



CITY OF FORT BRAGG

Incorporated August 5, 1889

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September 10, 2014

CONFIDENTIAL MEDIATION COMMUNICATION

CONFIDENTIAL SETTLEMENT COMMUNICATION (FED. R. EVID. 408)

Rodger J. "Chip" Hilarides

Senior Vice President, Compliance, Ethics, and Environmental Health and Safety

Georgia-Pacific, LLC

Subject: Georgia-Pacific LLC v. OfficeMax Incorporated, et al.

Dear Mr. Hilarides:

As you are aware, the lawsuit involving the Fort Bragg Mill Site clean-up has kept Georgia-Pacific and the City of Fort Bragg embroiled in litigation for nearly two years. We understand that Georgia-Pacific recently reached a settlement in principal with OfficeMax. Since Louisiana-Pacific settled several months ago, that leaves the City and Georgia-Pacific as the only remaining parties in the action. The City of Fort Bragg is hopeful that this presents an opportunity for us to stop fighting each other and to resume what, in the past, has been a cooperative relationship. While we have clashed recently over the litigation, the City and Georgia-Pacific have a much longer history of cooperation. I am writing to propose a settlement and to tell you that if it is accepted, the City Council intends to work collaboratively with Georgia-Pacific going forward.

The City's attorneys have recommended that Fort Bragg agree to settle with Georgia-Pacific if each party will dismiss its claims against the other, with prejudice, and with each party bearing its own attorneys' fees and litigation costs. The City Council accepted this recommendation and authorized me to send this letter conveying it. We believe that it is in both the City's and Georgia-Pacific's interest for this litigation to be over once and for all.

I understand that Georgia-Pacific is concerned that, if the threat of litigation is removed, the City will urge the Department of Toxic Substances Control to require active remediation in Pond 8. Please understand that I cannot bind future City Councils, and I can only speak with regard to the facts as we know them today. I am informed by the City Manager that neither she nor the City's consultants anticipate that active remediation should or will be required in Pond 8 but that some monitoring may be required. The City does not intend to advocate for a remedial action

that is more extensive than required by the scientific and engineering evaluation of the site. While the Remedial Action Plan for OU-E has not yet been prepared, as of today, we understand that neither science, engineering nor the public interest require active remediation of Pond 8.

If this letter has assuaged Georgia-Pacific's concerns, it has accomplished its purpose. Our City Manager, Linda Ruffing, is well aware of the Council's intentions, and she would be happy to discuss these issues with you. Thank you for your consideration of our settlement proposal and our hopes for the future.

Sincerely,



Dave Turner
Mayor

cc: Michael Davis, Esq.
Gregory J. Newmark, Esq.
Fred Blum, Esq.

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