CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
SANTA ANA REGION

RESOLUTION NO. R8-2005-0120
AUTHORIZING THE EXECUTIVE OFFICER
TO ENTER INTO AN ADMINISTRATIVE SETTLEMENT AGREEMENT
WITH GOODRICH CORPORATION

WHEREAS:

1. The California Regional Water Quality Control Board, Santa Ana Region (Regional Board), is conducting an extensive investigation of perchlorate and trichloroethylene contamination of water supply wells in the vicinity of an area generally referred to as the "160 acres" located in Rialto;

2. The Regional Board has issued investigation and cleanup and abatement orders, pursuant to its authority under Water Code Sections 13267 and 13304, to a number of parties that own and/or operate, or have owned and/or operated, on the "160 acres" (the Site);

3. The communities whose water supplies have been affected by the discharge of perchlorate and trichloroethylene have shut down contaminated supply wells, installed treatment systems on affected wells, and/or replaced them with alternative supplies of clean water;

4. The communities whose water supplies have been affected by the discharge of perchlorate and trichloroethylene have had to make unexpected and substantial expenditures in order to protect the quality of their water supplies;

5. An Investigation Order pursuant to Water Code Section 13267 was issued to Goodrich Corporation on September 24, 2002;

6. Goodrich has been conducting investigative work at the Site;

7. Additional remedial investigative work remains to be undertaken in the vicinity of the Site. Subsequent to the completion of necessary remedial investigation work, the Regional Board intends to require responsible parties to prepare a feasibility study to evaluate alternatives to the extent necessary to select an appropriate remedy;

8. The proposed Administrative Settlement Agreement between the Regional Board and Goodrich defines the next phase of Goodrich's participation in the remedial investigation effort;

9. The proposed Administrative Settlement Agreement is in the public interest in that it defines by mutual agreement and without need for dispute or litigation, the efforts that will be required of Goodrich during the next phase of the remedial investigation effort.

NOW, THEREFORE, BE IT RESOLVED:

1. The Executive Officer is authorized to execute the Administrative Settlement Agreement on behalf of the Regional Board;

2. The Staff is directed to monitor regularly Goodrich's progress in its Work Plan implementation and to provide a status report to the Regional Board at each of its meetings;

3. The Staff is directed to prepare draft Cleanup and Abatement Orders including replacement water requirements, directed to all appropriate parties, for Regional Board consideration at its first meeting after completion by Goodrich of the activities required by the Administrative Settlement Agreement.

I, Gerard J. Thibeault, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the California Regional Water Quality Control Board, Santa Ana Region, on November 16, 2005.

Gerard J. Thibeault
Executive Officer

ADMINISTRATIVE SETTLEMENT AGREEMENT
BETWEEN
THE CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, SANTA ANA REGION, AND GOODRICH CORPORATION

I. INTRODUCTION

This Settlement Agreement is entered into by the California Regional Water Quality Control Board, Santa Ana Region ("Regional Board") and Goodrich Corporation ("Goodrich") to resolve a dispute concerning the next phase of remedial investigation with respect to a certain 160-acre parcel of land located in the southwest quadrant of Section 21, Township 1 North, and Range 5 West, of the United States Geological Survey (USGS), 7.5 minute series "Devore, California" quadrangle map (1956, photo revised 1980) (hereafter, the "160-acre Site"). The 160-acre Site is bounded by West Casa Grande Drive on the north, Locust Avenue on the east, the extension of Alder Avenue on the west, and the extension of Summit Avenue on the south in the City of Rialto, San Bernardino County, California. The Regional Board and Goodrich are also referred to herein collectively as the "Parties."

II. RECITALS

A. Whereas, perchlorate and TCE have been detected in certain monitoring wells and/or drinking water wells within the Rialto Groundwater Management Zone in the County of San Bernardino, California.

B. Whereas, the Regional Board has jurisdiction over the Rialto Groundwater Management Zone and governs response actions for the protection of public health and the environment.

C. Whereas the Regional Board has issued investigation and cleanup and abatement orders, pursuant to its authority under Water Code Sections 13267 and 13304, to a number of parties that own and/or operate, or have owned and/or operated, on the 160-acre Site and/or other locations in North Rialto. At this time, the Regional Board has made no final determination as to the actual contribution of perchlorate contamination that Goodrich may be responsible for in the Rialto Groundwater Management Zone.

D. Whereas, Goodrich operated a facility on the 160-acre Site from approximately 1957 to 1963, which it sold in 1966.

E. Whereas, the Regional Board alleges that, during the course of its operations, Goodrich discharged and released perchlorate and trichloroethylene (TCE) at the 160–acre Site.

F. Whereas, on June 6, 2002, pursuant to Water Code Section 13304, the Regional Board issued Cleanup and Abatement Order No. R8-2002-0051 to Goodrich.

G. Whereas, Goodrich denied liability and contested the issuance of Cleanup and Abatement Order No. R8-2002-0051. After holding a hearing on September 13, 2002, the Regional Board rescinded the order.

H. Whereas, on September 24, 2002, pursuant to Water Code Section 13267, the Regional Board issued to Goodrich a directive to conduct perchlorate investigation in soil and groundwater at the 160-acre Site ("September 2002 Investigation Order"). Goodrich denied liability and contested issuance of the September 2002 Investigation Order.

I. Whereas, on January 30, 2003, the Regional Board and Goodrich entered into an Agreement whereby the Regional Board agreed to hold in abeyance the September 2002 Investigation Order in recognition of Goodrich's separate agreement with the City of Rialto, the City of Colton, the West San Bernardino County Water District, and the Fontana Water Company to provide $4 million for the purpose of implementing wellhead treatment at certain affected wells and other terms ("Water Purveyor Agreement").

J. Whereas, on July 3, 2003, the United States Environmental Protection Agency ("EPA") provided a notification to the State of California, through the Regional Board, that it intended to order Goodrich to conduct a remedial investigation.

K. Whereas, on July 15, 2003, pursuant to Section 106 of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the EPA issued Unilateral Administrative Order 2003-11 to Goodrich and Emhart Industries, Inc. requiring soil and groundwater remedial investigation at the 160-acre Site ("EPA Order").

L. Whereas, Goodrich has conducted a remedial investigation to comply with the EPA Order, including installation of four groundwater monitoring wells at the 160-acre Site and, on March 24, 2005, submitted to EPA a draft remedial investigation report.

M. Whereas, pursuant to the consent of EPA, the Regional Board has assumed responsibility for response actions to address releases or threatened releases from the 160-acre Site, with respect to Goodrich's operations at the 160-acre Site.

N. Whereas, the Regional Board has determined that additional remedial investigation is necessary to determine the extent of perchlorate, TCE and related contamination that is discharging, has been discharged, or threatens to be discharged from the 160-acre Site, to collect data necessary to determine the nature and extent of contamination and any threat to the public health, welfare, or the environment caused by the release or threatened release of perchlorate, TCE and other related contaminants at or from the 160-Acre Site and to adequately characterize the 160-Acre Site conditions for the purpose of developing and evaluating effective remedial alternatives.

O. Whereas, after the performance of the additional remedial investigation pursuant to this Settlement Agreement, it is the Regional Board's intention that the next step will be to require responsible parties to prepare a feasibility study to evaluate alternatives to the extent necessary to select an interim remedy. During the performance of the additional remedial investigation, the Regional Board and Goodrich will attempt to work together in good faith to determine the manner in which the feasibility study will be required, including the parties who will conduct it and its scope. Nothing in this agreement precludes the Regional Board from ordering Goodrich to conduct the feasibility study after implementation of the order as set forth below in paragraph 9.

P. Whereas, the Regional Board asserts that Goodrich is a "discharger" within the meaning of Water Code Sections 13267 and 13304.

Q. Whereas, the Regional Board asserts that it has the authority to bring CERCLA actions pursuant to Section 107 of CERCLA, 42 U.S.C. Section 9607.

R. Whereas, the Regional Board asserts that Goodrich is a "person" as defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21) and is a responsible party under Section 107(a) of CERCLA, 42 U.S.C. Section 9607(a); that the 160-acre Site is a "facility" as defined in Section 101(9) of CERCLA, 42 U.S.C. § 9601(9); that perchlorate and TCE detected on the 160-acre Site and in the groundwater downgradient thereof are "hazardous substances" as defined in Section 101(14) of CERCLA, 42 U.S.C. § 9601(14); and that Goodrich's operations thereon resulted in an actual and/or threatened "release" as defined in Section 101(22) of CERCLA, 42 U.S.C. § 9601(22).

S. Whereas, Goodrich denies and contests the Regional Board's assertions that Goodrich is a discharger under Water Code Sections 13267 and 13304; that it is a responsible party under Section 107(a) of CERCLA; and that its operations resulted in an actual or threatened release of hazardous substances as defined in Section 101 of CERCLA.

T. Whereas, Goodrich contests the Regional Board's authority, including but not limited to sufficiency of evidence, to issue an order requiring Goodrich to conduct additional remedial investigation or remediation concerning the 160-acre Site.

U. Whereas, Goodrich has brought suit in the United States District Court, Central District of California to pursue cost recovery and contribution against parties it believes are responsible for all or portions of the contamination in the Rialto Groundwater Management Zone.

V. Whereas, the Regional Board believes that time is of the essence in the completion of the work required by the Order. The deadlines set forth in the Work Plan have been carefully considered by the Parties and pursuant to the provisions set forth below they have agreed that a stipulated penalty provision will promote timely completion of the work.

III. AGREEMENT

NOW THEREFORE,

1. The Regional Board, pursuant to authority granted under California Water Code Sections 13267(b)(1) and 13304 and California Government Code Section 11415.60, and Goodrich hereby agree, pursuant to this Settlement Agreement, to the Order by Consent attached hereto as Exhibit 1 (the "Order"). The objective of the Order is to facilitate the next phase of remedial investigation to determine the nature and extent of contamination and any threat to the public health, welfare, or the environment caused by the release, discharge or threatened release or discharge of perchlorate, TCE and related contaminants at or from the 160-acre Site, through implementation of additional remedial investigation, as more specifically set forth in the work plan attached hereto as Exhibit A to the Order (the "Work Plan").

2. As set forth in the Work Plan, Goodrich shall install five (5) groundwater monitoring wells, perform specified groundwater monitoring and prepare an additional remedial investigation report (the "Remedial Investigation Report"). At the direction of the Regional Board, for good cause, Goodrich shall install up to four (4) additional groundwater monitoring wells consistent with the Work Plan ("Additional Wells"), provided:

2.1 Good cause exists in that data generated in the course of the remedial investigation conducted pursuant to the Work Plan demonstrates that Additional Wells are necessary to determine the extent of perchlorate, TCE and other related contamination that is discharging, has been discharged, or threatens to be discharged from Goodrich's former operations on the 160-acre Site, to collect data necessary to determine the nature and extent of such contamination and any threat to the public health, welfare, or the environment caused by the release or threatened release of such contaminants from Goodrich's former operations on the 160-acre Site, or to adequately characterize conditions for the purpose of developing and evaluating effective remedial alternatives with respect to contamination from the former Goodrich operations on the 160-Acre Site.

2.2 In the event the Executive Officer believes that good cause exists to direct Goodrich to install Additional Wells, he shall notify Goodrich of his request setting forth the location of the well(s) and good cause for the request. Should Goodrich request a meeting, the Parties shall meet to discuss and resolve the Executive Officer's request.

2.3 In the event Goodrich does not notify the Executive Officer in writing of its agreement to install Additional Wells within 15 days after being requested in writing by the Executive Officer, the Executive Officer may submit his request to the Regional Board for a hearing with at least 30 days notice to Goodrich and the public, including the bases for the request and a description of the Additional Wells. After a public hearing, at which time Goodrich and the Executive Officer shall have the opportunity to present their respective positions and evidence to the Regional Board, the Regional Board shall determine whether to affirm or decline the Executive Officer's request. The Regional Board's decision will be final and cannot be challenged by Goodrich or the Executive Officer. Goodrich waives all rights under California Water Code Section 13320 and 13330 to the limited extent of contesting the

Regional Board's decision to require the installation of Additional Wells made in accordance with the terms of this Agreement. However, in the event Goodrich agrees to install Additional Wells or the Regional Board affirms the request of the Executive Officer, the installation of Additional Wells, or the decision of the Regional Board and compliance by Goodrich with the decision, shall not constitute an admission of liability by Goodrich. Goodrich shall retain the right to controvert any and all findings by the Executive Officer and/or Regional Board in subsequent proceedings.

2.4 In the event Goodrich and the Executive Officer agree upon the installation of Additional Wells, the Executive Officer shall provide at least 30 days notice to the public of the Additional Well installation.

2.5 In the event that Goodrich is required to install Additional Wells, either by consent or as determined by the Regional Board, the results of the investigation concerning any Additional Well shall be addressed in the Remedial Investigation Report as set forth in the Work Plan. The date for the submittal of Remedial Investigation Report shall be extended, including to permit site access, the installation of Additional Wells and the assessment of the derived data.

3. In the event the submittal of the Remedial Investigation Report set forth in the Work Plan is more than 30 days late, Goodrich shall pay a stipulated penalty of $100,000, unless the delay was caused by forces outside of its reasonable control or other good cause exists. Goodrich shall pay an additional $100,000 penalty for each additional 30-day period the Remedial Investigation Report is late, unless the delay was caused by forces outside of its reasonable control or other good cause exists. The stipulated penalties set forth herein for the late submittal of the Remedial Investigation Report shall not be cumulative with penalties available under the Water Code or otherwise permitted under the law. Goodrich shall not be liable for any penalties for any delays in the submittal of the Remedial Investigation Report due to circumstances beyond its reasonable control, including, but not limited to, the inability to gain site access for installation and monitoring of wells and related work and delays due to conditions encountered during the course of well installation and sampling. Goodrich shall not be liable for any delays in the submittal of the Remedial Investigation Report due to the installation of Additional Wells.

3.1 In the event the Remedial Investigation Report is more than 30 days late and the delay was not caused by forces outside of Goodrich's reasonable control or other good cause does not exist for its delay, the Executive Officer shall so inform Goodrich in writing within seven days by certified mail. Within fifteen (15) days of receipt of the Executive Officer's notification, Goodrich shall deliver to the Executive Officer a certified Cashier's check in the amount of $100,000 for each violation payable to the State Water Resources Control Board's Cleanup and Abatement Account. Alternatively, Goodrich may within fifteen (15) days of notification by the Executive Officer that the stipulated penalty is due, propose that any stipulated penalty due at that time, or a portion thereof, be paid to a Supplemental Environmental Project to be approved by the Executive Officer.

3.2 In the event that Goodrich is notified by the Executive Officer that the stipulated penalty is due, Goodrich may within fifteen (15) days of notification, request an opportunity to present evidence to the Regional Board in a duly noticed public hearing that the

delay was caused by forces outside its reasonable control, or that the stipulated penalty should be excused for other good cause, including but not limited to, the inability to gain site access for installation and monitoring of wells and related work, delays due to conditions encountered during the course of well installation and sampling, and delays due to the installation of Additional Wells. The Regional Board's decision whether to impose, or relieve Goodrich from, stipulated penalties shall be final and binding. Goodrich hereby waives all rights under California Water Code Sections 13320 and 13330 to the limited extent of contesting the Board's final decision to impose a stipulated penalty made in accordance with the terms of this Agreement.

4. The Regional Board shall rescind the September 2002 Investigation Order.

5. The Regional Board and Goodrich recognize that this Agreement, the Order and Work Plan have been negotiated in good faith and that the actions undertaken by Goodrich in accordance with the Agreement, the Order and Work Plan do not constitute an admission of liability. Goodrich denies liability, does not admit, and retains the right to controvert in any subsequent proceedings, the validity of the findings of fact, conclusions of law, and any other determinations stated or implied in this Settlement Agreement or the Order. Goodrich agrees not to contest the issuance of the Order. The Regional Board, by this Settlement Agreement, does not waive its rights to issue subsequent orders. Goodrich, by this Settlement Agreement, does not waive its rights to contest subsequent Regional Board actions with respect to the implementation or interpretation of the Order should a dispute arise, nor does Goodrich waive any rights, except to the extent specifically set forth above in Sections 2.3 and 3.2, to contest future actions of the Regional Board, including but not limited to, subsequent orders. Goodrich shall retain any and all rights to seek recovery of costs and/or contribution for costs incurred in the performance of the remedial investigation.

6. The work conducted under the Order shall be performed in a manner consistent with the National Oil and Hazardous Substance Pollution Contingency Plan, Title 42, United States Code, Section 9605 and Code of Federal Regulations, Title 40, Part 300 ("NCP"). The Regional Board agrees to assist Goodrich with activities that may be required to demonstrate consistency with the NCP.

7. The Parties agree that this Settlement Agreement constitutes an administrative settlement for purposes of Section 113(f)(3)(B) of CERCLA, 42 U.S.C. § 9613(f)(3)(B).

8. Goodrich in good faith will assist the Regional Board and will participate in hearings with respect to the issuance of orders and enforcement actions concerning other potential dischargers/potentially responsible parties, including conducting cross examination of witnesses as appropriate. Nothing in this Settlement Agreement, however, will require Goodrich to waive any defenses or privileges.

9. During the implementation of the Order, the Regional Board shall not otherwise require Goodrich to conduct an investigation, remediation, or otherwise respond with respect to the contamination nor request any other agency, including the U.S. Environmental Protection Agency, to so order it to do so, except if the Regional Board, following a duly-noticed hearing, finds that Goodrich is not fully complying with the Order.

10. This Settlement Agreement may be executed in counterparts and by facsimile signature.

11. This Settlement Agreement is severable; should any provision be found invalid, the remainder shall remain in full force and effect.

12. The Parties agree that the normal rule of construction, which allows any ambiguities in an agreement to be construed against the drafting party, shall not be employed in the interpretation of this Settlement Agreement, and that this Settlement Agreement shall be given its fair meaning.

IN WITNESS WHEREOF, the Parties hereto have caused this Settlement Agreement to be executed by their respective duly authorized representative on the dates set forth below, and this Settlement Agreement shall be effective as of the most recent date signed.

California Regional Water Quality Control Board

By: [signature]
Executive Officer

Date: 12-19-05

Goodrich Corporation

By: [signature]
Director Remediation

Date: 12/22/05