

Exhibit H

To Class Settlement Agreement



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Re: Zimmerman v. 3M et al./Allocation Methodology

Counsel:

As requested, below please find the allocation methodology for use in the settlement in *Zimmerman v. 3M et al.* As always, please contact me with any questions.

ALLOCATION METHODOLOGY

A. Introduction/Settlement Fund

For a class action settlement to be enforceable, a court must find the settlement to be “fair, reasonable and adequate.” *Fed. R. Civ. P. 23(e)(2)*. In reaching that determination, the court must consider a variety of factors including whether “the proposal treats class members equitably relative to each other.” *Fed. R. Civ. P. 23(e)(2)(D)*. Accordingly, the

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methodology developed for allocation in any class action settlement must be designed with the predominant goal of ensuring a fair, reasonable, adequate, and equitable allocation among class members based upon the settlement as negotiated between the parties.

Pursuant to the Settlement Agreement between the parties, the defendants have agreed to pay fifty-four million dollars (\$54,000,000) into a Settlement Fund. Class counsel has advised that there are a total of 1733 Settlement Class Members. Following deduction from the Settlement Fund for attorneys' fees and costs, Class Representatives' service awards, and the costs of notice and administration of settlement, the balance of the Settlement Fund will be allocated to the Settlement Class Members who submit claims, subject to approval by the Court. The defendants have the right to terminate the settlement if a designated number of Settlement Class Members elect to exclude themselves from the settlement.

B. Settlement Class Subclasses

There are three subclasses within the Settlement Class. The subclasses are as follows:

Settlement Subclass - 1 Municipal Water Extension: Settlement Class Members who transitioned to municipal water, or are scheduled to transition to municipal water, under the EGLE/Wolverine Consent Decree.

Settlement Subclass - 2 Filtration Systems: Settlement Class Members who were offered, and or received, a filtration system from Wolverine or its agents pursuant to the Consent Decree to treat their well-sourced water and who are not members of Settlement Subclass 1: Municipal Water Extension.

Settlement Subclass - 3 Other: Settlement Class members who are not in Settlement Subclass 1: Municipal Water Extension or Settlement Subclass 2: Filtration Systems.

C. Allocation Methodology

The methodology set forth herein has been designed in accordance with the goals set forth in *Fed. R. Civ. P. 23(e)* to ensure a fair, reasonable, adequate, and equitable allocation of the Settlement Fund among all participating Settlement Class Members. The individual allocations are dependent upon the level of PFAS on the property, the subclass to which the Settlement Class Member belongs, and certain enhancing factors as set forth below. Appeals will be allowed for properties in all subgroups for which testing revealed PFAS levels above the maximum contaminant level (MCL). Finally, ten percent (10%) of the available net settlement funds will be held back at the time of initial allocation only in those subgroup categories where appeals are allowed (i.e., properties that are above MCL). Upon

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completion of all appeals, any residual funds remaining in the holdback reserve will be allocated on a *pro rata* basis to all Settlement Class Members in that particular subgroup category.

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1. Subclass 1: Total of 687 Properties/Approximately \$21,465,000 from Settlement Fund for Allocation

a. Properties with PFAS greater than MCL to 500: Total of 111

There are a total of 111 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$11,000,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial allocation of base points. Additional points will be awarded based upon the following enhancing factors: 1) MCL greater than 100 but less than 200 will be allocated an additional 5% of base points; 2) MCL greater than 200 but less than 500 will be allocated an additional 10% of base points; 3) Greater than 2 but less than 5 residents in the house (meeting definition to be provided for residents) will be allocated an additional 5% of base points; 4) Greater than 5 residents in the house will be allocated an additional 10% of base points; 5) Resided in the house longer than 5 years but less than 15 years will be allocated an additional 5% of base points; and 6) Resided in the house longer than 15 years will be allocated an additional 10% of base points. Settlement Class Members in this category will be provided with the opportunity to appeal their allocation to the Special Master.

b. Properties with PFAS greater than 500: Total of 27

There are a total of 27 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$5,130,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial allocation of base points. The base points in this category will be almost double the number of base points as allocated to properties in this subgroup that had PFAS greater than MCL but less than 500. Additional points will be awarded based upon the following enhancing factors: 1) MCL greater than 1000 but less than 2000 will be allocated an additional 10% of base points; 2) MCL greater than 2000 will be allocated an additional

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15% of base points; 3) Greater than 2 but less than 5 residents in the house (meeting definition to be provided for residents) will be allocated an additional 5% of base points; 4) Greater than 5 residents in the house will be allocated an additional 10% of base points; 5) Resided in the house longer than 5 years but less than 15 years will be allocated an additional 5% of base points; and 6) Resided in the house longer than 15 years will be allocated an additional 10% of base points. Settlement Class Members in this category will be provided with the opportunity to appeal their allocation to the Special Master.

c. Properties with PFAS below MCL: Total of 259

There are a total of 259 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$3,885,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$15,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims, then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal their allocation.

d. Properties at Non-Detect (ND) level of PFAS: Total of 290

There are a total of 290 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$1,450,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$5,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims, then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal their allocation.

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2. Subclass 2: Total of 48 Properties/Approximately \$7,500,000 from Settlement Fund for Allocation

a. Properties with PFAS greater than MCL to 500: Total of 46

There are a total of 46 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$6,900,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial allocation of base points. The base points in this category will be approximately 50% higher than the base points allocated to properties at this MCL in subgroup 1. Additional points will be awarded based upon the following enhancing factors: 1) MCL greater than 100 but less than 200 will be allocated an additional 5% of base points; 2) MCL greater than 200 but less than 500 will be allocated an additional 10% of base points; 3) Greater than 2 but less than 5 occupants in the house (meeting definition to be provided for occupants) will be allocated an additional 5% of base points; 4) Greater than 5 occupants in the house will be allocated an additional 10% of base points; 5) Resided in the house longer than 5 years but less than 15 years will be allocated an additional 5% of base points; and 6) Resided in the house longer than 15 years will be allocated an additional 10% of base points. Settlement Class Members in this category will be provided with the opportunity to appeal their allocation to the Special Master.

b. Properties with PFAS greater than 500: Total of 1

There is a total of 1 Settlement Class Member in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$285,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial allocation of base points. The base points in this category will be almost double the number of base points as allocated to properties in this subgroup that had PFAS greater than MCL but less than 500. Additional points will be awarded based upon the following enhancing factors: 1) MCL greater than 1000 but less than 2000 will be allocated an additional 10% of base points; 2) MCL greater than 2000 will be allocated an additional 15% of base points; 3) Greater than 2 but less than 5 occupants in the house (meeting definition to be provided for occupants) will be allocated an additional 5% of base points; 4) Greater than 5 occupants in the house will be allocated an additional 10% of base points; 5) Resided in the house longer than 5 years but less than 15 years will be allocated an additional 5% of base points; and 6) Resided in the house longer than 15 years will be allocated an additional 10% of base points. Settlement Class Members in this category will be provided with the opportunity to appeal their allocation to the Special Master.

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c. Properties with PFAS below MCL: Total of 15

There are a total of 15 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$300,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$20,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims, then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal.

d. Properties at Non-Detect (ND) level of PFAS: Total of 2

There are a total of 2 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$10,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$5,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims, then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal.

3. Subclass 3: Properties on Well Water with No Filtration Systems and Below MCL: Total of 575 Properties/Approximately \$4,095,000 from Settlement Fund for Allocation

a. Properties with PFAS below MCL: Total of 244

There are a total of 244 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate

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total of \$2,440,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$10,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims, then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal.

Properties at Non-Detect (ND) level of PFAS: Total of 331

There are a total of 331 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$1,655,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$5,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims, then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal.

4. Subclass 3: Vacant or Not Tested: Total of 407 Properties/Approximately \$2,035,000 from Settlement Fund for Allocation

There are a total of 407 Settlement Class Members in this category, although it is premature to determine the ultimate number of Members who will submit claims. An approximate total of \$2,035,000 from the Settlement Fund will be allocated among Members in this category. Each Settlement Class Member in this category who submits a claim will receive the same initial flat rate allocation in the amount of \$5,000. There will not be any additional points/dollars awarded based upon any enhancing factors. If 50% or more of the Settlement Class Members in this category submit claims, then any monies remaining in the residual fund after the initial flat rate allocation will be divided evenly among all participants in this category only. However, if less than 50% of the members in this category submit claims,

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then any residual funds remaining after the initial flat rate allocation will be allocated pro rata among all Settlement Class Members in accordance with their initial allocation percentage. Settlement Class Members in this category will not be provided with the opportunity to appeal.

D. Appeals

Only those settlement class members whose properties had total regulated PFAS levels above the maximum contaminant level (MCL) will be eligible to file an appeal. At present, there are 185 class members/properties in this group. These settlement class members will have 10 days from the date on which class counsel advises them of their initial allocation in which to file an appeal.

In support of any appeal, the settlement class member must prepare a written submission for Special Master Judge Corodemus identifying the specific basis for their appeal. They must provide the submission directly to class counsel who then will forward to Judge Corodemus for consideration and ruling. Any appeal must be based upon extenuating factors other than the enhancing factors already utilized in the initial allocation (i.e., level of total regulated PFAS, number of residents, years in residence)


HON. MARINA CORODEMUS (Ret.)

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