

**FIRST AMENDMENT TO THE TERM SHEET FOR
SETTLEMENT BETWEEN INSURERS AND THE BOROUGH OF RINGWOOD**

This First Amendment to the Term Sheet for Settlement Between Insurers and the Borough of Ringwood ("**First Insurer Term Sheet Amendment**") is entered into, effective as of the date of the last signature hereto, by and between ARI Insurance Company, Selective Insurance Company of America and Maryland Casualty Company ("**the Insurers**") and the Borough of Ringwood (including, if applicable, any successor or other interest in the Ringwood Solid Waste Management Authority, "**Borough**") (each a "**Party**," and, collectively, the "**Parties**").

This First Insurer Term Sheet Amendment has been prepared to memorialize the agreements between the Insurers and the Borough in resolution of the issue of payment of the Borough's legal and technical fees with respect to gaining EPA approval for the design of the Recycling Center and the contingent remedy in the Record Of Decision, dated June 30, 2014 ("**the ROD**") for the O'Connor Disposal Area Alternative, and to address the changes in proposed remedies as more fully set forth in the ROD and the associated changes in the cost estimates.

This Agreement is the result of a compromise accord and shall not be considered an admission of liability or responsibility by the Insurers. In particular, and without limitation, nothing contained herein constitutes an admission by the Insurers that the Borough was or is entitled to any insurance coverage in connection with the Ringwood Mines/Landfill Superfund Site.

Whereas, Ford Motor Company ("**Ford**") and the Borough entered into the First Term Sheet on December 6, 2011,

Whereas, the Insurers and the Borough entered into the Term Sheet on December 16, 2011 ("**Insurer Term Sheet**"),

Whereas, Ford and the Borough entered into the Second Term Sheet on November 5, 2013,

Whereas, Ford and the Borough entered into an amendment to the Second Term Sheet ("**Second Term Sheet Amendment**") on December 17, 2013,

Whereas, the terms of the First Term Sheet, the Second Term Sheet and the Second Term Sheet Amendment to the extent not modified by this First Amendment shall remain valid and enforceable.

Whereas, Ford and the Borough entered into a First Amendment to the First Term Sheet ("**First Term Sheet Amendment**") simultaneously herewith and expressly conditioned upon the execution by the Parties of this First Insurer Term Sheet Amendment,

Whereas, the United States Environmental Protection Agency ("**EPA**") issued the Record of Decision ("**ROD**") for the Site's three land-based Areas of Concern ("**AOCs**") on June 30, 2014,

Whereas, Ford entered into an Administrative Order on Consent for the Remedial Design for the remedies set forth in the ROD on October 1, 2014,

Whereas, EPA issued a Unilateral Administrative Order ("UAO") to the Borough to coordinate and participate in the design of the remedies set forth in the ROD on October 1, 2014,

Whereas, the Borough agreed to comply with the UAO via letter dated October 30, 2014,

Whereas, Ford and the Borough have agreed to amendment of certain provisions of the First Term Sheet as set forth in the First Amendment,

Whereas, the Insurers and the Borough have agreed to amendment of certain provisions of the Insurer Term Sheet.

Now therefore, in consideration of the promises and obligations contained in the First Term Sheet, the Insurer Term Sheet, the Second Term Sheet, and Second Term Sheet Amendment, which remain in effect, the Parties agree to amend the Insurer Term Sheet as follows:

This First Insurer Term Sheet Agreement is contingent upon EPA selection of Alternative 4A, as more fully set forth in the ROD, as the remedy for the O'Connor Disposal Area.

The Parties agree that paragraphs 1, 2, 4, 5, and 14 of the Insurer Term Sheet are deleted and replaced with the following:

1. This Amendment is premised upon the Borough, Ford, and the Insurers reaching an agreement with respect to the First Term Sheet Amendment;
2. The Insurers agree to pay the Percentage for remedial design and remedial action work at the four Operable Units and EPA and DEP oversight costs relating to that work, to be paid by the Borough pursuant to the First Term Sheet Amendment between the Borough and Ford, subject to the limits of liability of the Insurers' policies and subject to the terms of First Term Sheet Amendment between the Borough and Ford;
4. The Insurers agree to pay reasonable and necessary costs incurred in representing the Borough with respect to the investigation and remediation of the four Operable Units for which the Insurers are paying the Percentage, as set forth in the First Term Sheet and First Amendment to the First Term Sheet. All defense costs to be incurred must be approved by the Insurers before they are incurred, and are subject to review for reasonableness. The Insurers irrevocably waive any right of recovery or contribution from or against Ringwood for payments made pursuant to this paragraph.
5. Upon request for authority and approval by the Insurers, the Insurers agree to pay reasonable and necessary environmental consultant costs relating to review and analysis of the investigation and remediation of the four Operable Units. This includes the environmental consultant's cooperation and collaboration with Ford's professionals and contractors retained to satisfy the ROD on review, input and comments on future submissions to EPA, including participation in technical meetings and/or conference

calls, all of which are subject to prior authority and approval by the Insurers before such costs are incurred. The Insurers irrevocably waive any right of recovery or contribution from or against Ringwood for payments made pursuant to this paragraph.

14. The Insurers and the Borough continue to reserve all rights with respect to additional work at the four Operable Units if the total cost for the remedial design and remedial action work exceed the estimates contained in the ROD with respect to Peter's Mine Area and Cannon Mine Area and the estimate in the Excel RACE for the O'Connor Disposal Area (a sum total of \$19,571,066) as set forth in Paragraph 7 of the First Term Sheet Amendment.

Additionally, Paragraphs 17, 18, 19, 20, 21 and 22 are hereby added to the First Insurer Term Sheet Agreement between the Insurers and the Borough:

17. Pursuant to the terms of the First Term Sheet Amendment, Ford has agreed to pay eighty-five percent (85%) of the Borough's reasonable professional fees, both legal and technical, incurred starting July 1, 2014 in support of: (1) the permitting and construction of the recycling center set forth in the contingency remedy for the O'Connor Disposal Area AOC in the ROD, or (2) EPA's selection of that contingency remedy, including but not limited to meetings and communications with the DEP, the Highlands Commission and EPA and other efforts to satisfy the requirements set forth in the ROD to obtain that remedy. Ford has agreed that its obligation to pay 85% of these costs shall continue until EPA has approved the contingent remedy in the ROD for the O'Connor Disposal Area.
18. Subject to this commitment by Ford, as described more fully in the First Term Sheet Amendment, the Insurers agree to pay one-hundred percent (100%) of all reasonable and necessary professional fees previously billed by Sedita Campisano & Campisano and Excel Environmental (the "Borough Professionals") with respect to the design, approval and construction of the Recycling Center at the O'Connor Disposal Area AOC up to June 30, 2014.
19. The Insurers agree to pay fifteen percent (15%) of the Borough's reasonable professional fees, both legal and technical, incurred starting July 1, 2014 in support of: (1) the permitting and construction of the recycling center set forth in the contingency remedy for the O'Connor Disposal Area AOC in the ROD, or (2) EPA's selection of that contingency remedy, including but not limited to meetings and communications with the DEP, the Highlands Commission and EPA and other efforts to satisfy the requirements set forth in the ROD to obtain that remedy. The Insurers agree that their obligation to pay 15% of these costs continues until EPA has approved the contingent remedy in the ROD for the O'Connor Disposal Area.
20. **Cost Exceedances.** The Insurers shall continue to fund the remedial actions per the allocations set forth in this First Amendment until EPA certifies that all obligations under the ROD are complete, unless the costs for the remedial action work exceed the

estimates contained in the ROD with respect to Peter's Mine Area and Cannon Mine Area and the estimate in the Excel RACE for the O'Connors Disposal Area [a sum total of \$19,571,066]. However, the Insurers and the Borough reserve their rights and agree to engage in diligent and good faith negotiations with each other and Ford to reach a mutually agreeable resolution if the costs exceed the ROD/Excel RACE estimate of \$19,571,066. If agreement cannot be reached for any reason, Ford, the Insurers or the Borough may provide notice to the other parties and proceed to file suit or take any other action with respect to the contested costs "**Contested Costs**". Notice shall include the notice required in the Tolling Agreement between Ford and the Borough to terminate the Tolling Agreement.

21. Invoice Review. The Insurers shall have the right to review and audit all invoices presented by contractors involved in remedial design or remediation implementation efforts, as well as the invoices submitted by the Borough Professionals in connection with the Recycling Center and the Contingent Remedy, in order to determine whether such charges are reasonable and necessary; whether such charges have been pre-approved where pre-approval is required; and whether such charges pertain to the remediation ordered by EPA in the ROD.

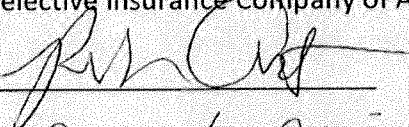
22. **Continuing Payment Obligations.** In the event the work contemplated herein exceeds the cost estimates in the ROD/Excel RACE of \$19,571,066, or is otherwise contested, and is therefore subject to new negotiation or litigation between Ford, the Borough and the Insurers for the Contested Costs, the Insurers agree to fund the remedial actions per the allocations set forth in this First Amendment unless and until there is an agreement or court order providing otherwise and the provision of the First Term Sheet remain valid and enforceable.

This First Insurer Term Sheet Amendment may be executed in counterparts that, when taken together, shall constitute one and the same instrument.

The Effective Date of this First Amendment shall be the latest date upon which either Party signed this First Amendment, as reflected on the signature page.

[SIGNATURE PAGE FOLLOWS]

On Behalf of Selective Insurance Company of America

Signature: 

By: AVP Corporate Claims - Selective Insurance

Dated: 3/20/15

On Behalf of ARI Insurance Company

Signature: _____

By: _____

Dated: _____

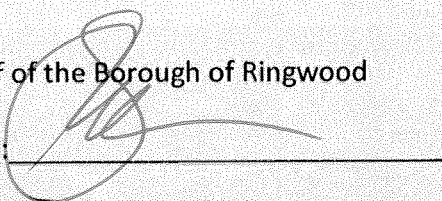
On Behalf of Maryland Casualty Company

Signature: _____

By: _____

Dated: _____

On Behalf of the Borough of Ringwood

Signature: 

By: Scott Heck

Dated: April 15, 2015

On Behalf of Selective Insurance Company of America

Signature: _____

By: _____

Dated: _____

On Behalf of ARI Insurance Company

Signature: James Pluta

By: James Pluta

Dated: 3/19/15

On Behalf of Maryland Casualty Company

Signature: _____

By: _____

Dated: _____

On Behalf of the Borough of Ringwood

Signature: _____

By: _____

Dated: _____

On Behalf of Selective Insurance Company of America

Signature: _____

By: _____

Dated: _____

On Behalf of ARI Insurance Company

Signature: _____

By: _____

Dated: _____

On Behalf of Maryland Casualty Company

Signature: Robert J. Kuerst

By: VP

Dated: 3/24/15

On Behalf of the Borough of Ringwood

Signature: _____

By: _____

Dated: _____