

SETTLEMENT CONFIDENTIAL SUBJECT TO FRE AND NJRE 408

SECOND TERM SHEET

SETTLEMENT BETWEEN BOROUGH OF RINGWOOD AND FORD MOTOR COMPANY

This term sheet ("**Second Term Sheet**") is entered into, effective as of the date of the last signature hereto, by and between the Borough of Ringwood (including, if applicable, any successor or other interest in the Ringwood Solid Waste Management Authority, "**Borough**") and Ford Motor Company (including its current and former subsidiaries, affiliates, assigns, predecessors and successors, "**Ford**") (each a "**Party**," and, collectively, the "**Parties**").

Whereas, Ford and the Borough 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**"),

Whereas, Ford and the Borough previously entered into a partial settlement agreement, dated as of December 6, 2011 ("**First Term Sheet**"),

Whereas, Ford and the Borough each have an interest in protection of public health and the environment,

Whereas, Ford and the Borough each have an interest in cost-effective remedies for the Site that are protective of public health and the environment,

Whereas, Ford and the Borough have each engaged independent consultants who have concluded that the capping-only remedies at the O'Connor Disposal Area AOC ("**OCDA**"), Cannon Mine Pit AOC ("**CMP**"), and Peter's Mine Pit AOC ("**PMP**") (collectively, the "**Capping Remedies**") and a monitored natural attenuation remedy ("**MNA Remedy**") for the Site-wide groundwater, are the appropriate remedies to protect public health and the environment,

Whereas, certain expenses have been and will continue to be incurred by the Borough, and activities, engineering work, rezoning, reuse and site work may need to be undertaken by the Borough to relocate its existing recycling center to OCDA, and

Whereas, the Borough has raised State law and federal law claims against Ford for damages including lost revenue, which Ford expressly denies.

Whereas the Parties enter into this Second Term Sheet in order to resolve all remaining issues between them as of this date and to avoid the cost and distraction of needless litigation:

Now therefore, in consideration of the promises and obligations contained herein the Parties agree:

1. Within 60 days of execution of this Second Term Sheet, in return for the broad general release by the Borough set forth below, Ford shall pay the Borough \$2.0 million.
2. If the U.S. Environmental Protection Agency ("EPA") selects a capping remedy for OCDA, the Borough agrees to: (1) record deed restrictions on the Site properties owned by the Borough, (2) create reuse opportunities for the Borough's residents at the location of the current Borough recycling center, (3) maintain and operate the new recycling center, and (4) take future actions to allow for the Capping Remedies and MNA Remedy to be implemented in as timely and cost-efficient a manner as possible, and Ford shall pay the Borough \$2.5 million.
3. Upon presentation of a budget and documentation for the Borough's direct costs associated with the design and engineering of the new recycling center including the purchase of equipment, Ford shall reimburse the Borough for costs up to a maximum of \$200,000. No later than 60 days after EPA's final approval of a capping remedy for OCDA, Ford shall begin building the recycling center according to the Borough's design and engineering plans including those items and equipment necessary for the function of a recycling center, up to a cost of \$1 million and complete the construction as soon as commercially reasonable thereafter.
4. As soon as appropriate after executing this Second Term Sheet, the Borough shall, at its sole expense, deed restrict the Borough Properties in a manner that meets the regulators' requirements for selection and implementation of the Capping Remedies and MNA Remedy. The Borough shall prepare the deed restrictions in consultation with EPA, the New Jersey Department of Environmental Protection ("NJDEP") and Ford and shall record them at the request of EPA, NJDEP or Ford. The Borough acknowledges that such deed restrictions may need to be completed sequentially or in phases depending on the timing of the CERCLA process and agrees to proceed with each deed restriction individually as soon as practicable without delaying progress on any other deed restriction.
5. In recognition of their common interests, the Parties agree to seek consensus on issues and to minimize taking positions adverse to the interests of any other Party. However, in the event of disagreement, the Parties acknowledge that Ford shall have ultimate decision-making authority with regard to any of its legal obligations regarding the Site, including any documents or presentations submitted by Ford to any person or governmental authorities; provided, however, the Borough has the right to express any disagreement publicly, either verbally or in writing, and same shall not constitute any breach or failure to comply with any provision of this Second Term Sheet.
6. **Broad General Release from the Borough to Ford.** In exchange for the consideration, as set forth in this Second Term Sheet and effective upon execution of this Second Term Sheet, which is fully effective and binding on the Parties and the sufficiency of which is hereby acknowledged by the Parties, the Borough, on behalf of itself and of all its predecessors, successors, and current or former affiliates, divisions, departments and agencies, its agents, attorneys, employees, and assigns, hereby releases and forever discharges Ford and its predecessors, successors, and current or former affiliates, parents

and subsidiaries, agents, attorneys, directors, officers, employees, and assigns, and all persons acting in concert with them as of this date, of and from any and all judgments, claims, demands, damages, or causes of action of any kind or nature whatsoever, whether for injunctive relief, loss, costs, expenses, or other detriment of any kind; whether in contract, tort, statutory, or otherwise; and particularly on account of any incidents or matters involving Ford concerning or related to the Site and/or the Borough of Ringwood and arising out of any alleged discharge, release or migration of hazardous substances; whether known or unknown; whether patent or latent; whether fixed or contingent; whether claimed or unclaimed; whether to person, to property, or otherwise; whether arising from any current or prior relationship between or among the Parties; including, but not limited to any and all judgments, claims, demands, damages, or causes of action that could not have been asserted prior to the Effective Date of this Second Term Sheet or that are related to the performance of any work under any administrative order or consent decree for the Site, except to the extent arising from gross negligence or willful misconduct. It is understood that this settlement was reached through arms-length negotiations and is a good faith settlement of these claims. Nothing contained in this Release shall affect either Party's obligations under the First Term Sheet, or under this Second Term Sheet or preclude any litigation or other proceeding to enforce such obligations.

The Borough's release herein specifically excludes, and Ford acknowledges does not apply to, any CERCLA re-openers and also any additional investigation and/or remedial action of solely paint sludge, drums and/or any other Ford waste or materials ("**Ford Wastes**") that arise after the execution of this Second Term Sheet. Should any such investigation or remedial action be required, as between the Parties, Ford shall continue to be solely responsible for the work and associated costs of any and all additional work related solely to Ford Wastes should any be warranted or required beyond construction of the permeable cap remedies set forth in the Excel RACE (as defined in the First Term Sheet), whether the work is voluntarily proposed, agreed to by the Parties, or directed by EPA and/or NJDEP.

7. **Broad General Release from Ford to the Borough.** In exchange for the consideration, as set forth in this Second Term Sheet and effective upon execution of this Second Term Sheet, which is fully effective and binding on the Parties and the sufficiency of which is hereby acknowledged by the Parties, Ford, on behalf of itself and of all its predecessors, successors, and current or former affiliates, parents and subsidiaries, agents, attorneys, employees, and assigns, hereby releases and forever discharges the Borough and its predecessors, successors, and current or former affiliates, divisions, departments and agencies, agents, attorneys, directors, officers, employees, and assigns, and all persons acting in concert with them as of this date, of and from any and all judgments, claims, demands, damages, or causes of action of any kind or nature whatsoever, whether for injunctive relief, loss, costs, expenses, or other detriment of any kind; whether in contract, tort, statutory, or otherwise and particularly on account of any incidents or matters involving the Borough concerning or related to the Site and/or the Borough of Ringwood and arising out of any alleged discharge, release or migration of hazardous substances;

whether known or unknown; whether patent or latent; whether fixed or contingent; whether claimed or unclaimed; whether to person, to property, or otherwise; whether arising from any current or prior relationship between or among the Parties; including, but not limited to, any and all judgments, claims, demands, damages, or causes of action that could not have been asserted prior to the Effective Date of this Second Term Sheet, except to the extent arising from gross negligence or willful misconduct. It is understood that this settlement was reached through arms-length negotiations and is a good faith settlement of these claims. Nothing contained in this Release shall affect either Party's obligations under the First Term Sheet, or under this Second Term Sheet or preclude any litigation or other proceeding to enforce such obligations.

Ford's release herein specifically excludes, and the Borough acknowledges does not apply to, any CERCLA re-openers and also any additional investigation and/or remedial action of any waste not composed solely of Ford Wastes that arise after the execution of this Second Term Sheet.

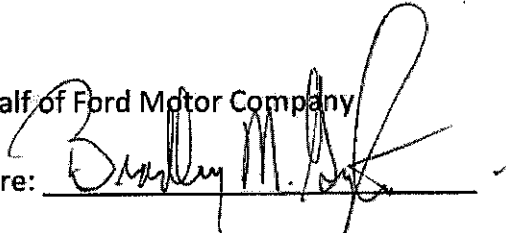
8. **First Term Sheet.** Except insofar as this Second Term Sheet is inconsistent with the provisions of the First Term Sheet, the First Term Sheet remains in full force and effect and binding on the Parties. To the extent the provisions of this Second Term Sheet are inconsistent with those of the First Term Sheet, the provisions of this Second Term Sheet control.
9. **No Admission of Liability.** It is understood that this Second Term Sheet reflects a compromise of disputed claims, that its provisions are not to be construed as an admission of liability on Ford's part for the claims made by the Borough, and that Ford continues to deny any liability to the Borough and is agreeing to this Second Term Sheet solely to avoid litigation and any resulting expense and uncertainty.
10. **Successors and Assigns.** All of the provisions of this Second Term Sheet apply to and bind the Parties and their respective predecessors, successors, affiliates and assigns.
11. **Waiver of Subrogation.** The Borough shall: (a) waive and release any claims of the relevant insurance carriers against Ford, its parents, subsidiaries, divisions, departments, shareholders, successors, assigneds, officers, directors, supervisors, employees, attorneys, servants, agents, workmen and insurers for any and all liability or responsibility to such insurance carriers, or anyone claiming through or under any insurance policies by way of subrogation or otherwise, for any claims relating to the Site, and (b) use its best efforts to obtain written consent of such waiver of subrogation from all relevant insurance carriers and provide copies of such consent to Ford.
12. **Severability.** If any term or provision of this Second Term Sheet is determined by a court of competent jurisdiction to be unenforceable, invalid or void, the validity of any other term or provision shall not be affected adversely, and this Second Term Sheet shall continue to be binding as if said unenforceable, invalid or void term had not been included herein.

13. **Acknowledgement.** The Parties hereby acknowledge, declare, represent, warrant and agree that this Second Term Sheet shall not be subject to any claim of mistake of fact, that it expresses a full and complete agreement, and that regardless of the adequacy or inadequacy of the consideration described herein, this Second Term Sheet is intended to avoid litigation and to be a final and complete settlement of claims and obligations described herein as covered by this Second Term Sheet.
14. **Governing Law.** This Second Term Sheet is deemed to have been executed and delivered within the State of New Jersey, and the rights and obligations of the Parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of New Jersey, without regard to its choice of law principles. The Parties further agree that any claims arising out of this Second Term Sheet, its purported non-performance, or any interpretation of this Agreement shall be brought in the New Jersey Superior Court, Bergen County and in no other forum.
15. **Acknowledgement of Authority.** Each person executing this Second Term Sheet hereby represents and warrants that he is authorized to do so and by doing so binds the Party on whose behalf this Second Term Sheet is signed.
16. **Interpretation of Agreement.** Each Party has cooperated in the drafting and preparation of this Second Term Sheet. In interpreting this Second Term Sheet, no ambiguity shall be resolved against any Party on the basis that it was responsible, or primarily responsible, for having drafted the Agreement.
17. **Fees and Costs.** Each Party shall bear its own attorney's fees and costs incurred in and with respect to this Second Term Sheet and the dispute described in the Recitals.
18. **Amendment.** Any amendment to this Second Term Sheet must be in a writing signed by duly authorized representatives of the Parties hereto that states the intent of the Parties to amend this Second Term Sheet.
19. **Execution in Counterparts.** This Second Term Sheet may be executed in counterparts that, when taken together, shall constitute one and the same instrument.
20. **Effective Date.** The Effective Date of this Second Term Sheet shall be the latest date upon which either Party signed this Second Term Sheet, as reflected on the signature page.

[SIGNATURE PAGE FOLLOWS]

On Behalf of Ford Motor Company

Signature: _____



By: _____

Bradley M. Gayton
Secretary

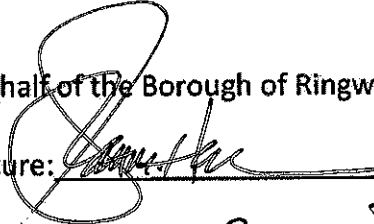
Its: _____

Dated: _____

November 5, 2013

On Behalf of the Borough of Ringwood

Signature: _____



By: _____

Scott Heck, Ringwood Borough Manager

Its: _____

Dated: _____

November 5, 2013