NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In the Matter of the Development and Implementation of a Remedial Program for an Inactive Hazardous Waste Disposal Site under Article 27, Title 13 and Article 71, Title 27 of the Environmental Conservation Law by

ORDER AND ADMINISTRATIVE SETTLEMENT

Index # A4-0802-13-01 Site # 401039 Former Adirondack Steel Site

Melrose Group LLC,

Respondent.

WHEREAS,

1. Environmental Conservation Law of the State of New York ("ECL") 1-0101.1 provides that State policy is "to enhance the health, safety and welfare of the people of the state and their overall economic and social well being." ECL 3-0301.1 states that it is the responsibility of the New York State Department of Environmental Conservation ("Department") to carry out the environmental policy of the State set forth in ECL 1-0101. Pursuant to ECL 3-0301.1.g, the Commissioner of Environmental Conservation ("Commissioner") has the power to "[e]ncourage industrial, commercial ... and community development which provides the best usage of land areas, maximizes environmental benefits and minimizes the effects of less desirable environmental conditions[.]" ECL 3-0301.1.u gives the Commissioner the power to encourage activities consistent with the purposes of the ECL by assisting local governments.

2. The Department is responsible for inactive hazardous waste disposal site remedial programs pursuant to ECL Article 27, Title 13. The Department has the authority, *inter alia*, to provide for the prevention and abatement of all water, land, and air pollution. *See, e.g.*, ECL 3-0301.1.i. This Order on Consent ("Order") is entered into pursuant to the Department's authority under, *inter alia*, ECL Article 27, Title 13, ECL Article 71, Title 27, and ECL 3-0301.

3. The Former Adirondack Steel inactive hazardous waste disposal site (the "Site") is a 4.14-acre area (the "Site") of the larger Former Adirondack Steel industrial facility (the "Facility" or the "Adirondack Steel Facility") located at 191 Watervliet-Shaker Road in the Town of Colonie, Albany County. Hazardous wastes were disposed at the Site. A figure showing the area defined as the Site is attached to this Order as <u>Appendix "A."</u> A figure showing the area defined as the Facility is attached to this Order as <u>Appendix "B."</u> On-site areas of the Site have been divided into two operable units: Operable Unit 1 ("OU-1") is the area identified as the original location where PCB-contaminated fluids were spilled. A second on-site operable unit, Operable Unit 3 (OU-3), is an area of recently identified contaminated soil. An additional area of contamination, Operable Unit 2 ("OU-2"), is an approximately 2-acre area of PCB-contamination that has migrated off-site. It is not part of the site or the Facility. A figure showing off-site area OU-2 is attached to this Order as <u>Appendix "C."</u> Appendices "A," "B," and "C" are incorporated into and made an enforceable part this Order.

4. After foundry operations at the Adirondack Steel Facility ceased, it was sold to the Timmons Corporation ("Timmons"). During Timmons' period of operation, electrical transformers and capacitors were broken open and scavenged on-site. Timmons Corporation thereafter abandoned the Site and the rest of the Facility.

5. Albany County (the "County"), a municipal corporation formed for the purpose of exercising such powers and discharging such duties of local government and administration of public affairs as may be imposed or conferred upon it by law, County Law of the State of New York §3, acquired title to the vacant Adirondack Steel Facility, including the Site, through *in rem* tax foreclosure proceedings and currently holds title.

6. The primary contaminant of concern at the Site is PCBs. On-site soils are contaminated with PCBs. Migrating PCBs have contaminated off-site soils and sediments. The Site is listed in the Registry of Inactive Hazardous Waste Disposal Sites in New York State as Site Number 401039 with a Classification "2" pursuant to ECL 27-1305.

7. Investigation and remedial work has been undertaken by both the Department using State funds and the United States Environmental Protection Agency ("EPA"). EPA removed and disposed of PCB-contaminated soils, a project completed in 1999. Subsequently, the Department undertook two Interim Remedial Measure ("IRM") programs that removed materials including PCB-contaminated soils, PCB-contaminated equipment, asbestos containing material, and drums of petroleum waste from the Site and the greater Adirondack Steel Facility. In 2008, the Department issued a Remedial Investigation Report detailing the results of a Facility investigation. A second Remedial Investigation report was issued in 2011 describing the off-site PCB impacts (OU-3).

8. In 2010, after a period of public comment, the Department issued a Record of Decision for OU-1 ("OU-1 ROD") that determined that for no further active remediation is required for OU-1, but required post-remedial Site management, including the creation of an Environmental Easement and the implementation of a Site Management Plan, both of which are defined below.

9. A supplemental remedial investigation was completed after the OU-1 ROD was issued. It investigated the extent to which PCBs have migrated beyond OU-1 and identified the two additional areas of PCB contamination: OU-3 and the off-site area known as OU-2. The Department intends to release a Proposed Remedial Action Plan in the near future for a remedy for OU-2 and OU-3. Following a period of public comment, the Department will issue a second Record of Decision setting forth the selected remedy. It is anticipated that the Department will remediate OU-2 and OU-3 in the near future.

10. The Melrose Group LLC ("Respondent") is a limited liability company located at 9 Herbert Drive, Latham, New York 12110. Respondent seeks to acquire title to the Adirondack Steel Facility, including the two operable units defined as the Site, for the purpose of redeveloping the Facility. Respondent intends to comply with State environmental laws and regulations as it rehabilitates and develops the Facility. Respondent states that neither Respondent nor an individual with a substantial interest in Respondent owned the Site at the time of the disposal or discharge of contaminants, and that neither Respondent nor an individual with a substantial interest in Respondent is otherwise a person responsible, according to principles of statutory or common law liability, for the disposal of hazardous wastes at the Site.

 Pursuant to Resolutions adopted by the Albany County Legislature on September 10, 2012 (Resolution No. 354), on June 10, 2013 (Resolution No. 203), and on July 26, 2013 (Resolution No. 249), the Legislature authorized the County to execute any documents necessary to convey the Adirondack Steel Facility to Respondent.

12. The goals of this Order are to: (1) commit Respondent to create an Environmental Easement, as defined below, with respect to the Site in favor of the State of New York; (2) commit Respondent to comply with the Department's Excavation Work Plan, described below; (3) commit Respondent to undertake elements of a Department-issued Site Management Plan, including, *inter alia*, periodic reporting and certification requirements; (4) ensure the Department's continued access to the Site, including for the purposes of carrying out appropriate investigation and remedial work; (5) commit Respondent to undertake remedial actions and/or beneficial reuse of construction and demolition debris, asbestos containing material in existing structures, waste tires, and municipal solid waste, as described in Paragraph XIII of this Order; and (6) grant a release of liability to Respondent, as set forth in Paragraph V of this Order.

13. Areas of the Facility beyond the Site boundaries have not been thoroughly investigated. These areas have identified solid waste issues including, but not necessarily limited to, those described in Paragraphs 12 and XIII, and may also be impacted by as yet unidentified conditions. All Facility conditions beyond the Site boundaries, whether identified or yet to be identified, must be addressed in accordance with applicable laws and regulations.

14. Respondent consents to the Department's issuance of this Order without (i) an admission or finding of liability, fault, wrongdoing, or violation of any law, regulation, permit, order, requirement, or standard of care of any kind whatsoever on the part of Respondent or any individual with a substantial interest in Respondent, or (ii) an acknowledgment that there has been a release or threatened release of hazardous waste at or from the Site; and/or (iii) that the release or threatened release of hazardous waste at or from the Site constitutes a significant threat to public health or the environment.

15. The parties recognize that implementation of this Order will expedite the continued remediation of the Site, facilitate the Site's commercial reuse, and avoid potentially prolonged

and complicated litigation between the parties. The parties recognize that this Order is mutually acceptable, fair, reasonable, and in the public interest.

16. Solely with regard to the matters set forth below, Respondent hereby waives any right to a hearing as may be provided by law, consents to the issuance and entry of this Order, and agrees to be bound by its terms. Respondent consents to and agrees not to contest the authority or jurisdiction of the Department to issue or enforce this Order, and agrees not to contest the validity of this Order or its terms, or the validity of any data generated by the parties pursuant to this Order. Each signatory represents that he or she is fully and legally authorized to enter into the terms and conditions of this Agreement and to bind the party represented by the signatory.

NOW, having considered this matter and being duly advised, IT IS ORDERED THAT:

I. Definitions

A. "Environmental Easement": An interest in real property created in favor of the State which runs with the land and complies with the requirements of ECL Article 71, Title 36, and 6 NYCRR 375-1.8(h)(2). Information regarding the requirements for creating and filing an Environmental Easement can be found on the Department's public website.

B. "Existing Contamination": Any hazardous waste (as that term is defined in ECL§27-1301) either (i) present or existing on or under the Site as of the effective date of this Order, (ii) removed from on-site areas during the IRMs previously undertaken by the Department at the Site and described in the OU-1 ROD, and (iii) located in the areas identified by the Department as OU-2 and OU-3..

C. "Excavation Work Plan" or "EWP": A plan to be developed by the Department entitled "Excavation Work Plan, Former Adirondack Steel Site," that will detail procedures for handling the excavation and management of on-site soils during redevelopment or maintenance of the Site. It will be attached to this Order as <u>Appendix "E"</u> and incorporated into and made an enforceable part of this Order.

D. "Site Management Plan": A plan to be developed by the Department which sets forth institutional and/or engineering controls that will be required by the Environmental Easement, as well as necessary monitoring, operation, maintenance, and reporting related to the Site's remedy. The respective obligations of the Department and Respondent will be set forth as a part of or an appendix to the Site Management Plan.

II. Excavation Work Plan

Respondent shall comply with the Excavation Work Plan.

III. Environmental Easement

A. Respondent shall grant the Department an Environmental Easement with respect to the Site in accordance the provisions of ECL Article 71, Title 36, and 6 NYCRR 375-1.8(h)(2). Within sixty (60) days after notice from the Department, Respondent shall submit to the Department an Environmental Easement package that meets the Department's requirements, including those set forth in guidance document DER-33, entitled "Institutional Controls: A Guide to Drafting and Recording Institutional Controls." Among the documents to be included in the package are the following:

 an Environmental Easement for the Site for acceptance by the Commissioner or his designee;

- (ii) an Environmental Easement Checklist and Certification;
- (iii) a proposed title insurance policy and documents relevant to title;
- (iv) a survey; and
- (v) Notice of Environmental Easement and other notices.

B. Within thirty (30) days after the Department's acceptance of the Environmental Easement, Respondent shall cause such instrument to be recorded with the Albany County Clerk. Respondent shall provide the Department with a copy of such instrument certified by the Albany County Clerk to be a true and faithful copy within thirty (30) Days of such recording (or such longer period of time as may be required to obtain a certified copy provided Respondent advises the Department of the status of its efforts to obtain same within such thirty (30) day period). A copy of the Environmental Easement with the certification of the Albany County Clerk shall be attached to this Order as Appendix "F" and shall be incorporated into and made an enforceable part of this Order.

C. Respondent or the owner of the Site may petition the Department to modify or extinguish the Environmental Easement filed pursuant to this Order at such time as it can certify that the Site is protective of human health and the environment without reliance upon the restrictions set forth in such instrument. Such certification shall be made by a Professional Engineer or other expert approved by the Department. The Department will not unreasonably withhold its consent.

IV. Site Management Plan

The Department intends to develop a Site Management Plan. It will be incorporated into and made a part of the Environmental Easement to be created pursuant to Paragraph III of this Order and thereby incorporated and made a part of this Order. Respondent shall undertake certain elements of the Site Management Plan.

V. Release and Covenant Not to Sue

Taking effect upon the Department's receipt from Respondent of the copy of the Environmental Easement that certifies its filing in the Albany County Clerk's office, as described in Paragraph III.B, the Department and the Trustee of New York State's natural resources ("Trustee") release and covenant not to sue, and shall forbear from bringing any action, proceeding, or suit pursuant to the Environmental Conservation Law, the Navigation Law or the State Finance Law, and from referring to the Attorney General liability for investigation and remediation of the Site and for recovery of costs against Respondent and its principals, directors, officers, employees, agents, lessees, sublessees, grantees, successors, and assigns, and their respective secured creditors and insurers, for the further investigation and remediation of the Site including but not limited to an action pursuant to section 9607(a) of CERCLA, 42 U.S.C. § 9607(a), and for natural resource damages, based upon the release or threatened release of Existing Contamination, provided that (a) appropriate institutional controls remain recorded in accordance with the Environmental Easement, and (b) Respondent and/or its lessees, sublessees, successors, or assigns promptly commence and diligently carry out its/their obligations set forth in the Site Management Plan. Nonetheless, the Department and the Trustee hereby reserve all of their respective rights concerning, and such release and covenant not to sue shall not extend to any further investigation or remedial action the Department deems necessary due to:

- environmental conditions or information related to the Site which were unknown at the time this Release and Covenant Not to Sue was issued and which indicate that this Order cannot be implemented with sufficient protection of human health and the environment;
- Respondent's failure to implement the Order to the Department's satisfaction; or
- fraud committed by Respondent in entering into or implementing the Order.

Additionally, the Department and the Trustee hereby reserve all of their respective rights concerning, and any such release and covenant not to sue shall not extend to Respondent nor to any of its principals, directors, officers, employees, agents, lessees, sublessees, grantees, successors, or assigns who cause or allow a release or threat of release at the Site of any hazardous substance (as that term is defined at 42 USC 9601[14]) or petroleum (as that term is defined in Navigation Law § 172[15]), other than Existing Contamination; or who cause or allow the use of the Site to change from the contemplated use to one requiring a lower level of residual contamination before that use can be implemented with sufficient protection of human health and the environment; or who are otherwise responsible under law for the remediation of the Existing Contamination independent of any obligation that party may have respecting same resulting solely from the Order's execution.

Notwithstanding the above, however, with respect to any claim or cause of action asserted by the Department or the Trustee, the one seeking the benefit of this release and covenant not to sue shall bear the burden of proving that the claim or cause of action, or any part thereof, is attributable solely to the Existing Contamination.

Notwithstanding any other provision in this release, covenant not to sue, and forbearance,

- if with respect to the Site there exists or may exist a claim of any kind or nature on the part of the New York State Environmental Protection and Spill Compensation Fund against any party, nothing in this order shall be construed or deemed to preclude the State of New York from recovering such claim;
- nothing contained in this Order shall be construed as barring, diminishing, adjudicating, or in any way affecting any of the Department's or Trustee's rights against Respondent or other party with respect to all matters not expressly subject to the release set forth in this Paragraph V;
- nothing contained in this Order shall prejudice any rights of the Department or Trustee to take any investigatory or remedial action it deems necessary if Respondent fails to comply with the Order or if contamination other than Existing Contamination is encountered at the Site;
- nothing contained in this Order shall be construed to prohibit the Commissioner or his duly authorized representative from exercising any summary abatement powers to which the Commissioner or his duly authorized representative is authorized under applicable law; and
- nothing contained in this Order shall be construed to affect the Department's right to terminate the Order and this "Release and Covenant Not to Sue" under the terms of the Order at any time during its implementation if Respondent fails to comply substantially with the Order's terms and conditions.

This release and covenant not to sue shall be null and void, *ab. initio*, in the event of fraud relating to the execution or implementation of this Order or in the event of Respondent's failure to materially comply with any provision of this Order.

Nothing herein shall be construed as barring, diminishing, adjudicating, or in any way affecting any legal or equitable rights or claims, actions, suits, causes of action, or demands whatsoever that (i) Respondent may have against anyone other than the Department including, but not limited to, rights of contribution under section 113(f)(3)(B) of CERCLA, 42 U.S.C. § 9613(f)(3)(B), and (ii) the Department may have against anyone other than Respondent, its prinicipals, directors, officers, employees, agents, lessees, sublessees, grantees, servants, and those successors and assigns of Respondent that were not responsible under law for the development and implementation of a remedial program at the Site prior to the effective date of this Order, and their respective secured creditors.

The Department shall notify Respondent, in writing, of the Department's receipt from Respondent of the copy of the Environmental Easement that certifies its filing in Albany County Clerk's office.

VI. <u>Penalties and Force Majeure</u>.

A. Respondent's failure to comply with any term of this Order constitutes a violation of this Order and the ECL. Nothing herein abridges Respondent's rights to contest, defend against, dispute, or disprove any such claim, assertion, or allegation that it has violated this Order.

B. Respondent shall not suffer any penalty or be subject to any proceeding or action if it cannot comply with any requirement of this Agreement as a result of a Force Majeure Event as described at 6 NYCRR 375-1.5(b)(4) provided Respondent complies with the requirements set forth therein.

VII. Entry upon Site

A. Respondent and its assigns hereby consent, upon reasonable notice under the circumstances presented, to grant entry upon the Site (or areas in the vicinity of the Site which may be under the control of Respondent) by any duly designated officer or employee of the Department or any State agency having jurisdiction with respect to matters addressed pursuant to this Order, and by any agent, consultant, contractor, or other person so authorized by the Commissioner, all of whom shall abide by any health and safety rules in effect for the Site, for (i) inspecting, sampling, and copying records related to the contamination at the Site; (ii) implementing this Order; and (iii) testing and any other activities necessary to comply with this Order, and, (iv) the implementation of any construction or environmental treatment procedures necessary to effectuate interim remedial measures and/or Site remedies in accordance with applicable state and federal law. Upon request, to the extent it is available, Respondent shall (i) provide the Department with suitable office space at the Site, including access to a telephone; and (ii) permit the Department full access to all non-privileged records relating to matters addressed by this Order. Raw data is not considered privileged and that portion of any privileged document containing raw data must be provided to the Department.

B. The Department shall have the right to take its own samples and scientific measurements and the Department and Respondent shall have the right to obtain split samples, duplicate samples, or both, of all substances and materials sampled. The Department shall make the results of all sampling and scientific measurements taken under this Subparagraph available to Respondent.

VIII. Indemnification

Respondent shall indemnify and hold the Department, the State of New York, the Trustee of the State's natural resources, and their representatives and employees harmless as provided by 6 NYCRR 375-2.5(a)(3)(i).

IX. Change of Use

Respondent shall notify the Department at least sixty (60) days in advance of any change of use, as defined in ECL 27-1317, 6 NYCRR 375-1.11(d) and 6 NYCRR 375-2.2, proposed for the Site, in accordance with the provisions of 6 NYCRR 375-1.11(d). In the event the Department determines that the proposed change of use is prohibited, the Department shall notify Respondent of such determination within forty-five (45) Days of receipt of such notice.

X. Communications

A. All written communications required by this Order shall be transmitted by United States Postal Service, by private courier service, or hand delivered as follows:

1. Communication from Respondent to the Department shall be sent to:

Ian Beilby, P.E. Division of Environmental Remediation New York State Department of Environmental Conservation 625 Broadway Albany, New York 12233 E-mail: iabeilby@gw.dec.state.ny.us

and

Dolores A. Tuohy, Esq. Office of General Counsel New York State Department of Environmental Conservation 625 Broadway Albany, New York 12233-1500 E-mail: datuohy@gw.dec.state.ny.us

sent to:

2. Communication to be made from the Department to Respondent shall be

Melrose Group LLC Attn: Timothy P. Alund, Member 9 Herbert Drive Latham, NY 12110 Tel: (518) 376-3896 Email: talund@nycap.rr.com

and

Nia C. Cholakis, Esq. 1202 Troy Schenectady Road Building # 3 Latham, New York 12110 Tel: (518) 783-4090 x203 E-mail: nia@rgrosetti.com

B. The Department and Respondent reserve the right to designate additional or different addressees for communication upon written notice to the other.

C. The parties shall notify each other within ninety (90) days after any change in the addresses in this Paragraph X.

XI. Termination

A. This Order will terminate upon the Department's written determination that Respondent has completed all obligations incurred pursuant to this Order, in which event the termination shall be effective on the 5th day after the Department issues said written determination.

B. Notwithstanding the foregoing, the provisions contained in Paragraphs V and VIII shall survive the termination of this Order.

C. Notwithstanding the provisions of Subparagraph XI.A, in the event Respondent does not acquire title to the Adirondack Steel Facility within 90 days of the effective date of this Order, the Order will terminate on such 90th day.

XII. Miscellaneous

A. Respondent's successors and assigns shall be bound by this Order and the terms of this Order shall inure to the benefit of Respondent and Respondent's successors. Any change in ownership or corporate status of Respondent including, but not limited to, any transfer of assets or real or personal property, shall in no way alter Respondent's responsibilities under this Order.

B. The paragraph headings set forth in this Order are included for convenience of reference only and shall be disregarded in the construction and interpretation of any provisions of this Order.

C. 1. The terms of this Order shall constitute the complete and entire agreement between the Department and Respondent concerning implementation of the activities required by this Order. No term, condition, understanding, or agreement purporting to modify or vary any term of this Order shall be binding unless made in writing and subscribed by the party to be bound. No informal advice, guidance, suggestion, or comment by the Department shall be construed as relieving Respondent of Respondent's obligation to obtain such formal approvals as may be required by this Order.

2. i. Except as set forth herein, if Respondent desires that any provision of this Order be changed, Respondent shall make timely written application to the Commissioner with copies to the parties listed in Paragraph X, herein. The Commissioner or the Commissioner's designee shall timely respond.

ii. Changes to a time frame set forth in this Order shall be accomplished by a written request to the Department's project attorney and project manager, which request shall be timely responded to in writing.

D. Respondent shall be entitled to receive contribution protection and/or to seek contribution to the extent authorized by 42 U.S.C. Section 9613 and 6 NYCRR 375-1.5(b)(5).

E. Respondent shall not be considered an operator of the Site solely by virtue of having executed and/or implemented this Order.

F. Respondent's payments to and obligations carried out under the direction of the Department under this Order represent payment for or reimbursement of response costs, and shall not be deemed to constitute any type of fine or penalty.

G. All activities undertaken by Respondent pursuant to this Order shall be performed in accordance with the requirements of all applicable Federal and State laws, regulations, and guidance documents.

H. Unless otherwise expressly provided herein, terms used in this Order which are defined in ECL Article 27, Title 13, or in regulations promulgated under such statute, shall have the meaning assigned to them under said statute or regulations.

I. Respondent shall ensure that this Order is filed in the Office of the Albany County Clerk at the expense of the Respondent within five (5) days of receipt of an original signed document. Proof of recording is to be provided to the Department within thirty (30) days of the actual filing.

J. The effective date of this Order is the tenth day after the date the Commissioner or the Commissioner's designee signs this Order.

XIII. Additional Activities

Within two years of the effective date of this Order, Respondent shall undertake the following additional activities at the Adirondack Steel Facility: (1) appropriate beneficial reuse or removal and proper disposal of all construction and demolition debris; (2) documentation and abatement or remediation of all asbestos containing material in existing structures at the Facility, as required by applicable law or regulation; (3) removal and proper disposal or collection and proper reuse in accordance with applicable law and regulation of all waste tires; and (4) removal and proper disposal of all municipal solid waste.

DATED:

AUG 30 2013

JOSEPH MARTENS, COMMISSIONER NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION AND TRUSTEE OF THE STATE'S NATURAL RESOURCES

By:

Robert Schick, Director Division of Environmental Remediation

CONSENT BY RESPONDENT

Melrose Group LLC hereby consents to the issuing and entering of this Order, waives its right to a hearing herein as provided by law, and agrees to be bound by this Order.

Melrose Group LLC

Timothy P. Alund, authorized signatory

STATE OF NEW YORK)) s.s.: COUNTY OF ALBANY) On the $29^{1/2}$ day of August, in the year 2013, before me, the undersigned,

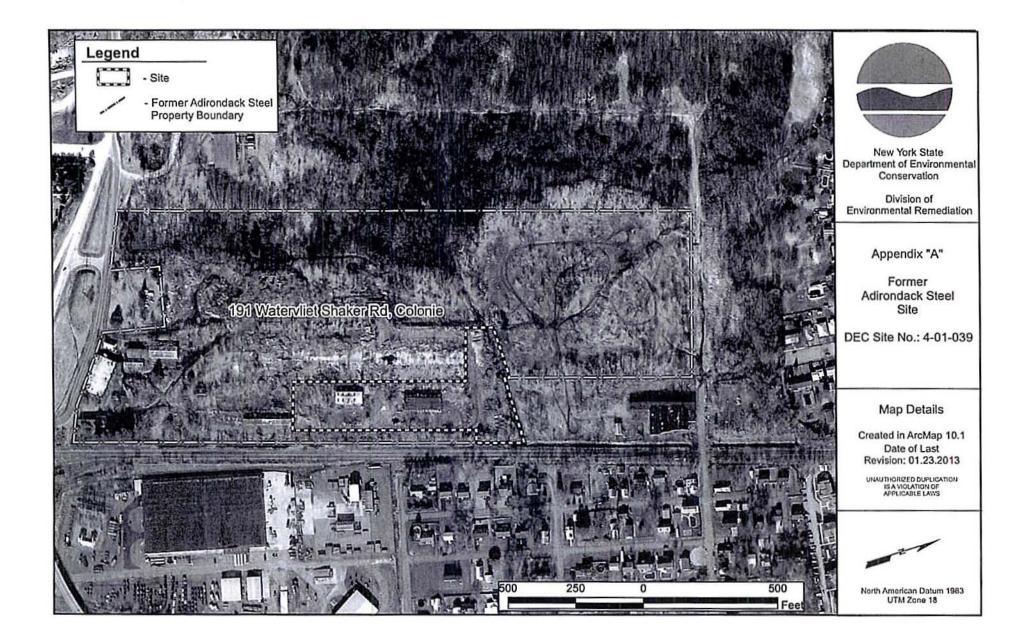
On the 2^{-1} day of $\underline{f}(\underline{x},\underline{y},\underline{x},\underline{y})$, in the year 2013, before me, the undersigned, personally appeared Timothy P. Alund, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Signature and Office of individual taking acknowledgment

NIA C. CHOLAKIS Notary Public, State of New York Qualified in Rensselaer County No. 02CH6018618 My Commission Expires 03/20/20

APPENDIX "A"

Site Map



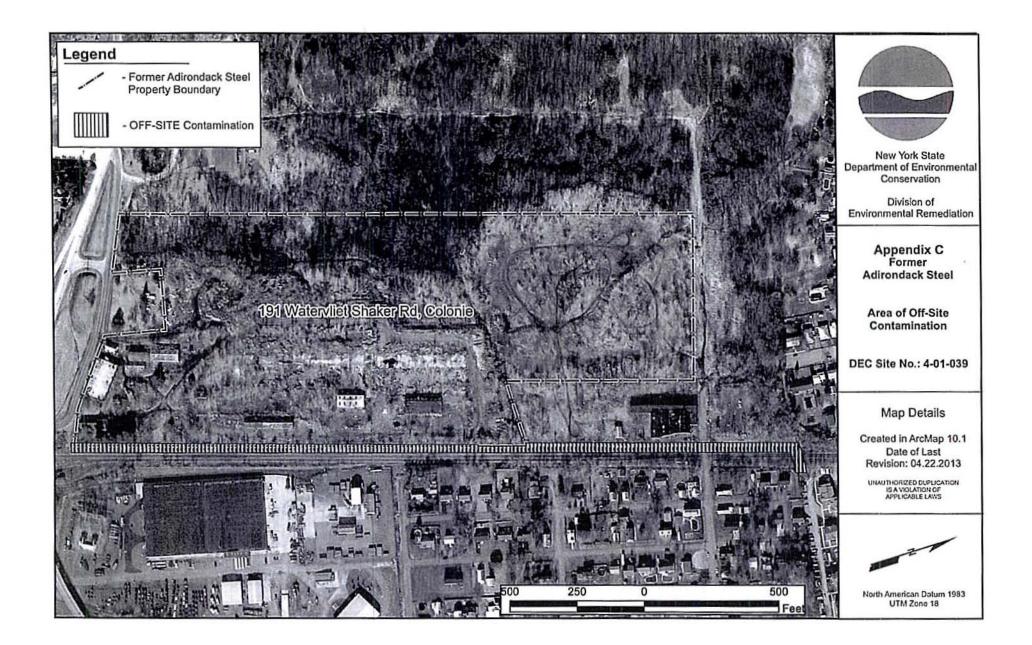
APPENDIX "B"

Former Adirondack Steel Industrial Facility Map



APPENDIX "C"

Off-Site Remedial Areas



APPENDIX "D"

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APPENDIX "E"

Excavation Work Plan

APPENDIX "F"

Environmental Easement

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