SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (Agreement) is entered into between the California Air Resources Board (ARB) principally located at 1001 I Street, Sacramento, California 95814, and Dart Container Corporation (DART) principally located at 500 Hogsback Road Mason, Michigan 48854.

RECITALS

(1) California Health and Safety Code (H&SC) sections 39650-39675 (H&SC §§ 39650-39675) mandate the reduction of emissions of toxic air contaminants (TACs). In 1998, following an exhaustive ten-year scientific assessment process, ARB identified particulate matter (PM) from diesel-powered engines as a TAC, as codified in California Code of Regulations (CCR), title 13, section 93000 (17 CCR § 93000). In 2009, ARB adopted the Truck and Bus Regulation found in CCR, title 13, section 2025 (13 CCR § 2025) to reduce emissions of toxic PM from in-use on-road diesel-powered vehicles.

(2) 13 CCR § 2025 (x) (2) of the Truck and Bus Regulation provides that "Any in-state or out-of-state motor carrier, California broker, or any California resident who operates or directs the operation of any vehicle subject to this regulation shall verify that each hired or dispatched vehicle is in compliance with the regulation and comply with the record keeping requirements of section 2025(s)(4)".

(3) 13 CCR § 2025 (s) (4) of the Truck and Bus Regulation establishes the following recordkeeping requirements: "Bills of lading and other documentation identifying the motor carrier or broker who hired or dispatched the vehicle and the vehicle dispatched. The documentation shall include the name and contact information of the hiring business entity and vehicle information including license plate number, and other information." 13 CCR § 2025 (x) (3) also provides "[c]ompliance may be accomplished by keeping at the business location, a copy of the Certificate of Reported Compliance with the In-Use On-Road Diesel Vehicle Regulation for each fleet."

(4) Failure to comply with the requirements of 13 CCR § 2025 is a violation of State Law resulting in penalties. H&SC § 39674 (a) and (b) authorize civil penalties for the violation of the programs for the regulation of TACs not to exceed $1,000.00 or $10,000.00, respectively, for each day in which the violation occurs.

(5) ARB audited DART for compliance with the broker-shipper provisions of the Truck and Bus Rule and determined that in 2013, 2014, and 2015, DART failed to keep records that it documented the compliance status of 26 fleets it hired or dispatched. DART cooperated fully with the audit and does not dispute these basic facts.

(6) In order to resolve these alleged violations, DART has taken, or agreed to take, the actions enumerated below within the Terms and Release. Further, ARB accepts this Agreement in termination and settlement of this matter.

(7) In consideration of the foregoing, and of the promises and facts set forth herein, the parties 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 this Agreement. Specifically, the ARB and DART agree as follows:

TERMS AND RELEASE

In consideration of ARB not filing a legal action against DART for the alleged violations referred to above, and DART's payment of the penalties set forth below, ARB and DART agree as follows:

(1) Upon execution of this Agreement, the sum of nineteen thousand five hundred fifty dollars ($19,500.00) shall be paid on behalf of DART no later than August 17, 2016, as follows:

- $14,625.00 payable to the California Air Pollution Control Fund
- $4,875.00 payable to the San Joaquin Valley Air Pollution Control District with "For School Bus and Diesel Emission Reduction SEP" annotated in the Note or Memo line of the check

Please send the signed Agreement to the following address by August 17, 2016:

Mr. H. Cuauhtémoc Pelayo
Air Pollution Specialist
California Air Resources Board
9480 Telstar Avenue Suite 4
El Monte, California 91731

Please send the payment along with the enclosed Settlement Agreement Payment Transmittal Form to the following address by August 17, 2016:

California Air Resources Board
Accounting Office
P.O. Box 1436
Sacramento, California 95812-1436

(2) It is further agreed that the penalties described within the Terms and Release, paragraph 1 are punitive in nature, rather than compensatory. Furthermore, the penalty is intended to deter and punish DART for violations of state environmental statutes, and these penalties are payable to and for the benefit of ARB, a governmental unit. Therefore, it is agreed that these penalties imposed

on DART by ARB arising from the facts described in Recital paragraphs 1-5 are non-dischargeable under United States Code, title 11, section 523 (a) (7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty, or forfeiture payable to and for benefit of governmental unit, and is not compensation for actual pecuniary loss, other than certain types of tax penalties.

(3) DART shall not violate the Truck and Bus Regulation as codified in 13 CCR § 2025.

(4) DART shall verify that each hired or dispatched vehicle is in compliance with the Truck and Bus Regulation as codified in 13 CCR § 2025.

(5) This Agreement shall apply to and be binding upon DART, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(6) This Agreement constitutes the entire agreement and understanding between ARB and DART concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and DART 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.

(8) 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.

(9) 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.

(10) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.

(11) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires ARB to provide information on the basis for the penalties it seeks (H&SC section 39619.7). This information, which is provided throughout this 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 H&SC sections 42403 and 43024 (H&SC §§ 42403 and 43024).

Truck and Bus Violations

The per unit penalty for the Truck and Bus violations involved in this case is a maximum of $1,000.00 per vehicle per day for strict liability violations or $10,000.00 per vehicle per day for negligent or intentional violations.

The penalty obtained in this case for failure to verify that each fleet hired or dispatched was in compliance with the Truck and Bus Regulation and to maintain required records is $750.00 for each of the 26 fleets ultimately determined to be in compliance with the Truck and Bus Regulation. This occurred over an unspecified number of days.

The penalty was discounted based on the fact that this was an unintentional first time violation and DART made diligent efforts to comply and to cooperate with the investigation.

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

Truck and Bus Violations

The penalty provision being applied for the Truck and Bus Regulation (13 CCR § 2025) violations in this case is H&SC § 39674 because the Truck and Bus Regulation is an Airborne Toxic Control Measure adopted pursuant to authority contained in H&SC §§ 39002 et seq., 39650-39675, and because DART failed to verify compliance for each vehicle hired or dispatched and to maintain records as required by 13 CCR §§ 2025 (x) (2), (x) (3) and (s).

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 practicable to do so.

The provisions cited above do not prohibit emissions above a specified level.

(12) DART acknowledges that ARB has complied with Senate Bill 1402 in prosecuting or settling this case. Specifically, ARB has considered all relevant facts, including those listed at H&SC § 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

(13) 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 cost and risk associated with litigating these particular violations. Penalties in future cases might be smaller or larger on a per unit basis.

(14) The penalty was based on confidential settlement communications between ARB and DART that ARB does not retain in the ordinary course of business. The penalty is the product of an arm's length negotiation between ARB and DART and reflects ARB's assessment of the relative strength of its case against DART, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that DART may have secured from its actions.

(15) Now therefore, in consideration of the payment on behalf of DART to the California Air Pollution Control Fund and the San Joaquin Valley Air Pollution Control District, ARB hereby releases DART and their principals, officers, agents, predecessors and successors from any and all claims, ARB may have or have in the future based on the circumstances described in Recitals paragraphs 2-5. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

By: _____

Name: Dr. Todd P. Sax
Title: Chief
Date: 8/22/16

Dart Container Corporation

By: _____

Name: Tom King
Title: VP - Transportation & Logistics
Date: 8/10/2016