

EXHIBIT B



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Re: New Indy Emissions Litigation/Settlement Allocation Methodology

Counsel:

As requested, in my capacity as the Special Master for Settlement Allocation, below please find the allocation methodology for use in the *New Indy Emissions Settlement*.

ALLOCATION METHODOLOGY

A. Introduction/Settlement Fund

The matter before the Special Master is a putative class action settlement. Therefore, the methodology used in this matter will make that assumption and the following standards will apply. 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 methodology developed for allocation in any class action settlement must be designed with the predominant goal of ensuring a fair, reasonable, and equitable allocation among class members based upon the settlement negotiated between the parties.

Plaintiffs’ counsel have advised that pursuant to the putative Class Action Settlement Agreement between the parties, the defendants have agreed to pay eighteen million dollars (\$18,000,000) into a Settlement Fund, which will be used to satisfy the claims of putative Class Action Settlement Members, attorneys’ fees and costs, and the costs of notice and administration of settlement. The actual values will depend upon the final number of registered Claimants and total net funds available for allocation after deduction of attorneys’ fees and costs, and costs of notice and administration.

Counsel further advised the Special Master that currently there are a total of approximately 6,075 putative Class Action Settlement Members, inclusive of currently retained clients and those within the putative Class Settlement Impact Area. The Putative Class Action Settlement Members have asserted claims sounding primarily in nuisance and negligence. The putative Class Action Settlement Agreement provides that putative Class Action Settlement Members must register in order to be considered for compensation. The total number of registered Claimants is unknown at this point but is anticipated to be known upon Final Approval of the Class Action Settlement Agreement.

In order to develop an allocation methodology that provides for an equitable allocation of funds to all putative Class Action Settlement Members, I have preliminarily reviewed the summary data pertaining to the over 1,800 currently retained clients of class counsel, including those living inside and outside of the Class Settlement Impact Area.

B. Settlement Tiers

Accordingly, it is proposed that five tiers will be utilized for allocation among Claimants. The five tiers are as follows:

Tier 1-Nuisance: Claimants/Properties within six (6) miles of the New Indy Catawba Paper Mill (hereinafter “the Facility”) as of January 31, 2021.

Tier 2-Nuisance: Claimants/Properties within six (6) to ten (10) miles of the Facility as of January 31, 2021.

Tier 3-Nuisance: Claimants/Properties within ten (10) to twenty (20) miles of the Facility as of January 31, 2021.

Tier 4-Negligence: Claimants who resided within six (6) miles of the Facility as of January 31, 2021, and who sustained transient personal injury health effects related to the emissions from the Facility at any time from January 31, 2021, to the present.

Tier 5-Negligence: Claimants who resided within six (6) to twenty (20) miles of the Facility as of January 31, 2021, and who sustained transient personal injury health effects related to the emissions from the Facility at any time from January 31, 2021, to the present

C. Allocation Methodology

The proposed methodology set forth herein has been designed in accordance with the goals to ensure a fair, reasonable, and equitable allocation of the Net Settlement Fund among all Claimants. The individual allocations in Tier 1 are dependent upon not only the distance of the property to the Facility but also upon certain enhancing factors as set forth below based upon the current documents reviewed. The standard proposed rate allocations in Tiers 2, 3, 4 and 5 are dependent solely upon the distance of the property to the Facility without any enhancing factors. Based upon the documents thus far provided, it is my opinion that the proximity from the mill is a reasonable and administratively feasible factor to consider in assessing potential exposure from relevant emissions.

The methodology assigns percentages of the total available net settlement funds to each Tier. These percentages assume that the number of registered Claimants in each tier is proportionate to the estimated number of putative Class Action Settlement Members and/or potential properties in each tier. To the extent that the relative distribution of registered Claimants differs from that of potential Claimants, these values may be reweighted accordingly.

D. Appeals Process

A direct appeal provision to the Special Master will be provided for any Claimant who wishes to have any factor reviewed under applicable law, including frequency, duration and exposure of relevant emissions, proximity to other sources of emissions, and damages. In order to ensure any reasonable success of appeals, 10% of the available Net Settlement Fund for each respective Tier will be held back until such time as all appeals will be reviewed and decided. It should be explained to the Claimants that review of appeals must be filed within 14 days of notification of their proposed allocation. Such review can result

in an increase, a decrease or in the same monetary allocation. Upon completion of all appeals, any residual funds remaining in the holdback reserve for each Tier will be allocated on a *pro rata* basis to all Claimants in that particular Tier.

E. Allocation

Tier 1-Nuisance: Total of 1,903 Properties/Approximately 60% of Net Settlement Fund for Allocation

There are an estimated 1,903 properties in this Tier, although it is premature to determine the ultimate number of putative Class Action Settlement Members who will submit claims. Assuming registered Claimants in this Tier are proportionate to potential Claimants in the Tier, a total of 60% of the Net Settlement Fund will be allocated among Claimants in this Tier. Each Claimant in this Tier will receive the same initial allocation of base points. Additional points will be awarded based upon the following enhancing factors¹: 1) Reside within one (1) mile of the Facility will be allocated an additional 25% of base points; 2) Reside within one (1) to two (2) miles of the Facility will be allocated an additional 20% of base points; 3) Reside within two (2) to three (3) miles of the Facility will be allocated an additional 15% of base points; 4) Reside within three (3) to four (4) miles of the Facility will be allocated an additional 10% of base points; 5) Tax assessed value up to \$150,000 will be allocated an additional 5% of base points; 6) Tax assessed value between \$150,000 and \$400,000 will be allocated an additional 10% of base points; 7) Tax assessed value between \$400,000 and \$600,000 will be allocated an additional 15% of base points; 8) Tax assessed value between \$600,000 and \$800,000 will be allocated an additional 20% of base points; 9) Tax assessed value between \$800,000 and \$1,000,000 will be allocated an additional 25% of base points; and 10) Tax assessed value over \$1,000,000 will be allocated an additional 30% of base points.

Tier 2-Nuisance: Total of 378 Properties/Approximately 8% of Net Settlement Fund for Allocation

There are 378 properties in this Tier, although it is premature to determine the ultimate number of putative Class Action Settlement Members who will submit claims. Assuming registered Claimants in this Tier are proportionate to potential Claimants in the Tier, an approximate total of 8% of the Net Settlement Fund will be allocated among Claimants in this Tier. Each Claimant in this Tier will receive the same standard allocation. The precise amount of the allocation will be dependent upon the number of Claimants in this Tier. There will not be any additional points/dollars awarded based upon enhancing factors.

Tier 3-Nuisance: Total of 147 Properties /Approximately 4% of Net Settlement Fund for Allocation

There are 147 properties in this Tier, although it is premature to determine the ultimate number of putative Class Action Settlement Members who will submit claims. Assuming registered Claimants in this Tier are proportionate to potential Claimants in the Tier, an approximate total of 4% of the Net Settlement Fund will be allocated among Claimants in this Tier. Each Claimant in this Tier who submits a claim will receive the same standard allocation. The precise amount of the allocation will be dependent upon the number of Claimants in this Tier. There will not be any additional points/dollars awarded based upon enhancing factors.

Tier 4-Negligence: Total of 4,840 Claimants /Approximately 20% of Net Settlement Fund for Allocation

There are 4,840 Claimants in this Tier, although it is premature to determine the ultimate number of putative Class Action Settlement Members who will submit claims. Assuming registered Claimants in this Tier are proportionate to potential Claimants in the Tier, an approximate total of 20% of the Net Settlement Fund will be allocated among Claimants in this Tier. Each Claimant in this Tier who submits a claim will receive the same standard allocation. The precise amount of the allocation will be dependent upon the number of Claimants in this Tier. There will not be any additional points/dollars awarded based upon enhancing factors.

Tier 5-Negligence: Total of 1, 235 Claimants /Approximately 8% of Net Settlement Fund for Allocation

There are 1,235 Claimants in this Tier, although it is premature to determine the ultimate number of putative Class Action Settlement Members who will submit claims. Assuming registered Claimants in this Tier are proportionate to potential Claimants in the Tier, an approximate total of 8% of the Net Settlement Fund will be allocated among Claimants in this Tier. Each Claimant in this Tier who submits a claim will receive the same standard allocation. The precise amount of the allocation will be dependent upon the number of Claimants in this Tier. There will not be any additional points/dollars awarded based upon enhancing factors.

The above methodology is based upon the present data provided by Counsel and may be subject to review or modification as increased data or information is submitted to the Special Master.



HON. MARINA CORODEMUS (Ret.)