



A Member Company
of American International Group, Inc.

AMERICAN INTERNATIONAL SPECIALTY LINE INSURANCE COMPANY

A Capital Stock Insurance Company
175 Water Street, Twelfth Floor
New York, New York 10038

POLLUTION LEGAL LIABILITY SELECT® CLEAN-UP COST CAP INSURANCE

DECLARATIONS

MANY OF THE COVERAGES CONTAIN CLAIMS-MADE-AND-REPORTED REQUIREMENTS. PLEASE READ CAREFULLY.

POLICY NUMBER: EPP 529 5362

JAN 27 2005

Item 1: NAMED INSURED: PORT OF BELLINGHAM

ADDRESS: 1801 ROEDER AVENUE
BELLINGHAM, WA 98225

Item 2: POLICY PERIOD: FROM: 12/31/2004 TO: 12/31/2034
12:01 A.M. Standard Time at the address of the Named Insured shown above.

Item 3: COVERAGES AND COVERAGE SECTION LIMITS AND SELF-INSURED RETENTIONS

This Policy includes only those Coverages as stated in Section I of the Policy for which deductibles and limits of liability appear below. If no deductible or limits of liability appears for a Coverage, that Coverage does not apply.

All applicable limits of liability stated below shall additionally be subject to the terms and conditions of Section V.E and the Schedule of Insured Sites and Insured Site Maximum Payment Amount Endorsement of this Policy

Coverage	Self-Insured Retention-Each Incident	Each Incident Limit	Coverage Section Aggregate Limit	Coverage A though I Combined Aggregate Limit
A	\$250,000	\$25,000,000	\$25,000,000	\$25,000,000
B	Not Applicable	Not Applicable	Not Applicable	
C	\$250,000	\$25,000,000	\$25,000,000	
D	\$250,000	\$25,000,000	\$25,000,000	
E	Not Applicable	Not Applicable	Not Applicable	
F	\$250,000	\$25,000,000	\$25,000,000	
G	\$250,000	\$25,000,000	\$25,000,000	

H	\$250,000	\$25,000,000	\$25,000,000	
I	\$250,000	\$25,000,000	\$25,000,000	

Coverage	Business Interruption (Days) Limit	Business Interruption (\$) Limit
J	Not Applicable	Not Applicable

Coverage	Limit of Liability	Self-Insured Retention	Co-Insurance Participation Percentage
K and L combined	\$77,000,000	\$0	a) Named Insured: 50% until both the Insured and Company have paid in total \$51,684,816 of Clean-Up Costs and 0% thereafter b) Company: 50% until both the Insured and Company have paid in total \$51,684,816 of Clean-Up Costs and 100% thereafter

Item 4: POLICY AGGREGATE LIMIT: \$102,000,000

Item 5(a): INSURED PROPERTY(S) – COVERAGES A- J

All Insured Property

Item 5(b): INSURED PROPERTY(S) – COVERAGES K and L

All Insured Sites

Item 6: POLICY PREMIUM: \$27,916,818

Item 7: RETROACTIVE DATE: NONE

Item 8: CONTINUITY DATE: 12/31/2004

Item 9: TERMINATION DATE: 12/31/2034

Item 10: CLEAN-UP COST PROGRESS REPORT SUBMISSION SCHEDULE: Quarterly (Monthly during RI/FS and Consent decree negotiation)

BROKER: AON RISK SERVICES, INC. OF WA
1420 FIFTH AVENUE, SUITE 1200
SEATTLE, WA 98101

COPY
Arnold G. Payne

AUTHORIZED REPRESENTATIVE

Or countersignature (in states where applicable)

FORMS SCHEDULE

This endorsement, effective 12:01 AM, December 31, 2004

Forms a part of Policy No: EPP 529 5362

Issued to: PORT OF BELLINGHAM

By: American International Specialty Lines Insurance Company

Endorsement Number	Form Name	Form Number/ Edition Date
	AISLIC Pollution Legal Liability Select Clean-Up Cost Cap Declarations Page	Manuscript
	AISLIC Pollution Legal Liability Select Clean-Up Cost Cap Terms and Conditions	Manuscript
	AISLIC Pollution Legal Liability Select Clean-Up Cost Cap Policy Signature Page	Manuscript
1	Terrorism Exclusion – All Terrorism (Including Certified Acts of Terrorism) Exclusion	81268 (12/02)
2	Named Insured	Manuscript
3	Definition of Remedial Plan	Manuscript
4	Definition of Scheduled Contractor	76974 (11/00)
5	Definition of Clean-Up	Manuscript
6	Disclosed Documents	76969 (11/00)
7	Schedule of Non-Owned Locations, Coverages, and Coverage Section Limits and Deductibles	72337 (7/00)
8	Contractor Procurement Condition	Manuscript
9	Aerated Stabilization Basin (ASB) Coverages C & F Only and Policy Period	Manuscript
10	Schedule of Insured Contracts	72320 (7/00)
11	Schedule of Insured Sites and Insured Sites Maximum Payment Amount	Manuscript
12	Additional Insured(s)	69559 (7/00)

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY
PORT OF BELLINGHAM MANUSCRIPT POLLUTION LEGAL LIABILITY SELECT® CLEAN-UP
COST CAP INSURANCE POLICY

MANY OF THE COVERAGES CONTAIN CLAIMS-MADE-AND-REPORTED REQUIREMENTS. PLEASE READ CAREFULLY. ADDITIONALLY, THIS POLICY HAS CERTAIN PROVISIONS AND REQUIREMENTS UNIQUE TO IT AND MAY BE DIFFERENT FROM OTHER POLICIES THE INSURED MAY HAVE PURCHASED. DEFINED TERMS, OTHER THAN HEADINGS, APPEAR IN BOLD FACE TYPE.

NOTICE: THE DESCRIPTIONS IN ANY HEADINGS OR SUB-HEADINGS OF THIS POLICY ARE INSERTED SOLELY FOR CONVENIENCE AND DO NOT CONSTITUTE ANY PART OF THE TERMS OR CONDITIONS HEREOF.

In consideration of the payment of the premium, in reliance upon the statements in the Declarations and the Application annexed hereto and made a part hereof, and pursuant to all of the terms of this Policy, the Company agrees with the **Named Insured** as follows:

I. INSURING AGREEMENTS

1. COVERAGES:

THE FOLLOWING COVERAGES ARE IN EFFECT ONLY IF SCHEDULED IN THE DECLARATIONS.

COVERAGE A - ON-SITE CLEAN-UP OF PRE-EXISTING CONDITIONS

1. To pay on behalf of the **Insured**, **Clean-Up Costs** resulting from **Pollution Conditions** on or under the **Insured Property** that commenced prior to the **Continuity Date**, if such **Pollution Conditions** are discovered by the **Insured** during the **Policy Period**, provided:

- (a) The discovery of such **Pollution Conditions** is reported to the Company in writing as soon as possible after discovery by the **Insured** and in any event during the **Policy Period** in accordance with Section III of the Policy.

Discovery of **Pollution Conditions** happens when a **Responsible Insured** becomes aware of **Pollution Conditions**. Discovery of **Pollution Conditions** known to a **Responsible Insured** prior to the **Inception Date** happens when the **Responsible Insured** becomes aware that pursuant to **Environmental Laws**, **Clean-Up Costs** will be required with respect to such **Pollution Conditions** by quasi-governmental and/or governmental agencies. Those **Pollution Conditions** known to the **Responsible Insureds** are set forth in the Disclosed Documents Endorsement and/or in the Application.

- (b) Where required, such **Pollution Conditions** have been reported to the appropriate governmental agency in substantial compliance with applicable **Environmental Laws** in effect as of the date of discovery.
2. To pay on behalf of the **Insured**, **Loss** that the **Insured** is legally obligated to pay as a result of **Claims** for **Clean-Up Costs** resulting from **Pollution Conditions** on or under the **Insured Property** that commenced prior to the **Continuity Date**, provided such

Claims are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable.

COVERAGE B - ON-SITE CLEAN-UP OF NEW CONDITIONS (NOT PURCHASED)

COVERAGE C - THIRD-PARTY CLAIMS FOR ON-SITE BODILY INJURY AND PROPERTY DAMAGE

To pay on behalf of the **Insured**, **Loss** that the **Insured** becomes legally obligated to pay as a result of **Claims** for **Bodily Injury** or **Property Damage** resulting from **Pollution Conditions** that commenced prior to the **Continuity Date** on or under the **Insured Property**, if such **Bodily Injury** or **Property Damage** takes place while the person injured or property damaged is on the **Insured Property**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable.

COVERAGE D - THIRD-PARTY CLAIMS FOR OFF-SITE CLEAN-UP RESULTING FROM PRE-EXISTING CONDITIONS

To pay on behalf of the **Insured**, **Loss** that the **Insured** becomes legally obligated to pay as a result of **Claims** for **Clean-Up Costs** resulting from **Pollution Conditions**, beyond the boundaries of the **Insured Property**, that commenced prior to the **Continuity Date**, and migrated from the **Insured Property**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable.

COVERAGE E - THIRD - PARTY CLAIMS FOR OFF-SITE CLEAN-UP RESULTING FROM NEW CONDITIONS (NOT PURCHASED)

COVERAGE F - THIRD- PARTY CLAIMS FOR OFF-SITE BODILY INJURY AND PROPERTY DAMAGE

To pay on behalf of the **Insured**, **Loss** that the **Insured** becomes legally obligated to pay as a result of **Claims** for **Bodily Injury** or **Property Damage** resulting from **Pollution Conditions** that commenced prior to the **Continuity Date**, beyond the boundaries of the **Insured Property**, that migrated from the **Insured Property**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable.

COVERAGE G - THIRD-PARTY CLAIMS FOR ON-SITE BODILY INJURY, PROPERTY DAMAGE OR CLEAN-UP COSTS - NON-OWNED LOCATIONS

To pay on behalf of the **Insured**, **Loss** that the **Insured** becomes legally obligated to pay as a result of **Claims** for **Bodily Injury** or **Property Damage** of parties other than the owners, operators or contractors of the **Non-Owned Location**, or their employees, or **Clean-Up Costs** resulting from **Pollution Conditions** arising from material or waste generated during the performance of the **Remedial Plan** and originating from the **Insured Property(s)** and then deposited at such **Non-Owned Location**, on or under the **Non-Owned Location**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable.

COVERAGE H - THIRD-PARTY CLAIMS FOR OFF-SITE BODILY INJURY, PROPERTY DAMAGE OR CLEAN-UP COSTS - NON-OWNED LOCATIONS

To pay on behalf of the **Insured**, **Loss** that the **Insured** becomes legally obligated to pay as a result of **Claims** for **Bodily Injury, Property Damage or Clean-Up Costs** resulting from **Pollution Conditions** arising from material or waste generated during the performance of the **Remedial Plan** and originating from the **Insured Property(s)** and then deposited at such **Non-Owned Location**, beyond the boundaries of the **Non-Owned Location**, that migrated from the **Non-Owned Location**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable.

COVERAGE I - POLLUTION CONDITIONS RESULTING FROM TRANSPORTED CARGO

To pay on behalf of the **Insured**, **Loss** that the **Insured** becomes legally obligated to pay as a result of **Claims** for **Bodily Injury, Property Damage or Clean-Up Costs** resulting from **Pollution Conditions** caused by **Transported Cargo**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable. This coverage shall not be utilized to evidence financial responsibility of any **Insured** under any federal, state, provincial or local law.

COVERAGE J - BUSINESS INTERRUPTION COVERAGE - ACTUAL LOSS OR RENTAL VALUE (NOT PURCHASED)

COVERAGE K - KNOWN POLLUTANTS

To pay on behalf of the **Insured**, **Clean-Up Costs** that the **Insured** incurs for the **Clean-Up** of **Pollutants** identified in the **Remedial Plan**. For this coverage to apply:

1. The **Named Insured** must timely and routinely report the **Clean-Up Costs** to the Company prior to the **Termination Date** in accordance with Section IV. Paragraph B.5; and
2. **Clean-Up** must occur on or after the **Inception Date** and before the **Termination Date**.

COVERAGE L - UNKNOWN POLLUTANTS

To pay on behalf of the **Insured**, **Clean-Up Costs** that the **Insured** incurs for the **Clean-Up** of **Pollutants** different from those identified in the **Remedial Plan**. For this coverage to apply:

The **Pollutants** must be first discovered pursuant to the execution of the **Remedial Plan**;

The **Pollutants** must originate from an **Insured Property**;

The **Insured** must report, in accordance with Section IV. Paragraph B.4, the discovery of **Pollutants** different from those identified in the **Remedial Plan** to the Company as soon as practicable after discovery of such **Pollutants** and in any event included in the submission of the next scheduled **Clean-Up Progress Report** and during the **Policy Period**;

The **Named Insured** must timely and routinely report the **Clean-Up Costs** to the Company prior to the **Termination Date** in accordance with Section IV. Paragraph B.5; and

Clean-Up must occur on or after the **Inception Date** and before the **Termination Date**.

2. LEGAL EXPENSE AND DEFENSE

The Company shall have the right and the duty to defend any **Claims** covered under Coverages A through I provided the **Named Insured** has purchased such Coverage. The Company's duty to defend or continue defending any such **Claim**, and to pay any **Loss**, shall cease once the applicable limit of liability, as described in Section V. (Limits of Coverage; Deductible) has been exhausted. Defense costs, charges and expenses are included in **Loss** and reduce the applicable limit of liability, as described in Section V. and are included within the Deductible amount for the Coverage Section that applies and is shown in Item 3 of the Declarations. Counsel for the defense of **Claims** shall be mutually selected and agreed by the **Named Insureds** and the Company. Counsel proposed by a **Named Insureds** must satisfy the Company's minimum qualifications to defend such **Claims** and the rates charged by such counsel must correspond with the rates the Company pays for defense counsel defending similar **Claims** in the jurisdiction where the action is brought. Further, all **Claims** shall be defended on a "joint defense" basis, except where there exists potential conflict of interest between the **Insureds**, whereby: 1) The Company shall appoint one counsel to defend all **Insureds** who are or may be involved with respect to any such **Claim**; and 2) all **Insureds** shall have the obligation to cooperate with respect to the investigation and joint defense of any such **Claim(s)**.

The Company will present any settlement offers to an **Insured**, and if the **Insured** refuses to consent to any settlement within the limits of liability of this Policy recommended by the Company and acceptable to the claimant, the Company's duty to defend the **Insured** shall then cease and the **Insured** shall thereafter negotiate or defend such **Claim** independently of the Company and the Company's liability shall not exceed the amount, less the Deductible or any outstanding Deductible balance, for which the **Claim** could have been settled if such recommendation was consented to.

3. INDEPENDENT COUNSEL

In the event the **Insured** is entitled by law to select independent counsel to defend the **Insured** at the Company's expense, the attorney fees and all other litigation expenses the Company must pay to that counsel are limited to the rates the Company would actually pay to counsel that the Company retains in the ordinary course of business in the defense of similar **Claims** in the community where the **Claim** arose or is being defended.

Additionally, the Company may exercise the right to require that such counsel have certain minimum qualifications with respect to their competency, including experience in defending **Claims** similar to the one pending against the **Insured**, and to require such counsel to have errors and omissions insurance coverage. As respects any such counsel, the **Insured** agrees that counsel will timely respond to the Company's request for information regarding the **Claim**. The **Insured** may at any time, by its signed consent, freely and fully waive its right to select independent counsel.

II. EXCLUSIONS

1. COMMON EXCLUSIONS - APPLICABLE TO ALL COVERAGES

This Policy does not apply to **Clean-Up Costs, Claims or Loss:**

A. CONTRACTUAL LIABILITY:

arising from liability of others assumed by the **Insured** under any contract or agreement, unless the liability of the **Insured** would have attached in the absence of such contract or agreement or the contract or agreement is an **Insured Contract**.

B. TRANSPORTATION:

except with respect to Coverage I, arising out of **Pollution Conditions** or **Pollutants** that result from the maintenance, use, operation, loading or unloading of any conveyance beyond the boundaries of the **Insured Property**.

C. INTENTIONAL NONCOMPLIANCE:

arising from **Pollution Conditions** or **Pollutants** based upon or attributable to any **Responsible Insured's** intentional, willful or deliberate noncompliance after the **Continuity Date** with any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order, or instruction of any governmental agency or body. However, this exclusion does not apply to such noncompliance prior to the **Continuity Date** which resulted in the necessity for the **Remedial Plan** or noncompliance after the **Continuity Date** which noncompliance is consented to by the Company in advance.

D. INTERNAL EXPENSES:

for costs, charges or expenses incurred by the **Insured** for goods supplied or services performed by the staff or salaried employees of the **Insured**, or its parent, subsidiary or affiliate, except if in response to an emergency or pursuant to **Environmental Laws** that require immediate remediation of **Pollution Conditions** or **Pollutants**, or unless such costs, charges or expenses are incurred with the prior written approval of the Company in its sole discretion or are incurred by a **Scheduled Contractor**. Nothing herein shall preclude reimbursement for work undertaken by the Port of Bellingham's facilities division, provided the work is performed pursuant to a contract with the **Named Insured**, and provided the terms and rates of the contract have been approved by the Company in advance.

E. INSURED vs. INSURED:

by any **Insured** against any other person or entity who is also an **Insured** under this Policy. This exclusion does not apply to **Claims** initiated by third parties or **Claims** that arise out of an indemnification given by one **Named Insured** to another **Named Insured** in an **Insured Contract**.

F. EMPLOYER LIABILITY:

arising from **Bodily Injury** to an **Insured** or its parent, subsidiary or affiliate arising out of and in the course of employment by or on behalf of the **Insured** or its parent, subsidiary or affiliate, or **Bodily Injury** to any employee of, or any party working on behalf of, any previous owners or operators of the **Insured Property(s)**. This exclusion applies whether the **Insured** may be liable as an employer or in any other capacity and to any obligation to share damages with or repay third parties who must pay damages because of the injury.

G. PRIOR KNOWLEDGE/NON-DISCLOSURE:

arising from **Pollution Conditions** or **Pollutants** existing prior to the **Inception Date** and known by a **Responsible Insured** and not disclosed in the Application for this Policy, any previous policy for which this Policy is a renewal thereof, or which is disclosed in any documents referenced in the Disclosed Documents Endorsement and/or the Definition of Remedial Plan Endorsement.

H. WAR:

Arising directly or indirectly as a result of or in connection with war, whether declared or not, or any act or condition incident to war. War includes civil war, insurrection, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution.

I. LAND USE/ DEED RESTRICTION:

arising from a violation of any deed restrictions, groundwater restriction, deed covenant, institutional control or land use covenants, applicable to the **Insured Property(s)** or surrounding properties, whether imposed by a governmental authority or any third party or whether enacted or effective before or after **Site Project Completion**.

J. CHANGE IN USE:

arising from a change in use of the **Insured Property** different from the **Intended Use** unless such change in use is consented to by the Company in advance.

K. EXCLUDED CLEAN-UP COSTS, CLEAN-UP AND POLLUTANTS

1. Solely with respect to Coverages A, K and L, and notwithstanding any modification of the **Remedial Plan** required by the governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up, Clean-Up Costs** that are incurred for the following activities:

- A. Demolition, alteration, disruption, removal or disposal of the **Insured Property's** buildings, structures, foundations, equipment, subsurface utilities or stock-piled material currently on-site. This Exclusion does not apply to the demolition of the bulkhead at the Central Waterfront sites and the removal of subsurface piping and structures at the Chevron and Area B Jointly Managed sites, or the removal of unknown subsurface piping and subsurface structures necessary for the implementation of the **Remedial Plan** at the **Insured Property**.

- B. Removal of cell material located within the Airport and Cornwall landfills. However, this exclusion shall not apply to removal of cell material necessary for the installation or abandonment of mitigation controls as required by the **Remedial Plan**.
 - C. Closure Costs as identified under WAC 173-304 for the Airport Landfill.
 - D. All costs associated with RETEC's "Environmental Protection Standards" for second phase of remediation as defined by the Environmental Protection Standards document prepared by RETEC dated September 22, 2004 and depicted on Figure 1, or any modifications required or permitted by the applicable regulatory agency to achieve the same goals as the original Standards as defined by the Environment Standards document.
 - E. subsurface excavation or site re-grading necessary for the development or construction of any building or subsurface structure. However, this shall not exclude **Clean-Up Costs** that are additional costs, charges or expenses to perform the foregoing operations that arise solely from the discovery in the course of performing the foregoing of **Pollutants** not identified in the **Remedial Plan** or **Pollution Conditions** otherwise covered under Coverage A.
2. Solely with respect to Coverages A, D, K and L, and notwithstanding any modification of the **Remedial Plan** required by the governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up, Clean-Up Costs** that are incurred for the following activities:
- A. Access fees or clean-up costs related to or arising from delays in access, including but not limited to "cultural" or archeological discovery delays.
 - B. Any legal fees incurred by the **Named Insured** arising from, but not necessarily limited to: access, allocation of liabilities between former and current site owners, existing litigation, or implementation of the **Remedial Plans**; however, this exclusion shall not apply to legal fees incurred by the regulatory authority assessed as oversight costs and included in the Definition of Clean-Up Endorsement.
 - C. Construction of off-site transload facilities or off-site staging area development or off-site staging area rental fees.
 - D. Navigable dredging costs (non-remedial) for the Whatcom Waterway that are not the subject of the **Remedial Plan**.

Subject to all terms and conditions of this Policy , including the foregoing exclusions, the foregoing shall not exclude coverage under Coverages A, D, K or L for **Clean-Up Costs** arising from **Pollutants** or from **Pollution Conditions** that are discovered on, under or migrating from the **Insured Property** during or after completion of any of the activities described in subparts 1 and 2 above or with respect to **Pollutants** identified in the **Remedial Plan** or **Pollution Conditions** which have been identified in the Disclosed Documents Endorsement, that require the **Named Insured** to incur **Clean-Up Costs** pursuant to **Environmental Laws** during or after completion of any of the activities described in subparts 1 and 2.

L. Natural Resource Damage:

arising from **Natural Resource Damage**, however, this exclusion shall not apply to mitigation and remediation activities described in the Definition of **Clean-Up Endorsement**.

2. COVERAGE A THROUGH I EXCLUSIONS

The following exclusions apply to Coverage A through I.

This Policy does not apply to **Clean-Up Costs, Claims or Loss:**

A. CRIMINAL FINES, PENALTIES, AND ASSESSMENTS:

due to any criminal fines, criminal penalties or criminal assessments.

B. OTHER APPLICABLE COVERAGES:

Except with respect to Coverages C and F, arising from **Pollution Conditions** resulting from **Pollutants** which are the subject of the **Remedial Plan** or are otherwise covered under Coverage K or L, or which would be covered under Coverage K or L but for exhaustion of the applicable limit of liability, operation of a specific exclusion, or termination of coverage under Coverage K or L pursuant to the terms of the Policy. This exclusion shall not apply to **Pollution Conditions** resulting from **Pollutants** which are not the subject of the **Remedial Plan** or **Pollution Conditions** resulting from **Pollutants** identified in the **Remedial Plan** if the **Pollution Condition** is not the same related or continuous **Pollution Condition** as that which is covered under Coverage K or L or which would be covered under Coverage K or L but for exhaustion of the applicable limit of liability, operation of a specific exclusion, or termination of coverage under Coverage K or L pursuant to the terms of the Policy.

After **Site Project Completion** is achieved with respect to an **Insured Site** this exclusion shall not apply to coverage provided under Coverages A and D with respect to such **Insured Site** provided that the Company has received and reviewed the documentation evidencing **Site Project Completion**, and the Company, exercising its discretion, which shall not be unreasonably withheld, agrees to delete this Exclusion. Deletion of this Exclusion shall not become effective until endorsed onto this Policy.

Notwithstanding the foregoing, this Exclusion shall continue to apply to **Clean-Up Costs** under Coverages A and D arising from **Pollution Conditions** on, under or migrating from an **Insured Site** that has achieved **Site Project Completion** if such **Pollution Conditions** are covered under Coverages K or L applicable to a contiguous **Insured Site** that has not yet achieved **Site Project Completion**.

C. IDENTIFIED UNDERGROUND STORAGE TANK:

arising from **Pollution Conditions** resulting from an **Underground Storage Tank** whose existence is known by a **Responsible Insured** as of the **Inception Date** and which is located on the **Insured Property** unless such **Underground Storage Tank** is scheduled on the Policy by endorsement.

D. ASBESTOS AND LEAD:

solely with respect to Coverages A, , D, , G, and H, arising from asbestos or any asbestos-containing materials or lead-based paint installed or applied in, on or to any building or other structure. This exclusion does not apply to **Clean-Up Costs** for the remediation of soil and groundwater.

E. CLEAN-UP STANDARDS

solely with respect to Coverage A, to the extent **Clean-Up Costs** for an **Insured Site** arise from the application of a clean-up or remediation standard that is higher or more stringent than the clean-up or remediation standard established by the Definition of Remedial Plan Endorsement applicable to that **Insured Site** unless the Company consents in advance in writing to the application of a higher or more stringent clean-up or remediation standard.

3. COVERAGE I EXCLUSIONS

The following exclusions apply to Coverage I.

This Policy does not apply to **Loss**:

A. PROPERTY DAMAGE TO CONVEYANCES:

for **Property Damage** to any conveyance utilized during the **Transportation of Transported Cargo**. This exclusion does not apply to **Claims** made by third-party carriers of the **Insured** for such **Property Damage** arising from the **Insured's** negligence.

B. POLLUTION CONDITIONS PRIOR OR SUBSEQUENT TO TRANSPORTATION OF CARGO:

arising from **Pollution Conditions**:

1. That commence prior to the **Transportation of Transported Cargo**; or
2. That commence after **Transported Cargo** reaches its final destination, or while **Transported Cargo** is in storage off-loaded from the conveyance that was transporting it.

C. THIRD-PARTY CARRIER CLAIMS:

made by a third-party carrier, its agents or employees, for **Bodily Injury, Property Damage or Clean-Up Costs**, whether or not the **Bodily Injury, Property Damage or Clean-Up Costs** were directly incurred by such third-party carrier. This exclusion does not apply to **Claims** arising from the **Insured's** negligence.

4. COVERAGE K AND L EXCLUSIONS

The following exclusions apply to Coverages K and L.

This Policy does not apply to **Clean-Up Costs**:

A. BODILY INJURY OR PROPERTY DAMAGE:

arising from any **Bodily Injury** or **Property Damage**.

B. THIRD-PARTY LIABILITY:

arising from any liability to any third-party for any reason whatsoever, other than for **Clean-Up Costs** otherwise covered under this Policy.

C. LABOR DISPUTES:

arising from delay due to labor disputes, including, but not limited to, strikes.

D. LICENSE SUSPENSION:

arising from suspension, lapse, modification or cancellation of any license, permit, lease or contract of a **Scheduled Contractor** performing work pursuant to the execution of the **Remedial Plan** which is required by the governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up**.

E. BANKRUPTCY:

arising from default, bankruptcy or insolvency of any entity(s) involved in the **Clean-Up**, but this exclusion does not apply if the entity(s) involved in the **Clean-Up** has a performance bond issued by a surety company on the Federal Register of the United States Department of the Treasury which in fact provides coverage for the **Clean-Up** at the time of such default, bankruptcy or insolvency.

F. DENIAL OF ACCESS:

arising from prohibition of access to any property by a third-party, but this exclusion does not apply to any governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up** unless such prohibition is premised upon a suspension, lapse, modification or cancellation of any license, permit, lease or contract of a **Scheduled Contractor** as set forth in paragraph D. above.

G. UNREASONABLE DELAY:

arising from unreasonable delay in a **Scheduled Contractor's** performance of **Clean-Up**, if such delay is within the control of the **Scheduled Contractor** performing the **Clean-Up**.

H. FAULTY WORKMANSHIP:

arising from faulty workmanship or defective materials.

I. MODIFICATION OF THE REMEDIAL PLAN:

arising from any modification of the **Remedial Plan** unless:

1. Such modification is required by the governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up** and the **Named Insured** has consulted with the Company in advance, and to extent possible and without prejudice to the goals of the **Remedial Plan** pursues those changes that achieve the most cost effective performance of **Clean-Up**; or
2. the Company has consented to such modification in advance, in writing; provided such proposed modification will achieve the most cost effective performance of **Clean-Up**, the Company's consent shall not be unreasonably denied, withheld, or delayed.

However, notwithstanding the foregoing, and solely with respect to the initial formal Remedial Plan issued after the Inception Date applicable to any **Insured Site**, modification of the **Remedial Plan** shall be subject to paragraph 8 of the Definition of Remedial Plan Endorsement.

J. OTHER APPLICABLE COVERAGES:

any cost covered under any of Coverages A through I, as well as any cost in excess of the applicable policy limits of liability under Coverages A through I.

K. FINES, PENALTIES AND MULTIPLIED DAMAGES:

any fines, penalties, punitive damages, exemplary damages, statutory assessments or the multiplied portion of any multiplied damages or any interest payments.

L. POST-REMEDIAL DEVELOPMENT

in the event of a modification to the **Remedial Plan** permitted pursuant to the terms of the Policy, **Clean-Up Costs** which are costs, charges or expenses for the construction of any remedy in excess of that which is necessary for the execution of the **Remedial Plan** and instead is required by, or incorporated into, the final post remediation development.

III. NOTICE REQUIREMENTS AND CLAIM PROVISIONS

The **Insured** shall provide the Company with notice of **Pollution Conditions, Claims, an Interruption**, and the discovery of **Pollutants** as follows:

A. NOTICE OF POLLUTION CONDITIONS, CLAIMS, AN INTERRUPTION AND POLLUTANTS

1. In the event of **Pollution Conditions** or **Claims** under Coverages A through I, or the increased quantity, concentration or disbursement of **Pollutants**, the discovery of **Pollutants** at or beyond the boundaries of an **Insured Property**, or the discovery of **Pollutants** different from those identified in the **Remedial Plan** under Coverages K or L, the **Insured** shall give written notice to:

Manager, Pollution Insurance Products Unit
AIG Technical Services, Inc.

Environmental Claims Department
101 Hudson Street, 31st Floor
Jersey City, NJ 07302
Fax: 201-631-5051

or other address(s) as substituted by the Company in writing.

2. The **Insured** shall give written notice of **Pollution Conditions** or **Pollutants** as soon as possible. Notice under all coverages shall include, at a minimum, information sufficient to identify the **Insured**, the **Insured Property**, the names of persons with knowledge of the **Pollution Conditions** or **Pollutants** and all known and reasonably obtainable information regarding the time, place, cause, nature of and other circumstances of the **Pollution Conditions** or **Pollutants**.
3. The **Insured** shall give notice of **Claims** as soon as possible, but in any event during the **Policy Period** or during the **Extended Reporting Period**, if applicable. The **Insured** shall furnish information at the request of the Company. When a **Claim** has been made, the **Insured** shall forward the following to the Company as soon as possible:
 - (a) All reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the claimant(s) and available witnesses;
 - (b) All demands, summonses, notices or other process or papers filed with a court of law, administrative agency or an investigative body;
 - (c) Other information in the possession of the **Insured** or its hired experts which the Company reasonably deems necessary.

IV. RIGHTS OF THE COMPANY AND DUTIES OF THE NAMED INSURED IN THE EVENT OF POLLUTION CONDITIONS AND IN CONNECTION WITH REMEDIAL ACTIVITIES

A. Pollution Conditions - Coverages A Through I

1. The Company's Rights

The Company shall have the right but not the duty to clean up or mitigate **Pollution Conditions** upon receiving notice as provided in Section III. of this Policy. Any sums expended in taking such action by the Company will be deemed incurred or expended by the **Insured** and shall be applied against the limits of coverage and deductible under this Policy.

2. Duties of the Named Insured

The **Named Insured** shall have the duty to clean up **Pollution Conditions** to the extent required by **Environmental Laws**, by retaining competent professional(s) or contractor(s) mutually acceptable to the Company and the **Named Insured**. The Company shall have the right but not the duty to review and approve all aspects of any such clean-up. The **Named Insured** shall notify the Company of actions and measures taken pursuant to this paragraph.

B. Remedial Activities - Coverages K and L

1. The Company shall have the right, but not the duty, to review, assess and inspect all aspects of any **Clean-Up** to which Coverages K or L apply and the Company shall have the right, but not the duty, to approve all terms and conditions of any contract retaining a **Scheduled Contractor**. Once **Clean-Up Costs** paid under Coverages K and L exceed \$51,684,816 the Company shall have the right, but not the duty, to replace and select a different **Scheduled Contractor** acceptable to the Company. The replacement **Scheduled Contractor** shall also be acceptable to the **Named Insured** under Coverages K and L; however, the **Named Insured** shall be required to approve at least one mutually acceptable replacement. Neither the Company's rights nor its exercise of the rights under this paragraph shall constitute an undertaking to determine or warrant that the **Clean-Up** is safe, healthful, or in conformity with applicable law.
2. The **Named Insured** under Coverages K and L shall take all reasonable and prudent steps to minimize **Clean-Up Costs**, limit access to the **Insured Property**, and prevent the spread of further contamination. If Coverage K applies, the **Named Insured** shall report as soon as practicable that the concentration, disbursement or quantity of any **Pollutant** exceeds the concentration, disbursement or quantity identified by the **Remedial Plan**.
3. The **Named Insured** under Coverages K and L shall retain a **Scheduled Contractor** to oversee and supervise the performance of **Clean-Up**. **Clean-Up** shall be undertaken by contractors retained pursuant to contracting requirements on file with Company and identified in the Contractor Procurement Condition Endorsement attached to this Policy.
4. The **Named Insured** under Coverages K and L shall report increased quantity, concentration or disbursement of **Pollutants**, the discovery of **Pollutants** beyond the boundaries of the **Insured Property**, or the discovery of **Pollutants** different from those identified in the **Remedial Plan** in accordance with Section III. of the Policy.
5. The **Named Insured** under Coverages K and L shall keep detailed records of all **Clean-Up Costs** and provide the Company with completed copies of the attached **Clean-Up Progress Report** at the time intervals prescribed in Item 10 of the Declarations.
6. Prior to the entry or approval of any Remedial Action Plan, Consent Decree or other agreement that will be applicable to **Clean-Up**, the **Named Insured** under Coverages K and L shall report monthly to the Company, in a form mutually agreed upon, the status of negotiations with the governmental agency or other parties concerning such agreements.
7. To the extent of its own legal right of access, each **Named Insured** shall permit the Company to inspect the **Insured Property**, any **Insured Site** or other location identified in the **Remedial Plan**, and all financial records, drawings, plans and specifications concerning the **Clean-Up** or **Clean-Up Costs** as often as the Company chooses after providing reasonable notice.
8. The **Named Insured** under Coverages K and L shall cooperate with the Company by providing the Company with:

- (a) Access to all information developed or discovered by the **Named Insured** concerning the **Clean-Up**, whether or not deemed by the **Insured** to be relevant;
 - (b) Reasonable access to interview any agent, servant or employee of the **Named Insured** or any **Scheduled Contractor** or subcontractor involved in the **Clean-Up**; and
 - (c) Access to other information or other responses to reasonable requests from the Company concerning the **Clean-Up**.
9. Payment requests with associated evidence of **Clean-Up Costs** shall be submitted to the Company on a monthly basis using forms provided by the Company or an agreed upon equivalent. The Company, upon evidence of **Clean-Up Costs**, shall review and issue payment of all undisputed **Clean-Up Costs** to the **Named Insured** within 30 days of receipt of such evidence which payment shall be made without prejudice or limitation to the rights of the Company with respect to any disputed amounts. Evidence of **Clean-Up Costs** will consist of invoices detailing expenses incurred since the last invoicing period or other documentation as mutually agreed upon by the Company and the **Named Insured**.

If the Company contests the amount of any payment request of the **Named Insured**, the Company shall state the grounds for contesting any payment, within 30 days of receipt of such payment request, which must be reasonably supported in writing and which shall include any request for additional evidence; however failure by the Company to fully state the grounds for contesting any payment within 30 days shall not result in a waiver any rights or defenses available to the Company. The **Named Insured** agrees to work with the Company to resolve any contested portions of the payment request in a timely manner. If the **Named Insured** submits additional evidence or documentation, the Company shall review the additional evidence and issue payment of all undisputed **Clean-Up Costs** to the **Named Insured** within 30 days of receipt of such additional evidence.

If any payment requests in dispute should remain unresolved between the parties for a period of 60 days from the date of receipt of the **Named Insured's** payment request, regardless of whether the Company has provided a statement of grounds for dispute, and the total amount of all **Clean-Up Costs** in dispute exceeds \$5,000, the **Named Insured** and the Company agree to settle the dispute by submitting the dispute to a mutually agreed upon independent third party to resolve the dispute as binding arbiter. Either party may initiate the arbitration process by written notice to the other demanding arbitration. The arbiter shall be a former insurance professional, attorney or retired judge qualified to analyze and adjust environmental and construction claims. In the event the same arbiter is used to settle disputes for a period of six months or more, the arbiter selection shall be subject to review, and either the Company or the **Named Insured** shall have the right to require selection of a mutually agreed upon replacement arbiter. Any applicable statute of limitations or repose shall be tolled from the date the dispute is submitted to arbitration pending final resolution by the arbiter. The Company and the **Named Insured** will share equally the costs associated with such arbitration. Upon resolution of

any disputed amounts, any necessary monetary adjustment as a result of a disputed payment request by the **Named Insured** shall be reconciled by making a lump sum payment to the **Named Insured** within 30 business days of the resolution of the dispute. Should an arbitration award be the subject of judicial proceedings for enforcement or otherwise, the prevailing party shall be entitled to receive reasonable attorney fees, expert expenses and costs.

Payment requests with associated evidence of **Clean-Up Costs** shall be submitted to the Company on a monthly basis using forms provided by the Company or an agreed upon equivalent.

10. The Company shall disclose to Georgia-Pacific, upon written request, information related to the payment of **Clean Up Costs** and/or a contested portion of a payment request.
11. The Company shall provide a Notional Commutation Account statement to the **Named Insured** once each year during the Policy Term. The first statement shall be provided on or before January 31, 2006 and subsequent statements shall be provided annually before January 31 thereafter.

V. LIMITS OF COVERAGE; SELF-INSURED RETENTION

Regardless of the number of **Claims**, claimants, **Pollution Conditions**, **Pollutants**, **Insureds** or **Insured Properties** under this Policy, the following limits of liability apply:

A. Policy Aggregate Limit

The Company's total liability for all **Loss**, under Coverages A through I and all **Clean-Up Costs** under Coverages K and L, shall not exceed the "Policy Aggregate" stated in Item 4 of the Declarations. Further, subject to the "Policy Aggregate " sated in Item 4 of the Declarations a sub-limit shall apply to all **Loss** under Coverages A through I and the Company's total liability for all **Loss** under Coverages A through I shall not exceed the "Coverages A through I Combined Aggregate Limit " stated in Item 3 of the Declarations.

B. Each Incident Limit - Coverages A Through I

1. Subject to Paragraph V.A. above, the most the Company will pay for all **Loss** under each Coverage in Coverages A through I arising from the same, related or continuous **Pollution Conditions** is the "Each Incident" limit of coverage for that particular coverage stated in Item 3 of the Declarations.
2. If the **Insured** first discovers **Pollution Conditions** during the **Policy Period** and reports them to the Company in accordance with Section III., all continuous or related **Pollution Conditions** reported to the Company under a subsequent Pollution Legal Liability Policy issued by the Company or its affiliate providing substantially the same coverage as this Policy shall be deemed to have been first discovered and reported during the **Policy Period**.
3. If a **Claim** for **Bodily Injury**, **Property Damage**, or **Clean-Up Costs** is first made against the **Insured** and reported to the Company during the **Policy Period**, all **Claims** for **Bodily Injury**, **Property Damage** or **Clean-Up Costs**, arising from the same, continuous or related **Pollution Conditions** that are first made against the

Insured and reported under a subsequent Pollution Legal Liability Policy issued by the Company or its affiliate providing substantially the same coverage as this Policy, shall be deemed to have been first made and reported during the **Policy Period**. Coverage under this Policy for such **Claims** shall not apply, however, unless at the time such **Claims** are first made and reported, the **Insured** has maintained with the Company or its affiliate Pollution Legal Liability coverage substantially the same as this coverage on a continuous, uninterrupted basis since the first such **Claim** was made against the **Insured** and reported to the Company.

C. Coverage Section Aggregate Limit

Subject to Paragraph V.A. above, the Company's total liability for all **Loss** under each Coverage in Coverages A through I, shall not exceed the "Coverage Section Aggregate" limit of coverage for that particular coverage stated in Item 3 of the Declarations.

D. Maximum for Clean-Up Cost Cap

1. Subject to Paragraph V.A. above and V.D. 2., V.D.3 and V.E below, the Company's total liability for all **Clean-Up Costs** Coverages K and L shall not exceed its percentage of the Limit of Liability stated in Item 3 of the Declarations, regardless of whether or not the **Insured** is financially unable, or is unwilling to pay its **Co-Insurance Participation**. The **Co-Insurance Participation** is to be borne by the **Named Insured**, and in no event shall the company have any obligation to pay any portion of the **Co-Insurance Participation** whether such **Co-Insurance Participation** is collectable or not by reason of refusal or any inability of the **Named Insured** to pay the **Co-Insurance Participation**. The risk of uncollectibility (in whole or in part) of the **Co-Insurance Participation** is expressly retained by the **Insured** and is not in any way or under any circumstances insured or assumed by the Company. However, the Company acknowledges and agrees that the **Co-Insurance Participation** may be met by the **Named Insured** through the use of environmental remediation grant money available through the state regulatory authority.
2. Subject to, and as part of the Company's total liability under Coverages K and L described in Paragraph V.D.1. above, the most the Company will pay for costs, charges or expenses expended for the preparation of a supplementary remedial plan and the associated investigation of **Pollutants** different from those identified in the **Remedial Plan**, if any, under Coverage L, shall not exceed 5% of the Limit of Liability stated in Item 3 of the Declarations.
3. Subject to 1. and 2. above of this Section V. paragraph D., the Company's obligation to pay covered **Clean-Up Costs** under Coverages K and L shall not exceed the balance of the Notional Commutation Account until the premium is 100% paid. In the event covered **Clean-Up Costs** to be paid by the Company under Coverages K and L exceed the balance of the Notional Commutation Account prior to the payment of 100% of the premium, such **Clean-Up Costs** shall not be paid by the Company until additional premium is paid and credited to the Notional Commutation Account, and then only to the extent such payment of **Clean-Up Costs** does not exceed the balance of Notional Commutation Account. The **Insured** may elect at any time to accelerate the payment of any outstanding premium. When premium is 100% paid, the

Company's obligation to pay **Clean-Up Costs** under Coverages K and L shall no longer be limited to the balance of the Notional Commutation Account and the Limit of Liability as described in V.D.1. above shall apply.

E. Company Maximum Payment Per Insured Site

Subject to Paragraph V.A. through V.D. above and the **Insured's Co-Insurance Participation** as described in V.G.2. below, the most the Company will pay for all **Clean-Up Costs** and **Loss** at any single **Insured Site** shall not exceed the Insured Site Maximum Payment Amount applicable to the **Insured Site** as described in the Schedule of Insured Sites and Insured Sites Maximum Payment Amount Endorsement.

F. Multiple Coverages- Each Incident Aggregate Limit

Subject to Paragraphs V.A. through V.E. above, if the same, related or continuous **Pollutants** or **Pollution Conditions** result in coverage under more than one Coverage under Coverages A through I, every applicable "Each Incident" limit of coverage among such coverage sections shall apply to the **Clean-Up Costs** and **Loss**; however, the most the Company will pay for all **Clean-Up Costs** and **Loss** arising from such **Pollutants** and **Pollution Conditions** shall not exceed the highest "Each Incident" limit of Coverage stated in Item 3 of the Declarations among all the coverage sections applicable to the **Clean-Up Costs** and **Loss**.

G. Deductible/Self-Insured Retention

1. Self Insured Retention - Coverages A through I

Subject to Paragraphs V.A. through V.F. above, this Policy is to pay covered **Loss**, in excess of the Self-Insured Retention of \$250,000 for the applicable coverage, up to but not exceeding the applicable "Each Incident" limit of coverage, provided only a single Self-Insured Retention amount is payable as to each incident. **Loss** paid by the **Insured** and reported to the Company which does not exceed the Self-Insured Retention shall, nevertheless, apply for purposes of calculating the Self-Insured Retention aggregate amount. Once Self-Insured Retention amounts which in the aggregate equal or exceed \$1,500,000 have been paid by, or on behalf of any or all **Insureds**, an "Each/Every Incident (Maintenance)" Self-Insured Retention amount of \$50,000 shall apply thereafter to each incident. The retention amount is to be borne by the **Insured** and is not to be insured. The insurance provided by this Policy shall be excess over the applicable Self-Insured Retention, whether such retention is collectible or not collectible by reason of the refusal or inability of the **Insured** to pay the retention amount due to insolvency, bankruptcy or any other reason. In no event shall the Company be responsible to make any payment under this Policy before the **Insured** has paid the Self-Insured Retention, and the risk of uncollectibility (in whole or in part) of such Self-Insured Retention is expressly retained by the **Insured** and is not in any way or under any circumstances insured or assumed by the Company.

If the same, related or continuous **Pollution Conditions** result in coverage under more than one coverage under Coverages A through I, only the highest applicable Self-Insured Retention amount stated in Item 3 of the Declarations among all the coverage sections applicable to the **Loss** shall apply.

The **Insured** shall promptly reimburse the Company for advancing any element of **Loss** falling within the Self-Insured Retention.

2. Coverages K and L

Subject to Paragraphs V.A. through V.F. above, this Policy is to pay **Clean-Up Costs** under Coverages K and L in excess of the **Co-Insurance Participation** as described in the Declarations. The **Co-Insurance Participation** is to be borne by the **Named Insured** under Coverages K and L. The **Co-Insurance Participation** is not in any way or under any circumstances insured or assumed by the Company.

VI. CONDITIONS

A. **Assignment** - This Policy may be assigned with the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such assignment must be approved by all **Named Insureds**. Assignment of interest under this Policy shall not bind the Company until its consent is endorsed thereon.

B. **Subrogation** - In the event of any payment under this Policy in excess of \$51,684,816, the Company shall be subrogated to all the **Insureds'** rights of recovery therefor against any person or organization and the **Named Insureds** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights including without limitation, assignment of the **Insured's** rights against any person or organization who caused **Pollution Conditions** or is responsible for any **Pollutants** on account of which the Company made any payment under this Policy. Any recovery as a result of subrogation proceedings arising out of the payment of **Loss** or **Clean-Up Costs** covered under this Policy in excess of \$51,684,816 shall accrue first to the **Insured** in reimbursement of any payments in excess of the limit of coverage and to the extent of its Self-Insured Retention or its **Co-Insurance Participation** or to satisfy uncovered loss(es) or expenses, which the **Insured** shall reasonably document to the Company's satisfaction; and then to the Company to the extent of its payment under the Policy. Expenses incurred in such subrogation proceedings shall be apportioned among the interested parties in the recovery in the proportion that each interested party's share in the recovery bears to the total recovery. Without limitation to the foregoing, and regardless of whether **Loss** or **Clean Up Costs** are paid by the Company in excess of \$51,684,816, the **Named Insureds** shall do nothing to prejudice the Company's rights under this paragraph subsequent to **Loss** or payment of **Clean Up Costs**. Further, notwithstanding the foregoing, the Company expressly waives the right of subrogation against the following:

- ChevronTexaco Corp., and its subsidiaries or affiliated companies, including its predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**);
- Michael Mast, individually, and in any other capacity and on behalf of all those owning any interest in that certain parcel within the Aerated Stabilization Basin (ASB), including its predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**);
- State of Washington Department of Natural Resources;

- PeterGaasland and his company, BC Investments, Inc., d/b/a Colony Warf, and its subsidiaries or affiliated companies, including its predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**);
- Sanitary Service Company, Inc. and its subsidiaries or affiliated companies, including predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**);
- Georgia-Pacific Corporation; Georgia-Pacific West, Inc.; Georgia-Pacific Plywood, Inc.; Georgia-Pacific Investment Company; Georgia-Pacific Resins, Inc.; Puget Sound Pulp & Timber Company; Ketchikan Pulp Company; The Hopper Paper Company; Columbia Valley Lumber Company; Rex Timber, Inc.; and Whatcom Timber Company, Inc., together with their subsidiaries or affiliated companies, including predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**);
- City of Bellingham;
- Olivine Corporation and its subsidiaries or affiliated companies, its subsidiaries or affiliated companies, including its predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**); and
- Ludtke Pacific Trucking.

- C. Cooperation** - The **Insured** shall cooperate with the Company and offer all reasonable assistance in the investigation and defense of **Claims** or the evaluation of **Clean-Up Costs** under the applicable Coverages purchased. The Company may require that the **Insured** submit to examination under oath, and attend hearings, depositions and trials. In the course of investigation or defense, the Company may require written statements or the **Insured's** attendance at meetings with the Company. The **Insured** must assist the Company in effecting settlement, securing and providing evidence and obtaining the attendance of witnesses. Solely with respect to requirement of any **Insured** to attend hearings, depositions and trials with respect to **Loss** or potential **Loss** under Coverages A through I, the Company shall pay or reimburse the **Insured** reasonable travel expenses which result from such requirement.
- D. Changes** - Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or estop the Company from asserting any rights under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsement issued by the Company to form a part of this Policy. Such notice shall not be effective unless agreed by all **Named Insureds**.
- E. Voluntary Payments** - No **Insured** shall voluntarily enter into any settlement, or make any payment or assume any obligation unless in response to an emergency or pursuant to **Environmental Laws** that require immediate remediation of **Pollution Conditions** or **Pollutants**, without the Company's consent which shall not be unreasonably withheld, except at the **Insured's** own cost.
- F. Concealment or Fraud** - This entire Policy shall be void as of its inception if, whether before or after **Clean-Up Costs** are incurred or a **Claim** is first made, the **Named**

Insured has willfully concealed or misrepresented any fact or circumstance material to the granting of coverage under this Policy, the description of the **Insured Property**, or the interest of the **Insured** therein.

G. Cancellation - This Policy may not be cancelled by the **Named Insured** but may be commuted pursuant to VI.R below. This Policy may be cancelled by the Company only for the reasons stated below by mailing to the **Named Insured** at the address shown in the Policy, written notice stating when not less than 60 days (10 days for nonpayment of premium) thereafter such cancellation shall be effective. Proof of mailing of such notice shall be sufficient proof of notice. The **Insured** shall then have a period of 60 days (10 for non payment of premium) to cure the conditions or reasons for such Notice of Cancellation. In the event the **Insured** demonstrates that it is undertaking good faith effort to effectuate such a cure during the 60 day (10 for non payment of Premium) cure period, the **Insured** shall be entitled to an additional 60 days to effectuate such cure.

1. Material misrepresentation by the **Insured**;
2. The **Insured's** failure to comply with the material terms, conditions or contractual obligations under this Policy, including failure to pay any premium or Deductible when due;
3. A change in operations at an **Insured Property** during the **Policy Period** different from the **Intended Use**, unless such change has been consented to by the Company in advance, in writing.

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by the Company shall be equivalent to mailing.

H. Other Insurance - Where other insurance or surety bonds, may be available for **Loss or Clean-Up Costs** covered under this Policy, the **Insured** shall promptly upon request of the Company provide the Company with copies of all such policies. If other valid and collectible insurance is available to the **Insured** for **Loss or Clean-Up Costs** covered by this Policy, the Company's obligations are limited as follows:

1. This insurance is primary, and the Company's obligations are not affected unless any of the other insurance is also primary. In that case, the Company will share with all such other insurance by the method described in Paragraph 3. below.
2. Solely with respect to Coverages K and L, this insurance is excess over any other insurance and surety bonds which may be primary that responds with coverage during the **Policy Period**, and the Company's obligations are not affected unless any of the other insurance is also excess. In that case, the Company will share with all such other insurance by the method described in paragraph 3. below.
3. If all of the other insurance permits contribution by equal shares, the Company will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, the Company will contribute by limits. Under this

method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

4. Nothing herein shall be construed as applicable to any Comprehensive General Liability Policy which is or has been issued to any **Named Insured** or whereon any **Named Insured** is listed as an additional insured.
- I. **Right of Access and Inspection** - To the extent the **Insured** has such rights, any of the Company's authorized representatives shall have the right and opportunity but not the obligation to interview persons employed by the **Insured** and to inspect at any reasonable time, during the **Policy Period** or thereafter, the **Insured Property**. Neither the Company nor its representatives shall assume any responsibility or duty to the **Insured** or to any other party, person or entity, by reason of such right or inspection. Neither the Company's right to make inspections, sample and monitor, nor the actual undertaking thereof nor any report thereon shall constitute an undertaking on behalf of the **Insured** or others, to determine or warrant that property or operations are safe, healthful or conform to acceptable engineering practices or are in compliance with any law, rule or regulation. The **Named Insured** agrees to provide appropriate personnel to assist the Company's representatives during any inspection.
- J. **Access to Information** - The **Named Insured** agrees to provide the Company with access to any information developed or discovered by the **Insured** concerning **Loss** or **Clean-Up Costs** covered under this Policy, whether or not deemed by the **Insured** to be relevant to such **Loss** or **Clean-Up Costs** and to provide the Company access to interview any **Insured** and review any documents of the **Insured**.
- K. **Representations** - By acceptance of this Policy, the **Named Insured** agrees that the statements in the Declarations and the Application are their agreements and representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between the **Insured** and the Company or any of its agents relating to this insurance.
- L. **Action Against Company** - No third-party action shall lie against the Company, unless as a condition precedent thereto there shall have been full compliance with all of the terms of this Policy, nor until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by the Policy. No person or organization shall have any right under this Policy to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the Company be impleaded by the **Insured** or his legal representative. Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the Company of any of its obligations hereunder.
- M. **Service Of Suit** - It is agreed that in the event of any legal claim arising under this contract made by the **Named Insured** against the Company, at the request of the **Insured**, the Company will submit to the jurisdiction of a court of competent jurisdiction within the State of Washington. This Policy, including any and all amendments thereto, by endorsement or otherwise, shall be construed, interpreted,

performed and enforced in accordance with the laws of the State of Washington. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the State of Washington, to remove an action to a United States District Court in the State of Washington, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Legal Department, American International Specialty Lines Insurance Company, 70 Pine Street, New York, NY 10270, or his or her representative, and that in any suit instituted against the Company upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner, Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the **Insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

- N. Acknowledgment of Shared Limits** - By acceptance of this Policy, the **Named Insureds** understand, agree and acknowledge that the Policy contains a Policy Aggregate Limit that is applicable to, and will be shared by, all **Named Insureds** and all other **Insureds** who are or may become insured hereunder. In view of the operation and nature of this shared Policy Aggregate Limit, the **Named Insureds** and all other **Insureds** understand and agree that prior to filing a **Claim** under the Policy, the Policy Aggregate Limit may be exhausted or reduced by prior payments for other **Claims** under the Policy.
- O. Separation of Insureds** - It is hereby agreed that except with respect to the Limit of Liability, Section II. 1. E. (Insured vs. Insured exclusion), and any rights and duties specifically assigned to the first **Named Insured**, this insurance applies: 1. As if each **Named Insured** were the only **Named Insured**; and 2. Separately to each **Named Insured** against whom a **Claim** is made. Misrepresentation, concealment, breach of a term or condition, or violation of any duty under this Policy by one **Named Insured** shall not prejudice the interest of coverage for another **Named Insured** under this Policy. Provided, however, that this Condition shall not apply to any **Named Insured** who is a parent, subsidiary or affiliate of the first **Named Insured**.
- P. Payment and Earning of Premium** - The first premium installment of \$12,750,000 shall be due on or before January 20, 2005 at 5:00 PM Eastern Standard Time (EST). The second premium installment of \$7,921,640 shall be due on or before December 31, 2005 at 5:00 PM Eastern Standard Time (EST). The third and final premium installment of \$7,245,178 shall be due on or before December 31, 2006 at 5:00 PM Eastern Standard Time (EST). In the event the Policy is cancelled for failure to pay the initial premium installment when due the Policy shall be voided *ab initio*. The premium stated in Item 6 of the Declarations is 100% earned when paid to the Company.

Q. Sale or Transfer of the Insured Property (Coverages K and L only) - In the event that control of the **Remedial Plan** is relinquished by the **Named Insured** or an **Insured Property** is sold or ownership or operational control is transferred by the **Named Insured** prior to the completion of the **Clean-Up** to which this Policy applies, this Policy shall remain in full force and effect, subject to its terms and conditions only if:

1. The Company receives written notification at least forty-five (45) days prior to the effective date of such sale or transfer and consents to the sale or transfer, which consent shall not be unreasonably withheld; and
2. The new owner or operator of the **Insured Property** fully complies with all applicable conditions, duties and obligations set forth in this Policy.

R. Notional Commutation Account - The Company will maintain a Notional Commutation Account for the payment of **Clean-Up Costs** as follows:

1. Premium payments credited as deposits after they are paid to the Company based on the following deposit installment schedule: \$7,112,000 due on **Inception Date**; \$7,182,150 on or before the first anniversary of **Inception Date**; \$6,855,689 on or before the second anniversary after **Inception Date**; plus
2. Funds Growth credited as per below; plus
3. Net subrogation recoveries; less
4. 100% of **Clean-Up Costs** paid by the Company under Coverages K and L.

Funds Growth:

The Notional Commutation Account, if positive will earn interest at an annual rate equal to the one-year United States Constant Maturity Treasury rate prevailing on the close of first day of each anniversary year of the **Inception Date**, as published electronically by Bloomberg L.P. or any successor firm thereto. In the event that Bloomberg L.P. ceases to provide such information, the **Insured** and the Company shall select a comparable source for such information. The interest shall be applied to the average daily balance of the notional commutation account and the interest will be compounded daily. The interest credit shall be calculated at each annual anniversary.

Commutation:

Provided that the **Insured** has not breached any of the conditions of the Policy, the **Named Insured** first listed in Item 1. of the Declarations with 60 days prior written notice, and with consent by Georgia-Pacific Corporation, may elect to commute this Policy. If the **Named Insured** so elects, the Company will pay the **Named Insured** or as directed by the **Named Insured** within 30 days of the requested date for commutation an amount equal to 100% of the total Notional Commutation Account balance in return for a complete release of liability for all **Clean-Up Costs**, **Claims** or **Loss**, whether known or unknown under Coverages A through L. In the event this Policy is used as proof of financial assurance to perform **Clean-Up** or satisfy **Loss** and upon commutation by the **Named Insured**, it will be the **Named Insured's** responsibility to obtain alternate financial assurance, and the Policy cannot be commuted until such time as the **Named Insured** provides evidence, to

satisfaction of the Company, that alternative financial assurance has been provided to the satisfaction of the Obligee(s) requesting such financial assurance and the Company has been released from further obligations to the Obligee(s).

- S. Change in Financial Ratings** - Solely in the event that the Company's Financial Strength Rating is downgraded by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ("Standard & Poor's"), below "A" the Company shall have the option to assign its obligations under the Policy to another member company of American International Group, Inc. with a rating of at least "A" by Standard & Poor's. If the Company does effect such assignment, the assignee of the obligations under the Policy shall be subject to the terms of this paragraph in the event that its ratings are subsequently downgraded below the level set forth above. If the Company does not effect such assignment, the **Named Insured** shall have the right to request that the remaining amount of expected **Clean-Up Costs** covered under Coverage K be restructured as a Self-Insured Retention applicable to Coverages K and L. The amount of the Self-Insured Retention shall be calculated as follows: \$25,842,408 (the amount of funded expected **Clean-Up Costs**) less the amount of actual **Clean-Up Costs** paid under Coverages K and L of the Policy at the time of the request. The insurance provided by this Policy under Coverages K and L shall be excess over this Self-Insured Retention and in no event shall the Company be responsible to make any payment under this Policy before the **Insured** has paid the Self-Insured Retention. The **Co-Insurance Participation** shall remain in place as stated in V.G.2. Upon such request, the Company shall return the remaining balance of the Notional Commutation Account to the **Named Insured** within 45 days of the **Named Insured's** request. Coverages A through I shall also remain in effect subject to their applicable limits of liability and all other terms and conditions of this Policy.

T. Georgia-Pacific as Agent-in-Fact:

- 1) Georgia-Pacific may, but shall not be obligated, to become the Agent-in-Fact for the first **Named Insured** listed in Item 1 of the Declarations with regard to Coverages K and L, and for purpose of the execution of the **Remedial Plan** or completion of the **Clean-Up**, provided Georgia-Pacific gives written notice to the Company of its election to substitute itself as the first **Named Insured's** Agent-in-Fact ("notice of substitution"), due to the occurrence of any of the following events:
 - (a) Failure or unwillingness of the first **Named Insured** listed in Item 1 of the Declarations to execute or fully perform the **Remedial Plan** or complete the **Clean-Up** as evidenced by the first **Named Insured's** notice thereof to the Company and Georgia-Pacific. The **Named Insureds** further agree and acknowledge that Company shall be released and held harmless from all claims and demands of any **Named Insured** alleging liability, loss or damages, resulting from the Company's reasonable reliance on such notice; or
 - (b) Insolvency or the voluntary or involuntary bankruptcy of the first **Named Insured** listed in Item 1 of the Declarations and inability of that **Named Insured** to execute the **Remedial Plan** or complete the **Clean-Up**; or

- (c) Written request to the Company by the first **Named Insured** listed in Item 1 of the Declarations, consented to by Georgia-Pacific in writing, to become the agent in fact for the First Named Insured under Coverages K and L and substitute in its place Georgia-Pacific as the first **Named Insured** with regard to Coverages K and L.
- 2) In the event Georgia-Pacific becomes the Agent-in-Fact for the first **Named Insured** listed in Item 1 of the Declarations with regard to Coverages K and L pursuant to a. through c. above the following shall apply:
 - (a) The Company shall pay **Clean-Up Costs** under Coverages K and L to or on behalf of Georgia-Pacific as the first **Named Insured's** Agent-in-Fact and Georgia-Pacific shall assume all the responsibilities of the first **Named Insured** listed in Item 1 of the Declarations with regard to Coverages K and L including, but not limited to, providing **Clean-up Progress Reports**, reporting the discovery of new **Pollutants**, or increases in the concentration or disbursement of known **Pollutants**, and responsibility for receipt and acceptance of endorsements to the Policy applicable to Coverages K and L.

The substitution of Georgia-Pacific as the first **Named Insured's** Agent-in-Fact with regard to Coverages K and L shall not change the Limits of Liability, the **Notional Commutation Account Balance**, the Co-Insurance Participation, the **Remedial Plan** or any terms or conditions of the Policy. Nothing herein shall authorize Georgia-Pacific to commute the Notional Commutation Account without prior written consent provided to the Company from the Port of Bellingham or its legal successor(s) or assign(s). The Company and its affiliates shall be released from and held harmless by all **Named Insureds** for any liability, loss or damages, resulting from commutation of the Notional Commutation Account and disbursements of funds remaining therein, resulting from its reasonable reliance on the written consent from the Port of Bellingham or its legal successor(s) or assign(s).

- U. **No Third Party Beneficiary-** Nothing in this Policy shall confer any rights or remedies upon any person not an **Insured** or a successor or a permitted assignee of an **Insured** described in this Policy. No third party beneficiary rights shall be deemed created by this Policy.
- V. **Navigable Dredging** – Solely with respect to Coverages A and D, and after **Site Project Completion** applicable to the **Insured Site**, Whatcom Waterway, the following shall apply. In the event navigable dredging of the **Insured Site** that is the Whatcom Waterway is planned to occur, the **Named Insured** Port of Bellingham shall give the Company written notification of any proposed navigable dredging of the **Insured Site** that is the Whatcom Waterway in all cases where public notice is required by law. To the extent that a dredging project involves an estimated removal of more than 100,000 cubic yards of soils, the Port of Bellingham shall also confer with the Company and give consideration to any written recommendations the Company may offer with regard to the scope of the work or the costs to be incurred, provided such advice by the Company is presented in a timely manner. In the event any investigation or analysis performed in advance of conducting navigable dredging of the **Insured Site**, Whatcom Waterway, reveals any **Pollution Conditions** that will require **Clean-Up Costs** to be incurred, the **Named Insured** Port of Bellingham shall provide notice to the Company, of the identity of any Potential Responsible Party other than a **Named Insured** under the Policy or other party which

may be responsible to contribute to the costs of such dredging as result of such **Pollution Conditions**, if known. Further, subject to any waiver of subrogation granted in Section VI. B, the **Named Insured** Port of Bellingham shall take reasonable steps to enforce any legal right of contribution against such Potential Responsible Party or other party which may be responsible for contribution other than a **Named Insured** under the Policy, which obligation may be satisfied by assignment of such rights to the Company in advance of payment of **Clean-Up Costs**. Provided the Company and the **Named Insured** Georgia-Pacific have consented in advance to any activities to be undertaken to enforce any legal right of contribution, the reasonable and necessary costs charges and expenses for such activities shall be paid as **Clean-Up Costs** from the applicable limit of liability. In the event any recovery resulting from such activities is received from any Potential Responsible Party or other party who may be responsible for contribution the amount of such recovery shall be applied to applicable limit of liability to reimburse such **Clean-Up Costs** paid by the Company as the result of such dredging. In no event shall the foregoing increase any applicable limit of liability stated in Section V.

VII. EXTENDED REPORTING PERIOD FOR CLAIMS - COVERAGES A THROUGH I

The **Named Insured** shall be entitled to an Automatic **Extended Reporting Period**, and (with certain exceptions as described in Paragraph B. of this Section) be entitled to purchase an Optional **Extended Reporting Period** for Coverages A through I collectively, upon termination of coverage as defined in Paragraph B.3. of this Section. Neither the Automatic nor the Optional **Extended Reporting Period** shall reinstate or increase any of the limits of liability of this Policy.

A. Automatic Extended Reporting Period

Provided that the **Named Insured** has not purchased any other insurance to replace this insurance and which applies to a **Claim** otherwise covered hereunder, the **Named Insured** shall have the right to the following: a period of sixty (60) days following the effective date of such termination of coverage in which to provide written notice to the Company of **Claims** first made and reported within the Automatic **Extended Reporting Period**.

A **Claim** first made and reported within the Automatic **Extended Reporting Period** will be deemed to have been made on the last day of the **Policy Period**, provided that the **Claim** arises from **Pollution Conditions** that commenced before the end of the **Policy Period** and is otherwise covered by this Policy. No part of the Automatic **Extended Reporting Period** shall apply if the **Optional Extended Reporting Period** is purchased.

B. Optional Extended Reporting Period

The **Named Insured** shall be entitled to purchase an **Optional Extended Reporting Period** upon termination of coverage as defined herein (except in the event of nonpayment of premium), as follows:

1. A **Claim** first made and reported within the **Optional Extended Reporting Period**, if purchased in accordance with the provisions contained in Paragraph 2. below, will be deemed to have been made on the last day of the **Policy Period**, provided

that the **Claim** arises from **Pollution Conditions** that commenced before the end of the **Policy Period** and is otherwise covered by this Policy.

2. The Company shall issue an endorsement providing an Optional **Extended Reporting Period** of up to forty (40) months from termination of coverage hereunder for all **Insured Properties** and **Non-Owned Locations**, if applicable, or any specific **Insured Property** or **Non-Owned Location**, provided that the **Named Insured**:
 - (a) Makes a written request for such endorsement which the Company receives within thirty (30) days after termination of coverage as defined herein; and
 - (b) Pays the additional premium when due. If that additional premium is paid when due, the **Extended Reporting Period** may not be cancelled, provided that all other terms and conditions of the Policy are met.
3. Termination of coverage occurs at the time of cancellation or nonrenewal of this Policy by the **Named Insured** or by the Company, or at the time of the Company's deletion of a location which previously was an **Insured Property** or **Non-Owned Location**.
4. The Optional **Extended Reporting Period** is available to the **Named Insured** for not more than 200% of the full Policy premium stated in the Declarations.

VIII. DEFINITIONS

- A. **Bodily Injury** means physical injury, or sickness, disease, mental anguish or emotional distress, sustained by any person, including death resulting therefrom, provided such mental anguish or emotional distress is accompanied by objective symptomatology to the same individual.
- B. **Claim** means a written demand received by the **Insured** seeking a remedy or alleging liability or responsibility on the part of the **Insured** for **Loss** under Coverages A through I. For purposes of this Policy, a **Claim** does not include a **Possible Claim** that was reported under a prior policy but which has become a **Claim** during the **Policy Period** of this Policy as described in Section III. B.

C. **Clean-Up** means:

1. With respect to Coverage K, those activities, identified in the Definition of Clean-Up Endorsement, that are performed by a **Scheduled Contractor** in the execution of the **Remedial Plan**;
2. With respect to Coverage L, preparation of a supplementary remedial plan including the associated investigation of **Pollutants** different from those identified in the **Remedial Plan**, and the removal, disposal, treatment (including in situ treatment), neutralization or capping of **Pollutants** different from those identified in the **Remedial Plan** to the standard governing the future use of the **Insured Property** and anticipated in the **Remedial Plan**.

D. Clean-Up Costs means:

1. With respect to Coverages A through I, reasonable and necessary expenses, including legal expenses incurred with the Company's written consent which consent shall not be unreasonably withheld or delayed, for the investigation, removal, remediation including associated monitoring, or disposal of soil, surface water, groundwater or other contamination:
 - (a) To the extent required by **Environmental Laws**; or
 - (b) That have been actually incurred by the government or any political subdivision of the United States of America or any state thereof or Canada or any province thereof, or by third parties.
2. Solely with respect to coverage for **Pollution Conditions** covered under Coverages A through I which were at any time excluded under Coverages A through I pursuant to Section II. EXCLUSIONS, 2. COVERAGE A THROUGH I EXCLUSIONS, Paragraph B., Other Applicable Coverages **Clean-Up Costs** means:
 - (1) with respect to Coverages A through I, reasonable and necessary expenses, including legal expenses incurred with the Company's written consent which consent shall not be unreasonably withheld or delayed, for the investigation, removal, remediation including associated monitoring, or disposal of soil, surface water, groundwater or other contamination:
 - (a) to the extent required by **Environmental Laws** ; or
 - (b) that have been actually incurred by the government or any political subdivision of the United States of America or any state thereof or Canada or any province thereof.
3. With respect to Coverage K, reasonable and necessary costs, charges, and expenses incurred solely for **Clean-Up**, as identified in the Definition of Clean-Up Endorsement.
4. With respect to Coverage L, reasonable and necessary costs, charges, and expenses incurred solely for **Clean-Up**.
5. Solely with respect to Coverages K and L, **Clean-Up Costs** does not include:
 - (a) Costs, charges or expenses incurred for litigation, arbitration or other form of dispute resolution in any way related to or in connection with **Clean-Up**, including fees of attorneys, consultants, investigators, adjusters and experts, unless otherwise expressly consented to in writing and in advance by the Company and specifically included in the Definition of Clean-Up Endorsement; or
 - (b) Costs, charges or expenses expended prior to **Inception Date** in preparation of the **Remedial Plan**; provided, however, the sub-limit of liability described in Section V., Paragraph D.2, shall apply to reasonable and necessary costs, charges or expenses expended in preparation of a supplementary remedial plan and the associated investigation of **Pollutants** different from those identified in the **Remedial Plan** under Coverage L.

Clean-Up Costs also include **Restoration Costs**.

- E. Clean-Up Cost Progress Reports** means reports completed by the **Insured** which summarize **Clean-Up** activities performed and anticipated to be performed and the costs and estimated costs of those activities. The form of the reports will be established by the Company and attached to this policy. The reports must be completed by the **Insured** and submitted to the Company at the time intervals prescribed in Item 10 of the Declarations.
- F. Co-Insurance Participation** means the percentage of **Clean-Up Costs** the **Insured** must bear as shown in Item 3 of the Declarations.
- G. Continuity Date** means the date stated in Item 8 of the Declarations.
- H. Environmental Laws** means any federal, state, provincial or local laws (including, but not limited to, statutes, rules, regulations, ordinances, guidance documents, and governmental, judicial or administrative orders and directives), other than those of the **Named Insured** first listed in Item 1 of the Declarations, that are applicable to **Pollution Conditions**.
- I. Extended Reporting Period** means either the automatic additional period of time or the optional additional period of time, whichever is applicable, in which to report **Claims** following termination of coverage, as described in Section VII. of this Policy.
- J. Inception Date** means the first date set forth in Item 2 of the Declarations.
- K. Insured** means the **Named Insured**, and any past, present or future director, officer, partner or employee thereof, including a temporary or leased employee, while acting within the scope of his or her duties as such.
- L. Insured Contract** means a contract or agreement submitted to and approved by the Company, and listed on the Schedule of Insured Contracts Endorsement to this Policy, which approval shall not be unreasonably withheld, denied or delayed.
- M. Insured Property** means the aggregate of all **Insured Sites**.
- N. Insured Site** means any or all site(s) included on the Schedule of Insureds Sites and Insured Sites Maximum Payment Amount Endorsement as each is further described therein.
- O. Intended Use** means zoned and permitted uses which are marina support facilities, residential, commercial and industrial. Subject to the foregoing, solely with respect to the portions of the Insured Property identified as Groups 5,6, and 7, as defined by the Environmental Protection Standards document prepared by RETEC dated September 22, 2004 and depicted on Figure 1 in the Conceptual Plan for Institutional Controls, **Intended Use** does not include ground floor residential, schools and day care facilities until the Standards as defined by the Environment Standards document, or any modifications required or permitted by the applicable regulatory agency to achieve the same goals as the original Standards as defined by the Environment Standards document, are implemented. Further, solely with respect to portions of the Insured Property identified as Group 8 on that figure, intended use does not include residential.

- P. **Loss means**, under the applicable Coverages: (1) monetary awards or settlements of compensatory damages, where allowable by law, punitive, exemplary, or multiple damages; and civil fines, penalties, or assessments for **Bodily Injury or Property Damage**; (2) costs, charges and expenses incurred in the defense, investigation or adjustment of **Claims** for such compensatory damages or punitive, exemplary or multiple damages, and civil fines, penalties or assessments or for **Clean-Up Costs**; (3) **Clean-Up Costs**.
- Q. **Microbial Matter** means fungi, mold and mildew, whether or not such **Microbial Matter** is living.
- R. **Named Insured** means the person or entity named in Item 1 of the Declarations acting on behalf of all other **Insureds**, if any, for the payment or return of any premium, payment of any deductible, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation or nonrenewal, and the exercise of the rights provided in the **Extended Reporting Period** clause. Solely with respect to Coverages A through I **Named Insured** shall also include Georgia-Pacific.
- S. **Natural Resource Damage**, means physical injury to or destruction of, including the resulting loss of value of, land, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.)), any state or local government, any foreign government, any Indian tribe, or, if such resources are subject to a trust restriction on alienation, any member of an Indian tribe, and includes Natural Resource Damage as defined by 42 U.S.C. 9601. Notwithstanding the foregoing, **Natural Resource Damage** shall not include **Claims** for clean-up and remediation of such land, water, groundwater or drinking water supplies and shall not include **Claims** by any third-party with a real property interest other than the United States, and state or local government, any foreign government or any Indian tribe for the loss of use or value of tangible property.
- T. **Non-Owned Location** means a site that is not owned or operated by the **Named Insured**, and that is identified in a Non-Owned Locations Schedule attached to and made a part of this Policy by endorsement.
- U. **Policy Period** means the period set forth in Item 2 of the Declarations, or any shorter period arising as a result of:
1. Cancellation of this Policy; or
 2. With respect to particular **Insured Property(s)** or **Non-Owned Location(s)** designated in the Declarations, the deletion of such location(s) from this Policy by the Company at the **Named Insured's** written request, but solely with respect to that **Insured Property** or **Non-Owned Location**.
- V. **Pollutants** means wastes and any solid, liquid, gaseous or thermal irritant or contaminant, including, soot, acids, alkalis, or toxic chemicals that were present on, under or migrated from the **Insured Property** prior to the **Inception Date**.

W. Pollution Conditions means the discharge, dispersal, release, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, medical waste and waste materials into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, provided such conditions are not naturally present in the environment in the amounts or concentrations discovered. **Pollution Conditions** shall not include **Microbial Matter**. Additionally, solely related to that portion of the **Insured Property** that is the Chem-Fix Area, as identified in Figure 2 titled Chlor-Alkali Plant Site and Remedial Plan Boundaries prepared by RETEC and dated December 22, 2004, **Pollution Conditions** shall also include the subsurface presence of any contaminant.

X. Possible Claim means **Pollution Conditions** that commenced on or after the **Inception Date** that the **Insured** reasonably expects may result in a **Claim**.

Y. Property Damage means:

1. Except with respect to Coverage C, physical injury to or destruction of tangible property of parties other than the **Insured**, including the resulting loss of use and diminution in value thereof;
2. Loss of use, but not diminution in value, of tangible property of parties other than the **Insured** that has not been physically injured or destroyed;
3. Solely with respect to Coverage C, physical injury to or destruction of tangible property of parties other than the **Insured**, including the resulting loss of use thereof; and

Property Damage does not include **Clean-Up Costs** or **Natural Resource Damages**.

Z. Remedial Plan means the documentation identified in the Definition of Remedial Plan Endorsement, and attached thereto and forming a part of the Policy which describes the **Clean-Up** to be undertaken at the **Insured Property**, and, to the extent described therein, at areas beyond the boundaries of the **Insured Property** and any government mandated changes thereto.

AA. Responsible Insured means with respect to the **Named Insured** Port of Bellingham the current or future officer or director of environmental programs or any other officer or director of **Named Insured** Port of Bellingham, and with respect to all other **Named Insureds**, the current or future manager or supervisor of the **Named Insured** responsible for environmental affairs, control or compliance, or any manager of such **Insured Property** responsible for environmental matters, or any officer or director of such **Named Insured**.

BB. Restoration Costs means reasonable and necessary costs incurred by the **Insured** with the Company's written consent, which consent shall not be unreasonably withheld or delayed, to repair, replace or restore real or personal property to substantially the same condition it was in prior to being damaged during work performed in the course of incurring **Clean-Up Costs**. However, such **Restoration Costs** shall not exceed the net present value of such property prior to incurring **Clean-Up Costs**. **Restoration Costs** do not include costs associated with improvements or betterments.

CC. Scheduled Contractor means an environmental consultant/engineer approved by the Company who shall oversee and supervise **Clean-Up**.

DD. Site Project Completion, means with respect to an individual **Insured Site**, any of the following:

1) written approval, including, but not limited to, a No Further Action Letter or Certificate of Completion, from the governmental entity or quasi-governmental entity responsible for supervision of the clean-up that **Clean-Up**, other than the requirements to perform post clean-up or post remediation monitoring or maintenance of engineering or institutional controls, has been completed in accordance with the **Remedial Plan** at the **Insured Site**; or

2) written approval from a governmental entity or quasi-governmental entity confirming completion of the **Remedial Plan**, other than the requirements to perform post clean-up or post remediation monitoring or maintenance of engineering or institutional controls, at the **Insured Site** pursuant to the requirements of any applicable state voluntary cleanup agreement; or

3) a self certification of completion which has been agreed upon by the Company in writing and submitted to the governmental entity or quasi-governmental entity responsible for supervision of the clean-up self certifying that **Clean-Up**, other than the requirements to perform post clean-up or post remediation monitoring or maintenance of engineering or institutional controls, has been completed in accordance with the **Remedial Plan**.

EE. Termination Date means, with respect to Coverages K and L, the earliest of the following:

- (a) the date set forth in Item 9 of the Declarations;
- (b) The ending date of the period set forth in Item 2 of the Declarations;
- (c) The date the Limit of Liability shown in Item 3 of the Declarations for Coverage K is exhausted;
- (d) With respect to an individual **Insured Site**, The date the **Insured** receives **Site Project Completion**; or
- (e) Cancellation of the Policy pursuant to Section VI., paragraph G.

The **Termination Date** shall not be extended by the exercise of any rights held by a governmental entity or quasi-governmental entity to reopen, reconsider or otherwise cause the **Insured** to perform **Clean-Up** after previously having approved or acknowledged that the **Remedial Plan** has been completed.

FF. Transportation means the movement of **Transported Cargo** by a conveyance, from the place where it is accepted by a carrier until it is moved:

- 1. to the place where the carrier finally delivers it; or

2. in the case of waste, to a waste disposal facility to which the carrier delivers it.

Transportation includes the carrier's loading or unloading of **Transported Cargo** onto or from a conveyance provided that the loading or unloading is performed by or on behalf of the **Named Insured**.

GG. Transported Cargo means goods, products, or waste generated during the performance of the **Remedial Plan** and originating from the **Insured Property(s)** transported for delivery by a carrier properly licensed to transport such goods, products, or waste.

HH. Underground Storage Tank means any tank that has at least ten (10) percent of its volume below ground, in existence at the **Inception Date**, or installed thereafter, including associated underground piping connected to the tank.

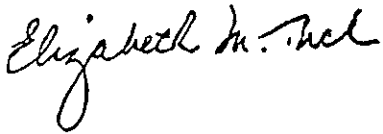
The remainder of this page has been intentionally left blank. Policy Signature Page shall immediately follow.

POLICY SIGNATURE PAGE

This Policy Signature Page,

forms a part of Policy No: EPP 529 5362

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.



Secretary
American International Specialty
Lines Insurance Company



President
American International Specialty
Lines Insurance Company

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer, either below or on the Declarations page of the Policy.



Authorized Representative

ENDORSEMENT NO. 1

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM EXCLUSION - ALL TERRORISM (INCLUDING CERTIFIED ACTS OF TERRORISM) EXCLUSION
ENDORSEMENT

Pursuant to the requirements of the Terrorism Risk Insurance Act of 2002, the "Act," the **Insured** has been provided notice that the **Insured** may elect to purchase coverage for loss covered under this Policy arising directly or indirectly as a result of a certified "act of terrorism" as defined by Section 102. Definitions, of the Act and any revisions or amendments thereto and the premium charge for such coverage.

After receiving such notice, the **Insured** has elected not to purchase coverage for such certified "acts of terrorism" and has agreed to the inclusion of a Terrorism Exclusion. Therefore, this Policy is amended to include the following exclusion:

The Company has no obligation to make any payment or to provide or to pay for a defense under this Policy due to or arising directly or indirectly as a result of or in connection with **Terrorism** including but not limited to, any contemporaneous or ensuing loss caused by fire, looting, or theft.

Terrorism means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

The defined term **Terrorism** shall specifically include, but is not limited to, the following definition of a certified "Act of Terrorism" defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments thereto:

(1) Act of Terrorism –

- (A) Certification. – The term "act of terrorism" means any act that is certified by the Secretary of the Treasury of the United States, in concurrence with the Secretary of State, and the Attorney General of the United States --
 - (i) to be an act of terrorism;
 - (ii) to be a violent act or an act that is dangerous to --
 - (I) human life;
 - (II) property; or
 - (III) infrastructure;
 - (iii) to have resulted in damage within the United States, or outside of the United States in the case of --
 - (I) an air carrier or vessel described in paragraph (5)(B); [for the convenience of this endorsement, paragraph (5)(B) reads: occurs to an air carrier (as defined in Section 40102 of title 49, United States Code) to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and

ENDORSEMENT NO. 1 (Continued)

whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission];

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

(B) Limitation. -- No act shall be certified by the Secretary as an act of terrorism if --

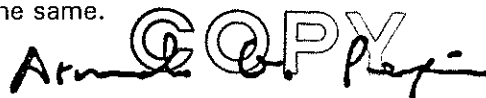
(i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or

(ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

(C) Determinations Final. -- Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.

(D) Nondelegation. -- The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

All other terms, conditions, and exclusions shall remain the same.

A handwritten signature in black ink, appearing to read "Arnold B. Papi", is written over a large, stylized "COPY" watermark.

AUTHORIZED REPRESENTATIVE

or countersignature (in states where applicable)

ENDORSEMENT NO. 2

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED INSURED ENDORSEMENT

It is hereby agreed that the following is added to Section VIII., DEFINITIONS, Paragraph R . **Named Insured :**

R. Named Insured means the person or entity named in Item 1. of the Declarations acting on behalf of all other **Insureds**, if any, for the payment or return of any premium, payment of any deductible, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation or nonrenewal, and the exercise of the rights provided in the **Extended Reporting Period** clause.

It is hereby agreed that the following entity(s) are included as Named Insureds solely as respects **Coverages A through I**, but only with respect to liability arising out of past or present ownership, operation, maintenance or use of the Insured Property(s) designated in Item 5. of the Declarations. The first Named Insured, previously designated in Item 1. of the Declarations shall remain unchanged as such, however, with respect to following additional **Named Insureds**, the **Named Insured**, Georgia-Pacific Corporation shall act on behalf of all for receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation or nonrenewal, and the exercise of the rights provided in the **Extended Reporting Period** clause.

NAMED INSURED(S)

Georgia-Pacific Corporation, a Georgia corporation,
Georgia-Pacific West, Inc., an Oregon corporation,

and as to the forgoing, together with their subsidiaries and affiliated companies, including their predecessors, successors and assigns (provided such assigns are not responsible for causing or contributing to **Pollution Conditions** on, under or migrating from the **Insured Property**).

All other terms, conditions, and exclusions shall remain the same.

COPY


AUTHORIZED REPRESENTATIVE

Or countersignature (in states where applicable)

PAGE 1 OF 1

INSURED'S COPY

ENDORSEMENT NO. 3

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF REMEDIAL PLAN ENDORSEMENT

It is hereby agreed that for purposes of Section VIII. **DEFINITIONS**, Paragraph Z. **Remedial Plan** is defined as the following scheduled and attached documentation pending formal approval by applicable government agency of the currently proposed Remedial Plans set forth below:

1. With respect to the Whatcom Waterway site, the **Remedial Plan** is defined as Alternative K and is presented in RETEC's Whatcom Waterway Cost Estimate dated October 7, 2004 and in Figure 1 – Design Concept, Alternative K dated September 22, 2004, as updated in attached Figure 1 – Whatcom Waterway Site and Remedial Plan Boundaries dated December 22, 2004.
2. With respect to the Chlor-Alkali site, the **Remedial Plan** is defined as Alternative 2 and is presented in RETEC's Summary of Potential Remedial Options and Costs, Georgia Pacific Chlor-Alkali Plant table dated September 22, 2004, as updated by RETEC in its Port Cost Summary table dated October 7, 2004 and as shown in attached Figure 2 – Chlor-Alkali Plant Site and Remedial Plan Boundaries dated December 30, 2004.
3. With respect to the Pulp & Tissue Mills site, the **Remedial Plan** is defined as Remedial Option 2 and is presented in the Retec Summary of Potential Remedial Options and Costs, Georgia Pacific Tissue Plant table dated September 22, 2004 as updated by RETEC in its Port Cost Summary table dated October 7, 2004 and as shown in attached Figure 3 – Pulp & Tissue Mill Site and Remedial Plan Boundaries dated December 22, 2004.
4. With respect to the Roeder Avenue Landfill site, the **Remedial Plan** is defined as Alternative B and is presented in the ThermoRetec Consulting Corporation Draft Remedial Investigation and Feasibility Study dated October 1, 2001, as updated by RETEC in its Port Cost Summary table dated October 7, 2004 and as shown in attached Figure 4 – Central Waterfront Site and Remedial Plan Boundaries dated December 22, 2004.
5. With respect to the Chevron Bulk Terminal Plant site (Area A), the Area B Jointly Managed Areas, and Colony Warf site (Area C), the **Remedial Plan** are presented in the Table 1 – Summary of Estimated Costs and associated Figures 1 and 2 with current shoreline conditions and proposed changes to conditions, respectively and dated August 28, 2004 as updated by RETEC in its Port Cost Summary table dated October 7, 2004 and as shown in attached Figure 4 – Central Waterfront Site and Remedial Plan Boundaries dated December 22, 2004.
6. With respect to the Cornwall Avenue Landfill site, the **Remedial Plan** is defined as Alternative 2 and is presented in the Landau Associates Draft Remedial Investigation /Feasibility Study dated October 9, 2003 as updated in RETEC's Port Cost Summary table dated October 7, 2004 and in attached Figure 5 – Cornwall Avenue Landfill Site and Remedial Plan Boundaries dated December 22, 2004.

ENDORSEMENT NO. 3 (continued)

7. With respect to the Airport Landfill site, the **Remedial Plan** is defined as Remedial Option 2 and is presented in the Retec Summary of Potential Remedial Options and Costs, Airport Woodwaste Landfill table dated October 12, 2004, and as shown in attached Figure 6-Airport Woodwaste Landfill Site and Remedial Plan Boundaries dated December 22, 2004. The Post Closure remedial activities were initially defined in the W.D. Purnell & Associates Preliminary Closure and Post Closure Plan dated February 17, 1993.
8. **Clean-Up** performed pursuant to all of the foregoing shall be performed in compliance with clean-up standards selected in accordance with the most cost-effective alternative that meets the requirements of WAC 173-340-360 and implements permanent solutions to the maximum extent practicable, to achieve at those Insured Sites where applicable, the goal of phase one remediation as defined in the Environmental Protection Standards prepared by RETEC dated 9/22/04, and which comply with standards no more stringent than Model Toxics Control Act (MTCA) Method B, or where MTCA modified Method B can be applied, no more stringent than MTCA modified Method B. The remedy may include treatment and/or removal and will include containment as part of the remedial strategy, to manage soils with elevated contaminant levels, and where applicable comply with the Washington State Department of Ecology (DOE) Post Closure requirements specified in WAC 173-304 and DOE MTCA Sediment Management Standards.
9. It is further understood and agreed that upon governmental approval of an initial formal remedial plan for each site, the remedial plan adopted and enforced by such quasi-governmental and /or governmental agency shall supersede the proposed and preliminary plans enumerated above and such remedial plan shall become the **Remedial Plan** hereunder, however, in no event shall **Clean-Up** performed pursuant to any initial formal remedial plan, that becomes the **Remedial Plan**, be performed to a clean-up standard other than the standard described in paragraph 8. above.

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE
Or countersignature (in states where applicable)

ENDORSEMENT NO. 4

This endorsement, effective 12:01 AM June 21, 2005

Forms a part of Policy No: EPP 529 5362

Issued to: Port of Bellingham

By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF SCHEDULED CONTRACTOR ENDORSEMENT

It is hereby agreed that for purposes of Section **VIII. DEFINITIONS**, Paragraph **GG. Scheduled Contractor** is defined to include only the following:

Contractor/Type	Contractor's Address & Telephone Number
The Retec Group, Inc.	1011 SW Klickitat Way, Suite 207 Seattle, WA 98134 (206-624-9349)
Bennett Engineering, LLC	2000 Franklin Street, Suite #101 Bellingham, WA 98225 360.671.2600

All other terms, conditions, and exclusions shall remain the same.

AUTHORIZED REPRESENTATIVE

or countersignature (in states where applicable)

ENDORSEMENT NO. 4

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF SCHEDULED CONTRACTOR ENDORSEMENT

It is hereby agreed that for purposes of Section VIII. **DEFINITIONS**, Paragraph **GG. Scheduled Contractor** is defined to include only the following:

Contractor/Type	Contractor's Address & Telephone Number
The Retec Group, Inc.	1011 SW Klickitat Way, Suite 207 Seattle, WA 98134 (206-624-9349)

All other terms, conditions, and exclusions shall remain the same.

COPY


AUTHORIZED REPRESENTATIVE
Or countersignature (in states where applicable)

ENDORSEMENT NO. 5

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF CLEAN-UP ENDORSEMENT

It is hereby agreed that for purposes of Section VIII. **DEFINITIONS**, Paragraph C., subparagraph 1., **Clean-Up** is defined as the following schedule of activities to be performed by a **Scheduled Contractor** pursuant to the execution of the **Remedial Plan** with respect to Coverage K – KNOWN POLLUTANTS:

Activities

Clean-Up includes the following activities which are further described in the **Remedial Plan(s)**:

1. Whatcom Waterway

Activities required to execute Alternative K are presented in RETEC's Whatcom Waterway Cost Estimate dated October 7, 2004 and as shown in attached RETEC Figure 1 – Design Concept, Alternative K dated September 1, 2004 and as updated by RETEC in attached Figure 1 – Whatcom Waterway Site and Remedial Plan Boundaries dated December 22, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications & Permitting of Alternative K
- Construction management
- Dredge Sediments in Areas 1A & 1B per Alternative K specifications
- Dredge contaminated sediments in Areas 1C, 2, 3, 5, 6, 7 per Alternative K specifications
- Capping (using sand) in Areas 2, 3, 5, 6, 7 per Alternative K specifications
- Under Dock Dredging in Area 1C per Alternative K (and Addendum 1 to Alternative K) specifications
- Mobilization, Demobilization
- Transportation and Disposal of contaminated sediment using barge and rail car to **Non-Owned Disposal Site**
- Transportation and beneficial reuse of Areas 1A and 1B sediment in the vicinity of the Whatcom Waterway.
- Institutional Controls Placement
- Long-term Operation and Maintenance (O&M) and Monitoring
- Agency oversight and public participation
- Mitigation activities if required by permitting agencies solely to implement the cleanup actions described within the scope of Alternative K; or any other habitat mitigation activities that are approved by the Company in advance, in writing, which consent shall not be denied if the Company determines such activities are as effective and cost effective as those described within the scope of Alternative K. The use of material for the capping of the Cornwall landfill shall be an approved alternative.

However, in any event, **Clean-Up** does not include any activities to enhance or restore habitat other than those described above whether or not such modification of activities or additional activities are required by modification to the **Remedial Plan** permitted pursuant to the terms of this policy.

2. Chlor-Alkali Plant

Activities required to execute Alternative 2 as presented in RETEC's Summary of Potential Remedial Options and Costs, Georgia Pacific Chlor-Alkali Plant table dated September 22, 2004, as updated by RETEC on October 7, 2004 and as shown in attached RETEC Figure 2 dated December 30, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting of Alternative 2
- Construction Management
- Anode Disposal Area excavation
 - Site Preparation and Controls
 - Water treatment and disposal
 - Excavation, Haul to Rail Area, and Stockpile
 - Confirmation Sampling
 - Disposal - Subtitle D - Rail Haul
 - Backfill Purchase
 - Backfill Place
- Railroad Ditch excavation
 - Site Preparation and Controls
 - Excavation and Stockpiling
 - Confirmation Sampling
 - Disposal - Subtitle D - Rail Haul
 - Backfill Purchase
 - Backfill Place
- Plant Area neutralization
 - Mix Test
 - Site Preparation and Controls
 - Pressure Grout Neutralizer
 - Water Management
 - Spoils Handling
 - Site Restoration
- Former Settling Pond physical barrier installation
 - Mix Test
 - Site Preparation and Controls
 - HDPE Sheetpile Installation
 - In-situ Solidification
 - Spoils Handling
 - Site Restoration
- Institutional Controls Placement
- Mobilization, Demobilization, Transportation and Disposal
- Long-term Operation and Maintenance (O&M) and Monitoring
 - Monitoring Well Installation
 - Groundwater Monitoring and Reporting - Years 1-3 – Quarterly, Years 4-6 – Semi-Annually, and Years 7-30 – Annually.
- Agency oversight and public participation

However, in any event, **Clean-Up** does not include and this Policy shall not apply to **Clean-Up Costs** arising from the activities described in the Environmental Protection Standards developed by RETEC September 22, 2004.

3. Pulp & Tissue Mills

Activities required to execute Remedial Option 2 as presented in the RETEC Summary of Potential Remedial Options and Costs, Georgia Pacific Tissue Plant table dated September 22, 2004, as updated by RETEC October 7, 2004 and as shown in attached Figure 3 prepared by RETEC December 22, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting of Remedial Option 2
- Construction Management
- Bunker C Tank excavation
 - Site Preparation and Controls
 - Dewatering System Installation
 - Water Treatment and Disposal
 - Excavation, Haul to Rail Area, and Stockpile
 - Confirmation Sampling
 - Disposal - Subtitle D – Rail Haul
 - Backfill Purchase
 - Backfill Place
 - Site Restoration
 - Utilities
- Acid Plant neutralization
 - Mix Test
 - Site Preparation and Controls
 - Pressure Grout Neutralizer
 - Water Management
 - Spoils Handling
 - Site Restoration
- Institutional Controls Placement
- Mobilization, Demobilization, Transportation and Disposal
- Long-term Operation and Maintenance (O&M) and Monitoring
 - Monitoring Well Installation
 - Groundwater Monitoring and Reporting - Years 1-4 – Quarterly, Years 5-9 – Semi-Annually, and Years 10-30 – Annually
- Agency oversight and public participation

However, in any event, **Clean-Up** does not include and this Policy shall not apply to **Clean-Up Costs** arising from the activities described in the Environmental Protection Standards developed by RETEC September 22, 2004.

4. Roeder Ave. Landfill

Activities required to execute Alternative B as presented in the Roeder Avenue Landfill RI/FS dated October 1, 2001 – in the Coordination Meeting – Port, GP, City document dated June 4, 2001, as updated by RETEC's Port Cost Summary dated October 7, 2004 and as shown in attached Figure 4 prepared by RETEC on December 22, 2004; including:

- Complete RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting of Alternative B
- Construction management
- Modification to Shoreline Containment Wall
- Stormwater Management
- Landfill Methane System modifications
- Institutional Controls Placement
- Mobilization, Demobilization, Transportation and Disposal
- Long-term Operation and Maintenance (O&M) and Monitoring.
- Agency oversight and public participation

5. Chevron Bulk Terminal – Area A

Activities required to execute the proposed remediation as presented in RETEC's Table 1 – Summary of Estimated Costs provided in Package 2 and associated RETEC Figures 1 and 2 with current shoreline conditions and proposed changes to conditions, respectively, and dated August 28, 2004; as updated by RETEC Summary of Port Costs dated October 7, 2004 and as shown in attached Figure 4 prepared by RETEC on December 22, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting
- Construction Management
- Demolition
 - Well Abandonment
 - Remove subsurface piping & structures
 - Demolition & Disposal of docks, bulkheads, pilings
- Excavate soils
 - On-Site reuse of non-impacted soils
 - Loading, Transportation & Disposal of Other Soils and debris
- Groundwater Diversion Barrier Wall Installation
 - Install HDPE Hanging Wall
- Shoreline Slope Stabilization/Capping
 - Place sand bedding layer
 - Purchase sand bedding layer
 - Purchase armor stone
 - Place armor stone
- Site Capping
 - Place Indicator Layer
 - Place Surface Soil/Gravel Cover
- Institutional Controls Placement
- Mobilization, Demobilization, Transportation and Disposal
- Long-term Operation and Maintenance (O&M) and Monitoring.
 - Groundwater Compliance Monitoring
 - Product Recovery (Existing system)
- Agency oversight and public participation

- Mitigation activities if required by permitting agencies solely to implement the clean-up actions described above; or any other habitat mitigation activities that are approved by the Company in advance, in writing, which consent shall not be denied if the Company determines such activities are as effective and cost effective as those described within the scope of the Remedial Plan.

However, in any event, **Clean-Up** does not include any activities to enhance or restore habitat other than those described above whether or not such modification of activities or additional activities are required by modification to the **Remedial Plan** permitted pursuant to the terms of this Policy.

6. Area B-Jointly Managed Areas – Area B

Activities required to execute the proposed remediation as presented in RETEC's Table 1 – Summary of Estimated Costs provided in Package 2 and associated Figures 1 and 2 with current shoreline conditions and proposed changes to conditions, respectively, and dated August 28, 2004; as updated by RETEC Summary of Port Costs dated October 7, 2004 and shown in attached Figure 4 prepared by RETEC on December 22, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting
- Construction Management
- Demolition
 - Well Abandonment
 - Remove subsurface piping & structures
 - Demolition & Disposal of docks, bulkheads, pilings
- Excavate soils
 - On-Site reuse of non-impacted soils
 - Loading, Transportation & Disposal of Other Soils and debris
- Groundwater Diversion Barrier Wall Installation
 - Install HDPE Hanging Wall
- Shoreline Slope Stabilization/Capping
 - Place sand bedding layer
 - Purchase sand bedding layer
 - Purchase armor stone
 - Place armor stone
- Site Capping
 - Place Indicator Layer
 - Place Surface Soil/Gravel Cover
- Institutional Controls Placement
- Mobilization, Demobilization, Transportation and Disposal
- Long-term Operation and Maintenance (O&M) and Monitoring.
 - Groundwater Compliance Monitoring
 - Operation of groundwater Sparging System with second year treatment, third year treatment, and system abandonment
- Agency oversight and public participation
- Mitigation activities if required by permitting agencies solely to implement the clean-up actions described above; or any other habitat mitigation activities that are approved by the Company in advance, in writing, which consent shall not be denied if the Company determines such activities are as effective and cost effective as those described within the scope of the Remedial Plan.

However, in any event, **Clean-Up** does not include any activities to enhance or restore habitat other than those described above whether or not such modification of activities or additional activities are required by modification to the **Remedial Plan** permitted pursuant to the terms of this Policy.

7. Colony Wharf – Area C

Activities required to execute the proposed remediation as presented in RETEC's Table 1 – Summary of Estimated Costs provided in Package 2 and associated RETEC Figures 1 and 2 with current shoreline conditions and proposed changes to conditions, respectively, and dated August 28, 2004; as updated by RETEC Summary of Port Costs dated October 7, 2004 and as shown in attached Figure 4 prepared by RETEC on December 22, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting
- Construction Management
- Demolition
 - Well Abandonment
 - Remove subsurface piping & structures
 - Demolition & Disposal of docks, bulkheads, pilings
- Excavate soils
 - On-Site reuse of non-impacted soils
 - Loading, Transportation & Disposal of Other Soils and debris
- Groundwater Diversion Barrier Wall Installation
 - Install HDPE Hanging Wall
- Shoreline Slope Stabilization/Capping
 - Place sand bedding layer
 - Purchase sand bedding layer
 - Purchase armor stone
 - Place armor stone
- Site Capping
 - Place Indicator Layer
 - Place Surface Soil/Gravel Cover
- Institutional Controls Placement
- Mobilization, Demobilization, Transportation and Disposal
- Long-term Operation and Maintenance (O&M) and Monitoring.
 - Groundwater Compliance Monitoring
- Agency oversight and public participation.
- Mitigation activities if required by permitting agencies solely to implement the clean-up actions described above; or any other habitat mitigation activities that are approved by the Company in advance, in writing, which consent shall not be denied if the Company determines such activities are as effective and cost effective as those described within the scope of the Remedial Plan.

However, in any event, **Clean-Up** does not include any activities to enhance or restore habitat other than those described above whether or not such modification of activities or additional activities are required by modification to the **Remedial Plan** permitted pursuant to the terms of this Policy.

8. Cornwall Ave. Landfill

Activities required to execute Alternative 2 as presented in the Landau Associates Draft Remedial Investigation /Feasibility Study dated October 9, 2003; as updated by RETEC Summary of Port Costs dated October 7, 2004 and as shown in attached Figure 5 prepared by RETEC on December 22, 2004; including:

- Completion of RI/FS, Consent Decree
- Design, Engineering, Bid Specifications and Permitting of Alternative 2
- Construction Management
- Shoreline Armoring including selective excavation of landfill refuse, and placement of gravel and rip rap
- Subtidal sediment capping
- Landfill Cap modifications
 - Stormwater system upgrades
 - Grade Uplands
 - Install passive gas venting system
 - Place base layer
 - Place Crushed rock layer
 - Place Pavement layer
 - Install Monitoring wells
- Institutional Controls Placement
- Long-term Operation and Maintenance (O&M) and Monitoring.
 - Groundwater Monitoring (yrs 1-2)
 - Groundwater Monitoring (yrs 3-5)
 - Bathymetric Surveys
 - Annual Repairs
 - Major Storm Repair
- Agency oversight and public participation
- Mitigation activities if required by permitting agencies solely to implement the clean-up actions described above; or any other habitat mitigation activities that are approved by the Company in advance, in writing, which consent shall not be denied if the Company determines such activities are as effective and cost effective as those described within the scope of the Remedial Plan.

However, in any event, **Clean-Up** does not include any activities to enhance or restore habitat other than those described above whether or not such modification of activities or additional activities are required by modification to the **Remedial Plan** permitted pursuant to the terms of this Policy.

However, in any event, **Clean-Up** does not include and this Policy shall not apply to **Clean-Up Costs** arising from the activities described in the Environmental Protection Standards developed by RETEC September 22, 2004.

9. Airport Landfill

Activities required to execute the proposed remedial action as presented in RETEC Summary of Potential Remedial Options and Costs, Airport Woodwaste Landfill table dated October 12, 2004, and as shown in attached Figure 6 prepared by RETEC on December 22, 2004; and Post Closure remedial activities as initially defined in the W.D. Purnell & Associates Preliminary Closure and Post Closure Plan dated February 17, 1993; including:

- Landfill Operations and Maintenance
 - Post-closure O & M through at least 2012, and long-term landfill care thereafter as required to obtain MTCA site closure
 - Quarterly Landfill Monitoring and Reporting until end of year 2012, Annual Monitoring and reporting thereafter
 - Leachate Pumping
 - Annual O&M
- Well abandonment of 8 wells
- Leachate Sewer line Installation
 - Site preparation
 - Pumping Station
 - Sewer pipe installation
- Institution Controls Placement

However, in any event, **Clean-Up** does not include and this policy shall not apply to **Clean-Up Costs** arising directly or indirectly from redevelopment or a reclassification of the **Insured Site** to something other than Industrial (closed landfill).

The above described **Clean-Up** activities shall continue to be deemed **Clean-Up** as defined by the Policy upon receipt of a regulatory-approved Remedial Action Plan or Consent Decree, unless modified therein, which modifications shall control.

Clean-Up also includes any unscheduled activities that arises from modifications to the **Remedial Plan** that are permitted pursuant the terms of the Policy.

All other terms, conditions, and exclusions shall remain the same.

The image shows a handwritten signature in black ink that reads "Arnold G. Papp". The signature is written over the word "COPY" which is printed in large, outlined, capital letters.

AUTHORIZED REPRESENTATIVE

Or countersignature (in states where applicable)

ENDORSEMENT NO. 6

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DISCLOSED DOCUMENTS ENDORSEMENT

It is hereby agreed that for purposes of Section II. **EXCLUSIONS, 1. COMMON EXCLUSIONS – APPLICABLE TO ALL COVERAGES, Paragraph G. PRIOR KNOWLEDGE/NON-DISCLOSURE**, the Company acknowledges receipt of the documents listed below and agrees that the Company had opportunity to review and did review such documents. **Pollution Conditions** identified in these documents are all deemed disclosed to the Company.

1. CD, "Package 1, Key Documents and Cost Estimates", September 2004, Port of Bellingham/Georgia Pacific, Bellingham Washington, Prepared by RETEC, Document Index with Detailed Description as Appended, and includes the following documents:

Whatcom Waterway Documents:

- Retec, "Waterway Costs", September 2004
- Retec, 3 Figures – "Alternative J Cut," "Alternative K Cut, and "Alternative L Cut", September 2004
- Anchor Environmental ("Anchor"), "Supplemental Remedial Investigation/ Feasibility Study and Environmental Impact Statement Addendum for Whatcom Stabilization Basin Area", March 2004
- Port Comments on 2004 FS and EIS Supplement Documents, May 2004
- Anchor – Landau, "Pre-Remedial Design Evaluation Data Report" January 2003
- Anchor, "Draft Supplemental Environmental Impact Statement, Bellingham Bay Comprehensive Strategy", March 2002
- Anchor, "Draft Supplemental Feasibility Study ("FS") Whatcom Waterway Site", March 2002

Aerate Stabilization Basin (ASB) documents:

- Department of the Army, "Permit Request, May 1978
- Department of the Army & Ecology, "Permit Comments", 1978
- Innerspace Ventures, "SCUBA Outfall Report", 1993
- National Pollutant Discharge Elimination System ("NPDES"), Permit No. WA 000109-1, June 2002
- Georgia Pacific, "Fact sheet for NPDES Permit", June 21, 2002
- Retec, "ASB Remediation Cost Estimate", September 2004
- Retec, "Preliminary Marina Designs", September 2004
- Retec, "ASB Berm Sampling and Results Table and Figure", September 2004
- Retec, "ASB Table and Figure ASB Solids Data", September 2004
- Anchor, Figures 1-11

Chlor-Alkali Facility documents:

- Anchor, "Draft Remedial Investigation ("RI") / FS Addendum", October 2003
- Aspect, "Draft FS", July 2004
- ENSR, "Chlorine Plant RI" July 1994
- ENSR "Chlorine Plant FS", July 1994

Pulp Mill and Tissue Mill documents:

- Aspect, "Phase II Environmental Site Assessment", September 3, 2004

Roeder Avenue and Central Waterfront

- Agency & Stakeholder correspondence re site definition, 2004
- Cost Allocation Matrix, 2001
- Draft Chevron Purchase and Sale Agreement, 2004
- Draft Order with Port Comments, 2004
- Retec, "Warehouse Draft RI/FS", 2001

Cornwall Avenue and R.G. Haley documents:

- Draft Agreed Order and related correspondence
- Department of Ecology (DOE), "Potentially Liable Person Status", 2004
- Landau, "RI/FS", October 2003
- Retec, "Summary of Potential Remedial Options and Costs", September 2004
- GeoEngineers, "Interim Action Plan", July 2000

Hilltop Landfill documents:

- Aerial Photos – 1981, 1988, 2001
- Bennett Engineering, LLC ("Bennett"), "Proposal for Bedrock Aquifer Workplan", May 2004
- Georgia Pacific, Financial Assurance correspondence relating to post-closure costs at Hilltop and Airport Landfills
- Various correspondence relating to stakeholder concerns regarding aquifer impacts
- Suntree, "Potential contamination of the bedrock aquifer", February 2004
- Suntree, "Potential contamination", November 2002
- Bennett, "Final Post Closure Monitoring Plan", December 2003
- Bennett, "Quarterly monitoring Report", January 2004

Airport Landfill documents:

- Bennett, Quarterly Reports – January 2004, July 2003, April 2003, January 2003
- Airport Landfill Leachate Pumping Summaries to Whatcom County Health Department, 1999-2004
- Bennett, "2003 Annual Report – Airport Landfill"
- Bennett, "Landfill Inspection Report" – February 2004
- Georgia Pacific, Financial Assurance correspondence relating to post-closure costs at Hilltop and Airport Landfills
- Port Memorandum of Understanding, 1992
- Purnell, Preliminary Closure & Post Closure Plan", February 1993

County Land documents:

- Whatcom County, "Final Environmental Impact Statement on Evergreen Limited Purpose Landfill", March 1992

2. CD, "Package 2, Key Documents and Cost Estimates", September 2004, Port of Bellingham/Georgia Pacific, Bellingham Washington, Prepared by RETEC, Document Index with Detailed Description as Appended, and includes the following documents:

General Site Information documents:

- Retec, "Summary Cost", September 2004
- Retec, "Environmental Protection Standards", Sept 22, 2004
- Index of Port Files made available during insurance underwriting, Sept 2004
- Index of GP Due diligence files made available during insurance underwriting, Sept 2004

Whatcom Waterway documents:

- Retec, "Letter to Ecology", September 21, 2004
- Retec, "Whatcom Waterway Costs", September 22, 2004
- Retec, "Alternative K", September 22, 2004

Chlor-Alkali Facility documents:

- Retec, "Letter to Ecology", September 21, 2004
- Retec, "Cost Estimate", 2004

Pulp Mill and Tissue Mill documents:

- Retec, "Pulp and Tissue Mill Costs", September 22, 2004

Chevron and Colony Warf documents:

- Retec, "Chevron and Colony Warf Cost Estimates", 2004
- Figures showing shoreline conditions, August 28, 2004

3. CD, "Package 3, Key Documents and Cost Estimates, October 2004", Port of Bellingham/Georgia Pacific, Bellingham Washington, Prepared by RETEC, Document Index with Detailed Description as Appended, and includes the following documents:

Summary Estimates documents:

- Package 3 narrative summarizing cost updates
- Retec, "Cost Summary", October 7, 2004
- Retec, "Annualized Total Costs", October 7, 2004

Whatcom Waterway documents:

- Retec, "Whatcom Waterway Costs", October 7, 2004
- Anchor, "Completion Report – Interim Remedial Action Log Pond Cleanup & Habitat Restoration Project", May 29, 2001
- 1999 – 2001 Meeting Notes & Affiliated Materials for Bellingham Bay-Whatcom Waterway

ASB documents:

- Retec, "ASB Cost Estimate", October 7, 2004

Chevron and Colony Warf documents:

- Gettler-Ryan Inc, "Monitoring Well Installation Report at Chevron Site", January 1999
- Gettler-Ryan Inc, "Groundwater Monitoring and Sampling Report", April 2000
- ThermoRetec, "Preliminary Estimate of Remedial Costs for Chevron Property", May 2000
- Gettler-Ryan Inc, "Groundwater Monitoring and Sampling Report", May 2001
- KHM, "Environmental Remediation Activities at Chevron Site", March 2002
- Gettler-Ryan Inc, "Groundwater Monitoring and Sampling Report", April 2002
- Gettler-Ryan Inc, "Groundwater Monitoring and Sampling Report", November 2002
- Bulkhead Permits, Notices & Correspondence (2000-2003)
- GeoEngineers, "Phase 1 Environmental Assessment for Bellingham Marine Industries", May 1990
- GeoEngineers, "Phase 2 Environmental Assessment for Bellingham Marine Industries", March 1992
- GeoEngineers, "Phase 3 Environmental Assessment for Bellingham Marine Industries", July 1992
- Landau, "Site Environmental Review for Bellingham Marine Industries", November 1995
- Anchor, "Biological Evaluation Shoreline Improvements Colony Warf", February 2002
- GeoEngineers, "Results of Waterfront Material Characterization and Metal Assess Colony Warf", October 2002
- GeoEngineers, "Summary of Metals in Soil and GW", April 2004
- GeoEngineers, "Hydrocarbon Contamination Summary and Draft Cleanup Action Plan", May 2003

R.G. Haley documents:

- Howard Edde Inc, "Best Management Practices", November 1984
- Howard Edde Inc, "Engineer's Report of Upgraded Environmental Controls", March 1985
- Ecology and Environment Inc, "Site Inspection Report", May 1986
- WD Purnell, "Environmental Site Assessment Phase I", December 1991
- Retec, "Site Liabilities & Recommended Due Diligence", September 1997
- GeoEngineers, "Interim Cleanup Action Plan", July 2000

- DOE, "fact Sheet and Site Register", July 2004

Hilltop Landfill documents:

- Package 3 narrative clarifying basis for cost changes
- Retec, "Hilltop Costs", October 12, 2004
- Retec, "Annualized Landfill Costs", October 12, 2004
- Bennett, "Quarterly Report: Landfill Monitoring Results", July 2004
- Bennett, "Initial Report – Bedrock Aquifer Monitoring Work Plan", September 2004

Airport Landfill documents:

- Package 3 narrative clarifying basis for cost changes
- Retec, "Airport Landfill Cost Estimate", October 12, 2004
- Retec, "Annualized Landfill Costs", October 12, 2004

4. CD, Port of Bellingham Documents, Extracted Critical Pages, August 2004, Prepared by Aon Environmental, Document Index as Appended, and includes the following documents not included above:
 - ThermoRetec, "Draft RI /FS – Roeder Avenue Landfill", October 1, 2001
 - Anchor, "Draft Supplemental RI/FS for ASB", October 2003
 - BEK Engineering, "July 2001 Airport Woodwaste Landfill Monitoring Test Results" August 2, 2001
 - DOE, "Review of RI/FS for Cornwall Avenue Landfill", October 9, 2003
 - Figure 1-1 for RG Haley Site dated February 6, 2002 and "Article on Agreed Order regarding RG Haley site"
 - Bennett, "2003 Annual Report – Landfill Monitoring Results for GP Hilltop Landfill", November 2003
 - Figure 1-1 for Airport Landfill, February 11, 2002
5. RETEC, "Letter Re: Response to AIG Questions", October 7, 2004
6. The following Documents on File with the Port of Bellingham and reviewed by AIG Environmental on September 23 and 24, 2004:
 - Port of Bellingham, Comprehensive Annual Financial Report for the Year Ended December 31, 2003
 - Port of Bellingham, CFO Presentation Material on September 24, 2004
 - Cornwall Avenue Landfill Historical Documents, Georgia-Pacific, September 2004, Prepared by RETEC, Appendices A-M
 - Chlor-Alkali Plant Recent Materials, Georgia Pacific, September 2004, Prepared by RETEC, Sections 1-6, Tables, Figures, Appendices A & B
 - Whatcom Waterway Recent Materials, September 2004, Prepared by RETEC, Sections 1-7
 - Airport Landfill Historical Documents, September 2004, Prepared by RETEC, Appendices A-K
 - Georgia Pacific, Chlorine Plant Remedial Investigation, July 1994, Prepared by ENSR
 - R.G. Haley Historical Documents, R. G Haley, September 2004, Prepared by RETEC
 - Alternative K Design Concept, Draft for Discussion, Whatcom Waterway Site, August 2004, Prepared by Port of Bellingham/RETEC
 - Draft FS, Former Georgia-Pacific, July 19, 2004, Prepared by Aspect Consulting
 - Ecology Review Draft RI/FS, Cornwall Avenue Landfill, October 9, 2003, prepared by Landau Associates
 - Whatcom Waterway Historical Documents, Volumes I (Appendices A - C) and II (Appendices D - I), September 2004, Prepared by RETEC
 - Hilltop Landfill Historical Documents, Hilltop Woodwaste Landfill, Everson, Washington, September 2004, Prepared by RETEC, Sections 1-5
 - Chevron Site Historical Documents, September 2004, Prepared by RETEC, Sections 1 – 9
 - Colony Wharf Site Historical Documents, September 2004, Prepared by RETEC, Volumes I (Sections 1 – 6) and II (Sections 1-6)

- Roeder Avenue Landfill, September 2004, Prepared by RETEC, Appendices A – M
 - Draft RI/FS, Roeder Avenue Landfill, October 1, 2001, Prepared by RETEC
 - Historical Aerial Photographs of the Central Waterfront, Whatcom Waterway Site, GP Mill Site and Cornwall Ave Landfill Areas
 - Due Diligence Displays
 - Development Displays
 - Cleanup Cost Displays
 - Historical Photographs
7. CD, "Package 4, Key Documents and Cost Estimates, October 2004", Port of Bellingham/Georgia Pacific, Bellingham Washington, Prepared by RETEC, Document Index with Detailed Description as Appended, and includes the following documents:

General Information

- Letter of October 22, 2004 from Jim Pendowski of the Department of Ecology
- Power Point Overheads from RETEC Insurance Underwriting Presentation, September 22, 2004
- Power Point Overheads from Port public meeting, November 16, 2004
- Transcripts of Port public meeting, November 16, 2004
- Cost Model and Backup – Whatcom Fast Scenario, October 20, 2004 and November 21, 2004 versions
- Cost Model and Backup – ASB Fast Scenario, October 20, 2004
- Grant Funding Matrix as Provided to the Department of Ecology, November 9, 2004
- Draft interlocal agreement with the City of Bellingham, December 8, 2004
- Summary of RETEC Cost estimates, November 9, 2004

Whatcom Waterway and ASB

- Anchor, Draft Supplemental RI/FS for the Whatcom Waterway Site including ASB Area with tables and figures, October 2004
- Figure 1, Whatcom Waterway Site and Remedial Plan Boundaries, December 1, 2004
- RETEC Subsurface sediment maps and related information as transmitted to the Department of Ecology, September and October 2004
- Figure 1, Whatcom Waterway Site and Remedial Plan Boundaries, December 9, 2004
- Anchor Environmental: RI/FS, Whatcom Waterway Site, July 2000

Chlor-Alkali Plant Site

- Letter from Paul Skyllingstad at the Department of Ecology, October 19, 2004
- Figure 2, Chlor-Alkali Plant site and Remedial Plan Boundaries, December 1, 2004

Pulp & Tissue Mill Site

- Figure 3, Pulp & Tissue Mill Site and Remedial Plan Boundaries, December 1, 2004

Central Waterfront (including Roeder Avenue, Chevron, Area B and Colony Wharf)

- Figure 4, Central Waterfront Site and Remedial Plan Boundaries, December 1, 2004
- RETEC Cleanup Plan for the Chevron and Colony Wharf Properties, October 18, 2004
- GeoEngineers, Review of RETEC Cleanup Plan Document, November 12, 2004
- E-mail transmittal from RETEC to the Department of Ecology Regarding GeoEngineers Review of RETEC Cleanup Plan for the Chevron & Colony Wharf Sites
- RETEC Project Funding Matrix and attachments – Central Waterfront Site

Cornwall Avenue Landfill / RG Haley

- Figure 5, Cornwall Avenue Landfill Site and Remedial Plan Boundaries, December 1, 2004
- Ecology Memo re: Agreed Order Public Comment Period, September 2004
- Port Action Memo re: Cornwall Avenue Landfill RI/FS, November 30, 2004
- Cornwall Landfill Agreed Order for RI/FS, August 19, 2004

Airport & Hilltop Landfills

- Figure 6, Airport Landfill Site and Remedial Plan Boundaries, December 1, 2004

- Figure 7, Hilltop Landfill Site and Remedial Plan Boundaries, December 1, 2004
 - E-mail transmittal from RETEC to AIG regarding WAC 173-304 financial assurance requirements
 - Copy of WAC 173-304 Regulations
8. Letter of December 28, 2004 from RE Sources for Sustainable Communities
 9. Anchor, 2000 Data Report, Marine Sediment Sampling and Analysis, GP West Outfall 009 (Refer to CD 2, GP File Index)
 10. Revised Figure 2 dated December 30, 2004 for Chlor-Alkali Plant
 11. Purchase Sale Agreement between Port and GP
 12. Chevron Purchase and Sale Agreement
 13. Revised Figures 2, 6 and 7 dated December 14, 2004
 14. December 1, 2004 correspondence transmitting property legal descriptions, Exhibit A
 15. Revised Figures 1, 3, 4, 5 and 6 dated December 21, 2004

All other terms, conditions, and exclusions shall remain the same.

COPY


AUTHORIZED REPRESENTATIVE

Or countersignature (in states where applicable)

ENDORSEMENT NO. 7

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SCHEDULE OF NON-OWNED LOCATIONS, COVERAGES, AND
COVERAGE SECTION LIMITS AND DEDUCTIBLES ENDORSEMENT**

It is hereby agreed that the following location(s) is (are) covered as a **Non-Owned Location**, subject to all of the terms and conditions of the Policy, and the corresponding Coverages, deductibles, and limits of liability shown for each such **Non-Owned Location** are included in Item 3 of the Declarations:

NON-OWNED LOCATION: (no **Non-Owned Locations** currently scheduled. May schedule up to 3 **Non-Owned Locations** subsequent to the Company's receipt and satisfactory review prior to scheduling).

With respect to the above-listed **Non-Owned Location(s)**, Item 3 of the Declarations shall provide as follows:

Item 3: Coverages and Coverage Section Limits and Deductibles

This Policy includes only those Coverages as stated in Section I of the Policy for which deductibles and limits of liability appear below.

Coverage	Deductible-Each Incident	Each Incident Limit	Coverage Section Aggregate Limit
G	\$250,000	\$25,000,000	\$25,000,000
H	\$250,000	\$25,000,000	\$25,000,000

All other terms, conditions, and exclusions shall remain the same.

COPY
Arnold G. Pagan

AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

ENDORSEMENT NO. 8

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTRACTOR PROCUREMENT CONDITION ENDORSEMENT

It is hereby agreed that the following is added to Section **VI .CONDITIONS** of this Policy:

Contractor Procurement – Contractors retained by the Port of Bellingham for **Clean-Up** shall be selected as identified in Section IV.B.3 and further discussed below:

1. Professional Services must be administered in accordance with the Revised Code of Washington (RCW) 39.80 wherein:
 - a. Definition of Professional Services are those firms that provide architectural, engineering, land surveying, and landscape architectural services.
 - b. The Port of Bellingham maintains a pre-qualified list and also advertises for specific projects.
 - c. The most qualified firm is ranked and selected based on established criteria.
 - d. A reasonable price is negotiated with the successful firm based on an identified scope of work.
 - e. The **Named Insured's** Standard Agreement for Professional Services is issued to all professional service providers.
2. Construction Contracts for Public Works projects must be administered in accordance with RCW 39.06 wherein:
 - a. The definition of Public Works is all work, construction, alteration, enlargement, improvement, repair, and/or demolition that is executed by contract, purchase order, or any other legal agreement at the cost of the municipality on any property.
 - b. The Port of Bellingham administers all Public Works projects in compliance with RCW 39.06 and the Port of Bellingham's Purchasing Policies and Procedures.
 - c. All Public Works projects publicly bid from plans and specifications and awarded by the Executive Director or Commission of the Port of Bellingham in accordance with the Port of Bellingham's Purchasing Procedures.
 - d. Successful contractors are issued the Port of Bellingham's standard Construction Contract which is administered in accordance with RCW 39.12 and WAC 296-127-010.

ENDORSEMENT NO. 8 (continued)

Any deviation or change in contracting requirements to those stated above, and on file with the Company shall not apply unless such change has been presented to the Company for consent, which consent shall not be unreasonably withheld or denied.

All other terms, conditions, and exclusions shall remain the same.

COPY


AUTHORIZED REPRESENTATIVE

Or countersignature (in states where applicable)

ENDORSEMENT NO. 9

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AERATED STABILIZATION BASIN (ASB) COVERAGES C & F ONLY AND
POLICY PERIOD ENDORSEMENT**

1. It is hereby agreed that solely with respect to coverage provided under Coverages C and F of this Policy, the following scheduled **Insured Property** is added to Section **VIII. DEFINITIONS**, Paragraph M:

Scheduled **Insured Property**: Aerated Stabilization Basin (ASB)
Site Boundary as shown in attached Figure 1 –
Titled Whatcom Waterway Site and Remedial Plan Boundaries
(Alternative K)
and Dated December 22, 2004
Bellingham Bay, WA

2. Solely as respect to coverage provided for the above scheduled **Insured Property**, it is hereby agreed Item 2. **POLICY PERIOD** of the Declarations is deleted in its entirety and replaced with the following:

Item 2: **POLICY PERIOD: FROM: 12/31/2004 TO: 12/31/2034**
12:01 A.M. Standard Time at the address of the Named Insured shown above.

All other terms, conditions, and exclusions shall remain the same.

COPY


AUTHORIZED REPRESENTATIVE
Or countersignature (in states where applicable)

ENDORSEMENT NO. 10

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF INSURED CONTRACTS

It is hereby agreed that the following are scheduled as **Insured Contracts** to this Policy:

INSURED CONTRACTS

1. Purchase and Sale Agreement by and between Georgia Pacific and The Port of Bellingham dated January 20, 2005; and
2. Purchase and Sale Agreement as drafted by and between Chevron/Texaco and The Port of Bellingham which those parties expect to execute, which draft has been previously furnished to the Company; and
3. Interlocal Agreement by and between The City of Bellingham and The Port of Bellingham dated January 4, 2005.

In addition, **Insured Contract** shall also include any contract presented to the Company in advance for its consent to be added as an **Insured Contract**, and consented to by the Company, which consent shall not be unreasonably withheld or delayed, provided also that the Company receives written confirmation that the Port of Bellingham and Georgia-Pacific mutually agree to the addition of the contract as an **Insured Contract**.

All other terms, conditions, and exclusions shall remain the same.

A large, stylized handwritten signature in black ink, appearing to read "Arnold B. Papp".

AUTHORIZED REPRESENTATIVE

Or countersignature (in states where applicable)

ENDORSEMENT NO. 11

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SCHEDULE OF INSURED SITES AND
INSURED SITES MAXIMUM PAYMENT AMOUNT ENDORSEMENT**

It is hereby agreed that the following location(s) is (are) included in Section **VIII. DEFINITIONS**, Paragraph N as **Insured Sites**, subject to all of the terms and conditions of the Policy, and that the corresponding Insured Site Maximum Payment Amount shown for each such **Insured Site** is included in Item 3 of the Declarations per the terms and conditions of Section **V. LIMITS OF COVERAGE; SELF-INSURED RETENTION**, Paragraph E.
Company Maximum Payment Per Insured Site:

Schedule of Insured Sites

**Insured Site Maximum Payment Amount,
net of the Co-Insurance Participation**

- | | |
|---|---------------------|
| 1. Whatcom Waterway
Site Boundary as shown in attached Figure 1 –
Titled Whatcom Waterway Site and Remedial Plan Boundaries (Alternative K)
and Dated December 22, 2004
Excludes Aerated Stabilization Basin (ASB) and I&J Waterway
Bellingham Bay, WA | <u>\$45,710,957</u> |
| 2. Chlor-Alkali Plant
Site Boundary as shown in attached Figure 2 –
Titled Chlor-Alkali Plant Site and Remedial Plan Boundaries
and Dated December 30, 2004,
For further description, in whole or part, see Title Insurance Policy to be added as exhibit to Port of
Bellingham-Georgia-Pacific Purchase and Sale Agreement post-closing
Bellingham, WA | <u>\$39,643,229</u> |
| 3. Pulp and Tissue Mills
Site Boundary as shown in attached Figure 3 –
Titled Pulp and Tissue Mill Site and Remedial Plan Boundaries
and Dated December 22, 2004
For further description, in whole or part, see Title Insurance Policy to be added as exhibit to Port of
Bellingham-Georgia-Pacific Purchase and Sale Agreement post-closing
Bellingham, WA | <u>\$38,186,020</u> |

ENDORSEMENT NO. 11 (continued)

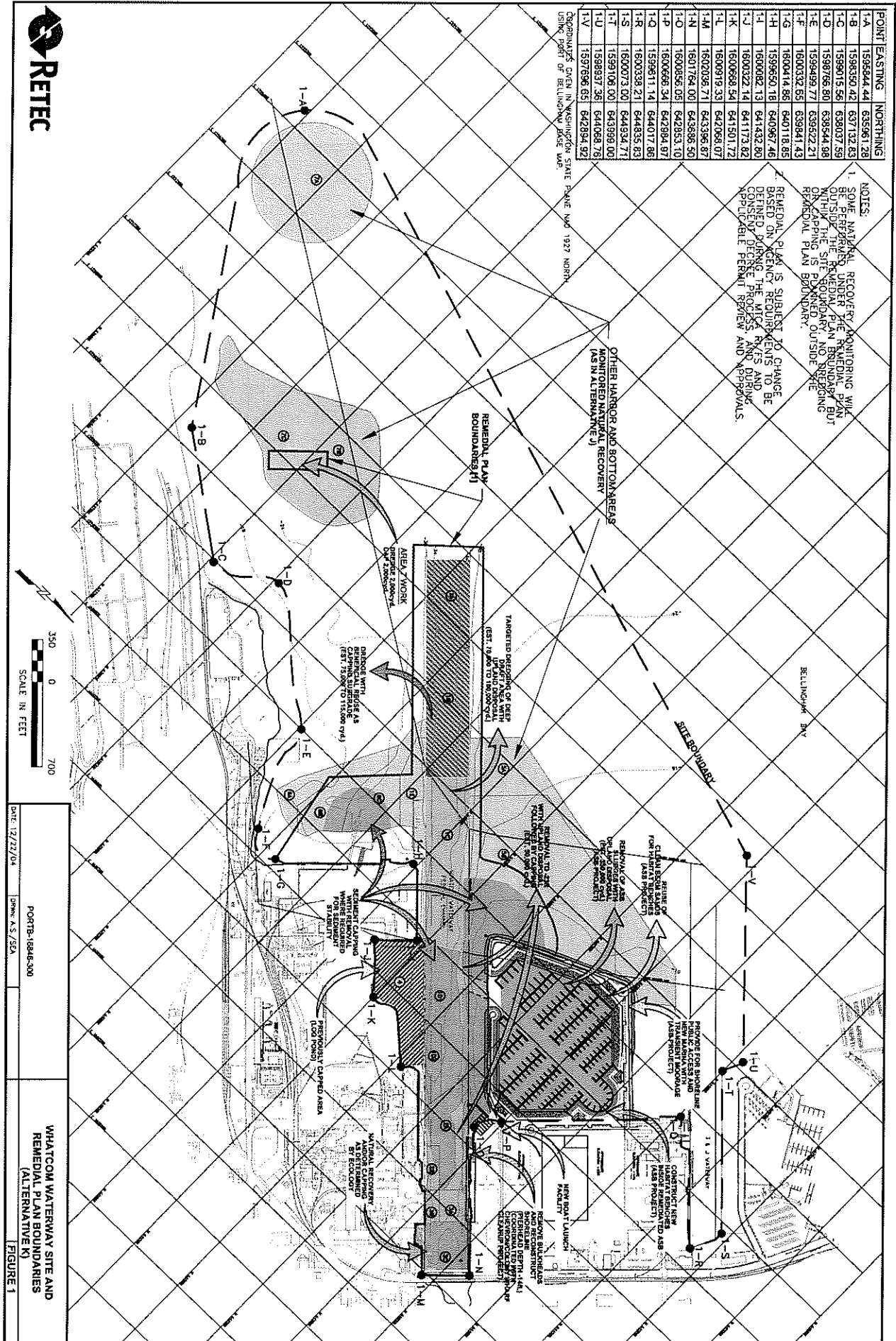
4. Central Waterfront Area \$39,507,519
Includes: 1) Former Roeder Avenue Landfill
2) Former Chevron Bulk Facility
3) Area B - Jointly Managed Site
4) Colony Wharf Site
Site Boundary as shown in attached Figure 4 –
Titled Central Waterfront Sites and Remedial Plan Boundaries (Roeder, Chevron, Area B & Colony Wharf)
and Dated December 22, 2004
Bellingham, WA
5. Cornwall Avenue Landfill \$36,822,943
Site Boundary as shown in attached Figure 4 –
Titled Cornwall Avenue Landfill and Site Remedial Plan Boundaries
and Dated December 22, 2004
For further description, in whole or part, see Title Insurance Policy to be added as exhibit to Port of
Bellingham-Georgia-Pacific Purchase and Sale Agreement post-closing
Bellingham, WA
6. Airport Landfill \$35,971,671
Site Boundary as shown in attached Figure 6 –
Titled Airport Landfill Site and Remedial Plan Boundaries
and dated December 22, 2004
Bellingham, WA

Nothing herein shall increase the "Each Incident Limit" or "Coverage Section Aggregate Limit" stated in Item 3 of the Declarations, or the Policy Aggregate Limit stated in Item 4 of the Declarations.

All other terms, conditions, and exclusions shall remain the same.

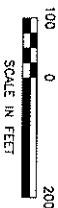


AUTHORIZED REPRESENTATIVE
Or countersignature (in states where applicable)



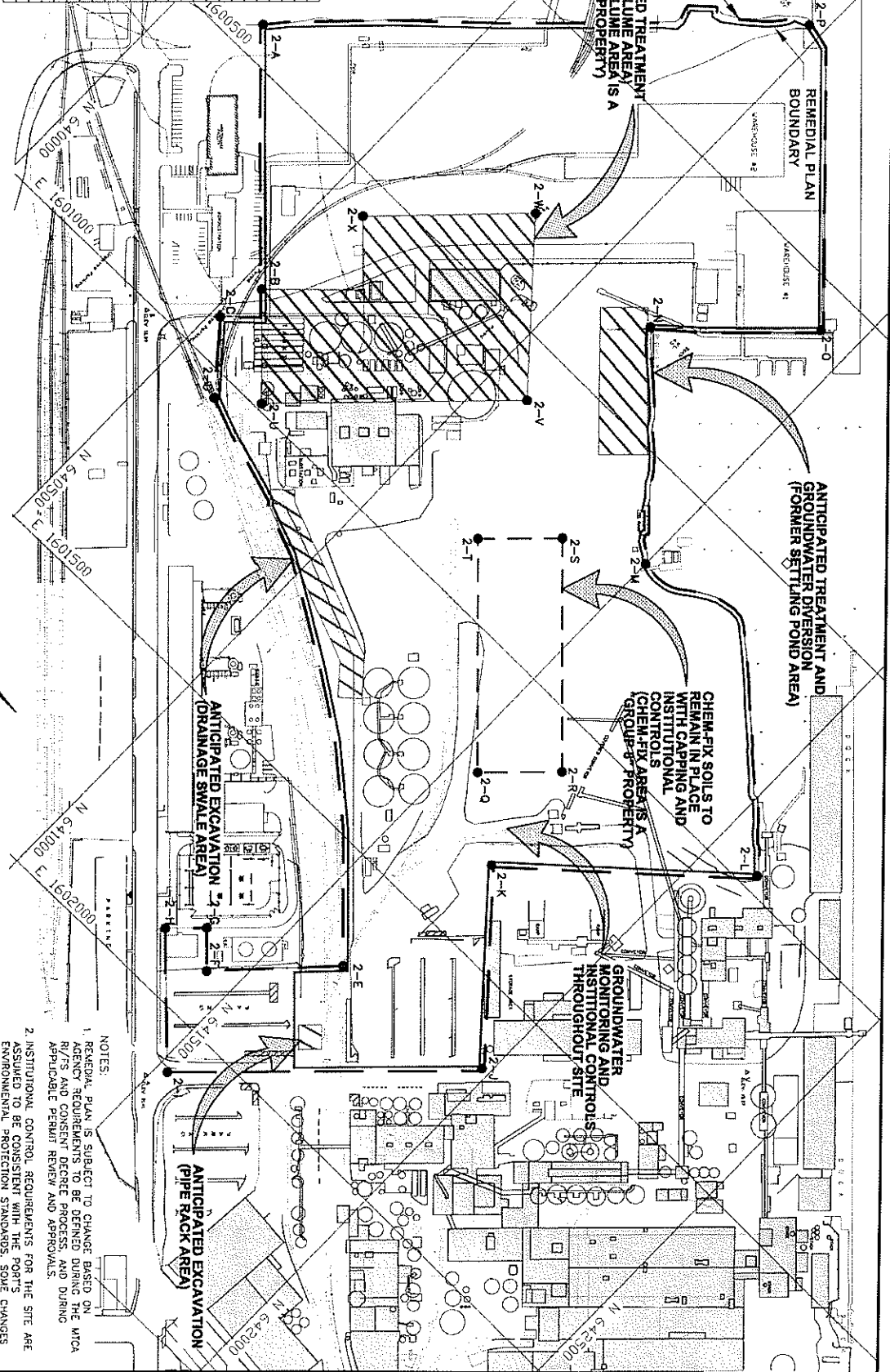


COORDINATES GIVEN IN WASHINGTON STATE PLANE NAD 1983 NORTH
USING PORT OF BELLEVUE BASE MAP



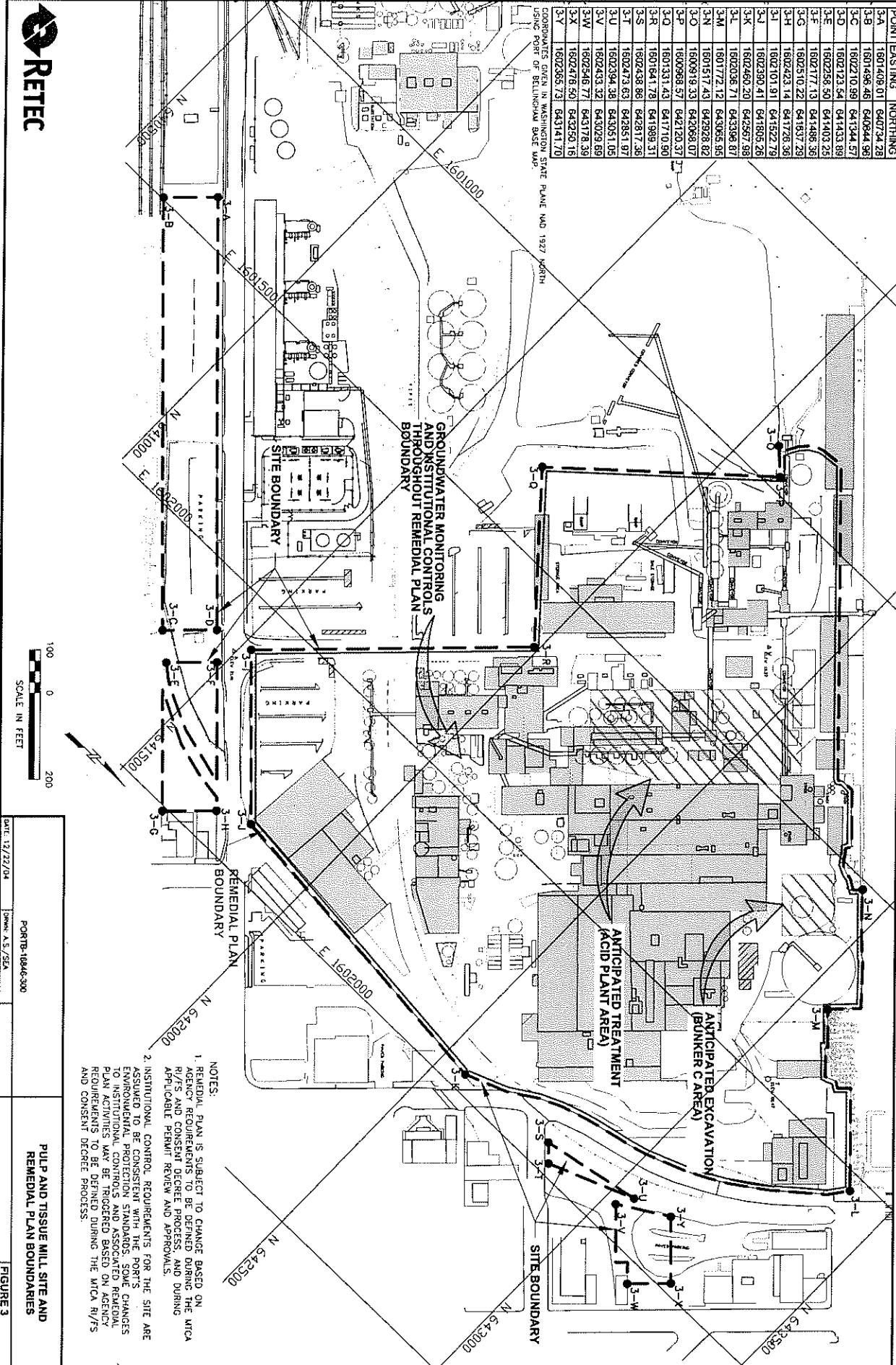
DATE: 12/30/04	DRAWN: B.E./JLN	PORTB-16846-300
		CHLOR-ALKALI PLANT SITE AND REMEDIAL PLAN BOUNDARIES
		FIGURE 2

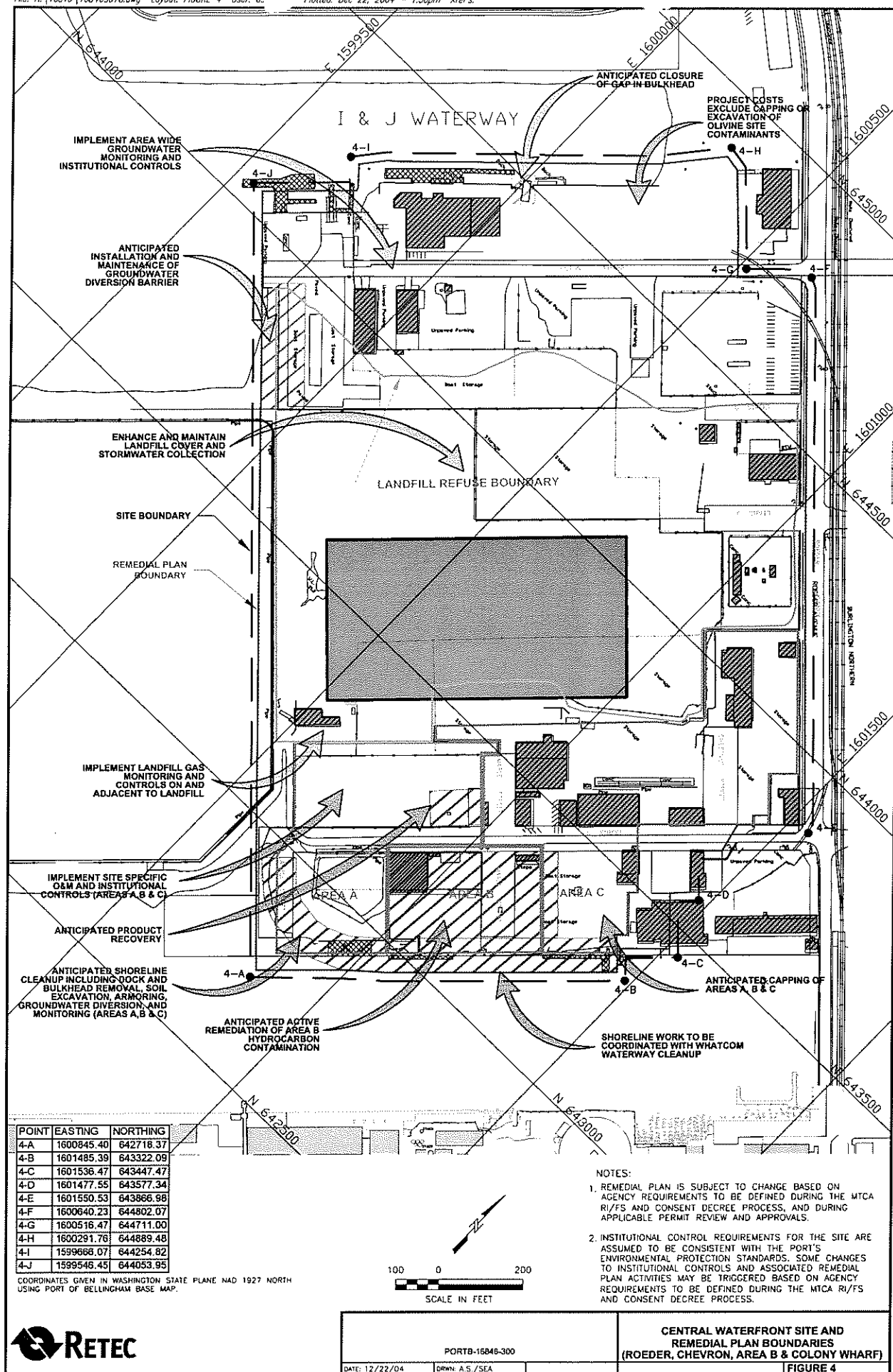
POINT	EASTING	NORTHING
2-A	160043.51	64102.18
2-B	160020.77	64054.75
2-C	160018.86	64051.81
2-D	160104.21	64052.53
2-E	160109.27	64103.02
2-F	160109.27	64103.02
2-G	160109.27	64103.02
2-H	160109.27	64103.02
2-I	160109.27	64103.02
2-J	160109.27	64103.02
2-K	160109.27	64103.02
2-L	160109.27	64103.02
2-M	160109.27	64103.02
2-N	160109.27	64103.02
2-O	160109.27	64103.02
2-P	160109.27	64103.02
2-Q	160109.27	64103.02
2-R	160109.27	64103.02
2-S	160109.27	64103.02
2-T	160109.27	64103.02
2-U	160109.27	64103.02
2-V	160109.27	64103.02
2-W	160109.27	64103.02
2-X	160109.27	64103.02

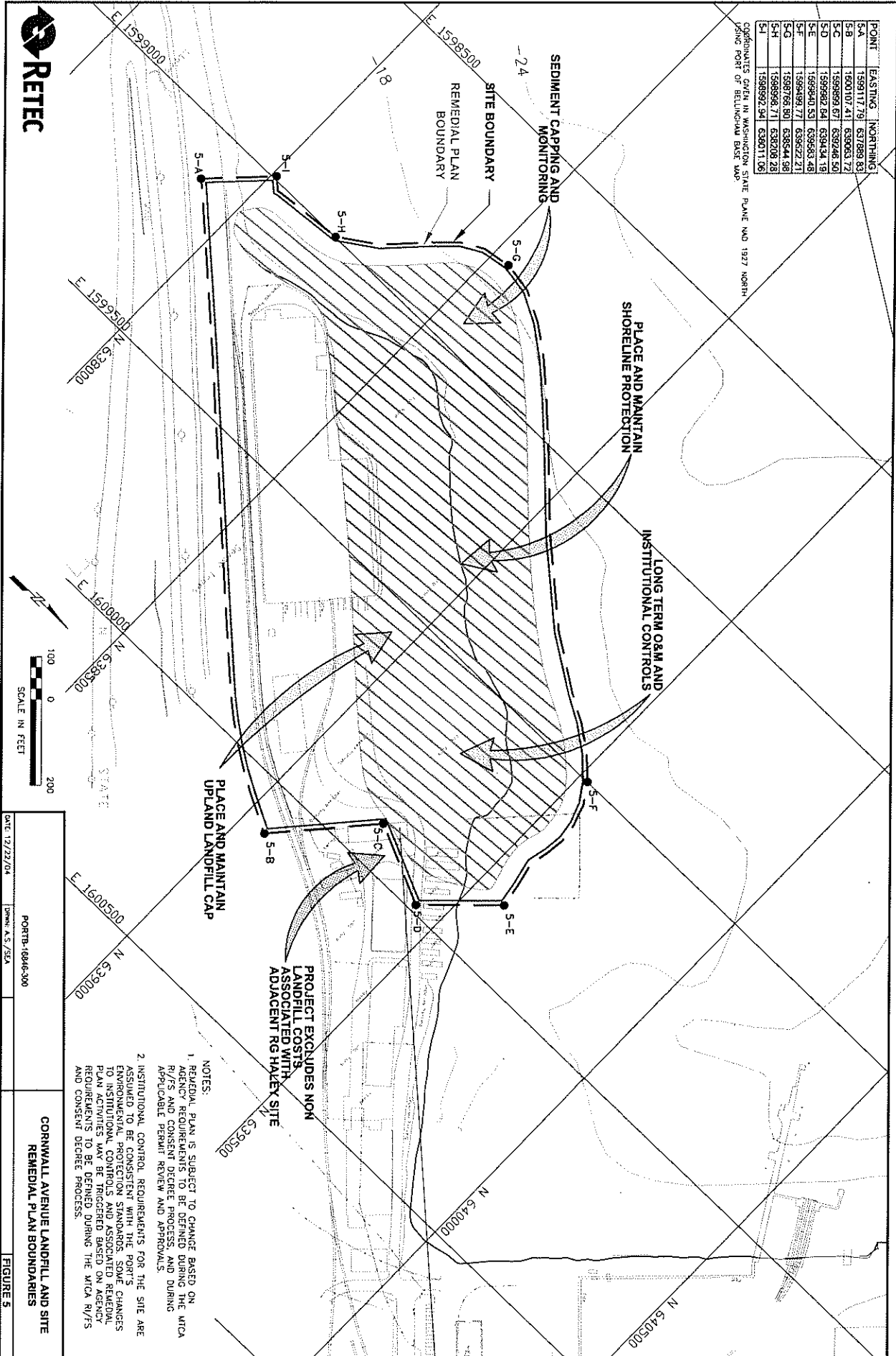


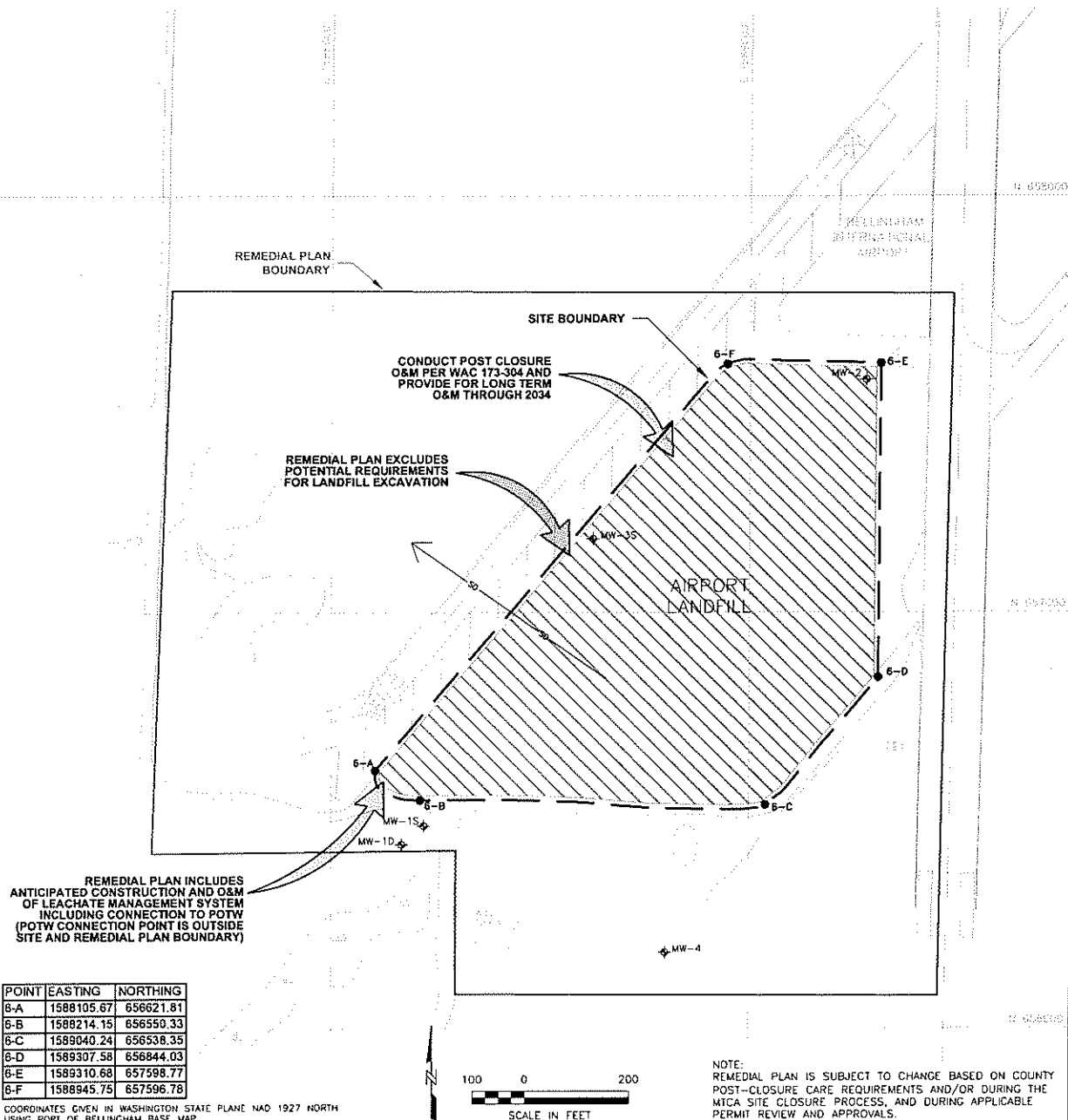
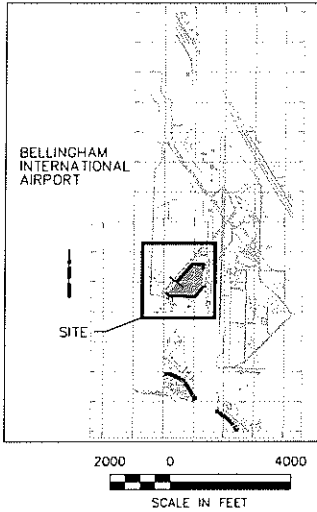
- NOTES:
1. REMEDIAL PLAN IS SUBJECT TO CHANGE BASED ON AGENCY REQUIREMENTS TO BE DEFINED DURING THE MCA R/TS AND CONSENT DECREE PROCESS AND DURING APPLICABLE PERMIT REVIEW AND APPROVALS.
 2. INSTITUTIONAL CONTROL REQUIREMENTS FOR THE SITE ARE ASSUMED TO BE CONSISTENT WITH THE PORTS PLANNING, PROTECTION STANDARDS, SOME CHANGES TO INSTITUTIONAL BOUNDARIES AND ASSUMED REMEDIAL PLAN ACTIVITIES MAY BE TRIGGERED BASED ON AGENCY REQUIREMENTS TO BE DEFINED DURING THE MCA R/TS AND CONSENT DECREE PROCESS.

	POINT	ESTIMING	NOTHING
3-A	1607,409.01	64,077.34	28.26
3-B	1605,486.46	64,064.94	6.82
3-C	1602,010.99	64,134.57	5.97
3-D	1600,123.54	64,143.83	8.89
3-E	1602,268.50	64,400.83	6.40
3-F	1602,177.19	64,448.36	3.67
3-G	1602,510.22	64,183.27	6.44
3-H	1602,423.14	64,176.36	3.96
3-I	1602,011.91	64,150.25	7.28
3-J	1602,590.41	64,185.78	2.65
3-K	1602,460.20	64,267.98	6.84
3-L	1601,732.71	64,336.87	6.74
3-M	1601,776.12	64,305.81	6.74
3-N	1601,517.43	64,292.68	3.42
3-O	1600,919.33	64,106.81	0.77
3-P	1600,968.57	64,120.37	6.32
3-Q	1601,331.45	64,171.00	6.44
3-R	1601,641.78	64,199.91	3.17
3-S	1602,438.86	64,281.37	3.96
3-T	1602,473.63	64,285.91	6.44
3-U	1602,394.28	64,303.15	6.44
3-V	1602,463.32	64,303.15	6.44
3-W	1602,546.77	64,303.15	6.44
3-X	1602,478.50	64,341.51	1.76
3-Y	1602,365.73	64,324.50	6.44









PORTB-16846-300

AIRPORT LANDFILL SITE AND
REMEDIAL PLAN BOUNDARIES

DATE: 12/22/04

DRWN: A.S./SEA

FIGURE 6

ENDORSEMENT NO. 12

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED(S) ENDORSEMENT

It is hereby agreed that the following entity(s) is (are) included as an additional insured(s). Coverage for such additional insured(s) applies under this Endorsement:

1. Solely to the additional insured's liability arising out of the **Named Insured's** ownership, operation, maintenance or use of the **Insured Property(s)** and
2. Only if the additional insured is named in a suit as a co-defendant with the **Named Insured**, alleging the additional insured is liable on the basis described in paragraph 1 above.

ADDITIONAL INSURED(S)

(No additional insured(s) currently listed as of inception date)

In addition, subject to the written request of the **Named Insured** and the Company's satisfactory review and consent, an additional insured(s) may be added to this Policy if required by written contract or agreement. The consent by the Company to add an additional insured(s) will not be unreasonably withheld or delayed, provided also that the Company receives written confirmation that the Port of Bellingham and Georgia-Pacific mutually agree to the addition of an additional insured(s). Addition of an additional insured(s) shall not be effective until endorsed to the Policy.

All other terms, conditions, and exclusions shall remain the same.

COPY


AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

ENDORSEMENT NO. 13

This endorsement, effective 12:01 AM, December 31, 2004
Forms a part of Policy No: EPP 529 5362
Issued to: PORT OF BELLINGHAM
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF CLAIM AMENDATORY ENDORSEMENT

It is hereby agreed that Section VIII. **DEFINITIONS**, Paragraph B. **Claim**, is deleted in its entirety and replaced with the following:

- B. **Claim** means a written demand received by the **Insured** seeking a remedy or alleging liability or responsibility on the part of the **Insured** for **Loss** under Coverages A through I. For purposes of this Policy, a **Claim** does not include a **Possible Claim**.

All other terms, conditions, and exclusions shall remain the same.

COPY

AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

ENDORSEMENT NO. 14

This endorsement, effective 12:01 AM, November 1, 2005
Forms a part of Policy No: EPP 529 5362
Issued to: Port of Bellingham
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEFINITION OF SCHEDULED CONTRACTOR ENDORSEMENT

It is hereby agreed that the following Endorsements are deleted in their entirety:

Endorsement No 4- Definition of Scheduled Contractor Endorsement that was effective December 30, 2004 and
Endorsement No 4- Definition of Scheduled Contractor Endorsement that was effective June 21, 2005

It is hereby agreed that for purposes of Section VIII. DEFINITIONS, Paragraph GG. **Scheduled Contractor** is defined to include only the following:

Contractor/Type	Scope of Services	Contractor's Address & Telephone Number
The Retec Group, Inc.	Project Management	1011 SW Klickitat Way, Suite 207 Seattle, WA 98134 (206-624-9349)
Bennett Engineering, LLC	Post Closure Operation and Maintenance Airport Woodwaste Landfill	2000 Franklin Street, Suite #101 Bellingham, WA 98225 360.671.2600
Vanderveen Family Transport	Leachate Management Airport Woodwaste Landfill	5446 Allison Road Bellingham, WA 98226 360.410.7171

All other terms, conditions, and exclusions shall remain the same.


AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

ENDORSEMENT NO. 15

This endorsement, effective 12:01 AM, May 8, 2006
Forms a part of Policy No: EPP 529 5362
Issued to: Port of Bellingham
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

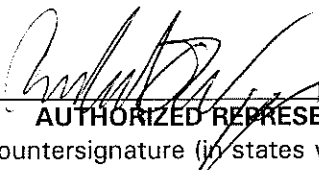
DEFINITION OF SCHEDULED CONTRACTOR ENDORSEMENT

It is hereby agreed that Endorsement No 4 - Definition of Scheduled Contractor Endorsement effective December 30, 2004, Endorsement No 4 - Definition of Scheduled Contractor Endorsement effective June 21, 2005 and Endorsement No 14 - Definition of Scheduled Contractor Endorsement are deleted in their entirety.

It is hereby agreed that for purposes of Section VIII. **DEFINITIONS**, Paragraph **GG. Scheduled Contractor** is defined to include only the following:

Contractor/Type	Scope of Services	Contractor's Address & Telephone Number
The Retec Group, Inc.	Project Management	1011 SW Klickitat Way, Suite 207 Seattle, WA 98134 (206-624-9349)
Bennett Engineering, LLC	Post Closure Operation and Maintenance Airport Woodwaste Landfill	2000 Franklin Street, Suite #101 Bellingham, WA 98225 360.671.2600
Vanderveen Family Transport	Leachate Management Airport Woodwaste Landfill	5446 Allison Road Bellingham, WA 98226 360.410.7171
Landau Associates	Consulting services related to the Cornwall Landfill RI/FS	130 2 nd Avenue South Edmonds, WA 98020 425.778.0907

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

ENDORSEMENT NO. 16

This endorsement, effective 12:01 AM, June 1, 2006
Forms a part of Policy No: EPP 529 5362
Issued to: Port of Bellingham
By: American International Specialty Lines Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGE IN BROKER OF RECORD ENDORSEMENT

It is hereby agreed that the Broker portion of the Declarations page is deleted in its entirety and replaced with the following:

Broker:
Driver Alliant Insurance Services, Inc.
999 Third Avenue, Suite 3800
Seattle, WA 98104
206.505.5832

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE
or countersignature (in states where applicable)

AIG ENVIRONMENTAL PIER II PROGRAM

Insured: **PORT OF BELLINGHAM**

1801 ROEDER AVENUE
BELLINGHAM, WA 98225

Policy #: EPP 529 5362

Congratulations for choosing AIG Environmental® as your insurance provider! Among other things, your decision allows you access to the Pollution Incident and Environmental Response (PIER II) Program. This program is designed to assist you with your environmental response to catastrophic events or releases at your facility or facilities.

Enclosed you will find:

- Question and Answers regarding the PIER II Program
- PIER II Registration Form

Please complete the enclosed registration form to allow us to have the correct contacts for providing environmental management services if an environmental emergency should occur at your facility or facilities. A postage paid envelope is enclosed for your convenience.

The PIER Program has a toll-free telephone number **1 (877) PIER NOW** (877.743.7669) in case of an emergency. You may follow the guidelines below to determine when to call for PIER II program services.

Call PIER II when:

- ♦ A significant amount of hazardous materials is released onto the ground, soil, into the storm drain, or sewer.
- ♦ Abnormal amounts of hazardous vapors are detected.

Do not Call PIER II for:

- ♦ Regulatory inspections
- ♦ Purposes of satisfying claim-reporting requirements.

Enrolling in this service allows us to provide you with one number to call for assistance with your emergency response when it really matters; potentially reducing insurance claims, remediation costs, and environmental contamination.

If you have any questions about the application or general questions about the PIER II Program please call 1-800-348-4314 and ask for Department Code PIER II.

Thank you,

PIER Program Manager
AIG Consultants-Environmental Management Division
One MacArthur Place, 6th Floor
South Coast Metro, CA 92707
Email: PIER@aig.com



AIG Environmental

A Division of American International Companies®

To: PORT OF BELLINGHAM
From: AIG Environmental
Date: January 27, 2005
Re: PIER II Program Q & A

Q. What exactly is the PIER II Program?

- A. The Pollution Incident and Environmental Response (PIER II) Program is designed to assist you when you have determined that additional emergency response capabilities and services are necessary to respond to your environmental pollution incident. PIER II resources include a national network of emergency response contractors and environmental consultants. Additionally, project management services will be provided by AIG Consultants-Environmental Management Division (AIGC-EM). AIGC-EM will be in communication with both you and the emergency responder during the incident to make sure that all resources of the PIER II Program are made available to you.

Q. Why should I use the PIER II Program?

- A. The PIER II Program provides you with a national network of emergency response resources with just one phone call. As an AIG Environmental client, you will benefit from reduced rates that have already been negotiated for you. In addition to providing you with the management services of an AIGC-EM Program Manager, PIER II also offers investigative services, adjusting services, and a crisis management advisory board that can be utilized.

Q. How do I access the PIER II Program when I have an emergency?

- A. To access the PIER II Program 24 hours a day, simply dial toll-free **1-877 PIER NOW (877.743.7669)** and you will be connected to the Emergency Response Hotline. Enter your call-back number, and the on-call AIGC-EM PIER Program Manager will return your page, collect vital information, and dispatch the emergency response services that you require.

Q. What are my responsibilities through the response process?

- A. As the responsible party, you are ultimately responsible for responding to your environmental pollution incident. The PIER II Program is offered to assist you in the overall incident response and management process.

Q. Are my claim reporting requirements satisfied by accessing the PIER II Program?

- A. No. Please refer to your policy for claim reporting requirements.

- Q. By being a participant in PIER II, does this mean that my claim is automatically covered by AIG? If not, who pays for the PIER II services?**
- A.** Coverage will be determined by the claims department after a factual analysis of the incident and the insurance policy. Covered costs will be paid or reimbursed up to the limit of the policy and subject to any deductible or retention amount. If the incident is not covered by the policy, then you will be responsible for payment of the response. In either situation, you will benefit from the pre-negotiated low rates.
- Q. What do I need to do to sign up for the PIER II Program?**
- A.** The best thing to do is to register for the PIER II Program using the registration form included in this packet. The PIER Program Manager listed below can then contact you to provide you with more information.
- Q. Who should I contact to discuss the PIER II Program?**
- A.** To discuss the PIER II Program benefits and to register your company for PIER II Program services, contact:

PIER Program Manager
AIG Consultants, Inc.
Environmental Mgmt. Division
One MacArthur Place., 6th Floor
South Coast Metro, CA 92707
Phone: 1-800-348-4314 ask for Department Code PIER II
Email: PIER@aig.com

AIG ENVIRONMENTAL PIER II REGISTRATION FORM

Brian Johnson
PIER II Program Manager
AIG Consultants-Environmental Management Division
One MacArthur Place, 6th Floor
South Coast Metro, CA 92707

Policy Holder Information:

Named Insured	PORT OF BELLINGHAM	Policy #:	EPP 529 5362
Contact Name:		Phone number:	
Mailing Address:	1801 ROEDER AVENUE	Fax number:	
City:	BELLINGHAM	County:	
State ZIP:	WA 98225		

Emergency Contact Information:

☐ Check here if the emergency contact is not the same for every facility under this policy. AIG will contact you for more information.

Primary Contact: (must be filled in)	
Name:	Daytime Phone:
Mailing Address:	Nighttime Phone:
City:	
State ZIP:	
Secondary Contact: (must be filled in)	
Name:	Daytime Phone:
Mailing Address:	Nighttime Phone:
City:	
State ZIP:	

AIG ENVIRONMENTAL PIER II REGISTRATION FORM

(continued)

Site specific information * (Physical addresses, not mailing addresses) * Please copy for additional sites.

Facility #: _____ Facility Name: _____ Address 1: _____ Address 2: _____ City: _____ State: _____ Zip: _____ Facility Type: _____ Comments: _____	Facility #: _____ Facility Name: _____ Address 1: _____ Address 2: _____ City: _____ State: _____ Zip: _____ Facility Type: _____ Comments: _____
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Facility #: _____ Facility Name: _____ Address 1: _____ Address 2: _____ City: _____ State: _____ Zip: _____ Facility Type: _____ Comments: _____	Facility #: _____ Facility Name: _____ Address 1: _____ Address 2: _____ City: _____ State: _____ Zip: _____ Facility Type: _____ Comments: _____
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Facility #: _____ Facility Name: _____ Address 1: _____ Address 2: _____ City: _____ State: _____ Zip: _____ Facility Type: _____ Comments: _____	Facility #: _____ Facility Name: _____ Address 1: _____ Address 2: _____ City: _____ State: _____ Zip: _____ Facility Type: _____ Comments: _____
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