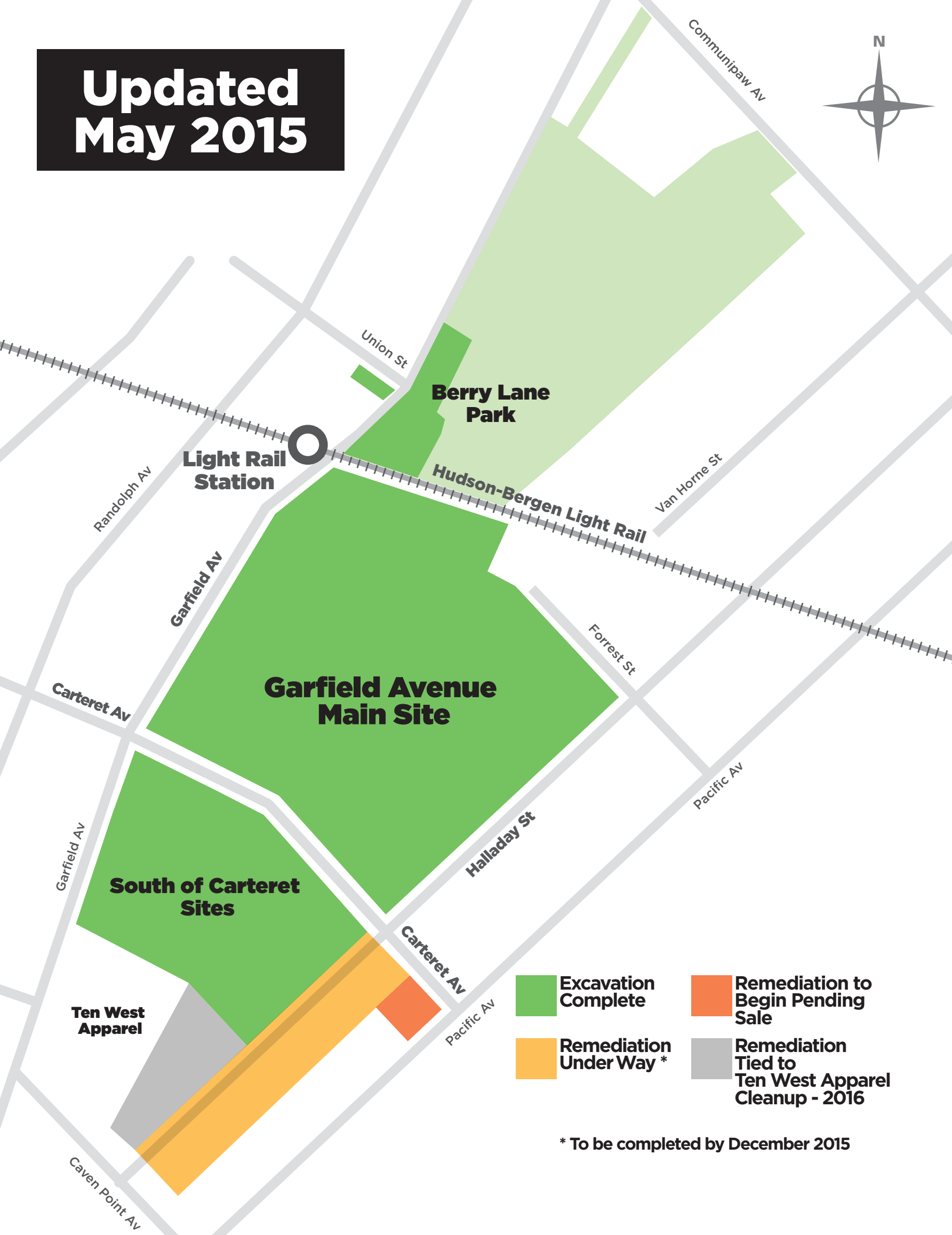


**Updated
May 2015**



-  Excavation Complete
-  Remediation to Begin Pending Sale
-  Remediation Under Way *
-  Remediation Tied to Ten West Apparel Cleanup - 2016

* To be completed by December 2015



Berry Lane Park
Excavation Complete

Garfield Avenue Main Site
Excavation Complete

South of Carteret Sites
Excavation Complete

**Remediation to Begin
Pending Sale**

**Remediation
Under Way**
To be completed by December 2015

**Remediation
Tied to
Ten West
Apparel
Cleanup -
2016**

Ten West Apparel

Non-Garfield Avenue Group Cleanups

Site 203 – Claremont Associates
DEP issued NFA on 4/23/12

Site 186– Garfield Avenue No. 1
1,450 tons of Cr removed
Restoration Complete: 11/20/2013

Sites 107/108 – Fashionland / Albanil Dyestuffs
PPG Cr Estimate – 21,000 tons
Forecast Completion Date: Litigating for Access

Site 16 – Linden East
44,050 tons of Cr removed as of 3/31/15
Forecast Completion Date: July 2015

Site 174 – Dennis Collins Park
PPG Cr Estimate – 2,250 tons
Forecast Completion Date: TBD

Site 156 – Metropolis Towers
59,950 tons of Cr removed; one AOC remains
Forecast Completion Date: TBD

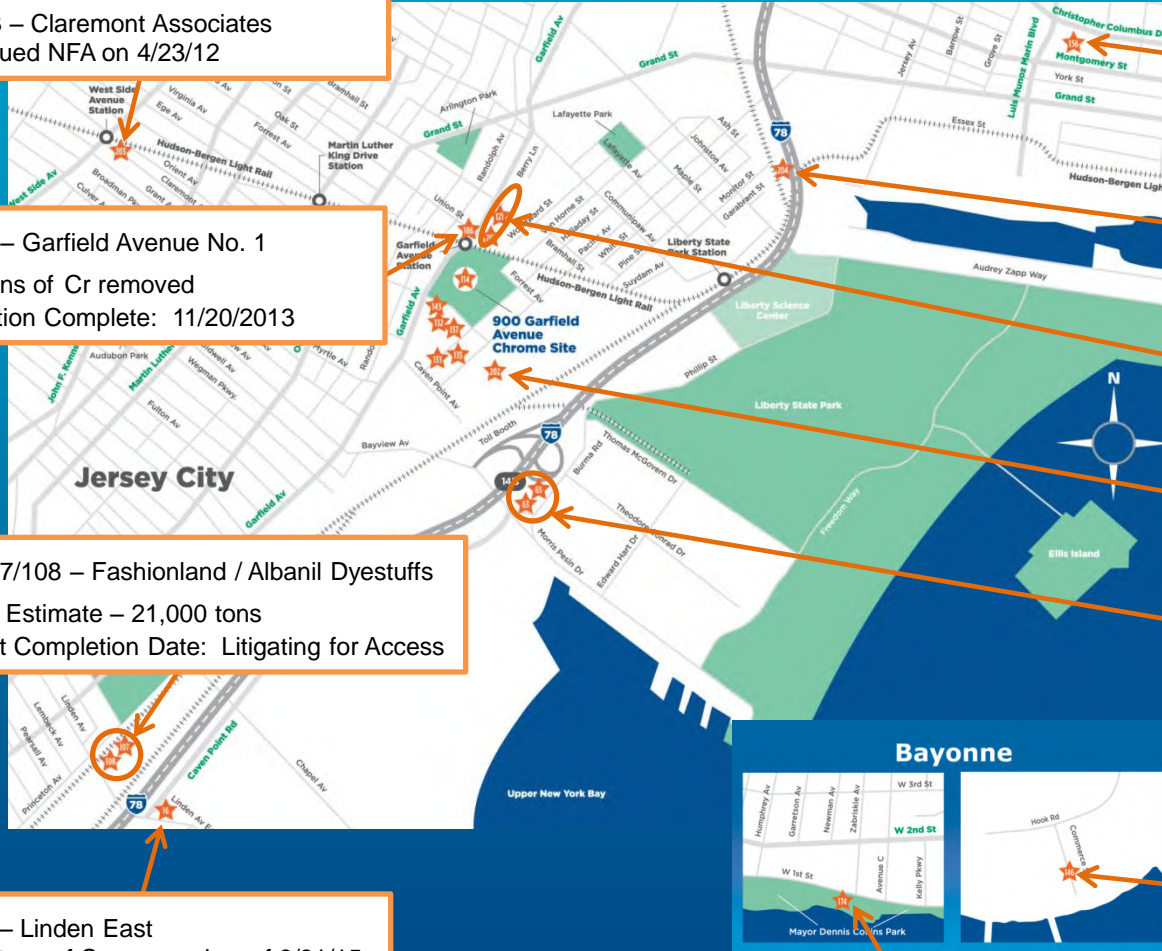
Site 204 – Conrail Edgewater Branch
DEP issued NFA on 5/3/12

Sites 121 & 207 – Berry Lane Park
48,000 tons of Cr removed
Completed Feb. 2013, RAO Doc's Pending

Site 202 – Caven Point Realty
DEP issued NFA on 5/3/12

Sites 63/65 – Baldwin Oil / Burma Road
30,600 tons of Cr removed to date
Site 63 Forecast Completion Date: Q2-2015

Site 146 – Commerce Street
Transferred from 2009 JCO to 2011
settlement agreement



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May 18, 2015

Via Fax and Federal Express

Honorable Hector R. Velazquez, P.J. Ch.
Hudson County Superior Court
Chancery Division, General Equity
Brennan Courthouse, 2nd Fl.
583 Newark Avenue
Jersey City, New Jersey 07306

Re: New Jersey Department of Environmental Protection, *et al.* v. Honeywell International, Inc. *et al.* v. City of Jersey City *et al.*, Superior Court of New Jersey, Law Division, Hudson County, Civil Action No. HUD-C-77-05; Partial Consent Judgment Concerning the PPG Sites

Dear Judge Velazquez:

I am reporting to the Court in accordance with my duties and obligations as Site Administrator as set forth in and pursuant to the Partial Consent Judgment that was entered by the Court on June 26, 2009 (the "JCO") in the above referenced matter. Specifically, I am writing to provide the Court with a first-quarter ("Q1") status report on the progress made in meeting Master Schedule milestones under the JCO. I have attached a number of charts that provide compelling illustrations of how near the project is to complete remediation of the most important sites.

As this report amply demonstrates, there are many moving parts in this complex project and numerous interests that have a stake in its completion. From the beginning, as specified in the 2009 settlement, the role of the Site Administrator was to, among other things, create a Master Schedule and coordinate and facilitate the cleanup of specific, negotiated sites identified in the JCO. In the course of remediating the JCO sites, numerous ancillary issues have arisen and additional sites have been identified for cleanup. What was originally labeled by the DEP as "the most complex remediation site in the State" developed added levels of complexity, a number of which still require resolution. My report

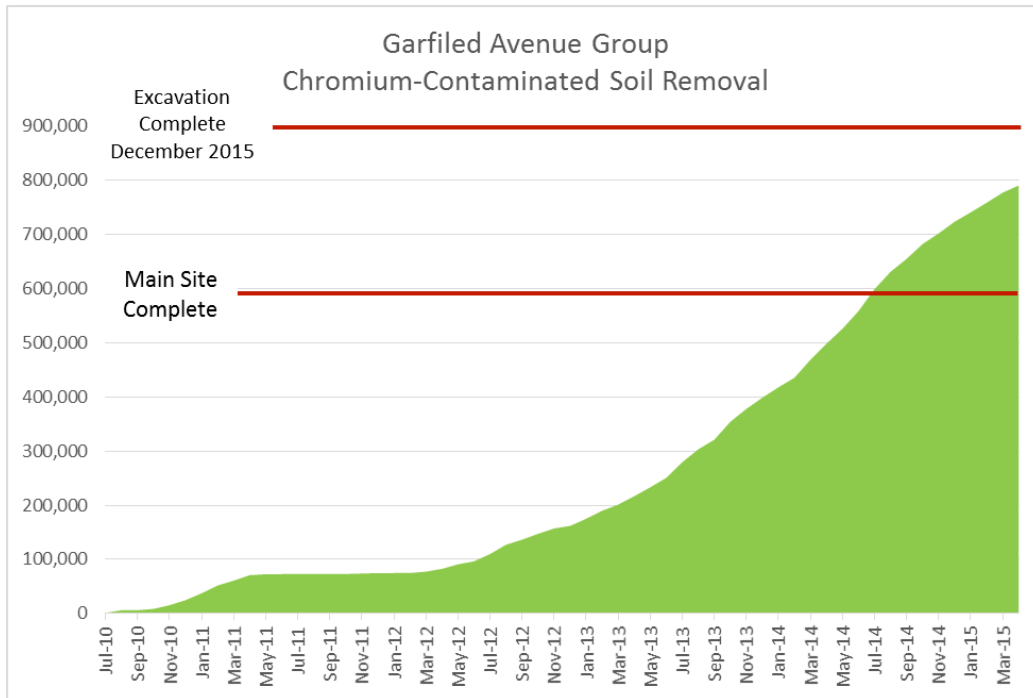
addresses issues that have been identified and the parties' strategy for resolving same.

Consistent with the requirements of the JCO, the primary designated sites have been cleaned up to the New Jersey Department of Environmental Protection ("DEP") remediation standard for residential properties. This is the most protective DEP site remediation cleanup standard and it has been applied from the beginning. I emphasize this point because as recently as February 2015, key stakeholders have made public statements that the standard is not being followed at the Garfield Avenue sites. The residential standard is being followed and DEP and the independent Technical Consultant have confirmed this fact. Great care has been taken to ensure that all aspects of the cleanup are being conducted with the highest regard for worker and community safety, both during the excavation and at a level that is sustainable into the future. Statements made to the contrary only serve to confuse the progress being made and are a disservice to those who take this responsibility seriously, as well as to the community at large.

Garfield Avenue Group - 90% Complete

As indicated by the excavation amount results, since the project was overhauled under the June 21, 2013 Consent Order, the cleanup has progressed at a rapid pace. For the Garfield Avenue Group alone almost 800,000 tons of chromium-contaminated soil have been dug up and hauled away, and approximately 100,000 tons remain to be excavated by the end of the year. Accomplishment of the primary objective of the JCO - removal of the chromium-contaminated soil from the designated sites in accordance with DEP site remediation requirements and the Master Schedule - is within sight.

The chart below illustrates cumulative excavation levels that have been achieved to date:



Also, as important as achieving cleanup objectives are, protecting workers and the surrounding community from excavation-related contamination has been a top priority from the beginning. I am pleased to report that air quality continues to meet DEP requirements despite the excavation and removal of hundreds of thousands of tons of chromium-contaminated soil over five years. Multiple exposure prevention measures put in place before work began continue to provide protection both on and off site.

These efforts are measured through a variety of means, many of which are posted on the project website. However, one measure to validate other results is the voluntary blood-sampling program overseen by the office of the Site Administrator that was developed in 2010 in response to community concerns about exposure during the cleanup. The program is independently administered by the Environmental and Occupational Health Sciences Institute at Rutgers University and plans are underway for Round 6 during the month of June. The project is designed to determine whether community exposure to hexavalent chromium changes during and after the cleanup of the Garfield Avenue sites. All previous rounds of testing have shown no detectable levels of chromium in blood samples. Round 6 will be the final sampling round conducted during excavation activity, because excavation is almost complete. There will be a post-excavation sample taken to validate earlier rounds. The sampling results are another indicator that the sites are being remediated in a manner to protect the public both now and into the future.

Main Garfield Avenue Site - Excavation Complete

The highest concentrations of hexavalent chromium waste created a century ago have been excavated and removed from the designated sites. Last year, the main Garfield Avenue site, Site 114, located between the light rail line to the north and Carteret Avenue to the south, was completely cleaned up ahead of schedule. See the illustration and aerial photo attached as Exhibit 1.

This achievement has been clouded by the still unresolved dispute between the City, the Jersey City Redevelopment Agency ("JCRA"), the Hampshire Group ("Hampshire") and PPG with regard to post-remediation development responsibilities at the main site. This site is co-owned by Hampshire and the JCRA and Hampshire holds "Designated Developer" status for site development. On a positive note, the stakeholders are continuing to negotiate a resolution of development-related issues and, as Your Honor is aware, if agreement cannot be reached, parties are scheduled to bring this matter before the Court in the months ahead.

The primary impact of this dispute has been to prevent firm dates from being established for when post-remediation site restoration work will come to an end. However, since the threat of denied access was resolved earlier this year, all parties appear committed to proceeding with removing remaining chromium-contaminated soils, while development-related negotiations continue.

Another issue that has long created uncertainty regarding future development - not the cleanup effort - has been the installation of a plastic liner capillary break mandated as part of DEP's conditional approval of the remediation work plan in 2012. A protective capillary break is required by DEP to prevent chromium-contaminated groundwater from wicking to the surface. The technology of a plastic liner is a proven means of preventing this type of surface expression. The City/JCRA and Hampshire have stated concerns that a plastic liner would complicate construction and would add additional expense.

Over the years, DEP has solicited alternative technologies from stakeholders with the proviso that they be no less protective than a plastic liner. In recent months, PPG's groundwater monitoring results indicate that chromium concentrations are being significantly reduced. In part as a result of this new information, and upon request of the parties, DEP renewed its offer to consider equally effective technologies and worked with the office of the Site Administrator to develop a

process by which a site assessment and monitoring plan could be fully evaluated. Such a plan, should it be developed and found to be acceptable to DEP, would determine whether an alternative technology could be demonstrated that would be more conducive to construction activities while maintaining site integrity and protecting public health and the environment into the future.

Efforts to develop a science-based site evaluation and monitoring plan kicked off recently and stakeholders are working together in good faith toward that goal. Continued evidence that the soil cleanup is, in fact, resulting in a rapid groundwater improvement, coupled with field observations regarding the effectiveness of an alternative to a plastic liner, will enable DEP to consider a modification to the current work plan. However, should it be acceptable, implementation of a monitoring plan to establish the necessary conditions and design criteria for a non-plastic liner capillary break would delay final site restoration for a minimum of a year. In combination with unresolved post-remediation development issues, these two factors will require Court consideration of Master Schedule changes that will extend work beyond the end of this year. Again, I want to emphasize that, while these factors add uncertainty to the timeline for final site work, the removal of chromium-contaminated soil at the Garfield Avenue Group continues and is scheduled to be completed by the end of this year. I will provide the Court with updates along the way.

South of Carteret Avenue Sites

The other JCO-designated properties that make up the Garfield Avenue Group are located on the south side of Carteret Avenue and, with one exception, have all been acquired by PPG in order to facilitate cleanup. The one exception is a small property, Site 132, owned by JCRA.

Those sites located on the south side of Carteret fall within Phases 3A and 3B and excavation is complete in those areas. See Exhibit 2 for status chart. However, as first reported in my Q3 2014 status letter to the Court, the Ten West Apparel building, adjacent to the southern portion of Phase 3B, suffered damage from soil movement related to sheeting and shoring activity and work was suspended on this portion of the site. Excavation will resume when access is negotiated with the property owner for remediation of the chromium-contaminated area underlying Ten West Apparel. The parties are in the process of identifying a specific date for access, which will be proposed in a motion or consent order to modify Exhibit 2. DEP has notified parties that if an agreement cannot be reached through negotiations, PPG is to initiate legal proceedings to obtain access in early July 2015.

As it became evident that work could not continue in the southern portion of Phase 3B without the potential of further damage to the Ten West Apparel building, I encouraged the parties to develop a plan that would allow PPG to excavate a non-Master Schedule designated area along Halladay Street between Phases 3B and 3C so that excavation work would not be halted entirely. This made sense from a number of standpoints, including maintaining cleanup momentum and excavating a contiguous area between Phases 3B and 3C ahead of the originally projected post-2015 Phase 4 timeline. I am pleased to report that the parties worked together in developing a plan to perform this work, which was not a part of the Master Schedule.

Excavation is currently underway with a projection that Halladay Street will be cleaned up by the end of the year.

Excavation in the adjacent area to the east, known as Phase 3C, has started as well. While it is expected that this segment will be largely completed by the end-of-year milestone, PPG's acquisition of the property located at 51-99 Pacific Ave., known as the Narula property, has not yet closed. Settlement is projected for June 1, 2015. However, work cannot start until the building is vacant and PPG reports that there may be an issue with one tenant, which could delay remediation. At this point, the impact on the Master Schedule for this portion of Phase 3C is unclear.

With respect to the Garfield Avenue Group, I would conclude by referring back to my statement at the beginning that "there are many moving parts in this complex project and numerous interests that have a stake in its completion." While this applies to almost all of the sites, it is especially true for these sites.

Metropolis Towers - Restoration Complete

Site 156: This is the large apartment complex across from City Hall, known as Metropolis Towers. Soil remediation and restoration milestones were met ahead of schedule in June 2014. Almost 60,000 tons of chromium-contaminated soil were removed. A final review of the cleanup data is being conducted and a small area in the basement boiler room is being remediated, but for all intents and purposes, remediation and restoration at Metropolis Towers is complete.

Other Sites

Further, I offer the following status summary regarding the other sites that are being remediated under the JCO (see map attached hereto as Exhibit 3):

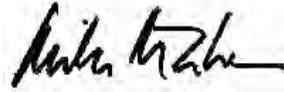
- Site 16, Linden East: Site 16 hosts a warehouse structure located at the intersection of Caven Point Road and Linden Avenue East in Jersey City. Remediation commenced at this site on June 16, 2014 and is ongoing at this time. Approximately 44,000 tons of chromium-contaminated soil have been removed from this site thus far. Because a tenant recently terminated their lease, PPG should proceed with finalizing work associated with the removal of Chromium located under the building. A schedule revision associated with that activity will be included in the forthcoming Exhibit 2 consent order. However, portions of the building foundation have been observed to contain small amounts of CCPW. Remedial alternatives associated with addressing the foundation are still under development and it is possible that the impacted portions of the foundation would remain in place and be subject to a deed restriction/monitoring program.
- Sites 63/65, Baldwin Oil/Burma Road: These sites are located along Burma Road and Pesin Drive in Jersey City. The excavation of chromium from Site 63 is nearing completion. While these sites have historically been managed together, further work at Site 65 is complicated by the presence of a critical infrastructure located within the Burma Road and Pesin Drive rights-of-way. The parties are considering if these sites should be tracked on separate schedules from this point forward. To date, more than 32,000 tons of chromium-contaminated soil have been removed from Sites 63 and 65.
- Sites 107/108, Fashionland/Albanil: Securing a firm date for obtaining access for the purposes of remediation was complicated by a tenant and active business, Eastern Millwork Inc. that needed to be relocated without prolonged disruption. As Your Honor is aware, the access issue was resolved in a motion to the Court in the matter styled PPG Industries, Inc. v. Greenberg Property, LLC, et al., Docket No.: HUD-C-117-13 with access to the building to be provided in February 2017. Resolution of this issue was accomplished by the cooperation and collaboration of the parties to the JCO, the property owner and small business owner. Other legal issues involving PPG and the property owner are still pending.
- Site 174, Dennis Collins Park: Dennis Collins Park is located at the southern end of Bayonne. This site was an Orphan Site that PPG agreed to remediate as part of the JCO. As the Court may recall, during initial excavation at this site, visible CCPW was observed extending beyond the previously approved remediation borders. Investigation activities continue as the extent of CCPW contamination is not resolved. I will keep Your Honor informed of progress regarding this Site.

- Site 146, Commerce Street: A Consent Order entered by the Court on December 10, 2014 removed Site 146 from the JCO and the Master Schedule and Site 146 was added as a “Multi Contaminant Site” under the September 7, 2011 Orphan Site Consent Judgment.
- Sites 121 and 207 (Berry Lane Park), 186 (Garfield Avenue No. 1), 202 (Caven Point Realty), 203 (Claremont Associates), and 204 (Conrail Edgewater): These sites have been fully remediated to DEP standards and are available for reuse. Site closure documentation for these sites is being advanced as follows:
 - Sites 121 and 207 were remediated by JCRA on behalf of PPG. JCRA’s LSRP is completing a Response Action Outcome (“RAO”) documenting the cleanup. The RAO is anticipated to be submitted for review in Q2 2015.
 - DEP has conditionally approved a Remedial Action Report for Site 186 and it is anticipated that DEP will issue a Letter Confirming Completion of Remediation shortly.
 - PPG has received NFA letters for Sites 202, 203, and 204.

In addition to managing JCO site remediation milestones set forth in the Master Schedule, as amended, I have also interacted with numerous non-JCO Master Schedule property owners who have expressed concerns about their respective properties. I have worked to facilitate and participated in non-JCO Master Schedule property owner meetings and conference calls with the City, DEP and PPG. In fact, the DEP ordered and PPG has implemented interim remedial measures at non-JCO Master Schedule sites to ensure the safety of the public, workers and the environment while the parties focus on the Master Schedule sites and meeting schedules set forth in the Court -approved schedule. It is my goal to meet with the parties to develop a list of JCO Phase 4 sites to be addressed after the current JCO schedule is fully met. My objective is to ensure that non-Master Schedule owners and residents in the surrounding community can feel confident that their properties will be remediated as expeditiously as possible.

I thank the Court for considering this report of activities through first quarter of 2015. If Your Honor has any questions, please contact me at 610-388-9626.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. Michael McCabe".

W. Michael McCabe
Site Administrator

cc: Thomas Cozzi, NJDEP
Richard F. Engel, Deputy Attorney General
Jeremy Farrell, Corporation Counsel , Jersey City
Jason Watson, Assistant Corporation Counsel , Jersey City
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