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 McDonald's USA, LLC (McDonald's), with its principle office at 17550 North Perimeter Drive, Suite 400, Scottsdale, Arizona 85255 and CCK Builders, Inc., (CCK Builders) with its principal office at 625 West Katella Avenue, Unit 1, Orange, California 92867, and Caplinger Construction, Inc., (Caplinger), with its principles office at 15924 North Cajon Boulevard, Devore Heights, California 92407.

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. The ATCM defines "Owner or operator of a demolition or renovation activity" as "any person who owns, leases, operates, controls, or supervises the facility being demolished or renovated or any person who owns, leases, operates, controls, or supervises the demolition or renovation operation, or both." (40 C.F.R. 61.141)

4. On June 19, 2014, ARB inspected the demolition of a structure (McDonald's), located at 345 North Imperial Avenue, El Centro, California 92243.

5. McDonald's, CCK Builders, and Caplinger are each an "Owner or operator of a demolition or renovation activity" under the ATCM, with respect to the demolition of the McDonald's.

6. CCK Builders submitted the required notification to ARB on June 22, 2014, subsequent to ARB inspection. The notification identifies the demolition "Start Date" to be June 10, 2014. Demolition was completed on June 12, 2014, resulting in a total of 12 operational days without notification.

7. McDonald's, CCK Builders, and Caplinger admit the facts identified in paragraph 1 through 6 above.

8. Based on the facts set out in the recitals above, on July 11, 2014, ARB issued a Notice of Violation, NOV# ASB-2014-020, to McDonald's, CCK Builders, and Caplinger for failing to properly notify U.S. EPA and/or ARB at least 10 working days before beginning the demolition of the structure, as required by the ATCM.

9. Violation of the ATCM is a violation of State law resulting in penalties. Health and Safety Code sections 39674 authorizes strict liability penalties not to exceed ten thousand dollars ($10,000) per day, for each day that the violation occurs.

10. ARB and McDonald's, CCK Builders, and Caplinger desire to resolve this matter completely under the terms of this Agreement, in lieu of litigation. In order to resolve these violations, McDonald's, CCK Builders, and Caplinger agree to take the actions enumerated below under the "TERMS AND CONDITIONS."

TERMS AND CONDITIONS

In consideration of ARB not filing a legal action against McDonald's, CCK Builders, and Caplinger for the alleged violations referred to above, ARB and McDonald's, CCK Builders, and Caplinger agree as follows:

A. Upon execution of this Agreement, McDonald's, CCK Builders, and Caplinger agree to pay civil penalties in the total amount of NINE THOUSAND DOLLARS ($9,000). Payment of the penalties shall be as follows:

All checks shall be made payable to the **"California Air Resources Board"** for deposit into the California Air Pollution Control Fund and are due upon execution of this Agreement. All checks shall include "NOV# ASB-2014-020" in the memo field and shall be sent, with the executed agreement, and the attached "Settlement Agreement Payment Transmittal Form" to the address below:

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

B. CCK Builders agrees to provide to at least one employee, training that meets the Asbestos Hazard Emergency Response Act requirements for Asbestos Contractor/Supervisor Initial (40-hour) training. To demonstrate compliance with this provision, CCK BUILDERS must provide to ARB proof of completion, in the

form of a copy of the awarded training certificate documenting the date of attainment within one year of the Effective Date of this Agreement and shall be mailed to the address identified in paragraph A of the "TERMS AND CONDITIONS."

C. Caplinger agrees to provide to at least one employee, training that meets the Asbestos Hazard Emergency Response Act requirements for Asbestos Contractor/Supervisor Initial (40-hour) training. To demonstrate compliance with this provision, Caplinger must provide to ARB proof of completion, in the form of a copy of the awarded training certificate documenting the date of attainment within one year of the Effective Date of this Agreement and shall be mailed to the address identified in paragraph A of the "TERMS AND CONDITIONS."

D. McDonald's agrees to provide to at least one employee, training that meets the Asbestos Hazard Emergency Response Act requirements for Asbestos Contractor/Supervisor Initial (40-hour) training. To demonstrate compliance with this provision, McDonald's must provide to ARB proof of completion, in the form of a copy of the awarded training certificate documenting the date of attainment within one year of the Effective Date of this Agreement and shall be mailed to the address identified in paragraph A of the "TERMS AND CONDITIONS."

E. This Agreement shall apply to and be binding upon McDonald's, CCK Builders, and Caplinger, and their 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.

F. This Agreement constitutes the entire agreement and understanding between ARB and McDonald's, CCK Builders, and Caplinger concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and McDonald's, CCK Builders, and Caplinger concerning the subject matter.

G. 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.

H. 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.

I. 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.

J. This Agreement is deemed to have been drafted jointly by ARB and McDonald's, CCK Builders, and Caplinger; it will not be interpreted for or against either party on the ground that said party drafted it.

K. **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 section 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 Safety Code section 42403.

The per unit penalty in this case is a maximum of ten thousand dollars ($10,000) per violation per day for strict liability violations pursuant to Health and Safety Code section 39674. After considering all factors specified in Health and Safety Code section 42403, the penalty obtained in this case is a total of NINE THOUSAND DOLLARS ($9,000) or $750 per day of violation. Asbestos is a toxic air contaminant and violations of the Asbestos ATCM, including violations of this nature, could result in immediate and localized exposure. The notification requirement allows ARB to inspect the project for regulated asbestos containing materials (RACM) not identified or disclosed in the pre-project asbestos inspection and not properly abated prior to demolition. In not seeking the maximum penalty allowed under State law, ARB recognizes that, subsequent to ARB inspection, McDonald's, CCK Builders, and Caplinger expeditiously returned to compliance. Furthermore, the penalty reflects that ARB has not previously issued Asbestos ATCM notices of violation to McDonald's, CCK Builders, and Caplinger.

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 Safety Code section 39674, because McDonald's, CCK Builders, and Caplinger

failed to comply with the Asbestos ATCM established under Health and Safety Code section 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 notification requirement does not reflect an emission limit.

L. McDonald's, CCK Builders, and Caplinger 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 Safety Code section 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.

M. 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.

N. The penalty reflects ARB's assessment of the relative strength of its case against McDonald's, CCK Builders, and Caplinger, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that McDonald's, CCK Builders, and Caplinger may have secured from their actions.

O. Now therefore, in consideration of the payment on behalf of McDonald's, CCK Builders, and Caplinger to the California Air Resource Board, ARB hereby resolves with McDonald's, CCK Builders, and Caplinger 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 the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

SIGNATURES

Californian Air Resources Board

By: _____

Name: James Ryden
Title: Enforcement Division Chief

Date: _____

McDonald's USA, LLC

By: _____

Name: Lorraine V. Fortelka
Title: Senior Counsel

Date: _____

CCK Builders, Inc.

By: _____

Name: Chris Knox
Title: CFO

Date: _____

Caplinger Construction, Inc.

By: _____

Name: Jay Shackleford
Title: Owner

Date: _____

SIGNATURES

Californian Air Resources Board

By: _____

Name: James Ryden
Title: Enforcement Division Chief

Date: _____

McDonald's USA, LLC

By: _____

Name: Lorraine V. Fortelka
Title: Senior Counsel

Date: _____

CCK Builders, Inc.

By: _____

Name: Chris Knox
Title: CFO

Date: 11-18-14

Caplinger Construction, Inc.

By: _____

Name: Jay Shackleford
Title: Owner

Date: _____

SIGNATURES

Californian Air Resources Board

By: _____

Name: James Ryden
Title: Enforcement Division Chief

Date: _____

McDonald's USA, LLC

By: _____

Name: Lorraine V. Fortelka
Title: Senior Counsel

Date: _____

CCK Builders, Inc.

By: _____

Name: Chris Knox
Title: CFO

Date: _____

Caplinger Construction, Inc.

By: Jay Shackleford

Name: Jay Shackleford
Title: Owner

Date: 11/18/14

SIGNATURES

Californian Air Resources Board

By: _____

Name: James Ryden
Title: Enforcement Division Chief

Date: 11/25/14

McDonald's USA, LLC

By: _____

Name: Lorraine V. Fortelka
Title: Senior Counsel

Date: _____

CCK Builders, Inc.

By: _____

Name: Chris Knox
Title: CFO

Date: _____

Caplinger Construction, Inc.

By: _____

Name: Jay Shackleford
Title: Owner

Date: _____