

June 2013

Property Description

Address: 911 Bixby Drive, # 29 on Property List

Size: 11.48 acres

Date Purchased: March 2001

IUDA Purchase Price: \$12,500,000

Estimated Current Value: NA

Reason Acquired: To facilitate development of an electrical power plant

Plan and Zoning: Industrial, zoned Institutional, parcel data and Assessor information included in binders

Lease Revenue: \$1,000 per month through 2023, and then escalates

Environmental: Phase I, no remediation

Potential for Transit-Oriented Development: None

History of Development Proposals: The lease with Walnut Creek Energy, LLC dated March 11, 2008 and the amendment to the lease dated August 27, 2009 are attached. The plant as of January 2013 is completed and undergoing testing.

Staff Recommendation: The staff recommends the property be retained by the Successor Agency and lease revenues be utilized to pay for enforceable obligations until an optimum time to sell is determined.



(29) Address : 911 Bixby Drive
 City : City of Industry
 APN : 8242-013-901
 Acre : 11.48 Ac.

Prepared by:
CNC
 ENGINEERING
 Consulting Civil Engineers • Surveyors
 255 N. Hochstadt Blvd., Ste. 222
 City of Industry, Ca. 91744
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CITY OF INDUSTRY SUCCESSOR AGENCY OF THE INDUSTRY URBAN-DEVELOPMENT AGENCY PROPERTY LIST ITEM # 29	
CHECKED BY: D.T.M. DATE: OCTOBER 2012	JOB No. MP 12-03#3 SHT. 1 OF 1

INDUSTRY URBAN-DEVELOPMENT AGENCY

**CIVIC-RECREATIONAL-INDUSTRIAL
REDEVELOPMENT PROJECT NO. 1**

PROPERTY DISPOSITION SUMMARY

August 10, 2009

911 Bixby Drive

AMENDED LEASE AGREEMENT

WITH

WALNUT CREEK ENERGY, LLC

SUMMARY

The Industry Urban-Development Agency (hereinafter "Agency") has prepared this summary (hereinafter the "Summary") in accordance with California Health and Safety Code Section 33433. This Summary describes all of the potential costs of the amended Lease Agreement (hereinafter the "Agreement") between the Agency and Walnut Creek Energy, LLC, a Delaware limited liability company (hereinafter "Lessee"), to the Agency, including land acquisition cost, clearance cost, relocation cost, the cost of any improvements to be provided by the Agency plus any estimated interest on any loans or bonds to finance the interest being leased. This amended Summary provides the original estimated value of the interest to be leased determined at the highest and best use permitted by the redevelopment plan (hereinafter the "Redevelopment Plan") for the Civic-Recreational-Industrial Redevelopment Project No. 1 (hereinafter the "Project"), and the original estimate of the value of the interest to be leased at the use and with the conditions required by the Agreement, as well as a current estimate of the value of the project to the Agency. The property to be leased consists of approximately 500,069 square feet (11.48 acres) located at 911 Bixby Drive in the City of Industry (hereinafter the "Property").

LEASE AGREEMENT

between
Industry Urban-Development Agency
and
Walnut Creek Energy, LLC

SUMMARY

ESTIMATED BENEFIT OF THE AGREEMENT TO THE AGENCY

Agency \$227,899,960
(See ATTACHMENT "A")

ESTIMATED VALUE OF THE INTEREST
(based upon highest and best use permitted)

The estimated present value of the interest to be leased determined at the use permitted by the Redevelopment Plan for the Project was \$37.662 million for the Initial Term based upon the Economic Development Value Analysis prepared by DLCO Financial, LLC, dated January 30, 2008
(See ATTACHMENT "B")

ESTIMATED VALUE OF THE INTEREST
(based upon use, conditions, covenants, and costs)

The estimated value of the interest to be leased determined at the use permitted by the Agreement was \$37.662 million present value.
(See ATTACHMENT "B")

RENTAL PRICE

The Initial Term rental amount the redeveloper was to pay the Agency for the Property was \$12,000 per year.
(See ATTACHMENT "B")

ATTACHMENT "A"

SECTION 33433, OF THE CALIFORNIA HEALTH AND SAFETY CODE, REQUIRES THE AGENCY TO DETERMINE THE COST TO THE AGENCY OF THE AGREEMENT BETWEEN THE AGENCY AND THE LESSEE.

The Agency's total costs as shown in this Summary were derived, among other costs, from the Agency's total costs to acquire the Property. The costs shown below illustrate those costs:

a) Land Acquisition Cost	\$ 12,500,000
b) Escrow Costs	\$ 60,040
c) Improvement Cost	\$ -0-
d) Interest Cost	\$ -0-
Total Agency Costs	\$ 12,560,040
Gross Value Benefit	<u>\$240,460,000</u>
Net Gross Benefit of Agreement to Agency..	\$227,899,960

ATTACHMENT "B"

SECTION 33433 REQUIRES A DETERMINATION BY THE AGENCY OF THE ESTIMATED VALUE OF THE INTEREST, AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN, BEING CONVEYED BY THE AGREEMENT BETWEEN THE AGENCY AND THE LESSEE.

The economic value of the interest being leased is was as shown in the Economic Development Value Analysis prepared by DLCO Financial, LLC, dated January 30, 2008. The Analysis concluded that the value of the Lease, at the use permitted under the Lease and the Redevelopment Plan, of the interest being leased was \$37.662 million of present value for the Initial Term, and \$1,304,000 annually for any one or each of the ten years of the Renewal Term.

SECTION 33433 ALSO REQUIRES THAT THE AGENCY ESTIMATE THE VALUE OF THE INTEREST, AT THE USE AND WITH THE CONDITIONS REQUIRED BY THE AGREEMENT, BEING CONVEYED BY THE LEASE BETWEEN THE AGENCY AND THE LESSEE.

The property use contemplated by the Agreement is as an electrical energy generation facility. This use is considered by the Agency staff to be a use permissible under the redevelopment plan and thus the estimated value of the interest, at the use permitted by the Agreement, and with the conditions required by the Agreement, was identical to the value shown in the Economic Development Value Analysis, that is, \$12,000 per annum for thirty years and \$1,304,000 annually thereafter.

ATTACHMENT "B"
(continued)

**SECTION 33433 ALSO REQUIRES THAT THE AGENCY DISCLOSE
THE LEASE PRICE FOR THE RENTAL OF THE PROPERTY.**

The lease price for the use of the Property was \$1,000 per month (\$12,000 per annum) for the Lease's Initial Term and \$1,304,000 annually for any part of the ten one-year annual Renewal Option terms. The proposed use of the Property is expected to implement the purposes of the Redevelopment Plan for the Project by preventing the spread of blight and deterioration within the geographical boundaries of the Project by causing the productive use of undeveloped and unproductive vacant land by private enterprise in accordance with the Redevelopment Plan. The proposed use of the Property will strengthen the Project by making available activities which complement and enhance those provided by existing developed properties nearby. The proposed use of the Property will also provide employment opportunities for persons from the region of and adjoining the Project. The proposed use of the Property will also provide financial and other benefits to the Agency which will enable the Agency to finance other blight-preventing projects.

Specifically, the assessed value of the possessory interest use of the Property, following occupancy, was expected to be approximately \$264,000,000. This assessed value would have produced approximately \$4,620,000 of tax increment revenue to the Agency annually (not including future annual adjustments). The amendment to the Lease provides that an initial value of at least \$575 million will be created. Such a valuation would produce approximately \$11.6 million of tax increments in the first full year of valuation (2013/14) and decreasing amounts annually thereafter (see B3 herein). The Agency will realize these financial benefits only if the Property is used as proposed, rather than allowing the property to remain vacant. It is the Agency staff's opinion that the financial benefits of the project will offset the costs the Agency has incurred in acquiring and making the Property available for development. The staff recommends that the Agreement be approved by the Agency Board of Directors and ratified by the City Council by finding and determining that the proposed use is consistent with the purposes of the Redevelopment Plan.

ATTACHMENT "C"

Year	Lease Payment	State Assessment of Project	Property Tax		Total to City
2009	\$ 240,000.00				\$ 240,000.00
2010	\$ 540,000.00				\$ 540,000.00
2011	\$ 270,000.00	\$ 50m	\$ 500,000	\$ 390,000	\$ 1,160,000.00
2012	\$ 1,000.00	\$ 100m	\$ 1m	\$ 780,000	\$ 1.78m
2013	\$ 1,000.00	\$ 300m	\$ 3m	\$ 2.34m	\$ 5.34m
2014	\$ 1,000.00	\$ 650m	\$ 6.5m	\$ 5.1m	\$ 11.6m
2015	\$ 1,000.00	\$ 617m	\$ 6.1m	\$ 4.8m	\$ 10.9m
2016	\$ 1,000.00	\$ 586m	\$ 5.8m	\$ 4.5m	\$ 10.3m
2017	\$ 1,000.00	\$ 557m	\$ 5.6m	\$ 4.3m	\$ 9.9m
2018	\$ 1,000.00	\$ 529m	\$ 5.3m	\$ 4.1m	\$ 9.4m
2019	\$ 1,000.00	\$ 503m	\$ 5m	\$ 3.9m	\$ 8.9m
2020	\$ 1,000.00	\$ 477m	\$ 4.8m	\$ 3.7m	\$ 8.5m
2021	\$ 1,000.00	\$ 454m	\$ 4.5m	\$ 3.5m	\$ 8.0m
2022	\$ 1,000.00	\$ 431m	\$ 4.3m	\$ 3.3m	\$ 7.6m
2023	\$ 1,000.00	\$ 500m	\$ 5.0m	\$ 3.9m	\$ 8.9m
2024	\$ 1.3m	\$ 500m	\$ 5.0m	\$ 3.9m	\$ 10.2m
2025	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2026	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2027	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2028	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2029	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2030	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2031	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2032	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2033	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2034	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2035	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2036	\$ 1.3m	\$ 500m	\$ 350,000	\$ 3.9m	\$ 5.55m
2037	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.8m	\$ 6.1m
2038	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.8m	\$ 6.1m
2039	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.8m	\$ 6.1m
2040	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.8m	\$ 6.1m
2041	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.8m	\$ 6.1m
2042	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.7m	\$ 6.0m
2043	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.7m	\$ 6.0m
2044	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.7m	\$ 6.0m
2045	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.6m	\$ 5.9m
2046	\$ 2.0m	\$ 500m	\$ 350,000	\$ 3.6m	\$ 5.9m

AMENDMENT IMPACTS

The amendment essentially guarantees that the assessed valuation of the project will not be lower than \$575 million upon project completion, except that this "Threshold Amount" can be adjusted down annually by no more than \$12 million for depreciation. Failure of the valuation to reach \$575 million will trigger a 1.7% "Adjustment Payment" (payable semi-annually) to the IUDA to make up the lost taxes due to the lower-than-required valuation. The amendment also provides clarification of certain situations involving the status of the project as relates to changes in ownership of the project.

FIRST AMENDMENT TO LEASE AGREEMENT

This FIRST AMENDMENT TO LEASE AGREEMENT (the "Amendment") is made and entered into on this 27th day of August, 2009, by and between the **INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic ("Lessor"), and **WALNUT CREEK ENERGY, LLC**, a Delaware limited liability company ("Lessee").

WITNESSTH:

WHEREAS, Lessor and Lessee are parties to that certain Lease Agreement dated March 11, 2008 (the "Lease"), which sets forth certain understandings between the Parties regarding the lease of the Property (as defined in the Lease) on which Lessee is planning to develop, construct, develop, operate and maintain the Project (as defined in the Lease); and

WHEREAS, the Parties desire to amend the Lease on the terms set forth in this Amendment.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee, intending to be legally bound, hereby agree as follows:

1. Amendments. The Lease is hereby amended as follows:

a. Section 2.3. Section 2.3 of the Lease is hereby deleted in its entirety and the following shall be substituted in its stead:

"Lessor and Lessee may each terminate this Lease on ninety (90) days prior written notice to the other party if, unless excused pursuant to Section 18 hereof, (i) Lessee shall not have commenced site mobilization and civil work on or before December 15, 2011, (ii) Lessee shall not have completed the construction of the Project as evidenced by its ability to generate electricity at a capacity of between 270 MW and 450 MW on or before June 1, 2014, (iii) Lessee shall have removed all or substantially all of the Project from the Property, or (iv) all or substantially all of the Project shall have been destroyed and the Lessee shall have failed to reconstruct or repair it in a reasonably timely manner.

b. Section 3.3. A new Section 3.3 shall be added to the Lease as follows:

"In addition to the Basic Rent, the Lessee shall pay to the Lessor: (a) within thirty (30) days after the execution of this Amendment, an amount equal to Twenty Thousand and no/100 Dollars (\$20,000.00) for each month between the Effective Date and the date of payment; (b) on or before the first day of each month thereafter to and including December 1, 2009, the amount of Twenty Thousand and no/100 Dollars (\$20,000.00); and (c) on or before January 1, 2010 and on the first day of each month thereafter, to and including the month in which the Lessee commences site mobilization and civil work, the amount of Forty-Five Thousand and no/100 Dollars (\$45,000.00); provided, however, the Lessee may offset against the amounts payable pursuant to (a), (b) and (c) of this

Section 3.3 the amount of any payments made by the Lessee to Taxing Authorities (as defined in Section 3.6 hereof) for property taxes attributable to the Lease, the Project and the Property in excess of Fifty Thousand Dollars (\$50,000.00) during each of the periods described in (a) and (b) and during any twelve (12) month period described in (c) of this Section 3.3.

c. Section 3.4. A new Section 3.4 shall be added to the Lease as follows:

“Each year, if any, during the period between June 1, 2013 and May 31, 2023 that the combined assessed value of the Lease, the Project and the Property as determined by the jurisdictional assessor for the purpose of determining property tax liability (the “Assessed Value”) is less than the then-applicable Threshold Amount defined below, the Lessee shall pay to the Lessor an amount (the “Adjustment Payment”) equal to one and seven-tenths percent (1.7%) of the amount by which the then-applicable Assessed Value is less than the then-applicable Threshold Amount. The “Threshold Amount” shall be Five Hundred Seventy Five Million Dollars (\$575,000,000) for each of calendar years 2013 and 2014, and shall decrease by Twelve Million Dollars (\$12,000,000) each calendar year thereafter. One half of each year’s Adjustment Payment shall be paid by the Lessee to the Lessor on or before each of April 1 and October 1 of each year during which an Adjustment Payment is due.”

d. Section 3.5. A new Section 3.5 shall be added to the Lease as follows:

“As of the date of this Amendment, the Lessee is an exempt wholesale generator pursuant to Section 32 of the Public Utility Holding Company Act of 1935 (Chapter 2C commencing with Section 79 of Title 15 of the United States Code) (an “EWG”) and consequently, pursuant to Section 216(g) of the California Public Utilities Code, its ownership and operation of the Project will not cause it to be deemed a public utility subject to rate regulation by the California Public Utilities Commission. In the event that during the period between June 1, 2013 and May 31, 2023 the Project is owned by an entity that is not an EWG (a “Status Change”):

(a) If such Status Change is the result of a sale or other transfer of the Project by the Lessee (other than as described in (b) below), then each year during such period that the Project is not owned by an EWG, the Lessee shall pay to the Lessor an amount equal to the positive amount, if any, by which (i) the combined amount of property tax proceeds attributable to the Lease, the Project and the Property which the Lessor and the City of Industry would have received from the taxing authorities of the County of Los Angeles and/or the State of California (the “Taxing Authorities”) in respect of such year if, for the purpose of calculating such amount, it is deemed that the Project is owned by an EWG and the then-applicable tax rate and assessed value of the Project is applied, exceeds (ii) the actual combined amount of property tax proceeds attributable to the Lease, the Project and the Property which is actually received by the Lessor and the City of Industry from the Taxing Authorities in respect of such year (the “Supplemental Payment”). The Supplemental Payment shall be paid by the Lessee to the Lessor within thirty (30) days after receipt of an invoice from the Lessor, which invoice shall include supporting documentation for both amounts described above, which invoice

shall be issued following the date(s) in each applicable year that the City and Lessor actually receive tax revenues attributable to the Lease, the Project and the Property.”

(b) If such Status Change is the result of a leasehold mortgagee’s exercise of its rights under a collateral assignment of this Lease permitted under Section 10 hereof (including, without limitation, any foreclosure by the leasehold mortgagee and any transfer subsequent to such foreclosure), then the Basic Rent shall be One Million Three Hundred Four Thousand and No/100 Dollars (\$1,304,000) for each subsequent year through the end of the Initial Term.

(c) If such Status Change is the result of a change in the laws described in the first sentence of this Section 3.5, then there shall be no Supplemental Payment or change in Basic Rent.

e. Section 3.6. A new Section 3.6 shall be added to the Lease as follows:

“Notwithstanding anything to the contrary contained in this Lease, in the event during the period between June 1, 2013 and May 31, 2023 (a) the Lessee shall have removed all or substantially all of the Project from the Property or all or substantially all of the Project shall have been destroyed and the Lessee shall have failed to reconstruct or repair it in a reasonably timely manner as described in Section 2.3(iii) and (iv), or (b) the Lessee shall exercise its right to terminate the Lease as provided in Section 7.8 (each a “Project Event”), then the Lessee shall pay to the Lessor (i) the amount of the property tax proceeds attributable to the Lease, the Project and the Property which the Lessor and the City of Industry would have received from the Taxing Authorities in respect of the twelve (12) month period immediately following the date of the Project Event (the “Project Event Payment Period”) but for the Project Event, and (ii) the amounts of any Adjustment Payment and Supplemental Payment that would have been payable to the Lessor in respect of the Project Event Payment Period but for the Project Event; provided, however, the Lessee may offset against the amounts payable pursuant to (i) and (ii) of this Section 3.6 the amount of any payments made by the Lessee to the Taxing Authorities for property taxes attributable to the Lease, the Project and the Property in respect of the Project Event Payment Period. All amounts payable pursuant to (i) and (ii) of this Section 3.6 shall be paid by the Lessor to the Lessee within thirty (30) days after receipt of an invoice from the Lessor following the end of the Project Event Payment Period, which invoice shall include reasonable supporting documentation for the amounts described above. The provisions of this Section 3.6 shall survive the termination of this Lease.”

2. Full Force and Effect. Except as provided in this Amendment, the Lease shall remain unchanged and in full force and effect.

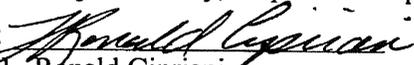
3. Governing Law. This Amendment shall be governed by and interpreted in accordance with the laws of the State of California, without regard to the conflict of laws principles therein.

4. Counterparts. This Amendment may be executed by the Parties in two or more counterparts, each of which shall be an original and all of which shall constitute one and same instrument.

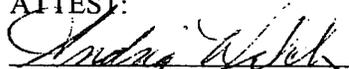
IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

LESSOR:

**INDUSTRY URBAN-DEVELOPMENT
AGENCY**, a public body, corporate and politic

Signed: 
Name: L. Ronald Cipriani
Title: Chairman

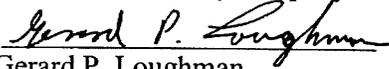
ATTEST:



Andria Welch, Secretary

LESSEE:

WALNUT CREEK ENERGY, LLC,
a Delaware limited liability company

Signed: 
Name: Gerard P. Loughman
Title: President

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LEASE AGREEMENT

This LEASE AGREEMENT (the "Lease") is made and entered into on this 11th day of March, 2008, by and between the **INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic ("Lessor"), and **WALNUT CREEK ENERGY, LLC**, a Delaware limited liability company ("Lessee").

WITNESSTH:

WHEREAS, Lessor is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California;

WHEREAS, Lessor is the owner of a certain parcel of land consisting of approximately 11.48 acres located at 911 Bixby Drive, in the City of Industry, County of Los Angeles, State of California, which is more particularly described in Exhibit "A" attached hereto and forming a part hereof (the "Property");

WHEREAS, Lessee plans to construct, develop, operate and maintain an electrical generating power plant comprised of five (5) turbines with an aggregate capacity of approximately 480 megawatts ("MW") on the Property generally in accordance with the plant general arrangement attached hereto as Exhibit "B" (the "Project"), and in accordance with all conditions, restrictions and elements of the redevelopment plan adopted by the Lessor and pertaining to the Property for Civic-Recreational-Industrial Redevelopment Project No. 1 of the Lessor (the "Plan"), and to sell electricity produced by the Project initially to Southern California Edison Company ("SCE") pursuant to the terms of a power purchase agreement dated March 5, 2008 between Lessee and SCE;

WHEREAS, Lessor and Edison Mission Energy, the parent company of the Lessee, entered into that certain Option Agreement for Lease of Real Property, dated as of May 25, 2005, subsequently amended by that certain Amendment No. 1 to Option Agreement for Lease of Real Property dated as of December 7, 2005, as further amended by that certain Amendment No. 2 to Option Agreement for Lease of Real Property dated as of February 9, 2007, and assigned by Edison Mission Energy to Lessee pursuant to that certain Assignment and Assumption Agreement dated as of February 9, 2007 (as amended and assigned, the "Option Agreement"), pursuant to which Lessor granted to Lessee the exclusive option to lease the Property, together with all appurtenant easements pertaining thereto, upon and in accordance with the terms and subject to the conditions therein;

WHEREAS, Lessor provided its consent to the assignment of the Option Agreement by Edison Mission Energy to Lessee;

WHEREAS, the lease of the Property is consistent with the Plan and will assist in elimination of blight; and

WHEREAS, in accordance with the terms of the Option Agreement, Lessor has exercised the Option by written notice to Lessor, which notice specifies the effective date as July 1, 2008 (the "Effective Date").

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee, intending to be legally bound, hereby agree as follows:

1. DEMISE; SCOPE

1.1 Lessor hereby demises and leases the Property to Lessee, and Lessee hereby accepts and leases the Property from Lessor, together with all appurtenant easements pertaining thereto (but excluding oil, gas and mineral rights).

1.2 From and after the date of this Lease, Lessee shall have the right, at its sole cost and expense, to apply for any subdivision approval, zoning change, zoning variance or comprehensive land use plan amendment with respect to the Property which Lessee reasonably deems necessary to facilitate the construction and operation of the Project. Lessor shall use good faith efforts to assist Lessee (without cost or liability to Lessor) in obtaining such approval, change, variance or amendment, and in obtaining any easements necessary for connections from the Project to electrical transmission, natural gas supply, reclaimed water supply, and wastewater discharge.

2. TERM

2.1 The term of this Lease shall commence on the Effective Date and shall expire at midnight (prevailing Pacific time) on May 31, 2036 (the "Initial Term"), unless terminated or extended by the parties in accordance with the terms of this Lease.

2.2 Provided, as of the commencement of the applicable Renewal Term (as hereinafter defined), (a) this Lease is in full force and effect, and (b) there is no continuing Event of Default (as hereinafter defined) by Lessee under this Lease, Lessee shall have the option to elect to extend this Lease (each, a "Renewal Option") for up to ten (10) additional one (1) year periods following the Initial Term (each, a "Renewal Term"), commencing on the date the Initial Term expires, and on each anniversary date thereafter, on the same terms, covenants and conditions applicable during the Initial Term, except that the annual rent for each year during the applicable Renewal Term shall be the then-fair market lease value of the Property as if unimproved, as mutually agreed by the parties or, if agreement is not reached prior to the beginning of such Renewal Term, as determined by an independent appraiser mutually acceptable to and paid for by the parties. As used in this Lease, the word "Term" shall be deemed to include the Initial Term and each Renewal Term. Lessee shall notify Lessor in writing (a "Renewal Notice") of its intention to exercise any Renewal Option not less than ninety (90) days prior to May 31, 2036 or each anniversary date thereof, as the case may be, and Lessee's failure to exercise a Renewal Option in a valid and timely fashion as set forth herein shall constitute a waiver and termination of all remaining Renewal Options; provided, however, the Renewal Option shall not be terminated unless Lessor provides written notice to Lessee that Lessor has not received a Renewal Notice from Lessee exercising the Renewal Option pursuant to this Section 2.2 (which notice Lessor shall not provide to Lessee more than ninety (90) days prior to the Expiration Date or each anniversary thereof, as the case may be) and Lessee fails to respond, within fifteen (15) days after receipt of such notice, which failure shall constitute a

definitive waiver and termination of all unexercised Renewal Options and Lessee shall have no further right to extend or renew the Term; provided, further, in the event the parties fail to provide foregoing notices and so long as there is at least one (1) unexercised Renewal Option remaining, Lessee shall be deemed to have exercised the Renewal Option and this Lease shall be automatically extended for one (1) Renewal Term in accordance with the foregoing provisions of this Section 2.2. It is the intention of Lessor and Lessee to avoid forfeiture of Lessee's right to exercise its extension options by reason of any failure to provide timely notice to Lessor.

2.3 Lessor and Lessee may each terminate this Lease on ninety (90) days prior written notice to the other party if, unless excused pursuant to Section 18 hereof, (i) Lessee shall not have commenced material onsite construction of the Project on or before November 1, 2009, (ii) Lessee shall not have completed the construction of the Project as evidenced by its ability to generate electricity at a capacity of between 270 MW and 450 MW on or before June 1, 2012, (iii) Lessee shall have removed all or substantially all of the Project from the Property, or (iv) all or substantially all of the Project shall have been destroyed and the Lessee shall have failed to reconstruct or repair it in a reasonably timely manner.

3. RENT

3.1 Lessee shall pay to Lessor as annual rent hereunder, on the Effective Date and on each anniversary of the Effective Date every year thereafter during the Initial Term (and any Renewal Term) of the Lease, the "Basic Rent", which shall be in the amount of (a) One Thousand and No/100 Dollars (\$1,000) per year for the first year and every subsequent year ending with the year in which the Project completes its tenth (10th) year of "Commercial Operation" (as hereinafter defined) (b) One Million Three Hundred Four Thousand and No/100 Dollars (\$1,304,000) for each subsequent year through the end of the Initial Term, and (c) the fair market lease value of the Property, as determined pursuant to Section 2.2 hereof, for each Renewal Term; it being understood and agreed that the Basic Rent payable under the Lease shall be absolutely net to Lessor so that the Lease shall yield, net to Lessor, the Basic Rent during the Term free of any costs or expenses relating to the ownership or operation of the Project or the Property. For the purposes of this Section 3, "Commercial Operation" shall mean that the Project has demonstrated the ability to generate electricity at a capacity of between 270 MW and 450 MW on a sustained basis and successfully completed emission testing required under the permits issued for the Project by the South Coast Air Quality Management District.

3.2 In the event that the Project is constructed, either initially or through subsequent additions, with a generating capacity in excess of (a) 525 Megawatts, then the Basic Rent for the remaining period of the Initial Term covered by Section 3.1(b) above shall instead be Five Hundred Thousand and No/100 Dollars (\$500,000) per year or (b) 700 Megawatts, then the Basic Rent shall remain at the amount set forth in Section 3.1(a) above throughout the remaining Initial Term of the Lease.

4. TAXES

4.1 Lessor and Lessee shall each shall prepare and timely file any tax statements pertaining to the Property, the Project and this Lease required of them by any and all federal, state and local taxing authorities. Commencing on the date hereof and continuing throughout the

Term, the Lessee shall pay for any and all taxes (including possessory interest tax), assessments, licenses and other governmental charges (collectively, "Taxes") that may be levied, assessed, charged or imposed upon the Property and the Project, or any part thereof and which first accrue from and after the Effective Date, including any buildings, improvements or equipment placed or built thereon by Lessee, the leasehold of Lessee or any other interest of Lessee hereby created, the rent or any other form of income or profit of Lessee, the use or occupancy of the Property, and/or Lessor by reason of its ownership of the fee underlying this Lease. Within ten (10) days of written demand by Lessor, Lessee shall provide Lessor with reasonably satisfactory evidence of these payments. To expedite such payments by Lessee, after the Effective Date, Lessor shall make commercially reasonable efforts to cause the taxing authorities to (i) bill such Taxes directly to Lessee and (ii) cause the Property to be a separate tax parcel to the extent possible. Lessee shall forward to Lessor copies of any bills for Taxes it receives, unless a copy of such bills have also been sent to Lessor. Should any such Taxes payable by Lessee pursuant to the terms of this Lease be assessed to Lessor or become delinquent, Lessor may, at Lessor's option, pay the same and the amounts paid on Lessee's behalf plus interest at the rate of 10% per annum shall be due and payable by Lessee to Lessor within thirty (30) days after Lessor's written demand for such payment.

4.2 LESSOR HEREBY NOTIFIES LESSEE THAT LESSEE'S INTEREST UNDER THIS LEASE IS SUBJECT TO ASSESSMENT FOR POSSESSORY INTEREST TAXES. Lessee shall timely pay all possessory interest taxes and any other taxes and assessments which are the responsibility of Lessee under this Lease. Lessee shall prepare and timely file all tax statements required of Lessee by any and all federal, state and local taxing authorities for any structures, improvements, machinery, equipment or other property placed by or for Lessee upon the Property.

4.3 Lessor will not be required to provide, deliver, arrange or pay for the furnishing of gas, electrical, water, sanitary, sewer, cable, telecommunications and other utilities, services or systems, or the pipes, wiring, poles, switches, transformers or other devices of whatever nature required to transmit, conduct, convey or furnish such utilities, services or systems that may be required or desired by Lessee in its use of the Property, and the construction, maintenance and operation of the Project. Lessee shall, at its sole cost and expense, provide, deliver, arrange and pay for all such utilities, services, devices and systems.

4.4 All Taxes for the first and last year during which this Lease is in effect shall be prorated. If this Lease commences, expires or terminates prior to receipt of the current tax bill, Lessee shall pay a prorated amount based upon the previous year's Taxes, and shall subsequently pay any additional prorated Taxes within thirty (30) days after receipt of the current tax bill and written demand by Lessor.

5. LESSEE'S PERMITTED USES

5.1 Lessee shall use the Property only for the development, construction, operation and maintenance of the Project and related activities, as certified and permitted by any and all federal, state and local governmental authorities, including but not limited to the California Energy Commission. Lessor's approval is not required for Lessee's modifications to the Project so long as such modifications do not materially modify the physical characteristics of the Project

(as described in Exhibit "B") in a manner that would reduce the Project capacity to less than approximately 290 MW, are consistent with the terms and provisions of this Lease in all material respects, do not materially adversely affect the Property or the interests of Lessor hereunder, and are in compliance with any and all applicable federal, state and local governmental certifications and operating permit conditions pertaining to the Project. Lessee will provide Lessor with copies of all such certifications and operating permit conditions, and modifications thereto, within sixty (60) days after their issuance. Any other use of the Property shall be only with Lessor's prior written approval, which shall not be unreasonably withheld, conditioned or delayed, provided such use is reasonably related to the development, construction, operation, repair, improvement and/or maintenance of the Project. The cost of construction, installation and all modifications to the Project shall be the sole responsibility of and paid for by the Lessee.

5.2 To the extent reasonably necessary for the development, construction, operation, repair, improvement or maintenance of the Project, Lessee may, at its sole cost and expense, enter into agreements restricting use of or granting easements upon the Property or obtain zoning changes or conditional use permits regarding the Property. Lessee shall obtain Lessor's prior written consent to any such restrictions on the Property, which consent shall not be unreasonably withheld, delayed or conditioned. Lessor shall, upon Lessee's notice, join with Lessee in applications and proceedings and use good faith efforts to obtain necessary use or zoning changes for the Property that are necessary for the uses described in Section 5.1, but without out-of-pocket cost or expense to Lessor.

5.3 Lessor further grants to Lessee the right to grant (after at least ten (10) working days' prior written notice to Lessor describing the grant) to public or quasi-public entities or public or quasi-public service corporations, for the sole purpose of serving the Property, rights of way or easements on or over the Property for poles or conduits or both for telephone, electricity, water, sanitary or storm sewers or both, and for other utilities and municipal or special district services, but only to the extent reasonably necessary for the construction, operation, repair, improvement and maintenance of the Project. Lessee shall obtain Lessor's prior written consent to any such rights of way or easements, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, that in the event Lessor fails to respond to such request for consent within ten (10) working days, Lessor shall be deemed to have consented to such right(s) of way or easement(s). Grants made under the authority of this Section 5.3 shall be subject to and limited by the terms and conditions of this Lease. Notwithstanding anything to the contrary contained in this Lease, Lessor's prior written consent shall not be required for any easement or right of way over the Property that automatically expires or terminates upon the expiration or termination of this Lease and/or removal of the Project.

5.4 Without limiting the effect of Section 2.3 hereof, at any time and from time to time during the Term, Lessee, at its sole cost and expense, (a) may demolish, remove, replace, alter, relocate, reconstruct, or add to any existing improvements in whole or in part, and (b) modify or change the contour or grade, or both, of the Property if such actions do not materially adversely affect the Property, are consistent with the terms and provisions of this Lease, and do not reduce the Project capacity to less than approximately 290 MW, and, with respect to clause (b) are reasonably necessary for the development, construction, operation, repair, improvement and maintenance of the Project. All salvage from such activities shall belong to Lessee.

5.5 Without limiting the foregoing, or any other provision of this Lease, in no event shall the Property be used for any purpose that in any manner that causes, creates or results in a nuisance. Lessee shall also not commit or permit waste upon the Property.

5.6 Lessee acknowledges and agrees that the Project is a "public work" (as defined in California Labor Code Section 1720) to which California Labor Code Section 1771 applies, and Lessee agrees that it shall cause all work on the Property to be performed as "public work" as required by California Labor Code Section 1781 and will cause "prevailing wages" to be paid. Prior to the commencement of any work by Lessee, Lessee shall obtain (and thereafter maintain) payment and performance bonds (or other form of security acceptable to Lessor in the exercise of its sole and absolute discretion) for unpaid wages that conform with the requirements of California Civil Code Sections 3247 and 3248 and that satisfy the requirements of California Labor Code Sections 1771 *et seq.*

6. LESSOR'S PERMITTED USES

All oil, gas and mineral rights concerning the Property are expressly reserved by Lessor for the sole benefit of Lessor and excluded from the Property being leased under this Lease. However, Lessor shall not exercise any oil, gas or mineral rights so reserved in a manner which would interfere with the development, construction, operation and/or maintenance of the Project.

7. CONSTRUCTION, IMPROVEMENT; MAINTENANCE; COMPLIANCE WITH LAWS; RIGHT TO INSPECT

7.1 Lessee shall notify Lessor in writing of Lessee's intention to commence substantial construction or improvement work on the Property at least five (5) working days prior to commencement of such work. The notice shall specify the approximate location and nature of such work.

7.2 Lessee, at its sole cost and expense, shall procure all applicable permits and approvals prior to commencement of construction or improvement work on the Property. Lessor shall reasonably cooperate with Lessee by executing such applications and other documents as may be reasonably necessary in order to allow Lessee to proceed with the development, construction, operation and/or maintenance of the Project.

7.3 Lessee shall procure builder's risk insurance prior to commencement of construction or improvement work on the Property in the amount of the full replacement cost of the Project, and Lessee shall maintain and keep in force such insurance at all times during which such work is in progress.

7.4 Lessee shall pay the total cost of all construction or improvement work performed on the Property, including without limitation, any construction, installation, maintenance, repair, replacement and removal activities of or in connection with the Project. No such payment by Lessee shall be construed as rent.

7.5 Lessee shall keep the Property free and clear of all mechanic's and other liens arising from Lessee's activities on the Property. If Lessee fails to cause any such lien from being released of record by payment or posting of a proper bond within forty five (45) days following

notice from Lessor of the imposition of such a lien, Lessor has the right, but not the obligation, in addition to all other remedies provided in this Lease, to take any and all actions in defending against, paying or otherwise discharging such lien encumbering the Property, and Lessee shall be responsible for, and shall reimburse Lessor within forty five (45) days of written demand by Lessor for, all costs and expenses (including reasonable attorneys' fees) incurred by Lessor in defending against, paying or otherwise discharging such lien. Before taking any such actions under this Section 7.5, however, Lessor shall give Lessee five (5) working days prior written notice. Lessee, at Lessee's sole cost and expense, may in good faith contest the validity of any such asserted lien, provided that Lessee posts the bond required under California Civil Code Section 3143 (or any comparable statute hereafter enacted for providing a bond freeing the Property from the effect of such a lien claim).

7.6 Lessee shall, at Lessee's sole cost and expense, operate, maintain and repair the Property, the Project and all of Lessee's improvements in all material respects in accordance with all applicable laws, regulations, ordinances and permits, including without limitation all laws, regulations, ordinances and permits, whether now existing or hereafter existing, concerning or relating to (a) the environment, (b) Hazardous Substances (as defined in Section 30.2 below) (other than Pre-Existing Environmental Contamination (as defined in Section 30.1 below)) and any use and/or storage thereof, (c) any assessment, remediation and/or monitoring that may be required in response to any release, discharge, disposal of dispersion of any Hazardous Substances (other than Pre-Existing Environmental Contamination) at the Property, (d) the Project and the Property and any use and/or occupancy thereof, and (e) any other improvements on the Property, and furthermore shall allow no nuisances to exist or be maintained on the Property. Subject to the terms and provisions of this Lease and provided that Lessee complies with all applicable law and the interest of the Lessor hereunder will not be materially adversely affected, Lessee shall have the right to contest by appropriate judicial or administrative proceedings, without cost or expense to Lessor, the validity or application of any law, regulation, ordinance and permit requiring that Lessee repair, maintain, alter or replace the Property, the Project and/or Lessee's improvements in whole or in part, and Lessee shall not be in default for failing to do such work until a reasonable time following final determination or adjudication of Lessee's contest of such law, regulation, ordinance or permit. Lessor may, but shall not be required to, contest any such law, regulation, ordinance and permit independently of Lessee. Lessor may, but shall not be required to, join in Lessee's contest.

7.7 Lessee shall promptly (i) notify Lessor in writing of any material damage to the Project, (ii) deliver to Lessor copies of any written notice or correspondence it may receive concerning any actual violation of any applicable law, regulation, or ordinance concerning the Property or Lessee's occupancy thereof or the construction or operation of the Project, including but not limited to any written notice or correspondence concerning the actual, suspected or threatened discharge, release, disposal or dispersal of any material, pollutant, irritant, contaminant or Hazardous Substance during the Term in violation of any Environmental Law (as defined in Section 30.3 below), and (iii) provide a written description reasonably detailing the actions that Lessee intends to take in response to any such notice of an actual violation. Lessee shall be solely responsible for responding to any such notice (and if appropriate curing any such violation), and receipt of such notice shall not be deemed to create any obligation on the part of Lessor to defend or otherwise respond to any such notice.

7.8 Notwithstanding anything to the contrary contained herein, Lessee's obligations to pay rent and perform all other covenants and conditions in this Lease shall not be affected by damage to or destruction of the Property or the Project or by Lessee's abandonment of the Property or ceasing operation of the Project. Notwithstanding the foregoing, if any damage or destruction to the Project occurs which, in the reasonable opinion of Lessee, has destroyed more than 50% of the Project (based upon the Project's replacement value), Lessee shall have the right to terminate this Lease upon written notice to Lessor effective no sooner than thirty (30) days after delivery of such notice.

8. OWNERSHIP OF IMPROVEMENTS

All fixtures and improvements and personal property constructed or placed on the Property by Lessee on or after the Effective Date as permitted by this Lease, including the Project and related underground structures, shall be owned by Lessee and shall be removed by Lessee from the Property at Lessee's expense as set forth in Section 9; provided, however, that any such fixtures and improvements that remain on the Property three hundred sixty-five (365) days after the expiration or sooner termination of this Lease shall, at Lessor's election, (i) automatically and without further act by Lessor become the property of Lessor, free and clear of any claim or interest therein by Lessee, and without payment therefor by Lessor, and no deed or other instrument shall be necessary to confirm the vesting in Lessor to title to such fixtures and improvements, or (ii) be dismantled, removed and disposed of by Lessor, who may also restore the Property to substantially the same condition it was in as of the Effective Date, reasonable wear and tear excepted, without accountability to Lessee, at Lessee's expense and in such a manner as Lessor may reasonably see fit, and Lessee shall promptly reimburse Lessor upon demand for the out-of-pocket costs and expenses reasonably incurred by Lessor in connection with such activities. Promptly upon Lessor's written request, Lessee shall execute, acknowledge and deliver to Lessor, without charge to Lessor, a quitclaim deed and quitclaim bill of sale confirming that all of Lessee's rights, title, and interest in the improvements and personal property not removed within such three hundred sixty-five (365) day period has expired and that title thereto has vested in Lessor.

9. LESSEE'S DUTY TO REMOVE AND ABATE

Lessee shall, within three hundred sixty-five (365) days after the expiration or any sooner termination of this Lease, remove all fixtures and improvements (including the Project and related underground structures) from the Property installed by Lessee on or after the Effective Date. The duty imposed by this provision requires Lessee to return the Property to Lessor substantially in the condition it existed as of the Effective Date and includes, but is not limited to, Lessee's duty to demolish and remove all foundations, fill all excavations, return the surface to grade, and leave the Property safe and free from debris, subject to ordinary wear and tear. Lessee shall also (at Lessee's sole cost and expense), within three hundred sixty-five (365) days from the expiration or any sooner termination of this Lease, commence and complete any assessment, remediation and/or monitoring of any Hazardous Substances (other than Pre-Existing Environmental Contamination) that were discharged, released, disposed of or dispersed into the soil and groundwater at the Property by Lessee in violation of any Environmental Law. Notwithstanding anything in this Lease to the contrary, if, within one hundred eighty (180) days from the expiration or any sooner termination of this Lease, Lessee has not completed the

removal of all fixtures, improvements and personal property from the Property and has not completed any remediation, assessment and/or monitoring of Hazardous Substances as required by this Lease, then beginning on the one hundred eighty-first (181st) day from the expiration or any sooner termination of this Lease until (a) the date all fixtures, improvements and personal property have been removed from the Property and any remediation, assessment and/or monitoring of Hazardous Substances required by this Lease has been completed, or (b) three hundred sixty-five (365) days from the expiration or sooner termination of this Lease, whichever is earlier (the "Removal Rent Period"), Lessee shall be obligated to pay all Taxes attributable to the Removal Rent Period and to pay to Lessor Basic Rent, in the same amount as had been payable by Lessee prior to the expiration or termination of this Lease, prorated for each such day of the Removal Rent Period. The provisions of this Section 9 shall survive the expiration of the Term or earlier termination of this Lease.

10. ENCUMBRANCES AND SUBORDINATION

10.1 Lessee shall have the right at any time, and from time to time, without obtaining Lessor's consent, to subject its interest in this Lease and/or the Project to one or more leasehold mortgages, deeds of trust, security agreements, security interests or similar liens or security instruments, or enter into an assignment of this Lease or sublease of the Property (each a "leasehold mortgage") as security for, or in connection with, a loan made to Lessee by any reputable lender in good faith for the purpose of financing the construction of the Project or any related improvements at the Property, or for the long-term financing of the same, or as security for commitments for sales of electricity generated by the Project; provided that the leasehold mortgage and all rights acquired under it shall be subject and subordinate to each and all of the terms and provisions of this Lease. Notwithstanding the foregoing, Lessee shall give Lessor reasonable prior written notice of any such leasehold mortgage, and the Lessor shall have the right to review the leasehold mortgage.

10.2 Any mortgagee, beneficiary, secured party or holder of a leasehold mortgage (each, a "leasehold mortgagee") may (without the prior consent of Lessor) take an assignment from Lessee of Lessee's interest in this Lease in lieu of foreclosure whether or not permitted by the note or leasehold mortgage, but any subsequent assignments by the leasehold mortgagee and/or its assignee(s) to non-institutional lenders must be in accordance with the assignment provisions of this Lease. As used herein, "foreclosure" means judicial foreclosure, sale under a power of sale or any other remedy provided by law or equity or set forth in the leasehold mortgage.

10.3 Upon the recording of any leasehold mortgage of the Property, Lessee shall, at Lessee's expense, cause to be recorded in the office of the County Recorder of Los Angeles County a written request executed and acknowledged by Lessor for a copy of all notices of default and all notices of sale under the leasehold mortgage as provided by the statutes of California to be sent to Lessor.

10.4 The leasehold mortgagee shall not be liable to perform Lessee's obligations under this Lease until the leasehold mortgagee acquires Lessee's interest in this Lease. After acquiring Lessee's interest in this Lease, and notwithstanding any contrary provision in Section 11.2, the leasehold mortgagee shall be liable to perform Lessee's obligations that arise after the date of

such acquisition (as well as curing defaults arising prior to such acquisition provided the leasehold mortgagee shall have been given prior written notice of the default in accordance with Section 10.5 below and a reasonable period of time to cure, not to exceed thirty (30) days in the event of monetary default) only until the date on which such leasehold mortgagee further assigns or transfers the leasehold as permitted by this Lease. Any leasehold mortgagee acquiring an interest in this Lease by foreclosure or assignment under Section 10.2 shall not:

(a) be liable for any damage or other relief attributable to any act or omission or indemnity obligation of any prior lessee;

(b) be liable for any damage or other relief attributable to any breach of any representation or warranty contained in this Lease by Lessee or any prior lessee under this Lease; and

(c) be bound by any amendment or modification of the Lease made without the written consent of leasehold mortgagee if the leasehold mortgagee's consent was required.

If the leasehold mortgagee, its successors, assignees, nominees, or any purchaser at a foreclosure sale (each a "Purchaser"), shall acquire title to Lessee's leasehold estate hereunder and shall cure all defaults which are susceptible of being cured by such Purchaser, then prior defaults which are not susceptible to being cured by such Purchaser shall no longer be deemed defaults hereunder.

10.5 Lessor, upon providing Lessee with notice of (a) default under this Lease, (b) termination of this Lease or (c) a matter on which Lessor may predicate or claim a default, shall at the same time provide a copy of such notice to any leasehold mortgagee that has delivered to Lessor a notice countersigned by Lessee that sets forth the leasehold mortgagee's identity and address for notices. No such notice by Lessor to Lessee shall be deemed to have been duly given unless and until a copy thereof has been so provided to any such leasehold mortgagee. After such notice has been given to such a leasehold mortgagee, such leasehold mortgagee shall have the same period as is given Lessee (plus, in each instance, an additional thirty (30) days) to remedy, commence remedying or cause to be remedied the defaults or acts or omissions which are the subject matter of such notice specified in any such notice. Lessor shall accept such performance by or at the instigation of such leasehold mortgagee as if the same had been undertaken by Lessee. Lessor and Lessee authorize each leasehold mortgagee to take any such action at leasehold mortgagee's option and hereby authorize entry upon the Property by the leasehold mortgagee for such purposes. If prior to the expiration of the applicable grace period, the leasehold mortgagee shall cure all monetary breaches and give Lessor written notice that leasehold mortgagee intends to (A) undertake the cure of any non-monetary breaches, violations or failures, or (B) exercise its rights to acquire the interest of Lessee in this Lease by foreclosure or otherwise, and shall immediately commence and then proceed with all due diligence to completion, then Lessor shall not terminate or take any action to effect a termination of this Lease or reenter or take possession of the Property so long as the leasehold mortgagee is diligently effecting such cure or foreclosure (or deed in lieu of foreclosure). Notwithstanding the foregoing sentence, Lessor does not waive its rights under this Lease or its right to declare any

subsequent Lessee Event of Default hereunder or its right to exercise any rights and remedies under this Lease, subject to the notice and cure rights of the leasehold mortgagee.

10.6 Notwithstanding anything in this Lease to the contrary, if, pursuant to the provisions of this Lease or as a matter of law, Lessor shall have the right to terminate this Lease, then Lessor shall take no action to terminate this Lease without first giving to the leasehold mortgagee written notice of such right and a reasonable time thereafter (a) to obtain possession of the Property (including possession by a receiver) and, in the case of a default or Lessee Event of Default susceptible of being cured by the leasehold mortgagee, to cure such default after obtaining possession or acquiring control of Lessee, as applicable, or (b) in the case of a default or Lessee Event of Default not so susceptible of being cured, to institute, prosecute and complete foreclosure proceedings, acquiring control of Lessee or otherwise acquire Lessee's interest under this Lease; provided, however, the leasehold mortgagee shall not be obligated to continue such possession or to continue such foreclosure proceedings after such default shall have been cured.

10.7 Upon termination of this Lease by Lessor upon Lessee's default, or upon any acquisition by the leasehold mortgagee of Lessee's interest in this Lease prior to termination of the Lease, Lessor shall enter into a new lease with such leasehold mortgagee covering the Property and agrees that all improvements constructed on the Property by Lessee shall be deemed to be owned by such leasehold mortgagee as of the commencement of the new lease, provided that such leasehold mortgagee (a) gives notice of the request for the new lease to Lessor within thirty (30) days after termination or foreclosure, (b) pays all costs incurred by Lessor resulting from such default or termination (including but not limited to Lessor's reasonable attorneys' fees and costs, and further including any costs incurred by Lessor in drafting a new lease), and (c) cures all defaults under this Lease, other than those defaults of Lessee which cannot be cured by leasehold mortgagee. The new lease shall be for the remainder of the Term of the terminated or foreclosed Lease, effective as of the date of termination or foreclosure, at the same rent, and contain the same covenants, agreements, conditions, provisions, restrictions, and limitations contained in the terminated or foreclosed Lease (except for those that have already been fulfilled or are no longer applicable). Notwithstanding anything to the contrary contained herein, if the leasehold mortgagee removes all or substantially all of the fixtures and equipment from the Property, then Lessor shall have the right to terminate this Lease upon thirty (30) days' written notice to such leasehold mortgagee.

10.8 Lessor and Lessee shall execute any and all reasonable amendments to this Lease: (a) for the purposes of reasonably implementing the leasehold mortgagee protection provisions of this Lease, or (b) otherwise reasonably requested by any leasehold mortgagee. However, Lessor shall not have any obligation to execute any amendment to this Lease which would or may adversely affect any material rights of Lessor (including but not limited to any termination, indemnity, removal and assignment rights or duties retained by, enjoyed by or placed upon Lessor or Lessee). Lessee agrees to promptly reimburse Lessor for any and all reasonable out-of-pocket costs incurred by Lessor (including reasonable attorneys' fees) in negotiating and executing any such amendment.

10.9 Lessor shall, within ten (10) business days of the request of the leasehold mortgagee or prospective mortgagee, provide an estoppel certificate as to any matters reasonably requested by leasehold mortgagee.

11. ASSIGNMENT

11.1 Except as otherwise expressly permitted hereunder, Lessee shall not assign or sublet the Lease or all or any portion of the Property without the prior written consent of Lessor, which consent may not be unreasonably withheld or delayed.

11.2 Notwithstanding anything in this Lease to the contrary, (a) Lessee may assign its rights, title and interest or obligations under this Lease to an Affiliate (as defined below), so long as (i) such Affiliate shall have assumed in writing all of the obligations of Lessee under this Lease, and (ii) at the time of such assignment, this Lease shall be in full force and effect, and no Event of Default by Lessee shall have occurred, and no event or condition shall have occurred that, with the giving of notice or the passage of time, or both, would constitute an Event of Default by Lessee, (b) any direct or indirect change of ownership of Lessee (whether voluntary or by operation of law, including but not limited to pursuant to a merger, consolidation or reorganization) shall be permitted, provided that the resulting upstream owners who control Lessee after such change of ownership shall have similar or better creditworthiness and experience in the development and operation of power projects as the upstream owners of Lessee who existed prior to such change of ownership, and (c) Lessee may collaterally assign this Lease to a leasehold mortgagee in connection with a leasehold mortgage as permitted pursuant to Section 10 hereof, in each instance, without Lessor's consent. Lessee shall give to Lessor written notice of any assignment described in subsections (a) and (c) of the immediately preceding sentence not less than fifteen (15) business days after the date that such assignment shall have become effective, and Lessee shall give to Lessor written notice of any assignment described in subsection (b) of the immediately preceding sentence not less than ten (10) business days prior to the date that such assignment shall become effective, provided, however, that if any assignment described in such subsection (b) shall not result in a change of control of Lessee, or if the giving of written notice prior to any assignment described in such subsection (b) would result in a violation of domestic or foreign securities laws, then Lessee shall not be obligated to deliver written notice to Lessor prior to the effective date of such assignment, but Lessee shall give to Lessor written notice of such assignment not less than fifteen (15) business days after the effective date of such assignment. In connection with Lessee's collateral assignment of this Lease to a leasehold mortgagee, Lessor shall execute a consent to collateral assignment in form and substance reasonably satisfactory to Lessor, Lessee and such leasehold mortgagee. For purposes of this Section 11, "Affiliate" shall mean, with respect to any person or entity, any other person or entity (A) which directly or indirectly controls, is controlled by or is under common control with, such person or entity, (B) in a relationship of joint venture, partnership, or other form of business association with such person or entity, (C) created or operated for the benefit of such person or entity or any person or entity described in clause (A) or (B) above or (D) that is an officer, shareholder, director, general partner or trustee or that directly or indirectly controls, is controlled by or is under common control with, such person or entity or any person or entity described in clause (A), (B) or (C) above. For purposes of this definition, a person or entity shall be deemed to control another person or entity if the controlling person (x) is the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of ten percent (10%) or more of the aggregate voting securities (or other voting interests) required for the election of directors (or persons performing similar functions) of such controlled person or (y) has the power to direct or cause the direction of the management and policies of the

controlled person or entity, whether through ownership of voting securities, by contract or otherwise.

11.3 The terms and provisions of this Lease are not severable in any assignment or sublease. No assignment or subletting permitted under this Lease shall relieve or release Lessee or Lessor from any of their respective liabilities, duties or obligations under this Lease.

11.4 Any assignment or sublease by Lessee which is not carried out in accordance with the terms and conditions of this Section 11 shall be null and void and, at the option of Lessor, shall constitute an Event of Default by Lessee under this Lease (after written notice is given under Section 15.1 and the expiration of the applicable cure period without cure), and Lessor shall be entitled to pursue any right or remedy available to it under the terms of this Lease. The acceptance of any rent or other payments by Lessor from a proposed assignee, sublessee or other transferee shall not constitute consent to such sublease, assignment or transfer by Lessor, a recognition of such assignee, sublessee or transferee, or a waiver by Lessor of any failure of Lessee or other transferor to comply with this Section 11.

12. INSURANCE

12.1 The following types and amounts of insurance are required under this Lease. Lessee may self-insure amounts up to \$2,000,000 to meet the requirements of this Section 12. Lessee shall cause Lessor and City, and their respective officers, officials and employees, to be named as additional insureds under any required coverage, except Worker's Compensation Insurance and Employers' Liability Insurance. All insurance required under this Section 12 shall be obtained prior to the commencement of any construction activities on the Property by the Lessee and shall be maintained in force throughout the Term and until the Lessee has satisfied all of its obligations under this Lease with respect to the Project that are intended to survive the expiration of the Term and which require or allow the Lessee to occupy or have access to the Property, at the sole cost and expense of Lessee.

12.1.1 Lessee shall obtain and maintain in force Commercial General Liability Insurance, including products liability and completed operations, with limits of liability of not less than \$1,000,000 combined single limit for bodily injury and property damage, each occurrence. This policy shall include a "contractual liability endorsement" that covers, among other risks, the contractual liabilities assumed under the indemnification provisions of this Lease; and

12.1.2 Lessee shall obtain and maintain in force Business Automobile Liability Insurance including owned, non-owned and hired vehicle coverage with limits of liability of not less than \$1,000,000 combined single limit or bodily injury and property damage, each occurrence. Such insurance shall be primary for all purposes and shall be so endorsed, and any deductible payments for claims shall be at the insured party's expense; and

12.1.3 Lessee shall obtain and maintain in force Workers' Compensation Insurance and any other statutory insurance required by laws of the State of California and Employers' Liability Insurance against each party's common law liability in the absence of statutory liability, for employee bodily injury arising out of the master-servant relationship with a

limit of not less than \$1,000,000 for each accident and \$1,000,000 for each employee for disease, and the insurer providing such insurance shall waive all rights of subrogation against Lessor and City; and

12.1.4 Lessee shall obtain and maintain in force Umbrella Liability Insurance over Commercial General Liability, Business Automobile Liability and Employers' Liability coverage's afforded by the primary policies described above, with minimum limits of \$5,000,000 per occurrence in excess of the above specified limits.

12.2 Lessee shall furnish certificates of insurance or self-insurance with respect to all insurance or self-insurance required to be carried by Lessee under this Lease to Lessor prior to the Effective Date, and thereafter within thirty (30) days following any renewal of such insurance or self-insurance. Lessee shall provide written notice to Lessor at least seven (7) days prior to any anticipated lapse in any required coverage and not later than seven (7) days written notice following any premature termination or any failure to maintain any required insurance.

12.3 Each party may procure and maintain any additional insurance for the Project or the Property as it deems necessary, and any such insurance relative to the performance of this Lease shall contain a waiver of subrogation in favor of the other party.

12.4 All policies of insurance, other than that provided by self-insurance, required by express provisions of this Lease shall be issued only by responsible insurance companies with a general policyholders' rating of not less than A- and a minimum size rating of VII as rated in the most currently-available "Best's Insurance Reports" or the financial equivalent thereof and licensed to do business in the State of California. All such policies shall be nonassessable and shall contain language, to the extent obtainable, to the effect that:

12.4.1 Any loss under either party's insurance shall be payable notwithstanding any act or negligence of the other party that might otherwise result in a forfeiture of the insurance;

12.4.2 The insurer waives the right of subrogation against the other party to this Lease and against the other party's agents and representatives;

12.4.3 The policies are primary and noncontributing with any insurance that may be carried by the other party;

12.4.4 The insurer shall endeavor to provide at least thirty (30) days' written notice to the other party in the event of a premature cancellation; and

12.4.5 Each party hereby waives all rights of subrogation against the other party to the extent of damage and claims covered by insurance.

13. CONDEMNATION

13.1 Any party receiving any notice of the kind specified below shall promptly give the other party notice of the receipt, contents and date of the notice received:

13.1.1 Notice of intended taking;

13.1.2 Service of any legal process relating to condemnation of the Property or improvements;

13.1.3 Notice in connection with any proceedings or negotiations with respect to such a condemnation; or

13.1.4 Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

13.2 Lessor, Lessee and any assignees under this Lease shall each have the right to represent its respective interest in each proceeding or negotiation with respect to a taking or intended taking of the Property and to make full proof of its claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the consent of Lessor and Lessee, which consent shall not unreasonably be withheld, delayed or conditioned. Lessor and Lessee each agree to execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

13.3 Except as otherwise provided in this Section 13, in the event of a total, substantial or partial taking of the Property, the rights of the parties with respect to the Term, the rent and the award, as the same pertain to this Lease only, shall be according to the law in effect at the time of the taking. If Lessee's interest under this Lease is subject to any leasehold mortgage, all amounts payable to Lessee shall be paid according to the terms and provisions of the leasehold mortgage.

13.3.1 In the case of a total or substantial taking of the Property, this Lease shall terminate as of the date of such taking. A "total or substantial taking" of the Property shall mean a taking of so much of the Property that, in the reasonable opinion of Lessee, the Property thereafter cannot reasonably be used by Lessee for carrying on, at substantially the same level or scope, the operation of the Project on the Property.

13.3.2 In the case of a partial taking of the Property, (a) this Lease shall remain in full force and effect as to the portion of the Property remaining immediately after such taking, and (b) effective as of the date of any partial taking, the rent payable by Lessee during the remainder of the Term of this Lease shall be reduced by an amount which reflects the adverse impact of the partial taking on the operation or development of the Project as reasonably determined by the Lessor and Lessee. A "partial taking" of the Property shall mean a taking which is not a total or substantial taking of the Property.

13.4 In the event of a taking of the Property which results in an award, whether or not separate awards are made to Lessor and Lessee, the aggregate award shall be divided as follows below. Moreover, any right claimed or asserted by a leasehold mortgagee as to any award shall only be applied against the portion of the award to which the Lessee is entitled.

13.4.1 To Lessor: (a) that portion of the award attributable to the value of the fee considered as unimproved (subject to the unexpired portion of Lessee's leasehold interest in the Property); (b) that portion of the award attributable to the present value of the aggregate rentals

remaining to be paid under the unexpired portion of the Initial Term of this Lease (including any right of Lessee to extend the Initial Term of this Lease);

13.4.2 To Lessee: (a) that portion of the award attributable to the value of the improvements situated upon the Property and (b) that portion of the award attributable to the value of Lessee's leasehold interest in the unexpired portion of the Lease, and (c) that portion of the award attributed to Lessee's relocation or moving expenses, severance damages and loss of goodwill.

14. INDEMNIFICATION

14.1 Lessee shall indemnify, defend and hold harmless Lessor and City and their respective directors, council members, officers, agents and employees (collectively, the "Indemnified Parties") from and against any and all liabilities, actions, claims, demands, directives, judgments, orders, liens, losses, fines, penalties, damages, expenses and costs (including reasonable attorneys' fees, accounting fees and expert witness or consulting fees, if any) (collectively, "Losses"), arising directly or indirectly from: (a) injuries to or death of any person(s), or loss or damage to the property of any person(s) or to the Property, including without limitation any damage caused by the discharge, release, disposal or dispersal of any material, pollutant, irritant, contaminant or Hazardous Substance during the Term, and arising in connection with or as a result of, in whole or in part, any act or omission relating to, based upon, regarding, or at the Property, to the extent such Losses were caused directly or indirectly by the acts or omissions (including any alleged or actual violations by Lessee of any certifications and/or operating permits for the Project, or any laws, rules or regulations pertaining thereto) of Lessee, its agents, licensees, invitees, sublessees, visitors, employees or contractors, or (b) any breach or default by Lessee of this Lease or any agreement, certificate or instrument delivered by or on behalf of Lessee pursuant hereto; provided however that Lessee's indemnification obligation does not extend to any Losses to the extent such Losses were caused by the negligent or willful acts or omissions of the Indemnified Parties, nor does it extend to any Losses caused by Pre-Existing Environmental Contamination.

14.2 Lessor shall indemnify, defend and hold harmless Lessee and its members, parents, predecessors, successors, agents and insurers, and each of their directors, officers, shareholders, managers and employees from and against any and all Losses for (a) any of Lessor's liabilities or obligations with respect to the ownership of the Property prior to the commencement of the Term, including without limitation, liabilities or obligations with respect to Pre-Existing Environmental Contamination, or (b) injuries to or death of any person(s), or loss or damage to the property of any person(s) or to the Project, arising in connection with or as a result of, in whole or in part, any act or omission relating to, based upon, regarding, or at the Property, to the extent such Losses were caused by the negligent or willful acts or omissions of Lessor, its agents, licensees, invitees, sublessees, visitors, employees or contractors, or (c) any breach or default of this Lease by Lessor or any agreement, certificate or instrument delivered by or on behalf of Lessor pursuant hereto; provided however that Lessor's indemnification obligation does not extend to any Losses to the extent such Losses were caused by the negligent or willful acts or omissions of Lessee, its directors, officers, shareholders, insurers, successors, predecessors, partners, employees and agents.

14.3 The terms of this Section 14 shall survive the expiration or earlier termination of this Lease.

15. DEFAULT BY LESSEE; REMEDIES

15.1 Each of the following events shall be an "Event of Default" by Lessee:

15.1.1 failure (a) to pay when due any installment of rent or any other sum (including, without limitation, the payment of all Taxes) required by this Lease to be paid by Lessee that is not cured within thirty (30) calendar days after written notice from Lessor, or (b) to conform with any other provision of this Lease which failure would have a material adverse effect on Lessor (which would include, without limitation, failure by Lessee to comply with applicable law, failure by Lessee to construct and maintain the Project on the Property as provided herein, actions by Lessee that would result in a material adverse tax consequences to Lessor, failure by Lessee to maintain the required insurance), if such failure is not remedied within ninety (90) calendar days of receipt of written notice, or if such failure cannot be remedied within ninety (90) calendar days of receipt of such notice, Lessee commences remedying the failure within ninety (90) calendar days of receipt of such notice and diligently proceeds to complete the remedy thereafter;

15.1.2 the subjection of any right or interest of Lessee under this Lease to attachment, execution or other levy, or to seizure under legal process, if not released, dismissed or discharged within ninety (90) calendar days after Lessee receives notice thereof, provided that the foreclosure of any leasehold mortgage permitted by provisions of this Lease shall not be construed as a default within the meaning of this subsection;

15.1.3 the appointment of a receiver to take possession of the Property or improvements or of Lessee's operations on the Property for any reason, including but not limited to assignment for the benefit of creditors or voluntary or involuntary bankruptcy proceedings (but not including receivership pursuant to any leasehold mortgage permitted by provisions of this Lease), where such receiver or assignment is not released, dismissed or discharged within ninety (90) calendar days after Lessee receives notice thereof; or

15.1.4 an assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee bankrupt; or for extending time for payment, adjustment or satisfaction of Lessee's liabilities; or for reorganization, dissolution or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding and all consequent orders, adjudications, custodies and supervisions are dismissed, vacated or otherwise permanently stayed or terminated within ninety (90) calendar days after the assignment, filing or other initial event.

15.2 Lessor shall, before pursuing any remedy for an alleged default by Lessee, comply with Section 10 of this Lease.

15.3 Intentionally omitted.

15.4 Each leasehold mortgagee entitled to receive a notice of default under Section 10.5 shall have thirty (30) additional days after the expiration of the Lessee's cure period within which, at leasehold mortgagee's election, either:

15.4.1 to cure the default if it can be cured by the payment or expenditure of money; or

15.4.2 if the default cannot be so cured by payment or expenditure of money, to cause the prompt initiation of actions to cure the default, and to prosecute the same diligently to conclusion (including, if possession is necessary to effectuate the cure, diligently applying for appointment of a receiver and then causing the receiver to cure the default, and if attempts to obtain appointment of a receiver is unsuccessful, diligently foreclosing and then diligently prosecuting the cure to completion), and Lessor shall accept such performance by or at the instigation of such leasehold mortgagee as if the same had been undertaken by Lessee. Lessor and Lessee authorize each leasehold mortgagee to take any such action at leasehold mortgagee's option and hereby authorize entry upon the Property by the leasehold mortgagee for such purposes.

Notwithstanding the foregoing, no leasehold mortgagee shall be required to perform such cure and the leasehold mortgagee shall not be required to obtain possession or continue in possession as a leasehold mortgagee of the Property, or to continue to prosecute foreclosure proceedings, if and when such Event of Default has been cured. If the leasehold mortgagee, or its nominee, or a purchaser in a foreclosure sale, shall acquire title to Lessee's leasehold estate hereunder and shall cure all Events of Default which are susceptible of being cured by the leasehold mortgagee or by said purchaser, as the case may be, then prior Events of Default which are not susceptible to being cured by the leasehold mortgagee or by said purchaser shall no longer be deemed Events of Default hereunder.

15.5 Upon the occurrence of an Event of Default by Lessee, Lessor may, at Lessor's election, make any payment required of Lessee under this Lease or perform or comply with any covenant or condition imposed on Lessee under this Lease and the reasonable out-of-pocket amounts so paid plus the reasonable out-of-pocket cost of any such performance or compliance, plus interest (pursuant to Section 29) on such sum from the date of payment, performance or compliance, shall be deemed to be additional rent payable by Lessee with the next succeeding installment of rent. No such act shall constitute a waiver of default or of any remedy for default or render Lessor liable for any loss or damage resulting from any such act.

15.6 Upon the occurrence of an Event of Default by Lessee that is not timely cured by a leasehold mortgagee (if any):

15.6.1 Lessor may, at Lessor's election, terminate this Lease by giving Lessee written notice of termination. The notice of termination may, at Lessor's sole discretion, require Lessee to remove all of its improvements and fixtures from the Property and restore the Property to its prior condition subject to reasonable wear and tear. The termination shall be effective when Lessee has had a reasonable period of time after receipt of the notice of termination to remove its improvements from the Property, whether or not demanded in the notice of termination, but no earlier than one hundred eighty (180) days from receipt of the notice. On the

effective date of the termination, all of Lessee's rights in the Property and in all improvements shall, at Lessor's election, terminate. On the effective date of termination, Lessee shall surrender and vacate the Property in accordance with the terms of this Lease, and Lessor may reenter and take possession of the Property and all remaining improvements and eject all parties in possession or eject some and not others or eject none. Termination under this Section 15.6.1 shall not relieve Lessee from the payment of any rent, sums or charges then due to Lessor or from any claim for damage previously accrued or then accruing against Lessee, including damages determined under California Civil Code Section 1951.2.

15.6.2 Lessor may keep this Lease in effect and sue for rent and other sums as they come due under California Civil Code Section 1951.4, and if Lessor elects this remedy, Lessor shall not unreasonably withhold its consent to assignment or subletting by Lessee.

15.7 Any legal action by Lessor to enforce any obligation of Lessee or in the pursuit of any remedy hereunder shall be deemed timely filed if commenced at any time prior to one (1) year after the expiration or sooner termination of the Term or prior to the expiration of the statutory limitation period that would be applicable except for this Section 15.7, whichever period expires later.

15.8 Except as otherwise expressly provided for this Section 15, Lessee hereby expressly waives, so far as permitted by law, the service of any notice of intention to enter or reenter provided for in any statute, or the institution of legal proceedings to that end, and Lessee, for and on behalf of itself and all person claiming through or under Lessee, also waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 or 1179, or under any other present or future law, if Lessee is evicted or Lessor takes possession of the Property by reason of any default by Lessee hereunder. Any notice of default given by Lessor may be in the form required by the California unlawful detainer statutes.

15.9 The various rights and remedies reserved to Lessor herein, including those not specifically described herein (other than those which have been expressly waived by Lessor herein), shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity (other than those which have been expressly waived by Lessor herein), and the exercise of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity shall not preclude the simultaneous or later exercise by Lessor of any or all rights and remedies available to it.

16. DEFAULT BY LESSOR; REMEDIES

16.1 The failure or refusal of Lessor to perform as required or conditioned by any other covenant or condition of this Lease shall be a default by Lessor.

16.2 Lessor shall not be considered to be in default under this Lease unless:

16.2.1 Lessee has given written notice specifying the default; and

16.2.2 Lessor has failed to cure the default within thirty (30) calendar days after receipt of notice, plus any additional period that is reasonably required for the curing of the default, to cure the default.

16.3 In the event of Lessor's default, in addition to any and all rights and remedies available to Lessee at law or in equity, Lessee shall be entitled to withhold, on a pro rata basis, all rent due prior to termination of this Lease pursuant to Section 16.3 or prior to Lessor's cure of the default, whichever the case may be.

17. REPRESENTATIONS, WARRANTIES AND COVENANTS

17.1 Lessor represents, warrants and covenants the following:

17.1.1 Subject to any provision contained herein to the contrary, Lessor agrees to cooperate with Lessee as reasonably necessary in connection with the construction and operation of the Project as contemplated by this Lease, provided such cooperation is without more than nominal cost or expense to Lessor in doing so (unless Lessee agrees in writing to reimburse Lessor for any costs and expenses which are not nominal), and further provided Lessor is not required to indemnify, assume responsibility or liability for, make a financial commitment regarding, serve as a surety for and/or otherwise guarantee any act, application, representation or warranty by or on behalf of Lessee.

17.1.2 Lessor has the requisite power and authority to execute and deliver this Lease and to lease the Property to the Lessee, and this Lease has been duly authorized, executed and delivered by Lessor.

17.1.3 To the best of Lessor's actual knowledge, as of the date hereof, the Property is in compliance with all applicable laws, rules, regulations and ordinances (including without limitation, laws relating to zoning and subdivision matters).

17.1.4 As of the date hereof, Lessor has received no written notice from any governmental authority having jurisdiction over the Property to the effect that the Property is presently in violation of any laws, rules, regulations or ordinances (including without limitation, laws, rules, regulations and ordinances relating to environmental matters) presently in effect that directly pertain to the Property.

17.1.5 To the best of Lessor's actual knowledge, as of the date hereof, there is no pending, nor has Lessor received any written notice of any litigation or any government proceedings directly pertaining to the Property.

17.1.6 As of the date hereof, there are no pending (nor has Lessor received any written notice of any, and to the best of Lessor's actual knowledge, there is no, threatened) condemnation proceedings affecting the Property.

17.1.7 To the best of Lessor's actual knowledge, as of the date hereof, the Property is subject to no unrecorded leases, liens, charges, encumbrances, binding obligations, easements, rights-of-way, covenants, conditions, restrictions, occupancy agreements, purchase options, rights of first refusal, rights of first negotiation or any similar items to which the Lessor is a party, other than this Lease and the Option Agreement.

17.1.8 Lessor shall not exercise its condemnation authority with respect to any of the Property and Lessor shall not amend the Plan in any manner which would materially and

adversely affect Lessee without first obtaining Lessee's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

For purposes of this Lease, "To the best of Lessor's actual knowledge" shall mean the present actual knowledge of Kevin Radecki.

17.2 Lessee represents, warrants and covenants the following:

17.2.1 Lessee is a limited liability company duly formed and validly existing under the laws of the State of Delaware and is qualified to do business under the laws of the State of California.

17.2.2 Lessee shall use the Property for the purposes set forth in this Lease.

17.2.3 Lessee has taken all corporate and/or other actions to authorize it to execute and perform the obligations set forth in this Lease and this Lease has been duly authorized, executed and delivered by Lessee.

18. FORCE MAJEURE

18.1 For the purpose of this Lease, "Force Majeure" shall mean an act of God, an act of the public enemy, strike, lockout, boycott, picketing, riot, insurrection, fire, or any governmental law, order, rule, regulation or ordinance, or any other occurrence not within the reasonable control of the party claiming Force Majeure.

18.2 Any prevention, delay, nonperformance or stoppage due to Force Majeure shall excuse nonperformance by either Lessor or Lessee for a period equal to any such prevention, delay, nonperformance or stoppage, except the obligations imposed by this Lease for the payment of Basic Rent, Taxes, insurance or other monetary obligations.

19. DISPUTE RESOLUTION

19.1 Should any dispute or conflict arise between the parties hereto with respect to the terms and provisions of this Lease, Lessor and Lessee shall first attempt to meet, confer and negotiate in good faith in an effort to reach a mutually satisfactory resolution to any such dispute or conflict.

19.2 If the dispute or conflict has not been resolved within thirty (30) days of the commencement of meet and confer negotiations (which period may be extended by written mutual agreement of the parties), or if one party or both parties refuse or fail to react within such period, either party may file a lawsuit, it being understood and agreed that the sole and exclusive forum and venue for all lawsuits arising out of or relating to this Lease shall be only in the State and Federal Courts in Los Angeles or Orange County, California .

20. GOVERNING LAW

This Lease shall be governed by and interpreted in accordance with the laws of the State of California, without regard to the conflict of laws principles therein.

21. NOTICE

The parties hereto agree that all notices, consents and other communications required or permitted under this Lease shall be in writing and shall be delivered by professional courier, sent by air courier, sent by prepaid registered or certified mail with return receipt requested, and shall be deemed to have been given on the earliest of (a) receipt, (b) one business day after delivery to an air courier for overnight expedited delivery service or (c) five (5) business days after the date deposited in the United States mail, registered or certified, with postage prepaid and return receipt requested (provided that such return receipt indicates receipt at the address specified). All notices shall be addressed as appropriate to the following addresses (or to such other or further addresses as the parties may designate by notice given in accordance with this section).

Lessor: **Industry Urban-Development Agency**
15625 East Stafford Street, Suite 200
City of Industry, California 91744
Telephone: 626-333-1480
Facsimile: 626-336-4273
Attn: Executive Director

Lessee: **Walnut Creek Energy, LLC**
c/o Edison Mission Energy
18101 Von Karman Avenue, Suite 1700
Irvine, California 92612-1046
Telephone: 949-752-5588
Facsimile: 949-752-1420
Attn: General Counsel

22. SEVERABILITY

If any part, term or provision of this Lease is held by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Lease did not contain the particular part, term or provision held to be invalid.

23. CONFLICTS

If there is a conflict between any provisions in the body of this Lease and any provisions in the attached Exhibits, or documents incorporated by reference, the provisions in the body of this Lease shall control.

24. WAIVER

The failure of either party hereto at any time to require performance by the other party of any provision of this Lease shall in no way affect the right of such party thereafter to enforce the same, nor shall any waiver of any breach of any provision hereof by the other party be taken or held to be a waiver by such party of any succeeding breach of such provision, or as a waiver of the provision itself.

25. SECTION HEADINGS

The section headings appearing in this Lease have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to define, limit or extend the scope or intent of the sections to which they appertain.

26. EXHIBITS AND SCHEDULES

The following exhibits and schedules are attached hereto, incorporated herein and made a part hereof:

Exhibit "A" – Legal Description of the Property

Exhibit "B" – Project General Arrangement Drawing

Exhibit "C" – Form of Memorandum of Lease

Exhibit "D" – Groundwater Report and Phase II

27. ENTIRE AGREEMENT

27.1 This Lease supersedes all prior oral or written proposals, communications or other agreements related to the subject matter of this Lease.

27.2 This Lease sets forth the entire agreement between the parties with regard to the subject matter of this Lease and no modification or amendment thereto shall be binding upon the parties unless in writing and signed by both parties, and unless Lessee provides Lessor with: (a) evidence of written consent by all leasehold mortgagees to such modification or amendment prior to, or simultaneously with, such modification or amendment or, (b) written confirmation that consent was not required by any leasehold mortgagees for such modification or amendment prior to, or simultaneously with, such modification or amendment.

28. INTEREST

All rents and other sums due and payable by Lessee to Lessor under any provision of this Lease shall bear interest from and after the due date at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by applicable law.

29. NEUTRAL CONSTRUCTION

This Lease will be construed neutrally and will not be applied or interpreted more strictly against one party than another.

30. PRE-EXISTING ENVIRONMENTAL CONTAMINATION

30.1 Lessee has provided Lessor with copies of (a) that certain Phase I Environmental Site Assessment performed by Environmental Strategies Consulting LLC and dated May 20, 2005, (b) that certain Phase I Update and Phase II Groundwater Investigation dated November 2, 2005 (the "Groundwater Report"), and (c) that certain Phase II Environmental Site Assessment

performed by WSP Environmental Strategies LLC and dated February 14, 2008 (the "Phase II"). Copies of the Groundwater Report and the Phase II are attached to this Lease as Exhibit "D" and made a part hereof. Lessor agrees to assume full and complete responsibility for any and all excavation, cleanup, assessment, remediation and/or monitoring activities that may be required during the Term of this Lease by any applicable law or governmental authority (including, without limitation, any federal or state court, or any federal, state or local agency with jurisdiction over the Property) for any and all materials, pollutants, irritants, contaminants and Hazardous Substances in, on, under, or emanating from the soil or subsurface at the Property as shown on the Groundwater Report and/or the Phase II ("Pre-Existing Environmental Contamination"). All Pre-Existing Environmental Contamination identified in the Phase II and/or the Groundwater Report, including any such contamination found during the demolition and removal of any existing fixtures, structures and improvements prior to the Effective Date, which is required by any applicable law or governmental authority to be assessed, excavated, remediated and/or cleaned up to the extent necessary to construct and operate the Project shall be assessed, excavated, remediated and/or cleaned up by Lessor, at its sole cost and expense, as soon as possible as any delay could have a material adverse effect on the Lessee's intended use of the Property. Notwithstanding Lessor's remediation obligations in this Section 30.1, Lessee shall have the right, but not the obligation, to excavate, haul, remove and dispose of any soils and debris containing Pre-Existing Environmental Contamination which must reasonably be excavated in connection with its Pre-Startup Construction Activities (as defined below); provided, however, that Lessor shall be liable for all costs associated with any activities required in this Section 30.1. "Pre-Startup Construction Activities" shall be defined, for purposes of this Lease, as any construction activities at the Property conducted by Lessee prior to substantial completion of the Project.

30.2 For purposes of this Lease, the term "Hazardous Substances" means any material, waste, chemical, compound, substance, mixture or byproduct, whether in solid, liquid or gaseous form, that is identified, defined, designated, listed, restricted or otherwise regulated under environmental laws as a "hazardous constituent," "hazardous substance," "hazardous material," "extremely hazardous material," "hazardous waste," "acutely hazardous waste," "toxic waste," "hazardous waste constituent," "infectious waste," "medical waste," "biohazardous waste," "extremely hazardous waste," "pollutant," "toxic pollutant," or "contaminant," "hazardous air pollutant," "toxic air contaminant") or any other formulation intended to classify substances by reason of properties that are deleterious to the environment, natural resources or public health or safety, including, without limitation, ignitability, corrosiveness, reactivity, carcinogenicity, toxicity, and reproductive toxicity. The term "Hazardous Substances" includes, without limitation, any material or substance which is (a) petroleum, (b) asbestos, (c) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.* (33 U.S.C. § 1321), (d) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.* (42 U.S.C. § 6903), (e) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 *et seq.* (42 U.S.C. § 9601), or (f) designated as a hazardous substance pursuant to Section 25316 of the Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health and Safety Code §§ 25300 *et seq.*

30.3. For purposes of this Lease, the term "Environmental Law" shall mean any federal, state, regional or local statute, rule, regulation, ordinance, order, decree, judgment, action, or directive (collectively, "Law") applicable to protection of health, safety or the environment, including without limitation, any such Law governing the discharge or release of any Hazardous Substance.

31. PHYSICAL CONDITION OF PROPERTY

Except as otherwise expressly provided herein, the Property shall be leased from the Lessor to the Lessee on an "AS IS" condition and basis with all faults and, except as otherwise expressly provided herein, Lessee agrees that Lessor has no obligation to make repairs, replacements or improvements thereto. The Lessee and anyone claiming by, through or under the Lessee hereby waives its right to recover from and fully and irrevocably releases the Lessor and the Lessor's employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Lessor's behalf (the "Released Parties") from any and all claims, responsibility and/or liability that the Lessee may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the physical condition of the Property, the suitability of the Property for its intended use by the Lessee under this Lease, and the presence of any Hazardous Substances on, under or about the Property; provided, however, that the foregoing waiver and release does not extend to claims, responsibility and/or liability arising from the Lessor's breach of any of the representations and warranties set forth in Section 17.1 hereof, Lessor's indemnification obligations contained in Section 14.2 hereof or Lessor's covenants contained in Sections 30 and 42 hereof. This release includes claims of which the Lessee is presently unaware or which the Lessee does not presently suspect to exist which, if known by the Lessee, would materially affect the Lessee's release of the Released Parties. Except with respect to Lessor's obligations under Sections 30 and 42 hereof, if the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Lessee to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly set forth in Sections 17.1 above, and without limiting the generality of the foregoing, THE LESSOR MAKES NO REPRESENTATION OR WARRANTY AS TO (i) VALUE; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR ENVIRONMENTAL LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; OR (ix) WITH RESPECT TO ANY OTHER MATTER. LESSEE FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, LESSEE IS RELYING SOLELY ON ITS OWN

INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE LESSOR.

LESSEE HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, LESSEE HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Lessee's Initials

A handwritten signature or set of initials, possibly "LJ", written in black ink over a horizontal line.

This Section 31 shall survive the termination of this Lease.

32. ESTOPPEL CERTIFICATES

32.1 At any time and from time to time, within thirty (30) days after notice of request by either party or by any leasehold mortgagee, the requested party shall execute, acknowledge and deliver to the requesting party or leasehold mortgagee, or to such other recipient as the notice shall direct, a statement certifying whether or not this Lease is unmodified and in full force and effect or, if there have been any modifications, whether it is in full force and effect as modified in the manner specified in the statement, and whether any default is known or believed to exist under this Lease. The statement shall also state the dates to which rent and any other charges have been paid in advance or are delinquent. The statement shall state that it can be relied upon, as appropriate, by any auditor, creditor, commercial banker, or investment banker of either party and by any prospective purchaser or encumbrancer of the Property or the Project or both or of all or any part of Lessee's or Lessor's interest under this Lease.

32.2 The requested party's failure to execute, acknowledge and deliver the certified statement described above within the specified time shall constitute acknowledgment by the requested party to all persons whom the request states will be relying upon the statement that this Lease is unmodified and in full force and effect and that the rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice of request, and shall constitute a waiver with respect to all persons whom the request states will be relying upon the statement of any defaults that may exist before the date of the notice.

33. QUIET ENJOYMENT

Upon the paying of rent and the performing of all of the provisions contained in this Lease on Lessee's part to be observed and performed, Lessee shall have the peaceful and quiet enjoyment of the Property and Lessor shall undertake any and all actions reasonably required in connection therewith.

34. COUNTERPARTS

This Lease may be executed in two or more counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument.

35. MEMORANDUM OF LEASE

This Lease and any amendment hereto shall not be recorded; however, a memorandum of this Lease (and any amendment hereto) in the form of Exhibit "C" attached hereto shall be duly executed, acknowledged and delivered by each party to the other and Lessor shall record, or Lessee and Lessor shall direct Lessee's title insurer to record, such memorandum. The parties shall execute such memorandum in form and substance as required by a title insurance company insuring Lessee's leasehold estate or the interest of any leasehold mortgagee, and sufficient to give constructive notice of this Lease and any amendment hereto to subsequent purchasers and mortgagees. Lessee shall pay any documentary transfer taxes.

36. FURTHER ASSURANCES

The Lessor and Lessee agree to do all things reasonably necessary to carry out and effectuate the terms of this Lease, including without limitation, drafting, executing and/or serving appropriate reasonable documents.

37. NO PARTNERSHIP BY REASON OF LEASE

Neither Lessor nor Lessee is intended to become or shall become, in any way or for any purpose, a partner of the other in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprises with the other, or agent of the other, by reason of this Lease.

38. NO THIRD PARTY BENEFICIARIES

This Lease shall not confer or be deemed nor construed to confer upon any person or entity, other than the parties hereto, any right or interest, including without limiting the generality of the foregoing, any third party beneficiary status or any right to enforce any provision of this Lease.

39. HOLDING OVER

This Lease shall terminate upon the expiration (or earlier termination) of the Term and any holding over by Lessee after the expiration (or earlier termination) of the Term shall not constitute a renewal of this Lease or give Lessee any rights hereunder or in or to the Property.

40. TERMINATION NOT MERGER

The voluntary sale or other surrender of this Lease by Lessee to Lessor, or a mutual cancellation thereof, or the termination thereof by Lessor pursuant to any provision contained herein, shall not automatically terminate any sublease, but at the option of Lessor exercised by Lessor in its sole and absolute discretion and in writing, shall either terminate any or all existing subleases or subtenancies hereunder, or operate as an assignment to Lessor of any or all of such subleases or subtenancies, but Lessor shall not be liable to any sublessee for any acts, omissions, defaults or representations of Lessee. All subleases permitted by Lessor shall so provide.

41. NO DISCRIMINATION

The Lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the Lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

42. COVENANTS, CONDITIONS AND RESTRICTIONS

Lessor shall, at its sole cost and expense, bear the cost of (or otherwise promptly reimburse Lessee, to the extent paid by Lessee, for the cost of) any endorsement to Lessee's leasehold policy of title insurance insuring against loss or damage sustained by reason of any final judgment enforcing covenants, conditions and restrictions set forth in the Protective Covenants (as defined below). In the event such endorsement is not available, or if any party having rights under the Protective Covenants seeks to enforce such Protective Covenants in such manner as would materially interfere with, materially delay or otherwise prevent construction of the Project (regardless of whether such endorsement is available and/or obtained), the Lessor shall, in its sole discretion and at its sole cost and expense, either (a) use its best efforts to obtain any and all waivers of the Protective Covenants which may be required by Lessee and/or Lessee's lender, in such form as may be satisfactory to either Lessee and/or its lender, in such party's reasonable discretion, or (b) cause the Protective Covenants to be terminated. "Protective

Covenants” means that certain Declaration of Protective Controls for Bixby Industrial Park dated September 8, 1967, and recorded on September 13, 1967 as Instrument No. 3640 in Book M2657, Page 717 of the Official Records of Los Angeles County, California (the “Official Records”), as amended, modified and/or supplemented by (i) that certain Notice of Addition to Territory Covered by Protective Controls, Bixby Industrial Park dated March 22, 1978, and recorded on March 27, 1968 as Instrument No. 2225 of Official Records, (ii) that certain Modification of Protective Controls, Bixby Industrial Park dated November 6, 1969, and recorded on November 20, 1969 as Instrument No. 1953 of Official Records, (iii) that certain Modification of Protective Controls, Bixby Industrial Park, dated December 17, 1971, and recorded on December 28, 1971 as Instrument No. 226 of Official Records, and (iv) that certain Assignment of Rights as Joint Declarant dated January 16th, 1973, and recorded on January 15, 1973 as Instrument No. 367 of Official Records.

43. EXECUTION BY EXECUTIVE DIRECTOR

Anything in this Lease to the contrary notwithstanding, to the extent that any provision of this Lease requires or provides for the discretionary consent of Lessor (i.e., where Lessor’s consent may not be unreasonably withheld, conditioned or delayed), Lessor’s consent may be granted by the Executive Director of Lessor, without the requirement of the approval of the board of Lessor, which consent shall be effective and may be relied upon by Lessee for all purposes hereunder.

44. TIME IS OF THE ESSENCE

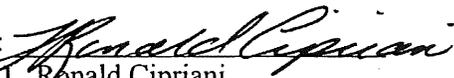
Time is of the essence of this Lease and of each and every provision hereof.

SIGNATURE PAGE FOLLOWS

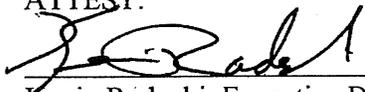
IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date first written above.

LESSOR:

**INDUSTRY URBAN-DEVELOPMENT
AGENCY**, a public body, corporate and politic

Signed: 
Name: L. Ronald Cipriani
Title: Chairman

ATTEST:


Kevin Radecki, Executive Director

LESSEE:

WALNUT CREEK ENERGY, LLC,
a Delaware limited liability company

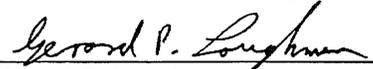
Signed: 
Name: Gerard P. Loughman
Title: President

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1, AS SHOWN ON PARCEL MAP NO. 2, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 23 PAGES 17 TO 19 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

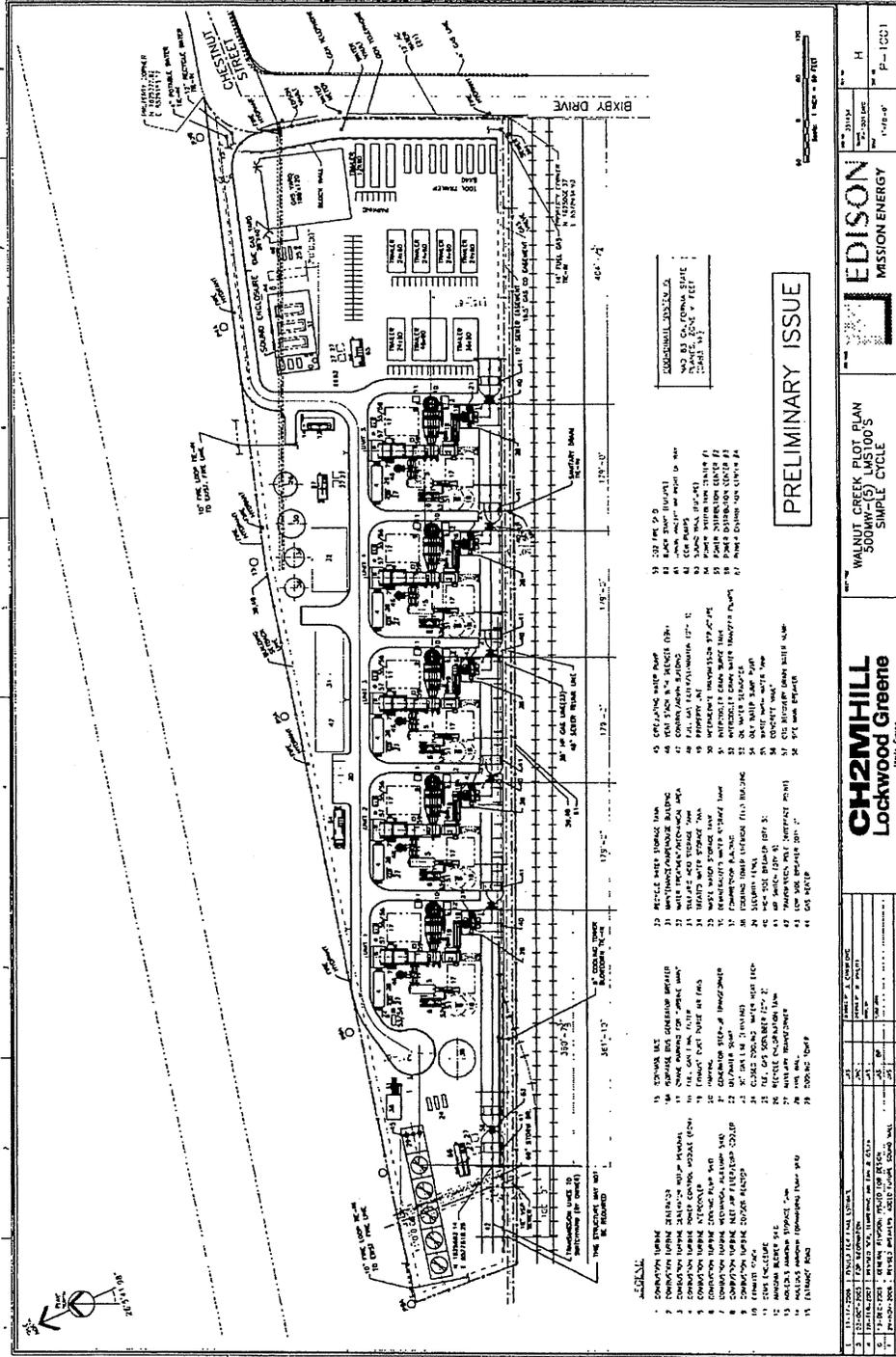
EXCEPT THEREFROM ALL OIL, GAS, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, BUT WITH NO RIGHT TO ENTER UPON THE SURFACE OF THE PROPERTY OR TO USE THE PROPERTY OR ANY PORTION THEREOF ABOVE THE LEVEL OF A PLANE PARALLEL TO AND 500 FEET BELOW THE SURFACE OF SAID LAND, AS SAID SURFACE EXISTED ON DECEMBER 17, 1971, AS RESERVED BY RANCHO LOS ALAMITOS CORPORATION, A CALIFORNIA CORPORATION, DOING BUSINESS AS BIXBY INDUSTRIAL PARK, IN DEED RECORDED DECEMBER 28, 1971 AS INSTRUMENT NO. 277.

APN: 8242-013-901

EXHIBIT "B"

PROJECT GENERAL ARRANGEMENT DRAWING

[Note: The Project will initially be comprised of three (3) or five (5) units; Lessee may in its sole discretion add additional units in the future.]



PRELIMINARY ISSUE

 CH2MHILL Lockwood Greene <small>PHOTOGRAPHY</small>		 EDISON MISSION ENERGY	
WALNUT CREEK PLOT PLAN 500MW-5 SIMPLE CYCLE		SHEET NO. H OF P-1001	

EXHIBIT "C"

FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Industry Urban-Development Agency
15625 East Stafford Street, Suite 200
City of Industry, California 91744
Attn: Agency Clerk

APN: 8242-013-901

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of _____, 2008, and is entered into by and between the INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body, corporate and politic, ("**Landlord**"), and WALNUT CREEK ENERGY, LLC, a Delaware limited liability company ("**Tenant**").

RECITALS

A. Landlord and tenant have entered into that certain Lease Agreement dated as of _____, 2008 (the "**Lease**"), pursuant to which Landlord has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from Landlord, land located in the City of Industry, County of Los Angeles, State of California, more particularly described on Exhibit "A" attached hereto (the "**Property**"), as provided in the Lease.

B. Tenant and Landlord now desire to enter into this Memorandum to provide record notice of the Lease and to satisfy California Government Code Section 37393.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Lease. Landlord hereby leases and demises to Property to Tenant, and Tenant hereby leases and accepts the Property from Landlord, for an initial term expiring twenty-five (25) years after the project to be constructed by Tenant on the Property has achieved commercial operation, with the right to extend the initial term for up to ten (10) additional one year extension

Exhibit C

1

periods, at the rental and upon the other terms and conditions set forth in the Lease, which terms and conditions are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the applicable term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

LANDLORD:

INDUSTRY URBAN-DEVELOPMENT
AGENCY, a public body, corporate and politic

By: _____
Ron Cipriani, Chairman

ATTEST:

_____,
Agency Clerk

TENANT:

WALNUT CREEK ENERGY, LLC,
a Delaware limited liability company

By: _____
Gerald P. Loughman, President

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1, AS SHOWN ON PARCEL MAP NO. 2, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 23 PAGES 17 TO 19 INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, BUT WITH NO RIGHT TO ENTER UPON THE SURFACE OF THE PROPERTY OR TO USE THE PROPERTY OR ANY PORTION THEREOF ABOVE THE LEVEL OF A PLANE PARALLEL TO AND 500 FEET BELOW THE SURFACE OF SAID LAND, AS SAID SURFACE EXISTED ON DECEMBER 17, 1971, AS RESERVED BY RANCHO LOS ALAMITOS CORPORATION, A CALIFORNIA CORPORATION, DOING BUSINESS AS BIXBY INDUSTRIAL PARK, IN DEED RECORDED DECEMBER 28, 1971 AS INSTRUMENT NO. 277.

APN: 8242-013-901

EXHIBIT "D"
GROUNDWATER REPORT AND PHASE II

[see attached]



ENVIRONMENTAL STRATEGIES CONSULTING LLC

2025 Gateway Place, Suite 280 • San Jose, California 95110 • (408) 453-6100 • Fax (408) 453-0496

November 2, 2005

Thomas J. McCabe, Jr.
Edison Mission Energy
18101 Von Karman Avenue Suite 1700
Irvine, California 92715

Re: Walnut Creek Energy Project: Phase I Update and Phase II Groundwater Investigation at
911 Bixby Drive, City of Industry, California

Dear Mr. McCabe,

On behalf of Edison Mission Energy (EME), Environmental Strategies Consulting LLC (Environmental Strategies) gathered information to update a previous Phase I Environmental Site Assessment and conducted a Phase II Groundwater Investigation for the Walnut Creek Energy Project located at 911 Bixby Drive, City of Industry, California (Figure 1).

Environmental Strategies prepared a Phase I Environmental Site Assessment of 911 Bixby Drive, City of Industry, California dated May 20, 2005. The subject property is owned by the City of Industry and leased to ARC International Corporation (ARC). The ARC facility is a California Integrated Waste Management Board (CIWMB) approved Covered Electronic Waste (CEW) Collector and Recycler (CEWID: 101732). The ARC facility also operates as a large quantity generator and transporter of hazardous waste under an EPA ID No.(CAR000145714) issued by EPA Region 9 on July 29, 2003, and California EPA ID No. (CAL000273749) issued by the Department of Toxic Substances Control on August 11, 2003. According to the ARC facility's E-Waste Recycling brochure, operations onsite include electronic waste shipping and receiving, disassembly, CRT discharge, and data reporting/ generation of Certificate of Destruction. Disassembled materials are sorted for reuse before the material is processed by recycling recovery machinery. Plastics, glass, metals, PCBs, and CRT are either baled or bulk packed separately for transport to a licensed smelter for disposal. Based on Environmental Strategies' site visits, ARC's operations are conducted indoors. Interior loading docks are used for loading and unloading electronic waste. Environmental Strategies did not observe any hazardous waste storage areas outdoors. However, miscellaneous furniture and packaging materials were stored outdoors on the west side of the building. Trucks and trailers are parked on the west side of the subject property in a paved area.

The subject property lies within the San Gabriel Valley Superfund Site. The San Gabriel Valley Superfund Site is listed on the National Priority List (NPL) and California State Priority List (SPL) databases, and has undergone investigations and remediation for groundwater contaminated with volatile organic compounds (VOCs). The Superfund Site encompasses a large area within the San Gabriel Valley, which includes the subject property. It is likely that

groundwater beneath the property is contaminated as a result of sources within the Superfund Site.

Phase I Update

In reviewing a database search as part of the Phase I work, the subject property was listed on the Well Investigation Program (WIP) database. On September 14, 2005, Environmental Strategies reviewed a file on the subject property at the Los Angeles Regional Water Quality Control Board (Board). The file contained the following information:

- Letter requests dated December 9, 1987 and April 12, 1988 from the Board to Prudential-Feldco (a previous property owner) for a list of chemicals used at the facility.
- Completed Chemical Storage and Use Questionnaire dated May 26, 1988. This questionnaire indicated that operations at the subject property consisted of the manufacturing of school and office supplies and that these operations began in February 1979. The previous owner of the property was Williamhouse-Regency, Inc. The major chemicals in use included hydraulic oil, gear lubricants, and turbine oil (55-gallon drums), propylene glycol (5-gallon pail), butoxy triglycol (55-gallon drums), solvent based inks (55-gallon drums), cleaning solvents (one gallon containers), Amsco solvent (55-gallon drum) which contained 1,1,1-trichloroethane (TCA), and isopropanol (one gallon containers).
- Letter report from the Board dated September 10, 1991 documenting a June 20, 1991 inspection of the subject property by the Board. This letter report is presented in Appendix A. The name of the property was "Pen-Tab Industries." The letter report includes a rough drawing that shows a "previous haz. chem. storage" area on the north side of the building. The report indicated that materials were stored inside and outside without spill containment and recommended that steps be taken to provide such containment. The case was to "...be held in abeyance pending further subsurface investigation in the neighborhood area."
- A follow-up letter to the 1991 inspection by the Board dated October 8, 1996 (Appendix A) indicates that "The facility should be given a no further action notice because there are no signs of any chemical discharges to the ground that were observed and it is Board Staff's opinion that this area is properly managed. As a result no subsurface investigation was deemed necessary."

In addition, additional research was performed concerning the current occupants of the subject property. ARC International Corporation (ARC) is an Approved Collector and Recycler for Covered Electronic Waste (CEW) within California. In their recycling process, electronic equipment is disassembled and sorted. Circuit boards are packed for offsite processing. Plastics are shredded and metals are crushed and sent offsite for recycling. There does not appear to be any continuous outside storage of any raw or processed materials.

Groundwater Investigation Procedures

Based on the results of the Phase I Site Assessment, Environmental Strategies identified upgradient sources, as well as the subject property's location within the San Gabriel Valley Superfund Site, that could potentially have led to contamination of groundwater beneath the subject property. Additionally, Environmental Strategies identified perceived or real impacts upon the surrounding area that could follow development of the subject property as a power plant. Soil and groundwater sampling were recommended to establish a baseline of subject property conditions. This Phase II report describes the groundwater investigation conducted by Environmental Strategies to establish baseline conditions before EME considers purchasing or leasing the subject property.

Groundwater investigation activities were performed by Environmental Strategies on September 7, 2005. The investigation involved installation of three temporary groundwater monitoring wells, collection of three groundwater grab samples, and subsequent abandonment of the temporary groundwater monitoring wells. A non-production well permit was obtained for temporary well construction and abandonment, issued on September 1, 2005 by the Los Angeles County, Environmental Health Division, Water & Sewage/ Mountain & Rural Programs. All work was performed under the direction of a California registered geologist. Drilling activities were performed by West Hazmat Drilling, a C57 licensed drilling contractor (819548) from Anaheim, California.

The three temporary groundwater monitoring wells were installed on September 7, 2005. TMW-1 and TMW-2 were installed in the truck and trailer parking area on the west side of the site, and TMW-3 was installed on the north side of the site in a visitor parking area (Figure 2).

The three temporary groundwater monitoring wells were installed to depths of approximately 35 feet below ground surface (bgs). Groundwater samples were collected from each temporary groundwater monitoring well using clean disposable bailers. The temporary wells were constructed with 2-inch diameter schedule 40 PVC casing and 20 foot screens consisting of 0.020-inch slot size. The well screens were set from the bottom of the wells with RMC No. 3 sand, followed by blank riser to approximately one foot above ground surface. Soils were generally characterized as sandy clays, clayey sands, and sands, and were logged at five-foot intervals using the Unified Soil Classification System (USCS). The boring logs are presented in Appendix B. Soil cuttings were collected in 55-gallon Department of Transportation (DOT) approved drums for disposal in accordance with federal, state, and local regulations.

On September 7, 2005, Environmental Strategies personnel collected groundwater samples from the three temporary groundwater monitoring wells. The depth to water was recorded in each well before sampling. Nitrile gloves were worn by the sampling personnel and gloves were changed between wells to prevent potential cross contamination. Samples were decanted from the samplers into the appropriate laboratory-supplied containers and were immediately chilled in an ice chest (to approximately 4°C). The samples were transported to Centrum Analytical Laboratories, Inc. (Centrum) in Riverside, California with chain-of-custody documentation (Appendix C). Once the temporary monitoring wells were sampled, the PVC casing and screen were removed and hydrated bentonite pellets were used to abandon each well.

Laboratory analyses were performed for VOCs, total petroleum hydrocarbon (TPH) as gasoline (TPHg) and diesel (TPHd), 1,4-dioxane, Title 22 metals, perchlorate, N-nitrosodimethylamine (NDMA), and chromium VI (Cr6), by EPA methods 8260B, 8015B, 8270C, 6010B/7470A, 314.0, 1625, and 7199, respectively. All metal samples were filtered at the laboratory before analysis. Centrum subcontracted Calscience Environmental Laboratories, Inc. of Garden Grove, California to perform the 1,4-dioxane, perchlorate, NDMA, and Cr6 analyses. The groundwater sample analytical report is presented in Appendix D.

Groundwater Investigation Results

Groundwater sampling results are presented in Table 1. Groundwater sample results were compared to the California Primary Maximum Contaminant Levels (MCLs) for drinking water contaminants. An MCL for 1,4-dioxane has not been established; however, the California Department of Health (CDH) has issued a provisional action level of 3 µg/l. The CDH has also issued an action level for NDMA (0.1 g/l). The Public Health Goal (PHG) for drinking water developed by the California state Office of Environmental Health Hazard Assessment (OEHHA) (6 µg/l) was used as a screening level for perchlorate.

Groundwater sampling results for VOCs, metals, Cr6, TPH fuel scan, 1,4-dioxane, perchlorate, and NDMA are presented in Table 1. No VOCs were detected, except for tetrachloroethene (PCE) and trichloroethene (TCE). PCE was detected below the MCL for PCE (5 µg/l) in TMW-1 and TMW-2 at 4.5 µg/l and 4.6 µg/l. PCE was detected above the MCL in TMW-3 at 22 µg/l. TCE was detected below the MCL for TCE (5 µg/l) in TMW-3 at 1.6 µg/l.

All metals were detected below their respective screening levels, except for total chromium and lead. Total chromium was detected above the MCL for chromium (0.05 mg/l) in TMW-1 at 0.056 mg/l. Lead was detected in all three groundwater samples at concentrations exceeding the MCL for lead (0.015 mg/l). Lead was detected in TMW-1, TMW-2, and TMW-3 at 0.073 mg/l, 0.028 mg/l, and 0.027 mg/l, respectively.

TPHd was detected in TMW-3 at 0.48 mg/l. There is no screening level for TPHd in drinking water or groundwater. TPHg, 1,4-dioxane, and NDMA were not detected. Perchlorate was detected above the PHG for perchlorate in TWM-2 at 6.4 µg/l.

The depth to groundwater ranged from approximately 20 feet bgs to 22 feet bgs. Environmental Strategies was unable to determine the groundwater flow direction at the subject property due to the limited data and locations of the temporary groundwater monitoring wells.

Investigation Derived Waste

Soil cuttings generated during temporary groundwater well installation activities were collected in five 55-gallon DOT approved drums for disposal in accordance with federal, state, and local regulations. A composite soil sample from the soil cuttings was collected in pre-cleaned laboratory supplied glass jars. The sample was placed in a plastic bag, and immediately chilled in an ice chest (to approximately 4°C). The sample was transported to Centrum with chain-of-custody documentation (Appendix C).

The composite soil sample (Soil Cuttings) was analyzed for VOCs and Title 22 metals by EPA methods 8260B and 6010B/7471A. The composite soil laboratory analytical results are presented in Appendix C. Pending approval from EME, Environmental Strategies will subcontract a TSDF for transport and disposal of soil cuttings generated during well installation activities at the site.

The composite soil characterization analytic results are presented in Table 2. In accordance with 22 California Code of Regulations (CCR) § 66261.24, laboratory analyses from the composite soil sample were compared to California toxicity characteristic regulatory levels established for inorganic chemicals to determine whether the investigation derived waste is hazardous. All Title 22 metal concentrations were either not detected at their respective reporting limit or were detected below their respective Total Threshold Limit Concentration (TTLC) in the composite soil sample.

Conclusions

Environmental Strategies installed, sampled, and abandoned three temporary groundwater monitoring wells at the site. All VOCs were detected below their respective MCLs, except for PCE. All metals were detected below their respective screening levels, except for total chromium and lead. Lead was detected above the MCL in each of the three temporary groundwater monitoring wells.

TPHd was detected in TMW-3; however, is no screening level for TPHd in drinking water or groundwater. TPHg, 1,4-dioxane, and NDMA were not detected. Perchlorate was detected above the PHG for perchlorate in TMW-1.

Based on the results of the Phase II Groundwater Investigation and the knowledge of previous operations and chemical use at the subject property, Environmental Strategies concludes that it is unlikely that there here have been impacts upon groundwater beneath the subject property from past operations. The detections of PCE, TCE, and perchlorate are likely due to offsite sources associated with the San Gabriel Valley Superfund Site and there is a proposed remedy to pump and treat contaminated groundwater within the Valley; therefore, corrective actions for their presence in groundwater beneath the property is not likely to be required. The detection of chromium and lead above their respective MCLs also does not appear to represent conditions that would require corrective actions to the groundwater beneath the property. However, the current processing of electronic waste at the property by ARC could include the handling of materials containing lead and chromium. It does not appear that ARC stores electronic raw or processed materials outside on a continuous basis and it is not considered likely that lead or chromium bearing materials handled by ARC are a source of the lead and chromium found in the groundwater beneath the property.

In the event that future construction on the subject property would require dewatering and collection of groundwater and if the groundwater is considered contaminated through additional characterization, the groundwater could be collected in Baker tanks for batch treatment and discharged either to a publicly owned treatment works (preferred), or, alternatively, through a National Pollutant Discharge Elimination System (NPDES) permit as construction derived wastewater.

It is important to recognize these baseline conditions represent existing impacts to the groundwater from PCE, chromium, lead, and perchlorate. The groundwater sampling results confirm the recognized environmental condition at the subject property noted in the previous Phase I report.

Recommendations

Based on the information obtained from the June 20, 1991 property inspection by the Board, the detections of lead and chromium in the groundwater, and the potential that ARC may be handling lead and chromium bearing materials, it is recommended that several near surface soil samples be collected along the north side of the building and analyzed for VOCs and Title 22 metals.

References

- ARC International Corporation. 2005. E-Waste Recycling Brochure.
<http://www.colorsupplies.com/arc.pdf>. Accessed September 15, 2005.
- Environmental Strategies Consulting, LLC. Phase I Environmental Site Assessment of 911 Bixby Drive, City of Industry, California. May 10, 2005.
- California Regional Water Quality Control Board, Los Angeles Region. April 12, 1988. Chemical Use Questionnaire (File No. AB105.229).
- California Regional Water Quality Control Board, Los Angeles Region. May 26, 1998. Chemical Storage and Use Questionnaire. Prudential-Feldco of California, Inc.
- California Regional Water Quality Control Board, Los Angeles Region. September 10, 1991. Site Inspection—Well Investigation Program (File No. 105.0229).
- California Regional Water Quality Control Board, Los Angeles Region. September 13, 1996. Summary of Site History, Prudential FeldCo.

Sincerely yours,



Richard E. Freudenberger
Partner

SNH:snh:gmb
G:\SClient\MISSION\Development Locations\Industry\Groundwater Investigation\Final Report.doc

cc/enclosures: Dereck Benham, Edison Mission Energy

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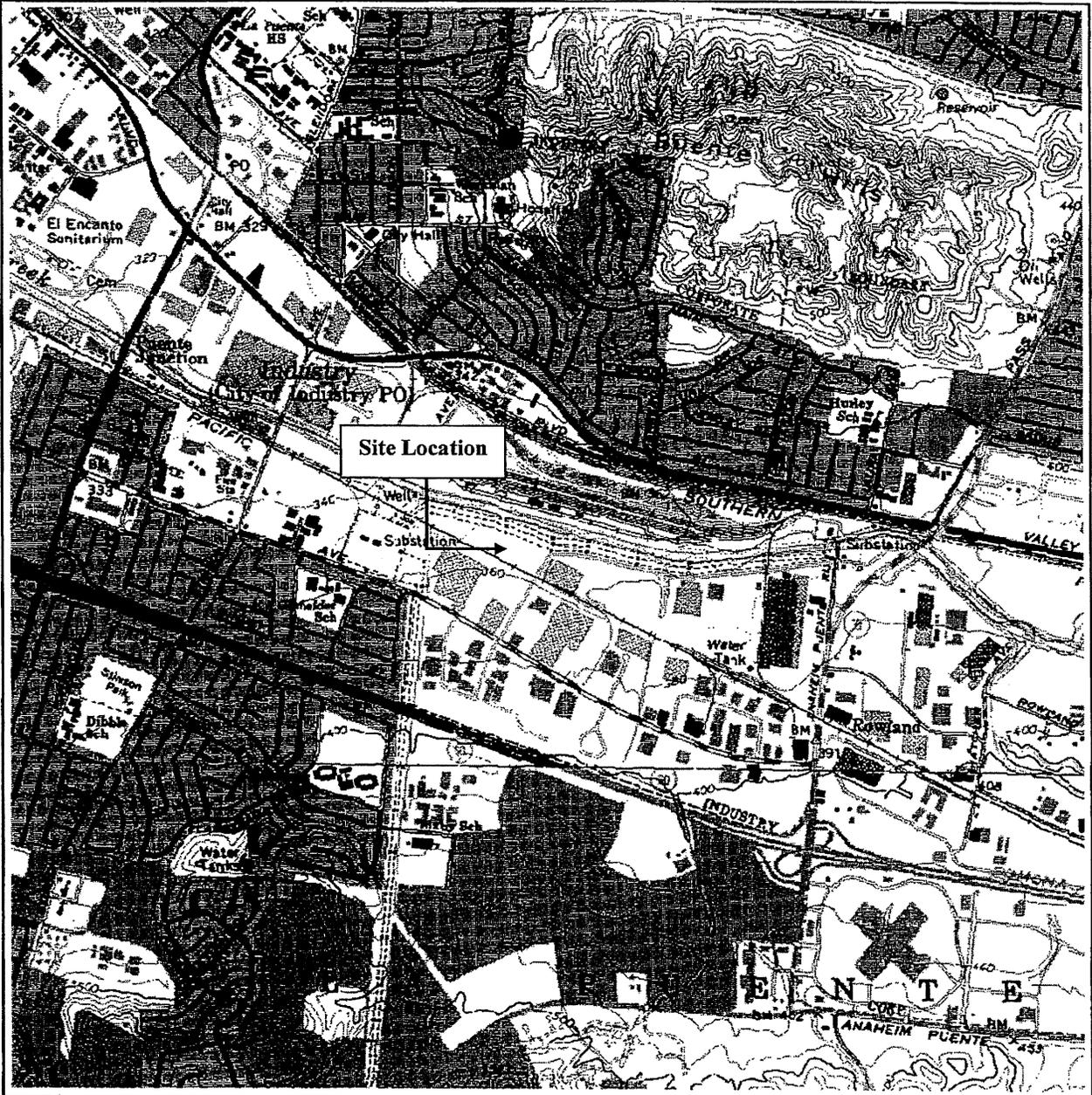
Appendix A – Los Angeles Regional Water Quality Control Board Letters

Appendix B – Soil Boring Logs

Appendix C – Chain-of-Custody Documentation

Appendix D – Groundwater Sampling Results

Figure 1
Site Location



Reference

7.5 Minute Series Topographic Quadrangle
City of Industry, California
Photorevised 1953 Scale 1:24,000



Quadrangle Location



Scale in Feet



ENVIRONMENTAL STRATEGIES CONSULTING LLC
2025 GATEWAY PLACE, SUITE 280
SAN JOSE, CALIFORNIA 95110
408-453-6100

Figure 1
Site Location
911 Bixby Street
City of Industry, California

Figure 2

Temporary Groundwater Monitoring Well Locations

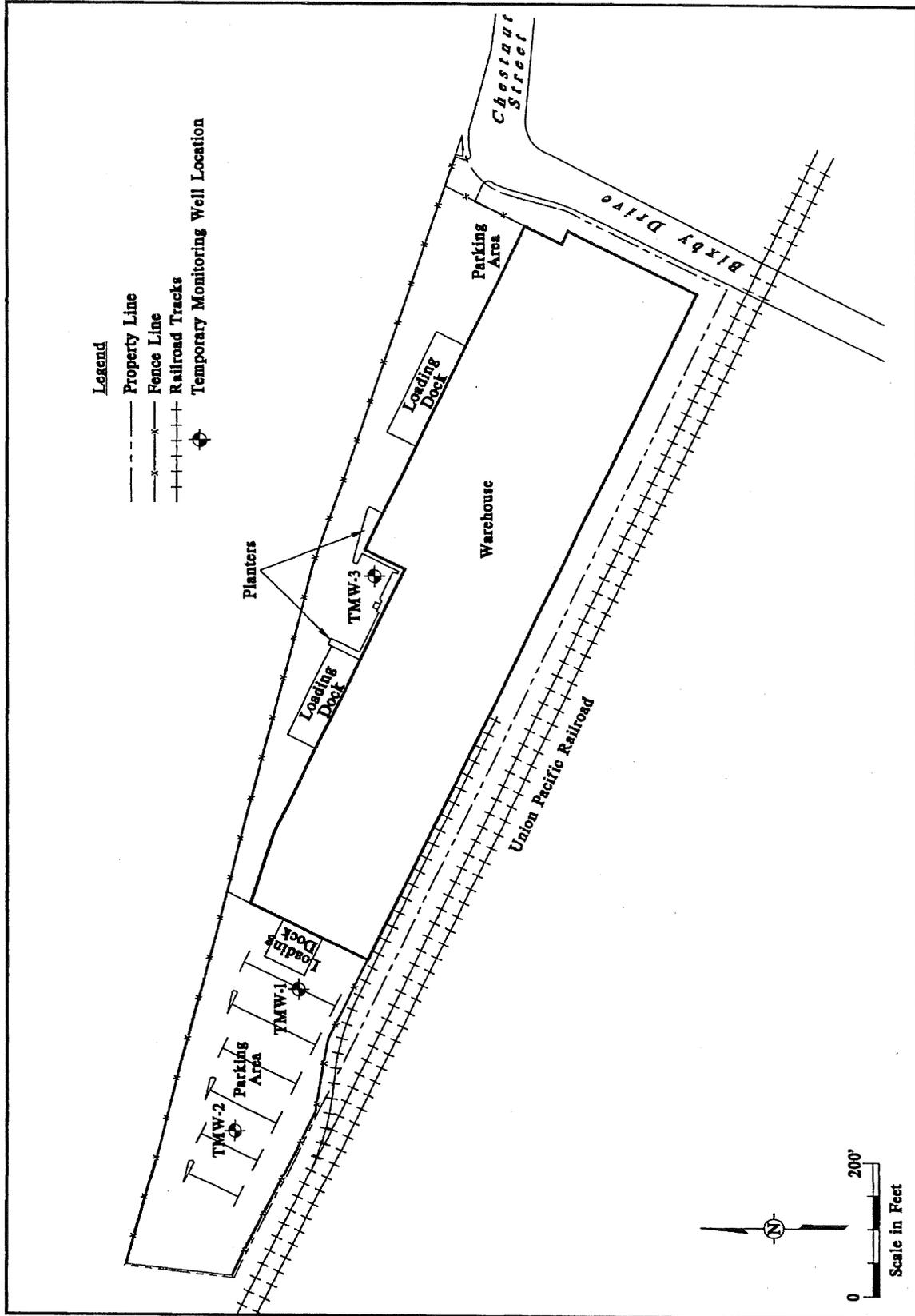


Figure 2
Temporary Groundwater Monitoring Well Locations
 911 Bixby Drive
 City of Industry, California

ENVIRONMENTAL STRATEGIES CONSULTING LLC
 2025 GATEWAY PLACE SUITE 280
 SAN JOSE, CALIFORNIA 95110
 (408) 453-6100





Table 1

Groundwater Analytical Results

Table 1
Groundwater Analytical Results
911 Bixby Drive
City of Industry, California
September 7, 2005

<u>Parameter</u>	MCL	TMW-1	TMW-2	TMW-3
Volatile Organic Compounds (µg/l)				
Acetone	NL	50 U	50 U	50 U
tert-Amyl Methyl Ether (TAME)	NL	5.0 U	5.0 U	5.0 U
Benzene	1	0.5 U	0.5 U	0.5 U
Bromobenzene	NL	1.0 U	1.0 U	1.0 U
Bromochloromethane	NL	1.0 U	1.0 U	1.0 U
Bromodichloromethane	NL	0.5 U	0.5 U	0.5 U
Bromoform	NL	0.5 U	0.5 U	0.5 U
Bromomethane	NL	2.0 U	2.0 U	2.0 U
tert-Butanol (TBA)	NL	10 U	10 U	10 U
2-Butanone (MEK)	NL	10 U	10 U	10 U
n-Butylbenzene	NL	1.0 U	1.0 U	1.0 U
sec-Butylbenzene	NL	0.5 U	0.5 U	0.5 U
tert-Butylbenzene	NL	0.5 U	0.5 U	0.5 U
Carbon disulfide	NL	10 U	10 U	10 U
Carbon tetrachloride	0.5	0.5 U	0.5 U	0.5 U
Chlorobenzene	70	0.5 U	0.5 U	0.5 U
Chloroethane	NL	0.5 U	0.5 U	0.5 U
Chloroform	NL	0.5 U	0.5 U	0.5 U
Chloromethane	NL	2.0 U	2.0 U	2.0 U
2-Chlorotoluene	NL	0.5 U	0.5 U	0.5 U
4-Chlorotoluene	NL	0.5 U	0.5 U	0.5 U
Dibromochloromethane	NL	0.5 U	0.5 U	0.5 U
1,2-Dibromoethane	NL	0.5 U	0.5 U	0.5 U
1,2-Dibromo-3-chloropropane	NL	10 U	10 U	10 U
Dibromomethane	NL	0.5 U	0.5 U	0.5 U
1,2-Dichlorobenzene	600	0.5 U	0.5 U	0.5 U
1,3-Dichlorobenzene	NL	0.5 U	0.5 U	0.5 U
1,4-Dichlorobenzene	5	0.5 U	0.5 U	0.5 U
Dichlorodifluoromethane	NL	0.5 U	0.5 U	0.5 U
1,1-Dichloroethane	5	0.5 U	0.5 U	0.5 U
1,2-Dichloroethane	0.5	0.5 U	0.5 U	0.5 U
1,1-Dichloroethene	6	0.5 U	0.5 U	0.5 U
cis-1,2-Dichloroethene	6	0.5 U	0.5 U	0.5 U
trans-1,2-Dichloroethene	10	0.5 U	0.5 U	0.5 U
1,2-Dichloropropane	5	0.5 U	0.5 U	0.5 U
1,3-Dichloropropane	NL	0.5 U	0.5 U	0.5 U
2,2-Dichloropropane	NL	0.5 U	0.5 U	0.5 U
1,1-Dichloropropene	NL	0.5 U	0.5 U	0.5 U
cis-1,3-Dichloropropene	0.5	0.5 U	0.5 U	0.5 U
trans-1,3-Dichloropropene	0.5	0.5 U	0.5 U	0.5 U
Diisopropyl Ether (DIPE)	NL	5.0 U	5.0 U	5.0 U
Ethylbenzene	300	0.5 U	0.5 U	0.5 U
Ethyl tert-Butyl Ether (EtBE)	NL	5.0 U	5.0 U	5.0 U
Hexachlorobutadiene	NL	0.5 U	0.5 U	0.5 U

Table 1

Groundwater Analytical Results
911 Bixby Drive
City of Industry, California
September 7, 2005

	MCL	TMW-1	TMW-2	TMW-3
Volatile Organic Compounds (µg/l)				
2-Hexanone	NL	10 U	10 U	10 U
Isopropyl benzene	NL	0.5 U	0.5 U	0.5 U
p-Isopropyltoluene	NL	0.5 U	0.5 U	0.5 U
Methylene chloride	NL	50 U	50 U	50 U
4-Methyl-2-pentanone	NL	5.0 U	5.0 U	5.0 U
Methyl-tert Butyl Ether (MtBE)	13	1.0 U	1.0 U	1.0 U
Napthalene	NL	0.5 U	0.5 U	0.5 U
n-Propylbenzene	NL	0.5 U	0.5 U	0.5 U
Styrene	100	0.5 U	0.5 U	0.5 U
1,1,1,2-Tetrachloroethane	NL	0.5 U	0.5 U	0.5 U
1,1,2,2-Tetrachloroethane	1	1.0 U	1.0 U	1.0 U
Tetrachloroethene	5	4.5	4.6	22
Toluene	150	0.5 U	0.5 U	0.5 U
1,2,3-Trichlorobenzene	NL	0.5 U	0.5 U	0.5 U
1,2,4-Trichlorobenzene	5	0.5 U	0.5 U	0.5 U
1,1,1-Trichloroethane	200	0.5 U	0.5 U	0.5 U
1,1,2-Trichloroethane	5	0.5 U	0.5 U	0.5 U
Trichloroethene	5	0.5 U	0.5 U	1.6
1,2,3-Trichloropropane	NL	0.5 U	0.5 U	0.5 U
Trichlorofluoromethane	150	0.5 U	0.5 U	0.5 U
Trichlorotrifluoroethane	NL	5.0 U	5.0 U	5.0 U
1,2,4-Trimethylbenzene	NL	0.5 U	0.5 U	0.5 U
1,3,5-Trimethylbenzene	NL	0.5 U	0.5 U	0.5 U
Vinyl chloride	0.5	0.5 U	0.5 U	0.5 U
Xylenes, m-, p-	1,750	1.0 U	1.0 U	1.0 U
Xylenes, o-	1,750	0.5 U	0.5 U	0.5 U
Metals (mg/l)				
Antimony	0.006	0.20 U	0.10 U	0.10 U
Arsenic	0.05	0.040 U	0.020 U	0.020 U
Barium	1	0.11	0.069	0.10
Beryllium	0.004	0.020 U	0.010 U	0.010 U
Cadmium	0.005	0.020 U	0.010 U	0.010 U
Chromium (total)	0.05	0.056	0.010 U	0.015
Chromium VI	0.05	0.0029	0.0015	0.0010 U
Cobalt	NL	0.020 U	0.010 U	0.024
Copper	1.3 (a)	0.060 U	0.030 U	0.030 U
Lead	0.015 (a)	0.073	0.028	0.027
Mercury	0.002	0.0004 U	0.0004 U	0.0004 U
Molybdenum	NL	0.20 U	0.10 U	0.10 U
Nickel	0.1	0.059	0.046	0.064
Selenium	0.05	0.20 U	0.10 U	0.10 U
Silver	0.1 (b)	0.080 U	0.040 U	0.040 U
Thallium	0.002	0.20 U	0.10 U	0.10 U
Vanadium	NL	0.20 U	0.10 U	0.10 U
Zinc	5 (b)	0.40 U	0.20 U	0.20 U

Table 1
Groundwater Analytical Results
911 Bixby Drive
City of Industry, California
September 7, 2005

	MCL	TMW-1	TMW-2	TMW-3
Petroleum Hydrocarbons (mg/l)				
TPHd	NL	0.40 U	0.40 U	0.48
TPHg	NL	0.50 U	0.50 U	0.50 U
1,4-dioxane (µg/l)	3 (c)	2.0 U	2.0 U	2.0 U
Perchlorate (µg/l)	6 (d)	2.0 U	6.4	3.4
NDMA (µg/l)	10,000 (e)	2.0 U	2.0 U	2.0 U

a/ California Code of Regulations § 64672.3 lead and copper action levels

b/ California Secondary MCL

c/ California Department of Health provisional action level

d/ Perchlorate Public Health Goal for drinking water developed by the Office of Environmental Health Hazard Assessment

e/ Highlighted values indicate an exceedance of the California MCL.

NL/ not listed

U/ Compound not detected above method detection limit

Table 2

Composite Soil Characterization Analytical Results

Table 2

Composite Soil Characterization Analytical Results
 911 Bixby Drive
 City of Industry, California
 September 7, 2005

Soil Cuttings

<u>Parameter</u>	
Volatile Organic Compounds (mg/kg)	
Acetone	0.050 U
tert-Amyl Methyl Ether (TAME)	0.005 U
Benzene	0.001 U
Bromobenzene	0.005 U
Bromochloromethane	0.005 U
Bromodichloromethane	0.001 U
Bromoform	0.005 U
Bromomethane	0.005 U
tert-Butanol (TBA)	0.020 U
2-Butanone (MEK)	0.010 U
n-Butylbenzene	0.002 U
sec-Butylbenzene	0.002 U
tert-Butylbenzene	0.002 U
Carbon disulfide	0.010 U
Carbon tetrachloride	0.001 U
Chlorobenzene	0.001 U
Chloroethane	0.005 U
Chloroform	0.002 U
Chloromethane	0.001 U
2-Chlorotoluene	0.002 U
4-Chlorotoluene	0.002 U
Dibromochloromethane	0.002 U
1,2-Dibromoethane	0.002 U
1,2-Dibromo-3-chloropropane	0.010 U
Dibromomethane	0.001 U
1,2-Dichlorobenzene	0.001 U
1,3-Dichlorobenzene	0.002 U
1,4-Dichlorobenzene	0.002 U
Dichlorodifluoromethane	0.005 U
1,1-Dichloroethane	0.001 U
1,2-Dichloroethane	0.001 U
1,1-Dichloroethene	0.005 U
cis-1,2-Dichloroethene	0.002 U
trans-1,2-Dichloroethene	0.002 U
1,2-Dichloropropane	0.001 U
1,3-Dichloropropane	0.001 U
2,2-Dichloropropane	0.001 U
1,1-Dichloropropene	0.001 U
cis-1,3-Dichloropropene	0.001 U
trans-1,3-Dichloropropene	0.001 U
Diisopropyl Ether (DIPE)	0.005 U
Ethylbenzene	0.001 U
Ethyl tert-Butyl Ether (EtBE)	0.005 U
Hexachlorobutadiene	0.001 U

Table 2

Composite Soil Characterization Analytical Results
 911 Bixby Drive
 City of Industry, California
 September 7, 2005

	Soil Cuttings
Volatile Organic Compounds (mg/kg)	
2-Hexanone	0.010 U
Isopropyl benzene	0.001 U
p-Isopropyltoluene	0.002 U
Methylene chloride	0.050 U
4-Methyl-2-pentanone	0.010 U
Methyl-tert Butyl Ether (MtBE)	0.005 U
Napthalene	0.002 U
n-Propylbenzene	0.001 U
Styrene	0.001 U
1,1,1,2-Tetrachloroethane	0.001 U
1,1,2,2-Tetrachloroethane	0.002 U
Tetrachloroethene	0.001 U
Toluene	0.001 U
1,2,3-Trichlorobenzene	0.002 U
1,2,4-Trichlorobenzene	0.002 U
1,1,1-Trichloroethane	0.001 U
1,1,2-Trichloroethane	0.003 U
Trichloroethene	0.001 U
1,2,3-Trichloropropane	0.003 U
Trichlorofluoromethane	0.001 U
Trichlorotrifluoroethane	0.005 U
1,2,4-Trimethylbenzene	0.001 U
1,3,5-Trimethylbenzene	0.001 U
Vinyl chloride	0.002 U
Xylenes, m-, p-	0.002 U
Xylenes, o-	0.001 U
Metals (mg/kg)	
Antimony	5.0 U
Arsenic	4.4
Barium	110
Beryllium	0.50 U
Cadmium	0.66
Chromium (total)	16
Cobalt	7.3
Copper	19
Lead	5.6
Mercury	0.04
Molybdenum	5.0 U
Nickel	18
Selenium	5.0 U
Silver	2.0 U
Thallium	10 U
Vanadium	23
Zinc	47

U/ Compound not detected above method detection limit

Appendix A

Los Angeles Regional Water Quality Control Board Letters

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD—
LOS ANGELES REGION**



1 CENTRE PLAZA DRIVE
DUNTEREY PARK, CA 91754-2156
3) 266-7500

September 10, 1991

Mr. Martin Getchell
Pen-Tab Industries
911 Bixby Drive, P.O. Box 790
Industry, CA 91747-0790

**SITE INSPECTION--WELL INVESTIGATION PROGRAM
(FILE NO. 105.0229)**

On June 20, 1991 your facility was inspected by a member of this Regional Board's staff. The inspection mainly focused on chemical storage, usage, and disposal at your facility.

During the site visit, it was observed that approximately twenty barrels of different oils and inks were stored in-door, on concrete; and at least three barrels apparently empty or containing chemicals not in use were stored out-door, all without proper spill containment. Bulk liquid chemicals/chemical wastes must be stored under shelter, on concrete, and with proper containment, such as spill pans or surrounding concrete berm. Contact Los Angeles County Department of Health Services and the local Fire Department for details.

This case will be held in abeyance pending further subsurface investigation in the neighborhood area. However, you are requested to notify this Board of any change in your operation, including storage and handling of chemicals or processing and disposal of waste. It should be noted that this letter in no way releases you from any chemical and/or waste handling requirements of this or any other agency.

Please contact Samuel Yu of our staff at (213)266-7541 if you have any questions, and address all correspondence to his attention.


ROY R. SAKAIDA
Senior Water Resources
Control Engineer

cc: Neil Ziembra, USEPA, Region IX

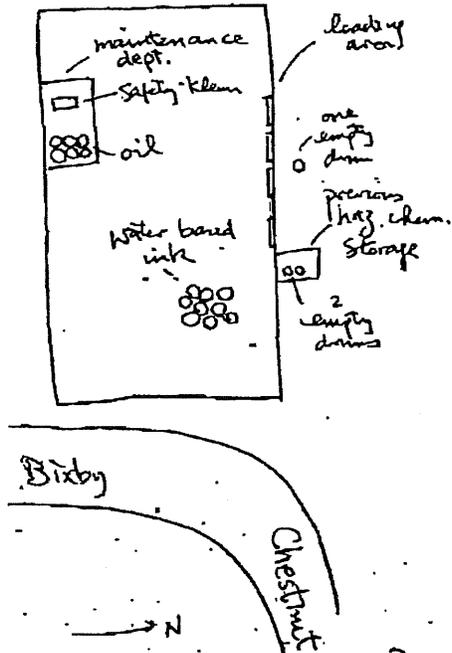
INSPECTION CHECKLIST

SITE NAME PEN-TAB INDUSTRIES 1803 ID NO. 105.0229
 ADDRESS 911 BIXBY DRIVE PSD
INDUSTRY, CA 91747-0190 SIC CODE
 CONTACT MARTIN GETCHELL TELEPHONE NO. (818) 961-7231

	ACTIVITIES		PERMITS		PERMIT NOS.
	yes	no	yes	no	
GENERATOR	✓				
TREATMENT		✓			
STORAGE		✓			
DISPOSAL		✓			
TRANSPORTER		✓			

OWNERSHIP: FEDERAL _____ STATE _____ LOCAL AGCY _____ PRIVATE

SITE DESCRIPTION:



Old name: Pridental-Feldco of California, Inc.
 Same company now use the "logo name" Pen-Tab
 Manufacture School and office supplies.
 The main process that use bulk liquid
 chemicals is printing. They use different
 water-based & solvent-based inks and
 oils for the machines. All liquid chemicals
 were stored indoor on concrete. A previous
 outdoor hazardous material storage area
 was empty except for two empty drums.
 The condition of this area is fair.
 Safety-Kleen solvent is used in the maintenance
 department.

PRIORITY 3
 INSPECTOR Sy

DATE 6/20/91

CHECKLIST (2)

		YES	NO
QUESTIONNAIRES			
Submitted		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Returned Complete/Completed		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Copy Left For Submittal		<input type="checkbox"/>	<input checked="" type="checkbox"/>
OVERALL FACILITY IMPRESSIONS			
Clean		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Good Housekeeping Practices		<input checked="" type="checkbox"/>	<input type="checkbox"/>
No Evidence of Discharge		<input checked="" type="checkbox"/>	<input type="checkbox"/>
STORAGE AREAS			
	yes/no		
Underground Tanks:		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
permits	_____		
tested for leaks	_____		
under monitoring program	_____		
Above Ground Tanks:		<input type="checkbox"/>	<input checked="" type="checkbox"/>
good condition	_____		
no appearance of discharges	_____		
Other Storage:		<input checked="" type="checkbox"/>	<input type="checkbox"/>
covered	<input checked="" type="checkbox"/>		
approved containment	<u>N</u>		
All Materials listed in Questionnaire		<input checked="" type="checkbox"/>	<input type="checkbox"/>
PROCESS, HANDLING, DISPOSAL			
Potential for Leaks, Spills, or Discharges		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Clarifier(s)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sumps(s)		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Solvents		<input checked="" type="checkbox"/>	<input type="checkbox"/>

COMMENTS (Make sure questionnaires are complete, use another page if necessary for your comments):

- ① Hold. because of the large quantity of bulk liquid chemicals & solvent usage
- ② Recommend improvement in chemical storage

INSPECTOR Ej

DATE 6/20/91

Date: September 13, 1996

Nov 2 2005 9:27

P.05

File No.: 105.0229

Case Name: Prudential FeldCo.

Subject: Summary of Site History

Chemical Questionnaire (CQ)

An CQ was mailed on December 9, 1987. The facility information included the following:

Standard Industrial Classification Code (SIC): Unk.

Generator Number (EPA/STATE): Unk.

Brief Description of Operations: Manufacturing of school and office supplies.

Sewer System: Municipal, and the sewer system used in the past has not changed.

History (Date of Operations and Previous Owners): 1979

The chemicals stored on site included the following: See attached list on the chemical questionnaire.

Initial Site Inspection (ISI)

An ISI was conducted on June 20, 1991. The following areas of concern were identified as potential source areas of contamination:

Storage Area. Twenty barrels of different oils and inks were stored indoors on concrete without proper containment.

Inspector's Notes. The facility was clean with good housekeeping practices and no evidence of discharge.

Conclusion

The facility should be given a no further action notice because there are no signs of any chemical discharges to the ground that were observed and it is Board Staff's opinion that this area is properly managed. As a result no subsurface investigation was deemed necessary.

CHG 12/11

LOS ANGELES REGIONAL WATER QUALITY CONTROL BOARD
SOURCE INVESTIGATION PROGRAM

FACILITY TRACKING SHEET

FACILITY LOCATION INFORMATION

FACILITY NAME : PRUDENTIAL FELDCO FILE NUMBER : 105.0229 SITE NUMBER : P9P00698 SIC CODE :

CITY ADDRESS
ER : 911 SUB NUMBER : DIRECTION : STREET NAME : BIXBY DR. CITY : CITY OF INDUSTRY ZIP : 91745-

MAILING ADDRESS : P.O. BOX 790 FACILITY CONTACT : MIKE BROCKETT
City of Industry, CA 91747 PHONE : 818-961-7231

INVESTIGATION STATUS INFORMATION

GENERAL USE QUESTIONNAIRE SENT : 88.04.12 DUE : RECEIVED : 88.05.27 STATUS : R PRIORITY : 4 STAFF : RFW

<u>INSPECTION</u>	<u>DESCRIPTION</u>	<u>RECOMMENDATION</u>	<u>DESCRIPTION</u>	<u>STAFF</u>
08.20	TYPE : IIN: INITIAL INSPECTION	HFN:	HOLD FOR NOW	SY

<u>INVESTIGATION ACTION</u>	<u>DESCRIPTION</u>	<u>REQUIRED</u>	<u>DUE</u>	<u>RECEIVED</u>	<u>PROPOSED NEXT ACTION</u>
NON: NONE					

PENDING INVESTIGATION ACTION
NON: NONE

DATE ACTION REQUIRED : DUE DATE FOR PENDING ACTION :
ORIGINAL DUE DATE : NUMBER OF EXTENSIONS : 0

CONTAMINATION CONFIRMED : NOT YET SAMPLED GROUNDWATER CONTAMINATION CONFIRMED : NOT YET SAMPLED

CLEAN UP STATUS

CLEAN-UP ACTIONS STATED AT THE SITE : NO CLEAN-UP ACTION NUMBER : 0

CLEAN-UP ACTION TYPE : NON DESCRIPTION : DATE REQUESTED :

ENFORCEMENT STATUS

ANY ENFORCEMENT ACTIONS BEEN TAKE AT THIS SITE : NO

ENFORCEMENT ACTION TYPE : NON DESCRIPTION : DATE REQUESTED :

COMMENTS

REFERRAL STATUS

USE INKS FOR PRINTING OFFICE SUPPLIES, AND OIL FOR MACHINES. CHEM. STORED INDOOR.

HAS THIS SITE BEEN REFERRED TO ANOTHER AGENCY : NO
REFERRED TO :
DATE REFERRED :

INFORMATION STATUS

SOIL SAMPLING RESULTS AVAILABLE IN TDM FOR SOIL : NO ARE GROUNDWATER MONITORING RESULTS AVAILABLE IN TDM2 : NO
HAS THE FACILITY BEEN DIGITIZED : NO HAS A COMPREHENSIVE FILE REVIEW BEEN COMPLETED : NO

OU : FACILITY LAST UPDATE IN DATABASE ON : 94.06.08

OFFICIAL INTEREST CATEGORY : DESCRIPTION :

NO FURTHER ACTION STATUS

TYPE : INS DESCRIPTION : MFA AT INSPECTION DATE ISSUED : 96.10.08

THE SITE RECEIVED A JOINT RWQCB & EPA NO FURTHER ACTION LETTER : NO DATE ISSUED :

Appendix B
Soil Boring Logs

Boring Log: TMW-1

Project: Edison Mission Energy

Project No.: 218329

Location: City of Industry, California

Completion Date: September 07, 2005

Surface Elevation (feet AMSL*): Not Determined

Total Depth (feet): 35

Borehole Diameter (inches): 8



Sample Data					Subsurface Profile	
Depth	Sample/Interval	PID/OVM (ppm)	Blow Count	% Recovery	Lithology	Description
						Ground Surface
0						Asphalt
0						Baseroack
1			100		
4						Sandy Clay (CL) Brown (7.5YR 4/3) sandy clay; soft; moist.
6						
8			100		
10						Sandy Clay (CL) Very dark gray (7.5YR 3/1) sandy clay, medium stiff, moist.
12						
14			100		
14						Sandy Clay (CL) Brown (7.5YR 4/2) sandy clay; medium stiff; dry.
16						
18			100		
18						Sandy Clay (CL) Brown (7.5YR 4/2) sandy clay; soft; moist.
20						

Geologist(s): Sharon Harichandran
Subcontractor: West Hazmat Drilling
Driller/Operator: Oscar
Method: Hollow Stem Auger

*AMSL = Above mean sea level

Boring Log: TMW-1

Project: Edison Mission Energy

Project No.: 218329

Location: City of Industry, California

Completion Date: September 07, 2005

Surface Elevation (feet AMSL*): Not Determined

Total Depth (feet): 35

Borehole Diameter (inches): 8



Sample Data					Subsurface Profile	
Depth	Sample/Interval	PID/OVM (ppm)	Blow Count	% Recovery	Lithology	Description
22	5		.	100		<i>Sandy Clay (CL)</i> Very dark gray (7.5YR 3/1) sandy clay; very soft; moist.
24						
26	6		.	100		<i>Sandy Clay (CL)</i> Brown (7.5YR 4/3) sandy clay; very soft; moist.
28						
30	7		.	100		<i>Sandy Clay (CL)</i> Brown (7.5YR 4/2) sandy clay; very soft; moist.
32						
34						
36						Bottom of Boring at 35 feet
38						
40						

Geologist(s): Sharon Harichandran
Subcontractor: West Hazmat Drilling
Driller/Operator: Oscar
Method: Hollow Stem Auger

*AMSL = Above mean sea level

Boring Log: TMW-2

Project: Edison Mission Energy

Project No.: 218329

Location: City of Industry, California

Completion Date: September 07, 2005

Surface Elevation (feet AMSL,*): Not Determined

Total Depth (feet): 35

Borehole Diameter (inches): 8



Sample Data					Subsurface Profile	
Depth	Sample/Interval	PID/OVM (ppm)	Blow Count	% Recovery	Lithology	Description
						Ground Surface
0						Asphalt
0						Baseroack
1	1		.....	100		
4						Sandy Clay (CL) Dark brown (7.5YR 3/2) sandy clay; very soft; moist.
8	2		.....	100		
10						Sandy Clay (CL) Dark brown (7.5YR 3/4) sandy clay; very soft; moist.
12	3		.....	100		
14						Sandy Clay (CL) Brown (7.5YR 4/3) sandy clay; soft; moist.
16	4		.....	100		
18						Sandy Clay (CL) Brown (7.5YR 4/3) sandy clay; soft; dry.
20						

Geologist(s): Sharon Harichandran

Subcontractor: West Hazmat Drilling

Driller/Operator: Oscar

Method: Hollow Stem Auger

*AMSL = Above mean sea level

Boring Log: TMW-2

Project: Edison Mission Energy

Project No.: 218329

Location: City of Industry, California

Completion Date: September 07, 2005

Surface Elevation (feet AMSL*): Not Determined

Total Depth (feet): 35

Borehole Diameter (inches): 8



Sample Data					Subsurface Profile	
Depth	Sample/Interval	PID/OVM (ppm)	Blow Count	% Recovery	Lithology	Description
22	5		.	100		
24						
26	6		.	100		<i>Sandy Clay (CL)</i> Brown (7.5YR 4/3) sandy clay; soft; moist.
28						
30	7		.	100		<i>Sandy Clay (CL)</i> Brown (7.5YR 4/3) sandy clay; very soft; moist.
32						
34						<i>Sandy Clay (CL)</i> Dark brown (7.5YR 3/2) sandy clay; very soft; moist
36						Bottom of Boring at 35 feet
38						
40						

Geologist(s): Sharon Harichandran

Subcontractor: West Hazmat Drilling

Driller/Operator: Oscar

Method: Hollow Stem Auger

*AMSL = Above mean sea level

Boring Log: TMW-3

Project: Edison Mission Energy

Project No.: 218329

Location: City of Industry, California

Completion Date: September 07, 2005

Surface Elevation (feet AMSL*): Not Determined

Total Depth (feet): 35

Borehole Diameter (inches): 8



Sample Data					Subsurface Profile	
Depth	Sample/Interval	PID/OVM (ppm)	Blow Count	% Recovery	Lithology	Description
						Ground Surface
						Asphalt
						Baseroack
2	1		.....	100		
4			.....			Sandy Clay (CL) Black (7.5YR 2.5/1) sandy clay; medium stiff; moist.
6			.....		
8	2		.....	100		
10			.....			Sandy Clay (CL) Black (7.5YR 2.5/1) sandy clay; medium stiff; moist.
12			.....		
14	3		.....	100		
16			.....			Sandy Clay (CL) Brown (7.5YR 4/3) sandy clay; medium stiff; moist.
18			.....		
20	4		.....	100		
			.....			Sandy Clay (CL) Brown (7.5YR 4/4) sandy clay; stiff; moist.

Geologist(s): Sharon Harichandran

Subcontractor: West Hazmat Drilling

Driller/Operator: Oscar

Method: Hollow Stem Auger

*AMSL = Above mean sea level

Boring Log: TMW-3

Project: Edison Mission Energy

Project No.: 218329

Location: City of Industry, California

Completion Date: September 07, 2005

Surface Elevation (feet AMSL*): Not Determined

Total Depth (feet): 35

Borehole Diameter (inches): 8



Sample Data					Subsurface Profile	
Depth	Sample/Interval	PID/OVM (ppm)	Blow Count	% Recovery	Lithology	Description
22	5		.....	100		
24			.....			<i>Clayey Sand (SC)</i> Brown (7.5YR 4/4) clayey sand; moist.
26			.....		
28	6		.....	100		
30			.....			<i>Clayey Sand (SC)</i> Brown (7.5YR 4/2) clayey sand; moist.
32			.....		
34	7		.....	100		
			.....			<i>Well-Graded Sand (SW)</i> Brown (10YR 5/3) sand; wet.
36						Bottom of Boring at 35 feet
38						
40						

Geologist(s): Sharon Harichandran
Subcontractor: West Hazmat Drilling
Driller/Operator: Oscar
Method: Hollow Stem Auger

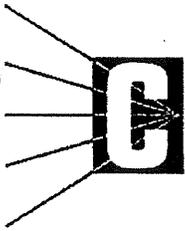
*AMSL = Above mean sea level

Appendix C

Chain-of-Custody Documentation

Appendix D

Groundwater Sampling Results



**Centrum
Analytical
Laboratories, Inc.**

CERTIFIED HAZARDOUS WASTE TESTING MOBILE & IN-HOUSE LABORATORIES

Client: Environmental Strategies
2025 Gateway Place, Ste. 280
San Jose, CA 95110

Date Sampled: 09/07/05
Date Received: 09/07/05
Job Number: 26842

Project: 911 Bixby Dr., City of Industry, CA

CASE NARRATIVE

The following information applies to samples which were received on 09/07/05:

The samples were received at the laboratory chilled and sample containers were intact.

The 1,4-Dioxane, Perchlorate, NDMA and Hex Chrome analyses were subcontracted to ELAP Lab #1230. The original report is attached to, but is not part of, this report.

Unless otherwise noted below, the Quality Control acceptance criteria were met for all samples for every analysis requested. The date of issue for this report is 09/12/05.

This report is a re-issue. The data herein is a revised reporting of the results for these analyses and supersedes any other version issued previously.

The date of re-issue for this report is 09/14/05.

Report approved by:

Tom Wilson
Laboratory Director

ELAP Lab# 2419, 2479, 2527, 2373, 2562

RL: Reporting Limit -- The lowest level at which the compound can be reliably detected under normal laboratory conditions.

ND: Not Detected -- The compound was analyzed for, but was not found to be present at or above the Reporting Limit.

NA: Not Analyzed -- This compound was not on the list of compounds requested for analysis.

Page 1 of 16

951•779•0310 or 800•798•9336 fax 951•779•0344
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Metals by EPA 6010B and EPA 7471A

Client: Environmental Strategies
 Project: 911 Bixby Dr., City of Industry, CA
 Job No: 26842
 Matrix: Soil
 Analyst: TLB

Date Sampled: 09/07/05
 Date Received: 09/07/05
 Date Digested: 09/08/05
 Date Analyzed: 09/08/05
 Batch Number: 6010S3443
 7471S1280

Metals	Method	Sample ID:	Blank	Soil Cuttings
		RL	mg/Kg	mg/Kg
Antimony	6010B	5.0	ND	ND
Arsenic	6010B	1.0	ND	4.4
Barium	6010B	0.50	ND	110
Beryllium	6010B	0.50	ND	ND
Cadmium	6010B	0.50	ND	0.66
Chromium	6010B	0.50	ND	16
Cobalt	6010B	0.50	ND	7.3
Copper	6010B	1.0	ND	19
Lead	6010B	1.0	ND	5.6
Molybdenum	6010B	5.0	ND	ND
Nickel	6010B	1.0	ND	18
Selenium	6010B	5.0	ND	ND
Silver	6010B	2.0	ND	ND
Thallium	6010B	10	ND	ND
Vanadium	6010B	5.0	ND	23
Zinc	6010B	10	ND	47
Mercury	7471A	0.02	ND	0.04



QC Sample Report - Metals by EPA 6010B and EPA 7471A

Matrix: Soil

Metals by EPA 6010B

Batch Number: 6010S3443

Spike Sample ID: Laboratory Control Sample

MS/MSD Sample ID: 26840-3

Analytical Notes:

Compound	Batch Accuracy Results				Batch Precision Results				
	Spike Concentration (mg/Kg)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail	MS Sample Result (mg/Kg)	MSD Sample Result (mg/Kg)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
Antimony	50	104	75 - 125	Pass	42.66	45.92	7%	20%	Pass
Arsenic	50	103	75 - 125	Pass	60.68	57.29	6%	20%	Pass
Barium	50	87	75 - 125	Pass	127.8	126.2	1%	20%	Pass
Beryllium	50	98	75 - 125	Pass	45.92	47.13	3%	20%	Pass
Cadmium	50	100	75 - 125	Pass	44.30	43.02	3%	20%	Pass
Chromium	50	102	75 - 125	Pass	69.00	63.73	8%	20%	Pass
Cobalt	50	102	75 - 125	Pass	60.27	50.22	18%	20%	Pass
Copper	50	99	75 - 125	Pass	98.82	86.49	13%	20%	Pass
Lead	50	98	75 - 125	Pass	113.4	103.2	9%	20%	Pass
Molybdenum	50	100	75 - 125	Pass	41.70	43.02	3%	20%	Pass
Nickel*	50	102	75 - 125	Pass	51.22	51.54	1%	20%	Pass
Selenium	50	98	75 - 125	Pass	44.64	45.94	3%	20%	Pass
Silver	50	121	75 - 125	Pass	57.14	56.83	1%	20%	Pass
Thallium	50	100	75 - 125	Pass	44.81	44.20	1%	20%	Pass
Vanadium	50	101	75 - 125	Pass	79.50	75.97	5%	20%	Pass
Zinc*	50	103	75 - 125	Pass	51.64	51.28	1%	20%	Pass

*Unable to use the MS/MSD pair for this analyte due to sample matrix; the LCS/LCSD pair was used to provide precision data for this analytical batch.

Mercury by EPA 7471A

Batch Number: 7471S1280

Spike Sample ID: Laboratory Control Sample

MS/MSD Sample ID: 26838-5

Analytical Notes:

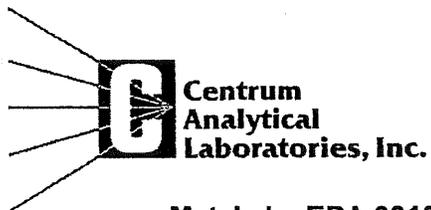
Compound	Batch Accuracy Results				Batch Precision Results				
	Spike Concentration (mg/Kg)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail	MS Sample Result (mg/Kg)	MSD Sample Result (mg/Kg)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
Mercury	0.42	98	75 - 125	Pass	0.456	0.475	4%	20%	Pass

MS: Matrix Spike

LCS: Laboratory Control Sample

MSD: Matrix Spike Duplicate

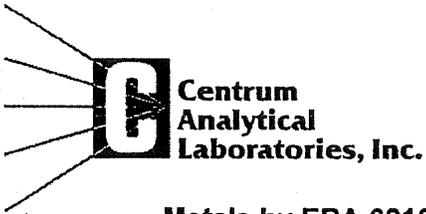
LCSD: Laboratory Control Sample Duplicate



Metals by EPA 6010B and EPA 7470A

Client:	Environmental Strategies	Date Sampled:	09/07/05
Project:	911 Bixby Dr., City of Industry, CA	Date Received:	09/07/05
Job No:	26842	Date Digested:	09/08-09/05
Matrix:	Water	Date Analyzed:	09/09/05
Analyst:	TLB	Batch Number:	6010W3444 7470W1281

Metals	Method #	Sample ID:			
		Blank	TMW-2	TMW-3	
		RL	mg/L	mg/L	mg/L
Antimony	6010B	0.10	ND	ND	ND
Arsenic	6010B	0.020	ND	ND	ND
Barium	6010B	0.010	ND	0.069	0.10
Beryllium	6010B	0.010	ND	ND	ND
Cadmium	6010B	0.010	ND	ND	ND
Chromium	6010B	0.010	ND	ND	0.015
Cobalt	6010B	0.010	ND	ND	0.024
Copper	6010B	0.030	ND	ND	ND
Lead	6010B	0.020	ND	0.028	0.027
Molybdenum	6010B	0.10	ND	ND	ND
Nickel	6010B	0.020	ND	0.046	0.064
Selenium	6010B	0.10	ND	ND	ND
Silver	6010B	0.040	ND	ND	ND
Thallium	6010B	0.10	ND	ND	ND
Vanadium	6010B	0.10	ND	ND	ND
Zinc	6010B	0.20	ND	ND	ND
Mercury	7470A	0.0004	ND	ND	ND

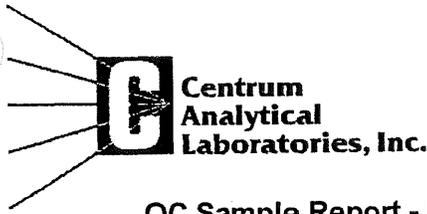


Metals by EPA 6010B and EPA 7470A

Client: Environmental Strategies
 Project: 911 Bixby Dr., City of Industry, CA
 Job No: 26842
 Matrix: Water
 Analyst: TLB

Date Sampled: 09/07/05
 Date Received: 09/07/05
 Date Digested: 09/08-09/05
 Date Analyzed: 09/09/05
 Batch Number: 6010W3444
 7470W1281

Sample ID: TMW-1			
Metals	Method #	RL	mg/L
Antimony	6010B	0.20	ND
Arsenic	6010B	0.040	ND
Barium	6010B	0.020	0.11
Beryllium	6010B	0.020	ND
Cadmium	6010B	0.020	ND
Chromium	6010B	0.020	0.056
Cobalt	6010B	0.020	ND
Copper	6010B	0.060	ND
Lead	6010B	0.040	0.073
Molybdenum	6010B	0.20	ND
Nickel	6010B	0.040	0.059
Selenium	6010B	0.20	ND
Silver	6010B	0.080	ND
Thallium	6010B	0.20	ND
Vanadium	6010B	0.20	ND
Zinc	6010B	0.40	ND
Mercury	7470A	0.0004	ND



QC Sample Report - Metals by EPA 6010B and EPA 7470A

Matrix: Water

Metals by EPA 6010B

Batch Number: 6010W3444

Spike Sample ID: Laboratory Control Sample

MS/MSD Sample ID: Laboratory Control Sample

Analytical Notes:

Compound	Batch Accuracy Results				Batch Precision Results				
	Spike Concentration (mg/L)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail	MS Sample Result (mg/L)	MSD Sample Result (mg/L)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
Antimony	1.0	94	75 - 125	Pass	0.945	0.951	1%	20%	Pass
Arsenic	1.0	94	75 - 125	Pass	0.937	0.928	1%	20%	Pass
Barium	1.0	76	75 - 125	Pass	0.761	0.775	2%	20%	Pass
Beryllium	1.0	98	75 - 125	Pass	0.982	0.981	0%	20%	Pass
Cadmium	1.0	97	75 - 125	Pass	0.966	0.991	3%	20%	Pass
Chromium	1.0	95	75 - 125	Pass	0.945	0.960	2%	20%	Pass
Cobalt	1.0	97	75 - 125	Pass	0.973	0.993	2%	20%	Pass
Copper	1.0	98	75 - 125	Pass	0.976	0.979	0%	20%	Pass
Lead	1.0	97	75 - 125	Pass	0.970	0.970	0%	20%	Pass
Molybdenum	1.0	95	75 - 125	Pass	0.951	0.952	0%	20%	Pass
Nickel	1.0	99	75 - 125	Pass	0.989	1.011	2%	20%	Pass
Selenium	1.0	92	75 - 125	Pass	0.916	0.937	2%	20%	Pass
Silver	1.0	132	75 - 125	Pass*	1.319	1.340	2%	20%	Pass
Thallium	1.0	95	75 - 125	Pass	0.952	0.988	4%	20%	Pass
Vanadium	1.0	96	75 - 125	Pass	0.959	0.975	2%	20%	Pass
Zinc	1.0	106	75 - 125	Pass	1.061	1.072	1%	20%	Pass

* No hits reported for this analyte. Since LCS recovery was out high, data not affected.

Mercury by EPA 7470A

Batch Number: 7470W1281

Spike Sample ID: Laboratory Control Sample

MS/MSD Sample ID: TMW-2

Analytical Notes:

Compound	Batch Accuracy Results				Batch Precision Results				
	Spike Concentration (mg/L)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail	MS Sample Result (mg/L)	MSD Sample Result (mg/L)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
Mercury	0.010	100	75 - 125	Pass	0.0096	0.0100	4%	20%	Pass

MS: Matrix Spike

MSD: Matrix Spike Duplicate

LCS: Laboratory Control Sample

LCSD: Laboratory Control Sample Duplicate



Extractable Hydrocarbons as Diesel by mod. EPA 8015B

Client:	Environmental Strategies	Date Sampled:	09/07/05
Project:	911 Bixby Dr., City of Industry, CA	Date Received:	09/07/05
Job No.:	26842	Date Extracted:	09/08/05
Matrix:	Water	Date Analyzed:	09/08/05
Analyst:	AW	Batch Number:	8015DW3559

Sample ID	Reporting Limit mg/L	Diesel mg/L	Surrogate (OTP) Limit: 50 - 150%
Method Blank	0.40	ND	94 %
TMW-1	0.40	ND	78 %
TMW-2	0.40	ND	80 %
TMW-3	0.40	0.48	88 %



QC Sample Report - Extractable Hydrocarbons as Diesel by mod. EPA 8015B

Matrix: Water
Batch number: 8015DW3559

Batch Accuracy Results

Spike Sample ID: Laboratory Control Sample

Compound	Spike Concentration (mg/L)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail
Diesel	3.2	92	70 - 130	Pass

Analytical Notes:

Batch Precision Results

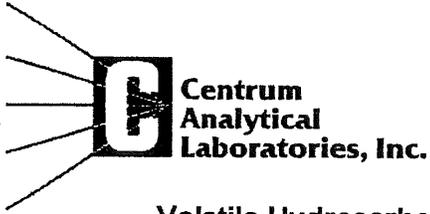
MS/MSD Sample ID: Laboratory Control Sample

Compound	MS Sample Result (mg/L)	MSD Sample Result (mg/L)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
Diesel	2.96	2.86	3%	25%	Pass

Analytical Notes:

MS: Matrix Spike
MSD: Matrix Spike Duplicate

LCS: Laboratory Control Sample
LCSD: Laboratory Control Sample Duplicate



Volatile Hydrocarbons as Gasoline by GCMS

Client: Environmental Strategies
Project: 911 Bixby Dr., City of Industry, CA
Job No.: 26842
Matrix: Water
Analyst: RL

Date Sampled: 09/07/05
Date Received: 09/07/05
Date Analyzed: 09/08/05
Batch Number: M5TPHGW395

Sample ID	Reporting Limit mg/L	Volatile Hydrocarbons as Gasoline mg/L
Method Blank	0.50	ND
TMW-1	0.50	ND
TMW-2	0.50	ND
TMW-3	0.50	ND



QC Sample Report - Volatile Hydrocarbons as Gasoline by GCMS

Matrix: Water
Batch Number: M5TPHW395

Batch Accuracy Results

Spike Sample ID: Laboratory Control Sample

Compound	Spike Concentration (mg/L)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail
Gasoline	2.0	99	70 - 130	Pass

Analytical Notes:

Batch Precision Results

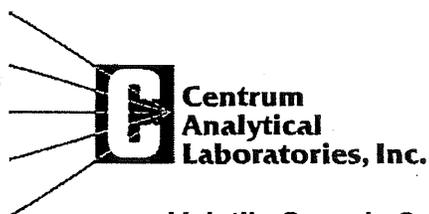
MS/MSD Sample ID: Laboratory Control Sample

Compound	MS Sample Result (mg/L)	MSD Sample Result (mg/L)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
Gasoline	1.98	2.28	14%	25%	Pass

Analytical Notes:

MS: Matrix Spike
MSD: Matrix Spike Duplicate

LCS: Laboratory Control Sample
LCSD: Laboratory Control Sample Duplicate



Volatile Organic Compounds by EPA 8260B

Client: Environmental Strategies
 Project: 911 Bixby Dr., City of Industry, CA
 Job No.: 26842
 Matrix: Soil
 Analyst: RCG

Date Sampled: 09/07/05
 Date Received: 09/07/05
 Date Analyzed: 09/09/05
 Batch Number: SH18260S286

Compounds	Sample ID:	Blank	Soil Cuttings
	RL	mg/Kg	mg/Kg
Acetone	0.050	ND	ND
tert-Amyl Methyl Ether (TAME)	0.005	ND	ND
Benzene	0.001	ND	ND
Bromobenzene	0.005	ND	ND
Bromochloromethane	0.005	ND	ND
Bromodichloromethane	0.001	ND	ND
Bromoform	0.005	ND	ND
Bromomethane	0.005	ND	ND
tert-Butanol (TBA)	0.020	ND	ND
2-Butanone (MEK)	0.010	ND	ND
n-Butylbenzene	0.002	ND	ND
sec-Butylbenzene	0.002	ND	ND
tert-Butylbenzene	0.002	ND	ND
Carbon disulfide	0.010	ND	ND
Carbon tetrachloride	0.001	ND	ND
Chlorobenzene	0.001	ND	ND
Chloroethane	0.005	ND	ND
Chloroform	0.002	ND	ND
Chloromethane	0.001	ND	ND
2-Chlorotoluene	0.002	ND	ND
4-Chlorotoluene	0.002	ND	ND
Dibromochloromethane	0.002	ND	ND
1,2-Dibromoethane	0.002	ND	ND
1,2-Dibromo-3-chloropropane	0.010	ND	ND
Dibromomethane	0.001	ND	ND
1,2-Dichlorobenzene	0.001	ND	ND
1,3-Dichlorobenzene	0.002	ND	ND
1,4-Dichlorobenzene	0.002	ND	ND
Dichlorodifluoromethane	0.005	ND	ND
1,1-Dichloroethane	0.001	ND	ND
1,2-Dichloroethane	0.001	ND	ND
1,1-Dichloroethene	0.005	ND	ND
cis-1,2-Dichloroethene	0.002	ND	ND
trans-1,2-Dichloroethene	0.002	ND	ND
1,2-Dichloropropane	0.001	ND	ND
1,3-Dichloropropane	0.001	ND	ND
2,2-Dichloropropane	0.001	ND	ND
1,1-Dichloropropene	0.001	ND	ND



Volatile Organic Compounds by EPA 8260B

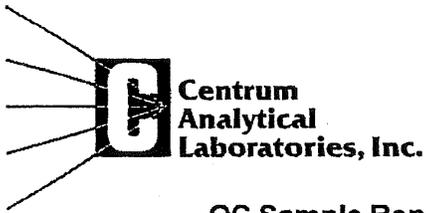
Client: Environmental Strategies
 Project: 911 Bixby Dr., City of Industry, CA
 Job No.: 26842
 Matrix: Soil
 Analyst: RCG

Date Sampled: 09/07/05
 Date Received: 09/07/05
 Date Analyzed: 09/09/05
 Batch Number: SH18260S286

Compounds	Sample ID: RL	Blank mg/Kg	Soil Cuttings mg/Kg
cis-1,3-Dichloropropene	0.001	ND	ND
trans-1,3-Dichloropropene	0.001	ND	ND
Diisopropyl Ether (DIPE)	0.005	ND	ND
Ethylbenzene	0.001	ND	ND
Ethyl tert-Butyl Ether (EtBE)	0.005	ND	ND
Hexachlorobutadiene	0.001	ND	ND
2-Hexanone	0.010	ND	ND
Isopropylbenzene	0.001	ND	ND
p-Isopropyltoluene	0.002	ND	ND
Methylene chloride	0.050	ND	ND
4-Methyl-2-pentanone	0.010	ND	ND
Methyl tert-Butyl Ether (MtBE)	0.005	ND	ND
Naphthalene	0.002	ND	ND
n-Propylbenzene	0.001	ND	ND
Styrene	0.001	ND	ND
1,1,1,2-Tetrachloroethane	0.001	ND	ND
1,1,2,2-Tetrachloroethane	0.002	ND	ND
Tetrachloroethene	0.001	ND	ND
Toluene	0.001	ND	ND
1,2,3-Trichlorobenzene	0.002	ND	ND
1,2,4-Trichlorobenzene	0.002	ND	ND
1,1,1-Trichloroethane	0.001	ND	ND
1,1,2-Trichloroethane	0.003	ND	ND
Trichloroethene	0.001	ND	ND
1,2,3-Trichloropropane	0.003	ND	ND
Trichlorofluoromethane	0.001	ND	ND
Trichlorotrifluoroethane	0.005	ND	ND
1,2,4-Trimethylbenzene	0.001	ND	ND
1,3,5-Trimethylbenzene	0.001	ND	ND
Vinyl chloride	0.002	ND	ND
Xylenes, m-, p-	0.002	ND	ND
Xylene, o-	0.001	ND	ND

Surrogates in % Recovery (Acceptance Limits: 70 - 130%)

Sample ID:	Blank	Soil Cuttings
Dibromofluoromethane	95	91
Toluene-d8	103	103
Bromofluorobenzene	105	102



QC Sample Report - Volatile Organic Compounds by EPA 8260B

Matrix: Soil
Batch Number: SH18260S286

Batch Accuracy Results

Spike Sample ID: Laboratory Control Sample

Compound	Spike Concentration (mg/Kg)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail
1,1-Dichloroethene	0.050	95	70 - 130	Pass
Benzene	0.050	95	70 - 130	Pass
Trichloroethene	0.050	108	70 - 130	Pass
Toluene	0.050	100	70 - 130	Pass
Chlorobenzene	0.050	106	70 - 130	Pass

Analytical Notes:

Batch Precision Results

MS/MSD Sample ID: Laboratory Control Sample

Compound	MS Sample Result (mg/Kg)	MSD Sample Result (mg/Kg)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
1,1-Dichloroethene	0.0476	0.0499	5%	25%	Pass
Benzene	0.0478	0.0501	5%	25%	Pass
Trichloroethene	0.0539	0.0560	4%	25%	Pass
Toluene	0.0501	0.0516	3%	25%	Pass
Chlorobenzene	0.0529	0.0547	3%	25%	Pass

Analytical Notes:

MS: Matrix Spike
MSD: Matrix Spike Duplicate

LCS: Laboratory Control Sample
LCSD: Laboratory Control Sample Duplicate

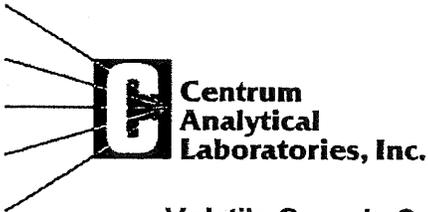


Volatile Organic Compounds by EPA 8260B

Client: Environmental Strategies
 Project: 911 Bixby Dr., City of Industry, CA
 Job No.: 26842
 Matrix: Water
 Analyst: RL

Date Sampled: 09/07/05
 Date Received: 09/07/05
 Date Analyzed: 09/08/05
 Batch Number: M58260W395

Compounds	Sample ID:	Blank	TMW-1	TMW-2	TMW-3
	RL	µg/L	µg/L	µg/L	µg/L
Acetone	50	ND	ND	ND	ND
tert-Amyl Methyl Ether (TAME)	5.0	ND	ND	ND	ND
Benzene	0.5	ND	ND	ND	ND
Bromobenzene	1.0	ND	ND	ND	ND
Bromochloromethane	1.0	ND	ND	ND	ND
Bromodichloromethane	0.5	ND	ND	ND	ND
Bromoform	0.5	ND	ND	ND	ND
Bromomethane	2.0	ND	ND	ND	ND
tert-Butanol (TBA)	10	ND	ND	ND	ND
2-Butanone (MEK)	10	ND	ND	ND	ND
n-Butylbenzene	1.0	ND	ND	ND	ND
sec-Butylbenzene	0.5	ND	ND	ND	ND
tert-Butylbenzene	0.5	ND	ND	ND	ND
Carbon disulfide	10	ND	ND	ND	ND
Carbon tetrachloride	0.5	ND	ND	ND	ND
Chlorobenzene	0.5	ND	ND	ND	ND
Chloroethane	0.5	ND	ND	ND	ND
Chloroform	0.5	ND	ND	ND	ND
Chloromethane	2.0	ND	ND	ND	ND
2-Chlorotoluene	0.5	ND	ND	ND	ND
4-Chlorotoluene	0.5	ND	ND	ND	ND
Dibromochloromethane	0.5	ND	ND	ND	ND
1,2-Dibromoethane	0.5	ND	ND	ND	ND
1,2-Dibromo-3-chloropropane	10	ND	ND	ND	ND
Dibromomethane	0.5	ND	ND	ND	ND
1,2-Dichlorobenzene	0.5	ND	ND	ND	ND
1,3-Dichlorobenzene	0.5	ND	ND	ND	ND
1,4-Dichlorobenzene	0.5	ND	ND	ND	ND
Dichlorodifluoromethane	0.5	ND	ND	ND	ND
1,1-Dichloroethane	0.5	ND	ND	ND	ND
1,2-Dichloroethane	0.5	ND	ND	ND	ND
1,1-Dichloroethene	0.5	ND	ND	ND	ND
cis-1,2-Dichloroethene	0.5	ND	ND	ND	ND
trans-1,2-Dichloroethene	0.5	ND	ND	ND	ND
1,2-Dichloropropane	0.5	ND	ND	ND	ND
1,3-Dichloropropane	0.5	ND	ND	ND	ND
2,2-Dichloropropane	0.5	ND	ND	ND	ND
1,1-Dichloropropene	0.5	ND	ND	ND	ND



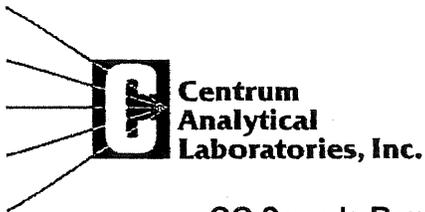
Volatile Organic Compounds by EPA 8260B

Client:	Environmental Strategies	Date Sampled:	09/07/05
Project:	911 Bixby Dr., City of Industry, CA	Date Received:	09/07/05
Job No.:	26842	Date Analyzed:	09/08/05
Matrix:	Water	Batch Number:	M58260W395
Analyst:	RL		

Compounds	Sample ID: RL	Blank µg/L	TMW-1 µg/L	TMW-2 µg/L	TMW-3 µg/L
cis-1,3-Dichloropropene	0.5	ND	ND	ND	ND
trans-1,3-Dichloropropene	0.5	ND	ND	ND	ND
Diisopropyl Ether (DIPE)	5.0	ND	ND	ND	ND
Ethylbenzene	0.5	ND	ND	ND	ND
Ethyl tert-Butyl Ether (EtBE)	5.0	ND	ND	ND	ND
Hexachlorobutadiene	0.5	ND	ND	ND	ND
2-Hexanone	10	ND	ND	ND	ND
Isopropylbenzene	0.5	ND	ND	ND	ND
p-Isopropyltoluene	0.5	ND	ND	ND	ND
Methylene chloride	50	ND	ND	ND	ND
4-Methyl-2-pentanone	5.0	ND	ND	ND	ND
Methyl-tert-butyl ether (MtBE)	1.0	ND	ND	ND	ND
Naphthalene	0.5	ND	ND	ND	ND
n-Propylbenzene	0.5	ND	ND	ND	ND
Styrene	0.5	ND	ND	ND	ND
1,1,1,2-Tetrachloroethane	0.5	ND	ND	ND	ND
1,1,2,2-Tetrachloroethane	1.0	ND	ND	ND	ND
Tetrachloroethene	0.5	ND	4.5	4.6	22
Toluene	0.5	ND	ND	ND	ND
1,2,3-Trichlorobenzene	0.5	ND	ND	ND	ND
1,2,4-Trichlorobenzene	0.5	ND	ND	ND	ND
1,1,1-Trichloroethane	0.5	ND	ND	ND	ND
1,1,2-Trichloroethane	0.5	ND	ND	ND	ND
Trichloroethene	0.5	ND	ND	ND	1.6
1,2,3-Trichloropropane	0.5	ND	ND	ND	ND
Trichlorofluoromethane	0.5	ND	ND	ND	ND
Trichlorotrifluoroethane	5.0	ND	ND	ND	ND
1,2,4-Trimethylbenzene	0.5	ND	ND	ND	ND
1,3,5-Trimethylbenzene	0.5	ND	ND	ND	ND
Vinyl chloride	0.5	ND	ND	ND	ND
Xylenes, m-,p-	1.0	ND	ND	ND	ND
Xylene, o-	0.5	ND	ND	ND	ND

Surrogates in % Recovery (Acceptance Limits: 70 - 130%)

Sample ID:	Blank	TMW-1	TMW-2	TMW-3
Dibromofluoromethane	101	100	100	99
Toluene-d8	104	104	104	104
Bromofluorobenzene	97	98	97	97



QC Sample Report - Volatile Organic Compounds by EPA 8260B

Matrix: Water
Batch Number: M58260W395

Batch Accuracy Results

Spike Sample ID: Laboratory Control Sample

Compound	Spike Concentration (µg/L)	Spike Sample % Recovery	% Recovery Acceptance Limits	Pass/Fail
1,1-Dichloroethene	50	108	70 - 130	Pass
Benzene	50	110	70 - 130	Pass
Trichloroethene	50	111	70 - 130	Pass
Toluene	50	111	70 - 130	Pass
Chlorobenzene	50	100	70 - 130	Pass

Analytical Notes:

Batch Precision Results

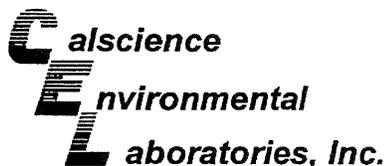
MS/MSD Sample ID: Laboratory Control Sample

Compound	MS Sample Result (µg/L)	MSD Sample Result (µg/L)	Relative Percent Difference (RPD)	RPD Acceptance Limit	Pass/Fail
1,1-Dichloroethene	53.85	52.35	3%	25%	Pass
Benzene	55.12	51.80	6%	25%	Pass
Trichloroethene	55.45	51.02	8%	25%	Pass
Toluene	55.86	53.20	5%	25%	Pass
Chlorobenzene	50.01	46.47	7%	25%	Pass

Analytical Notes:

MS: Matrix Spike
MSD: Matrix Spike Duplicate

LCS: Laboratory Control Sample
LCSD: Laboratory Control Sample Duplicate



September 12, 2005

Marilu Escher
Centrum Analytical Laboratories, Inc.
1401 Research Park Drive
Suite 100
Riverside, CA 92507-2111

Subject: **Calscience Work Order No.: 05-09-0353**
Client Reference: **911 Bixby Dr., City of Industry / 26842**

Dear Client:

Enclosed is an analytical report for the above-referenced project. The samples included in this report were received 9/7/2005 and analyzed in accordance with the attached chain-of-custody.

Unless otherwise noted, all analytical testing was accomplished in accordance with the guidelines established in our Quality Assurance Program Manual, applicable standard operating procedures, and other related documentation. The original report of any subcontracted analysis is provided herein, and follows the standard Calscience data package. The results in this analytical report are limited to the samples tested and any reproduction thereof must be made in its entirety.

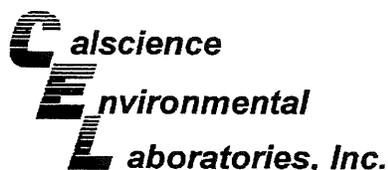
If you have any questions regarding this report, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Nowak", is written over a horizontal line.

Calscience Environmental
Laboratories, Inc.
Stephen Nowak
Project Manager

A handwritten signature in black ink, appearing to read "M. Escher", is written over a horizontal line.

**Analytical Report**

Centrum Analytical Laboratories, Inc.
1401 Research Park Drive
Suite 100
Riverside, CA 92507-2111

Date Received: 09/07/05
Work Order No: 05-09-0353
Preparation: EPA 3520B
Method: EPA 8270C(M) Isotope
Dilution

Project: 911 Bixby Dr., City of Industry / 26842

Page 1 of 1

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
TMW-1	05-09-0353-1	09/07/05	Aqueous	09/08/05	09/09/05	050908L05D

Parameter	Result	RL	DF	Qual	Units
1,4-Dioxane	ND	2.0	1		ug/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
Nitrobenzene-d5	87	56-123			

TMW-2	05-09-0353-2	09/07/05	Aqueous	09/08/05	09/09/05	050908L05D
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Parameter	Result	RL	DF	Qual	Units
1,4-Dioxane	ND	2.0	1		ug/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
Nitrobenzene-d5	77	56-123			

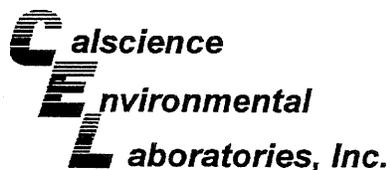
TMW-3	05-09-0353-3	09/07/05	Aqueous	09/08/05	09/09/05	050908L05D
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Parameter	Result	RL	DF	Qual	Units
1,4-Dioxane	ND	2.0	1		ug/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
Nitrobenzene-d5	68	56-123			

Method Blank	099-09-004-468	N/A	Aqueous	09/08/05	09/09/05	050908L05D
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Parameter	Result	RL	DF	Qual	Units
1,4-Dioxane	ND	2.0	1		ug/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
Nitrobenzene-d5	74	56-123			

RL - Reporting Limit , DF - Dilution Factor , Qual - Qualifiers



Analytical Report

Centrum Analytical Laboratories, Inc.
1401 Research Park Drive
Suite 100
Riverside, CA 92507-2111

Date Received: 09/07/05
Work Order No: 05-09-0353
Preparation: EPA 3520B
Method: EPA 1625CM

Project: 911 Bixby Dr., City of Industry / 26842

Page 1 of 1

Client Sample Number	Lab Sample Number	Date Collected	Matrix	Date Prepared	Date Analyzed	QC Batch ID
TMW-1	05-09-0353-1	09/07/05	Aqueous	09/08/05	09/09/05	050908L06

Parameter	Result	RL	DF	Qual	Units
N-Nitrosodimethylamine	ND	2.0	1		ng/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
1,4-Dichlorobenzene-d4	89	50-130			

TMW-2	05-09-0353-2	09/07/05	Aqueous	09/08/05	09/09/05	050908L06
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Parameter	Result	RL	DF	Qual	Units
N-Nitrosodimethylamine	ND	2.0	1		ng/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
1,4-Dichlorobenzene-d4	50	50-130			

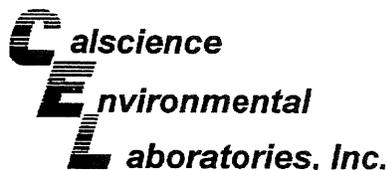
TMW-3	05-09-0353-3	09/07/05	Aqueous	09/08/05	09/09/05	050908L06
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Parameter	Result	RL	DF	Qual	Units
N-Nitrosodimethylamine	ND	2.0	1		ng/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
1,4-Dichlorobenzene-d4	74	50-130			

Method Blank	099-07-027-184	N/A	Aqueous	09/08/05	09/09/05	050908L06
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Parameter	Result	RL	DF	Qual	Units
N-Nitrosodimethylamine	ND	2.0	1		ng/L
<u>Surrogates:</u>	<u>REC (%)</u>	<u>Control Limits</u>		<u>Qual</u>	
1,4-Dichlorobenzene-d4	61	50-130			

RL - Reporting Limit , DF - Dilution Factor , Qual - Qualifiers



Analytical Report

Centrum Analytical Laboratories, Inc.
 1401 Research Park Drive
 Suite 100
 Riverside, CA 92507-2111

Date Received: 09/07/05
 Work Order No: 05-09-0353

Project: 911 Bixby Dr., City of Industry / 26842

Page 1 of 1

Client Sample Number	Lab Sample Number	Date Collected	Matrix
TMW-1	05-09-0353-1	09/07/05	Aqueous

Parameter	Result	RL	DF	Qual	Units	Date Prepared	Date Analyzed	Method
Perchlorate	ND	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	2.9	1.0	1		ug/L	N/A	09/07/05	EPA 7199

TMW-2	05-09-0353-2	09/07/05	Aqueous
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Parameter	Result	RL	DF	Qual	Units	Date Prepared	Date Analyzed	Method
Perchlorate	6.4	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	1.5	1.0	1		ug/L	N/A	09/07/05	EPA 7199

TMW-3	05-09-0353-3	09/07/05	Aqueous
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Parameter	Result	RL	DF	Qual	Units	Date Prepared	Date Analyzed	Method
Perchlorate	3.4	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	ND	1.0	1		ug/L	N/A	09/07/05	EPA 7199

Method Blank	N/A				Aqueous
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Parameter	Result	RL	DF	Qual	Units	Date Prepared	Date Analyzed	Method
Perchlorate	ND	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	ND	1.0	1		ug/L	N/A	09/07/05	EPA 7199

RL - Reporting Limit , DF - Dilution Factor , Qual - Qualifiers

Calscience
Environmental Quality Control - Spike/Spike Duplicate
Laboratories, Inc.

Centrum Analytical Laboratories, Inc.
 1401 Research Park Drive
 Suite 100
 Riverside, CA 92507-2111

Date Received: N/A
 Work Order No: 05-09-0353

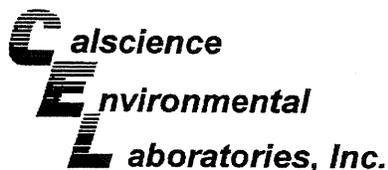
Project: 911 Bixby Dr., City of Industry / 26842

Matrix: Aqueous

<u>Parameter</u>	<u>Method</u>	<u>Quality Control</u> <u>Sample ID</u>	<u>Date</u> <u>Analyzed</u>	<u>Date</u> <u>Extracted</u>	<u>MS%</u> <u>REC</u>	<u>MSD %</u> <u>REC</u>	<u>%REC</u> <u>CL</u>	<u>RPD</u>	<u>RPD</u> <u>CL</u>	<u>Qualifiers</u>
Chromium, Hexavalent	EPA 7199	TMW-2	09/07/05	N/A	100	100	70-130	0	0-25	
Perchlorate	EPA 314.0	TMW-3	09/08/05	N/A	114	108	80-120	4	0-15	

RPD - Relative Percent Difference, CL - Control Limit

7440 Lincoln Way, Garden Grove, CA 92841-1427 • TEL: (714) 895-5494 • FAX: (714) 894-7501



Quality Control - LCS/LCS Duplicate

Centrum Analytical Laboratories, Inc.
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 Suite 100
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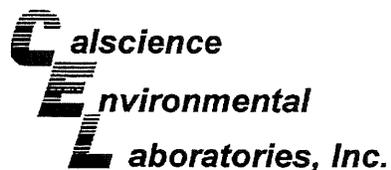
Date Received: N/A
 Work Order No: 05-09-0353
 Preparation: EPA 3520B
 Method: EPA 8270C(M) Isotope Dilution

Project: 911 Bixby Dr., City of Industry / 26842

Quality Control Sample ID	Matrix	Instrument	Date Prepared	Date Analyzed	LCS/LCSD Batch Number
099-09-004-468	Aqueous	GC/MS P	09/08/05	09/09/05	050908L05D

Parameter	LCS %REC	LCSD %REC	%REC CL	RPD	RPD CL	Qualifiers
1,4-Dioxane	98	105	50-130	6	0-20	

RPD - Relative Percent Difference , CL - Control Limit



Quality Control - LCS/LCS Duplicate

Centrum Analytical Laboratories, Inc.
1401 Research Park Drive
Suite 100
Riverside, CA 92507-2111

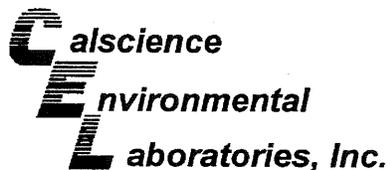
Date Received: N/A
Work Order No: 05-09-0353
Preparation: EPA 3520B
Method: EPA 1625CM

Project: 911 Bixby Dr., City of Industry / 26842

Quality Control Sample ID	Matrix	Instrument	Date Prepared	Date Analyzed	LCS/LCSD Batch Number
099-07-027-184	Aqueous	GC/MS Y	09/08/05	09/09/05	050908L06

<u>Parameter</u>	<u>LCS %REC</u>	<u>LCSD %REC</u>	<u>%REC CL</u>	<u>RPD</u>	<u>RPD CL</u>	<u>Qualifiers</u>
N-Nitrosodimethylamine	108	92	50-130	16	0-20	

RPD - Relative Percent Difference, CL - Control Limit



Quality Control - LCS/LCS Duplicate



Centrum Analytical Laboratories, Inc.
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 Riverside, CA 92507-2111

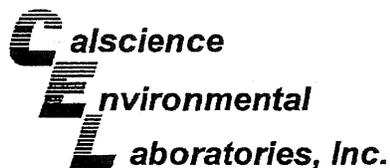
Date Received: N/A
 Work Order No: 05-09-0353

Project: 911 Bixby Dr., City of Industry / 26842

Matrix: Aqueous

Parameter	Method	Quality Control Sample ID	Date Extracted	Date Analyzed	LCS % REC	LCSD % REC	%REC CL	RPD	RPD CL	Qual
Chromium, Hexavalent	EPA 7199	099-05-123-1,555	N/A	09/07/05	101	101	80-120	1	0-20	
Perchlorate	EPA 314.0	099-05-203-316	N/A	09/08/05	97	97	85-115	0	0-15	

RPD - Relative Percent Difference, CL - Control Limit



Glossary of Terms and Qualifiers

Work Order Number: 05-09-0353

<u>Qualifier</u>	<u>Definition</u>
*	See applicable analysis comment.
1	Surrogate compound recovery was out of control due to a required sample dilution, therefore, the sample data was reported without further clarification.
2	Surrogate compound recovery was out of control due to matrix interference. The associated method blank surrogate spike compound was in control and, therefore, the sample data was reported without further clarification.
3	Recovery of the Matrix Spike or Matrix Spike Duplicate compound was out of control due to matrix interference. The associated LCS and/or LCSD was in control and, therefore, the sample data was reported without further clarification.
4	The MS/MSD RPD was out of control due to matrix interference. The LCS/LCSD RPD was in control and, therefore, the sample data was reported without further clarification.
5	The PDS/PDSD associated with this batch of samples was out of control due to a matrix interference effect. The associated batch LCS/LCSD was in control and, hence, the associated sample data was reported with no further corrective action required.
A	Result is the average of all dilutions, as defined by the method.
B	Analyte was present in the associated method blank.
C	Analyte presence was not confirmed on primary column.
E	Concentration exceeds the calibration range.
H	Sample received and/or analyzed past the recommended holding time.
J	Analyte was detected at a concentration below the reporting limit and above the laboratory method detection limit. Reported value is estimated.
N	Nontarget Analyte.
ND	Parameter not detected at the indicated reporting limit.
Q	Spike recovery and RPD control limits do not apply resulting from the parameter concentration in the sample exceeding the spike concentration by a factor of four or greater.
U	Undetected at the laboratory method detection limit.
X	% Recovery and/or RPD out-of-range.
Z	Analyte presence was not confirmed by second column or GC/MS analysis.

RUSH

Chain of Custody Record



Centrum Analytical Laboratories, Inc.
 1401 Research Park Drive, Suite 100
 Riverside, CA 92507
 Voice: 951.779.0310 • 800.798.9336
 Fax: 951.779.0344

3299 Hill Street, Suite 305
 Signal Hill, CA 90755
 Voice: 562.488.7005
 Fax: 562.488.8617

www.centrum-labs.com

lab@centrum-labs.com

Centrum Job # 26842

Page 1 of 1

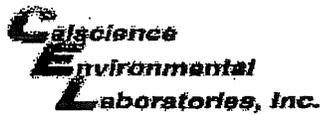
Project No: 26842		Project Name: 911 Bisby Dr, City of Industry CA	
Project Manager: Marlene Fisher		Address: (Report and Billing)	
Client Name: Centrum		Site location	
Centrum ID (Lab use only)	Sample ID (As it should appear on report)	Date sampled	Time sampled
1	TMW-1	9/15	1125 W
2	TMW-2	9/15	0542 W
3	TMW-3	9/15	1415 W
LFT Diesel, or EPA 8015B DRO		LFT Gas, or EPA 8015B GRO	
Fuel ID (TVH, TEH, Carbon Chain (specify ranges))		8021B: BTEX/MIBE Only	
VOCs: 8260B, or 824		VOCs: BTEX/Oxygenates Only	
SVOCs: 8270C, or 825		8081A/8082: Pesticides, or PCBs, or Pesticides	
Metals: TCLP, STIC		Metals: Title 22 (CAM), or RCRA, or PP	
418.1 (TRPH), or 413.2, or 1664		418.1 (TRPH), or 413.2, or 1664	
Turn-Around Time		Requested due date:	
<input checked="" type="checkbox"/> 24 Hr. RUSH* Perchlorate, C-1(VI) <input checked="" type="checkbox"/> 48 Hr. RUSH* 1,4 Dioxin, NDMA <input type="checkbox"/> Normal TAT <input type="checkbox"/> Other: _____ *Requires PRIOR approval, additional charges apply		Remarks/Special Instructions need final results by Mon, 9/22/05	
To be completed by Laboratory personnel: Samples chilled? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> From Field Custody seals? <input type="checkbox"/> Yes <input type="checkbox"/> No All sample containers intact? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Courier <input type="checkbox"/> UPS/Fed Ex <input type="checkbox"/> Hand carried		Sample Disposal <input type="checkbox"/> Client will pick up <input type="checkbox"/> Return to client <input type="checkbox"/> Lab disposal	
Additional Report Formats: <input type="checkbox"/> LARWQCB <input type="checkbox"/> EDF (Geotracker) <input type="checkbox"/> EDD (GISKEY) <input type="checkbox"/> EDD (Other)*		Sample Locator No.	

White Copy - Original (Accompanies Samples)

Yellow Copy - Centrum Files

Pink Copy - Centrum duplicate

Gold Copy - Client Copy



WORK ORDER #: 05 - 09 - 03 53

Cooler _____ of _____

SAMPLE RECEIPT FORM

CLIENT: Centrum

DATE: 9/7/05

TEMPERATURE – SAMPLES RECEIVED BY:

CALSCIENCE COURIER:

- Chilled, cooler with temperature blank provided.
- Chilled, cooler without temperature blank.
- Chilled and placed in cooler with wet ice.
- Ambient and placed in cooler with wet ice.
- Ambient temperature.
- °C Temperature blank.

LABORATORY (Other than CalScience Courier):

- °C Temperature blank.
- 2.7 °C IR thermometer.
- Ambient temperature.

Initial: NC

CUSTODY SEAL INTACT:

Sample(s): _____ Cooler: _____ No (Not Intact) : _____ Not Applicable (N/A):

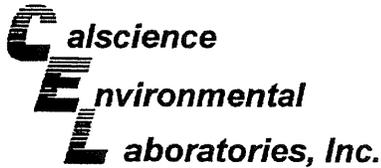
Initial: NC

SAMPLE CONDITION:

	Yes	No	N/A
Chain-Of-Custody document(s) received with samples.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sample container label(s) consistent with custody papers.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sample container(s) intact and good condition.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Correct containers for analyses requested.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proper preservation noted on sample label(s).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VOA vial(s) free of headspace.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tedlar bag(s) free of condensation.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Initial: NC

COMMENTS:



September 08, 2005

Marilu Escher
Centrum Analytical Laboratories, Inc.
1401 Research Park Drive
Suite 100
Riverside, CA 92507-2111

Subject: **Calscience Work Order No.: 05-09-0353**
Client Reference: **911 Bixby Dr., City of Industry / 26842**

Dear Client:

Enclosed is an analytical report for the above-referenced project. The samples included in this report were received 9/7/2005 and analyzed in accordance with the attached chain-of-custody.

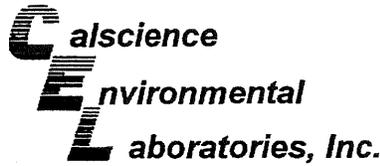
Unless otherwise noted, all analytical testing was accomplished in accordance with the guidelines established in our Quality Assurance Program Manual, applicable standard operating procedures, and other related documentation. The original report of any subcontracted analysis is provided herein, and follows the standard Calscience data package. The results in this analytical report are limited to the samples tested and any reproduction thereof must be made in its entirety.

If you have any questions regarding this report, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Nowak".

Calscience Environmental
Laboratories, Inc.
Stephen Nowak
Project Manager



Analytical Report

Centrum Analytical Laboratories, Inc.
 1401 Research Park Drive
 Suite 100
 Riverside, CA 92507-2111

Date Received: 09/07/05
 Work Order No: 05-09-0353

Project: 911 Bixby Dr., City of Industry / 26842

Page 1 of 1

Client Sample Number	Lab Sample Number	Date Collected	Matrix
TMW-1	05-09-0353-1	09/07/05	Aqueous

<u>Parameter</u>	<u>Result</u>	<u>RL</u>	<u>DF</u>	<u>Qual</u>	<u>Units</u>	<u>Date Prepared</u>	<u>Date Analyzed</u>	<u>Method</u>
Perchlorate	ND	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	2.9	1.0	1		ug/L	N/A	09/07/05	EPA 7199

TMW-2	05-09-0353-2	09/07/05	Aqueous
-------	--------------	----------	---------

<u>Parameter</u>	<u>Result</u>	<u>RL</u>	<u>DF</u>	<u>Qual</u>	<u>Units</u>	<u>Date Prepared</u>	<u>Date Analyzed</u>	<u>Method</u>
Perchlorate	6.4	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	1.5	1.0	1		ug/L	N/A	09/07/05	EPA 7199

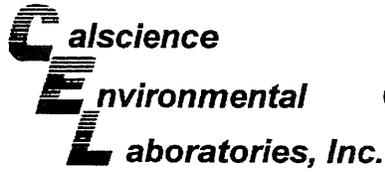
TMW-3	05-09-0353-3	09/07/05	Aqueous
-------	--------------	----------	---------

<u>Parameter</u>	<u>Result</u>	<u>RL</u>	<u>DF</u>	<u>Qual</u>	<u>Units</u>	<u>Date Prepared</u>	<u>Date Analyzed</u>	<u>Method</u>
Perchlorate	3.4	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	ND	1.0	1		ug/L	N/A	09/07/05	EPA 7199

Method Blank	N/A	Aqueous
--------------	-----	---------

<u>Parameter</u>	<u>Result</u>	<u>RL</u>	<u>DF</u>	<u>Qual</u>	<u>Units</u>	<u>Date Prepared</u>	<u>Date Analyzed</u>	<u>Method</u>
Perchlorate	ND	2.0	1		ug/L	N/A	09/08/05	EPA 314.0
Chromium, Hexavalent	ND	1.0	1		ug/L	N/A	09/07/05	EPA 7199

RL - Reporting Limit , DF - Dilution Factor , Qual - Qualifiers



Quality Control - Spike/Spike Duplicate

Centrum Analytical Laboratories, Inc.
1401 Research Park Drive
Suite 100
Riverside, CA 92507-2111

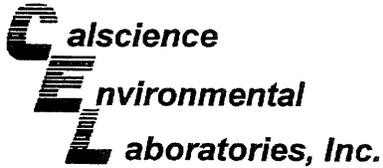
Date Received: N/A
Work Order No: 05-09-0353

Project: 911 Bixby Dr., City of Industry / 26842

Matrix: Aqueous

<u>Parameter</u>	<u>Method</u>	<u>Quality Control</u> <u>Sample ID</u>	<u>Date</u> <u>Analyzed</u>	<u>Date</u> <u>Extracted</u>	<u>MS%</u> <u>REC</u>	<u>MSD %</u> <u>REC</u>	<u>%REC</u> <u>CL</u>	<u>RPD</u> <u>CL</u>	<u>RPD</u> <u>CL</u>	<u>Qualifiers</u>
Chromium, Hexavalent	EPA 7199	TMW-2	09/07/05	N/A	100	100	70-130	0	0-25	
Perchlorate	EPA 314.0	TMW-3	09/08/05	N/A	114	108	80-120	4	0-15	

RPD - Relative Percent Difference , CL - Control Limit



Quality Control - LCS/LCS Duplicate

Centrum Analytical Laboratories, Inc.
 1401 Research Park Drive
 Suite 100
 Riverside, CA 92507-2111

Date Received: N/A
 Work Order No: 05-09-0353

Project: 911 Bixby Dr., City of Industry / 26842

Matrix: Aqueous

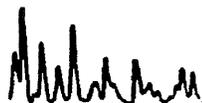
<u>Parameter</u>	<u>Method</u>	<u>Quality Control</u> Sample ID	<u>Date</u> <u>Extracted</u>	<u>Date</u> <u>Analyzed</u>	<u>LCS %</u> <u>REC</u>	<u>LCSD %</u> <u>REC</u>	<u>%REC</u> <u>CL</u>	<u>RPD</u>	<u>RPD</u> <u>CL</u>	<u>Qual</u>
Chromium, Hexavalent	EPA 7199	099-05-123-1,555	N/A	09/07/05	101	101	80-120	1	0-20	
Perchlorate	EPA 314.0	099-05-203-316	N/A	09/08/05	97	97	85-115	0	0-15	

RPD - Relative Percent Difference , CL - Control Limit

7440 Lincoln Way, Garden Grove, CA 92841-1427 • TEL:(714) 895-5494 • FAX: (714) 894-7501

Work Order Number: 05-09-0353

<u>Qualifier</u>	<u>Definition</u>
*	See applicable analysis comment.
1	Surrogate compound recovery was out of control due to a required sample dilution, therefore, the sample data was reported without further clarification.
2	Surrogate compound recovery was out of control due to matrix interference. The associated method blank surrogate spike compound was in control and, therefore, the sample data was reported without further clarification.
3	Recovery of the Matrix Spike or Matrix Spike Duplicate compound was out of control due to matrix interference. The associated LCS and/or LCSD was in control and, therefore, the sample data was reported without further clarification.
4	The MS/MSD RPD was out of control due to matrix interference. The LCS/LCSD RPD was in control and, therefore, the sample data was reported without further clarification.
5	The PDS/PDSD associated with this batch of samples was out of control due to a matrix interference effect. The associated batch LCS/LCSD was in control and, hence, the associated sample data was reported with no further corrective action required.
A	Result is the average of all dilutions, as defined by the method.
B	Analyte was present in the associated method blank.
C	Analyte presence was not confirmed on primary column.
E	Concentration exceeds the calibration range.
H	Sample received and/or analyzed past the recommended holding time.
J	Analyte was detected at a concentration below the reporting limit and above the laboratory method detection limit. Reported value is estimated.
N	Nontarget Analyte.
ND	Parameter not detected at the indicated reporting limit.
Q	Spike recovery and RPD control limits do not apply resulting from the parameter concentration in the sample exceeding the spike concentration by a factor of four or greater.
U	Undetected at the laboratory method detection limit.
X	% Recovery and/or RPD out-of-range.
Z	Analyte presence was not confirmed by second column or GC/MS analysis.





Centrum Analytical Laboratories, Inc.
 1401 Research Park Drive, Suite 100
 Riverside, CA 92507
 Voice: 951.779.0310 • 800.798.9336
 Fax: 951.779.0344

RUSH

Chain of Custody Record



Centrum Job # 26842

3299 Hill Street, Suite 305
 Signal Hill, CA 90755
 Voice: 562.488.7005
 Fax: 562.488.8617

www.centrum-labs.com

lab@centrum-labs.com

Page 1 of 1

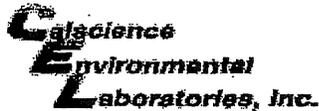
Project No: 26842		Project Name: 911 Bixby Dr., City of Industry CA		Turn-Around Time: <input checked="" type="checkbox"/> 24 Hr. RUSH* Perchlorate, Cr(VI) <input checked="" type="checkbox"/> 48 Hr. RUSH* 14 Aroclor, NDMA <input type="checkbox"/> Normal TAT <input type="checkbox"/> Other _____ <small>*Requires PRIOR approval, additional charges apply</small> Requested due date: _____	
Project Manager: Marlene Eather		Address: (Report and Billing)		Remarks/Special Instructions: need final results by Mon, 9/12/05	
Client Name: Centrum		Phone: _____		4181 (TRPH), or 413, 2, or 1564	
Site location		Sample matrix		Metals: TCLP, STLC	
Containers: # and type		Date sampled		Metals: Title 22 (CAM), or RCRA, or PP	
Site location		Time sampled		801A/8082, Pesticides, or PCBs, or Pest/PCB	
Date sampled		Date		SVOCs: 8270C, or 625	
Sample ID (As it should appear on report)		Date		VOCs: BTEX/Oxygenates Only	
1 TMW-1		9/7/05 1125 W		VOCs: 8260B, or 624	
2 TMW-2		9/7/05 0940 W		8021B: BTEX/MIB Only	
3 TMW-3		9/7/05 1415 W		Fuel ID (TVH, TEH), Carbon Chain (specify ranges)	
				LUFT Gas, or EPA 8015B GRO	
				LUFT Diesel, or EPA 8015B DRO	
1) Relinquished by: (Sampler's Signature) A. Jumeneg		Date: 9/7		Time: 18:00	
2) Received by:		Date:		Time:	
3) Relinquished by:		Date:		Time:	
4) Received by:		Date:		Time:	
5) Relinquished by:		Date:		Time:	
6) Received by: Frank Cel		Date: 9/7		Time: 1800	
The delivery of samples and the signature on this chain of custody form constitutes authorization to perform the analysis specified above under the Terms and Conditions set forth on the back hereof.					
Laboratory Notes:					
To be completed by Laboratory personnel: Samples chilled? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> From Field Custody seals? <input type="checkbox"/> Yes <input type="checkbox"/> No All sample containers intact? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Courier <input type="checkbox"/> UPS/Fed Ex <input type="checkbox"/> Hand carried			Sample Disposal: <input type="checkbox"/> Client will pick up <input type="checkbox"/> Return to client <input type="checkbox"/> Lab disposal		
Additional Report Formats: <input type="checkbox"/> LARWOCB <input type="checkbox"/> EDF (Geotracker) <input type="checkbox"/> EDD (GISKEY) <input type="checkbox"/> EDD (Other)*			Sample Locator No.		

White Copy - Original (Accompanies Samples)

Yellow Copy - Centrum Files

Pink Copy - Centrum duplicates

Gold Copy - Client Copy



WORK ORDER #: 05 - 09 - 0353

Cooler _____ of _____

SAMPLE RECEIPT FORM

CLIENT: Centrum

DATE: 9/7/05

TEMPERATURE - SAMPLES RECEIVED BY:

CALSCIENCE COURIER:

- Chilled, cooler with temperature blank provided.
- Chilled, cooler without temperature blank.
- Chilled and placed in cooler with wet ice.
- Ambient and placed in cooler with wet ice.
- Ambient temperature.
- °C Temperature blank.

LABORATORY (Other than Calscience Courier):

- °C Temperature blank.
- 2.7 °C IR thermometer.
- Ambient temperature.

Initial: NC

CUSTODY SEAL INTACT:

Sample(s): _____ Cooler: _____ No (Not Intact): _____ Not Applicable (N/A):

Initial: NC

SAMPLE CONDITION:

	Yes	No	N/A
Chain-Of-Custody document(s) received with samples.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sample container label(s) consistent with custody papers.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sample container(s) intact and good condition.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Correct containers for analyses requested.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proper preservation noted on sample label(s).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VOA vial(s) free of headspace.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tedlar bag(s) free of condensation.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Initial: NC

COMMENTS:



2025 Gateway Place Suite 435 • San Jose, California • 95110 • (408) 453-6100 • Fax (408) 453-0496

**SUPPLEMENTAL SOIL AND SOIL GAS INVESTIGATION RESULTS
FOR
WALNUT CREEK ENERGY PROJECT
CITY OF INDUSTRY, CALIFORNIA**

FINAL

PREPARED

BY

WSP ENVIRONMENTAL STRATEGIES LLC

FEBRUARY 14, 2008

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- Figure 2 – Soil Boring Locations
- Figure 3 – Soil Gas Locations and Total VOC Results

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1.0 Introduction

On behalf of Edison Mission Energy (EME), WSP Environmental Strategies LLC (WSPES) conducted a supplemental soil and soil gas investigation in January 2008 for the Walnut Creek Energy facility (Site) located at 911 Bixby Drive in City of Industry, California (Figure 1).

The objective of the investigation was to establish baseline conditions beneath the former building and surrounding areas. This report presents the sample collection procedures and laboratory analytical results. All work was performed under the direction of a California registered geologist and in accordance with WSPES' Supplemental Soil and Soil Gas Investigation Workplan dated January 25, 2008 and site specific health and safety plan dated January 23, 2008. Investigation activities were performed by WSPES on January 30th, 31st, and February 1st, 2008.

The scope of work consisted of collecting soil samples and soil gas samples. Section 2.0 provides a description of soil sampling activities. Section 3.0 provides a description of soil gas sampling activities.

1.1 **Brief Site Description/History**

The property is a proposed location for a new power plant for EME. This proposed development site is approximately 11.48 acres and owned by the City of Industry. A former building of approximately 250,000 square feet was constructed in 1979 and razed between 2005 and 2008. Pen-Tab Industries of California was the sole occupant of the building from 1979 until at least 1995. Pen-Tab manufactured school and office products. Coastal Group/ARC, a packaging/warehousing/distribution of computer hardware business, occupied the building during 2005.

In May 2005, WSPES performed a Phase I environmental site assessment that was followed by a Phase I update and Phase II groundwater investigation completed in November 2005. The purpose of the Phase I and Phase I update were to identify potential environmental issues from historical site use and surrounding properties. The Phase I update identified upgradient sources, in addition to the subject property's location within the San Gabriel Valley Superfund Site, which could potentially have led to contamination of groundwater beneath the subject property.

In reviewing a database search as part of the Phase I work, the subject property was listed on the Well Investigation Program (WIP) database. On September 14, 2005, Environmental Strategies reviewed a file on the subject property at the Los Angeles Regional Water Quality Control Board (Board). The file contained the following information:

- Letter requests dated December 9, 1987 and April 12, 1988 from the Board to Prudential-Feldco (a previous property owner) for a list of chemicals used at the facility.
- Completed Chemical Storage and Use Questionnaire dated May 26, 1988. This questionnaire indicated that operations at the subject property consisted of the manufacturing of school and office supplies and that these operations began in February 1979. The previous owner of the property was Williamhouse-Regency, Inc. The major chemicals in use included hydraulic oil, gear lubricants, and turbine oil (55-gallon drums), propylene glycol (5-gallon pail), butoxy triglycol (55-gallon drums), solvent based inks (55-gallon drums), cleaning solvents (one gallon containers), Amsco solvent (55-gallon drum) which contained 1,1,1-trichloroethane (TCA), and isopropanol (one gallon containers).
- Letter report from the Board dated September 10, 1991 documenting a June 20, 1991 inspection of the subject property by the Board. This letter report is presented in Appendix A. The name of the property was "Pen-Tab Industries." The letter report includes a rough drawing that shows a "previous haz. chem. storage" area on the north side of the building. The report indicated that materials were stored inside and outside without spill containment and recommended that steps be taken to provide such containment. The case was to "...be held in abeyance pending further subsurface investigation in the neighborhood area."
- A follow-up letter to the 1991 inspection by the Board dated October 8, 1996 (Appendix A) indicates that "The facility should be given a no further action notice because there are no signs of any chemical discharges to the ground that were observed and it is Board Staff's opinion that this area is properly managed. As a result no subsurface investigation was deemed necessary."

In addition, additional research was performed concerning the current occupants of the subject property. ARC International Corporation (ARC) is an Approved Collector and Recycler

for Covered Electronic Waste (CEW) within California. In their recycling process, electronic equipment is disassembled and sorted. Circuit boards are packed for offsite processing. Plastics are shredded and metals are crushed and sent offsite for recycling. There does not appear to be any continuous outside storage of any raw or processed materials.

The purpose of the Phase II groundwater investigation was to establish baseline conditions before EME purchased or leased the subject property. The Phase II groundwater investigation involved installation of three temporary groundwater monitoring wells, collection of three groundwater grab samples, and subsequent abandonment of the temporary groundwater monitoring wells. Conclusions from the Phase II groundwater investigation indicate that it is unlikely there have been impacts to groundwater beneath the subject property from historical site operations. Because of the lead and chromium detections in groundwater, and the potential that ARC may have used lead and chromium bearing materials, the Phase II groundwater investigation recommended an additional investigation to characterize soil conditions.

2.0 Soil Sampling Activities

Between January 30 and February 1, 2008, subsurface soil samples were collected at 20 locations (SS-1 through SS-20) in a grid pattern (approximately 200 feet east-west and 100 feet north-south) across the site (Figure 2). Additionally, soil samples were collected at three locations (SS-21 through SS-23) along the rail spur located on the southern portion of the property.

Soil samples were collected at one-foot below ground surface (bgs), 5-foot bgs, and 10-foot bgs. Samples collected at 5-foot bgs and 10-foot bgs were archived pending analysis of samples collected at one-foot bgs. Soil samples were analyzed for total petroleum hydrocarbons using a fuel screen carbon chain range of C4 to C40 (TPH) and metals by EPA method 8015 and 6000/7000, respectively. The soil samples collected along the Union Pacific Railroad spur were analyzed for polynuclear aromatic hydrocarbons (PAH) by EPA method 8270.

2.1 Soil Sampling Procedures

Before intrusive activities began at the Site, each boring location was marked with flagging. WSPES contacted underground service alert (USA) to locate underground utilities in the public right-of-ways. Additionally, a private utility locating company (GEOVision of Corona, California) was contracted to clear all proposed boring locations.

A direct-push drilling rig (GeoProbe®) was used to collect soil samples. The GeoProbe® sampling was conducted by Environmental Support Technologies (EST), Inc., of Irvine, California, a C-57 licensed contractor. The GeoProbe® sampling method involved driving (e.g., either hydraulically or with a percussion hammer) a 1-1/2-inch diameter by 2-foot long stainless steel sampler equipped with a one-inch diameter by two-foot long acetate sleeve into undisturbed soil. The soil sample is retained within the acetate sleeve. The acetate sleeve containing the soil sample was cut to size, covered with Teflon tape, capped and labeled, and placed into an iced cooler pending transport to Centrum Analytical Laboratories in Riverside, California. All equipment that came into contact with the subsurface soils was decontaminated between each use.

Three samples per boring (SS-1 through SS-20) plus three additional shallow soil samples from the rail spur area (SS-21 through SS-23) soil samples were collected (a total of 63 samples). Soil borings were numbered with location and sample depth. For example, SS-14-5'-6' indicates

the sample was collected at five feet beneath the top of the ground surface in boring number SS-14.

Upon completion of soil sampling activities, all of the boreholes were backfilled with a cement bentonite grout and finished to grade with a cement cap. Each boring location was subsequently surveyed by Case Land Surveying, a California-licensed land surveyor of Orange, California, and plotted on the site layout.

With the exception of the archived soil samples and the soil samples collected at the rail spur locations, all soil samples were analyzed for TPH and Title 22 metals by EPA methods 8015 and 6000/7000, respectively. The samples collected along the rail spur (SS-21 through SS-23) were analyzed for PAHs by EPA method 8270.

3.0 Soil Gas Sampling Activities

Soil gas samples were collected at the same locations where the soil samples were collected (SG-1 through SG-20) and analyzed for volatile organic compounds (VOCs) by EPA method 8260. Soil gas samples were collected at a depth of 5-feet bgs at each location (Figure 3).

3.1 Soil Gas Sampling Procedures

The soil gas probes were installed and sampled by EST using an on-site mobile laboratory. The soil gas survey was conducted in accordance with the "Department of Toxic Substances Control (DTSC)/Los Angeles Regional Water Quality Control Board's (LARWQCB) "Advisory – Active Soil Gas Investigations" dated January 28, 2003. The soil gas probes were installed using a truck-mounted direct-push GeoProbe® rig. Once a probe was installed to the desired depth, the 1.5-inch diameter hollow probe drive-rods were withdrawn, leaving a steel probe point and ¼-inch Nylaflo™ sampling tube in the subsurface. The lower 2-inches of the tubing were slotted and the end of the tubing was plugged with a sheet metal screw. Approximately 12-inches of clean, graded (#3), kiln dried, RMC Lonestar sand was poured around the perforated section of Nylaflo™ sample tubing to allow for diffusion of soil vapors. Approximately 12-inches of granular bentonite was added above the sand pack and hydrated. The remaining annulus was filled with cement mortar/bentonite grout to slightly below grade.

Soil gas samples were collected from the probes using the soil gas sampling system that is constructed of stainless steel, glass, Nylaflo™, and Teflon™ components. Instrumentation associated with the sampling system includes a calibrated flow meter and a vacuum gauge. Vacuum integrity of the sampling system was tested prior to, and after, the soil gas survey using leak-down testing methods. Site-specific probe purging and sample volume calibrations were initially performed to evaluate the appropriate volume of gas to be purged from each probe prior to sample collection. This was accomplished by collecting soil gas samples from various probe purge volumes (1 probe volume, 3 probe volumes, and 7 probe volumes) at a minimum of one installed sampling probe to evaluate trends in soil gas concentrations as a function of purge volume. After probe purging, soil gas samples were withdrawn from the moving sample stream using a glass syringe fitted with a disposable needle and Mininert™ gas-tight valve.

Immediately following collection, the samples were loaded into the purge and trap system for analysis. When soil gas sampling was completed, the probe was abandoned in-place.

3.1.1 Soil Gas Sample Analysis

Soil gas samples were analyzed in the field using an EST mobile laboratory within 30 minutes after the samples were collected. The samples were analyzed for VOCs using EPA Method 8260B. Reporting limits for the target compounds ranged from 0.1 to 1 µg/L of gas except when compound concentration exceeded the initial calibration range.

As previously noted, all sample locations were surveyed by a California-licensed land surveyor.