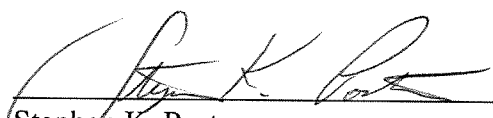
City of Ann Arbor

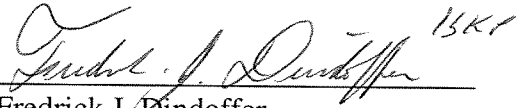

By: John Hieftje,
Its: Mayor


By: Jacqueline Beaudry,
Its: City Clerk


Roger W. Fraser,
City Administrator


Sue F. McCormick, Public Services
Administrator


Stephen K. Postema,
City Attorney
Counsel for the City of Ann Arbor


Fredrick J. Dindoffer,
Bodman, LLP
Counsel for the City of Ann Arbor

**Gelman Sciences, Inc., d/b/a Pall
Life Sciences**

By: Mary Ann Bartlett
Its: Secretary and Director

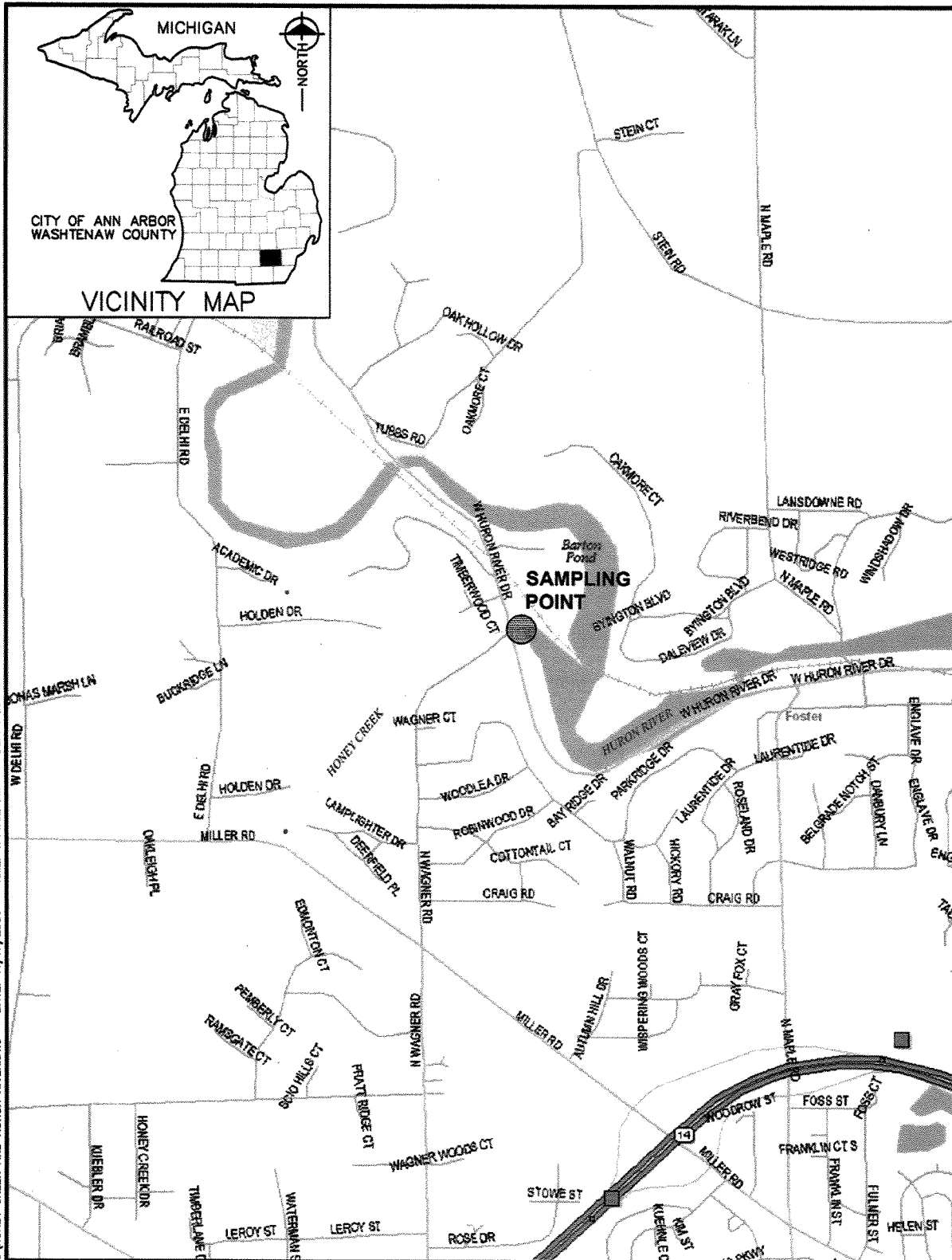
Michael L. Caldwell,
Zausmer, Kaufman, August & Caldwell, PC
Counsel for Gelman Sciences, Inc. d/b/a Pall
Life Sciences

Alan D. Wasserman,
Williams, Acosta, PLLC
Counsel for Gelman Sciences, Inc. d/b/a Pall
Life Sciences

Figure 1

M:\CUSTOM\ACAD2005\SYMBOLS\B-BSX11.DWG

PLOT INFO: F:\WORK\96502.DWG\HONEY CREEK AND HURON RIVER.DWG DATE: 11/17/2006 TIME: 1:44:32 PM USER: ACS



REFERENCE:
DeLORME STREET ATLAS
USA - 2006

0 2000 4000
Scale: 1" = 2000'

HONEY CREEK SAMPLING POINT

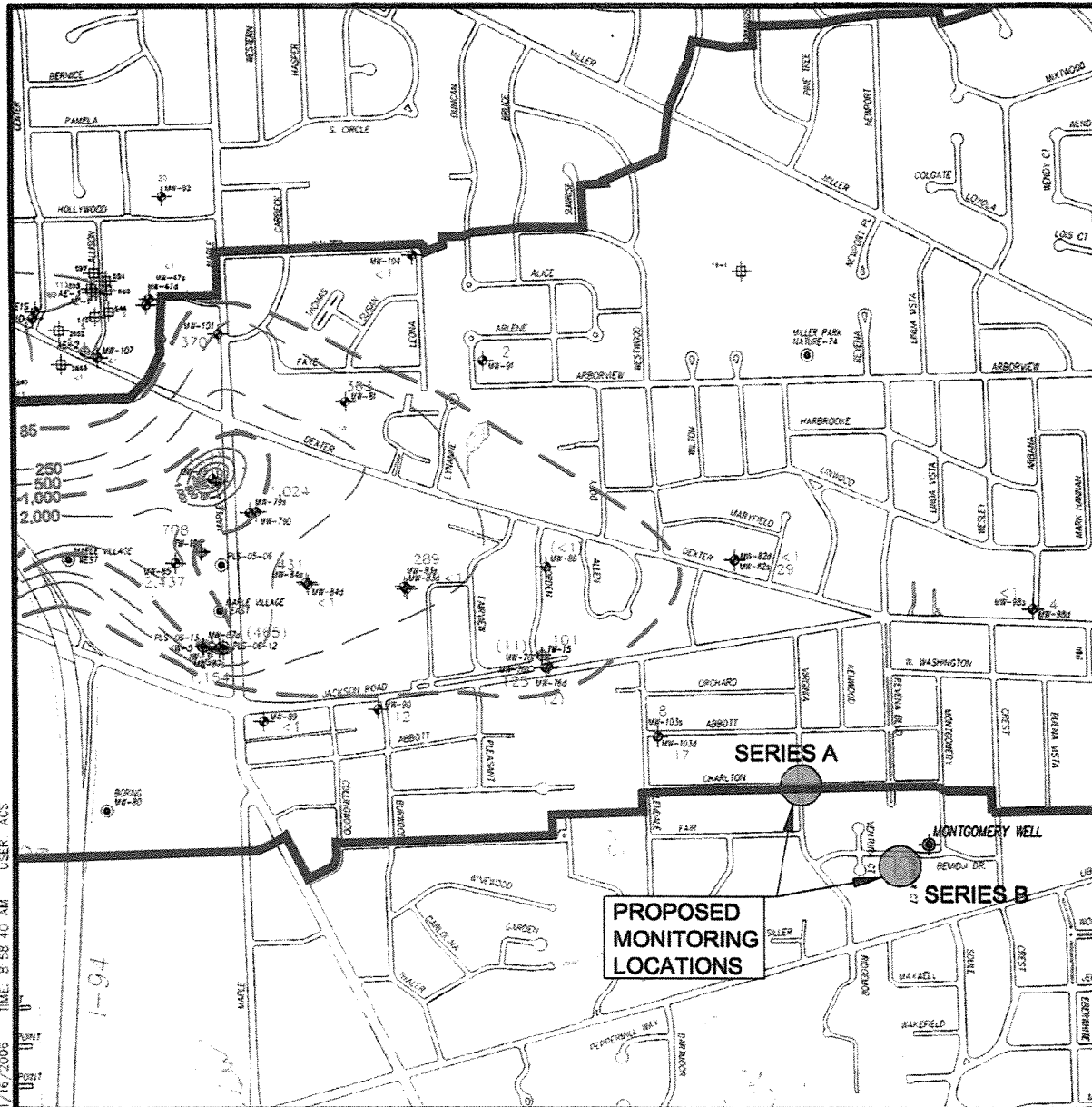


engineers
scientists
architects
constructors

Pall Life Sciences
Scio Twp., Washtenaw County, Michigan

PROJECT NO.
F96502

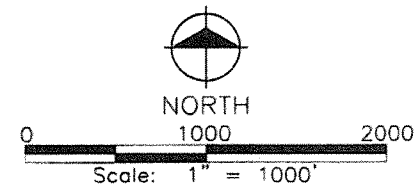
Figure 2



engineers
scientists
architects
constructors

Pall Life Sciences
Scio Twp., Washtenaw County, Michigan

MONTGOMERY WELL AREA PROPOSED MONITORING LOCATIONS



LEGEND

- MONITOR WELL
- RESIDENTIAL WELL
- PURGE WELL
- HYDROGEOLOGIC TEST BORING
- UV/OX. TREATMENT SYSTEM
- TEMPORARY PURGE WELL
- SURFACE WATER ELEVATION POINT
- UNIT E 1,4-DIOXANE ISOCONCENTRATION CONTOUR (ug/L) - APRIL - SEPTEMBER 2006
- PROHIBITION ZONE BOUNDARY

PROJECT NO.
F96502

F:\WORK\96502\RASTER\0206PSC UNIT E.TIF
F:\WORK\96502\RASTER\032006PSC.TIF

BASEMAP 2004
F:\WORK\96502\DOC\02710262.JPG

REF\B-85\11.DWG
B-24.36

REF\B-11\17.DWG
REF\B-18\24.DWG

PLOT INFO: F:\WORK\96502\DOC\CONTOUR MAPS NEW BASE 2002.DWG DATE: 11/16/2006 TIME: 8:58:40 AM USER: ACS

Figure 3

Gelman Sciences Inc. Prohibition Zone Boundary

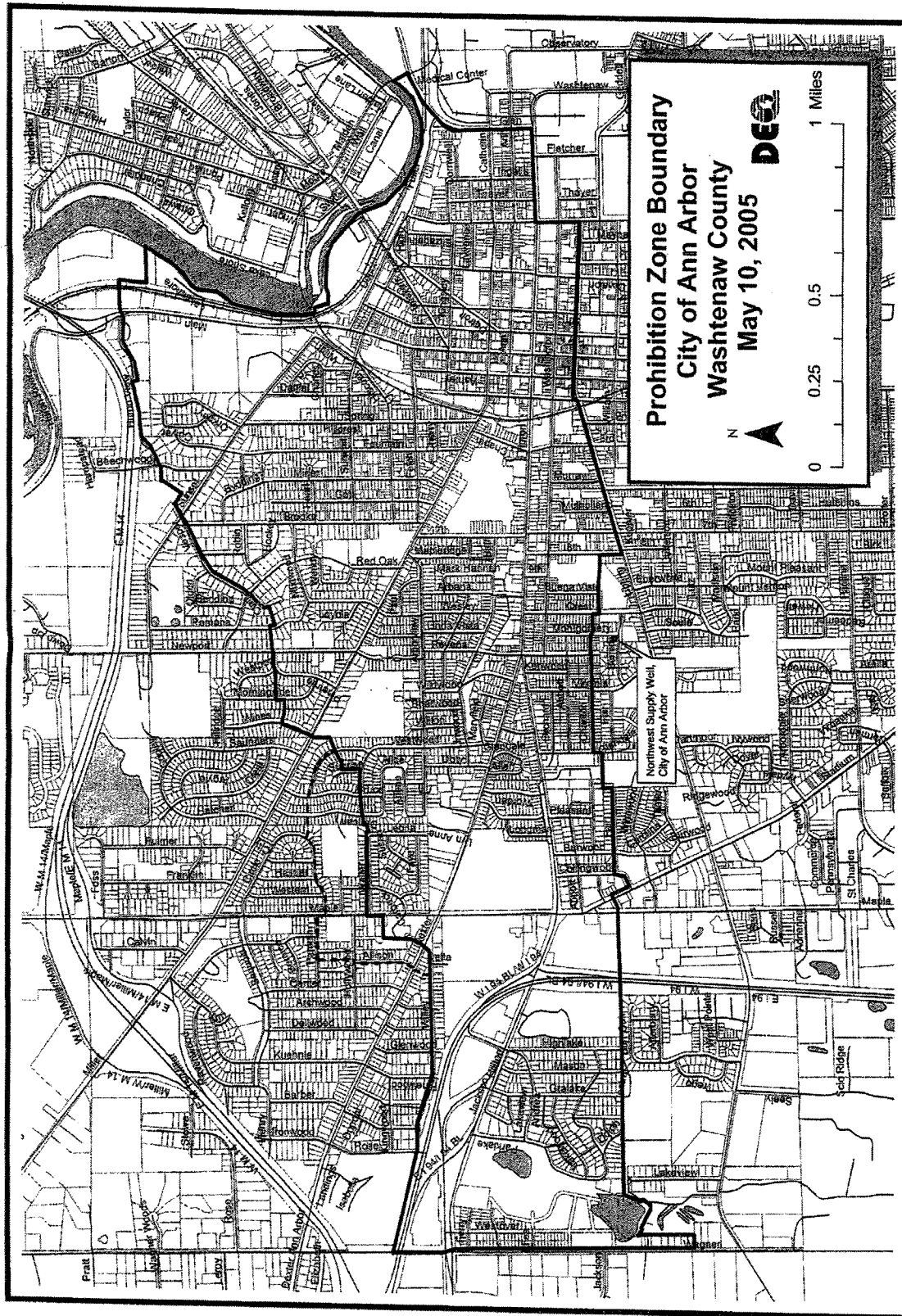


FIGURE 1
PROPOSED EXPANSION
4/18/06

APPENDIX A
NORTHWEST SUPPLY WELL
GROUNDWATER MONITORING PROTOCOL

WELL INSTALLATION METHODS

Test boring(s) will be drilled at each monitoring well nest location using the hollow-stem auger method. The proposed sampling methods are split-spoon and Simulprobe for collection of soil and soil/groundwater samples, respectively. Split-spoon sampling will be performed at a frequency of 10 feet, starting at approximately 10 feet below ground surface and continuing to the bedrock surface. In water-bearing units, Simulprobe sampling will be performed at a maximum frequency of every 10 feet. The groundwater samples will be delivered to PLS for analysis of 1,4-dioxane.

Upon reaching the bedrock surface, the boring will be logged using geophysical methods (gamma logging). The data gathered from the geophysical log, as well as the groundwater analytical data, and the soil sampling will be analyzed for ideal placement of the monitoring well screens. It is anticipated that each monitoring well nest will consist of three monitoring wells (to monitor multiple portions of the aquifer). One well screen will be positioned at a depth corresponding to the highest detected concentration of 1,4-dioxane encountered during vertical aquifer sampling. The screen intervals of the other wells will be based on a review of water chemistry and geological data obtained from the test boring. The screen depths will be selected consistent with PLS' past MDEQ-approved well installation practices and will be designed to detect the possible migration of contamination toward the Northwest Supply Wellfield. At least one well screen will be completed in the deposits best correlated to those associated with the deposits the Northwest Supply Wells screens are completed in.

Each monitoring well will consist of a 2-inch-inside-diameter galvanized well casing, equipped with a 5-foot-long stainless-steel screen. A sand pack will be placed around the screen annulus, and the well casing annulus will be sealed with a bentonite grout (pumped into the well casing annulus through tremie pipe). The wells will be developed to hydraulically couple the screens with the subsurface formation. Soil cuttings, derived from the drilling, and development water will be transported to PLS.

PLS will survey the x and y coordinates and the top-of-casing and ground elevations for the wells. The top-of-casing and ground elevations for the new wells were referenced to NAVD88 and x, y coordinates were referenced to Michigan State Plane Coordinate System, Michigan South (NAD83).

GROUNDWATER SAMPLING

Sample Collection Methods and Analytical

PLS will use 3-5 casing volume groundwater sampling method consistent with the technique it uses for all other routine groundwater sampling. In the future, should studies show there are other more representative sampling methods for 1,4-dioxane, the City or PLS may mutually consider such methods for the monitoring wells installed as part of this monitoring plan.

All samples will be analyzed by PLS for 1,4-dioxane using USEPA Method 1624 (or another equivalent, USEPA-approved method). The Target Detection Limit (TDL) for the analysis will be 1 ug/L, which is the TDL established by MDEQ (RRD Operational Memo 2, October 22, 2004). If MDEQ establishes a new TDL for 1,4-dioxane, PLS will adopt the new TDL. PLS will follow all appropriate sampling and laboratory QA/QC procedures, which may be reviewed by the City upon request along with related documentation.

Sample Collection Frequency

PLS will collect samples from monitoring wells within two weeks after installation, then once every quarter thereafter, until it is mutually determined by PLS and the City that such monitoring is no longer necessary, or as provided in Section XI of the Settlement Agreement. Should it be confirmed that the “Trigger Level” is exceeded at one of the monitoring wells installed under Section VI of the Settlement Agreement, an alternative sampling frequency agreed to by PLS and the City may be considered.

The City can split samples with PLS at any time (“City Split Sample”). The City will promptly provide the results of such sampling to PLS and will, upon request, cause its laboratory to allow PLS to review related QA/QC documentation. PLS will not be responsible for the costs incurred by the City in connection with such split sampling, except as set forth in the Settlement Agreement.

Verification Procedures

A. Monitoring Results. Upon confirmation that all sampling and laboratory QA/QC procedures were followed, monitoring results that PLS obtains from the Series A and Series B Well shall be considered Verified Monitoring Results under the Settlement Agreement, except as provided in Paragraphs B and C, below.

B. Elevated Monitoring Result. If a sample result from an individual well at one or more of the monitoring locations is 10 times higher than the highest previous monitoring result from that well (the “Elevated Monitoring Result”), the result will not be considered a Verified Monitoring Result under the Settlement Agreement. In such an event, the following verification procedures will be followed to ensure that the monitoring result from the well at issue is representative of aquifer conditions:

1. QA/QC. PLS will confirm that proper laboratory and sampling QA/QC procedures were followed and that any equipment used was properly calibrated to the manufacturer's standard.
2. Duplicate Sample. PLS will analyze the duplicate sample, if available, to assist in the evaluation of PLS' QA/QC procedures and equipment calibration.
3. Resampling of Well. PLS will resample the monitoring well from which the Elevated Monitoring Result was obtained within five days of the date the Elevated Monitoring Result was obtained and analyze the sample following all proper laboratory and sampling QA/QC and equipment calibration procedures (the "Verification Sample Result").

Upon confirmation that all proper laboratory and sampling QA/QC procedures were followed and that the equipment was calibrated, the Verification Sample Result shall be considered a Verified Monitoring Result under the Settlement Agreement.

C. Split Sample Discrepancy. In the event that the monitoring result obtained from a City Split Sample differs from the corresponding PLS result, neither result shall be considered a Verified Monitoring Result under the Settlement Agreement unless otherwise agreed (e.g. if the difference is insignificant). In the event of a discrepancy: (a) The Parties shall have the right to review the QA/QC procedures followed by the other Party's laboratory and related documentation to identify the source of the discrepancy; and (b) unless otherwise agreed, the Parties will jointly resample the well location and repeat the analysis with the new split sample. This will eliminate any possibility of sampling error. If the 2nd round of sampling is inconclusive, then the parties shall collect a 3rd round of sample and submit the samples for analysis at a mutually agreeable laboratory that is neither the PLS laboratory nor the laboratory that analyzed the original City Split Sample. The results of this analysis shall be considered the Verified Monitoring Result, upon confirmation that proper laboratory and sampling QA/QC procedures were followed.

Appendix B

SURETY BOND

Bond No._____

We, _____, hereinafter referred to as the Principal, and _____, a corporation organized and existing under the laws of the State of _____ and duly authorized to do business in the State of Michigan, as Surety, are held and firmly bound unto the City of Ann Arbor, Michigan, hereinafter referred to as Oblige, in the sum of Two Hundred Thousand Dollars (\$200,000.00), lawful money of the United States of America, to the payment of which sum well and truly to be made, we bind ourselves, our executors, administrators, successors, and assigns, firmly by this bond.

THE CONDITION OF THIS OBLIGATION IS SUCH that whereas the Oblige has issued to the Principal certain Licenses for Groundwater Monitoring Wells, and Oblige will issue to the Principal additional Licenses for Groundwater Monitoring Wells, each of which Licenses is hereinafter referred to as Permit, each of which grants to the Principal certain rights and commits the Principal to certain obligations related to the installation and maintenance of a monitoring well or wells within the public rights-of-way or other property of Oblige; and

WHEREAS, each of the Licenses for Groundwater Monitoring Wells in Road Right-of-Way that Oblige already has issued is listed in the attached Exhibit 1 and Exhibit 1 will be amended from time to time to add the additional Licenses for Groundwater Monitoring Wells issued to the Principal, not to exceed ten (10) in number;

NOW, THEREFORE, if the Principal shall faithfully comply with all terms and conditions of each Permit and with all applicable laws, ordinances, rules and regulations which have been or may hereafter be in force affecting said Permit, and shall save and keep harmless the Oblige from all loss, damage or expense which it may sustain or for which it may become liable on account of the issuance of each Permit to the Principal, including but not limited to expenses incurred to restore the public rights-of-way or other property during and after use of same by the Principal, then this obligation shall be void; otherwise, to remain in full force and effect.

This bond may be canceled by the Surety by sending advanced written notice, certified mail, to the Obligee stating when, not less than 60 days thereafter, such cancellation shall be effective, after which the liability of the Surety shall cease except for claims made upon the Surety prior to the effective date of such cancellation. It is understood that the full penalty of this bond shall be available during its effective period to secure, cover and extend to any and all obligations of the Principal to the Obligee under the Permits, past, present and potential. It is understood that if this bond is canceled by the Surety, the Principal is obligated to provide the Obligee a substitute bond or letter of credit acceptable to the Obligee. If the Principal fails to deliver a substitute bond or letter of credit acceptable to the Obligee prior to the effective date of such cancellation, then the Obligee may claim the full penalty of this bond.

Signed and sealed this _____ day of _____, 200__.

(Name of Surety Company)

(Name of Principal)

By: _____
(Signature)

By: _____
(Signature)

Typed Name: _____

Typed Name: _____

Its: _____
(Title of Office)

Its: _____
(Title of Office)

Name and address of agent:

Approved as to form:

Stephen K. Postema, City Attorney

Exhibit 1
Licenses for Groundwater Monitoring Wells Covered by this Surety Bond

List of 18 Licenses for Groundwater Monitoring Wells granted to Principal by the City of Ann Arbor as of November 1, 2006. This list is subject to amendment to add up to ten (10) additional Licenses for Groundwater Monitoring Wells.

<u>Well I.D.</u>	<u>Location</u>	<u>License End Date</u>
MW-71	Park Lake & Lakeview Dr.	June 30, 2011
MW-76	Worden & Jackson	March 14, 2012
MW-79	Veterans Memorial Park*	June 25, 2012
MW-83	Veterans Memorial Park*	June 25, 2012
MW-84s&d	Veterans Memorial Park*	June 25, 2012
MW-97	Fountain & Summit	December 31, 2015
MW-98	Huron & Arbana	December 31, 2015
MW-99	Maple Ridge (on traffic island)	December 31, 2015
MW-102	City Hall*	December 31, 2015
MW-79d	Veteran's Park*	June 30, 2016
MW-101	501 N. Maple	June 30, 2016
MW-103	Glendale & Abbott	June 30, 2016
MW-104	Leona & Walter	June 30, 2016
MW-105	Dolph Park*	June 30, 2016
MW-106	Rhea St. r-o-w	June 30, 2016
MW-107	near 2612 Dexter - r-o-w	June 30, 2016
MW-108	Park Lake Ave r-o-w	June 30, 2016

* Wells located on City property. All other wells are in City rights-of-way.