

SETTLEMENT AGREEMENT AND MUTUAL RELEASE,
GAC CHEMICAL CORPORATION & CONSERVATION LAW FOUNDATION
OCTOBER 8, 2002 (transcribed copy)

This Settlement Agreement dated as of October 8, 2002 is between the Conservation Law Foundation (“CLF”) and General Alum New England Corporation, d/b/a GAC Chemical Corporation (“GAC Chemical”). CLF and GAC Chemical are collectively referred to as the “Parties” in this Settlement Agreement. For the purpose of this Settlement Agreement, CLF and GAC Chemical are defined to include all of their directors, officers, staff and consultants.

WHEREAS, GAC Chemical owns and operates a chemical manufacturing and distribution facility in Searsport, Maine (“Searsport Facility”);

WHEREAS, GAC Chemical is authorized to discharge effluent from an outfall known as “001” from its Facility into the Stockton Harbor pursuant to National Pollutant Discharge Elimination System (“NPDES”) permit No. ME000 1830 issued by the United States Environmental Protection Agency (“EPA”) on January 8, 1979 (the “NPDES Permit”);

WHEREAS, GAC Chemical filed Notices of Intent for coverage under the 1995 NPDES Storm Water Multi-Sector General Permit for Industrial Activities (60 Fed. Reg. 50804, September 29, 1995) and the 2000 NPDES Storm Water Multi-Sector General Permit for Industrial Activities (65 Fed. Reg. 64747, October 30, 2000) (collectively, the “Multi-Sector General Permits”) for discharges of stormwater from its Facility to Stockton Harbor;

WHEREAS, on or about February 11, 2002, CLF filed a Complaint against GAC Chemical in the United States District Court for the District of Maine in a matter entitled Conservation Law Foundation v. GAC Chemical New England Corp., Civil Docket No. 00-CV-02-24-B-5, alleging that GAC Chemical violated certain terms of the NPDES Permit, the Multi-Sector General Permits and the Clean Water Act (the "Lawsuit");

- Page 1 -

WHEREAS, GAC Chemical filed an Answer to CLF's Complaint denying that it violated any term or condition of the NPDES Permit, the Multi-Sector General Permits and the Clean Water Act;

WHEREAS, GAC Chemical is authorized to discharge effluent from outfall 001 and an outfall known as 002 from its Facility pursuant to a Maine Department of Environmental Protection ("DEP") Wastewater Discharge License originally issued on November 22, 1983 (the "State License");

WHEREAS, GAC Chemical entered into an Administrative Consent Agreement with the DEP on February 5, 2002 to resolve violations alleged by the DEP of the State License;

WHEREAS, the Administrative Consent Agreement was approved by the Board of Environmental Protection on May 16, 2002; and

WHEREAS, the Parties now desire to settle the Lawsuit.

The Parties, therefore, now AGREE as follows:

I. General Settlement Terms

I. CLF agrees to dismiss the Lawsuit with prejudice upon satisfaction of all conditions set forth below. The Stipulation of Dismissal executed by counsel for the Parties shall be filed upon satisfaction of all conditions set forth below.

2. a. CLF, for itself and its heirs, successors and assigns, does hereby release, forever discharge and covenant not to sue further GAC Chemical from any and all claims, demands and causes of action of any kind whatsoever asserted in its Complaint, and any claims, demands and causes of action of any kind whatsoever arising under the Clean Water Act that it currently has, or may have in the future, arising out of any event preceding the date of this Settlement Agreement, including, but not limited to, those that it asserted, or could have asserted, in the Lawsuit.

b. GAC Chemical, for itself and its successors and assigns, does hereby release, forever discharge and covenant not to sue CLF from any and all claims, demands and causes of action of any kind whatsoever that it currently has, or may

- Page 2 -

have in the future, arising out of any event preceding the date of this Settlement

Agreement.

3. The Parties agree that this Settlement Agreement reflects the compromise of disputed claims. CLF has alleged that GAC Chemical has violated the Clean Water Act. GAC Chemical has denied that it has done so. This Settlement Agreement has been reached without any finding that GAC Chemical has or has not violated the Clean Water Act.

4. The Parties agree to work cooperatively, and communicate openly, with each other with respect to their joint interest in preserving the quality and natural beauty of Stockton Harbor. To foster this cooperative relationship and these open lines of communication, CLF agrees to raise concerns about GAC Chemical's operations with GAC Chemical, in addition to other parties, within a reasonable time. Before CLF initiates any administrative or judicial action against GAC Chemical, CLF will provide GAC Chemical notice so that a dialogue can be opened concerning the underlying issue.

5. The Settlement is contingent on the approval by the authorized representatives of CLF and GAC Chemical.

II. Specific Settlement Terms

1. GAC Chemical shall comply with all Multi-Sector General Permit requirements, including a complete stormwater pollution prevention (SWPP) plan, implementation of best management practices to reduce pollutants in stormwater,

visual monitoring and reporting of stormwater, benchmark monitoring and reporting of stormwater (visual and benchmark monitoring and reporting must be for stormwater flows to all outfalls and at the appropriate sampling locations), monthly routine inspections, and annual comprehensive site evaluations.

2. GAC Chemical shall implement a complete and certified spill prevention control and countermeasure (SPCC) plan meeting all Clean Water Act requirements.

3. GAC Chemical shall comply with its existing Maine Waste Discharge License and; upon issuance, its new Maine Pollutant Discharge Elimination System permit meeting all Clean Water Act requirements and covering all outfalls, waste streams, and pollutants.

4. GAC Chemical agrees to conduct an in-house study of potential options to stabilize the banks leading from its facility to the shores of Stockton Harbor. This study will not require GAC Chemical to take any action to stabilize such banks, however, GAC Chemical will discuss the results of this study with GAC Chemical's Community Advisory Committee that was recently formed within one

- Page 3 -

year of the date of execution of this Settlement Agreement.

5. GAC Chemical agrees to conduct an in-house study of ways to prevent roofing tiles and other debris from buildings at the facility from reaching the banks, shore,

or flats of Stockton Harbor. This study will not require GAC Chemical to take any action related to such debris although it will discuss the results of this study with the Community Advisory Committee recently formed by GAC Chemical within one year of signing this Settlement Agreement.

6. GAC Chemical agrees to conduct monthly inspections to collect roofing tiles and other debris from the GAC Chemical facility, if any, from the banks, shore and flats of Stockton Harbor and to conduct monthly monitoring of the catch basin located at outfall 002 for any future accumulation of sediment or other pollutants. The results of such inspections and monitoring shall be documented and maintained at the facility for a period of five (5) years.

III. Civil Penalties

In lieu of civil penalties, and without admitting any liability for such penalties, GAC Chemical has agreed to donate \$20,000 to the Maine Coast Environmental Trust Fund with the intent that CLF will seek to have those funds used for an environmental project(s) to benefit Stockton Harbor. Such donation shall be made within 90 days of execution of this Settlement Agreement.

IV. Attorneys' Fees and Costs

GAC Chemical will pay CLF \$5,000 for attorneys' fees and costs. Such payment shall be made within 90 days of execution of this Settlement Agreement. In exchange

for these payments, CLF and its attorneys represent in this Settlement Agreement that all of the attorneys fees and costs they have sought to recover through this settlement represent the actual time spent by their attorneys in prosecuting the Lawsuit.

V. Miscellaneous

1. This Settlement Agreement shall be governed and interpreted in accordance with the laws of the State of Maine.

2. The Parties hereby warrant and represent that they are all corporations duly organized, validly existing, and in good standing under the laws of the State of Maine and that they have all requisite corporate power and authority to enter into this Settlement Agreement. They further warrant and represent that the person executing this Settlement Agreement has been authorized to do so on their behalf.

- Page 4 -

3. This Settlement Agreement, together with any documents referred to herein, sets forth the entire agreement of the Parties.

CONSERVATION LAW FOUNDATION

By: Roger Fleming

Its: Attorney 10/08/02

GAC CHEMICAL NEW ENGLAND CORPORATION

By: James A. Poure

Its: Chairman / CEO 10-8-02

-Page 5-
