

SETTLEMENT AGREEMENT

This Settlement Agreement (**Agreement**) is entered effective May 29, 2014 (**Effective Date**) by and between Intel Corporation (**Intel**), Neighbors for Clean Air (**NCA**), and Northwest Environmental Defense Center (**NEDC**). NCA and NEDC are collectively referred to as the **Groups**; Intel and the Groups are collectively referred to as the **Parties**.

RECITALS

- A. Intel owns and operates two manufacturing facilities located in Washington County, Oregon, the Aloha Plant and the Ronler Acres Plant (collectively the **Facility**).
- B. On December 20, 2010, the Oregon Department of Environmental Quality (**DEQ**) approved the construction of a new semiconductor manufacturing facility pursuant to NC No. 025587 (the **D1X Expansion**).
- C. Intel has applied to DEQ for an Air Contaminant Discharge Permit and a Title V operating permit.
- D. The Groups have alleged that Intel has violated and will continue to violate the Oregon State Implementation Plan.
- E. The Groups have expressed concerns about the impact of emissions from Intel's facilities on people living, working, and going to school in Hillsboro and Washington County.
- F. The Groups have expressed concerns about the quality and availability of information about air emissions from the Intel facilities.
- G. The Parties desire to work cooperatively to improve livability and safety in Washington County.
- H. The Parties enter into this Agreement in order to avoid the risks and expense of litigation and instead to work cooperatively toward the improvement of air quality and communication with the public.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and without admitting or denying the statements in the recitals to this Agreement, the Parties mutually agree, represent and warrant as follows:

I. Air Quality Advisory Committee (AQAC).

- A. *Goals.* The Parties shall establish an Air Quality Advisory Committee to negotiate a Good Neighbor Agreement that will serve the following goals:
 - 1. To provide the Parties and the public with accurate information about emissions, impacts, and reductions.
 - 2. To reduce emissions from the facility.
 - 3. To ensure the air quality permits issued to Intel are consistent with and include elements of the Good Neighbor Agreement.
 - 4. To encourage open communications and understanding between Intel and its neighbors in Washington County.

- B. *Representatives.* The AQAC is not a voting body that makes policy. Rather the AQAC is a framework through which Intel and the Groups can communicate regarding air quality and seek to reach an agreement on future actions. However, the Parties desire clarity regarding the individuals whom are essential to the framework.
1. The Groups will appoint at least five representatives and two alternates. No meeting of the AQAC shall take place without at least three of Groups' representatives or alternates present.
 2. Intel will appoint at least two representatives and one alternate, who shall include an environmental manager responsible for the Facility and an officer or employee of Intel authorized to speak for the company. No meeting of the AQAC shall take place without at least one of Intel's representatives or alternates present.
- C. *Meetings.*
1. The AQAC will meet regularly to negotiate the terms of a Good Neighbor Agreement, with due consideration for the desire to take aggressive and timely action along with the competing responsibilities of the volunteer members of the AQAC.
 2. The AQAC may call upon the assistance of any person to assist in the negotiation or to provide input or technical support.
 3. Each AQAC representative shall have input into the schedule and agenda for AQAC meetings.
 4. AQAC meetings shall be open to the public. Closed meetings shall be held only to review and discuss confidential business information.
- D. *Administrative Support.* Intel shall provide administrative support to the AQAC, including maintaining a current list of AQAC representatives and alternates, providing meeting space, sending meeting notices and reminders, and preparing draft meeting agendas, minutes, and summaries.
- E. *Technical Support.* The Groups shall select one or more qualified and cost effective consultants acceptable to Intel that the Groups consider suitable to review and comment on its behalf concerning Intel's efforts pursuant to this Agreement (the **Consultant**). The Consultant shall submit a scope of work for each task anticipated by this Agreement with a cost not to be exceeded in completing the task. Intel and the Groups shall review and approve each scope of work. The Groups may submit invoices for work performed under an approved scope of work to Intel for reimbursement. Intel shall forward payment to the Groups equal to the invoice amount within 60 days of receipt. Intel shall not be responsible for payments to the Groups for reimbursement of any Consultant invoices to the extent those invoices relate to work that was not approved in advance by the Parties or to the extent that the aggregate of all Consultant invoices submitted for reimbursement pursuant to this Agreement exceeds \$80,000.
- F. *Plan of Work.* The Good Neighbor Agreement shall include either recognition that the following commitments have been satisfactorily completed or a schedule for implementation of the commitments. The specific elements of

each commitment will be negotiated between the Parties with input from the AQAC.

1. *Emissions Inventory.* Intel and the Groups shall develop a specific list of pollutants of concern for which Intel shall develop an emissions inventory for the Facility. This list shall be limited to those pollutants subject to the Risk Assessment outlined in Paragraph I.F.3.
2. *Emissions Testing.* Intel shall undertake a comprehensive emissions testing program at the Facility. The Groups shall have the opportunity to review and comment upon testing plans and protocols and to have expert persons observe testing.
3. *Risk Assessment.* No later than 150 days after completion of the emissions inventory, Intel shall prepare and submit to the AQAC an Air Quality Risk Assessment for the Facility in material compliance with the procedures specified by South Coast Air Quality Management District (**SCAQMD**) Rule 1402, as published as of the Effective Date and as amended herein, to evaluate risk at residences and sensitive receptors (e.g., hospitals, schools, day care centers, senior centers) (the **Risk Assessment**). The requirement for material compliance with the SCAQMD Rule 1402 procedures, except as modified herein, is limited to performance of the Risk Assessment and any obligations resulting from the Risk Assessment or the commitment to perform the Risk Assessment are limited to those specified in this Agreement.
 - a. *Acceptable Risk Level.* The Risk Assessment will be performed to determine whether the cumulative risk associated with the Facility at a residence or sensitive receptor exceeds the following thresholds (the **Acceptable Risk Levels**):
 - i. *Maximum Individual Cancer Risk:* Twenty-five in one million
 - ii. *Chronic Hazard Index:* 3.0 for any target organ system
 - iii. *Acute Hazard Index:* 3.0 for any target organ system
 - b. *Non-Precedential Effect.* By agreeing to conduct the Risk Assessment for the Facility, Intel is making no commitment to do so in relation to future expansions or projects. By entering into this Agreement Intel is not agreeing to the appropriateness or applicability of the Acceptable Risk Levels or the SCAQMD Rule 1402 methodology.
 - c. *Permit Limit/ Analysis Alternatives.* If the Risk Assessment identifies exceedances of the Acceptable Risk Levels Intel commits to either, at its discretion, (i) propose enforceable requirements for incorporation into its air permit that will reduce risk below the Acceptable Risk Levels (the **Permit Limit Alternative**), or (ii) undertake an audit of those portions of its Facility operations that generate material amounts of air emissions and perform an analysis of alternatives available to reduce those air emission impacts below the Acceptable Risk Levels (the **Analysis Alternative**). Intel shall identify whether it is pursuing the Permit Limit Alternative or the Analysis Alternative at the time that it submits the Risk Assessment to the AQAC. If the Analysis Alternative is chosen, it shall be implemented as follows:

- a. *Analysis Alternative Evaluation Scope.* The Analysis Alternative evaluation shall build upon the results of the Facility's emissions inventory, emissions testing and Risk Assessment to characterize and quantify all technically feasible tasks that could reduce air emission impacts, including add-on control equipment and process changes. If stack height adjustments could reduce concentrations, the Analysis Alternative evaluation shall consider the benefit of stack height adjustments.
- b. *Analysis Alternative Report.* Intel shall develop a report summarizing and supporting the findings of the Analysis Alternative evaluation (the **Analysis Alternative Report**) consistent with the process outlined below.
 1. *Draft Analysis Alternative Report.* Intel shall prepare a draft Analysis Alternative Report and provide that draft to the AQAC. This draft Analysis Alternative Report shall describe the Facility's operation and its emissions in both quantitative and qualitative terms, describe what is being done on site to reduce air emissions, and compare operations at the Facility to similar Intel facilities both within the United States and in other countries without regard to whether they are owned or operated by Intel or a related corporate entity. The draft Analysis Alternative Report shall include a list of potentially applicable emission reduction options (including, but not limited to, control technologies, process changes, and add-on controls) along with assessments of the cost, effectiveness, limitations, and benefits of each reduction option.
 2. *Community Review.* The Groups shall have the Consultant review the Analysis Alternative Report and complete the following work:
 1. The Consultant will speak with and meet with representatives of the Groups to discuss their concerns and questions and gather information.
 2. The Consultant will speak with and meet with representatives of Intel to discuss Intel's concerns and questions and gather information.
 3. The Consultant will visit the Facility to familiarize himself or herself with the amount, type, and source of air emissions and any associated controls.
 4. Based upon the Consultant's visit to the Facility, discussions with representatives of Groups and Intel, and the Consultant's independent expertise and research, the Consultant shall provide input to the Groups about the completeness and conclusions of the Analysis Alternative Report.

5. Intel shall provide reasonable access to information and observation to the Groups and the Consultant.
 - c. *Timing.* The draft Analysis Alternative Report shall be submitted to the AQAC by no later than 90 days after submittal of the Risk Assessment to the AQAC. The Consultant's review shall be completed within 45 days after submittal of the Risk Assessment to the AQAC.
4. *Ambient Monitoring.*
 - a. *Meteorology.* Intel shall install and maintain meteorological (MET) data stations at the Aloha and Ronler Acres campuses of the Facility. The MET data stations shall collect at least temperature, humidity, wind speed and direction including average and gust, dew point, and barometric pressure. Intel shall make the data from such monitors easily accessible to the public. Intel will ensure a reasonable level of data availability subject to limited down time for calibration, maintenance, and repairs.
 - b. *Ambient Air Quality Monitoring.* Intel shall provide up to \$150,000 to a qualified third party acceptable to Intel and the Groups for conducting ambient air quality monitoring in the community. Intel and the Groups shall work together to select a qualified third party and to develop a monitoring plan.
5. *Modeling.*
 - a. Intel shall prepare and submit to the AQAC a draft ambient air quality modeling protocol identifying the procedures for the modeling required in order to perform the Risk Assessment. The Consultant shall review the modeling protocol on behalf of the AQAC and submit comments to Intel no later than 30 days after the draft modeling protocol is submitted to the AQAC. Comments shall be limited to consistency of the modeling protocol with the Risk Assessment requirements identified in Paragraph I.F.3 above.
 - b. The AQAC may, at its discretion, engage the Consultant to review the modeling report and discuss its findings with the AQAC.
6. *Emission Reductions.*
 - a. Based on the Analysis Alternative Report (if that alternative is chosen), the emission inventory and ambient air quality modeling, Intel and the Groups shall develop a list of target reductions of specific pollutants which Intel shall employ reasonable efforts to achieve by dates certain. Intel shall provide the Groups an annual update as to its success in meeting the target reductions, but DEQ will not be requested to incorporate the target reductions into Intel's air permits. These target reductions are intended to incent Intel to minimize its air emissions and not to prevent expansion or development of the Facility.
 - b. If the Risk Assessment identifies risk in excess of the Acceptable Risk Levels, and Intel chooses to implement the Analysis Alternative, Intel and the Groups shall develop monthly or production based mass emission limitations for specific pollutants emitted by the Facility that

pose significant risk to the community as determined based on the emission rates identified in the emissions inventory and the ambient air quality modeling. No limits are required beyond those required to reduce the risk posed by the Facility to below the Acceptable Risk Levels. The Parties shall request that these mass emission limitations be incorporated into Intel's air permits by DEQ.

7. *Monitoring Emissions.*

- a. Intel agrees to install and use Continuous Emissions Monitors (CEMs) on stacks and for pollutants determined to be appropriate for CEMs monitoring by Intel and the Groups.
- b. Intel agrees to undertake a regular program of emissions monitoring, acceptable to the Groups, for those stacks and pollutants determined not to be appropriate for CEMs monitoring, but that merit monitoring.

8. *Other Obligations of the Parties.*

- a. *Good Faith.* The Parties shall participate in the AQAC process to develop a Good Neighbor Agreement in good faith.
- b. *Air Quality Permit Terms.* The Parties shall identify those terms of the final Good Neighbor Agreement that they will request that DEQ incorporate into the Facility's air quality permit(s).
- c. *Resolution of Noticed Claims.* The Groups shall not file a federal Clean Air Act lawsuit for violations identified or that could have been identified in the notice letter dated October 22, 2013, that occur during or before the term of this Agreement.

II. **General Provisions**

- A. *Dispute Resolution.* Except as specifically provided in this Paragraph II.A, any Party to this Agreement may apply to a court of competent jurisdiction for declaratory and injunctive relief necessary to construe or enforce this Agreement. The Parties will endeavor to resolve any dispute amicably pursuant to paragraphs II.A.1-3.
1. *Duty to Meet and Confer.* At least 30 days prior to applying to a court for relief, the Parties agree to meet and confer to attempt to resolve any dispute through informal negotiations. With notice pursuant to paragraph II.D, any Party can request to meet and confer (in person if requested) within five business days of receipt of the request. Representatives of each Party with appropriate authority will negotiate in good faith to resolve the dispute.
 2. *Mediation.* If informal discussion fails to resolve the dispute, any Party may require that the dispute be submitted to mediation before Resolutions Northwest or such other mutually agreeable mediator. Following the meeting described in paragraph II.A.1, any Party may commence the mediation process by providing notice to the other Parties and following the procedures prescribed by the mediation service.
 3. *Judicial Enforcement.* If the mediation described in paragraph II.A.2 does not resolve the dispute, any Party may seek to enforce this Agreement through a court of competent jurisdiction. If the Groups prevail in any such

- court action, they shall be entitled to an award of reasonable attorney fees and costs of the action from Intel.
- B. *Term.* This Agreement shall commence on the Effective Date set for above and shall remain in effect until December 31, 2015.
- C. *Attorney Fees and Costs.*
1. Intel shall pay Earthrise Law Center \$17,913.10 for the fees and costs incurred by the Groups thus far within thirty (30) days of the Effective Date.
 2. Following the full execution of a Good Neighbor Agreement between the Parties, the reasonable attorney fees and costs of the Groups in negotiating the Good Neighbor Agreement (exclusive of costs and fees associated with dispute resolution) shall be paid by or on behalf of Intel via payment to Earthrise Law Center.
 - a. Reasonable attorney fees consist of the reasonable hourly rate in Portland for the work of attorney(s) or paralegals (but not law students) as follows:
 - i. Attorney with 7-10 years experience: \$280
 - ii. Attorney with 4-6 years experience: \$250
 - iii. Attorney with 1-3 years experience: \$235
 - iv. Paralegal: \$75
 - b. These rates will be multiplied by the reasonable number of hours expended to develop the Good Neighbor Agreement.
 - c. The Groups shall present the statement of reasonable hours and costs to Intel within five (5) business days of the execution of a Good Neighbor Agreement between the parties. Intel may request to meet and confer regarding the reasonableness of hours and costs within five (5) business days of receipt of the statement.
 - d. Representatives of the Parties with the authority to resolve any dispute shall be present at any meet and confer session under this paragraph (II.C.2). If informal discussion fails to resolve the dispute, either Party may require that the dispute be submitted to arbitration before an arbitrator selected from the Oregon Judicial Department Arbitrator Roster for the Fourth Judicial District.
 - e. Payment under this paragraph (II.C.2) is due within thirty (30) days of the later of the date of presentation of the statement of reasonable hours or the date of resolution of any dispute.
 - f. In no case shall the total payment for costs and attorney fees under this paragraph (II.C.2) exceed \$35,000.
- D. *Notices.* All notices under this Agreement shall be in writing and personally delivered or sent by first-class mail, postage prepaid, or e-mail to the other Parties at the addresses set forth below. Notices shall be deemed given when received and shall be deemed received when personally delivered, 48 hours after they are postmarked, if sent by mail, or upon confirmation of receipt if delivered by e-mail. Notices shall be sent to the following addresses, which a Party may change by giving notice to the other Parties:

If to Intel:

Anne Marie McSwiggan
Corporate Services Manager
Intel Corporation
3100 NE Shute Road
Hillsboro, OR 97124
Tel. (503) 333-3761
Email: anne.m.mcswiggan@intel.com

If to NCA:

Mary Peveto
Neighbors for Clean Air
P.O. Box 10544
Portland, OR 97296

with copy to:

Thomas R. Wood
Stoel Rives LLP
900 SW Fifth Ave.
Suite 2600
Portland OR 97204-1268
Tel. (503) 204-9396
Email: trwood@stoel.com

If to NEDC:

Mark Riskedahl
NEDC
10015 SW Terwilliger Blvd.
Portland, OR 97219

- E. *Binding Effect.* This Agreement shall be binding upon the Parties and their respective members, successors, and assignees. If in any judicial proceeding a court shall refuse to enforce all the provisions of this Agreement, the scope of any unenforceable provision shall be deemed modified and diminished to the extent necessary to render such provision valid and enforceable. In any event, the validity or enforceability of any such provision shall not affect any other provision of this Agreement, and this Agreement shall be construed and enforced as if such provision had not been included.
- F. *Entire Agreement.* This Agreement and any referenced attachments, exhibits, or schedules are the entire agreement between the Parties and supersede all previous agreements or understandings between them.
- G. *Amendment.* This Agreement may not be amended, except in writing and signed by authorized representatives of the Parties.
- H. *Understanding.* Each Party has carefully read this Agreement. Each Party acknowledges that it is familiar with the contents of this Agreement, and that they fully understand and voluntarily accept its terms and conditions. Each Party has been encouraged to seek the advice of counsel prior to signing this Agreement.
- I. *Trade Secrets.* Nothing in this Agreement shall be construed to require Intel to disclose its trade secrets or confidential business information and Intel may redact such trade secrets or confidential business information from documents provided under this Agreement. The Groups understand and agree that the Groups, the AQAC, the Consultant, and members of the public may need to sign one or more confidentiality agreements to protect Intel's

trade secrets and confidential business information potentially observed during site visits or document review.

- J. *Waiver.* Any Party may waive rights, powers, or privileges under this Agreement, provided that any waiver must be in writing and further provided that no such waiver in one instance shall constitute a waiver of the same right, power, or privilege in any other instance unless specifically stated in writing.
- K. *Severability.* If for any reason a court of competent jurisdiction finds any provision of this Agreement to be unenforceable under existing law or as a result of new statutes or regulations, that provision of the Agreement will be reformed consistent with such law and the intent of the parties, and the remainder of this Agreement will continue in full force and effect.
- L. *Execution.* The individuals executing this Agreement below represent that they are authorized to execute this Agreement on behalf of the respective Party. This Agreement may be executed simultaneously by all Parties or individually in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties enter into this Agreement. Each person signing this Agreement represents and warrants that he or she has been duly authorized to enter into this Agreement by the Party on whose behalf it is indicated that the person is signing.

INTEL CORPORATION

By: _____
Name: _____
Title: _____
Date: _____

**NORTHWEST ENVIRONMENTAL
DEFENSE CENTER**

By: _____
Name: _____
Title: _____
Date: _____

NEIGHBORS FOR CLEAN AIR

By: _____
Name: _____
Title: _____
Date: _____