SETTLEMENT AGREEMENT

This settlement agreement (Agreement) is entered into by and among the California Air Resources Board (ARB) with its principal office at 1001 "I" Street, Sacramento, California 95814, and California State University, Chico with its principle office at California State University, Chico California 95929 (CSU Chico), Otto Construction with its principal office at 1717 Second Street, Sacramento, California, 95811 (Otto Construction), and OMNI Pipelines, Inc. with its principal office at 13095 Baker Rd, Red Bluff, California 96080 (OMNI Pipelines).

RECITALS

1. California Health and Safety Code section 39658(b)(1) establishes the Asbestos National Emissions Standard for Hazardous Air Pollutants (Asbestos NESHAP) (Title 40, Code of Federal Regulations, section 61.140, et seq.) as an Airborne Toxic Control Measure (ATCM) enforceable by ARB.

2. The ATCM requires owner(s) or operator(s) of demolition or renovation activities to provide written notification of the intention to demolish or renovate a regulated facility ten (10) working days before work begins. (40 C.F.R. 61.145(b))

3. On January 17, 2013, ARB inspected the demolition of a building owned by CSU Chico, located at 400 1st Street, Chico, California 95929 ("Yuba Hall"). Yuba Hall is located in Butte County, California. Yuba Hall is a regulated structure under the ATCM.

4. Yuba Hall was at all times mentioned herein, owned by CSU Chico. Demolition of Yuba Hall began on January 14, 2013. CSU Chico contracted Otto Construction and/or OMNI Pipelines to oversee and/or conduct the demolition of Yuba Hall. Otto Construction and/or OMNI Pipelines were at all times mentioned herein, contractors hired to oversee and conduct the demolition of Yuba Hall.

5. CSU Chico, Otto Construction and OMNI Pipelines are each defined as an "Owner or operator of a demolition or renovation activity" under the ATCM, with respect to the demolition of the Yuba Hall. (40 C.F.R. 61.141)

6. CSU Chico conducted an asbestos inspection of Yuba Hall, as required by the ATCM. The inspection report found that none of the building materials identified and sampled as "suspect material" contained asbestos. Nonetheless, the reported inspection alerted CSU Chico, Otto Construction and OMNI Pipelines that a demolition notification was required even in the absence of regulated asbestos containing material.

7. CSU Chico submitted the required notification on January 17, 2013, subsequent to ARB inspection.

8. Based on the facts set out in recital paragraphs 1 through 7, On May 7, 2013, ARB issued the following Notices of Violation to CSU Chico, Otto Construction and OMNI Pipelines for failing to properly notify at least 10 working days before the demolition of Yuba Hall began, as required by the ATCM (40 CFR 61.145(b)):

   a) NOV# ASB-2013-001 issued to CSU Chico;
   b) NOV# ASB-2013-002 issued to Otto Construction; and
   c) NOV# ASB-2013-003 issued to OMNI Pipelines, Inc.

9. Violation of the ATCM is a violation of State law resulting in penalties. Health and Safety Code § 39674, 39675, 42400 et seq., 42402 et seq., and 42410, authorize strict liability criminal, civil, or administrative penalties not to exceed ten thousand dollars ($10,000) for each day that the violation occurs.

10. ARB and CSU Chico, Otto Construction and OMNI Pipelines desire to resolve this matter completely under the terms of this Agreement, in lieu of litigation.

11. In order to resolve these violations, CSU Chico, Otto Construction and OMNI Pipelines agree to take the actions enumerated below under the "TERMS AND CONDITIONS." Further, ARB accepts this Agreement in full and complete settlement of this matter. This Agreement is the compromise of the above referenced violations.

12. In consideration of the foregoing, and of the promises and facts set forth herein, ARB and CSU Chico, Otto Construction and OMNI Pipelines desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of the Agreement. Specifically, ARB and CSU Chico, Otto Construction and OMNI Pipelines agree as follows:

TERMS AND CONDITIONS

In consideration of ARB not filing a legal action against CSU Chico, Otto Construction and OMNI Pipelines for the alleged violations referred to above, ARB and CSU Chico, Otto Construction and OMNI Pipelines agree as follows:

1. Upon execution of this Agreement, CSU Chico, Otto Construction and OMNI Pipelines agree to pay civil penalties in the amount of five thousand dollars ($5,000.00). Payment of the penalties shall be as follows:

   Check(s) shall be made payable to the **"California Air Pollution Control Fund"** on behalf of CSU Chico, Otto Construction and OMNI Pipelines, Inc., and are due within ten (10) business days following the execution of this Agreement. Check(s) with the signed agreement shall be sent to:

   Mr. Ahmad Najjar, Inspector
   California Air Resources Board
   Enforcement Division
   P.O. Box 2815
   Sacramento, California 95812

2. CSU Chico, Otto Construction and OMNI Pipelines shall not violate the Asbestos ATCM.

3. CSU Chico agrees to host ARB training courses, as follows:

   a) CSU Chico will host two 1-day sessions of each of the following asbestos training courses:

      - #250: "Asbestos Demolitions & Renovations for Contractors", and
      - #251: "Asbestos Demolition and Renovation - Regulator Training."

   b) Courses will be hosted, at times and dates to be coordinated between ARB and CSU Chico, such that course #250 and 251 are held on consecutive days and that one session of each course is hosted in each year, 2013 and 2014.

   c) CSU Chico agrees to provide, at no cost to ARB or course participants, a suitable meeting room on the CSU Chico campus and on-campus parking at a location near the meeting room(s) for course participants and instructors;

   d) CSU Chico shall not be responsible for travel and/or lodging costs for course participants or instructors;

4. CSU Chico, Otto Construction and OMNI Pipelines agree to send staff with responsibilities for ensuring compliance with the ATCM to ARB Compliance Training Course #250: "Asbestos Demolitions & Renovations for Contractors" as follows:

   a) CSU Chico, Otto Construction, and OMNI Pipelines will identify and provide to ARB a list of staff to be trained within thirty (30) days of execution of this Agreement. This list is not binding; CSU Chico, Otto Construction and OMNI Pipelines may make additions and/or substitutions to this list as necessary, so long as any additions or deletions from this list are provided in writing to ARB.

   b) Within three years of execution of this Agreement, CSU Chico, Otto Construction and OMNI Pipelines shall send the identified staff to be trained.

   c) Upon completion of course #250, CSU Chico, Otto Construction and OMNI Pipelines agree to send copies of the course completion certificates to ARB.

5. All filings and submittals required pursuant to this Agreement shall be addressed to:

   Mr. Ahmad Najjar, Inspector
   California Air Resources Board
   Enforcement Division
   P.O. Box 2815
   Sacramento, California 95812

6. This Agreement constitutes the entire agreement and understanding between ARB and CSU Chico, Otto Construction and OMNI Pipelines concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and CSU Chico, Otto Construction and OMNI Pipelines concerning the subject matter hereof.

7. No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement. This Agreement shall further serve to toll any statute of limitation until six months after all terms and conditions of this Agreement have been fulfilled.

8. Failure to comply with any of the terms of this Agreement shall void the agreement and ARB may take enforcement action based on the initial violation and any subsequent violations of this Agreement. Any failure to comply with this Agreement will be determined individually, such that a failure by one party does not otherwise impact compliance by the remaining parties.

9. Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

10. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.

11. This Agreement is deemed to have been drafted jointly by ARB and CSU Chico, Otto Construction, and OMNI Pipelines; it will not be interpreted for or against either party on the ground that said party drafted it.

12. **SB1402 Statement.**

Senate Bill 1401 (Dutton, Chapter 413, Statutes of 2010) requires ARB to provide information on the basis for the penalties it seeks (Health and Saf. Code § 39619.7). This information, which is provided throughout this settlement agreement, is summarized here.

The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in Health and Saf. Code § 42403.

The per unit penalty in this case is a maximum of ten thousand dollars ($10,000.00) per violation per day for strict liability violations pursuant to Health and Saf. Code § 39674. The penalty obtained in this case is a total of five thousand dollars ($5,000.00), after considering all factors specified in Health and Saf. Code § 42403. In particular, the penalty reflects that no asbestos containing materials were identified when CSU Chico conducted an asbestos inspection prior to demolition of Yuba Hall. The penalty also reflects the cooperation of CSU Chico, Otto Construction and OMNI Pipelines, with the investigation and that ARB has not previously issued ATCM notices of violation to CSU Chico, Otto Construction or OMNI Pipelines.

The provision of law the penalty is being assessed under and why that provision is the most appropriate.

The penalty provision is being applied in this case is Health and Saf. Code § 39674 because CSU Chico, Otto Construction and OMNI Pipelines failed to comply with the ATCM established under Health and Saf. Code § 39658(b).

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and if so a quantification of excess emissions, if it is practical to do so.

The ATCM notification requirement does not reflect an emission limit.

13. CSU Chico, Otto Construction and OMNI Pipelines acknowledge that ARB has complied with SB 1402 in prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at Health and Saf. Code § 42403, has explained the manner in which the penalty amount was calculated (including a per unit or per vehicle penalty, if appropriate), has identified the provision of law under which the penalty is being assessed, and has considered and determined that this penalty is not being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

14. Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar cases, and the potential costs and risks associated with litigating these particular violations. Penalties in future cases might be smaller or larger on a per unit basis.

15. The penalty reflects ARB's assessment of the relative strength of its case against CSU Chico, Otto Construction and OMNI Pipelines, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that CSU Chico, Otto Construction and OMNI Pipelines may have secured from their actions.

16. Now therefore, in consideration of the payment on behalf of CSU Chico, Otto Construction and OMNI Pipelines to the California Air Pollution Control Fund, ARB hereby resolves with CSU Chico, Otto Construction and OMNI Pipelines and their principals, officers, agents, predecessors and successors from any and all claims for the past violations of the ATCM ARB may have based on the circumstances described in paragraphs 1 through 7 of the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

SIGNATURES

Californian Air Resources Board

By: _____
Name: James R. Ryden, Chief
Title: Enforcement Division

Date: 08/02/13

California State University, Chico

By: _____
Name: Lorraine B. Hoffman,
Title: Vice President of Business and Finance

Date: 7·10·13

Otto Construction

By: _____
Name: Carl Barrett
Title: Vice President, Operations

Date: JUNE 11, 2013

OMNI Pipelines, Inc.

By: _____
Name: Thomas J. Byrne
Title: President

Date: 6/14/13

ADDENDUM #1

Date: July 8, 2013

This addendum modifies the Settlement Agreement (June 10, 2013) between the California Air Resources Board (ARB) and California State University, Chico (CSU Chico), Otto Construction, and OMNI Pipelines, Inc., resolving the following Notices of Violation:

a) NOV# ASB-2013-001 issued to CSU Chico;
b) NOV# ASB-2013-002 issued to Otto Construction; and
c) NOV# ASB-2013-003 issued to OMNI Pipelines, Inc.

The following language modifies and replaces "TERMS AND CONDITIONS" Recital 3:

3. CSU Chico agrees to host ARB training courses, as follows:

a) CSU Chico will host two 1-day sessions for 250: "Asbestos Demolition & Renovations for Contractors" and two 1-day sessions for 251: "Asbestos Demolitions and Renovations – Regulator Training."

b) Courses will be hosted, at times and dates to be coordinated between ARB and CSU Chico, such that course #250 and 251 are held on consecutive days, and such that courses will be hosted any weekday, Monday through Thursday, in January, June or July.

c) For each 1-day session, CSU Chico agrees to provide, at no cost to participants, a suitable meeting room for up to 35 attendees (participants and instructors) on the CSU Chico Campus and on-campus parking for not more than 35 attendees (participants and instructors).

d) CSU Chico shall not be responsible for travel and/or lodging costs for course participants or instructors.

SIGNATURES

Californian Air Resources Board

By: _____
Name: James R. Ryden, Chief
Title: Enforcement Division

Date: 08/02/13

California State University, Chico

By: _____
Name: Lorraine B. Hoffman,
Title: Vice President of Business and Finance

Date: 7.10.13

OMNI Pipelines, Inc.

By: _____
Name: Thomas J. Byrne
Title: President

Date: 7/30/13

Otto Construction

By: _____
Name: Carl Barrett
Title: Vice President, Operations

Date: _____

ADDENDUM #1

Date: July 8, 2013

This addendum modifies the Settlement Agreement (June 10, 2013) between the California Air Resources Board (ARB) and California State University, Chico (CSU Chico), Otto Construction, and OMNI Pipelines, Inc., resolving the following Notices of Violation:

a) NOV# ASB-2013-001 issued to CSU Chico;
b) NOV# ASB-2013-002 issued to Otto Construction; and
c) NOV# ASB-2013-003 issued to OMNI Pipelines, Inc.

The following language modifies and replaces "TERMS AND CONDITIONS" Recital 3:

3. CSU Chico agrees to host ARB training courses, as follows:

a) CSU Chico will host two 1-day sessions for 250: "Asbestos Demolition & Renovations for Contractors" and two 1-day sessions for 251: "Asbestos Demolitions and Renovations – Regulator Training."

b) Courses will be hosted, at times and dates to be coordinated between ARB and CSU Chico, such that course #250 and 251 are held on consecutive days, and such that courses will be hosted any weekday, Monday through Thursday, in January, June or July.

c) For each 1-day session, CSU Chico agrees to provide, at no cost to participants, a suitable meeting room for up to 35 attendees (participants and instructors) on the CSU Chico Campus and on-campus parking for not more than 35 attendees (participants and instructors).

d) CSU Chico shall not be responsible for travel and/or lodging costs for course participants or instructors.

SIGNATURES

Californian Air Resources Board

By: _____
Name: James R. Ryden, Chief
Title: Enforcement Division

Date: 08/02/13

California State University, Chico

By: _____
Name: Lorraine B. Hoffman,
Title: Vice President of Business and Finance

Date: _____

OMNI Pipelines, Inc.

By: _____
Name: Thomas J. Byrne
Title: President

Date: _____

Otto Construction

By: _____
Name: Carl Barrett
Title: Vice President, Operations

Date: 7-29-13