

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

This is a term sheet setting forth the basic agreed terms of a settlement between the Borough of Ringwood ("Ringwood") and ARI Insurance Company, Selective Insurance Company of America and Maryland Casualty Company ("the Insurers") regarding Ringwood's participation and funding of work at the Ringwood Landfill/Mines Superfund Site ("the Site").

1. This Agreement is premised upon Ringwood and the Insurers reaching an acceptable form of agreement with Ford Motor Company ("Ford") to fund 15% percent ("the Percentage") of work to be performed at the following four Operable Units at the Site: Peter's Mine; O'Connor Disposal area; Cannon Mine and groundwater.
2. The Insurers agree to pay the Percentage for remedial work at the four Operable Units and EPA and DEP oversight costs relating to that work, subject to the limits of liability of the Insurers' policies and subject to the terms of the agreement reached with Ford, which work is more particularly described in the Term Sheet for the Settlement between Borough of Ringwood and Ford Motor Company ("Ringwood/Ford Agreement"), a copy of which is attached hereto and made a part hereof.
3. The Insurers irrevocably waive any right of recovery or contribution from or against Ringwood for payments made by the Insurers for the work set forth in paragraphs 1 and 2, pursuant to the provisions of this Term Sheet and the Ringwood/Ford Agreement.
4. The Insurers agree to pay McManimon & Scotland's reasonable and necessary costs incurred in representing Ringwood 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 Ringwood/Ford Agreement. All costs to be incurred by McManimon & Scotland

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 Excel's reasonable and necessary costs relating to review and analysis of the investigation and remediation of the four Operable Units. This includes Excel's cooperation and collaboration with Arcadis/Ford 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.
6. If EPA requires Ringwood to sample groundwater at the St. George's Pit area, the Insurers agree to pay the costs relating to the first round of sampling. The parties reserve their rights as to the responsibility for any future investigation following the first round of sampling. The Insurers irrevocably waive any right of recovery or contribution from or against Ringwood for payments made pursuant to this paragraph.
7. The Insurers agree to release any claims for contribution against Ringwood relating to the Insurers' settlement of the Alleged Mahwah Toxic Dump Litigation, Master Docket No. L-489-08.
8. Ringwood agrees to take all reasonable actions to reduce the cost of the remedial actions for the four Operable Units.
9. Ringwood agrees to assume the Percentage for performance of operation and maintenance of the landfill caps to be installed at Peter's Mine, O'Connor Disposal area

and Cannon Mine. Ringwood's agreement is premised on the total O&M engineering cost estimates of Excel for Peter's Mine at \$2,628,946.00; O'Connor at \$2,766,845.00 and Cannon \$311,913.00. Ringwood's percentage of O&M cost shall not exceed 15% of the total O&M cost as estimated above with Ford assuming 85%. Ringwood irrevocably waives any right of recovery or contribution from or against the Insurers for payments made by Ringwood pursuant to this paragraph.

10. Ringwood does not assume any responsibility for USEPA and NJDEP oversight fees, which are estimated at \$1,100,000.00.
11. This Agreement will be contingent upon Ford remaining viable and participating at its agreed upon share toward the remedy and the operation and maintenance of the landfill caps. This agreement is further contingent on Ford posting such escrows/performance guarantees as required by Ringwood in connection with O&M as mentioned above.
12. Insurers and Ringwood reserve all rights with respect to the potential ramifications of the NJDEP/USEPA soil investigation of residential properties for lead, arsenic and/or dioxin featured in the HBO documentary.
13. Ringwood and the Insurers are not precluded from raising new coverage issues for areas or issues which may be identified in the future by EPA, Ford, CAG, residents or other third parties.
14. Insurers and Ringwood reserve all rights with respect to any work at the four Operable Areas that is not set forth in the Excel RACE or if the costs of that work exceed the Excel estimate, as set forth in paragraph 7 of the Ford/Ringwood Agreement.
15. Insurers and Ringwood continue to reserve all rights with respect to any further work performed at St. George's Pit and other areas within the Site.

16. A Settlement Agreement between Ringwood and the Insurers will be prepared which will formally memorialize the agreements set forth in this Term Sheet.

Selective Insurance Company of America

By: 

Dated: 12/16/11

ARI Insurance Company

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Maryland Casualty Company

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Borough of Ringwood

By: \_\_\_\_\_

Dated: \_\_\_\_\_

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Selective Insurance Company of America

By: \_\_\_\_\_

Dated: \_\_\_\_\_

ARI Insurance Company

By: James Pluta

Dated: 12/19/11

Maryland Casualty Company

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Borough of Ringwood

By: \_\_\_\_\_

Dated: \_\_\_\_\_

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Selective Insurance Company of America

ARI Insurance Company

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Maryland Casualty Company

Borough of Ringwood

By: Robert J. Kowalewski

By: \_\_\_\_\_

Dated: 12/16/11

Dated: \_\_\_\_\_

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Selective Insurance Company of America

ARI Insurance Company

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Maryland Casualty Company

Borough of Ringwood

By: \_\_\_\_\_

By:  Mayor

Dated: \_\_\_\_\_

Dated: December 21, 2011