

REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION

SETTLEMENT AGREEMENT
ADMINISTRATIVE CIVIL LIABILITY COMPLAINT NO. R3-2008-0037

In the Matter of
BARDEX CORPORATION
6338 Lindmar Drive,
Goleta, California,
Santa Barbara County

The Assistant Executive Officer of the Regional Water Quality Control Board, Central Coast Region, ("Central Coast Water Board") and Bardex Corporation (the "Discharger") hereby agree to this Settlement Agreement ("Agreement") of Administrative Civil Liability Complaint No. R3-2008-0037, dated July 21, 2008 (the "Complaint").

1. This Agreement is entered into by the Central Coast Water Board Assistant Executive Officer and Discharger (collectively hereinafter the "Parties") to resolve by consent and without further administrative proceedings certain alleged violations of the California Water Code (CWC), Cleanup and Abatement Order (CAO) No. R3-2004-0063, and CAO No. R3-2007-0087.
2. Bardex Corporation is the lessee of property located at 6338 Lindmar Drive, Goleta, California, Santa Barbara County (the "Bardex Property"). For the past several years, the Central Coast Water Board has been in the process of investigating sources of groundwater contamination in the vicinity of the Bardex Property. In order to, among other things, determine the sources and extent of contamination from tetrachloroethene ("PCE"), trichloroethylene ("TCE") and related hazardous compounds associated with the Bardex Property, as well as with other nearby properties, the Water Board issued three orders to Bardex Corporation. CAO No. R3-2004-0063, CAO No. R3-2007-0087 (collectively the "CAOs"), and CWC Section 13267 Order dated October 31, 2007, demanded that Bardex Corporation investigate and cleanup soil and groundwater, prevent the discharge of polluted groundwater, and submit various technical and monitoring reports. On July 21, 2008, the Central Coast Water Board Assistant Executive Officer issued the Complaint in which he alleged that the Discharger had failed to comply with the CAOs and the CWC 13267 Order by:
 - a. failing to timely submit a workplan to delineate TCE in groundwater downgradient of the Bardex Property;
 - b. failing to timely submit a workplan to investigate and, if necessary, clean up PCE, TCE and associated hazardous compounds in soil and groundwater;
 - c. failing to timely submit a mailing list for surrounding property owners and residents/occupants;
 - d. failing to timely upload all technical reports to Geotracker; and

- e. failing to timely submit a report that details how the Discharger will investigate, eliminate, and abate the discharge of polluted groundwater to the street or other conveyances to surface waters.

The alleged violations warranted a maximum civil liability of \$426,000. The Assistant Executive Officer recommended a civil liability in the amount of twenty-five thousand dollars (\$25,000).

3. The Assistant Executive Officer agrees that full compliance with this Agreement constitutes settlement of the Complaint.
4. The Parties believe that settlement of this matter is in the best interest of the people of the State. Therefore, to settle the Complaint, the Discharger hereby agrees to comply with the terms and conditions of this Agreement.
5. The Discharger hereby agrees to pay \$25,000 to the State Water Resources Control Board Cleanup and Abatement Account no later than 30 days following the issuance of the Central Coast Water Board's Order approving this Agreement.
6. In consideration of the Discharger's compliance with this Agreement, the Assistant Executive Officer hereby agrees not to initiate any other administrative or judicial enforcement actions against Bardex Corporation, or any of its officers, directors, shareholders, or agents ("Bardex") for the violations alleged in the Complaint.
7. In settling this matter, Bardex does not admit to any of the findings of the Complaint, or that it has been or is in violation of the CAOs, the CWC, or any other federal, state, or local law or ordinance, provided, however, the Discharger agrees that in the event of any future enforcement actions by the Central Coast Water Board, this Agreement may be used as evidence of a settlement consistent with CWC Section 13327.
8. As acknowledged in the Complaint, Bardex has:
 - a. submitted a workplan to delineate TCE in groundwater downgradient of the Bardex Property;
 - b. submitted a workplan to address PCE, TCE and associated hazardous compounds in soil and groundwater;
 - c. submitted a mailing list for surrounding property owners and residents/occupants;
 - d. uploaded all technical reports to Geotracker; and
 - e. submitted a report that details how Bardex will eliminate and abate the discharge of polluted groundwater to the street or other conveyances to surface waters.
9. Subject to the qualifications set forth in paragraph 11, below, the Executive Officer has the authority to settle this matter in accordance with CWC Section 13323 and Government Code Section 11415.60. Bardex Corporation warrants that the person signing below has the legal authority to bind Bardex Corporation to the terms of this Agreement.

10. The Discharger has been informed of the rights provided by CWC Section 13323, subdivision (b), and hereby waives its right to a hearing before the Central Coast Water Board.
11. The Discharger understands that this Agreement and the proposed Administrative Civil Liability Order approving this Agreement must be noticed for a 30-day public review period. In the event objections are raised during the public comment period for the proposed Administrative Civil Liability Order, the Central Coast Water Board or the Executive Officer may, under certain circumstances, require a public hearing regarding the proposed Administrative Civil Liability Order. In that event, the Parties agree to meet and confer concerning any such objections, and may agree to revise or adjust the Agreement as necessary or advisable under the circumstances.
12. The Discharger understands that payment in accordance with this Agreement is not a substitute for compliance with applicable laws, and that future violations of the type alleged in the Complaint may subject them to further enforcement, including additional administrative civil liability.
13. This Agreement is severable; should any provision be found invalid the remainder shall remain in full force and effect.
14. This Agreement may be executed in counterparts and by facsimile signature.
15. This Agreement shall not be construed against the Party preparing it, but shall be construed as if the Parties prepared it jointly. Any uncertainty or ambiguity shall not be interpreted against any one Party.
16. This Agreement shall not be modified by any of the Parties by oral representation made before or after its execution. All modifications to the Agreement must be in writing and signed by all Parties.
17. Each Party to this Agreement shall bear all attorneys' fees and costs arising from the Party's own counsel in connection with the matters set forth herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers on the dates set forth, and this Agreement is effective as of the most recent date signed.

California Regional Water Quality Control Board
Central Coast Region

By: 
Michael J. Thomas, Assistant Executive Officer

Date: June 12, 2009

Bardex Corporation

By: _____
James L. Bartlett, Jr.

Date: _____

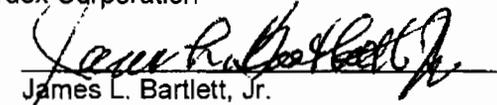
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California Regional Water Quality Control Board
Central Coast Region

By: _____
Michael J. Thomas, Assistant Executive Officer

Date: _____

Bardex Corporation

By: 
James L. Bartlett, Jr.

Date: June 10, 2009