PERRINE DUPONT SETTLEMENT SPELTER VOLUNTEER FIRE DEPARTMENT CLAIMS OFFICE

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CORRECTED REMEDIATION WORKING BUDGET REPORT

August 9, 2012

BY HAND DELIVERY

The Honorable Thomas A. Bedell Circuit Judge of Harrison County 301 West Main Street, Room 321 Clarksburg, West Virginia 26301

Re: Perrine et al. V. DuPont et al. (04-C-296-2) - Report Regarding Corrected House Testing Results, and Adjustments to Working Budget Regarding the Same; Our File No. 4609-1 {DD-23}

Dear Judge Bedell,

We hope this letter finds the Court well.

The purpose of this letter is to inform the Court of the under-reporting of the contamination levels of some of the pre-clean-up <u>house</u> test results in the Property Remediation Program (the "Program"), and to address how the now corrected results impact the Working Budget for the Program. The previously approved Working Budget is in Exhibit A, and the suggested Revised Working Budget is in Exhibit B, for the Court's convenience and review.

I. House Test Results Corrected to Reflect Correct Sample Size

During the course of the administration of the Program, it has come to your Claims Administrator's attention that many of the original house test results provided by PACE labs, a subcontractor of CORE Environmental Services, Inc., the contractor for the pre-remediation testing, were not reported based on micrograms per square foot, which is the measurement basis for the clean-up standards set by Mr. Rich Adams, the Settlement's Property Clean-Up Expert who

appeared at the Court's May 1 and 2, 2012 Fairness Hearings on the Program, and approved by the May 4, 2012 Order of this Court. The reporting sample size was sometimes smaller than the square foot required, due to the location of the sample taken (e.g. a 2 by 18 inch sample was used to test a window ledge or a fan blade when a 12 by 12 inch sample could not be taken). Thus, only 36 square inches (2 x 18), or smaller in some instances (the "Raw Results"), were sampled instead of the required 144 square inches (12 x 12). However, PACE and CORE mistakenly did not "true-up" the results (the "Trued-Up Results") as in the forgoing example. The true-up computation in the example is: Raw Results x 144/36 = Trued-Up Results. As a result, the contamination levels were under-reported.

Once it was determined there was an issue with the reporting levels, your Claims Administrator requested that PACE provide the Claims Administrator with the corrected Trued-Up Results, converting the misreported Raw Results to the appropriate square foot measurements of the Trued-Up Results so that we could compare the final corrected Trued-Up Results with the remediation standards approved by the Court, in its May 4, 2012 Order, to determine if the houses were contaminated, and therefore need to be remediated.

After a review of the final corrected Trued-Up Results, it appears that all houses that were originally reported to the owner Claimants as contaminated are still contaminated, but some houses originally reported to the owner Claimants as clean are contaminated, and will therefore need to be remediated. We are notifying those Claimants whose corrected Trued-Up Results now show their houses to be contaminated and needing remedation, and are providing them with the Trued-Up Results. A copy of the form of notification letter is attached for the Court's review in Exhibit C.

II. Requested Adjustment to Working Budget Based on Corrected House Test Results

As the Court will recall, your Claims Administrator, in our April 9, 2012 Report to the Court, estimated, based on the original results received from PACE, and using the contamination level standards approved by the Court, that approximately 600 houses and commercial structures would require remediation under the Program. The original Working Budget, also provided with the April 9, 2012 Report to the Court, and in Exhibit A, was calculated using this estimate.

After reviewing the Trued-Up Results discussed above, the Claims Administrator now estimates that a more accurate estimate of <u>houses and commercial structures</u> to be cleaned is approximately <u>750</u>. The estimated additional costs associated with the additional <u>150 houses and/or commercial structures</u> to be cleaned is itemized below:

- 1. Remediation Company Expenses (Dollar figure calculated based on an average of the costs quoted by NCM for house cleaning by Zone (\$15,130 + \$9,880 + \$9,830 = \$34,840/3 = \$11,614) and multiplying the average by the additional 150 houses (\$11,614 x 150 = \$1,742,100))
- \$1,742,100

\$ 174,475

- Claimant Relocation Expenses (Dollar figure calculated based on previous calculated rate of \$575 per family for room expenses, plus an assumption that 15% of the families to be relocated will need 2 rooms, and \$500 per diem/\$100 per day for 5 days for each family (\$575 x 173 = \$99,475 for rooms, and \$500 x 150 = \$75,000 for per diem, or \$99,475 + \$75,000 = \$174,475))
- 3. Post-Remediation Sampling (Dollar figure calculated based on approved addendum cost from CORE of \$719.43 per house multiplied by the number of additional houses (\$719.43 x 150 = \$107,915))

\$ 107,915

Total Additional Remediation Costs Associated with Additional 150 Houses/Commercial Structures

\$2,024,490

The resulting proposed corrected Working Budget is in Exhibit B, for the Court's consideration.

Please note that the above \$2 million increase in remediation costs and therefore in the Working Budget, is still accommodated by the \$2.4 million reserve in the Working Budget, but the projected budget surplus is now expected to be \$4,712,800.

Please consider this Report to request the following relief from the Court:

- (i) that the Court review this Report;
- (ii) that the Court consider approving the proposed Revised Working Budget for the Remediation Program in Exhibit B; and

(iii) for such other, further, different and more general relief as the Court deems to be appropriate.

A proposed Order is provided for the Court's convenience.

This Report has been shared with the Finance Committee, and there are no objections.

If you have any questions regarding the above or the attached, please let me know.

Respectfully Submitted,

Ed Gentle

Claims Administrator

ECGIII/kah Enclosure

cc: (via e-mail)(confidential) (with enclosure)

David B. Thomas, Esq.

James S. Arnold, Esq.

Virginia Buchanan, Esq.

William S. ("Buddy") Cox, Esq.

J. Keith Givens, Esq.

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Terry D. Turner, Jr., Esq.

Diandra S. Debrosse, Esq.

Katherine A. Harbison, Esq.

Michael A. Jacks, Esq.

EXHIBIT A

PROPERTY REMEDIATION PROGRAM WORKING BUDGET

PROJECTION OF REMEDIATION PROGRAM EXPENSES AND POSSIBLE SURPLUS, ASSUMING A 30 MONTH LIFE COMMENCING MAY 15, 2012

A.	Estimated May 15, 2012 Remediation Fund Balance	\$33,200,000
В.	Estimated Remediation Expenses (Assuming only Contaminated Properties are cleaned) (160 Soils and 600 houses)	
	 Remediation Company (Lowest Qualifying Bid Plus 10%) 	\$16,302,000
	2. Claimant Relocation Expenses (Attached Estimate)	\$ 700,000
	3. Post-Remediation Sampling (Attached Memo)	\$ 400,000
	4. Balance of Claimant Annoyance Payments (Attached Memo)	\$ 1,600,000
	5. Technical Advisor (\$25,000 per month)	\$ 750,000
	Claims Administrator and Related Expenses (\$150,000 per month)	\$ 4,500,000
	7. Outside Auditor for 3 years	\$ 100,000
	8. 10% Reserve for Contingencies	\$ 2,435,200
	9. Total	\$ 26,787,200
C.	Possible Surplus	<u>\$ 6.412,800</u>

Property Remediation Relocation Plan Development; 4609-7 3/15/2012 10:51:05 A.M. Central Daylight Time ddebrosse@glandslaw.com sszowegen@ad.com Subj: Date: From: To: 150 Properties to Be Remediated for soil (tested above level) 1,050 property claims filed. So far, 900 have been tested (all but 5 have been occupied). So far, we don't final number on how (600 is estimate that is in RFP). Hotel stay for GOO Properties/ Families (Assuming \$115 per night/ for 5 nights or \$575 per family) \$345,000.00 Assuming that 15% have older children who also reside with the residents who may need separate lodging @ the same rate \$51,750.00 Per Diem Breakfast and Dinner Amount @ \$100/day per family for 5 days \$500/family). (as they will be leaving homes in which they had food which they will be unable to bring with them to copk) TOTAL ESTIMATED RELOCATION . COST: \$696,750 Assumptions: The goal of course is to negotiate a rate much lower than \$115 per night but this is the standard rate and so it We estimate 600 residential remediation projects, but not all may need to be relocated. A

Other Activity in Developing Relocation Program: I have asked Edith to create a chart with hotels in the following cities:

Lumberport

Clarksburg

Meadowbrook

Hepzibah

Shinnston

Lambert Run Arlington

I will be contacting all of these hotels to negotiate rates and may send some WV office felks to check on the quality of the hotels.

Thanks,

Diandra S. "Fu" Debrosse Shareholder

Thursday, March 15, 2012 AOL: EscrowAgen

Mellasa Cooper

From: Sont:

To: Co: Subject: Altachments:

Mike Jacks
Wednesday, March 14, 2012 1:42 PM
Ed Gentle (escrowagen@aol.com)
Melissa Cooper
Calculation of post remediation sampling and inconvenience payment reserves
Memorandum - Calculation of post remediation sampling and inconvenience payment
reserves 3-14-12 MAJ.pdf

Eď,

Please see the attached memorandum as to the calculation of post remediation sampling and inconvenience payment

' Michael Jacks, Esq. Gentle Turner & Sexton P.O. Box 257. Spelter WV 26438

Office Phone 304-622-7443 Office Fax 304-622-7447 Cell Phone 304-906-9165 miacks@gtandslaw.com



GENTLE TURNER & SERFOR

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MÉMORANDUM

TO:

Edgar C. Gentle, Esq.

FROM:

Michael A. Jacks, Esq.

DATE:

March 14, 2012

RE:

Perrine DuPont Scttlement; Our File No. 4609-1 (C; DD-10; DD-14)

Sempling and Inconvenience Payment Costs to Date; Necessary Reserves

This memorandum provides a summary of sampling and inconvenience payments made to date by the Settlement. This memorandum also suggests amounts to set aside as reserves for completion of post-remediation sampling and payment of the remaining amounts owed to claimants as inconvenience payments. Based on the following auxlysis, I believe we should reserve \$400,000.00 for post remediation sampling and \$1,600,000.00 for the remaining aunoyance and inconvenience payments.

I have reviewed all nine invoices submitted by CORE and tables for each invoice are attached. The total amount invoiced by CORE to the Settlement to date is \$273,628.17. This amount reflects start-up costs like Quality Assurance Plan Development and the performance bond, as well as sampling and laboratory analysis for \$54 houses and 224 soil properties. There are still a few properties that have been sampled but not invoiced, and a few more that will be sampled. I predict, conservatively, that no more than 1000 houses and 240 soil properties will be admitted to the program and sampled, pre-remediation.

Since we are currently projecting remediation of 600 houses and 160 soil properties, the amount of \$273,628.17 (which coves 854 houses and 224 soil properties) would appear

Page 1 of 3

to be more than enough to cover our post-remediation sampling costs, because we will only conduct post-remediation sampling on properties that we remediate.

Even if we open remediation to every house and property that we have sampled, we may not remediate to the RFP estimates (600 houses and 160 soil properties) because many claimants may choose not to participate. To be safe, I recommend that we reserve \$400,000.00 for post-remediation sampling costs, which I believe would be a very conservative, probably excessive, amount.

I spoke with Stephen Creed about the amount of amountee and inconvenience payments issued to date. Mr. Creed can reports through QuickBooks for the amounts issued, which included checks that had been voided and returned, because those amounts have not removed from his records at this time. The total amount issued for house payments, as of Merch 13, 2012, was \$94,940.00. The total amount for soil payments was \$217,600.00. I believe these numbers are slightly high, because some of the checks that were issued and included in the reports have been returned, voided, or not cashed.

To estimate our house inconvenience payment reserve, I calculate that no more than 1,000 houses will ultimately be eligible for the program and receive a payment. Since each house represents a \$500 obligation to the Settlement, the total potential outlay is \$5500,000.00. We have already issued \$94,940.00 of that amount. Accordingly, it appears that our reserve for house inconvenience payments should be approximately \$400,000.00.

For our soil inconvenience payment reserve, we must remember that the Upper B.

Street property owners have not received any soil payments, but have already received house payments, where warranted. We have approved and sampled 18 Upper B. Street properties to date, and the maximum number that could be approved and added to the soil

remediation program is 24. Accordingly, at \$5,000.00 per property, their inclusion in the .Program would result in a maximum obligation of \$120,000.00 for soil inconvenience payments.

The soil property owners that are already eligible have received \$217,600.00 to date.

Since that amount is 20% of the ultimate payment we are obligated to provide, we are currently obligated to pay \$870,400.00 (217,600 x 5 = 1,088,000.00 minus 217,600.00 already paid). There may be additional IA soil properties approved, which would result in their owners being owned \$5,000 each, but I cannot see more than 10-20 additional properties being approved at this time.

Therefore, I think our soil inconvenience payment reserve should be \$1,200,000.000.

Even if 20 additional IA properties are approved (\$100,600.00), the 24 Upper B. Street properties are all approved and included in the soil clean-up program (\$120,000.00), and all of the property owners we have currently approved participate in the program (\$870,400.00), I think this amount will pay these obligations and provide a safe cushion of approximately an additional \$109,600.00.

Accordingly. I think a reasonable reserve for post-remediation sampling is . \$400,000.00 (assuming that CORE agrees to provide the same services at the same rates). I think a reasonable inconvenience payment reserve is \$400,000.00 for house payments and 1,200,000.00 for sail payments, for a total of \$1,600,000.00.

Therefore, \$2,000,000.00 should cover both obligations.

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REVISED PROPERTY REMEDIATION PROGRAM WORKING BUDGET

PROJECTION OF REMEDIATION PROGRAM EXPENSES AND POSSIBLE SURPLUS, ASSUMING A 30 MONTH LIFE COMMENCING MAY 15, 2012

A.	Estimated May 15, 2012 Remediation Fund Balance	<u>\$3</u>	3.200,000
В.	Estimated Remediation Expenses (Assuming only Contaminated Properties are cleaned) (160 Soils and 600 houses)		
	1. Remediation Company a. Remediation Expense in Original Working Budget (Lowest Qualifying Bid Plus 10%)		6,302,000
	 b. Additional Remediation Costs Associated With Trued-Up House Results (Calculations Included In August 9, 2012 Report to Court) 	3	1,742,100
	2. Claimant Relocation Expenses a. Claimant Relocation Expenses in Original Working Budget b. Additional Relocation Expenses Associated With Trued-Up House Results (Calculations Included In August 9, 2012 Report to Court) 	\$ \$	700,000 174,475
	 Post-Remediation Sampling a. Post-Remediation Sampling Expenses (As Approved by July 11, 2012 Order of Court) 	\$	492,000
	b. Additional Post-Remediation Expenses Associated with Trued-Up House Results (Calculations Included In August 9, 2012 Report to Court)	\$	107,915
	4. Costs for Remediation of Upper B Street Properties (As Approved by May 4, 2012 Order of Court)	\$	700,000
	5. Balance of Claimant Annoyance Payments	\$	1,600,000
	6. Reserve for Possible Road Deterioration Litigation (As Approved by May 4, 2012 Order of Court)	\$	1,000,000
	7. Technical Advisor (\$25,000 per month)	\$	750,000
	8. Claims Administrator and Related Expenses (\$150,000 per month)	\$	4,500,000
	9. Outside Auditor for 3 years	\$	100,000
	10. Reserve for Contingencies (Original 10% Contingency in Working Budget of \$2,435,200 minus Increase in CORE Post-Sampling Contract of \$92,000 and Increased Costs Associated with Remediation of Trued-Up House Results totaling \$2,024,490)	\$	318,710
	11. Total	<u>\$</u> _	28,487,200
C.	Possible Surplus (Original Surplus of \$6,412,800 minus Court Approved Working Budget Expenses of \$700,000 for Cleaning Upper B Street Properties and \$1,000,000 Reserve for Possible Road Deterioration Litigation)	<u>\$</u>	4,712,800



PERRINE DUPONT SETTLEMENT CLAIMS OFFICE ATTN: EDGAR C. GENTLE, CLAIMS ADMINISTRATOR C/O SPELTER VOLUNTEER FIRE DEPARTMENT OFFICE

55 B Street P.O. BOX 257

Spelter, West Virginia 26438

(304) 622-7443 (800) 345-0837 www.perrinedupont.com perrinedupont@gtandslaw.com

August ___, 2012

CONFIDENTIAL [CLAIMANT NAME] [CLAIMANT ADDRESS] [CLAIMANT ADDRESS] [Claimant Parcel ID]

> Perrine v. DuPont Settlement - Original House Tests Showed to be Clean but RE:

Now Dirty; Our File No. 4609-1 {DD-14}

Dear Claimant:

I hope that you are well.

We previously sent you the enclosed letter indicating that your house tested clean.

We received updated results based on the square footage area of a wipe when your house was sampled. Some wipe areas sampled were less than a square foot or 12" X 12" area. For those less than a square foot, the sample calculation needed to be increased so the wipe area would equal a 12" X 12" area. We have enclosed your updated confidential verified property test results.

You are receiving this letter because based on your updated house test results, Settlement believes that your house is now dirty and does have hazardous levels of cadmium, arsenic, zinc or lead, and therefore needs to be cleaned.

Settlement expert, Mr. Richard B. Adams, recommends remediation if one or more of the heavy metal contamination levels exceed these amounts:

	Soil (Zone 1A only)	House (All Zones)	
Cadmium	39 ppm	144.65 ug/ft ²	
Arsenic	12.5 ppm	35.95 ug/ft²	
Zinc	23,000 ppm	43,695 ug/ft²	
Lead	400 ppm	40 ug/ft ²	

Page 1 of 2

Exhibit C - Form of Trued-Up Results **Notification Letter to Owner Claimants** Since your property requires clean-up, you get the balance of the annoyance and inconvenience payment <u>only</u> when the clean-up is finished and you sign-off on it. Clean-up began in Zone 1 in June 2012. Clean-up may begin in Zone 2 in November 2012 and Zone 3 in March 2013. You will be contact to schedule your house clean-up as it begins for your Zone.

Thanks for the opportunity to administer this very worthwhile Settlement.

Ed Gentle,	,
Settlement	t Administrator

ECGIII/jlb

IN THE CIRCUIT COURT OF HARRISON COUNTY, WEST VIRGINIA

LENORA PERRINE, et al., individuals residing in West Virginia, on behalf of themselves and all others similarly situated,

Plaintiffs.

٧.

Case No. 04-C-296-2 Thomas A. Bedell, Circuit Judge

E.I. DU PONT DE NEMOURS AND COMPANY, et al.,

Defendants.

ORDER APPROVING THE PROPOSED REVISED WORKING BUDGET
FOR THE PROPERTY REMEDIATION PROGRAM

Presently before the Court is the Claims Administrator's August 9, 2012, Report, which informs this Court of the under-reporting and subsequent correction of some of the pre-remediation <u>House</u> test results in the Property Remediation Program, and the subsequent impact on the Working Budget for the Property Remediation Program.

The Court notes that, as stated in the Report, based on the corrected or "trued-up" house test results, the Claims Administrator estimates that an additional 150 houses and/or commercial structures are contaminated and need to be cleaned under the Property Remediation Program. The Report includes a proposed Revised Working Budget to include the additional costs associated with the clean-up of the additional 150 houses and/or commercial structures.

After a careful review of the Claims Administrator's Report, and in consideration of applicable law, the Court **ORDERS** that the Revised Working Budget is hereby **APPROVED**.

Page 1 of 3

Lastly, pursuant to Rule 54(b) of the West Virginia Rules of Civil Procedure, the Court directs entry of this Order as a Final Order as to the claims and issues above upon an express determination that there is no just reason for delay and upon an express direction for the entry for judgment.

IT IS SO ORDERED.

Finally, it is **ORDERED** that the Clerk of this Court shall provide certified copies of this Order to the following:

David B. Thomas James S. Arnold Guthrie & Thomas, PLLC P.O. Box 3824 Charleston, WV 25338-3824

Edgar Gentle, III
Michael Jacks
Settlement Claims Office
P.O. Box 257
Spelter, WV 26438
Special Master

Virginia Buchanan Levin, Papantonio, Thomas, Mitchell Eshsner & Proctor, P.A. 316 South Baylen St., Suite 600 Pensacola, FL 32502-5996

Perry B. Jones, Esq. West & Jones 360 Washington Avenue Clarksburg, WV 26301

This Order Prepared By:

Edgar C. Gentle, III, Esq. Gentle, Turner & Sexton P. O. Box 257 Spelter, WV 26438 Claims Administrator

Meredith McCarthy 901 W. Main St. Bridgeport, WV 26330 Guardian ad litem

J. Farrest Taylor
Angela Mason
Cochran, Cherry, Givens, Smith,
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163 West Main St.
Dothan, AL 36301

Steve Zbur Tom Rebar CORE Environmental Services, Inc. 4 Brookstone Plaza Morgantown, WV 26508

Michael A. Jacks, Esq. W. Va. Bar No. 11044

P.O. Box 257 Spelter, WV 26438

ENIER:
Thomas A. Bedell, Circuit Judge